

2 September 2008

Centralised Company Announcements Office **ASX Limited Exchange Centre** 20 Bridge Street SYDNEY NSW 2000

Dear Sir.

ZGM 2008/27 – ANTHONY MOLYBDENUM DISCOVERY EXPANDED

Zamia Gold Mines Limited's (ZGM) diamond drill program at its Anthony Molybdenum Project, north of Clermont, Queensland, has expanded the mineralisation and increased the project's potential.

- Five of seven diamond holes are complete; the sixth hole (A018) is almost complete.
- Hole A016 averaged 428 parts per million (ppm) molybdenum (Mo) from 0 to 300m (end of hole) and included 5 intersections exceeding 600ppm Mo (see table 1)
- Hole A018, an extension to the shallow 1994 CRA hole DBT22, (which included 3 metres assayed at 890ppm Mo) is in progress at about 300m and contains intense veining with visible molybdenum mineralisation throughout (see photos) - assays pending.
- Hole A018 extends the high grade western zone by more than 100m to the west of Hole A012 and remains open to the west.
- Detailed geological logging of diamond holes A014 to A017 by consultant Dr Greg Corbett indicates multiple mineralisation events - upgrading the potential for additional discoveries.
- The diamond drilling program has enhanced the potential for the project to reach the conceptual target of 100 million tonnes.

Yours sincerely

Colini Seal

Colin Seaborn **Executive Director**

Diamond Drilling Program update

ZGM's diamond drilling program has included four new holes to at least 300m (vertical depth 260m), a 93m diamond extension to reverse circulation (RC) percussion hole A009 and an extension to 1994 CRA RC percussion hole DBT22 (now hole A018) currently at approximately 300m with a target depth of 350m. The final hole will be an extension to high grade vertical RC percussion hole A012 and is expected to be completed in the next two weeks. (Drill hole locations of the holes are shown on Figure1 and collar co-ordinates are listed in Table 2)



Figure1 Location of Drill Holes (A018 is shown as DBT 22)

Analytical results of the first two holes (A014 and A015) and partial results of the third hole (A016) to 210m were released to the ASX on 28 July 2008. The remaining results from hole A016 have been received together with partial results for hole A017 (the first 230m of 369m). Significant results are detailed in Table 1.

Hole A018 (a diamond drill extension of CRA hole DBT 22), located 150m west of high grade hole A012 (75m at 1103ppm Mo) is currently being drilled and is intensely mineralised throughout with molybdenum rich veins (see photos below). Results from A018 are eagerly awaited and are expected to expand the high grade zone found in holes A008, A011, A012 and A013.

The mineralisation observed in hole A018 is significant as CRA reported 63m at 219ppm Mo from 66m to 129m (the end of hole DBT22) and the observed mineralisation tends to confirm ZGM's belief that the analytical technique used by CRA may have understated the molybdenum grade. The CRA hole included a reported assay of 890ppm Mo from 108 – 111m.



Samples of drill core from hole A018 indicative of quartz-molybdenum veins in the hole.

In addition to expanding the zone of known mineralisation, the diamond drill program has improved the geological understanding of the Anthony deposit and its geological setting. Logging of the drill core from holes (A014 to A017) by ZGM geologists and renowned consultant Dr Greg Corbett has recognised several generations and styles of porphyry molybdenum mineralisation that may be associated with multiple porphyry intrusions.

These observations are significant as they indicate that the Anthony area may contain mineralised bodies not yet encountered in the current drill program. Such bodies may be molybdenum porphyries and/or copper-molybdenum-gold porphyries. The future program will include both the planned systematic RC percussion drill out of the Anthony deposit and geophysical surveys to identify additional targets surrounding Anthony.

The molybdenum price is currently around US\$33/lb (\$A70,000/tonne) and average grades of new molybdenum mines are around 600 - 700ppm with cut-off grades from 200 - 300ppm Mo. On this basis Anthony has the potential to be a major project and the next round of drilling will aim to identify an inferred resource approximating to the conceptual target of 100m tonnes.

Hole No.	Depth	From	То	Width	Мо	Comment	
	(m)	(m)	(m)	(m)	(ppm)		
DD08A016	300	0	300	300	428	Complete hole	
		0	100	100	429	Oxide*	
		100	300	200	428	Sulphide	
	including	120	128	8	657*		
	including	150	164	14	625*		
	including	176	184	8	673*		
	including	234	248	14	681		
	including	296	300	4	601		
DD08A017	369.4	0	84	84	348	Oxide	
		146	170	24	463	Sulphide	
	including	160	170	10	599		
		230	369.4			Awaiting results	

Table 1 Significant Molybdenum Results	* released previously
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Hole No	MGA East	MGA North	Azimuth	Dip	Depth
DD08A009	528700	7532252	355	-60	264
DD08A012	528820	7532800		-90	pending
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	In progress

Table 2 Diamond drill holes – location, direction and depth

Competent Person

Mr R N (Sam) Lees (FAIG, FAusIMM), compiled the technical aspects of this report. Mr Lees is Executive Director - Technical, 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.