



ZAMIA METALS LIMITED
INTERIM REPORT DECEMBER 2015

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2015.

Directors

The names of directors who held office during or since the end of the half-year are:

Mr Andrew Skinner, Executive Chairman

Dr Jiniu Deng, Non-executive Director

Dr Kenneth John Maiden, Non-executive Director

Mr Chen Qiang, Non-executive Director

Mr Richard (Dick) Keevers, Non-executive Director (resigned 21 July 2015)

Company Secretary

John Stone

REVIEW OF OPERATIONS

PROPOSED ACQUISITION OF ECOTECH MINING

During December 2015, Zamia announced to the ASX the signing of a Heads of Agreement for the 100% acquisition of EcoTech Mining Pty Ltd ('EcoTech') by Zamia. EcoTech has developed break-through technologies for the extraction of precious and base metals from refractory and non-refractory mineral resources utilising an innovative chlorination process. These processes provide:

- Better recovery and extraction of refractory precious metals (Au, Ag) and base metals (Cu, Pb, Zn, Co, Ni, etc.) often greater than 90% extraction;
- Safe removal off-site of hazardous metals associated with refractory ores;
- Ability to treat a wide range of feed materials including oxides, sulphides, mixed ores, slag and tailings.

EcoTech is currently working towards the completion of a bankable feasibility study, leading to construction of an EcoTech demonstration plant to treat refractory gold bearing ore or tailings.

The proposed acquisition is subject to the signing of a binding agreement, due diligence and other statutory requirements for the holding of a general meeting of shareholders to approve the EcoTech acquisition and other related matters requiring the approval of shareholders.

EXPLORATION STRATEGY

As previously reported, Zamia has been implementing cost-cutting measures aimed at conserving cash and maintaining priority tenements in good standing. At the same time, the Company has been using this period to:

- Review and re-assess previously collected exploration data;
- Re-prioritise targets; and
- Develop more focussed exploration programs.

The Company continues to focus its exploration on the central Queensland area, where its targets are:

- Epithermal gold deposits;
- Porphyry copper-gold-molybdenum deposits.

The Belyando gold deposit, in EPM 15145 Mazeppa Extended, continues to be the main focus of the Company's exploration.

Exploration Tenements

The Company's wholly-owned subsidiary, Zamia Resources Pty Ltd, made a number of changes to its portfolio of Exploration Permits for Minerals ('EPMs') as set out in the following section.

The Company has had a particular focus on the former Belyando gold mine. Geological work on compiling and interpreting the old mineral information and merging it with newly acquired data has been completed. This has assisted the Company in forming a better understanding of the nature of the Belyando deposit and siting further exploration drill holes. The very promising results of this work had been reported during the year.

It continues to be a difficult climate for small explorers; however, the Board is working tirelessly to seek out opportunities for funding. The EcoTech acquisition provides for the advancement of the Company to production and the Board remain confident about the future of Zamia.

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

Tenement No	Project Name	Grant or Application Date	Expiry Date	Status at 31.12.15	Area km² at 31.12.15
EPM 14790	Mazeppa	12.01.2006	11.01.2016	Year 10 Renewal Lodged	83
EPM 15145	Mazeppa Extended	11.08.2006	10.08.2017	Year 10	112
EPM 17488	Mistake Creek	05.11.2009	04.11.2017	Year 7	48
EPM 17555	Gregory	20.11.2008	19.11.2015	Expired	0
EPM 16523	Bullock Creek	03.09.2010	02.09.2015	Surrendered	0
EPM 16524	Logan Creek	23.12.2010	22.12.2020	Year 6	21
EPM 17703	Disney	30.01.2012	29.01.2017	Year 4	186
EPM 18583	Elgin Downs	30.01.2012	29.01.2017	Surrendered	0
EPM 18598	Cairo	30.01.2012	29.01.2017	Year 4	22
EPM 19369	Amaroo South	30.01.2012	29.01.2017	Year 4	34
EPM 18715	Waroo	17.10.2013	16.10.18	Surrendered	0
EPM 18655	Dingo Range	29.05.2013	28.05.2019	Year 2	34
EPM 25479	Epping Forest	24.10.2014	23.10.2019	Surrendered	0
TOTAL AREA					540

FINANCIAL STATEMENTS

Acquisitions and Capital Raising

As discussed above on 27 November 2015 Zamia signed a Heads of Agreement with EcoTech Mining Pty Ltd (EcoTech) for the 100% acquisition of this company. The acquisition will be by the issue of shares in Zamia for all of the issued capital of EcoTech, subject to shareholder approval.

Capital Raising

The Company is currently raising capital under the 15% placement ability. At balance date share application funds of \$55,500 were received. The Company will continue with its efforts to raise additional funds for working capital purposes.

Loans

In July and September 2015 Loans were provided by two shareholders related to Directors to provide working capital with interest payable at 8% p.a. The loans are repayable together with interest accrued as cash or at the election of the Company and subject to the approval of Zamia shareholders, by the issue of Zamia shares at an issue price equal to the 30 day VWAP in the period ending one day prior to the date of a General Meeting to be held prior to loan maturity to consider the approval of the loan conversion:

1. Loan provided on 22 July 2015 of \$100,000 which was drawn down on 27 July 2015 with an expiry date of 30 June 2016;
2. Loan provided on 10 September 2015 for \$20,000 for a term of three months and which was drawn down on 22 September 2015; and with an expiry date of 30 June 2016.
3. Loan provided on 10 September 2015 for \$30,000 and which was drawn down on 23 September 2015 with an expiry date of 31 March 2016.

Short term loans extended by two Directors who are major shareholders in the previous financial year totalling \$600,000 are still outstanding with an expiry date of 20 June 2016. Repayment terms are as per the loans extended in the current financial year.

Share options

No options were issued and no unexercised options expired during the half year reporting period.

There were no unexercised options at balance date.

After Balance Date Events

The Company is currently raising capital under the 15% placement ability. An announcement for the issue of 32,100,000 million shares at an issue price \$0.005 raising \$160,500 was made on 1 March 2016. Attached to these shares were 16,050,000 options exercisable at \$0.01 expiring 31 December 2017. The Company will continue with its efforts to raise additional funds for working capital purposes.

There are no other matters or circumstances that have arisen since the end of the half-year period which has significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2015 is set out on the following page.

This report is signed in accordance with a resolution of the Board of Directors



Andrew Skinner
Executive Chairman
Dated this 2 March 2016

**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**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review



Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000



GRAHAM WEBB
Partner
Date: 2 March 2016

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Half-year ended	
		31 Dec 15	31 Dec 14
		\$	\$
Other income	4	57,549	72,822
Occupancy expenses		(77,244)	(67,052)
Consultancy fees		(52,231)	(83,141)
Directors' remuneration		(79,415)	(52,000)
Depreciation and amortisation expense		(12,899)	(6,725)
Compliance costs		(28,422)	(36,575)
Exploration and evaluation expenditure		(119,269)	(386,152)
Employee benefits expense		(11,870)	(106,738)
Finance expense		(30,832)	(10,800)
Other expenses		(39,425)	(90,157)
(Loss) before income tax		(394,058)	(766,518)
Income tax expense		-	-
(Loss) for the half year		(394,058)	(766,518)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year		(394,058)	(766,518)
Earnings per share			
Basic and diluted earnings per share (cents)		(0.03)	(0.11)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 Dec 15	30 June 15
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		71,900	171,695
Trade and other receivables		18,086	12,648
Other current assets		-	8,666
TOTAL CURRENT ASSETS		89,986	193,009
NON-CURRENT ASSETS			
Plant and equipment		-	12,899
Other non-current assets		50,000	50,000
TOTAL NON-CURRENT ASSETS		50,000	62,899
TOTAL ASSETS		139,986	255,908
CURRENT LIABILITIES			
Trade and other payables		343,911	173,591
Borrowings		750,000	600,000
Short term provisions		-	42,184
TOTAL CURRENT LIABILITIES		1,093,911	815,775
TOTAL LIABILITIES		1,093,911	815,775
NET ASSETS		(953,925)	(559,867)
EQUITY			
Contributed equity	6	22,243,017	22,243,017
Reserves		-	195,703
Retained losses		(23,196,942)	(22,998,587)
TOTAL EQUITY		(953,925)	(559,867)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital Ordinary	General Reserve	Option Reserve	Retained losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	22,243,717	195,703	29,757	(21,744,562)	723,915
Total comprehensive loss for the half year	-	-	-	(766,518)	(766,518)
Balance at 31 Dec 2014	22,243,717	195,703	29,757	(22,511,080)	(42,603)
Balance at 1 July 2015	22,243,717	195,703	-	(22,998,587)	(559,867)
Total comprehensive loss for the half year	-	-	-	(394,058)	(394,058)
Transfer of general reserve to retained earnings	-	(195,703)	-	195,703	-
Balance at 31 Dec 2015	22,243,717	-	-	(23,196,942)	(953,925)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year ended	
	31 Dec 2015	31 Dec 2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from debtors	54,822	87,091
Payments to suppliers and employees	(363,061)	(809,469)
Interest received	217	6,075
Net cash (used in) operating activities	(308,022)	(716,303)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	-	(1,087)
Proceeds from sale of plant and equipment	2,727	-
Net cash (used in) investing activities	2,727	(1,087)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share application funds received	55,500	-
Proceeds from borrowings	150,000	600,000
Net cash provided by financing activities	205,500	600,000
Net (decrease) in cash held	(99,795)	(117,390)
Cash and cash equivalents at the beginning of the half-year	171,695	781,748
Cash and cash equivalents at the end of the half-year	71,900	664,358

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Zamia Metals Limited and its controlled entity (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

The interim financial statements were authorised for issue on 1 March 2016.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

c. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2015 annual report.

NOTE 2: 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 and at the amounts stated in the financial report.

The net loss after income tax for the consolidated entity for the half year ended 31 December 2015 was \$394,058 (2014: 766,518).

At the 31 December 2015 the Group had negative net assets of \$953,925 (2014: negative net assets of \$42,603).

The Directors have resolved in accordance with AASB 6 to expense all exploration costs rather than capitalise them with \$119,269 expenses in the current reporting period (2014: \$386,152).

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

- (i) A Heads of Agreement has been signed with EcoTech Mining Pty Ltd for the 100% acquisition of this company and if the acquisition goes ahead Zamia will need to raise further capital to fund this acquisition;
- (ii) the Group had \$71,900 cash on hand at 31 December 2015;
- (iii) The Group has budgeted expenditure of \$2.2 million for the period from 1 January 2016 to 31 March 2017, with projected net capital raising and borrowing over this period to contribute \$3.1 million to meet this budgeted expenditure;
- (iv) Budgeted expenditure will allow the Company to meet all tenement commitments.
- (v) The provision of short term loans by major shareholders and their willingness to continue supporting the company will enable the Company to survive until the market improves and funds can be raised to enable a continuation of the exploration programme. The major shareholders expect that these loans will be repaid by conversion to equity in the company. In the half year the Company raised funds from loans from substantial shareholders of \$150,000 repayable between January and March 2016 in cash or equity at the option of the Company;

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

In the event that the consolidated entity is unable to raise sufficient funds and the EcoTech acquisition does not proceed, there is a significant uncertainty whether it will be able to continue as a going concern and therefore whether the Company and the consolidated entity can realise its assets and extinguish its liabilities at the amounts stated in the financial report. The ability of the Group to raise funds will depend on the Company's exploration results and equity market conditions for capital raising. As the Company expenses all exploration costs as incurred, no value is recognised in the financial statements at present.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: EXPLORATION AND DEVELOPMENT

At the 31 December 2015 the Company held 8 Exploration Permits for Minerals (EPMs). Any shortfall in annual expenditure is planned to be made up in the following period with a view to avoiding any penalties that the government may impose. At this stage no penalties for under-expenditure have been or are expected to be incurred.

During the reporting period, four tenements were relinquished and one tenement was partially reduced in area as required under the conditions of grant.

NOTE 4: INCOME

	Consolidated Group	
	31 Dec 2015 \$	31 Dec 2014 \$
Other revenue		
Administration service fees	54,822	66,747
Interest received – other entities		6,075
Profit on sale of fixed assets	2,727	
	57,549	72,822

NOTE 5: LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Exploration expenses not capitalised	119,269	386,152
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NOTE 6: INTEREST IN SUBSIDIARIES

a. Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2015. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-Controlling Interests	
		At 31 Dec 2015	At 30 June 2015	At 31 Dec 2015	At 30 June 2015
Zamia Resources Pty Ltd	Sydney, Australia	100%	100%	0%	0%

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 7: CONTRIBUTED EQUITY

	31 Dec 2015 Shares	30 June 2015 Shares	31 Dec 2015 \$	30 June 2015 \$
Balance at beginning of period	678,114,573	678,114,573	22,243,017	22,243,017
Issues of ordinary shares during the half-year/year*	-	-	-	-
	678,114,573	678,114,573	22,243,017	22,243,017

* Applications funds of \$55,500 have been received from applicants for the issue of shares at 0.5 cents per ordinary share with an option of 1cent for every two shares issued.

NOTE 8: DIVIDENDS

No dividends have been declared or paid during the period.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: SEGMENT REPORTING

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 10: CONTINGENT LIABILITIES

There are no contingent liabilities at balance sheet date.

NOTE 11: RELATED PARTY TRANSACTIONS

During the reporting period loans to the Company were extended by SST Trading Pty Ltd an entity which is controlled by Director Andrew Skinner for \$20,000 and Brownstone Pty Ltd an entity of which Director Qiang Chen is associated for \$130,000.

All other related party transactions are consistent with those reported in the 2015 Annual Report.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

The Company is currently raising capital under the 15% placement ability. An announcement for the issue of 32,100,000 million shares at an issue price \$0.005 raising \$160,500 was made on 1 March 2016. Attached to these shares were 16,050,000 options exercisable at \$0.01 expiring 31 December 2017

The Company will continue with its efforts to raise additional funds for the EcoTech acquisition and to provide funds for additional working capital.

There are no other matters or circumstances that have arisen since the end of the half-year period which has significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

NOTE 13: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The group has not gained control or lost control over any entity during the period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Zamia Metals Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 14 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Andrew Skinner
Executive Chairman
2 March 2016

**ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ZAMIA METALS LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Zamia Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Zamia Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Zamia Metals Limited's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Zamia Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zamia Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Zamia Metals Limited's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of \$394,058 during the half-year ended 31 December 2015 and, as of that date; the company's current liabilities exceeded its total assets by \$953,925. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report.



Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000



GRAHAM WEBB

Partner

Date: 2 March 2016