ZAMBEZI RESOURCES LIMITED
ARBN: 124 462 826

BERMUDA
Canon's Court
22 Victoria Street
Hamilton HM12

ZAMBIA
Plot 5697
Beu Crescent
Kalundu
Lusaka
Tel: +260 211 292101

Email: info@zambeziresources.com
www.zambeziresources.com

AUSTRALIA
Level 1, 17 Ord Street
West Perth, Western Australia
Australia 6005
Tel: +61 8 6555 1879
Fax: +61 8 9398 4104

PO Box 1796, West Perth
Western Australia, 6872

ASX Announcement
Tuesday, 30 April 2013

March 2013 Quarterly Operations Report & Appendix 5B

1.0 Summary of March Quarter 2013 Activities

- Kangaluwi Copper Project Environmental Impact Study appeal process is progressing and awaiting final Government decision.

- Mpande Limestone Limited applied for a Large Scale Mining Licence over its Limestone deposit in Kafue District, south east of Lusaka, Zambia.

- On 22 April 2013 Zambezi Resources Limited lodged a prospectus for a renounceable pro-rata Entitlement Offer to raise up to approximately $15.4 million (before expenses). This offer is partially and conditionally underwritten by Patersons Securities Limited up to the minimum subscription amount of $10 million.

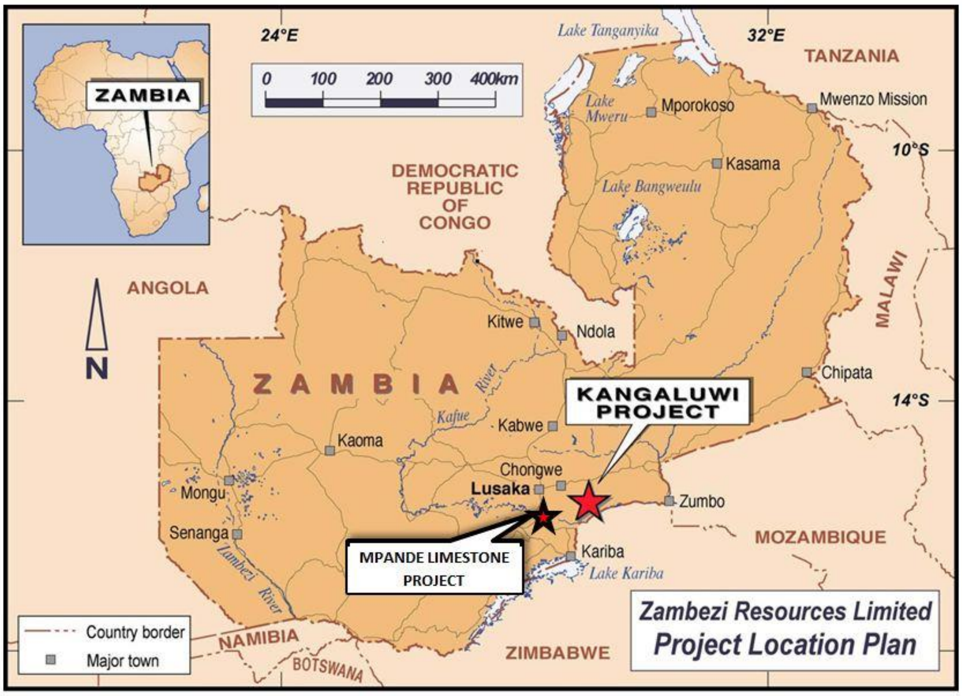

Figure 1: Project Locations

2.0 Kangaluwi Copper Project

- In Zambia, the newly enacted *Environmental Management Act 2011* requires all new mining projects to lodge an Environmental Impact Study ("EIS") and obtain approval by the Zambia Environmental Management Agency **("ZEMA")** as part of the mining approval process. This enactment was after Mwembeshi Resources Limited ("MRL"), a wholly owned subsidiary of Zambezi Resources Limited ("ZRL"), was granted its Large Scale Mining Licence for its Kangaluwi Copper Project **("Project")** located in the Lower Zambezi National Park.

- On 7 September 2012 MRL was informed by ZEMA that MRL's EIS was not approved as submitted.

- MRL lodged an appeal on 19 September 2012 to seek a review of the ZEMA decision as provided for in the Environmental Management Act 2011.

- The appeal was considered by the Minister of Land, Natural Resources and Environmental Protection on 10 October 2012 during the first appeal hearing attended by all stakeholders. Whilst the Minister expressed continued support for the development of the Project a more detailed Environmental Management Plan was requested.

- An Environmental Management Study ("EMS") including detailed Environmental Management Plans and Procedures was submitted to the Minister on 6 November 2012.

- Since the beginning of the year, ZRL has continued to receive the wider support of stakeholders including higher authorities in Zambia, who are very keen to promote the development of such projects thus creating employment opportunities which are limited.

- During the months of February and March 2013, consultations have continued with the Ministry of Lands, Natural Resources and Environmental Protection on the finalisation of the EIS appeal for its successful award.

- During April 2013, the company made a presentation on the Kangaluwi Copper Project to a Parliamentary Committee on Lands, Environment and Natural Resources. The presentation was very well received by the Parliamentary Committee which as a result visited the site of the project a week later.

3.0 Mpande Limestone Project

- Mpande Limestone Limited ("**MLL**"), 100% controlled by ZRL is a Zambian registered company that was formed in June 2008.

- MLL has a 50% interest in the Limestone Joint Venture with Limestone Ventures Pty Ltd.

- The Joint Venture proposes to construct and operate a cement and quick / hydrated lime facility within its 143.5 km^2 licence area 13173-HQ-LPL, in Kafue District, Lusaka Province of Zambia.

- Drilling results from the Mpande Limestone Project confirms a large limestone deposit of high quality material and suitable for cement production.

- On 15 February 2013, Mpande Limestone Limited applied for a Large Scale Mining Licence which was accepted on 18 February 2013. We are awaiting the Mines Development Department confirmation that the Mining Licence has been granted.

4.0 Corporate

As announced on the 16th April 2013, ZRL is undertaking a pro-rata renounceable Entitlement Offer of new ordinary shares and attaching options to raise a maximum of $15,374,745 million. The issue is partially and conditionally underwritten by Patersons for a minimum of $10,000,000.

The terms of the Offer allow eligible shareholders the opportunity to participate in a pro-rata renounceable Entitlement Offer up to approximately 15.37 million shares on the basis of 7 new shares for every 1 share held on the record date, at an issue price of $0.001 per share with 1 attaching new option for every 3 new shares subscribed, to raise up to approximately $15.4 million before expenses.

The successful completion of the Offer which is for a minimum of $10 million and maximum of $15.4 million will allow the Company to:-

- pursue the Project's development unencumbered by debt;

- proceed with the Oxide Copper Project Bankable Feasibility Study once the EIS is approved, and

- provide the Company with the working capital position it needs to execute its development strategy.

The Company's major shareholder and lender, Auctus Resources Fund (formerly LinQ Resources Fund) has agreed to sub-underwrite $6 million of the $10 million that is conditionally underwritten by Paterson Securities Limited, the required condition being that existing shareholders subscribe for a minimum of $1.5 million.

All directors of ZRL are participating as sub-underwriters to the Offer and the full details of the Prospectus are available on the ZRL website; www.zambeziresources.com. This capital raising will ensure ZRL is well capitalised to continue the pursuit of the Project's development and complete a Feasibility Study of its Phase One Kangaluwi Oxide Copper Project and move forward with its goal of becoming a low cost copper producer in 2015.

The ZRL Board is appreciative of the support it has received from its major shareholder (Auctus Resources Fund), and encourages existing shareholders to also take advantage of the attractive terms of the proposed Rights Issue and participate in the upside available from the Company's Phase One Kangaluwi Oxide Copper Project and future development of the larger Kangaluwi Project.

Timetable of Rights Issue

Event	**Date (2013)**
Shareholders trade on an "ex" entitlement basis	Friday 26 April
Record date for determining entitlements to participate in the Entitlement Offer 5.00 pm (AWST) for ASX shareholders	Thursday 2 May
Prospectus and Entitlement and Acceptance form despatched to Eligible Shareholders	Wednesday 8 May
Entitlement Offer opens	Wednesday 8 May
Rights trading ends	Wednesday 15 May
New Shares trade on a deferred settlement basis	Thursday 16 May
Entitlement offer closes	Wednesday 22 May
Issue and allotment of New Shares (and any Additional New Shares) and attaching New Options	Thursday 30 May
Commencement of trading of New Shares and any Additional New Shares (in the form of CDIs) and New Options on ASX Despatch of holding statements	Friday 31 May

Zambezi Resources Limited
Frank Vanspeybroeck
CEO
Tel: +61 8 6555 1879

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ZAMBEZI RESOURCES LIMITED

ARBN	Quarter ended ("current quarter")
124 462 826	31 MARCH 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(598)	(2,542)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(390)	(2,900)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	33
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (VAT & GST Refunds)	28	212
	Net Operating Cash Flows	(959)	(5,197)
	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)	(959)	(5,197)

1.13	Total operating and investing cash flows (brought forward)	(959)	(5,197)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	100	1,440
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	500	500
1.17	Repayment of borrowings	-	(249)
1.18	Dividends paid	-	-
1.19	Other (Costs in respect of Rights Issue and Placement)	56	56
	Net financing cash flows	656	1,747
	Net increase (decrease) in cash held	(303)	(3,450)
1.20	Cash at beginning of quarter/year to date	655	3,827
1.21	Exchange rate adjustments to item 1.20	(36)	(61)
1.22	**Cash at end of quarter**	316	316

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 $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	19
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	6,500	5,500
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	370(1)
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	**620**

(1) Source of funding is directly related to the current Rights Issue in place, and/or debt finance available to the Company.

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 $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	316	5
5.2	Deposits at call	-	650
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	316	655

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	13093-HQ-LPL 13094-HQ-LPL 13137-HQ-LPL 13138-HQ-LPL 13140-HQ-LPL 8085-HQ-LPL 13147-HQ-LPL 8130-HQ-LPL 8131-HQ-LPL	Lapsed Lapsed Lapsed Lapsed Lapsed Lapsed Lapsed Lapsed Lapsed	100% 100% 100% 100% 100% 100% 100% 100% 100%	0% 0% 0% 0% 0% 0% 0% 0% 0%
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) (cents)	Amount paid up per security (see note 3) (cents)
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**	2,196,392,216	2,196,392,216		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	125,000,000	125,000,000	-	-
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

7.7	**Options** *(description and conversion factor)*	5,000,000 30,000,000 10,000,000 10,000,000 2,500,000 2,000,000 2,000,000 2,000,000 2,500,000 30,000,000		*Exercise price* AUD$0.02 AUD$0.02 AUD$0.025 AUD$0.03 AUD$0.04 AUD$0.03 AUD$0.04 AUD$0.05 AUD$0.01 AUD$0.0044	*Expiry date* 5 May 2013 31 May 2013 30 September 2013 30 September 2013 1 June 2013 11 January 2013 11 January 2014 11 January 2014 30 June 2014 17 October 2015
7.8	Issued during quarter				
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	2,000,000	-	AUD$0.03	11 January 2013
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 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Director Date: 30 April 2013

Print name: Simon Durack

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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