

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

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2007.

Directors

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

Stephen Edward Blackman

Andrew Skinner

Kenneth John Maiden

Colin Seaborn (appointed 17 December 2007)

Ronald Norman Lees (appointed 24 January 2008)

Peter John Bradfield (resigned 31 August 2007)

Matthew Francis Stephens (resigned 2 July 2007)

Review of Operations

The economic entity holds 9 Exploration Permits for Minerals (EPM) and 4 EPM applications covering approximately 2400 km² in the Clermont region of Central Queensland. The Company's tenements cover geological sequences prospective for gold and other metals in a variety of geological styles. The principal targets are epithermal gold deposits in volcanic rocks of the Drummond Basin, porphyry style molybdenum with possible gold and copper, porphyry copper- gold deposits and quartz vein gold deposits.

The company has pursued a vigorous exploration programme of interpretation of airborne geophysical data and remote sensing imagery, soil geochemistry and ground geophysical programmes.


Drilling will be undertaken on the most advanced prospects in the next six months with the Anthony prospect, a probable porphyry complex, being the first target to be tested. At Anthony a large soil molybdenum anomaly has been identified. Additional geochemical sampling and geological mapping will be undertaken on new targets to advance them to drill target status.

In December 2007 the Company issued 1,700,000 unlisted options to directors and consultants entitling the holder to subscribe for one ordinary share in the Company at \$0.20 per share. 800,000 options were issued to directors who cannot exercise their options prior to the confirmation of the issue by shareholders in general meeting.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 9 for the half-year ended 31 December 2007.

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



Director

Stephen Blackman

Dated this 13th day of March 2008

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31.12.2007	31.12.2006
	\$	\$
Revenue	64,748	23,812
Administration service fees	(30,650)	(33,000)
Auditors remuneration	(30,802)	(16,325)
Compliance costs	(23,394)	(3,234)
Consultants fees	(58,050)	-
Exploration and evaluation expenditure	(299,832)	(65,630)
Employee benefits expense	(48,080)	(35,180)
Finance costs	(4,748)	(14,474)
Impairment of Goodwill	-	(185,882)
Insurance expenses	(29,101)	(19,075)
Other expenses	(60,111)	(26,446)
Share based compensation	(124,472)	(1,487,500)
Share registry fees	(23,860)	(16,182)
(Loss) before income tax	(668,352)	(1,879,116)
Income tax expense	-	-
(Loss) for the period	(668,352)	(1,879,116)
Overall Operations		
Basic earnings per share	(0.013)	(0.015)
Diluted earnings per share	(0.013)	(0.015)

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Economic Entity	
	31.12.2007	30.06.2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,200,650	2,597,997
Trade and other receivables	51,277	46,433
Other current assets	2,080	14,580
TOTAL CURRENT ASSETS	1,254,007	2,659,010
NON-CURRENT ASSETS		
Plant and equipment	17,725	9,742
Other non-current assets	1,572,982	1,104,113
TOTAL NON-CURRENT ASSETS	1,590,708	1,113,855
TOTAL ASSETS	2,844,715	3,772,865
CURRENT LIABILITIES		
Trade and other payables	124,092	187,811
Financial liabilities	-	305,013
TOTAL CURRENT LIABILITIES	124,092	492,824
TOTAL LIABILITIES	124,092	492,824
NET ASSETS	2,720,623	3,280,041
EQUITY		
Contributed equity	5,410,977	5,426,515
Reserves	206,672	82,200
Retained earnings/(losses)	(2,897,026)	(2,228,674)
TOTAL EQUITY	2,720,623	3,280,041

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Issued Capital Ordinary	Traded Options	Retained Earnings/ (loss)	Equity Compensation Reserve	Total
		\$	\$	\$	\$	\$
Balance at 1.7.2006		2	-	-	-	2
Shares issued during the period		5,247,062	-	-	-	5,247,062
Revaluation increment		-	-	-	37,500	37,500
(Loss) attributable to members of parent entity		-	-	(1,879,116)	-	(1,879,116)
Subtotal		5,247,064	-	(1,879,116)	37,500	3,405,448
Dividends paid or provided for		-	-	-	-	-
Balance at 31.12.2006		5,247,064	-	(1,879,116)	37,500	3,405,448
Balance at 1.7.2007		5,230,352	196,163	(2,228,674)	82,200	3,280,041
Revaluation increment	(a)	-	-	-	124,472	124,472
Transaction costs relating to prior period capital raising		(27,369)	-	-	-	(27,369)
Traded options exercised into shares		12,291	(460)	-	-	11,831
(Loss) attributable to members of parent entity		-	-	(668,352)	-	(668,352)
Subtotal		5,215,274	195,703	(2,897,026)	206,672	2,720,623
Dividends paid or provided for		-	-	-	-	-
Balance at 31.12.2007		5,215,274	195,703	(2,897,026)	206,672	2,720,623

(a) During the period the Company issued to Directors and consultants 1,700,000 unlisted options with each option entitling the holder to subscribe for one ordinary share in the Company at \$0.20 per share on or before 18th December 2012. Directors who were issued with 800,000 options are not able to exercise their options until shareholders approve their issue at the next General Meeting. Options issued were valued using the Black Scholes valuation method and the value attributed to issuing the 1,700,000 options (\$124,472) has been charged in full in the income statement as Share Based Compensation.

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31.12.2007	31.12.2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(653,472)	(127,362)
Interest received	64,748	23,790
Finance costs	(4,748)	(14,349)
Net cash provided by (used in) operating activities	(593,472)	(117,921)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation costs capitalised	(468,869)	(68,062)
Payment for plant and equipment	(14,455)	-
Payment for subsidiary net of cash acquired	-	4,696
Net cash provided by (used in) investing activities	(483,324)	(63,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	11,831	4,250,000
Costs of capital raising	(27,369)	(127,938)
Proceeds from borrowings	-	187,812
Repayments of borrowings	(305,013)	(60,353)
Net cash provided by (used in) financing activities	(320,551)	4,249,521
Net (decrease)/increase in cash held	(1,397,347)	4,068,234
Cash at beginning of period	2,597,997	2
Cash at end of period	1,200,650	4,068,236

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

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Zamia Gold Mines Limited and its controlled entity, Zamia Resources Pty Ltd, during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2007 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

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

Going Concern Basis

The financial report has been prepared on a going concern basis notwithstanding the loss of \$668,352 reported for the period. The Directors are of the opinion that the consolidated entity has sufficient funds to continue to operate as a going concern for a period not less than twelve months from the date of this financial report. This will be achieved by curtailing exploration programmes and reducing expenditures as necessary until additional funding becomes available.

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

NOTE 2: PROFIT FOR THE PERIOD

All significant revenue and expense items for the period are disclosed on the face of the income statement.

NOTE 3: DIVIDENDS

No dividends have been declared or paid during the period.

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

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 4: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

	Economic Entity	
	31.12.2007	31.12.2006
As reported in the Prospectus dated 3 November 2006, the parent entity acquired 100% of Zamia Resources Pty Ltd on 10 October 2006, a gold mineral explorer with tenements in the Clermont region of Queensland. The purchase was satisfied by the payment of \$2.		
The purchase price was allocated as follows:		
Purchase consideration	-	2
Cash consideration	-	2
Assets and liabilities acquired at acquisition date:		
Cash	-	4,698
Sundry debtors	-	979
Exploration tenements at cost	-	447,747
Trade creditors	-	(42,044)
Borrowings	-	(597,260)
	-	(185,880)
Goodwill on consolidation	-	185,882
Total	-	2

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

NOTE 5: SEGMENT INFORMATION

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

NOTE 6: CONTINGENT LIABILITIES

There are no contingent liabilities at balance sheet date.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

On 24 January 2008, Ronald Norman Lees was appointed Executive Director – Technical.

Other than the above no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the entities, the results of those operations, or state of affairs of the entities in future financial periods.

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

Interim Financial Report

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 7:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2007 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.

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

Director



Stephen Blackman

Dated this 13th day of March 2008

**ZAMIA GOLD MINES LIMITED
ACN 120 348 683
AND CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001
TO THE DIRECTORS OF ZAMIA GOLD MINES LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2007 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

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



DREW TOWNSEND

Partner

Date: 13 March 2008

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

GPO Box 3555
Sydney, NSW 2001
or
DX 1451 Sydney

Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800
Email: sydney@hallchadwick.com.au

Perth

Telephone: (02) 4721 8144
Facsimile: (02) 4721 8155

Partners
Robert Elliott
Geoffrey McDonald
Drew Townsend
David Kenney
Richard Albarran
Gino Malacco
Paul Leroy
Steven Gladman

Associates
Blair Pleash
Graham Webb
Lyle Vallance
Bill Petrovski

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ZAMIA GOLD MINES LIMITED
ACN 120 348 683
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ZAMIA GOLD MINES LIMITED AND CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Zamia Gold Mines Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 Gold Mines Limited and Controlled Entities, 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 other 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Zamia Gold Mines Limited and Controlled Entities on 13 March 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report.

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

GPO Box 3555
Sydney, NSW 2001
or
DX 1451 Sydney

Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800
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Basis for Qualified Conclusion

As disclosed in Note (a) in the Consolidated Statement of Changes in Equity, share-based payments in relation to 1,700,000 unlisted options valued at \$124,472 have been expensed. Of these options 800,000 valued at \$58,560 have been issued to Directors and are subject to shareholder approval. Under "AASB 2 Share-based Payment" if the grant of the share based payment is subject to shareholder approval, the share-based payment is not granted and therefore not expensed until such approval has been obtained. Accordingly, the net loss should be reduced by \$58,560 and the Equity Compensation Reserve reduced by \$58,560 respectively.

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Zamia Gold Mines Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Without further qualification to the conclusion expressed above, attention is drawn to the following matter.

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a loss of \$668,352 during the period ended 31 December 2007. This condition, along with other matters as set forth in Note 1 indicates the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

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

**DREW TOWNSEND**

Partner

Date: 13 March 2008

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