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USA teetering, commodities roaring

EXTRACT

Contents

This is an extract from the December 2007 Junior Resources Quarterly Review.

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Zambezi Resources Limited (ZRL)



Sector Materials	Industry Group Materials	Industry Metals & Mining	Sub Industry Diversified Metals & Mining
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Company Overview

Zambezi Resources Limited (ASX: ZRL; AIM: ZRL) is a dual-listed exploration company focused on exploring for Cu and Au in Zambia. Established and listed on AIM in 2004; the company listed on the ASX in July 2007. The company has two main project areas, Lusaka East and Chipata, straddling the border between Zambia and Mozambique, bounded to the east by the border with Malawi. The company has a Cu/Au JV's with Glencore AG, and U308 JV's with Rio Tinto and Lithic Metals and Energy.

Strategy

Zambezi's strategy is to discover and develop multiple major copper/gold projects through an aggressive exploration program, with a US\$20 million exploration program in 2007. Since listing three years ago, the company has grown rapidly and now boasts a major office in Lusaka with a team of over 25 geologists. In 2007, 80% of drilling is focused on major resource drill-out. The company has farmed out its Uranium projects and has two JVs.

Aegis Comments as at February 2008.

Outlook: ZRL's 10 PLs in Zambia cover 16,300sq km, and four more in Mozambique cover 592sq km. The area is highly prospective and is shown by the success that the company is having in Zambia at the Cheowa CC2 prospect and at other nearby zones along strike and to the east of CC2. A revised resource estimate for the CC02 Extended Zone is to be completed during 1Q08 and is expected to confirm good future prospects for the region. Half the assay results for RC drilling at Kanguwi are due in March.

Catalysts: Significant progress was made on the company's priority Zambian projects at Cheowa and Kanguwi. Cheowa continued to deliver encouraging results including: 10m at 3% Cu and 0.31g/t Au; 10m at 0.82% Cu and 0.16g/t gold. Consistent results create positive shareholder sentiment and future expectation. Encouraging results have also been seen out of Kanguwi with good grades of copper returned. Expect a steady flow of good news.

Risks: All African countries have moderate to high political risk. ZRL has reduced risk by focussing on a region that has good infrastructure. There are roads, abundant labour, and hydro-electric power near Kariba. Anvil Mining (ASX: AVM) has demonstrated that risk is manageable in the DRC, one of the highest risk countries in the world. Zambia hosts one of the great metallogenic provinces of the world and exploring known mineralised areas lowers risk versus green-field exploration.

Earnings Summary

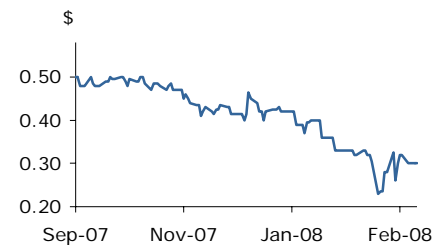
Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2004A	0.0	0.0	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	n/a
2005A	0.0	0.0	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	n/a
2006A	(3.2)	(3.2)	(3.5)	n/a	(8.5)	(0.5)	(0.5)	0.0	0.0	0	(93.9)
2007A	(5.2)	(5.2)	(4.5)	n/a	(6.7)	(0.4)	(0.4)	0.0	0.0	0	(59.5)

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Key investment information

Price:	\$0.30
Price as at:	29-Feb-08
Market Cap (\$M):	56.5
Equiv. Shares (M):	0.00
% Market:	0.00
12Mth Range (\$):	0.23 - 0.58
Shares Traded (\$M pa):	13.8
Index:	n/a

Share price performance



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Financial Stability

Balance Sheet (Y/E Jun)	06A	07A
Net debt (cash) (\$M)	(7.8)	(5.3)
Total assets (\$M)	17.0	24.7
Net debt/equity (%)	(56.4)	(25.2)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.00	0.00
Current ratio (x)	23.1	5.3

As at 30-Jun-07

Net debt (cash) (\$M)	(5.3)
Net debt (cash) / shr (\$)	-Infinity
Net debt (cash) / MktCap (%)	(9.3)

Substantial Shareholders

FMR Corp. and Fidelity Investments 8.5%

Board

J Ford (Director)
 B J Rear (Director)
 G Johnson (Director)
 J Wrathall (Director)

Achievements

ZRL listed on the London AIM in July 2004. The IPO and subsequent placements raised £16.5M. A strategic placement was made to Glencore. ZRL listed on the ASX in July 2007 and raised A\$15M. ZRL's tenements in Zambia attracted the support of blue-chip investors. This has allowed the company to mount a very active exploration program that will see in excess of 100,00m drilled during 2007. A JORC resource of 1.7Mt at 1.5% Cu and 0.5g/t Au is defined at Cheowa; however, these are only early days.

Recent Events

30 January 2008 – Cheowa Project Drilling Results: New results have been confirmed from drilling at Cheowa copper-gold Project in southern Zambia. RC drilling at CC2 prospect extended the area 100m to the west and returning solid results of: 10m at 3% Cu and 0.31g/t Au; 10m at 0.82% Cu and 0.16g/t gold. Results were consistent across most regions. A revised resource estimate for the CC02 Extended Zone is expected to be completed during 1Q08. The Pre-Feasibility Study remains on track for completion by 2Q08.

22 January 2008 – Kangaluwi Copper Project: Good results have been obtained from the Kangaluwi Cu Project in southern-Zambia. RC drilling has returned excellent results including: 7m at 2.14% Cu from 59m, 7m at 1.45% Cu from 143m, 15m at 0.96% Cu from 88m, and 21m at 0.96%. Assay results have been received for 50% of RC drilling to date with the remainder due in March. Deeper diamond drilling to 150m depth has returned good visual indications of broad mineralisation intervals. Results from diamond drilling are pending.

Quarterly - Mulofwe Polymetallic Project: ZRL's mapping and sampling programs have identified mineralised polymetallic terrain anomalous in Cu, Au, Ag, U, Pb, Bi and Ag. This Project is very much in the exploration stage as new prospects continue to be identified. The latest is Mwapula, which returned rock chip assays up to 11.9% Cu, 31.5% Pb & 212g/t Ag, with mineralisation identified over 2.4kms of strike. ZRL's geologists are convinced that this has the potential to be a significant new Iron Oxide Copper-Gold (IOCG) province.

Capital Structure

ZRL has issued 188.2M fully paid ordinary shares. There are 10.4M unlisted options with various expiry dates from 22.08.08 to 31.08.11. Exercise prices range from 12 pence to 20 pence.



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