



# **ZAMIA GOLD**

**MINES LIMITED**

28 May 2007

Dear Shareholder

The Directors of Zamia Gold Mines Limited ("Company") are pleased to announce that a Short Form Prospectus ("Prospectus") in relation to an underwritten non-renounceable entitlement offer of 25,250,000 Options to shareholders was lodged with the Australian Securities and Investments Commission ("ASIC") and the Australian Stock Exchange Limited ("ASX") on Friday 25 May 2007.

All Zamia Gold Mines shareholders on the register at 5.00pm on 4 June 2007 will be entitled to participate in the offer on the basis of 1 Option for every 2 Ordinary Shares held. The Options will be issued at a price of 1 cent each and will be exercisable at 20 cents each by 27 June 2009. All fractional amounts of Options arising as a result of the acceptance of the Offer will be rounded down to the nearest whole number.

On exercise of the Options, the issued Shares will rank equally in all respects with existing quoted Ordinary Shares.

The Company currently has:

- 50,500,000 Ordinary Shares on issue, of which 22,783,215 are listed securities on the ASX.
- 2,500,000 unlisted Directors Options and 3,000,000 unlisted Broker Options.

The Option issue was foreshadowed in the November 2006 Prospectus as a Loyalty Option and gives the Company a source of future funding to continue to expand its exploration programmes and add value to the Company. Funds raised from this offer will be used to meet the costs of the issue of Options and the balance for working capital of the Company.

Shareholders will receive their copy of the Short Form Prospectus soon and applications may only be made on the personalised Entitlement and Acceptance Form accompanying the Prospectus. A copy of the Prospectus is also available for review on the ASX website [www.asx.com.au](http://www.asx.com.au) or on the Company's website [www.zamiagold.com.au](http://www.zamiagold.com.au).

Findlay & Co Stockbrokers (Underwriters) Pty Limited will underwrite the Options issue for a commission of \$5,000.

Following is the indicative timetable for the Options issue:

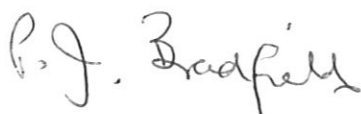
<b>EVENT</b>	<b>DATE</b>
Prospectus lodged with ASIC and ASX	25 May 2007
Application to ASX for listing of Options	25 May 2007
Notice of Offer sent to Shareholders	28 May 2007
Shares going "Ex" date	29 May 2007
Record Date to determine entitlements to Options	4 June 2007
Opening Date and dispatch of Prospectus and Entitlement and Acceptance Form	5 June 2007
Closing Date	21 June 2007
Options quoted on a deferred settlement basis	22 June 2007
Notify ASX of under subscriptions	By 25 June 2007
Entries into register and dispatch date of holding statements	By 28 June 2007

An application has been made for the Options to be listed on the ASX.

Please note this offer closes at 5:00pm 21 June 2007. For further information please contact the Company.

The Directors invite you to further participate in the future of the Company by subscribing for Options under this Offer.

Yours Sincerely



Peter Bradfield  
Executive Chairman