



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

AUSTRALIA
LEVEL 1, 17 ORD STREET
WEST PERTH, WESTERN AUSTRALIA
AUSTRALIA 6005
TEL: +61 8 6555 1879
FAX: +61 8 9398 4104

EMAIL: INFO@ZAMBEZIRESOURCE.COM
WWW.ZAMBEZIRESOURCE.COM

PO BOX 1796, WEST PERTH
WESTERN AUSTRALIA, 6872

14 February 2014

Dear Shareholder

Zambezi's pro rata non-renounceable rights issue - Notice to ineligible shareholders

This letter is to inform you that, unfortunately, you are not eligible to participate in the Rights Issue (as defined below). You are not required to do anything in response to this letter.

Rights issue

As announced on 30 January 2014, Zambezi Resources Limited (**Zambezi**) is undertaking a pro rata non-renounceable rights issue (**Rights Issue**) to eligible shareholders on the basis of one (1) new Zambezi ordinary share for every three (3) Zambezi ordinary shares held as at 5:00pm (Perth time) on 10 February 2014 (**Record Date**) at an offer price of \$0.15 cents per new share to raise approximately \$1.2 million (before expenses).

An offer booklet detailing the Rights Issue was released on ASX on 30 January 2014 (**Offer Memorandum**). Copies are available on ASX's website (www.asx.com.au) and on Zambezi's website (www.zambeziresources.com).

Eligibility criteria

Zambezi has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Rights Issue to shareholders in all countries outside Australia and New Zealand. The securities laws of many countries require the use of offer documents specific to that country or compliance with local laws for the Rights Issue to be made in those countries. Having regard to the number of shareholders in particular countries, the value of securities those shareholders would be offered and the cost of compliance with local laws to make the Rights Issue in those countries, Zambezi has limited the countries in which the Rights Issue will be made.

"Eligible Shareholders" are those persons who:

- are registered as a holder of Shares as at 5.00pm (Perth time), 10 February 2014;
- have a registered address in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue.

Unfortunately, as you do not satisfy the criteria stated above, you are deemed not to be an Eligible Shareholder for the purposes of the Rights Issue.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Zambezi wishes to advise you that it will therefore not be extending the Rights Issue to you and you will not be able to subscribe for shares under the Rights Issue. You are not required to do anything in response to this letter.

As the Rights Issue is non-renounceable, you will not receive any payment or value for entitlements in respect of any shares that would have been offered to you if you were eligible to participate in the Rights Issue.

If you have any questions, please contact Zambezi on +61 8 6555 1879.

On behalf of the Board and Management of Zambezi, we regret that you are not eligible to participate in the Rights Issue and thank you for your continued support of the Company.

Yours sincerely

Frank Vanspeybroeck
Managing Director
Zambezi Resources Limited