ASX Announcement

March 2010 Quarterly Operations Report and Appendix 5B

30 April 2010

Corporate

Zambezi Resources Limited was re-instated to official quotation on the Australian Securities Exchange (ASX) 9 April 2010.

On 7 April 2010, Zambezi announced to the market that it had signed a legally binding memorandum of Understanding ("MOU") with Rephidim Mining and Technical Supplies of Zambia (Rephidim) for which it paid a non-refundable deposit of US$150,000. Rephidim owns several substantial tonnage rock dumps consisting largely of oxide copper mineralisation in the Chingola area of the renowned Zambian Copper Belt. Zambezi has commenced its due diligence process, which is expected to take some 6 months to complete. During this period the Company will determine the actual tonnages and grades of the dumps, and thereafter assess the acid leachability of the contained copper oxide minerals.

On 7 April 2010 Zambezi accepted a short term loan facility of $1million from LinQ Capital Limited as responsible entity for the LinQ Resources Fund for a period of 15 months at a coupon of 10%. The facility was obtained for working capital purposes.

Cash at end of quarter was $1.403 million.

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Operations

Assaying of a significant backlog of drill samples from Kangalui and Chisawa projects from the last field season's work program commenced during the quarter and interpretation of the assay work is underway. The bulk of the current work relates to the Chisawa Prospect area, which is part of the extensive 27km strike extent that makes up the greater Kangaluwi Copper Project. The results of this work will be reported when the geological analysis and data validation is completed in the next few months. This work may produce an initial JORC compliant resource estimate for this project.

Staffing - Giddy Mwale

It is with great sadness that the company reports the sudden passing of Mr Giddy Mwale in Zambia after a short illness. Giddy was well respected as a fine geologist and as a person of great wisdom and integrity and on behalf of the company, directors and colleagues we extend our condolences to Giddy's family and friends on the loss of a highly respected person and geologist.

Pierre Malherbe
Chief Financial Officer
For and on behalf of the Board

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Stock Exchange Listing:
ASX: ZRL

Directors:
Non-Executive Chairman:
Brian Rear
Non Executive Directors:
Simon F Durack
David Vilensky
Richard Procter

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ZAMBEZI RESOURCES LIMITED

ARBN	Quarter ended ("current quarter")
124 462 826	31 MARCH 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter AUD$ '000	Year to date (12 months) AUD$ '000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(147) (412)	(147) (1,572)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3	11
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other	64	76
	Net Operating Cash Flows	(492)	(1,632)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(492)	(1,632)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(492)	(1,632)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,894
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	1,000	1,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – Costs of capital raising		
	Net financing cash flows	1,000	2,894
	Net increase (decrease) in cash held	508	1,262
1.20	Cash at beginning of quarter/year to date	981	338
1.21	Exchange rate adjustments to item 1.20	(86)	(197)
1.22	**Cash at end of quarter**	1,403	1,403

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter AUD$ '000
1.23	Aggregate amount of payments to the parties included in item 1.2	91
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available AUD$ '000	Amount used AUD$ '000
3.1	Loan facilities	1,000	1,000
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		AUD$ '000
4.1	Exploration and evaluation	450
4.2	Development	-
	Total	**-**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter AUD$ '000	Previous quarter AUD$ '000
5.1	Cash on hand and at bank	1,369	949
5.2	Deposits at call	34	32
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,403	981

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	773,512,460	773,512,460		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	140,000 1,000,000 1,850,000 3,080,000 140,000,000		*Exercise price (GBP)* 0.175 0.16 0.13 0.20 AUD$0.01	*Expiry date* 10 June 2010 22 June 2010 31 March 2011 31 August 2011 30 November 2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

7.11	**Debentures** *(totals only)*		
7.12	**Unsecured notes** *(totals only)*		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Chief Financial Officer Date: 30 April 2010
Print name: Pierre Malherbe

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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