

ZincOx Resources plc (ZOX) Jabali update and partial sale
27 November 2006

ZincOx Resources (Yemen) Limited, a 100% subsidiary of ZincOx Resources plc (together "ZincOx") is pleased to announce an update on the development of the Jabali zinc oxide deposit in Yemen.

In line with the policy of the Government of the Republic of Yemen to encourage the development of the country's mining industry, the Jabali Exploitation Contract was signed by the Minister for Oil and Minerals and approved by the Cabinet on 7 October 2006. It will now pass to Parliament for approval prior to final ratification by the President and incorporation as a law. Assuming approval by Parliament and financing is secured during the first quarter next year, production at Jabali is scheduled to commence in the third quarter of 2008. The Contract sets out all the terms and conditions for the development of the mine and processing plant over the project's life and includes a royalty to Government of 2% of net zinc sales and a six year tax holiday.

In a capital restructuring of the Jabali joint venture, ("Jabal Salab"), ZincOx has agreed to sell 13% to Ansan Wikfs Hadramaut Ltd ("Ansan") for an amount of US\$7.5 million. A further US\$1.0 million is payable to ZincOx by Ansan if it is successful in securing high debt leverage for the project (see below).

In a subsequent transaction, Anglo American Exploration BV ("AAE"), which held a 20% interest in Jabal Salab, has advised ZincOx and Ansan that forecast annual zinc production from the Jabali mine attributable to AAE does not meet its minimum size threshold and as a result it has decided not to participate in the development of the project. Under the terms of the joint venture agreement, AAE's interest is assigned as to 5% to ZincOx and 15% to Ansan.

Following these transactions, the interests in Jabal Salab are ZincOx with 52% and Ansan with 48%.

Jabal Salab has recently signed a mandate with Exotix Limited, a subsidiary of ICAP plc, to arrange US\$120 million of debt finance in the form of a high yielding bond with a coupon linked to the zinc price. ICAP is the world's largest inter-dealer brokerage house and a FTSE 100 company, based in London. Exotix specialises in emerging market debt instruments.

The Jabali feasibility study, which was completed in March 2005, is being updated jointly by SNC Lavalin Europe ("SNC"), based in Brussels, and MDM Engineering, based in Johannesburg. All basic engineering is scheduled to be complete by the end of February 2007. The capital cost to develop the mine, processing plant and associated infrastructure at Jabali, will be finalised at that time. Current estimates indicate costs of US\$176.7 million, including working capital and financing costs. This is an increase on the 2005 budget reflecting a number of changes over the last two years including the more detailed engineering undertaken by SNC on the LTC zinc recovery process developed by ZincOx; the higher quality product to be produced; and the severe worldwide increase in mining related costs over the last few years, particularly in fuel, labour and construction materials.

The Jabali project is based on the mining of 800,000 tonnes per annum (“tpa”) of ore and the production of 70,000 tpa of zinc oxide containing 80% zinc. Using a flat zinc price of US\$1,500 per tonne over the 12 year life of the mine and assuming no debt, the Jabali project has a post tax NPV (10% discount rate) of US\$84.8 million and an internal rate of return of 21%.

Commenting on the above progress, Andrew Woollett, Chairman of ZincOx Resources plc, stated: “Now that the Cabinet has approved the Exploitation Contract we look forward to commencing construction at Jabali as soon as Parliamentary and Presidential approvals have been obtained, estimated by our partners to be early next year. Jabali will be Yemen’s first large scale base metal mine and we are delighted to have the active participation of Ansan, such well respected and substantial local partners”.

The shares of ZincOx Resources plc (ticker symbol “ZOX”) are listed on the AIM section on the London Stock Exchange.

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