



ANNUAL REPORT

2010

**ZAMIA**  
Gold Mines Limited

A.B.N. 73 120 348 683





**Zamia** is an Australian mineral exploration company, targeting molybdenum and gold in the Clermont district of central Queensland

# Contents

Corporate Directory	1
Chairman's Letter to Shareholders	2
Review of Projects	3
Tenements	13
Corporate Governance Statement	14-18
Directors' Report	19-26
Auditor's Independence Declaration	27
Independent Audit Report	28-29
Directors' Declaration	30
Consolidated Statement of Comprehensive Income	31
Consolidated Statement of Financial Position	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Cash Flows	34
Notes to the Financial Statements	35-52
Shareholder Information	53-54
Notice of Annual General Meeting	Enclosed
Proxy Form	Enclosed

# Corporate Directory

The shares of Zamia Gold Mines Limited (“the Company”) are quoted on the official list of the Australian Securities Exchange.

The ASX code for the Company’s ordinary fully paid shares is “ZGM”.

## Directors

Dr Kenneth Maiden, Executive Chairman and Managing Director

Mr Qiang Chen, Non-executive Director

Mr Alan Humphris, Non-executive Director

Mr Andrew Skinner, Non-executive Director

## Company Secretary

John Stone

## 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  
Internet: [www.zamia.com.au](http://www.zamia.com.au)

## 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 Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## 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,

The 2009-10 year was one of solid achievement despite a slow start. In late 2008, as the global financial crisis impacted adversely on the world molybdenum price and exploration funding all but dried up, Zamia was forced to sharply curtail its exploration activities sharply.

With new capital that we raised in September and October 2009, we re-commenced drilling at the Anthony molybdenum prospect. In April this year, we reported a very substantial initial resource. A new drilling programme, which commenced in June 2010, has continued to provide promising assay results. With a deep drilling programme planned to test the high grade zones at depth, we are optimistic that the resource can be doubled.

Meanwhile, preliminary metallurgical testwork has also produced very favourable results. We are currently carrying out other scoping studies to assess the viability of a molybdenum mining and processing operation based on the Anthony deposit. If these show positive results, it is likely that the Company will embark on a Definitive Feasibility Study in early 2011.

We will, of course, require extra funds to conduct such a study and the Board is considering various options for this capital raising.

We have not neglected the large area of prospective ground that Zamia holds. Our technical team has identified numerous targets which we believe have excellent potential for the discovery of gold, molybdenum and copper. We tested one of these, Matilda, in an initial small drilling programme, with some technical success. We plan to test other targets during 2010-11.

The Company's strategy for the next 12 months is to:

- determine the lateral and vertical extent of the Anthony deposit;
- upgrade the resource estimation;
- advance the Anthony project towards feasibility;
- prioritise and test other targets within the Clermont district.

We look forward to a strengthening of the world molybdenum price and increasing success at Anthony and other projects during the 2011 financial year.

To better reflect the current focus of the Company, the Board has proposed that the Company's name be changed to Zamia Metals Limited. The change was approved at an Extraordinary General Meeting of shareholders in Sydney on 31 August 2010.

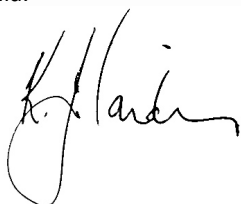
Zamia is fortunate in having a talented, dedicated and hard-working team of staff and consultants, both in Clermont and in Sydney. It is largely due to their efforts that the Company's share price has trebled in value since mid-2009. We are also fortunate in having the services of Beijing-based SinoNew Capital, which has been extremely diligent in introducing investors and raising capital for Zamia.

I wish also to acknowledge Zamia's former Chairman, Stephen Blackman, who retired in November 2009. The Board expressed its appreciation to Stephen for his contribution to the development of Zamia in its formative stages and, in particular, his excellent work in guiding the Company through a very difficult period.

Thank you for your support. In the year ahead, I look forward to delivering strong results and good returns for your investment in Zamia.

Best wishes to you all,

Ken Maiden  
Executive Chairman  
1 September 2010





# Review of Projects

## INTRODUCTION

Zamia Gold Mines Limited ('Zamia' or 'the Company') listed on the Australian Securities Exchange ('ASX') in January 2007, and holds a portfolio of Exploration Permits for Minerals ('EPMs') in the Clermont district of central Queensland. On August 31 2010, shareholders approved a company name change to Zamia Metals Limited to reflect the current broader exploration focus of Zamia. In 2008, Zamia discovered the Anthony molybdenum ('Mo') deposit by drilling on a soil geochemical target. Subsequent reverse circulation ('RC') and diamond drilling confirmed the presence of a porphyry-style deposit.

After a delay of almost 12 months caused by the global financial crisis, evaluation of the Anthony deposit re-commenced in late 2009, culminating in the announcement this year of the Company's maiden JORC resource statement for Anthony.

Zamia remains focussed on the Clermont district. As a result of the Anthony discovery, Zamia has identified other targets with potential for molybdenum, gold and possibly copper.

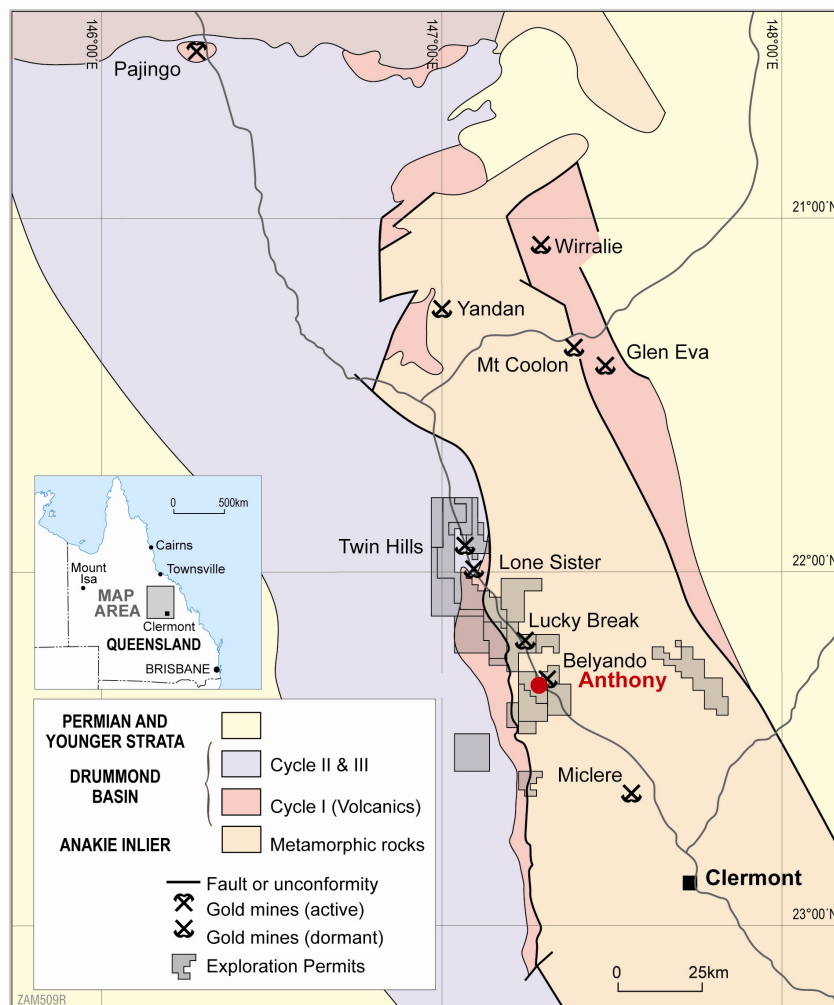


Figure 1: Simplified geological map showing the location of Zamia's tenements in central Queensland

# Review of Projects

## ANTHONY MOLYBDENUM PROJECT

### Background

In 2008, two drilling programmes intersected potentially ore-grade Mo mineralisation at the Anthony prospect and confirmed that the discovery is a porphyry-style deposit. Results showed that Mo mineralisation extends over an area of 750m x 300m and to a depth of at least 300m, with a core of high grade material assaying over 0.07% Mo (700 parts per million - 'ppm'), surrounded by an extensive envelope of lower grade material. Primary molybdenite (molybdenum sulphide – MoS<sub>2</sub>) mineralisation lies below 60–80m thickness of oxidised Mo-bearing weathered rock, in which molybdenum occurs as Mo-iron ('Fe') oxide minerals.

Assessment of the drill hole data suggested that the high grade core has potential for a sulphide resource of 25 million tonnes ('Mt') at 1000 ppm Mo. The lower grade envelope presents a target of over 50 Mt at + 600 ppm Mo.

### Drilling Programmes

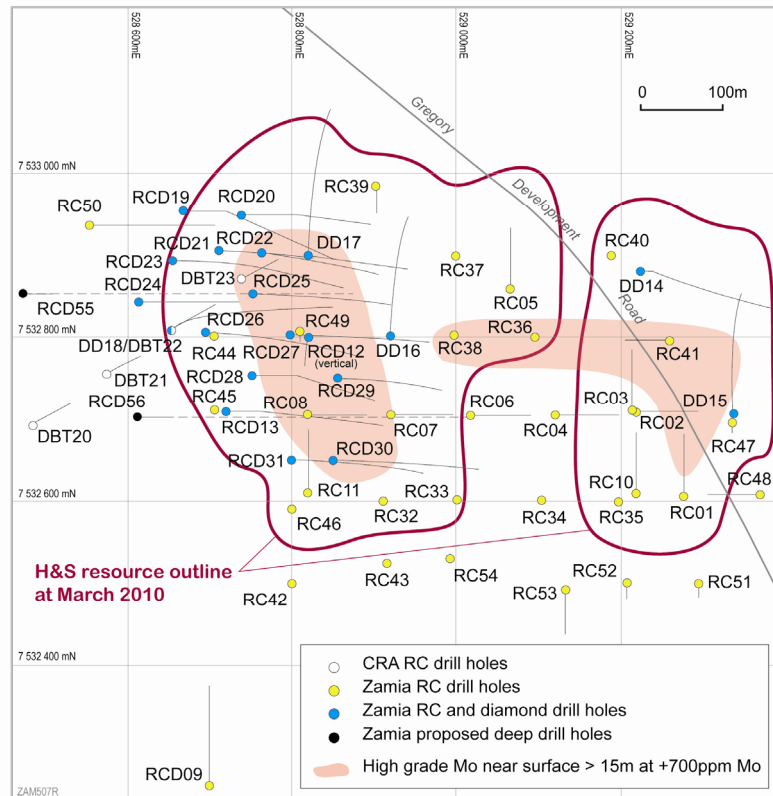
Commencing in November 2009, Zamia drilled 14 combined reverse circulation ('RC') and diamond holes to around 250m depth below surface. The holes were focussed mainly around the previously-defined high grade zone, in a programme designed to provide an initial resource to JORC standard. Assay results were reported to the Australian Securities Exchange ('ASX') on 15 January, 23 March and 26 March 2010.

A second 23-hole RC programme, which commenced in June 2010, was designed to determine the lateral extent of the deposit. Holes were drilled to an average vertical depth of 230m and were completed in August 2010 (see Figure 2). Results of this programme have not been included in the following resource estimates.

Since the start of drilling at the Anthony prospect in 2008, Zamia has drilled 56 holes for a total of 13,381m. This comprises:

- 5 diamond holes (1,625m);
- 17 combined RC / diamond holes (4,698m);
- 34 RC holes (7,058m).

# Review of Projects



*Figure 2: Anthony prospect showing resource boundary (H&S, April 2010), drill holes, planned deep diamond holes and high grade near-surface Mo zones.  
Note: Hole RC 32 is the first hole of the June 2010 programme.*

## Initial JORC Resource Estimate

Resource estimates were carried out by independent resource consultants, Sydney-based Hellman & Schofield Pty Ltd ('H&S'), in accordance with the JORC Code & Guidelines. For the primary (sulphide) Mo zone, H&S gives the following resources:

Cut-off grade ppm Mo	Inferred Resource million tonnes	Average grade ppm Mo	Contained metal million lb Mo
200	81.1	434	77.6
400	40.4	574	51.1
600	13.5	748	22.3



# Review of Projects

In addition, there is a zone of oxide and transitional (mixed oxide-sulphide) material from surface to 60–80m depth, for which H&S gives the following resources:

Cut-off grade ppm Mo	Inferred Resource million tonnes	Average grade ppm Mo	Contained metal million lb Mo
200	36.1	379	30.2
400	13.0	504	14.4
600	1.6	717	2.5

Resources were assigned to the JORC Inferred category pending a better understanding of deposit geology and completion of additional quality assurance / quality control (QA/QC) work on sampling technique, sample preparation, assay standards and specific gravity of samples.

The resource tabulation shows that, based on the drilling to February 2010, Anthony contains a high grade zone of 13.5 million tonnes at almost 750 ppm Mo within a large lower grade molybdenum deposit. As indicated in Figure 3, the high grade zone lies close to surface and would most likely provide the focus for initial mining in any future operation.

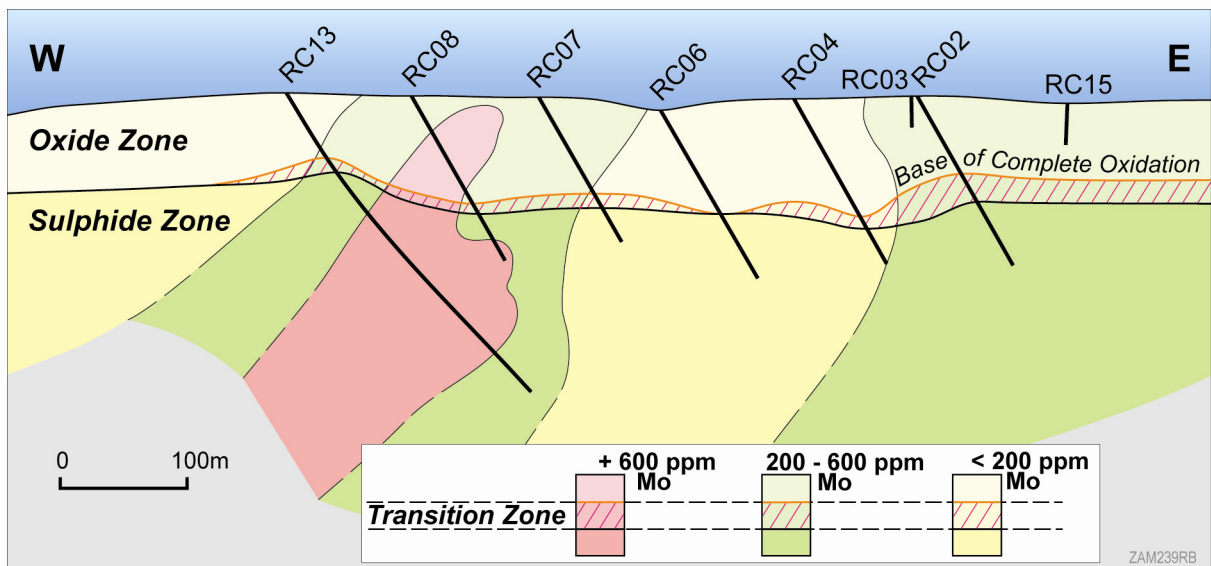


Figure 3: Section 2700N showing drilling density and grade distribution (based on resource blocks defined by H&S)

# Review of Projects

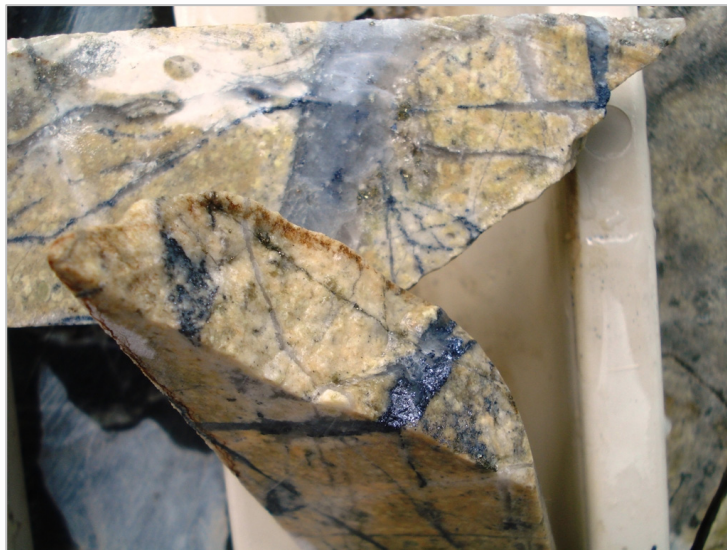
## Geological Model

Zamia's geologists have carried out detailed logging of diamond drill core and have produced a 3D geological model of the deposit, which is being used for planning of follow-up exploration. Geological logging has been supported by petrological (microscopic) examination of samples.

This work suggests that the Anthony Mo mineralisation is related to a suite of igneous porphyry intrusions invading schists of the Anakie Metamorphics. The main intrusive body is monzonite (basically, a quartz-poor granite), overprinted by at least two later phases of porphyry intrusion with associated brecciation.

Mineralised stockwork veins and alteration cross-cut all of the intrusive bodies suggesting that mineralisation could be related to an even younger intrusive body which has not yet been intersected in drill holes, i.e. it is deeper in the system. This opens up potential for thicker and richer zones of Mo mineralisation below the current depth of drilling.

Molybdenite occurs in quartz veins within altered igneous rocks and extending into the surrounding schist.



*Drill core (~ 4.5 cm across) showing molybdenite vein in altered porphyry (Hole RCD22, 300m depth)*

## Metallurgical Testwork

Zamia has commenced testwork on both primary (sulphide) and oxide Mo material.

Preliminary flotation tests show that molybdenite can be readily concentrated from the host rock after crushing and grinding. A concentrate grading around 50% Mo seems likely. Further testwork is required to optimise the process.

# Review of Projects

Initial beneficiation tests indicate the likelihood that primary Mo ore can be simply and cheaply upgraded prior to flotation concentration (ASX release 13 May 2010). This would have the effect of reducing both capital and operating costs and increasing revenue, thereby adding significant economic benefits in any future mine development. It is likely that material above 200 ppm Mo would be economically recoverable. Further testwork to confirm these preliminary results will be carried out as part of a definitive feasibility study ('DFS') planned to commence in 2011.

It is not yet known whether a marketable product can be made from the oxide and transitional resource. Preliminary metallurgical work involves both beneficiation studies and leaching tests.

## Resource Potential

The Mo-in-soil geochemistry (Figure 4) shows a good correlation with the resource as currently defined. It suggests two high grade zones, separated by a lower grade zone. The western high grade zone had been established by the drilling to March 2010. The recent 23-hole drilling programme which commenced in June 2010 (Figure 2) supports the existence of an eastern high grade zone.

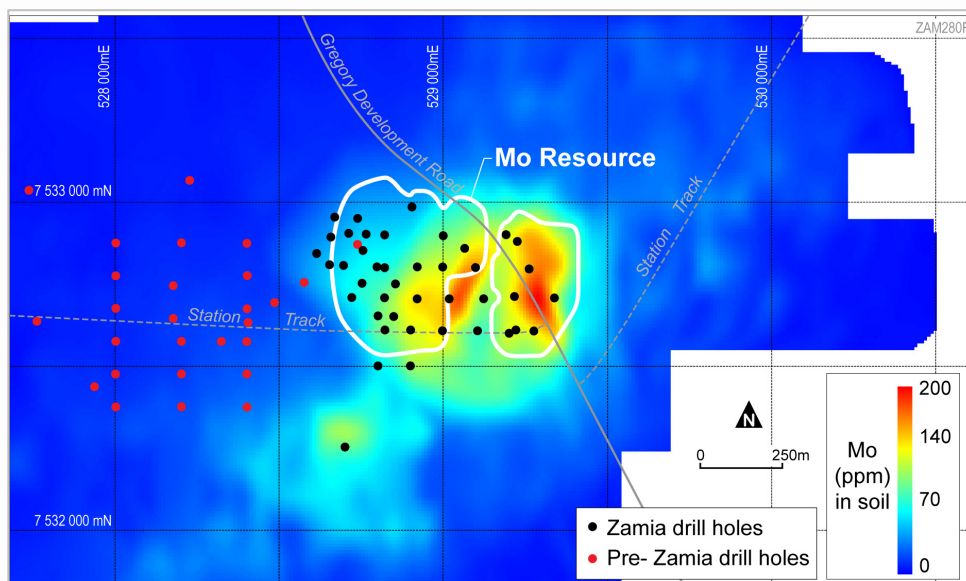


Figure 4: Mo-in-soil geochemistry. The red lines show the current Anthony resource

The emerging geological model is of two northerly-trending centres of mineralisation, probably steeply-dipping, separated by a zone of lower grade mineralisation.

## Planned Deep Drilling

In order to test the proposition that the grade and thickness could increase with depth, Zamia plans to drill three deep diamond holes to around 500m depth below surface. This work is scheduled to commence in September 2010. Two of the holes are to be sited as shown in Figure 2; the position of the third hole will be determined after the first two have been drilled. Figures 5 and 6 show the current geological interpretation.

# Review of Projects

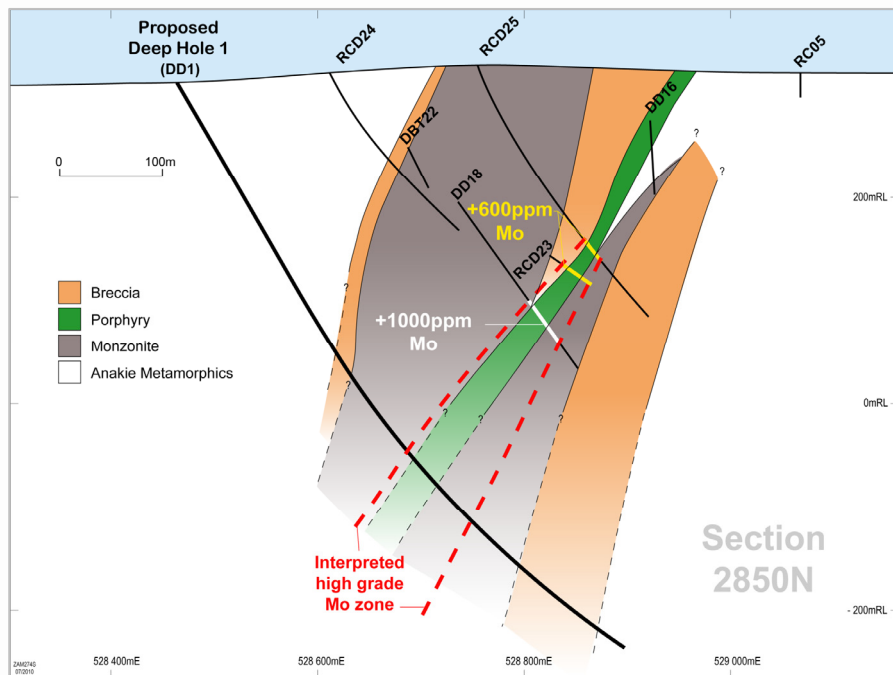


Figure 5: Section 2850N showing grade increasing from +600 ppm Mo (Hole RCD25) to +1000 ppm Mo (Hole DD18) with depth

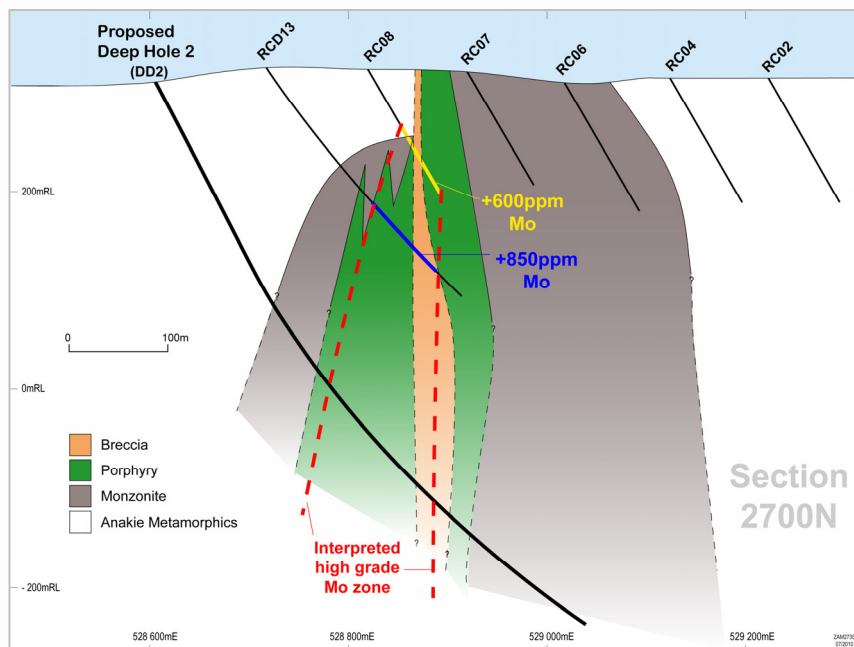


Figure 6: Section 2700N showing grade increasing from +600 ppm Mo (Hole RC08) to +850 ppm Mo (Hole RCD13) with depth



# Review of Projects

## **Current and Future Anthony Programme**

As part of the assessment of the likely viability of a molybdenum mining and processing operation based on the Anthony resource, the Company has commenced a groundwater study and an environmental study of the area. A cultural heritage clearance survey has also been carried out and no items or areas of significance were identified by the inspection team.

Zamia plans the following additional work at Anthony:

- Conduct an induced polarisation ('IP') geophysical survey in the area surrounding Anthony to identify additional targets for copper and gold as well as molybdenum.
- Based on assessment of all information, carry out further deep diamond drilling and drilling of other targets around Anthony.
- Commence an infill drilling programme to move resources into the JORC Indicated and Inferred categories.
- Continue metallurgical testwork to optimise the recovery process for primary Mo ore and to determine whether a marketable product can be made from the oxide Mo material.
- Carry out initial mine planning.
- Commence negotiations for a comprehensive Native Title agreement.
- Conduct more detailed studies into power and water supply options.

Assuming positive results from these scoping studies, the Company intends to commence a definitive feasibility study in early 2011.

## **OTHER EXPLORATION PROJECTS**

### **Target Generation**

During the year, Zamia has continued its regional exploration programme aimed at identifying and testing other targets. This work has involved:

- interpretation of satellite imagery;
- interpretation of airborne geophysical (magnetic and radiometric) data;
- detailed geological mapping of targets;
- ground magnetic surveys
- detailed soil geochemical surveys.

# Review of Projects

## **Mazeppa Gold Targets**

Extensive soil geochemical surveys in the northern portion of EPM 14790 Mazeppa identified three target areas, Matilda, Frankfield Hill and West Lucky Break, highlighted by anomalous gold-in-soil concentrations.

The Matilda prospect was tested by a six-hole RC drilling programme (totalling 600m) in December 2009. As reported in the ASX release of 22 February 2010, three holes intersected elevated gold concentrations, including 30m at 0.35 ppm Au from surface in Hole RCM-002 and 36m at 0.44 ppm Au from surface in Hole RCM-005. These thick zones of near-surface gold provide encouragement for further exploration in the target area.

Prior to drilling, cultural heritage clearance surveys were undertaken by the native title claimants in the three prospect areas. No artefacts of cultural significance were found. It is planned to drill the remaining two targets in the second half of 2010.

## **Discovery Potential**

Detailed geological information on the Anthony deposit, combined with interpretation of regional-scale geophysical data, provides a template for assessing the discovery potential in the region. A review of regional geophysical data, accompanied by reconnaissance fieldwork, has identified numerous features which have characteristics similar to the Anthony area.

The interpretation has highlighted several probable intrusive centres, in addition to Anthony, within the Company's tenements. These provide targets for porphyry systems with potential for molybdenum, gold and copper.

## **Tenement Situation**

Three EPM applications (18583, 18598 and 18655) were lodged in April and May 2010 when ground became available following Zamia's regional appraisal.

Following the regional review, EPM 14793 Frankfield was relinquished. EPM 15193 Avon Downs was also relinquished when soil geochemical surveys failed to indicate significant anomalies.

New tenements offered to Zamia cover the very prospective Bullock Creek aeromagnetic anomaly (EPM 17488) and available ground east of Anthony (EPM 17529 Gregory).

Zamia's tenements (EPMs and applications) now cover around 1,400 km<sup>2</sup>.

# Review of Projects

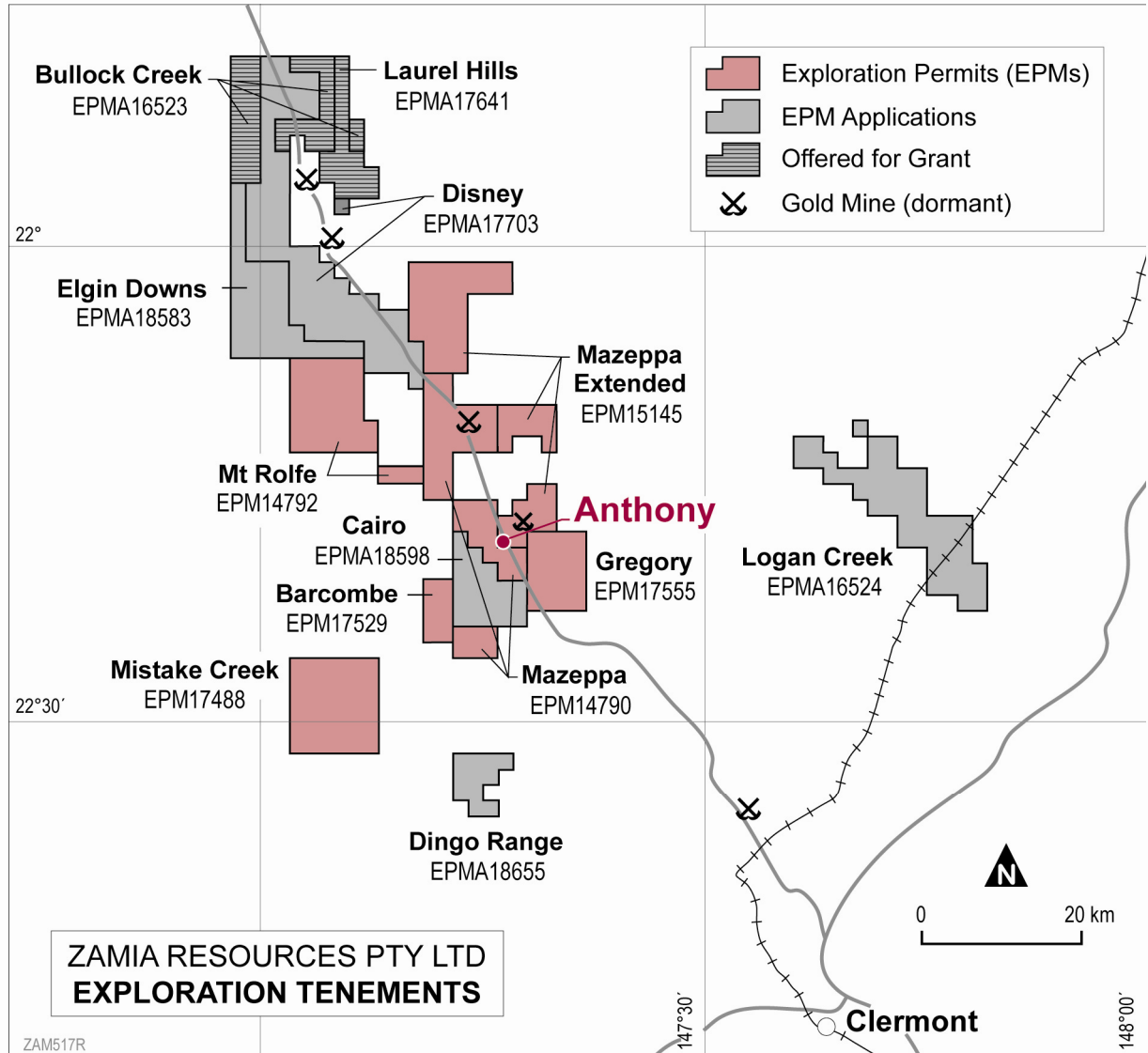


Figure 7: Zamia's exploration tenements as at August 2010

## Future Programme

Zamia plans the following regional exploration programme during the 2010-2011 year:

- Drill shallow gold targets at the Frankfield Hill and West Lucky Break prospects in EPM 14790 Mazeppa.
- Drill test the Nivram gold target in EPM 14792 Mount Rolfe.
- Continue geological mapping and soil geochemical surveys in other tenements to define targets for drill testing.

# 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 <sup>2</sup> @ 30.06.10
EPM 14790	Mazeppa	15.09.04	12.01.06	11.01.11		133
EPM 14791	Red Rock	16.09.04	23.08.05	22.08.10		34
EPM 14792	Mt Rolfe	15.09.04	13.03.06	12.03.11		109
EPM 14793	Frankfield	15.09.04	23.08.05	22.08.10	17.07.09	
EPM 15145	Mazeppa Extended	1.06.05	11.08.06	10.08.11		167
EPM 15193	Avon Downs	22.08.05	27.09.06	26.09.11	07.04.10	
EPM 17488	Mistake Creek	18.03.08	05.11.09	04.11.14		112
EPM 17529	Barcombe	01.04.08	24.02.10	23.02.15		25
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				167
EPMA 17641	Laurel Hills	02.06.08				50
EPMA 17703	Disney	01.07.08				233
EPMA 18583	Elgin Downs	29.03.10				109
EPMA 18598	Cairo	01.04.10				78
EPMA 18655	Dingo Range	01.5.10				34
<b>TOTAL AREA</b>						<b>1,409</b>



# Corporate Governance Statement

Zamia Gold Mines 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 FY2010 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"> <li>• The practice necessary to maintain confidence in the company's integrity;</li> <li>• the practices necessary to take into account the company's legal obligations and the reasonable expectation of their stockholders;</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	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"> <li>• consists only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair who is not chair of the Board;</li> <li>• has at least three members.</li> </ul>	No No Yes Yes	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

1. 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. The role of Executive Directors is to manage the Company in accordance with the direction and delegations of the Board; the responsibility of the Board is 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 and the Corporations Act. Each director is provided with a Directors' Information Kit upon appointment.

# Corporate Governance Statement

Fiscal conservatism 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.

2. The Board reviews and approves proposed remuneration (including incentive awards, equity awards and service contracts). As part of this review the Board oversees an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.
3. The Company is not at present totally compliant with this principle. Dr Ken Maiden was appointed as Managing Director on 29 October 2009 and is a Director of International Base Metals Limited which has an interest in the Company. Mr Chen Qiang is an Executive Director of West Minerals Pty Ltd, one of the Company's major shareholders. Mr Alan Humphris, a Non-executive Director, is also a Director of International Base Metals Limited which has an interest in the Company and controls an entity which is a supplier of services to the Company. Mr Andrew Skinner is independent. The Board believes, however, that the people on the Board can and do make independent judgements 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. 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. The Company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

# Corporate Governance Statement

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 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 mis-statement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board.



# Corporate Governance Statement

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 the Chief Financial Officer an assurance that internal risk management and the internal control system are effective; and assurance from the 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 1.
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.

The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Directors' 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 2010.

## DIRECTORS

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

### Dr Kenneth Maiden

Executive Chairman (appointed 28 April 2010)

Managing Director (appointed 29 October 2009)

*Qualifications:* BSc, PhD, FAusIMM, MAIG

*Experience:* Since completing a doctoral thesis on the Broken Hill orebody, Ken has had 38 years of 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:* 2,333,786 ordinary shares and 1,500,000 options in Zamia Gold Mines Limited.

*Other current directorships:* Non-executive Director of International Base Metals Limited.

### Mr Alan Humphris

Non-executive Director (appointed 11 January 2010)

*Qualifications:* BSc, BEc, LLM, FCPA

*Experience:* Alan Humphris is an investment banker with more than 30 years experience in Australian and international markets. He is Managing Director of Balmoral Capital Pty Limited, an investment banking firm specialising in providing corporate advisory services, which he founded in 1997. This followed a career in merchant banking with JP Morgan and Hambros Australia.

*Interest in shares and options:* 535,080 ordinary shares

*Other current directorships:* Alan Humphris is a non-executive director of Rey Resources Limited, ASF Group Limited and International Base Metals Limited.

# Directors' Report

## Mr Chen Qiang

Non-executive Director (appointed 6 November 2008)

*Qualifications:* BSc, MSc

*Experience:* Mr Chen is Managing Director of West Minerals Pty Ltd, one of the Company's largest shareholders. Chen Qiang, 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.

*Other current directorships:* Chen Qiang is an alternate non-executive director of International Base Metals Limited.

## Mr Andrew Skinner

Non-executive Director

*Qualifications:* BEc, MEc, 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 cited 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

*Other current directorships:* nil

## Stephen Edward Blackman

Executive Director (resigned 17 November 2009).

## John Stone

Company Secretary

*Qualifications:* BEc

*Experience:* John has over 30 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' Report

## 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 seven board meetings and two audit committee meetings were held.

	Full meeting of Directors		Meetings of Audit Committee	
	A	B	A	B
Kenneth Maiden	7	7	2	2
Alan Humphris	4	4	1	2
Chen Qiang	7	7	-	-
Andrew Skinner	7	7	2	2
Stephen Blackman	3	3	-	-

A. Number of Meetings held during the time the director held office or was a member off the committee during the year

B. Number of meetings attended

## PRINCIPAL ACTIVITY

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

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

## DIVIDENDS

No dividends have been declared in the 2010 financial year (2009: no dividend declared).

The directors continued to operate the Consolidated Group in the best interests of the shareholders. The main focus of activity was the Anthony molybdenum project in the Clermont district of Queensland, where the Company has announced an initial Inferred Resource.

## Operating Results

The Group's net loss after tax (NLAT) was \$2,547,562 (2008: NLAT \$2,254,323) with all exploration expenditure of \$1,201,813 (FY09:\$1,085,281) incurred during the year having been written off rather than capitalised.

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

# Directors' Report

## 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, Zamia recognises the need to modify planned activities in the light of market conditions and the availability of capital.

During the financial year the Company raised \$3.7 million from private share placements and a share purchase plan.

At 30 June 2010, the number of listed ordinary shares was 156,959,395 (2009: 75,848,030). There are 25,370,000 unquoted options exercisable between 15 and 40 cents and expiring from 30 September 2011 to 18 December 2013.

The Company is currently raising additional capital which will be used primarily to further progress the Anthony molybdenum project.

## Future Strategic Options

The Company continues to assess and follow up suitable capital raising options so that it can maintain its operational momentum, particularly the evaluation of the Anthony molybdenum project.

The Company's strategy is to increase shareholder value by advancing the Anthony project towards feasibility and to prioritise and test other gold and base metal targets within the Clermont district.

## 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 31 August 2010 an EGM was held at which shareholder approval was obtained for the issue of 14,285,715 ordinary shares at \$0.07 to raise \$1 million;

Additionally shareholder approval was obtained at this EGM to issue up to 45 million additional ordinary shares no later than three months after the date of EGM. The ordinary shares will be available to sophisticated investors, or to investors and shareholders who subscribe for shares under a prospectus, should the Directors determine that it is appropriate to issue one.

At the above EGM shareholders voted in favour of changing the name of the Company to Zamia Metals Limited.

No other events of significance have occurred after balance date.

## 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 listed mineral exploration company with no revenues and is reliant on access to equity capital. 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; the Board determines the remuneration applicable to each key management person as and when required. All key management personnel were appointed under arm's 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. 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 key management personnel are references to any element of remuneration dependent on the satisfaction of a performance condition.

### Engagement Contracts of Executive Directors and Key Management Personnel

The provision of services by the Company's Executive Chairman/Managing Director has been formalised in a contract of engagement between the Company and the executive's related corporate entity.

All Non-executive Directors have been appointed by the Board and receive directors' fees and superannuation entitlements.

The Company Secretary has been appointed and his remuneration approved by the Board and has no formal contract.

### Service Agreements

Remuneration and other terms of employment for the Chairman/Managing Director are formalised in a service agreement the provisions of which are set out below. This contract may be terminated early by either party with three months notice, subject to termination payments as detailed below.

Name	Term of agreement	Fee	Termination benefit
Dr Ken Maiden, Executive Chairman	To 31 Dec 2010	\$1,000 per day	Nil



# Directors' Report

## 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 19-20:

## Remuneration - Key Management Personnel of the Group 2010

Name	Short-term benefits	Post-employment benefits	Share-based payments *		Total \$
	Cash, salary and fees \$	Super-annuation \$	Equity \$	Options \$	
<b>Executive Directors</b>					
Kenneth Maiden (appointed 29/10/2009)	133,091	-	-	-	133,091
Stephen Blackman (resigned 17/11/2009)	27,000	-	-	-	27,000
<b>Non-executive Directors</b>					
Chen Qiang	6,000	540	-	-	6,540
Andrew Skinner	28,925	540	-	-	29,465
Alan Humphris (appointed 11/1/2010)	15,900	540	-	-	16,440
<b>Company Secretary</b>					
John Stone	25,150	-	-	-	25,150
<b>Chief Financial Officer</b>					
Barry Neal (confirmed 31/8/2010) *	-	-	-	-	-
<b>Total key management personnel compensation</b>	<b>236,066</b>	<b>1,620</b>	<b>-</b>	<b>-</b>	<b>237,686</b>

\* Remunerated under a service agreement with International Base Metals Ltd (refer Note 19).

# Directors' Report

## Remuneration - Key Management Personnel of the Group 2009

Name	Short- term benefits	Post-employment benefits	Share-based payments *		Total \$
	Cash, salary and fees \$	Super-annuation \$	Equity \$	Options \$	
<b>Executive Directors</b>					
Colin Seaborn (resigned 29/10/2008)	43,560	-	-	-	43,560
Ronald Lees (resigned 29/10/2008)	60,830	-	-	-	60,830
<b>Non-executive Directors</b>					
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
<b>Company Secretaries</b>					
John Stone (appointed 23/3/2009)	4,050	-	-	-	4,050
Geoffrey Broomhead resigned (18/12/2008)	-	-	-	47,167	47,167
<b>Total key management personnel compensation</b>	<b>151,160</b>	<b>-</b>	<b>-</b>	<b>235,835</b>	<b>386,995</b>

## Options Granted as Remuneration

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

No options were granted during the reporting period, no options vested, were exercised or lapsed. All options were issued for nil consideration. When exercisable, each option is convertible into one ordinary share.

## 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
			25,370,000

# Directors' Report

## 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 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 to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

## Non-audit Services

Details of the amounts paid or payable to auditor Hall Chadwick for non-audit services provided during the year are set out below:

Tax compliance services	<u>\$750</u>
-------------------------	--------------

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

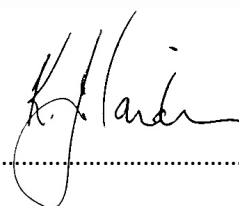
- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

## Auditor Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2010 as required under section 307C of the Corporations Act is set out on page 34.

Signed in accordance with a resolution of the Board of Directors.

Ken Maiden  
Executive Chairman  
Sydney 1 September 2010



.....

**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 which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

**Sydney**  
Level 29  
St Martins Tower  
31 Market Street  
Sydney NSW 2000

GPO Box 3555  
Sydney NSW 2001  
or  
DX 1451 Sydney

Telephone: (02) 9263 2600  
Facsimile: (02) 9263 2800  
Email: [sydney@hallchadwick.com.au](mailto:sydney@hallchadwick.com.au)

**Parramatta**  
Telephone: (02) 9687 2100  
Facsimile: (02) 9687 2900

**Perth**  
Telephone: (02) 4721 8144  
Facsimile: (02) 4721 8155

**Melbourne**  
Telephone: (03) 8678 1600  
Facsimile: (03) 8678 1699

**Partners**  
Drew Townsend  
David Kenney  
Richard Albarran  
Gino Malacco  
Paul Leroy  
Steven Gladman  
Brent Kijurina  
Blair Pleash  
David Ross  
Graham Webb  
Domenic Calabretta

**Associates**  
Lyle Vallance  
Bill Petrovski  
Sally Saad  
David Ingram

National Association  
Hall Chadwick

**Other Independent firms in:**  
Brisbane  
Gold Coast  
Perth



[www.hallchadwick.com.au](http://www.hallchadwick.com.au)

A Member of AGN International Ltd, a worldwide association of separate and Independent accounting and consulting Firms.

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 is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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 \$2,547,562 during the year ended 30 June 2010. 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 23-25 of the directors' report for the year ended 30 June 2010. 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 2010 complies with section 300A of the Corporations Act 2001.

*Nell Chadwick*

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

*Graham Webb*

Graham Webb  
Partner  
Date 1 September 2010

**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 2010 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*

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

*Graham Webb*

Graham Webb  
Partner  
Dated: 1 September 2010

**Sydney**  
Level 29  
St Martins Tower  
31 Market Street  
Sydney NSW 2000  
  
GPO Box 3555  
Sydney NSW 2001  
or  
DX 1451 Sydney  
  
Telephone: (02) 9263 2600  
Facsimile: (02) 9263 2800  
Email: sydney@hallchadwick.com.au

**Parramatta**  
Telephone: (02) 9687 2100  
Facsimile: (02) 9687 2900

**Penrith**  
Telephone: (02) 4721 8144  
Facsimile: (02) 4721 8155

**Melbourne**  
Telephone: (03) 8678 1600  
Facsimile: (03) 8678 1699

**Partners**  
Drew Townsend  
David Kenney  
Richard Albarran  
Gino Malacco  
Paul Leroy  
Steven Gladman  
Brent Kijurina  
Blair Pleash  
David Ross  
Graham Webb  
Domenic Calabretta

**Associates**  
Lyle Vallance  
Bill Petrovski  
Sally Saad  
David Ingram

National Association  
Hall Chadwick

**Other Independent firms in:**  
Brisbane  
Gold Coast  
Perth



www.hallchadwick.com.au

A Member of AGN International Ltd, a worldwide association of separate and Independent accounting and consulting Firms.



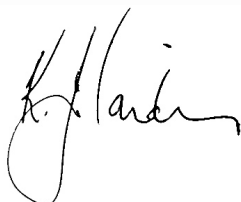
# Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes, as set out on pages 31-52, are in accordance with the Corporations Act 2001, including:
  - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Finance Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.



Ken Maiden  
Chairman

Sydney, 1 September 2010

# Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2010

	Note	30 June 2010 \$	30 June 2009 \$
Other Income	4	27,584	25,043
Administrative Service fees		(213,861)	(54,571)
Consultancy fees		(305,366)	(424,222)
Depreciation and amortisation expense		(19,152)	(21,973)
Compliance costs		(48,979)	(66,145)
Exploration and evaluation expenditure	5	(1,201,813)	(1,085,281)
Employee benefits expense		(402,652)	(15,843)
Other expenses		(376,622)	(133,549)
Share based payments	5	(6,700)	(477,782)
(Loss) before Income Tax		(2,547,562)	(2,254,323)
Income tax expense	6	-	-
(Loss) attributable to Members of the parent entity		(2,547,562)	(2,254,323)
Other Comprehensive Income		-	-
<b>Total Comprehensive (loss) for the period attributable to owners of Zamia Gold Mines Limited</b>		<b>(2,547,562)</b>	<b>(2,254,323)</b>
Basic and diluted earnings per share	24	(\$0.02)	(\$0.03)

*Notes to financial statements are included on pages 35-52*

# Consolidated Statement of Financial Position

As at the end of Financial Year 30 June 2010

	Note	30 June 2010 \$	30 June 2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	1,672,379	257,817
Other current assets	8	66,764	19,705
<b>TOTAL CURRENT ASSETS</b>		<b>1,739,143</b>	<b>277,522</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	46,575	65,727
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,575</b>	<b>65,727</b>
<b>TOTAL ASSETS</b>		<b>1,785,718</b>	<b>343,249</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	369,775	142,487
Short term provisions	12	28,646	2,288
<b>TOTAL CURRENT LIABILITIES</b>		<b>398,421</b>	<b>144,775</b>
<b>TOTAL LIABILITIES</b>		<b>398,421</b>	<b>144,775</b>
<b>NET ASSETS</b>		<b>1,387,297</b>	<b>198,474</b>
<b>EQUITY</b>			
Contributed equity	13	11,157,477	7,421,092
Reserves	14	2,286,722	2,286,722
Retained losses		(12,056,902)	(9,509,340)
<b>TOTAL EQUITY</b>		<b>1,387,297</b>	<b>198,474</b>

*Notes to financial statements are included on pages 35-52*

# Consolidated Statement of Changes in Equity

For Financial Year Ended 30 June 2010

	Share capital ordinary shares	Listed Options	Retained losses	General Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$	\$
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	-	-
Comprehensive loss for the year	-	-	(2,254,323)	-	-	(2,254,323)
Revaluation increment	-	-	-	-	477,782	477,782
<b>Balance at 30/6/2009</b>	<b>7,421,092</b>	<b>-</b>	<b>(9,509,340)</b>	<b>195,703</b>	<b>2,091,019</b>	<b>198,474</b>
Balance at 1/7/2009	7,421,092	-	(9,509,340)	195,703	2,091,019	198,474
Shares issued during the year	3,736,385	-	-	-	-	3,736,385
Comprehensive loss for the year	-	-	(2,547,562)	-	-	(2,547,562)
<b>Balance at 30/6/2010</b>	<b>11,157,477</b>	<b>-</b>	<b>(12,056,902)</b>	<b>195,703</b>	<b>2,091,019</b>	<b>1,387,297</b>

*Notes to financial statements are included on pages 35-52*

# Consolidated Statement of Cash Flows

For Financial Year Ended 30 June 2010

		30 June 2010	30 June 2009
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(2,342,707)	(1,366,297)
Interest received		27,584	25,043
Net cash (used in) by operating activities	23	(2,315,123)	(1,341,254)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		-	(78,822)
Proceeds from sale of plant and equipment		-	3,636
Net cash (used in) by investing activities		-	(75,186)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		3,821,250	362,858
Cost of capital raising		(91,565)	-
Net cash provided by financing activities		3,729,685	362,858
<b>Net increase/(decrease) in cash held</b>		1,414,562	(1,053,582)
Cash at the beginning of the financial year		257,817	1,311,399
<b>Cash at the end of the financial year</b>	7	1,672,379	257,817

*Notes to financial statements are included on pages 35-52*

# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements presented are for the consolidated entity consisting of Zamia Gold Mines Limited and its subsidiaries.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

#### **Compliance with IFRS**

The consolidated financial statements of Zamia Gold Mines Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property

#### **Critical accounting estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(p)

#### **Financial statement presentation**

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

### (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 2010 was \$2,547,562(2009: \$2,254,323).

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 \$3,729,685;
- (ii) the Group had \$1,672,379 in cash at 30 June 2010;
- (iii) the Group's has planned expenditure for the period from 1 July 2010 to 30 September 2011 of \$11.8 million;
- (iv) at an EGM held on 31 August 2010 shareholder approval was obtained for the issue of 14,285,715 ordinary shares at \$0.07 to raise \$1 million;
- (v) shareholder approval was also obtained at the EGM held on 31 August 2010 for the issue of up to 45 million additional ordinary shares no later than three months after the date of EGM. The ordinary shares will be available to sophisticated investors, or to investors and shareholders who subscribe for shares under a prospectus, should the Directors determine that it is appropriate to issue one.
- (vi) Projected capital raising will contribute sufficient funds to cover budgeted expenditure during the period.

This approval will provide flexibility for management to raise further capital to meet the Company's demands for further funds necessary to progress its exploration projects. The funds raised would enable the Company to extend resource drilling, metallurgical test work and other scoping studies at the Anthony Mo deposit, and to carry out drill testing of identified gold targets.

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.



# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the event that the consolidated entity is unable to raise sufficient funds there is a significant uncertainty whether it will be able to continue as a going concern and therefore whether the Company and the consolidated entity can realise its assets and extinguish its liabilities at the amounts stated in the financial report. The ability of the Group to raise funds will depend on the industry and resource market interest. As the company expenses all exploration costs as incurred no value is recognised in the accounts at present.

### (c) Principles of consolidation

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 2010 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 entity.

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) 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).

### (e) 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.

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.

### (f) 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.

# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

### (g) 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

### (h) 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.

### (i) 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.

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.

# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *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.

### **(j) 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.

### *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.

### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(l) 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.

# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (m) 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.

#### *Equity-settled compensation*

The Company operates a 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 over the vesting period by reference to the fair value of those shares or options at the date the shares or options are granted.

### (n) 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.

### (o) Comparative figures

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

### (p) 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 2010 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 Parent entities' accounts of \$1,696,976 being a debt owing by a subsidiary to the parent entity.

### (q) Adoption of new and revised accounting standards

During the current year the Group adopted new and revised standards Australian Accounting Standards applicable to its operations which became mandatory.

#### *AASB 8: Operating Segments*

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

#### *Measurement impact*

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments.

# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The adoption of the 'management approach' to segment reporting has not resulted in any change to the reportable segment and is consistent with the prior year. (Refer Note 3).

### **AASB 101: Presentation of financial statements**

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

#### **Disclosure impact**

**Terminology changes** — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements

**Reporting changes in equity** — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

**Statement of comprehensive income** — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

**Other comprehensive income** — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

#### **(r) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below

#### **AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions [AASB 2]** (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the group's financial statements.

#### **AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]** (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The group will apply the amended standard from 1 July 2010. As the group has not made any such rights issues, the amendment will not have any effect on the group's or the parent entity's financial statements.

# Notes to the Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9** (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may not have a significant impact on the group. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The group has not yet decided when to adopt AASB 9.

### **Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards** (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. The Group is investigating the financial impact of these disclosures, if any, of the amendment on the related party disclosures.

### **AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19** (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the group or the parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the group has not entered into any debt for equity swaps since that date.

## 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	
	2010	2009
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,672,379	257,817
<b>Financial liabilities</b>		
Trade and other payables	398,421	144,775
	398,421	144,775

### **(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. The Consolidated Entity has no foreign exchange exposure.



# Notes to the Financial Statements

## NOTE 2: FINANCIAL RISK MANAGEMENT

### 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 debt and prefers to use capital raising rather than borrowings to manage cash flow requirements.

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 2010

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturing			Non-interest Bearing \$	Total \$
			Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$		
<b>Financial Assets</b>							
Cash	3.1%	1,672,379	-	-	-	-	
<b>Total financial assets</b>		1,672,379	-	-	-	-	
Trade and other payables		-	-	-	-	398,421	398,421
<b>Total financial liabilities</b>		-	-	-	-	398,421	398,421

### 30 June 2009

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

### (c) Fair value

Cash and cash equivalents, trade and other receivables and other trade payables are short-term instruments in nature whose carrying value is equivalent to fair value.

# 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	
	2010 \$	2009 \$
<b>Other revenue</b>		
- Interest received – other entities	27,584	25,403

## NOTE 5: LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

Exploration expenditure	1,201,813	1,085,281
Depreciation and amortisation expense	19,152	21,973
Share based payments expensed	6,700	477,782

## NOTE 6: INCOME TAX

<b>(a) Income tax expense</b>		
Current tax		-
Deferred tax	(762,259)	(532,917)
Deferred tax assets not recognised	762,259	532,917
	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense at 30% (2009: 30%)	(764,269)	(676,297)
Add tax effect of:		
Non deductible share based payments	2,010	143,380
Less tax effect of:		
Deferred tax assets not recognised	762,259	532,917
Income tax expense	-	-

## NOTE 7: CASH AND CASH EQUIVALENTS

### (a) Reconciliation of cash at the end of the year

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	8,603	6,330
Deposits at call	1,663,776	251,487
Balances as per statement of cash flows	1,672,379	257,817

### (b) Interest rate risk exposure

The group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

# Notes to the Financial Statements

## NOTE 8: CURRENT ASSETS – OTHER CURRENT ASSETS

	Consolidated Group	
	2010 \$	2009 \$
Deposits	4,580	4,580
GST receivable	53,901	15,125
Prepayments	8,283	-
	<u>66,764</u>	<u>19,705</u>

## NOTE 9: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Consolidated	Furniture and Fittings at cost	Computer equipment at cost	Motor vehicles at cost	TOTAL
	\$	\$	\$	\$
<b>At 1 July 2008</b>				
Cost	5,406	11,201	14,455	31,062
Accumulated depreciation	(5,406)	(3,117)	(5,432)	(13,955)
Net book value	<u>-</u>	<u>8,084</u>	<u>9,023</u>	<u>17,107</u>
<b>Year ended 30 June 2009</b>				
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)
Closing net book value	<u>-</u>	<u>4,098</u>	<u>61,629</u>	<u>65,727</u>
<b>At 1 July 2009</b>				
Cost	5,406	13,512	76,512	95,430
Accumulated depreciation	(5,406)	(9,414)	(14,883)	(29,703)
Net book value	<u>-</u>	<u>4,098</u>	<u>61,629</u>	<u>65,727</u>
<b>Year ended 30 June 2010</b>				
Opening net book value	-	4,098	61,629	65,727
Depreciation charge	-	(3,934)	(15,218)	(19,152)
Closing net book value	<u>-</u>	<u>164</u>	<u>46,411</u>	<u>46,575</u>
<b>At 30 June 2010</b>				
Cost	5,406	13,512	76,512	95,430
Accumulated depreciation	(5,406)	(13,348)	(30,101)	(48,855)
Net book value	<u>-</u>	<u>164</u>	<u>46,411</u>	<u>46,575</u>

## NOTE 10: 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(e) are satisfied.

- tax losses, operating losses at 30% not brought to account \$2,849,856 (2009: \$2,060,127).

# Notes to the Financial Statements

## NOTE 11: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	2010	2009
	\$	\$
Trade payables	305,250	95,022
Sundry payables and accrued expenses	64,525	47,465
	<u>369,775</u>	<u>142,487</u>

## NOTE 12: CURRENT LIABILITIES – SHORT-TERM PROVISIONS

Employee entitlements	28,646	2,288
Reconciliation of movement in the liability is recognized in the balance sheet as follows:-		
Balance at 1/7/2009	2,288	4,826
Increase/(Decrease) in provision	26,358	(2,538)
Balance at 30/6/2010	<u>28,646</u>	<u>2,288</u>

## NOTE 13: CONTRIBUTED EQUITY

	Consolidated Group	
	2010	2009
	No	No
Fully paid ordinary shares 156,959,395 (2009: 75,848,030)	11,157,477	7,421,092

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

### (a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	\$
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
30 June 09	<b>Balance</b>	<u>75,848,030</u>		<u>7,421,092</u>
30 Sep 09	Share placement	11,375,000	0.03	341,250
23 Nov 09	Share placement	26,000,000	0.03	780,000
1 Feb 10	Share based payments	100,000	0.067	6,700
8 Feb 10	Share placement	23,636,365	0.055	1,300,000
30 June 10	Share placement	20,000,000	0.07	1,400,000
	Less transaction costs arising on shares issued			(91,565)
		<u>156,959,395</u>		<u>11,157,477</u>

### (b) Ordinary shares

During the financial year the company issued 81,111,365 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.

# Notes to the Financial Statements

## NOTE 13: CONTRIBUTED EQUITY (continued)

### (c) Capital risk management

The Group's objective when managing capital is to safeguard its 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.

Consistently with others in the industry, the Group monitors 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.

The Group had no long-term debt at 30 June 2010 and therefore no meaningful gearing ratio.

## NOTE 14: RESERVES

	Consolidated Group	
	2010 \$	2009 \$
General reserve (a)	195,703	195,703
Option Reserve (b)	2,091,019	2,091,019
	<u>2,286,722</u>	<u>2,286,722</u>

(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 15: 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:

Kenneth Maiden	Executive director	Appointed as Managing Director 29 October 2009
Chen Qiang	Non-executive director	
Alan Humphris	Non-executive director	Appointed 11 January 2010
Andrew Skinner	Non-executive director	
Stephen Blackman	Non-executive director	Resigned 26 November 2009
John Stone	Company Secretary	

### (b) Key management personnel compensation:

	Consolidated Group	
	2010 \$	2009 \$
Short-term employee benefits	236,066	151,160
Post-employment benefits	1,620	-
Share-based payments	-	235,835
	<u>237,686</u>	<u>386,995</u>

Details of key management personnel remuneration are included in the remuneration report on page 23.

# Notes to the Financial Statements

## NOTE 15: 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. There were no shares granted during the reporting period as compensation.

2010	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
Kenneth Maiden	2,196,786	-	137,000	2,333,786
Chen Qiang	-	-	-	-
Alan Humphris	-	-	535,080	535,080
Andrew Skinner	156,000	-	-	156,000
John Stone	81,977	-	-	81,977
Barry Neal	-	-	-	-
	2,434,763	-	672,080	3,106,843

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
Kenneth Maiden	2,196,786	-	-	2,196,786
Chen Chiang	-	-	-	-
Andrew Skinner	150,000	-	6,000	156,000
John Stone	-	-	81,977	81,977
	4,808,948	-	117,977	4,926,925

\* Other changes refers to shares purchased or sold during the financial year and shareholdings of newly appointed directors.

### (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.

2010	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
Chen Qiang	1,000,000	-	-	-	1,000,000	1,000,000
Andrew Skinner	1,500,000	-	-	-	1,500,000	1,500,000
Kenneth Maiden	1,500,000	-	-	-	1,500,000	1,500,000
	4,000,000	-	-	-	4,000,000	4,000,000

# Notes to the Financial Statements

## NOTE 15: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

### (e) Other transactions with key management personnel

A non-executive Director, Alan Humphris is a Director and shareholder of Balmoral Capital which supplied financial services to the Group

A non-executive Director, Andrew Skinner a Director and shareholder of Mast Advisors Pty Ltd supplied accounting services to the Group

Aggregate amounts of each of the above types of other transactions with key management personnel of Zamia Gold Mines Pty Ltd recognised as expenses are as follows:

	Consolidated Group	
	2010	2009
	\$	\$
Consulting fees payable to Balmoral Capital	18,614	-
Accounting fees payable to Mast Advisors Pty Ltd	589	-
	19,203	-

## NOTE 16: REMUNERATION OF AUDITORS

	Consolidated Group	
	2010	2009
	\$	\$
<i>Auditor to the parent company</i>		
Auditing or reviewing the financial report	33,980	33,500
Other services:		
- taxation services	750	2,000
	34,730	35,500

## NOTE 17: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.



# Notes to the Financial Statements

## NOTE 18: COMMITMENTS

### 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

	Consolidated Group	
	2010 \$	2009 \$
- Payable not later than one year Minimum lease payments	15,360	18,501
	15,360	18,501

### Services agreement

The Company has entered into a service agreement with International Base Metals Limited to provide equipment, premises and personnel for a fixed terms of twelve months commencing on 1 July 2010 with an option to renew for a further twelve months. The monthly management fee payable under the agreement is \$20,000 per month with the fee to be reviewed quarterly by both companies.

### Exploration and development

Indicative exploration expense payable not later than one year *	450,000	1,120,000
--	---------	-----------

\* Budget agreed with the Queensland Department of Mining and Energy pending granting of current applications

The Company is in constant contact with the exploration and mining tenures section of the Queensland Department of Employment, Economic Development and Innovation (DEEDI). Whilst not all annual expenditure commitments have been met during the reporting period, the Company has been assured that its tenements remain in good standing. Based on discussions with DEEDI no penalties have been advised of, or are expected as a result of the annual expenditure commitments not being met.

## NOTE 19: 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 20.

### (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 subsidiary Zamia Resources Pty Ltd. The ultimate parent entity in the Group is Zamia Gold Mines Limited. At 30 June 2010 \$6,951,115 owing by the controlled entity to the Parent was impaired with \$1,696,975 provisioned for impairment in the books of the Parent in the 2010 financial year and \$5,254,140 in previous financial years.

### (f) Service agreement

As disclosed in Note 18 Zamia Gold Mines Limited has entered into a service agreement with International Base Metals Limited, a listed entity which is a major shareholder in the company. During the year Zamia Gold Mines Limited expensed \$210,000 for service fees billed by International Base Metals Limited and \$56,498 for expenses paid on behalf of Zamia Gold Mines Limited. Ken Maiden, Alan Humphris and Chen Qiang are also Directors of Zamia Gold Mines Limited.

# Notes to the Financial Statements

## NOTE 19: RELATED PARTY TRANSACTIONS (continued)

Aggregate amounts for each of the above types of transactions with International Base Metals Limited (IBML):

	Consolidated entity	
	2010	2009
	\$	\$
Amounts recognised as expense – service fees IBML	210,000	811,593
Amounts recognised as expense – exploration expenses paid by IBML	56,498	-
Outstanding balances at the reporting date in relation to transactions with IBML:		
Amounts owing to IBML	241,899	71,027

## NOTE 20: 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	
			2010	2009
<b>Parent entity</b>				
Zamia Gold Mines Limited	Australia	Ordinary	100%	100%
<b>Controlled entity</b>				
Zamia Resources Pty Ltd	Australia	Ordinary	100%	100%

## NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

The Consolidated Group has taken advantage of Corporations Amendment Regulations 2010 (No. 6) of 29 June 2010 and has not included separate parent entity financial statements.

The disclosures as required for the Parent Entity as a result of this amendment are set out below:

	Parent Entity	
	2010	2009
	\$	\$
Current assets	1,688,205	266,893
Total assets	1,688,371	270,991
Current liabilities	219,119	114,575
Total liabilities	219,119	114,575
<b>Shareholders' equity</b>		
Contributed equity	11,157,477	7,421,092
Option reserve	2,091,019	2,091,019
General reserve	195,703	195,703
Retained losses	(11,974,947)	(9,551,398)
<b>Total equity</b>	<b>1,469,252</b>	<b>156,416</b>
<b>Commitments payable not less than one year</b>		
Lease payments	15,360	18,501
Service agreement	240,000	213,861
	<b>255,360</b>	<b>232,362</b>

# Notes to the Financial Statements

## NOTE 22: SUBSEQUENT EVENTS

On 31 August 2010 an EGM was held when shareholders approved the issue of 14,285,715 ordinary shares at \$0.07 to raise \$1 million.

At this EGM held on 31 August 2010 shareholders also approved the issue of up to 45 million additional ordinary shares no later than three months after the date of the EGM. The ordinary shares will be available to sophisticated investors, or to investors and shareholders who subscribe for shares under a prospectus, should the Directors determine that it is appropriate to issue one.

This approval will provide flexibility for management to raise further capital to meet the Company's demands for further funds necessary to progress its exploration projects. The funds raised will enable the Company to extend resource drilling, metallurgical test work and other scoping studies at the Anthony Mo deposit, and to carry out drill testing of identified gold targets.

At the EGM held on 31 August 2010 shareholder also gave approval to change the name of the company from Zamia Gold Mines Limited to Zamia Metals Limited. The Company is now primarily focussed on progressing the Anthony molybdenum discovery towards feasibility. The Company is continuing to explore for copper and gold, and the proposed name is more representative of the Company's current and likely future activities.

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

	Consolidated Group	
	2010	2009
	\$	\$
(Loss) from ordinary activities after income tax	(2,547,562)	(2,254,323)
Add/(less) non-cash items:		
- Share based option expense	-	477,782
- Shared based payments	6,700	409,596
- Depreciation and amortisation	19,152	21,973
- Loss on sale of plant and equipment	-	4,593
Changes Change in assets and liabilities		
(Increase)/decrease in receivables	(47,059)	64,965
Decrease in other assets	-	(17,715)
Increase/(decrease)/in payables	227,288	(45,587)
Increase/(decrease) in employee entitlements	26,358	(2,538)
Net cash used in operating activities	(2,315,123)	(1,341,254)

## NOTE 24: EARNINGS PER SHARE

	2010	2009
	Cents per Share	Cents per Share
	\$	\$
Basic and diluted earnings per share	(0.02)	(0.03)

# Notes to the Financial Statements

## NOTE 24: EARNINGS PER SHARE (continued)

### 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:-

	Consolidated Group	
	2010	2009
	\$	\$
Earnings (i)	(2,547,562)	(2,254,323)
Weighted average number of ordinary shares (ii)	109,301,835	68,030,700

(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 25: SHARE-BASED PAYMENTS

The following share based payment was made to Frankland Pastoral in payment for an access fee to the Anthony Tenement:-

Grant Date	No of Shares	Fair Value per share	Total Fair Value
1 Feb 2010	100,000	\$0.067	6,700

### Fair value

Share-based payments issued to Frankland Pastoral have been valued at the closing market price of the shares on the day of Board approval for the issue.

### (a) 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.

No options were issued in the 2010 financial year and no options lapsed.

Set out below is a summary of unexpired and unexercised options granted in previous years:

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	
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
			25,370,000	-	25,370,000	25,370,000
Weighted average exercise price			\$0.23	-	\$0.23	\$0.23

The weighted average remaining contractual life of share options outstanding at 30 June 2010 was 2.2 years (2009 3.2 years)

# Shareholder Information

## Statement of quoted securities as at 24 August 2010

- There are 949 shareholders holding a total of 156,959,395 ordinary fully paid shares on issue by the Company.
- The twenty largest shareholders between them hold 62.84% 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 24 August 2010

Ordinary fully paid shares

Range of holding	Number of holders
1 - 1,000	50
1,001 - 5,000	89
5,001 - 10,000	146
10,001 - 100,000	498
100,001 - and over	166
Total holders	949

There were 146 shareholders with less than a marketable parcel of ordinary shares

## Substantial shareholdings as at 24 August 2010 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Brownstone International Pty Ltd	18,756,955	11.95
West Minerals Pty Limited	17,409,091	11.09
Hangzhou Kings Industry Co Limited	15,570,591	9.92
International Base Metals Limited	13,593,875	8.66

## 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

# Shareholder Information

## TOP TWENTY SHAREHOLDERS

Holder name	Number of ordinary fully paid listed shares held	% of total ordinary shares on issue
BROWNSTONE INTERNATIONAL PTY LTD	18,756,955	11.95
WEST MINERALS PTY LIMITED	17,409,091	11.09
HANGZHOU KINGS INDUSTRY CO LIMITED	15,570,591	9.92
INTERNATIONAL BASE METALS LIMITED	13,593,875	8.66
GREAT SEA WAVE INVESTMENT PTY LTD	6,545,455	4.17
MR GENG HAITAO	6,250,000	3.98
MR SALVATORE DI VINCENZO	3,503,883	2.23
DR BARRY JOHN BARKER & MRS JAYE ABBYE BARKER	2,983,091	1.90
MR KENNETH JOHN MAIDEN & MS MARGARET FRANCIS HAYES	1,974,191	1.25
BLACKMANS & ASSOCIATES PTY LTD	1,900,923	1.21
HARNBURY PTY LTD	1,625,000	1.03
AUSSIE Q RESOURCES LIMITED	1,556,500	0.99
GOLDVANCE PTY LTD	983,192	0.62
MR MARTIN ERIC I'ONS	946,380	0.60
ZAPPO PTY LTD	924,000	0.58
BLACKMANS & ASSOCIATES PTY LTD	909,544	0.57
MR GEOFFREY BROOMHEAD	909,091	0.57
MR MUN SIONG YEO	814,000	0.51
ULGULA PTY LTD	774,000	0.49
PT RESOURCES PTY LTD	714,000	0.45
<b>TOTAL HELD BY TOP TWENTY SHAREHOLDERS</b>	<b>98,643,762</b>	<b>62.84%</b>

**ZAMIA** Gold Mines Limited

A.B.N. 73 120 348 683

(ASX: ZGM)

Level 8, 275 George Street

Sydney NSW 2000

AUSTRALIA GPO Box 4147,

SYDNEY NSW 2001

AUSTRALIA

Tel: +61 (2) 8223 3744

Fax: +61 (2) 8223 3799

Email: [info@zamiagold.com.au](mailto:info@zamiagold.com.au)

Website: [www.zamiagold.com.au](http://www.zamiagold.com.au)