Zinc Co Australia Limited
ABN 96 119 397 938

QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDING

30 September 2009

HIGHLIGHTS

Mt Alexander

- **Major magnetite iron resource potential identified**
- **Average grade of 265 surface rock chip samples is 35.2% Fe**
- **Project owned 100% by Zinc Co**

Cardinals

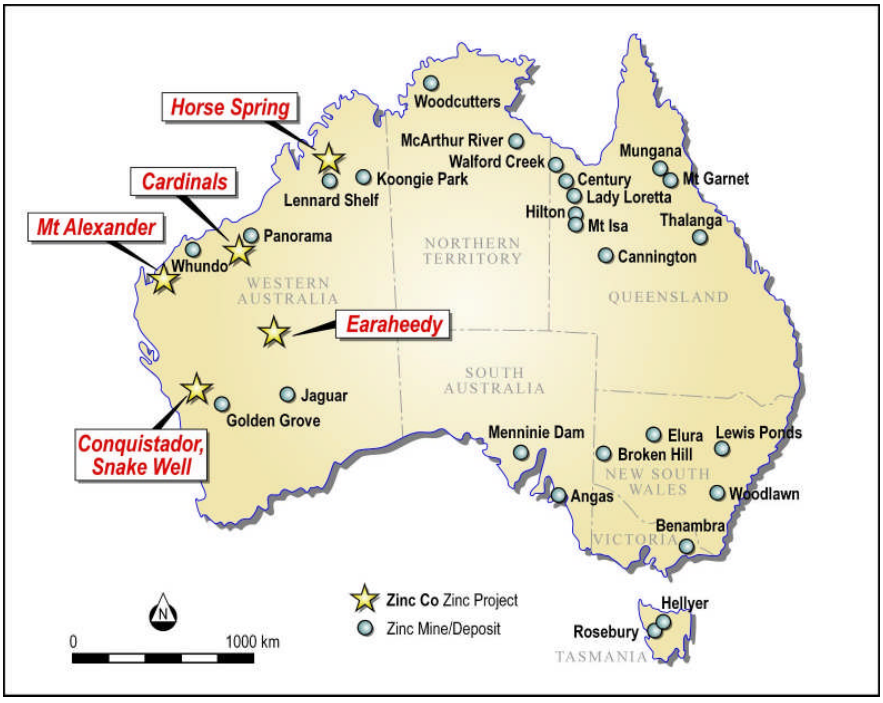
- **Diamond drilling intersected zinc rich mineralisation:**
  - **1m @ 4.96% Zn, 0.23% Pb, 0.18% Cu, 9 ppm Ag**
  - **3m @ 2.59% Zn, 0.15% Pb, 0.43% Cu, 25 ppm Ag**

Lennard Shelf (Horse Spring)

- **Project tenements sold to Meridian Minerals for $150,000 cash, 2,000,000 Meridian shares**

Earaheedy

- **Helicopter electromagnetic survey completed**



Zinc Co Project Locations

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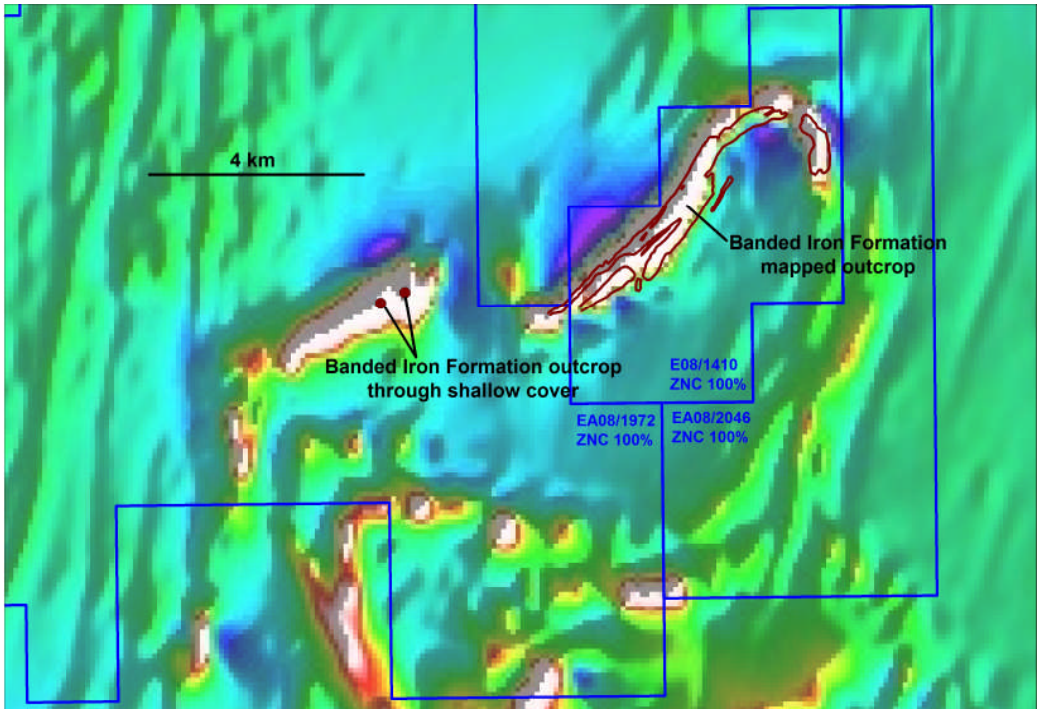
EXPLORATION PROJECTS

Mt Alexander (Zinc Co 100%)

Quarter Activity

The Company previously announced a programme of rock chip sampling to evaluate the iron ore potential of a Banded Iron Formation (BIF) within exploration licence E08/1410. The BIF outcrops as a prominent ridge with a strike of 6.5 kilometres and width up to 560 metres. Aeromagnetic data show that it extends for a further 3.3 kilometres west under shallow cover into ELA 08/1972.



Mount Alexander Project TMI RTP aeromagnetics and tenements

Initial results from that work have been received and details were released to the market on 28th October 2009.

265 rock chip samples were collected from outcrop and assayed for the standard iron suite by Spectrolab, Geraldton. Average values for all of these samples relative to published data on major Australian magnetite resources are shown in the table below. All assays are included in the statement released on 28 October.

Deposit	Type	Company	Resource Mt	Fe%	SiO2%	Al2O3%	P%
Balmoral South	Magnetite	Australasian Resources	1605	31.2			
Ridley	Magnetite	Atlas Iron	2010	36.5	39.3	0.08	0.09
Mount Oscar	Magnetite	Fox Resources	72.4	34	40.6	2.45	0.04
Karara	Magnetite	Gindalbie Metals	1853	35.4	43.3	1.29	0.09
Boo Loo	Magnetite	Iron Road	110	19.4	50.0	11.4	0.09
Beyondie	Magnetite	Emergent Resources	127	28.15	49.4	3.96	0.12
Yogi	Magnetite	Ferrowest	112	25.3	49.5	5.6	0.06
	Average of 265 ZNC surface rock chip assays			**35.17**	**46.9**	**0.44**	**0.07**

Comparison of composition of Mt Alexander BIF rock chips with published data on Australian magnetite resources

The Company purchased full control of E08/1410 from Mt Alexander Resources for $20,000 and 200,000 fully paid Zinc Co shares, escrowed for 12 months (see ASX release 14 Oct 2009). Zinc Co previously controlled seven sub-blocks covering the BIF under a split commodity deed with Mt Alexander Resources. The Company also holds 100% of applications ELA08/1972 and ELA08/2046 which cover extensions of the BIF horizon

Work planned for the December Quarter includes:

- Additional rock chip sampling
- Davis Tube Recovery tests on selected rock chip samples as an indicator of magnetite recovery during processing
- Geological mapping and magnetic modelling to support future resource estimation
- Diamond core drilling to obtain fresh samples for metallurgical testing across the width of the system

Background

The Mount Alexander tenements contain a suite of amphibolite, dolomite, schist, banded iron formation (BIF)and quartzite of Proterozoic age in the northern Gascoyne Province. These rocks have been folded into a regional scale north east trending anticline and metamorphosed to upper greenschist to amphibolite grade. The core of the anticline is intruded by the Mortgage monzonite stock.

Recent rock chip sampling and mapping indicates potential for a multi-million tonne magnetite iron resource within the BIF unit which outcrops as a prominent ridge within E08/1410 and extends west under shallow cover into ELA08/1972.

Lead, zinc, silver mineralisation occurs in a dolomite unit stratigraphically below the BIF. 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

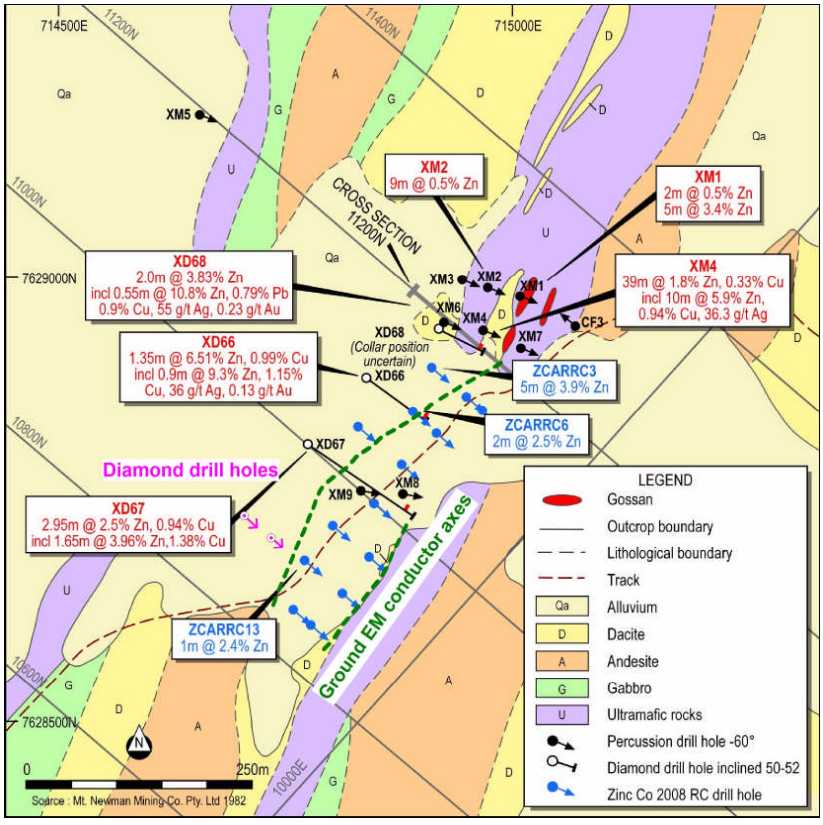
shale unit with known galena occurrences. Rock chip channel samples returned 2 metres @ 62% Pb, 0.32% Zn 420 ppm Ag at the 'dozer-cut' prospect, and 4 metres @ 3.15% Pb, 0.92% Zn, 29 ppm Ag at 'Galena Cave'.

Field evidence shows that the base metal mineralisation exposed at surface occurs in veins. They may be an expression of a larger granite related skarn style system at depth.

Cardinals (Zinc Co earning up to 75%, Giralia retaining nickel exploration rights.)

Quarter Activity

As announced to the ASX on 6 July 2009, a diamond drilling programme was undertaken to test two parallel ground EM geophysical anomalies on strike grid south of the Cardinal's gossan outcrop.



Cardinals Prospect diamond drill hole locations

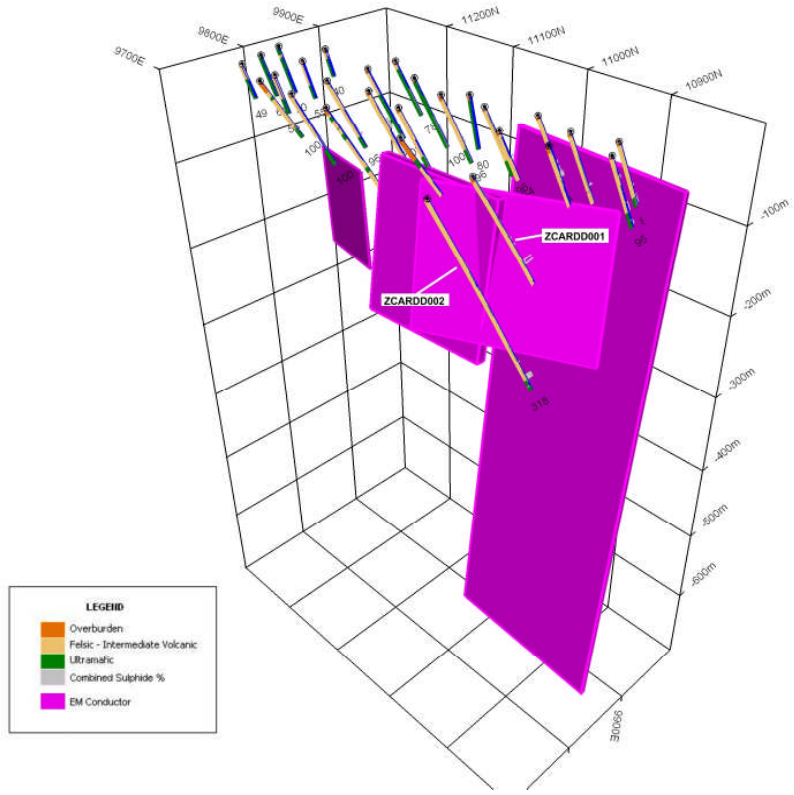
Two diamond drill holes were completed on 10900N to test the EM anomalies at depth. ZCARDD001 (total depth 264.2m) passed down hole through pyrrhotite chalcopyrite veins in rhyolite/dacite lavas into an 8 metre thick coarse volcaniclastic. The volcaniclastic is terminated by an ultramafic intrusive. Silica/sericite/sulphide alteration increases down hole towards the volcaniclastic unit

which shows strong matrix replacement by sulphides, including bands of sphalerite. Best assay results were returned from this zone of coarse volcaniclastic:

Hole	From (m)	To (m)	Intersection
ZCARDD001	227	228	1m @ 4.96% Zn, 0.23% Pb, 0.18% Cu, 9 ppm Ag
ZCARDD001	231	234	3m @ 2.59% Zn, 0.15% Pb, 0.43% Cu, 25 ppm Ag

The volcaniclastic is interpreted to be in a position of massive sulphide build up at or close to the seafloor at the time of formation.

A second hole (ZCARDD002, total depth 318.4m) was collared to test for massive sulphide 60 metres down dip of the intersection in ZCARDD001. This hole intersected a similar sequence of silica/sericite/sulphide altered felsic lava passing into a 19 metre intersection of coarse volcaniclastic terminating in an ultramafic intrusive. The volcaniclastic contains up to 5% pyrite and pyrrhotite with trace amounts of zinc and copper sulphides.



Cardinals Prospect, location of 2009 diamond drilling and interpreted EM sources, looking north east

The pyrrhotite bearing veins and sulphides in the coarse volcaniclastic are sufficient to explain the EM conductors. The drilling results indicate that the massive sulphide position may have been stoped out by the ultramafic intrusion on 10900N section. Further drilling will be considered to test other sections where the massive sulphide position may not have been removed by the intrusion.

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 the Cardinals gossan returned an intersection of 10 metres @ 5.9% Zn, 0.94% Cu, 36 g/t Ag (including 2 metres @ 13.2% Zn). A geophysical survey in 1979 defined a strong ground EM conductor associated with the drilling intersections described above, and extending several hundred metres south of the gossan under shallow cover rocks.

In 2008, Zinc Co completed 15 shallow (<100 metre) RC drill holes targeted at the Cardinals EM feature to test for a near surface resource. Drilling intersections included:

ZCARRC003 5m @ 3.9% Zn, 0.3% Pb, 0.6% Cu, 37 ppm Ag

ZCARRC006 2m @ 2.5% Zn, 0.1% Pb, 0.1% Cu

ZCARRC013 1m @ 2.4% Zn

These intersections show that the mineralised system extends up to 300 metres grid south of the gossan and 175 metres grid south of previous drilling

The Cardinals prospect was subsequently surveyed with a modern EM system which greatly improved data quality of EM data and allowed modelling of significant depth extent to the system.

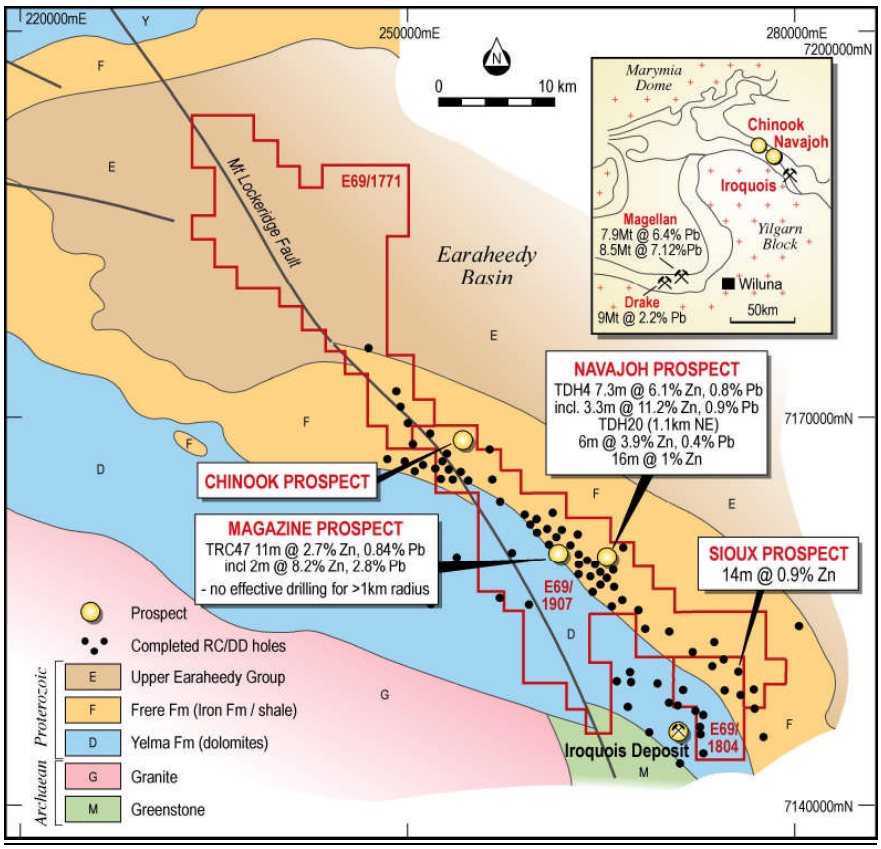
Earaheedy (Zinc Co 100%)

Quarter Activity

Zinc Co previously reported zinc and lead anomalous rock chips, often associated with elevated manganese, around the Lockeridge Fault in the southern part of E69/1771. This regional scale fault is a potential control on mineralisation in the Earaheedy Basin. It may either be related to original deposition of mineralisation or a conduit for subsequent leakage higher into the stratigraphy.

During the current quarter GPX Surveys flew 251 line kilometres of helicopter EM for the Company in this area. The survey was designed to detect conductive mineralisation in shallow dipping stratigraphy and in the steep dipping plane of the fault. Data was received in October and is being

interpreted by the Company's geophysical consultant. Results will be reported as they become available.



Earaheedy Project

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.

The Lockeridge Fault passes through the project region. This is a regional scale fault that penetrates all the stratigraphic section of the Earaheedy Group which is the host unit to zinc and lead mineralisation in Zinc Co's project area. Aeromagnetic data shows that fault extends for 30 strike kilometres through Zinc Co's tenement E69/1771. The fault may either be related to original deposition of mineralisation or a conduit for subsequent leakage higher into the stratigraphy. E69/1771 was acquired to test these concepts

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

Quarter Activity

No activity this quarter

Background

The Conquistador and Snake Well Projects cover 50 strike kilometres of volcanic rocks in the Tallering 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.

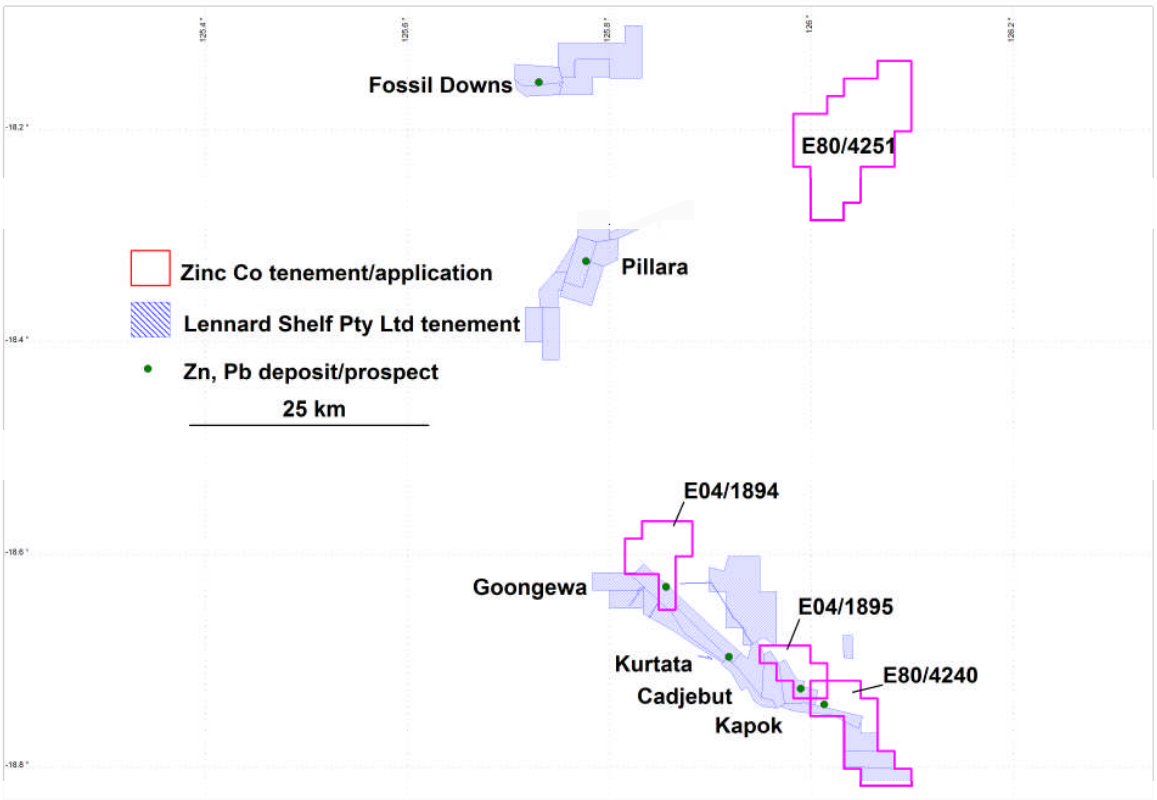
A Zone

- 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

Horse Springs and Lennard Shelf (Zinc Co 100%)

Quarter Activity

During the quarter, the Company received an offer for its Lennard Shelf tenement applications. These are adjacent to tenements owned by Lennard Shelf Pty Ltd (LSPL) which cover zinc lead mines and prospects at Goongewa, Cadjebut and Kapok. LSPL is a joint venture company owned by Teck and Xstrata.



In May 2009 Meridian Minerals Limited signed an agreement with LSPL to acquire certain of their Lennard Shelf assets. Meridian subsequently approached Zinc Co to acquire its Lennard Shelf tenements and terms were agreed to during the quarter. Meridian will purchase the Zinc Co tenements for $150,000 cash and 2,000,000 fully paid Meridian shares escrowed for 12 months. Completion is subject to Meridian obtaining finance and shareholder approval (see ASX release 7 Oct 2009). Zinc Co will use proceeds of the sale for exploration on its other projects.

Background

On the Lennard Shelf in the west Kimberley district, Mississippi-Valley Type zinc lead mineralisation is hosted in carbonate rocks. Historical production has been from the Pillara, Goongewa, cadjebut

and Kapok mines. 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

China Project Assessment

Evaluation of an opportunity that arose during the quarter will be completed by the end of November but pro-active search for new opportunities will cease to focus on Australian projects.

CORPORATE DEVELOPMENTS

The Company intends to maintain exploration with a focus on demonstrating the economic value of the Mount Alexander iron ore project. At 30 September 2009 the Company had $1.86 million in cash and term deposits.

G. Comb **30 October, 2009**
Chairman **Perth, WA**

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.