

ZincOx Resources Plc
(“ZincOx” or “the Company”)

£10 million Shaimerden Payment expected by the end of January

ZincOx, which specialises in the recovery of zinc and zinc products from unconventional sources, today provides an update on progress with its various activities and is pleased to announce that it is due to receive US\$15,703,785 (about £10 million) before the end of January 2009 as part of the deferred payments from the sale of its Shaimerden zinc deposit.

Shaimerden Mine

In 2003 the Company sold its zinc deposit at Shaimerden in Kazakhstan. The terms of this disposal required additional deferred payments to ZincOx on the first 200,000 tons of eligible zinc (expected to be spread over the period 2008 to 2011), related to zinc prices pertaining at the time.

A total of 523,759 tonnes of ore containing 118,118 tonnes of eligible zinc were mined from Shaimerden in 2008. In order to ensure that the payments were spread over a number of years, the amount of eligible zinc mined is limited in any one year to a maximum of 60,000 tonnes. During the period of eligible zinc mining in 2008, the zinc price averaged US\$1,902 per tonne, resulting in the Company being due a deferred payment amounting to US\$15,703,785 (about £10 million).

Jabali Deposit

Development at Jabali is proceeding within budget and all the major pieces of process equipment have been ordered. The access road to site is now open, accommodation for the mining staff and for the construction team is in place and terracing of the main process plant area is underway. Recruitment of key mining staff is ongoing and all the senior positions have now been filled. The mining equipment is on site and training has started. The first production is scheduled for the first quarter of 2010.

Recycling

Last year zinc started at a price of US\$2,240 per tonne and ended the year at half the value: US\$1,120 per tonne. Some other metals fared even worse. The fall in price was particularly marked in the latter half of the year. The considerable uncertainty in the international economic outlook has led the Board to reconsider the timing of the development programme for the Ohio Recycling Project. Furthermore the directors need to be absolutely confident that the Company has sufficient funds to develop fully the operation before committing to purchase large capital items.

Unfortunately, the fall in the zinc price has resulted in a drop in the value of receipts the Company can expect from Shaimerden, especially next year (2010). As these were an essential component of the full development financing for the Ohio plant, the Board is investigating alternative means of making up this shortfall.

Over the past few months discussions with banks with a view to providing the Company with traditional project finance have progressed. While the terms under discussion are more onerous than would have been the case a year ago, there are signs that some banks are making funds available for quality projects.

In parallel with the Board's discussions with the banks, the directors are looking at a number of other options including talking to potential joint venture partners for the Ohio Recycling Project. Management would aim to raise sufficient capital from a minority partner in the project that, when taken together with the Company's existing cash resources and the debt facility arranged last year, would be sufficient to develop the project. Even at today's metal prices the project would still enjoy a significant operating margin.

Our engineers are using the delay in development caused by the economic uncertainty to obtain the best possible price for engineering services, equipment supply and fabrication. This will put us in an even stronger position once the funding issues are resolved. Some low cost long lead time items are also being ordered in order that the delay caused by financing is minimised.

Outlook

Following the receipt of the Shaimerden payment, expected before the end of this month, ZincOx will have almost US\$92.5 million in cash. The Company is therefore in a remarkably strong position compared to many of its peers in the junior mining sector and is well equipped to ride out the current very challenging economic environment.

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