



ZAMBEZI RESOURCES LIMITED
ARBN: 124 462 826

MAIL:
PO Box 1796, West Perth WA 6872 Australia
EMAIL:
info@zambeziresources.com
www.zambeziresources.com

Wednesday, 3rd February 2016

Ms Elizabeth Harris
Adviser, Listings (Perth)
ASX Limited

Via electronic lodgement

Dear Ms Harris

ZAMBEZI RESOURCES LIMITED NOTICE OF MEETING

Zambezi Resources Limited ARBN 124 462 826 (ASX: ZRL) confirms that the attached Notice of Meeting and Explanatory Memorandum and accompanying document for the Annual General Meeting, to be held at 10:00 am Bermuda ADT on Friday, 12 February 2016 at Trinity Hall, 43 Cedar Avenue, Hamilton HM12 Bermuda has been despatched to all shareholders today.

Yours sincerely

Frank Vanspeybroeck
Managing Director
Zambezi Resources Limited

ZAMBEZI RESOURCES LIMITED
Company No. (Bermuda) 35116
ARBN 124 462 826

NOTICE OF ANNUAL GENERAL MEETING
and
EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Friday, 12 February 2016

Time of Meeting

10:00 am Bermuda ADT (Atlantic Daylight Time) (10:00 pm Perth WST)

Place of Meeting

“Trinity Hall”
43 Cedar Avenue
Hamilton HM12
Bermuda

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting, please complete and return the enclosed Proxy Form or CDI Form of Instruction (as applicable) in accordance with the specified instructions.

Zambezi Resources Limited
Company No. (Bermuda) 35116
ARBN 124 462 826

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Zambezi Resources Limited ("**Company**") will be held at Trinity Hall, 43 Cedar Avenue, Hamilton HM12, Bermuda on Friday, 12th February 2016 at 10:00 am Atlantic Daylight Time (ADT), for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

2015 Accounts

To receive and consider the financial report of the Company for the year ended 31 March 2015, and the reports by the Directors and Independent Auditors.

RESOLUTIONS

Resolution 1 – Appointment of Auditor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Bentleys (WA) Pty Ltd be and is hereby appointed as Auditors of the Company until the conclusion of the next annual general meeting at a fee to be agreed by the Directors."

Resolution 2 – Election of Mr David Vilensky as a Director

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

"That, for the purposes of By-law 77 of the Company and for all other purposes, Mr David Vilensky who was appointed as a Director on 27 October 2009 to fill a casual vacancy, retires and, being eligible, is elected as a director of the Company for a term of three years."

Resolution 3 – Approval of 10% Placement Capacity

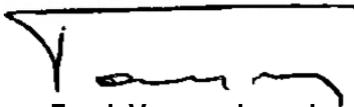
To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

For the purpose of Listing Rule 7.3, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue, a person who might obtain a benefit, except a benefit solely in the capacity of the holder of ordinary securities if the Resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form;
or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Frank Vanspeybroeck
Managing Director
Dated: 27 January 2016

Proxies

Registered Shareholders for the Company only can vote at the Meeting personally or by proxy, attorney or representative. A Shareholder entitled to attend and vote at the Meeting may appoint not more than two proxies to attend and vote at the Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. A proxy may but need not be a Shareholder of the Company. The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the respective offices of Computershare Services, for Australian holders not later than 10:00 pm Western Standard Time on Wednesday, 10th February 2016. For the convenience of Shareholders a Proxy Form is enclosed with Notices sent to Shareholders.

A Shareholder that is a corporation may elect to appoint a representative in accordance with the By-laws in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to, the Company not later than 10:00pm Western Standard Time on Wednesday, 10th February 2016.

CHES Depositary Interests

Holders of CHES Depositary Interests ("**CDI**") are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, CDI holders must complete, sign and return the CDI Form of Instruction enclosed with the Notice sent to them to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia or alternatively you can fax your form to (within Australia) 1800 783 447 and (outside Australia) +61 3 9473 2555, so that CDI holders can direct CHES Depositary Nominees Pty Ltd ("**CDN**") to vote the underlying Shares on their behalf. The CDI Form of Instruction needs to be received by not later than 10.00pm Western Standard Time on Wednesday, 10th February 2016.

Zambezi Resources Limited
Company No. (Bermuda) 35116
ARBN 124 462 826

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of Zambezi Resources Limited (“**Zambezi**” or “**Company**”) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Trinity Hall, 43 Cedar Avenue, Hamilton HM12, Bermuda on **Friday, 12th February 2016 commencing at 10:00 am ADT and 10.00 pm WST (Perth)**.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

1 RESOLUTION 1 – APPOINTMENT OF AUDITOR

Section 89(1) of the Companies Act 1981 of Bermuda provides that members of a company at each annual general meeting shall appoint one or more auditors to hold office until the close of the next annual general meeting. In addition, section 89(6) provides that the remuneration of an auditor appointed by the members shall be fixed by the members or by the Directors, if they are authorized to do so by the members.

Therefore pursuant to Resolution 1, Bentley’s (WA) Pty Ltd will be appointed as the Company’s auditors until the close of the next annual general meeting at a fee to be agreed by the Directors.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

2 RESOLUTION 2 – ELECTION OF MR DAVID VILENSKY

Mr David Vilensky was appointed as a Director on 27 October 2009 to fill a casual vacancy.

Bye-law 77 permits a Director to serve such term as the Company by resolution may determine, or in the absence of such determination, until the termination of the next annual general meeting following their appointment. Accordingly Mr Vilensky submits himself for election.

The Company is required pursuant to ASX Listing Rule 14.5 to hold an election of Directors each year.

Resolution 2 seeks approval for the election of Mr Vilensky as a Director with effect from the end of the meeting.

Mr Vilensky is a practising lawyer in Perth and has more than 30 years of experience in all aspects of commercial and business law. Mr Vilensky practises in the fields of commercial and business law, mining and resources law, trade practices law, general corporate law, securities, specialist contract drafting and dispute resolution, and acts for a number of listed and public companies. Mr Vilensky is also the Non-Executive Chairman of ASX listed Latin Resources Limited.

Directors' Recommendation

Mr Vilensky declined to make a recommendation about the proposed resolution because he has an interest in its outcome. Frank Vanspeybroeck and Marinko Vidovich recommend that Mr Vilensky be elected to the Board.

3 RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

3.1 General

ASX Listing Rule 7.1 A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present (in person or by proxy) and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

3.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1 A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities up to 10% of its issued capital in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of A\$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of A\$2,433,467.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: ZRL).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1 A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
 - (d) less the number of Shares cancelled in the previous 12 months.
- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1 A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4

3.3 Technical information required by ASX Listing Rule 7.1 A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3.

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 5.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1 A ceases to be valid); or
- (iii) such longer period if allowed by ASX (10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1 A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	A\$0.01 50% decrease in Issue Price	A\$0.02 Issue Price	A\$0.04 100% increase in Issue Price
41,290,103 (Current Variable A)	Shares issued - 10% voting dilution	4,129,010 Shares	4,129,010 Shares	4,129,010 Shares
	Funds raised	A\$41,290	A\$82,580	A\$165,160
61,935,154 (50% increase in Variable A)	Shares issued - 10% voting dilution	6,193,515 Shares	6,193,515 Shares	6,193,515 Shares
	Funds raised	A\$61,935	A\$123,870	A\$247,740
82,580,206 (100% increase in Variable A)	Shares issued - 10% voting dilution	8,258,020 Shares	8,258,020 Shares	8,258,020 Shares
	Funds raised	A\$82,580	A\$165,160	A\$330,320

**The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.*

The table above uses the following assumptions:

1. There are currently 41,290,103 shares on issue as at 25 January 2016.
2. The issue price set out above is the closing price of the Shares on the ASX on 25 January 2016
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the continuation and acceleration of exploration on the Company's Kangaluwi Copper Project in Zambia (funds would then be used for project scoping studies and ongoing project administration) and general working capital; or
- (ii) as non-cash consideration for the same purposes as above but in which circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 30 January 2015. In the 12 months preceding the date of this notice, the Company has issued 888,334 representing 3.63% of the shares on issue at the commencement of that period.

Date of Issue	No Issued	Class	Recipient of Security	Issue price and details of any discount to market price	Consideration and use of funds other than cash
17.04.15	521,667	Shares ranking equally with all existing shares on issue	Shaw ICS Advisory Pty Limited	\$0.06	Shares issued as full and final settlement of outstanding fees/costs rendered to the Company of \$31,300
17.04.15	366,667	Shares ranking equally with all existing shares on issue	BBV Legal Pty Ltd	\$0.06	Shares issued as full and final settlement of outstanding fees/costs rendered to the Company of \$22,000

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

3.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

GLOSSARY OF TERMS

In this Explanatory Memorandum and Notice of Meeting, in addition to the terms defined in the body of the Explanatory Memorandum, the following expressions have the following meanings:

“**AUD\$**” or “**A\$**” means Australian dollars.

“**ASX Listing Rules**” means the Listing Rules of the Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.

“**Company**” or “**Zambezi**” means Zambezi Resources Limited ARBN 124 462 826.

“**Board**” means the board of Directors.

“**Bye-laws**” means the bye-laws of the Company.

“**CDI**” means a CHESS Depository Interest representing a unit of beneficial ownership in a Share registered in the name of CHESS Depository Nominees Pty Ltd.

“**Constitution**” means the Company’s constitution;

“**Companies Act**” means the Bermuda Companies Act 1981, as amended.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Directors**” mean the directors of Zambezi.

“**Eligible Entity**” means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P ASX 300 Index; and
- (b) has a market capitalization (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300,000,000.

“**Equity Securities**” has the same meaning as in the ASX Listing Rules.

“**Explanatory Memorandum**” means this Explanatory Memorandum.

“**Listing Rules**” means the official listing rules of ASX.

“**Meeting**” means the annual general meeting of shareholders of Zambezi convened by the Notice.

“**Notice**” or “**Notice of Meeting**” means the notice of annual general meeting that accompanies this Explanatory Memorandum.

“**Option**” means an option to acquire a Share.

“**Optionholder**” means a holder of an Option.

“**Resolution**” means a resolution referred to in the Notice of Meeting.

“Shareholder” means a registered holder of Shares.

“Share” means a fully paid ordinary share in the capital of the Company and includes a reference.

“WST” means Western Standard Time as observed in Perth, Western Australia.

“Proxy Form” means the proxy form accompanying the Notice of Meeting

“VWAP” means volume weight average price.



ZAMBEZI
RESOURCES

Zambezi Resources Limited
ARBN 124 462 826

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

CDI Voting Instruction Form

XX

For your vote to be effective it must be received by 10:00pm (Perth WST) Wednesday, 10 February 2016

How to Vote on Items of Business

Each CHESS Depository Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI registered in your name at 10 February 2016 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depository Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depository Nominees Pty Ltd enough time to tabulate all CHESS Depository Interest votes and to vote on the underlying shares.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

CDI Voting Instruction Form

Please mark to indicate your directions

STEP 1 CHESSE Depository Nominees Pty Ltd will vote as directed

XX

Voting Instructions to CHESSE Depository Nominees Pty Ltd

I/We being a holder of CHESSE Depository Interests of Zambezi Resources Limited hereby direct CHESSE Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of Zambezi Resources Limited to be held at Trinity Hall, 43 Cedar Avenue, Hamilton HM12, Bermuda on Friday, 12 February 2016 at 10:00am Bermuda ADT (Atlantic Daylight Time) (10:00pm Perth WST) and at any adjournment or postponement of that meeting.

By execution of this CDI Voting Form the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

STEP 2 Items of Business

 PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Election of Mr David Vilensky as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____