



ZAMANCO MINERALS LIMITED



ASX Code: ZAM

Issued Shares: 64,550,000

Cash Balance: \$3.49M

ABN 34 124 782 038

Directors

Geoff Donohue - Chairman

Thomas Hill - Exec Director

Jacques Badenhorst - Non-exec Director

Peter Ironside - Non-exec Director

Peter McIntyre - Non-exec Director

Head Office

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Nedlands

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Quarterly Activities Report for the period ending 31 March 2014

HIGHLIGHTS

- **Exploration and Mining Rights Agreement with the Option to Purchase entered into with Jazzman Chikwakwa.**
- **Current cash on hand of A\$3.49m and no debt.**

During the Quarter, Zamanco, through its wholly owned subsidiary Zamanco Holdings Limited, entered into an Exploration and Mining Rights Agreement with the Option to Purchase a number of manganese tenements in Zambia.

The agreement was entered into with Jazzman Chikwakwa, the holder of licenses which cover a prospective manganese area close to Mkushi in the Central Province of Zambia.

The agreement is subject to the satisfaction of certain conditions precedent including completion of due diligence which is expected to occur in the June quarter.

From commencement Zamanco has the rights to explore and mine the tenements with a royalty of US\$10 per tonne of ore (subject to ore grade and market price adjustments) payable on ore mined and beneficiated.

The agreement provides Zamanco with an exclusive option to buy the manganese mineral rights from Mr Chikwakwa. The option price is US\$2 million should a JORC compliant inferred resource of more than 1 million tonnes of manganese ore containing at least 40% manganese be measured on the related tenement areas with the price to be adjusted should the tonnage be less.

Zamanco is currently reviewing alternative smelting technology options. Should they be adopted, these technologies may have an impact on the size and output volume of the proposed Serenje Smelting Project with reduced capital investment. These smelting technologies are being considered for Serenje and other potential sites outside of Zambia.

ZAMBIAN EXPLORATION

Following the completion of a geological evaluation of the Zamanco tenements detailed in the December 2013 Quarterly Report, the Company has implemented divestiture processes in relation to the following tenements:

Tenement Name	Tenement Number
Mkushi	15836-HQ-SPP
Mkushi	17585-HQ-LPL
Nkundalila	18379-HQ-SPP
Kampumba	14340-HQ-SPP
Alice	15722-HQ-LPL

Geological studies in the December quarter have highlighted a number of areas of interest in the Chinasli (14493-HQ-LPL) and Mansa (15817-HQ-LPL) tenements. These areas of interest will be further examined by Zamanco in the coming quarter, following the end of the Zambian rainy season, to reach a conclusion on the value of these opportunities in contributing to the overall resource requirement.

PROCESSING OPTIONS

The processing options under consideration, if adopted should:

- reduce the number of processing steps required to smelt manganese;
- reduce the power consumption; and
- reduce the capital outlay for a given smelter.

The processing options will be considered following further test work to allow for final technical validation and business considerations.

CORPORATE

Cash Position

As at 31 March 2014, the Company had A\$3.49m in cash and equivalents.

PLANNED ACTIVITIES JUNE 2014 QUARTER

During the June Quarter, focus will be on the completion of the due diligence investigation of the Jazzman Chikwakwa tenements and divestiture of the indicated tenements.

The remaining tenements will be further evaluated in terms of their potential and related exploration strategies will be implemented. Should due diligence investigation of the Jazzman Chikwakwa tenements be satisfactory, a geological team will be mobilised to initiate targeted exploration work to find the extensions of identified high grade manganese targets.

The processing options (under consideration) will be evaluated with the assistance of independent metallurgists. If positive, smelt tests may be initiated to prove the new processes in terms of their ability to reduce plant size, power demand and capital outlay while being capable of producing outputs at a grade specification that meets international demand. Zamanco will consider means of funding the evaluation of these processing options to minimize the direct cost to the Company.

Should you require further information please contact:

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Executive Director
Ph: + 27 83 407 6037

Geoff Donohue
Chairman
Ph: +61 8 9287 7625

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.

Tenement information as required by ASX listing rule 5.3.3

Tenements held at the end of the quarter:

ZAMBIAN TENEMENTS

Mkushi

<i>Tenement</i>	<i>Registered Holder or Applicant</i>	<i>% Interest held</i>
15836-HQ-SPP	Zamanfour Minerals Ltd	Zamanfour Minerals Ltd - 49% Jack Stuart - 51%
17585-HQ-LPL	Zamanfour Minerals Ltd	Zamanfour Minerals Ltd - 80% Jack Stuart - 20%

Zamanco has implemented divestiture processes in relation to the above two tenements.

Mansa

<i>Tenement</i>	<i>Registered Holder or Applicant</i>	<i>% Interest held</i>
15817-HQ-LPL	Zamantwo Minerals Ltd	Zamantwo Minerals Ltd - 80% Jack Stuart - 20%
18956-HQ-LPL Pending application	Zamanthree Minerals Ltd	Zamanthree Minerals Ltd - 80% Evaristo Mutambo - 20%

Milenge

<i>Tenement</i>	<i>Registered Holder or Applicant</i>	<i>% Interest held</i>
12897-HQ-LPL	Zamanone Mining Ltd	Zamanone Mining Ltd - 80% Albert Malama - 20%

Chinsali

<i>Tenement</i>	<i>Registered Holder or Applicant</i>	<i>% Interest held</i>
14493-HQ-LPL	Mutambe Royal Establishment Ltd	100% interest in Mineral Rights held by Zamanco Holdings Ltd pursuant to Mining & Exploration Agreement

Nkundalila

<i>Tenement</i>	<i>Registered Holder or Applicant</i>	<i>% Interest held</i>
18379-HQ-SPP	Zamanfive Minerals Ltd	Zamanfive Minerals Ltd - 70% Nkundalila Small Scale Mines Ltd - 30%

Zamanco has implemented divestiture processes in relation to the above tenement.

Kampumba

<i>Tenement</i>	<i>Registered Holder or Applicant</i>	<i>% Interest held</i>
14340-HQ-SPP	Evaristo Mutambo	Zamanthree Minerals Ltd - 80% Evaristo Mutambo - 20%

Zamanco has implemented divestiture processes in relation to the above tenement.

Mining tenements acquired or disposed of during the March 2014 Quarter and their location - Nil

Beneficial percentage interests acquired or disposed of during the March 2014 Quarter - Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Zamanco Minerals Limited

ABN

54 093 278 436

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(76)	(885)
(b) development	-	-
(c) production	-	-
(d) administration	(148)	(554)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	101
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	9	23
Net Operating Cash Flows	(189)	(1,315)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(189)	(1,315)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(189)	(1,315)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. (net of costs)	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(189)	(1,315)
1.20	Cash at beginning of quarter/year to date	3,675	4,803
1.21	Exchange rate adjustments to item 1.20	5	3
1.22	Cash at end of quarter	3,491	3,491

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	67
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	<ul style="list-style-type: none"> payment of consulting fees to Executive & Non-Executive Directors. 	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	231
4.2 Development	-
4.3 Production	-
4.4 Administration/Corporate	160
Total	391

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	389	449
5.2 Deposits at call	3,102	3,226
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,491	3,675

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

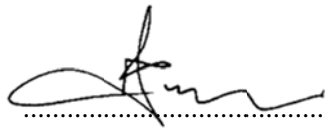
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	64,550,000	64,550,000		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:



..... Date: 16 April 2014

(Director/Company secretary)

Print name: PETER R IRONSIDE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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