



ZAMIA

ZAMIA METALS LIMITED
INTERIM REPORT DECEMBER 2016

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2016.

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 Qiang Chen, Non-executive Director

Company Secretary

John Stone

Chief Financial Officer

Barry F Neal

REVIEW OF OPERATIONS

During the past six months, Zamia Metals Ltd (Zamia or the Company) activities have been focussed on capital raising and preparation for the planned Kirkham acquisition.

In central Queensland, planning and preparation for field activities continued. The main focus was on the Belyando gold project, where Zamia plans (a) a gradient array I.P. survey covering a larger area than the previous (1986) survey and capable of penetrating to greater depth; and (b) a helicopter-borne magnetic survey.

On other tenements, Zamia is seeking potential joint venture partners to fund follow-up exploration on priority identified targets.

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

(Held by Zamia Resources Pty Ltd, a controlled Entity of Zamia Metals Limited)

Tenement No	Project Name	Grant Date	Expiry Date	Status at 31.12.2016	Area km ² at 31.12.2016
EPM 14790	Mazeppa	12.01.2006	11.01.2021	Year 11	39
EPM 15145	Mazeppa Extended	11.08.2006	10.08.2017	Year 11	112
EPM 17488	Mistake Creek	05.11.2009	04.11.2017	Year 7	47
EPM 16524	Logan Creek	23.12.2010	22.12.2020	Year 6	21
EPM 17703	Disney	30.01.2012	29.01.2017	Year 5	60
EPM 19369	Amaroo South	30.01.2012	29.01.2017	Year 5	34
EPM 18655	Dingo Range	29.05.2013	28.05.2019	Year 3	34
TOTAL AREA					347

FINANCIAL STATEMENTS

Acquisitions and Capital Raising

On 11 October 2016 Zamia announced to the ASX that it had entered into a binding share sale and purchase agreement (subject to conditions) in respect of all of the issued capital in Kirkham International Pte Limited (**Kirkham**), that owns, via a subsidiary, a mining permit for a coal mine in Central Kalimantan, Indonesia. This is a reverse acquisition. The purchase price of \$24,300,000 for the shares in Kirkham is to be satisfied by the issue of ordinary shares in the Company to the shareholders of Kirkham.

To fund working capital, the Company plans to undertake a capital raising of at least \$2.5 million. Gleneagle Securities (Aust) Pty Limited has agreed to underwrite the capital raising to no less than \$2,500,000, subject to terms and conditions that are customary for such an underwriting including all existing director and shareholder loans to be converted into ordinary shares pursuant to the underwriting and the completion of formal documentation.

The transaction is conditional on Zamia shareholder approval, successful completion of the Capital Raising and re-compliance with Chapters 1 & 2 of the ASX Listing Rules by the Company.

The Company also raised \$250,000 in a debt facility which will be converted into ordinary shares (subject to various conditions) that helped provide working capital and funding for the costs related to the transaction with Kirkham.

Applications for new share capital of \$216,000 was raised during the reporting period with application monies received during the reporting period but with shares issued post reporting date. The issue of shares and options relating to this capital was announced to the ASX on 12 January 2016.

Loans

During July and September 2015 Loans were provided by 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:

- On 22 September 2014, a loan has been provided of \$400,000 which was drawn down on 10 October 2014 with an expiry date of 31 March 2015 and has now been extended to 31 March 2017;
- On 22 September 2014, a loan has been provided of \$200,000 which was drawn down on 10 October 2014 with an expiry date of 31 March 2015 and has now been extended to 31 March 2017;
- On 22 July 2015, a loan has been provided of \$100,000 which was drawn down on 27 July 2015 with an expiry date of 31 January 2016 and has now been extended to 31 March 2017;
- On 10 September 2015, a loan provided 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 and has now been extended to 31 March 2017;
- On 10 September 2015 Loan provided for \$30,000 and which was drawn down on 23 September 2015 with an expiry date of 31 March 2016 and has now been extended to 31 March 2017.

As announced on 11 October 2016 Zamia agreed to issue Convertible Bonds (which are only convertible subject to shareholder approval) for \$250,000 that have been used to provide working capital and for some of the costs related to the transaction with Kirkham. Gleneagles Securities (Aust) Pty Limited, its clients and parties introduced by Kirkham participated in the Convertible Bonds.

The Convertible Bonds have a term of 12 months, attract interest at 12% per annum and are to be converted into ordinary shares together with capitalised interest thereon as a pre-condition of the Kirkham transaction proceeding. Such conversion will be subject to approval by shareholders and in accordance with the ASX Listing Rules and Corporations Act and conducted at a price of \$0.01 per share (post-consolidation). After conversion such shares issued will be assessed for escrow conditions by the ASX. The Company may, with notice, redeem the convertible bonds and pay the holder of the bonds

Share options

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

There were 21,050,000 unexercised options at balance date.

After Balance Date Events

On 12 January 2017, 72 million ordinary shares at \$0.003 per share were issued to sophisticated investors raising \$216,000 and 36 million options exercisable at \$0.003 and expiring on 31 December 2018.

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 2016 is set out on the following page.

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

A handwritten signature in black ink, appearing to read 'Andrew Skinner', with a stylized flourish at the end.

Andrew Skinner
Executive Chairman
Dated this 14 March 2017

**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

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Sydney NSW 2001

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I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 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

HALL CHADWICK
LEVEL 40, 2 PARK STREET
SYDNEY, NSW 2000

S. Kumar

SANDEEP KUMAR

Partner

Date: 14 March 2017

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Half-year ended	
		31 Dec 16	31 Dec 15
		\$	\$
Other income	4	27,889	57,549
Occupancy expenses		(77,660)	(77,244)
Consultancy fees		(66,570)	(52,231)
Directors' remuneration		(45,135)	(79,415)
Depreciation and amortisation expense		-	(12,899)
Compliance costs		(30,742)	(28,422)
Exploration and evaluation expenditure		(36,521)	(119,269)
Employee benefits expense		(5,791)	(11,870)
Finance expense		(32,615)	(30,832)
Merger acquisition costs		(187,096)	-
Other expenses		(47,477)	(39,425)
(Loss) before income tax		(501,718)	(394,058)
Income tax expense		-	-
(Loss) for the half year		(501,718)	(394,058)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year		(501,718)	(394,058)
Earnings per share			
Basic and diluted earnings per share (cents)		(0.07)	(0.03)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31 Dec 16	30 June 16
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		227,206	52,471
Trade and other receivables		37,935	7,577
Other current assets		-	-
TOTAL CURRENT ASSETS		265,141	60,048
NON-CURRENT ASSETS			
Plant and equipment		-	-
Other non-current assets		50,000	50,000
TOTAL NON-CURRENT ASSETS		50,000	50,000
TOTAL ASSETS		315,141	110,048
CURRENT LIABILITIES			
Trade and other payables		783,526	326,715
Borrowings		1,000,000	750,000
TOTAL CURRENT LIABILITIES		1,783,526	1,076,715
TOTAL LIABILITIES		1,783,526	1,076,715
NET ASSETS		(1,468,385)	(966,667)
EQUITY			
Contributed equity	6	22,440,977	22,440,977
Retained losses		(23,909,362)	(23,407,644)
TOTAL EQUITY		(1,468,385)	(966,667)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital Ordinary	General Reserve	Retained losses	Total
	\$	\$	\$	\$
Balance at 1 July 2015	22,243,017	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	22,243,017	-	(23,196,942)	(953,925)
Balance at 1 July 2016	22,440,977	-	(23,407,644)	(966,667)
Total comprehensive loss for the half year	-	-	(501,718)	(501,718)
Balance at 31 Dec 2016	22,440,977	-	(23,909,362)	(1,468,385)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year ended	
	31 Dec 2016	31 Dec 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from debtors	24,272	54,822
Payments to suppliers and employees	(315,850)	(363,061)
Interest received	13	217
Net cash (used in) operating activities	(291,565)	(308,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	-	-
Proceeds from sale of plant and equipment	300	2,727
Net cash (used in) investing activities	300	2,727
CASH FLOWS FROM FINANCING ACTIVITIES		
Share application funds received	216,000	55,500
Proceeds from borrowings	250,000	150,000
Net cash provided by financing activities	466,000	205,500
Net Increase/(decrease) in cash held	174,735	(99,795)
Cash and cash equivalents at the beginning of the half-year	52,471	171,695
Cash and cash equivalents at the end of the half-year	227,206	71,900

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 2016 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 2016, together with any public announcements made during the following half-year.

The interim financial statements were authorised for issue on 28 February 2017.

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 2016 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 2016 was \$501,718(2015: \$394,058).

At the 31 December 2016, the Group had negative net assets of \$1,468,385 (2015: negative net assets of \$953,925).

The Directors have resolved in accordance with AASB 6 to expense all exploration costs rather than capitalise them with \$36,521 expenses in the current reporting period (2015: \$119,269).

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

- (i) The Company has raised \$250,000 in a debt facility that will convert into ordinary shares (subject to various conditions). The funds were used for working capital and some of the costs related to the transaction with Kirkham;
- (ii) Share applications totalling \$216,000 were received from sophisticated investors with the shares issued post reporting date;
- (iii) To further fund working capital, the Company plans to undertake a capital raising of ordinary shares to shareholders of at least \$2.5 million. Gleneagle Securities (Aust) Pty Limited has agreed to underwrite the capital raising to at least \$2.5 million;
- (iv) The company has entered into a binding share sale and purchase agreement for the reverse acquisition of Kirkham International Pt Limited, a company with coking coal tenements in Kalimantan, Indonesia;
- (v) The Group had \$227,206 cash on hand at 31 December 2016;
- (vi) The Group has budgeted expenditure of \$0.95 million for the period from 1 January 2017 to 31 March 2018, with projected net capital raising and borrowing over this period to contribute \$1.5 million to meet this budgeted expenditure;
- (vii) Budgeted expenditure will allow the Company to meet all tenement commitments.

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 a further capital raising in the future to advance its exploration for gold and copper and its Anthony molybdenum project through various assessments.

NOTES TO THE FINANCIAL STATEMENTS

In the event that the reverse takeover does not proceed there is a significant uncertainty whether the Company 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.

In that event the ability of the Group to raise funds will depend on the Company's exploration results and equity market conditions for capital raising and continued support from its related parties in relation to the current borrowings.

NOTE 3: EXPLORATION AND DEVELOPMENT

At the 31 December 2016, the Company held 7 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.

NOTE 4: INCOME

	Consolidated Group	
	31 Dec 2016 \$	31 Dec 2015 \$
Other revenue		
Administration service fees	26,876	54,822
Interest received – other entities	713	
Profit on sale of fixed assets	300	2,727
	27,889	57,549

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	36,521	119,269
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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 2016. 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 2016	At 30 June 2016	At 31 Dec 2016	At 30 June 2016
		Zamia Resources Pty Ltd	Sydney, Australia	100%	100%

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 2016 Shares	30 June 2016* Shares	31 Dec 2016 \$	30 June 2016* \$
Balance at beginning of period	720,214,573	720,214,573	22,440,977	22,440,977
Issues of ordinary shares during the half-year/year*	-	-	-	-
	720,214,573	720,214,573	22,440,977	22,440,977

* Share application monies of \$216,000 were received in December 2016 with shares issued post reporting date

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DIVIDENDS

No dividends have been declared or paid during the period.

NOTE 9: SEGMENT REPORTING

The Group operates primarily in one geographical and 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

All related party transactions are consistent with those reported in the 2016 Annual Report.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 12 January 2017, 72 million ordinary shares at \$0.003 per share were issued to sophisticated investors raising \$216,000 and 36 million options exercisable at \$0.003 and expiring on 31 December 2018.

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 2016 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
14 March 2017

**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
AustraliaGPO Box 3555
Sydney NSW 2001Ph: (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 2016, 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 2016 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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ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

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

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 2016 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*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of \$501,718 during the half-year ended 31 December 2016 and, as of that date; the company's total liabilities exceeded its total assets by \$1,468,385. As stated in Note 2 these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists 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 financial report. Our conclusion is not modified in respect of this matter.

Hall Chadwick

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S Kumar

SANDEEP KUMAR
Partner
Date: 14 March 2017