

15 January 2008

Company Announcements Office ASX Limited Exchange Centre 20 Bridge Street Sydney NSW 2000

Dear Sir,

### ZGM 2008/001 - LARGE MOLYBDENUM SOIL ANOMALY OUTLINED at ANTHONY PROSPECT – CENTRAL QUEENSLAND

- ZGM has outlined a large molybdenum soil anomaly covering one square kilometre at its Anthony prospect in Central Queensland.
- Recently completed soil sampling, together with historical data, indicates the potential for the prospect to host a significant molybdenum deposit.
- Additional soil sampling to the east and south will test for extensions of the anomaly.
- ZGM is actively pursuing a drilling contract and believes a rig can be mobilised to the site before the end of February 2008.
- The Anthony prospect has the potential to add significant value to ZGM

#### **NEW RESULTS**

On December 19, 2007 ZGM released a detailed review of its Anthony prospect. Anthony covers a poorly exposed intrusive porphyry complex which had been previously investigated for its gold potential by other companies. The molybdenum ('Mo') potential of the prospect was recognised from a review of historic data and ZGM field work.

To follow-up the Mo potential of the prospect an extensive soil sampling programme was undertaken by ZGM in the December quarter. Results of the soil sampling, collated with the historic soil data, clearly outlines a broad zone of anomalous Mo values.

This zone with soil values greater than 30ppm Mo is approximately one square kilometre in area and remains open to the east and south. Within the zone there is a core approximately 700m x 400m with values greater than 100ppm Mo (see yellow contour below).

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# HISTORICAL RESULTS

The two historic drill holes (DBT 22 and DBT 23) which encountered Mo mineralisation are located on the western fringe of the anomalous zone. These holes, which both ended in mineralisation, intersected significant widths (up to 100m) of Mo mineralisation grading approximately 200ppm Mo. Significant mineralised intercepts were:

Hole	From (m)	To (m)	Width (m)	Mo (ppm)
DBT 22	66	129 (EOH)	63	219
including	108	111	3	759
and	120	123	3	553
DBT 23	0	105 (EOH)	105	184
including	57	60	3	837
and	102	105 (EOH)	3	622

1000 ppm Mo = 0.1% Mo (EOH) – END OF HOLE

Please note that the values quoted are for Mo alone NOT Mo equivalents or  $MoO_3$  as quoted by a number of other companies.

The collar of DBT 22 falls within the 30ppm Mo soil sampling contour, while DBT 23 is on the western limit of the 100ppm Mo contour (marked in yellow on the soil sampling diagram).

The conceptual cross section through the historic holes is an indication of the relationship between the drill holes.



# **CURRENT EXPLORATION PROGRAMME**

Given that past work has only tested the western edge of the Mo zone and that the two mineralised holes ended in mineralisation, **ZGM believes a significant drilling programme of the anomalous zone is warranted.** 

A ground magnetic survey is scheduled to commence in the last week in January to elucidate the structure of the intrusive complex and to ascertain the preferred orientation for drill holes.

The soil sampling grid has been extended to the east and south to close off the anomalous zone. This survey will cover an area of 1km by 1.5km to the east. Two lines each 1km long have been completed to the south.

A further exploration programme will be considered at the ZGM Board Meeting in late January along with other initiatives to enhance shareholder value. Further announcements can be expected in early February

#### **MOLYBDENUM BACKGROUND**

ZGM is excited about the **Anthony** prospect as the potential growth of the molybdenum market makes it an attractive commodity. The price is currently about US\$30/lb (more than US\$66,000/t). Some analysis predict demand to rise from around 200,000 tonnes per annum to 500,000 tonnes per annum by 2030 (CPM group, Roskill).

Large deposits either at the feasibility study stage or under construction (such as Spinifex Ridge, WA or Ruby Creek, Canada) have resource grades of 600ppm to 800ppm Mo (ppm equals parts per million, 1000ppm = 1kg/tonne) and use cut off grades of about 300ppm Mo.

For and on behalf of the board,

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Colin Seaborn Executive Director

Mr R N (Sam) Lees (FAIG, FAusIMM), compiled the technical aspects of this report. Mr Lees is a consultant geologist to 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 of context in which it appears.