ZAMIA METALS LIMITED
INTERIM REPORT DECEMBER 2013

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2013.

Directors

The names of directors who held office during or since the end of the half-year are:

Mr Richard Keevers, Non-executive Chairman (appointed 1 December 2013), Non-executive Director (appointed 21 October 2013)

Mr Alan John Humphris, Non-executive Chairman (resigned as Non-executive Director and Non-executive Chairman 1 December 2013).

Dr Jiniu Deng Non-executive Director (appointed 4 October 2013)

Dr Kenneth John Maiden, Non-executive Director

Mr Chen Qiang, Non-executive Director

Mr Andrew Skinner, Non-executive Director

Company Secretary

John Stone

Review of Operations

Exploration Activities

REGIONAL EXPLORATION

Exploration programs in Zamia's tenements (see Figure 1), have focussed on the search for epithermal gold mineralisation in the northern area, while investigations to the south, have concentrated on intrusion related copper/gold/ molybdenum targets.

EPM 17703 Disney, which lies adjacent to Evolution Mining's Twin Hills and Lone Sister gold deposits, was the focus for a large scale conventional soil geochemical survey. The survey, with a sample spacing of 100m by 200 metres ('m') acquired a total of 1,141 samples, covering 16 square kilometres ('km^2') over the southern half of the EPM. Assay results received during October have outlined prospective epithermal gold targets for follow-up investigations over the Big Red and Coyote targets.

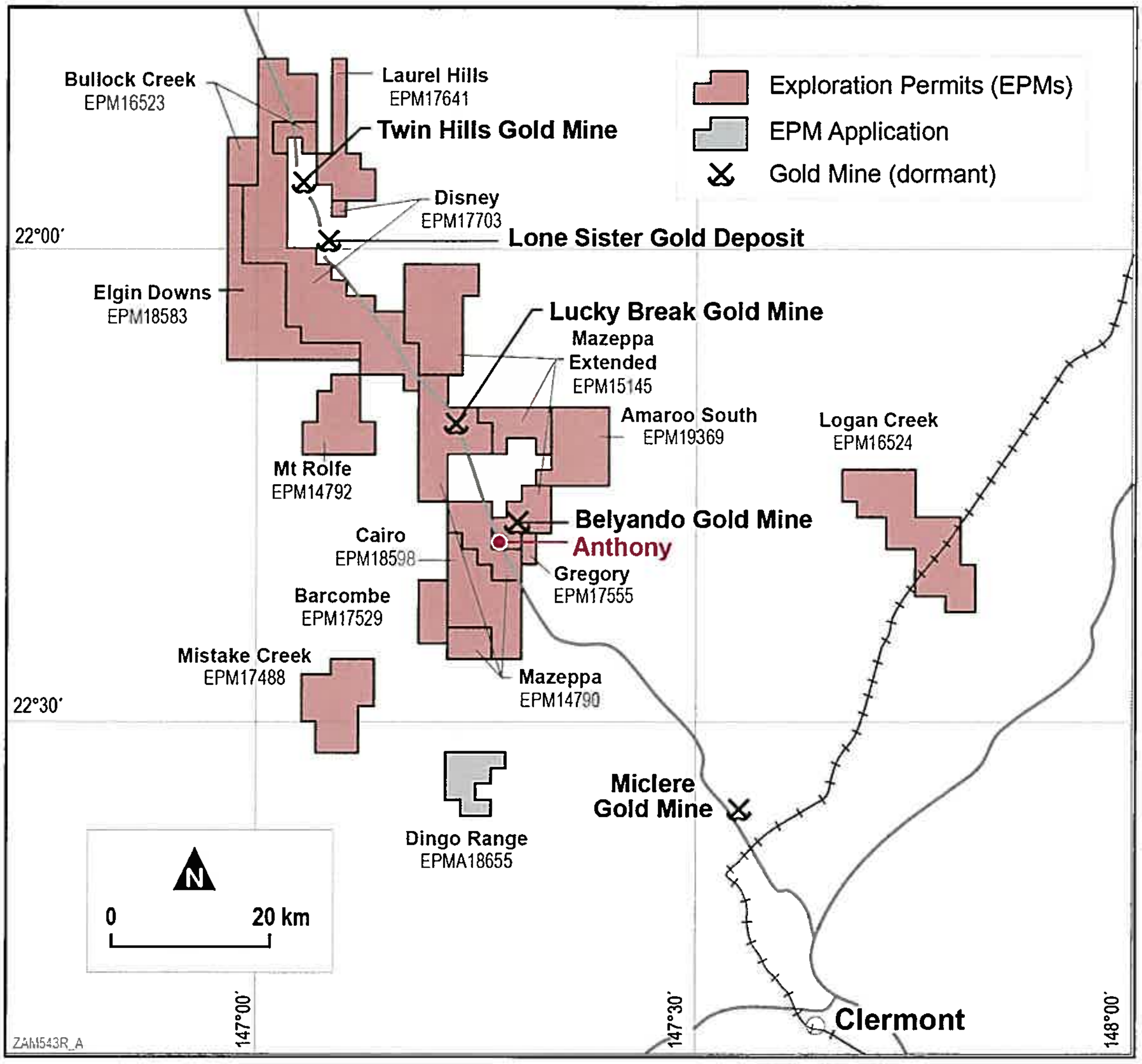

Figure 1 Zamia's tenement portfolio in the Clermont district – 31 December 2013

In the southern tenements, "Hill 271"prospect, EPM 19369, Amaroo South, which has been delineated by elevated soil geochemistry, was targeted for follow-up investigations. Similarities to the Anthony deposit and the potential for porphyry-style mineralisation at depth, led to an initial Induced Polarisation ('IP') test line being surveyed during November.

A single 1.6 km line of dipole-dipole IP across the "Hill 271" prospect resulted in an IP chargeability response positioned below the hilltop. This anomaly is also accompanied by a complex resistivity high, and together these results are indicative of the presence of sulphide mineralisation at a depth of > 100m. Further work is planned.

ANTHONY PROJECT AREA (EPM 15145, EPM 14790)

During October, the Anthony porphyry deposit and the adjacent Dead Horse Bore magnetic anomaly (Figure 2) were surveyed using offset pole-dipole IP to determine the IP and resistivity characteristics of the deposit. The aim was to test for other Cu-Au-Mo mineralised zones and to determine the geological relationship between the deposit and the magnetic high. The survey of twelve spreads of offset pole-dipole IP was carried out by Fender Geophysics using 100m receiver dipoles and 200m spaced lines.

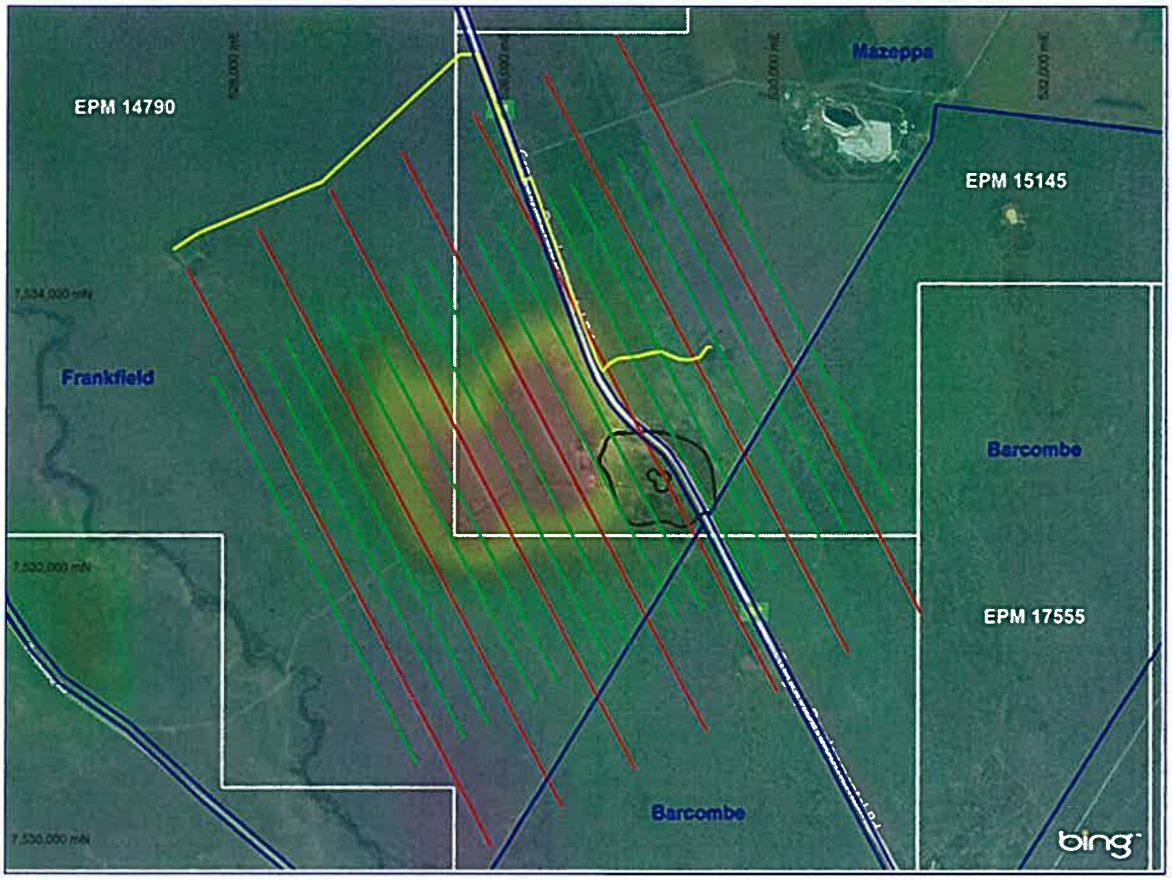

Figure 2 EPM 15145 Anthony Project Area showing IP survey lines over the aeromagnetic image of the known Anthony Mo resource shown in black

The results showed that the Anthony deposit has a strong IP response, is annular in shape, which is suggestive of an alteration system surrounding an intrusive centre. The total width of the IP response is about 1400m. In comparison, the maximum width of the current molybdenum resource (at a cut-off grade of 200 ppm Mo) is approximately 900m. The current drilling only extends to the edge of the known molybdenum resource; the outer margins of the IP response are untested by drilling. Detailed results are published in Zamia's ASX Announcement, lodged on 20 November 2013.

During the first half of 2014, a drilling program is proposed to evaluate the IP results and to test for extensions to the Anthony molybdenum deposit and for other Cu-Au-Mo mineralisation associated with the Dead Horse intrusive complex.

Figure 3 Induced Polarisation surveying over EPM 15145

GOLD FIELDS OPTION AND JOINT VENTURE AGREEMENT

During September and October, Gold Fields drilled 11 RC holes totalling 1,590m on targets considered by Gold Fields to have the best potential for porphyry-style mineralisation within the 3 EPMs which are the subject of the Option and Joint Venture Agreement. In summary, the program covered:-

EPM 16524 Logan Creek

Nine holes were completed at the Mt Douglas and Silo Hill prospects. These were designed to follow up the anomalous geochemical values and to test a large cohesive magnetic anomaly considered to represent a buried intrusion. Drilling assay results returned a best 1m intercept of 0.09 g/t Au from 72m depth at Mt Douglas.

EPM 17488 Mistake Creek

One 120m drill hole was completed at Mistake Creek. Drilling was designed to test the previously identified elevated geochemical values and the coincident IP anomaly at a depth of up to 300m. The hole was abandoned before reaching the target depth due to high water flow problems causing the hole to collapse. Drilling intersected a best value of 0.14 g/t Au (from 52m) at the base of the weathered zone in the granodiorite.

EPM 17490 Mazeppa

One 114m drill hole was completed on the southern-most portion of EPM 14790 (see Figure 1) over the Blackwood Dam aero-magnetic high. Drilling, designed to investigate the source of the anomaly, confirmed the presence of a magnetite-bearing granodiorite body which is unaltered and unmineralised. The maximum assay was 0.29 g/t Au from 92m depth near the base of soil cover.

On 30 October 2013 Gold Fields gave notice to Zamia in accordance with the Option and Joint Venture Agreement dated 27 July 2012, as amended, that Gold Fields terminates the 51% Option. As a consequence of termination, Gold Fields relinquished its rights to explore on Zamia's tenements (EPM 16524 Logan Creek, EPM 17488 Mistake Creek and Blackwood Dam portion on EPM 14790 Mazeppa.

TENEMENT POSITION

In October, Zamia was granted a new tenement in southern Queensland, EPM 18715, covering an area of over 150 km^2, approximately 50 km west of Stanthorpe. The EPM has a number of historic copper mines, and previous company exploration has highlighted significant untested potential for copper and gold mineralisation.

Capital Raising

On 23 July 2013 the Company's offer to eligible shareholders to participate in the 2013 Share Purchase Plan (SPP) closed and raised $98,500. The Company issued 15,414,698 shares at $0.639 cents per share to shareholders who subscribed for shares under the SPP. A further $10,000 was raised by a small placement out of the SPP shortfall.

Share options

On 17 December 2013, 5,000,000 options with an exercise price of $0.15 per option lapsed. At balance date there were 11,465,600 unexpired options at exercise prices in the range of $0.03 to $0.105 and with expiry dates ranging from 30 June 2014 to 23 January 2015.

After Balance Date Events

There are no matters or circumstances that have arisen since the end of the half-year period which has significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2013 is set out on the following page.

This report is signed in accordance with a resolution of the Board of Directors

R. E. Keevers

Richard Keevers
Non-executive Chairman
Dated this 11 March 2014

HALL CHADWICK
Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED AND CONTROLLED ENTITY
ABN 73 120 348 683

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ZAMIA METALS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been no contraventions of:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GWebb

GRAHAM WEBB
Partner
Date: 11 March 2014

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx : (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx : (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx : (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx : (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx : (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx : (617) 5526 8599

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		Half-year ended	
	Note	31 Dec 13	31 Dec 12
		$	$
Other income	4	164,248	99,929
Occupancy expenses		(67,558)	(60,585)
Consultancy fees		(43,911)	(38,140)
Directors' remuneration		(42,500)	(43,000)
Depreciation and amortisation expense		(9,814)	(18,796)
Compliance costs		(40,180)	(38,949)
Exploration and evaluation expenditure		(457,488)	(290,296)
Employee benefits expense		(178,386)	(173,059)
Other expenses		(116,903)	(121,803)
(Loss) before income tax		(792,491)	(684,699)
Income tax expense		-	-
(Loss) for the half year		(792,491)	(684,699)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year		(792,491)	(684,699)
Earnings per share			
Basic and diluted earnings per share (cents)		(0.17)	(0.01)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 Dec 13	30 June 13
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		357,513	1,067,070
Trade and other receivables		35,015	-
Other current assets		6,669	40,940
TOTAL CURRENT ASSETS		**399,197**	**1,108,010**
NON-CURRENT ASSETS			
Plant and equipment		33,165	40,184
Other non-current assets		52,539	52,539
TOTAL NON-CURRENT ASSETS		**85,704**	**92,723**
TOTAL ASSETS		**484,901**	**1,200,734**
CURRENT LIABILITIES			
Trade and other payables		111,098	150,006
Short term provisions		59,037	51,971
TOTAL CURRENT LIABILITIES		**170,135**	**201,977**
NET ASSETS		**314,766**	**998,757**
EQUITY			
Contributed equity	6	21,140,801	21,032,301
Reserves		451,410	467,408
Retained losses		(21,277,445)	(20,500,952)
TOTAL EQUITY		**314,766**	**998,757**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital Ordinary	General Reserve	Option Reserve	Retained losses	Total
	$	$	$	$	$
Balance at 1 July 2012	**19,040,669**	**195,703**	**2,091,019**	**(20,892,774)**	**434,617**
Total comprehensive loss for the half year	-	-	-	(684,699)	(684,699)
Contributions of equity net of transaction costs	154,898	-	-	-	154,898
Balance at 31 Dec 2012	**19,195,567**	**195,703**	**2,091,019**	**(21,577,473)**	**(95,184)**
Balance at 1 July 2013	**21,032,301**	**195,703**	**271,705**	**(20,500,952)**	**998,757**
Total comprehensive loss for the half year	-	-	-	(792,491)	(792,491)
Contributions of equity net of transaction costs	108,500	-	-	-	108,500
Transfer of expired options to retained earnings	-	-	(15,998)	15,998	-
Balance at 31 Dec 2013	**21,140,801**	**195,703**	**255,707**	**(21,277,445)**	**314,766**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year ended	
	31 Dec 2013	31 Dec 2012
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from debtors	154,516	100,405
Payments to suppliers and employees	(978,768)	(795,380)
Interest received	8,990	8,652
Net cash (used in) operating activities	**(815,262)**	**(686,323)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(2,795)	-
Net cash (used in) investing activities	(2,795)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares net of issue costs	108,500	154,898
Proceeds from borrowings	-	500,000
Net cash provided by financing activities	108,500	**654,898**
Net (decrease) in cash held	(709,557)	(31,325)
Cash and cash equivalents at the beginning of the half-year	1,067,070	455,834
Cash and cash equivalents at the end of the half-year	**357,513**	**424,409**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Zamia Metals Limited and its controlled entity (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

(i) *Consolidated financial statements, joint arrangements and disclosure of interests in other entities*

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: *Consolidated Financial Statements;*
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 11: *Joint Arrangements;*
- AASB 128: *Investments in Associates and Joint Ventures* (August 2011);
- AASB 12: *Disclosure of Interests in Other Entities;*
- AASB 2011–7*: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and
- AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.*

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current half-year reporting period are as follows:

- *Consolidated financial statements:*

  AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

  Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012–2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(d).

– *Joint arrangements:*

AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Revised AASB 128 facilitates the application of AASB 11 and incorporates guidance relating to the equity method of accounting. Joint ventures will generally be required to be accounted for using the equity method under AASB 11. The proportionate consolidation method is no longer permitted. However, this has not had any impact on the Group's financial statements as the Group currently has no interest in joint ventures which would need to be accounted for using the equity method of accounting.

When changing from the proportionate consolidation method to the equity method upon initial application of AASB 11, investments in joint ventures are required to be recognised as at the beginning of the immediately preceding year (ie as at 1 July 2012) and measured as the aggregate of the carrying amounts of the assets and liabilities that the investor had previously proportionately consolidated, including any goodwill arising from acquisition. This amount is regarded as the deemed cost of the investment at initial recognition, and is subject to impairment testing at that point in time. If aggregating all previously proportionately consolidated assets and liabilities results in a negative net asset amount, the investor recognises a liability to the extent that it has a legal or constructive obligation with respect to the negative net assets, and recognises any balance of the negative net assets as an adjustment to opening retained earnings.

Although the first-time application of AASB 11 (together with the associated Standards) caused certain changes to the Group's accounting policy for accounting for joint ventures and classification of joint arrangements, the directors have determined that such changes did not have any impact on the amounts reported in the Group's financial statements, mainly because the Group's classification of joint arrangements did not change and the Group has currently no interest in joint ventures which would need to be accounted for using the equity method. However, the revised accounting policy for joint arrangements is set out in Note 1(e).

– *Disclosure of interest in other entities:*

AASB 12 is the Standard that addresses disclosure requirements of AASB 10, AASB 11, AASB 127 and AASB 128. New disclosures that are material to this interim financial report and associated with the Group's interests in subsidiaries and joint arrangements as prescribed by AASB 12 have been set out in Note 6. Further, as required by AASB 12, details of the significant judgments made in determining the controlled entity status of subsidiaries are disclosed in Note 1(g).

(ii) *Fair value measurements and disclosures*

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(f), should be incorporated in these financial statements.

(iii) *Stripping costs*

The Group has adopted AASB Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine* and AASB 2011–12: *Amendments to Australian Accounting Standards arising from Interpretation 20* from 1 July 2013. The Interpretation and the Amending Standard became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013.

Interpretation 20 addresses waste removal costs that are incurred in surface mining activity ("stripping costs") during the production phase of the mine and prescribes accounting requirements for recognition and measurement of such costs. On transition, existing production phase stripping costs need to be written off to retained earnings unless they can be attributed to an identifiable component of an ore body.

The directors have determined that the Interpretation did not result in any significant changes to the amounts reported in the Group's financial statements, as the Group is still in the exploration stage and has not undertaken any stripping either at the beginning of the current half-year reporting period or as at the beginning of the earliest period presented (ie as at 1 July 2012).

(iv) *Other*

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.*

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10*: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

d. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Zamia Metals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 6.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

The Group does not have any interests in joint arrangements.

f. Fair Value of Assets and Liabilities

The Group does not measure any of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share- based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

g. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2013 annual report.

NOTE 2: GOING CONCERN BASIS

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

The net loss after income tax for the consolidated entity for the half year ended 31 December 2013 was $792,491 (2012: $684,699)

The Directors have resolved in accordance with AASB 6 to expense all exploration costs rather than capitalise them with $457,488 expenses in the current reporting period (2012:$290,296).

NOTES TO THE FINANCIAL STATEMENTS

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis because:-

(i) in the half year the Company raised funds of $108,500 from existing shareholders under a Share Purchase Plan (SPP);

(ii) the Group had $357,413 cash on hand at 31 December 2013;

(iii) The Group has budgeted expenditure of $3.1 million for the period from 1 February 2014 to 30 April 2015, with projected net capital raising over this period to contribute $3.2 million to meet this budgeted expenditure;

(iv) Budgeted expenditure will allow the Company to meet all tenement commitments.

The funds raised would enable the Company to continue with low cost exploration activities for gold and copper. However the ability of the Group to meet operating expenditure is also dependent upon future fundraising or the Company's business activities generating positive cash flows. The Company is projected to require further capital raising in the future to advance its exploration for gold and copper and its Anthony molybdenum project through various assessments.

In the event that the consolidated entity is unable to raise sufficient funds there is a significant uncertainty whether it will be able to continue as a going concern and therefore whether the Company and the consolidated entity can realise its assets and extinguish its liabilities at the amounts stated in the financial report. The ability of the Group to raise funds will depend on the Company's exploration results and equity market conditions for capital raising. As the Company expenses all exploration costs as incurred, no value is recognised in the financial statements at present

NOTE 3: EXPLORATION AND DEVELOPMENT

At the 31 December 2013 the Company held 14 Exploration Permits for Minerals (EPMs) including one new EPM granted in October 2013. One EPM application has been approved and is being processed. Any shortfall in annual expenditure is planned to be made up in the following period with a view to avoiding any penalties that the government may impose. At this stage no penalties for under-expenditure have been or are expected to be incurred.

During the reporting period, no tenements were relinquished and three tenements were partially reduced in area as required under the conditions of grant.

NOTE 4: INCOME

	Consolidated Group	
	31 Dec 2013 $	31 Dec 2012 $
Other revenue		
Administration service fees	58,306	65,011
Service fees from joint venture partner	96,952	26,266
Interest received – other entities	8,990	8,652
	164,248	99,929

NOTE 5: LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Exploration expenses not capitalised	457,488	290,296

NOTE 6: INTEREST IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

Set out below are the Group's subsidiaries at 31 December 2013. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		At 31 Dec 2013	At 30 June 2013	At 31 Dec 2013	At 30 June 2013
Zamia Resources Pty Ltd	Sydney, Australia	100%	100%	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: INTEREST IN SUBSIDIARIES (continued)

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 7: CONTRIBUTED EQUITY

	31 Dec 2013 Shares	30 June 2013 Shares	31 Dec 2013 $	30 June 2013 $
Balance at beginning of period	458,192,118	247,534,631	21,032,301	19,040,669
Issues of ordinary shares during the half-year/year	16,979,643	210,657,487	108,500	1,991,632
	475,171,761	458,192,118	21,140,801	21,032,301

NOTE 7: DIVIDENDS

No dividends have been declared or paid during the period.

NOTE 8: SEGMENT REPORTING

The Group operates primarily in one geographical and in one business segment, namely mineral exploration in Queensland and reports to the Board on this basis.

NOTE 9: CONTINGENT LIABILITIES

There are no contingent liabilities at balance sheet date.

NOTE 10: RELATED PARTY TRANSACTIONS

All related party transactions are consistent with those reported in the 2013 Annual Report.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

There are no other matters or circumstances that have arisen since the end of the half-year period which has significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

NOTE 12: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The group has not gained control or lost control over any entity during the period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Zamia Metals Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:
   a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

R. E. Keevers

Richard Keevers
Non-executive Chairman
11 March 2014

HALL CHADWICK
Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED
ABN 73 120 348 683
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZAMIA METALS LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx : (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx : (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx : (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx : (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx : (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx : (617) 5526 8599

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Zamia Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Zamia Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Zamia Metals Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Zamia Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HALL CHADWICK

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zamia Metals Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Zamia Metals Limited's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of $792,491 during the half-year ended 31 December 2013. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

GRAHAM WEBB
Partner
Date: 11 March 2014