ASX Announcement

16 November 2010

ZAMBEZI TO PROCEED WITH MINING LICENCE APPLICATION FOR KANGALUWI PROJECT

- Zambezi has completed a review of Kangaluwi Copper Project in association with external consultants
- The review included pit optimization and preliminary economic evaluation studies based on previous JORC resource estimates for Kangaluwi and Chisawa prospects, and data from earlier metallurgical test work
- Concluded that the project has merit and recommended an application to be made for a Large Scale Mining Licence over the project area
- Additional assay results outstanding and may lead to further increase in resource estimates
- Zambezi is confident of advancing the Kangaluwi project to the next stage

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Zambezi Resources Limited (“Zambezi” or “the Company”) has decided to proceed to apply for a Large Scale Mining Licence within the area of its Zambezi PL214 8085-HQ-LPL exploration tenement.

The application for a mining licence is being made over Zambezi’s 100% owned Kangaluwi Project area covering the Kangaluwi, Chisawa , Kalulu and Imboo Copper prospects.

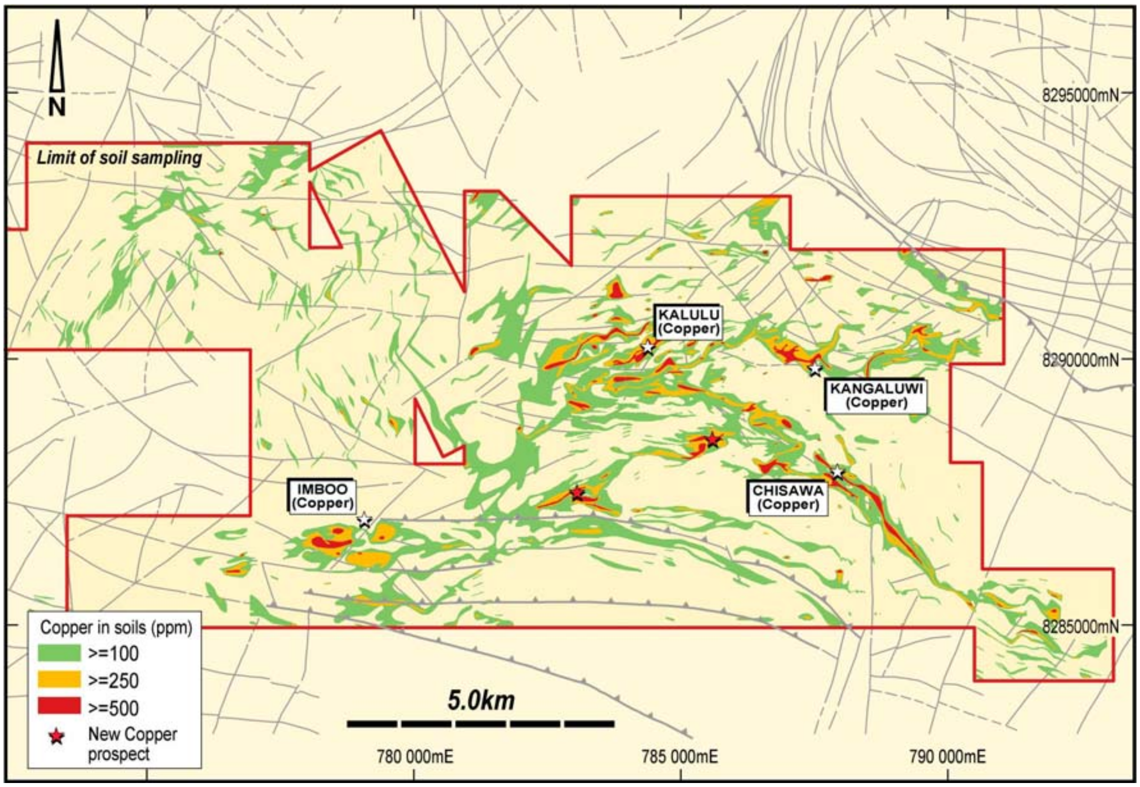

Figure 1 Kangaluwi Copper Project Soil Geochemical Anomalies and Prospect Locations

The Kangaluwi Project comprises discrete resources of copper sulphide mineralization (chalcopyrite, bornite) overlain with shallow copper oxides (malachite, azurite and secondary chrysocolla) hosted in sheared metasediments, metavolcanics and pegmatites.

Recently, Zambezi announced that its diamond (“DD”) and reverse circulation (“RC”) drilling conducted on the Kangaluwi project had defined an Indicated and Inferred Resource estimate of 21.85 Mt at 0.89% copper for the Kangaluwi and Chisawa prospects. The resource estimate does not yet include any results from the Kalulu prospect where additional assay results are pending. The previous drilling programme only tested 25% of the combined strike length of 28 km, which is prospective for additional copper mineralization.

Mineralisation is structurally controlled in a sheared plunging regional synformal fold, with Kangaluwi and Chisawa deposits located on the limbs of the fold and Kalulu in the nose of the fold. It is anticipated that the deposits would be mined from open pits and a centralized processing facility producing clean copper concentrates. Metallurgical test work indicates high copper recovery and a grade of up to 30% for final concentrate is achievable from the deposits which benefit from low bond work indices.

This decision to advance to a Mining Licence follows on from a review of the project conducted in collaboration with external consultants which have examined the project based on all available data.

This has included utilizing data from metallurgical test work conducted by Metallurgical Engineering Technical Services ("METS") from Perth, Australia and open pit modelling by CSA Global (UK) ("CSA"). CSA has conducted pit optimization studies as a tool to fully understand the potential value of the deposits. These studies also aid in determining an optimal mine strategy for developing open pits to exploit the mineralization. The optimization work will also assist in targeting areas for future drilling to increase the available resources along the combined strike length of 28kms.

Zambezi demonstrates a high level of environmental responsibility, and has a commitment to the principles of sustainable development, specifically the Enduring Values strategies of the International Council on Mining and Metals (ICMM) Sustainable Development framework, the International Finance Corporation (IFC) and Equator Principles.

In addition to the work undertaken to date, Zambezi has engaged GeoQuest Consultants of Lusaka, Zambia to complete the Environmental Impact Studies for the project. The EIS will build on the previous studies in the licence area that were conducted for Environmental Baseline Assessment by GCS of Johannesburg, South Africa.

These studies were initiated previously in order to identify all environmental aspects to be considered in planning of the project located in the Chongwe and Luangwa Districts, Central Province, Zambia.

In terms of the Zambian Mines and Minerals Development Act, Zambezi is permitted to explore within a National Park, and has been conducting such exploration since 2004. The Act allows for the granting of a Mining Licence if the applicant has obtained the necessary consents.

In 2005 Zambezi commenced dialogue and consultations regarding this project with all relevant parties including government departments and key stakeholders such as:

The Department of Water Affairs

The Ministry of Tourism and Environment

The Environmental Council of Zambia

The Ministry of Mines and Mineral Development

The Zambia Wildlife Authority

NGO, Regional communities and lodge owners

In turn, the Zambian authorities are pro-development and are keen to obtain more economic growth within the country, without compromising on environmental issues.

The baseline assessment previously completed allowed for environmental conditions to be properly assessed and is essential for planning of the proposed project. This included field surveys by independent environmental consultants to assess environmental aspects within the project area and to highlight any issues, and included desktop reviews and laboratory analyses.

The environmental investigations together with an environment risk assessment were used to identify and highlight issues that could potentially affect the execution of the project from an environmental perspective. All this previous work will assist in the completion of the final Environmental Impact Statement Report.

The consultation process will occur in the next few weeks and the Mining Licence application will be submitted in mid-December.

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Jay Klopper BSc (Hons). Mr Klopper has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Klopper consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The reported Mineral Resource as it relates to the Kangaluwi deposit was completed under the overall supervision and direction of Jay Klopper, MAIG, who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves (JORC Code 2004 Edition) and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears. The information in this report that relates to in-situ Mineral Resources is based on information provided by Zambezi Resources Limited.

The reported Mineral Resource as it relates to the Chisawa deposit was completed under the overall supervision and direction of Boniface Nquni, MAIG, of Caracle Creek Consulting Zambia who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves (JORC Code 2004 Edition) and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears. The information in this report that relates to in-situ Mineral Resources is based on information provided by Zambezi Resources Limited.

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.