ZAMIA METALS LIMITED

Annual Report



ABN 73 120 348 683

2011


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Contents

Corporate Directory

The shares of Zamia Metals Limited ("the Company") are quoted on the official list of the Australian Securities Exchange.

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

Directors

Dr Kenneth Maiden, Executive Chairman and Managing Director
Mr Qiang Chen, Non-executive Director
Mr Alan Humphris, Non-executive Director
Mr Andrew Skinner, Non-executive Director

Company Secretary

John Stone

Registered office and principal place of business

Level 8, 275 George Street
Sydney NSW 2000
GPO Box 4147
Sydney NSW 2001

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

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

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

Home Exchange

Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Auditors

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

Solicitors

Gadens Lawyers
77 Castlereagh Street
Sydney NSW 2000

Bankers

Bankwest
17 Castlereagh Street
Sydney NSW 2000

Chairman’s Letter

Dear Shareholders

The year just passed has been one of solid achievements. Despite a difficult external operating environment, Zamia Metals has seen material progress achieved in a number of key areas, with another very active period planned for the year ahead.

Your Company remains focussed on exploration in Central Queensland. At our premier project, the Anthony molybdenum (Mo) deposit, we continued to expand the resource, both laterally and at depth. In the past year, the resource has more than doubled from 77 million pounds (Mlb) of contained Mo (April 2010 resource announcement) to 173 Mlb contained Mo (June 2011 resource announcement). A detailed environmental study of the project area was also commenced.

Significantly, during the reporting period, preliminary testwork on the extensive near-surface oxide Mo zone has indicated that the reasonable prospect exists of being able to recover a molybdenum product from this material.

Following these results, and based in part on the advice of a newly-formed external experts’ panel now consulting to the company, the Board has decided to undertake further metallurgical work ahead of more drilling. We will also look to attract a major investor specifically to fund the development of Anthony as the Company’s major project.

This represents a new development in the strategic direction of the Company, and I look forward to updating shareholders during the course of 2012 on progress in this regard.

Elsewhere, Zamia has expanded its portfolio of exploration permits and has identified and prioritised targets for follow-up exploration, including drilling. During the year, we tested several gold targets but without significant drill intersections. We regard the Clermont district as highly prospective for gold, copper and other metals as well as molybdenum, and will continue to explore our tenement portfolio.

As always, there are a number of dark clouds. The very heavy summer rains in central Queensland impacted adversely on the effectiveness of our regional exploration programme, delaying access to targets. Access difficulties have been exacerbated by new Queensland government regulations which can be interpreted to favour land-holders in access negotiations for our exploration activities. Nevertheless, we have persisted in this regard and now have new access agreements in place with the critical land-holders. I am pleased to advise that our relationships with these land-holders remain constructive.

In other challenges, the world price of molybdenum has remained static while the prices of many other metals have increased substantially. Molybdenum has therefore not attracted investors the way other commodities have done. The share market has also remained subdued.

It is disappointing that the quite exceptional Anthony resource increase has not translated into a sustained increase in Zamia’s share price, despite a significantly increased effort to promote the Company. The lower than anticipated share price has also made it more expensive to raise funds for ongoing exploration. Accordingly, the Directors are considering various options to address this, including the new strategic objective of attracting a cornerstone investor to fund Anthony’s development.

We are indebted to our major shareholders for their continued support for the Company, and as always, our small band of staff and consultants has been magnificent.

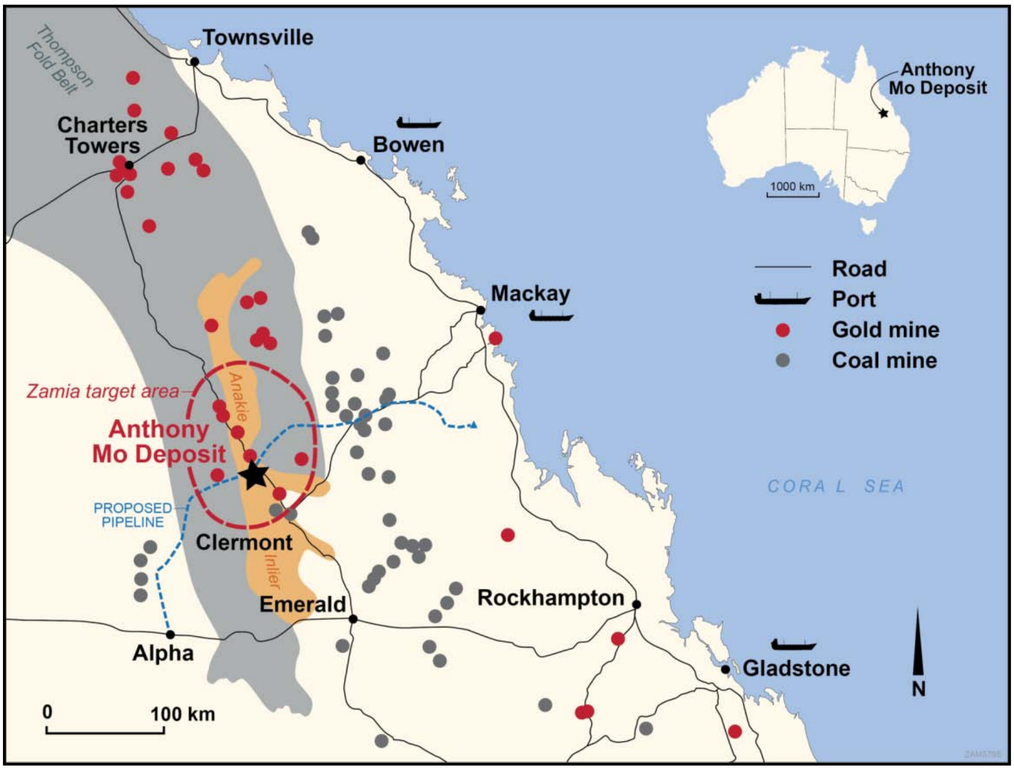
Best wishes

Ken Maiden
Executive Chairman
8 September 2011

Review of Projects

INTRODUCTION

Zamia Metals Limited ('Zamia' or 'the Company') was established to explore for gold and other commodities in Central Queensland, a known gold-bearing province. Through its wholly-owned subsidiary, Zamia Resources Pty Ltd, the Company holds a portfolio of Exploration Permits for Minerals (EPMs) in the Clermont district of central Queensland.



Location map showing Zamia's target area in the Central Queensland Gold Province

The Clermont District is part of a recognised gold province which extends north to Charters Towers and beyond. Known gold deposits are of both epithermal style and shear zone-hosted style. Zamia's discovery of the Anthony porphyry molybdenum (Mo) deposit has further highlighted the region as a significant target for bulk tonnage copper, molybdenum and gold porphyry-type deposits. Zamia has a strategic "first-mover" advantage in this area and has acquired its tenements to maximise this advantage.

Review of Projects

ANTHONY MOLYBDENUM PROJECT

Drilling Programmes

During the year, Zamia has continued to drill the Anthony molybdenum prospect. Exploration programmes have been aimed at determining the extent of the deposit, both laterally and vertically, and expanding the resource. The early drilling was focussed on the previously-identified western high grade zone. More recently, drilling has expanded the deposit to north, east and south as well as at depth.

The drilling for this year has comprised 10,218.3m of reverse circulation (RC) and 9,109.2m of diamond core. Assay results are reported regularly to the Australian Securities Exchange ('ASX').

Resource Estimate

Resource estimates have been carried out by independent resource consultants, Sydney-based Hellman & Schofield Pty Ltd ('H&S'), in accordance with the JORC Code & Guidelines. The most recent resource announcement was in June 2011. For the primary (sulphide) Mo zone, H&S give the following resources at different cut-off grades:

Cut-off grade ppm Mo	Inferred Resource million tonnes	Average grade ppm Mo	Contained metal million lb Mo
200	190	420	173
400	80	570	103
600	20	840	35

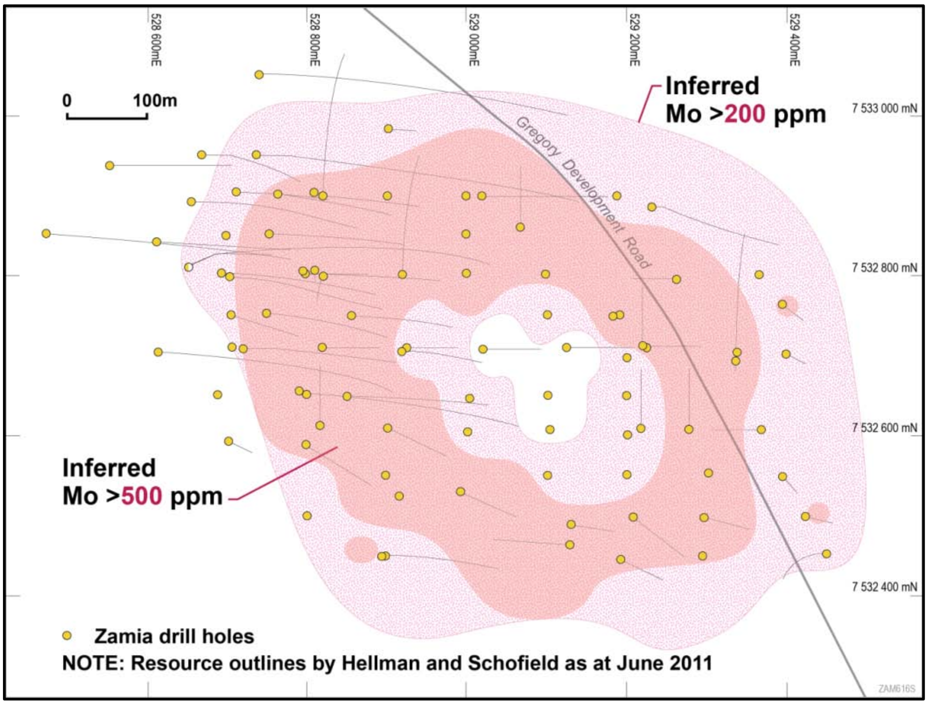
In addition, there is a zone of oxide and transitional (mixed oxide-sulphide) material from surface to 60–80m depth, for which H&S give the following resources:

Cut-off grade ppm Mo	Inferred Resource million tonnes	Average grade ppm Mo	Contained metal million lb Mo
200	70	370	57
400	25	520	27
600	4	680	7

Resources have been assigned to the JORC Inferred category pending infill drilling. The Company has elected to focus its drilling on determining the extent of the deposit rather than carrying out this infill work.

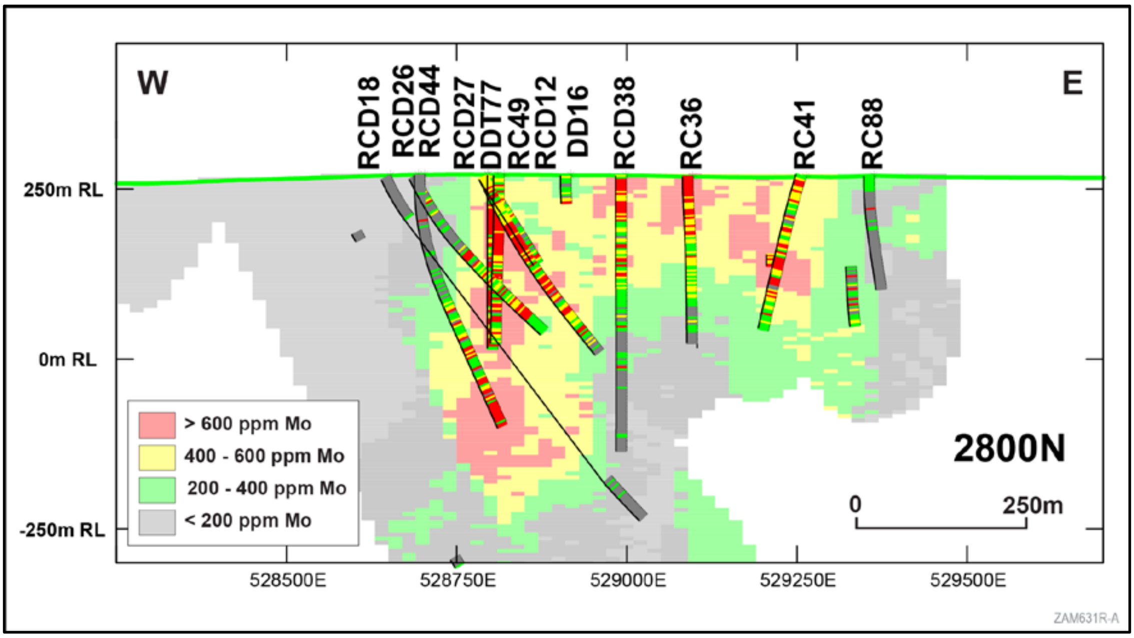
Previous drilling had shown the existence of a western high grade zone. Drilling to 500m depth has shown this to be a near-vertical body, surrounded by lower grade material. Drilling has also confirmed the presence of additional high grade zones in the north, east and south. In the near-surface area, these define a donut-shaped zone of higher grade (+ 500 ppm Mo) surrounded by extensive lower grade material. Initial testing has indicated that lower grade material can be pre-concentrated to a higher grade resource relatively cheaply.

Review of Projects



Drill plan showing near-surface resource outline

It is expected that continued deep drilling will lead to more intersections of higher grade material, especially in those parts of the deposit which have not yet been tested at depth.



Drill section 2800N showing near-vertical western high grade zone.
The eastern high grade zone is expected to expand with further deep drilling

Mineralisation is related to multiple igneous intrusions into schist of the Anakie Metamorphics. Molybdenite (MoS_2) occurs with pyrite and quartz in veins within altered igneous rocks and extending into the surrounding schist.

Drill core showing molybdenite veins in altered porphyry

Metallurgical Testwork

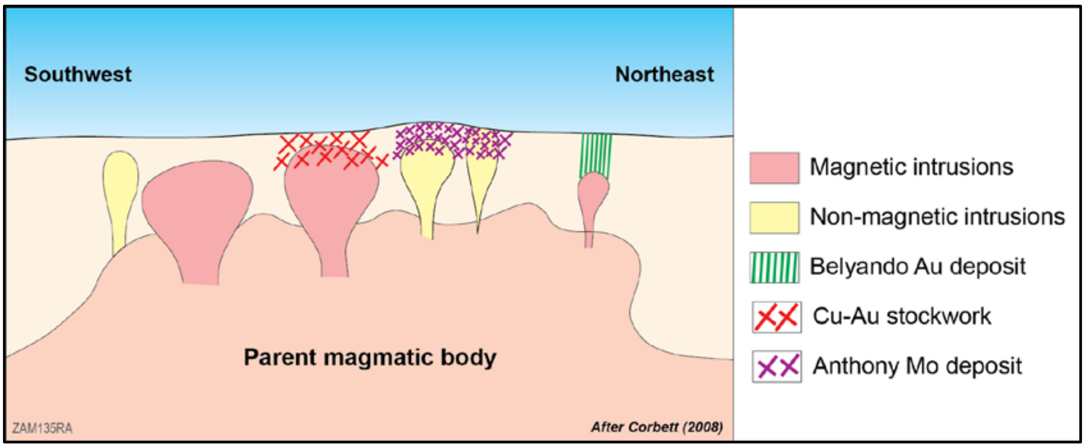
Limited metallurgical testwork has been carried out on the possible recovery of molybdenum from the extensive near-surface oxide molybdenum resource. Two laboratories have reported around 90% Mo extraction using an acidic based leaching process and one has indicated that it is possible to selectively extract molybdenum from the leach solution. Zamia advises that these are preliminary results which have yet to be confirmed and the economics of the process are yet to be assessed.

As previously reported initial flotation testing of the main sulphide resource indicated that a molybdenite concentrate grade in excess of 50% at over 90% Mo recovery can be achieved on relatively low grade samples (approximately 500 ppm Mo). Testing of higher grade samples (>900 ppm Mo) is underway.

Near-Anthony Targets

There is known gold at the Belyando deposit, 2 km northeast of Anthony, apparently associated with a separate intrusive body. There is evidence for copper and possibly gold immediately west of Anthony, also associated with separate intrusive bodies. The emerging geological picture is that, at Anthony, there are several igneous intrusive bodies which are part of a larger igneous complex. The situation is shown schematically in the following sketch section.

Review of Projects



Sketch conceptual section showing deposit styles related to multiple igneous intrusions

Several drill holes have been sited to test magnetic targets. To date, these have intersected only minor base metal concentrations.

Company Strategy for the Anthony Project

The near-term priority at Anthony is to determine the size, both laterally and vertically, of the deposit. Accordingly, Zamia is continuing with resource extension drilling. This is accompanied by logging of drill samples to establish a detailed geological interpretation which will assist in fine-tuning the resource model.

When the size of the deposit has been established, the Company plans to employ a firm of consultants to carry out a scoping study into the likely feasibility of a mining and processing operation based on the Anthony resource.

In the meantime, Zamia is continuing with an environmental study of the project area and is continuing to explore near-Anthony targets.

Night time drilling at Anthony

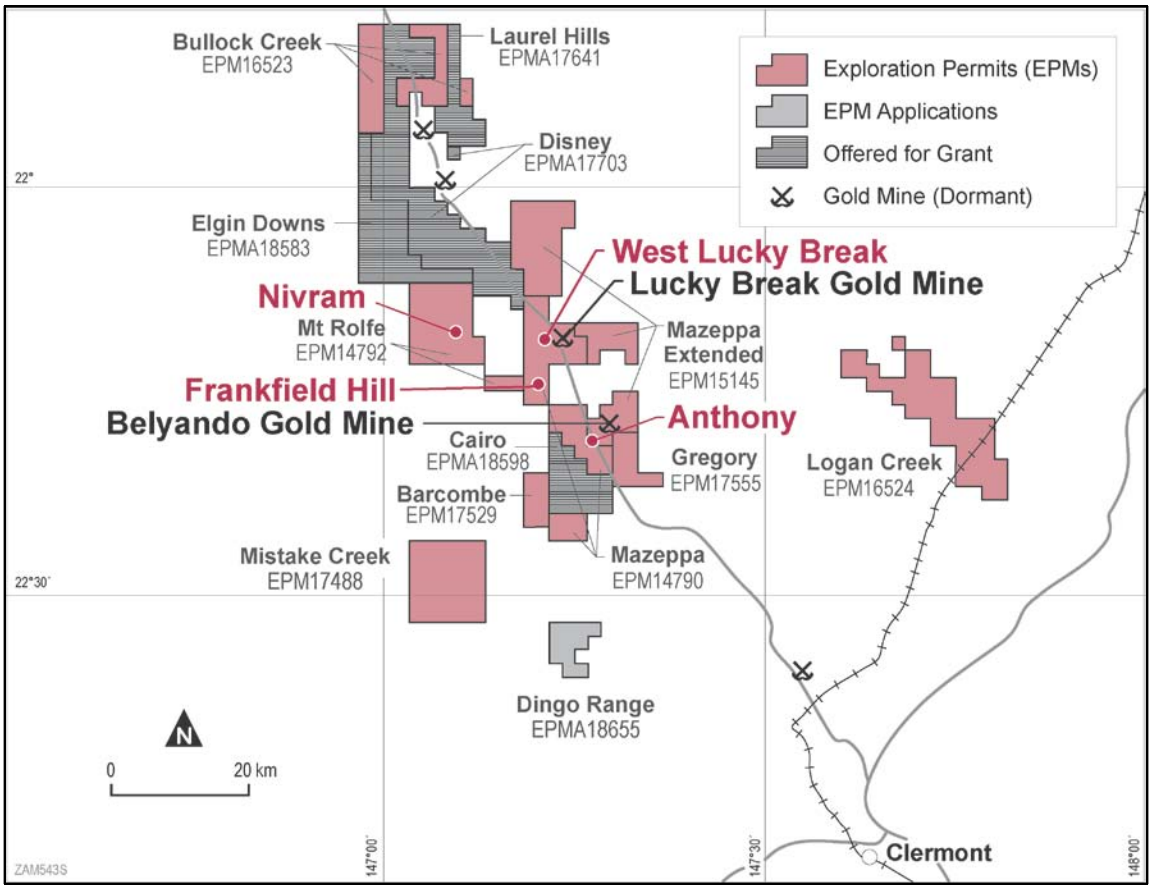
Day time drilling at Anthony

Review of Projects

REGIONAL EXPLORATION

Background

Zamia Resources Pty Ltd presently holds a package of tenements covering over 1300 km^2 of ground regarded as highly prospective for gold, copper and other metals as well as molybdenum. Numerous targets have been identified for assessment and detailed exploration.

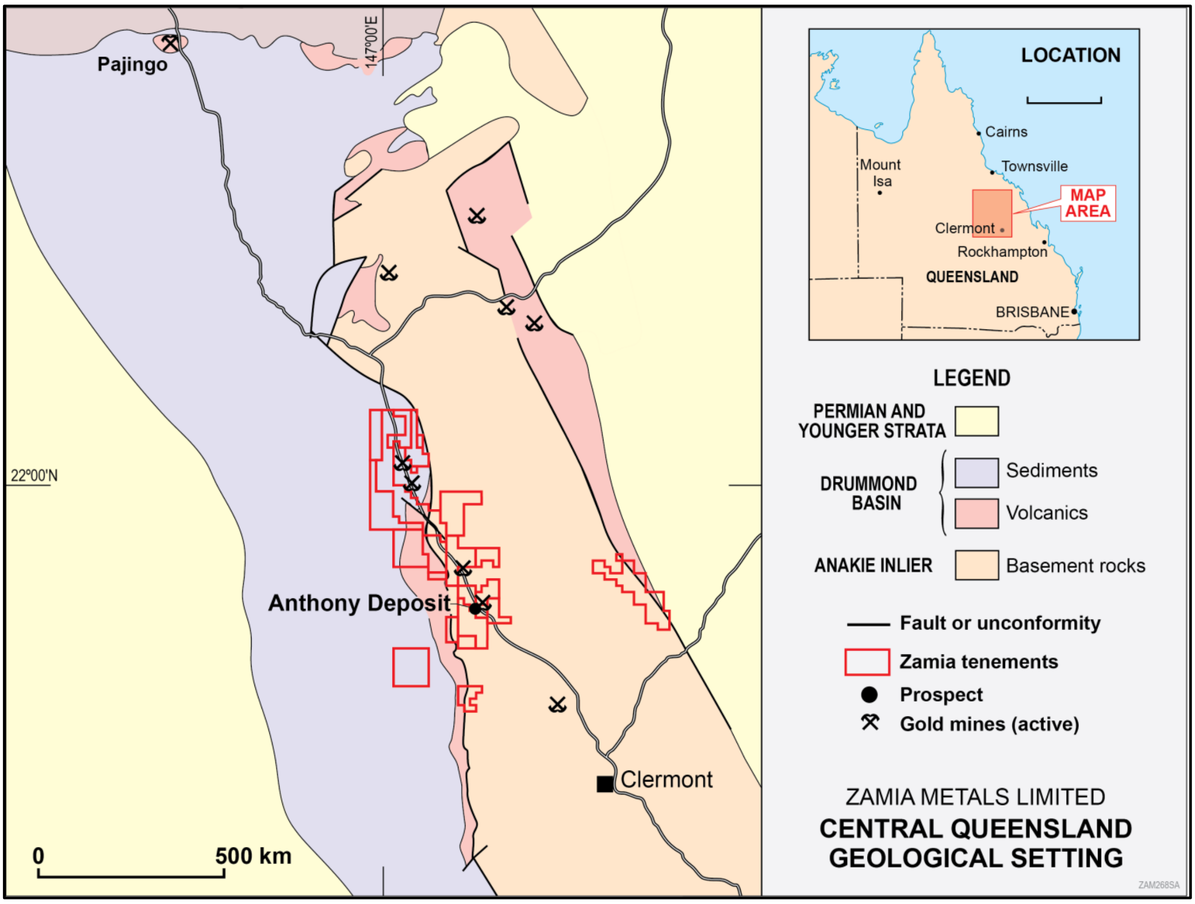


Zamia's exploration permits and applications - selected prospects are identified

The Company is targeting epithermal and porphyry-style deposits. Both these deposit styles appear to be structurally related notably to the contact between older rocks of the Anakie Metamorphics and the younger Silver Hills Volcanics. Zamia's tenements straddle this stratigraphic boundary as well as targeting isolated "Anthony-style" magnetic "hot spot" anomaly features. These "hot spots" represent magnetic intrusive complexes that have invaded the Anakie Metamorphic rocks.

Zamia's exploration strategy therefore is to cover the favourable structural contacts and magnetic "hot spot" zones with broad-based geochemical sampling methods. Identified anomalies are being followed up with detailed sampling, geophysical surveys and or drilling programmes.

Review of Projects



Regional geological setting of Zamia's exploration tenements

The exploration environment is not easy. The target rocks are poorly exposed, being often covered by a veneer of black soil which obscures the geochemical signature from the underlying rocks. As a result, conventional soil sampling is not effective and these covered areas must be sampled using shallow drilling, either auger or rotary air blast (RAB) to sample the bedrock beneath the black soil.

In addition, the black soil plains become very boggy after rain, making off-road access very difficult.

Mazeppa Targets (EPM 14790 Mazeppa)

EPM 14790 contains several known gold occurrences and other geochemical and geophysical targets which have been identified by Zamia.

Lucky Break: This small open-cut gold mine operated in 1987 – 1988 producing 90,000 tonnes of gold at a head grade of 2.4g/t. The mine remains as a partly back filled pit to a shallow depth of 15 to 30 metres. In 2007, Zamia drilled a number of shallow RC holes, with limited success. Recently, the deposit and surrounding area has been reviewed and further drilling is planned to test additional coincident gold geochemical and radiometric potassium anomalies .

Review of Projects

West Lucky Break: Zamia identified this target as a result of a soil geochemical survey, followed up by an induced polarization (IP) geophysical survey. Drilling during the past year failed to indicate significant gold concentrations.

Matilda: This was another target identified from soil geochemistry. Initial drilling during the 2010 financial year showed sub-economic near-surface gold. Further investigations are planned to complete the assessment of this target.

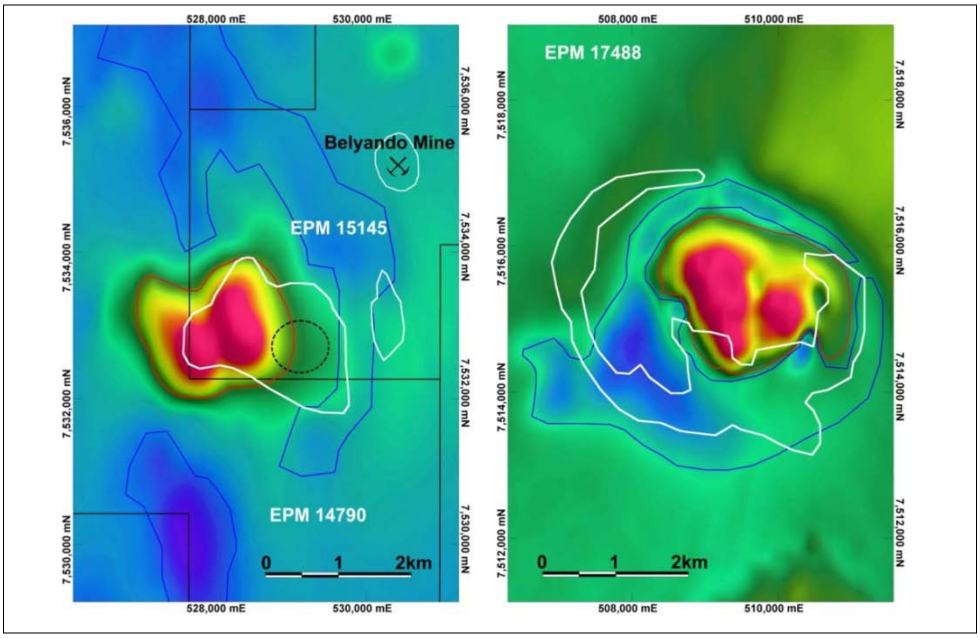
Frankfield Hill: Drilling during the year intersected minor gold in several RC holes.

Byjingo: This very small open-cut mine located on a mesothermal shear zone, produced a small tonnage of gold-bearing ore during the 1990s. Whilst there is little upside potential for gold, the geological situation indicates potential for a porphyry copper system at depth.

Blackwood Dam: This “hot spot” magnetic anomaly covered by thick soils is planned to be tested during the forthcoming year.

Mistake Creek (EPM 17488)

EPM 17488 covers an igneous complex which has intruded into sedimentary strata of the Drummond Basin. Regional-scale (airborne) magnetic imagery shows the igneous complex to be of similar size to the igneous complex around Anthony, with a central double magnetic high surrounded by an annulus of low magnetics, perhaps partly due to hydrothermal alteration. A donut-shaped potassium anomaly (in airborne radiometric data) also suggests extensive potassic alteration.



Left: Magnetic image, Anthony area - Magnetic anomaly related to magnetic intrusive bodies, and surrounded by negative magnetic anomalies. Right: Magnetic image, Mistake Creek area. Note similarities to the Anthony area. Previous exploration targeted the magnetic anomaly, not the potassium anomaly

Review of Projects

Several companies have previously explored the Mistake Creek area, carrying out geological mapping, soil geochemistry, I.P. and ground magnetic surveys, and limited drilling on targets. Drilling targeted stockwork veining, silica alteration and soil geochemical anomalies. Most drilling was very shallow - only three holes deeper than 100m. The best drill intersection was 7m at 0.59 g/t Au or 2m at 1.99 g/t Au. Minor copper, lead, zinc, silver and molybdenum were also intersected.

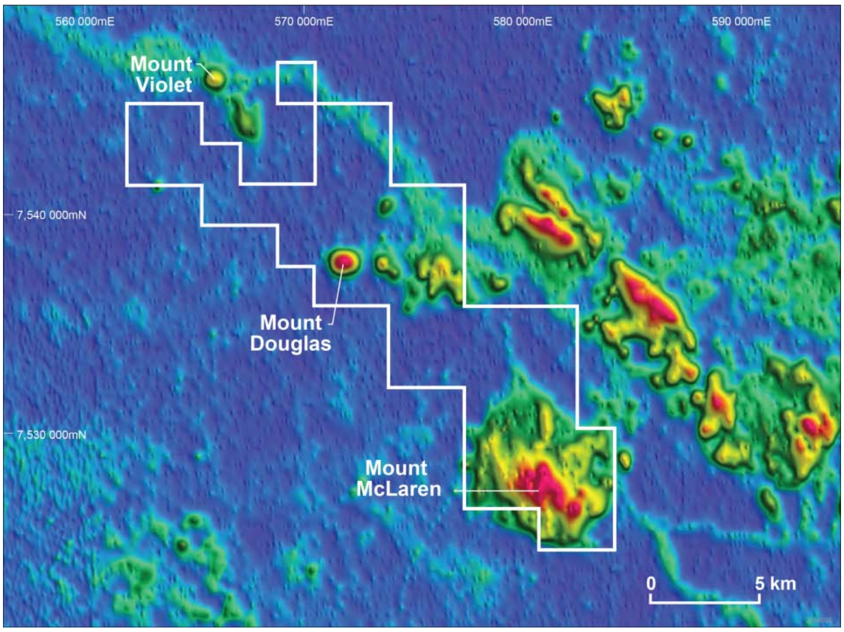
In summary, Mistake Creek is a very under-explored intrusive complex, with excellent potential for discovery of porphyry-style copper-gold-molybdenum and associated epithermal gold.

Zamia is conducting a soil and bedrock geochemical sampling programme and will follow up anomalies generated from the geochemical survey by geophysical surveys and or RC drilling.

Logan Creek (EPM 16524)

The Logan Creek tenement is located some 40 km east of Anthony and includes the Mount McLaren Prospect, a known porphyry-type Mo deposit (identified as early as 1972) and the Mount Douglas prospect (a potassium radiometric anomaly).

A northwest-trending belt of Silver Hills Volcanics (Drummond Basin) is invaded by a number of igneous intrusive bodies. The most prominent, Mount McLaren, appears as a large potassium anomaly in the regional radiometric data.



Radiometric (K-channel) image of EPM 16524, showing potassium anomalies related to igneous intrusive bodies. The large one in the south is associated with the Mount McLaren porphyry system. The prominent anomaly in the centre of the tenement is Mount Douglas

Several discrete potassium anomalies lie within a large east-trending magnetic high, perhaps representing an igneous intrusive complex. These smaller radiometric anomalies are similar in style to the anomaly related to the Belyando gold deposit and could therefore represent potassic alteration related to mineralisation.

The Mount McLaren prospect is defined by a large (1500m x 1000m) Mo-in-soil geochemical anomaly surrounded by concentric Cu and Pb-Zn anomalies exhibiting a classic porphyry-type signature.

Previous limited drilling (five holes) intersected low grade Mo stockwork mineralisation with a couple of high grade (+800 ppm Mo) intersections. There is excellent potential for discovery of a substantial porphyry Mo deposit with a sustained drilling programme. A small zone of quartz-tourmaline alteration had surface samples assaying up to 0.48% Mo & 5.8 g/t Au. In the base metal zones, previous drilling intersected up to 0.28% Cu, 2.4% Zn & 0.46% Pb.

Elsewhere in the tenement, the discrete potassium anomalies, such as Mount Douglas, present targets for epithermal gold and perhaps for porphyry systems. Immediately north of the EPM is the Mount Violet epithermal gold system, which trends southeast towards EPM 16524; the extension into the EPM, if it exists, would be beneath black soil cover.

Zamia plans an initial geological assessment of the Mount McLaren prospect. Other gold and base metal targets will also be evaluated.

Other Targets

EPM 16523 (Bullock Creek): The Bullock Creek tenement covers a prominent magnetic anomaly which possibly represents a mafic-ultramafic complex. Previous explorers have not drill-tested the anomaly which has the potential to represent a gold-nickel-PGE target.

Soil and RAB bedrock sampling over the anomaly and its surrounding host rocks is a priority for the coming year.

EPM 17529 (Barcombe): The Barcombe tenement covers the contact boundary between the Anakie Metamorphics and the Silver Hills Volcanics and is overlain by black soil cover. A RAB/auger bedrock sampling geochemical survey is planned to cover the prospective contact zone with additional IP geophysics survey if warranted.

EPM 14792 (Mount Rolfe): Zamia tested the Nivram target without success during 2010. Whilst there are additional identified targets, these are not considered to be high priority.

Tenements

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

Tenement No	Project Name	Application Date	Grant Date	Expiry Date	Status @ 30.06.11	Area km² @ 30.06.11
EPM 14790	Mazeppa	15.09.04	12.01.06	11.01.11	Renewal submitted	133
EPM 14792	Mt Rolfe	15.09.04	13.03.06	12.03.11	Renewal submitted	109
EPM 15145	Mazeppa Extended	1.06.05	11.08.06	10.08.11	Renewal submitted	155
EPM 17488	Mistake Creek	18.03.08	05.11.09	04.11.14	Year 2	112
EPM 17529	Barcombe	01.04.08	24.02.10	23.02.15	Year 2	25
EPM 17555	Gregory	11.04.08	20.11.08	19.11.13	Year 3	31
EPM 16523	Bullock Creek	08.06.07	03.09.10	02.09.15	Year 1	96
EPM 16524	Logan Creek	08.06.07	23.12.10	22.12.15	Year 1	167
EPMA 17641	Laurel Hills	02.06.08			Offered for grant	50
EPMA 17703	Disney	01.07.08			Offered for grant	233
EPMA 18583	Elgin Downs	29.03.10			Offered for grant	109
EPMA 18598	Cairo	01.04.10			Offered for grant	78
EPMA 18655	Dingo Range	01.5.10			Offered for grant	34
TOTAL AREA						**1,332**

Corporate Governance Statement

Zamia Metals Limited is committed to good corporate governance and disclosure. The Company has substantially adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Second edition August 2007) for the entire FY2011 financial year. Where the ASX Corporate Governance Council's recommendations have not been adopted by the Company, this has been identified and explained below.

The Company has not chosen to make an early transition to the revised Principles and Recommendations included in the 2010 amendments for which disclosure will be required in the 2012 Annual Report.

		Complied	Note
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	1
1.2	Disclose the process of evaluating the performance of senior executives.	Yes	2
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	1-2
2.1	A majority of the Board should be independent directors.	No	3
2.2	The chairperson should be an independent director.	No	3
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No	3
2.4	The Board should establish a nomination committee.	No	4
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual directors.	Yes	2
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Yes	2-4
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:	Yes	5
	• The practice necessary to maintain confidence in the company's integrity;	Yes	
	• the practices necessary to take into account the company's legal obligations and the reasonable expectation of their stockholders;	Yes	
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	6
3.3	Provide the information indicated in Guide to Reporting on Principle 3.	Yes	5-6
4.1	The Board should establish an audit committee.	Yes	7
4.2	The audit committee should be structured so that it:		7
	• consists only of Non-executive directors;	Yes	
	• consists of a majority of independent directors;	No	
	• is chaired by an independent chair who is not chair of the Board;	Yes	
	• has at least three members.	No	
4.3	The audit committee should have a formal charter.	No	7
4.4	Provide the information indicated in the Guide to reporting on Principle 4	Yes	7
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	8
5.2	Provide the information indicated in Guide to reporting on Principle 5.	Yes	8
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	9
6.2	Provide the information in the Guide to reporting on Principle 6.	Yes	9

Corporate Governance Statement

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

Notes

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

   The key responsibilities of the Board are:

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

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

Corporate Governance Statement

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

2. The Board reviews and approves proposed remuneration (including incentive awards, equity awards and service contracts). As part of this review the Board oversees an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

3. The Company is not at present compliant with this principle. Dr Ken Maiden is the Managing Director. Mr Qiang Chen is an Executive Director and Mr Alan Humphris is a Non-executive Director of West Minerals Pty Ltd, one of the Company's major shareholders. Mr Andrew Skinner is a Non-executive and independent Director. The Board believes, however, that the people on the Board can and do make independent judgements in the best interests of the Company at all times.

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

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

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

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

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

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

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

6. Directors are not permitted to trade in the Company's securities during prohibited periods which are two days before and two days after the release of public announcements and ten days before the planned release of reports to the ASX and two business days after date. Dealing by Zamia directors, officers and employees in the securities of the Company is only permitted if approval is obtained from the Chairman to deal in a specified number of Securities. Approval for the Chairman to deal in the Company's securities must be obtained from the board.

No restrictions are formally placed on employees trading in the Company's securities in Non-prohibitive periods, provided that the employee has no access to privileged, confidential or market sensitive information.

7. The Company is not fully compliant with this principle. The audit committee has an independent chairman but has only one other member who is a Non-executive and Non-independent Director.

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

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

9. The Company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information. The Company's policy on communication with shareholders is set out in the Company's 'Policy on stakeholder communication and continuous disclosure which can be viewed on the Company's website**.**

10. The Board has established policies on risk oversight and management which can be viewed on the Company's website. To carry out this function the Board:

    - oversees the establishment, implementation, and annual review of the Company's risk management system, including assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity;
    - reviews the financial reporting process of the Company;
    - discusses with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk;
    - reviews with the external auditor any audit problems and the Company's critical policies and practices; and reviews and assesses the independence of the external auditor.

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

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

    Practices have been established to ensure:

    - capital expenditure and revenue commitments above a certain size obtain prior Board approval;
    - financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
    - occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;

- business transactions are properly authorised and executed;
- the quality and integrity of personnel; and financial
- reporting accuracy and compliance with the financial reporting regulatory framework.

11. The Board has received from the Chief Financial Officer an assurance that internal risk management and the internal control system are effective; and assurance from the Executive Chairman that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in respect to financial reporting risks.
12. Due to the size of the Board the Company does not have a remuneration committee. The functions normally carried out by such a committee are currently handled by the whole Board as discussed in note 1.
13. The remuneration policy, which sets the terms and conditions for the Chairman and other senior executives has been approved by the Board.

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

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

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

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

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

Directors' Report

The directors of Zamia Metals Limited present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

DIRECTORS

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

Dr Kenneth Maiden

Executive Chairman and Managing Director

Qualifications:	BSc, PhD, FAusIMM, MAIG
Experience:	Since completing a doctoral thesis on the Broken Hill orebody, Ken has had 39 years of professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. More recently, Ken has established mineral exploration companies in Southern Africa and Northwest Queensland, and is a founding director of International Base Metals Limited. Ken has participated in successful base metal exploration programmes in South Australia, Queensland, Namibia, Botswana and Indonesia.
Interest in shares and options:	2,361,578 ordinary shares and 1,500,000 options in Zamia Metals Limited.
Other current directorships:	Executive Director of International Base Metals Limited.

Mr Alan Humphris

Non-executive Director

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

Directors' Report

Mr Qiang Chen

Non-executive Director

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

Mr Andrew Skinner

Non-executive Director

Qualifications:	BEc, MEc, CA, FTIA
Experience:	Andrew Skinner has been in public practice as an accountant for more than 30 years practising extensively in taxation and superannuation law. He is in partnership with Max Hendricks in MAST Advisers Pty Ltd a firm specialising in strategic tax and business planning advice. As well as being on the board of Zamia since 2006 he was also involved in the successful Augur Ltd IPO (ASX: AUK). He has wide-ranging experience in business and exploration mining development.
Special responsibilities:	Chairman of the Audit Committee
Interest in shares and options:	156,000 ordinary shares and 1,500,000 options in Zamia Metals Limited
Other current directorships:	Andrew is a Non-executive Director of Dome Gold Mines Limited and Magma Mines Limited.

John Stone

Company Secretary

Qualifications:	BEc
Experience:	John has over 30 years' experience in the Australian and international corporate markets. In that time he has been a Director and Company Secretary for a diverse range of private and public listed companies.
Interest in shares and options:	293,437 ordinary shares in Zamia Metals Limited

Directors' Report

Directors' Meetings

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

	Full meeting of Directors		Meetings of Audit Committee	
	A	B	A	B
Kenneth Maiden	5	5	-	-
Alan Humphris	5	5	2	2
Qiang Chen	5	5	-	-
Andrew Skinner	5	5	2	2

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

B. *Number of meetings attended*

PRINCIPAL ACTIVITY

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

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

DIVIDENDS

No dividends have been declared in the 2011 financial year (2010: no dividend declared).

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

Operating Results

The Group's net loss after tax (NLAT) was $5,843,312 (2010: NLAT $2,547,562) with all exploration expenditure of $4,240,896 (FY10:$1,507,179) incurred during the year having been written off rather than capitalised.

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

Directors' Report

Corporate Capital and Financing

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

On 31 August 2010 an EGM was held at which shareholder approval was obtained for the issue of 14,285,715 ordinary shares at $0.07 to raise $1 million. These shares were issued on 8 September 2010.

Additionally, shareholder approval was obtained at this EGM to issue up to 45 million additional ordinary shares no later than three months after the date of EGM. The ordinary shares were to be available to sophisticated investors, or to investors and shareholders who subscribe for shares under a prospectus, should the Directors determine that it is appropriate to issue one. Following on from this approval 16 million shares were issued on 30 November 2010 at $0.10 raising $1.6 million.

On 25 March 2011 a loan agreement for $250,000 was signed with Brownstone International Pty Ltd (a major shareholder), the funds to be used for working capital. The Company had the option in its sole discretion to repay the loan within two months of the first loan drawdown in either cash or by the issue of ordinary shares in Zamia Metals Limited at the issue price applying to the latest placement of shares by the Company after loan drawdown. The loan was fully drawn down on 29 March 2011 and the loan was converted to 2,380,952 ordinary shares in Zamia Metals Limited on 1 April 2011 at a share price of 10.5 cents per share.

On 1 April 2011 a share placement for the issue of 25,705,048 fully paid ordinary shares was made to sophisticated and professional investors at an issue price of 10.5 cents per share raising gross proceeds of $2,699,030.

During the financial year the total net amount raised after capital raising costs including the loan conversion was $5.36 million.

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

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

At 30 June 2011, the number of listed ordinary shares was 215,331,109 (2010:156,959,395). There are 20,800,000 unquoted options exercisable between 15 and 40 cents and expiring from 30 September 2011 to 18 December 2013.

Future Strategic Options

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

Directors' Report

Significant Changes in State of Affairs

On 31 August 2010 an EGM was held at which shareholders voted in favour of changing the name of the Company from Zamia Gold Mines Ltd to Zamia Metals Limited.

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

After Balance Date Events

On 9 August 2011 Brownstone International Pty Limited, a major shareholder in Zamia Metals Limited confirmed that it will provide a short term loan to the Company of $1.5 million for working capital purposes with an interest rate of 8% pa. The loan may be drawn down on a date nominated by the Company on or before 26 August 2011 after giving 2 business days' notice. Repayment of the loan and accrued interest is to be satisfied on or before 31 October 2011 either by cash or by an issue of the Company's shares at the sole discretion of the Company. The share price is to be a price that is the greater of 8.5 cents per share (being a premium of approximately 70% above the last closing price of the Company's shares on the trading day immediately prior to 9 August 2011) and the price that is equal to 90% of the VWAP for the 10 trading days period ending the last business day prior to the date of the 2011 Annual General Meeting at which shareholder approval would be sought for the issue of shares in satisfaction of loan and accrued interest repayments.

On 18 August 2011 Zamia Metals Limited gave notice to Brownstone International Pty Limited of its wish to draw down the loan following which $1.5 million was received by Zamia Metals Limited on 23 August 2011.

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

Environmental Regulations

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

REMUNERATION REPORT

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

Remuneration Policy

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

Directors' Report

The Company does not have a Remuneration Committee; the Board determines the remuneration applicable to each key management person as and when required. All key management personnel were appointed under arm's length agreements acceptable to both parties.

Long-term incentives such as the issue of options to Directors and key management personnel are determined by Directors and approved by shareholders in general meeting. This form of long term incentive does not consume any of the Company's cash resources and must result in a substantial increase in shareholder wealth before the recipient receives any benefit.

Excluded from contractual agreements with all key management personnel are references to any element of remuneration dependent on the satisfaction of a performance condition.

Engagement Contracts of Executive Directors and Key Management Personnel

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

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

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

A General Manager, Mr Graeme Deegan was appointed on 14 June 2011 and this has been formalised in a contract of engagement between the Company and the executive's related corporate entity.

Service Agreements

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

Name	Term of agreement	Fee	Termination benefit
Dr Ken Maiden, Executive Chairman	To 30 November 2011	$1,100 per day	Nil
Mr Graeme Deegan	To 30 April 2012	$900 per day on the basis of 20 working days per month	Nil

Details of Remuneration

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

The key management personnel of the Group include the directors of Zamia Metals Limited, the company secretary and other key management personnel, details of which are disclosed on pages 20-21:

Remuneration - Key Management Personnel of the Group 2011

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

1 Fees paid to a related entity Kraton Geoscience Pty Ltd.
2 Directors fees and super paid to Andrew Skinner plus accounting services provided by Mast Advisors an entity controlled by Andrew Skinner.
3 Directors fees and super paid to Alan Humphris. In addition financial services were provided by Balmoral Development Corporation Pty Ltd a company controlled by his spouse. Fees billed $23,816.
4 Fees paid to a John Stone as a sole trader and not an employee.
5 Fees paid to a related entity Resource Advisers Group Pty Ltd for services provided for the entire financial year.
6 Fees paid to a related entity Barry F Neal Consulting Pty Ltd, Remunerated under a service agreement with International Base Metals Ltd from July 2010 to February 20
7 Fees paid to a related entity Metal Ventures Pty Ltd
8 Employed by Zamia Resources Pty Ltd from 1 February 2011 with any work performed for International Base Metals Limited under the service agreement offset against service fees billed to Zamia Metals Limited by International Base Metals Limited.

Directors' Report

Remuneration - Key Management Personnel of the Group 2010

		Short- term benefits	Post-employment benefits	Share-based payments *		
Name		**Cash, salary and fees $**	**Super-annuation $**	**Equity $**	**Options $**	**Total $**
Executive Directors						
Kenneth Maiden (appointed 29/10/2009)	1	133,091	-	-	-	133,091
Stephen Blackman (resigned 17/11/2009)	2	27,000	-	-	-	27,000
***Non-executive* Directors**						
Qiang Chen		6,000	540	-	-	6,540
Andrew Skinner	3	28,925	540	-	-	29,465
Alan Humphris (appointed 11/1/2010)	4	15,900	540	-	-	16,440
Other Key Management Personnel						
John Stone, Company Secretary	5	25,150	-	-	-	25,150
Barry Neal, CFO (confirmed 31/7/2010) *	6	-	-	-	-	-
Sam Garrett, Exploration Manager	7	55,200	-	-	-	55,200
Total key management personnel compensation		291,266	1,620	-	-	292,886

1 Fees paid to a related entity Kraton Geoscience Pty Ltd.
2 Fees paid to a related entity Resource Capital Advisory Services
3 Directors fees and super paid to Andrew Skinner plus accounting services provided by Mast Advisors an entity controlled by Andrew Skinner.
4 Directors fees and super paid to Alan Humphris. In addition financial services were provided by Balmoral Capital Pty Ltd a company controlled by him. Fees billed $18,614.
5 Fees paid to a John Stone as a sole trader and not an employee.
6 Fees paid to a related entity of Barry F Neal Consulting Pty Ltd. Remunerated under a service agreement with International Base Metals Ltd.
7 Fees paid to a related entity Metal Ventures Pty Ltd

Options Granted as Remuneration

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

No options were granted during the reporting period, no options vested, and no options were exercised.

The following options lapsed during the reporting period:-

Date options granted	Expiry Date	Issue price of shares	Number under option
6 Nov '08	6 Nov 10	$0.15	4,570,000

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

Directors' Report

Shares under Option

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

Date options granted	Expiry Date	Issue price of shares	Number under option
26 Oct'06	30 Sep'11	$0.25	2,500,000
5 Jan'07	30 Sep'11	$0.20	3,000,000
18 Dec'07	18 Dec'12	$0.20	1,700,000
18 Jun'08	18 Jun'13	$0.25	400,000
27 Jun'08	27 Jun'13	$0.25	4,200,000
27 Jun'08	27 Jun'13	$0.40	4,000,000
18 Dec'08	18 Dec'13	$0.15	5,000,000
			20,800,000

Indemnifying and Insurance of Directors and Officers

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

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

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Non-audit Services

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

Tax compliance services	$1,200
Other services	$750
	$1,950

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

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

Auditor Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2011 as required under section 307C of the Corporations Act is set out on page 30.

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

Andrew Skinner
Director
Sydney 8 September 2011

HALLCHADWICK

Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

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

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

Hall Chadwick

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

Graham Webb
Partner
Dated: 8 September 2011.

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HALLCHADWICK

Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ZAMIA METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Zamia Metals Limited which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF ZAMIA METALS LIMITED

Auditor's Opinion

In our opinion:

a. the financial report of Zamia Metals Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the consolidated entity incurred a net loss of $5,843,312 during the year ended 30 June 2011. This condition along with other matters as set forth in Note 1(b) indicates the existence of a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 27 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Zamia Metals Limited for the year ended 30 June 2011 complies with section 300A of the Corporations Act 2001.

Hall Chadwick

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

Graham Webb
Partner
Date: 8 September 2011

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 34-55, are in accordance with the Corporations Act 2001, including:

   a) Complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and

2. there are reasonable grounds to believe that the Group identified in Note 20 will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Andrew Skinner
Director
Sydney, 8 September 2011

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2011

	Note	30 June 2011 $	30 June 2010 $
Other Income	4	65,125	27,584
Administrative Service fees		(237,649)	(213,862)
Consultancy fees		(272,766)	(119,633)
Depreciation and amortisation expense		(18,703)	(19,152)
Compliance costs		(103,951)	(48,979)
Exploration and evaluation expenditure	5	(4,240,896)	(1,507,179)
Employee benefits expense		(511,983)	(341,902)
Other expenses		(522,489)	(317,739)
Share based payments	5	-	(6,700)
(Loss) before Income Tax		(5,843,312)	(2,547,562)
Income tax expense	6	-	-
(Loss) attributable to Members of the parent entity		(5,843,312)	(2,547,562)
Other Comprehensive Income		-	-
Total Comprehensive (loss) for the year attributable to owners of Zamia Metals Limited		**(5,843,312)**	**(2,547,562)**
Basic and diluted earnings per share	24	($0.03)	($0.02)

Notes to financial statements are included on pages 38-55

Consolidated Statement of Financial Position

As at the end of Financial Year 30 June 2011

	Note	30 June 2011 $	30 June 2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,273,889	1,672,379
Other current assets	8	113,877	66,764
TOTAL CURRENT ASSETS		1,387,766	1,739,143
NON-CURRENT ASSETS			
Plant and equipment	9	53,698	46,575
TOTAL NON-CURRENT ASSETS		53,698	46,575
TOTAL ASSETS		1,441,464	1,785,718
CURRENT LIABILITIES			
Trade and other payables	11	486,429	369,775
Short term provisions	12	46,872	28,646
TOTAL CURRENT LIABILITIES		533,301	398,421
TOTAL LIABILITIES		533,301	398,421
NET ASSETS		908,163	1,387,297
EQUITY			
Contributed equity	13	16,521,655	11,157,477
Reserves	14	2,286,722	2,286,722
Retained losses		(17,900,214	(12,056,902)
TOTAL EQUITY		908,163	1,387,297

Notes to financial statements are included on pages 38-55

Consolidated Statement of Changes in Equity

For Financial Year Ended 30 June 2011

	Share capital ordinary shares $	Retained losses $	General Reserve $	Option Reserve $	Total $
Balance at 1/7/2009	7,421,092	(9,509,340)	195,703	2,091,019	198,474
Shares issued during the year after share issue costs	3,736,385	-	-	-	3,736,385
Comprehensive loss for the year	-	(2,547,562)	-	-	(2,547,562)
Balance at 30/6/2010	**11,157,477**	**(12,056,902)**	**195,703**	**2,091,019**	**1,387,297**
Balance at 1/7/2010	**11,157,477**	**(12,056,902)**	**195,703**	**2,091,019**	**1,387,297**
Shares issued during the year after share issue costs	5,364,178	-	-	-	5,364,178
Comprehensive loss for the year	-	(5,843,312)	-	-	(5,843,312)
Balance at 30/6/2011	**16,521,655**	**(17,900,214)**	**195,703**	**2,091,019**	**908,163**

Notes to financial statements are included on pages 38-55

Consolidated Statement of Cash Flows

For Financial Year Ended 30 June 2011

	Note	30 June 2011 $	30 June 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(5,801,967)	(2,342,707)
Interest received		65,125	27,584
Net cash(used in) by operating activities	23	(5,736,842)	(2,315,123)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(25,826)	-
Net cash (used in) by investing activities		(25,826)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,549,030	3,821,250
Cost of capital raising		(184,852)	(91,565)
Net cash provided by financing activities		5,364,178	3,729,685
Net (decrease)/ increase in cash held		(398,490)	1,414,562
Cash at the beginning of the financial year		1,672,379	257,817
Cash at the end of the financial year	7	1,273,889	1,672,379

Notes to financial statements are included on pages 38-55

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*
AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*

AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* and

AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19, and*

AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*
The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iii) Historical cost convention

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

(iv) Critical accounting estimates

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

(b) Going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2011 was $5,843,312 (2010: $2,547,562).

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

(i) In the financial year the Company raised funds from share placements resulting in a net cash injection of $5,364,178;
(ii) The Group had $1,273,889 in cash at 30 June 2011;
(iii) Whilst the Group's budgeted expenditure for the period from 1 July 2011 to 30 June 2013 of $14.7 million, projected net capital raising over this period will contribute $15.6 million.
(iv) In order to provide immediate working capital the Company has arranged a short term loan of $1.5 million with Brownstone International Pty Limited, a major shareholder in Zamia Metals Limited, to be drawn down on a date nominated by the Company on or before 26 August 2011. Repayment of the loan and accrued interest is to be satisfied on before 31 October 2011 either by cash or by an issue of the Company's shares at the sole discretion of the Company. For further details see Note 22.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The funds raised would enable the Company to extend resource drilling, metallurgical test work and other scoping studies at the Anthony Mo deposit, and to carry out drill testing of identified gold targets.

However the ability of the Group to meet operating expenditure is also dependent upon future fundraising or the Company's business activities generating positive cash flows. The Company is projected to require further capital raising in the future to advance its projects through the standard stages of feasibility studies, development and ultimate operation.

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

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zamia Metals Limited ("company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Zamia Metals Limited and its subsidiary together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

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

(d) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(e) Income tax

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(f) Exploration and development expenditure

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

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

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

(g) Impairment of assets

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

(h) Cash and cash equivalents

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

(i) Financial instruments

Loans and receivables

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

Available-for-sale financial assets

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

Recognition and derecognition

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

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement

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

Impairment

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

Fair value

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

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

(j) Plant and equipment

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

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

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

Depreciation

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other payables

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

(l) Provisions

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

(m) Employee benefits

Wages and salaries and annual leave

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

Equity-settled compensation

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

(n) Goods and services tax

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

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

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

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

Key estimates – Impairment

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

Key judgements – impairment of other receivables

The directors have reviewed outstanding debtors as at 30 June 2011 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made in the Parent entity's accounts of $4,573,000 being a debt owing by a subsidiary to the parent entity.

(q) Contributed equity

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) **AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)**

This will have no impact on the group's financial assets which are not held for trading with gains or losses taken up in other comprehensive income.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt AASB 9.

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

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) ***AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)***

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The group does not make any such prepayments. The amendment is therefore not expected to have any impact on the group's financial statements. The group intends to apply the amendment from 1 July 2011.

(iv) ***AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)***

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Zamia Metals Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) **AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 and AASB134 and Interpretation 13) applicable for annual reporting periods commencing on or after 1 January 2011)***

The Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. The Standard is not expected to impact the Group.

(vi) ***AASB 2010-6 Amendments to Australian Accounting Standards -Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)***

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the group's disclosures. The group intends to apply the amendment from 1 July 2011.

(vii) ***AASB 2010-8 Amendments to Australian Accounting Standards -Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)***

In December 2010, the AASB amended AASB 112 *'Income Taxes'* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. This amendment is not expected to have any significant impact on the group's financial disclosures The group will apply the amendment from 1 July 2012.

NOTE 2: FINANCIAL RISK MANAGEMENT

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

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

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

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

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

	Consolidated Group	
	2011	2010
	$	$
Financial Assets		
Cash and cash equivalents	1,273,889	1,672,379
Financial liabilities		
Trade and other payables	533,301	398,421
	533,301	398,421

(a) Borrowings

On 25 March 2011 a loan agreement for $250,000 at an interest rate of 8% p.a. was signed with Brownstone International Pty Ltd (a major shareholder) the funds to be used for working capital. The Company had the option at its sole discretion to repay the loan within two months of the first loan drawdown in either cash or by the issue of ordinary shares in Zamia Metals Limited at the issue price applying to the latest placement of shares by the Company after the loan was drawndown. The loan was fully drawn down on 29 March 2011 and the loan was converted to 2,380,952 ordinary shares in Zamia Metals Limited on 5 April 2011 at a share price of 10.5 cents per shares being the fair value of shares on that day as evidenced by a further placement of the Company's shares on that day. Due to the short period of the loan term, interest payable on the loan was forgone. There was no outstanding loan liability at balance date.

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

(b) Market and price risk

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

(c) Cash flow and fair value interest rate risk

As the Consolidated Entity does not have any external debt and all its liabilities are non-interest bearing, the effect on profit and equity as a result of change in the interest rate, with all other variables remaining constant would be immaterial. The Consolidated Entity has no foreign exchange exposure.

(d) Liquidity risk

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

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

The Group has no debt and prefers to use capital raising rather than borrowings to manage cash flow requirements.

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

30 June 2011			**Fixed Interest Rate Maturing**				
	Average Interest Rate	**Variable Interest Rate**	**Less than 1 Year**	**1 to 5 Years**	**More than 5 Years**	**Non-interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cash	3.0%	1,273,889	-	-	-	-	1,273,889
Total financial assets		1,273,889	-	-	-	-	1,273,889
Trade and other payables		-	-	-	-	533,301	533,301
Total financial liabilities		-	-	-	-	533,301	533,301

30 June 2010			**Fixed Interest Rate Maturing**				
	Average Interest Rate	**Variable Interest Rate**	**Less than 1 Year**	**1 to 5 Years**	**More than 5 Years**	**Non-interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cash	3.1%	1,672,379	-	-	-	-	1,672,379
Total financial assets		1,672,379	-	-	-	-	1,672,379
Trade and other payables		-	-	-	-	398,421	398,421
Total financial liabilities		-	-	-	-	398,421	398,421

(e) Fair value

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

Notes to the Financial Statements

NOTE 3: SEGMENT INFORMATION

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

NOTE 4: REVENUE

	Consolidated Group	
	2011 $	2010 $
Other revenue		
- Interest received – other entities	65,125	27,584

NOTE 5: LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:		
Exploration expenditure	4,240,896	1,507,179
Depreciation and amortisation expense	18,703	19,152
Share based payments expensed	-	6,700

NOTE 6: INCOME TAX

(a) Income tax expense		
Current tax		-
Deferred tax	(1,752,994)	(762,259)
Deferred tax assets not recognised	1,752,994	762,259
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense at 30% (2010: 30%)	(1,752,994)	(764,269)
Add tax effect of:		
Non-deductible share based payments	-	2,010
Less tax effect of:		
Deferred tax assets not recognised	1,752,994	762,259
Income tax expense	-	-
Total deferred tax assets not recognised	4,658,304	2,849,856

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

NOTE 7: CASH AND CASH EQUIVALENTS

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

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

Cash and cash equivalents	253,301	8,603
Deposits at call	1,020,588	1,663,776
Balances as per statement of cash flows	1,273,889	1,672,379

(b) Interest rate risk exposure

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

Notes to the Financial Statements

NOTE 8: CURRENT ASSETS – OTHER CURRENT ASSETS

	Consolidated Group	
	2011 $	2010 $
Deposits	4,580	4,580
GST receivable	108,422	53,901
Prepayments	-	8,283
Other receivables	875	-
	113,877	66,764

NOTE 9: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Consolidated	Plant and Equipment at cost $	Furniture and Fittings at cost $	Computer equipment at cost $	Motor vehicles at cost $	TOTAL $
At 1 July 2009					
Cost	-	5,406	13,512	76,512	95,430
Accumulated depreciation	-	(5,406)	(9,414)	(14,883)	(29,703)
Net book value	-	-	4,098	61,629	65,727
Year ended 30 June 2010					
Opening net book value	-	-	4,098	61,629	65,727
Depreciation charge	-	-	(3,934)	(15,218)	(19,152)
Closing net book value	-	-	164	46,411	46,575
At 30 June 2010					
Cost	-	5,406	13,512	76,512	95,430
Accumulated depreciation	-	(5,406)	(13,348)	(30,101)	(48,855)
Net book value	-	-	164	46,411	46,575
Year ended 30 June 2011					
Opening net book value	-	-	164	46,411	46,575
Additions	2,762	1,179	3,085	18,800	25,826
Depreciation charge	(127)	(49)	(882)	(17,645)	(18,703)
Closing net book value	2,635	1,130	2,367	47,566	53,698
At 30 June 2011					
Cost	2,762	6,585	16,597	95,312	121,256
Accumulated depreciation	(127)	(5,455)	(14,230)	(47,746)	(67,558)
Net book value	2,635	1,130	2,367	47,566	53,698

NOTE 10: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

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

- tax losses and timing differences at 30% not brought to account $4,658,304 (2010: $2,849,856).

Notes to the Financial Statements

NOTE 11: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	2011	2010
	$	$
Trade payables	397,063	305,250
Sundry payables and accrued expenses	89,366	64,525
	486,429	369,775

NOTE 12: CURRENT LIABILITIES – SHORT-TERM PROVISIONS

Employee entitlements	46,872	28,646
Reconciliation of movement in the liability is recognized in the balance sheet as follows:-		
Balance at begging of financial year	28,646	2,288
Increase in provision	18,226	26,358
Balance at end of financial year	46,872	28,646

NOTE 13: CONTRIBUTED EQUITY

	Consolidated Group	
	2011	2010
	No	No
Fully paid ordinary shares 215,331,109 (2010:156,959,395)	16,521,655	11,157,477

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

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
1 July 09	**Balance**	75,848,030		7,421,092
30 Sep 09	Share placement	11,375,000	0.03	341,250
23 Nov 09	Share placement	26,000,000	0.03	780,000
1 Feb 10	Share based payments	100,000	0.067	6,700
8 Feb 10	Share placement	23,636,365	0.055	1,300,000
30 June 10	Share placement	20,000,000	0.07	1,400,000
	Less transaction costs arising on shares issued			(91,565)
30 June 10	**Balance**	156,959,395		11,157,477
8 Sep 10	Share placement	14,285,714	0.10	1,000,000
1 Nov 10	Share placement	16,000,000	0.10	1,600,000
8 April 11	Conversion of loan to equity	2,380,952	0.105	250,000
8 April 11	Share placement	25,705,048	0.105	2,699,030
	Less transaction costs arising on shares issued			(184,852)
30 June 11	**Balance**	215,331,109		16,521,655

(b) Ordinary shares

During the financial year the company issued 58,371,714 ordinary shares at prices as indicated in the above table.

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

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

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

Notes to the Financial Statements

NOTE 13: CONTRIBUTED EQUITY (continued)

(c) Capital risk management

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

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

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

The Group had no long-term debt at 30 June 2011 and therefore no meaningful gearing ratio.

NOTE 14: RESERVES

	Consolidated Group	
	2011 **$**	**2010** **$**
General reserve (a)	195,703	195,703
Option Reserve (b)	2,091,019	2,091,019
	2,286,722	2,286,722

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

NOTE 15: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation:

Short-term employee benefits	678,822	291,266
Post-employment benefits	13,035	1,620
	691,857	292,886

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

(b) Shareholdings of key management personnel

The number of shares in the company held during the financial year by each Director of Zamia Metals Limited and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

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

NOTE 15: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2010	Balance at start of the year	Received during the year as share based payments	Other changes during the year*	Balance at the end of the year
Directors				
Kenneth Maiden	2,224,578	-	137,000	2,361,578
Alan Humphris	-	-	615,080	615,080
Qiang Chen	-	-	-	-
Andrew Skinner	156,000	-	-	156,000
Other Key Management Personnel of the Group				
John Stone, Company Secretary	293,437	-	-	293,437
	2,674,015	-	752,080	3,426,095

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

(d) Option holdings of key management personnel

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

2011 and 2010	Balance at start of the year	Received during the year as share based payments	Exer-cised	Other changes *	Balance at the end of the year	Vested and exercisable
Qiang Chen	1,000,000	-	-	-	1,000,000	1,000,000
Andrew Skinner	1,500,000	-	-	-	1,500,000	1,500,000
Kenneth Maiden	1,500,000	-	-	-	1,500,000	1,500,000
	4,000,000	-	-	-	4,000,000	4,000,000

(e) Other transactions with key management personnel

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

A Non-executive Director, Andrew Skinner a Proprietor of Mast Advisors supplied accounting services to the Group

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

	Consolidated Group	
	2011 $	2010 $
Consulting fees and expense reimbursement payable to Balmoral Development Corporation Pty Ltd	23,816	18,614
Accounting fees payable to Mast Advisors	5,000	589
	28,816	19,203

Notes to the Financial Statements

NOTE 16: REMUNERATION OF AUDITORS

	Consolidated Group	
	2011 $	2010 $
Auditor to the parent company		
Auditing or reviewing the financial report	36,000	32,780
Other services:		
- taxation services	1,200	1,200
- other	750	750
	37,950	34,730

NOTE 17: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 18: COMMITMENTS

Non-cancellable operating leases

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

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

	Consolidated Group	
	2011 $	2010 $
Payable not later than one year	13,003	15,360
Minimum lease payments	13,003	15,360

Services agreement

The Company has entered into a service agreement with International Base Metals Limited to provide equipment, premises and office services to Zamia Metals Limited and for Zamia Metals Limited to provide the services of its personnel employed by Zamia Resources Pty Ltd to International Base Metals Limited for a fixed terms of fourteen months commencing on 1 February 2011.

The monthly management fee payable by Zamia Metals Limited under this agreement is $16,399 per month less personnel services provided by Zamia Resources Pty Ltd to International Base Metals Limited. The value of these services provided by Zamia Resources Pty Ltd to International Base Metals Limited during the period from 1 February to 30 June 2011 was $21,323.

This new service agreement superseded the previous service agreement with International Base Metals Limited to provide equipment, premises and personnel for a fixed terms of twelve months commencing on 1 July 2010 with an option to renew for a further twelve months. The monthly management fee payable under the old agreement was $25,000 per month with the fee to be reviewed quarterly by both companies.

Exploration and development

Indicative exploration expense payable not later than one year *	700,000	450,000

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

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

At the 30 June 2011 the Company had substantially met expenditure commitments on all tenements held. Any shortfall in expenditure will be made up in the following period and no penalties have or are expected to be incurred.

Notes to the Financial Statements

NOTE 19: RELATED PARTY TRANSACTIONS

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

(a) Parent entity

The parent entity within the Group is Zamia Metals Limited

(b) Subsidiaries

Interests in sbsidiaries are set out in Note 20.

(c) Key management personnel

Transactions and disclosures in relation to key management personnel are set out in Note 15 and on pages 26-27 of the Directors' Report.

(e) Outstanding balances arising from transactions with the Group

The Group includes the ultimate parent entity and its wholly owned subsidiary Zamia Resources Pty Ltd. The ultimate parent entity in the Group is Zamia Metals Limited. At 30 June 2011 $11,524,116 owing by the controlled entity to the Parent was impaired with $4,573,000 provisioned for impairment in the books of the Parent in the 2011 financial year and $6,951,116 in previous financial years.

(f) Service agreement

As disclosed in Note 18 Zamia Metals Limited has entered into a new service agreement with International Base Metals Limited, an unlisted public company which is a major shareholder in the company. During the year Zamia Metals Limited expensed $237,648 for service fees billed by International Base Metals Limited. Zamia Metals Limited Directors Ken Maiden, Alan Humphris and Qiang Chen are also Directors of International Base Metals Limited.

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

	Consolidated entity	
	2011 $	2010 $
Amounts recognised as expense – service fees *	237,648	210,000
Amounts recognised as expense – exploration expenses paid by a related party	-	56,498
Outstanding balances at the reporting date in relation to transactions with related parties:		
Amounts owing to a related party	151,349	241,899

* Gross service fee commitment as per the agreement with International Base Metals Limited (IBML) from which has been deducted a contra claim by Zamia Metals Limited for service hours provided by its employees to IBML. Refer Note 18.

NOTE 20: SUBSIDIARIES

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

Name of entity	Country of Incorporation	Class of Shares	Ownership Interest 2011	Ownership Interest 2010
Parent entity				
Zamia Metals Limited	Australia	Ordinary	100%	100%
Controlled entity				
Zamia Resources Pty Ltd	Australia	Ordinary	100%	100%

Notes to the Financial Statements

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

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

	Parent Entity	
	2011	2010
	$	$
Current assets	1,216,227	1,688,205
Total assets	1,218,596	1,688,371
Current liabilities	211,364	219,119
Total liabilities	211,364	219,119
Shareholders' equity		
Contributed equity	16,521,655	11,157,477
Reserves		
Option reserve	2,091,019	2,091,019
General reserve	195,703	195,703
Retained losses	(17,801,145)	(11,974,947)
Total equity	1,007,232	1,469,252
Loss for the year	(5,826,198)	(2,423,548)
Total comprehensive income	(5,826,198)	(2,423,548)

NOTE 22: SUBSEQUENT EVENTS

After Balance Date Events

On 9 August 2011 Brownstone International Pty Limited, a major shareholder in Zamia Metals Limited confirmed that it will provide a short term loan to the Company of $1.5 million for working capital purposes with an interest rate of 8% pa. The loan may be drawn down on a date nominated by the Company on or before 26 August 2011 after giving 2 business days' notice. Repayment of the loan and accrued interest is to be satisfied on or before 31 October 2011 either by cash or by an issue of the Company's shares at the sole discretion of the Company. The share price is to be a price that is the greater of 8.5 cents per share (being a premium of approximately 70% above the last closing price of the Company's shares on the trading day immediately prior to 9 August 2011) and the price that is equal to 90% of the VWAP for the 10 trading days period ending the last business day prior to the date of the 2011 Annual General Meeting at which shareholder approval would be sought for the issue of shares in satisfaction of loan and accrued interest repayments.

On 18 August 2011 Zamia Metals Limited gave notice to Brownstone International Pty Limited of its wish to draw down the loan following which $1.5 million was received by Zamia Metals Limited on 23 August 2011.

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

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

	Consolidated Group	
	2011	2010
	$	$
(Loss) from ordinary activities after income tax	(5,843,312)	(2,547,562)
Add/(less) non-cash items:		
- Shared based payments	-	6,700
- Depreciation and amortisation	18,703	19,152
Changes in assets and liabilities		
(Increase)/decrease in receivables	(47,114)	(47,059)
Increase /(decrease)/in payables	116,656	227,288
Increase/(decrease) in employee entitlements	18,225	26,358
Net cash used in operating activities	(5,736,842)	(2,315,123)

NOTE 24: EARNINGS PER SHARE

	2011 Cents per Share $	2010 Cents per Share $
Basic and diluted earnings per share	(0.03)	(0.02)

Basic and diluted earnings per share

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

	Consolidated Group	
	2011 $	2010 $
Earnings (i)	(5,843,312)	(2,547,562)
	No.	No
Weighted average number of ordinary share	185,687,290	109,301,835

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

Notes to the Financial Statements

NOTE 25: SHARE-BASED PAYMENTS

(a) Share-based payments

No share-based payments were made in the financial year

(b) Options

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

No options were issued and 4,570,000 options lapsed in the 2011 financial year.

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

			Number			
Grant date	**Expiry date**	**Exercise Price**	**Balance at start of Year**	**Expired during the year**	**Balance at end of Year**	**Date vested and exercisable at end of year**
2011						
26 Oct'06	30 Sep'11	$0.25	2,500,000	-	2,500,000	2,500,000
5 Jan'07	30 Sep'11	$0.20	3,000,000	-	3,000,000	3,000,000
18 Dec'07	18 Dec'12	$0.20	1,700,000	-	1,700,000	1,700,000
18 Jun'08	18 Jun'13	$0.25	400,000	-	400,000	400,000
27 Jun'08	27 Jun'13	$0.25	4,200,000	-	4,200,000	4,200,000
27 Jun'08	27 Jun'13	$0.40	4,000,000	-	4,000,000	4,000,000
6 Nov'08	6 Nov'10	$0.15	4,570,000	(4,570,000)	-	-
18 Dec'08	17 Dec'13	$0.15	5,000,000	-	5,000,000	5,000,000
			25,370,000	(4,570,000)	20,800,000	20,800,000
Weighted average exercise price			$0.23	$0.15	$0.24	$0.24

The weighted average remaining contractual life of share options outstanding at 30 June 2011 was 1.6 years (2010: 2.2 years)

2010						
26 Oct'06	30 Sep'11	$0.25	2,500,000	-	2,500,000	2,500,000
5 Jan'07	30 Sep'11	$0.20	3,000,000		3,000,000	3,000,000
18 Dec'07	18 Dec'12	$0.20	1,700,000	-	1,700,000	1,700,000
18 Jun'08	18 Jun'13	$0.25	400,000	-	400,000	400,000
27 Jun'08	27 Jun'13	$0.25	4,200,000	-	4,200,000	4,200,000
27 Jun'08	27 Jun'13	$0.40	4,000,000	-	4,000,000	4,000,000
6 Nov'08	6 Nov'10	$0.15	4,570,000	-	4,570,000	4,570,000
18 Dec'08	17 Dec'13	$0.15	5,000,000	-	5,000,000	5,000,000
			25,370,000	-	25,370,000	25,370,000
Weighted average exercise price			$0.23	-	$0.23	$0.23

The weighted average remaining contractual life of share options outstanding at 30 June 2011 was 2.2 years (2010: 3.2 years)

Shareholder Information

Statement of quoted securities as at 22 July 2011

- There are 1,102 shareholders holding a total of 215,331,109 ordinary fully paid shares on issue by the Company.
- The twenty largest shareholders between them hold 62.61% of the total issued shares on issue.

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

Distribution of quoted securities as at 22 July 2011

Ordinary fully paid shares

Range of holding		Number of holders
1 -	1,000	59
1,001 -	5,000	96
5,001 -	10,000	155
10,001 -	100,000	589
100,001 -	and over	203
	Total holders	**1,102**

Substantial shareholdings as at 22 July 2010 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Brownstone International Pty Ltd	25,137,908	11.67
Kings Resources Group Co Ltd	21,627,734	10.04
West Minerals Pty Limited	17,409,091	8.09
International Base Metals Limited	13,593,875	6.31

On-market buy-backs

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

Restricted unquoted securities

There are no unquoted restricted securities

Shareholder Information

TOP TWENTY SHAREHOLDERS

Holder name	Number of ordinary fully paid listed shares held	% of total ordinary shares on issue
BROWNSTONE INTERNATIONAL PTY LTD	25,137,908	11.67
KINGS RESOURCES GROUP CO LTD	21,627,734	10.04
WEST MINERALS PTY LIMITED	17,409,091	8.09
INTERNATIONAL BASE METALS LIMITED	13,593,875	6.31
MR GENG HAITAO	9,107,143	4.23
MR JINIU DENG	8,571,428	3.98
GREAT SEA WAVE INVESTMENT PTY LTD	6,545,455	3.04
MRS LI ZHOU	5,714,286	2.65
MR SALVATORE DI VINCENZO	4,114,861	1.91
CITI RESOURCES CO LTD	4,000,000	1.86
QINGHAI GENLID MINING INVESTMENT & MANAGEMENT CO LTD	4,000,000	1.86
DR BARRY JOHN BARKER & MRS JAYE ABBYE BARKER	2,983,091	1.39
MR KENNETH JOHN MAIDEN & MS MARGARET FRANCIS HAYES	1,974,191	0.92
BLACKMANS & ASSOCIATES PTY LTD	1,800,923	0.84
AUSSIE Q RESOURCES LIMITED	1,556,500	0.72
IE PROPERTIES PTY LTD	1,387,500	0.64
BLACKMANS & ASSOCIATES PTY LTD	1,289,544	0.60
DONGLEN PTY LTD	1,000,000	0.46
HANNES INVESTMENTS PTY LTD	1,000,000	0.46
LINKENHOLT PTY LIMITED	1,000,000	0.46
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	1,000,000	0.46
TOTAL HELD BY TOP TWENTY SHAREHOLDERS	134,813,530	62.61

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