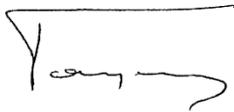


ASX Announcement
17 August 2011

Zambezi Withdraws Rights Issue

Zambezi Resources Limited (ASX: ZRL) (**Zambezi or the Company**), in consultation with its advisers, announces the withdrawal of the rights issue, as detailed in the offer booklet released to ASX on 8 August 2011 (**Rights Issue**).

The Zambezi board believes it is in the best interest of the Company and its shareholders to withdraw the Rights Issue as a result of the recent equity market volatility and instability. We wish to inform that the Company has adequate funding currently in place to continue with its planned drilling programmes and its feasibility studies towards the development of its Kangaluwi Copper Project in Zambia.



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