

March 2015 Quarterly Operations Report

1.0 Operations Review

1.1 Kangaluwi Copper Project

1.1.1 Court Case

The Company was pleased to announce on the 19th February 2015, that the appeal lodged by certain Zambian conservation groups (“**Appellants**”) against a decision of the Minister of Lands, Natural Resources and Environment Protection on 17 January 2014 to allow the Company to develop its 100% owned Kangaluwi Copper Project in the Lower Zambezi National Park, Zambia which was heard on 18 February 2015 has at last been finalized.

The matter had originally been listed for final hearing on 4 February 2015 but an adjournment was granted by the Appeal Judge at the request of the Appellants who were not ready to proceed on that date. The Judge then ordered all parties to provide final consolidated submissions within seven (7) days with the final hearing to take place on 18 February 2015 (see ASX Announcement dated 5 February 2015). This has now occurred.

The appeal has therefore been concluded and the Appeal Judge has listed the matter on 28 April 2015 for Judgment. The decision on the appeal to be handed down on 28 April 2015 will also deal with the stay of execution which remains in place pending the outcome of the appeal.

Court Case Background

The appeal hearing in the High Court of Lusaka referred to above is 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, 30 September 2014, 18 November 2014 and 15 December 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. The appeal hearing was finalised on 18 February 2015 an outcome which is welcomed by the Company. Shareholders will be given a further update once the Judgment is handed down on 28 April 2015.

1.1.2 Project Background

About the Kangaluwi Copper Project:

Zambezi Resources Limited ("the Company") is an ASX listed Copper Exploration and Development Company focused on its 100% owned Kangaluwi Copper Project, 180 km east of Lusaka, Zambia. The project is covered by a 245 km² Mining Licence (ML 15547), issued on 16 March 2011 and valid for 25 years.

The project covers the copper deposits of Kangaluwi, Chisawa and Kalulu. Drilling carried out at these prospects lead to estimation and reporting of Mineral Resource estimates in July 2012 (Table 1). The Mineral Resource estimates were classified and reported in accordance with the JORC Code.

Table 1: Kangaluwi Copper Project Mineral Resource at 0.3% Cu Cut-off Grade

Resource Category	Tonnes (Mt)	Cu (%)
Indicated	18	0.58
Inferred	28	0.72
Total	46	0.67



Figure 1: Kangaluwi Project Location Map

1.2 Mpande Limestone Project (Joint Venture)

Following the approval of its Environmental Impact Study by the Zambia Environmental Management Agency (ZEMA) and the subsequent granting of the Large Scale Mining Licence for 25 years on the 4th August 2014, during the quarter the Company reviewed a number of options towards the commercial development and/or sale of the Mpande Limestone Project to become a future cement producer. The Company will inform shareholders of any commercial outcome of the Mpande Limestone JV Project.

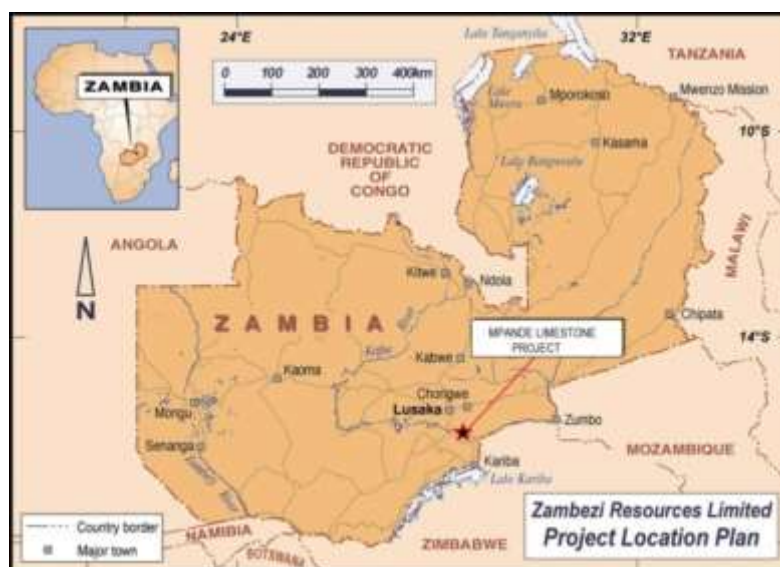


Figure 2: Mpande Limestone Project Location Map

1.2.1 Mpande Limestone Project Background

Mpande Limestone Limited (“MLL”), a wholly owned subsidiary of MRL (100% owned by ZRL) is a Zambian registered company that was formed in June 2008.

MLL has a 50% interest in the Limestone Farm-in and Exploration Joint Venture with Limestone Ventures Pty Ltd.

Drilling results from the Mpande Limestone Project confirms a large limestone deposit of high quality material and suitable for cement production.

The EIS was approved on the 20th June 2014 by ZEMA. The Large Scale Mining Licence number 18703-HQ-LML was approved on the 1st August 2014 by the Minister of Mines, Energy and Water Development for a period of 25 years.

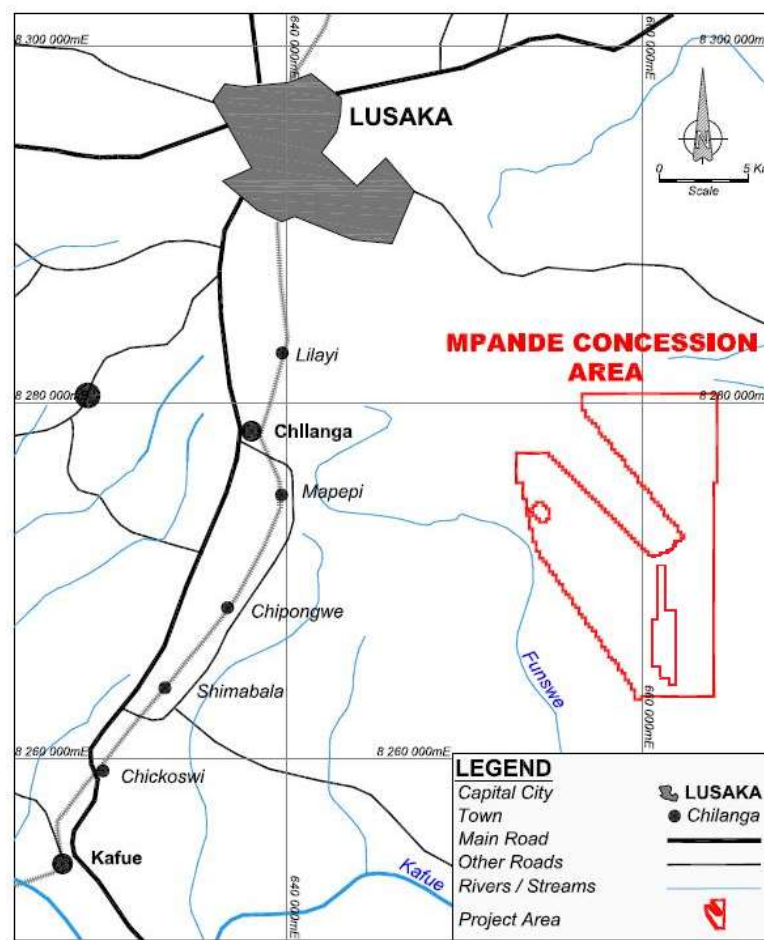


Figure 3: Mpande Concession Area

2.0 Corporate

Share Placement

- On 31 March 2015 the Company announced the placement of 5,177,368 fully paid ordinary shares to satisfy the Company's obligations (creditors/suppliers) at an issue price of \$0.06 per share.

Share Sale Facility

- The process associated with the sale of unmarketable parcels as announced on the 16th June 2014 is currently ongoing. The Company has established a share sale facility for holders of parcels of Zambezi share with a market value of less than \$500.00. The facility was established in accordance with the Company's Constitution and ASX Listing Rules.

3.0 Tenements

3.1 Mwembeshi Resources (a wholly owned Subsidiary of Zambezi Resources Limited)

- Large Scale Mining Licence – Kangaluwi 15547-HQ-LML for a period of 25 years.

3.2 Mpande Limestone (a wholly owned Subsidiary of Zambezi Resources Limited)

- Large Scale Mining Licence – Mpande 18703-HQ-LML for a period of 25 years

3.3 Cheowa Resources (Incorporated Joint Venture – Zambezi 49% and Glencore 51%)

There are three licences held under Cheowa Resources:

- Chalimbana 13170-HQ-LPL
- Chayinda 13171-HQ-LPL
- Cheowa 8573-HQ-LPL

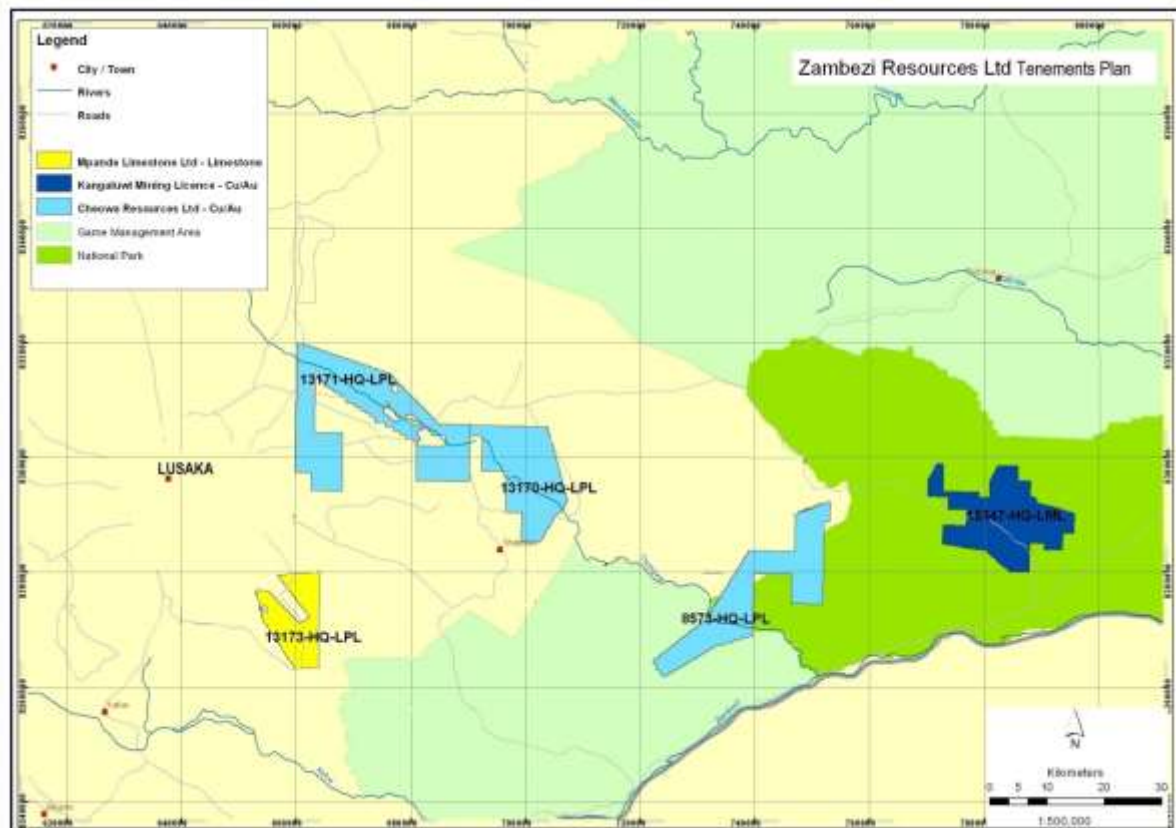
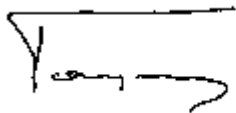


Figure 4: Tenement Map

4.0 Competent Persons Statement

The information in this report relating to Mineral Resources was compiled by Mr Dean Carville who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Carville is a full-time employee of AMC Consultants Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. Mr Carville consents to the inclusion of this information in the form and context in which it appears.

The information in this announcement that relates to Exploration Results is based on information compiled by Robert McPherson, Consultant – Geology, Zambia. Robert McPherson is contracted as a Geologist for Zambezi Resources and is also a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. Robert McPherson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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