

ASX Announcement
Friday, 30 October 2015

Zambezi Resources Limited enters into contract with Chinese construction company to sell Mpande Limestone Project

Zambezi Resources Limited ("**Zambezi**" or the "**Company**") is pleased to announce that it has entered into a binding Share Sale Agreement ("**SSA**") with African Brothers Corporation Limited ("**ABC**"), a Chinese construction company based in Zambia, for the sale of Mpande Limestone Limited ("**Mpande**") a wholly owned subsidiary of Zambezi, which owns a cement limestone project in Zambia ("**Mpande Project**") in a 50/50 joint venture with Limestone Ventures Pty Ltd.

The SSA was executed on 26 October 2015 between Zambezi and ABC. The share purchase consideration is **TWO MILLION SEVEN HUNDRED AND EIGHTY THOUSAND UNITED STATES DOLLARS (US\$2,780,000)**, of which **ONE HUNDRED THOUSAND UNITED STATES DOLLARS (US\$100,000)** has already been paid to Zambezi. ABC must also repay Mpande's loan to Zambezi of **SIX HUNDRED AND SEVENTY THOUSAND UNITED STATES DOLLARS (US\$670,000)**. Both amounts totalling US\$3.45M (A\$4.78M) will be paid on or before 21 days from execution of the SSA.

The SSA is conditional upon the approval of Zambezi's Joint Venture partner, Limestone Ventures Pty Ltd.

ABC proceeded to acquire the Mpande Project following their due diligence (see ASX announcement dated 1 May 2015). ABC is a reputable and well established company that has been operating in Zambia for more than 15 years and has a strong vision to establish a cement factory within the Mpande Project tenement area.

The Board of Zambezi believe that they have negotiated a fair price for the Mpande Project in a difficult and challenging financial and resources market which allows the Company to focus on its major core asset being its 100% owned Kangaluwi Copper Project, and enable it to repay some debt.

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