

19 January 2015

Ms Elizabeth Harris
Adviser, Listings (Perth)
ASX Limited

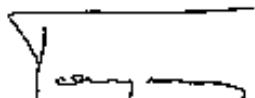
Via electronic lodgement

Dear Ms Harris

Zambezi Resources Limited
Notice of Meeting

Zambezi Resources Limited ARBN 124 462 826 (ASX: ZRL) confirms that the attached Notice of Meeting has been despatched to all shareholders today.

Yours sincerely



Frank Vanspeybroeck
Managing Director
Zambezi Resources Limited

ZAMBEZI RESOURCES LIMITED
Company No. (Bermuda) 35116
ARBN 124 462 826

NOTICE OF ANNUAL GENERAL MEETING
and
EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Friday, 30 January 2015

Time of Meeting

8.00 am Bermuda ADT (Atlantic Daylight Time) (8:00 pm Perth WST)

Place of Meeting

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting, please complete and return the enclosed Proxy Form or CDI Form of Instruction (as applicable) in accordance with the specified instructions.

Zambezi Resources Limited
Company No. (Bermuda) 35116
ARBN 124 462 826

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Zambezi Resources Limited ("**Company**") will be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda on Friday, 30 January 2015 at 8.00 am Atlantic Daylight Time (ADT), for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

2014 Accounts

To receive and consider the financial report of the Company for the year ended 31 March 2014, and the reports by the Directors and Independent Auditors.

RESOLUTIONS

Resolution 1 – Appointment of Auditor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Deloitte Touche Tohmatsu be and is hereby appointed as Auditors of the Company until the conclusion of the next annual general meeting at a fee to be agreed by the Directors."

Resolution 2 – Approval of 10% Placement Capacity

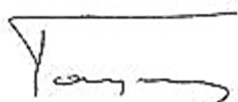
To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

For the purpose of Listing Rule 7.3, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue, a person who might obtain a benefit, except a benefit solely in the capacity of the holder of ordinary securities if the Resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Frank Vanspeybroeck

Managing Director

Dated: 15 January 2015

Proxies

Registered Shareholders for the Company only can vote at the Meeting personally or by proxy, attorney or representative. A Shareholder entitled to attend and vote at the Meeting may appoint not more than two proxies to attend and vote at the Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. A proxy may but need not be a Shareholder of the Company. The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the respective offices of Computershare Services, for Australian holders not later than 8.00 pm Western Standard Time on 28 January 2015. For the convenience of Shareholders a Proxy Form is enclosed with Notices sent to Shareholders.

A Shareholder that is a corporation may elect to appoint a representative in accordance with the Articles of Association in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to, the Company not later than 8.00 pm Western Standard Time on 28 January 2015.

CHESS Depositary Interests

Holders of CHESS Depositary Interests ("**CDI**") are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, CDI holders must complete, sign and return the CDI Form of Instruction enclosed with the Notice sent to them to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia or alternatively you can fax your form to (within Australia) 1800 783 447 and (outside Australia) +61 3 9473 2555, so that CDI holders can direct CHESS Depositary Nominees Pty Ltd ("**CDN**") to vote the underlying Shares on their behalf. The CDI Form of Instruction needs to be received by not later than 8.00pm Western Standard Time on 27 January 2015.

Zambezi Resources Limited
Company No. (Bermuda) 35116
ARBN 124 462 826

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of Zambezi Resources Limited (“**Zambezi**” or “**Company**”) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda on Friday, 30 January 2015 **commencing at 8.00 am ADT and 8.00 pm WST (Perth)**.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

RESOLUTION 1 – APPOINTMENT OF AUDITOR

Section 89(1) of the Companies Act 1981 of Bermuda provides that members of a company at each annual general meeting shall appoint one or more auditors to hold office until the close of the next annual general meeting. In addition, section 89(6) provides that the remuneration of an auditor appointed by the members shall be fixed by the members or by the Directors, if they are authorized to do so by the members.

Therefore pursuant to Resolution 1, Deloitte Touche Tohmatsu will be appointed as the Company's auditors until the close of the next annual general meeting at a fee to be agreed by the Directors.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

General

ASX Listing Rule 7.1 A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 2, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 2 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present (in person or by proxy) and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1 A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities up to 10% of its issued capital in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of A\$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of A\$2,234,700.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: ZRL).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1 A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
 - (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
 - (d) less the number of Shares cancelled in the previous 12 months.
- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1 A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4

Technical information required by ASX Listing Rule 7.1 A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 5.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1 A ceases to be valid); or
- (iii) such longer period if allowed by ASX (10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1 A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	A\$0.035 50% decrease in Issue Price	A\$0.07 Issue Price	A\$0.14 100% increase in Issue Price
31,924,291 (Current Variable A)	Shares issued - 10% voting dilution	3,192,429 Shares	3,192,429 Shares	3,192,429 Shares
	Funds raised	A\$111,735	A\$223,470	A\$446,940
47,886,436 (50% increase in Variable A)	Shares issued - 10% voting dilution	4,788,643 Shares	4,788,643 Shares	4,788,643 Shares
	Funds raised	A\$167,602	A\$335,205	A\$670,410
63,848,582 (100% increase in Variable A)	Shares issued - 10% voting dilution	6,384,858 Shares	6,384,858 Shares	6,384,858 Shares
	Funds raised	A\$223,470	A\$446,940	A\$893,880

**The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.*

The table above uses the following assumptions:

1. There are currently 31,924,291 shares on issue as at 5 January 2015.
2. The issue price set out above is the closing price of the Shares on the ASX on 5 January 2015.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the continuation and acceleration of exploration on the Company's Kangaluwi Copper Project in Zambia (funds would then be used for project scoping studies and ongoing project administration) and general working capital; or
- (ii) as non-cash consideration for the same purposes as above but in which circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has obtained approval under ASX Listing Rule 7.1A at its previous annual general meeting on 2 December 2013. The Company has not issued any Shares pursuant to that approval.

(g) **Issue of Equity Securities during the last 12 months**

The Company has issued 7,485,608 new shares during the last 12 months.

Dates of issue	4 th April 2014
Number of Shares issued	2,485,608 ordinary shares
Issue price and terms of issue	<ul style="list-style-type: none"> The issue price was: <ul style="list-style-type: none"> 2,485,608 ordinary shares at \$0.15 The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.
Persons to whom Shares were issued	Existing Shareholders
Intended use of funds:	The funds raised under the Rights Issue will be applied principally to administration expenses and working capital.

Dates of issue	25 th July 2014
Number of Shares issued	2,727,273 ordinary shares
Issue price and terms of issue	<ul style="list-style-type: none"> The issue price was: <ul style="list-style-type: none"> 2,727,273 ordinary shares at \$0.11 The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.
Persons to whom Shares were issued	Sophisticated Investors
Intended use of funds:	The funds raised from the Placement were applied to additional working capital and investment capital for the Company primarily in relation to ongoing evaluation and development of the Company's Zambian projects.

Dates of issue	28 th July 2014
Number of Shares issued	2,272,727 ordinary shares
Issue price and terms of issue	<ul style="list-style-type: none"> The issue price was: <ul style="list-style-type: none"> 2,272,727 ordinary shares at \$0.11 The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.
Persons to whom Shares were issued	Sophisticated Investors
Intended use of funds:	The funds raised from the Placement were applied to additional working capital and investment capital for the Company primarily in relation to ongoing evaluation and development of the Company's Zambian projects.

(i) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

GLOSSARY OF TERMS

In this Explanatory Memorandum and Notice of Meeting, in addition to the terms defined in the body of the Explanatory Memorandum, the following expressions have the following meanings:

“AUD\$” or “A\$” means Australian dollars.

“ASX Listing Rules” means the Listing Rules of the Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.

“Company” or “Zambezi” means Zambezi Resources Limited ARBN 124 462 826.

“Board” means the board of Directors.

“Companies Act” means the Bermuda Companies Act 1981, as amended.

“Directors” mean the directors of Zambezi.

“Eligible Entity” means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P ASX 300 Index; and
- (b) has a maximum market capitalization (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

“Equity Securities” has the same meaning as in the ASX Listing Rules.

“Explanatory Memorandum” means this Explanatory Memorandum.

“Listing Rules” means the official listing rules of ASX.

“Meeting” means the annual general meeting of shareholders of Zambezi convened by the Notice.

“Notice” or “Notice of Meeting” means the notice of annual general meeting that accompanies this Explanatory Memorandum.

“Resolution” means a resolution referred to in the Notice of Meeting.

“Shareholder” means a registered holder of Shares.

“Share” means a fully paid ordinary share in the capital of the Company.

“WST” means Western Standard Time as observed in Perth, Western Australia.

“Proxy Form” means the proxy form accompanying the Notice of Meeting.



ZAMBEZI
RESOURCES

Zambezi Resources Limited
ARBN 124 462 826

000001 000 ZRL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
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For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

CDI Voting Instruction Form



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 8:00pm (Perth WST) Tuesday, 27 January 2015

How to Vote on Items of Business

Each CHESS Depositary Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI that you own at 27 January 2015 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depositary Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depositary Nominees Pty Ltd enough time to tabulate all CHESS Depositary Interest votes and to vote on the underlying shares.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE



or turn over to complete the form

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

CDI Voting Instruction Form

Please mark



to indicate your directions

STEP 1

CHESS Depositary Nominees Pty Ltd will vote as directed

XX

Voting Instructions to CHESS Depositary Nominees Pty Ltd

I/We being a holder of CHESS Depositary Interests of Zambezi Resources Limited hereby direct CHESS Depositary Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of Zambezi Resources Limited to be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda on Friday, 30 January 2015 at at 8:00am Bermuda ADT (Atlantic Daylight Time) (8:00pm Perth WST) and at any adjournment or postponement of that meeting.

By execution of this CDI Voting Form the undersigned hereby authorises CHESS Depositary Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESS Depositary Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

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Computershare +