

ASX Announcement

7 April 2014

Company Update

Zambezi Resources Ltd (ASX: ZRL) ("**Zambezi**" or "**the Company**") advises that the Lusaka High Court in Zambia has allowed an application by representatives of environmental groups to amend legal proceedings in respect of the Company's 100% owned Kangaluwi Copper Project in Zambia.

Following technical arguments, the Judge allowed the appellants to retrospectively amend their original notice of appeal, which was irregular with respect to certain matters including the identity and standing of some appellants.

The Company is now awaiting a date for the hearing of the appeal itself where the substantial issues submitted by both parties will be determined.

Pending determination of that hearing, the Judge extended a stay of execution that temporarily prevents Mwembeshi Resources Limited (MRL), a subsidiary of Zambezi, from commencing operations on the site in accordance with its mining licence, issued by the Ministry of Mines Energy and Water Development in 2011. Both the Company and the Zambian Government had sought that the stay of execution be discharged but the Judge preferred to preserve the *status quo* pending the hearing of the appeal.

The appeal was lodged on 6 February 2014 by an applicant group representing various organisations associated with the environmental movement that opposes the Zambian Minister of Lands, Natural Resources and Environmental Protection's decision to allow the Kangaluwi Copper Project to proceed in the upper escarpment area of the Lower Zambezi National Park. (Refer to ASX announcements dated 10 February 2014, 19 February 2014, 6 March 2014 and 25 March 2014).

The Zambian Government is the first respondent, with Mwembeshi Resources Limited (MRL) as second respondent in this matter.

– ENDS –

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