



ZincOx Resources plc

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ZINCOX ACQUIRES HIGH GRADE ZINC DEPOSIT IN KAZAKHSTAN

- COMPLETES PRE-FEASIBILITY STUDY SHOWING IRR OF 25% -

ZincOx Resources plc (Ticker: ZOX), a world leader in the processing of zinc oxide deposits, has today signed a Heads of Agreement (the "Agreement") with Ennex International plc to acquire its 95% interest in the Shaimerden zinc oxide deposit, in Kazakhstan.

The deposit, which is one of the richest zinc deposits in the world, contains a mineable reserve of 4.3 million tonnes of ore at a zinc grade of 20.9%.

Commenting, Andrew Woollett, ZincOx's Managing Director said, "Shaimerden is an exceptional deposit as it is not only high grade but can be mined by open pit. The processing equipment we will be using has not previously been applied to this deposit and the tests we have undertaken have given excellent results in terms of recovery, grade and operating costs. The Board is extremely pleased to have acquired this excellent deposit".

The deal follows the completion by ZincOx of a pre-feasibility study at Shaimerden for the production of a premium quality zinc oxide concentrate. The study examined the production of 30,000 tonnes per annum of zinc in concentrate in the first three years rising to 60,000 tonnes from year four for a further 12 years.

Based on a zinc price of US\$1,000 per tonne, the feasibility study concluded the project has a pre-tax net present value, at a 10% discount rate, of US\$63 million and an internal rate of return of 25%.

Initial capital costs for a 30,000 tonne production level, using mining contractors, are expected to be US\$39 million. Cash operating costs are expected to be US\$168/tonne of zinc in concentrate, placing the operation not only among the lowest in the world, but also with the ability to generate positive returns even at today's depressed zinc price.

ZincOx will purchase the rights to the deposit from Ennex for a consideration of US\$100,000 in ordinary shares of ZincOx, with the price to be based on the mid market price at close of trading on the day Completion of the transaction expected to be on 28th August 2002. These new ordinary shares are subject to a 6 month lock-in from the date of issue. A further payment of US\$150,000, to be satisfied by the issue of ordinary shares of ZincOx, will be made to Ennex on the first anniversary of Completion at the then current share price. ZincOx will also pay the Ennex Group a production royalty of

\$20 per tonne of zinc recovered from the deposit with the option to buy out the royalty agreement for US\$6 million within four years of Completion.

Application for the new ordinary shares will be made in due course and it is expected that admission of the additional shares to the Alternative Investment Market of the London Stock Exchange will take place shortly after Completion.

The exploration and mining rights at Shaimerden have been held by Ennex, through its 95% owned Kazakhstan subsidiary, Closed Joint Stock Society Shaimerden (CJSSS), since 1997, under contract with the Kazakhstan Government. The mining licence is 12.1km² and is surrounded by an exploration licence, covering prospective geology, of 271km². The balance of the shares in CJSSS are held by a Kazakh mining investment company.

The pre-feasibility study carried out by ZincOx considered the US\$5 million detailed work undertaken by Ennex over the past five years. Results from the existing 107 drill holes were utilised to determine reserves according to the JORC code, which is a widely accepted international ore reserve classification. Geo-technical and hydro-geological issues were also addressed and an open pit designed with Whittle optimisation and a detailed schedule for the mining of waste and ore. The pit will have a waste to ore strip ratio of about 11:1. Metallurgical test work on representative samples from drill cores has shown that a high grade oxide concentrate can be produced by fuming. This involves the heating of the ore to a temperature of about 1,100° C, at which point zinc is volatilised. Air is injected into the flues and the zinc precipitates as a fine oxide powder, which is bagged for shipment and sale. A recovery rate of 85% is anticipated. Zinc fuming is a widely used process, commonly involving a Waelz kiln. Very recently new fuming equipment has been developed that has a lower operating cost and greater efficiency, resulting in more profitable zinc fume production. The fume from Shaimerden will be high grade and very pure, it will therefore, be particularly attractive to conventional electrolytic zinc refineries since it will result in very little residue requiring long term secure storage.

ZincOx will complete a bankable feasibility study at Shaimerden in mid 2003 including pilot testing of a 300-tonne sample of ore. Collection of this sample and the development of an open pit for mining has already commenced. This will be followed by detailed plant design and engineering works in preparation for construction with cash flow expected by late 2004.

Andrew Woollett added, "As a high quality, low cost asset, Shaimerden is a perfect addition to our global portfolio and provides the shorter term possibility of cash flow."

For more information please contact

Andrew Woollett
ZincOx Resources plc
Tel: + 44 (0) 1276 455 700/ 07801 479 753
awoollett@zincox.com

Leesa Peters
Capital PR
Tel: + 44 (0) 20 7618 7889/ 0781 215 9885
leesa@capitalww.com

Charles Dampney
Charles Stanley & Company Limited
Tel: + 44 (0) 20 7953 2107
charles.dampney@charles-stanley.co.uk

www.zincox.com