



ZAMBEZI
RESOURCES

AIM Ticker – ZRL
ASX Ticker - ZRL

General Meeting (GM) March 9th 2009
Pre-meeting Presentation

Presented by: Julian Ford, Managing Director
24 February 2009



This Presentation should be read in conjunction with the Notice of Meeting, and accompanying Explanatory Memorandum, published on the ASX on 29 January 2009.

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JORC Statement

The information in this report that relates to Exploration Results is based on information compiled by Exploration Director Geoffrey Johnson BSc (Hons), PhD, Grad Dip Env Sc. Dr Johnson is a full-time employee of ZRL, and a Fellow of the Australian Institute of Geoscientists. Dr Johnson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Presentation Agenda

- ⑧ General Meeting 9th March 2009 – Agenda
- ⑧ Background and Context
- ⑧ Options Investigated by the Company
- ⑧ The Opportunity with Astron
- ⑧ Conclusion and Recommendation
- ⑧ Contact for Enquiries

General Meeting 9th March 2009 - Agenda

Resolutions:

1. Approval of Increase to Authorised Share Capital
 - *increase issued capital to 1,500,000,000 shares*
2. Ratification of Placement ("Tranche 1")
 - *29,000,000 fully paid ordinary shares in the capital of the Company at an issue price of AUD\$0.02 each to Astron Limited on 29 January 2009*
3. Approval of Placement ("Tranche 2")
 - *171,000,000 fully paid ordinary shares in the capital of the Company at an issue price of AUD\$0.02 each to Astron Limited*
 - *Approval of Tranche 2 will result in Astron owning 50.27% of Zambezi*
4. Approval of Issue of Convertible Note and Shares under the Convertible Note
 - *issue a convertible note in the Company ("Note") with a face value of USD\$6,000,000, maturing on 31 December 2010;*
 - *This will require shareholder approval of both Zambezi and Astron*

Background - Strategy and Current Situation

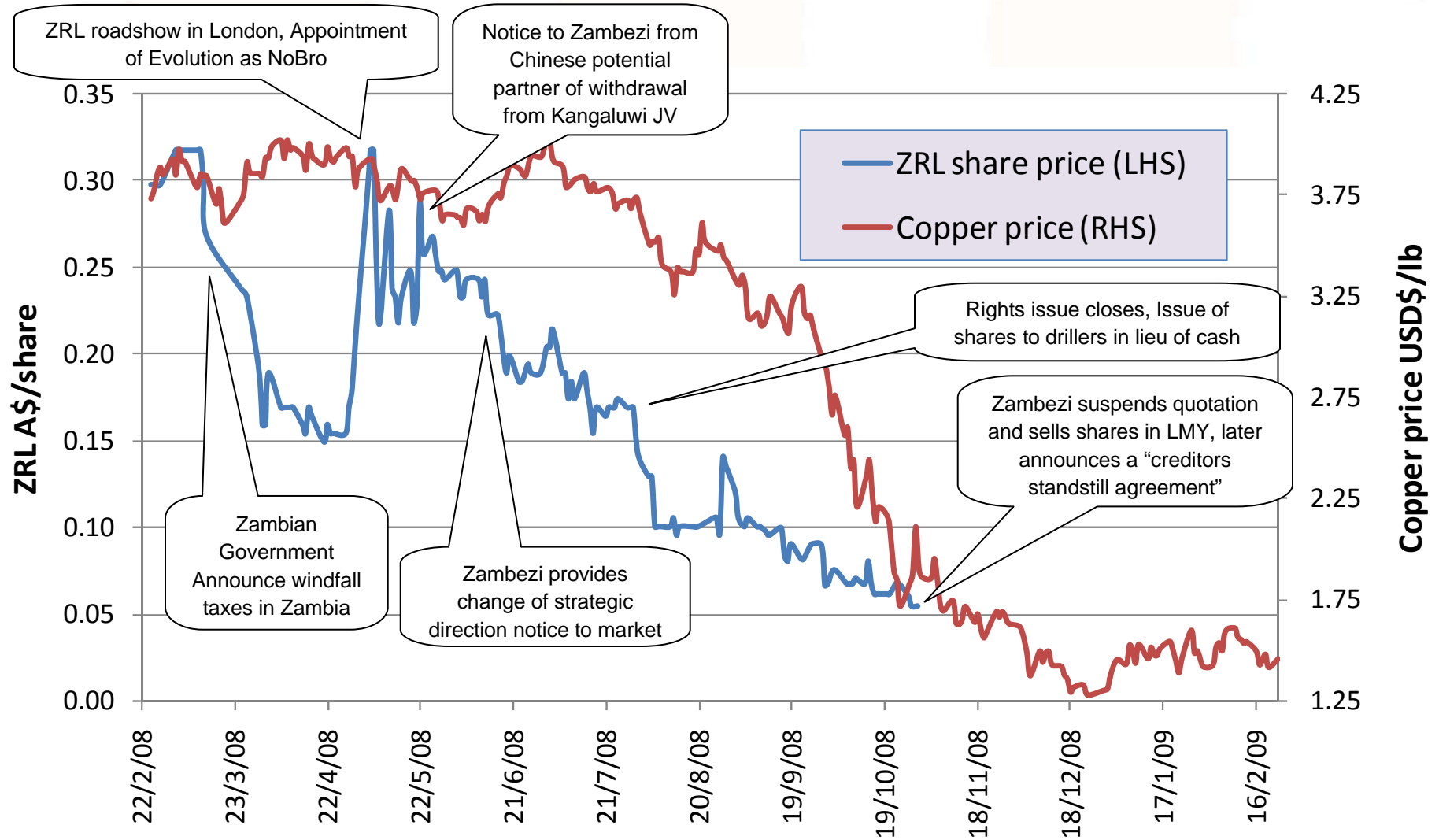
Zambezi Strategy

- To find and develop multiple copper/gold projects in Zambia by exploiting our large tenements prospective for IOCGU's, leveraging off our local knowledge
- The company has progressively farmed out non core assets of nickel and uranium

Current Situation

- ZRL voluntarily suspended trading on the ASX on 30th October 2008 and on AIM on 3rd November 2008 in order to secure the finances of the Company
- Creditor standstill agreements were put in place in November 2008 and expire at the end of March 2009
- Zambezi made a A\$0.58m placement to Astron Limited (15%) and signed a Share Subscription Agreement (A\$3.42m) and Convertible Note Agreement (US\$6m) in January 2009

Background - 12 Month ZRL Price History



Background - Current Market Context

- ④ Exploration business case is weak compared to acquisition

The valuation of exploration companies ("EV") has dropped from an average US\$15 cents/lb contained Copper to around 2 c/lb.

Discovery costs for Kangaluwi are expected to be approximately 1.5 - 3 cents per lb Copper

- ④ Impact of the global financial crisis on the copper price

The fall in copper price during 2008 from US\$4/lb to less than US\$1.25/lb is the single largest drop since 1927

- ④ Available deal alternatives for Zambezi

The global financial crisis "Debt" coupled with the drop in copper prices implied that "QP" refunds effectively wiped out all strategic partners that Zambezi was in discussion with in late 2008

- ④ Maturity of Zambezi's exploration projects

Zambezi's relatively mature exploration portfolio and the removal of the retention licence option in Zambia in early 2008 severely constrained Zambezi's strategic options

Options Investigated by Zambezi

The Astron proposal is the culmination of 6 months of investigation of options available to secure the financial position of the Company

④ Other offers

- A large number of mining companies and potential financiers were approached

④ Administration

- The standstill agreements with creditors terminate at the end of March 2009 at which point the debt will be due and payable

④ Astron deal

- the Directors of the Company view the Astron deal as representing the best opportunity available for continuity of the Company and upside potential for existing shareholders

The Opportunity with Astron

② Astron as a strategic investor

- Stage 1: A\$0.58m placement. Completed on 28th January 2009
- Stage 2: A\$3.42m placement. Complete 10th March 2009
Astron ownership of ZRL 50.27% post-completion
- Stage 3: US\$6m convertible note. Complete within 90 days of GM Completion is at the option of Astron.
Astron ownership of ZRL, assuming conversion of note, would increase to approx 78% (assume 60c USD/AUD, A\$0.02/share)

③ Recapitalised Zambezi post-Astron deal

- Market capitalisation @ Astron placement price of A\$0.02 / share
 - A\$8 million (Stage 2) - A\$18 million (Stage 3, assuming 60c USD/AUD)
- Cash on hand
 - A\$1.5 million (Stage 2) - A\$11.5 million (Stage 3, assumptions as above)

④ Leverage off recapitalised Company to pursue shareholder upside

- Windfall tax removed in Zambia (30th January 2009)
- Further develop current Zambian project portfolio
- Seek further business development opportunities utilising Astron's Chinese links

Conclusion and Recommendation

- ④ The Directors of the Company believe that the Astron deal represents the best value alternative available for Zambezi shareholders
- ④ The Directors of Zambezi recommend that shareholders vote YES to Resolutions 1-4 at the General Meeting on 9 March 2009

Questions - Contact Details



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