

# ZAMIA GOLD

## MINES LIMITED

ABN 73 120 348 683

QUARTERLY ACTIVITIES REPORT  
for the Quarter ending  
31 December 2007

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

### HIGHLIGHTS

- A major molybdenum soil anomaly outlined at the Anthony prospect in an intrusive porphyry complex. Molybdenum mineralisation exists in the only two previous drill holes within the anomalous zone. Anthony has the potential to host significant molybdenum mineralisation.
- Drilling expected to start at Anthony before the end of January 2008.
- MMI geochemistry highlights major gold targets West Lucky Break and Frankfield Hill.
- New management team has been assembled with new executive directors being appointed

### CORPORATE

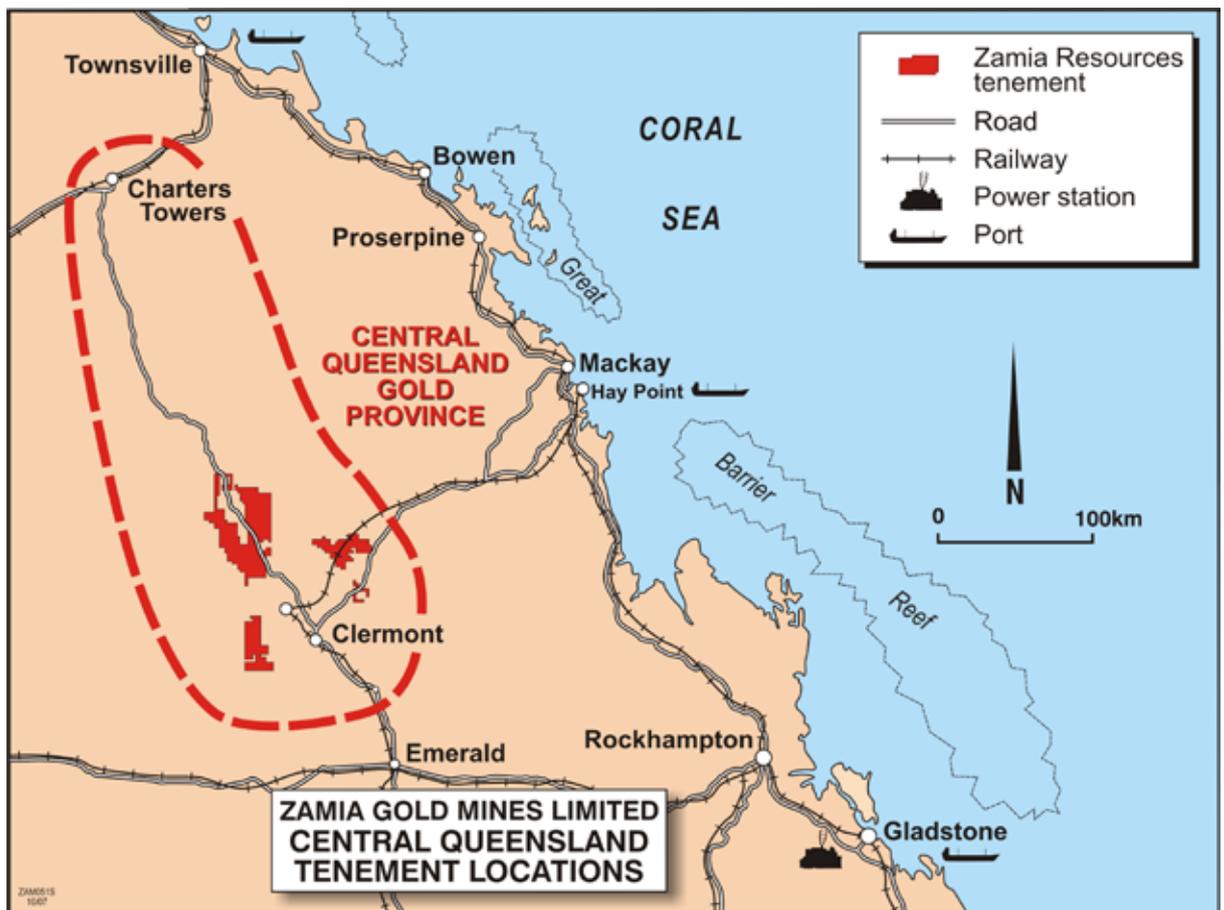
Dr Colin Seaborn was appointed as an Executive Director of the Company in December 2007. Colin has qualifications in metallurgy and mineral economics and held senior positions with CRA (now RIO) before forming his own consultancy to assist organisations to develop and implement optimum strategies and processes. .

Subsequent to the end of the Quarter, Mr R N (Sam) Lees was appointed an Executive Director on 25 January 2008. Sam has more than 35 years experience as a geologist and was the founding Managing Director of Michelago Resources NL. He has been Exploration Manager for Zamia since September 2007



# “Zamia Gold New Directions”

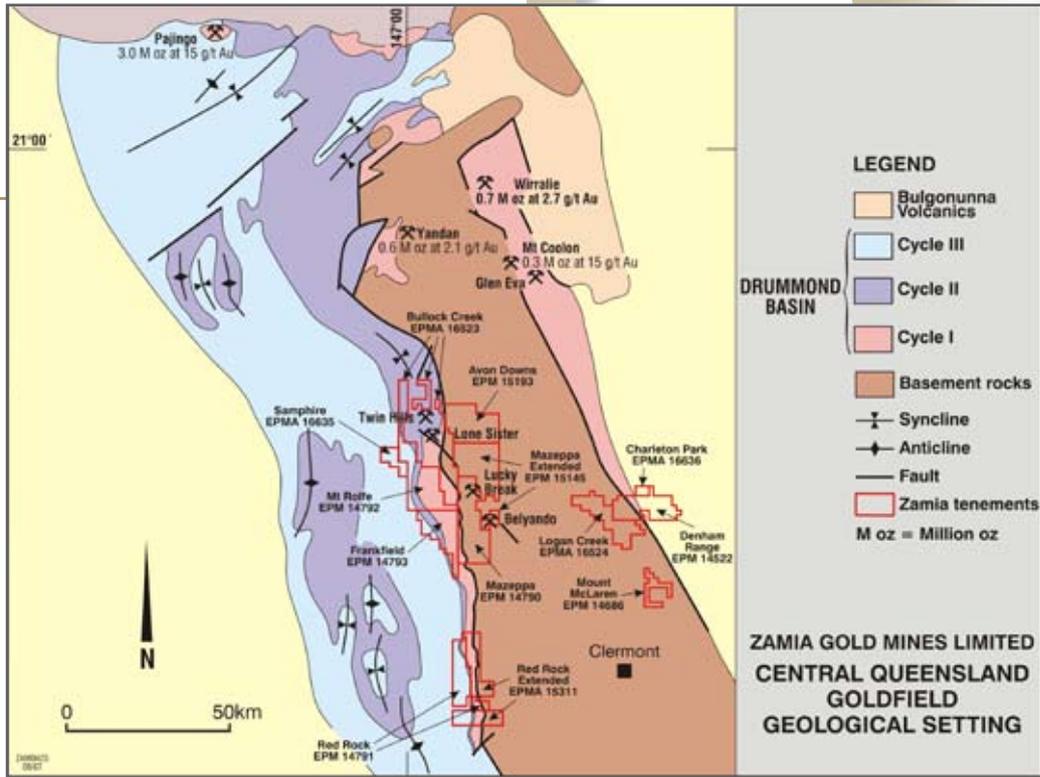
## EXPLORATION OVERVIEW



ZGM’s exploration programme, focussed entirely on the Clermont District of Central Queensland, is directed towards three major target types:

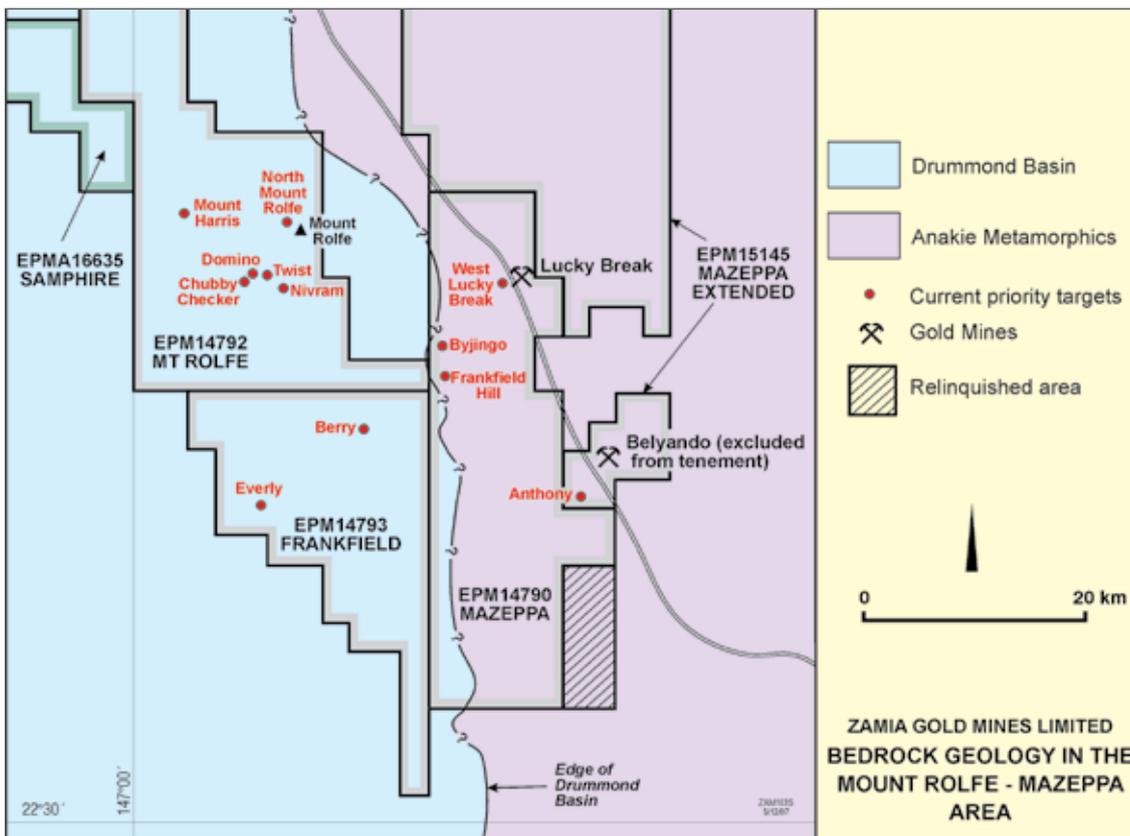
- Porphyry style deposits which may be copper-gold deposits (similar to the Cadia Mine in NSW), molybdenum-copper-gold deposits or copper-gold skarn deposits
- Epithermal gold deposits (similar to the Nancy Vera deposits in the northern part of the Drummond Basin)
- Quartz-pyrite vein gold deposits as previously mined at Belyando and Lucky Break

ZGM now has a number of targets, at varying stages of appraisal, for the three deposit styles.



### EXPLORATION ACTIVITIES

In the December quarter, exploration emphasis was placed on refining and ranking a number of the previously identified targets for drill testing when suitable rigs become available. Drilling is expected to commence towards the end of January. New targets continue to be generated as Zamia assesses each of its project areas





## **Porphyry and Skarn-type Copper-Gold Potential**

Two potential drill targets for these frequently related deposits are being aggressively explored.

### **ANTHONY PROSPECT**

The Anthony Prospect (formerly called Dead Horse Bore) is located approximately 3 kilometres (km) south west of the Belyando mine site and about 70km north of Clermont. As a precursor to a field programme, past exploration data was compiled and reinterpreted.

Exploration in the 1990's included soil sampling over a large aeromagnetic anomaly. The soil geochemical data highlighted a central zone of anomalous copper, a western zone of anomalous gold, and a south-eastern zone of anomalous molybdenum, which remains open to the east and southeast.

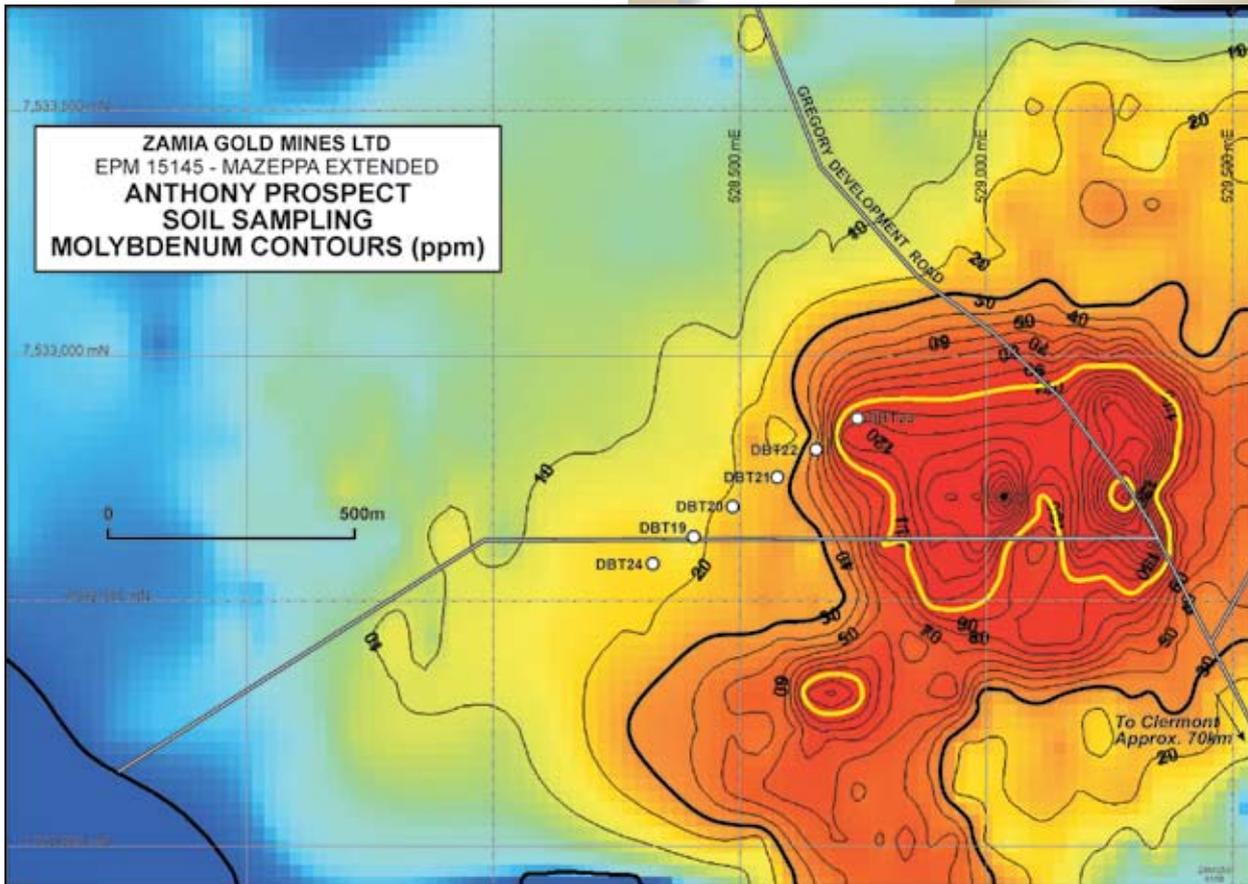
Two holes, drilled to the northeast at an angle of 60 degrees but prior to the soil sampling, fall within the molybdenum anomalous area. A re-examination of the results of both holes indicated that molybdenum (Mo) mineralisation was noted in the drill chips and highly anomalous Mo analyses were recorded.

- Hole DBT 22 intercepted 63metres (m) grading 219 parts per million (ppm) Mo from 66m to the end of the hole at 129m depth;
- Hole DBT 23 averaged 184 ppm Mo from surface to the end of the hole at 105m depth.

Mapping of rock types, alteration style and structural setting was undertaken during the December quarter, together with a soil sampling programme which extended the soil grid for 1km to the east.

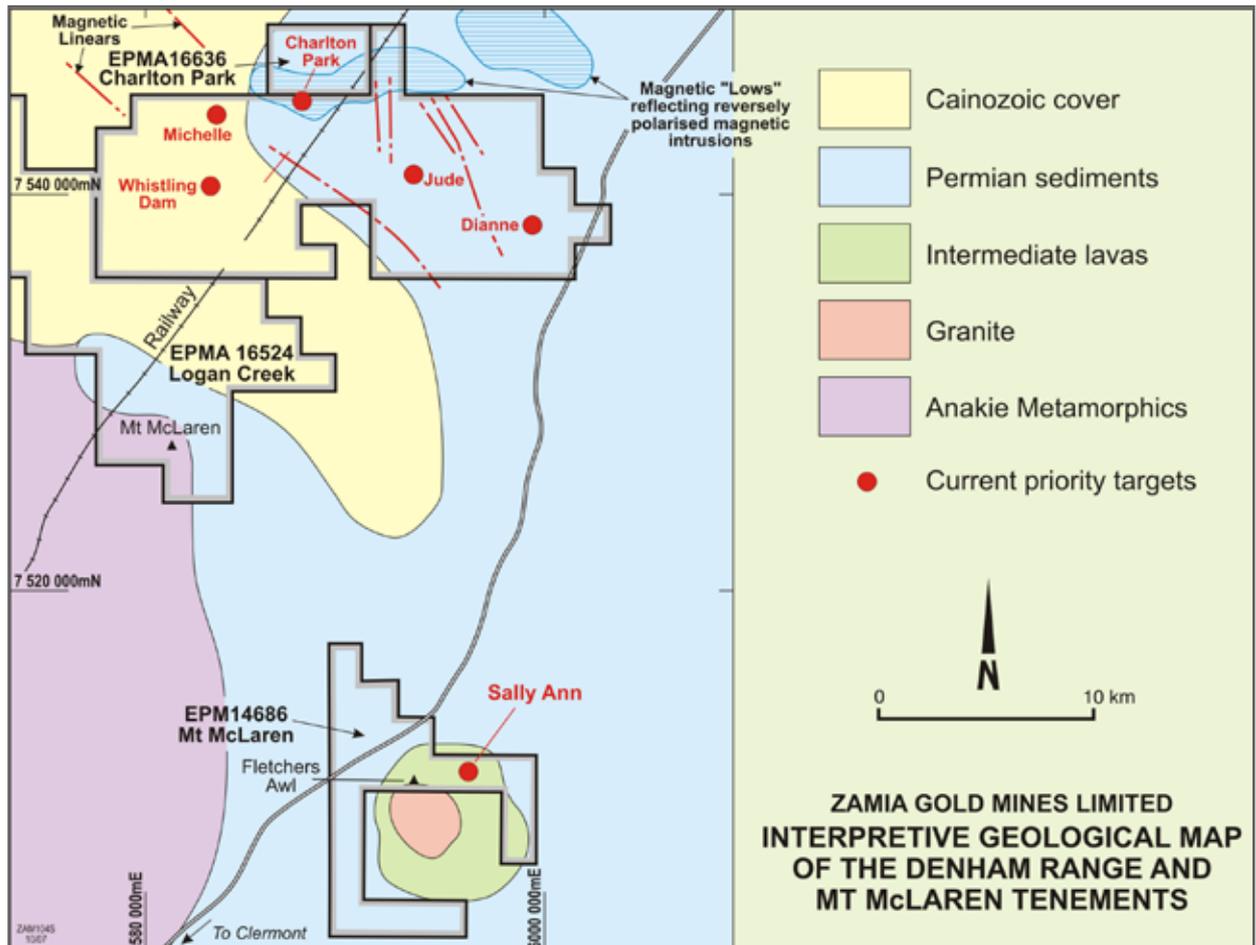
Analyses of the majority of the soil samples have been completed and an area approximately 700m (east-west) x 400m (north-south) contains Mo values in soil above 100ppm. Holes DBT 22 and DBT 23 are located on the western edge of this zone. A broader zone (>30ppm Mo) covering about one square kilometre remains open to south and east. The soil sampling grid is currently being extended.

Following the signing of a drilling contract, an initial drilling programme is expected to commence at the end of January 2008.



*The Mo anomaly represents a major drilling target for Zamia (+100ppm Mo inside the yellow contour)*

## SALLY ANN PROSPECT



The Sally Ann Prospect was first identified by prospectors and has been subjected to limited exploration by earlier companies including drilling in 1993 with recorded drill hole intersections of 5 m grading 1.57 grams per tonne (g/t) gold and 6 m of 2.64 g/t gold associated with elevated amounts of tin, tungsten, molybdenum and bismuth. Gossan sampling by Zamia returned gold assays of 38 g/t and 9g/t.

Results of soil sampling undertaken by Zamia in the September quarter have highlighted a number of discrete copper and gold-copper anomalies.

A preliminary ground magnetic survey was completed in the September quarter and indicated a number of east – west trending magnetic anomalies. A more comprehensive ground magnetic survey is proposed to further elucidate possible structures.

The data generated to date suggest possible presence of skarn copper – gold mineralisation in andesitic volcanics underlain by a mineralising intrusion.

Drilling is planned for the 2008 dry season.

### Quartz-Pyrite Reef Gold Discovery Potential

Quartz-pyrite reef gold was previously mined from Lucky Break and Belyando. A RC drilling programme, undertaken by the company shortly after ZGM's ASX listing, confirmed extensions to the mineralisation at both properties but the tenure of the gold mineralisation was low with the exception of a 1 m intersection which returned 15 g/t Au. Subsequent re-appraisal of both areas has led to the identification of new targets.

## WEST LUCKY BREAK

The Anakie Metamorphics in the West Lucky Break area are thought to be overlain by a thin veneer of Devonian sandy sediments rendering the use of conventional soil geochemistry less effective. Mobile Metal Ion (MMI) soil sampling has been used to 'see' through this sandy cover. An initial MMI soil survey outlined a strong 300 x 300 m gold and silver anomaly that is open to the south. The original soil grid was expanded to the south and north.

An interpretation of the aeromagnetic data has also identified a probable regional thrust fault within the Anakie Metamorphics in the West lucky Break area which is a potential host structure for mineralisation. Additional MMI soil sampling is being undertaken along this trend to the north. A strike length of more than 15km will be prospected and/or reconnaissance sampled.

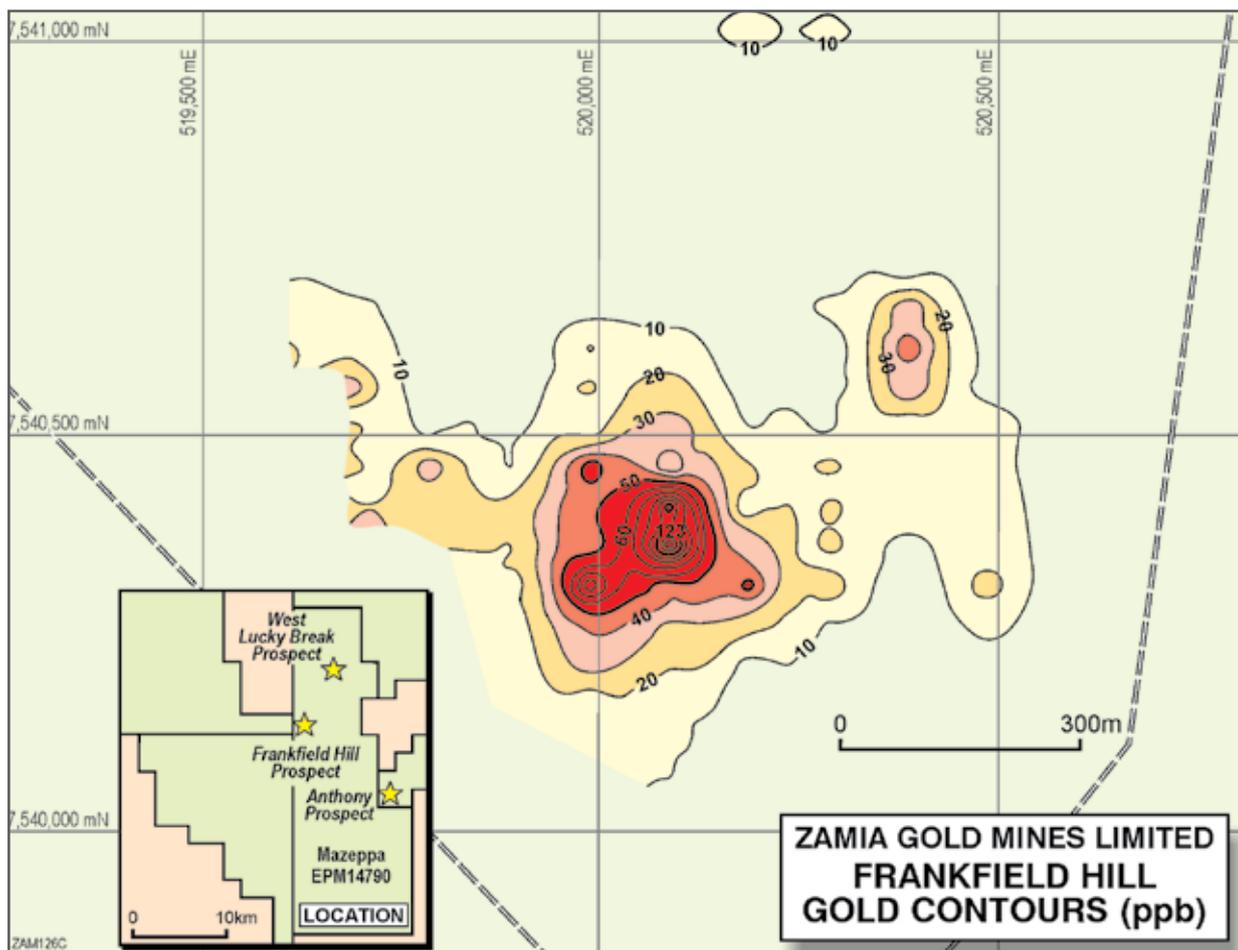
A three line Induced Polarisation (IP) survey was completed across the initial West Lucky Break soil anomaly. The survey indicated a possible west dipping zone associated with the soil anomaly.

The West Lucky Break Anomaly is scheduled to be drill tested in the March quarter.

## Frankfield Hill

At Frankfield Hill, MMI geochemical results from widespread soil sampling identified strong gold and silver anomalies west two lines 400 m apart.

Infill sampling has been completed and the results have indicated a strong gold anomaly over 200m within a broader anomalous zone. Drill testing of this anomaly will be initiated during the 2008 dry season.



## Mount Rolfe Caldera Epithermal Gold Potential

The identification of the large Mount Rolfe Caldera presents possibilities for discovery of very large gold systems within the Company's tenement package.

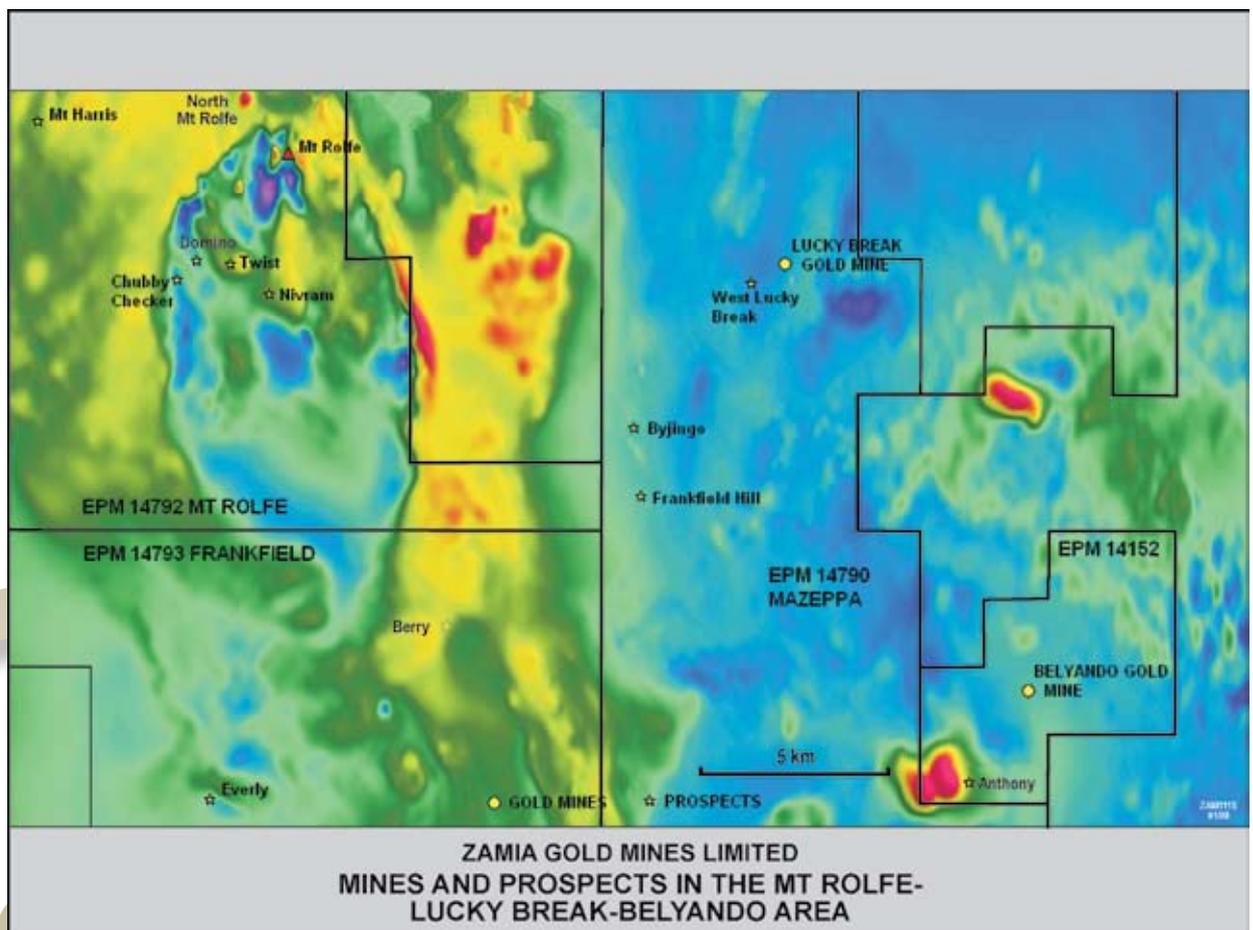
The magnetic imagery of the 15 x 7 km Mount Rolfe Caldera highlights a ring feature plus other fractures and faults as zones of demagnetisation. These demagnetised zones may be the focus for movement of potentially gold-bearing hydrothermal fluids.

Such structures host much of the high-grade epithermal gold mineralisation in world-class caldera-related 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. In a number of instances, geological mapping has revealed features common to the upper levels of other epithermal gold deposits.

Exploration included remote sensing interpretation followed by reconnaissance mapping, MMI soil geochemical sampling and IP geophysical surveys.

MMI soil sampling has recently been undertaken on a newly defined prospect (Berry) south of the Caldera. Results are pending.



## **NIVRAM**

The Nivram target is interpreted to be an upper portion of the structural setting for a possible high-grade epithermal gold deposit at depth.

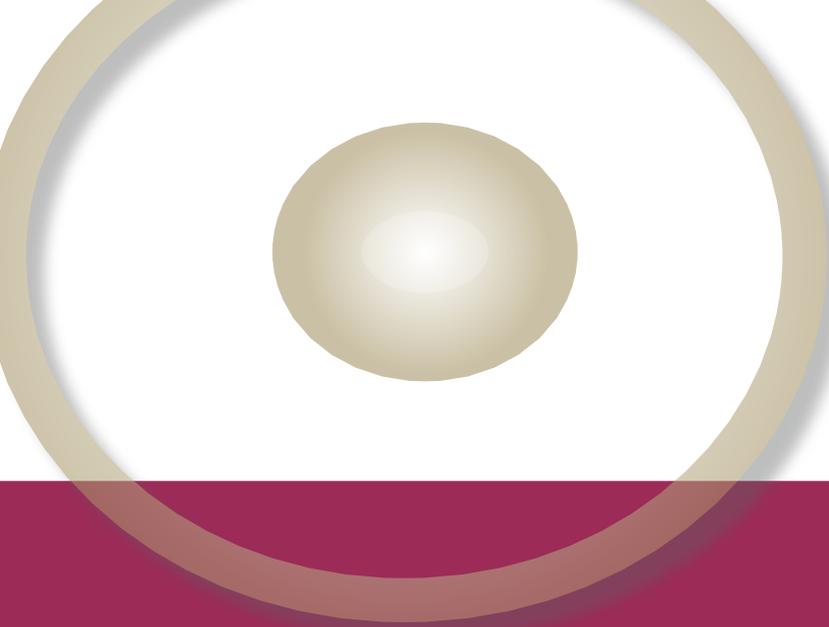
The potential for concealed gold mineralisation at depth has been enhanced by results of an IP survey. This highlighted a strong “bulls eye” resistivity anomaly with E-W linears which represents a potential deep target that will require drilling to a minimum depth of 200m.

A ground magnetic survey is scheduled for the March quarter to further refine the structural setting of the Nivram target.

## **DISCLAIMER**

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.





# ZAMIA GOLD MINES LIMITED

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