ZAMIA
METALS LIMITED

Targeting gold, copper and molybdenum in Queensland

2012 Annual Report

ABN 73 120 348 683

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Corporate Directory

The shares of Zamia Metals 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

Mr Alan Humphris	Non-executive Chairman
Dr Kenneth John Maiden	Non-executive Director
Mr Qiang Chen	Non-executive Director
Mr Andrew Skinner	Non-executive Director

Chief Executive Officer

Mr Jordan Li

Company Secretary

Mr John Stone

Chief Financial Officer

Mr Barry Neal

Registered Office and Principal Place of Business

Suite 60, Level 6 Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067
Australia

Telephone: + 61 2 8223 3744
Fax: + 61 2 8223 3799
Internet: www.zamia.com.au

Share Registry

Boardroom Pty 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

Bankers

Bankwest
17 Castlereagh 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

Chairman's Letter

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the year ended 30 June 2012.

In the year completed the Company initially carried out further drilling on the Anthony Molybdenum project before concentrating on copper and gold exploration on our neighbouring tenements in central Queensland. While we believe that Anthony is a potentially valuable asset, we anticipate maintaining a low level of activity while low molybdenum prices prevail.

Details of both the further work at Anthony and the copper-gold exploration activity, which mainly comprised geochemical sampling and IP survey work, are set out in the Review of Operations within this report.

A further five exploration permits were granted during the year. The Company now holds 13 granted exploration permits in central Queensland, which are prospective for copper, gold and other metals.

Subsequent to the year-end, Zamia entered into an Option and Joint Venture Agreement with Gold Fields Australasia Pty Ltd involving nine of the Company's exploration permits, excluding Anthony and giving Gold Fields the right through exploration spending which will target copper and gold to earn up to a 70% interest in any three of these permits. We are delighted to have established this agreement and look forward to the prospect of achieving successful exploration results.

During the year the Company raised approximately $2.5 million in total on attractive terms from Brownstone International Pty Ltd, our largest shareholder, and China Kings Industry Pty Ltd; we appreciate their confidence and investment in the Company.

In the prevailing economic environment we are reducing corporate costs where possible and in this regard your Directors initiated 50% cuts to Directors' fees from 1 July 2012.

On 2 April 2012 I became Chairman of the Company upon Ken Maiden stepping down as Chairman and CEO, and at this time Jordan Li was appointed Chief Executive Officer. Ken assumed a role as Executive Director/Chief Geologist of International Base Metals Limited – Zamia's former parent company – and fortunately for Zamia he is able to continue as a non-executive Director.

I wish to thank our staff and consultants for their dedicated work throughout the year. We are striving hard to achieve successful outcomes in the current year.

Yours sincerely,

Alan Humphris
Non-executive Chairman
25 September 2012

Review of Operations

Introduction

Zamia Metals Limited ('Zamia' or 'the Company') is focussed on exploration for copper (Cu), gold (Au), molybdenum (Mo) and other metals in the Clermont District of central Queensland. Zamia recognised in this established epithermal gold province the additional potential for bulk tonnage porphyry-type deposits and, through its wholly owned subsidiary, Zamia Resources Pty Ltd, it holds a highly prospective package of tenements.

In 2008, Zamia announced the discovery of the Anthony molybdenum deposit and through successive drilling programs this resource has grown substantially. In conjunction with the resource definition drilling at Anthony, regional exploration is continuing to delineate further targets for assessment. Zamia currently holds 13 Exploration Permits for Minerals (EPMs) and a further two applications which have been offered for grant. These tenements cover a total of 1,500 km² (square kilometres).

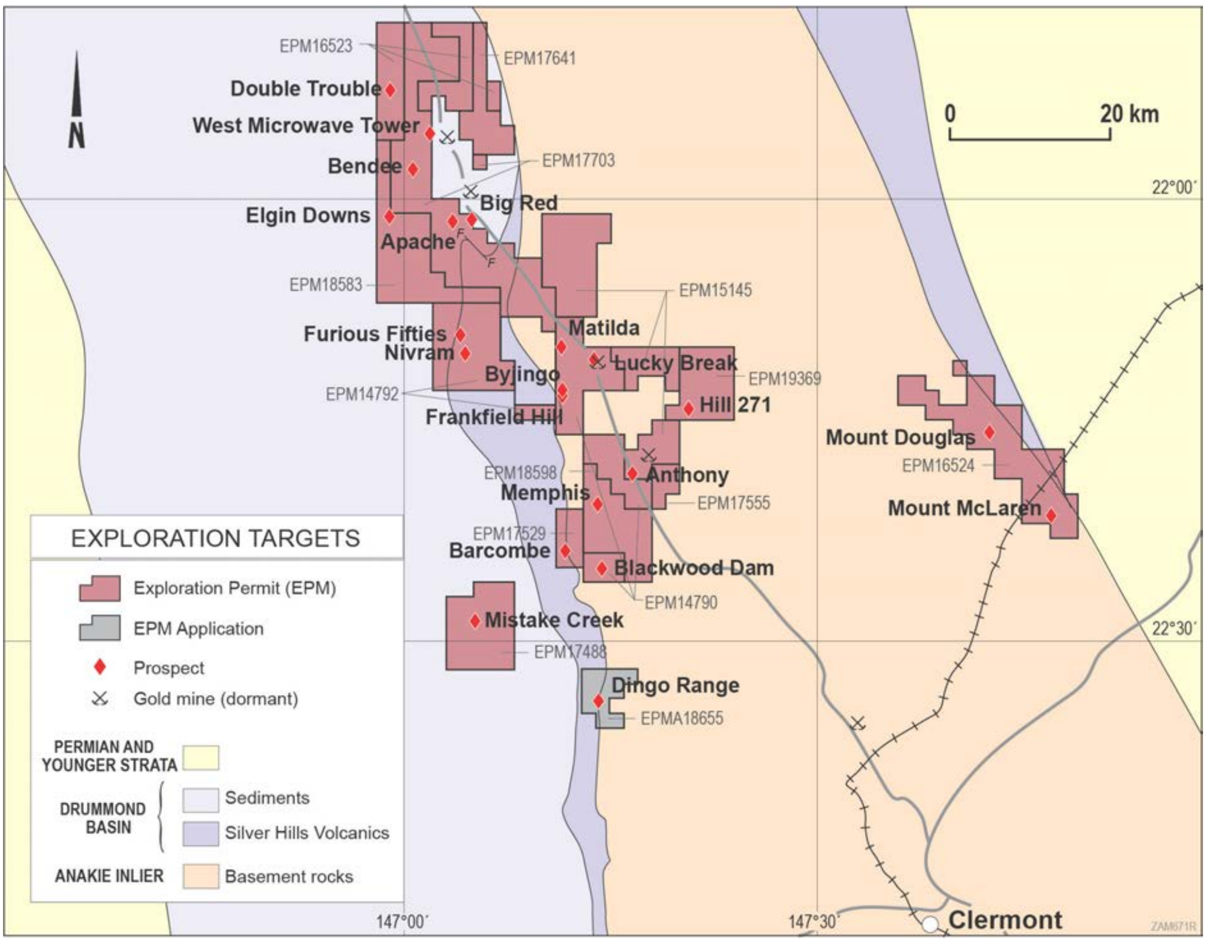

Figure 1. Zamia's tenements in the Clermont district

Anthony Molybdenum Project

Drilling Programs

Diamond and reverse circulation (RC) drilling programs over the Anthony deposit continued for the first half of the 2011/2012 year. Drilling was designed to test the continuity of molybdenum (Mo) mineralisation to depths of up to 550m below surface, as well as targeting areas of low data density to strengthen the robustness of the resource estimate.

Six NQ (standard diameter) diamond core extensions to existing shallow RC percussion holes (Figure 2) were drilled to depths of up to 550m below surface. Assay results for these holes were reported to the Australian Securities Exchange (ASX) and are published on Zamia's website (www.zamia.com.au).

Additionally, two angled HQ (large diameter) diamond core holes were drilled from surface to a depth of 250m. Core from these two drill holes complements Zamia's existing metallurgical testwork database.

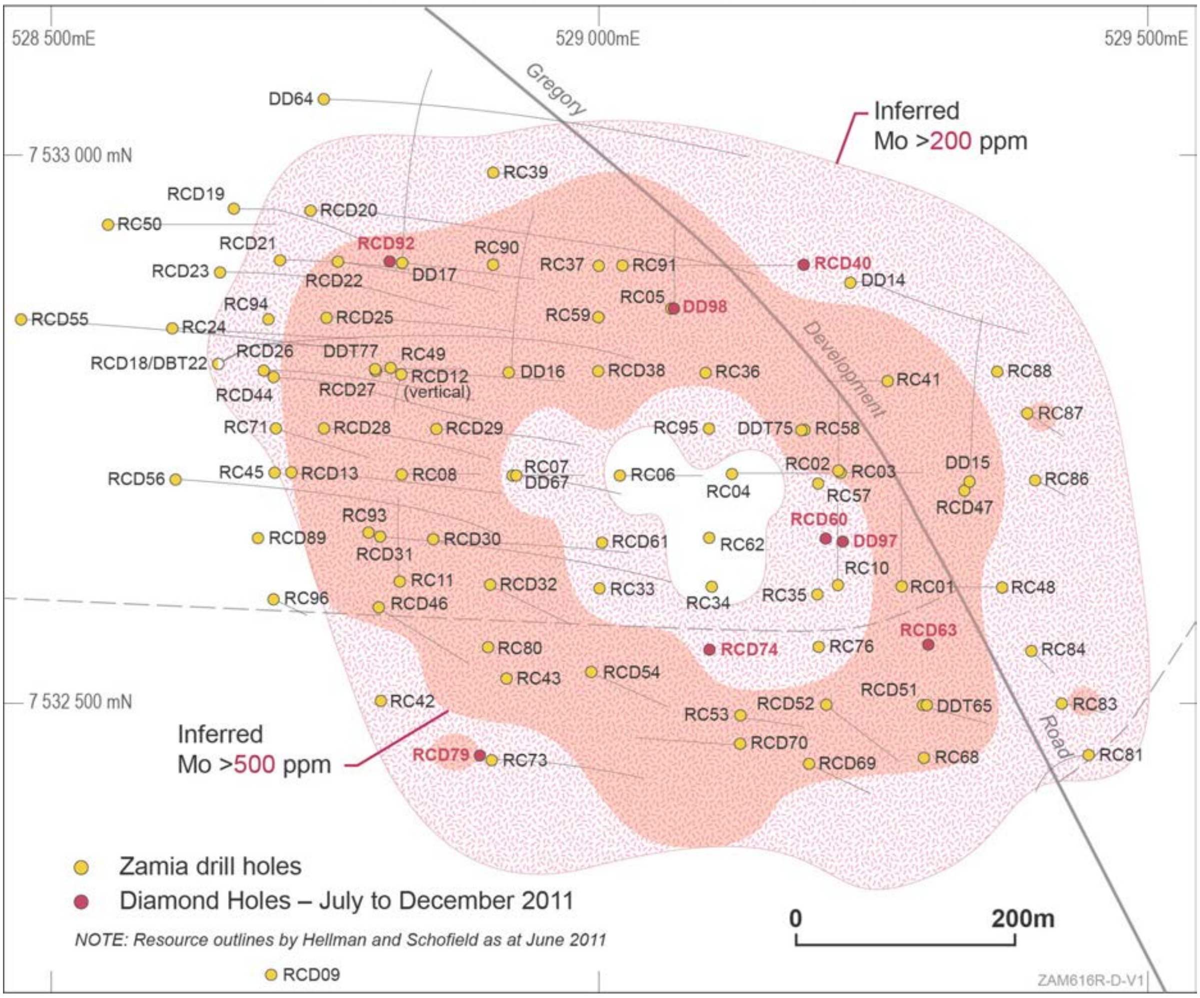

Figure 2. Anthony deposit, showing drill holes and resource outline

Resource Estimate

Zamia commissioned a revision to the resource estimate for the Anthony deposit to include the assays from the second half of the 2011 program. This updated resource assessment by independent resource consultants, Hellman & Schofield Pty Ltd ('H&S'), was released on 15 March 2012 and is summarised in Table 1.

This resource update confirms the resource estimate established in June 2011 and records a slight increase in the Inferred sulphide molybdenum resource at cut-off grades of 400ppm Mo and 200 ppm Mo.

Cut-off	Sulphide Resource			Oxide and Transition Resource			Total Resource		
Mo (ppm)	Tonnes (million)	Mo Grade (ppm)	Contained Mo (million lb)	Tonnes (million)	Mo Grade (ppm)	Contained Mo (million lb)	Tonnes (million)	Mo Grade (ppm)	Contained Mo (million lb)
600	20	800	36	4	685	7	25	780	42
400	91	560	112	23	520	26	114	550	137
200	250	390	215	65	376	54	318	390	269

Table 1. Anthony resource summary (Hellman & Schofield 2012)
(Note: Tonnes and grades have been rounded and rounding errors may occur. Results above cut-off grades higher than 500 ppm Mo are subject to some uncertainty)

Extensions to the Anthony Deposit

The Anthony molybdenum deposit and the nearby Belyando gold deposit (excluded from Zamia's tenements) are associated with a series of intrusive igneous rocks, termed the Dead Horse Bore intrusive complex. Parts of this complex, presumably of diorite composition, form a stand-out "bullseye" anomaly on aeromagnetic imagery (Figure 3).

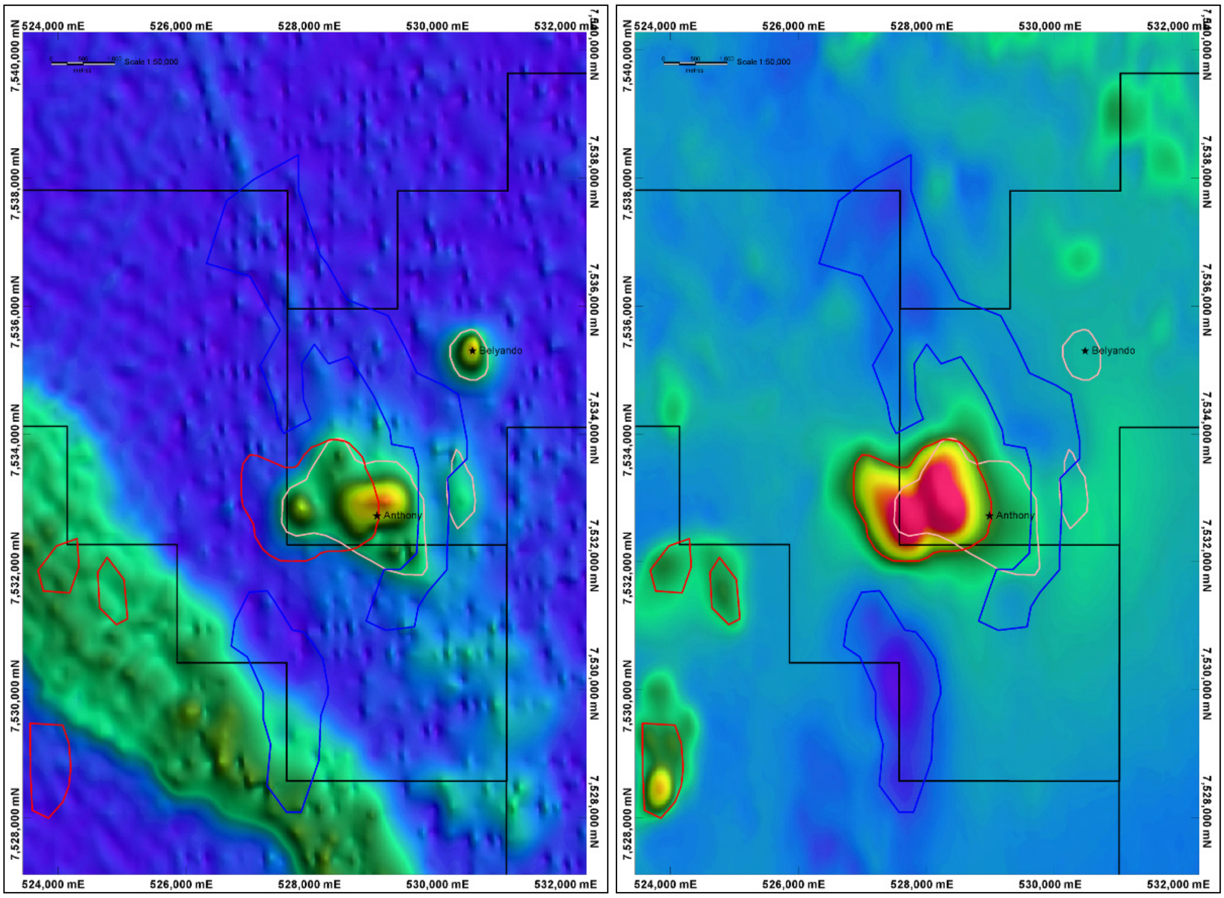

Figure 3. Regional remote sensing data over the Anthony deposit and surrounding areas.
Left: Radiometric data (potassium channel): pink = potassium high.
Right: Aeromagnetic image: red = magnetic high; blue = magnetic low

At the Anthony deposit, molybdenite occurs in stockwork quartz-sericite-pyrite veins and breccia zones within weakly magnetic intrusive rocks, adjacent to the presumed diorite bodies, and also within Anakie Inlier metamorphic country rocks.

Anthony molybdenum deposit. Oxidised stockwork veins within feldspar-porphyritic monzonite

The intrusive complex provides a target for multiple porphyry-style Cu-Au-Mo deposits and epithermal vein and breccia-hosted Au deposits. The target rocks outcrop very poorly and are largely covered by black soil, which limits definitive outcomes from geochemical soil surveys and other standard exploration techniques.

Anthony molybdenum deposit. Diamond drill core showing stockwork quartz-molybdenite veins within altered monzonite

Geological logging of Anthony diamond core

To improve the geophysical understanding of the Anthony deposit and surrounds, a small reconnaissance induced polarisation ('IP') survey was conducted in November 2011 to test the effectiveness of this tool. Valuable structural data was gained and a new untested area of interest was identified to the northwest of the known molybdenum deposit.

Company Strategy for the Anthony Deposit

Zamia is currently reviewing the Anthony molybdenum deposit and potential increases to the resource as well as evaluating project economics and joint venture options.

Regional Exploration

Background

The Company's exploration focus moved to copper and gold exploration on its existing tenements during the year ended 30 June 2012.

Subsequent to the year-end, the Company entered into an Option and Joint Venture Agreement with Gold Fields Australasia Pty Ltd to explore for copper and gold on nine of the Company's tenements. For more information refer to the ASX announcement of 30 July 2012, available on Zamia's website (www.zamia.com.au) and After Balance Date Events in this Annual Report.

In January 2012, Zamia was granted five new Exploration Permits for Minerals (EPMs). This new ground adds a further 550 km^2 to the area of the Company's tenements, now totalling 13 granted EPMs plus a further two applications that have been offered to Zamia (one of which lies outside the Clermont district). These tenements are prospective for copper and gold covering a number of deposit styles:

- Porphyry-style base metal deposits associated with intrusive complexes;
- Structurally-controlled mesothermal gold deposits;
- Epithermal-style gold deposits in the Silver Hills Volcanics (the basal sequence of the Drummond Basin) in the western area of the tenement block.

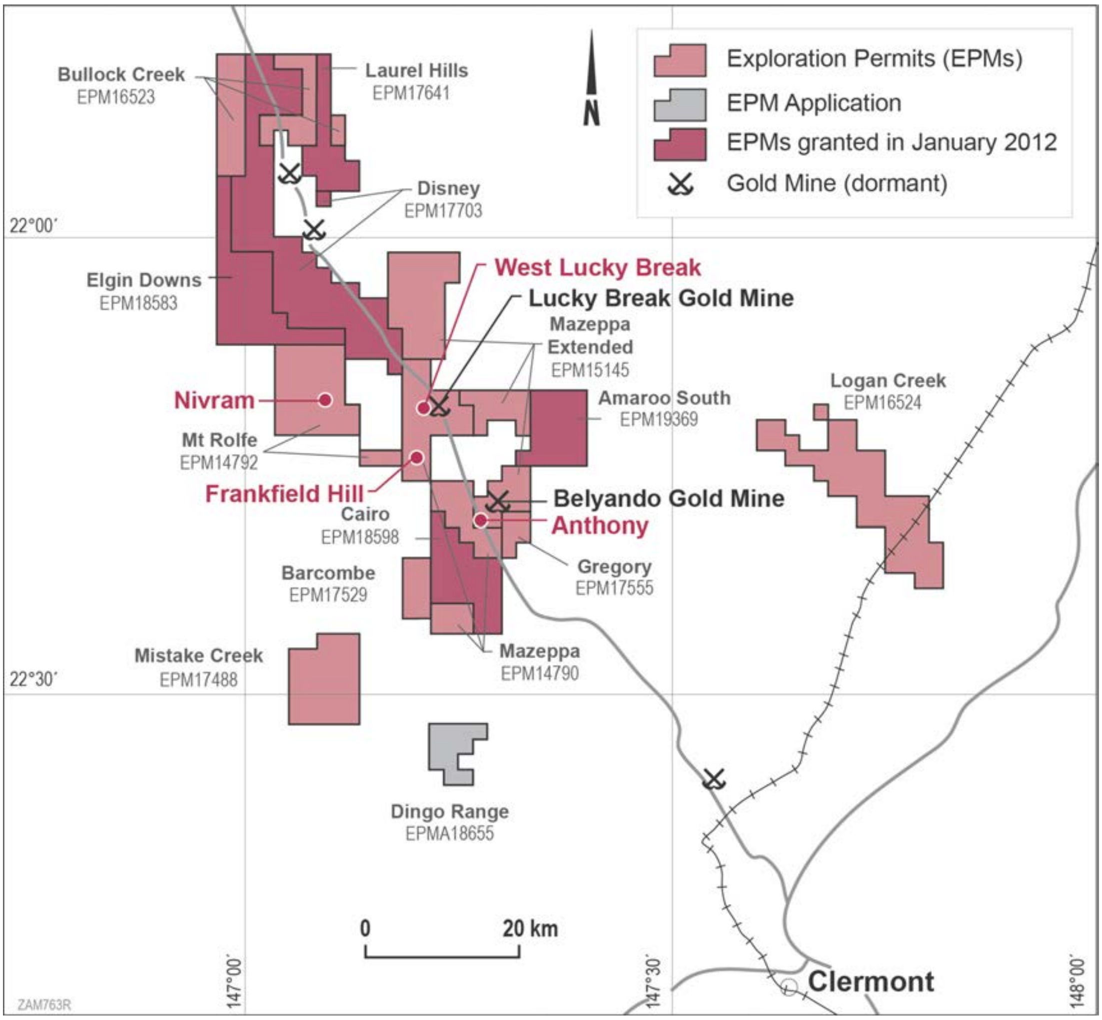

Figure 4. Zamia's tenements in the Clermont district

Soil Geochemical Programs

Regional soil geochemical programs were conducted during the first half of the year over prospective ground on EPMs 17488, 14790 and 17529. The early onset of the unusually heavy wet season delayed further work until late February, when the ground had dried sufficiently to allow access. Soil sampling re-commenced in earnest over selected target areas for EPMs 14792, 18598 and 16523.

The *Mistake Creek (EPM 17488)* target area covers an aero-magnetic feature apparently related to diorite intrusions forming part of an igneous complex with an associated alteration halo. The intrusive complex is considered to have potential for porphyry-style copper-gold and associated epithermal gold. A soil geochemical survey (covering over 4 km by 3 km) was accompanied by geological mapping and outcrop sampling. Results outlined two prospective areas for follow-up detailed work.

Soil geochemical sampling over *Mazeppa (EPM 14790)* identified several targets blanketed by soil cover. A zone of anomalous geochemistry to the southeast of the Matilda gold target, called *Matilda's Sister*, was highlighted from broadly spaced regional sampling. An infill soil grid over this prospect acquired over

100 samples where anomalous gold assay results were recorded from a small sandstone hill.

A structural interpretation of remote sensing data of *Barcombe (EPM 17529)* delineated the boundary between the Anakie Inlier and the Drummond Basin, and a structurally complex southern part which was considered worthy of detailed investigations. Conventional soil sampling where black soils were thin or absent was carried out in conjunction with an IP survey.

The western margin of the preserved *Mt. Rolfe (EPM 14792)* caldera is considered to be prospective for epithermal gold deposits. This target area, named the Furious Fifties (see Figure 5), was covered by a mobile metal ion (MMI) soil sampling program.

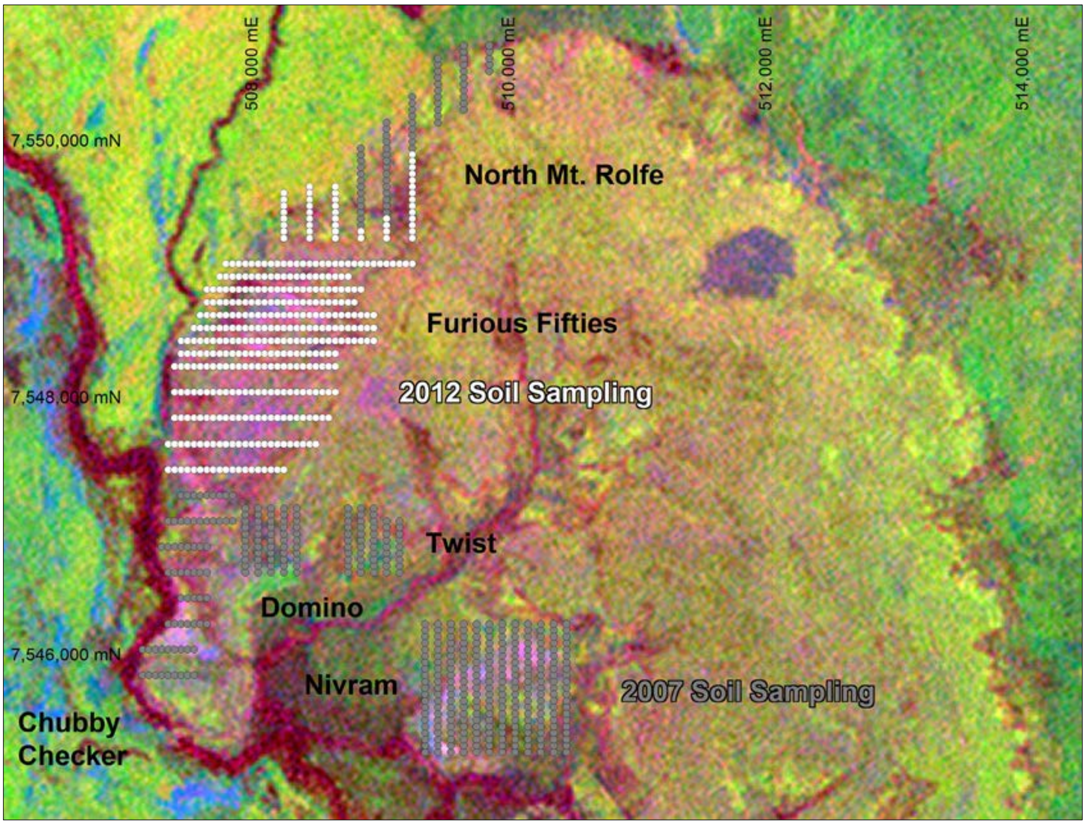

Figure 5. Mt. Rolfe geochemical sampling

Sampling was carried out in March with follow-up infill sampling in April 2012. The infill soil sampling was accompanied by geological mapping and rock chip sampling over a small target area of strong clay alteration evident in remote sensing data. A total of 351 samples was despatched for assay. Results show a complex response with isolated gold and copper anomalies. No outstanding geochemical target was delineated and no correlation with arsenic or other base metals was identified. The success of this technique depends on the thickness and permeability of the cover and the amplitude of geochemical bedrock anomalies and therefore is not a stand-alone definitive tool.

Cairo (*EPM 18598)* which borders EPM 15145 (Anthony project area) to the west covers an aeromagnetic anomaly, identified as the "Memphis" target which is interpreted as a magnetic intrusive complex. While clay-rich black soil and alluvial sediments of Miclere Creek cover the area, the aeromagnetic anomaly provides a target for intrusive related porphyry-style mineralisation. An MMI soil sampling program (totalling 195 samples) was carried out over this area. Analyses gave low gold concentrations with results for molybdenum and zinc highlighting an area, to the south-southeast of the magnetic intrusion, which requires further investigation.

Over *Bullock Creek, EPM 16523***,** Zamia is primarily targeting three areas of magnetic intrusives interpreted from regional aero-magnetic data (Figure 6). The most pronounced of these targets, termed "Double Trouble", consists of a pair of strongly magnetic intrusions featuring a wide magnetic high halo due to the presence of ultra-mafic rocks and considered to have potential for nickel-copper mineralisation. A total of 219 MMI soil samples covering the magnetic intrusive and its immediate host rocks were collected in May 2012.

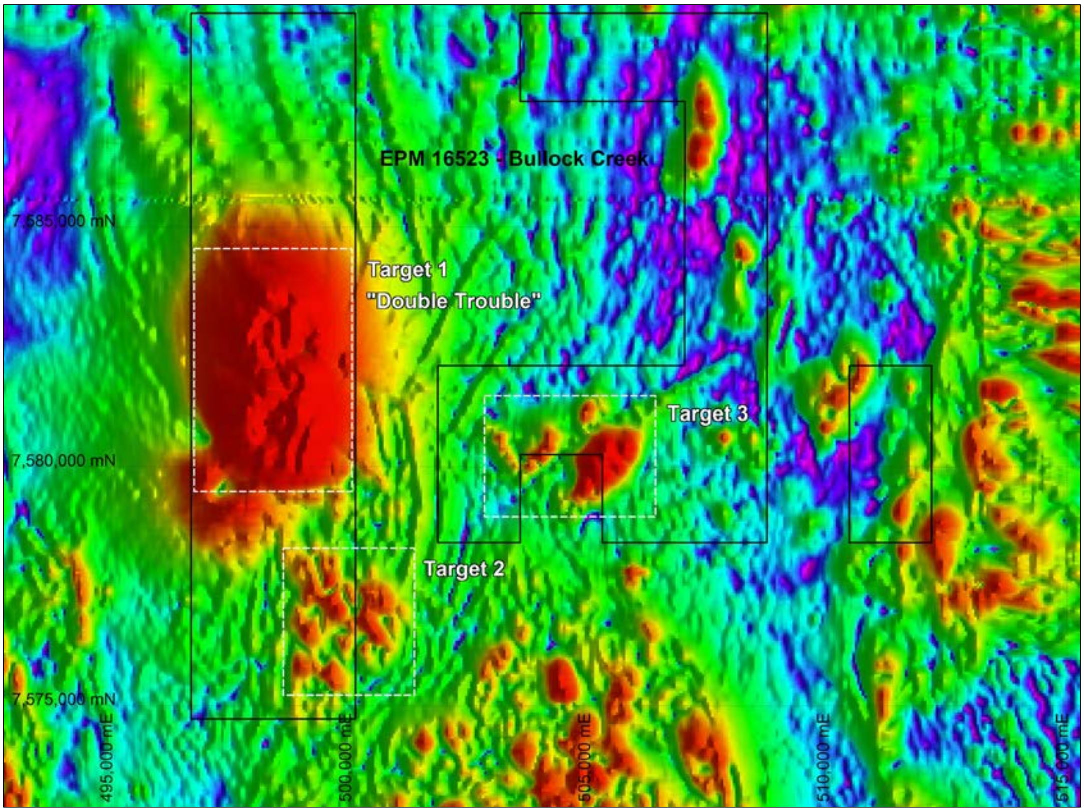

Figure 6. Bullock Creek geochemical programs

Zamia has initiated another two conventional soil sample grids over targets 2 and 3 (shown in Figure 6), in July 2012.

Induced Polarisation (IP) Survey

An IP survey was undertaken at *Barcombe (EPM 17529)* consisting of 6 IP arrays designed to test the prospective southern half of the tenement. The geophysical interpretation of the results shows a prominent chargeability anomaly, approximately 300m by 600m, located along the main interpreted fault which has potential for associated metal sulphide mineralisation.

Project Evaluation

Assessment of past exploration data over the *Lucky Break (EPM 14790)* post production mine has highlighted a significant eastern anomalous zone, named *Cudgee Park,* recorded from bed rock sampling which appears as a mirror image to that of the old mine area. This area remains under-explored and requires further modelling and testing.

Field mapping at *Mt Douglas prospect, (EPM 16524)* was undertaken to investigate a "bulls-eye" potassic high to the west of Mt Douglas, as well as areas showing elevated potassic signature to the east. Both potassic channel anomalies coincide with aeromagnetic highs centred on a linear magnetic feature that warrants further review.

Tenements

ZAMIA RESOURCES PTY LTD (Controlled Entity of Zamia Metals Limited)

Tenement No	Project Name	Application Date	Grant Date	Expiry Date	Status @ 30.06.12	Area km² @ 30.06.12
EPM 14790	Mazeppa	15.09.04	12.01.06	11.01.16	Renewal Granted	133
EPM 14792	Mt Rolfe	15.09.04	13.03.06	12.03.13	Renewal Granted	109
EPM 15145	Mazeppa Extended	01.06.05	11.08.06	10.08.11	Renewal Lodged	155
EPM 17488	Mistake Creek	18.03.08	05.11.09	04.11.14	Year 3	87
EPM 17529	Barcombe	01.04.08	24.02.10	23.02.15	Year 3	25
EPM 17555	Gregory	11.04.08	20.11.08	19.11.13	Year 4	16
EPM 16523	Bullock Creek	08.06.07	03.09.10	02.09.15	Year 2	96
EPM 16524	Logan Creek	08.06.07	23.12.10	22.12.15	Year 2	167
EPM 17641	Laurel Hills	02.06.08	30.01.12	29.01.17	Year 1	50
EPM 17703	Disney	01.07.08	30.01.12	29.01.17	Year 1	233
EPM 18583	Elgin Downs	29.03.10	30.01.12	29.01.17	Year 1	109
EPM 18598	Cairo	01.04.10	30.01.12	29.01.17	Year 1	78
EPM 19369	Amaroo South	20.09.11	30.01.12	29.01.17	Year 1	65
EPMA 18655	Dingo Range	01.5.10			Offered for grant	34
EPMA 18715	Waroo	1.06.10			Offered for grant	155
TOTAL AREA						**1,512**

Personnel, OH&S, Environment and Community

Occupational Health and Safety (OH&S)

Zamia Metals Limited is committed to achieving the highest standards of safety and health for all its employees and contractors operating in exploration. Training is provided to enable all employees to carry out their responsibilities with the provision of a safe system of work. Adequate records are kept of action taken to manage health and safety in the workplace.

Our People

Zamia ensures that training and assessment is provided for the tasks each employee is required to perform on an on-going basis. Training in field and office equipment, programs and procedures, as well as health and safety practices are available to all employees.

Diversity

Zamia has a Diversity Policy which ensures that all employees are treated with equal opportunity and respect.

Environment

Environmental policies for protecting native flora and fauna are in place. All field activities are conducted so as to ensure minimal impact; drill sites and camp areas are rehabilitated. A Code of Conduct is adhered to in regard to field work to ensure the highest standard of compliance is achieved.

Community

Zamia is committed to working closely with traditional landowners to identify and protect culturally significant areas.

Zamia follows an open and meaningful communication with the community.

Corporate Governance Statement

Zamia Metals 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 with 2010 Amendments) for the entire FY2012 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 chair should be an independent Director.	No	3
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	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 committees 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:	Yes	5
	• the practice necessary to maintain confidence in the company's integrity;	Yes	5
	• the practices necessary to take into account the company's legal obligations and the reasonable expectation of their stockholders; and	Yes	5
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	5
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Yes	6
3.3	Disclose in each annual report the measurable objective for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	No	6
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes	6
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	6
4.1	The Board should establish an Audit Committee.	Yes	7
4.2	The Audit Committee should be structured so that it:		7
	• consists only of Non-executive Directors;	Yes	
	• consists of a majority of independent Directors;	No	
	• is chaired by an independent chair who is not chair of the Board;	Yes	
	• has at least three members.	No	
4.3	The Audit Committee should have a formal charter.	Yes	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

Corporate Governance Statement

		Complied	Note
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
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	The Board should disclose whether it has received assurance from the Chief Executive Officer 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	The Board should establish a Remuneration Committee.	No	12
8.2	The Remuneration Committee should be structured so that it:		
	• consists of a majority of independent Directors;	No	12
	• is chaired by an independent chair; and	No	12
	• has at least three members.	No	12
8.3	Clearly distinguish the structure of Non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes	13
8.4	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 Chief Executive Officer 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 Chief Executive Officer 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; and
   - appointment and removal of Directors, Company Secretary and senior management.

Corporate Governance Statement

Directors' actions are governed by the Company's Constitution and the Corporations Act. Each Director is provided with a Directors' Information Kit upon appointment.

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 presently not compliant with this principle. Mr Alan Humphris, the Chairman, and Mr Qiang Chen who are both Non-executive Directors of the Company are Directors of West Minerals Pty Ltd, a substantial shareholder of the Company. Dr Ken Maiden is currently a Non-executive Director and in the year up to 2 April 2012 was the Company's Managing Director. Mr Andrew Skinner is a Non-executive and independent Director. The Board believes, however, that the persons 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 Directors believe that size of the Company and the Board does not warrant the formation of such 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 values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the Company has developed a diversity policy, a copy of which can be found on the Company website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

   The Board has not yet established objectives in relation to gender diversity but is committed to a continuation of current employment practices where employees are selected on merit. The aim is to achieve greater gender diversity in Director and senior executive positions as they become vacant and appropriately skilled candidates become available:

Corporate Governance Statement

	Actual	
	Number	%
Number of women employees in the whole organisation	4	25
Number of women in senior executive positions	1	13
Number of women on the Board (including Board of subsidiary)	1	20

Responsibility for diversity has been included in the Board charter and the Remuneration Committee charter (diversity at all levels of the Company below Board level).

7. The Company is not fully compliant with this principle. The Audit Committee has an independent Chairman while the other member is a Non-executive though not an independent Director. Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' report on pages 20-22.

   Both members of the Committee have relevant qualification and experience in financial matters and have a good understanding of the industry in which the Company operates.

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 considers and 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 Audit Committee or 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; and
    - 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 miss-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; and
- 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 Chief Executive 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 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 Metals Limited present their report on the Company and its controlled entities for the financial year ended 30 June 2012.

Directors

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

Mr Alan Humphris

Non-executive Director (and Non-executive Chairman from 2 April 2012)

Qualifications:	BSc, BEc, LLM, FCPA
Experience:	Alan Humphris is an investment banker with more than 30 years' experience in Australian and international markets. He was formerly Managing Director of Balmoral Capital Pty Limited, an investment banking firm specialising in providing M & A and corporate advisory services, which he founded in 1997. This followed a career in merchant banking with JP Morgan and Hambros Australia Limited.
Special responsibilities:	Member of the Audit Committee.
Interest in shares and options:	605,647 ordinary shares.
Other current Directorships:	Alan Humphris is a Non-executive Director of ASF Group Limited and of International Base Metals Limited. He is also a Non-executive Director of West Minerals Pty Ltd, a substantial shareholder of the Company.

Dr Kenneth Maiden

Non-executive Director (and Chairman & Managing Director in the year to 2 April 2012)

Qualifications:	BSc, PhD, FAusIMM, MAIG
Experience:	Since completing a doctoral thesis on the Broken Hill orebody, Ken has had 39 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:	2,361,578 ordinary shares and 1,500,000 options in Zamia Metals Limited.
Other current Directorships:	Executive Director of International Base Metals Limited.

Directors' Report

Mr Qiang Chen

Non-executive Director

Qualifications:	BSc, MSc
Experience:	Mr Chen is Managing Director of West Minerals Pty Ltd, one of the Company's substantial shareholders. Qiang Chen, a resident of Perth, has extensive experience in international commodities trading and private equity investment. In the 1990's he was the Marketing Manager of China Metallurgical Import and Export Corporation.
Interest in shares and options:	1,000,000 options over ordinary shares in Zamia Metals Limited.
Other current Directorships:	Qiang Chen is an alternate Non-executive Director of International Base Metals Limited.

Mr Andrew Skinner

Non-executive Director

Qualifications:	BEc, MEc, CA, AICD
Experience:	Andrew Skinner has been in public practice as an accountant for more than 30 years practising extensively in taxation and superannuation law. As well as being on the Board of Zamia since 2006 he was also involved in the successful Augur Ltd IPO (ASX: AUK). He has wide-ranging experience in business and exploration mining development.
Special responsibilities:	Chairman of the Audit Committee.
Interest in shares and options:	156,000 ordinary shares and 1,250,000 options in Zamia Metals Limited.
Other current Directorships:	Andrew is a Non-executive Director of Dome Gold Mines Limited and Magma Mines Limited.

Mr 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:	293,437 ordinary shares in Zamia Metals 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 five Board Meetings and two Audit Committee meetings were held.

	Full meeting of Directors		Meetings of Audit Committee	
	A	B	A	B
Alan Humphris	6	6	2	2
Kenneth Maiden	6	6	-	-
Qiang Chen	6	6	-	-
Andrew Skinner	6	6	2	2

A. Number of meetings held during the time the Director held office or was a member of 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, gold and copper, 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 2012 financial year (2011: no dividend declared).

Review of Operations

Operating Results

The Group's net loss after tax (NLAT) was $2,992,560 (2011: NLAT $5,843,312) with all exploration expenditure of $1,871,392 (FY11:$4,240,896) incurred during the year having been written off rather than capitalised.

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

The Directors continue to operate the Consolidated Group in the best interests of the Company and the shareholders as a whole. The main focus of activity during the past year has been advancing the copper and gold prospects held by the Company, as well as the Anthony molybdenum project in the Clermont district of Queensland, where the Company has announced an Inferred Resource.

Directors' Report

Corporate Capital Raising

The Company continues to be 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.

On 9 August 2011 Brownstone International Pty Limited, a major shareholder, extended a loan of $1.5 million to the Company which, at the election of the Company, was repayable by an issue of the Company's shares. The issue of shares at 8.5 cents per share, in repayment of this loan and interest accrued, was approved by shareholders at the Company's AGM held on 21 October 2011 and on 1 November 2011, 17,917,808 ordinary shares in the Company were issued to Brownstone International Pty Limited in full satisfaction of repayment of the loan and accrued interest.

On 30 January 2012, the Company entered into a subscription agreement with China Kings Industry Pty Ltd (Kings) whereby Kings or its nominee pursuant to which Kings subscribed for a placement of 14,285,714 fully paid ordinary shares in Zamia Metals Limited at 7 cents per share and 7,142, 857 Options, exercisable at A$0.105 within two years of the subscription date, for a total subscription amount of $1.0 million.

During the financial year the total amount raised net of capital raising costs including the loan conversion funds was $2.519 million.

The capital raised has been used for working capital proposes, including continuation of the current exploration drilling program on the Group's tenements in Queensland.

The Company continues to assess suitable funding options including joint ventures on individual tenements, so that it can pursue its exploration program with a view to making further discoveries.

At 30 June 2012, the number of listed ordinary shares was 247,534,631 (2011:215,331,109).

On 30 September 2011, 2,500,000 options exercisable at $0.25 and 3,000,000 options exercisable at $0.20, expired.

On 16 February and 8 March 2012, a total of 7,142,857 options over ordinary shares were issued to China Kings Industry Pty Ltd, (refer above), expiring on 8 March 2014 and exercisable at 10.5 cents per option.

At 30 June 2012 there were 22,442,857 unquoted options on issue exercisable at prices between 10.5 and 40 cents and expiring on dates between 18 December 2012 and 8 March 2014.

Since the year end, the Company has entered into new agreements for corporate and exploration funding. These are set out below in After Balance Date Events.

Zamia regards the Clermont district in Central Queensland to be highly prospective for gold, copper and other metals, as well as molybdenum. Priorities have been given to an expanded exploration program outside of the Anthony project area. Initial exploration activities on 13 Exploration Permits for Minerals (EPMs) include induced polarisation (IP) surveys, soil geochemistry and mapping over the areas identified as priority targets. In late July 2012 Zamia signed an Option and Joint Venture Agreement with Gold Fields Australasia Pty Ltd to explore for gold and copper on 9 of Zamia's EPMs. Under the Agreement Gold Fields can earn rights in two option periods by funding $10 million in exploration expenditure to earn up to a 70% joint venture interest in 3 EPMs out of the 9 EPMs which are the subject of the Agreement.

Zamia is in discussions with potential strategic partners while reviewing Anthony project's economics and metallurgy. The Company is also in discussions with companies which hold base metal and gold prospects outside the Clermont region.

Directors' Report

Significant Changes in State of Affairs

On 7 February 2012 the Company entered into a three year lease for new Head Office premises at Chatswood, NSW with a total rental commitment of $262,214 commencing on 1 March 2012. In addition under the terms of the lease a guarantee of $50,000 was required to be established in favour of the lessor, prior to occupancy.

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

After Balance Date Events

Capital Raising

On the 18 July 2012 the Company entered into a loan agreement with Brownstone International Pty Limited, a substantial shareholder of the Company, amounting to $500,000 which, in the Company's sole discretion, is either repayable as cash or is convertible into Zamia shares subject to the approval of Zamia shareholders, at an issue price of 3 cents per share including 1 option for every 4 shares, with an option term to expiry of 2 years and an exercise price of 5 cents per option.

The Company gave a loan drawdown notice to Brownstone International Pty Limited on 31 July 2012 and the $500,000 loan funds were received on 3 August 2012.

Joint Venture with Gold Fields

On 27 July 2012 an Option and Joint Venture Agreement (Agreement) was signed with Gold Fields Australasia Pty Ltd (Gold Fields) to explore for gold and copper on 9 of the Company's exploration permits (EPMs) in the Clermont district of Central Queensland.

Under the Agreement Gold Fields can earn rights in two option periods by funding $10 million in exploration expenditure to earn up to a 70% joint venture interest in 3 EPMs out of 9 EPMs which are the subject of the Agreement. A Joint Venture between Zamia and Gold Fields is to be formed either during or after the option periods upon Gold Fields having satisfied prescribed expenditure conditions.

The Agreement contains the following principal terms:

- During the First Option Period of three (3) years, Gold Fields has the right to explore in 9 EPMs, initially, and earn a 51% joint venture interest in up to 3 EPMs nominated by Gold Fields after spending $4 million, inclusive of $1 million Minimum Expenditure; (refer below).
- During the Second Option Period of three (3) years, Gold Fields, after earning 51% joint venture interest, has the right to earn an additional 19% interest (total 70%) by funding $6 million in exploration expenditure on the nominated EPMs;
- Gold Fields has the right to terminate the 51% Option during First Option Period after spending $1 million (Minimum Expenditure), but without earning an interest in any EPMs;
- Gold Fields has the right to terminate the 19% Option during Second Option Period after spending a minimum of $0.5 million, but without earning additional joint venture interest above 51%;
- A Joint Venture between Zamia and Gold Fields will be formed during or after the option periods upon Gold Fields having satisfied the expenditure conditions; and
- The 9 EPMs held by the Company which are the subject of the Agreement are: part of EPM15145 (Mazeppa Extended), part of EPM14790 (Mazeppa), EPM14792 (Mt Rolfe), EPM17488 (Mistake Creek), EPM17529 (Barcombe), EPM17555 (Gregory), EPM16523 (Bullock Creek), EPM16524 (Logan Creek) and EPM18598 (Cairo). Zamia's Anthony Molybdenum Project Area is excluded from the Agreement with Gold Fields.

The Company believes that Gold Fields' exploration expertise will contribute significantly to the proposed investigation of existing and potential gold and copper-gold targets in these EPMs. Zamia's discovery of the Anthony porphyry molybdenum deposit has already highlighted the region as a significant target for large porphyry-type deposits, with potential for bulk-tonnage copper-gold-molybdenum deposits.

Directors' Report

Apart from the above items, there are no other matters or circumstances that have arisen since the end of the financial year which has significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental Regulations

The Consolidated Entity's operations are presently subject to environmental regulations 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.

Remuneration Report

This report outlines the remuneration arrangements in place for Directors and Executives of Zamia Metals Limited.

Remuneration Policy

Zamia Metals Limited is a junior listed mineral exploration company with no revenue stream. The Company requires the continuing ongoing financial support of its shareholders and new investors to maintain an effective exploration program. 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 Dr Maiden, the Company's Executive Chairman/Managing Director from 1 July 2011 until his resignation as an executive on 2 April 2012 was engaged under a contract between the Company and Dr Maiden's related corporate entity. Dr Maiden continues as a Non-executive-Director of the Company with no formal contract.

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. He has no formal contract.

Mr Jordan Li was appointed General Manager on 5 August 2011 on the resignation of Mr Graeme Deegan. Mr Jordan Li was promoted to Chief Executive Officer on 2 April 2012. Their contracts of employment have been formalised in a contract of engagement between the Company and these key management personnel.

Directors' Report

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements are set out below. Contracts may be terminated early by either party with notice as per their agreement with the Company, subject to termination payments as detailed below.

Name	Term of agreement	Fee	Termination Notice	Termination benefit
Mr Graeme Deegan, General Manager	Resigned 18 November 2011	$900 per day on the basis of 20 working days per month	3 months	Nil
Mr Jordan Li, CEO	General Manager from 5 August 2011 to 1 April 2012, appointed CEO, 2 April 2012	$78,000 per annum plus 9% superannuation	4 weeks	As per Fair Work Act

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 Metals Limited are set out in the following tables.

The key management personnel of the Group include the Directors of Zamia Metals Limited, the Company Secretary and other key management personnel, details of whom are disclosed on pages 20-21.

Remuneration - Key Management Personnel of the Group 2012

		Short- term benefits	Post-employment benefits	Share-based payments		
Name		**Cash, salary and fees $**	**Super-annuation $**	**Equity $**	**Options $**	**Total $**
***Non-executive* Directors**						
Alan Humphris (appointed Non-executive Chairman 2 April 2012)	1	45,975	3,240	-	-	49,215
Kenneth Maiden (Executive Chairman up to 2 April 2012)	2	103,600	810	-	-	104,410
Qiang Chen		36,000	3,240	-	-	39,240
Andrew Skinner	3	38,780	3,240	-	-	42,020
Other Key Management Personnel (Group)						
Jordan Li, General Manager (appointed 5 August 2011), appointed CEO 2 April 2012	4	69,229	6,231			75,460
John Stone, Company Secretary	5	42,020	-	-	-	42,020
Graeme Deegan, General Manager (resigned 18 November 2011)	6	80,550	-	-	-	80,550
Barry Neal, CFO	7	30,493	-	-	-	30,493
Sam Garrett, Exploration Manager	8	88,751	-	-	-	88,751
Penny Daven, Director, Zamia Resources Pty Ltd	9	100,800	9,072	-	-	109,872
Total key management personnel compensation		636,198	25,833	-	-	662,031

1 Directors fees and super paid to Alan Humphris. In addition corporate services were provided by Balmoral Development Corporation Pty Ltd a company controlled by his spouse. Fees billed, $9,300.

2 Directors fees and super paid to Ken Maiden. In addition fees for geological services paid to a related entity Kraton Geoscience Pty Ltd. Fees billed, $94,600. Resigned as Executive Chairman/MD on 2 April 2012 but continues as a Non-executive Director.

3 Directors fees and super paid to Andrew Skinner. In addition fees for corporate services provided paid to related entities Andrew Skinner & Associates Pty Ltd $1,280 and Mast Advisers Pty Ltd $1,500.
4 Salary and super paid to Jordan Li.
5 Fees paid to a John Stone as a sole trader and not as an employee.
6 Fees paid to a related entity Resource Advisors Group Pty Ltd for services provided.
7 Fees paid to a related entity Barry F Neal Consulting Pty Ltd.
8 Fees paid to a related entity Metal Ventures Pty Ltd.
9 Employed by Zamia Resources Pty Ltd as Tenement Manager.

Remuneration - Key Management Personnel of the Group 2011

		Short-term benefits	Post-employment benefits	Share-based payments		
Name		**Cash, salary and fees $**	**Super-annuation $**	**Equity $**	**Options $**	**Total $**
Executive Directors						
Kenneth Maiden, Chairman and Managing Director	1	168,050		-	-	168,050
Non-executive Directors						
Qiang Chen		36,000	3,240	-	-	39,240
Andrew Skinner	2	41,000	3,240	-	-	44,240
Alan Humphris	3	36,000	3,240	-	-	39,240
Other Key Management Personnel (Group)						
John Stone, Company Secretary	4	45,480	-	-	-	45,480
Graeme Deegan, General Manager (appointed 14 June 2011)	5	154,744	-	-	-	154,744
Barry Neal, CFO	6	17,200	-	-	-	17,200
Sam Garrett, Exploration Manager	7	143,518	-	-	-	143,518
Penny Daven, Director, Zamia Resources Pty Ltd	8	36,831	3,315	-	-	36,831
Total key management personnel compensation		678,822	13,035	-	-	691,857

1 Fees paid to a related entity Kraton Geoscience Pty Ltd.
2 Directors fees and super paid to Andrew Skinner plus accounting services provided by Mast Advisers Pty Ltd an entity controlled by Andrew Skinner.
3 Directors fees and super paid to Alan Humphris. In addition financial services were provided by Balmoral Development Corporation Pty Ltd a company controlled by his spouse. Fees paid $23,816.
4 Fees paid to a John Stone as a sole trader and not an employee.
5 Fees paid to a related entity Resource Advisers Group Pty Ltd for services provided for the entire financial year.
6 Fees paid to a related entity Barry F Neal Consulting Pty Ltd, Remunerated under a service agreement with International Base Metals Ltd from July 2010 to February 2011.
7 Fees paid to a related entity Metal Ventures Pty Ltd.
8 Employed by Zamia Resources Pty Ltd from 1 February 2011 with any work performed for International Base Metals Limited under the service agreement offset against service fees billed to Zamia Metals Limited by International Base Metals Limited.

Directors' Report

Options over Ordinary Shares Granted as Remuneration

Options may be issued to Directors and Company employees as part of their remuneration. The options are not issued based on performance criteria, but may be issued to Directors and employees as a way of limiting cash remuneration and furthering the alignment of interests of these persons with the Company.

No options were granted to key management personnel during the reporting period, no options vested, no options were exercised but 5.5 million options expired in relation to Directors and Company employees past and present.

The following options over ordinary shares, tied to a share placement to an existing shareholder, were issued during the reporting period:

Date options granted	Expiry Date	Issue price of shares	Number under option
16 Feb'12	30 Jan'14	$0.105	7,142,856

The following options lapsed during the reporting period:

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

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 Metals 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
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
18 Dec'08	18 Dec'13	$0.15	5,000,000
18 Dec'12	30 Jan'14	$0.105	7,142,856
			22,442,856

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 indemnity, 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.

Directors' Report

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	$2,900
Other services	-
	$2,900

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 above, 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 2012 as required under section 307C of the Corporations Act is set out on page 30.

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

Alan Humphris
Chairman
Sydney 25 September 2012

HALLCHADWICK

Chartered Accountants and Business Advisers

ZAMIA METALS 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 METALS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

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

Graham Webb
Partner
Dated: 25 September 2012

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HALLCHADWICK

Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF ZAMIA METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Zamia Metals Limited which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entity 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (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. Those 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.

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HALLCHADWICK

Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF ZAMIA METALS LIMITED

Auditor's Opinion

In our opinion:

a. the financial report of Zamia Metals Limited is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entities financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 (b) in the financial report, which indicates that the consolidated entity incurred a net loss of $2,992,560 during the year ended 30 June 2012. This condition, along with other matters as set forth in Note 1 (b), indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 28 of the directors' report for the year ended 30 June 2012. 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 Metals Limited for the year ended 30 June 2012 complies with section 300A of the Corporations Act 2001.

Hall Chadwick

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

Graham Webb
Partner
Date: 25 September 2012

Directors' Declaration

In accordance with a resolution of the Directors of Zamia Metals Limited, the Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 34-58, are in accordance with the Corporations Act 2001, and:

    a) comply with Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group;

2. in the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Alan Humphris
Chairman
Sydney, 25 September 2012

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2012

	Note	30 June 2012 $	30 June 2011 $
Other Revenue	4	78,520	65,125
Other Income		104	-
Administrative Service fees		(116,635)	(237,649)
Consultancy fees		(198,759)	(215,307)
Occupancy expense		(80,141)	(33,190)
Directors' remuneration		(117,000)	(140,000)
Depreciation and amortisation expense	5	(26,436)	(18,703)
Compliance costs		(37,082)	(103,951)
Exploration and evaluation expenditure	5	(1,903,883)	(4,240,896)
Employee benefits expense		(332,629)	(632,152)
Finance expense		(23,014)	-
Other expenses		(235,605)	(286,588)
(Loss) before Income Tax		(2,992,560)	(5,843,312)
Income tax expense	6	-	-
(Loss) attributable to Members of the parent entity		(2,992,560)	(5,843,312)
Other Comprehensive Income		-	-
Total Comprehensive (loss) for the year attributable to owners of Zamia Metals Limited		**(2,992,560)**	**(5,843,312)**
Basic and diluted earnings per share	24	($0.01)	($0.03)

Notes to financial statements are included on pages 38-58

Consolidated Statement of Financial Position

As at the end of Financial Year 30 June 2012

	Note	30 June 2012 $	30 June 2011 $
CURRENT ASSETS			
Cash and cash equivalents	7	455,834	1,273,889
Other current assets	8	31,854	113,877
TOTAL CURRENT ASSETS		487,688	1,387,766
NON-CURRENT ASSETS			
Plant and equipment	9	75,377	53,698
Other non-current assets	8	50,000	-
TOTAL NON-CURRENT ASSETS		125,377	53,698
TOTAL ASSETS		613,065	1,441,464
CURRENT LIABILITIES			
Trade and other payables	11	144,681	486,429
Short term provisions	12	33,767	46,872
TOTAL CURRENT LIABILITIES		178,448	533,301
TOTAL LIABILITIES		178,448	533,301
NET ASSETS		434,617	908,163
EQUITY			
Contributed equity	13	19,040,669	16,521,655
Reserves	14	2,286,722	2,286,722
Retained losses		(20,892,774)	(17,900,214
TOTAL EQUITY		434,617	908,163

Notes to financial statements are included on pages 38-58

Consolidated Statement of Changes in Equity

For Financial Year Ended 30 June 2012

	Share capital ordinary shares $	Retained losses $	General Reserve $	Option Reserve $	Total $
Balance at 1/7/2010	**11,157,477**	**(12,056,902)**	**195,703**	**2,091,019**	**1,387,297**
Shares issued during the year after share issue costs	5,364,178	-	-	-	5,364,178
Comprehensive loss for the year	-	(5,843,312)	-	-	(5,843,312)
Balance at 30/6/2011	**16,521,655**	**(17,900,214)**	**195,703**	**2,091,019**	**908,163**
Balance at 1/7/2011	**16,521,655**	**(17,900,214)**	**195,703**	**2,091,019**	**908,163**
Shares issued during the year after share issue costs	2,519,014	-	-	-	2,519,014
Comprehensive loss for the year	-	(2,992,560)	-		(2,992,560)
Balance at 30/6/2012	**19,040,669**	**(20,892,774)**	**195,703**	**2,091,019**	**434,617**

Notes to financial statements are included on pages 38-58

Consolidated Statement of Cash Flows

For Financial Year Ended 30 June 2012

	Note	30 June 2012 $	30 June 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from debtors inclusive of GST on sales		36,594	-
Payments to suppliers and employees		(3,298,722)	(5,801,967)
Interest received		45,252	65,125
Net cash(used in) by operating activities	23	(3,216,876)	(5,736,842)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of plant and equipment		294	-
Security deposit paid		(50,000)	-
Purchase of plant and equipment		(47,473)	(25,826)
Net cash (used in) by investing activities		(97,178)	(25,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,000,000	5,549,030
Cost of capital raising		(4,000)	(184,852)
Proceeds from borrowings		1,500,000	-
Net cash provided by financing activities		2,469,000	5,364,178
Net (decrease) in cash held		(818,055)	(398,490)
Cash at the beginning of the financial year		1,273,889	1,672,379
Cash at the end of the financial year	7	455,834	1,273,889

Notes to financial statements are included on pages 38-58

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(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 (AASB) and the Corporations Act 2001.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in a need to disclose any additional related party transactions or required the restatement of comparative information in Note 19, nor has the adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project required a change in disclosures in relation to commitments.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, modified where applicable by the measurement at fair value of selected financial assets and financial liabilities.

(iv) 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 policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (p).

(b) 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 2012 was $2,992,560 (2011: $5,843,312).

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 $2,519,014;

(ii) The Group had $455,834 in cash at 30 June 2012;

(iii) Whilst the Group has budgeted expenditure of $5.4 million for the period from 1 July 2012 to 30 September 2013, loans, projected net capital raising and Gold Fields JV contribution to exploration expenses over this period will contribute $5.9 million to meet this budgeted expenditure. Subsequent to the date of this report a loan of $500,000 from a major shareholder has also been received which, at the Company's sole discretion, is either repayable as cash or is convertible into Zamia shares.

The funds raised would enable the Company to continue with low cost exploration activities for gold and copper on its four EPMs that are not subject to the Option and JV Agreement with Gold Fields. Gold Fields during the initial eighteen month period will be responsible for maintaining expenditure for nine EPMs on a pro-rata basis until it decides to commence the JV in accordance with the Agreement with the Company.

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

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zamia Metals Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. Zamia Metals Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all 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 acquisition method of accounting is used to account for business combinations 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equityand balance sheet respectively.

(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 customer.

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 Metals Limited and its wholly-owned 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 to understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

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

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

(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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

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

Fair value

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

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

Impairment – carbon price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes.

(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:

Plant and equipment – diminishing value	25%
Computer equipment – 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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 2012 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 entity's accounts of $2,165,000 being a debt owing by a subsidiary to the parent entity.

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

(i) AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

(ii) AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint Ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, Joint Venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

(iv) AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

(v) AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

(vi) AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- for an offer that may be withdrawn – when the employee accepts;
- for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, disclosed in accordance with AASB 7 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	
	2012	2011
	$	$
Financial Assets		
Cash and cash equivalents	455,834	1,273,889
Other current assets	31,854	113,877
	487,688	1,387,766
Financial liabilities		
Trade and other payables	178,448	533,301
	178,448	533,301

(a) Borrowings

On 9 August 2011 a loan agreement for $1.5 million at an interest rate of 8% p.a. was signed with Brownstone International Pty Ltd (a major shareholder) the funds to be used for working capital. The Company had the option at its sole discretion to repay the loan on or before 30 September 2011 in either cash or by the issue of ordinary shares in Zamia Metals Limited at an issue price that is the greater of 8.5 cents per share (being a premium of approximately 70% above the last closing price of the Company's shares on the trading day immediately prior to the loan agreement date) and the price that is equal to 90% of the VWAP for the ten trading day period ending the last business day prior to 30 September 2011.

The loan was fully drawn down on 29 August 2011 and the loan plus interest accrued was repaid on the 1 September 2011 with the issue of 17,917,808 ordinary shares in Zamia Metals Limited at a share price of 10.5 cents per share. There was no outstanding loan liability at balance date.

(b) Market and price risk

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

(c) 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.

(d) 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.

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

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

30 June 2012

			Fixed Interest Rate Maturing				
	Average Interest Rate	**Variable Interest Rate**	**Less than 1 Year**	**1 to 5 Years**	**More than 5 Years**	**Non-interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cash	2.64%	455,834	-	-	-	-	455,834
Deposits	5.05%	-	50,000	-	-	-	50,000
Total financial assets		455,834	50.000	-	-	-	505,834
Trade and other payables		-	-	-	-	178,448	178,448
Total financial liabilities		-	-	-	-	178,448	178,448

30 June 2011

			Fixed Interest Rate Maturing				
	Average Interest Rate	**Variable Interest Rate**	**Less than 1 Year**	**1 to 5 Years**	**More than 5 Years**	**Non-interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cash	3.0%	1,273,889	-	-	-	-	1,273,889
Total financial assets		1,273,889	-	-	-	-	1,273,889
Trade and other payables		-	-	-	-	533,301	533,301
Total financial liabilities		-	-	-	-	533,301	533,301

(e) 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.

NOTE 3: SEGMENT INFORMATION

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

NOTE 4: REVENUE

	Consolidated Group	
	2012 **$**	**2011** **$**
Other revenue		
Administration service fee	33,268	-
Interest received – other entities	45,252	65,125
	78,520	65,125
Other Income		
Net gain on disposal of plant and equipment	104	-

Notes to the Financial Statements

NOTE 5: LOSS FOR THE YEAR

	Consolidated Group 2012 $	Consolidated Group 2011 $
Loss before income tax includes the following specific expenses:		
Exploration expenditure	1,903,883	4,249,164
Depreciation and amortisation expense	26,436	18,703

NOTE 6: INCOME TAX

	2012	2011
(a) Income tax expense		
Current tax		
Deferred tax	(897,768)	(1,752,994)
Deferred tax assets not recognised	897,768	1,752,994
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense at 30% (2011: 30%)	(897,768)	(1,752,994)
Add tax effect of:		
Less tax effect of:		
Deferred tax assets not recognised	897,768	1,752,994
Income tax expense	-	-
Total deferred tax assets not recognised	5,554,844	4,658,304

Also refer to Note 10 for details of deferred tax assets not recognised

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:

	2012	2011
Cash and cash equivalents	43,795	253,301
Deposits at call	412,039	1,020,588
Balances as per statement of cash flows	455,834	1,273,889

(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.

NOTE 8: OTHER ASSETS

	2012	2011
Current		
Deposits	4,580	4,580
GST receivable	14,680	108,422
Other receivables	12,594	875
	31,854	113,877
Non-Current		
Deposits	50,000	-

Notes to the Financial Statements

NOTE 9: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Consolidated	Plant and Equipment at cost	Furniture and Fittings at cost	Computer equipment at cost	Motor vehicles at cost	TOTAL
	$	$	$	$	$
At 30 June 2010					
Cost		5,406	13,512	76,512	95,430
Accumulated depreciation		(5,406)	(13,348)	(30,101)	(48,855)
	-	-	164	46,411	46,575
Year ended 30 June 2011					
Opening net book value	-	-	164	46,411	46,575
Additions	2,762	1,179	3,085	18,800	25,826
Depreciation charge	(127)	(49)	(882)	(17,645)	(18,703)
Closing net book value	2,635	1,130	2,367	47,566	53,698
At 30 June 2011					
Cost	2,762	6,585	16,597	95,312	121,256
Accumulated depreciation	(127)	(5,455)	(14,230)	(47,566)	(67,558)
Net book value	2,635	1,130	2,367	47,566	53,698
Year ended 30 June 2012					
Opening net book value	2,635	1,130	2,367	47,566	53,698
Additions	-	1,288	47,019	-	48,307
Disposals	-	-	(192)	-	(192)
Depreciation charge	(551)	(576)	(6,346)	(18,063)	(26,436)
Closing net book value	2,084	1,842	42,848	28,603	75,377
At 30 June 2012					
Cost	2,762	7,873	63,424	95,312	169,371
Accumulated depreciation	(678	(6,031)	(20,576)	(66,709)	(93,994)
Net book value	2,084	1,842	42,848	28,603	75,377

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 and timing differences at 30% not brought to account $5,554,844 (2011: $4,658,304).

NOTE 11: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	2012	**2011**
	$	**$**
Trade payables	74,693	397,063
Sundry payables and accrued expenses	69,988	89,366
	144,681	486,429

Notes to the Financial Statements

NOTE 12: CURRENT LIABILITIES – SHORT-TERM PROVISIONS

	Consolidated Group	
	2012	2011
	$	$
Employee entitlements	33,767	46,872
Reconciliation of movement in the liability is recognized in the balance sheet as follows:-		
Balance at begging of financial year	46,872	28,646
(Decrease/Increase in provision	(13,105)	18,226
Balance at end of financial year	33,767	46,872

NOTE 13: CONTRIBUTED EQUITY

	Consolidated Group	
	2012	2011
	No	No
Fully paid ordinary shares 247,534,631 (2011: 215,331,109)	19,040,669	16,521,655

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	$
30 June 10	**Balance**	156,959,395		11,157,477
8 Sep 10	Share placement	14,285,714	0.10	1,000,000
1 Nov 10	Share placement	16,000,000	0.10	1,600,000
8 April 11	Conversion of loan to equity	2,380,952	0.105	250,000
8 April 11	Share placement	25,705,048	0.105	2,699,030
	Less transaction costs arising on shares issued			(184,852)
30 June 11	**Balance**	215,331,109		16,521,655
1 Sep 2011	Conversion of loan to equity	17,917,808	0.085	1,523,014
16 Feb 2012	Share placement	7,142,857	0.07	500,000
8 Mar 2012	Share placement	7,142,857	0.07	500,000
	Less transaction costs arising on shares issued			(4,000)
30 June 12	**Balance**	**247,534,631**		**19,040,669**

(b) Ordinary shares

During the financial year the company issued 32,203,522 ordinary shares at prices as disclosed 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 2012 and therefore no meaningful gearing ratio.

NOTE 14: RESERVES

	Consolidated Group	
	2012	2011
	$	$
General reserve (a)	195,703	195,703
Option Reserve (b)	2,091,019	2,091,019
	2,286,722	2,286,722

(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 share options.

NOTE 15: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation:

Short-term employee benefits	636,198	678,822
Post-employment benefits	25,833	13,035
	662,031	691,857

Details of key management personnel remuneration are included in the remuneration report on page 26-27.

(b) Shareholdings of key management personnel

The number of shares in the company held during the financial year by each Director of Zamia Metals 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.

2012	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
Directors				
Kenneth Maiden	2,361,578	-	-	2,361,578
Alan Humphris	605,647	-	-	605,647
Qiang Chen	-	-	-	-
Andrew Skinner	156,000	-	-	156,000
Other Key Management Personnel of the Group				
John Stone, Company Secretary	293,437	-	-	293,437
Graeme Deegan, General Manager	229,939	-	-	229,939
Sam Garrett, Exploration Manager	140,000	-	-	140,000
	3,786,601	-	-	3,786,601

Notes to the Financial Statements

NOTE 15: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2011	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
Directors				
Kenneth Maiden	2,361,578	-	-	2,361,578
Alan Humphris	615,080	-	(9,433)	605,647
Qiang Chen	-	-	-	-
Andrew Skinner	156,000	-	-	156,000
Other Key Management Personnel of the Group				
John Stone, Company Secretary	293,437	-	-	293,437
Graeme Deegan, General Manager	-	-	229,939	229,939
Sam Garrett, Exploration Manager	-	-	140,000	140,000
	3,426,095	-	360,506	3,786,601

(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 Metals Limited and other key management personnel of the Group, including their personally related parties are set out below.

2012	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
Qiang Chen	1,000,000	-	-	-	1,000,000	1,000,000
Andrew Skinner	1,500,000	-	-	(250,000)	1,250,000	1,250,000
Kenneth Maiden	1,500,000	-	-	-	1,500,000	1,500,000
	4,000,000	-	-	(250,000)	3,750,000	3,750,000

** Options expired not exercised*

2011	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
Qiang Chen	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

(e) Other transactions with key management personnel

A Non-executive Director, Alan Humphris whose spouse has a controlling interest in Balmoral Development Corporation Pty Ltd supplied financial services to the Group.

A Non-executive Director, Andrew Skinner a Proprietor of Mast Advisors and a Director of Andrew Skinner & Associates Pty Ltd supplied financial services to the Group.

Notes to the Financial Statements

Aggregate amounts of each of the above types of other transactions with key management personnel of Zamia Metals Limited recognised as expenses are as follows:

	Consolidated Group	
	2012	**2011**
	$	**$**
Consulting fees and expense reimbursement payable to Balmoral Development Corporation Pty Ltd	9,300	23,816
Consulting fees payable to Mast Advisers Pty Ltd	1,500	5,000
Consulting fees payable to Andrew Skinner & Associates Pty Ltd	1,280	
	12,080	28,816

NOTE 16: REMUNERATION OF AUDITORS

	Consolidated Group	
	2012	**2011**
	$	**$**
Auditor to the parent company		
Auditing or reviewing the financial report	37,500	36,000
Other services:		
- taxation services	2,900	1,200
- other	-	750
	40,400	37,950

NOTE 17: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 18: COMMITMENTS

Non-cancellable operating leases

The Head Office lease is a non cancellable lease of 3 year term commencing 1 April 2012 with rent payable monthly in advance with an annual increase of 4%.
The Clermont property lease is a non-cancellable lease with a 12 month term expiring on 12 December, 2012, with rent payable weekly in advance.

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

	Consolidated Group	
	2012	**2011**
	$	**$**
Payable less than one year	101,841	13,003
Payayable greater than one year and less than five years	156,374	-
Minimum lease payments	258,215	13,003

Notes to the Financial Statements

Services agreement

The Company has entered into a new service agreement with International Base Metals Limited (IBML) Limited for a fixed term of three years commencing on 1 March 2012 to provide IBML with equipment, premises, office services and the services of the staff of Zamia Resources Pty Ltd, a subsidiary of Zamia Metals Limited.

The monthly management fee payable by IBML to Zamia Metals Limited under this agreement is $4,845 per month plus personnel services provided by Zamia Resources Pty Ltd to International Base Metals Limited. The value of these services provided to Zamia Resources Pty Ltd to International Base Metals Limited during the period from 1 March to 30 June 2012 was $33,268.

This new service agreement superseded the previous service agreement with International Base Metals Limited whereby IBML provided equipment, premises and personnel to Zamia Metals Limited 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 old service agreement was $16,399 per month with the fee to be reviewed quarterly by both companies.

Exploration and development

	Consolidated Group	
	2012 $	2011 $
Indicative exploration expense payable not later than one year *	1,416,212	700,000

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

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

At 30 June 2012 the Company was endeavouring to make up expenditure shortfalls on some tenements. Expenditure shortfalls are expected to be made up in the following period and no penalties have or are expected to be incurred.

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 Metals Limited.

(b) Subsidiaries

Interests in sbsidiaries are set out in Note 20.

(c) Key management personnel

Transactions and disclosures in relation to key management personnel are set out in Note 15 and on pages 26-27 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 Metals Limited. At 30 June 2012 $13,689,116 owing by the controlled entity to the Parent was impaired with $2,165,000 provisioned for impairment in the books of the Parent in the 2012 financial year and $11,524,116 in previous financial years.

(f) Service agreement

As disclosed in Note 18 Zamia Metals Limited has entered into a service agreement with International Base Metals Limited (IBML) to provide equipment, premises and office services to IBML and for Zamia Metals Limited to provide the services of its personnel employed by Zamia Resources Pty Ltd to International Base Metals Limited for a fixed term of three years commencing on 1 March 2012.

This new service agreement superseded the previous service agreement where International Base Metals Limited provided 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.

Zamia Metals Limited Directors Ken Maiden, Alan Humphris and Qiang Chen are also Directors of International Base Metals Limited.

Aggregate amounts of each of the above types of transaction with related parties of the Group not including key management personnel:

Notes to the Financial Statements

	Consolidated entity 2012 $	2011 $
Service agreement which expired 1 March 2012		
Amounts recognised as expense – service fees (1)	116,635	237,648
Amounts recognised as expense (2)	3,588	-
Amounts recognised as a non-current assets – purchase of equipment (3)	30,335	-
Service agreement which commenced 1 March 2012		
Amounts recognised as income – service fees (4)	33,268	-
Outstanding balances at the reporting date in relation to transactions with related parties:		
Amounts owing to a related party	1,656	151,349

1. Gross service fee commitment as per the agreement with International Base Metals Limited (IBML) to supply office facilities to Zamia Metals Limited, and which agreement expired on 1 March 2012, from which has been deducted a contra claim by Zamia Metals Limited for service hours provided by its employees to IBML (Refer Note 18).
2. Expenses paid by International Base Metals Limited (IBML) on behalf of Zamia Metals Limited and IBML staff charged to Zamia Resources Pty Limited.
3. Equipment purchased from International Base Metals Limited in accordance with the Deed between the Company and IBML dated 28 February 2012.
4. Gross service fee commitment as per the agreement for Zamia Metals Limited to supply office facilities to International Base Metals Limited (IBML) commencing on 1 March 2012 to which has been added a claim by Zamia Metals Limited for service hours provided by its employees to IBML (Refer Note 18).

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 2012	Ownership Interest 2011
Parent entity				
Zamia Metals Limited	Australia	Ordinary	100%	100%
Controlled entity				
Zamia Resources Pty Ltd	Australia	Ordinary	100%	100%

Notes to the Financial Statements

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards:

	Parent Entity	
	2012	**2011**
	$	**$**
Current assets	469,444	1,216,227
Total assets	561,359	1,218,596
Current liabilities	87,112	211,364
Total liabilities	87,112	211,364
Shareholders' equity		
Contributed equity	19,040,669	16,521,655
Reserves		
Option reserve	2,091,019	2,091,019
General reserve	195,703	195,703
Retained losses	(20,853,144)	(17,801,145)
Total equity	474,247	1,007,232
Loss for the year	(3,051,999)	(5,826,198)
Total comprehensive income	(3,051,999)	(5,826,198)

NOTE 22: SUBSEQUENT EVENTS

After Balance Date Events

On 18 July 2012 the Company entered into a Loan Agreement dated with Brownstone International Pty Limited, a substantial shareholder of the Company, amounting to $500,000 which, in the Company's sole discretion, is either repayable as cash or is convertible into Zamia shares subject to the approval of Zamia shareholders, at an issue price of 3 cents per share including 1 option for every 4 shares, with an option term to expiry of 2 years and an exercise price of 5 cents per option.

The Company gave a loan drawdown notice to Brownstone International Pty Limited on 31 July 2012 and the $500,000 loan funds were received on 3 August 2012.

On 27 July 2012 an Option and Joint Venture Agreement (Agreement) was signed with Gold Fields Australasia Pty Ltd (Gold Fields) to explore for gold and copper on 9 of the Company's exploration permits (EPMs) in the Clermont district of Central Queensland.

Under the Agreement Gold Fields can earn rights in two option periods by funding $10 million in exploration expenditure to earn up to a 70% joint venture interest in 3 EPMs out of 9 EPMs which are the subject of the Agreement. A Joint Venture between Zamia and Gold Fields will be formed during or after the option periods upon Gold Fields having satisfied prescribed expenditure conditions.

The Agreement contains the following principal terms:

- During the First Option Period of three (3) years, Gold Fields has the right to explore in 9 EPMs, initially, and earn a 51% Joint Venture interest in up to 3 EPMs nominated by Gold Fields after spending $4 million, inclusive of $1 million Minimum Expenditure; (refer below).
- During the Second Option Period of three (3) years, Gold Fields, after earning 51% Joint Venture interest, has the right to earn an additional 19% interest (total 70%) by funding $6 million in exploration expenditure on the nominated EPMs.
- Gold Fields has the right to terminate the 51% Option during First Option Period after spending $1 million (Minimum Expenditure), but without earning an interest in any EPMs.
- Gold Fields has the right to terminate the 19% Option during Second Option Period after spending a minimum of $0.5 million, but without earning additional Joint Venture interest above 51%.
- A Joint Venture between Zamia and Gold Fields will be formed during or after the option periods upon Gold Fields having satisfied the expenditure conditions.
- The 9 EPMs held by the Company which are the subject of the Agreement are: part of EPM15145 (Mazeppa Extended), part of EPM14790 (Mazeppa), EPM14792 (Mt Rolfe), EPM17488 (Mistake Creek), EPM17529 (Barcombe), EPM17555 (Gregory), EPM16523 (Bullock Creek), EPM16524 (Logan Creek) and EPM18598 (Cairo). (Zamia's Anthony Molybdenum Project Area is excluded from the Agreement with Gold Fields).

The Company believes that Gold Fields' exploration expertise will contribute significantly to the proposed investigation of existing and potential gold and copper-gold targets in these EPMs. Zamia's discovery of the Anthony porphyry molybdenum deposit has already highlighted the region as a significant target for large porphyry-type deposits, with potential for bulk-tonnage copper-gold-molybdenum deposits.

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	
	2011 **$**	**2010** **$**
(Loss) from ordinary activities after income tax	(2,992,560)	(5,843,312)
Add/(less) non-cash items:		
- Depreciation and amortisation	26,436	18,703
- Accrued interest	22,078	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	82,024	(47,114)
Increase /(decrease)/in payables	(341,749)	116,656
Increase/(decrease) in employee entitlements	(13,105)	18,225
Net cash used in operating activities	(3,216,876)	(5,736,842)

Non-cash Financing and Investing Activities

On 1 November 2011, a loan of $1.5 million to the Company by Brownstone International Pty Limited, a major shareholder, was repaid with accrued interest by the issue of 17,917,808 ordinary shares in the Company at 8.5 cents per share. The issue of shares was approved by shareholders at the Company's AGM held on 21 October 2011 and the shares issued on 1 November 2011.

Notes to the Financial Statements

NOTE 24: EARNINGS PER SHARE

	2012 Cents per Share $	2011 Cents per Share $
Basic and diluted earnings per share	(0.01)	(0.03)

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	
	2012	**2011**
	$	**$**
Earnings (i)	(2,992,560)	(5,843,312)
	No.	**No**
Weighted average number of ordinary share	235,668,094	185,687,290

(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 statement of comprehensive income.

NOTE 25: SHARE-BASED PAYMENTS

Share-based payments

Options have been issued to Directors and Key Management Personnel as part of their remuneration with options granted for no consideration. 7,142,856 Options have been issued in the current reporting year to a major shareholder in conjunction with a share placement. Options granted are not listed and carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share.

4,570,000 options lapsed in the 2012 financial year.

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

			Number				
Grant date	**Expiry date**	**Exercise Price**	**Balance at start of Year**	**Issued during the year**	**Expired during the year**	**Balance at end of Year**	**Date vested and exercisable at end of year**
2012							
26 Oct'06	30 Sep'11	$0.25	2,500,000	-	(2,500,000)	-	-
5 Jan'07	30 Sep'11	$0.20	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
18 Dec'08	17 Dec'13	$0.15	5,000,000	-	-	5,000,000	5,000,000
16 Feb'12	30 Jan'14	$0.105	-	7,142,856		7,142,856	7,142,856
			20,800,000	7,142,856	(5,500,000)	22,442,856	22,442,856
Weighted average exercise price			$0.24	$0.105	$0.22	$0.20	$0.20

The weighted average remaining contractual life of share options outstanding at 30 June 2012 was 3.17 years (2011: 1.6 years)

Notes to the Financial Statements

NOTE 25: SHARE-BASED PAYMENTS (continued)

			Number				
Grant date	Expiry date	Exercise Price	Balance at start of Year	Issued during the year	Expired during the year	Balance at end of Year	Date vested and exercisable at end of year
2011							
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)	-	-
18 Dec'08	17 Dec'13	$0.15	5,000,000	-	-	5,000,000	5,000,000
			25,370,000	-	(4,570,000)	20,800,000	20,800,000
Weighted average exercise price			$0.23	-	$0.15	$0.24	$0.24

NOTE 26: COMPANY DETAILS

Registered office and principal place of business

Zamia Metals Limited
Suite 60, Level 6 Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067

Shareholder Information

Statement of quoted securities as at 20 August 2012

- There are 1,040 shareholders holding a total of 247,534,631 ordinary fully paid shares on issue by the Company.
- The twenty largest shareholders between them hold 67.66% 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 20 August 2012

Ordinary fully paid shares

Range of Holding			Number of Holders
1	-	1,000	65
1,001	-	5,000	88
5,001	-	10,000	147
10,001	-	100,000	545
100,001	-	and over	195
		Total holders	**1,040**

Substantial shareholdings as at 20 August 2012 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Brownstone International Pty Ltd	43,055,716	17.394
Kings Resources Group Co Ltd	21,627,734	8.737
West Minerals Pty Limited	17,409,091	7.033
China Kings Industry Pty Ltd	14,285,714	5.771
International Base Metals Limited	13,593,875	5.492

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	43,055,716	17.394
KINGS RESOURCES GROUP CO LTD	21,627,734	8.737
WEST MINERALS PTY LIMITED	17,409,091	7.033
CHINA KINGS INDUSTRY PTY LTD	14,285,714	5.771
INTERNATIONAL BASE METALS LIMITED	13,593,875	5.492
MR HAITAO GENG	9,107,143	3.679
MR JINIU DENG	8,571,428	3.463
GREAT SEA WAVE INVESTMENT PTY LTD	6,545,455	2.644
MRS LI ZHOU	5,714,286	2.308
MR SALVATORE DI VINCENZO	4,642,834	1.876
CITI RESOURCES CO LTD	4,000,000	1.616
QINGHAI GENLID MINING INVESTMENT & MANAGEMENT CO LTD	4,000,000	1.616
DR BARRY JOHN BARKER & MRS JAYE ABBYE BARKER <HSBR S/F NO 3 A/C>	3,183,091	1.286
CITICORP NOMINEES PTY LIMITED	3,146,467	1.271
MR KENNETH JOHN MAIDEN & MS MARGARET FRANCIS HAYES <MAIDEN FAMILY SUPER FUND A/C>	1,974,191	0.798
AUSSIE Q RESOURCES LIMITED	1,556,500	0.629
IE PROPERTIES PTY LTD	1,387,500	0.561
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,305,824	0.528
MR JAMES REGINALD WEBB	1,286,570	0.520
PT RESOURCES PTY LTD	1,094,000	0.442
TOTAL HELD BY TOP TWENTY SHAREHOLDERS	167,487,419	67.662

ZAMIA

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47-53 Neridah Street
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ASX Code
ZGM

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