ZAMIA GOLD
MINES LIMITED

QUARTERLY ACTIVITIES REPORT
For the Quarter Ended 30 June 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 (Mo) Discovery

- **Analyses of the initial 13 reverse circulation (RC) percussion holes (mostly to a vertical depth of 130m) have been completed.**
  - **All holes contained Mo intercepts greater than 200ppm Mo.**
  - **A number of 3m sections exceeded 1000ppm Mo.**

- **Diamond drilling has demonstrated increased mineralisation at depth:**
  - **Three holes have been completed to a depth of 300m (approx 250m vertical).**
  - **Mineralisation is present at the end of each hole.**

- **Potential by-product: The primary sulphide Mo mineralisation contains minor but significant amounts of rhenium.**

- **Further analysis of hole RC08A009 returned 96.6g/t silver, 0.6g/t gold, 2.0% lead and 0.15% copper at the end of the hole. A diamond drill extension is planned.**

- **An extensive RC percussion drill program is planned to commence in the September quarter.**

- **Consultant group Hellman and Schofield Pty. Limited has been engaged to develop:**
  - **a relational database for the deposit, and to**
  - **advise on quality assurance measures to verify the drilling data.**

- **Expressions of interest are being sought from metallurgical laboratories for the development of an appropriate treatment process for the oxidised mineralisation.**

Gold Projects

- **ZGM was successful in its application for a Queensland Government grant under its Collaborative Drilling Initiative to drill test the Nivram gold target, within the Mt Rolfe Caldera.**

Corporate

- **A Share Purchase Plan (SPP) for shareholders registered on 28 March 2008 raised $453,000 and resulted in the issuing of 5,662,500 shares at eight (8) cents each. Subsequently a placement to sophisticated investors of 5,500,000 shares at 18 cents raised $990,000.**

Exploration Overview

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

A significant porphyry style molybdenum deposit was discovered at the **Anthony** prospect in the March quarter.

The Company is following up on two other potential molybdenum targets.

ZGM's other projects include:

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

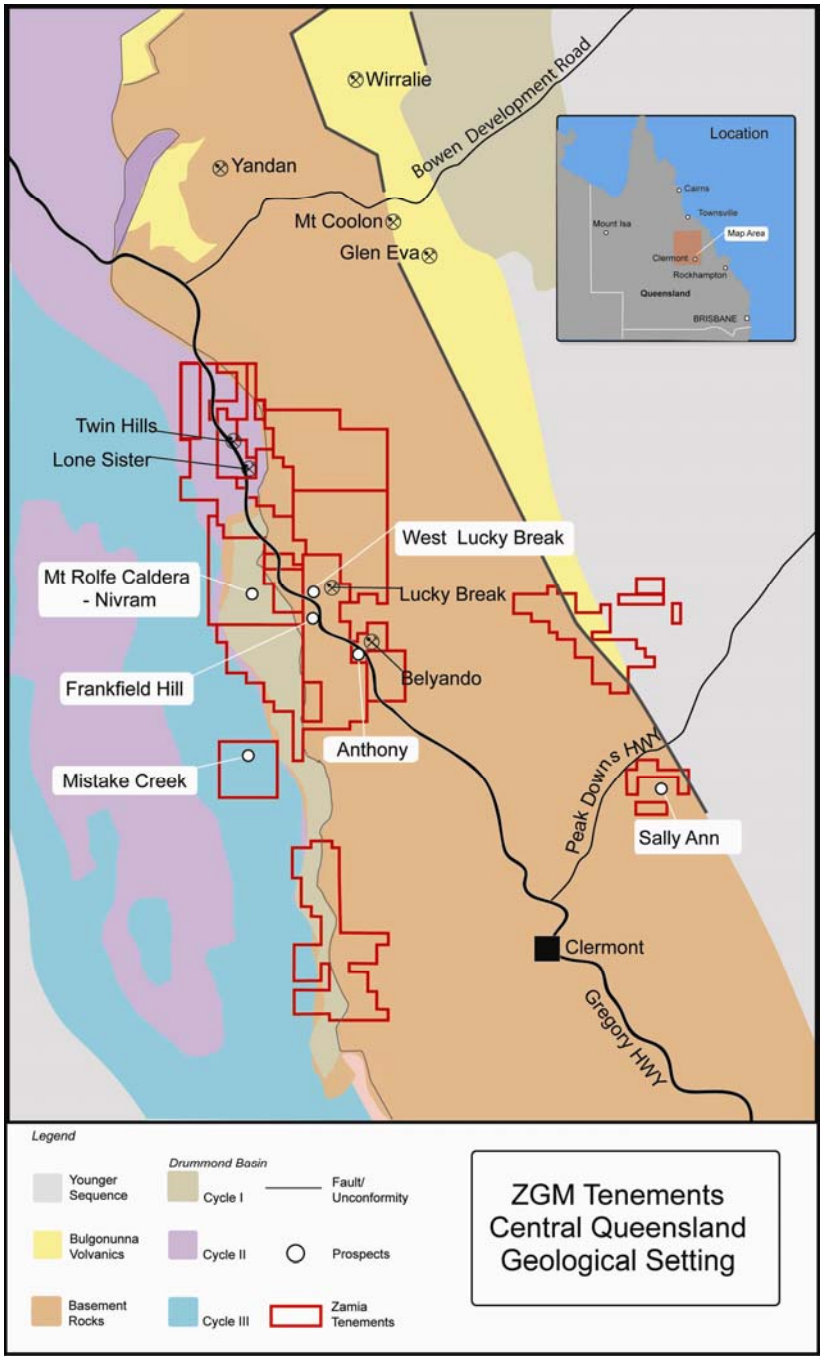

Fig 1 Location of major prospects

Exploration Activities

Porphyry Molybdenum Mineralisation

Anthony Prospect

The Mo mineralisation at the Anthony prospect occurs in a porphyry complex, in common with most of the world's major deposits, and ZGM believes a conceptual target of around 100 million tonnes of mineralisation (range 50Mt to 150Mt) is realistic. Currently the holes now extend over 650m east-west and about 300m north-south. A deposit of this type would be mined by open pit methods.

All analyses for the initial highly successful RC drilling program have been received and compiled. Visible molybdenite (MoS_2) was observed in 11 of the holes and all of the 13 holes contained intersections with Mo grades greater than 200ppm. (See Table 1, which includes previously released intersections for completness) A sample interval of three metres was used by compositing the one metre samples. Limited follow-up one metre samples were analysed and these confirmed the values in the three metre composite samples.

Rhenium (Re), a high melting point metal used in the aerospace industry, is associated with the molybdenite and values at Anthony are proportional to the Mo with grades of 0.2g/t Re occurring in mineralisation approximately grading 600ppm Mo Re, which currently sells for more than $US10/gram is likely to be recovered in a Mo sulphide concentrate and is therefore likely to be a valuable by-product.

As a follow-up to the initial highly successful 13 hole RC percussion drilling program a diamond drilling program has commenced. Three holes at an angle of -60degrees have been completed to 300m. The proposed eight hole drill program has several aims:

- To better understand the geological units and their structural relationship so that future drilling programs can be optimised to produce meaningful results;
- To confirm that molybdenum mineralisation exists to at least 250m vertical depth by drilling at least 5 holes to 300m depth;
- To provide samples for metallurgical test work;
- To twin at least one RC percussion hole (RC08A012) in order to test for any variability in results between the two drilling methods;
- To extend existing RC percussion holes, in particular RC08A009 which ended in silver-lead mineralisation and CRAE holes 94DBT 22 and 94DBT 23 which ended in Mo mineralisation; and assist in
- To assist in the development of a model for the mineralisation.

Holes DD08A014 and DD08A015 tested the Mo mineralisation northeast of the Gregory Development Road, an area not previously tested. The holes contain stockwork vein mineralisation throughout in hornfelsed Anakie metasediments. The Mo analyses are summarised in Table 2. While the Mo intercepts are not as continuous as on the western side of the highway, the presence of mineralisation at the bottom of the holes is encouraging. Additional RC percussion holes will be drilled to fully evaluate this area.

Hole DD08A016 is located east of the previously reported high grade western zone and has tested the prospect north of RC08A007. Mo assays to a hole depth of 210m received so far are also reported in Table 2.

As reported previously, a scout hole approximately 500 metres south of the main Mo anomaly, RC08A009, ended in silver-lead sulphide mineralisation. The final three

metre composite sample from 147m to 150m graded 37.3g/t silver, 0.18g/t gold and 0.67 lead. Single metre samples from this section indicated that all the high metal values were at the end of the hole with the sample from 149m to 150m grading 96.6g/t silver, 0.60g/t gold, 2.0% lead and 0.15% copper. A diamond drill extension to this hole will test the mineralisation beyond 150m (130m vertical depth).

In 1994 CRA Exploration Pty Limited (CRAE) explored the area and drilled a line of six shallow RC percussion holes (average depth about 120m). Two of those drill holes (94DBT 22 and 94DBT 23) reported significant Mo grades over wide intervals. A review of the analytical methods used by (CRAE) suggests that the Mo values reported in these holes may be significantly understated. The collars of these 1994 holes appear to be in good condition and it may be possible to extend the holes with diamond drilling.

Fig 2 shows the locations of the drill holes relative to the geochemical contours.

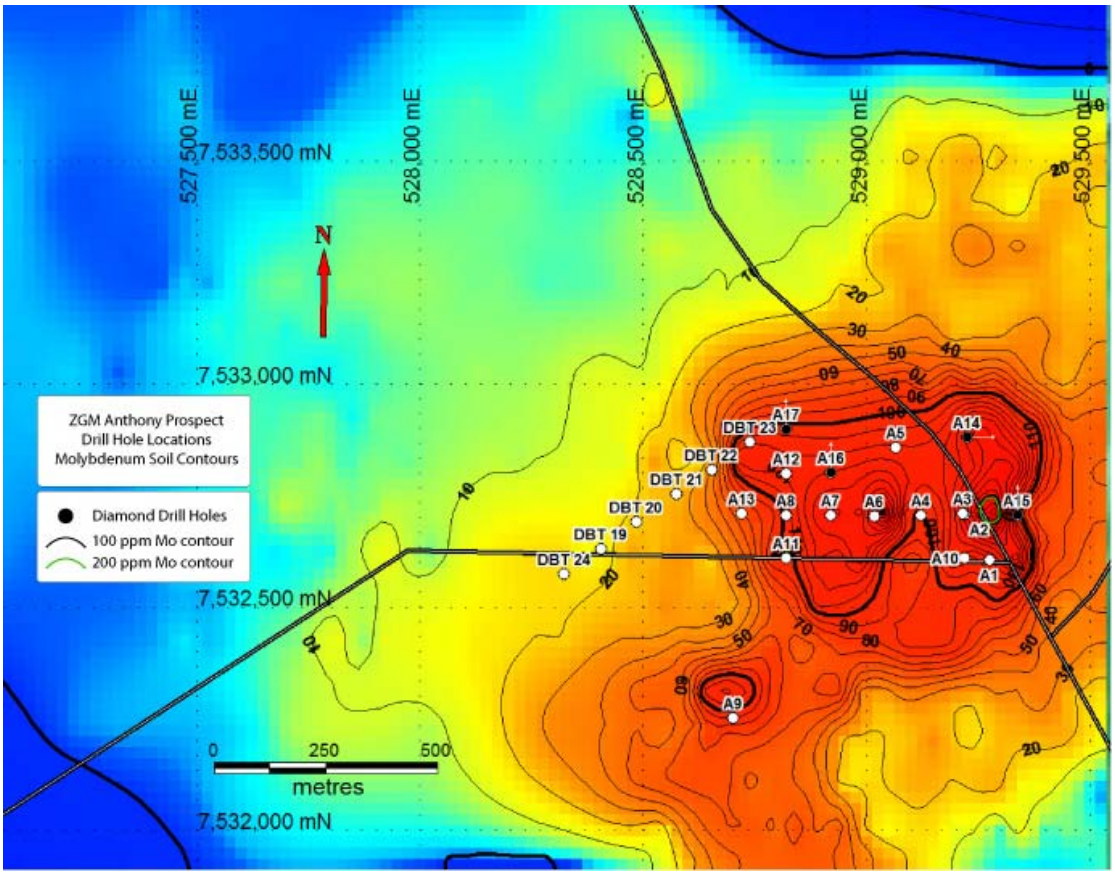

Figure 2 Anthony Prospect Molybdenum Soil Geochemistry and Drill Hole Locations (ZGM drill holes A01 to A17, CRAE (1994) drill holes DBT 18 to DBT 24)

The deposit is weathered to an average depth of 70m. Following some preliminary examination of the oxidised mineralisation, expressions of interest have been sought from metallurgical laboratories for development of an appropriate treatment process for the oxidised mineralisation. Quotations for initial flotation test work for the sulphide mineralisation are also being sought.

ZGM has engaged well respected consultant firm Hellman and Schofield Pty Limited to advise it on database development and quality assurance measures to verify the drilling results. This advice should help expedite the estimation of resources when sufficient drilling has been completed either late 2008 or early 2009.

A second program of RC percussion drilling is expected to start in the September quarter. This program will be designed to provide sufficient samples to produce an initial resource estimate.

TABLE 1 – ANTHONY RC PERCUSSION DRILLING RESULTS SUMMARY

HOLE NO	DEPTH (m)	FROM	TO	WIDTH	Mo (ppm)	COMMENTS
RC08A 001	150	0	150	150	514	
		0	60	60	478	weathered
		60	150	90	538	all sulphide
		123	126	**3**	**1430**	
RC08A 002	150	0	150	150	497	
		0	81	81	515	weathered
		81	150	69	475	all sulphide
		105	108	**3**	**1065**	
RC08A 003	150	0	150	150	514	
		0	78	78	466	weathered
		78	150	72	566	sulphide
	including	114	117	**3**	**1850**	
RC08A 004	150	24	27	3	222	weathered
		132	135	3	264	sulphide
		141	147	6	232	
RC08A 005	150	0	150	150	345	
		0	69	69	346	weathered
		69	150	81	344	sulphide
RC08A 006	150	0	12	12	236	weathered
		81	84	3	275	transition
		138	141	3	388	sulphide
RC08A 007	132	0	69	69	389	weathered
		72	84	12	237	sulphide
		93	96	3	287	
		105	108	3	326	
RC08A 008	144	0	144	144	590	
		0	63	63	608	weathered
		63	144	81	576	all transition and sulphide
		69	72	**3**	**1480**	
		117	120	**3**	**1920**	sulphide
		129	132	**3**	**1390**	
RC08A 009	150	0	9	9	255	all weathered
		54	60	6	208	
		149	150	1	Low	**96.6g/t Ag, 0.60g/t Au, 2.0% Pb, 0.15%Cu**
RC08A 010	150	0	111	111	400	weathered
		111	150	39	268	sulphide
RC08A011	150	0	150	150	483	
		0	63	63	251	weathered
		63	96	33	430	transition
		96	150	54	654	sulphide
	including	144	147	**3**	**1625**	
RC08A012	150	0	150	150	**860**	
		0	75	75	617	weathered
		75	150	**75**	**1103**	sulphide
	including	78	84	**6**	**1717**	
		93	111	**18**	**1458**	
		114	120	**6**	**3015**	
		141	144	**3**	**1035**	
RC08A013	150	18	30	12	320	weathered
		69	150	81	583	all sulphide
		120	126	**6**	**1498**	
		132	135	**3**	**2060**	
		138	141	**3**	**2250**	

TABLE 2 ANTHONY DIAMOND DRILLING RESULTS SUMMARY

HOLE No.	DEPTH (m)	FROM	TO	WIDTH	Mo (ppm)	Comment
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	100	100	429	Oxide
	including	44	66	22	710	
	including	56	58	**2**	**1495**	
	including	84	98	14	501	
		100	210	110	486	Sulphide
	including	120	128	8	657	
	including	150	164	14	625	
	including	176	184	8	673	
	including	180	182	**2**	**1110**	
		210	300	90		Assays not yet available

Other Molybdenum Projects

Compilation of data on past exploration in the Mistake Creek exploration permit application has commenced.

Reconnaissance exploration over aeromagnetic targets on the Mazeppa tenement approximately 15km south Anthony, is planned for the September quarter.

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 in 2007 by ZGM returned gold assays of 38 g/t and 9g/t. Results of ZGM soil sampling 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.

Following a pause in exploration due to other work commitments geological mapping has recommenced. Follow-up by trenching and/or drilling of the target is envisaged.

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Quartz-Pyrite Reef Gold Discovery Potential

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

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. Mobile Metal Ion (MMI) soil geochemistry, geological mapping and prospecting, are considered as effective exploration techniques. Approximately 15km of the probable thrust will be explored over the 2008 dry season.

West Lucky Break and Frankfield Hill are two prospects associated with this probable thrust have been identified to date and warrant drill testing. Geological mapping will be undertaken at Frankfield Hill in the September quarter. RC percussion drilling will

be undertaken at West Lucky Break and Frankfield Hill when a suitable rig is available.

A third area of interest has been identified to the northwest of West Lucky Break. Follow-up sampling is currently in progress to define an anomalous zone on the western edge of the current sampling grid.

Epithermal Gold Potential

Mount Rolfe Caldera

The large Mount Rolfe Caldera (15km x7km) is a geological setting that may host very large gold systems. Several structural features within and surrounding the Caldera may have provided favourable sites for epithermal gold deposition.

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 possible underlying high-grade epithermal gold mineralisation. 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 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 for a 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.

For and on behalf of the Board,

R N (Sam) Lees
Executive Director -Technical

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.