



QUARTERLY ACTIVITIES REPORT
For the Quarter Ended 30 September 2008

Zamia Gold Mines Limited (ASX-ZGM) is an Australian-based molybdenum, gold and base metals exploration company which continues to focus exclusively on the Clermont region in Central Queensland.

Highlights

Anthony Molybdenum Deposit

- **A seven hole diamond drilling program (including extensions to three reverse circulation percussion holes), totalling 1761m has been completed.**
- **Diamond drilling has demonstrated that the mineralisation is open in most directions and to a depth of at least 300m.**
- **Geological logging of the drill core by ZGM staff and consultant Dr Greg Corbett has indicated that the Anthony deposit may be part of a larger complex porphyry system.**
- **A preliminary internal scoping study based on extrapolating current results suggests the project would be economically viable at half current contract molybdenum prices.**
- **Preliminary metallurgical test work has been commissioned on the oxide mineralisation.**

Other Projects

- **On the Mazeppa exploration permit additional exploration has been undertaken on two prospects**
 - **Matilda a new gold prospect, outlined in soil sampling, has returned anomalous gold values (up to 1.4g/t Au) from rock chip samples in an area of float and limited outcrop.**
 - **Frankfield Hill field mapping has shown that past shallow drilling has not tested the gold soil anomaly.**

Exploration Overview

ZGM's exploration program is directed towards **molybdenum, gold and base metal deposits** in a range of geological settings in Central Queensland.

A significant porphyry style molybdenum deposit was discovered at the **Anthony Project**, 75km north of Clermont in January 2008.

ZGM's other projects include:

- Quartz-pyrite vein gold deposit – West Lucky Break, Frankfield Hill and Matilda.
- Epithermal gold deposits (similar to the Nancy Vera deposits in the northern part of the Drummond Basin) – Mount Rolf Caldera - Nivram
- Porphyry style (or skarn) copper-gold mineralisation – Sally Ann

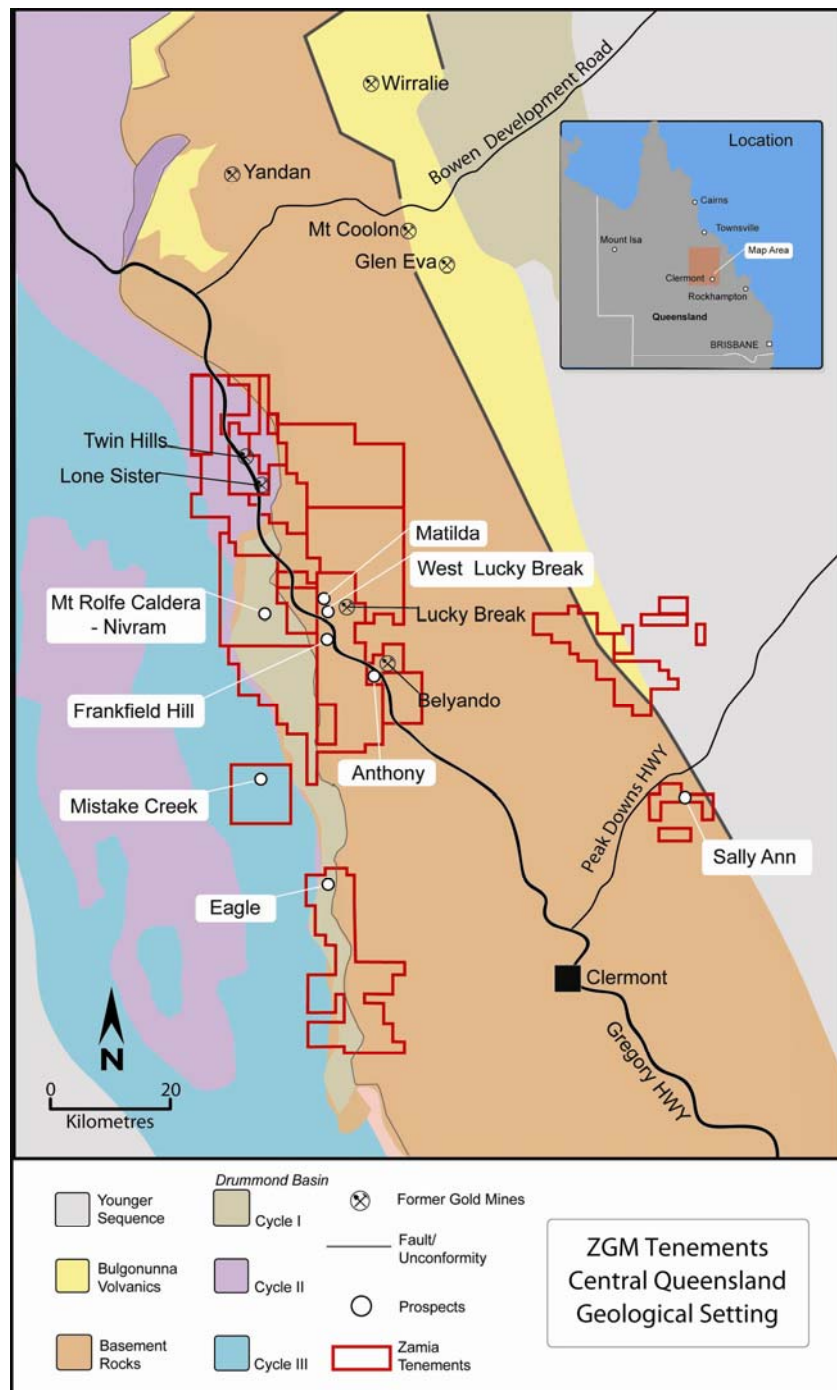


Fig 1 Location of major prospects

Exploration Activities

Anthony Molybdenum Project

The molybdenum (Mo) mineralisation at the Anthony prospect occurs associated with a porphyry intrusion complex, in common with most of the world's major Mo deposits. ZGM believes a conceptual target of around 100 million tonnes Mo sulphide mineralisation (range 50Mt to 150Mt) is realistic. Currently, the drill holes have defined Mo mineralisation over an area of approximately 700m east-west and 350m north-south, and to a depth of 300-350m. A deposit of this type would be mined by open pit methods.

During the September quarter ZGM completed a seven hole diamond drill program on the Anthony project. The 1761m program, commenced in the June quarter, consisted of four new holes and extensions to two of ZGM's reverse circulation (RC) percussion holes and a RC percussion hole drilled in 1994. The diamond drill program was a follow-up to an initial 13 hole (total 1926m) RC percussion program undertaken early in 2008. The core was logged by ZGM staff and consultant Dr Greg Corbett.

The diamond drilling program at Anthony has:

- Demonstrated that mineralisation continues to a vertical depth of at least 300m, a depth that could be achieved in large open cut development.
- Enhanced the understanding of the geology and mineralisation in the deposit which remains open in most directions.
- Indicated that the known mineralisation is consistent with that seen in large scale porphyry systems and it may be part of a much larger mineralised system.
- Expanded the high grade western zone which remains open at depth and to the northwest, west and southeast. The western zone averages more than 700ppm Mo and large portions of it exceed 1000ppm Mo.
- Enabled the planning of follow-up RC percussion holes necessary to fast track the project to at least inferred resource status.
- Highlighted the potential for further porphyry style mineral deposits in the immediate vicinity.

A preliminary assessment of the economics of development suggests that the western high grade zone is a potential starter pit in a mining development and its presence greatly enhances the attractiveness of the project. An internal scoping study based on a 5Mtpa development over 10 years at a molybdenum price of \$US16.50/lb (approximately half the current contract price) indicates that the project would produce a satisfactory return at an exchange rate of \$A1 = \$US0.80.

Preliminary metallurgical test work has commenced on a composite sample of oxide mineralisation from the upper 60m of the deposit. If a saleable Mo product can be produced from this zone it will further enhance the project's economic potential. Results of the first phase of this work are expected soon.

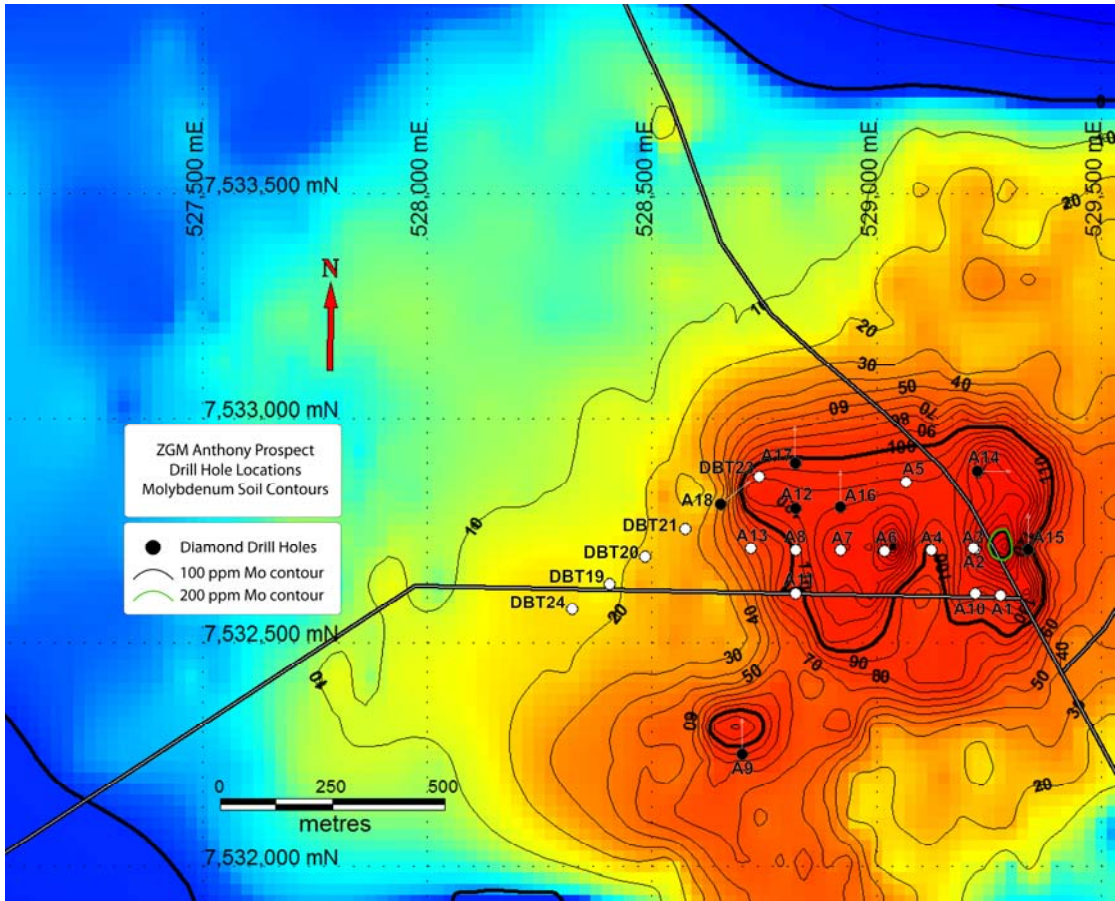


Figure 2 Anthony Project drill hole locations plotted on soil geochemical image

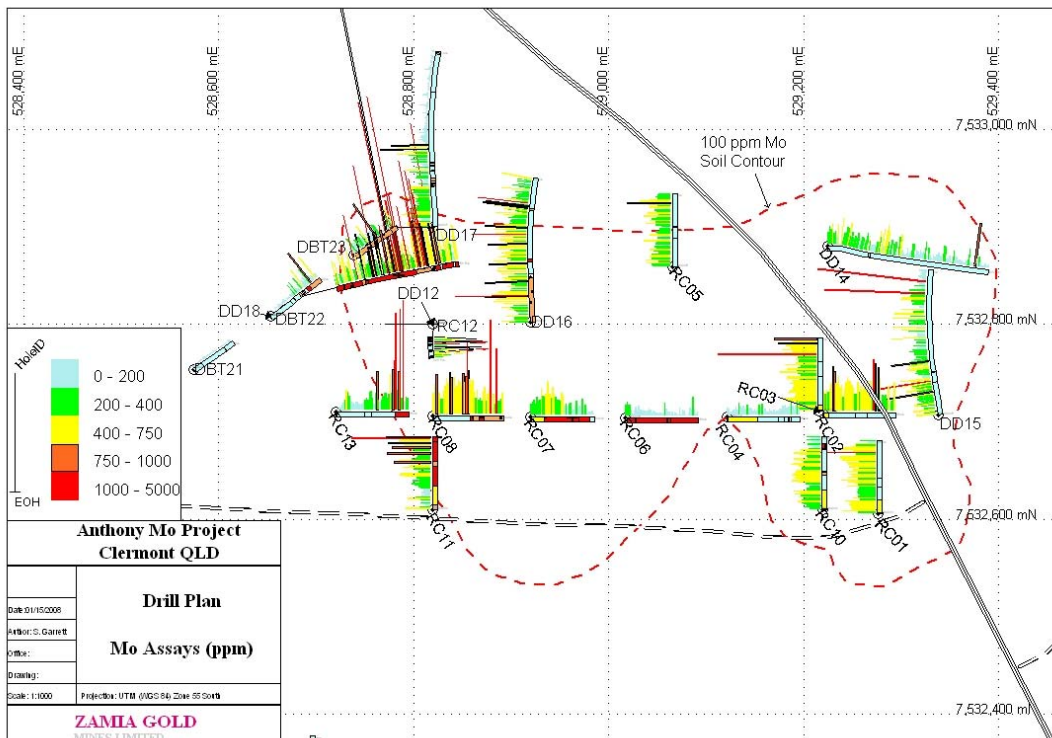


Figure 3 Anthony Project surface plan of drill holes with Mo values

TABLE 1 ANTHONY PROJECT DIAMOND DRILLING RESULTS SUMMARY

HOLE No.	DEPTH (m)	FROM	TO	WIDTH	Mo (ppm)	Comment
DD08A009	264				Low	No significant mineralisation below 149m-150m 96.6g/tAg, 0.6g/t Au, 2.0% Pb, 0.15%Cu*
DD08A012	321.7	0	75	75	617*	RC Oxide
		75	321.7	244	705	All sulphide (note 2.7m gap at 150m)
		75	150	75	1103*	RC sulphide
		152.7	321.7	169	528	All Core sulphide
	including	192	238	46	739	
	including	194	196	2	1630	
	including	202	204	2	1105	
	including	212	214	2	1565	
	including	234	236	2	4300	
	including	272	288	16	744	
	including	272	274	2	1115	
	including	284	286	2	1320	
DD08A014	303.6	0	81.1	81.1	297*	Oxide
		99	121	22	359*	Sulphide
		139	145	6	421*	
		221	227	6	326*	
		278	281	3	892*	
DD08A015	300	3	69	66	362*	Oxide
		69	81	12	682*	Sulphide
		87	126	39	337*	
		165	225	60	347*	
		231	255	24	542*	
	including	252	255	3	2070*	
		276	279	3	2230*	
DD08A016	300	0	300	300	428	Complete hole
		0	100	100	429*	Oxide
	including	44	66	22	710*	
	including	56	58	2	1495*	
	including	84	98	14	501*	
		100	300	200	428	Sulphide
	including	120	128	8	657*	
	including	150	164	14	625*	
	including	176	184	8	673*	
	including	180	182	2	1110*	
	including	234	248	14	681	
	including	296	300	4	601	
DD8A017	369.4	0	84	84	348	Oxide
		146	170	24	497	Sulphide
	including	160	170	10	679	
DD8A018	351.5	132.5	351.5	219	733	All core, Sulphide
	including	172	174	2	1360	
	including	204	206	2	2300	
	including	226	320	94	1108	
	including	236	240	4	5395	
	Including	250	252	2	3640	
	including	280	296	16	1482	
	including	314	316	2	2930	

* reported in June 2008 Quarterly Activities Report

TABLE 2 ANTHONY PROJECT DIAMOND DRILL HOLE LOCATIONS

Hole No	MGA East	MGA North	Azimuth	Dip	Depth
DD08A009	528700	7532252	355	-60	264
DD08A012	528820	7532800		-90	321.7
DD08A014	529225	7532880	104	-59	303.6
DD08A015	529338	7532707	351	-61	300
DD08A016	528920	7532802	358	-60	300
DD08A017	528820	7532900	356	-60	369.4
DD08A018	528653	7532808	052	-60	351.4

Other Molybdenum Projects

Compilation of data from past exploration programs has commenced on the Mistake Creek exploration permit application. Most of the past exploration has concentrated on the bullseye magnetic high rather than on the surrounding magnetic lows. From ZGM's experience at Anthony, the magnetic lows surrounding the bullseye magnetic high offer an attractive target. Field work will commence when the tenement is granted.

Reconnaissance exploration coverage of the aeromagnetic targets on the Mazeppa tenement, approximately 15km to the south of the Anthony prospect, is planned to determine if they also may host porphyry style Mo mineralisation.

Quartz-Pyrite Reef Gold Discovery Potential

Quartz-pyrite reef gold was previously mined from the Lucky Break and Belyando deposits.

ZGM has identified a probable regional thrust within the Anakie Metamorphics close to the contact with the Drummond Basin that is prospective for this style of mineralisation. Much of the zone is covered by a thin veneer of later sediments. Partial leach (which includes Mobile Metal Ion or MMI) soil geochemistry, geological mapping and prospecting, are considered as effective exploration techniques. Approximately 15km of the probable thrust is being explored using partial leach soil geochemistry to identify targets.

Three targets of this type have been identified to date

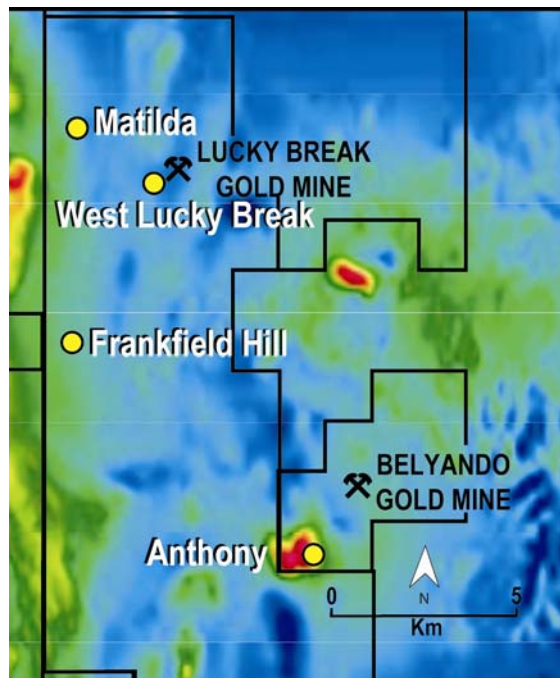


Figure 4 Aeromagnetic Image Showing Locations of Anthony and Gold Prospects

- Frankfield Hill, a prospect partially explored by previous mineral exploration groups;
- West Lucky Break, a prospect discovered by ZGM in 2007; and
- Matilda, a prospect recently outlined by ZGM.

During the quarter work was undertaken at Frankfield Hill and Matilda.

Frankfield Hill

Geological mapping and rock chip sampling has been undertaken, together with the compilation and integration of the old data. This work has shown that the main gold anomaly outlined in ZGM soil geochemistry (see Figure 5) was not drill tested in the earlier programs and remains a valid drill target. The previous shallow drilling appears to have tested a shear zone as shown by the black dashed line in Figure 5. Results from rock chip sampling of the prospect are pending.

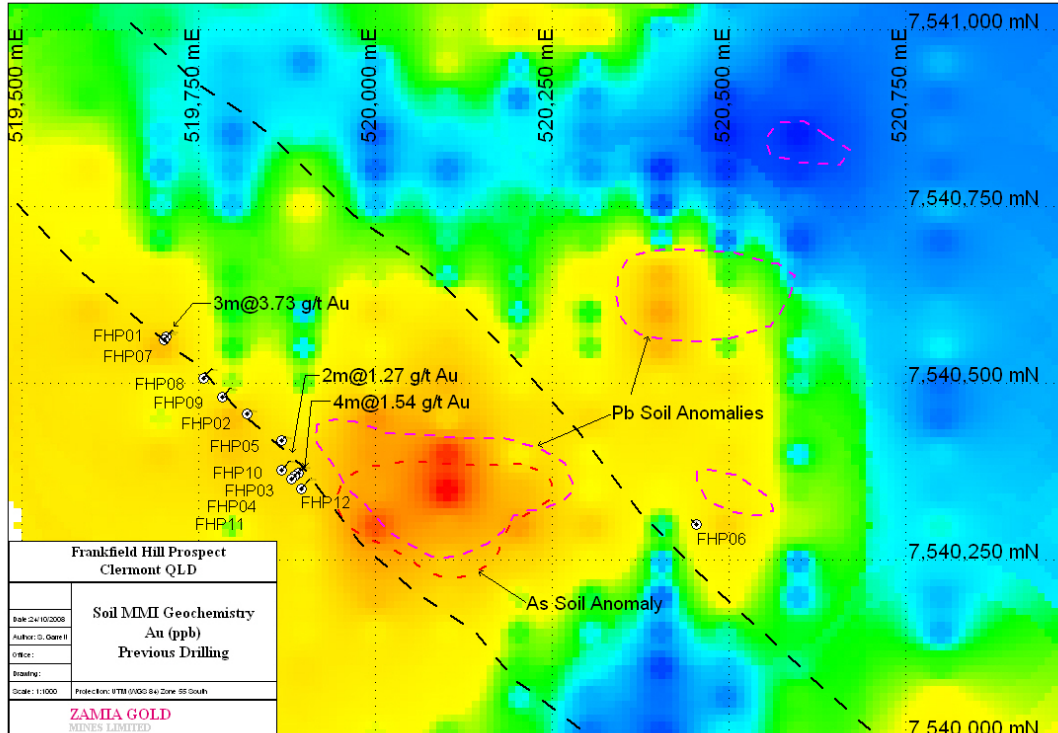


Figure 5 Frankfield Hill, image of gold geochemical results showing previous drill holes, probable shear zones (dashed black lines) as well as lead and arsenic geochemical anomalies.

Matilda

The Matilda prospect was identified from a coincident gold and arsenic soil anomaly. Field mapping has outlined a number of sub-crops and outcrops of quartzite containing haematite and goethite fractures and quartz veins which have anomalous rock chip values. Of eight rock chip samples submitted for assay four returned values ranging from 0.5g/t Au to 1.4g/t Au.

Follow-up test work is expected to include reconnaissance drilling.

Epithermal Gold Potential

Mount Rolfe Caldera

The large Mount Rolfe Caldera (15km x 7km) is a geological setting that may host very large gold systems. Several structural features within and surrounding the Caldera may be host settings for epithermal gold deposits.

Such caldera structures host many high-grade epithermal gold systems. Examples include Lihir, Papua New Guinea (44 million ounces of gold) and the Emperor mine in Fiji (6 million ounces of gold).

To date, ten prospects associated within the Caldera and its surrounds have been subject to initial ground assessment including remote sensing interpretation followed by reconnaissance mapping, MMI soil geochemical sampling and IP geophysical surveys.

The **Nivram** target is the most advanced target and is interpreted to be an upper portion of the structural setting for a possible high-grade epithermal gold deposit at depth. The potential for concealed gold mineralisation at depth has been enhanced by results of an IP survey. This highlighted a strong bullseye resistivity anomaly with east-west linears which represents a potential deep target that will require drilling to a minimum depth of 200m.

ZGM's application to the Queensland Government grant under its Collaborative Drilling Initiative to drill test the Nivram target, has been successful and the Company will receive up to \$24,000 towards the cost of two diamond holes to test the target. Necessary environmental clearances are being sought to allow the drilling to proceed.

Eagle Prospect, Red Rock

Field Geological mapping at the Eagle Prospect on the Red Rock project 50km west of Clermont has identified chert beds, silicified rocks and possible eruption breccias indicative of a hydrothermal environment. Limited rock chip sampling has elevated arsenic anomalies. More detail rock sampling and detailed mapping is required to ascertain the potential of the prospect to host epithermal gold deposits.

Porphyry (and skarn) Style Copper- Gold Projects

Sally Ann Prospect

The Sally Ann Prospect was first identified by prospectors and has been subjected to limited exploration by earlier companies. Small mineralised quartz veins and gossans occur in an intermediate volcanic sequence. Gossan sampling by Zamia returned gold assays of 38 g/tAu and 9 g/tAu. Results of soil sampling undertaken highlighted a number of discrete copper and gold-copper anomalies. The data generated to date suggest the possible presence of skarn copper-gold mineralisation in andesitic volcanics underlain by a mineralising intrusion.

Recent field mapping has led to a better understanding of the geology and the future of the project is under review.

About Zamia Gold Mines Limited

ZGM listed on the ASX in January 2007, and holds a portfolio of tenements in the Clermont area of central Queensland primarily to explore for molybdenum, gold and base metal deposits in the Drummond Basin. Following a review of past exploration data, soil geochemical sampling and an initial drilling program, molybdenum mineralisation was discovered at the Anthony Prospect. Evaluation of the Anthony Prospect, which appears to be a large porphyry style deposit, is in progress. ZGM remains focussed on the Clermont area and in addition to its gold targets ZGM has, as a result of the Anthony discovery, identified other potential molybdenum targets.

About Molybdenum

Molybdenum has been selling for over US\$30/lb (US\$66,000/tonne) for the past two years and global demand has been predicted to grow at 4.5% per year over the next twenty years. Molybdenum is a metal with a high melting point that is widely used in the steel industry as it improves the strength of steels at high temperature as well as strength to weight ratios and corrosion resistance. It has uses as a catalyst in petroleum refining, in the production of electrodes and filaments, as a high temperature lubricant and as a fertiliser.

New molybdenum mines under development in Australia, USA and Canada are based on average grades of around 600 – 700 ppm Mo.

For and on behalf of the Board,



Geoffrey Broomhead
Company Secretary

Mr R N (Sam) Lees (FAIG, FAusIMM), compiled the technical aspects of this report. Mr Lees is Technical Director, Zamia Gold Mines Limited. Mr Lees is a Fellow of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the September 2004 edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Mr Lees consents to the inclusion of the matters in the form and context in which it appears.