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## **ZAMIA METALS LIMITED QUARTERLY ACTIVITIES REPORT**

### **For the quarter ended 31 March 2014**

#### **KEY POINTS**

- Successful capital raising – Zamia announced on 19<sup>th</sup> March 2014 a 2-for-3 renounceable rights issue at \$0.006 per Offer Share to Eligible Shareholders. Proceeds from the Issue will be used to fund key exploration activities and the Company's working capital requirements. The Issue closed on 11th April 2014 with the subscription amount of \$1,157,657.
- Zamia has evaluated the results of the Induced Polarisation ('IP') survey carried out last quarter, and has designed a drill program to test the geophysical IP anomalies delineated within the Anthony Project Area (EPM 15145). The program, to commence at the end of April 2014, targets potentially new mineralised zones for gold and/or copper and additional high grade molybdenum, surrounding the known Anthony molybdenum deposit.
- Results from the single IP line over Hill 271 prospect, in EPM 19369 (Amaroo South), are highly encouraging. One initial drill hole is planned to test the IP chargeability anomaly in May 2014.
- Zamia has expanded its tenement portfolio with a new EPM application to the west of Anthony, EPM 25479 Epping Forest, covering an area of 240 square kilometres (km<sup>2</sup>).

#### **ZAMIA'S DRILLING PROGRAM**

##### **1. Anthony Project Area**

The IP survey carried out in November 2013, defines an IP chargeability anomaly of 1.4 km diameter from surface down to 400 metres ('m') depth, encompassing and surrounding the known Anthony molybdenum resource. The Anthony mineralisation is characterised by a resistivity high, surrounded by largely untested zones of low resistivity, most clearly defined at a model depth of approximately 300m (Figure 1).

Based on the IP survey results, a number of drill targets have been defined. These targets comprise (a) resistivity low anomalies within the area of elevated IP chargeability potentially representing

zones of elevated alteration intensity within the porphyry system; and (b) a satellite IP chargeability high, possibly representing mineralisation of a different style.

a) Resistivity lows within the chargeability high response of a porphyry system may represent either more intense alteration or a different style of alteration (e.g. argillic alteration within surrounding phyllic/propylitic alteration) or structural features such as faults or breccias, any of which may be mineralised. Of particular interest to Zamia is the resistivity low number 1 (Figure 1), which coincides with the highest model chargeability, and resistivity lows number 2 and number 3, which are characterised by particularly strong contrast and an apparent linear trend.

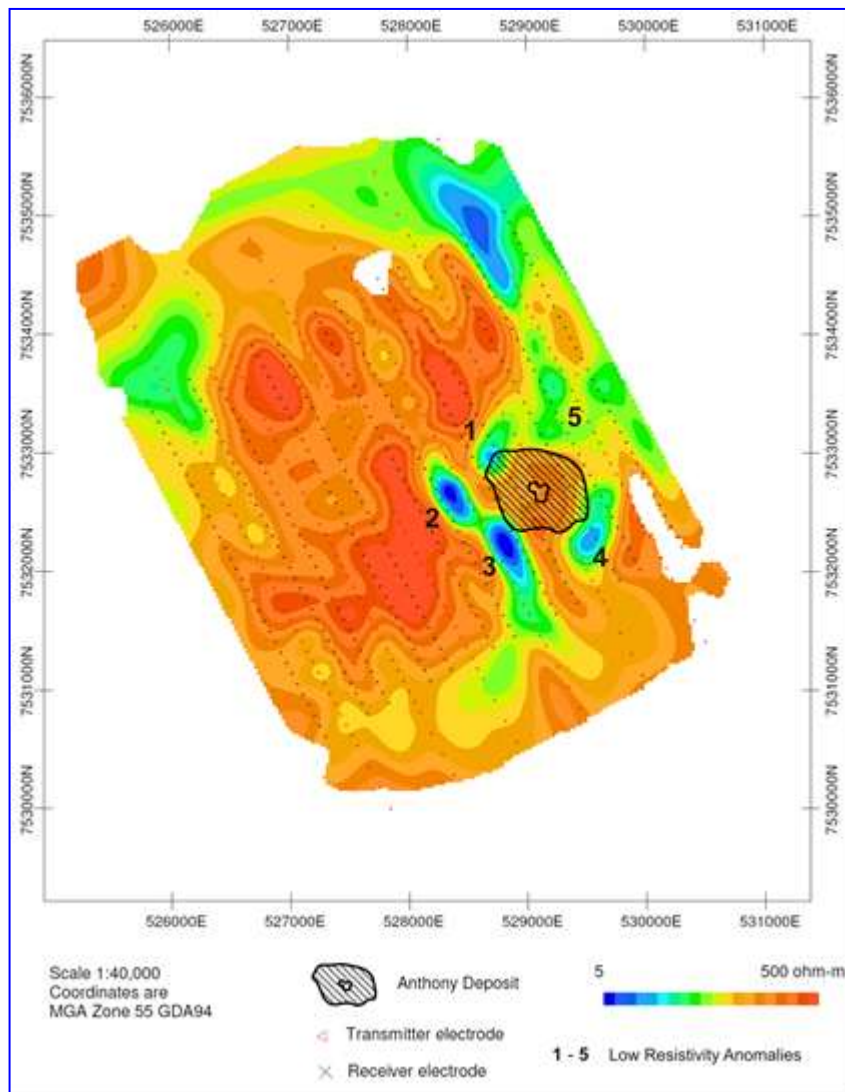


Figure 1. IP resistivity model at 300m depth, showing drill targets within resistivity low anomalies surrounding the Anthony molybdenum resource (1-5)

The proposed drilling is a two-staged program with an initial three drill holes to test the nature of three separate IP anomalies. Should one or several of these drill holes intersect promising mineralisation or alteration, up to three further drill holes are proposed to test presence and continuity of potentially economic mineralisation along strike.

b) Satellite IP chargeability high, a separate IP response, about 1.4 km to the north-west of the Anthony resource area, is the proposed 6<sup>th</sup> target for drilling (Figure 2). The small chargeability high is located on the western flank of an aeromagnetic high. The spatial separation from the main system and association with a magnetic anomaly, make the chargeability anomaly an attractive target for mineralisation which may be of a different style or commodity from the Anthony molybdenum deposit. No previous drilling has been conducted in this area.

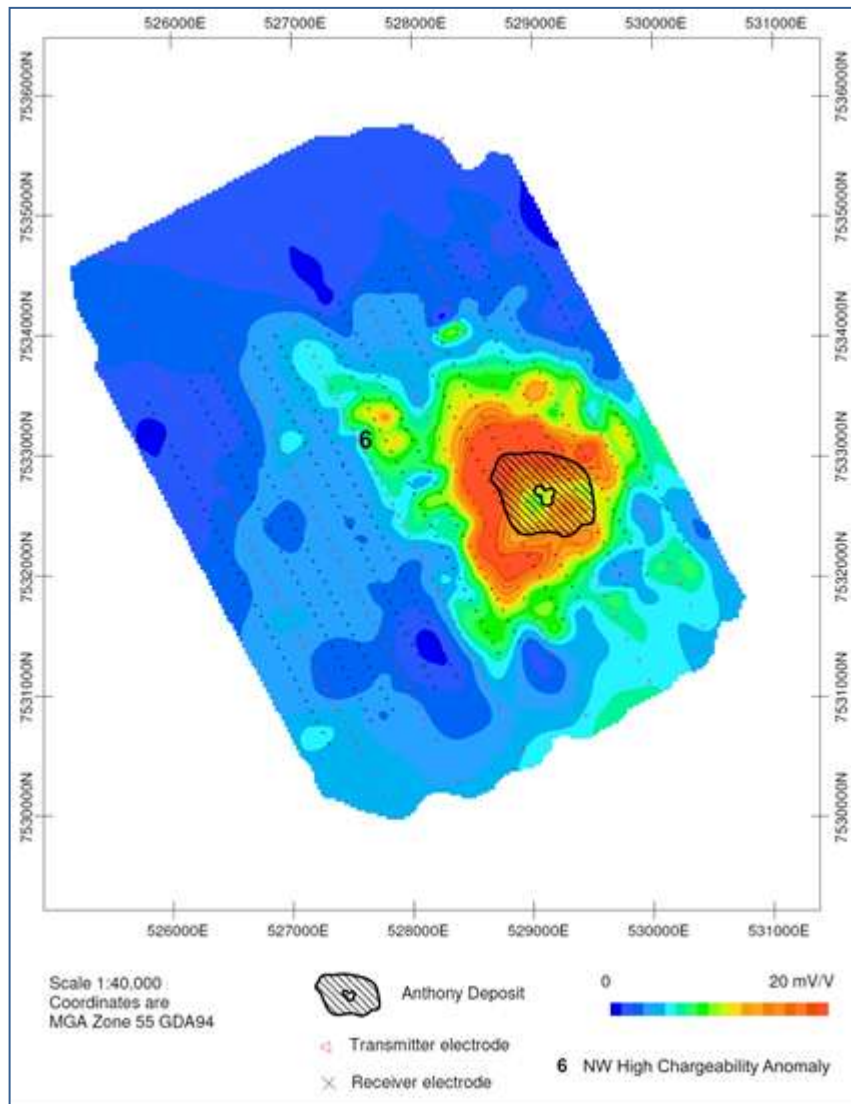


Figure 2. IP chargeability model at 100m depth, showing the satellite chargeability high to the NW of the main anomaly

## 2. EPM 19369 Amaroo South - Hill 271 prospect

A single 1.6 km line of dipole-dipole IP across the Hill 271 prospect resulted in an IP chargeability response positioned below the centre of the prospect area, which forms a low hill. The anomaly is also accompanied by a complex resistivity high and together these results can be considered indicative of sulphide mineralisation at a depth of over 100m. One drill hole is proposed to test this prospect initially.

## EPITHERMAL GOLD PROJECTS

Zamia’s northern tenements are prospective for epithermal-style gold-silver deposits. The largest of these tenements, EPM 17703 Disney, contains several prospects where previous company drilling intersected gold mineralisation, including the “Apache” Prospect showing a best drill-intercept of 2m @ 3.25 g/t Au. During 2013, Zamia carried out conventional regional soil geochemistry acquiring 1,800 samples for analysis over the tenement area. In the larger southern grid, first pass analyses were obtained for common path-finder elements usually present in epithermal gold-silver deposits in much higher levels and with greater distribution, making them easier to delineate. Selection of prospective areas for second pass gold assaying is in progress.

The historic “Big Red” prospect, consisting of stock-work quartz veining and anomalous geochemistry in three percussion drill-holes over an east-west strike length of 100m, is significantly enlarged by Zamia’s soil geochemical survey. Anomalous values for this area are As (59 ppm), Mo (0.96 ppm), Sb (1.03 ppm) and Te (0.03 ppm). The area of anomalous geochemistry shows a distinct extension of over 600m to the north-east and south to south-west of “Big Red”.

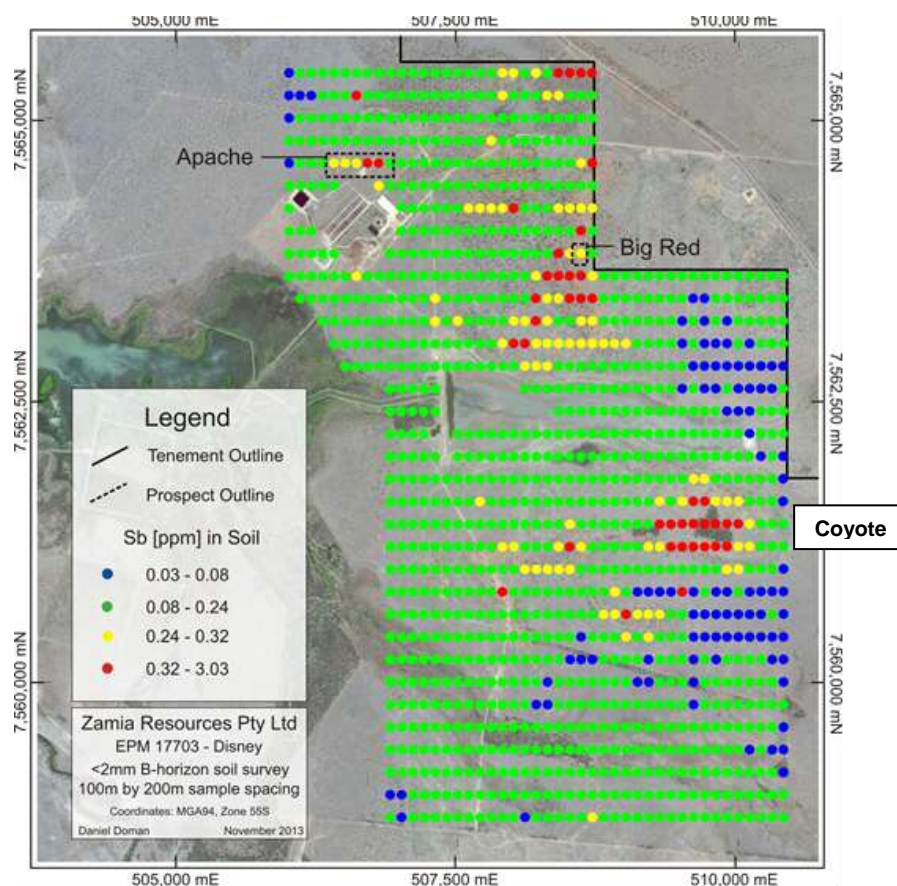


Figure 3 “Sb” soil geochemical results from the South Disney conventional soil grid (EPM 17703) shown on aerial photography background

A second new soil geochemical anomaly, approximately 200m by 600m in size, called the “Coyote” prospect, consists of a coincident As (15.7 ppm), Pb (130 ppm), Sb (0.7 ppm) and W (0.38 ppm) anomalies (figure 3). Field inspection of “Coyote” and the area around “Big Red”, in February 2014,



confirmed that the two new anomalous areas are situated on high ground and are covered by residual soil. Subsurface sampling techniques, such as percussion drilling, will be required to follow-up and test the source of these anomalies.

The soil geochemical program also highlighted elevated silver and base metal concentrations (Cu, Pb, Sn, Ti, Zn) in creek sediments at the southern end of the soil grid (figure 4). Follow-up stream sediment sampling aimed at locating the origin of the elevated metal concentrations is also planned.

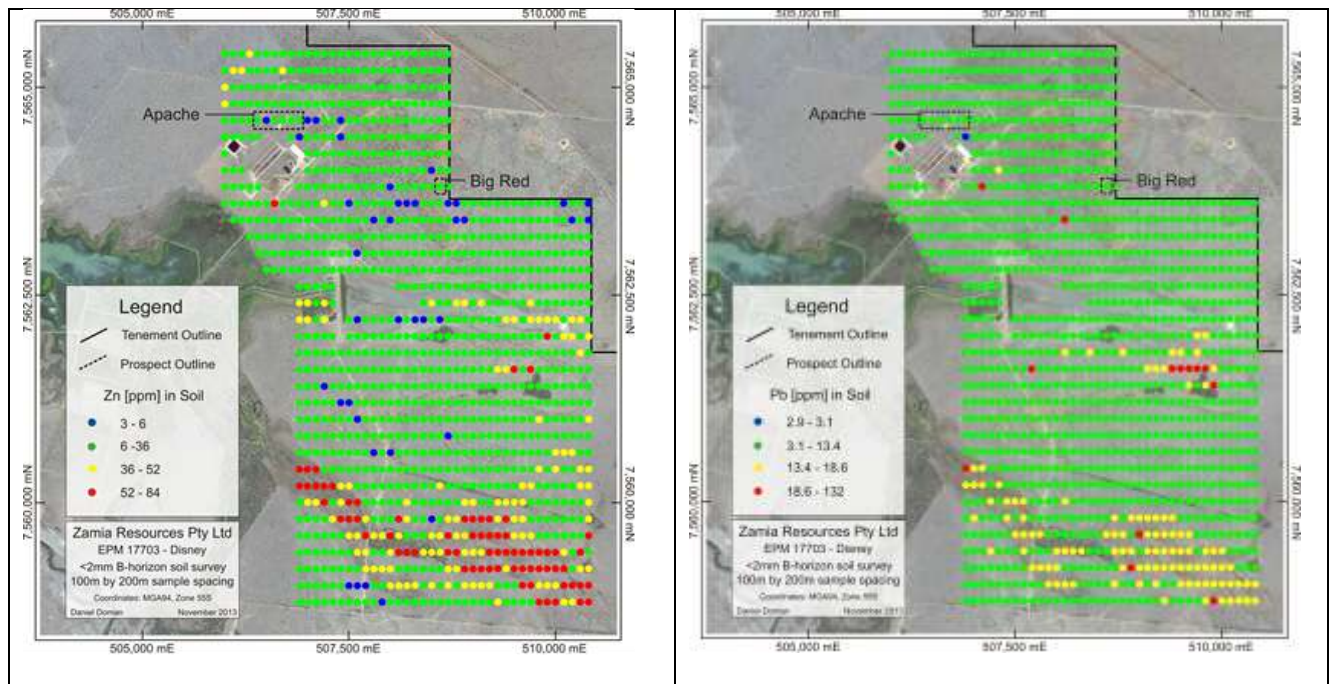


Figure 4 "Zn" (left) and "Pb" (right) soil geochemical results from the South Disney conventional soil grid (EPM 17703) shown on aerial photography background

## EXPLORATION PERMIT APPLICATION - EPM 25479 EPPING FOREST

A new application was lodged in January 2014 over a distinct aeromagnetic high with an interesting magnetic signature overlying Drummond Basin strata. The area totals 240 km<sup>2</sup> and is located 50 km directly west of the Anthony deposit (Figure 5).

## CORPORATE ACTIVITIES

### Capital Raising

- Zamia announced on 19<sup>th</sup> March 2014 a 2-for-3 renounceable rights issue at \$0.006 per Offer Share to Eligible Shareholders.
- Eligible Shareholders who take up their Rights in full may apply to participate in any shortfall which may be available under the Offer.

- Proceeds from the Issue will be used to fund key exploration activities and the Company's working capital requirements.
- The Issue closed on 11th April 2014 with the subscription amount of \$1,157,657.
- The allotment date for the issue of shares to shareholders participating in the Rights Issue was 23rd April 2014 and the new shares commenced trading on 24th April 2014.

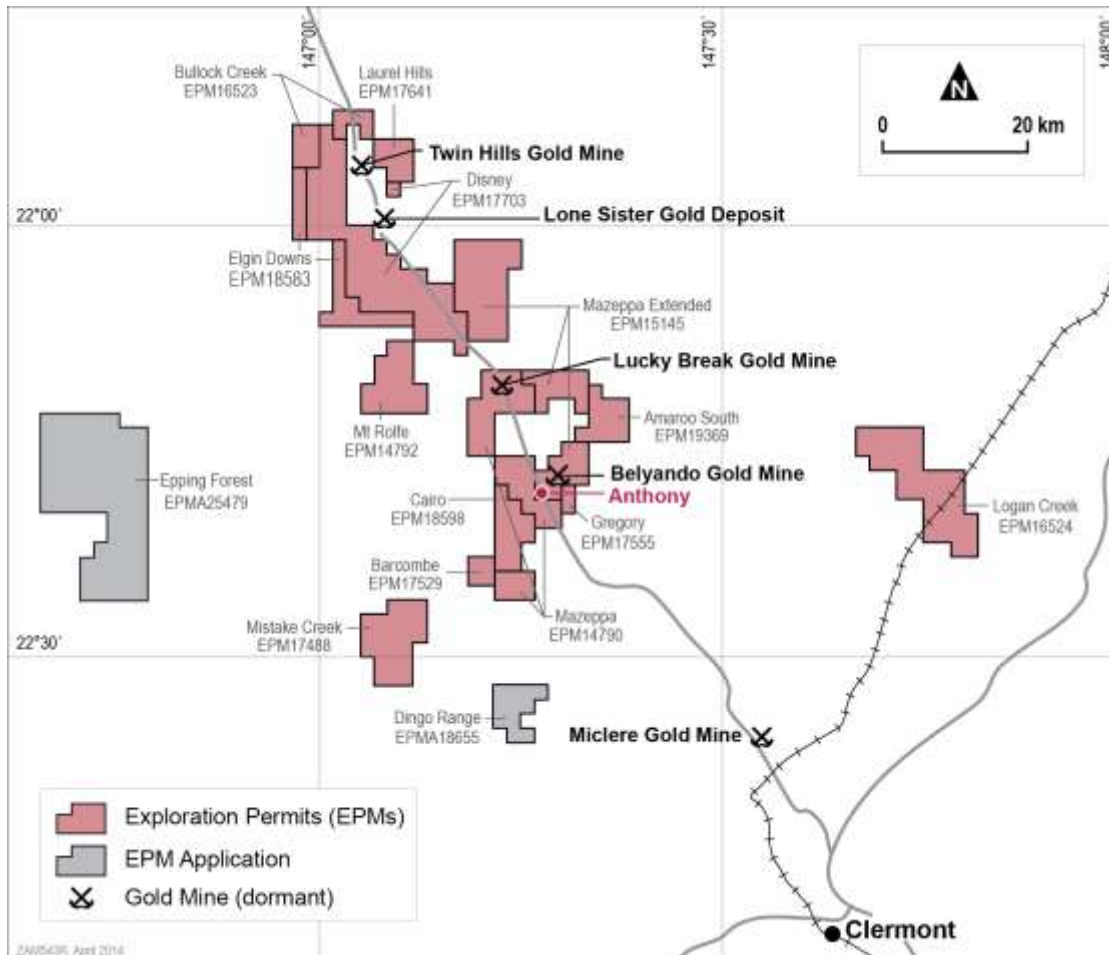


Figure 5. Zamia's tenement portfolio – February 2014

*R. E. Keevers*

Richard Keevers  
Chairman, Zamia Metals Limited

**Competent Person**

Mr Richard Keevers, MAIG FAusIMM, Chairman and a Director 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 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Keevers consents to the inclusion of the matters in the form and context in which they appear and takes responsibility for data quality.