



ASX Announcement

16 September 2008

## Non Renounceable Rights Issue

In accordance with the timetable in Appendix 7A of the ASX Listing Rules Zambezi Resources Limited ("Zambezi" or the "Company") (AIM: ZRL; ASX:ZRL) confirms the following :

|                                                        | Shares     | Options    |
|--------------------------------------------------------|------------|------------|
| Number of securities available under the rights issue  | 33,004,167 | 11,001,389 |
| Number of securities taken up by eligible shareholders | 4,436,593  | 1,478,864  |
| Shortfall securities                                   | 28,567,574 | 9,522,525  |
| Shortfall applications allotted                        | 602,535    | 200,761    |
| Shortfall shares still to be allocated                 | 27,965,039 | 9,321,764  |

Zambezi has received total proceeds of AUD\$ 625,000 (or £290,000) under the rights issue.

Lloyd Flint  
CFO

For more information contact:

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Simon Edwards / Adam Lloyd  
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ARBN 124 462 826

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Limited  
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Kalundu  
Lusaka  
Tel: (+26) (021) 1291 645  
Fax: (+26) (021) 1292 411

**Stock Exchange Listings:**  
ASX: ZRL  
AIM: ZRL

**Issued Capital:**  
188,185,279 ordinary shares  
13,150,000 options

**Directors:**  
Non-Executive Chairman:  
Brian Rear  
Managing Director:  
Julian Ford  
Exploration Director:  
Geoff Johnson  
Non-Executive Director:  
Jeremy Wrathall

Chief Financial Officer:  
Lloyd Flint

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

ZAMBEZI RESOURCES LIMITED

ARBN

124 462 826

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                              |                                                                                                                                      |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                 | 1. Ordinary shares<br>2. Options                                                                                                     |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                | 1. 5,039,128 Ordinary shares<br>2. 1,679,625 Options                                                                                 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Ordinary shares – voting rights, dividend rights.<br>2. Options expiring 31 Aug 2009 with an exercise price of 19 cents per share |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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| <p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | <p>1. Ordinary shares – will rank equally with existing shares.</p> <p>2. Options - On exercise on or before 31/8/ 2009<br/>Options do not participate in dividends</p> <p>Options do not have voting rights</p>                                                                 |        |                    |             |                 |           |                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------|-------------|-----------------|-----------|--------------------------------------------------------------------|
| <p>5 Issue price or consideration</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>1. Per share - AUD\$0.124 or £0.06.<br/>2. Per Option – Nil (free attaching)</p>                                                                                                                                                                                              |        |                    |             |                 |           |                                                                    |
| <p>6 Purpose of the issue<br/>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>To raise funds to progress the exploration at the Kangaluwi project and for working capital and administration expenses.</p>                                                                                                                                                  |        |                    |             |                 |           |                                                                    |
| <p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>15 September 2008</p>                                                                                                                                                                                                                                                         |        |                    |             |                 |           |                                                                    |
| <p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <table border="1"> <thead> <tr> <th>Number</th><th><sup>+</sup>Class</th></tr> </thead> <tbody> <tr> <td>193,224,407</td><td>Ordinary shares</td></tr> <tr> <td>1,679,625</td><td>Options (exercisable at AUD\$0.19 each expiring on 31 August 2009)</td></tr> </tbody> </table> | Number | <sup>+</sup> Class | 193,224,407 | Ordinary shares | 1,679,625 | Options (exercisable at AUD\$0.19 each expiring on 31 August 2009) |
| Number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <sup>+</sup> Class                                                                                                                                                                                                                                                               |        |                    |             |                 |           |                                                                    |
| 193,224,407                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Ordinary shares                                                                                                                                                                                                                                                                  |        |                    |             |                 |           |                                                                    |
| 1,679,625                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Options (exercisable at AUD\$0.19 each expiring on 31 August 2009)                                                                                                                                                                                                               |        |                    |             |                 |           |                                                                    |

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<sup>+</sup> See chapter 19 for defined terms.

|    |                                                                                                             |                                              |                             |
|----|-------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------|
| 9  | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | Number                                       | +Class                      |
|    |                                                                                                             | 4,390,000                                    | £0.14 options exp. 9/6/09   |
|    |                                                                                                             | 2,190,000                                    | £0.12 options exp. 26/7/09  |
|    |                                                                                                             | 500,000                                      | £0.20 options exp. 23/12/09 |
|    |                                                                                                             | 140,000                                      | £0.175 options exp. 10/6/10 |
|    |                                                                                                             | 1,000,000                                    | £0.16 options exp. 22/6/10  |
|    |                                                                                                             | 1,850,000                                    | £0.13 options exp. 31/3/11  |
|    |                                                                                                             | 3,080,000                                    | £0.20 options exp. 31/8/11  |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)          | The Company currently has no dividend policy |                             |

## Part 2 - Bonus issue or pro rata issue

|    |                                                                                                                                                                                                                                 |                                                                                                                                                                                          |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | Is security holder approval required?                                                                                                                                                                                           | No                                                                                                                                                                                       |
| 12 | Is the issue renounceable or non-renounceable?                                                                                                                                                                                  | Non renounceable                                                                                                                                                                         |
| 13 | Ratio in which the +securities will be offered                                                                                                                                                                                  | One new share for every 5.7 shares held on the record date plus one free attaching option for every three new shares issued.                                                             |
| 14 | +Class of +securities to which the offer relates                                                                                                                                                                                | The offer under the Rights Issue relates to fully paid ordinary shares in the capital of the Company and options in the Company exercisable at AUD\$0.19 each expiring on 31 August 2009 |
| 15 | +Record date to determine entitlements                                                                                                                                                                                          | 12 August 2008                                                                                                                                                                           |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?                                                                                                                              | Yes                                                                                                                                                                                      |
| 17 | Policy for deciding entitlements in relation to fractions                                                                                                                                                                       | Fractional entitlements will be rounded down                                                                                                                                             |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br>Note: Security holders must be told how their entitlements are to be dealt with.<br><br>Cross reference: rule 7.7. | Singapore, Austria, Bahrain, Guatemala, Thailand, UAE, USA, Zimbabwe                                                                                                                     |
| 19 | Closing date for receipt of acceptances or renunciations                                                                                                                                                                        | 1 September 2008                                                                                                                                                                         |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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|    |                                                                                                                                                             |                                          |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 20 | Names of any underwriters                                                                                                                                   | N/a                                      |
| 21 | Amount of any underwriting fee or commission                                                                                                                | N/a                                      |
| 22 | Names of any brokers to the issue                                                                                                                           | N/a                                      |
| 23 | Fee or commission payable to the broker to the issue                                                                                                        | N/a                                      |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders                                         | The company may pay a handling fee of 5% |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting                                                                          | N/a                                      |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled                                        | 18 August 2008                           |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 1 August 2008                            |
| 28 | Date rights trading will begin (if applicable)                                                                                                              | N/a                                      |
| 29 | Date rights trading will end (if applicable)                                                                                                                | N/a                                      |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?                                                                           | N/a                                      |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?                                                | N/a                                      |

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+ See chapter 19 for defined terms.

|    |                                                                                                       |                   |
|----|-------------------------------------------------------------------------------------------------------|-------------------|
| 32 | How do <sup>+</sup> security holders dispose of their entitlements (except by sale through a broker)? | N/a               |
| 33 | <sup>+</sup> Despatch date                                                                            | 16 September 2008 |

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☒ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36 ☒ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over

37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

| 38     | Number of securities for which<br>+quotation is sought                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                            |        |        |  |  |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------|--------|--|--|
| 39     | Class of +securities for which<br>quotation is sought                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                            |        |        |  |  |
| 40     | Do the +securities rank equally in all<br>respects from the date of allotment<br>with an existing +class of quoted<br>+securities?<br><br>If the additional securities do not<br>rank equally, please state: <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they<br/>participate for the next dividend,<br/>(in the case of a trust,<br/>distribution) or interest payment</li><li>• the extent to which they do not<br/>rank equally, other than in<br/>relation to the next dividend,<br/>distribution or interest payment</li></ul> |                                                                                                                            |        |        |  |  |
| 41     | Reason for request for quotation<br>now<br><br>Example: In the case of restricted securities, end of<br>restriction period<br><br>(if issued upon conversion of<br>another security, clearly identify that<br>other security)                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                            |        |        |  |  |
| 42     | Number and +class of all +securities<br>quoted on ASX ( <i>including</i> the<br>securities in clause 38)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table> | Number | +Class |  |  |
| Number | +Class                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                            |        |        |  |  |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                            |        |        |  |  |

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 16 September 2008.....  
(Chief Financial Officer)

Print name: .....Lloyd Flint.....

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+ See chapter 19 for defined terms.



# ZAMBEZI RESOURCES LIMITED

## 20 LARGEST HOLDERS

LISTED OPTIONS EXPIRING 31/08/09 AND EXERCISE PRICE OF AUD\$0.19

| NAME AND ADDRESS              | UNITS     | % I/C  | RANK |
|-------------------------------|-----------|--------|------|
| BBHISL NOMINEES LIMITED       | 586,361   | 34.91  | 1    |
| HSBC CUSTODY NOMINEES         | 194,931   | 11.61  | 2    |
| ROY NOMINEES LIMITED          | 159,824   | 9.52   | 3    |
| NATIONAL NOMINEES LIMITED     | 110,031   | 6.55   | 4    |
| HSBC MARKING NAME NOMINEE     | 39,108    | 2.33   | 5    |
| FITEL NOMINEES LIMITED        | 31,578    | 1.88   | 6    |
| MR DONALD JOSEPH ELKS &       | 21,754    | 1.30   | 7    |
| OMX SECURITIES NOMINEES       | 21,742    | 1.29   | 8    |
| TD WATERHOUSE NOMINEES        | 19,249    | 1.15   | 9    |
| GILTSPUR NOMINEES LIMITED     | 17,927    | 1.07   | 10   |
| W H IRELAND NOMINEES LIMITED  | 13,771    | 0.82   | 11   |
| S R H PROVIDENT FUND          | 13,742    | 0.82   | 12   |
| BARCLAYSHARE NOMINEES LIMITED | 12,877    | 0.77   | 13   |
| BREWIN NOMINEES               | 11,695    | 0.70   | 14   |
| CRAWFORD PROPERTIES PTY LTD   | 11,695    | 0.70   | 15   |
| MR KEVIN ARTHUR THOMAS &      | 11,695    | 0.70   | 16   |
| L R NOMINEES LIMITED          | 8,483     | 0.51   | 17   |
| MR PAUL PATRICK MANNION       | 7,543     | 0.45   | 18   |
| ODL NOMINEES LIMITED          | 7,339     | 0.44   | 19   |
| MR DAVID CLARENCE WORTH &     | 6,725     | 0.40   | 20   |
| MRS VERONICA MARY WORTH       |           |        |      |
| *** REPORT TOTAL ***          | 1,308,070 | 77.88  |      |
| *** REMAINDER ***             | 371,555   | 22.12  |      |
| *** GRAND TOTAL ***           | 1,679,625 | 100.00 |      |



ZAMBEZI RESOURCES LIMITED

DISTRIBUTION SCHEDULE

LISTED OPTIONS EXPIRING 31/08/09 AND EXERCISE PRICE OF AUD\$0.19

|        | 1<br>to<br>1000 | 1001<br>to<br>5000 | 5001<br>to<br>10000 | 10001<br>to<br>100000 | 100001<br>to<br>(MAX) | * TOTAL * |
|--------|-----------------|--------------------|---------------------|-----------------------|-----------------------|-----------|
| Holder |                 |                    |                     |                       |                       |           |
| Issuer | 40              | 29                 | 25                  | 9                     | 2                     | 105       |
| Chess  | 59              | 31                 | 15                  | 3                     | 2                     | 110       |
| Total  | 99              | 60                 | 40                  | 12                    | 4                     | 215       |
| Unit   |                 |                    |                     |                       |                       |           |
| Issuer | 16,408          | 69,611             | 143,622             | 181,689               | 746,185               | 1157515   |
| Chess  | 23,855          | 64,239             | 83,910              | 45,144                | 304,962               | 522,110   |
| Total  | 40,263          | 133,850            | 227,532             | 226,833               | 1,051,147             | 1,679,625 |