PRESS RELEASES FOR 2nd JUNE 2006

General Update on Projects

Aliaga Recycling Project Feasibility Study Completed

The basic engineering for the Aliaga Recycling Project (ARP) in Turkey has been completed by SNC Lavalin Europe, and a Feasibility Study produced. The ARP is on schedule for production of 20,000 tonnes per annum of industrial grade zinc oxide (16,000 tonnes of zinc contained) in the third quarter of 2007. Following the commissioning of the plant, an expansion to 30,000 tonnes per annum of zinc oxide is planned, and this should be operational before the end of 2008.

Over the past year costs in the mining and mineral processing industries have risen substantially throughout the world. Furthermore modifications have been made to the design of the production flowsheet for Aliaga that involve additional process steps. There have also been increases to the sizing of several elements of the plant that will allow a rapid and relatively less expensive expansion. As a result capital costs have increased from US$39 million to US$51 million, but a preliminary estimate of the additional cost required to expand the plant output by 50% (10,000 tonnes per annum) to 30,000 tonnes per annum of zinc oxide will require only about a further US$12 million.

Zinc oxide has several industrial applications for which there are numerous different grades. Almost all applications sell at a premium to the LME value of the zinc metal contained. Testwork on samples produced in the Company's pilot plant in Belgium have demonstrated that the zinc oxide product will be suitable for ceramic and agricultural applications. By the addition of further equipment, to be installed as part of the expansion, material suitable for the largest application, vulcanisation of rubber, can also be produced.

Almost all zinc oxide is produced from zinc metal or zinc secondary materials the price of which is linked to the LME zinc price. At Aliaga the feed is a waste obtained at no cost and so operating margins are substantial at the elevated zinc prices currently prevailing.

The Turkish tax regulations have recently been revised, so that the rate of corporate tax has been reduced to 20% from 30% but the generous depreciation allowances for environmentally positive projects, such as ARP, have been abolished.

Investec Bank is mandated to arrange the debt finance for the development of the project. Investec has reviewed the revised costs and indicated they are prepared to increase the amount of debt they can provide to the project. However, some additional equity will also be required. The study is being evaluated by independent consulting groups on behalf of Investec Bank as part of the due diligence for the arrangement of project finance. The strength of medium term zinc price forecasts is such that the price may be hedged forward up to seven years at levels far in excess of the prices seen over the past seven years. Using a zinc price of US$1,800 per tonne (price currently US$3,450 per tonne) for the first four years of production, falling to US$1,300 thereafter, the project has a net present value of £22 million and an internal rate of return of 21%. If the project expansion is commenced immediately following the commissioning of the 20,000 tonnes per annum plant, the net present value increases to £41 million and the internal rate of return to 26%.

Most mineral resource projects are based on a raw material reserve that is a finite size; since the reserve has a limited life, projects are traditionally valued on the basis of discounted cashflow over the fixed life of the reserves. In the case of Aliaga, however, the raw material (EAFD) is being constantly renewed and so the life is unlimited and an earnings based valuation would be considered to be more appropriate by the Company. Based upon the assumptions above, the average annual earnings generated by the 30,000 tonnes per annum project would be about £8 million per annum. (NB if these earnings are repatriated to the UK, further tax may be payable).

Commenting on the study, ZincOx's Chairman, Andrew Woollett said "While operating costs at Aliaga have increased, the rise is more than compensated for by the increase in the zinc price. Furthermore, it is now possible to hedge zinc forward at prices and over periods that would have been unthinkable even a year ago, giving us the possibility of ensuring a strong early cashflow from the project".

Jabali, Yemen

The Exploitation Agreement for the Jabali deposit has been reviewed by several government authorities and has recently been passed to the cabinet for final approval, prior to ratification by parliament. The Jabali feasibility study was completed in March 2005. In order to update the capital and operating cost estimates in line with the general increase in costs throughout the industry, a review is being undertaken. The cost review is expected to be completed within the next three months. Discussions with a number of banks for the provision of non-recourse project finance are progressing well.

Shaimerden, Kazakhstan

Part of the consideration for the sale of the Shaimerden zinc deposit to Kazzinc in 2003, was a deferred payment related to the first 200,000 tonnes of zinc mined. Kazzinc started to develop the mine in 2005. The ore lies under about 50 meters of overburden and the pit is currently at a depth of 45 meters. Some 6.5 million cubic metres of waste has been removed to date. It was planned to start ore production in May 2006. However, the high water inflow in the pit has forced Kazzinc to increase the slope of the open pit walls, resulting in a higher proportion of overburden removal and a delay to the mining of ore. Under the agreement with Kazzinc, mining is deemed start in October 2006 at the equivalent of approximately 10,000 tonnes of zinc, on which the 2006 deferred payment is to be based. This payment will be made at the end of January 2007 and will depend on the average zinc price during the final quarter of 2006. If the zinc price was to average US$2,500 per tonne during the final quarter (price currently US$3,450 per tonne), the deferred payment for 2006 would amount to US$4 million. Using Kazzinc's projections we expect the deferred payment for 2007 to be based on the deemed maximum output of 60,000 tonnes of zinc (deemed minimum 40,000 tonnes of zinc) and, assuming an average price of US$2,500 per tonne, this would amount to a payment of US$24 million in January 2008.

Big River Zinc

Negotiations regarding the purchase of the Big River Zinc Smelter are being concluded and an announcement is expected imminently.

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