



QUARTERLY ACTIVITIES REPORT

For the Quarter Ended 30 June 2010

HIGHLIGHTS

Anthony Molybdenum ('Mo') Project

- The Company reported an initial Inferred Resource of 81 million tonnes (Mt) at 0.043% (430 parts per million – ppm) Mo, at a cut-off grade of 200 ppm Mo, within the primary (sulphide) molybdenum zone. This figure includes a high grade resource of 13.5 Mt at 750 ppm Mo.
- In addition, there is a zone of oxide and transitional (mixed oxide-sulphide) material totalling 36 Mt at 380 ppm Mo from surface.
- Geological interpretation showed at least three phases of intrusive igneous activity and the possibility of a fourth well-mineralised body at greater depth.
- Preliminary metallurgical testwork indicated the likelihood of excellent recoveries of molybdenite [MoS₂] by flotation.
- It is also likely that lower grade material could be significantly upgraded by a simple beneficiation process, which would enhance the economics of the project.
- Another drilling program, to determine the lateral extent of the deposit, has commenced.

Regional Exploration

- Interpretation of regional geophysical data has identified numerous probable intrusive centres in the target region, mostly within the Company's existing tenements. An additional tenement application has been lodged.

Corporate Activities

- The Company has issued 20,000,000 fully paid ordinary shares at an issue price of \$0.07 per share to raise \$1,400,000. The funds were required to continue the resource drilling program at the Anthony molybdenum project.
- Dr Ken Maiden has been appointed Executive Chairman of the Company.
- The Board of Directors visited the Clermont project area and discussed strategy and capital requirements.
- An Extraordinary General Meeting of shareholders will be held in Sydney on Tuesday 31 August to consider a number of resolutions relating to capital raising and changing the Company's name.

ANTHONY MOLYBDENUM ('Mo') PROJECT

Initial Resource

In early April, Zamia announced an independent resource estimate carried out by Sydney-based resource consultants Hellman & Schofield Pty Ltd ('H&S'). Based on drilling to end-March, Anthony contains a high grade zone of 13.5 million tonnes ('Mt') of primary (sulphide) molybdenum resource at almost 750 ppm Mo within a large lower grade deposit of 81 Mt at 430 ppm Mo (at a cut-off grade of 200 ppm Mo).

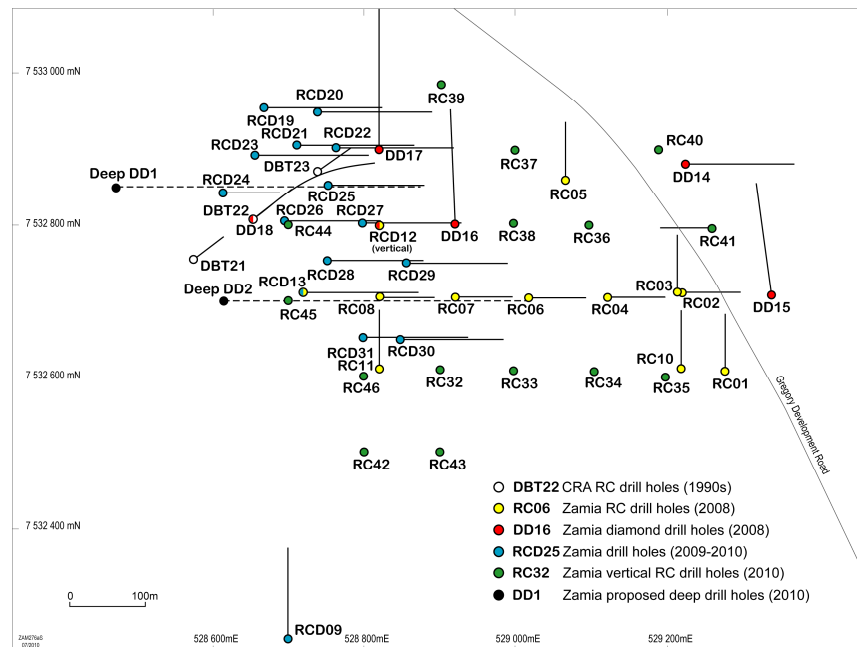
In addition, there is a resource of 36 Mt of oxide and mixed sulphide-oxide material at 380 ppm Mo (at a cut-off grade of 200 ppm Mo). This material is from surface to around 80m depth.

The resource remains "open" in most directions. Many of the holes bottomed in good molybdenum mineralisation, indicating that the deposit also remains "open" at depth.

Resource Extension Drilling

A second resource drilling program, designed to extend the existing resource and define the limits of the mineralised system, commenced on 1 June. This program will comprise around 20 vertical RC holes to depths of 200 – 250m. At the end of June, 11 RC holes, with a total length of 2,538m, had been completed. The location of the drill holes (completed and planned so far) is shown in Figure 1.

A revised resource will be determined after all assay results have been received.



Geological Interpretation

Zamia's field personnel have carried out additional work on the statistical key data for the resource estimation, including density measurements on drill core, and re-sampling and re-assaying of some reverse circulation ('RC') and diamond drill core material.

Zamia's geologists have also completed detailed lithological and structural logging of diamond drill core (1,440 metres drilled during the previous quarter) and have produced a 3D geological model of the deposit, which is being used for planning of follow-up exploration. Geological logging has been supported by petrological (microscopic) examination of samples.

Photo: Geologist Daniel Doman examines RC drill chips, June 2010



The main intrusive body is monzonite (basically, a quartz-poor granite), overprinted by at least two phases of porphyry intrusion with associated brecciation. Mineralised veins cutting across the younger of the porphyry bodies suggest that mineralisation is related to an even younger intrusive body which has not yet been intersected in drill holes, i.e. it is deeper in the system. This opens up potential for thicker and richer zones of Mo mineralisation below the current depth of drilling.

The Mo-in-soil geochemistry (Figure 2) shows a good correlation with the resource as currently defined. It suggests two high grade zones, separated by a lower grade zone. The western high grade zone had been established by the drilling to March 2010. The current drilling program is supporting the existence of an eastern high grade zone, although most assays have not yet been received.

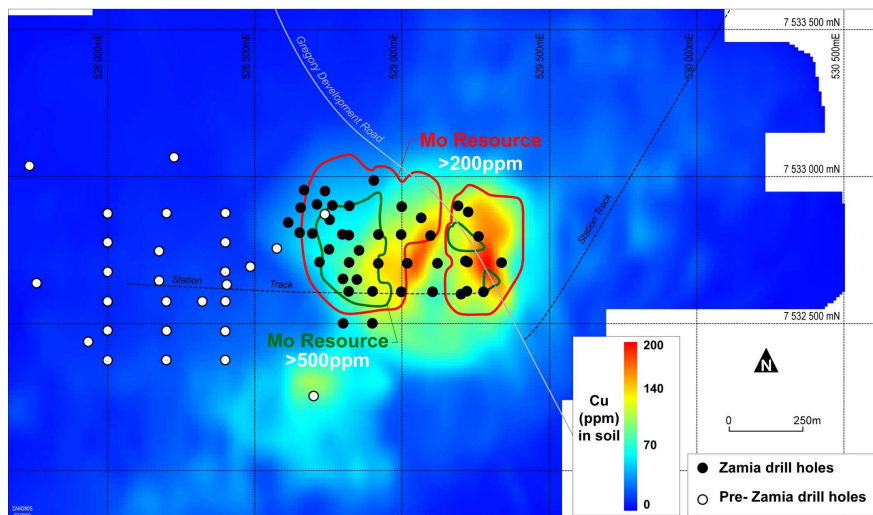


Figure 2: Mo-in-soil geochemistry. The red lines show the current Anthony resource

The emerging geological model is of two northerly-trending centres of mineralisation, probably steeply-dipping, separated by a zone of lower grade mineralisation.

Proposed Deep Drilling

In order to test the proposition that the grade and thickness could increase with depth, Zamia plans to drill three deep diamond holes to around 600m depth below surface. Two of the holes are to be sited as shown in Figure 1; the position of the third hole will be determined after the first two have been drilled. Figures 3 and 4 show the current geological interpretation.

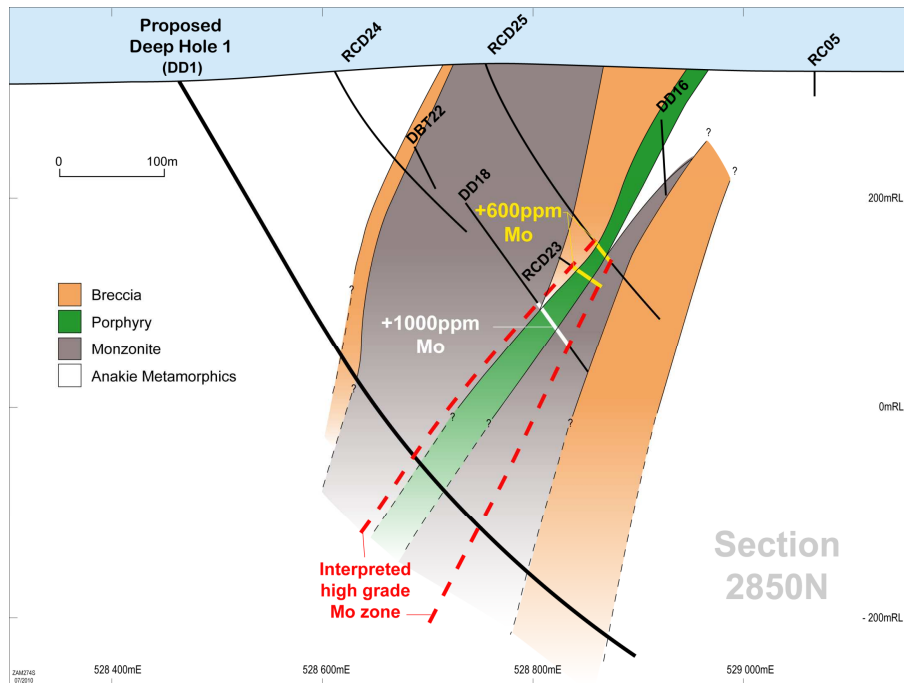


Figure 3: Section 2850N showing grade increasing from +600 ppm Mo (Hole RCD25) to +1000 ppm Mo (Hole DD18) with depth

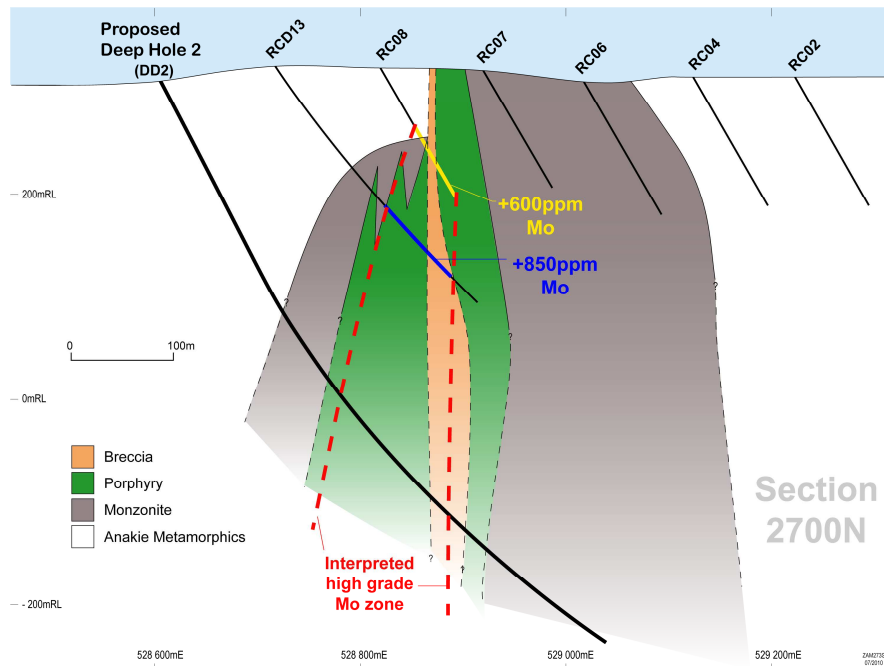


Figure 4: Section 2700N showing grade increasing from +600 ppm Mo (Hole RC08) to +850 ppm Mo (Hole RCD13) with depth

Metallurgical Testwork

In the primary zone (i.e. below the depth of weathering and oxidation), mineralisation occurs as the sulphide mineral molybdenite [MoS_2], which contains around 60% Mo. Preliminary testwork indicates the likelihood of excellent recoveries by flotation.

Tests also indicated that lower grade material could be significantly upgraded by a simple beneficiation process. Applied in the early years of production, this would significantly enhance the economics of a project. A low grade stockpile would remain for possible processing later in the project's life.

The deposit is weathered (oxidised) to 60 – 80m depth. In this zone, molybdenum occurs as various Fe-Mo oxide minerals. A program to investigate beneficiation and leaching options is in progress

Soil Geochemical Survey

Additional soil sampling has extended the geochemical coverage to the northeast of the Anthony deposit. No significant new Mo anomalies were detected.

Of interest is the copper-in-soil geochemistry (Figure 5), which shows anomalies of >50 ppm Cu located primarily to the west and northwest of the molybdenum deposit. The copper anomalies are spatially associated with the main magnetic anomaly of the Dead Horse intrusive complex. Previous very shallow drilling intersected minor elevated copper but was not followed up by sustained exploration. Zamia has yet to test these copper targets.

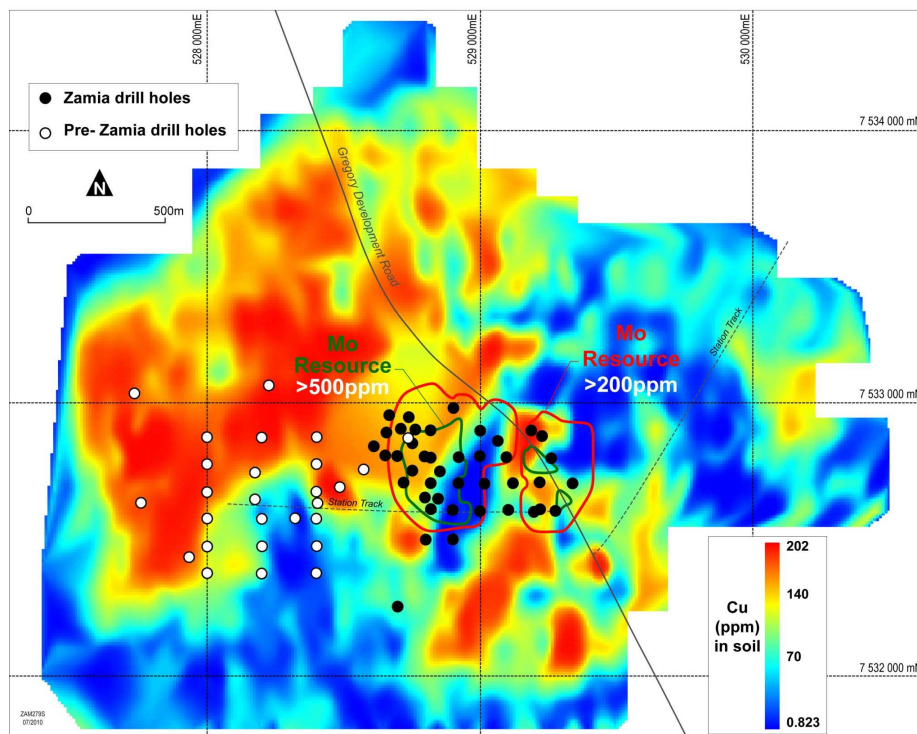


Figure 5: Cu-in-soil geochemistry. The red lines show the current Anthony resource

REGIONAL EXPLORATION

Detailed geological information on the Anthony deposit, combined with interpretation of regional-scale geophysical data, provides a template for assessing discovery potential in the region. A review of regional geophysical data, accompanied by reconnaissance fieldwork, has highlighted numerous features which have characteristics similar to the Anthony area.

The interpretation has highlighted numerous probable intrusive centres in addition to Anthony, mostly within the Company's existing tenements. These provide targets for porphyry systems with potential for molybdenum, gold and copper. A further application (EPM 18655 Dingo Range) was made over one potential porphyry target.

Zamia's tenements (EPMs and EPM applications) now cover around 1,400 km².

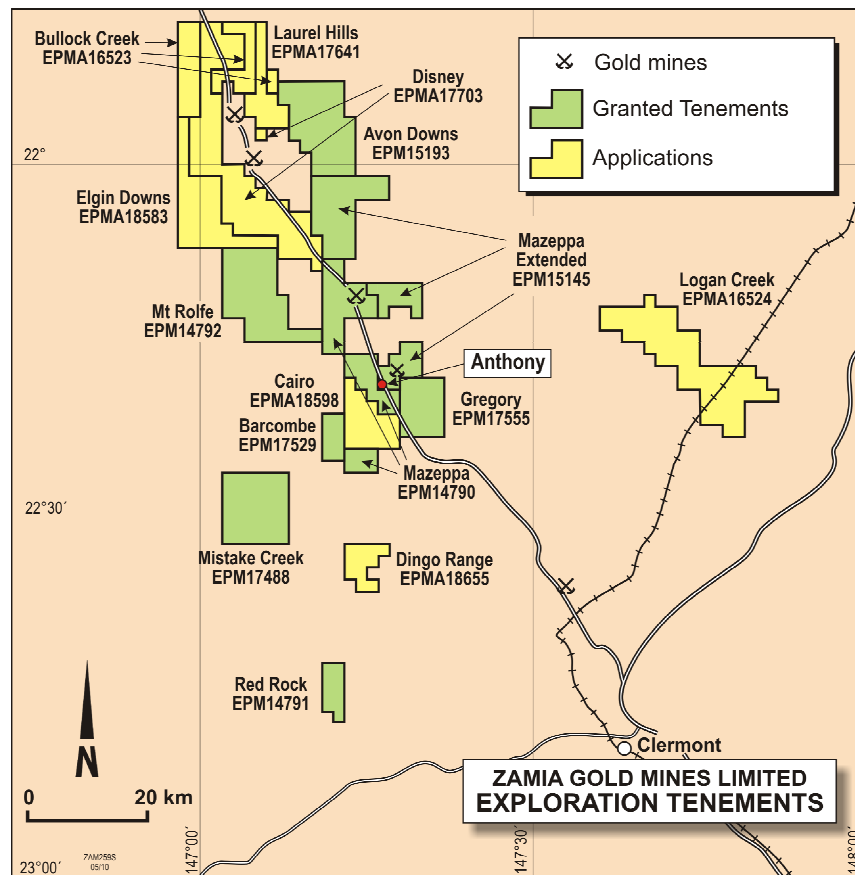


Figure 6: Zamia's exploration tenements

Other regional exploration activities during the quarter included:

- The MMI geochemical grid at the Matilda prospect (EPM 14790 Mazeppa) was extended to the north and south of the Matilda soil anomaly. Analytical results are yet to be received.
- A conventional soil geochemical grid at the Eagle Prospect (EPM 14791 Red Rock) was completed. The analytical results did not identify a follow-up target.
- A desk-top review of past exploration data has been carried out over the Mistake Creek prospect (EPM 17488).
- Assessment of the exploration results in Avon Downs (EPM 15193) has resulted in this tenement being relinquished.

CORPORATE ACTIVITIES

Capital Raising

A number of meetings have been held with brokers and potential new investors in Sydney and Melbourne. In April, Dr Ken Maiden visited existing shareholders and potential new investors in China. Beijing-based SinoNew Capital has provided invaluable advice and assistance with fund-raising in China.

On 18 June, the Company issued 20,000,000 fully paid ordinary shares to sophisticated investors at an issue price of 7.0 cents per share to raise \$1,400,000. The funds were required to continue the resource drilling program at the Anthony molybdenum project.

The Company plans an Extraordinary General Meeting to secure shareholder approval to raise further capital via the issue of additional shares.

Board of Directors

At their meeting in Sydney on 28 April, the Company's directors appointed Dr Ken Maiden as Executive Chairman of the Company.

In late June, the directors visited the Clermont area where they spent two days with the company's exploration team inspecting core, witnessing drilling activities at the Anthony site and discussing strategies and funding options for the next phase of the program, including diamond drilling to open the resource at depth. The directors also took the opportunity to participate in an informal discussion with one of the Anthony Project's landowners to satisfy themselves about the strength of that relationship and understand any issues that may have required their attention.



Directors, investors, staff and advisors visit the Anthony project, June 2010

Personnel

Mr Sam Garrett has accepted a new consulting contract and has been re-appointed as Exploration Manager. Sam has 20 years international experience in mineral exploration and management of exploration programs, much of that time involved in exploration for, and evaluation of, porphyry copper-molybdenum deposits and epithermal gold deposits - both of direct relevance to Zamia's exploration targets.

Mr Adriaan van Herk has been appointed as a Project Geologist. Adriaan brings considerable expertise in structural geology and computer-based interpretation of data sets.

Mr Peter Litras is employed as a contract geologist to supervise drilling programs, including data acquisition, quality assurance and geological logging of drill core. Peter is an experienced exploration geologist.

Zamia is now utilising the consulting services of Mr Graeme Deegan in administrative matters, occupational health and safety, and stakeholder relations - especially in relation to land-holders and native title claimants.

Ms Michelle Plews has been engaged on a casual basis to provide investor relations services. In particular, Michelle has been involved in “re-branding” the Company and upgrading the website.

Administrative Services Agreement

Zamia has renewed its shared services agreement with International Base Metals Limited ('IBML'). The agreement allows Zamia to pay only for the office space and administrative services it uses and currently results in lower overall costs than if Zamia were operating on a standalone basis. The shared administrative services include accounting and financial control, tenement management and secretarial services. The agreement is subject to quarterly review.

Communications

To keep stakeholders informed of news, announcements and developments at Zamia, steps are being made to improve investor and media relations. As part of this, you will notice developments on the Zamia website. In addition to cosmetic changes, the site has an improved user interface which allows for better navigation and location of information. Furthermore, the new site offers stakeholders an improved subscription service enabling Zamia to keep interested parties up to date with relevant news.

Feedback is welcomed on the site which will continue to develop according to requests and suggestions from shareholders.

Change of Company Name

With the Company's current focus on the Anthony molybdenum deposit, the name “Zamia Gold Mines Limited” is no longer deemed appropriate as it does not reflect the Company's diversified discovery potential and activity.

The name “Zamia” has gained increasing market recognition over recent months and will be retained. “Zamia Metals Limited” is considered to better reflect the Company's broader exploration for precious, base and other metals.

Extraordinary General Meeting

An Extraordinary General Meeting ('EGM') of shareholders will be held in Sydney on Tuesday 31 August at 11.00 a.m. The agenda of the EGM is to consider, and if thought fit, pass a number of resolutions relating to capital raising and changing the Company's name. A notice of EGM, including explanatory notes and proxy form, has been posted to all shareholders.

MOLYBDENUM MARKET



Figure 7: Molybdenum price, six months to 20 July 2010

The molybdenum price dipped slightly in the 2nd quarter of the year as steel production declined but analysts remain confident that the molybdenum market, along with demand, is set to increase. JP Morgan forecasts the metal reaching US\$21 per pound by the end of this year.

Historically, steel demand and production has had a direct correlation with the price of molybdenum. This trend may be set to change as new technologies for sustainable and cleaner energy are emerging.

New developments include 'thin film solar panels' using molybdenum as an electrode base. These are more efficient and notably less expensive to manufacture than traditional solar cells. Also, in May this year an announcement was made on the discovery of a cheaper and more effective way to produce hydrogen from water using molybdenum as a catalyst.

These new applications offer the potential for the molybdenum price to become less dependent on the demand for steel.

COMPANY STRATEGY

In summary, Zamia's strategy is:

- To determine the extent (laterally and vertically) of the Anthony deposit;
- To advance the Anthony project towards feasibility;
- To identify and test other targets within the tenement areas;
- To secure joint ventures with other companies on non-core targets.

FURTHER DETAILS

For additional information on the Zamia's exploration projects, please visit the Company's website www.zamiagold.com.au.

A handwritten signature in black ink, appearing to read 'K. Maiden', with a large, stylized loop at the beginning.

Kenneth J Maiden
Managing Director

Dr Ken Maiden (MAIG, FAusIMM), Managing Director of Zamia Gold Mines Limited, compiled the technical aspects of this report. Ken is a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activities that are 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". Dr Maiden consents to the inclusion of the matters in the form and context in which they appear.