



ASX Release

19 October 2012

SERENJE PROJECT – BFS COMMENCEMENT & EXPLORATION UPDATE

Zamanco Minerals Limited (ASX: ZAM; “Company”) is pleased to announce that it has commenced the Bankable Feasibility Study (“BFS”) for the proposed Serenje Manganese Project in Zambia. The Company is also about to commence a large geophysical survey of its priority targets as a precursor to drilling.

Highlights

The Company has invited tenders for Serenje BFS. The areas to be covered include mining and mine site infrastructure, ore beneficiation, smelter and smelter site infrastructure, permitting and environmental, geology, internal logistics, marketing off-take and logistics, capital estimates, operational estimates, financial models and risk analysis.

- It is expected that the BFS will take ~7 months to complete with a deliverable report expected by end of Q2 2013.
- Following on from Pyrocon’s Options Analysis, the BFS is planned to consider the production of manganese metal, high carbon ferromanganese, medium carbon ferromanganese and/or silicomanganese. The Options Analysis proposed a configuration that would allow for all three different products to be produced based on demand and pricing.
- Geophysical survey team has been mobilised to Zambia to commence work at the Company’s priority exploration targets. These surveys will be used to guide a resource drilling program, which is expected to commence before the end of 2012.
- The surveys will occur over five tenements in Zambia, including Chinsali, Eppimax Kabwe and Mkushi.

Jacques Badenhorst, Managing Director, commented *“The commencement of the Bankable Feasibility Study for the Serenje Manganese Project is an excellent achievement and moves us closer to the Company’s short term goal of project construction during 2013.”*

Bankable Feasibility Study

Zamanco’s management, in association with consultants, have been investigating and assessing the processing plant requirements for the Serenje Manganese Project for over a year. At each stage of the process, the proposed configuration has been calibrated against the available power, water and resource availability to determine a project that is economically robust and able to be built using these constraints.

The Bankable Feasibility Study involves the assessment of a number of variables from the objective of minimising risk and maximising project value. During the BFS, several alternative production scenarios will be assessed on the basis of meeting these objectives.

Work to be completed as part of the BFS includes:

Resource Drilling and Estimation – Geophysical surveys are about to commence on five priority exploration projects in Zambia with the aim of firming up resource drilling targets. Drilling is expected to start before the end of 2012 with a resource estimate to be completed based on these results.

Mining Studies – Whilst the mining studies require a resource block model as a starting point, the mining study will look at the mining equipment and personnel requirements for an open pit mining operation and beneficiation plant for the production of approximately 200,000t of ore per annum.

Haulage Studies – This study will look at the haulage requirements from the mine to the proposed smelter site at Serenje, as well as haulage requirements to and from Serenje to Beira or Dar es Salaam. It is currently anticipated that 200,000t of ore will be hauled to Serenje and ~72,000t of product will be trucked to port each year.

Pyrometallurgical Studies – Following on from the Option Analysis, this study will look in detail at the requirements for the production of high carbon ferromanganese, medium carbon ferromanganese and/or silicomanganese. The study will assess the alternatives of staging the development of the various smelters versus the construction of the plant in one go.

Environmental, Permitting and Social Studies – The environmental and social aspects of the study will commence for the Serenje component of the project, with the studies relating to the mine areas to commence once the mining studies are underway. These studies will look at the environmental impact of the proposed activities, ways of minimising disturbance as well as ways to increase the social participation rate for stakeholders in the vicinity of the project.

Economics and Optimal Financing Strategies – It is expected that the BFS will result in at least two different development strategies based on either the construction of the project in one go or as a staged approach with subsequent components financed out of cashflow. In conjunction with project financiers, the Company will assess the route that maximises the benefits and minimises risks for the Zamanco shareholders.

Exploration Update

The commencement of detailed exploration on the Company's JV tenements was delayed due to the moratorium over the transfer of tenements in Zambia. Whilst the moratorium has now been lifted, the process of tenement transfers is still working through the backlog of applications.

The Company has restructured its JV agreements to allow for access to the exploration properties during the tenement transfer process. As a result of this, the Company is in the process of significantly increasing its exploration program over its priority exploration projects.

Based on work to date and known mineralisation, the Company is confident that a resource will be estimated or suitable resources acquired during the course of the BFS that will be fed into the mining component of the study. This means that the processing component of the study will be progressed well in advance of the resource and mining component. Given the relatively small

tonnages required to sustain a minimum 10 year mine life (<2Mt), it is not expected that this strategy will have a significant impact on the timing of the BFS.

A geophysical survey including ground magnetics, ground gravity, resistivity and conductivity has commenced on five of the Company's JV projects. The ground magnetics survey will take the longest to complete, with 43 days estimated to complete the 428 line km of survey. It is expected that this work will be completed by the end of November 2012. The ground gravity, resistivity and conductivity surveys will be completed in parallel with the ground magnetics survey.

Whilst there are outcrops and trenching data available for the five priority exploration projects, the geophysical surveys will be used to better map the manganiferous ore zones prior to drilling. Manganese mineralisation in the project areas usually occurs as tabular bodies, however it is known to pinch and swell along strike as well as to have differing down dip extensions. This program is designed to assist the Company in targeting the resource drilling program, expected to commence before the end of 2012.



Jacques Badenhorst
Managing Director

Certain information in this announcement refers to the intentions of Zamanco Minerals Limited, but these are not intended to be forecasts, forward looking statements, or statements about future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of events in the future are subject to risks, uncertainties and other factors that may cause Zamanco Minerals Limited's actual results, performance or achievements to differ from those referred to in this announcement.

The Exploration Targets in this report have been developed based on surface and trenching exploration only at this stage. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.