ASX Announcement

1 May 2009

Corporate Update

Zambezi Resources Limited ("Zambezi" or the "Company") (AIM: ZRL; ASX:ZRL) today announces that, further to announcements on 28 November 2008 and 31 March 2009, it has reached agreement with all its major creditors for the conversion of debt to ordinary shares at AUD$0.02 cents per share subject to shareholder approval. Shareholder approval will be sought for the issue of approximately 162 million ordinary shares.

The creditors have also agreed to extend the existing standstill arrangements to the earlier of the shareholder approval for the conversion of debt or 30 June 2009. The moratorium will allow Zambezi the opportunity to prepare a notice of meeting seeking the requisite shareholder approval and then to raise additional equity to provide funds for its projects in Zambia.

The Company is continuing discussions with various parties with a view to refinancing the Company on its own behalf and through intermediaries acting on its behalf. This includes sourcing interim funding until adequate funding for the foreseeable future has been secured. The Company's current strategy is aimed at minimising on going costs while retaining the intellectual property and knowledge base built up over the past five years.

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Stock Exchange Listings:
ASX: ZRL
AIM: ZRL

Issued Capital:
226,876,174 ordinary shares
3,230,214 listed options
13,150,000 unlisted options

Directors:
Non-Executive Chairman:
Brian Rear
Managing Director:
Julian Ford
Non Executive Director:
Geoff Johnson

Chief Financial Officer:
Lloyd Flint

ADDITIONAL INFORMATION

Zambezi is listed on London's AIM market and the Australian Securities Exchange (ASX & AIM Ticker: ZRL) and currently has two main projects, Cheowa and Kangaluwi. The Company is focused on discovering and developing large Copper-Gold projects in southern Zambia. The Cheowa project is a joint venture with Glencore International AG, who have earned a 51% interest in the project. The Company believes that the Kangaluwi project has the potential to be a world class open pit copper deposit. To date the Company has spent over US$ 10 million on the project and drilled over 50,000metres, testing 8km's of the 28km's of strike length. The Company also has a Uranium Joint Ventures on approximately 50% of its tenement area with Lithic Metals and Energy.