

19 April 2006

Zirax plc (“Zirax” or the “Company”)

Market Update on Refurbishment and Expansion of Production Facility

The directors of Zirax are pleased to announce the commencement of the refurbishment programme of the Company’s calcium chloride production facility in Volgograd, Southern Russia (the “Volgograd Facility”).

Since admission to AIM in December 2005 the Company has continued to operate the Volgograd Facility with yields of 110% of the facility’s nameplate design capacity through process intensification. However, in order to meet growing demand for the Company’s products, a significant investment is required to remove further bottlenecks and improve production efficiency.

Over the last three months Zirax has put in place a plan which will:

- expand the main production unit
- improve waste processing facilities
- upgrade the process control system
- install advanced packaging systems

The budget for this work amounts to approximately \$3.6 million of the total anticipated cost of up to \$5 million.

A tender process has been undertaken for the provision of the main process equipment and these contracts have been awarded to a number of specialist international suppliers. Non-specialist work will be carried out by a number of contractors who are local to the Volgograd Facility.

Given the improvement in yields that this project will provide, the directors anticipate immediate returns from the Company’s investment.

The directors believe that a 15% increase to 2005 capacity will be achieved by September 2006, with completion of the programme and 30% uplift in 2005 nameplate capacity estimated by late spring 2007.

The refurbishment of the Volgograd Facility will not only lead to increased production but will also cut down manufacturing costs, improve HSE and operating performance and improve margins through transport savings.

The capital investment programme will allow the Company to address increasing demand from the market with higher volumes of core products manufactured at lower cost and enable Zirax to better distribute its products through improved logistic capabilities.

Commenting on the announcement, Valery Andosov, Zirax’s Chief Executive, said, “Our main constraint to date has been capacity – we have not been able to satisfy existing demand. This upgrade to the Volgograd Facility will bring significant benefit to us in terms of both production volume and improved margins”

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