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SERENJE PROJECT – AWARD OF BFS

Zamanco Minerals Limited (ASX: ZAM; "Company") is pleased to announce that it has awarded key tenders relating to the Bankable Feasibility Study ("BFS") for the proposed Serenje Manganese Project in Zambia. The BFS will focus on the production of medium-carbon ferromanganese and silica manganese after the Processing Options Analysis highlighted significantly better financial returns.

Certain aspects of the BFS such as EIA studies will commence in January 2013, co-currently with the existing exploration program with focus on defining a maiden JORC compliant resource in the first quarter of 2013 to underwrite the Serenje Manganese Project.

Detail

- The Company has awarded key tenders for the 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 ~9 months to complete with a deliverable report expected by end of Q3 2013.
- Following on from the Processing Options Analysis, the BFS will be mainly focussing on the production of medium carbon ferromanganese and the subsequent implementation of an additional 6 MVA smelter to produce silica manganese from year 2 of production. The Processing Options Analysis proposed a configuration that would allow for various ferromanganese alloys to be produced based on demand and pricing.
- Zamanco's management, in association with consultants, have been investigating and assessing the processing plant requirements for the Serenje Manganese Project for over two years. 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 BFS 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.
- Aurecon Group ("**Aurecon**") has been appointed by the Company to prepare the BFS components relating to mining, haulage, environmental, permitting and social studies. Aurecon is a global integrated engineering and mining group with offices in 25 countries. The Aurecon project team for the Serenje Project is based in South Africa and has significant experience in managing Bankable Feasibility Studies for African mining projects.

- The BFS has commenced based upon the expectation by Zamanco's management that sufficient resources will be able to be defined or acquired during the study period to sustain the proposed operation. If sufficient resources are not defined or acquired, the proposed Serenje Ferromanganese Project will not occur.

Jacques Badenhorst, Managing Director, commented *"The Processing Options Analysis highlighted the significant financial benefit from shifting the focus from high-carbon ferromanganese to medium-carbon ferromanganese. For a relatively small additional capital cost, the project has the potential to deliver up to 3 times the financial benefit to Zamanco shareholders.*

*Zamanco has awarded the key tenders for the BFS to the Aurecon Group and Environmental and Process Solutions ("**EPS**"), both of which have the experience and technical expertise with regards to this type of project. We look forward to working with these parties over the next nine months to firm up our planning in anticipation of potential construction commencement in Q1 of 2014."*

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.

Background Information – Ferromanganese Types

Low-Carbon Ferromanganese: It is used for steels with critical carbon content. In this type, carbon content is ranging from 0.07 to 0.75%. Low-carbon ferromanganese is suitable for use in the production of 18-8 Cr-Ni stainless steels in which a carbon content well below 0.10% is required.

Medium-Carbon Ferromanganese: This alloy contains 80-85 % Mn, 1.25- 1.50% C and 1.50% Si (max.). It is commonly used in making low-carbon manganese steels. It is also used in the production of Hadfield manganese steel, when large amounts of return scrap are being melted.

High-Carbon Ferromanganese: This alloy contains 80-75% Mn, 7.5% C and 1.2% Si. It is commonly used iron and steel industry as deoxidizer, sulphur fixer and alloying agent.

Silica Manganese: This alloy is used as a deoxidiser and an alloying element in the production of steel. It contains 14-16% Si, 65-68% Mn and 2% C. Special grades with up to 30% Si are produced for use in the manufacture of stainless steel.