



ASX Announcement

17 May 2011

Zambezi commences second round of Diamond Drilling at Kangaluwi Copper Project, Zambia

- A \$3.5 million diamond drilling programme commenced at Kalulu and Chisawa with four diamond drill rigs.
- Excellent progress with four diamond holes finished to-date, each encountering significant mineralized intersections (assays pending).
- Cores being scanned by XRF to assist sampling of mineralized zones.
- New executive management team appointed to transition the Company to development.

Zambezi Resources Limited (“Zambezi” or “the Company”) is pleased to announce that its wholly owned subsidiary Mwembeshi Resources Pty Ltd (“Mwembeshi”) has commenced a \$3.5 M diamond drilling programme at its Kangaluwi Copper Project (“the Project”) in the Lower Zambezi National Park, Zambia. The purpose of this drilling campaign is to convert the resources at Chisawa Prospect into the Measured Resource category and to conduct infill drilling at Kalulu sufficient to report a Mineral Resource in accordance with JORC guidelines.

The Company contracted local drilling companies Ox Drilling Limited and Infracca Exploration Company Limited, each with two diamond drill rigs to drill approximately 11,000 metres with 38 diamond holes at its Chisawa Prospect and 32 diamond holes at its Kalulu Prospect.

Three camps have been established for the drilling crews from Ox and Infracca Drilling, and Caracle Creek Consulting Zambia Ltd, the geological exploration consultants supervising the



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drilling program. Water holes were drilled which will be cased to 40 metres.

An in situ XRF analysis of the core is being conducted using hand held equipment in order to quickly identify the extent of mineralization in the core and to assist in selection of samples, which are taken from 3 metres above every mineralized intersection, through the intersection and to 3 metres below the intersection.

The core is being logged, sampled and split on site in order to keep close control for QA / QC purposes. The split core is being sent to Genalysis Intertak in Johannesburg in batches for sample preparation and then the pulverised sample will be sent to Perth for assay. The remaining split core will be sent to Lusaka and stored in the core shed at Mwembeshi's offices.

To date four diamond drill holes have been completed and we anticipate the first assay results are anticipated in the coming weeks and we remain confident that the drilling programme will be finalised by September 2011.

Zambezi transitions to development

As the Project moves forward from early stage exploration and scoping studies towards a Bankable Feasibility Study the skill set for the engineering development of the project now requires project development skills. To this end, as part of an agreed transition to development, the Board would like to advise that effective immediately Mr Frank Vanspeybroeck has been appointed as the new CEO of Zambezi and Mr Marinko Vidovich as the Executive Project Manager. Both are experienced in infrastructure, logistics and project development and both have already transitioned to take over the management of the project development, logistics and drilling.

The Zambezi management team will be further strengthened by the appointment of further senior technical personnel some of whom will be site based in Zambia.

The Board of Zambezi wishes to thank Mr David Russell for his efforts in steering the Company over the past year during which time it transitioned from exploration to being granted a large scale Mining Licence for the Kangaluwi Copper Project. Mr David Russell has subsequently left the company to pursue other interests.