



ASX Announcement

11 February 2011

Zambezi Licence Application for Kangaluwi Copper Project Approved by Zambian Authorities

On 8th December 2010 Zambezi Resources (“Zambezi” or “the Company”) submitted an application for a Large Scale Mining License (“LSML”) within its prospecting licence, HQ-LPL-8085, held by its subsidiary Mwembeshi Resources Limited (“Mwembeshi”).

The application was submitted to the Director of the Zambian Mines Development Department in Lusaka, Zambia. It was accompanied by a detailed technical report covering all aspects of the geological, mining, metallurgy, environmental and social aspects of the project, following public consultation meetings.

In terms of the license application process the Director had 60 days following the receipt of an application, where the application meets the requirements of the Act, to grant a LSML on such terms and conditions as he may determine.

Zambezi has been informed that the license application submitted by its wholly owned subsidiary Mwembeshi has been successful and it has been granted a LSML 15547-HQ-LML over the proposed mining area at Kangaluwi (see maps below), within the Lower Zambezi National Park.



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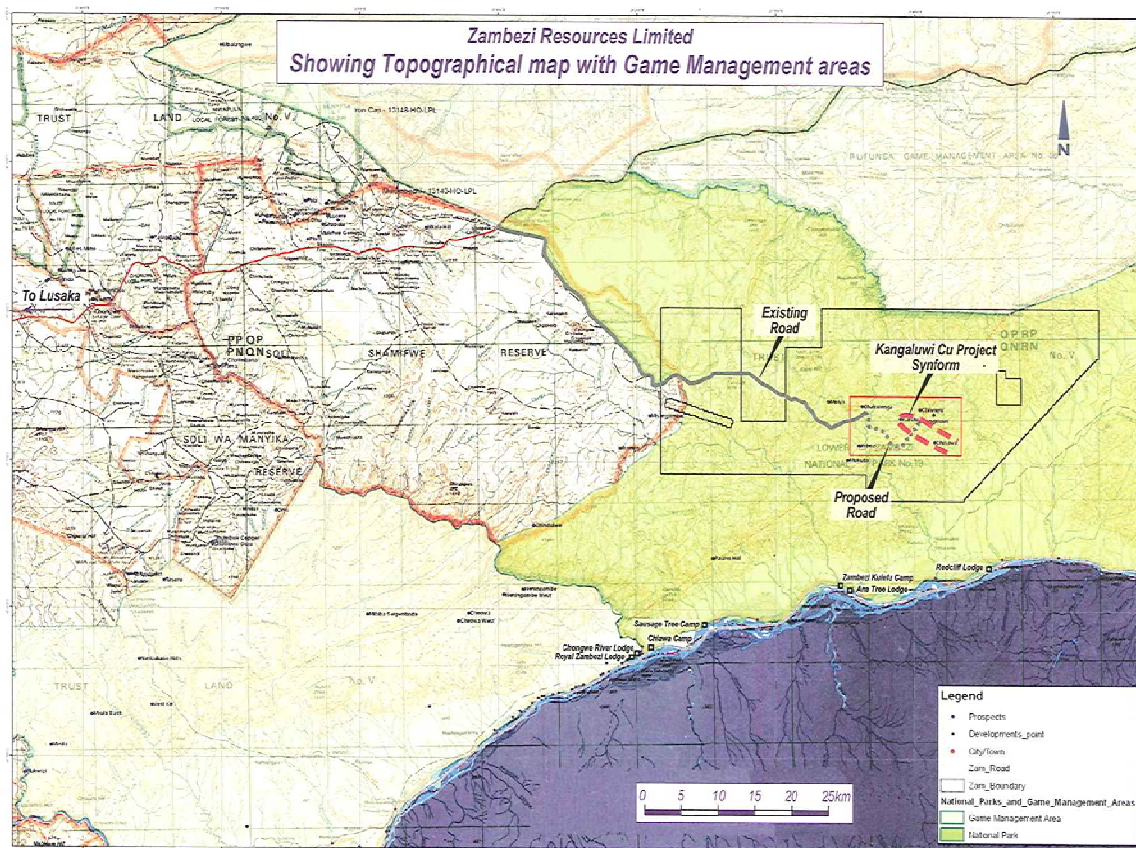
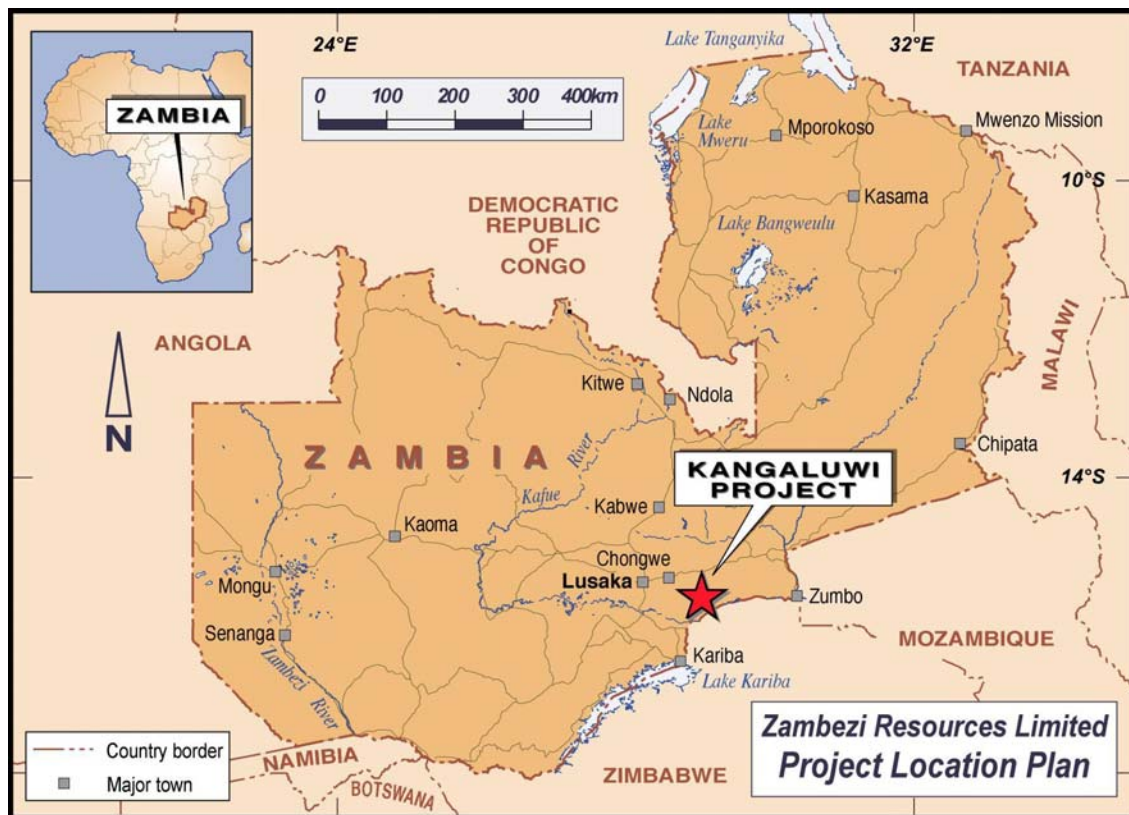
Mwembeshi Resources Limited
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Stock Exchange Listing:

ASX: ZRL

Directors:

Non-Executive Chairman:
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During 2010 Zambezi compiled JORC compliant resource estimates for the Kangaluwi and Chisawa prospects. These estimates enabled completion of a Conceptual Mining Study by CSA Global that defined a potentially viable open pit mining project on a mining resource of 23.4 Mt at 0.85% copper. CSA Global designed satellite open pits to access the two orebodies, with

a combined strip ratio of 3.5:1 at a production rate of 1.5Mtpa over an initial 15 year mine life.

It is stressed that the resource estimates do not include any results from the Kalulu prospect in the hinge of the synform. The Conceptual Study only took into account JORC compliant resources at Kangaluwi and Chisawa, and the remaining 75% of strike remains to be drill tested.

The mineralisation is predominately chalcopyrite and minor bornite, with the surface of the orebodies being oxidised. Metallurgical testwork by METS has determined that the Kangaluwi sulphide ore is amenable to conventional flotation processing to produce a high quality copper concentrate grading about 30% Cu and a minor gold credit, with copper recoveries of 94% at a relatively coarse grind size (0.5mm). Testwork also showed that the Kangaluwi ore was readily crushed and has a lower than normal energy requirement. The copper responds well to flotation with recoveries around 94%. Fast flotation and high copper recoveries indicate that coarser grind sizes are possible resulting in potential lower capital and operating costs.

Zambezi will engage internationally recognised mining and metallurgical consultants to conduct the necessary work to complete definitive, bankable feasibility studies (“BFS”) over the Kangaluwi Copper Project.

The first phase of the BFS will be to review the previous technical data from scoping and pre feasibility studies and determine the most appropriate “base case” for the study.

To do this, the total ore reserve must be fully estimated and Zambezi will, as soon as practical, following the end of the rainy season, commence a phase two resource drilling programme to convert the resources at Kangaluwi and Chisawa prospects into the reserve category, conduct in-fill drilling at Kalulu prospect sufficient to estimate a JORC compliant resource and conduct further drilling at Imboo prospect and along strike to fully define the total resource base.

Following on from the Preliminary Copper Concentrator Design and Costing compiled by Metallurgical Management Services Ltd, from concentrate production, processing options may be considered:

- Produce copper concentrates and sell or toll treat on the Copperbelt

Support from the local authorities at Chongwe was overwhelmingly in favour of a dedicated smelter being constructed locally rather than sending concentrate away for smelting. Depending on the scale of the operation and capital cost, Zambezi could also consider:

- Smelting the concentrates locally to produce blister copper for sale or toll refining.
- Smelting the concentrates and refine locally to produce LME grade copper for sale.

If a dedicated smelter route is chosen, Zambezi controls the entire process from mine to metal, rather than being dependent on the Copperbelt smelters.

Alternatives or variations to this base case will be considered during the BFS, subject to any changes in project funding, project support, or other economic factors.

As per the studies conducted to date and based only on the Kangaluwi and Chisawa resources, over an initial 15 year life the Kangaluwi Copper project could produce around 56,400t of concentrate per year containing around 14,100t copper metal per year. In addition there is a by product gold credit of around 5,800 ozs of gold per year in concentrate.

Zambezi will now expand the pre-feasibility studies over all aspects of the Kangaluwi Copper Project, including finalizing the important environmental and social aspects of the study. GeoQuest Consulting has already prepared a framework to proceed with the social aspects of the Kangaluwi Project including planning for meetings with potentially impacted stakeholders such as ZAWA, Ministry of Environment, Tourism and Natural Resources as well as the different District Councils and Traditional Leaders. This will facilitate the process.

Flora, fauna, water, aquatic, atmospheric and social data collection for the detailed environmental studies on the Kangaluwi Project started back in 2006 with GCS Consultants from South Africa conducting Environmental Baseline Assessment and fatal Flaw Analyses for the Kangaluwi and Chakwenga areas. These studies commenced, as part of the environmental and social studies for the BFS. This data and the new work for the EIS being conducted by GeoQuest will result in the environmental report which will be prepared to World Bank standards. The Company will liaise closely with the government and the local community in preparing the Environmental Impact Assessment.

Our objective is to produce Environmental Impact Study (“EIS”) documents that are in line with internationally recognized guidelines (including the ten ‘Equator Principles’ and the eight ‘IFC performance Indicators/Standards’) as well as meeting the standards in the Zambian Mines and Minerals Development Act and the Environmental Protection and Pollution Control Act.

(#The Equator Principles were developed by private sector banks and modelled on the environmental standards of the World Bank and the social policies of the International Finance Corporation (IFC). They are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. The Equator Principles have become the de facto standard for banks and investors on how to assess major development projects around the world).

According to our consultants the EIS work will take about 3 months to conduct fieldwork and prepare the EIS document, followed by about another month for the Environmental Council of Zambia to approve it. As this project is located in a National Park with an important tourism industry the project will attract public attention, and as part of the public participation process may be debated by the Zambian Wildlife Authority, NGO’s, the Wildlife and Environmental Conservation Society of Zambia and tourism operators. With Zambian Government support for this project, the public participation process will be conducted in order for all parties to express concerns and aspirations that will be addressed as part of the studies.

David Russell, CEO of Zambezi Resources commented on the approval of the licence “that this is the most significant development in Zambezi’s history of copper exploration in Zambia and the Kangaluwi Copper Project has the potential to be a company maker. With the approval of the Zambian Government and evidence of support from local tribal authorities and other parties interested in this project, we are confident that Zambezi can proceed through the bankable feasibility study, with an early emphasis on finalizing the important Environmental Impact Studies.

This is a significant new copper development for Zambia in an area unrelated to the Copperbelt and this project offers the potential to make a real difference to the people in the area SE of Lusaka which to date has not enjoyed significant economic development”.

David Russell
CEO Zambezi Resources

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 information in this report that relates to Exploration Results and Mineral Resources as it relates to the Chisawa deposit is based on information compiled by Ms Chiedza Nematadzira BSc Hon Geology and Borniface Nquni, MAIG, of Caracle Creek Consulting Zambia who are both Competent Persons as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition) and who consent to the inclusion in this report of the matters based on the information 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.