

**ASX Announcement****30 September 2014**

Company Update

Zambezi Resources Ltd (“**Zambezi**” or the “**Company**”) announces that an interlocutory hearing in the appeal process currently on foot did not proceed as scheduled on 29 September 2014 in the High Court of Lusaka. The hearing on 29 September 2014 had been scheduled to deal with a number of interim arguments including an application by Zambezi to discharge the stay of execution order and to dismiss the appeal to the Supreme Court.

The Judge indicated that he has been away from Lusaka and therefore was not in a position to proceed with the scheduled hearing on 29 September 2014. He adjourned the hearing to 17 November 2014 to deal with the applications of Zambezi as above and the further arguments between the parties. .

Background:

The appeal hearing related to the appeal lodged by certain conservation groups against the decision of the Minister of Lands, Natural Resources and Environmental Protection to allow the Company to develop its 100% owned Kangaluwi Copper Project in the Lower Zambezi National Park in Zambia. In the appeal the Zambian Government is the first respondent and Mwembeshi Resources Ltd, a wholly owned subsidiary of Zambezi, is the second respondent. (Refer ASX announcement dated 20 January 2014).

The High Court ruled the appeal hearing to proceed on the 16 July 2014 on affidavit material only - a position accepted by all parties (refer ASX announcement dated 9 June 2014). Shortly before the appeal hearing the conservation groups lodged an appeal to the Supreme Court against the decision of the High Court to proceed on 16 July 2014 as ordered even though they had previously accepted the ruling.

The joint position of the Zambian Government and the Company is that the decision to proceed on 16 July 2014 is not one that can be appealed against in any event, and together with the Zambian Government the Company is now making an application to set aside the notice of appeal as well as to discharge the stay of execution which is in place pending the outcome of the appeal.

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