

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 2008.

Directors

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

Stephen Edward Blackman – Non-executive Chairman
Andrew Skinner – Non-executive Director
Kenneth John Maiden – Non-executive Director
Chen Qiang – Non-executive Director (appointed 6 November 2008)
Colin Seaborn (resigned 29 October 2008)
Ronald Norman Lees (resigned 29 October 2008)

Review of Operations

The economic entity held 8 Exploration Permits for Minerals (EPM) at the end of the period with 6 EPM applications pending, one of which was offered for grant – the total area under tenement is approximately 1,700 km² in the Clermont region of central Queensland.

The Company's tenements have reduced in accordance with the Queensland Department of Mines and Energy relinquishment requirements and the Company's re-assessment of tenement prospectivity in the light of exploration programmes undertaken in the period. The areas retained or applied for cover geological sequences prospective for gold and copper in a variety of geological styles. The principal targets are epithermal gold in volcanic rocks of the Drummond Basin, porphyry style molybdenum, porphyry copper-gold deposits and mesothermal quartz vein gold deposits.

During the period most exploration work was focussed on the Anthony molybdenum deposit where a seven hole diamond drilling programme totalling some 1,761 m was completed. This drilling demonstrated that the mineralisation is still open in every direction and to a depth of at least 300m. The drilling has highlighted a high grade zone within a much larger mineralised envelope of significant size and of average industry grades. Preliminary scoping studies provided encouragement that there was strong potential for an economic project despite the dramatic fall in molybdenum oxide prices in the latter part of the period.

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DIRECTORS' REPORT

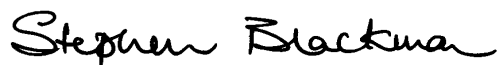
Exploration continued on gold targets with geochemical surveys highlighting two new gold anomalies within the Mazeppa tenement and follow up work at Sally Ann resulted in the relinquishment of the Mt McLaren tenement. Bullock Creek tenement was offered for grant during the period.

The Company was cash constrained during the period due to the extended diamond drilling timeframe followed by slow assays. A placement to West Minerals Pty Ltd and financial accommodation by International Base Metals Limited assisted the Company during November. The Company adopted austerity measures that saw the departure of most staff and the Executive Directors. Shareholders approved these arrangements at an Extraordinary General Meeting held on 18 December 2008. Detailed re-evaluation of all tenements and the further interpretation of both the gold targets and the Anthony molybdenum deposit was underway at period end.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 10 for the half-year ended 31 December 2008.

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



Stephen Blackman - Non-executive Chairman

Dated this 12th day of March 2009

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Economic Entity	
	31.12.2008	31.12.2007
	\$	\$
Revenue	17,600	64,748
Administration service fees	(346,000)	(30,650)
Auditors remuneration	(11,673)	(30,802)
Compliance costs	(22,907)	(23,394)
Consultants fees	-	(58,050)
Exploration and evaluation expenditure	(946,198)	(768,701)
Employee benefits expense	(13,410)	(48,080)
Finance costs	-	(4,748)
Insurance expenses	(9,830)	(29,101)
Other expenses	(88,699)	(60,111)
Share based compensation	(235,834)	(124,472)
Share registry fees	(24,039)	(23,860)
(Loss) before income tax	(1,680,990)	(1,137,221)
Income tax expense	-	-
(Loss) for the period	(1,680,990)	(1,137,221)
Overall Operations		
Basic earnings per share	(0.03)	(0.022)
Diluted earnings per share	(0.03)	(0.022)

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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Interim Financial Report

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Economic Entity	
	31.12.2008	30.06.2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	351,050	1,311,399
Trade and other receivables	51,895	64,965
Other current assets	4,580	2,080
TOTAL CURRENT ASSETS	407,525	1,378,444
NON-CURRENT ASSETS		
Plant and equipment	76,525	17,107
TOTAL NON-CURRENT ASSETS	76,525	17,107
TOTAL ASSETS	484,050	1,395,551
CURRENT LIABILITIES		
Trade and other payables	152,684	192,990
TOTAL CURRENT LIABILITIES	152,684	192,990
TOTAL LIABILITIES	152,684	192,990
NET ASSETS	331,366	1,202,561
EQUITY		
Contributed equity	7,418,302	6,844,341
Reserves	1,849,071	1,613,237
Retained earnings/(losses)	(8,936,007)	(7,255,017)
TOTAL EQUITY	331,366	1,202,561

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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Interim Financial Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Issued Capital Ordinary	Traded Options	Retained Earnings/ (loss)	Equity Compensation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1.7.2007	5,230,352	196,163	(3,332,787)	82,200	2,175,928
Revaluation increment	-	-	-	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	-	-	(1,137,221)	-	(1,137,221)
Balance at 31.12.2007	5,215,274	195,703	(4,470,008)	206,672	1,147,641
 Balance at 1.7.2008	 6,648,638	 195,703	 (7,255,017)	 1,613,237	 1,202,561
Shares issued during the year	573,961	-	-	-	573,961
Employee options issued	-	-	-	235,834	235,834
(Loss) attributable to members of parent entity	-	-	(1,680,990)	-	(1,680,990)
Balance at 31.12.2008	7,222,599	195,703	(8,936,007)	1,849,071	331,366

ZAMIA GOLD MINES LIMITED (ABN 73 120 348 683)
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Interim Financial Report

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Economic Entity	
	31.12.2008	31.12.2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,290,709)	(653,472)
Interest received	17,600	64,748
Finance costs	-	(4,748)
Net cash (used in) operating activities	(1,273,109)	(593,472)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation costs capitalised	-	(468,869)
Payment for plant and equipment	(50,098)	(14,455)
Net cash (used in) investing activities	(50,098)	(483,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	362,858	11,831
Costs of capital raising	-	(27,369)
Repayments of borrowings	-	(305,013)
Net cash provided by (used in) financing activities	362,858	(320,551)
Net (decrease) in cash held	(960,349)	(1,397,347)
Cash at beginning of period	1,311,399	2,597,997
Cash at end of period	351,050	1,200,650

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 2008

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 2008 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 2008 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 \$1,680,990 reported for the period. While the Company has not prepared cash projections for the next 12 months 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 and that 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)
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 4: SEGMENT INFORMATION

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

NOTE 5: CONTINGENT LIABILITIES

There are no contingent liabilities at balance sheet date.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January 2009 1,850,702 fully paid ordinary shares were issued to International Base Metals Limited at a deemed value of \$0.05 per share in full settlement for services rendered to the Company during the month of December 2008.

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.

NOTE 7: COMPARATIVE FIGURES

The prior period Income Statement, Statement of Changes in Equity and Cash Flow Statement have been re-stated to reflect a change in the accounting policy to write off exploration and evaluation expenditure previously capitalised as disclosed in the 30 June 2008 annual report.

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 3 to 8:
 - 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 2008 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 12th day of March 2009

ZAMIA GOLD MINES LIMITED AND CONTROLLED ENTITIES
ABN 73 120 348 683

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 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 12 March 2009

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ZAMIA GOLD MINES LIMITED AND CONTROLLED ENTITIES
ABN 73 120 348 683

INDEPENDENT AUDITOR'S 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 2008, 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 of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporation 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 2008 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 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 12 March 2009, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Basis for Qualified Conclusion

As disclosed in Note 1 to the half year financial report, the directors state their opinion that the going concern basis used in the preparation of the financial report is appropriate. This opinion is on the basis that the company has sufficient funds to continue to operate as a going concern for the next twelve months from the date of this financial report. We have not been provided with cash flow projections to satisfy ourselves that the company is able to curtail its exploration program and reduce expenditure until additional funding becomes available. In our opinion these circumstances indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Limited liability by a Scheme approved under Professional Standards Legislation

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ZAMIA GOLD MINES LIMITED AND CONTROLLED ENTITIES

Qualified Conclusion

Based on our review, which is not an audit, except for the effects on the financial report of the matter referred to in the preceding paragraph, we have not become aware of any matters 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 2008 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

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



Drew Townsend
Partner
Date: 12 March 2009