

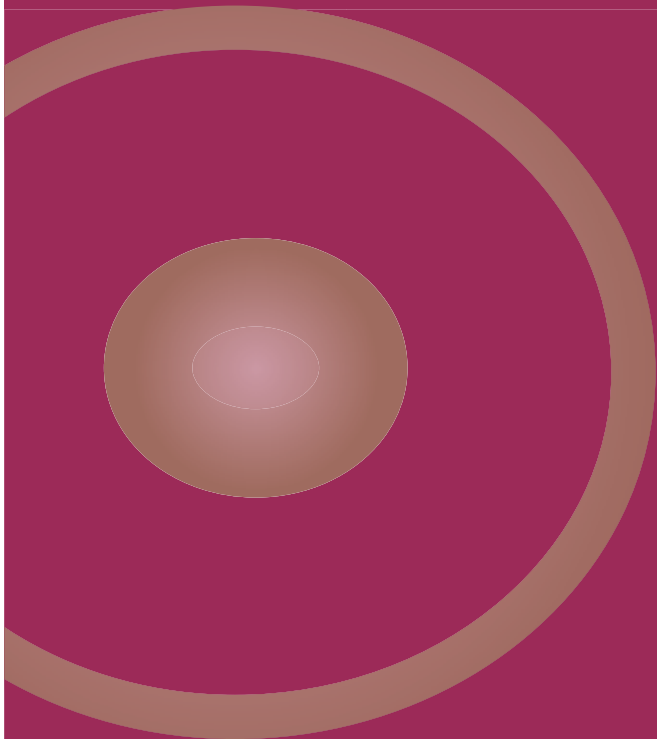


ZAMIA GOLD MINES LIMITED

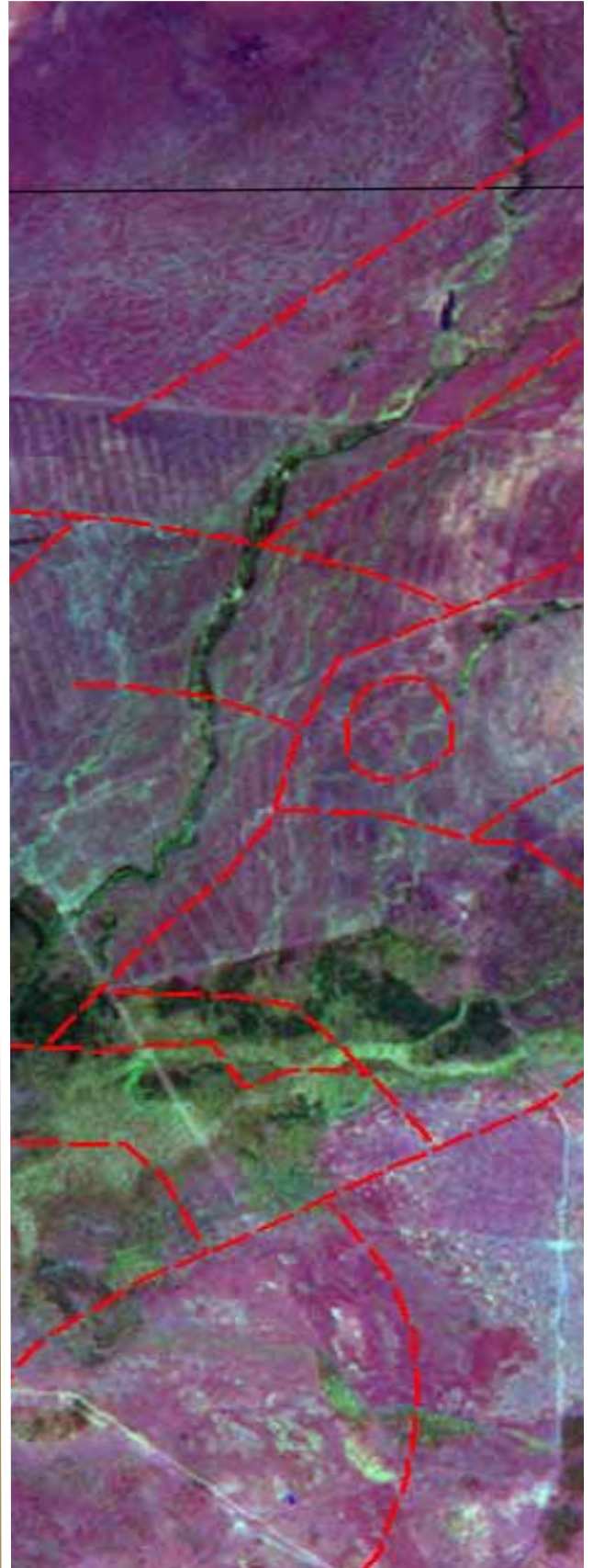
ACN 120 348 683

Annual Report 2007

“Gold Exploration and
Development in Central
Queensland”



www.zamiagold.com.au



to be an important factor in explaining the differences in the mean values of β for the different countries. This is because the mean value of β is directly proportional to the mean value of the risk premium, which in turn is dependent on the relative risk aversion of the population. The mean value of β is also directly proportional to the mean value of the risk premium, which in turn is dependent on the relative risk aversion of the population.

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DIRECTOR'S LETTER

Dear Shareholder,

Welcome to the first Annual Report of Zamia Gold Mines Limited ("Zamia"). Zamia is exploring for gold in a highly prospective package of tenements in the Clermont district of Central Queensland.

The Company was listed successfully on the Australian Securities Exchange (ASX) in January 2007. The Executive Chairman, Mr Peter Bradfield, has steered the Company through the year as it established itself as an operating business, prioritised targets and ramped up its exploration programmes.

With the resignation of Mr Matthew Stephens from the Board for health reasons, Dr Kenneth Maiden was appointed as a Non-Executive Director to provide a technical perspective to the Board.

An initial drilling programme was aimed at existing old gold mines. Although this showed that mineralisation is more erratic than first thought, these remain valid targets.

Elsewhere in the tenement portfolio, basic exploration has led to new and exciting targets. The recognition of a large volcanic caldera structure opened up new opportunities for discovery of high grade epithermal gold deposits. In addition, the Company's exploration staff have recognised potential for other styles of gold-copper and molybdenum deposits and are actively pursuing these targets through geological mapping and geochemical and geophysical surveys to identify drill targets.

Recently, a noted gold expert accompanied Zamia's exploration staff for a site examination. The consultant commented very favourably on the discovery potential of the project areas and made recommendations which the Company will be heeding.

Post the year end, Peter Bradfield resigned as Executive Chairman as the time pressures of exploration weighed heavily on his other interests. The Board will miss his wise counsel and trust that all associations will not be severed.

The Board will therefore undergo a re-structure to enable the delivery of increased shareholder value and is engaged actively in discussions to accelerate the development of the Company. During the current year, Directors will appoint both a Managing Director and a majority of non-aligned independent Directors.

The Company's exploration team has been boosted under the technical agreement with International Base Metals Limited ("IBML") through the appointment of a very experienced geologist as Exploration Manager and deployment of a new Project Geologist based on site at the Company's Clermont field base.

Directors are proud of the team's achievements despite the management setbacks but look forward to more definitive results coming from current and future programmes.

For on behalf of the Board,

Stephen Blackman

Stephen Blackman
Director



ZAMIA PALM

CORPORATE REVIEW

Zamia Gold Mines Limited evolved from a 2004 initiative of International Base Metals Limited to develop a coherent package of tenements in the highly prospective Clermont district in Central Queensland. The tenements are held by a separate wholly-owned subsidiary, Zamia Resources Pty Ltd whose operations are funded fully by its parent.

An Initial Public Offering for the Company was lodged in November 2006 offering 20,000,000 ordinary shares at an issue price of 20 cents per share.

This issue raised \$4 million and the Company listed on the Australian Securities Exchange ("ASX") on 10 January 2007.

In June 2007, further funds were raised with an entitlement issue of one (1) option for every two (2) shares held. Each option entitles the holder to subscribe for one (1) ordinary share in the Company at 20 cents per share on or before 27 June 2009.



GOLD-RICH GOSSAN, SALLY ANN PROSPECT - MT MCLAREN

Corporate Capital Structure

The Company currently has on issue 50,559,155 ordinary shares, of which 34,071,922 are listed on the ASX and 16,487,233 remain escrowed as detailed below.

The Company also has on issue 25,190,845 listed options and 5,500,000 unlisted options.

Number of Shares	Escrow Period
1,750,000	12 months from the date of issue of securities being 30 October 2007
14,737,233	24 months from the date of Official Quotation being 10 January 2009

Administration and Technical Support

- Under a technical services agreement with IBML, Zamia has access to the services of IBML's staff geologists.
- Through an administration services agreement, IBML provides office premises and services including company secretarial, accounting, investor relations, tenement, and administration assistance.
- The Company retains and utilises the consultancy services of independent geological experts, geophysical and drilling contractors, geologists, field support personnel and other consultants as required.

Logistics

The Company has established a field office and exploration activity service capabilities in Clermont, Central Queensland.



EXPLORATION PROJECTS

Background

The Company's mineral exploration is focussed entirely on the Clermont district of Central Queensland. This district has a long history of discovery and mining of base and precious metal deposits.

The town of Clermont is approximately 300 km by road south west of Mackay or 1,000 km north west of Brisbane. Gold mining dates back to 1862 when gold was discovered near Clermont and a 'rush' to the area followed. The town was gazetted in 1864 and named after the French ancestral home of a local grazier. Gold mining was most active in the field from 1864 until around 1910 and by the 1950s had virtually ceased.

Renewed exploration, especially during the 1980s, resulted in discovery of over 5 million ounces of gold and the development of new mines at Pajingo - Vera Nancy, Wirralie, Belyando, Lucky Break and Yandan.

Zamia, through its wholly-owned subsidiary Zamia Resources Pty Ltd, has established a prominent tenement position covering highly prospective rocks. These tenements consist of nine Exploration Permits for Minerals (EPMs) and five EPM applications covering approximately 2,400 square kilometres ("km²").

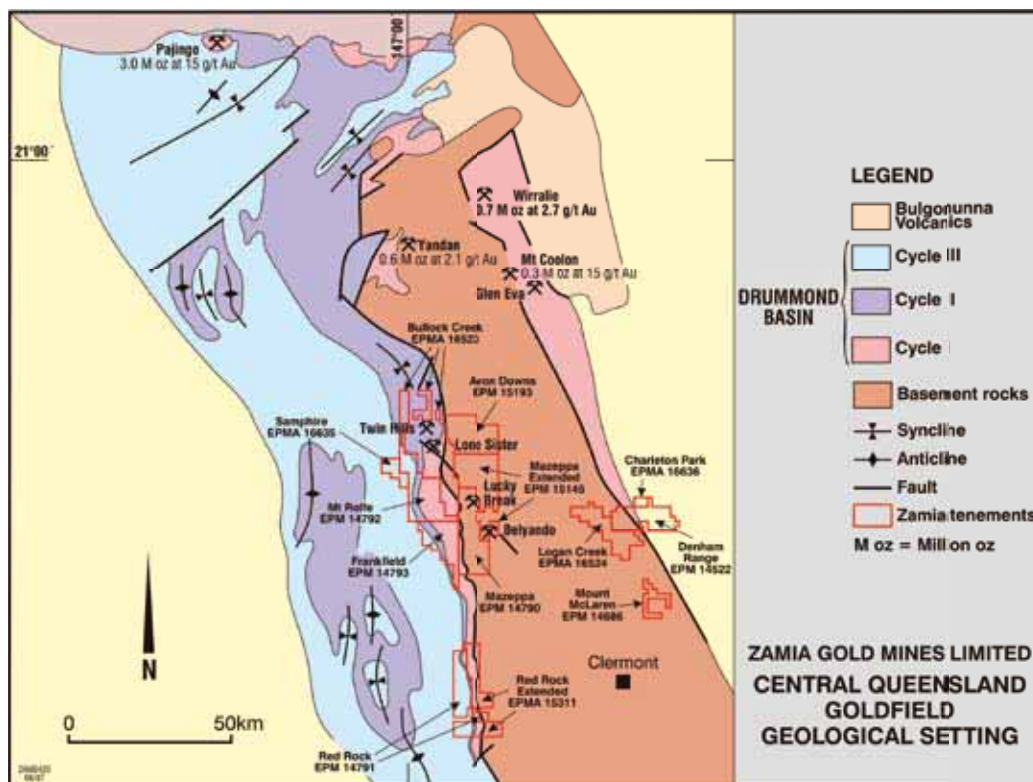
The Company is targeting three main gold (with possible associated copper) deposit styles:

- Epithermal gold similar to the important discoveries in the northern portion of the Drummond Basin which included the major Pajingo – Vera Nancy deposits with a total gold endowment in excess of 3 million ounces.
- Mesothermal gold typically associated with quartz-pyrite veining as at Belyando and the Lucky Break workings located in the Company's Mazeppa and Mazeppa Extended tenements.
- Porphyry copper-gold-molybdenum deposits associated with igneous intrusions.

Summary of Exploration Activities

Since achieving listing on the ASX, Zamia has undertaken the following activities:

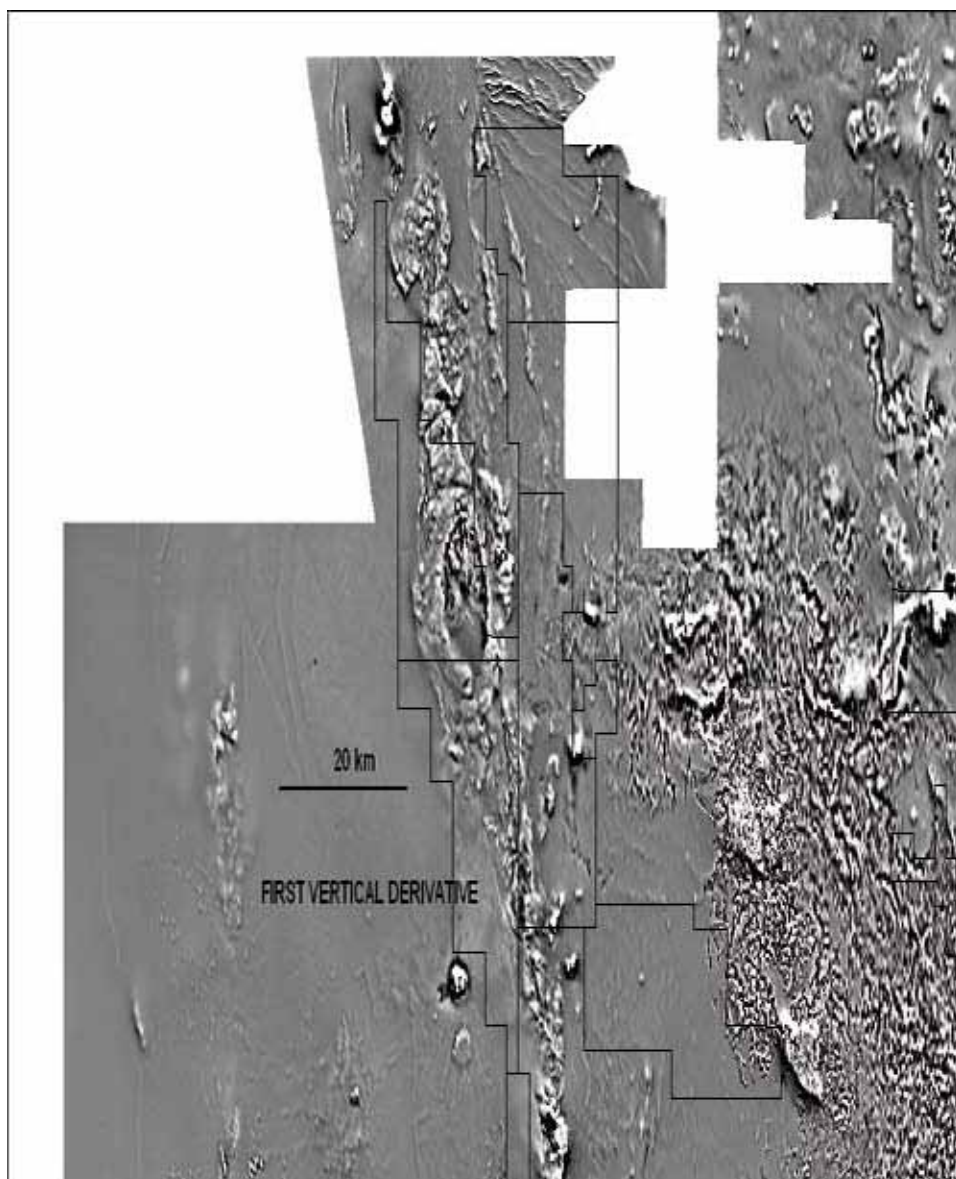
- Lodgement of applications for five additional EPMs, thus strengthening its tenement position in the region.
- Field inspection, mapping and sampling of previously identified mineral occurrences and prospects, some of which were generated from spectral imagery studies.
- Major study of newly-processed aeromagnetic data leading to re-interpretation of much of the area and identification of a highly prospective large caldera structure, which has been named the Mount Rolfe Caldera.
- Delineation and ground inspection of targets associated with the caldera.
- Soil and rock chip sampling of priority targets throughout the tenement package.
- Reverse circulation (RC) drilling at two sites of previous open cut gold mining.



EXPLORATION PROJECTS CONTINUED

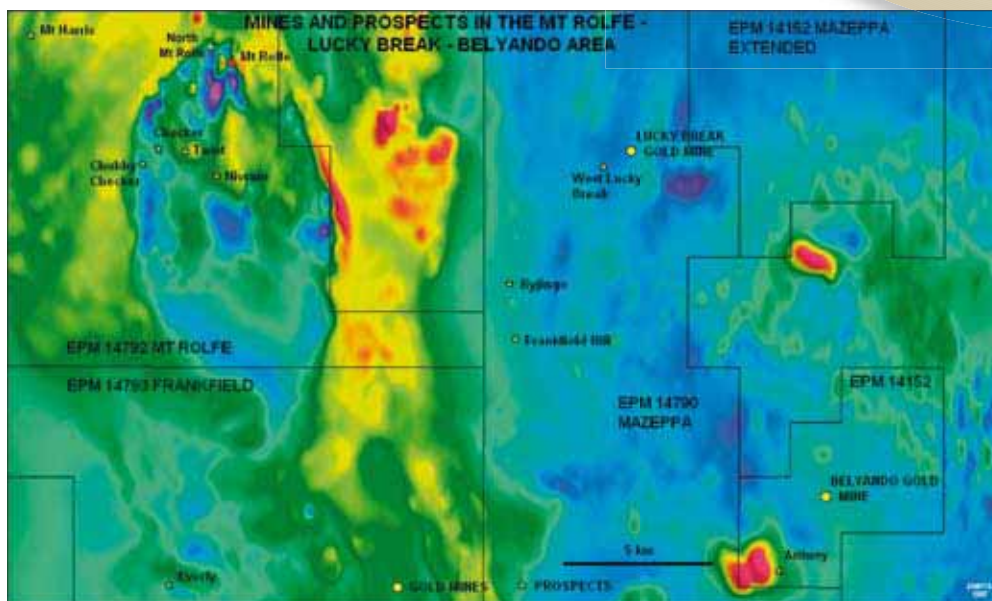
Mount Rolfe Caldera

The Mount Rolfe Caldera represents an ancient explosive volcanic centre measuring about 15 km x 7 km in area. Elsewhere in the world, many major epithermal gold deposits are hosted by similar caldera structures. Examples include Lihir (PNG) – 44 million ounces of gold and Vatukoula (Fiji) – 5 million ounces of gold.

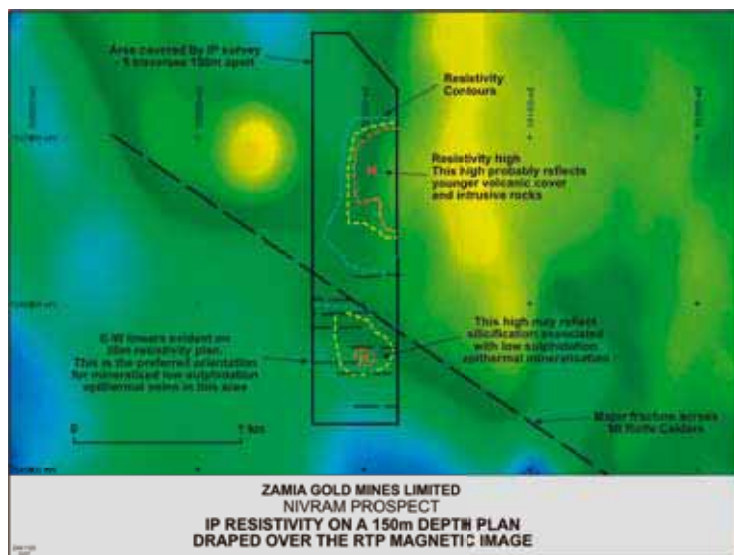


Grey-scale magnetic image showing the Silver Hills Volcanics as a broad NNW-trending zone, flanked by the Anakie Metamorphics to the east and the Drummond Basin sediments to the west. The imagery also shows classic ring fractures associated with the Mount Rolfe Caldera, the elliptical feature in the centre of the Silver Hills Volcanics.

Ring fractures and other faults and fractures have been identified on the aeromagnetic imagery as demagnetised zones perhaps indicating channel-ways for gold-bearing hydrothermal fluids and potential host locations for gold deposits.



Mount Rolfe Aeromagnetic Image



Exploration programmes have commenced to define target zones using Mobile Metal Ion (“MMI”) geochemistry and Induced Polarisation (“IP”) geophysical surveys as well as geological mapping and prospecting to identify epithermal deposit indicators in the limited surface outcrop. The IP surveys have delineated a significant high resistivity drill target, within 50 metres of the surface, at the Nivram prospect.

A prominent geological consultant has recently visited the area and commented very favourably on the discovery potential within the caldera.

Once all the exploration results have been synthesised, a reconnaissance drilling programme will test the targets within the caldera.

EXPLORATION PROJECTS CONTINUED

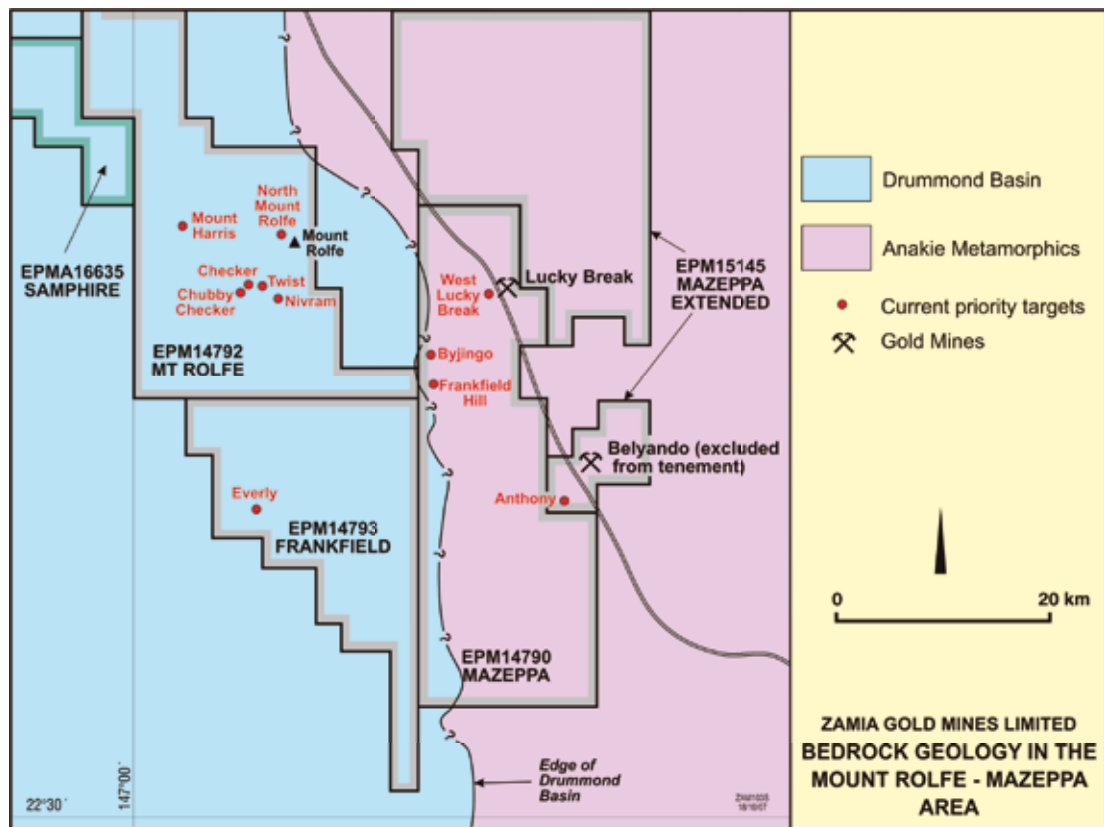
Mesothermal Gold in the Anakie Metamorphics

The Anakie Metamorphics contain a number of mesothermal deposits which have been mined by open-cut in the past. Two of these deposits, Belyando and Lucky Break are within the Zamia tenement package.

In 2007, Zamia undertook a 13 hole RC drilling programme (total 2,139 metres) on the old prospects - 10 holes at Lucky Break and 3 holes at Belyando. Several holes intersected siliceous alteration and/or sulphide-rich zones though the tenor of gold mineralisation was generally low except for one intercept of 15 grams per tonne ("g/t") of gold ("Au") over 1 metre.

Subsequently, interpretation of the aeromagnetic data has led to the identification of new gold targets.

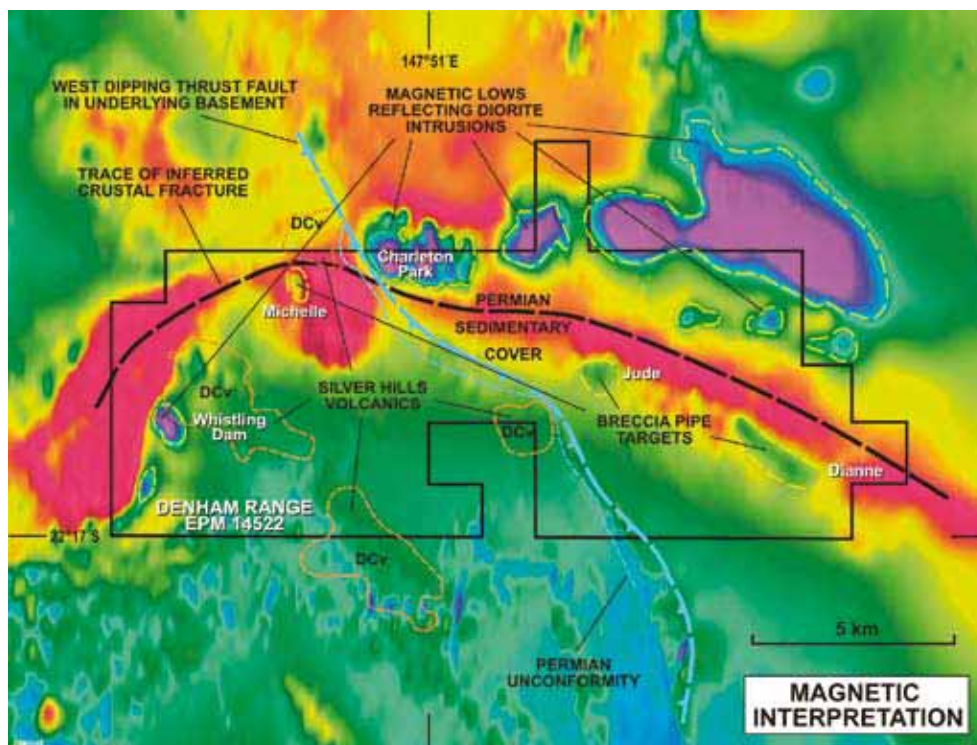
At West Lucky Break, MMI soil geochemistry has outlined a significant gold and silver anomaly over a 300m x 300m area in a favourable structural setting for a significant mesothermal gold deposit. An IP survey will be conducted over this anomaly to identify targets for drilling.



Intrusion Related Targets

In EPM 14790 'Mazeppa', the Anthony prospect contains altered intrusive rocks which may be associated with a porphyry-style deposit. Gold and molybdenum soil geochemical anomalies were identified in an earlier exploration programme, and elevated molybdenum and copper concentrations were reported in limited drill testing. The Company plans detailed geological mapping and geochemical surveys to define targets for drilling.

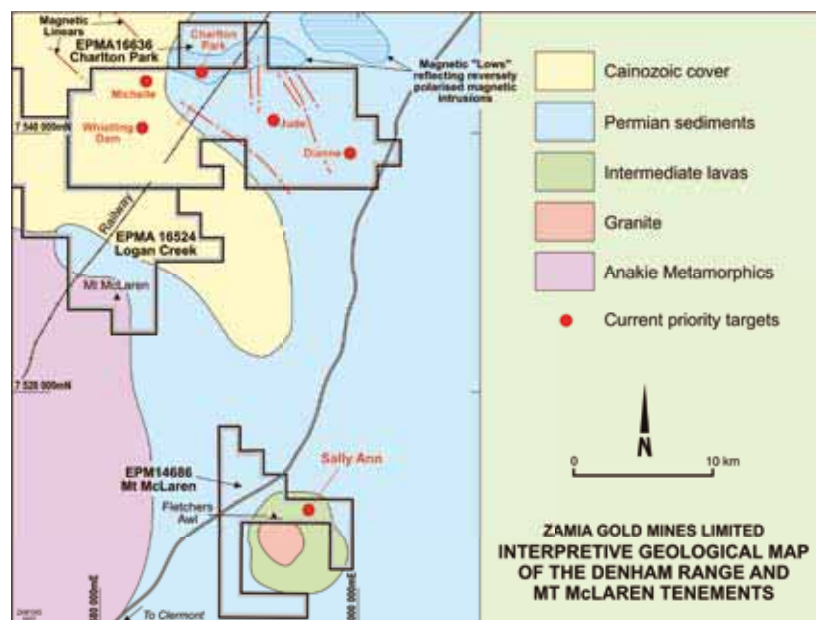
In EPM 14522 'Denham Range', several prospects have been identified along an arcuate east-west magnetic trend. Zamia is undertaking MMI geochemistry and IP surveys over a number of the prospects in order to develop drill targets. First results from MMI sampling at the Charlton Park prospect highlighted coherent and coincident copper and molybdenum anomalies.



Magnetic image of the Denham Range project area showing interpreted intrusive bodies and identified prospect areas for follow-up exploration.

EXPLORATION PROJECTS CONTINUED

In EPM 14686 'Mount McLaren', there are several old copper and copper-gold workings. Rock chip sampling by Zamia around the old Sally Ann diggings has returned values of 38 g/t and 9 g/t gold with associated strongly anomalous copper values. A preliminary ground magnetic survey indicated a number of east-trending magnetite-bearing zones. Follow-up soil sampling has returned a number of very high and somewhat erratic metal values. Drilling is proposed to test this area for a skarn-style gold-copper deposit.



Tenements

TENEMENTS

Exploration Permits for Minerals held by Zamia Resources Pty Ltd in the Clermont District, Queensland, as at September 2007:

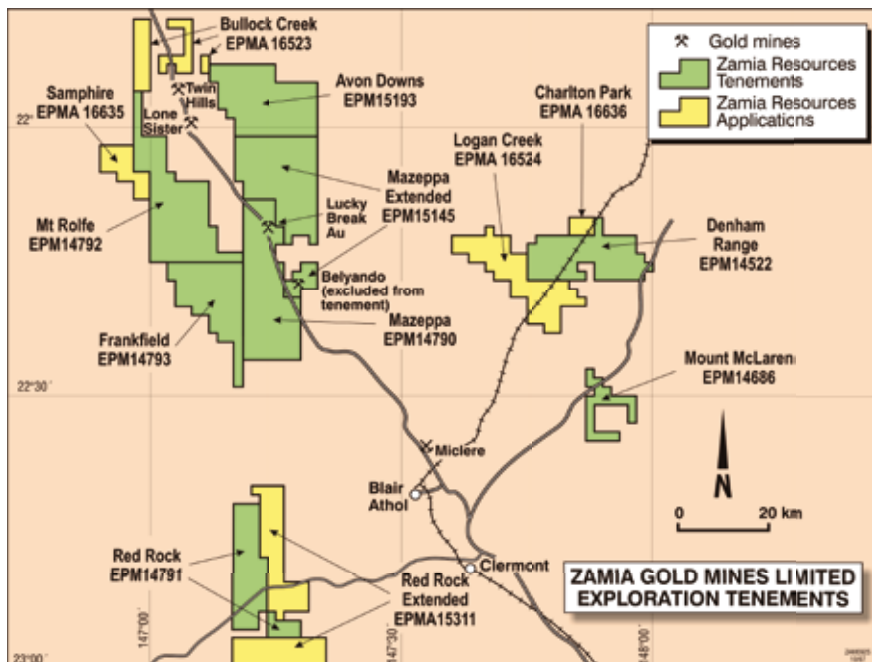
<u>Tenement Number</u>	<u>Name</u>	<u>Date Granted</u>	<u>Area (km²)</u>	<u>Ownership</u>
EPM 14552	Denham Range	30/06/04	213.1	100%
EPM 14686	Mt McLaren	21/10/04	63.5*	100%
EPM 14790	Mazeppa	12/01/06	314.6	100%
EPM 14791	Red Rock	23/08/05	136.7	100%
EPM 14792	Mount Rolfe	13/03/06	299.0	100%
EPM 14793	Frankfield	23/08/05	203.3	100%
EPM 15145	Mazeppa Extended	11/08/06	318.2	100%
EPM 15193	Avon Downs	27/09/06	264.4	100%
EPMA 15311 Proposed	Red Rock Extended		197.0	100%
EPMA 16523	Bullock Creek		98.6	100%
EPMA 16253	Logan Creek		200.4	100%
EPMA 16635	Samphire		63.6	100%
EPMA 16636	Charlton Park		19.1	100%

Total Area = 2391.5 km²

EPM - Exploration Permit for Minerals

EPMA - Exploration Permit for Minerals Application

* - Area upon approval of 50% Partial Relinquishment



ADDITIONAL INFORMATION

Distribution of equity securities

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at the date of this report.

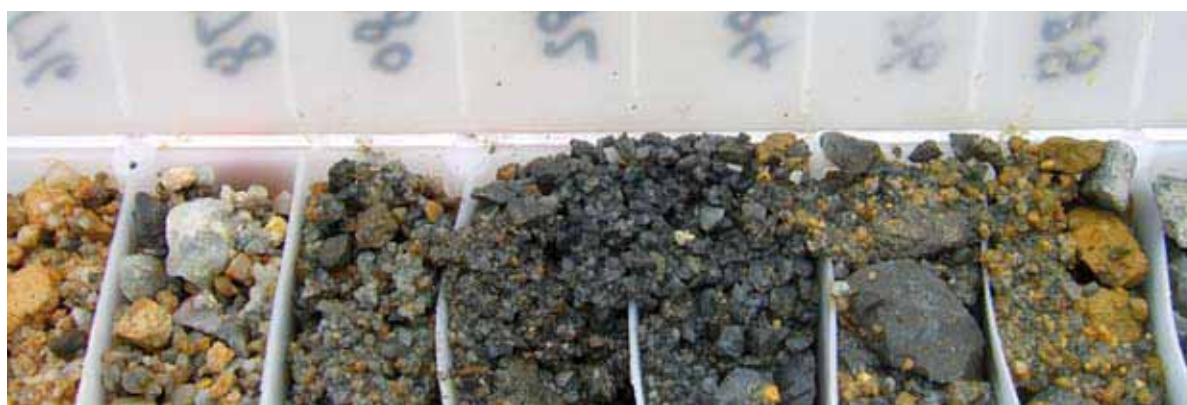
The number of shareholders, by size of holding and in each class of share are:

Listed ordinary shares

	Number of holders	Number of shares
1 – 1,000	6	2,207
1,001 – 5,000	82	267,852
5,001 – 10,000	130	1,124,050
10,001 – 100,000	421	16,426,394
100,001 and over	57	16,251,419
	696	34,071,922

The number of shareholders holding less than a marketable parcel of shares are

	44	79,705
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MINERALISED DRILL CHIPS - BELYANDO

Twenty largest shareholders

The names of the twenty largest shareholders of quoted securities as at the date of this report are:

Listed ordinary shares

Holder name	Number of shares	% of shares
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <SETTLE1 A/C>	2,029,263	5.956
KRATON GEOSCIENCE PTY LTD <MAIDEN INVESTMENT A/C>	1,911,691	5.611
GOLDVANCE PTY LTD <BMR A/C>	983,192	2.886
FODEMO PTY LIMITED	500,000	1.467
AUSTRALIAN GEOSCIENTISTS PTY LTD	460,214	1.351
MR SALVATORE DI VINCENZO	423,507	1.243
FIRST NATIONAL SECURITIES LTD	419,568	1.231
LEWER CORPORATION PTY LTD	395,679	1.161
MR MATTHEW JAMES MAXWELL TELLING <MAXWELL TELLING FAMILY A/C>	375,000	1.101
ACTIVE INVESTMENT INTERNATIONAL PTY LTD	370,000	1.086
DAYMOND & ASSOCIATES PTY LTD <IAN DAYMOND FAMILY A/C>	358,779	1.053
AUSTRALIAN ASIATIC GEMS PTY LIMITED	325,315	0.955
MR JOSEF KAS & MRS HELMTRAUD KAS <RETIREMENT INCOME A/C>	300,000	0.880
SRH RESOURCES PTY LTD	254,167	0.746
MR JOHN LOCHFINE BROOKS & MRS FAYE MARLENE BROOKS <BROOKS FAMILY S/F A/C>	250,000	0.734
SHOC PTY LTD <THE SHOC SUPER FUND A/C>	250,000	0.734
MR CLIVE BAGNALL	250,000	0.734
SOS INITIATIVES PTY LTD <SEABORN SUPER FUND A/C>	248,369	0.729
ANZ NOMINEES LIMITED <CASH INCOME A/C>	243,198	0.714
MR GEOFF BROOMHEAD <CASA CLAUDE S/F A/C>	239,160	0.702
	<hr/>	
	10,587,102	31.073

ADDITIONAL INFORMATION CONTINUED

Twenty largest option holders

The names of the twenty largest option holders of quoted options at the date of this report are:

	Listed options	
Holder name	Number of options	% of options
INTERNATIONAL BASE METALS LIMITED	1,987,500	7.890
MR JEREMY SLATER	1,395,000	5.538
MR MATTHEW STEPHENS	1,278,534	5.075
MR JOCK BANKS	1,194,188	4.741
KRATON GEOSCIENCE PTY LTD <MAIDEN INVESTMENT A/C>	955,845	3.794
BLACKMANS & ASSOCIATES PTY LTD <BLACKMAN INVESTMENT A/C>	782,211	3.105
CAPTAIN STARLIGHT NOMINEES PTY LIMITED	700,042	2.779
MR SALVATORE DI VINCENZO	578,380	2.296
MR MARTIN ERIC I'ONS	509,740	2.024
MR MARK RONALD WILKINSON	500,000	1.985
BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	355,022	1.409
FODEMO PTY LIMITED	350,000	1.389
PASTRAS SHARE TRADING PTY LTD	300,000	1.191
KEMPO CAPITAL PTY LTD	275,000	1.092
SYRACUSE CAPITAL PTY LTD	273,415	1.085
MR ROCCO TASSONE	266,666	1.059
MS JAYNE ELLIS	250,000	0.992
AUSTRALIAN GEOSCIENTISTS PTY LTD	230,107	0.913
MRS TRUDY JANE NICHOLAIDIS	224,959	0.893
FIRST NATIONAL SECURITIES LTD	209,784	0.833
	12,616,393	50.083

Voting rights

All ordinary shareholders carry one vote per share without restriction.



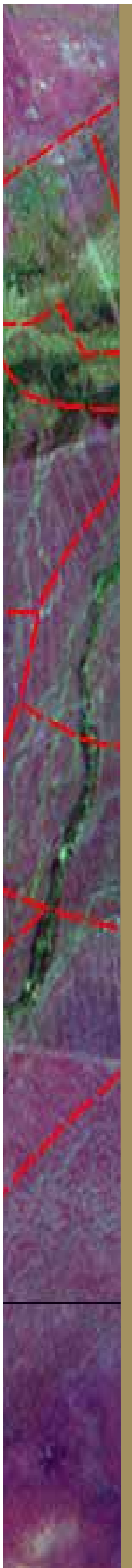
Restricted securities

The Company has on issue the following restricted securities:

Class	Number of securities	Date cease to be restricted
Ordinary shares – 12 months from issue	1,750,000	30 October 2007
Ordinary shares – 24 months from issue	14,737,233	10 January 2009

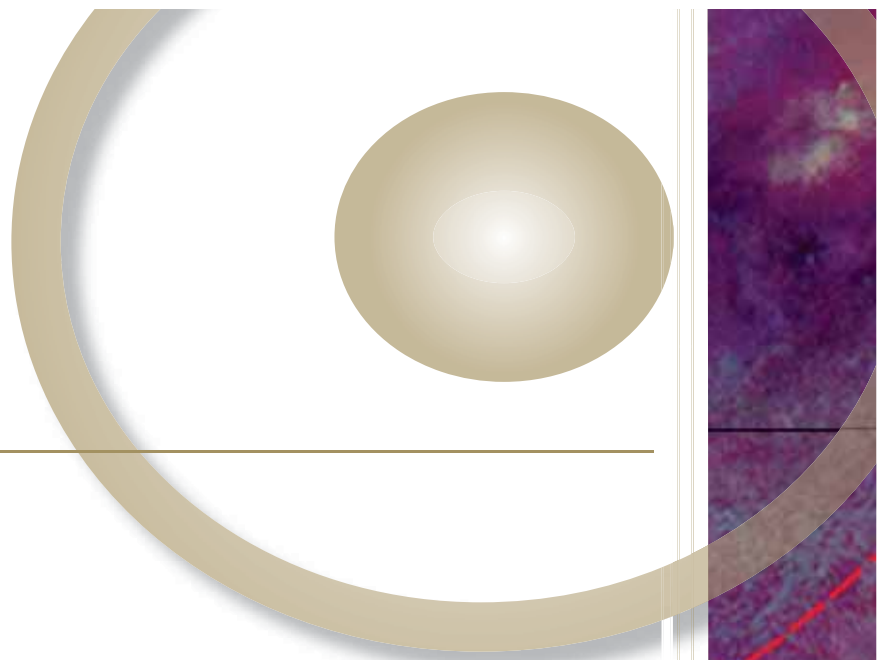
Stock exchange listing

Quotation has been granted for all ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange.



NOTES

NOTES





ZAMIA GOLD

MINES LIMITED

ACN 120 348 683

Directors

Dr Ken Maiden - Non-executive Director
Andrew Skinner - Non-executive Director
Stephen Blackman - Non-executive Director

Company Secretary

Geoffrey Broomhead

Registered Office and Principal Office

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Share Registry

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Tel: 612 9290 9600
www.registriesltd.com.au

Auditor

Hall Chadwick Chartered Accountants
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Sydney NSW 2000

Solicitors

Gadens Lawyers
77 Castlereagh Street
Sydney NSW 2000



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