

Company Update

Zambezi Resources Limited ("**Zambezi**" or the "**Company**") is pleased to announce that at a hearing in the High Court of Lusaka yesterday the appellants' application to stay the High Court proceedings pending the determination of their appeal in the Supreme Court was found to be without merit and was dismissed by the High Court.

The High Court also ordered that the appellants pay the Company's costs of the failed application.

The success of the Company (who is the respondent in the proceedings) in opposing the appellants' application means that the current appeal (details below) in the High Court of Lusaka will not be stayed and will be continued to its conclusion even though there is an appeal pending to the Supreme Court of Zambia against an interlocutory decision handed down by the Appeal Judge on 18 July 2014. It also means that the appellants' strategy of delaying the hearing of the appeal in the High Court by filing an unmeritorious appeal to the Supreme Court on a minor interlocutory matter and then attempting to prevent the hearing of the appeal in the High Court from proceeding has failed.

The Company's application currently on foot to discharge the order staying 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 can now be listed for final argument at the soonest opportunity. Had the appellants' application to stay the appeal in the High Court been successful (which it was not), the Company's application to deal with the appeal on its merits and lift the stay of execution against the project could have stalled potentially for up to 2 years. This potential outcome has now been extinguished.

Background:

The appeal hearing in the High Court of Lusaka referred to above relates to the appeal lodged by certain Zambian conservation groups against a decision of the Minister of Lands, Natural Resources and Environmental Protection on 17 January 2014 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 Announcements dated 20 January 2014, 7 April 2014, 9 June 2014, 18 July 2014, 24 July 2014 and 30 September 2014).

The decision of the Minister effectively allowed the Company to proceed with the developments of its 100% owned Kangaluwi Copper Project located in the Lower Zambezi National Park in Zambia.

On 6 February 2014 at the request of the appellants, the Lusaka High Court granted an order, on an ex parte basis, for a stay of execution of the decision of the Minister to allow Zambezi to develop its Kangaluwi Copper Project.

The stay of execution remains in place pending the outcome of the appeal against the Minister's decision. It is this appeal that the Company is attempting to be listed for hearing as soon as possible now that the appellants' application to stay the appeal itself was dismissed yesterday.

Shareholders will be given a further update of developments in the appeal process following the next hearing.

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