ASX Announcement

2 November 2010

ZAMBEZI RESOURCES LIMITED AND REPHIDIM TO PROCEED WITH FURTHER EXPLORATION ON PROSPECTIVE COPPER ROCK DUMPS IN CHINGOLA AREA, ZAMBIA

- Zambezi enters into new MOU over additional large scale rock dumps from previous open pit mining by Nchanga Consolidated Copper Mines, Zambia
- Rock Dumps comprise stockpile and overburden material prospective for copper mineralisation
- First Phase due diligence to commence involving surveying and limited bulk sampling to test metallurgical characteristics
- Rock dumps meeting initial criteria may be drill tested in a limited fashion during First Phase reconnaissance drilling
- Selected suitable rock dumps meeting preliminary economic criteria may pass to Second Phase of due diligence and be drilled on regular grid pattern to define resources
- Intention is to increase the JORC reported Indicated Mineral Resource estimate already defined at Mimbula SP11, and hence attain adequate scale for a Heap Leach SX / EW operation
- GeoQuest appointed to conduct First Phase due diligence programme

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Zambezi Resources Limited ("Zambezi" or "the Company") has entered into a new Memorandum of Understanding ("MOU") with Rephidim Mining and Technical Services Limited ("Rephidim") of Zambia. This is a revised agreement subsequent to a previous MOU giving Zambezi access to rock dumps held by Rephidim in the Chingola area of Zambia.

The rock dumps are the result of open cast mining for copper ore along the copper rich Lower Banded Shale, Transition and Arkose horizons that make up the world famous Copperbelt ore horizons. The main copper bearing minerals are chalcopyrite and bornite. Malachite, chrysocolla and chalcocite are present near surface, overlying the sulphide rich ores. Early mining of the copper ores was focused on the deeper sulphides as these were suitable for traditional flotation and smelting.

The oxide rich overburden was removed and stored as stockpiles in rock dumps. In places mineralised rock that was considered refractory for flotation, due to its micaceous schist nature, was also stockpiled as refractory rock dumps.

Zambezi has invested heavily in understanding the nature of these rock dumps and the best way to differentiate them during reconnaissance exploration and drilling. The Cu grades reported from the Mimbula SP11 rock dump were high enough to warrent the creation of a JORC reportable Mineral Resource estimate.

The Mineral Resource estimate carried out by CSA Global Pty Ltd (CSA), for the Mimbula SP11 dump is based on the results obtained from 11 reverse circulation (RC) drillholes drilled through the dump in July 2010.

The Mineral Resource estimate for the modelled area is classified as Indicated. This is based on confidence in the mineralisation continuity from the results of the drill hole logging and sampling. The results of the Mineral Resource estimate are tabulated in Table 1.

Table 1 Mineral Resource estimate results for the Mimbula SP11 dump.

Mimbula SP11 - Mineral Resource estimate			
Classification	**Volume**	**Tonnes**	**Cu %**
Indicated	942,150	1,696,000	0.94

Note: The CSA Mineral Resource was estimated within a contained wireframed solid. Due to the sporadic nature of the assay results and to the lack of any trend to the mineralisation within the dump simple grade averaging methods were applied to assign the copper grade.

Applying specific techniques during a reconnaissance first phase due diligence process Zambezi will define which rock dumps have potential to host viable copper mineralization and which are true waste dumps.

In the agreement with Rephidim, Zambezi has the opportunity to conduct the first phase reconnaissance on rock dumps with licences held by Rephidim and third parties. The agreement covers both dumps owned by Rephidim and those it introduces to Zambezi as its exclusive agent.

Zambezi has engaged Rephidim with an exclusive mandate to introduce prospective rock dumps projects in the Chingola area and elsewhere on the Copperbelt. To date Rephidim has brought several licence owners with rock dumps forward.

Zambezi has already had discussions regarding the way forward with some rock dump licence holders and has reached agreement over preliminary access to conduct first phase reconnaissance studies involving surveying, bulk sampling and limited drilling to better understand the rock dump tonnage, grade and metallurgy.
There are five dumps in the first set of rock dumps over which Zambezi will commence its reconnaissance first phase investigations.

Additional rock dumps have also been identified by Rephidim and contact has been made with licence owners, and agreements will be sought for access. These rock dumps comprise a multi-million tonne inventory of material for reconnaissance due diligence.

With the signing of the Rephidim agreement, Zambezi will proceed to finalise its agreements with the other licence holders as previously agreed. These agreements provide for a period during which Zambezi has access to the dumps to conduct its reconnaissance work.

GeoQuest, the Lusaka based geological consultancy which conducted the previous drilling programme on the earlier dumps project has been engaged to conduct the reconnaissance work. The proposed work will result in a limited programme of bulk sampling from several pits followed by limited drilling conducted on a cruciate pattern to get an idea of the characteristics of the dumps prior to instituting a full scale drilling programme on a regular grid pattern.

In this manner Zambezi will carefully assess the potential of each rock dump opportunity with a view to augmenting the tonnage of viable copper mineralization already established on rock dump SP11, described in mapping as a Refractory Ore Stockpile.

It should be noted that the rock dump owned by licence holder Zuka Mining is almost adjacent to SP11 and it is the intention to commence this programme on that dump. The dump has been labeled as Refractory Ore Stockpile in mapping previously conducted by Nchanga Consolidated Copper Mines.

Zambezi has been encouraged by its progress to better understanding the rock dumps and applying reconnaissance techniques to screen dumps quickly and economically. The actual cost of discovery of copper in the previous dumps drilling programme was a low US$0.02/lb contained copper. It is hopeful that this next round of dump identification and characterization will result in attaining the required tonnages and grade to meet economic criteria for a heap leach SX / EW project.

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Competent Persons Statement

The information in this Report that relates to in-situ Mineral Resources is based on information compiled by Gerry Fahey of CSA Global Pty Ltd. He is a Member of the Australian Institute of Geoscientists (MAIG) and the Australasian Institute of Mining and Metallurgy (MAusIMM) has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). Gerry Fahey consents to the inclusion of such information in this Report in the form and context in which it appears.

Qualifying Statement

This release may include forward-looking statements. These forward-looking statements are based on Zambezi's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Zambezi, which could cause actual results to differ materially from such statements. Zambezi makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of this release.