

6 April 2010



ZincOx Resources plc
("ZincOx" or "the Company")

General Meeting Requisition

On 18 March 2010, the Company announced the requisitioning, by two of its shareholders (the "Requisitioning Shareholders"), of a General Meeting of the Company proposing resolutions to remove Andrew Woollett, Peter Wynter Bee, Simon Hall, Jacques Dewalens, Simon Mulholland and Gilles Masson as directors of the Company, and the appointment as directors of the Company of Russ Robinson and Barry Hamilton (the "Resolutions").

ZincOx has today posted a circular to shareholders containing (i) notice that the General Meeting will be held on Friday 23 April at 10am at the offices of Eversheds, One Wood Street, London and (ii) a response to the Resolutions and the statement made by the Requisitioning Shareholders.

The Board considers that the Requisitioning Shareholders' proposals are not in the Company's best interests and are misguided for the following reasons:

Waelz Kiln Technology

The Board believes that the technology proposed by Mr Robinson is inferior to the Rotary Hearth Furnace ("RHF") and would fundamentally compromise the Board's ambition to create a global low cost, environmentally superior, zinc recycling company.

Compared to Waelz kiln technology, the commercial benefits of RHF technology to recover high grade zinc are:

- recovery of more zinc into a higher quality product, thereby generating more revenue; and
- production of a valuable pig iron co-product that can be sold to steel mills.

In addition, the environmental advantages of the RHF process compared to the Waelz kiln technology are:

- no waste generation
- lower greenhouse gas generation
- higher recovery of zinc, pig iron and lead; and
- cleaner gaseous emissions and effluent discharge.

RHF Technology

RHF technology was selected by ZincOx after considerable investigation because, due to the revenue generated by the pig iron co-product, the Board believes that it enables a positive operating margin to be maintained even when market prices for zinc are low. In contrast, despite the well established nature of Waelz kiln technology, operators of that technology experienced financial problems during the low zinc prices experienced during 2002 and 2003.

The RHF technology has been successfully used in the past, principally to produce iron but also some zinc as a concentrate by treating waste dusts from primary steel making operations. These wastes have lower zinc content than electric arc furnace dust ("EAFD") and so this technology needs to be modified in order to maximise zinc recovery and energy efficiency when treating EAFD. The approach of taking a well established process for one metal and modifying it so that it may efficiently recover zinc is entirely consistent with the Company's principal technical strategy.

Development of ZincOx RHF Recycling Plant

Development of the first ZincOx RHF recycling plant in Ohio, USA (the "ORP") has re-started. The directors believe that the use of the equipment purchased earlier this year will enable ZincOx to confirm the efficacy of the RHF technology and generate a significant revenue stream within 18 months.

With the very considerable uncertainty caused by the global financial crisis, the development of ORP was put on hold until the recent resumption of more stable economic and industrial conditions. However, the Company used this period to establish opportunities to reduce capital costs by sourcing well maintained second hand equipment in good condition and by re-configuring the project. As a result, the Board successfully reduced the initial capital development cost of the plant by 42% to US\$105 million from US\$180 million. Now that steel and EAFD production is increasing, such that in the USA steel production is now approximately 70% of capacity, more than double the rate in 2009, the Board believes that the Company is well placed to proceed with the project.

Negotiations to secure EAFD supply contracts to ORP are underway. The Board believes that significant supply contracts should be available to ZincOx as a result of ORP's proximity to steel mills, rail access and because the lower operating cost of the RHF plant allows a reduced tipping fee to be charged to the steel mills compared to that offered by other recyclers of EAFD.

ZincOx has received a banking mandate and term sheet which is currently being considered by the Board in order to raise US\$60 million project finance for ORP. This finance together with cash resources held by the Company is expected to be sufficient to develop ORP without further recourse to shareholders.

Development of International Relationships

The ZincOx management team has developed international relationships that the Board believes will enable the Company to execute a global strategy and exploit its pipeline of opportunities in Korea, Turkey and Thailand.

ZincOx has signed EAFD supply agreements with the following significant EAF operators in Korea producing zinc-containing EAFD: Hyundai Steel; Dongkuk Steel; Daehan Steel; YK Steel; Dongbu Steel; Hwan Young Steel; Korea Iron and Steel Company; SeAH Besteel; and Posco Specialty Steel. This followed a three year competitive tender process in which the Company's technical approach was pitted against several other technologies. The Board believes that the Korean mills chose ZincOx because they considered that the Company had the most economically and environmentally attractive technology.

Jabali Joint Venture Mining Development, Yemen

The Jabali zinc oxide project in Yemen is being developed at a cost of US\$244 million. It was originally financed by US\$96 million of shareholder equity together with a US\$120 million bond (the "Jabali Bond"). The Jabali Bond defaulted in October 2009 and rather than try to negotiate a settlement to restore the position of the bondholders, they elected simply to recover approximately 80 cents from each US\$1 invested available from the remaining US\$96 million cash balance which had not been spent. As a result, after ZincOx and its joint venture partner Ansan Wikfs successfully negotiated to purchase back unencumbered ownership of the project for US\$10 million, the project effectively benefitted by approximately US\$14 million.

ZincOx and Ansan Wikfs are currently in the process of arranging a re-financing of Jabali. US\$120 million has already been provided by the project sponsors (ZincOx, 52% and Ansan Wikfs, 48%). In the last few months the sponsors have contributed a further US\$12 million approximately to maintain the project of which US\$1.4 million has been contributed by Ansan Wikfs. The Board intends to raise the balance of the finance from new investors and/or lenders. Taylor-DeJongh, a specialist investment banking firm experienced in financing projects in the Middle East, has been appointed to advise on the re-financing. A road show is planned for next month and in parallel ZincOx and Ansan Wikfs will continue to pursue alternative sources of funding.

A recent independent review of the development status of the Jabali project has concluded that practical completion is expected within 19 months of the refinancing. When operating at full capacity the project will produce circa 70,000 tonnes of industrial quality zinc oxide per annum containing approximately 56,000 tonnes of zinc. It is planned to extend the plant to treat the silver bearing zinc plant residue once the zinc oxide operation has reached operational capacity. This extension will use conventional processing technology to recover silver as doré bars and is expected to produce 1.4 million ounces of silver per annum.

Mr Robinson has made no reference in his statement as to his plans for the Jabali resource.

Capital Receipts from sale of interest in the Shaimerden deposit

Notwithstanding the fact that ZincOx is not yet in receipt of income from its recycling operation or the Jabali project, in recent years the Company has been profitable due to the monies it has received from the sale of its interest in the Shaimerden deposit. From an outlay of US\$1.7 million in 2002, the Company has received payments totalling US\$76 million, and the investment has generated an internal rate of return of approximately 289%.

Mr Robinson's proposals

The Board believes that Mr Robinson's plans may not be achievable, would take significant time to implement, would become vulnerable should zinc prices fall and are unlikely to be as attractive to steel mills given they cannot offer the same reduced level of tipping fee or environmental benefits.

The directors are aware that on 14 April 2005, Mr Russ Robinson and Metaleurop SA (a French company of which he was a director) were fined by the Sanctions Committee of the AMF in France as a result of their intention to conceal the deterioration of the Metaleurop group's financial situation. By a decree dated 13 December 2005 the Court of Appeal of Paris reduced the financial penalties to, respectively, 90,000 euros (from 150,000 euros) for Mr Russ Robinson and 140,000 euros (from 200,000 euros) for Metaleurop SA. By a decree dated 30 May 2007, the Court of Cassation dismissed an appeal by Mr Russ Robinson.

In light of this information, Numis Securities Limited has informed the Board that were Mr Robinson to become a director of ZincOx, it would be obliged to consider its position as Nominated Adviser to the Company.

In conclusion

The Board believes that ZincOx is on the threshold of realising its strategy to develop a new and environmentally superior solution to the recycling of the metals in EAFD and thereby become a low cost producer of zinc. In the Board's opinion, it would not be in the interest of shareholders to abandon this strategy in favour of a global plan that lacks substance and is threatened by the periodic fluctuations of the zinc price.

The proposed Resolutions should, therefore, be rejected and the Board asks all Shareholders to vote AGAINST all the Resolutions, which all directors who hold shares will be doing in respect of their own shareholding. Furthermore, were the Resolutions to be passed at the General Meeting, it is the current intention of all the remaining directors to resign from the Board.

As reported on 31 March, ZincOx has received written confirmation from beneficial and/or registered shareholders representing more than 50% of the Company's issued share capital, that they will (or will instruct their nominees to) vote AGAINST the Resolutions.

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