



ASX: ZGM

27 October 2011

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

ZAMIA METALS LIMITED QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 September 2011

HIGHLIGHTS

- The Company is considering options for funding ongoing work at the Anthony molybdenum ('Mo') project, including seeking a strategic investor or JV partner to provide funding to completion of a Definitive Feasibility Study.
- Diamond drilling continued at Anthony, with holes designed to test the continuation of Mo mineralisation to depths up to 500m.
- The Company has an increased focus on gold and copper targets within its exploration tenement holding.

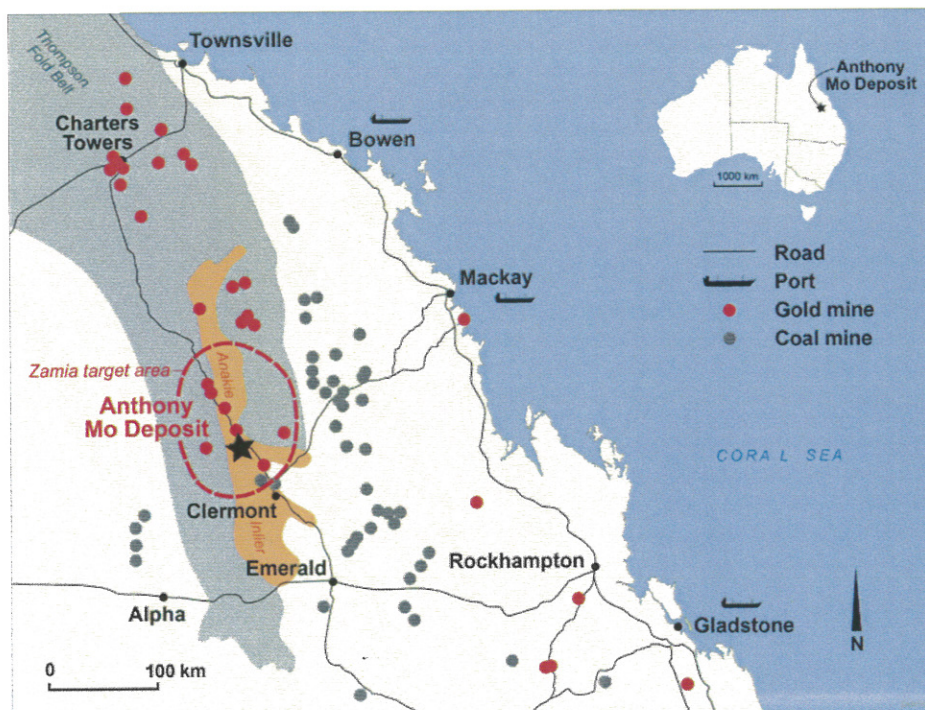


Figure 1. Location map of Zamia's target area

COMPANY STRATEGY

Earlier in the year, Zamia announced a two-track strategy that would see the Company advance the Anthony project and, secondly, target the establishment of copper-gold resources on the Company's large tenement portfolio in the Clermont district.

The Company regards the Clermont district in Central Queensland to be highly prospective for gold, copper and other metals, as well as molybdenum, and will give priority to an expanded exploration programme outside of the Anthony project area.

The Board sought the assistance of external technical experts in conducting a review of the Anthony project and decided to proceed with further metallurgical work at Anthony ahead of any further drilling. The current drilling programme will conclude shortly.

For the Anthony project to advance through technical assessment, scoping study and feasibility studies, it is likely to take 18 months and cost more than Zamia's current market capitalisation. The Board is considering various options for funding the work, including seeking a strategic investor or joint venture ('JV') partner to provide funding for the project through to completion of a Definitive Feasibility Study.

ANTHONY MOLYBDENUM PROJECT

Drilling Programme

A drilling programme, comprising NQ diamond tails on existing shallow RC percussion holes (Figure 2), was designed to test the continuation of molybdenum mineralisation to depths of up to 550m below surface. Three diamond tails (RCD 11A060, RCD 11A063, RCD 11A074) were completed during the quarter. Assay results for the first two holes are given in Table 1 below. Drilling of a fourth diamond tail (RCD 11A079) was underway at the end of the quarter.

Two larger diameter (HQ) cored holes for metallurgical purposes (DD1A097 and 98) starting from surface have been drilled – see "Metallurgical Testwork" section below.

Hole ID	Depth [m]	Mineralisation	From [m]	To [m]	Thickness [m]	Grade [g/t]
RCD11A060	252.3-504	sulphide	252.3	504	251.7	69
RCD11A063	252-552	sulphide	252	552	300	312
		incl.	252	308	56	428
		and	440	482	42	428
		and	516	526	10	625

Table 1. Summary of average and exceptional Mo (XRF) assays from Zamia's ongoing diamond drilling programme at the Anthony Project

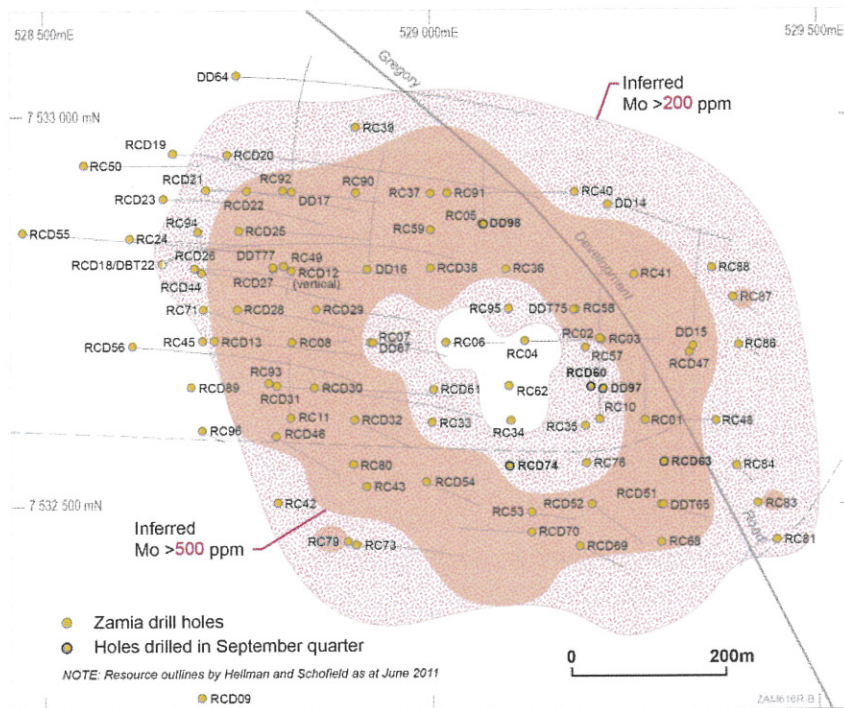


Figure 2. Anthony drill plan, highlighting holes drilled during the September quarter. (RC = reverse circulation, DD = diamond drill, RCD = reverse circulation with diamond tail, DDT = diamond hole twinned to RC hole, DBT= one hole drilled by CRA (1990s) extended by Zamia's DD hole)

Metallurgical Testwork

Two HQ diamond holes (63.5 mm diameter core) instead of the normal NQ size (47.6 mm diameter core) were drilled from the surface to 250m depth. Half of each core sample will be assayed and the other half will be despatched to metallurgical laboratories for pre-concentration and leaching tests. Assays are not yet available. Figure 2 shows the location of the holes.

REGIONAL EXPLORATION

During the quarter Zamia carried out a review of regional targets identified in order to prioritise exploration activities. Detailed exploration was conducted on targets in Mistake Creek and Mazeppa EPMs.

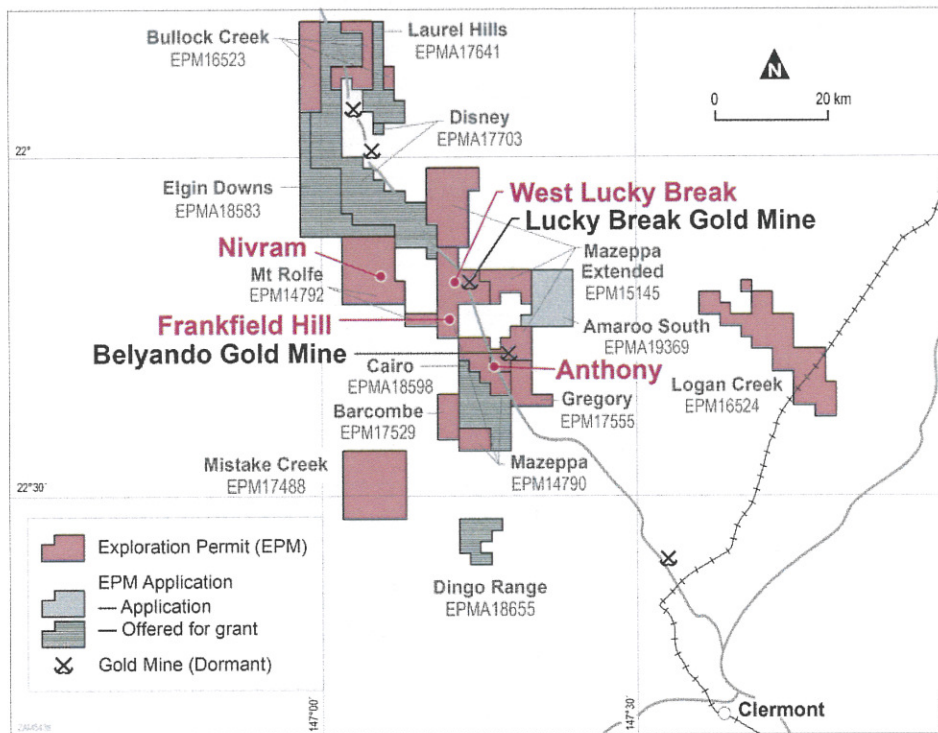


Figure 3. Zamia's tenement position at end-September 2011
 (Note: Belyando gold mine is not included in Zamia's EPM 15145)

Exploration Permits

The Dingo Range application (EPM 18655) was offered to Zamia during the quarter. A new application, EPMA 19369, Amaroo South (see Figure 3) was applied for by Zamia (the sole applicant) containing the "Hill 271" gold and copper prospect which coincides with a regional radiometric potassium anomaly. Past exploration by CRA outlined three geochemically anomalous areas from soil sampling, but a limited drilling programme resulted in no intersections of gold mineralisation. Zamia believes that the targets warrant further testing.

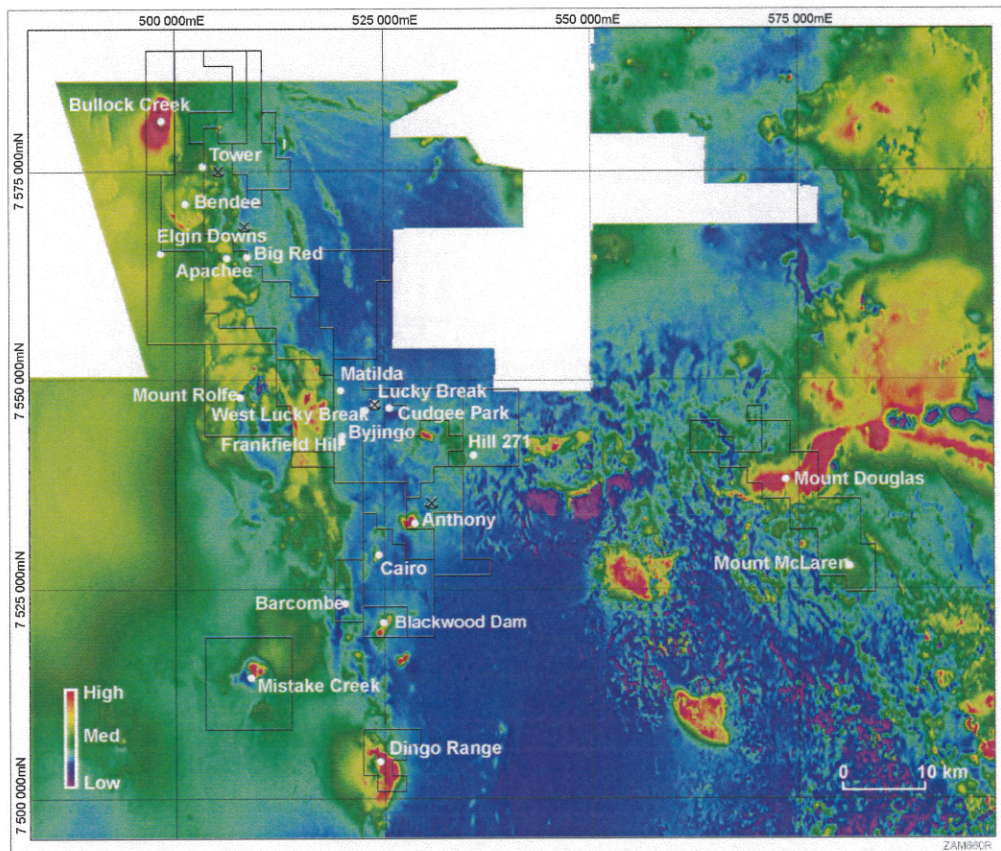


Figure 4. Zamia's tenements and targets overlain on magnetic (TMI) image

Mistake Creek (EPM 17488)

The Mistake Creek target has potential for a large porphyry-style copper-gold system. Previous exploration included limited drilling which intersected minor gold mineralisation (best intersection 2m at 2.0 g/t Au). Zamia's view is that the target is very under-explored.

A soil geochemical survey (200m x 200m sample spacing) was accompanied by geological mapping and outcrop sampling. This work outlined two prospect areas. The Quarry Hill prospect, defined by previous exploration, has a surface expression of parallel quartz-sulphide veins which could be an indication of porphyry-style mineralisation at depth. The newly-identified Solitary Dam prospect, located along the eastern margin of the magnetic high, is highlighted by a radiometric anomaly (potassium channel) and elevated metal concentrations in soils.

Further geochemical work and an induced polarisation ('I.P.') geophysical survey are planned for the next quarter on these prospects.

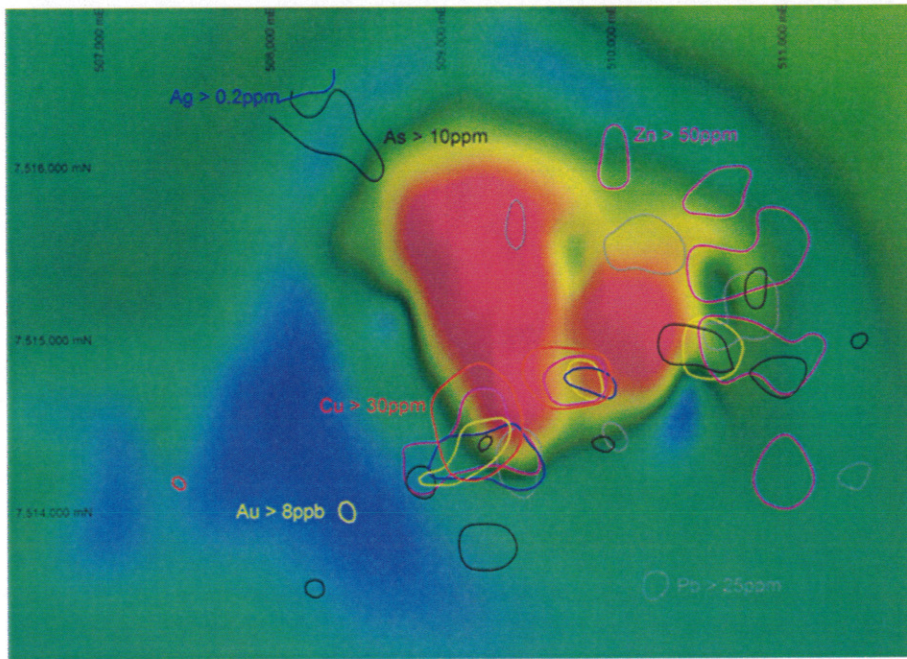


Figure 6 Mistake Creek aeromagnetic high showing overlapping anomalous geochemical results for the elements Ag, As, Au, Cu, Pb and Zn

Cudgee Park (EPM 14790)

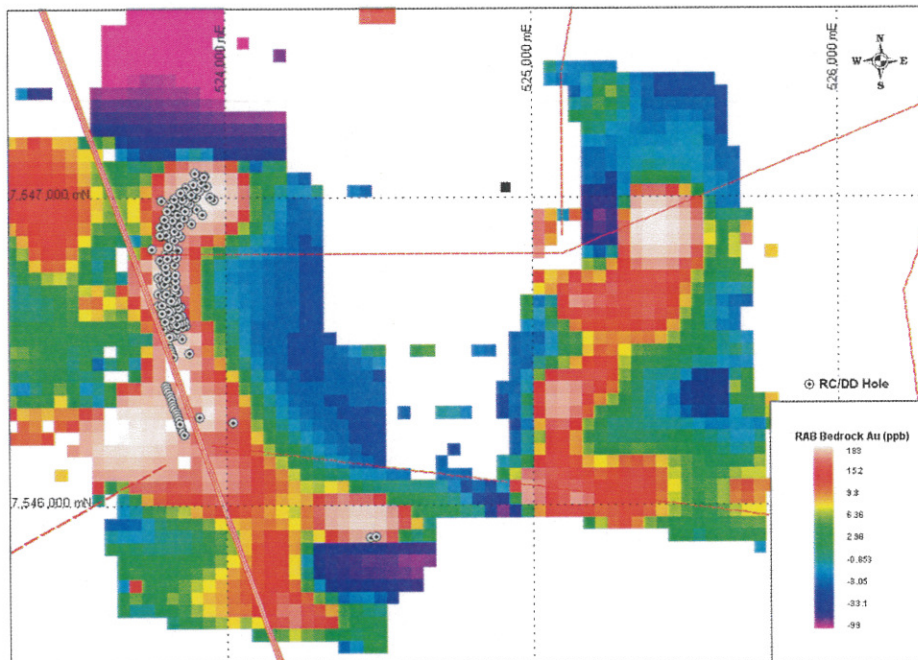


Figure 5. Cudgee Park bedrock (RAB) gold geochemistry. The Lucky Break mine is located in the western part of the anomaly and is indicated by drill hole symbols. The eastern part of the anomaly has not been tested by drilling

Assessment of past exploration data over the Lucky Break mine area has highlighted a significant eastern anomaly (see figure 5) which Zamia has named Cudgee Park. It appears as a mirror image to that over the mine area and has not been drilled. A detailed exploration programme is planned.

Matilda's Sister (EPM 14790)

A prospect termed "Matilda's Sister" located approximately 1.5 km south-east of the Matilda Prospect, has been highlighted by anomalous gold values from a regional MMI soil sampling programme carried out earlier in the year (see Figure 7).

In early September, an infill soil geochemical programme was conducted and 102 samples were collected for assay. Analytical results are not yet available.

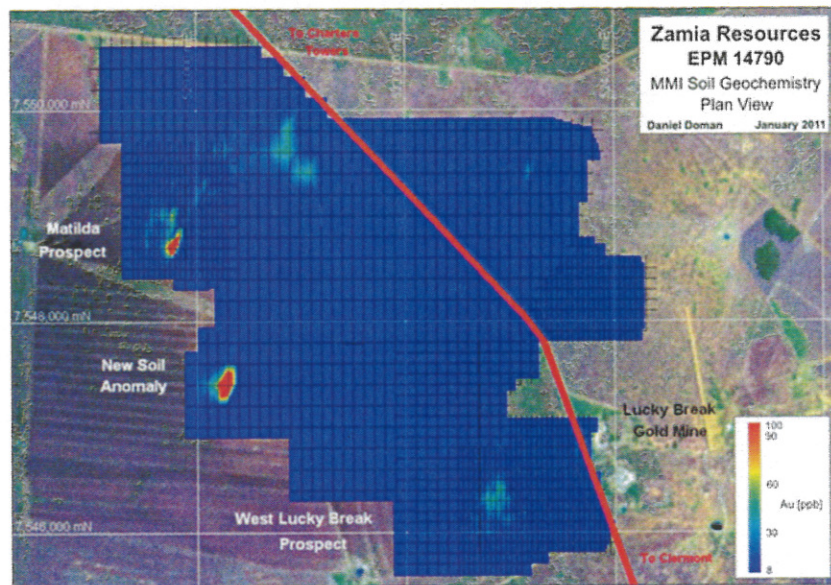


Figure 7. MMI soil geochemistry highlighting the Matilda's Sister gold anomaly

West Lucky Break (EPM 14790)

The West Lucky Break target had been previously defined by a soil geochemical survey and an induced polarisation (I.P.) survey. Four RC holes have been drilled, although the third and fourth holes were abandoned at 20m depth due to drill penetration issues (and the samples were not assayed). The prospect area is blanketed by thick soil and has no geological expression. Assay results for the first hole completed prior to the wet weather at the end of last year have been reported previously. Gold assay results of the second hole are reported in Table 2 below.

None of these intersections produced significantly elevated gold assays. The drilling results indicate that the soil geochemical and I.P. anomalies were derived from supergene enrichment or pyritic schists.

Hole ID	Depth [m]	Mineralisation	From [m]	To [m]	Thickness [m]	Grade [g/t]
RC10WLB00 1	99	oxide	0	27	27	0.07
		incl.	21	27	6	0.17
RC11WLB00 2	180	sulphide	165	180	15	0.05

Table 2. Summary of gold intersections, West Lucky Break - RC percussion drilling

CORPORATE ACTIVITIES

Corporate funding

The Company had advised and was working towards a rights issue to shareholders at 10.5 cents per share, the same price as the share placement to sophisticated investors in April 2011. Unfortunately, due to market conditions, it has not been practical or in shareholders' best interests to proceed with this proposed rights issue. Future issues will be reconsidered in light of funding requirements and prevailing economic conditions.

In the current market and the absence of the funds from the proposed rights issue, the Company entered into a Loan Agreement with Brownstone International Pty Limited, a substantial shareholder of the Company, on terms which are considered to be very favourable to the Company. Under the terms of the Loan Agreement, the Company may borrow \$1.5 million for working capital purposes at an interest rate of 8% p.a. The Company must repay the Loan on or before 31 October 2011. At the Annual General Meeting on 25 October, shareholders approved satisfying the Loan repayment by an issue of the Company's shares at an issue price which is the greater of 8.5 cents per share and 90% of the 10-day VWAP in the 10-day trading period ending one business day prior to 31 October 2011.

Investor Relations and Promotion

The Company's executives held a series of meetings with brokers and institutional investors in Sydney.

Zamia was represented in Perth at the NG Mining Summit which was well attended by senior managers from mining companies and industry solution providers.

Personnel

During the quarter, Zamia employed an assistant to the Executive Chairman to further build up management depth while pursuing the two-track strategy of advancing copper and gold exploration and seeking a strategic/cornerstone investor or JV partner for the Anthony molybdenum project.

Health & Safety

A management team member of Zamia attended a workshop in Sydney – "Manage Your HR & Workplace Safety Risks in Times of Growth".

Zamia initiated a review of Health and Safety practice at Clermont including updating Health and Safety Policy, reviewing Drilling Safety Management System and identifying H&S training needs for staff.



Ken Maiden
Executive Chairman

Competent Person

Dr Ken Maiden, MAIG FAusIMM, Executive Chairman of Zamia Metals Limited, compiled the geological technical aspects of this report. He has sufficient experience to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Maiden consents to the inclusion of the matters in the form and context in which they appear and takes responsibility for data quality.