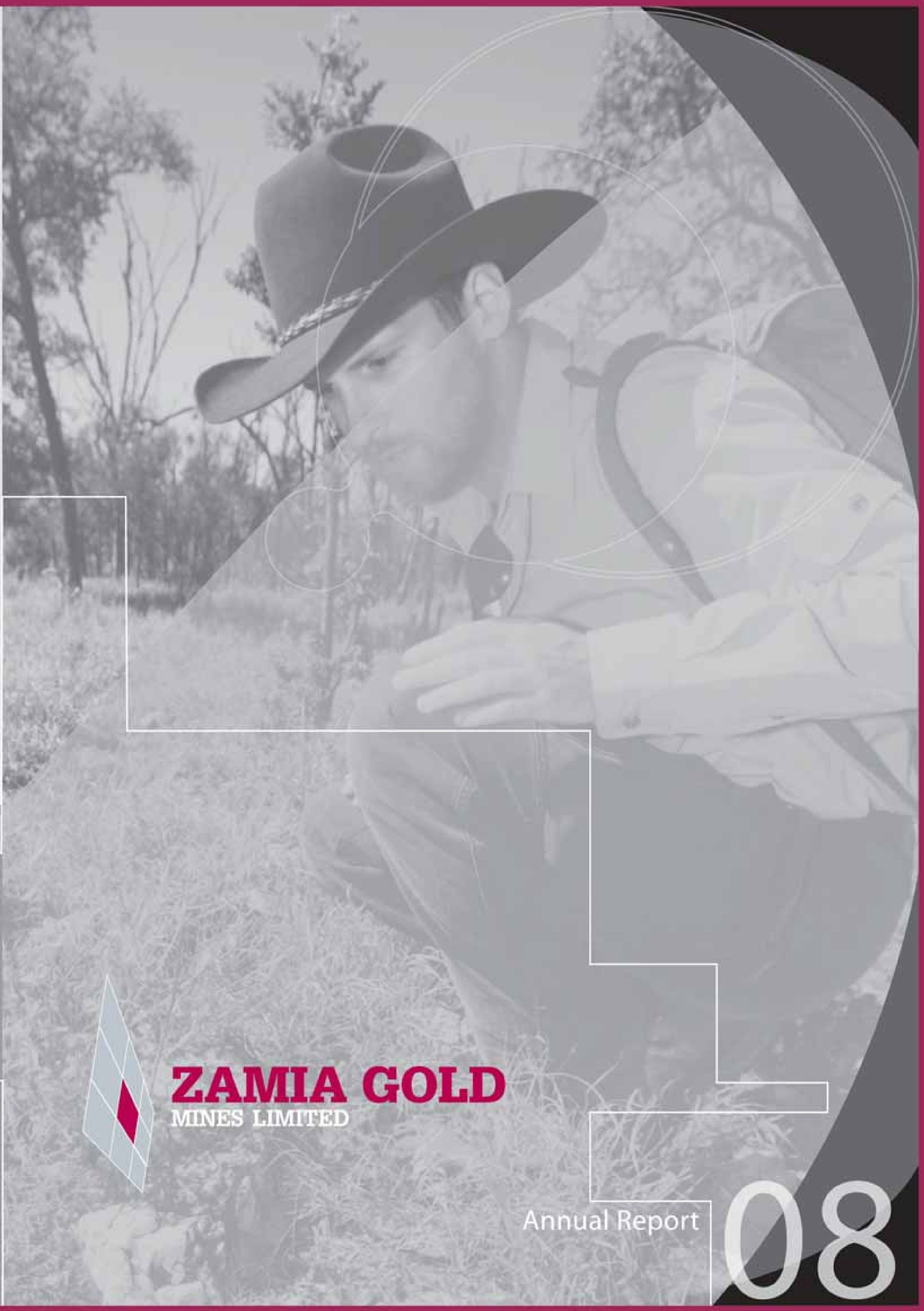

ZAMIA GOLD
MINES LIMITED

Annual Report 08

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CHAIRMANS LETTER

Dear Shareholders,

It is with great pleasure that I present the second Annual Report of Zamia Gold Mines Limited (Zamia) to you. In the 21 months since the Company listed on the Australian Securities Exchange (ASX) the Company's exploration focus has moved from exploration around old gold mines to successfully discovering a major porphyry style molybdenum deposit. This is a major success story for the Company and its reorientation is not yet 12 months old.

The molybdenum mineralisation, renamed the Anthony Molybdenum Project, is 75 km north of Clermont and shows every possibility of being a "company maker" for Zamia. At this stage in time, we do not know how big it will ultimately become, nor whether it is only a small part of a much larger porphyry system. What we do know is that there are a number of other excellent molybdenum exploration targets on our tenements both granted and applied for. All this is in addition to the existing gold and copper tenement positions which the Company held when it was first floated.

The exploration success of Anthony has been a classic traditional exploration process based on the analysis of historical work, geophysics, soil sampling and drilling. The drilling to date is still largely of a scouting nature to try to establish the limits of the known mineralisation. The Anthony deposit type has not previously been identified in the Clermont district and Zamia is optimistic that more porphyry may be present in the region and is using its current knowledge to identify further targets.

The success at Anthony has been as a result of the change in management with Mr R N (Sam) Lees joining as Exploration Manager in September 2007 together with a new exploration team. Dr Colin Seaborn was appointed Executive Director in December 2007. A molybdenum anomaly was established in December 2007 and limited drilling was conducted from January 2008. The results established the Anthony deposit and as a result Sam Lees was appointed as Executive Director - Technical that month.

Shareholders were invited to participate in this success by contributing funds under the Share Purchase Plan which was deliberately discounted to 8 cents per share. The Company raised $453,000 via the plan. This new capital, together with a later Placement to an existing shareholder, provided the necessary funding for an expansion of the drill programme which extended and confirmed the potential for a large scale deposit.

Subsequent to year end Mr Sam Garrett, a Geologist with extensive experience with porphyry style deposits, was appointed Exploration Manager and the management team has been conducting the diamond drilling extensions both laterally and at depth, the results of which are still awaited. The Board thanks management for their diligent application and congratulates them on the success to date and looks forward to an extremely successful year ahead.

Stephen Blackman

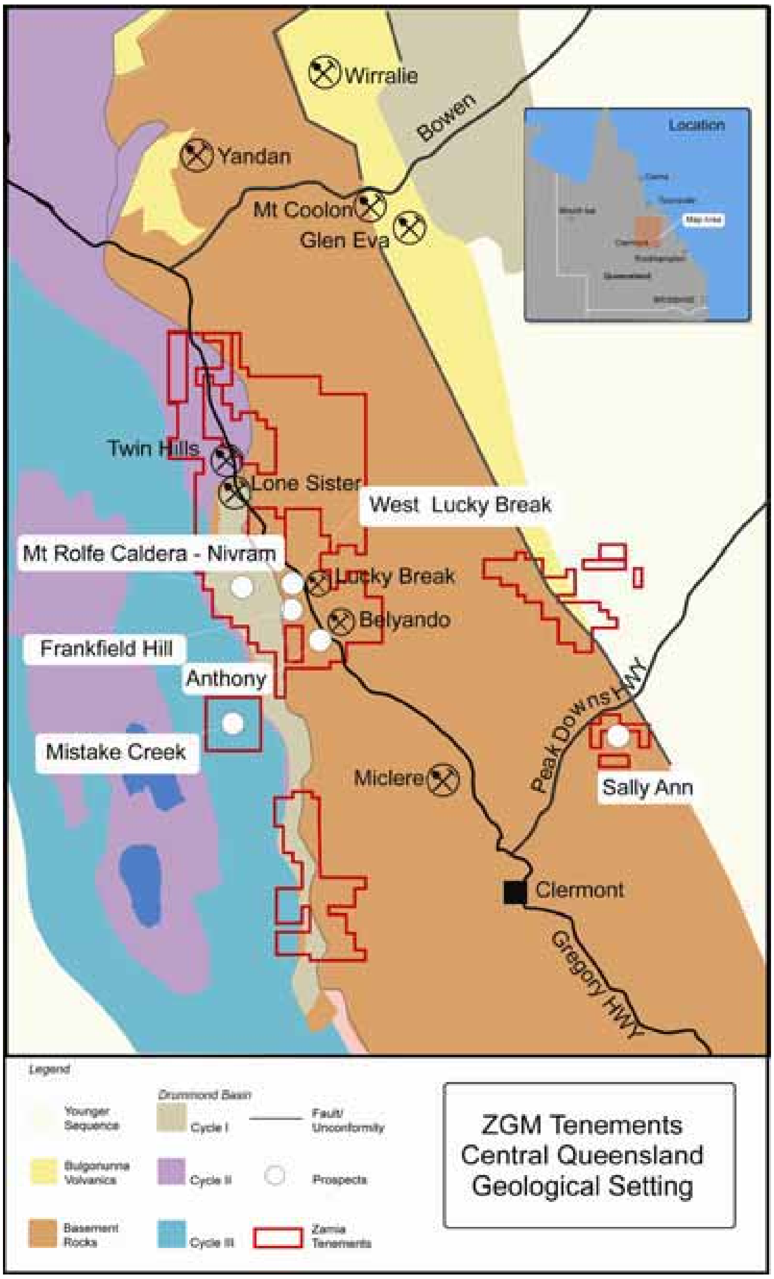
Stephen Blackman
Chairman

EXPLORATION PROJECTS

Background

The Company's mineral exploration is focussed entirely on the Clermont district of Central Queensland. Clermont is approximately 300km southwest of Mackay and about 1000km northwest of Brisbane. The district has had a long mining history dating back to 1862 when gold was discovered. Following renewed exploration activity in the 1980s several new gold deposits were discovered and new mines were developed at Pajingo (Vera-Nancy), Wirralie, Yandan, Lucky Break and Belyando.

Zamia, through its wholly owned subsidiary Zamia Resources Pty Limited, holds an extensive portfolio of Exploration Permits for Minerals (EPMs) and EPM applications. The Company has conducted an aggressive but targeted exploration program. Ground no longer considered to meet the Company's exploration criteria is relinquished and prospective areas applied for when they become available.

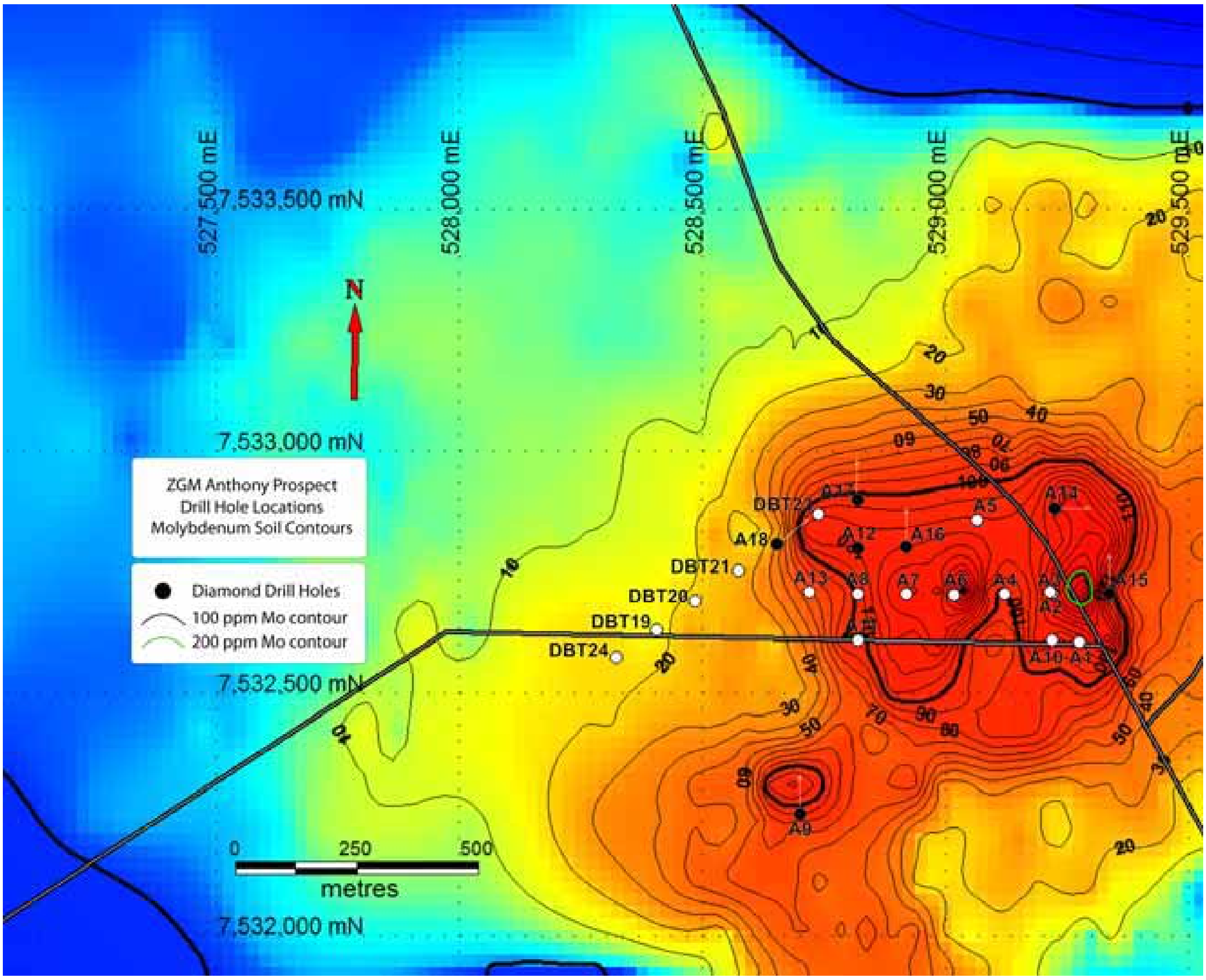


Anthony Project

Following careful assessment of old exploration data a molybdenum prospect was identified 75km north of Clermont in an area known as Dead Horse Bore. Several companies had explored the area in the past for porphyry style gold-copper mineralisation associated with an aeromagnetic anomaly.

Following the recognition that the molybdenum anomaly occurred east of the aeromagnetic anomaly geological mapping, rock chip and soil sampling outlined a large molybdenum target now known as Anthony. Reverse circulation (RC) percussion drilling commenced in January 2008 and widespread molybdenum mineralisation was identified in the first hole.

A total of 13 holes, most to 150m depth, were completed in the first program. All holes contained anomalous molybdenum mineralisation and many contained very wide intercepts at potentially economic grade.



The RC percussion program has been followed by a diamond core drilling program that has extended the depth and area of the deposit. Careful logging of both the RC percussion chips and diamond core has enabled a preliminary model for the mineralisation to be established. The mineralisation is similar to that found in other porphyry style molybdenum deposits with the mineralisation forming within and around the margins of a felsic intrusion. At surface the mineralisation has the appearance of a doughnut. Interpretation of the sample data suggests the presence of multiple pulses of mineralisation at Anthony indicating more than one intrusive event. This interpretation is significant as it may mean other mineralised zones are yet to be found within the project area.

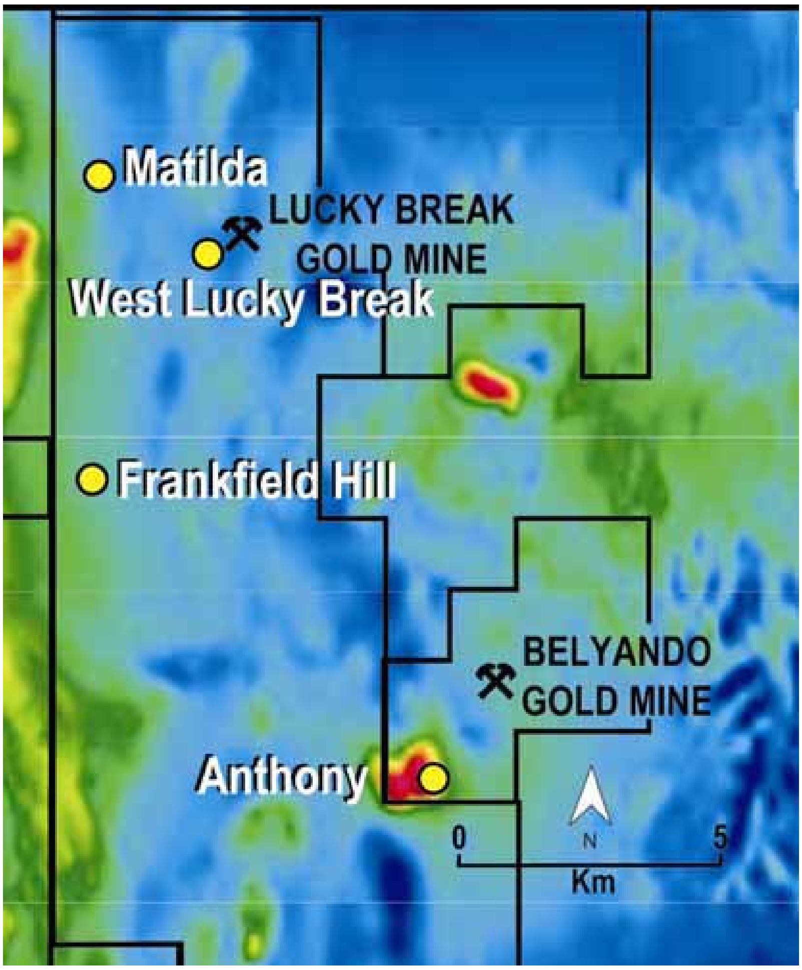
Systematic RC percussion drilling is planned to enable a preliminary mineral resource to be calculated by early 2009 and for pre-feasibility studies to be commenced in the coming year.

In conjunction with the resource definition drilling at Anthony, exploration is planned over the surrounding area to delineate further targets for assessment. A program of induced polarisation (IP) geophysics is planned as porphyry style mineralisation usually gives distinctive anomalies. The thicker soils and cover away from the known Anthony mineralisation suggests that soil geochemistry is unlikely to be an effective tool.

Gold Corridor

Zamia has identified a number of gold-in-soil anomalies in a corridor close to the contact between the older Anakie Inlier metamorphic rocks and the volcanic sequences of the Drummond Basin. The corridor may be a thrust fault that appears as a magnetic low on aeromagnetic images. The corridor is considered prospective for quartz pyrite gold reef deposits. At present only the southern third of this approximate 15km long corridor has been tested with soil sampling using partial leach analytical techniques.

Three anomalies warrant follow-up drilling.



- **Frankfield Hill** was explored by other companies in the 1980s with surface rock chip samples anomalous in gold being followed-up with short drill holes. Soil geochemistry has defined a gold and silver anomaly that does not appear to have been drill tested in the past. Geological mapping is in progress as a prelude to drill testing.
- **West Lucky Break** is a gold and silver soil anomaly that has been defined over a 300m x 300m area about 1km west of the old Lucky Break Gold Mine. An IP survey across the anomaly indicates a possible west dipping anomalous zone associated with the soil anomaly.
- **Matilda** is a north east trending gold-arsenic anomaly approximately 4km north west of West Luck Break. This new discovery remains open to the south west. Geological mapping and rock chip sampling will be undertaken prior to drilling.

Soil sampling is proving to be an effective method of generating targets along what is proving to be a very prospective zone for gold mineralisation.

Mount Rolfe Caldera

The Mount Rolfe Caldera is the result of an ancient explosive volcanic centre measuring 15km x 7km. Elsewhere in the world such as Lihir (PNG) and Vatukoula (Fiji), calderas host major epithermal deposits. Zamia in 2007 identified ring structures and fractures within the caldera and these present potential sites for gold mineralisation. Mapping, geochemical sampling and IP surveys have been used to define target zones. The Nivram prospect is the most advanced target and an IP survey identified a high resistivity drill target thought to be a possible eruption breccia pipe. Zamia has been successful in its application for a grant from the Queensland Government under its Collaborative Drilling Initiative and will receive a subsidy towards the cost of two diamond drill holes into the Nivram target.

Red Rock

Field mapping and sampling on the Red Rock project 50km west of Clermont has indicated an area of potential for epithermal gold mineralisation at the Eagle prospect. Regional geological mapping has revealed possible volcanic sinters together with a weak gold silver and arsenic anomaly. Detailed soil sampling mapping and rock chip sampling will be undertaken as a follow-up program.

Sally Ann

The Sally Ann area contains a number of small pits on narrow veins of high grade gold and copper mineralisation. Soil sampling outlined a number of highly anomalous but erratic gold and copper samples. A ground magnetic survey indicates a northwest trending lineament that may be a fault zone and potential host for mineralisation.

New Molybdenum Targets

Zamia has identified two additional molybdenum targets in the region.

- An elongated discrete aeromagnetic anomaly 15km south of Anthony in Zamia's Mazeppa EPM is masked by soils but possibly represents an intrusion similar to that found at Anthony. There is no evidence of previous exploration over this anomaly or its surrounds.
- An EPM application has been made over a bullseye aeromagnetic anomaly at Mistake Creek 60km northwest of Clermont. Previous exploration by other companies focussed mainly on the magnetic high rather than the surrounding magnetic low. Anomalous gold, copper and molybdenum values were found in the one hole into the magnetic low. Detailed mapping and sampling will be undertaken when the tenement is granted.

Molybdenum and its uses

Molybdenum is a metal with a high melting point that is widely used in the steel industry. It contributes to the hardness and toughness of tempered steels and improves the strength of steels at high temperature as well as strength to weight ratios. In stainless steels it imparts heat-resistance and corrosion resistance.

Molybdenum has a variety of steel uses including in pipelines, cars and construction. It also has nuclear energy applications and is used in missile and aircraft parts where high temperature resistance is imperative. It has uses as a catalyst in petroleum refining and for electrodes and filaments.

Molybdenum sulphide mineral - Molybdenite

Molybdenum compounds are used as a high temperature lubricant and as a fertiliser.

Molybdenum has been selling for over US$30/lb (US$66,000/t) for the past two years as there is a shortfall in supply which is expected over the next few years. Global demand has been predicted to grow at 4.5% per year over the next twenty years.

Mr R N (Sam) Lees (FAIG, FAusIMM), compiled the technical aspects of this report. Mr Lees is Technical Director, Zamia Gold Mines Limited. Mr Lees is a Fellow of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the September 2004 edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Mr Lees consents to the inclusion of the matters in the form and context in which it appears.

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
and Controlled Entity

Financial Report for the year ended 30 June 2008

Directors' Report

Your Directors present their report on the Company and its controlled entity for the financial year ended 30 June 2008.

Directors

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

Stephen Edward Blackman – Non-executive Chairman
Dr Colin James Seaborn – Executive Director (appointed 17 December 2007)
Ronald Norman (Sam) Lees – Executive Director - Technical (appointed 24 January 2008)
Andrew Skinner – Non-executive Director
Dr Kenneth John Maiden – Non-executive Director
Peter John Bradfield – Non-executive Director (resigned 31 August 2007)
Matthew Francis Stephens – Executive Director Operations (resigned 2 July 2007)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:
Geoffrey John Broomhead – B.Comm, M.Comm, FCPA, FCIS. Geoff has worked for Zamia Gold Mines Limited since his appointment on 3 January 2007 in the capacity of Company Secretary and Chief Financial Officer.

Principal Activities

The principal activities of the Consolidated Group during the financial year were mineral exploration activities, primarily molybdenum and gold, within the Clermont region of Central Queensland.
There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

Operating Results

The operating loss of the Consolidated Group after providing for income tax amounted to $3,922,230 (2007 - loss $3,332,787. This included $1,104,113 of Exploration and Evaluation expenses arising from the "Change in Accounting Policy", details of which are disclosed in Note 1(m) to the Financial Statements).

Dividends Paid or Recommended

No dividends were paid during the year and no recommendation is made as to payment of dividends.

Directors' Report (continued)

Review of Operations

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

A reassessment of previous exploration data from the Dead Horse Bore area indicated a significant molybdenum (Mo) anomaly (now named the Anthony molybdenum project). Soil sampling outlined a major Mo anomaly at the Anthony project. Drilling began at Anthony in January 2008 and 13 Reverse Circulation (RC) holes were completed and a diamond drilling program initiated by year end. As a result of this drilling a significant Mo discovery has been made with a conceptual target of 100 million tonnes. Anthony has now become the priority exploration target for the Company. Other potential molybdenum targets have also been identified.

Mobile Metal Ion (MMI) geochemistry from soil sampling highlighted two gold targets at West Lucky Break (west of the old Lucky Break mine) and Frankfield Hill. A third area of interest has been identified to the northwest of West Lucky Break.

Soil and rock chip sampling at the Sally Ann prospect returned promising results. A number of discrete copper and copper-gold anomalies have been highlighted.

Further evaluation of the Mt Rolfe Caldera structure and its surrounds led to the recognition of possible indications of mineralisation at several prospects within the Caldera and on its western margin. ZGM was successful in its application for a Queensland Government grant under its Collaborative Drilling Initiative to drill test the Nivram gold target, within the Mt Rolfe Caldera. ZGM has until mid 2009 to conduct this drilling.

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

Management Changes

The Company's activities developed a new impetus with the appointment of two new Executive Directors midway through the financial year. Dr Colin Seaborn was appointed an Executive Director in December 2007 and R N (Sam) Lees was appointed Executive Director – Technical in January 2008.

Directors' Report (continued)

Review of Operations (continued)

Corporate Capital and Financing

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

The Company raised $453,000 in a Share Purchase Plan to existing shareholders at 8c per share in April 2008. This was followed in May 2008 by a placement of 5,500,000 shares at 18c which raised $990,000.

Future Strategic Options

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

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

As at 30 June 2008 the number of listed ordinary shares was 46,984,422 and a further 14,737,233 shares are escrowed until 10 January 2009. There are 25,190,845 quoted options and these can be exercised up until 27 June 2009. Also, there are 15,800,000 unquoted options exercisable between 20c and 40c.

Corporate Governance

Mr Andrew Skinner, one of the Company's non executive and independent Directors as well as Audit Chairman drives the corporate governance of the Company.

Directors' Report (continued)

Financial Position

The net assets of the consolidated group are $1,202,561 at 30 June 2008. The consolidated group has a working capital surplus of $1,185,454.

The directors believe that with the strategy to match exploration expenditure with capital availability the group is in a stable financial position to expand and grow its operations.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Future Developments, Prospects and Business Strategies

Zamia Gold Mines Limited ("Zamia Gold") is seeking through exploration success to build a new resources company with operations specifically in Central Queensland.

Environmental Issues

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

Information on Directors

Name of Director	Information
Stephen Edward Blackman - Non-executive Chairman	Stephen has over 36 years experience in the mining and metals industry. He has worked with all levels of management in base and precious metal mining operations, project assessment, project development and project finance in addition to roles in consultancy and marketing. Stephen's experience with large mining companies includes ten years with Rio Tinto group in project development roles and three years with Consolidated Gold Fields Limited in London. Stephen represented the Canadian Imperial Bank of Commerce in the resource sector in Australasia before becoming a corporate advisor to both global and emerging mining companies. Stephen is a founding Director of International Base Metals Limited and a non-executive Director of Copper Range Limited.
Dr Colin Seaborn - Executive Director	Colin has over 20 years of experience with CRA/Comalco Group of companies in metallurgical operations and process development, business analysis and general management; has run own business development and process improvement consultancy over 12 years for both large and growing companies in a range of industry sectors. Colin is a Member of Australasian Institute of Mining and Metallurgy and has no other directorships in listed companies.
Ronald Norman (Sam) Lees - Executive Director - Technical	Sam has over 35 years experience in mineral exploration and mine geology; has worked in all states of Australia as well as in Africa, North America and the Middle East in a wide range of geological environments which included most metalliferous commodities; has held senior positions with Teck Explorations Limited, Goldrim Mining Australia Limited, Gilfillan Associates Pty Limited and Michelago Limited. Sam is a Fellow of the Australian Institute of Geoscientists, the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. He has no other directorships in listed companies.
Andrew Skinner - Non-executive Director	A Chartered Accountant, Andrew, has built a career specialising in Superannuation and Taxation. His pre-eminence in the industry is widely recognised and he is frequently published in industry and professional publications and is a regular presenter on various shows, including at the Television Education Network among others. Since July 2000 he has operated his own accounting and consultancy practice, specialising in taxation, superannuation planning and compliance. Andrew is an Associate of the Institute of Chartered Accountants, Fellow of the Taxation Institute of Australia, Member of the Taxpayer's Association and Member of Superannuation Australia. Andrew has no other directorships in listed companies.

Directors' Report (continued)

Information on Directors (continued)

Name of Director	Information
Dr Kenneth John Maiden – Non–executive Director	Since completing a doctoral thesis on the Broken Hill ore body, Ken has had 35 years professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. More recently, Ken has established mineral exploration companies in Southern Africa and northwest Queensland, and was a founding director of International Base Metals Limited. Ken has participated in successful base metal exploration programmes in South Australia, northwest Queensland, Namibia, Botswana and Indonesia. Ken is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and a Fellow of the Society of Economic Geologists.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of Zamia Gold Mines Limited and its Controlled Entity and for the executives receiving the highest remuneration.

Remuneration Policy

Zamia Gold Mines Limited is a junior mineral exploration company, recently listed, with no revenues and limited funding. The Company requires the continuing ongoing financial support of its shareholders and new investors to undertake an effective exploration programme. The Company has yet to make a profit nor pay a dividend. These elements are all considered when evaluating the Company's ability to remunerate key management personnel.

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

Long term incentives such as the issue of options to Directors and key management personnel are determined by Directors and approved by shareholders in general meeting. In April 2008 shareholders were offered the opportunity to invest in the Company at $0.08 per share which raised $453,000. Subsequently, in June 2008, shareholders approved the issue of 8,200,000 unlisted options to Directors and key management personnel, with each option able to be exercised at either $0.25 or $0.40 per share. These options granted to key management personnel were at exercise prices substantially in excess of the price of shares offered to shareholders. 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.

Directors' Report (continued)

Remuneration policy (continued)

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

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

Each non-executive Director is remunerated with a base of $24,000 per annum. This amount was set by shareholders prior to the Initial Public Offering. Non-executive Directors also receive a deemed benefit when granted options by shareholders.

Engagement Contracts of Executive Directors

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

Colin Seaborn, the Executive Director, is contracted to the Company under an agreement between the Company and SOS Initiatives Pty Ltd ("SOS"). This agreement commenced from 17 December 2007 and under the terms of this agreement:

- SOS is paid $770 + GST for each day that Colin Seaborn works in his capacity as Executive Director of Zamia Gold Mines Limited.
- Either the Company or SOS may terminate this agreement by giving four weeks prior written notice.
- The Company may terminate this agreement without notice or payment in lieu of notice if, in the opinion of the Company, SOS's representative is guilty of serious misconduct, serious or persistent breach of duty, commits an act of fraud or dishonesty, disobeys reasonable or lawful requirements of the Company, or conducts himself in a manner likely to bring the Company into disrepute.
- SOS provides adequate Public Liability and Workers Compensation insurance for Colin Seaborn.

Ronald (Sam) Lees, the Executive Director - Technical, is contracted to the Company under an agreement between the Company and RN & JM Lees Pty Ltd trading as "JAVS Geoservices" ("JAVS"). This agreement commenced from 24 January 2008 and under the terms of this agreement:

- JAVS is paid $770 + GST for each day that Sam Lees works in his capacity as Executive Director - Technical of Zamia Gold Mines Limited.
- Either the Company or JAVS may terminate this agreement by giving four weeks prior written notice.
- The Company may terminate this agreement without notice or payment in lieu of notice if, in the opinion of the Company, JAVS's representative is guilty of serious misconduct, serious or persistent breach of duty, commits an act of fraud or dishonesty, disobeys reasonable or lawful requirements of the Company, or conducts himself in a manner likely to bring the Company into disrepute.
- JAVS provides adequate Public Liability and Workers Compensation insurance for Sam Lees.

Directors' Report (continued)

Remuneration Report (continued)

Key Management Personnel Remuneration

The remuneration of each executive and non-executive Director and key management personnel during the year was as follows:

Key Management Personnel and Company Executive		Short-term Benefits	Post- employment Benefits	Share-based Payment		
		Cash, salary and commissions $	Superannuation $	Equity $	Options $	Total $
Stephen Blackman	2008	22,000	-	-	39,100	61,100
	2007	10,600	-	-	3,750	14,350
Colin Seaborn	2008	81,045	-	-	386,950	467,995
	2007	-	-	-	-	-
Ronald Lees	2008	69,810	-	-	793,760	863,570
	2007	-	-	-	-	-
Andrew Skinner	2008	26,160	-	-	39,100	65,260
	2007	20,924	-	30,000	3,750	54,674
Kenneth Maiden	2008	36,000	-	-	77,810	113,810
	2007	2,000	-	-	-	2,000
Geoffrey Broomhead	2008	-	-	-	114,800	114,800
	2007	-	-	-	-	-
Discontinued Directors						
Peter Bradfield	2008	49,050	-	-	-	49,050
	2007	105,940	-	70,000	15,000	190,940
Matthew Stephens	2008	56,667	-	-	-	56,667
	2007	154,306	5,961	400,000	7,500	567,767
John Newton	2008	-	-	-	-	-
	2007	84,920	-	-	7,500	92,420

Directors' Report (continued)

Remuneration Report (continued)

Options issued as part of remuneration for the year ended 30 June 2008

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

Options Granted as Remuneration

						Terms & Conditions for Each Grant	
	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date $	Exercise Price $	First Exercise Date	Last Exercise Date
Stephen Blackman	250,000	250,000	27 Jun'08	0.1564	0.25	27 Jun'08	27 Jun'13
Colin Seaborn	500,000	500,000	27 Jun'08	0.1551	0.20	27 Jun'08	18 Dec'12
	1,000,000	1,000,000	27 Jun'08	0.1564	0.25	27 Jun'08	27 Jun'13
	1,000,000	1,000,000	27 Jun'08	0.1530	0.40	27 Jun'08	27 Jun'13
Ronald (Sam) Lees	300,000	300,000	18 Dec'07	0.0732	0.20	18 Dec'07	18 Dec'12
	2,000,000	2,000,000	27 Jun'08	0.1564	0.25	27 Jun'08	27 Jun'13
	3,000,000	3,000,000	27 Jun'08	0.1530	0.40	27 Jun'08	27 Jun'13
Andrew Skinner	250,000	250,000	27 Jun'08	0.1564	0.25	27 Jun'08	27 Jun'13
Kenneth Maiden	300,000	300,000	27 Jun'08	0.1551	0.20	27 Jun'08	18 Dec'12
	200,000	200,000	27 Jun'08	0.1564	0.25	27 Jun'08	27 Jun'13
Geoffrey Broomhead	500,000	500,000	18 Dec'07	0.0732	0.20	18 Dec'07	18 Dec'12
	500,000	500,000	27 Jun'08	0.1564	0.25	27 Jun'08	27 Jun'13

All options were granted for nil consideration.

	Options Granted as Part of Remuneration $	Total Remuneration Represented by Options %	Options Exercised $	Options Lapsed $	Total $
Stephen Blackman	39,100	64.0	-	-	39,100
Colin Seaborn	386,950	82.7	-	-	386,950
Ronald (Sam) Lees	793,760	91.9	-	-	793,760
Andrew Skinner	39,100	60.0	-	-	39,100
Kenneth Maiden	77,810	68.4	-	-	77,810
Geoffrey Broomhead	114,800	100.0	-	-	114,800
	1,451,520	86.0	-	-	1,451,520

Directors' Report (continued)

Meetings of Directors

During the financial year, 13 meetings of Directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number Attended
Stephen Blackman	13	12
Colin Seaborn	6	6
Ronald Lees	5	5
Andrew Skinner	13	12
Kenneth Maiden	13	11
Peter Bradfield	4	4

Indemnifying Officers or Auditor

The Company paid insurance premiums of $12,020 for a Directors and Officers Liability insurance policy. During or since the end of the financial year the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for the auditor of the Company.

Options

At the date of this report, the unissued ordinary shares of Zamia Gold Mines Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
26 October 2006	30 September 2011	$0.25	2,500,000
5 January 2007	30 September 2011	$0.20	3,000,000
27 June 2007	27 June 2009	$0.20	25,190,845
18 December 2007	18 December 2012	$0.20	1,700,000
18 June 2008	18 June 2013	$0.25	400,000
27 June 2008	27 June 2013	$0.25	4,200,000
27 June 2008	27 June 2013	$0.40	4,000,000
			40,990,845

During the year ended 30 June 2008 no options issued under the Employee Share and Option plan were exercised for ordinary shares in the Company.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Directors' Report (continued)

Proceedings on Behalf of Company

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

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

Non-audit Services

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 20.

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

Stephen Blackman

Stephen Blackman
Chairman

C Seaborn

Colin Seaborn
Director

Dated at Sydney, 17 September 2008.

Hall Chadwick
Chartered Accountants & Business Advisers

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

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

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

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

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

Drew Townsend
Partner
Dated: 17 September 2008

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Lyle Vallance
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Hall Chadwick

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group		Parent	
		2008	**2007**	**2008**	**2007**
		$	**$**	**$**	**$**
Other Income	2	102,712	115,798	100,806	114,871
Administrative Service fees		(234,794)	(144,979)	(30,650)	(102,144)
Consultancy fees		(72,262)	(87,818)	(70,459)	(83,390)
Depreciation and amortisation expense		(13,341)	(613)	(1,976)	(94)
Exploration and evaluation expenditure	3	(1,736,019)	(1,327,480)	(15,000)	(789)
Employee benefits expense		(119,401)	(10,098)	-	(2,447)
Finance costs	3	(4,747)	(33,290)	(4,747)	(20,308)
Impairment of goodwill	3	-	(185,882)	-	-
Other expenses		(313,341)	(170,925)	(301,097)	(161,084)
Provision for doubtful debts		-	-	(3,568,977)	-
Share based compensation	3	(1,531,037)	(1,487,500)	(1,531,037)	(1,487,500)
(Loss) before income tax		(3,922,230)	(3,332,787)	(5,423,137)	(1,742,885)
Income tax expense	4	-	-	-	-
(Loss) for the year		(3,922,230)	(3,332,787)	(5,423,137)	(1,742,885)

Overall Operations		
Basic earnings per share	($0.08)	($0.11)
Diluted earnings per share	($0.08)	($0.11)

The accompanying notes form part of the financial report

BALANCE SHEET AS AT 30 JUNE 2008

	Note	Consolidated Group		Parent	
		2008 $	2007 $	2008 $	2007 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	1,311,399	2,597,997	1,303,779	2,559,626
Trade and other receivables	9	64,965	46,433	25,833	22,399
Other current assets	14	2,080	14,580	-	12,500
TOTAL CURRENT ASSETS		1,378,444	2,659,010	1,329,612	2,594,525
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	-	1,550,049
Financial assets	10	-	-	2	2
Plant and equipment	12	17,107	9,742	7,042	2,766
Intangibles	13	-	-	-	-
TOTAL NON-CURRENT ASSETS		17,107	9,742	7,044	1,552,817
TOTAL ASSETS		1,395,551	2,668,752	1,336,656	4,147,342
CURRENT LIABILITIES					
Trade and other payables	15	192,990	187,811	45,100	76,499
Financial liabilities	16	-	305,013	-	305,013
TOTAL CURRENT LIABILITIES		192,990	492,824	45,100	381,512
TOTAL LIABILITIES		192,990	492,824	45,100	381,512
NET ASSETS		1,202,561	2,175,928	1,291,556	3,765,830
EQUITY					
Contributed equity	17	6,844,341	5,426,515	6,844,341	5,426,515
Reserves	18	1,613,237	82,200	1,613,237	82,200
Retained earnings		(7,255,017)	(3,332,787)	(7,166,022)	(1,742,885)
TOTAL EQUITY		1,202,561	2,175,928	1,291,556	3,765,830

The accompanying notes form part of the financial report

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683) and Controlled Entity

Statement Of Changes In Equity For The Year Ended 30 June 2008

	Contributed Equity				
	Share Capital Ordinary Shares	Traded Options	Retained Earnings/(loss)	Option Reserve	Total
	$	$	$	$	$
Consolidated					
Balance at 1 July 2006	2	-	-	-	2
Shares/Options issued during the year	6,100,000	252,500	-	-	6,352,500
Transaction Costs	(869,650)	(56,337)	-	-	(925,987)
Revaluation increment	-	-	-	82,200	82,200
Retrospective adjustment upon change in accounting policy	-	-	(1,104,113)	-	(1,104,113)
(Loss) attributable to members of parent entity	-	-	(2,228,674)	-	(2,228,674)
Balance at 30 June 2007	5,230,352	196,163	(3,332,787)	82,200	2,175,928
Shares/Options issued during the year	1,443,000	-	-	-	1,443,000
Traded options exercised	12,291	(460)	-	-	11,831
Transaction Costs	(37,005)	-	-	-	(37,005)
Revaluation increment	-	-	-	1,531,037	1,531,037
(Loss) attributable to members of parent entity	-	-	(3,922,230)	-	(3,922,230)
Balance at 30 June 2008	6,648,638	195,703	(7,255,017)	1,613,237	1,202,561

The accompanying notes form part of the financial report

Statement Of Changes In Equity For The Year Ended 30 June 2008 (continued)

	Contributed Equity				
	Share Capital Ordinary Shares	Traded Options	Retained Earnings/(loss)	Option Reserve	Total
	$	$	$	$	$
Parent					
Balance at 1 July 2006	2	-	-	-	2
Shares/Options issued during the year	6,100,000	252,500	-	-	6,352,500
Transaction Costs	(869,650)	(56,337)	-	-	(925,987)
Revaluation increment	-	-	-	82,200	82,200
(Loss) attributable to members of parent entity	-	-	(1,742,885)	-	(1,742,885)
Balance at 30 June 2007	5,230,352	196,163	(1,742,885)	82,200	3,765,830
Shares/Options issued during the year	1,443,000	-	-	-	1,443,000
Traded options exercised	12,291	(460)	-	-	11,831
Transaction Costs	(37,005)	-	-	-	(37,005)
Revaluation increment	-	-	-	1,531,037	1,531,037
(Loss) attributable to members of parent entity	-	-	(5,423,137)	-	(5,423,137)
Balance at 30 June 2008	6,648,638	195,703	(7,166,022)	1,613,237	1,291,556

The accompanying notes form part of the financial report

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group		Parent	
		2008	2007	2008	2007
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(2,476,669)	(1,212,821)	(439,539)	(300,754)
Interest received		102,712	115,798	100,806	114,871
Finance costs		(4,747)	(33,290)	(4,747)	(20,308)
Net cash provided by (used in) operating activities	20 (a)	(2,378,704)	(1,130,313)	(343,480)	(206,191)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit (paid)		-	-	-	(12,500)
Payment for plant and equipment		(20,707)	(10,355)	(6,252)	(2,860)
Payment for subsidiary net of cash acquired		-	4,696	-	(2)
Net cash provided by (used in) investing activities		(20,707)	(5,659)	(6,252)	(15,362)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,454,831	4,902,500	1,454,831	4,902,500
Costs of capital raising		(37,005)	(876,287)	(37,005)	(876,287)
Amount advanced to controlled entity		-	-	(2,018,928)	(1,550,049)
Proceeds from borrowings		-	-	-	305,013
Repayments of borrowings		(305,013)	(292,246)	(305,013)	-
Net cash provided by (used in) financing activities		1,112,813	3,733,967	(906,115)	2,781,177
Net (decrease)/increase in cash held		(1,286,598)	2,597,995	(1,255,847)	2,559,624
Cash at beginning of the year		2,597,997	2	2,559,626	2
Cash at end of the year	8	1,311,399	2,597,997	1,303,779	2,559,626

The accompanying notes form part of the financial report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers the consolidated group of Zamia Gold Mines Limited and controlled entity, and Zamia Gold Mines Limited as an individual parent entity. Zamia Gold Mines Limited is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

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

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

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern Basis

The financial report has been prepared on a going concern basis notwithstanding the consolidated loss reported for the year amounting to $3,922,230. The Directors are of the opinion that the consolidated entity has sufficient funds and potential projects to continue to operate as a going concern for a period not less than twelve months from the date of this financial report.

The Company, being a base mineral explorer and without a current significant revenue stream, will be required to raise additional equity and/or debt to finance its future activities. No assurance is given that the Company will be able to raise future funding on acceptable terms or in a timely manner. In this event, the Company may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Directors continue to manage the Company's activities with due respect to and understanding of the Company's current and future funding requirements.

Accounting Policies

(a) Principles of Consolidation

A Controlled Entity is any entity Zamia Gold Mines Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of Controlled Entities is contained in Note 11 to the financial statements. All Controlled Entities have a June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of Controlled Entities have been changed where necessary to ensure consistencies with those policies applied by the Parent Entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of Consolidation (continued)

Where Controlled Entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) 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 recognised 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.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences 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 the law.

(c) 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.

Plant and equipment

Plant and equipment are measured on the cost basis.

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 item 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	50%
Computer software	40%
Motor vehicle	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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration and Development Expenditure

All Exploration, Evaluation and Development Expenditure on all the Company's exploration tenements is expensed as incurred. Previously such expenditure was accumulated in respect of each area of interest for which the consolidated entity had tenure to explore and carried forward to the extent that they were expected to be recouped through the successful development of the area. Directors believe this treatment is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

The effect of this change in accounting policy is disclosed in Note 1(m).

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.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, 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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a Controlled Entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisition of subsidiary was expensed at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(g) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

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

(h) 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.

(i) Cash and Cash Equivalents

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

(j) Revenue

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of 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 the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative Figures

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

(m) Change in Accounting Policy

The Directors have elected to change the Company's accounting policy for the year ended 30 June 2008 relating to the recognition of exploration and evaluation expenditure. Exploration and evaluation expenditure was previously capitalised in accordance with paragraph 7.2 of AASB 6 "Exploration for and Evaluation of Mineral Resources". The Directors have now elected to expense all exploration and evaluation expenditure as incurred in accordance with paragraph 7.1(a) of AASB 6. The Directors believe this treatment is more relevant to understanding the Company's financial position and note it is also cash flow neutral.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Change in Accounting Policy (continued)

The aggregate effect of the change in accounting policy in the financial statements for the year ended 30 June 2008 is as follows (no taxation effect results from these changes):-

	2008			2007		
Consolidated Group	Previously Stated $	Adjustment $	Restated $	Previously Stated $	Adjustment $	Restated $
Income Statement						
Exploration Expenditure	881,505	854,514	1,736,019	223,367	1,104,113	1,327,480
Loss before income tax expense	(3,067,716)	(854,514)	(3,922,230)	(2,228,674)	(1,104,113)	(3,332,787)
Basic Earnings per Share	(0.06)	(0.02)	(0.08)	(0.07)	(0.04)	(0.11)
Diluted Earnings per Share	(0.06)	(0.02)	(0.08)	(0.07)	(0.04)	(0.11)
Balance Sheet						
Exploration and Evaluation Expenditure capitalised	854,514	(854,514)	-	1,104,113	(1,104,113)	-
Adjustment to opening Retained Earnings	(2,228,674)	(1,104,113)	(3,332,787)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2: REVENUE

	Note	Consolidated Group		Parent	
		2008 $	2007 $	2008 $	2007 $
Revenue					
Interest received from other persons		102,712	115,798	100,806	114,871
Total Revenue		102,712	115,798	100,806	114,871

NOTE 3: LOSS FOR THE YEAR

The loss before income tax has been determined after charging /(crediting) the following net gains or expenses:

	Note	Consolidated Group		Parent	
		2008 $	2007 $	2008 $	2007 $
Expenses					
Finance costs other related parties		4,747	33,290	4,747	20,308
Exploration expenditure		1,736,019	1,327,480	15,000	789
Impairment of goodwill		-	185,882	-	-
Share based compensation		1,531,037	1,487,500	1,531,037	1,487,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 4: INCOME TAX EXPENSE

	Note	Consolidated Group		Parent	
		2008	**2007**	**2008**	**2007**
		$	**$**	**$**	**$**
a. The components of tax expense comprise:					
Current tax		-	-	-	-
Deferred tax		(717,358)	(497,821)	(1,167,630)	(76,616)
Deferred tax assets not recognised		717,358	497,821	1,167,630	76,616
		-	-	-	-
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2007: 30%)					
- consolidated entity		(1,176,669)	(999,836)	-	-
- parent entity		-	-	(1,626,941)	(522,866)
		(1,176,669)	(999,836)	(1,626,941)	(522,866)
Add tax effect of:					
- other non-allowable items		-	55,765	-	-
- share option expense		459,311	446,250	459,311	446,250
		717,358	497,821	1,167,630	76,616
Deferred tax assets not recognised		717,358	497,821	1,167,630	76,616
Income tax attributable to entity		-	-	-	-
c. Deferred tax assets not recognised					
Deferred tax assets not recognised		1,527,210	798,751	1,533,143	354,412

The deferred tax assets have not been recognised as it is not probable that there will be future taxable profits to offset the deductible temporary differences and tax losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Key Management Person	Position
Stephen Blackman	Non-executive Chairman
Colin Seaborn	Executive Director – appointed 17 December 2007
Ronald (Sam) Lees	Executive Director – Technical – appointed 24 January 2008
Andrew Skinner	Non-executive Director
Kenneth Maiden	Non-executive Director
Peter Bradfield	Executive Chairman – resigned 31 August 2007
Matthew Stephens	Executive Director Operations – resigned 2 July 2007

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Options and Rights Holdings

Number of Options Held by Key Management Personnel (directly and indirectly)

	Balance 1 July 2007	Granted as Compensation	Options Exercised	Net Change Other #
Stephen Blackman	250,000	250,000	-	1,137,330
Colin Seaborn	-	2,500,000	-	124,184
Ronald (Sam) Lees	-	5,300,000	-	-
Andrew Skinner	250,000	250,000	-	75,000
Kenneth Maiden	-	500,000	-	1,004,545
Geoffrey Broomhead	-	1,000,000	-	50,000
	500,000	9,800,000	-	2,391,059

The Net Change Other reflected above includes those options that have been acquired or disposed by holders during the year under review.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

(b) Options and Rights Holdings (continued)

Number of Options Held by Key Management Personnel (directly and indirectly)

	Balance 30 June 2008	Total Vested 30 June 2008	Total Exercisable 30 June 2008	Total Unexercisable 30 June 2008
Stephen Blackman	1,637,330	1,637,330	1,637,330	-
Colin Seaborn	2,624,184	2,624,184	2,624,184	-
Ronald (Sam) Lees	5,300,000	5,300,000	5,300,000	-
Andrew Skinner	575,000	575,000	575,000	-
Kenneth Maiden	1,504,545	1,504,545	1,504,545	-
Geoffrey Broomhead	1,050,000	1,050,000	1,050,000	-
	12,691,059	12,691,059	12,691,059	-

(c) Shareholdings

Number of Shares held by Key Management Personnel (directly and indirectly)

	Balance 1 July 2007	Received as Compensation	Options Exercised	Net Change Other #	Balance 30 June 2008
Stephen Blackman	2,274,662	-	-	187,500	2,462,162
Colin Seaborn	248,369	-	-	62,500	310,869
Ronald (Sam) Lees	-	-	-	102,500	102,500
Andrew Skinner	150,000	-	-	-	150,000
Kenneth Maiden	2,009,286	-	-	187,500	2,196,786
Geoffrey Broomhead	339,160	-	-	325,000	664,160
	5,021,477	-	-	865,000	5,886,477

\# Net Change Other refers to shares purchased or sold during the financial year.

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	47,860	30,000	47,860	30,000
- preparation of Investigating Accountants Report (IAR)	-	15,000	-	15,000
Total	47,860	45,000	47,860	45,000

NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2008 $	2007 $
Earnings used in the calculation of basic and dilutive EPS	(3,922,230)	(3,332,787)

	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	52,057,394	31,401,371
Weighted average number of options outstanding	31,684,799	3,339,041

In accordance with AASB 133, the share options are considered to be anti dilutive, accordingly diluted EPS reflects basic EPS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
Cash at bank and in hand	1,311,399	2,597,997	1,303,779	2,559,626

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2008 $	2007 $	2008 $	2007 $
Cash and cash equivalents	1,311,399	2,597,997	1,303,779	2,559,626

NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group		Parent	
		2008 $	2007 $	2008 $	2007 $
CURRENT					
Other receivables		64,965	46,433	25,833	22,399
NON-CURRENT					
Amounts receivable from wholly-owned subsidiary		-	-	3,568,977	1,550,049
Less: Provision for doubtful debts		-	-	(3,568,977)	-
		-	-	-	1,550,049

NOTE 10: FINANCIAL ASSETS

	Note	Consolidated Group		Parent	
		2008 $	2007 $	2008 $	2007 $
Available for sale financial assets:-					
Shares in controlled entity	11	-	-	2	2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2008	2007
Zamia Resources Pty Ltd	Australia	100%	100%

On 11 October 2006 the Parent Entity acquired 100% of Zamia Resources Pty Ltd from International Base Metals Limited for a purchase consideration of $2.

NOTE 12: PLANT AND EQUIPMENT

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
PLANT AND EQUIPMENT				
At cost	31,062	10,355	9,112	2,860
Accumulated depreciation	(13,955)	(613)	(2,070)	(94)
Total Plant and Equipment	17,107	9,742	7,042	2,766

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
PLANT AND EQUIPMENT				
Opening Balance	9,742	-	2,766	-
Additions	20,707	10,355	6,252	2,860
Disposals	-	-	-	-
Depreciation	(13,342)	(613)	(1,976)	(94)
Balance at period ended	17,107	9,742	7,042	2,766

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 13: INTANGIBLES

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
Goodwill	-	185,882	-	-
Less: Impairment charges	-	(185,882)	-	-
Total Intangibles	-	-	-	-

The goodwill was a result of the acquisition of Zamia Resources Pty Limited on 10 October 2006.
As at the date of acquisition, the Board has assessed the carrying value to be nil.

NOTE 14: OTHER ASSETS

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Deposits	2,080	14,580	-	12,500
NON CURRENT				
Exploration expenditure capitalised				
- exploration and evaluation phase	-	-	-	-

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group		Parent	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Trade payables	25,268	99,793	100	2,325
Sundry payables	7,722	4,318	-	474
Accrued expenses	160,000	83,700	45,000	73,700
	192,990	187,811	45,100	76,499

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: FINANCIAL LIABILITIES

	Consolidated Group		Parent	
	2008	2007	2008	2007
	$	$	$	$
Loan from related party	-	305,013	-	305,013

NOTE 17: CONTRIBUTED EQUITY

	Parent	
	2008	2007
	$	$
Issued Capital		
61,721,655 (2007: 50,500,000) fully paid ordinary shares	6,648,638	5,230,352
Traded Options		
25,190,845 (2007: 25,250,000) traded options	195,703	196,163
	6,844,341	5,426,515

	Parent			
	2008		2007	
	Number	$	Number	$
Movement in ordinary share capital				
Balance at beginning of period	50,500,000	5,230,352	2	2
Shares issued during period:				
- issued capital division	-	-	19,999,998	-
- issued to Directors	-	-	2,500,000	500,000
- issued to senior management	-	-	3,000,000	600,000
- issued as part of seed capital raising	-	-	3,000,000	600,000
- issued through initial public offering	-	-	20,000,000	4,000,000
- issued to underwriting brokers	-	-	2,000,000	400,000
- Issued from exercise of options	59,155	12,291	-	-
- Share purchase plan (March 2008)	5,662,500	453,000	-	-
- Issued to West Minerals (May 2008)	5,500,000	990,000	-	-
Less: costs of capital raising	-	(37,005)	-	(869,650)
Balance at end of year	61,721,655	6,648,638	50,500,000	5,230,352

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: CONTRIBUTED EQUITY (CONTINUED)

	Parent			
	2008		2007	
	Number	**$**	**Number**	**$**
Movement in traded options				
Balance at beginning of period	25,250,000	196,163	-	-
Options issued during period:				
- issued as option entitlement	-	-	25,250,000	252,500
Less: options exercised	(59,155)	(460)	-	-
Less: costs of option raising	-	-	-	(56,337)
Balance at end of year	25,190,845	195,703	25,250,000	196,163

Capital Management

Management controls the capital of the consolidated entity in order to ensure that the consolidated entity can fund its operations and continue as a going concern.

Its capital includes ordinary share capital; traded options; and financial liabilities, supported by financial assets.

The Consolidated entity has no external debt and there are no externally imposed capital requirements. Management effectively manages the Consolidated Entity's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include share issues. There have been no changes in the strategy adopted by Management to control the capital of the consolidated entity since the prior year.

NOTE 18: RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

NOTE 19: SEGMENT INFORMATION

The Company operates in one business segment being mineral exploration and in one geographical segment being Queensland Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 20: CASH FLOW INFORMATION

	Consolidated Group		**Parent**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
a) Reconciliation of Cash Flow from Operations with Loss after Income Tax				
(Loss) after income tax	(3,922,230)	(3,332,787)	(5,423,137)	(1,742,885)
Non cash items included in profit and loss:				
Depreciation	13,342	613	1,976	94
Share based compensation	1,531,037	1,487,500	1,531,037	1,487,500
Provision for doubtful debts	-	-	3,568,977	-
Deposits written off	-	-	12,500	
Impairment of loss	-	185,882	-	-
	(2,377,851)	(1,658,792)	(308,647)	(255,291)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
- Increase in trade and term receivables	(18,532)	(19,194)	(3,434)	(22,399)
- Decrease in other assets	12,500	433,167	-	-
- Increase in trade payables and accruals	5,179	114,506	(31,399)	71,499
Net cash (outflow) from operating activities	(2,378,704)	(1,130,313)	(343,480)	(206,191)

NOTE 20: CASH FLOW INFORMATION (CONTINUED)

	Consolidated Group	
	2008	**2007**
	$	**$**
b) Acquisition of subsidiary		
As reported in the Prospectus dated 3 November 2006, the parent entity acquired 100% of Zamia Resources Pty Ltd on 10 October 2006, a gold mineral explorer with tenements in the Clermont region of Queensland. The purchase was satisfied by the payment of $2.		
The purchase price was allocated as follows:		
Purchase consideration	-	-
Cash consideration	-	2
Assets and liabilities acquired at acquisition date:		
Cash	-	4,698
Sundry debtors	-	979
Exploration tenements at cost	-	447,747
Trade creditors	-	(42,044)
Borrowings	-	(597,260)
	-	(185,880)
Goodwill on consolidation	-	185,882
Total	-	2

The assets and liabilities arising from the acquisition are recognised at fair value, which are equal to their carrying value at acquisition date.

There were no acquisitions in the current financial year.

c) Non cash financing and investing activities

There were no non-cash financing or investing activities during the year.

In the prior year, 2,000,000 shares were issued at $0.20 each to Findlay & Co Stockbrokers (Underwriters) Pty Ltd for services provided in respect of the listing of the Company.

d) Credit standby arrangements and loan facilities

The Company has no standby arrangements for credit with any financial institution or any loan facilities as at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 21: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2008:

(i) On 18 December 2007, 900,000 options were issued to Directors and senior management under the terms and conditions of the Zamia Gold Mines Limited Employee Share Option Plan at an exercise price of $0.20 per share. The options are exercisable on or before 18 December 2012.

(ii) On 18 June 2008, 400,000 options were issued to employees under the terms and conditions of the Zamia Gold Mines Limited Employee Share Option Plan at an exercise price of $0.25 per share. The options are exercisable on or before 18 June 2013.

(iii) On 27 June 2008, 4,200,000 options were granted to Directors and senior management by shareholders in general meeting at an exercise price of $0.25 per share. The options are exercisable on or before 27 June 2013.

(iv) On 27 June 2008, 4,000,000 options were granted to Directors by shareholders in general meeting at an exercise price of $0.40 per share. The options are exercisable on or before 27 June 2013.

(iv) On 27 June 2008, 800,000 options were granted to Directors by shareholders in general meeting at an exercise price of $0.20 per share. The options are exercisable on or before 27 June 2013.

All options issued relate to ordinary shares of Zamia Gold Mines Limited which confer a right to one ordinary share for every option held.

	Parent and Consolidated Group			
	2008		2007	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Unlisted director/employee options				
Outstanding at the beginning of the year	2,500,000	0.25	-	-
Issued - Oct 06	-	-	2,500,000	0.25
Issued - 18 December 2007	900,000	0.20	-	-
Issued – 18 June 2008	400,000	0.25	-	-
Issued – 27 June 2008	4,200,000	0.25	-	-
Issued - 27 June 2008	4,000,000	0.40	-	-
Issued - 27 June 2008	800,000	0.20	-	-
Exercised	-	-	-	-
Outstanding at year-end	12,800,000	0.29	2,500,000	0.25
Exercisable at year-end	12,800,000	0.29	2,500,000	0.25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

The weighted average fair value of the options issued to senior management on 18 December 2007 was $0.0732 per option.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.20
Weighted average life of the option	5 years
Underlying share price	$0.10
Expected share price volatility	1.087
Risk free interest rate	6.8%

The weighted average fair value of the options issued to Directors on 18 December 2007 and granted by shareholders on 27 June 2008 was $0.1551 per option.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.20
Weighted average life of the option	4.5 years
Underlying share price	$0.17
Expected share price volatility	1.5743
Risk free interest rate	7.25%

The weighted average fair value of the options issued to employees on 18 June 2008 was $0.1805 per option.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.25
Weighted average life of the option	5 years
Underlying share price	$0.195
Expected share price volatility	1.576
Risk free interest rate	7.25%

The weighted average fair value of the options granted to Directors and senior management on 27 June 2008 was $0.1564 per option.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.25
Weighted average life of the option	5 years
Underlying share price	$0.17
Expected share price volatility	1.5743
Risk free interest rate	7.25%

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

The weighted average fair value of the options granted to Directors on 27 June 2008 was $0.1530 per option.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.40
Weighted average life of the option	5 years
Underlying share price	$0.17
Expected share price volatility	1.5743
Risk free interest rate	7.25%

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 23: RELATED PARTY DISCLOSURES

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

Details concerning key management personnel are set out in the Directors' Report and in Note 5.

a. Loans to controlled entity

The parent has advanced interest free funds to its controlled entity to enable the subsidiary to conduct its exploration activities. All other transactions between the two entities have been made on normal commercial terms.

	Parent	
	2008 $	2007 $
Receivables – non current	3,568,977	1,550,049
Less provision for doubtful debts	(3,568,977)	-
	-	1,550,049

b. Loans from related party

The parent received interest bearing funds from International Base Metals Limited, a shareholder and previous owner of the subsidiary Zamia Resources Pty Ltd, in accordance with a loan agreement between the two parties commencing 1 October 2006. During the year the outstanding loan balance of $309,760 was repaid in full.

	Parent	
	2008 $	2007 $
Financial liability – current	-	305,013

c. Transactions with related parties

The Company negotiated in November 2006 an Administrative Services Agreement with International Base Metals Limited ("IBML"), commencing upon the Company's listing, whereby IBML provides services of reception, secretarial, tenement management, accounting, investor relations, information technology and office facilities. Under a separate agreement, the Technical Services Agreement, IBML provides geological services, as and when required, to the group.

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Services payments to IBML	496,658	144,979	357,360	102,144

During the year, Directors Stephen Blackman and Kenneth Maiden were also directors of International Base Metals Limited.

NOTE 23: RELATED PARTY DISCLOSURES (CONTINUED)

c. Transactions with related parties (continued)

Stephen Blackman is a non-executive Director of the Company and has his Director's fees paid to Blackman & Associates Pty Ltd trading as Resource Capital Advisory Services.

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Payments to Resource Capital Advisory Services	26,000	8,000	26,000	8,000

Colin Seaborn was appointed Executive Director of the Company on 17 December 2007 and invoices his services in the name of SOS Initiatives Pty Ltd. Prior to his appointment as Executive Director, Colin contracted his services to the Company on commercial terms using SOS Initiatives Pty Ltd.

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Payments to SOS Initiatives Pty Ltd	67,645	-	13,019	-

Ronald (Sam) Lees was appointed Executive Director – Technical of the Company on 24 January 2008 and invoices his services in the name of RN & JM Lees Pty Ltd trading as JAVS Geoservices. Prior to his appointment Sam Lees undertook contracting services to the Company on commercial terms using RN & JM Lees Pty Ltd trading as JAVS Geoservices.

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Payments to JAVS Geoservices	118,320	-	-	-

Andrew Skinner as a non-executive Director of the Company has his fees paid to Andrew Skinner & Associates Pty Ltd.

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Payments to Andrew Skinner & Associates Pty Ltd	26,160	19,022	26,160	19,022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 23: RELATED PARTY DISCLOSURES (CONTINUED)

c. Transactions with related parties (continued)

Kenneth Maiden is a non-executive Director of the Company and also contracts his services to the Company on commercial terms. All payments for these services are paid to Kraton Geoscience Pty Ltd.

	Consolidated		**Parent**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Payments to Kraton Geoscience Pty Ltd	40,256	4,821	10,000	-

Peter Bradfield, as Executive Chairman of the Company, had a management agreement with the Company which was invoiced by Bradfield Corporate Services Pty Ltd.

	Consolidated		**Parent**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Payments to Bradfield Corporate Services Pty Ltd	81,750	66,658	81,750	66,658

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 24: FINANCIAL INSTRUMENTS

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

a) Interest rate risk

The Consolidated Entity has not entered into interest rate hedging transactions. The Consolidated Entity's exposure to interest rate risk, its maturity analysis and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Weighted average interest rate	Floating interest	1 year or less	Over 1 to 5 years	More than 5 years	Non interest bearing	Total
2008							
Financial assets							
- cash	7.20%	1,311,399	-	-	-	-	1,311,399
Total assets		1,311,399	-	-	-	-	1,311,399
Financial liabilities							
- related party loan		-	-	-	-	-	-
- payables		-	-	-	-	(192,890)	(192,890)
Total liabilities		-	-	-	-	(192,890)	(192,890)
Net financial assets/(liabilities)		1,311,399	-	-	-	(192,890)	1,118,509
2007							
Financial assets							
- cash	5.85%	2,597,997	-	-	-	-	2,597,997
Total assets		2,597,997	-	-	-	-	2,597,997
Financial liabilities							
- related party loan	8.74%	(305,013)	-	-	-	-	(305,013)
- payables		-	-	-	-	(187,811)	(187,811)
Total liabilities		(305,013)	-	-	-	(187,811)	(492,824)
Net financial assets/(liabilities)		2,292,984	-	-	-	(187,811)	2,105,173

Interest rate sensitivity analysis

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 changes in the interest rate, with all other variables remaining constant would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

b. Net fair value

The carrying amount of all the Company assets and liabilities approximate their net fair value.

c. Credit risk

There is negligible credit risk on financial assets, excluding investments, of the Consolidated Entity since there is no exposure to individual customers or countries and the Economic Entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet and is minimised by using recognised financial intermediaries as counterparties.

d. Liquidity risk

The Group manages liquidity risk by monitoring cash flows and ensuring that adequate capital raising activities are undertaken.

Note 25: CAPTIAL AND LEASING COMMITMENTS

Operating Lease Commitments

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

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Payable – minimum lease payments				
- not later than 12 months	11,970	2,500	11,970	2,500

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

Note 26: CONTINGENT LIABILITIES

Exploration tenements granted are based on a minimum annual expenditure commitment. The total commitments are $1,125,000 in the next twelve months although there is some flexibility in expenditure patterns over the life of tenements where shortfalls in any single year can be made good in aggregate terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 27: COMPANY DETAILS

The registered office of the company is:

Zamia Gold Mines Limited
Level 8, 275 George Street
SYDNEY NSW 2000

The principal place of business :

Zamia Gold Mines Limited
Level 8, 275 Pitt Street
SYDNEY NSW 2000

NOTE 28: ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date:

AASB Amendment	Standards Affected	Application Date of Standard. Accounting periods commencing after:
AASB 2007-3 Amendments to Australian Accounting Standards; & AASB 8	AASB 5, 6, 8, 102, 107, 114, 119, 127, 134, 136, 1023, 1038	01/01/2009
The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments may involve changes to segment reporting disclosures within the Financial Report.		
AASB 2007-6 Amendments to Australian Accounting Standards; & AASB 123	AASB 101, 107, 111, 116, 138, 123	01/01/2009
The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalization of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Presently the Group has no material borrowing costs.		
AASB 2007-8 Amendments to Australian Accounting Standards; & AASB 101	AASB 101	01/01/2009
The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a Statement of Comprehensive Income.		

No known or reliable estimate information relevant to assessing the possible impact of these standards on the Group is presently available though it is anticipated that there will be no direct impact on the recognition and measurement criteria of amounts included in the Financial Report.

DIRECTORS' DECLARATION

Zamia Gold Mines Limited (ABN 73 120 348 683) and Controlled Entity

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 21 to 52, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and 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.

3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2008.

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

Stephen Blackman
Chairman

Colin Seaborn
Director

Dated this 17 day of September 2008

Hall Chadwick
Chartered Accountants & Business Advisers

ZAMIA GOLD MINES LIMITED
ABN 73 120 348 683

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

Report on the Financial Report

We have audited the accompanying financial report of Zamia Gold Mines Limited (the company) and Zamia Gold Mines Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Zamia Gold Mines Limited on 17 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Sydney
Level 29
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Drew Townsend
David Kenney
Richard Albarran
Gino Malacco
Paul Leroy
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Blair Pleash

Associates
Graham Webb
Lyle Vallance
Bill Petrovski
David Ross

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Hall Chadwick

ZAMIA GOLD MINES LIMITED
ABN 73 120 348 683

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

Auditor's Opinion

In our opinion:

a. the financial report of Zamia Gold Mines Limited and Zamia Gold Mines Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the company incurred a net loss of $3,922,230 during the year ended 30 June 2008. This condition along with other matters as set forth in Note 1(a), indicates the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 17 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Zamia Gold Mines Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

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

Drew Townsend
Partner
Dated: 17 September 2008

TENEMENTS

ZAMIA RESOURCES PTY LIMITED

Tenement No	Project Name	Application Date	Grant Date	Expiry Date	Area km² (@ 30.06.08)
EPM 14522	Denham Range		30.06.04	29.06.09	37.2
EPM 14686	Mt McLaren		21.10.04	20.10.09	18.1
EPM 14790	Mazeppa		12.01.06	11.01.11	275.9
EPM 14791	Red Rock		23.08.05	22.08.10	133.3
EPM 14792	Mt Rolfe		13.03.06	12.03.11	213.9
EPM 14793	Frankfield		23.08.05	22.08.10	198.4
EPM 15145	Mazeppa Extended.		11.08.06	10.08.11	204.6
EPM 15193	Avon Downs		27.09.06	26.09.11	257.3
EPM 15311	Red Rock Extended		15.11.07	14.11.12	192.2
EPM 16636	Charlton Park		30.10.07	29.10.12	18.6
EPMA 16523	Bullock Creek	08.06.07			96.1
EPMA 16524	Logan Creek	08.06.07			195.3
EPMA 17488	Mistake Creek	18.03.08			111.6
EPMA 17529	Barcombe	01.04.08			24.8
EPMA 17555	Gregory	11.04.08			62.0
EPMA 17641	Laurel Hills	02.06.08			49.6
EPMA 17703	Disney	01.07.08			232.5

ADDITIONAL INFORMATION

Distribution of equity securities

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

ASX Code: ZGM

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

Listed ordinary shares

	Holders	**Total Units**
1-1,000	16	2,733
1,001-5,000	96	329,346
5,001-10,000	131	1,089,802
10,001-100,000	432	16,459,026
100,001 and over	83	29,103,515
Total	**758**	**46,984,422**

The number of shareholders holding less than a marketable parcel of shares are	**71**	**139,853**

Twenty largest shareholders

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

Holder Name	Number of Shares	% of Shares
WEST MINERALS PTY LIMITED	7,130,000	15.175
KRATON GEOSCIENCE PTY LTD <MAIDEN INVESTMENT A/C>	1,974,191	4.202
AUSSIE Q RESOURCES LIMITED	1,282,500	2.730
DR BARRY JOHN BARKER & MRS JAYE ABBEY BARKER <HSBR S/F NO 3 A/C>	1,013,900	2.158
GOLDVANCE PTY LTD <BMR A/C>	983,192	2.093
RAMSAB PTY LTD <L HAMBY & I NEERING S/F A/C>	600,000	1.277
MR SIMON D'ARCY GACHES	562,466	1.197
MR MUN SIONG YEO	540,000	1.149
STRONG INVESTMENTS PTY LTD <THE EILDON A/C>	518,635	1.104
BOND STREET CUSTODIANS LIMITED <MCX - LS0708 A/C>	500,000	1.064
AUSTRALIAN GEOSCIENTISTS PTY LTD	415,609	0.885
GOODY INVESTMENTS PTY LTD <GOODY FAMILY A/C>	402,500	0.857
HUGH MILNER CONSULTING PTY LTD <HUGH MILNER SUPER FUND A/C>	400,000	0.851
NATIONAL NOMINEES LIMITED	370,597	0.789
MRS CLAUDE BROOMHEAD	362,500	0.772
DAYMOND & ASSOCIATES PTY LTD <IAN DAYMOND FAMILY A/C>	358,779	0.764
ACTIVE INVESTMENT INTERNATIONAL PTY LTD	332,500	0.708
AUSTRALIAN ASIATIC GEMS PTY LIMITED	325,315	0.692
SOS INITIATIVES PTY LTD <SEABORN SUPER FUND A/C>	310,869	0.662
BENJAY PTY LTD	310,446	0.661
Total	**18,693,999**	**39.788**

Twenty largest option holders

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

Holder Name	Number of Options	% of Options
INTERNATIONAL BASE METALS LIMITED	1,987,500	7.890
MR STIG HAKAN HELLSING & MRS PATRICIA ANNE HELLSING <HELLSING S/F A/C>	1,405,000	5.577
MR MARK RONALD WILKINSON	1,049,263	4.165
BENJAY PTY LTD	975,795	3.874
KRATON GEOSCIENCE PTY LTD <MAIDEN INVESTMENT A/C>	955,845	3.794
MR STIG HAKAN HELLSING	788,881	3.132
BLACKMANS & ASSOCIATES PTY LTD <BLACKMAN INVESTMENT A/C>	782,211	3.105
TORO DE PLATA PTY LTD	750,000	2.977
AUSSIE Q RESOURCES LIMITED	550,000	2.183
MR JOCK BANKS	544,600	2.162
MR MARTIN ERIC I'ONS	509,740	2.024
BENJAY PTY LTD	496,119	1.969
MR KEVIN JONES	445,000	1.767
CAPRARO PTY LTD	387,400	1.538
LAWRENCE CROWE CONSULTING PTY LTD <L C C SUPER FUND A/C>	380,000	1.508
BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	355,022	1.409
MALOLO INVESTMENTS PTY LTD <THE MALOLO SUPERFUND A/C>	350,000	1.389
FODEMO PTY LIMITED	350,000	1.389
MR ROCCO TASSONE	266,666	1.059
MR ANTHONY JAMES BELL & MR MATTHEW JAMES BELL <TONY BELL SUPER FUND A/C>	240,064	0.953
Total	**13,569,106**	**53.865**

Voting Rights

All ordinary shareholders carry one vote per share without restriction.

Restricted Securities

The Company has on issue the following restricted securities

Class	Number of securities	Date cease to be restricted
Ordinary shares	14,737,233	10 January 2009

Unquoted Securities

Class	Number of securities	Number of holders	Holders with more than 20%
Options over ordinary shares exercisable at $0.25 on or before 30 September 2011	2,500,000	5	Peter Bradfield 1,000,000 options
Options over ordinary shares exercisable at $0.20 on or before 30 September 2011	3,000,000	15	Kempo Capital Pty Ltd 800,000 options
Options over ordinary shares exercisable at $0.25 on or before 27 June 2013	4,200,000	6	Ronald Norman Lees 2,000,000 options Colin Seaborn 1,000,000 options
Options over ordinary shares exercisable at $0.40 on or before 27 June 2013	4,000,000	2	Ronald Norman Lees 3,000,000 options Colin Seaborn 1,000,000 options

Stock exchange listing

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

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683) and Controlled Entity

Corporate Governance Statement

The Company accepts and strives to meet the ASX Corporate Governance Guidelines. The following is an analysis of the Company's compliance with these guidelines.

Principle 1

Lay Solid foundations for management and oversight

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. It is currently the role of the Executive Directors to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of the Executive Directors in carrying out these delegated duties.

Each Executive Director has an employment agreement with the Company which details the reporting structure, purpose of the position and responsibilities. Non-executive Directors' actions are governed by the Company's Constitution, the Corporations Act and each director is provided with a Directors Information Kit upon appointment.

All senior managers have employment agreements with the Company which details their reporting structure, terms of engagement, purpose of the position and responsibilities. Senior managers have bi-annual performance appraisals with an Executive Director.

Principle 2

Structure the Board to add value

In relation to the best practice recommendations:

2.1 A majority of the Board should be independent directors
The Company is not totally compliant with this principle. Currently the Board consists of two Executive Directors and three Non-executive Directors. One Non-executive Director (Mr Andrew Skinner) is independent. Mr Stephen Blackman and Dr Ken Maiden are Executive Directors of International Base Metals Limited which provides technical and administration services to the Company.

2.2 The chairperson should be an independent director
The Company is not compliant with this principle. Mr Blackman is a Non-executive Director but is an Executive Director of International Base Metals Limited which provides technical and administration support to the Company.

2.3 The roles of chairperson and chief executive officer should not be exercised by the same person
The Company is compliant with this principle.

2.4 The Board should establish a nomination committee
The Company is not compliant with this principle. The role of the Nomination Committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a committee at this time.

Corporate Governance Statement (continued)

Principle 3

3.1 Establish a Code of Conduct

The Company is compliant with this principle to the extent that it has adopted a written Code of Ethics and Conduct for Directors which is included in the Directors Information Kit provided to all Directors on appointment.

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

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

3.2 Disclose the Policy Concerning Trading in Company Securities.

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

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

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

Principle 4

Safeguard integrity in financial reporting

4.1 Audit Committee

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

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

Corporate Governance Statement (continued)

Principle 5

Make timely and balanced disclosure

The Board has adopted policies and rules to ensure the Company complies with its obligations under the continuous disclosure rule 3.1. The Board has designated the Company Secretary and the Executive Directors as the persons responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

Principle 6

Respect the rights of shareholders

The Company distributes to every registered shareholder Annual Financial Statements and Reports, and statutory notifications such as Notice of General Meeting. The Company also maintains a publicly accessible web site which includes all Company announcements.

A copy of each Notice of General Meeting is dispatched by the Company's share registry to all Directors, and the Company's external auditor when such notice is sent to all shareholders. Separately the Company requests the external auditor to attend each Annual General Meeting and be available to answer shareholder questions.

Principle 7

Recognise and manage risk

7.1 Oversight and management of material business risks
Any matters of significance to the Company or material relevant to its assets, liabilities or profits are signed off by the Board after discussion and evaluation of submissions made by the Executive Directors or other members of management. The Executive Directors review risk in response to changing business conditions and regulations.

7.2 Design and implementation of risk management
The Company is not compliant fully with this principle in that it does not require a written statement from management regarding the design and implementation of a risk management policy. The Board believes that they have assumed this responsibility having regard to the audit committee comprising all members of the Board and all matters of significance to the Company are signed off by the Board after discussion and evaluation of submissions. Management is prevented, without Board approval, from executing agreements, undertaking commitments on behalf of the Company or incurring substantial expenditure. This structure has been implemented recognising the nature of the Company's activities and the Company's reliance upon continued funding from its stakeholders.

7.3 Internal Controls
In accordance with section 295A of the Corporations Act the Board receives annually from both the Executive Director and the Chief Financial Officer a declaration disclosing that the financial records of the Company have been properly maintained in accordance with section 286, the financial statements and notes for the financial year comply with the accounting standards and the financial statements and notes for the financial year give a true and fair view.

Corporate Governance Statement (continued)

Principle 8

Remunerate fairly and responsibly

8.1 Establish a Remuneration Committee
The Company is not compliant fully with this principle in that it has not established a formal Remuneration Committee. This function is undertaken by the Board. The Company has two Executive Directors, both appointed during the financial year and on terms agreeable to all parties.

8.2 Structure of Directors and Senior Executives Remuneration
The Company complies fully with disclosure of the structure of remuneration paid to Non-executive Directors, Executive Directors and senior executives.

Zamia Gold Mines Limited
ABN 73 120 348 683

Registered Office

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Directors

Stephen Edward Blackman
Non-executive Chairman

Dr Colin Seaborn
Executive Director

Ronald Norman (Sam) Lees
Executive Director – Technical

Andrew Skinner
Non-executive Director

Dr Kenneth John Maiden
Non-executive Director

Geoffrey Broomhead
Company Secretary

Share Registry

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ZAMIA GOLD
MINES LIMITED

Annual Report 08

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