

Wednesday, 21 October 2015

By email: Elizabeth.Harris@asx.com.au

Elizabeth Harris
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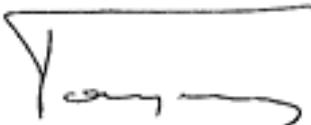
Dear Ms Harris

RESPONSE TO APPENDIX 3Y QUERY

We refer to your letter dated 19 October 2015 and respond to your queries adopting the numbering of your letter:

1. The late lodgement of the Appendix 3Y was an administrative oversight. The shares referred to in the Appendix 3Y were acquired pursuant to the pro rata rights issue details of which were provided to all eligible shareholders on or about 2 June 2015. The timing error was identified by the Company itself and attended to urgently thereafter by the announcement of the Appendix 3Y on 13 October 2015.
2. The company has an active procedural policy in place which requires its directors to promptly notify the company of any trading undertaken by a director in its securities. The company has reinforced this policy with its directors and also reinforced with its staff the importance of a change in a director's notifiable interest being documented by an Appendix 3Y lodged with the ASX no more than 5 business days after the change occurs.
3. The company believes that the current arrangements are adequate, however it will continue to ensure reinforcement of the particular ASX listing rules at every possible opportunity to improve its internal processes.

Yours faithfully



Frank Vanspeybroeck
MANAGING DIRECTOR



19 October 2015

Tanya Oliver
Zambezi Resources Limited
Ground Floor, 20 Kings Park Road
West Perth WA 6005

By Email

Dear Ms Oliver,

Zambezi Resources Limited (the “Company”) – Appendix 3Y

I refer to the following:

1. The Company’s announcement lodged with ASX Ltd (“ASX”) on 13 October 2015 regarding a change of director’s interest notice for Mr David Vilensky (“Appendix 3Y”).

2. Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times:*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity’s admission or a director’s appointment.

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity

all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

As the Appendix 3Y indicates a change in Mr Vilensky's notifiable interest occurred on 14 August 2015, the Appendix 3Y should have been lodged with the ASX by 21 August 2015. As the Appendix 3Y was lodged on 13 October 2015, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to Elizabeth.Harris@asx.com.au. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **3:00 pm WST on Wednesday 21 October 2015**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Elizabeth Harris
Principal Adviser, Listings Compliance (Perth)