

ZAMIA METALS LIMITED QUARTERLY ACTIVITIES REPORT For the Quarter Ended 30 SEPTEMBER 2010

HIGHLIGHTS

- At the Anthony molybdenum (Mo) prospect, the primary (sulphide) resource has increased to 130 million tonnes (Mt) at 0.04% (400 ppm) Mo at a cut-off grade of 200 ppm Mo
- The secondary (oxide and transitional) resource has increased to 63 Mt at 400 ppm Mo (cut-off grade 200 ppm Mo)
- Beneficiation tests indicate the likelihood of pre-concentration to 1000 ppm Mo
- Flotation tests indicate excellent recoveries to produce a high grade concentrate with low levels of potentially deleterious elements
- The company drilled + 5,384m from 23 holes
- The first of two deep diamond holes was completed at 803.4m and intersected visible molybdenum mineralisation at depth
- The company received funds of \$1 million through a share placement

EXPLORATION ACTIVITIES

ANTHONY MOLYBDENUM PROJECT

Updated Resource Estimation

An update of the Anthony resource estimation to include results of the recent reverse circulation (RC) drilling was released to the ASX on 20 September 2010. This new estimate by consultants Hellman & Schofield Pty Ltd increases the Inferred Resource in the primary (sulphide) zone from 81 Mt (as at 6 April 2010) to 130 Mt at 400 ppm Mo at a 200 ppm Mo cut-off grade. The updated resource estimates of the main sulphide zone, near-surface oxide zone and the transition between the two zones are summarised in Table 1.

Cut-off grade ppm Mo	Sulphide molybdenum		Oxide molybdenum		Transition: mixed oxide/sulphide molybdenum		Total	
	Million tonnes	Average grade ppm Mo	Million tonnes	Average grade ppm Mo	Million tonnes	Average grade ppm Mo	Million tonnes	Average grade ppm Mo
200	130	400	48	400	15	420	190	400
400	60	550	20	520	7	540	80	540
500	30	630	9	600	4	620	40	630
600	15	730	4	680	2	720	20	720

Table 1 Summary of updated Inferred Resource estimates by Hellman & Schofield (Sept 2010)

RC Drilling Programme

The RC drilling programme which commenced in June was completed on 19 August for a total of 5,384.5m drilled from 23 holes (RC32 – RC54) - see Figure 1. The programme was designed to define the lateral extent of the deposit.

Assay results have now been received for all the RC holes in this programme. Of the 23 holes, 17 have substantial sulphide Mo intersections above a 200 ppm Mo cut-off grade. Significant intersections are summarised in Table 2. Within many of these intersection widths, there are significant zones of high grade Mo (see Figure 1). The latest results indicate a third high grade zone to the south of the previously identified eastern high grade zone. The drilling results highlight that significant stockwork vein mineralisation can be hosted within weakly altered schist of the Anakie Metamorphics as well as the intrusive rocks (monzonite, porphyry and breccia). The molybdenite mineralisation remains “open” to the southeast and at depth.

Hole ID	From	To	Interval	Mo (ppm)
RC 32	0	180	180	461
RC 33	0	123	123	333
	138	216	78	262
RC 34	None			
RC 35	0	42	42	269
	66	111	45	285
	123	144	21	236
RC 36	0	192	192	537
	213	231	18	310
RC 37	0	246	246	405
RC 38	0	231	231	485
RC 39	30	66	36	233
	102	114	12	340
RC 40	3	213	210	287
RC 41	0	234	234	537
RC 42	None			
RC 43	0	72	72	345
	87	102	15	291
	111	210	99	314
	222	237	15	301
RC 44	141	246	105	311
RC 45	None			
RC 46	15	72	57	236
	81	84	3	934
RC 47	0	123	123	425
	141	234	93	260
RC 48	0	114	114	371
	147	192	45	292
RC 49 (twin)	0	258	258	749
RC 50	None			
RC 51	0	249	249	511
RC 52	0	219	210	481
RC 53	6	252	246	458
RC 54	0	216	216	460

Table 2: Significant assay intervals (>200 ppm Mo) for the RC drilling programme

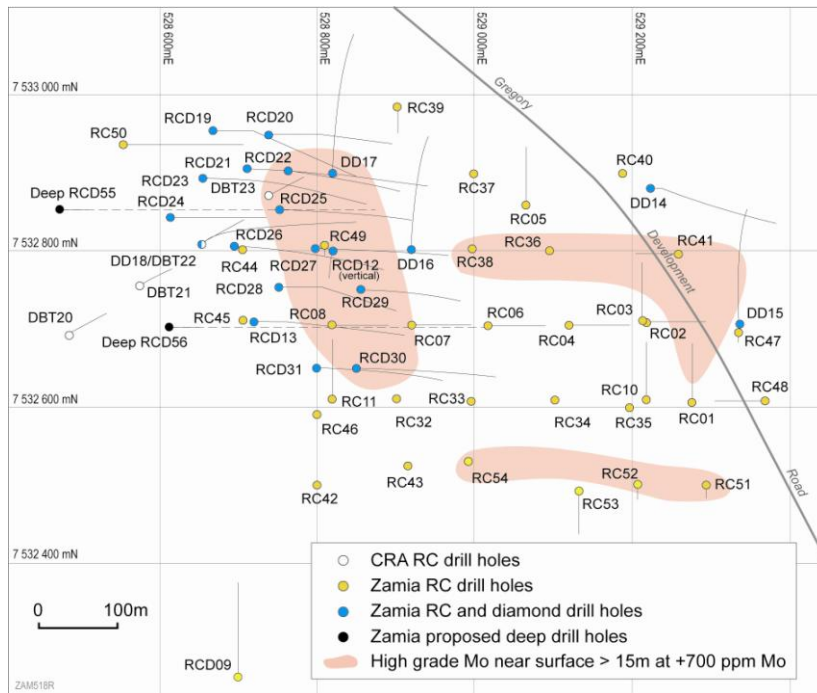


Figure 1: Anthony drill hole locations

Diamond Drilling Programme

A further two RC pre-collar holes were drilled (RCD55-56; 173.4m) as the initial phase of a deep drilling programme designed to test the grade and thickness at depth. Diamond drilling started on 13 September 2010 and the first of two planned deep diamond holes was terminated on 30 September 2010 at a depth of 803.4m. This hole (RCD55) intersected weakly altered schist near surface and molybdenum mineralisation in variably altered intrusive rocks at depth (see Figure 2).

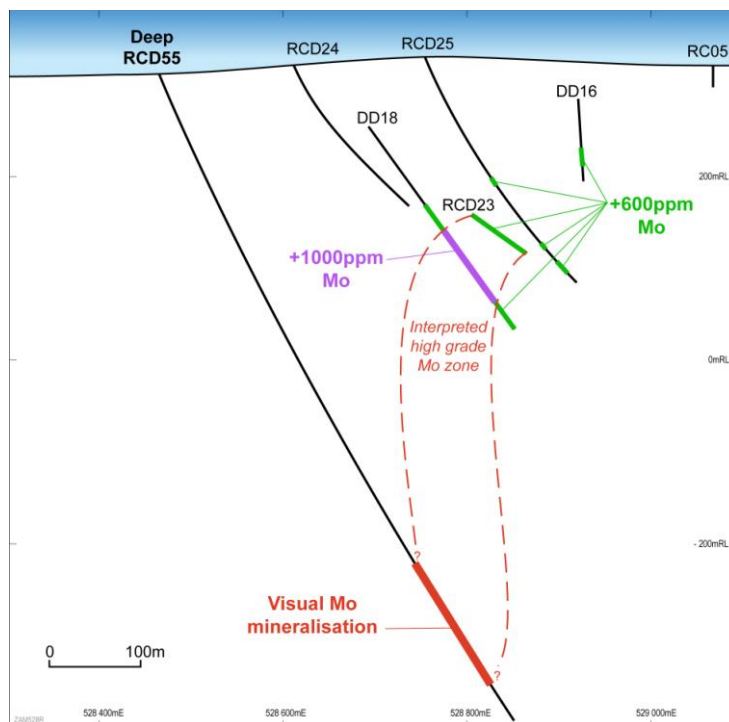


Figure 2: RCD55 interpreted section

Beneficiation Tests

Pre-concentration tests on eight drill core samples of different rock types from the primary (sulphide) zone indicate that pre-concentration of material averaging around 450 ppm Mo would result in a flotation feed grade above 1000 ppm Mo. Based on the current resource of 130 Mt at 400 ppm Mo, this process would supply at least 24 Mt of feed at around 1000 ppm Mo to the milling and flotation circuits. Pre-concentration thereby reduces the process plant capital and operating costs, improving project returns. A stockpile of lower grade material would remain for possible processing later in the life of the project.

Flotation Tests

Locked cycle flotation tests on a bulk sample from the primary (sulphide) zone resulted in a saleable +50% Mo concentrate at +85% Mo recovery on a low grade feed of 0.05% (500 ppm) Mo. These results were excellent, as the grind and flotation conditions have not been optimised and the flotation feed grade was much lower than that proposed (around 0.1% Mo) for the first 8 -12 years of operation.

Furthermore the testing laboratory (AMMTEC, Perth) indicated that because of the likely Mo emanating from the steel in the laboratory rod mill and reporting to the tails assay, the recovery of Mo was likely to be significantly higher at +90%. It should be noted that locked cycle tests are the best indicator in the laboratory of what might be achieved in a process plant.

The flotation concentrate had low levels of potentially deleterious elements (copper, arsenic, lead) and reasonable concentrations (around 150 ppm) of rhenium as a potential by-product element.

Testing of Oxide and Transitional Material

The deposit is weathered (oxidised) to 60 - 80m depth, with a currently identified resource of 63 Mt at 400 ppm Mo occurring as various Fe-Mo oxide minerals. Preliminary leaching tests have been initiated with three different groups to evaluate possible processes for extracting this molybdenum.

Magnetic Survey

A detailed ground magnetic survey previously carried out over the Anthony prospect has been extended. The survey grid was enlarged more broadly around the deposit to cover the magnetic features to the west of Anthony and the Belyando gold deposit to the northeast. The survey will assist in geological interpretation of the area.

Environment and Groundwater Studies

Preliminary studies have been commissioned as a base-line environmental review of the Anthony Project. As part of this assessment, groundwater studies provided an initial understanding of the quality and quantity of available groundwater for Anthony's processing requirements.

REGIONAL EXPLORATION

During the quarter, limited field activities were carried out on other prospects. An infill ground magnetic survey at the West Lucky Break gold target was conducted as a preliminary to RC drilling planned for the next quarter. Shallow RC drilling is also planned on the Frankfield Hill gold target to the south of West Lucky Break (EPM 14790). Diamond drilling of the Nivram prospect (EPM 14792) is also planned (see Figure 3).

A review of the Mistake Creek project area is underway (EPM 17488) to evaluate the previous drill data and initiate an exploration programme for this tenement.

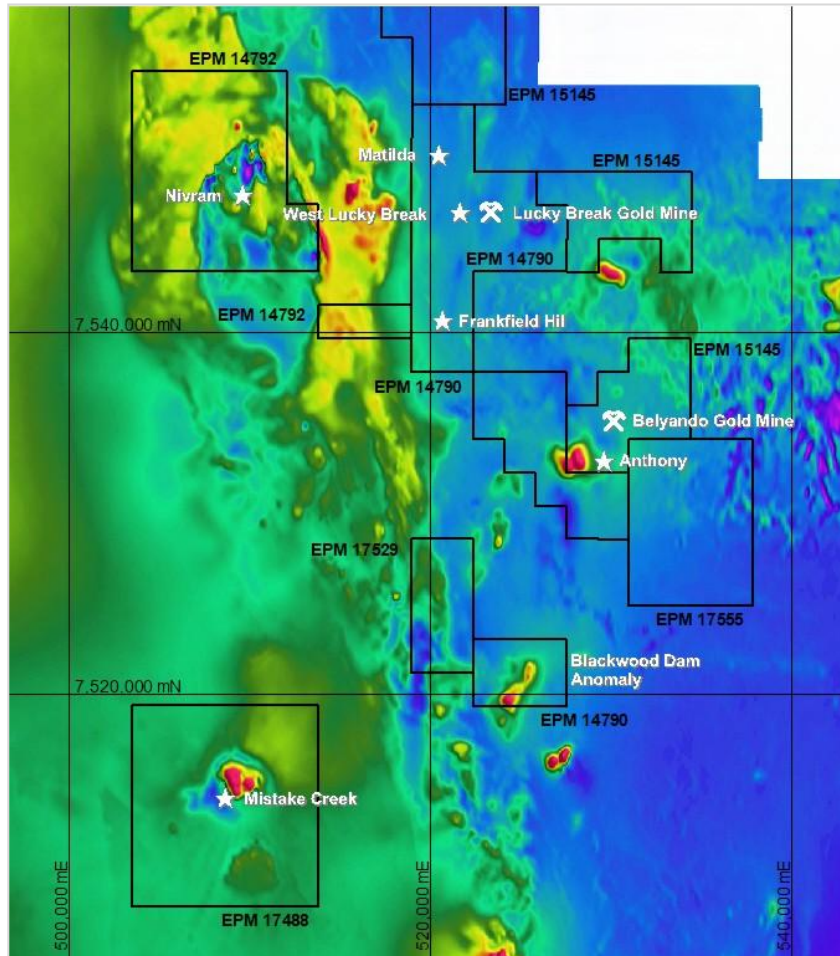


Figure 3: Regional exploration targets overlain on aeromagnetic imagery

CORPORATE ACTIVITIES

Extraordinary General Meeting

An Extraordinary General Meeting ('EGM') of shareholders was held in Sydney on Tuesday 31 August. A number of resolutions relating to capital raising and changing the Company's name were proposed and passed.

Resolution 1: Ratification of shares issued on the 28 June

Approval was given for the issue of 20,000,000 fully paid ordinary shares at 7 cents to sophisticated investors.

Resolution 2: Approve of a proposed issue of shares

Approval was given to issue 14,285,714 fully paid ordinary shares to sophisticated investors at 7 cents per share.

Resolution 3: Approval to raise additional capital through the issue of shares

Approval was given to issue up to 45 million ordinary shares within 3 months of the EGM at a price that is no less than 90% of the average market price of the company's shares over the last 5 trading days prior to the day on which the issue is made.

Resolution 4: Approval to change the Company's name.

Approval was given to change the company name to Zamia Metals Limited.

Capital Raising

On 8 September, the Company received funds of \$1 million and allotted 14,285,714 shares to sophisticated investor clients through the share placement which had been approved at the August EGM. The funds will be used for the continuation of the Company's development strategy including the expansion of the Anthony molybdenum resource both laterally and at depth.

Personnel

The Board of Directors confirmed the appointment of Mr. Barry Neal to the position of Chief Financial Officer of the Company. Barry has been working as a consultant to Zamia for some time and this appointment establishes a firm footing for the financial management of the business.

Stakeholder Relations

During the quarter, the company held further discussions with landowners to explain the type of activities that Zamia could be undertaking on their properties and to ensure that there are no obstacles in continuing with our exploration activities.

Investor Relations and Promotion

Zamia is continuing its campaign of promoting the company and updating existing and potential investors on our exploration progress. We participated in two marketing events in the September, the "Excellence in Mining" conference and exhibition held in Sydney and Sydney Mineral Exploration Discussion Group's (SMEDG) conference in Mudgee.

The Company will be presenting and exhibiting at the Mining 2010 conference to be held in Brisbane from the 27 to 29 October.



Ken Maiden
Executive Chairman

Dr Ken Maiden (MAIG, FAusIMM), Executive Chairman of Zamia Metals 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.