

PRESS CLIPPINGS

Client: ZincOx plc

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## Kazakhstan deal for ZincOx

**S**mall may be very beautiful for **ZincOx Resources (ZOX)**. The mining project developer looks to have struck a fine deal in Kazakhstan. It has bought 95% of the Shaimerden zinc prospect from Ennex for just \$100,000 in shares. Shaimerden is a small but very rich and concentrated deposit of zinc on the Kazakh steppe, about 100km from the Russian border.

Ennex was willing to abandon the project because its size, 4.3 million tonnes at 21% concentration, makes it too small to justify building a conventional processing plant. Skorpion in Namibia, developed by ZincOx's management team when they ran Reunion Mining, is twice as large.

At Shaimerden, ZincOx managing director Andrew Woollett plans to use a fuming technique already common in iron smelters. Applying it to zinc should reduce coal consumption from 600kg per tonne of ore to 250kg.

The prospect will be open cast and ZincOx will be able to use heavy equipment from a

nearby bauxite mine. Woollett reckons he will be able to raise all finance for the \$39 million project from oil rich Kazakh banks. With refined zinc at \$1000 per tonne the project returns 25%. At \$850 this drops to a still very acceptable 18%.

Where is the zinc price going? Two years ago it stood at \$1135. It has collapsed because global stocks have doubled to 500,000 tonnes. Overcapacity of 2.5% has been enough for the rout. The weakness of the euro was a big factor in persuading producers to stay in production.

The euro's sharp recovery will have shredded any remaining margins. The biggest European producer is South African based Glencor. Aussie producer Pasminco called in administrators last September but stayed in production.

ZincOx started work in the Yemen and Saudi Arabia. But those projects are on hold until the City shows more interest in the heavily Islamic countries.

*Tim Freebom*

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