



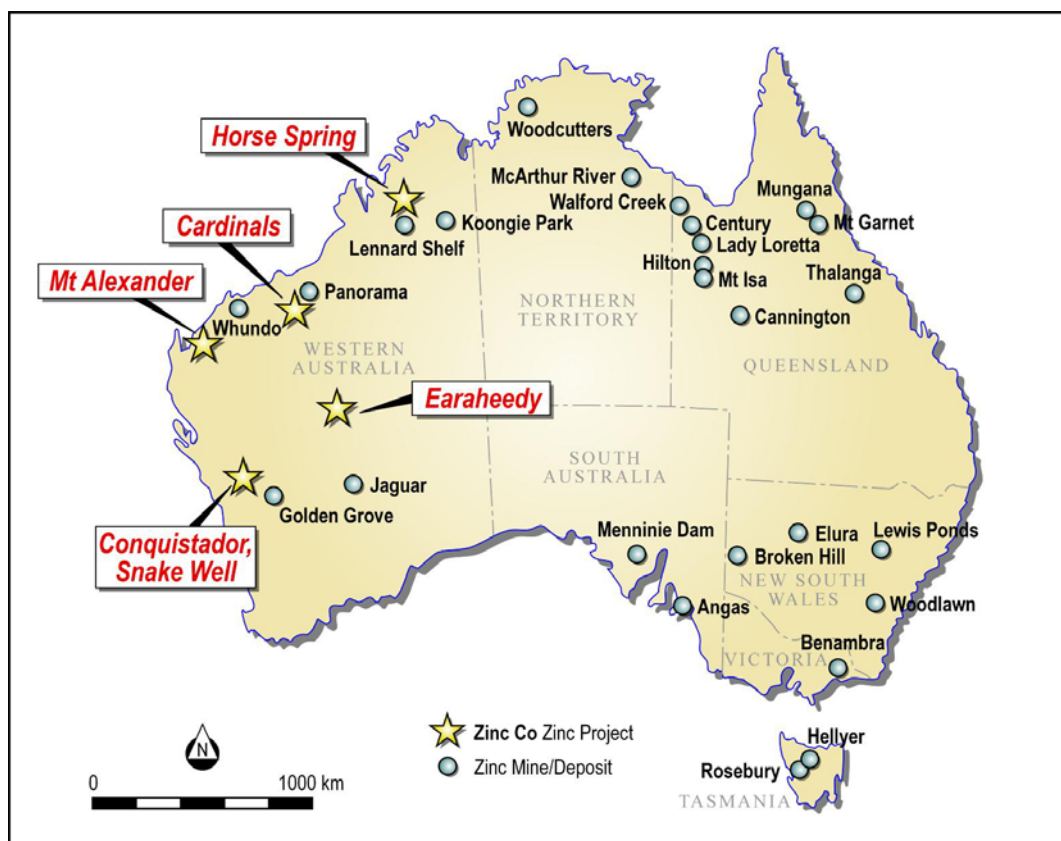
Zinc Co
Australia
Limited

ABN 96 119 397 938

QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDING 31 December 2008

HIGHLIGHTS

- Conquistador Snake Well** Helicopter EM survey completed over 12 strike kilometres of strong alteration east of Conquistador.
- Cardinals** Ground EM at the Cardinals Prospects indicates that the sulphide horizon extends well below area drilled to date.
- China** Ground EM survey commenced at Jingzidong nickel copper property.
- Funding** The Company is in a sound financial position to undertake its programmes with \$2.9 million in cash and term deposits as at 31 December 2008.



Zinc Co Project Locations



EXPLORATION PROJECTS

Conquistador, Snake Well JV (Zinc Co earning up to 75%, Giralia retains certain gold rights)

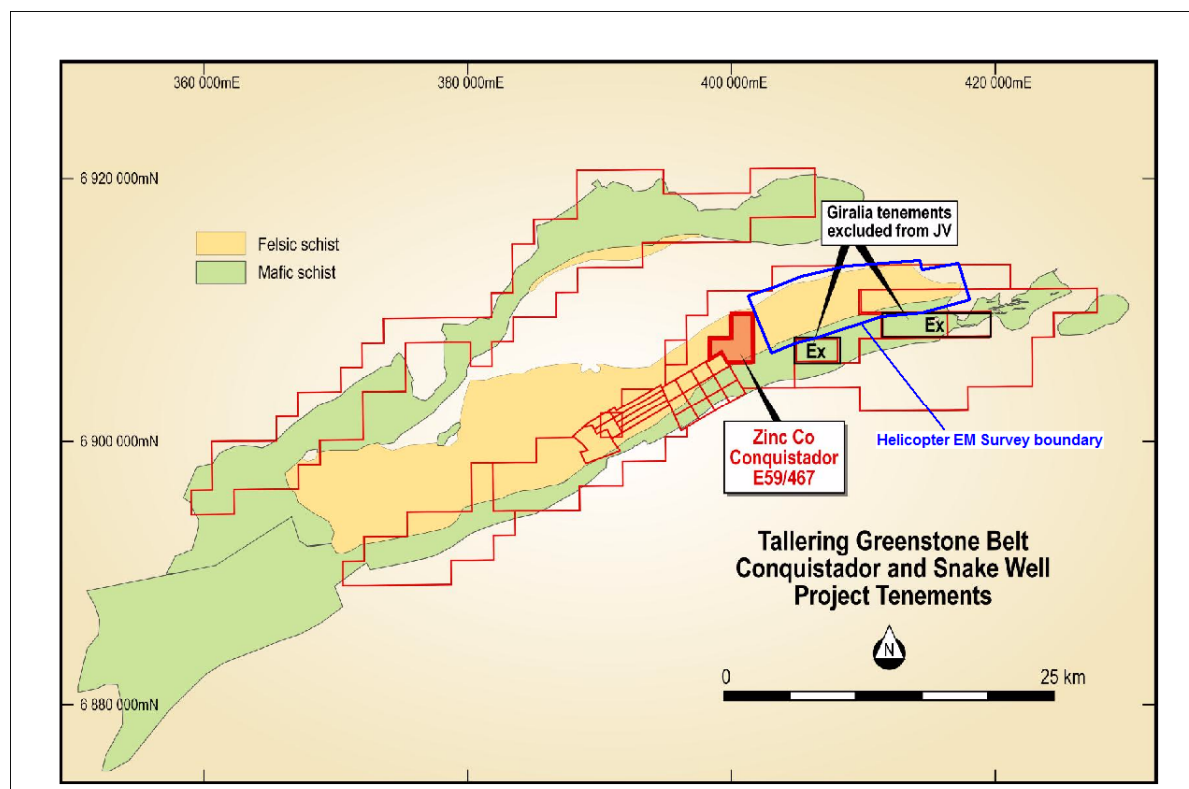
Quarter Activity

In the September 2008 Quarterly the Company reported that the volcanic hosted massive sulphide (VHMS) footwall style alteration system defined by drilling at the Conquistador Prospect extended 12 kilometres to the east. This interpretation was based on the results of an IP/Resistivity geophysical survey and scout RAB drilling.

In October 2008, the company completed a spectral mineral mapping programme on 3300 assay pulps from 110 historical drill holes. 80 of the holes were at Conquistador and 30 were from holes to the east. The results confirm that mica and chlorite compositions at Conquistador and to the east are consistent with intense VHMS style footwall alteration.

In November 2008, Fugro Airborne Surveys completed 670 line kilometres of helicopter electromagnetic (HeliGeotem) survey east of Conquistador. The purpose was to detect zones of massive sulphide within the alteration zone.

Processing of this data is in progress and will be available in January 2009. Results will be reported in the next quarterly report.



Conquistador, Snake Well Project – location of HeliGeotem Survey



Background

The Conquistador and Snake Well Projects cover 50 strike kilometres of volcanic rocks in the Talling Greenstone Belt. These rocks are prospective for high unit value volcanic hosted massive sulphide (VHMS) deposits. The setting is similar to that of the world class Golden Grove VHMS deposits (Gossan Hill, Scuddles) 150 kilometres to the south east.

Diamond drilling at the Conquistador and A Zone prospects has intersected mineralisation of VHMS style including:

Conquistador:

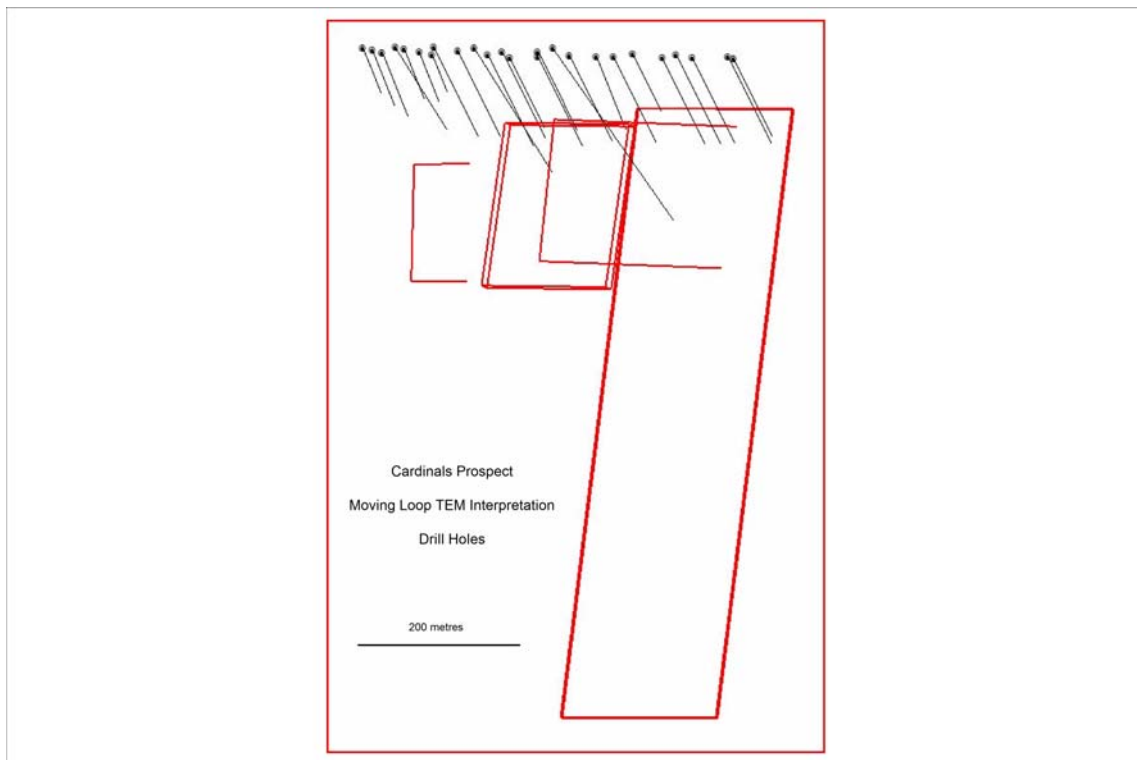
- 4 metres @ 8.25% Zn, 20.5 g/t Ag, 0.53% Cu and 0.63% Pb from 88 metres,
- 6.7 metres @ 6.1% Zn including 2 metres @ 18% Zn from 118 metres, and
- 2.4 metres of 12.15% Zn, 0.64% Cu, 0.63% Pb and 27.5 g/t Ag from 135.4 metres.

A Zone

- 1 metre @ 4.90% Zn, 14.0 g/t Ag, 0.51% Cu, 0.90% Pb and 5.63 g/t Au from 154 metres
- 2.1 metres @ 2.34% Zn, 13.5 g/t Ag, 0.69 % Cu, 0.22 % Pb and 1.81 g/t Au from 131.4 metres



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Cardinals Prospect – plate model interpretation of Sept 2008 MLEM survey.

View from grid south west

Background

The Cardinals project covers potential strike extensions to the host rocks of CBH Resources Ltd's Panorama-Sulphur Springs volcanic hosted massive sulphide style ("VHMS") base metals project (Sulphur Springs resource of 15.5 million tonnes @ 3.5% Zn, 1.3% Cu) which is located 35 kilometres to the north east. Shallow percussion drilling in the 1970's beneath a gossan assaying 22% Zn returned an intersection of 10 metres @ 5.9% Zn, 0.94% Cu, 36 g/t Ag (including 2 metres @ 13.2% Zn). Rock samples from a second gossan discovery to the south returned up to 16% Zn and 32% Cu. A strong ground EM conductor is associated with the drilling intersections described above, and extends several hundred metres south of the gossan.



Earaheedy (Zinc Co 100%)

Quarter Activity

No activity this quarter

Background

The Earaheedy project includes a 30 kilometre long zone of carbonate-hosted zinc (Zn) and lead (Pb) mineralisation in the mid Proterozoic Yelma Formation in the Earaheedy Basin north of Wiluna. Broadly spaced drilling by RGC Exploration (RGC) from 1992 to 1996 defined several prospects containing oxidised and primary Zn-Pb mineralisation (zinc dominant). At 'Navajoh', an intersection of 7.3 metres @ 6.1 % Zn, 0.77% Pb (including 3.3 metres @ 11.2% Zn, and 0.93% Pb) is untested for 500 metres to 1 kilometre in all directions. At 'Magazine' there are no follow up holes within a 1 kilometre radius of a discovery intersection of 5 metres @ 5.6% Zn +Pb (including 2 metres @ 8.2% Zn, 2.8% Pb). At 'Chinook' intersections include 6 metres @ 3.63% Pb +Zn. These discoveries, along with the Magellan lead mine (operated by TSX listed Ivernia West Inc; reserves 16.2 million tonnes @ 6.2% Pb), which is located in outliers of the same rocks just north west of Wiluna, suggest an emerging new base metals province in rocks of the Earaheedy Basin.

Mt Alexander (Zinc Co 100% interest in rights to all minerals other than tungsten and molybdenum.)

Quarter Activity

No activity this quarter

Background

The Mount Alexander prospect covers 15 kilometres of strike of a folded dolomite/BIF sequence in the northern Gascoyne province and includes lead-zinc prospects with possible similarities to Broken Hill style Pb-Zn mineralisation. At the 'Cyprus' gossan area, encouraging initial drill intersections include 8 metres @ 2.38% Zn, 0.95% Pb, and 4 metres @ 3.15% Zn beneath the main siliceous gossan which returned 42 metres @ 1.36% Pb, 1.08% Zn, 17.2 ppm Ag from surface rock chip sampling. At the 'Galena Cave'-'Dozer Cut' area, Pb anomalism over 1500 metres strike coincides with intermittent exposures of the target dolomitic shale unit with known galena occurrences. Rock chip channel samples returned 2 metres @ 62% Pb, 0.32% Zn 420 ppm Ag at the 'dozer-cut' prospect, and 4 metres @ 3.15% Pb, 0.92% Zn, 29 ppm Ag at 'Galena Cave'.



Horse Springs (Zinc Co 100%)

Quarter Activity

No activity this quarter

Background

At the Horse Springs project in the Kimberley District, Mississippi-Valley Type zinc lead mineralisation is hosted in carbonate rocks. It is similar to the Teck Cominco/Xstrata Lennard Shelf deposits 35 to 55 kilometres to the southwest. Previous exploration drilling at Horse Spring returned significant sulphide mineralisation, including 4 metres @ 7.65% Zn, 0.42% Pb, from depths generally less than 100 metres, around the Enigma Gossan adjacent to the Lindner Hill Fault Zone.

NEW PROJECTS

Jingzidong (Zinc Co may earn 75%)

Quarter Activity

Zinc Co has an option agreement to explore the Jingzidong nickel copper property in Xinjiang Province, China. During the quarter, Zinc Co completed reconnaissance mapping of mafic/ultramafic intrusives and commenced a moving loop ground EM survey. A local contractor with the latest Canadian equipment is undertaking the survey. Conditions are ideal for an efficient and definitive test for high grade nickel copper sulphides – there is no conductive overburden, host rocks are resistive, there are no non-sulphide conductors and access is excellent. The survey is suspended for the winter and for the Chinese New Year and will recommence in February 2009.



EM survey crew at Jingzidong

Background

The Jingzidong option agreement covers a 23 km² exploration licence in a belt containing two producing nickel copper mines. The agreement gives Zinc Co the exclusive right to evaluate the property with a program mapping and geophysics. If Zinc Co decides to proceed, a joint venture will be formed with Zinc Co holding a 75% interest and subsequently funding work until a positive decision to mine. Contribution will then be in proportion to interest.

CORPORATE DEVELOPMENTS

The Company intends to maintain exploration while carefully monitoring its cash position. The focus will be on cost effective drill target generation to improve the value of our current properties.

Drilling will be considered depending on market conditions. New projects will be considered where no upfront cash payments are required. At 31 December 2008 the Company had \$2.896 million in cash and term deposits.



The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by A M Hespe, who is a Member of the Australasian Institute of Geoscientists. Mr Hespe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'. Mr Hespe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.