

AUSTRALIAN

RESEARCH

BLUE BOOK SERIES

Junior Resources

March 2008 Quarterly Review

Storm approaching – thank goodness for China

EXTRACT

Contents

This is an extract from the March 2008 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 with Glencore AG, and U308 JVs 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 focused on major resource drill-out. The company has farmed out its Uranium projects and has two JVs.

Aegis Comments as at May 2008.

Outlook: ZRL's 10 PLs in Zambia cover 16,300sqkm, and four more in Mozambique cover 592sqkm. The area is highly prospective and is shown by the success in Zambia at the Cheowa CC2 prospect and at other nearby zones along strike. Positive results have been realised at Cheowa and Kangaluwi but further results are still awaited for more certainty relating to the copper project's future outlook. Upgrading the estimated resource and identifying further targets will be milestones for the company to reach.

Catalysts: Significant progress is being made at the Kangaluwi Cu Project and at the Mulofwe Cu/Au Project. Regional geophysical surveys (VTEM) have been completed at both projects. A previous survey at Kangaluwi identified a strong and persistent electrical conductor. Now an outstanding electrical conductor has been identified at Mulofwe. There is little outcrop at Mulofwe but a granitic intrusion seems likely. A good result from drill testing the Mulofwe anomaly would be a catalyst for re-rating.

Risks: All African countries have moderate to high political risk. ZRL has reduced risk by focusing 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 greenfield exploration.

Earnings Summary

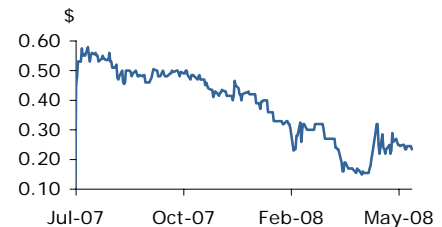
Yr to Mar	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2004A	0.0	0.0	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	n/a
2005A	0.0	0.0	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	n/a
2006A	(3.2)	(3.2)	(3.4)	n/a	(7.2)	(0.4)	(0.4)	0.0	0.0	0	(93.9)
2007A	(5.2)	(5.2)	(4.6)	n/a	(5.4)	(0.3)	(0.3)	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:	\$0.25
Price as at:	12-Jun-08
Market Cap (\$M):	44.2
Equiv. Shares (M):	188.19
% All Ords:	0.00
12Mth Range (\$):	0.15 - 0.58
Shares Traded (\$M pa):	16.2
Index:	n/a

Share price performance



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Financial Stability

Balance Sheet (Y/E Mar)	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 (\$)	0.06	0.02
Current ratio (x)	23.1	5.3

As at 31-Mar-07

Net debt (cash) (\$M)	(4.9)
Net debt (cash) / shr (\$)	(0.03)
Net debt (cash) / MktCap (%)	(11.0)

Substantial Shareholders

Glencore AG	15.4%
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Board

B J Rear (Non-Executive Chairman)
J Ford (Managing Director)
Dr G Johnson (Executive Director)
J Wrathall (Non-Executive Director)

Key Executives

Lloyd Flint (CFO)

Brian Rear

(Non-Executive Chairman)



Dr Geoffrey Johnson
(Executive 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 100,000m 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

20 May 2008 – Copper Projects Update: New results have been obtained from three of the copper gold projects in Southern Zambia. Best results from rock-chip samples from Mulofwe included 7% Cu and 293ppm U3O8, and 5.1% Cu, 122ppm U3O8 and 2.36g/t Au. Rock-chip samples from Mukwizi also returned some high values of 11.4% Cu and 1.8g/t Au, 4.8% Cu and 0.4g/t Au. At Mvula results from resampling historic trenches included 23m at 0.43% Cu, 11m at 0.45% Cu and 7m at 0.56% Cu. Work is identifying drill targets for the 2008 field season.

9 May 2008 – Anomaly Defined at Kangaluwi: ZRL is currently conducting a major regional VTEM survey at Kangaluwi where 1,630 line km has been completed. A strong and persistent electrical conductor has been defined at the prospect, with preliminary data received to date. Encouragingly, the core of the newly defined conductor has not been tested by drilling. Interpretation of the preliminary data suggests that the conductor is likely to be either sulphides or graphic sediments. An update is to be released in about two weeks.

30 April 2008 – Quarterly Report: At Cheowa Project, RC drilling has returned positive intercepts including: 10m at 3% Cu and 0.31g/t Au 100m west of the currently defined resource at CC2. Scout diamond drilling has also defined further mineralisation at eastern conductors CC12, CC13 and CC15. RC drilling at Kangaluwi has confirmed broad mineralisation up to 21m with grades up to 2% Cu. At Project Generation, regional helimagnetic and radiometric surveys are underway. Cash at the end of the quarter was pounds Stg4.5M (\$A9.3M).

Capital Structure

ZRL has issued 188.2M fully paid ordinary shares. There are 12.3M 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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