

ANNUAL REPORT 2009



ZAMIA GOLD
MINES LIMITED

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CORPORATE DIRECTORY

Zamia Gold Mines Limited's ("the Company") shares are quoted on the official list of the Australian Stock Exchange Limited.

The ASX code for the Company's ordinary fully paid shares is "ZGM".

Directors

Mr Stephen Blackman	Executive Chairman
Dr Kenneth Maiden	Executive Director
Mr Chen Qiang	Non-executive Director
Mr Andrew Skinner	Non-executive Director

Company Secretary

John Stone

Share Registry

Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000

Telephone: + 61 2 9290 9600, Fax: + 61 2 9279 0664

Home Exchange

Australian Stock Exchange Limited, Exchange Centre, 20 Bridge Street, Sydney NSW 2000

Registered office and principal place of business

Level 8, 275 George Street, Sydney NSW 2000

GPO Box 4147, Sydney NSW 2001

Telephone: + 61 2 8223 3744, Fax: + 61 2 8223 3799, Email: info@zamiagold.com.au

Internet: www.zamiagold.com.au

Auditors

Hall Chadwick, St Martins Tower, Level 29, 31 Market Street, Sydney NSW 2000

Solicitors

Gadens Lawyers, 77 Castlereagh Street, Sydney NSW 2000

Bankers

Bankwest, 17 Castlereagh Street, Sydney NSW 2000

CHAIRMAN'S LETTER

Dear Shareholders,

It is with great pleasure that I present the third Annual Report of Zamia Gold Mines Limited and its controlled entity ("the consolidated entity").

The 2008-09 year started well for Zamia Gold Mines. In early 2008, our initial reverse circulation ('RC') drilling programme at the Anthony prospect had identified potentially ore-grade molybdenum mineralisation over an area of 750m x 300m and to a depth of 150m. In mid-2008, we commenced a diamond drilling programme which demonstrated that Anthony is a porphyry-type deposit related to multiple mineralising events.

Critically, there is a high-grade core averaging at least 0.08% molybdenum (800 ppm Mo), which extends to at least 300m depth. Worldwide, most molybdenum mines operate in the range 400-600 ppm Mo.

Delays in completing the drilling programme meant that Zamia had not raised additional funds by the second half of 2008 when the global financial crisis struck. This delivered two blows to Zamia. Firstly, the "credit crunch" made it extremely difficult for Zamia to raise funds for exploration. Secondly, the price of molybdenum collapsed from a high of US\$33 /lb to below US\$8 /lb.

This was an extremely difficult time for your Company. Zamia's Directors responded to the crisis by slashing expenditure to conserve cash, including putting all field activities on "hold" and cancelling management employment contracts. Whilst this was a difficult decision, it was necessary to ensure the survival of the Company. Zamia's Board expresses its sincere thanks to former staff and consultants, particularly for their fine efforts in identifying the Anthony molybdenum deposit and demonstrating its resource potential.

Zamia's two major shareholders, West Minerals Limited and International Base Metals Limited, provided cash and administrative services to keep the Company alive but inactive. Like many other small exploration companies, Zamia entered a period of "hibernation".

Your Board has kept a watchful eye on events. In April, we produced a strategy paper which recommended that Zamia should, at the earliest opportunity, raise additional funds to proceed to resource drilling on the Anthony high grade zone.

With the recent partial recovery in the price of molybdenum to above US\$16 /lb, the Board is now sufficiently confident in the future to recommence exploration activities. We have decided to raise funds both from existing shareholders and via placements from new investors. With the funds raised, Zamia will commence drilling aimed at defining a JORC resource on the Anthony high grade core.

Assuming success in initial resource drilling, Zamia plans to proceed to a Pre-Feasibility Study on the Anthony project, including resource drilling on the entire mineralised zone, metallurgical testwork to optimise the process route, engineering and environmental studies, and preliminary financial analysis. Zamia will require additional funds to carry out this work. The Company will also appoint a new management who will have responsibility for the effective and efficient completion of a pre-feasibility study.

Let us not forget that Zamia has also defined several very interesting gold targets in its tenement areas and will commence drill testing these at the earliest opportunity. Zamia is therefore well positioned for the future, with two target commodities, molybdenum and gold, and high quality targets for both commodities.

Yours sincerely,



Stephen Blackman

Chairman

24 September 2009

COMPANY OUTLINE

Zamia Gold Mines Limited (ASX-ZGM) is an Australian-based mineral exploration company. Through a wholly-owned subsidiary, Zamia Resources Pty Ltd, ZGM holds a portfolio of tenements in the Clermont district of central Queensland, to explore for deposits of molybdenum (Mo), gold (Au) and copper (Cu).

Review of past exploration data showed that two shallow RC drill holes, dating from the 1990s, had intersected elevated molybdenum in an area 75 km northwest of Clermont. In the second half of 2007, Zamia initiated a soil geochemical survey which showed geochemically anomalous Mo-in-soil over an area of 1,000m x 500m at what was then named the Anthony prospect.

In early 2008, an initial RC drilling programme to 150m depth showed potentially economic molybdenum grades over an area of 750m x 300m in what was interpreted to be a porphyry-style deposit. Encouragingly, the drilling showed a central “core” of high grade (+ 800 ppm Mo) mineralisation.

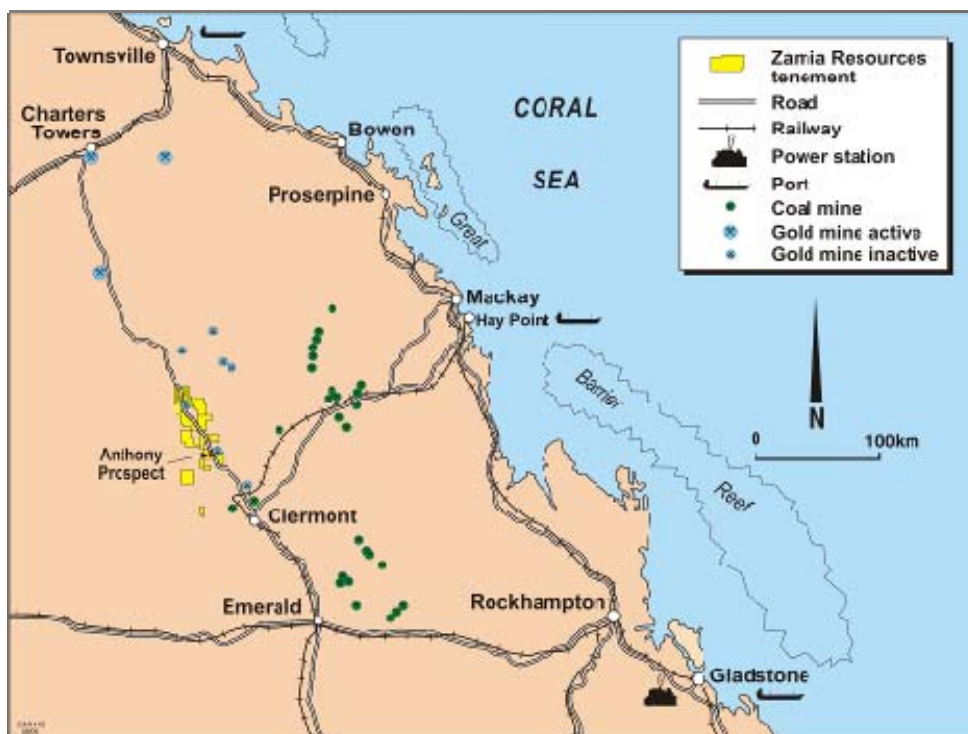
In mid-2008, a diamond drilling programme confirmed that Anthony is a porphyry-style Mo deposit related to high-level intrusive bodies and showed that potentially ore-grade concentrations extend to at least 300m depth.

In the meantime, Zamia continued with its regional exploration programme. Regional soil geochemical surveys identified a number of gold anomalies which define targets to be tested by drilling. Additional induced polarisation (‘IP’) surveys also assisted in defining targets for follow-up exploration.

Zamia had planned to commence a resource drilling programme on the Anthony deposit during late 2008. However, in October 2008, the molybdenum price collapsed from around US\$33 /lb to below US\$10 /lb, and continued to slide during the early part of 2009.

The Company remains committed to its exploration focus in the Clermont district. With the recent partial recovery in the molybdenum price to above US\$16 /lb, Zamia is optimistic that the Anthony deposit could support a viable mining and processing operation. The next steps are to define a JORC resource and to carry out a pre-feasibility study on the project.

Zamia is currently raising funds to resume resource drilling on the Anthony prospect during the second-half of 2009.



Central Queensland Tenement Locations

EXPLORATION PROJECTS

GEOLOGICAL SETTING

Schists of the Cambrian-age Anakie Metamorphics form a basement, partly fault-bounded, on which strata of the Devonian-Carboniferous Drummond Basin sequence were deposited.

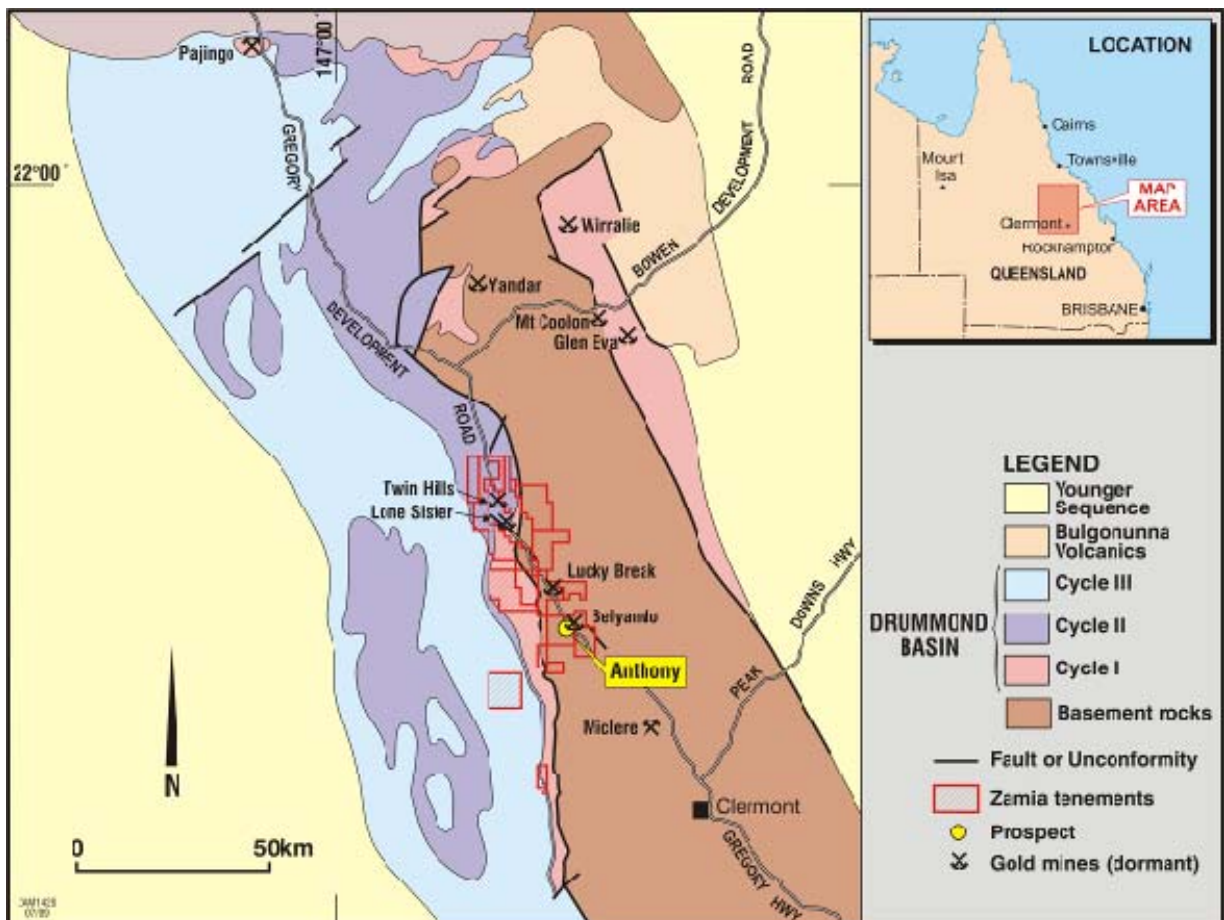
At the base of the Drummond Basin sequence is the Silver Hills Volcanics, a unit of felsic to intermediate lavas, tuffs and other volcanic rocks.

Over 400 million years ago, central Queensland was an active volcanic area, with high level igneous intrusions and explosive volcanic eruptions. Hydrothermal activity caused intense and widespread alteration of the rocks, accompanied by fracturing and brecciation, which formed the plumbing system for the movement of metal-bearing hydrothermal fluids.

Concentrations of molybdenum, gold and copper were precipitated from these fluids in structurally-prepared sites to form a range of deposit styles, including porphyry molybdenum and epithermal gold. There is also excellent potential for the discovery of copper in this geological setting.

The Silver Hills Volcanics are overlain stratigraphically by Cycles II and III of the Drummond Basin sequence, and by younger strata. After folding of the sequences and uplift of the land surface, erosion exposed the Anakie Metamorphics in a basement "inlier".

Basalt flows were extruded during the Tertiary era. At the surface, these have been weathered to black soil, which extensively blankets the area, creating a difficult exploration environment by masking any mineralisation.



Central Queensland Geological Setting

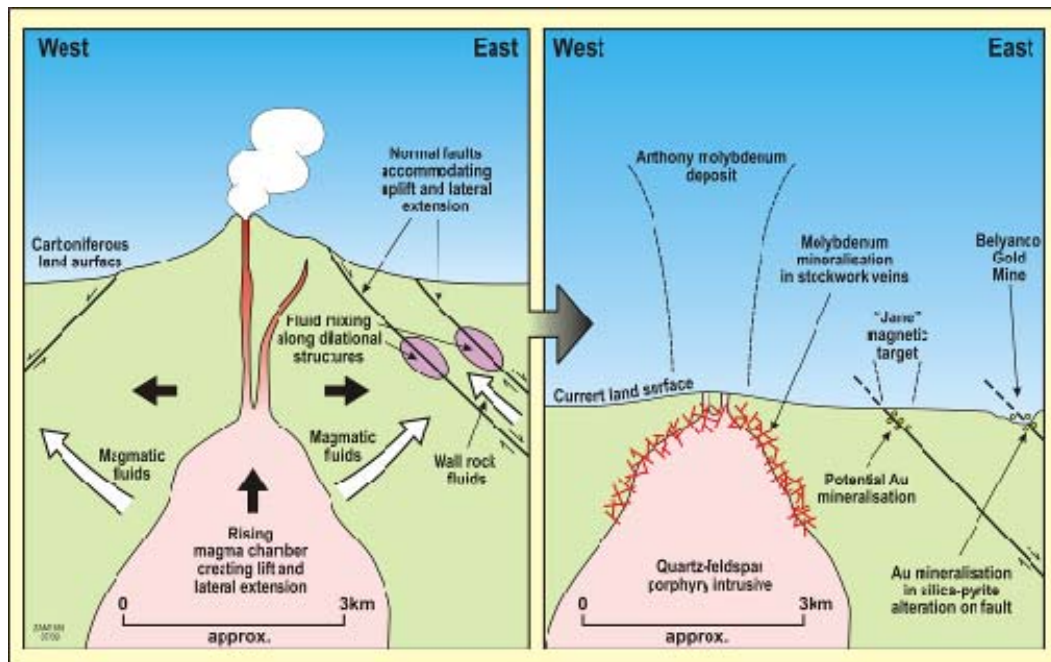
EXPLORATION PROJECTS

ANTHONY MOLYBDENUM PROJECT

Geology

Anthony is a porphyry-type deposit, related to sub-volcanic intrusion of bodies of quartz-feldspar porphyry. Hydrothermal activity caused intense and widespread rock alteration. Molybdenite [MoS₂] occurs in veins and breccia bodies within both the porphyry and the surrounding schist. Gold deposits (e.g. Belyando) fringe the intrusions.

Erosion of the volcanic carapace has exposed the porphyry molybdenum system.



Anthony – Belyando Area Schematic Cross Section

Summary of Zamia’s Exploration Results

Zamia’s 2008 RC drilling programme was an outstanding success. It showed potentially ore-grade molybdenum over an area of 750m x 300m, and to a depth of 150m. Summary results are presented in the accompanying table.

Full results were released to ASX in the early part of 2008 and were reported in the Company’s 2008 Annual Report. Note that most molybdenum mines around the world operate at grades of around 500 ppm Mo (0.05% Mo).

A follow-up diamond drilling programme, designed to acquire geological information, confirmed that Anthony is a porphyry-type deposit. Results were reported to ASX during the second half of 2008.

Hole DDH A18, an extension of a previous (1990s) RC drill hole, intersected 160m averaging 988 ppm Mo and showed that potentially ore-grade mineralisation extends to at least 300m depth, confirming the potential of the Anthony prospect to host a major porphyry molybdenum deposit.

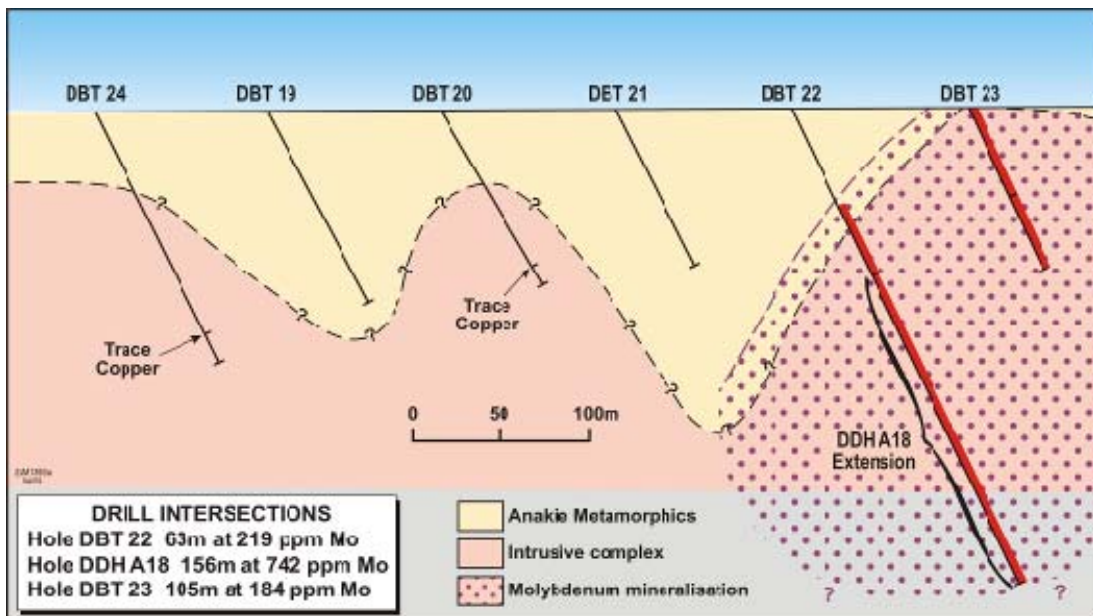
Hole ID	From (m)	To (m)	Interval (m)	Mo (ppm)
RC08A001	60	150	90	538
RC08A002	80	150	70	475
RC08A003	78	150	72	566
RC08A005	69	150	81	344
RC08A008	63	144	81	576
RC08A010	15	123	108	414
RC08A011	66	150	84	578
RC08A012	75	150	75	1103
RC08A013	111	141	30	1065

EXPLORATION PROJECTS

ANTHONY MOLYBDENUM PROJECT



Detail of drill core showing quartz-molybdenite veins in brecciated & altered porphyry



Anthony Prospect: CRA Drilling with DDH A18 Extension

From (m)	To (m)	Width (m)	Mo (ppm)
132	156	24	342
156	176	20	377
176	196	20	415
196	216	20	716
216	236	20	517
236	256	20	2141
256	276	20	465
276	296	20	1308
296	316	20	864
316	336	20	487
336	352	16	383

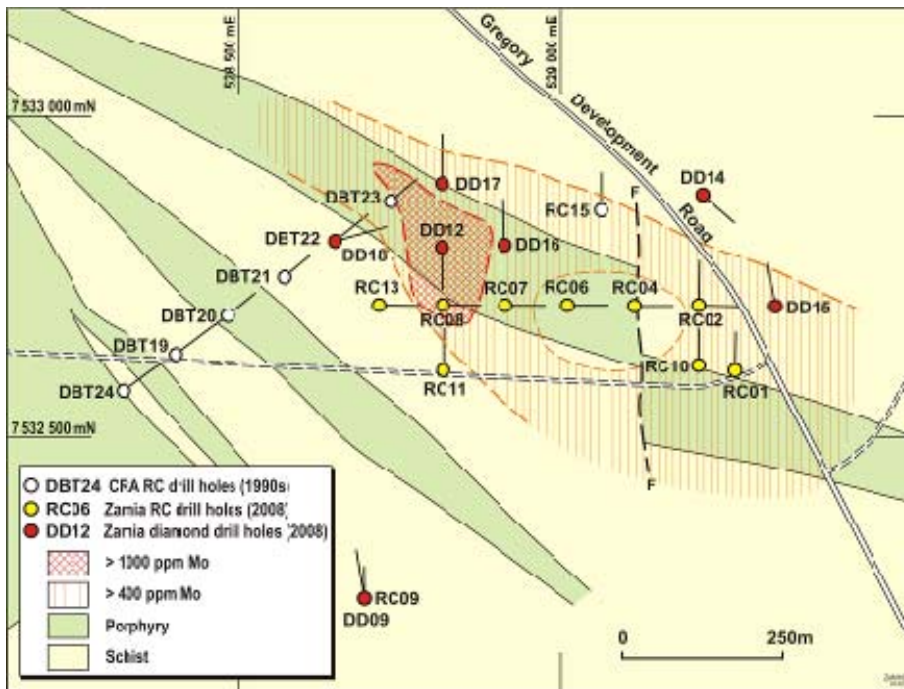
Hole DDH A18

EXPLORATION PROJECTS

Resource Potential

Mapping and drilling show a high grade core 250m long, within a lower grade zone at least 750m in length, and extending to at least 300m in depth. The high grade core presents a target for more than 25 million tonnes at 0.1% Mo (1000 ppm Mo).

The lower grade envelope presents a target for 50-100 million tonnes at +600 ppm Mo. The deposit remains open along strike to the northwest and southeast, and at depth below 300m. The oxide zone has not been included in estimates of resource potential.



Anthony Molybdenum Prospect

Preliminary Financial Analysis

Zamia has carried out a preliminary financial analysis on the project, based on assumed capital and operating costs.

The assumptions are:

- An ore reserve of 75 million tonnes - 25 Mt at 0.1% Mo, 50 Mt at 0.075% Mo
- Open-cut mine
- No molybdenum production from oxide Mo overburden – surface to 70m
- Production 5 million tonnes per annum ('Mtpa') over a 15-year mine life
 - ore grade 0.1% Mo for 5 years, then 0.075% Mo
- Flotation to produce MoS₂ concentrate, recovery 90%
- Capex A\$275 million
- A\$:US\$ exchange rate 0.80.

Based on these assumptions, the project financials are:

Mo price (US\$/lb)	10% NPV (A\$million)	IRR (%)
15	156	21
20	433	35
25	723	48

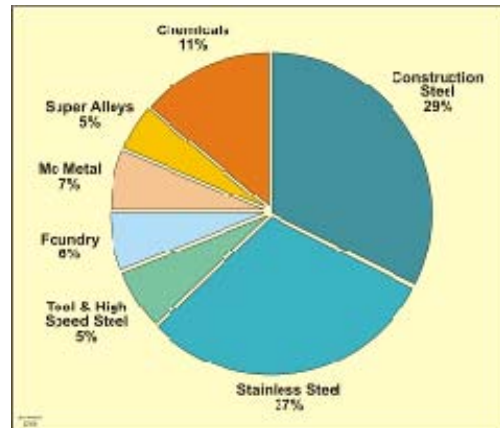
The indicative financial analysis assumes that the oxide zone, 50 - 70m thick, is barren overburden. Preliminary metallurgical testwork indicates that some value could be extracted from the oxide cap.

EXPLORATION PROJECTS

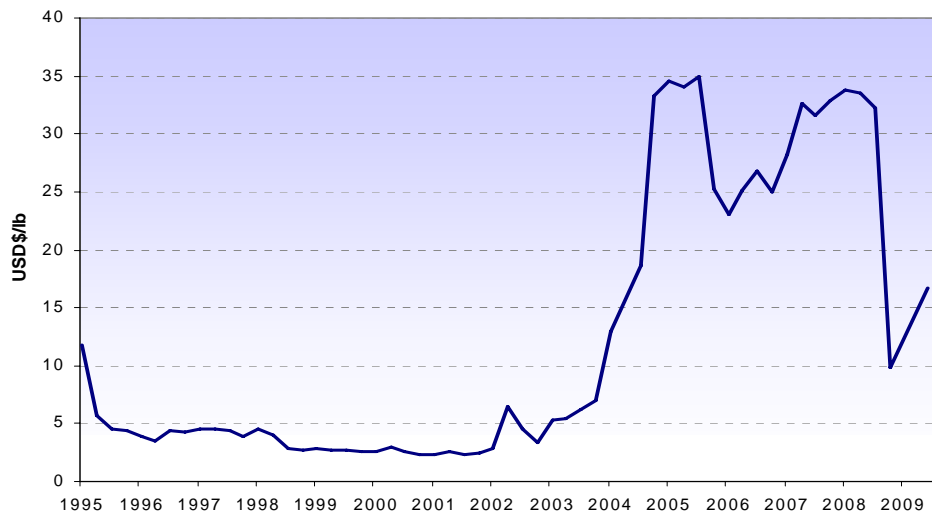
A Note on Molybdenum

Since molybdenum is used mainly in steel manufacturing, its demand is closely correlated to steel demand. There is little substitution for molybdenum in its major uses as an alloying element in steel and cast irons. Because of availability and versatility, industry has sought to develop new materials that benefit from the alloying properties of the metal.

The molybdenum price was US\$33 /lb in mid-2008. By April 2009, it had slumped to US\$8.00 /lb but has since recovered to over US\$16 /lb. Stainless steel production recovered marginally in early 2009 and a full recovery is generally expected by early 2010.



Molybdenum Usage



Molybdenum Oxide Price 1995 - 2009

Discovery Potential

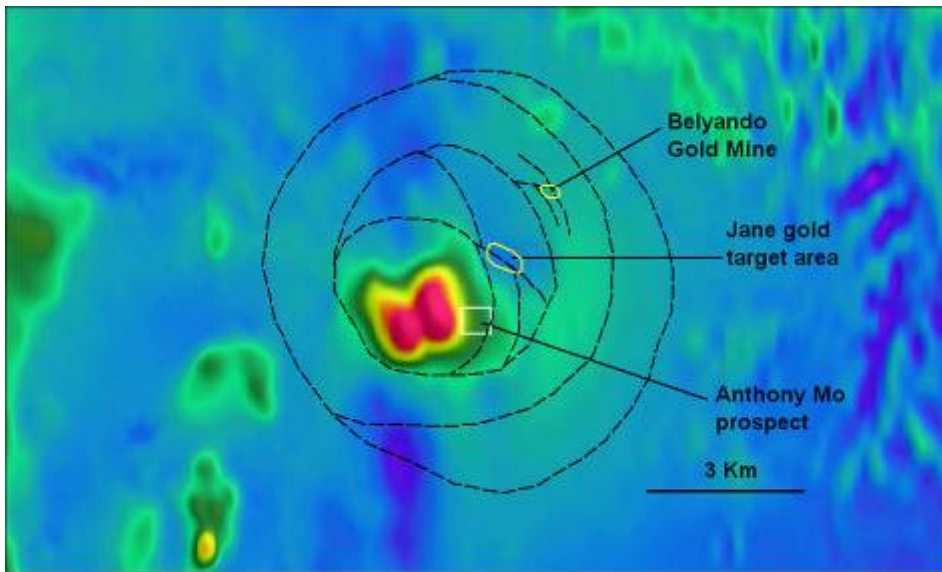
The geology of the surrounding area is masked by black soil cover but mapping and interpretation of magnetic and geochemical data indicate that the Anthony molybdenum deposit and the nearby Belyando gold deposit are related to high level intrusive bodies which are part of an intrusion complex, i.e. multiple intrusive bodies.

The area provides a priority target for multiple porphyry Cu-Au-Mo deposits and epithermal vein and breccia-hosted Au deposits.

The magnetic image below shows a magnetic "high" (in red and yellow) related to intrusive bodies which are not exposed at surface. Analysis of magnetic and radiometric data indicates a set of ring fractures around the intrusive complex, potentially controlling the location of gold and other deposits.

Anthony is marked by a potassium anomaly, as is the Belyando gold deposit. The Jane gold target is a magnetic "low" interpreted to be due to hydrothermal alteration of the rocks.

EXPLORATION PROJECTS

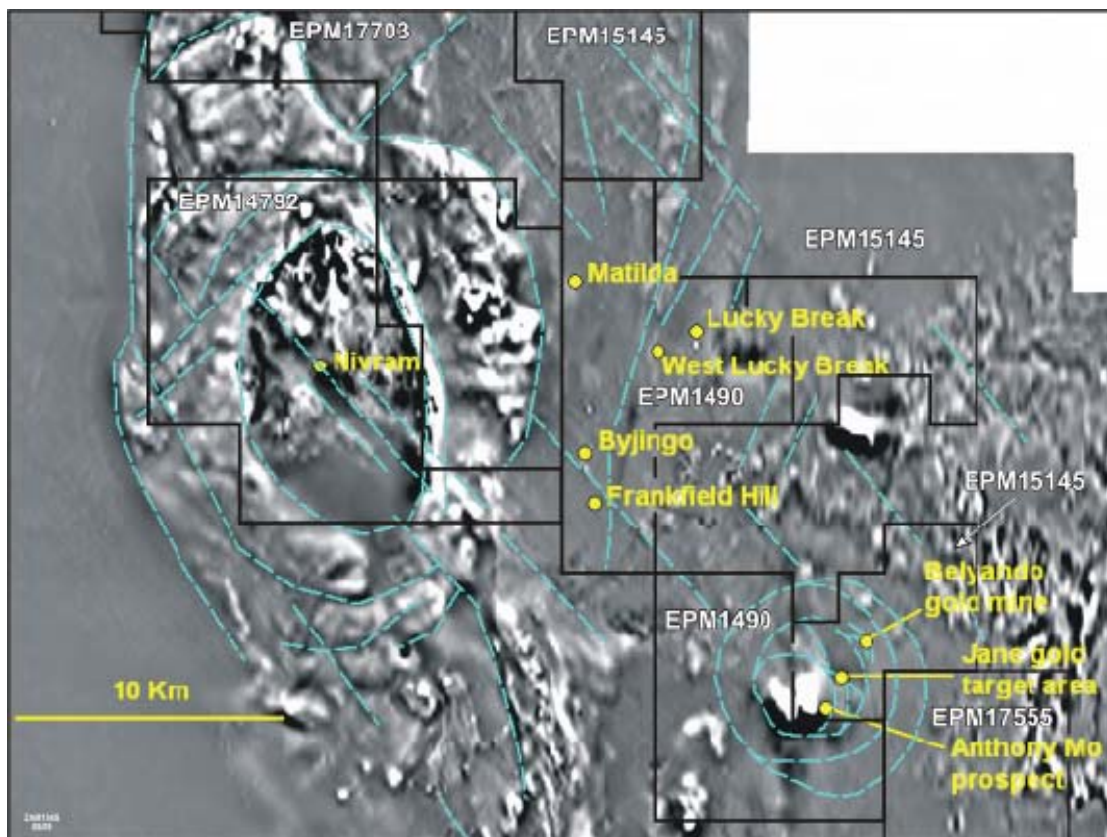


*Magnetic Image:
Anthony –
Belyando Area*

OTHER PROSPECTS

Zamia has defined several gold targets based on interpretation of magnetic and Aster satellite imagery, followed up by detailed soil geochemical surveys and some IP geophysical surveys.

The grey-scale magnetic image highlights the Mount Rolfe caldera, a large circular volcanic structure formed by explosive volcanic activity. The Nivram gold prospect lies at the centre of this feature.



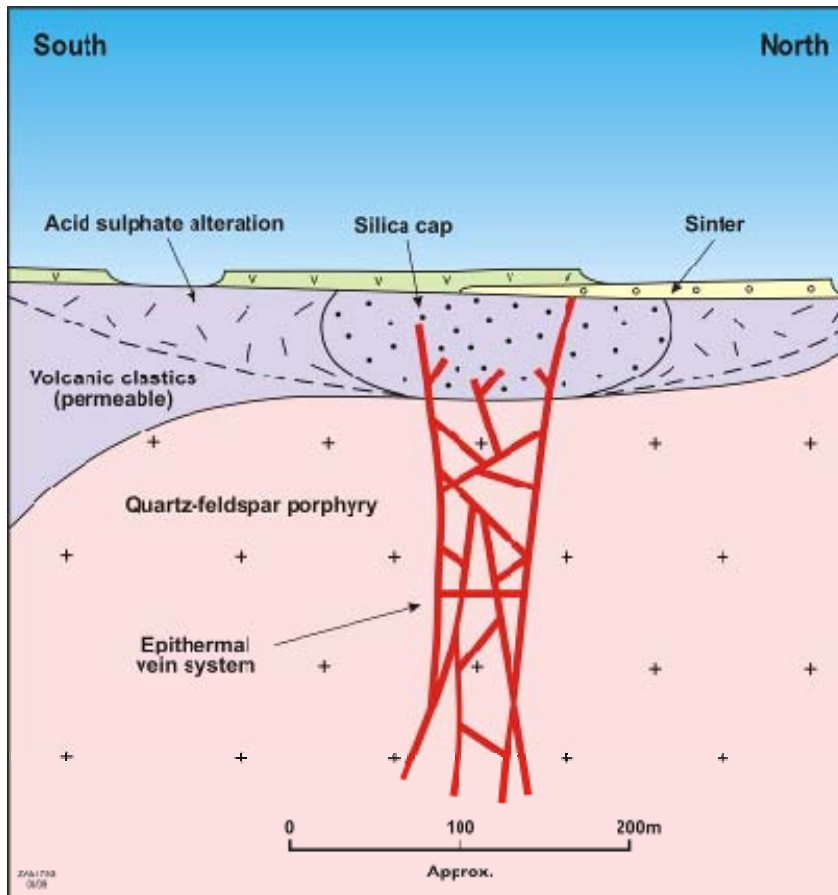
Magnetic (IVD) image with structural interpretation

EXPLORATION PROJECTS

Nivram Prospect

Magnetic imagery shows the Mount Rolfe caldera as a volcanic structure 12 km across, with ring fractures and a set of northwest-trending faults. In more detail, the caldera consists of a central zone of rhyolitic volcanic rocks about 7 km across, flanked by andesitic volcanic rocks.

The Nivram target was identified from the presence of epithermal-type vein quartz and laminated chert, which is interpreted as a volcanic sinter deposit, often associated with epithermal gold deposits. An IP survey showed a resistive zone, considered to reflect a silica cap above a possible epithermal vein system below 150m depth.



Frankfield Hill Prospect

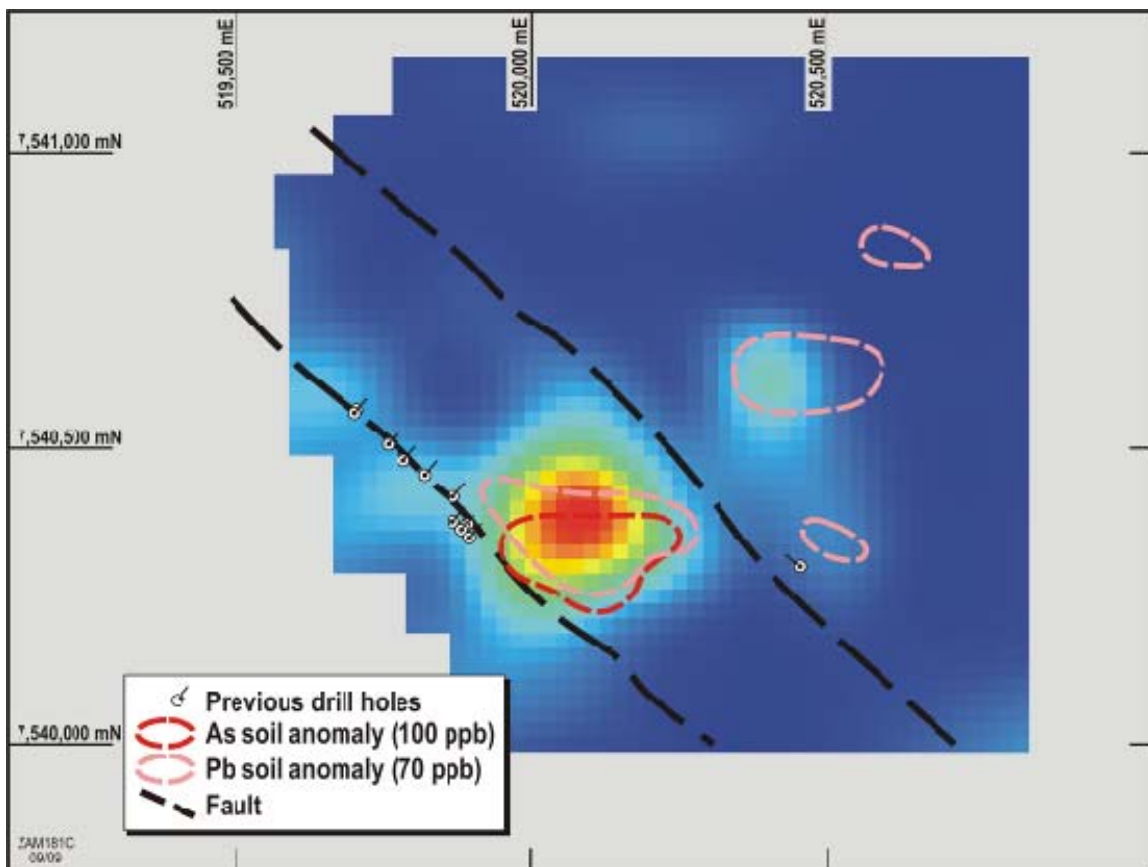
Previous (1980s) drilling intersected up to 3m at 3.7 g/t Au in silicified and brecciated siltstone, interpreted as a northwest-trending fault zone.

Zamia's soil geochemistry shows a 200m x 200m anomaly untested by the previous drilling. Gold geochemistry is supported by arsenic and lead anomalies.

EXPLORATION PROJECTS



Frankfield Hill: Silicified and brecciated siltstone. The sample on the left assayed 0.5 g/t Au



Frankfield Hill soil geochemistry

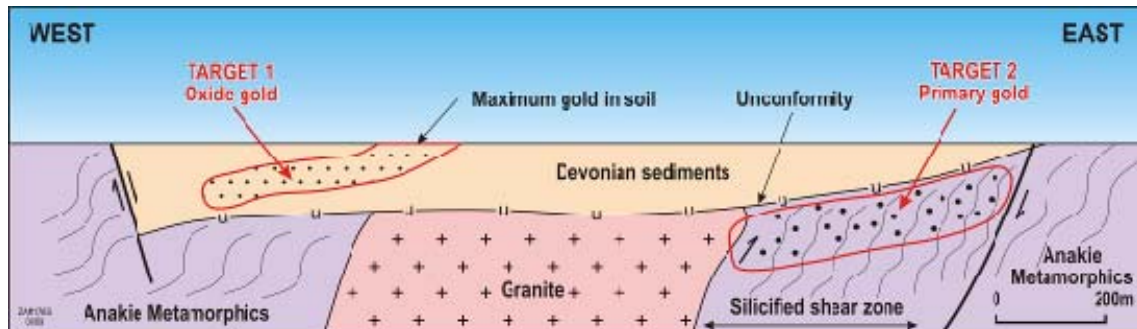
EXPLORATION PROJECTS

West Lucky Break and Matilda Prospects

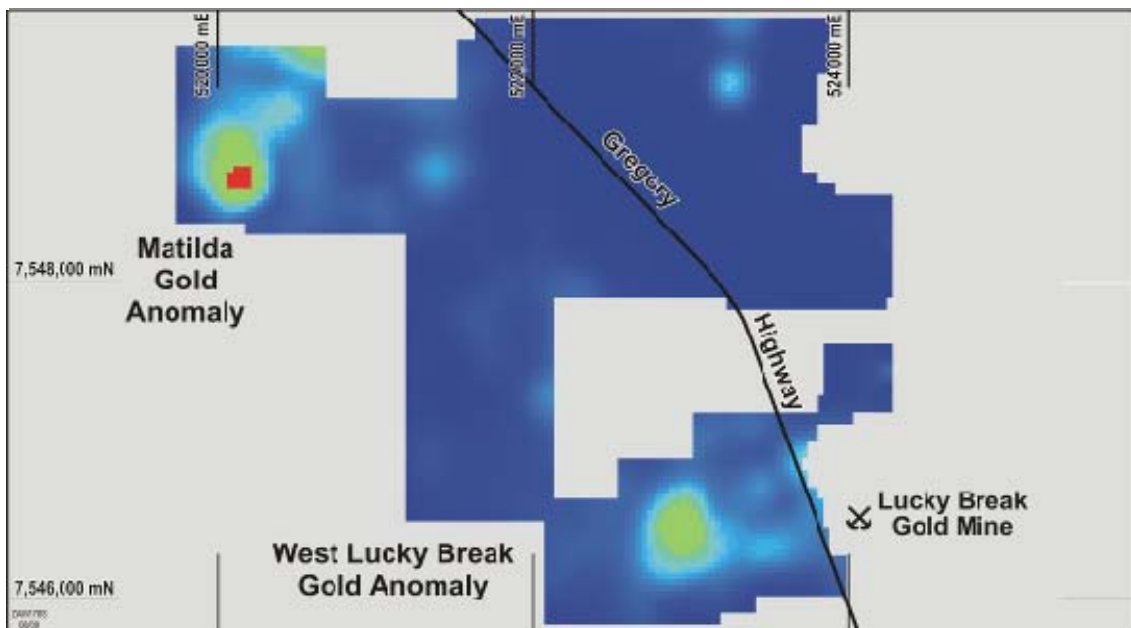
These two prospects are defined by pronounced gold-in-soil geochemical anomalies.

In addition, an IP survey at West Lucky Break showed a resistivity anomaly associated with the highest gold geochemistry; this provides an oxide gold target.

An interpreted buried silicified shear zone provides a target for primary gold. Zamia draws an analogy with the nearby Yandan gold deposit.



West Lucky Break: Interpretation of magnetic and IP data



Matilda and West Lucky Break Soil Geochemistry

Eagle Prospect, Red Rock EPM

A sequence of limestone, conglomerate, shale and volcanic rocks is cut by unusual breccia, containing fragments of altered mudstone as well as volcanic fragments and fossilised wood. Zamia interprets this as a hydrothermal eruption crater, flanked by bedded eruption breccia. Alteration of the host rocks is indicated by the presence of probable celadonite, a potassium-iron mica mineral.

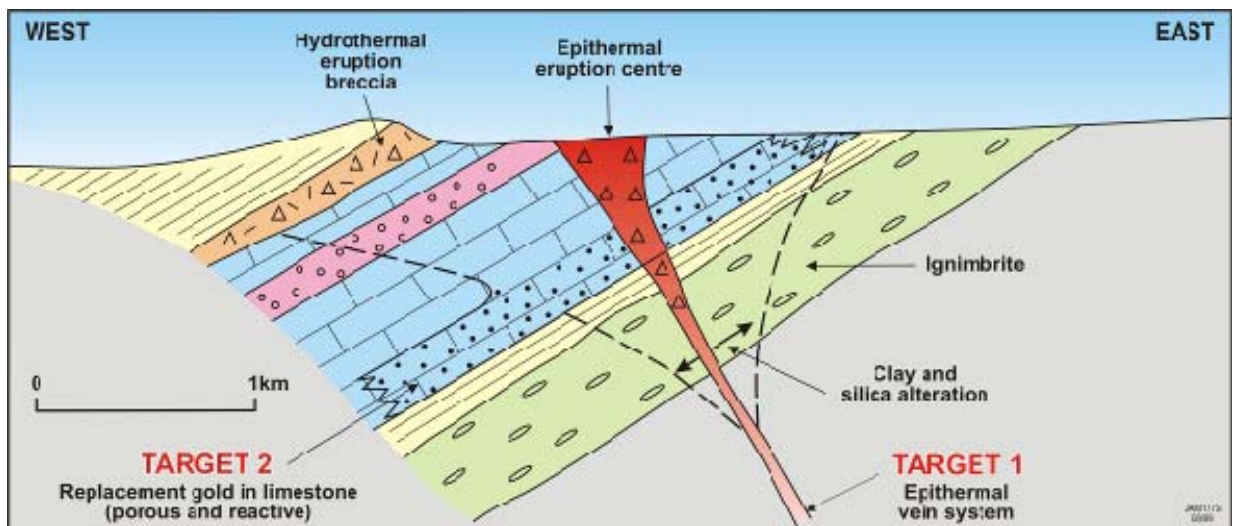
Zamia sees potential for gold concentrations both in an epithermal vein system below the eruption crater and in limestone replacement bodies, adjacent to the hydrothermal vent system.

Zamia has not yet carried out soil geochemistry on this project.

EXPLORATION PROJECTS



Breccia with fragments of celadonite-altered mudstone



Eagle Prospect: Interpreted cross section showing target concepts

Summary of Gold Targets

Tenement	Target	Target Size	Grade	Style	Depth
Mazeppa Ext.	Jane	100,000 – 200,000 oz	2 g/t	Oxide	0 – 100 m
Mazeppa	W. Lucky Break	100,000 – 200,000 oz	2 g/t	Oxide	0 – 120 m
Mazeppa	Matilda	100,000 – 200,000 oz	2 g/t	Oxide	0 – 100 m
Mazeppa	Frankfield Hill	100,000 – 200,000 oz	2 g/t	Oxide	0 – 100 m
Red Rock	Eagle	200,000 – 400,000 oz	2 g/t	Oxide	0 – 100 m
Mount Rolfe	Nivram	500,000 – 1,000,000 oz	10 g/t	Primary	> 150 m

EXPLORATION PROJECTS

EXPLORATION PROGRAMME

Zamia is currently raising funds to recommence exploration activities on its projects. Initially, the Company will focus on defining a JORC resource on the Anthony high grade core.

This will involve a minimum of 12 drill holes to 300m depth and an additional two holes to 500m depth to test for depth extensions to the deposit, followed by resource estimation by a qualified consultant. Zamia has budgeted \$500,000 for this work.

Assuming success in resource delineation, Zamia will then raise additional funds to carry out a Pre-Feasibility Study for a mining and processing operation on the Anthony project.

This work will include:

- More detailed resource drilling on the high grade core
- Extension drilling on the Anthony halo lower-grade mineralisation
- Resource estimation
- Geotechnical study and preliminary mine planning
- Metallurgical testwork on both the sulphide mineralisation and the oxide zone
- Environmental and engineering studies
- Preliminary financial analysis.

In addition, Zamia will commence exploration on other targets, including:

- IP survey, Anthony - Belyando area
- Initial drilling on gold targets
- Geochemistry and mapping on other tenements.

Dr Ken Maiden (MAIG, FAusIMM), compiled the technical aspects of this report. Dr Maiden is a Director of Zamia Gold Mines Limited. He is a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activities that are being reported on to qualify as a Competent Person as defined in the September 2004 edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Dr Maiden consents to the inclusion of the matters in the form and context in which they appear.

EXPLORATION PROJECTS



EXPLORATION PROJECTS

GLOSSARY OF TECHNICAL TERMS

Alteration. A change in the chemical and mineralogical composition of a rock commonly brought about by reaction with hydrothermal solutions

Andesite. A volcanic rock, intermediate in composition between rhyolite and basalt

Anomaly. A value (e.g. of geochemical and geophysical parameters) significantly higher than the norm

Aster. A remote sensing system carried aboard the Terra satellite

Basalt. A common mafic volcanic rock

Basement. Older, usually metamorphic, rocks beneath younger strata

Basin. A broad sub-continental depression in which sediments are deposited. The Gulf of Carpentaria and the Coral Sea are present-day examples

Breccia. A rock consisting of large angular fragments cemented together. "Brecciation" can be caused by processes such as faulting, igneous intrusion and hydrothermal activity

Caldera. A large, more-or-less circular volcanic feature, formed by explosive volcanic activity

Cambrian. A division of geological time from about 542 to 488 million years ago

Carboniferous. A division of geological time from about 360 to 290 million years ago

Celadonite. A potassium-iron mica mineral, commonly found in alteration related to epithermal systems

Chert. A sedimentary rock consisting almost entirely of fine-grained chemically-precipitated silica

Conglomerate. A coarse grained sedimentary rock consisting of cemented pebbles and cobbles

Devonian. A division of geological time from about 408 to 360 million years ago

Diamond drilling. Recovery of drill core using a hollow drilling bit studded with industrial diamonds

Epithermal. A low temperature hydrothermal mineral deposit

Exploration Permit for Minerals ('EPM'). A mineral exploration tenement conferred by the Queensland government

Fault. A break in a rock sequence, along which there has been movement

Feldspar. Common rock-forming minerals composed of silicates of potassium, sodium and calcium with aluminium

Felsic. Pale in colour, rich in "felsic" minerals such as quartz and feldspar

Fold. A bend in rock strata

Flotation. A commonly-used mineral separation process whereby crushed and ground metal sulphide minerals are liberated from barren minerals

Geochemical survey. Prospecting techniques which measure the concentrations of certain metals in soil and rocks, and define anomalies for further testing

Geophysical survey. Prospecting techniques which measure physical properties of rocks (e.g. magnetic susceptibility, electrical conductivity) and define anomalies for further testing

Granite. A common coarse-grained intrusive igneous rock, consisting mainly of quartz and feldspar, with subordinate mica

Hydrothermal. Literally "hot water". Hydrothermal fluids, typically carrying metals in solution, develop in the Earth's crust through a number of processes

Igneous rocks. Rocks formed by crystallisation of molten rock (magma)

Induced polarisation ('IP'). A geophysical exploration method which measures changes in electrical fields induced in the earth by applying an electrical current to the ground

Inlier. A large body of older "basement" rocks surrounded by younger strata

Intersection. A width of rock cut by a section of a drill hole

EXPLORATION PROJECTS

Intrusion. A mass of igneous rock which, while molten, was forced into or between other rocks

Limestone. A sedimentary rock composed mainly of calcium carbonate

Mafic. Dark in colour

Magma. Molten rock

Magnetic survey. A geophysical survey which measures variations of the Earth's magnetic field, caused by variations in the magnetic susceptibility of the rocks

Metamorphism. The processes by which rocks become mineralogically and texturally altered under the influence of heat and pressure

Mica. A group of soft and sheet-like minerals

Mineralisation. The processes by which ore minerals are emplaced into rocks

Mineralisation. The concentration of metals, not necessarily to ore grade, within a body of rock

Molybdenite. The common ore mineral of molybdenum, consisting of molybdenum sulphide [MoS₂]

Oxide zone. The upper, weathered portion of a mineral deposit, wherein metal sulphide minerals have been converted ("oxidised") to metal oxide minerals

Porphyry. An intrusive igneous rock with conspicuous crystals in a fine grained groundmass

Porphyry deposit. Referring to a common style of copper and molybdenum deposits, related to bodies of porphyry

Pyrite. An iron sulphide mineral [FeS₂]

Quartz. A very common mineral composed of silicon and oxygen [SiO₂]

Radiometric survey. A geophysical survey which measures variations in natural radioactivity of rocks

Reserve. An estimate of tonnage and grade of an orebody, based on detailed sampling and measurement. The categories Proven and Probable reflect the degree of uncertainty

Resource. An estimate of the tonnage and grade of a mineral deposit, but not implying that it can all be profitably mined. The categories Measured, Indicated and Inferred reflect the degree of uncertainty

Reverse circulation ('RC') drilling. A percussion drilling technique in which rock cuttings are recovered through the centre of hollow drill rods, thus minimising sample contamination

Rhyolite. A common felsic volcanic rock, having the same composition as granite

Schist. A common metamorphic rock with parallel orientation of mica minerals

Sedimentary. Rocks formed at the Earth's surface by deposition of sediment

Shale. A common fine-grained sedimentary rock

Shear zone. A zone of strongly-deformed rock

Silica. Silicon dioxide [SiO₂]

Siltstone. A common fine-grained sedimentary rock

Stockwork. A network of intersecting veins

Strata. Superimposed layers of sedimentary rocks. Hence "stratigraphic"

Tenements. A mining or mineral exploration title, conferred on the holder by government

Tertiary. A division of geological time from about 65 to 2 million years ago

Tuff. A sedimentary rock formed from volcanic ash

Unconformity. A break in the stratigraphic sequence, usually between older, more deformed strata and younger, less deformed strata

Vein. A tabular or sheet-like mineral-filled fracture

Volcanics. A collective term for rocks derived from volcanic activity

EXPLORATION PROJECTS

ABBREVIATIONS

As	Arsenic
ASX	Australian Securities Exchange
Au	Gold
Capex	Capital expenditure
Cu	Copper
DD	Diamond drill hole
EPM	Exploration Permit for Minerals
EPMA	EPM Application
g/t	Grams per tonne
IP	Induced polarisation
IRR	Internal rate of return
JORC	Joint Ore Reserves Committee
km, km ²	Kilometres, square kilometres
lb	Pound (weight)
m	Metres
Mo, MoS ₂	Molybdenum, Molybdenum sulphide
Mt	Million tonnes
NPV	Net present value
Pb	Lead
ppb	Parts per billion
ppm	Parts per million
RC	Reverse circulation
t	Tonnes

TENEMENTS

ZAMIA RESOURCES PTY LTD (Controlled Entity of Zamia Gold Mines Limited)

Tenement No	Project Name	Application Date	Grant Date	Expiry Date	Surrender Date	Area km ² (30.06.09)
EPM 14522	Denham Range	13.02.04	30.06.04	29.06.09		Nil
EPM 14686	Mt McLaren	28.06.04	21.10.04	20.10.09	12.12.08	Nil
EPM 14790	Mazeppa	15.09.04	12.01.06	11.01.11		152
EPM 14791	Red Rock	16.09.04	23.08.05	22.08.10		68
EPM 14792	Mt Rolfe	15.09.04	13.03.06	12.03.11		133
EPM 14793	Frankfield	15.09.04	23.08.05	22.08.10		74
EPM 15145	Mazeppa Extended	1.06.05	11.08.06	10.08.11		205
EPM 15193	Avon Downs	22.08.05	27.09.06	26.09.11		130
EPM 15311	Red Rock Extended	11.11.05	15.11.07	14.11.12	02.12.08	Nil
EPM 16636	Charlton Park	05.07.07	30.10.07	29.10.12	26.11.08	Nil
EPM 17555	Gregory	11.04.08	20.11.08	19.11.13		62
EPMA 16523	Bullock Creek	08.06.07				96
EPMA 16524	Logan Creek	08.06.07				195
EPMA 17488	Mistake Creek	18.03.08				112
EPMA 17529	Barcombe	01.04.08				25
EPMA 17641	Laurel Hills	02.06.08				50
EPMA 17703	Disney	01.07.08				233
TOTAL AREA						1535

CORPORATE GOVERNANCE STATEMENT

Zamia Gold Limited is committed to good corporate governance and disclosure. The Company has substantially adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Second edition August 2007) for the entire FY09 financial year. Where the ASX Corporate Governance Council's recommendations have not been adopted by the Company, this has been identified and explained below.

		Complied	Note
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	1
1.2	Disclose the process of evaluating the performance of senior executives.	Yes	2
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	1-2
2.1	A majority of the Board should be independent directors.	No	3
2.2	The chairperson should be an independent director.	No	3
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No	3
2.4	The Board should establish a nomination committee.	No	4
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual directors.	Yes	2
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Yes	2-4
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • The practice necessary to maintain confidence in the company's integrity; • the practices necessary to take into account the company's legal obligations and the reasonable expectation of their stockholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes Yes Yes Yes	5
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	6
3.3	Provide the information indicated in Guide to Reporting on Principle 3.	Yes	5-6
4.1	The Board should establish an audit committee.	Yes	7
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair who is not chair of the Board; • has at least three members. 	No No No No	7
4.3	The audit committee should have a formal charter.	No	7
4.4	Provide the information indicated in the Guide to reporting on Principle 4	Yes	7
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	8
5.2	Provide the information indicated in Guide to reporting on Principle 5.	Yes	8
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	9
6.2	Provide the information in the Guide to reporting on Principle 6.	Yes	9
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	10

CORPORATE GOVERNANCE STATEMENT

		Complied	Note
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	10
7.3	Disclose whether it has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.	Yes	11
7.4	Provide the information indicated in Guide to reporting on Principle 7.	Yes	10-11
8.1	Establish a remuneration committee.	No	12
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	13
8.3	Provide the information indicated in Guide to reporting on Principle 8.	Yes	12-13

Notes

- The Board's role is to govern the Company rather than to manage it. In governing the Company the Directors must act in the best interests of the Company as a whole. Currently the role of the Executive Directors, is being undertaken by Non-executive Directors, to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of the Executive Directors in carrying out these delegated duties.

The key responsibilities of the Board are:

- the oversight of the Company including its control and accountability systems;
- establishing, monitoring and modifying corporate strategies and performance objectives;
- ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place;
- monitoring the performance of management and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring of financial and other reporting;
- approving dividends, major capital expenditure, acquisitions and capital raising/restructures;
- appointment and removal of Directors, Company Secretary and senior management

Non-executive Directors' actions are governed by the Company's Constitution, the Corporations Act and each director is provided with a Directors' Information Kit upon appointment.

Fiscal conservancy in the last year dictated temporary change to the above with the Board managing the Company until the market conditions allowed a resumption of 'normal' conditions and the Company had adequate funding to support a management team.

- While no performance evaluation of the Board or management was carried out for the financial year ended 30 June 2009 this is continually monitored by the Chairman and the Board. The Chairman also speaks to each director individually regarding their role as a director

CORPORATE GOVERNANCE STATEMENT

3. The Company is not at present totally compliant with this principle. All the current Board were Non-executive Directors during the reporting period Mr Stephen Blackman and Dr Ken Maiden were appointed as part time Executive Directors from 1 July 2009. One Non-executive Director (Mr Andrew Skinner) is independent. Mr Stephen Blackman and Dr Ken Maiden are Executive Directors of International Base Metals Limited which provides technical and administration services to the Company. Mr Chen Qiang is an Executive Director of West Minerals Pty Ltd, one of the Company's major shareholders. The Board believes however that the people on the Board can and do make independent judgments in the best interests of the Company at all times.

4. The Company does not have a nomination committee as the size of the Company and the Board does not warrant such a committee. All Board nomination matters are considered by the whole Board.

The Board oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Company's executive management team. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the required skills.

The Board annually reviews the effectiveness of the functioning of the Board, individual directors, and senior executives.

5. The consolidated entity recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are required to act in accordance with the law and with the highest standard of propriety.

The Company has adopted a Code of Ethics and Conduct for Directors which is included in the Directors' Information Kit provided to all Directors on appointment. This code provides guidance to directors and management on practices necessary to maintain confidence in the integrity of the Company.

Directors are required to adhere to industry standards in conduct and dealings and the Company has built a culture of honesty, fairness and ethical behaviour into its internal compliance policy and procedures.

The Board also requires employees and consultants working for the Company to display high standards of ethical behaviour and integrity.

6. Directors are permitted to trade in the Company's securities during a two week period after the lodgements of the Company's Quarterly Reports, Half Yearly and Annual Financial reports. Prior to undertaking any trading in the Company's securities each Director is required to inform the other Directors of his intentions.

Senior executives, in particular key management persons, are permitted to trade in the Company's securities during a two week period after the lodgements of the Company's Quarterly Reports, Half Yearly and Annual Financial reports. Prior to undertaking any trading in the Company's securities each senior executive is required to inform the Board of their intentions.

No restrictions are formally placed on employees trading in the Company's securities provided that the employee has no access to privileged, confidential or market sensitive information. Employees with access to such information are required to comply with the conditions imposed on Senior Managers.

7. The Company is not compliant fully with this principle. The role of the Audit Committee has been assumed by the full Board with its own Chairman to whom the external auditor reports.

The size and nature of the Company's activities does not justify the establishment of a committee at this time.

8. The Company has established procedures designed to ensure compliance with the ASX Listing Rules so that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Board approves all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

9. The Company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws

CORPORATE GOVERNANCE STATEMENT

and the need to act in the best interests of the Company by protecting commercial information. The Company's policy on communication with shareholders is set out in the Company's 'Policy on stakeholder communication and continuous disclosure' which can be viewed on the Company's website.

10. The Board has established policies on risk oversight and management which can be viewed on the Company's website. To carry out this function the Board:
- oversees the establishment, implementation, and annual review of the Company's risk management system, including assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity;
 - reviews the financial reporting process of the Company;
 - discusses with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk;
 - reviews with the external auditor any audit problems and the Company's critical policies and practices; and
 - reviews and assesses the independence of the external auditor.

Systems of internal financial control have been put in place by the management of the Company and are designed to provide reasonable, but not absolute protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

Practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
 - financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
 - occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
 - business transactions are properly authorised and executed;
 - the quality and integrity of personnel; and
 - financial reporting accuracy and compliance with the financial reporting regulatory framework.
11. The Board has received from management an assurance that internal risk management and the internal control system is effective; and assurance from the Non-executive Chairman that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in respect to financial reporting risks.
12. Due to the size of the Board the Company does not have a remuneration committee. The functions normally carried out by such a committee are currently handled by the whole Board as discussed in note 13.
13. The remuneration policy, which sets the terms and conditions for the Chairman and other senior executives has been approved by the Board.

All executives receive fees and also may receive incentives in the form of shares. The Board reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies.

Executives may be entitled to participate in shares issued under the employee share plan.

The criteria used in determining the issue of shares to management include achievement of commercial and technical objectives.

CORPORATE GOVERNANCE STATEMENT

The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Director's Report. All remuneration paid and options issued to executives are valued at a cost to the Company and expensed. Options are valued using the Black-Scholes methodology

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

DIRECTORS' REPORT

The directors of Zamia Gold Mines Limited present their report on the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

The names of directors in office at any time during or since the end of the year are:

Stephen Blackman

Non-executive Chairman

Qualifications: B Bus., MBA, ACIS, ACIM, F Fin, M. AusIMM

Experience: Stephen has over 36 years experience in the mining and metals industry. He has worked with all levels of management in base and precious metal mining operations, project assessment, project development and project finance in addition to roles in consultancy and marketing.

Stephen's experience with large mining companies includes ten years with Rio Tinto group in project development roles and three years with Consolidated Gold Fields Limited in London. Stephen represented the Canadian Imperial Bank of Commerce in the resource sector in Australasia before becoming a corporate advisor to both global and emerging mining companies.

Stephen is a founding Director of International Base Metals Limited.

Interest in shares and options: 2,492,162 ordinary shares and 1,500,000 options in Zamia Gold Mines Limited

Andrew Skinner

Non-executive Director

Qualifications: B Ec, M Ec, CA, FTIA

Experience: Andrew has built a career specialising in Superannuation and taxation. His pre-eminence in the industry is widely recognised and he is frequently published in industry and professional publications and is a regular presenter on various shows including the Television Education Network. Since July 2000 he has operated his own accounting and consultancy practice, specialising in taxation, superannuation planning and compliance.

Interest in shares and options: 156,000 ordinary shares and 1,500,000 options in Zamia Gold Mines Limited

Dr Kenneth Maiden

Non-executive Director

Qualifications: B Sc, PhD, F. Aus IMM, MAIG

Experience: Since completing a doctoral thesis on the Broken Hill ore body, Ken has had 35 years professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. More recently, Ken has established mineral exploration companies in Southern Africa and northwest Queensland, and is a founding director of International Base Metals Limited.

Ken has participated in successful base metal exploration programmes in South Australia, Queensland, Namibia, Botswana and Indonesia.

Interest in shares and options: 2,196,786 ordinary shares and 1,500,000 options in Zamia Gold Mines Limited.

Other current directorships: Non-executive Director of Copper Range Limited.

DIRECTORS' REPORT

Chen Qiang

Qualifications: B Sc, M Sc (Mining Engineer)

Non-executive Director (appointed 6 November 2008)

Experience: Mr Chen is Managing Director of West Minerals Pty Ltd, one of the Company's largest shareholders. Mr Chen, a resident of Perth, has extensive experience in international commodities trading and private equity investment. In the 1990's he was the Marketing Manager of China Metallurgical Import and Export Corporation

Interest in shares and options: 1,000,000 options over ordinary shares in Zamia Gold Mines Limited.

Colin Seaborn

Executive Director (resigned 29 October 2008)

Ronald Norman (Sam) Lees

Executive Director (resigned 29 October 2008)

Company Secretary

John Stone (appointed 23 March 2009)

Qualifications: B Ec

Experience: John has over thirty years experience in the Australian and international corporate markets. In that time he has been a Director and Company Secretary for a diverse range of private and public listed companies.

Interest in shares and options: 81,977 ordinary shares in Zamia Gold Mines Limited

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director while they were a director. During the financial year 12 board meetings were held.

	No. of Meetings held whilst in Office	No. of Meetings Attended
Stephen Blackman	14	14
Andrew Skinner	14	14
Kenneth Maiden	14	14
Colin Seaborn	4	4
Ronald Lees	4	4
Chen Qiang	5	7

Principal Activities

During the year the principal continuing activities of the Group consisted of mineral exploration activities, primarily molybdenum and gold, within the Clermont region of Central Queensland.

There were no changes in the Group's principal activities during the course of the financial year.

DIRECTORS' REPORT

Dividends

No dividends have been declared in the 2009 financial year (2008: no dividend declared).

Review of Operations

The Group's net loss after tax (NLAT) was \$2,254,323 (2008: NLAT \$3,922,230) with all exploration expenditure of \$1,085,281 incurred during the year having been written off rather than capitalised.

The Company continued to focus its exploration on gold, molybdenum and associated base metals in the Clermont region of Central Queensland. The year has been marked by analysis of past exploration data, targeted geochemical and geophysical surveys, changes in exploration priorities and the discovery of the Anthony molybdenum deposit.

The economic entity held eight Exploration Permits for Minerals (EPM) at the end of the period with six EPM applications pending, one of which was offered for grant – the total area under tenement is approximately 1,535 km² in the Clermont region of central Queensland.

The Company's tenements have reduced in accordance with the Queensland Department of Mines and Energy relinquishment requirements and the Company's re-assessment of tenement prospectively in the light of exploration programmes undertaken in the period. The areas retained or applied for cover geological sequences prospective for gold and copper in a variety of geological styles. The principal targets are epithermal gold in volcanic rocks of the Drummond Basin, porphyry style molybdenum, porphyry copper-gold deposits and mesothermal quartz vein gold deposits.

During the period most exploration work was focused on the Anthony molybdenum deposit where a seven hole diamond drilling programme totalling some 1,761 metres was completed. This drilling demonstrated that the mineralisation is still open in every direction and to a depth of at least 300 metres. The drilling has highlighted a high grade zone within a much larger mineralised envelope of significant size and of average industry grades. Preliminary scoping studies provided encouragement that there was strong potential for an economic project despite the dramatic fall in molybdenum oxide prices in the latter part of the period.

Exploration continued on gold targets with geochemical surveys highlighting two new gold anomalies within the Mazeppa tenement and follow up work at Sally Ann resulted in the relinquishment of the Mt McLaren tenement. Bullock Creek tenement was offered for grant during the period.

The Company was cash constrained during the period due to the extended diamond drilling timeframe followed by slow assays. A placement to West Minerals Pty Ltd and financial accommodation by International Base Metals Limited assisted the Company during November 2008. The Company adopted austerity measures that saw the departure of most staff and the Executive Directors. Shareholders approved these arrangements at an Extraordinary General Meeting held on 18 December 2008. Detailed re-evaluation of all tenements and the further interpretation of both the gold targets and the Anthony molybdenum deposit was completed by period end.

The Company's tenement position continues to be strong but is being prioritised to ensure exploration expenditure is targeted towards the most promising economic targets.

Since year end further tenement reductions have occurred in the normal course of business with the total tenement area now being 1,360km².

Corporate Capital and Financing

The Company continues to be very transparent in its need to raise capital progressively to maintain its targeted exploration activities. As an exploration company, the Company continues to recognise the need to modify planned activities in the light of market conditions and the availability of capital.

The Company raised \$362,858 from a private share placement during the financial year and conserved working capital by the payment of a creditor with share based payments which amounted to \$409,596.

DIRECTORS' REPORT

The Company is currently finalising a capital raising which will involve new and existing shareholders.

This capital raising will include a 15% Placement at 3.0 cents per share to raise \$340 000 and the Company intends to provide shareholders with the opportunity to contribute at the same price via a Shareholder Purchase Plan. The Company intends to keep expenses associated with the Issues to a minimum.

This raising will be used by the Company to further progress its Anthony molybdenum project in central Queensland. Anthony project is a porphyry-style molybdenum deposit with a high grade core and the next stage of the exploration program will establish a high grade resource which complies with JORC standards.

Future Strategic Options

The Company continues to assess and follow up suitable capital raising options so that it can maintain its exploration momentum, particularly at the Anthony molybdenum discovery and its surrounding areas.

The Company's strategy is to increase company value by continued exploration and drilling at the Anthony prospect to increase the size of the resource and to maintain appropriate exploration progress on prioritised targets in its tenements.

As at 30 June 2009 the number of listed ordinary shares was 75,848,030 (2008:61,721,655). There are 25,370,000 unquoted options exercisable between 15 and 40 cents expiring from 6 November 2010 to 27 June 2013.

The recent placement has now increased the number of shares outstanding to 87,777,030 with no change to the outstanding options.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year.

After Balance Date Events

On 21 September 2009 the Directors of the Company, resolved to place 11,375,000 ordinary fully paid shares at an issue price of 3.0 cents per share to raise \$341,250 from sophisticated investors as defined under the Corporations Act. Following this issue there will be a total of 87,223,030 fully paid shares issued.

On 22 September 2009 this share placement and a proposed Shareholder Purchase Plan (SPP) was announced to the ASX and waivers have been requested from ASX. The SPP will offer shareholders the opportunity to support the re-commencement of exploration for both molybdenum and gold at the same price as the Placement, being 3.0 cents per share. The proposed SPP is subject to the Australian Securities Exchange (ASX) approving waivers for the pricing and for shareholders to be able to contribute up to \$15,000 each. The Company does not intend to expand its capital by more than 30% and a maximum of 26 million shares would therefore raise a further A\$780,000

These funds will be used to primarily for a drilling programme of high grade core at the Anthony molybdenum discovery to reach JORC inferred status.

Apart from the above there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or 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 financial years.

Environmental Regulations

The Consolidated Entity's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the state of Queensland. The Consolidated Entity is at all times in full environmental compliance with the conditions of its licences.

DIRECTORS' REPORT

Remuneration Report

This report outlines the remuneration arrangements in place for directors and executives of Zamia Gold Mines Limited.

Remuneration Policy

Zamia Gold Mines Limited is a junior mineral exploration company, recently listed, with no revenues and limited funding. The Company requires the continuing ongoing financial support of its shareholders and new investors to undertake an effective exploration programme. The Company has yet to make a profit or pay a dividend. These elements are all considered when evaluating the Company's ability to remunerate key management personnel.

The Company does not have a Remuneration Committee and all non-executive Directors determine the remuneration policy applicable to each executive key management person as and when required. Currently all executive key management personnel are contractors to the Company and all were appointed under arms length agreements acceptable to both parties.

Long term incentives such as the issue of options to Directors and key management personnel are determined by Directors and approved by shareholders in general meeting. At the 2008 AGM held in November 2008, shareholders approved the issue of 5,000,000 unlisted options to Directors and key management personnel, with each option able to be exercised at \$0.15 per share. These options granted to key management personnel were at an exercise price substantially in excess of the market price of the Company's shares at that date. This form of long term incentive does not consume any of the Company's cash resources and must result in a substantial increase in shareholder wealth before the recipient receives any benefit.

Excluded from contractual agreements with all executive key management personnel are references to:

- any element of remuneration dependent on the satisfaction of a performance condition;
- the payment of any statutory benefit including superannuation guarantee contribution or any payments relating to annual leave, long service leave, public holidays or sickness benefits; and
- the issue to the contractor of shares or options in the Company;

Non-executive Directors receive a deemed benefit when granted options by shareholders.

Engagement Contracts of Executive Directors

The provision of services by the Company's Non-executive Directors are being formalised in contracts of engagement between the Company and the executives' related corporate entity. All key management personnel are contractors to the Company and provide services to the Company under these agreements.

Details of Remuneration

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of Zamia Gold Mines Limited are set out in the following tables.

The key management personnel of the Group are the directors of Zamia Gold Mines Limited and the company secretary, details of which are disclosed on pages 25-26:

DIRECTORS' REPORT

Remuneration - Key Management Personnel of the Group 2009

	Short-term benefits	Post-employment benefits	Share-based payments *		
	Cash, salary and fees \$	Super-annuation \$	Equity \$	Options \$	Total \$
Executive Directors					
Colin Seaborn (resigned 29/10/2008)	43,560	-	-	-	43,560
Ronald Lees (resigned 29/10/2008)	60,830	-	-	-	60,830
Non-executive Directors					
Stephen Blackman	17,000	-	-	47,167	64,167
Andrew Skinner	8,720	-	-	47,167	55,887
Kenneth Maiden	17,000	-	-	47,167	64,167
Chen Qiang (appointed 6/11/2008)	-	-	-	47,167	47,167
Company Secretaries					
John Stone (appointed 23/3/2009)	4,050	-	-	-	4,050
Geoffrey Broomhead resigned (18/12/2008)	-	-	-	47,167	47,167
	151,160	-	-	235,835	386,995

* Non-cash benefits consist of share based payments with options issued on 1/12/2008 as approved by shareholders at the 2008 AGM

Remuneration - Key management personnel of the Group 2008

	Short-term benefits	Post-employment benefits	Share-based payments		
	Cash, salary and fees \$	Super-annuation \$	Equity \$	Options \$	Total \$
Executive Directors					
Colin Seaborn	81,045	-	-	386,950	467,995
Ronald Lees	69,810	-	-	793,760	863,570
Non-executive Directors					
Stephen Blackman	22,000	-	-	39,100	61,100
Andrew Skinner	26,160	-	-	39,100	65,260
Kenneth Maiden	36,000	-	-	77,810	113,810
Peter Bradfield	49,050	-	-	-	49,050
Matthew Stephens	56,667	-	-	-	56,667
Company Secretaries					
Geoffrey Broomhead	-	-	-	114,800	114,800
	340,732	-	-	1,451,520	1,792,252

DIRECTORS' REPORT

Options Granted as Remuneration

Options are issued to Directors and Company Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to all Directors and executives of the Company to increase goal congruence among Directors, executives and shareholders.

All options were issued for nil consideration. When exercisable, each option is convertible into one ordinary share.

The terms of each grant of options affecting remuneration in the previous and the current reporting periods are as follows:

	Grant date	Granted	Vested	Date vested and exercisable	Expiry date	Exercise Price	Value per option at grant date
2009							
Stephen Blackman	18 Dec'08	1,000,000	1,000,000	18 Dec'08	17 Dec'13	\$0.15	\$0.0472
Chen Qiang	18 Dec'08	1,000,000	1,000,000	18 Dec'08	17 Dec'13	\$0.15	\$0.0472
Andrew Skinner	18 Dec'08	1,000,000	1,000,000	18 Dec'08	17 Dec'13	\$0.15	\$0.0472
Kenneth Maiden	18 Dec'08	1,000,000	1,000,000	18 Dec'08	17 Dec'13	\$0.15	\$0.0472
Geoffrey Broomhead	18 Dec'08	1,000,000	1,000,000	18 Dec'08	17 Dec'13	\$0.15	\$0.0472
		5,000,000	5,000,000				
2008							
Stephen Blackman	27 Jun'08	250,000	250,000	27 Jun'08	27 Jun'13	\$0.25	\$0.1564
Colin Seaborn	18 Dec-07	500,000	500,000	18 Dec-08	18 Dec'12	\$0.20	\$0.1551
	27 Jun'08	1,000,000	1,000,000	27 Jun'08	27 Jun'13	\$0.25	\$0.1564
	27 Jun'08	1,000,000	1,000,000	27 Jun'08	27 Jun'13	\$0.40	\$0.153
Ronald (Sam) Lees	18 Dec'07	300,000	300,000	18 Dec'07	18 Dec'12	\$0.20	\$0.0732
	27 Jun'08	2,000,000	2,000,000	27 Jun'08	27 Jun'13	\$0.25	\$0.1564
	27 Jun'08	3,000,000	3,000,000	27 Jun'08	27 Jun'13	\$0.40	\$0.153
Andrew Skinner	27 Jun'08	250,000	250,000	27 Jun'08	27 Jun'13	\$0.25	\$0.1564
Kenneth Maiden	18 Dec-07	300,000	300,000	18 Dec-08	18 Dec'12	\$0.20	\$0.1551
	27 Jun'08	200,000	200,000	27 Jun'08	27 Jun'13	\$0.25	\$0.1564
Geoffrey Broomhead	18 Dec'07	500,000	500,000	18 Dec'07	18 Dec'12	\$0.20	\$0.0732
	27 Jun'08	500,000	500,000	27 Jun'08	27 Jun'13	\$0.25	\$0.1564
		9,800,000	9,800,000				

No options issued to Directors and Company Executives were exercised during the reporting period

DIRECTORS' REPORT

Shares under Option

Unissued ordinary shares of Zamia Gold Limited under option to key management personnel and other holders at the date of this report are as follows:

Date options granted	Expiry Date	Issue price of shares	Number under option
26 Oct'06	30 Sep'11	\$0.25	2,500,000
5 Jan'07	30 Sep'11	\$0.20	3,000,000
18 Dec'07	18 Dec'12	\$0.20	1,700,000
18 Jun'08	18 Jun'13	\$0.25	400,000
27 Jun'08	27 Jun'13	\$0.25	4,200,000
27 Jun'08	27 Jun'13	\$0.40	4,000,000
6 Nov'08	6 Nov'10	\$0.15	4,570,000
18 Dec'08	18 Dec'13	\$0.15	5,000,000
			<hr/> <hr/> 25,370,000

Options Lapsed

25,190,845 listed options lapsed on 27 June 2009.

Indemnifying and Insurance of Directors and Officers

During or since the end of the previous financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all of the Directors of the Company as named above, the Company Secretary Mr John Stone, and all executive officers of the Company against any liability incurred as such by a Directors, Secretary or Executive Officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided by the external auditor during the year

DIRECTORS' REPORT

Auditor Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 34 of the financial report,

Signed in accordance with a resolution of the board of directors.



Stephen Blackman
Chairman

Sydney, 24 September 2009

**ZAMIA GOLD MINES LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY**

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001



Drew Townsend
Partner
Dated: 24 September 2009

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Gino Malacco
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Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta

Associates
Lyle Vallance
Bill Petrovski
Sally Saad

National Association
Hall Chadwick

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Chartered Accountants

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ZAMIA GOLD MINES LIMITED
ABN 73 120 348 683

AND CONTROLLED ENTITY
INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF ZAMIA GOLD MINES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Zamia Gold Mines Limited (the company) and Zamia Gold Mines Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Zamia Gold Mines Limited on 24 September 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

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ZAMIA GOLD MINES LIMITED
ABN 73 120 348 683

AND CONTROLLED ENTITY
INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF ZAMIA GOLD MINES LIMITED

Auditor's Opinion

In our opinion:

- a. the financial report of Zamia Gold Mines Limited and Zamia Gold Mines Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the consolidated entity incurred a net loss of \$2,254,323 during the year ended 30 June 2009. This condition along with other matters as set forth in Note 1(b), indicates the existence of a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 31 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Zamia Gold Mines Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001

A handwritten signature in black ink, appearing to read 'Drew Townsend'.

Drew Townsend
Partner

Dated: 24 September 2009

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 38-64, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group.
2. The Chairman and Chief Finance Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Stephen Blackman
Chairman

Sydney, 24 September 2009

INCOME STATEMENT

For the Financial Year Ended 30 June 2009

	Note	Consolidated Group		Parent Entity	
		30 June 2009 \$	30 June 2008 \$	30 June 2009 \$	30 June 2008 \$
Other Income	4	25,043	102,712	24,551	100,806
Administrative Service fees		(54,571)	(234,794)	(54,571)	(30,650)
Consultancy fees		(424,222)	(72,262)	(150)	(70,459)
Depreciation and amortisation expense		(21,973)	(13,341)	(5,256)	(1,976)
Compliance costs		(66,145)	(69,990)	(66,145)	(69,990)
Exploration and evaluation expenditure	5	(1,085,281)	(1,736,019)	-	(15,000)
Employee benefits expense		(15,843)	(119,401)	(155)	-
Finance costs		-	(4,747)	-	(4,747)
Other expenses		(133,549)	(313,341)	(120,706)	(301,097)
Provision for impairment of loans		-	-	(1,685,162)	(3,568,977)
Share based payments	5	(477,782)	(1,531,037)	(477,782)	(1,531,037)
(Loss) before Income Tax		(2,254,323)	(3,922,230)	(2,385,376)	(5,423,137)
Income tax expense	6	-	-	-	-
(Loss) attributable to Members of the parent entity		(2,254,323)	(3,922,230)	(2,385,376)	(5,423,137)
Earnings per Share:					
Basic and diluted	26	(\$0.03)	(\$0.08)	-	-

Notes to financial statements are included on pages 42-64

BALANCE SHEET

As at 30 June 2009

	Note	Consolidated Group		Parent Entity	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents		257,817	1,311,399	255,694	1,303,779
Trade and other receivables	8	-	64,965	-	25,833
Other current assets	9	19,705	2,080	11,199	-
TOTAL CURRENT ASSETS		277,522	1,378,444	266,893	1,329,612
NON-CURRENT ASSETS					
Financial assets	12	-	-	2	2
Plant and equipment		65,727	17,107	4,096	7,042
TOTAL NON-CURRENT ASSETS		65,727	17,107	4,098	7,044
TOTAL ASSETS		343,249	1,395,551	270,991	1,336,656
CURRENT LIABILITIES					
Trade and other payables	14	144,775	192,990	114,575	45,100
TOTAL CURRENT LIABILITIES		144,775	192,990	114,575	45,100
TOTAL LIABILITIES		144,775	192,990	114,575	45,100
NET ASSETS		198,474	1,202,561	156,416	1,291,556
EQUITY					
Contributed equity	15	7,421,092	6,844,341	7,421,092	6,844,341
Reserves	17	2,286,722	1,613,237	2,286,722	1,613,237
Retained losses		(9,509,340)	(7,255,017)	(9,551,398)	(7,166,022)
TOTAL EQUITY		198,474	1,202,561	156,416	1,291,556

Notes to financial statements are included on pages 42-64

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2009

Consolidated Group

	Share capital ordinary shares	Listed Options	Retained losses	General Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1/7/2007	5,230,352	196,163	(3,332,787)	-	82,200	2,175,928
Shares issued during the year	1,443,000	-	-	-	-	1,443,000
Listed options exercised	12,291	(460)	-	-	-	11,831
Transaction costs on share issue	(37,005)	-	-	-	-	(37,005)
Revaluation increment	-	-	-	-	1,531,037	1,531,037
Loss attributable to members of parent entity	-	-	(3,922,230)	-	-	(3,922,230)
Balance at 30/6/2008	6,648,638	195,703	(7,255,017)	-	1,613,237	1,202,561
Balance at 1/7/2008	6,648,638	195,703	(7,255,017)	-	1,613,237	1,202,561
Shares issued during the year	772,454	-	-	-	-	772,454
Listed options lapsed	-	(195,703)	-	195,703	-	-
Loss attributable to members of parent entity	-	-	(2,254,323)	-	-	(2,254,323)
Revaluation increment	-	-	-	-	477,782	477,782
Balance at 30/6/2009	7,421,092	-	(9,509,340)	195,703	2,091,019	198,474

Parent Entity

	Share capital ordinary shares	Listed Options	Retained losses	General reserve	Option Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1/7/2007	5,230,352	196,163	(1,742,885)	-	82,200	3,765,830
Shares issued during the year	1,443,000	-	-	-	-	1,443,000
Listed options exercised	12,291	(460)	-	-	-	11,831
Transaction costs on share issue	(37,005)	-	-	-	-	(37,005)
Revaluation increment	-	-	-	-	1,531,037	1,531,037
Loss attributable to members of parent entity	-	-	(5,423,137)	-	-	(5,423,137)
Balance at 30/6/2008	6,648,638	195,703	(7,166,022)	-	1,613,237	1,291,556
Balance at 1/7/2008	6,648,638	195,703	(7,166,022)	-	1,613,237	1,291,556
Shares issued during the year	772,454	-	-	-	-	772,454
Listed options lapsed	-	(195,703)	-	195,703	-	-
Loss attributable to members of parent entity	-	-	(2,385,376)	-	-	(2,385,376)
Revaluation increment	-	-	-	-	477,782	477,782
Balance at 30/6/2009	7,421,092	-	(9,551,398)	195,703	2,091,019	156,416

Notes to financial statements are included on pages 42-64

CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2009

	Note	Consolidated Group		Parent Entity	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(1,366,297)	(2,476,669)	(318,184)	(439,539)
Interest received		25,043	102,712	24,551	100,806
Interest paid		-	(4,747)	-	(4,747)
Net cash(used in) by operating activities	25	(1,341,254)	(2,378,704)	(293,633)	(343,480)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(78,822)	(20,707)	(2,310)	(6,252)
Proceeds from sale of plant and equipment		3,636	-	-	-
Net cash (used in) by investing activities		(75,186)	(20,707)	(2,310)	(6,252)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		362,858	1,454,831	362,858	1,454,831
Cost of capital raising		-	(37,005)	-	(37,005)
Loans to related party - subsidiary		-	-	(1,115,000)	(2,018,928)
Repayment of borrowings		-	(305,013)	-	(305,013)
Net cash provided by/ (used in) financing activities		362,858	1,112,813	(752,142)	(906,115)
Net (decrease) in cash held		(1,053,582)	(1,286,598)	(1,048,085)	(1,255,847)
Cash at the beginning of the financial year		1,311,399	2,597,997	1,303,779	2,559,626
Cash at the end of the financial year	7	257,817	1,311,399	255,694	1,303,779

Notes to financial statements are included on pages 42-64

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Zamia Gold Mines Limited Limited and controlled entity ('Group') and separate financial statements and notes of Zamia Gold Mines Limited as an individual parent entity.

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical cost, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Financial report prepared on a 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.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2009 was \$2,254,323 (2008: \$3,922,230).

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

- (i) in the financial year the Company raised funds from share placements resulting in a net cash injection of \$362,358;
- (ii) the Group had \$257,817 in cash at 30 June 2009;
- (iii) On 21 September 2009 the Directors of the Company, resolved to place 11,375,000 ordinary fully paid shares at an issue price of 3.0 cents per share to raise \$341,250 from sophisticated investors as defined under the Corporations Act. Following this issue there will be a total of 87,223,030 fully paid shares issued.

On 22 September 2009 this share placement and a proposed Shareholder Purchase Plan (SPP) was announced to the ASX and waivers have been requested from ASX. The SPP will offer shareholders the opportunity to support the re-commencement of exploration for both molybdenum and gold at the same price as the Placement, being 3.0 cents per share. The proposed SPP is subject to the Australian Securities Exchange (ASX) approving waivers for the pricing and for shareholders to be able to contribute up to \$15,000 each. The Company does not intend to expand its capital by more than 30% and a maximum of 26 million shares would therefore raise a further A\$780,000.

These funds will be used to primarily for a drilling programme of high grade core at the Anthony molybdenum discovery to reach JORC inferred status.

The capital raising programme as announced to shareholders and the ASX is due for completion prior to the end of the year.

A second known molybdenum deposit has been approved for grant at Mistake Creek.

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 projects through the standard stages of feasibility studies, development and ultimate operation. Following a period of plant commissioning the company should be in a positive cash flow position thereafter.

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 balance sheet. The ability of the Group to raise funds is dependant on industry resource market interest.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zamia Gold Mines Limited ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Zamia Gold Mines Limited and its subsidiary together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another sector.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Group. Zamia Resources Pty Ltd is the sole controlled entity of Zamia Gold Limited.

(d) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments. The Group operates in one business and geographic sector (Refer Note 3)

(e) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity

Zamia Gold Mines Limited and its wholly-owned Australian controlled entity have not implemented the tax consolidation legislation.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(g) Exploration and development expenditure

All exploration, evaluation and development expenditure on all the Company's exploration tenements is expensed as incurred. Directors believe this treatment where expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown with short-term borrowings in current liabilities on the balance sheet.

(j) Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loan to subsidiaries are classified as non-current receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Recognition and derecognition

Financial assets carried at fair value through profit or loss are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired, in the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(k) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is provided on plant and equipment and leasehold improvements. Depreciation is calculated on a diminishing value or straight line basis over the useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the expired period of the lease or the estimated useful lives of the improvements. The following estimated useful lives are used in the calculation of depreciation:

Parent and Australian registered subsidiaries

Plant and equipment – diminishing value	50%
Computer software – diminishing value	40%
Motor vehicles – diminishing value	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

(l) Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(m) Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(o) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, plus related on-costs.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled compensation

The Company operates a number of share-based compensation plan approved by shareholders. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the Income Statement. The total amount is expensed by reference to the fair value of those shares or options at the date the shares or options are granted over the vesting period.

(p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except, where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet, are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – impairment of other receivables

The directors have reviewed outstanding debtors as at 30 June 2009 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made in the accounts of \$1,685,162 being a debt owing by a subsidiary to the parent entity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company is currently evaluating the effect on the Group but as the Group currently operates in one sector and reports on that basis the new standard is not expected to change reporting requirements.

(ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [1,AASB 101,AASB 107,AASB 111,AASB 116&AASB 138 and Interpretations 1 & 12]*

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This revised standard is not expected to have an effect on the Company and the Group as it does not contemplate using borrowings to fund acquisitions.

(iii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

(iv) *AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (Effective from 1 January 2009).*

AASB 2008-1 clarifies that vesting conditions consist of service and performance conditions only and that other features of a share share-based payment are not vesting condition. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

The Group will apply the revised standard from 1 July 2009, but it is not expected to affect accounting for the Group's share-based payments.

(v) *Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)*

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. The Group will apply the revised standard to business combinations entered into after 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vii) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

viii) AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009) AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 Construction Contracts should be applied to particular transactions.

The Group is not involved with construction contracts and the revised standard will therefore have no affect.

(ix) AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008).

AASB-I 16 clarifies which foreign currency risks qualify as hedged risks in the hedge of a net investment in a foreign operation. The Group has no investments in foreign operations and the revised standard will therefore have no affect on the Group.

(x) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009).

AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group does not hedge so that the amended standard will have no material impact on the Group's financial statements.

(xi) AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Group has no plans to pay dividends with non-cash assets so that this standard is not expected to impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, receivables and payables, and loans to subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial instruments, are as follows:

Financial Risk Management Policies

Risk management is carried out by management under policies approved by the Board of Directors. The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposit with banks, accounts receivable and payable, and loans to subsidiaries.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	257,817	1,311,399	255,694	1,303,779
Trade and other receivables	-	64,965	-	25,833
	257,817	1,376,364	255,694	1,329,612
Financial liabilities				
Trade and other payables	144,775	192,990	114,575	45,100
	144,775	192,990	114,575	45,100

(a) Market and price risk

The Groups activities as an exploration company do not expose it to market or credit risk at this stage.

(b) Cash flow and fair value interest rate risk

As the Consolidated Entity does not have any external debt and all its liabilities are non-interest bearing, the effect on profit and equity as a result of change in the interest rate, with all other variables remaining constant would be immaterial.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial Liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational and financing activities
- Ensuring that adequate capital raising activities are undertaken
- maintaining a reputable credit profile
- investing surplus cash only with major financial institutions

The Group has no financial liabilities and prefers to use capital raising rather than borrowings to balance cash flow requirements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

The following tables reflect the Group's undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

30 June 2009

Fixed Interest Rate Maturing

	Average Interest Rate %	Variable Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-interest Bearing \$	Total \$
Financial Assets							
Cash	2.8%	257,817	-	-	-	-	257,817
Total financial assets		257,817	-	-	-	-	257,817
Trade and other payables		-	-	-	-	144,775	144,775
Total financial liabilities		-	-	-	-	144,775	144,775

30 June 2008

Fixed Interest Rate Maturing

	Average Interest Rate %	Variable Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-interest Bearing \$	Total \$
Financial Assets							
Cash	7.20%	1,311,399	-	-	-	-	1,311,399
Other receivables	-	-	-	-	-	64,695	64,695
Total financial assets		1,311,399	-	-	-	64,695	1,376,094
Trade and other payables		-	-	-	-	192,990	192,990
Total financial liabilities		-	-	-	-	192,990	192,990

(c) Fair value

Cash and cash equivalents, trade and other receivables and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: SEGMENT INFORMATION

The Group operates primarily in one geographical and in one business segment, namely mineral exploration in Queensland.

NOTE 4: REVENUE

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Other revenue				
- Interest received – other entities	25,403	102,712	24,551	100,806

NOTE 5: LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

Finance costs – other related parties	-	4,747	-	4,747
Exploration expenditure	1,085,281	1,736,019	-	15,000
Impairment losses –loans	-	-	1,685,162	3,568,977
Depreciation and amortisation expense	21,973	13,341	5,256	1,976
Share based payments expensed	477,782	1,531,037	477,782	1,531,037

NOTE 6: INCOME TAX

(a) Income tax expense

Current tax	-	-	-	-
Deferred tax	(532,917)	(717,358)	(572,233)	(1,167,630)
Deferred tax assets not recognised	532,917	717,358	572,233	1,167,630
	-	-	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense at 30% (2008: 30%)	(676,297)	(1,176,669)	(715,613)	(1,626,941)
Add tax effect of:				
Non deductible share based payments	143,380	459,311	143,380	459,311
Less tax effect of:				
Deferred tax assets not recognised	532,917	717,358	572,233	1,167,630
Income tax expense	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
Cash at bank and in hand	257,817	1,311,399	255,694	1,303,779
Reconciliation of cash				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	257,817	1,311,399	255,694	1,303,779
Interest rate exposure				

NOTE 8: CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Other receivables	-	64,965	-	25,833
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Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

NOTE 9: CURRENT ASSETS – OTHER CURRENT ASSETS

Deposits	4,580	2,080	-	-
GST receivable	15,125	-	11,199	-
	19,705	2,080	11,199	

NOTE 10: NON-CURRENT ASSETS – OTHER RECEIVABLES

Amounts owing by controlled entities	-	-	5,254,140	3,568,977
Provision for impairment of receivables	-	-	(5,254,140)	(3,568,977)
	-	-	-	-

(a) Impaired receivables and receivables past due

At 30 June 2009 \$5,254,140 (2008: \$3,568,977) owing by controlled entities was impaired with \$1,685,162 provided for in 2009 (2008: \$3,568,977).

(b) Fair values

After provisioning for impairment for the amount owing by a controlled entities of \$5,254,140, the carrying amount is assumed to approximate the fair value. Information about the Group's and the parent entity's exposure to credit and interest risk is provided in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Consolidated	Furniture and Fittings at cost	Computer equipment at cost	Motor vehicles at cost	TOTAL
	\$	\$	\$	\$
As at 1 July 2007				
Cost at fair value	5,406	4,949	-	10,355
Accumulated depreciation	(519)	(94)	-	(613)
Net book value	4,887	4,855	-	9,742
As at 30 June 2008				
Opening net book value	4,887	4,855	-	9,742
Additions	-	6,252	14,455	20,707
Depreciation charge	(4,887)	(3,023)	(5,432)	(13,342)
Net book value	-	8,084	9,023	17,107
Year ended 30 June 2009				
Opening net book value	-	8,084	9,023	17,107
Additions	-	2,311	76,512	78,823
Disposals	-	-	(8,230)	(8,230)
Depreciation charge	-	(6,297)	(15,676)	(21,973)
	-	4,098	61,629	65,727
Parent entity			Computer equipment	TOTAL
			\$	\$
As at 1 July 2007				
Cost at fair value			2,860	2,860
Accumulated depreciation			(94)	(94)
Net book value			2,766	2,766
As at 30 June 2008				
Opening net book value			2,766	2,766
Additions			6,252	6,252
Depreciation charge			(1,976)	(1,976)
Net book value			7,042	7,042
Year ended 30 June 2009				
Opening net book value			7,042	7,042
Additions			2,310	2,310
Depreciation charge			(5,256)	(5,256)
			4,096	4,096

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: NON-CURRENT ASSETS – FINANCIAL ASSETS

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Available for sale financial assets	-	-	2	2

Available for sale financial assets comprise shares in controlled entities, disclosed in Note 23, are carried at cost.

NOTE 13: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

Deferred tax assets not brought to account the benefit of which will only be realised if the conditions for deductibility set out in Note 1(f) are satisfied.

- tax losses, operating losses at 30% not brought to account \$2,060,127 (2008: \$1,527,210).

NOTE 14: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade payables	95,022	25,268	68,575	100
Sundry payables and accrued expenses	49,753	167,722	46,000	45,000
	144,775	192,990	114,575	45,100

NOTE 15: CONTRIBUTED EQUITY

Fully paid ordinary shares 75,848,030 (2008: 61,721,655)	7,421,092	6,648,638	7,421,092	6,648,538
Traded options*	-	195,703	-	195,703
	7,421,092	6,844,341	7,421,092	6,844,341

* Traded share options expired on 27 June 2009.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: CONTRIBUTED EQUITY (continued)

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	\$
30 June 07	Opening balance	50,500,000	-	5,230,352
2 Aug 07	Share issued on exercise of options	59,155	\$0.20	12,291
1 May 08	Shares issued on share purchase plan	5,662,500	\$0.08	453,000
23 May 08	Share placement	5,500,000	\$0.18	990,000
	Less transaction costs arising on shares issued			(37,005)
	Balance 30 June 2008	61,721,655		6,648,638
1 July 08	Opening balance	61,721,655		6,648,638
6 Nov 08	Share placement	4,570,000	\$0.0794	362,858
18 Dec 08	Share based payments	3,467,353	\$0.06088	211,103
27 Jan 09	Share based payments	1,850,702	\$0.05	92,535
17 June 09	Share based payments	4,238,320	\$0.025	105,958
	Balance 30 June 2009	75,848,030		7,421,092

(b) Ordinary shares

During the financial year the company issued 14,126,375 ordinary shares at prices as indicated in the above table.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(c) Capital risk management

The Group and the parent entity's objective when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the parent entity monitor capital on the basis of the gearing ratio.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During financial year 2009 the Group's strategy was unchanged from 2008, however as a result of the conversion during the year of a convertible loan to equity, the Group had no long-term debt at 30 June 2009 and therefore there is no meaningful gearing ratio compared with the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: RESERVES

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
General reserve (a)	195,703	-	195,703	-
Option Reserve (b)	2,091,019	1,613,237		1,613,237
	2,286,722	1,613,237	2,286,722	1,613,237

- (a) The general reserve has resulted from listed options which have expired and not been exercised
(b) The share option reserve records items as expenses on valuation of employee and director share options.

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year were:

(a) **Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year were:**

Stephen Blackman	Non-executive director	
Andrew Skinner	Non-executive director	
Kenneth Maiden	Non-executive director	
Chen Qiang	Non-executive director	Appointed 6/11/2008
Colin Seaborn	Executive Directors	Resigned 29/10/2008
Ronald Lees	Executive director	Resigned 29/10/2008)
John Stone	Company Secretary	Appointed 23/3/2009)
Geoffrey Broomhead	Company Secretary	Resigned (18/12/2008)

(b) **Key management personnel compensation:**

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Total remuneration	151,160	340,732	151,160	340,732

Details of key management personnel remuneration are included in the remuneration report on page 30.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

c) Shareholdings of key management personnel

The number of shares in the company held during the financial year by each Director of Zamia Gold Mines Limited and other key management personnel of the Group, including their personally related parties are set out below.

2009	Balance at start of the year	Received during the year as share based payments	Other changes during the year*	Balance at the end of the year
Stephen Blackman	2,462,162	-	30,000	2,492,162
Andrew Skinner	150,000	-	6,000	156,000
Kenneth Maiden	2,196,786	-	-	2,196,786
John Stone	-	-	81,977	81,977
	4,808,948	-	117,977	4,926,925
2008				
Stephen Blackman	2,274,662	-	187,500	2,462,162
Colin Seaborn	248,369	-	62,500	310,869
Ronald Lees	-	-	102,500	102,500
Andrew Skinner	150,000	-	-	150,000
Kenneth Maiden	2,009,286	-	187,500	2,196,786
Geoffrey Broomhead	339,160	-	325,000	664,160
	5,021,477	-	865,000	5,886,477

* Net change other refers to shares purchased or sold during the financial year

(d) Option holdings of key management personnel

The number of share options in the company held at the end of the financial year by each director of Zamia Gold Mines Limited and other key management personnel of the Group, including their personally related parties are set out below.

2009	Balance at start of the year	Received during the year as share based payments	Exer-cised	Other changes*	Balance at the end of the year	Vested and exercisable
Stephen Blackman	1,637,330	1,000,000	-	(1,137,330)	1,500,000	1,500,000
Chen Qiang	-	1,000,000	-	-	1,000,000	1,000,000
Andrew Skinner	575,000	1,000,000	-	(75,000)	1,500,000	1,500,000
Kenneth Maiden	1,504,545	1,000,000	-	(1,004,545)	1,500,000	1,500,000
	3,716,875	4,000,000	-	(2,216,875)	5,500,000	5,500,000

* Net change other refers to listed options expired and not exercised during the financial year

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2008	Balance at start of the year	Received during the year as share based payments	Exercised	Other changes	Balance at the end of the year	Vested and exercisable
Stephen Blackman	250,000	250,000	-	1,137,330	1,637,330	1,637,330
Colin Seaborn	-	2,500,000	-	124,184	2,624,184	2,624,184
Ronald Lees	-	5,300,000	-	-	5,300,000	5,300,000
Andrew Skinner	250,000	250,000	-	75,000	575,000	575,000
Kenneth Maiden	-	500,000	-	1,004,545	1,504,545	1,504,545
Geoffrey Broomhead	-	1,000,000	-	50,000	1,050,000	1,050,000
	500,000	9,800,000	-	2,391,059	12,691,059	12,691,059

NOTE 19: REMUNERATION OF AUDITORS

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
<i>Auditor to the parent company</i>				
Auditing or reviewing the financial report	33,500	47,860	33,500	47,860
Other services:				
- taxation services	2,000	-	2,000	-
	35,500	47,860	35,500	47,860

NOTE 20: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 21: COMMITMENTS

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$

Non-cancellable operating leases

The property lease is a non-cancellable lease with a 6 month term, with rent payable weekly in advance. An option exists to renew the lease at the end of the 6 month term for an additional term of 6 months.

Non-cancellable operating leases contracted but not capitalised in the financial statements

- Payable not later than one year	18,501	11,970	18,501	11,970
Minimum lease payments	18,501	11,970	18,501	11,970

Exploration and Development

- Indicative exploration expense payable not later than one year *	1,120,000	1,125,000	-	-
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* Budget agreed with the Queensland Department of Mining and Energy pending granting of current applications

NOTES TO THE FINANCIAL STATEMENTS

The Company's fully owned subsidiary, Zamia Resources Pty Ltd holds exploration licenses for tenements in Queensland the terms of which require expenditure as a condition of these licences.

The term of the permits is five years with prescribed relinquishment percentages each year following the second year. The company may request special consideration based on technical merit and expenditure to vary the quantum of the relinquishment in any one year – In the Company's experience this has generally been acceded to.

The Company is in constant contact with the Queensland Department of Mining and Energy seeking to protect the company's tenement position and discuss any amelioration in the relinquishment of each tenement according to the age of the tenure.

NOTE 22: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity within the Group is Zamia Gold Mines Limited

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23

(c) Key management personnel

Disclosures in relation to key management personnel are set out in Note 18 and on page 12 of the Directors' Report.

(e) Outstanding balances arising from transactions with the Group

The Group includes the ultimate parent entity and its wholly owned and partly owned subsidiaries. The ultimate parent entity in the Group is Zamia Gold Mines Limited. Amounts receivable from entities in the Group are disclosed in Note 10

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Amounts owing by controlled entities	-	-	5,254,140	3,568,977
Provision for impairment of amounts owing by controlled entities	-	-	(5,254,140)	(3,568,977)

A provision for impairment of debtors of \$1,685,162 was raised in the 2008 financial year (2008: \$3,568,977) in relation to outstanding balances owing by a related entity and an expense was recognised with respect to this impairment.

NOTE 23: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c).

Name of entity	Country of Incorporation	Class of Shares Ownership	Interest	
			2009	2008
Parent entity				
Zamia Gold Mines Limited	Australia	Ordinary	100%	100%
Controlled entity				
Zamia Resources Pty Ltd	Australia	Ordinary	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: SUBSEQUENT EVENTS

On 21 September 2009 the Directors of the Company, resolved to place 11,375,000 ordinary fully paid shares at an issue price of 3.0 cents per share to raise \$341,250 from sophisticated investors as defined under the Corporations Act. Following this issue there will be a total of 87,223,030 fully paid shares issued.

On 22 September 2009 this share placement and a proposed Shareholder Purchase Plan (SPP) was announced to the ASX and waivers have been requested from ASX. The SPP will offer shareholders the opportunity to support the re-commencement of exploration for both molybdenum and gold at the same price as the Placement, being 3.0 cents per share. The proposed SPP is subject to the Australian Securities Exchange (ASX) approving waivers for the pricing and for shareholders to be able to contribute up to \$15,000 each. The Company does not intend to expand its capital by more than 30% and a maximum of 26 million shares would therefore raise a further A\$780,000

These funds will be used to primarily for a drilling programme of high grade core at the Anthony molybdenum discovery to reach JORC inferred status.

Apart from the above there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or 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 financial years.

NOTE 25: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Group		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
(Loss) from ordinary activities after income tax	(2,254,323)	(3,922,230)	(2,385,376)	(5,423,137)
Add/(less) non-cash items:				
- Deposits written off	-	-	-	12,500
- Provision for impairment of receivables			1,685,162	3,568,977
- Share based option expense	477,782	1,531,037	477,782	1,531,037
- Share based payments	409,596	-	409,596	-
- Depreciation and amortisation	21,973	13,342	5,256	1,976
- Non cash items loan to subsidiary	-	-	-	-
- Loss on sale of plant and equipment	4,593	-	-	-
Changes Change in assets and liabilities				
Decrease/(Increase) in receivables	64,965	(18,532)	25,833	(3,434)
(Increase)/decrease in other assets	(17,715)	12,500	(11,199)	-
(Decrease)/increase in payables	(48,125)	5,179	(500,687)	(31,399)
Net cash used in operating activities	(1,341,254)	(2,378,704)	(293,633)	(343,480)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: EARNINGS PER SHARE

	Consolidated Group	
	2009 Cents per Share	2008 Cents per Share
Basic and diluted earnings per share	(3.31)	(2.63)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:-

	2009 \$	2008 \$
Earnings (i)	(2,254,323)	(3,922,230)
	No.	No
Weighted average number of ordinary shares (ii)	68,030,700	52,057,394

- (i) Earnings used in the calculation of basic and diluted earnings per share are net profit after tax attributable to members of the parent entity as per the income statement.

NOTE 27: SHARE-BASED PAYMENTS

The following share based payments were made during the financial year in payment for services rendered to the Group:-

(a) Shares

Share-based payments were made in payment for services rendered by International Base Metals Ltd under an Administrative Services Agreement and Technical Service Agreement:

Grant Date	No of Shares	Fair Value per share	Total Fair Value
10/12/08	3,467,353	\$0.060	211,103
27/01/09	1,850,702	\$0.05	92,535
17/06/09	4,238,320	\$0.025	105,958
	9,556,375		409,596

Fair value

Share-based payments issued for services rendered by International Base Metals Ltd have been valued based on the last five days volume weighted average market price (VWAP) per share.

(b) Options

Options are issued to Directors and Key Management Personnel as part of their remuneration with options granted for no consideration. Options have also been issued in a previous year to a Broker on listing of Zamia Gold Mines Ltd and to a major shareholder. Options granted are not listed and carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27: SHARE-BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise Price	Balance at start of Year	Number		Date vested and exercisable at end of year
				Granted during the year	Balance at end of Year	
Consolidated and parent entity 2009						
26 Oct'06	30 Sep'11	\$0.25	2,500,000	-	2,500,000	2,500,000
5 Jan'07	30 Sep'11	\$0.20	3,000,000	-	3,000,000	3,000,000
18 Dec'07	18 Dec'12	\$0.20	1,700,000	-	1,700,000	1,700,000
18 Jun'08	18 Jun'13	\$0.25	400,000	-	400,000	400,000
27 Jun'08	27 Jun'13	\$0.25	4,200,000	-	4,200,000	4,200,000
27 Jun'08	27 Jun'13	\$0.40	4,000,000	-	4,000,000	4,000,000
6 Nov'08	6 Nov'10	\$0.15	-	4,570,000	4,570,000	4,570,000
18 Dec'08	17 Dec'13	\$0.15	-	5,000,000	5,000,000	5,000,000
			15,800,000	9,570,000	25,370,000	25,370,000
Weighted average exercise price			\$0.23	\$0.15	\$0.23	\$0.23

Grant date	Expiry date	Exercise Price	Balance at start of Year	Number		Date vested and exercisable at end of year
				Granted during the year	Balance at end of Year	
Consolidated and parent entity 2008						
26 Oct'06	30 Sep'11	\$0.25	2,500,000	-	2,500,000	2,500,000
5 Jan'07	30 Sep'11	\$0.20	3,000,000	-	3,000,000	3,000,000
18 Dec'07	18 Dec'12	\$0.20	-	1,700,000	1,700,000	1,700,000
27 Jun'07	27 Jun'09	\$0.20	25,190,845	-	25,190,845	25,190,845
18 Jun'08	18 Jun'13	\$0.25	-	400,000	400,000	400,000
27 Jun'08	27 Jun'13	\$0.25	-	4,200,000	4,200,000	4,200,000
27 Jun'08	27 Jun'13	\$0.40	-	4,000,000	4,000,000	4,000,000
			30,690,845	10,300,000	40,990,845	40,990,845
Weighted average exercise price			\$0.20	\$0.30	\$0.23	\$0.23

25,190,845 listed options were not exercised and expired on 27 June 2009.

The weighted average remaining contractual life of share options outstanding at 30 June 2009 was 3.2 years (2008: 2.28 years)

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was 4.72 cents. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the

NOTES TO THE FINANCIAL STATEMENTS

underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2009 included:

	Options issued 6 November 2008	Options issued 18 December 2008
(a) Exercise price	\$0.15	\$0.15
(b) Grant date:	6 November 2008	18 December 2008
(c) Expiry date:	6 November 2010	17 December 2013
(d) Share price at grant date	\$0.076	\$0.05
(e) Expected price volatility of the company's shares:	16.9%	18.6%
(f) Risk-free interest rate:	5.25%	4.25%

Expenses arising from option share-based payments

Total expense arising from share-based transactions recognised during the period as part of employee benefit expense was \$477,932 (2008: \$1,531,037) with a corresponding amount credited to equity.

STOCK EXCHANGE INFORMATION

Statement of quoted securities as at 3 September 2009

- There are 772 shareholders holding a total of 75,848,030 ordinary fully paid shares on issue by the Company.
- The twenty largest shareholders between them hold 56% of the total issued shares on issue.

The voting rights attaching to the ordinary shares are that a member shall be entitled either personally or by proxy or by attorney or by representative to be present at any general meeting of the Company and to vote on any question on a show of hands and upon a poll and to be reckoned in a quorum.

Distribution of quoted securities as at 3 September 2009

Ordinary fully paid shares

Range of holding	Number of holders
1 - 1,000	16
1,001 - 5,000	87
5,001 - 10,000	127
10,001 - 100,000	436
100,001 - and over	106
Total holders	<hr/> 772 <hr/>

Substantial shareholdings as at 15 September 2008 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
International Base Metals Limited	13,593,875	17.92
West Minerals Pty Limited	11,700,000	15.43

On-market buy-backs

There is no on-market buy back currently in place in relation to the securities of the company.

Restricted unquoted securities

There are no unquoted restricted securities

STOCK EXCHANGE INFORMATION

TOP TWENTY SHAREHOLDERS

	Shareholder name	Number of ordinary fully paid listed shares held	% of total ordinary shares on issue
1	INTERNATIONAL BASE METALS LIMITED	13,593,875	17.92
2	WEST MINERALS PTY LIMITED	11,700,000	15.43
3	MR KENNETH JOHN MAIDEN & MS MARGARET FRANCIS HAYES <MAIDEN FAMILY SUPER FUND A/C>	1,974,191	2.60
4	BLACKMANS & ASSOCIATES PTY LTD <BLACKMAN INVESTMENT A/C>	1,626,923	2.15
5	MR DANIEL THOMAS HEALEY	1,466,666	1.93
6	DR BARRY JOHN BARKER & MRS JAYE ABBEY BARKER <HSBR S/F NO 3 A/C>	1,394,000	1.84
7	AUSSIE Q RESOURCES LIMITED	1,282,500	1.69
8	MR SALVATORE DI VINCENZO	1,084,398	1.43
9	GOLDVANCE PTY LTD <BMR A/C>	983,192	1.30
10	MR MARTIN ERIC I'ONS	781,980	1.03
11	BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	772,544	1.02
12	MR MATTHEW STEPHENS	713,525	0.94
13	RAMSAB PTY LTD <L HAMBY & I NEERING S/F A/C>	700,000	0.92
14	ZAPPO PTY LTD <ZAPPO P/L SUPER FUND A/C>	650,000	0.86
15	IFP IT SOLUTIONS PTY LTD	600,000	0.79
16	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	562,466	0.74
17	MR MUN SIONG YEO	540,000	0.71
18	MR JAMES REGINALD WEBB	432,500	0.57
19	AUSTRALIAN GEOSCIENTISTS PTY LTD	415,609	0.55
20	MR GARRY RAYMOND BAGLIN & MRS NARELLE BAGLIN <G R BAGLIN S/F A/C>	400,000	0.53
21	HUGH MILNER CONSULTING PTY LTD <HUGH MILNER SUPER FUND A/C>	400,000	0.53
22	MR RONALD POSS	400,000	0.53
	TOTAL HELD BY TOP TWENTY SHAREHOLDERS	42,474,369	56.00%



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