



**ZAMBEZI**  
RESOURCES

**ZAMBEZI RESOURCES LIMITED**

ARBN: 124 462 826

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**ASX Announcement**

**28 October 2016**

# September 2016 Quarterly Operations Report

## 1.0 Corporate

### 1.1 Annual General Meeting

The Company held its Annual General Meeting on Wednesday, 17<sup>th</sup> August 2016. All resolutions before the meeting were passed.

### 1.2 Change of Board/Management

As announced by the Company on the 19<sup>th</sup> August 2016, Mr Bradley Drabsch was appointed as Non-Executive director of the Company as approved at the Annual General Meeting on the 17<sup>th</sup> August.

Mr Drabsch is a Geologist and has over 18 years' experience in the minerals exploration industry. He has previously worked as Exploration Manager for Doray Minerals Limited (ASX: DRM), Duketon Mining Limited (ASX: DKM), Montezuma Mining Company Limited (ASX: MZM) and for Independence Group NL (ASX: IGO) and Ivanhoe Mines (TSX: IVN) in senior project roles.

Mr Drabsch has a very strong technical and management background with a focus on remote greenfields mineral exploration. Brad has operated across Australia with experience in gold, base metals, iron ore, and rare earth metals exploration and throughout Mongolia exploring for large porphyry copper deposits.

On the 30<sup>th</sup> September 2016 Mr David Vilensky resigned from the Board of ZRL. ZRL thanks David for his tireless efforts and commitment to the Company.

Mr Gregory Bittar became Chairman on the 30<sup>th</sup> September 2016. Mr Bradley Drabsch became Managing Director, and Marinko Vidovich resumed his previous role as Finance Director.

**BERMUDA**  
TRINITY HALL  
43 CEDAR AVENUE  
HAMILTON HM12  
BERMUDA

**ZAMBIA**  
PLOT 5697  
BEU CRESCENT  
KALUNDU LUSAKA

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SUITE 5, 56 KINGS PARK ROAD  
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AUSTRALIA 6005  
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### 1.3 TM Resources Pty Ltd

The Company announced on the 16<sup>th</sup> September that it had entered into a share sale agreement to purchase 100% of TM Resources Pty Ltd which holds two exploration tenement applications in the Northern Territory, known as the Lawn Hill Project. The tenements contain highly prospective geology with the potential to host large scale sediment hosted zinc-lead deposits similar in style to the World Class Century deposit (>150Mt @ 8.2% Zn + 1.2% Pb + 33g/t Ag).

### 1.4 General Meeting

The Company announced on the 23<sup>rd</sup> September a Notice of General Meeting to be held on the 19<sup>th</sup> October 2016 seeking shareholder approval for the issue of up to 37,500,000 Capital Raising Shares at an issue price of \$0.02 per Capital Raising Share, to raise up to \$750,000. Subsequent to the end of the Quarter, ZRL shareholders approved this capital raising.

## 2.0 Operations Review

### 2.1 Kangaluwi Copper Project

#### 2.1.1 Court Case

The Company is awaiting written judgement on the appeal

##### *Court Case Background*

The appeal hearing in the High Court of Lusaka referred to above is the appeal lodged by 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.

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.

### 3.0 Business Development

ZRL continues to evaluate new project opportunities both within Australia and offshore.

The new management team, whilst remaining committed to achieving a positive outcome with respect to the current situation at Kangaluwi, is striving to bring new and highly prospective projects into the company to allow it to grow into the future.

### 4.0 Tenements

#### 4.1 Mwembeshi Resources (a wholly owned Subsidiary of Zambezi Resources Limited)

- ⑧ Large Scale Mining Licence – Kangaluwi 15547-HQ-LML for a period of 25 years.

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

There are three licences held under Cheowa Resources:

- ⑧ Chalimbana 13170-HQ-LPL
- ⑧ Chayinda 13171-HQ-LPL
- ⑧ Cheowa 8573-HQ-LPL

#### 4.3 TM Resources Pty Ltd (a wholly owned Subsidiary of Zambezi Resources Limited)

There are two licence applications held under TM Resources Pty Ltd:

- ⑧ ELA 31260
- ⑧ ELA 31261

## 5.0 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 report that relates to exploration results is based on information compiled by Mr Bradley Drabsch, Member of the Australian Institute of Geoscientists ("AIG") and Managing Director of Zambezi Resources Limited. Mr Drabsch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a competent person as defined in the JORC Code 2012. Mr Drabsch consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*



**Brad Drabsch**  
**Managing Director**  
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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

ZAMBEZI RESOURCES LIMITED

**ARBN**

124 462 826

**Quarter ended ("current quarter")**

SEPTEMBER 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(169)	(210)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(136)	(205)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(305)</b>	<b>(415)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>	<b>NIL</b>	<b>NIL</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	450	450
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		100
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>450</b>	<b>550</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	176	186
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(305)	(415)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	NIL	NIL
4.4	Net cash from / (used in) financing activities (item 3.10 above)	450	550
4.5	Effect of movement in exchange rates on cash held	NIL	NIL
4.6	<b>Cash and cash equivalents at end of period</b>	<b>321</b>	<b>321</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	321	176
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>321</b>	<b>176</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
25
-

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	80,000
9.2 Development	0
9.3 Production	0
9.4 Staff costs	0
9.5 Administration and corporate costs	70,000
9.6 Other (provide details if material)	0
<b>9.7 Total estimated cash outflows</b>	<b>150,000</b>

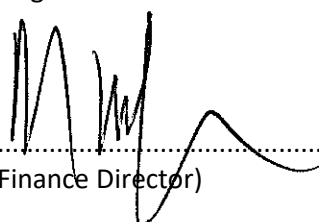


10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
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 Finance Director)

Date: 28 October 2016

Print name: MARINKO VIDOVIICH

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.