

Thursday, 21 September 2016

By email: chris.bailey@asx.com.au

ASX Compliance Pty Limited
ABN 26 087 780 489
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Mr Bailey

RE: ZRL's announcements lodged with ASX Ltd ("ASX") on 16 September 2016 regarding Initial Directors Interest Notices for Mr Gregory John Bittar and Mr Bradley Drabsch ("Appendices 3X")

We refer to your letter of 20 September 2016. We address your questions as follows:

1. Please explain why the Appendices 3X were lodged late.

The Appendices were lodged late due to an administrative oversight.

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?

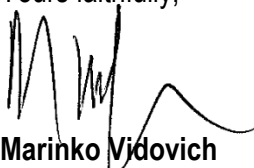
The Company has processes in place to ensure it is able to meet its disclosure obligations including:

- (a) *all directors have been informed of ASX disclosure obligations; and*
- (b) *all directors are aware of the Company's policy regarding dealings in its securities.*

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?

The Company considers its current arrangements are adequate and notes the Appendices 3X were lodged late by reason of an administrative oversight.

Yours faithfully,



Marinko Vidovich
Managing Director



20 September 2016

Tanya Oliver
Zambezi Resources Limited
Level 1, 17 Ord Street
West Perth WA 6872

By Email

Dear Tanya,

Zambezi Resources Limited (the “Company”)

I refer to the following:

1. The Company’s announcements lodged with ASX Limited (“ASX”) on 16 September 2016 regarding an initial director’s interest notice for Mr Gregory John Bittar and Mr Bradley Drabsch (“Appendices 3X”).

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 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 Appendices 3X indicate Mr Bittar was appointed on 4 March 2016 and Mr Drabsch was appointed on 17 August 2016, the Appendices 3X should have been lodged with the ASX by 11 March 2016 and 24 August and respectively. As the Appendices 3X were lodged on 16 September 2016 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 Appendices 3X were 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 Chris.Bailey@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 **2:00 pm WST on Friday 23 September 2016**.

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]

Chris Bailey
Adviser, Listings Compliance (Perth)