

US\$9 million received as the first instalment of the Shaimerden deferred payments

ZincOx Resources plc has received US\$9,042,776 from JSC Kazzinc (Kazzinc), being the first tranche of the deferred payment due under the 2003 sale agreement for the Shaimerden zinc deposit, in Kazakhstan (the Agreement)

Commenting on the announcement, Andrew Woollett, ZincOx's chairman, said "This payment is the first of five payments which we expect to increase substantially over the next couple of years and will continue beyond the point at which we plan to have our own operations in production".

Under the Agreement the deferred payments are being made in respect of the first 200,000 tonnes of zinc mined from the deposit, at the rate of US\$0.2375 per tonne for every dollar that the price of zinc is above US\$800 per tonne. The zinc price is based on the average daily LME price for the period and payment for the year is before the end of January of the following year.

While production commenced at Shaimerden on 17 September, the 2006 payment is based on a deemed minimum annual production of 40,000 tonnes. This is reduced pro rata for the period 17 September to the year end and therefore amounts to 11,616 tonnes. The zinc price from 17 September 2006 through to the end of that year was an average of US\$4,077 and hence the amount received by the Company was US\$9,042,776. In addition to a minimum rate of production there is a maximum rate equivalent to 60,000 tonnes per annum.

Independent consulting mining engineers, Orelogy Pty Ltd, have carried out a review of Kazzinc's mine plan for Shaimerden. Orelogy have confirmed that the mine plan is reasonable and achievable and that mining of 200,000 tonnes of zinc should actually be achieved by September 2007. ZincOx can, therefore, expect the deferred payments to be based on the deemed maximum rate of production, 60,000 tonnes of zinc per annum, for 2007, 2008 and 2009 and the balance of 8,384 tonnes for 2010.

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