



ZAMIA METALS LIMITED

ABN: 73 120 348 683

Annual Report

2016

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Corporate Directory

The shares of Zamia Metals Limited (“the Company”) are quoted on the official list of the Australian Securities Exchange.

The ASX code for the Company’s ordinary fully paid shares is “ZGM”.

Directors

Mr Andrew Skinner	Executive Chairman
Dr Kenneth John Maiden	Non-executive Director
Mr Qiang Chen	Non-executive Director
Dr Jiniu Deng	Non-executive Director

Company Secretary

John Stone

Chief Financial Officer

Barry F Neal

Registered Office and Principal Place of Business

Suite 60, Level 6 Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067
Australia
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Fax: + 61 2 8223 3799
Internet: www.zamia.com.au

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: + 61 2 9290 9600
Fax + 61 2 9279 0664

Home Exchange

Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Bankers

Bankwest
254 George Street
Sydney NSW 2000

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Solicitors

Whittens & McKeough
Level 29, 201 Elizabeth Street
Sydney NSW 2000

Chairman's Letter

Dear Shareholders

On behalf of our board of directors, I am pleased to present the Annual Report of Zamia Metals Limited (**Zamia** or the **Company**) for the year ended 30 June 2016.

The 2016 year has been one of recovering bulk commodity prices and the on-going strength of the Australian dollar gold price of over \$1,600 per ounce. New opportunities have been emerging over the last year with a number of notable mergers, acquisitions and increasing gold production by many Australian listed gold mining companies.

Exploration continues to be a high-risk activity where success comes with patient careful analysis of available data and geology. Your Company continues to be well served by an excellent geological team that has been able to continue to identify and improve the prospects of the existing targets in the Company's exploration portfolio despite our limited financial resources. To this end, I am grateful to the vital financial support from those large shareholders who are also on our board of directors, Mr Qiang Chen and Dr Jiniu Deng.

We have continued to work on plans for the assessment and possible development of Belyando gold mine including a strategy to commence operations by re-working the tailings to recover gold. Studies are planned to test such feasibility. Our exploration targets remain as in previous years. However, we have relinquished ground that was less prospective and we are targeting; porphyry related copper-gold-molybdenum deposits and epithermal gold, primarily in the southern part of the Drummond Basin and the Anakie High in central Queensland.

The Belyando mine occurs in a geological structure in the Anakie Metamorphics, where the gold mineralisation may have been emplaced by igneous intrusion and hydrothermal activity associated with the same broad geological processes which have fed the porphyry and epithermal prospects in our exploration tenements, including the mineralisation at the Anthony molybdenum project, 3 km SE of Belyando.

Recently, the Queensland Department of Natural Resources and Mines recognised the funding difficulty for explorers and reduced the expenditure commitments. We are grateful to the Queensland Government for providing such relief. We have previously announced the outcome of our work on the Belyando project and the pleasing gold results that gives the Board confidence in the progression of this work. We have also conducted further strategic reviews of the deposit based on the additional drilling and other results to help us form a better understanding of the nature of the deposit and identify targets for further drilling.

Zamia is in advanced discussions on an acquisition.

Finally, I wish to thank my fellow directors, officers and consultants to the Company for their support and contribution during the year.



Andrew Skinner
Executive Chairman
27 September 2016

Review of Operations

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

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

With limited cash reserves during the year under review, Zamia has implemented cost-cutting measures aimed at conserving cash and maintaining priority tenements in good standing. This has involved:

- reviewing and re-assessing previously collected exploration data;
- prioritising targets;
- relinquishing lower priority exploration tenements;
- relinquishing portions of other tenements; and
- developing more focussed exploration programs.

The Belyando gold deposit, in Exploration Permit for Minerals (EPM) 15145 Mazeppa Extended, continues to be the main focus of the Company's exploration.

CENTRAL QUEENSLAND GEOLOGICAL SETTING

The Charters Towers to Clermont belt in Central Queensland has been a significant gold-producing area since the 1860s, when gold was discovered at Clermont. The gold deposits are of epithermal style. Zamia's 2008 discovery of the Anthony molybdenum deposit demonstrates the potential of the region to also host significant porphyry-style systems.

The Anakie Inlier, a north-trending basement ridge of Neoproterozoic to Cambrian metamorphic rocks, is flanked by strata of the Drummond Basin, a Devonian to Carboniferous volcano-sedimentary sequence.

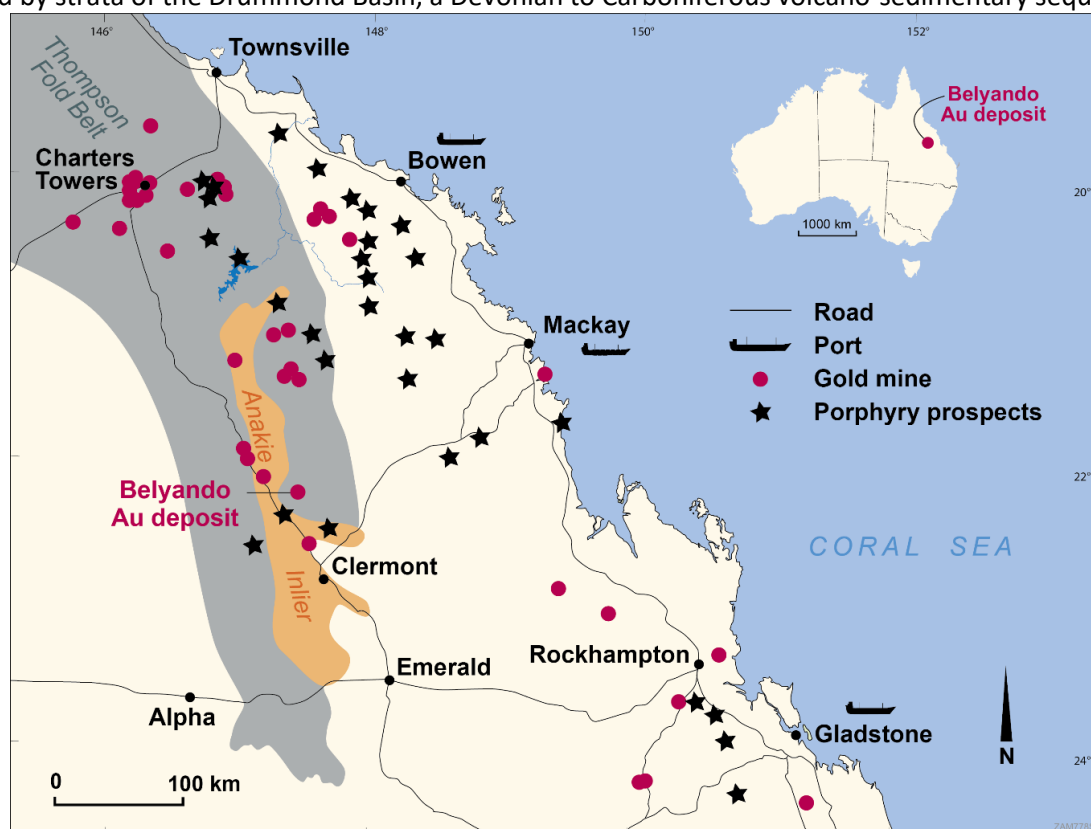


Figure 1. Location map

At the base of the Drummond Basin sequence is the Silver Hills Volcanics, a unit of dacite to andesite volcanic rocks. The Anakie Inlier and, in places, the Drummond Basin are intruded by a series of igneous complexes of granite to diorite composition, with associated bodies of porphyry and breccia.

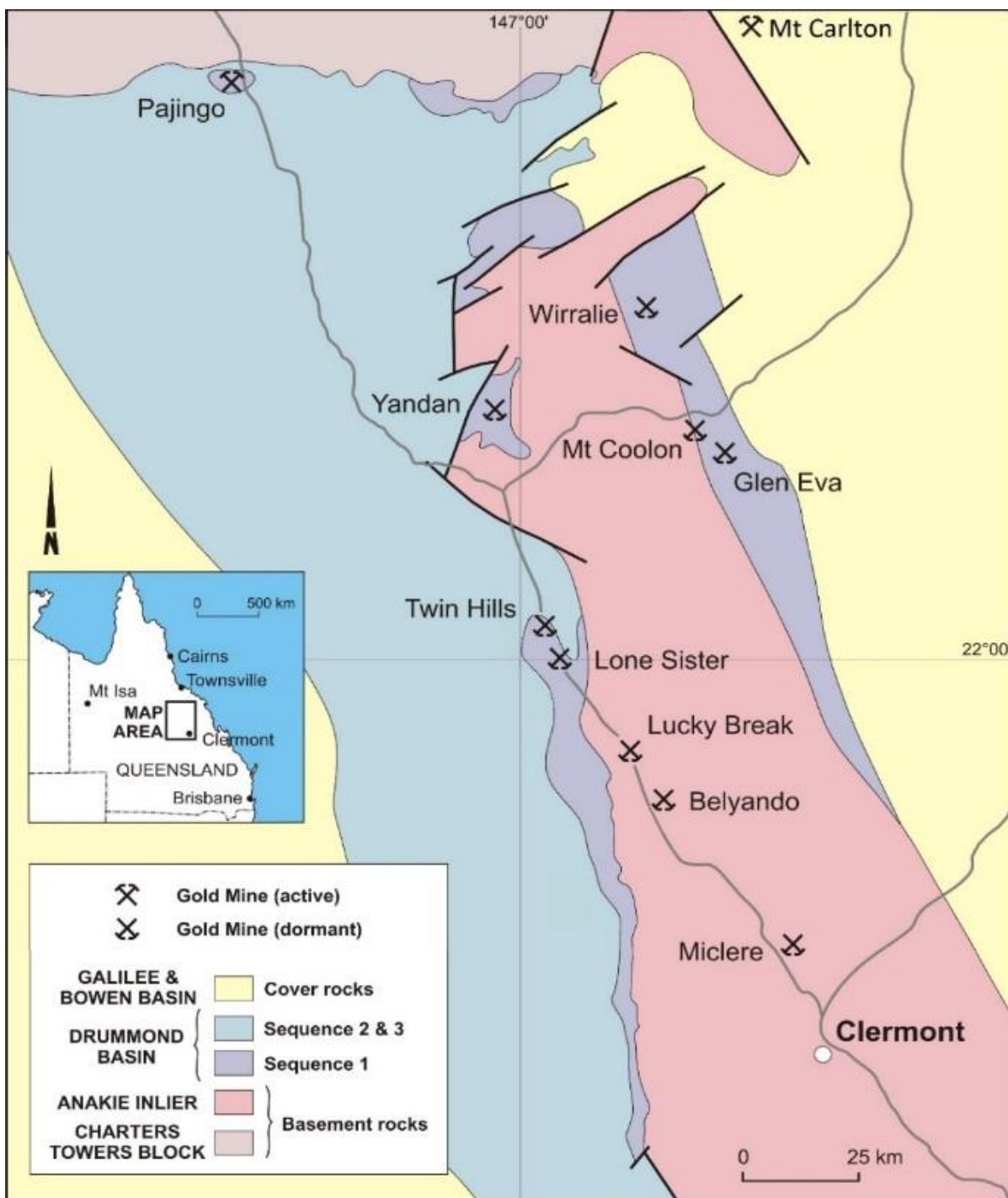


Figure 2. Geological setting of Zamia's target area

EXPLORATION TENEMENTS

The Company's Exploration Permits for Minerals ('EPMs') are held by a wholly-owned subsidiary, Zamia Resources Pty Ltd. During the year under review, Zamia Resources has relinquished a number of exploration tenements [insert reasons]:

- EPM 17555 Gregory
- EPM 18583 Elgin Downs
- EPM 18715 Warroo
- EPM 25479 Epping Forest
- and has relinquished portions of several other tenements.

The remaining tenements are as follows:

Tenement No	Project Name	Grant or Application Date	Expiry Date	Status at 30.06.2016	Area km ² at 30.06.2016
EPM 14790	Mazepa	12.01.2006	11.01.2016	Year 11	39
EPM 15145	Mazepa Extended	11.08.2006	10.08.2017	Year 10	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 2	34
TOTAL AREA					347

Table 1. Exploration tenements held by Zamia Resources Pty Ltd, a controlled entity of Zamia Metals Limited

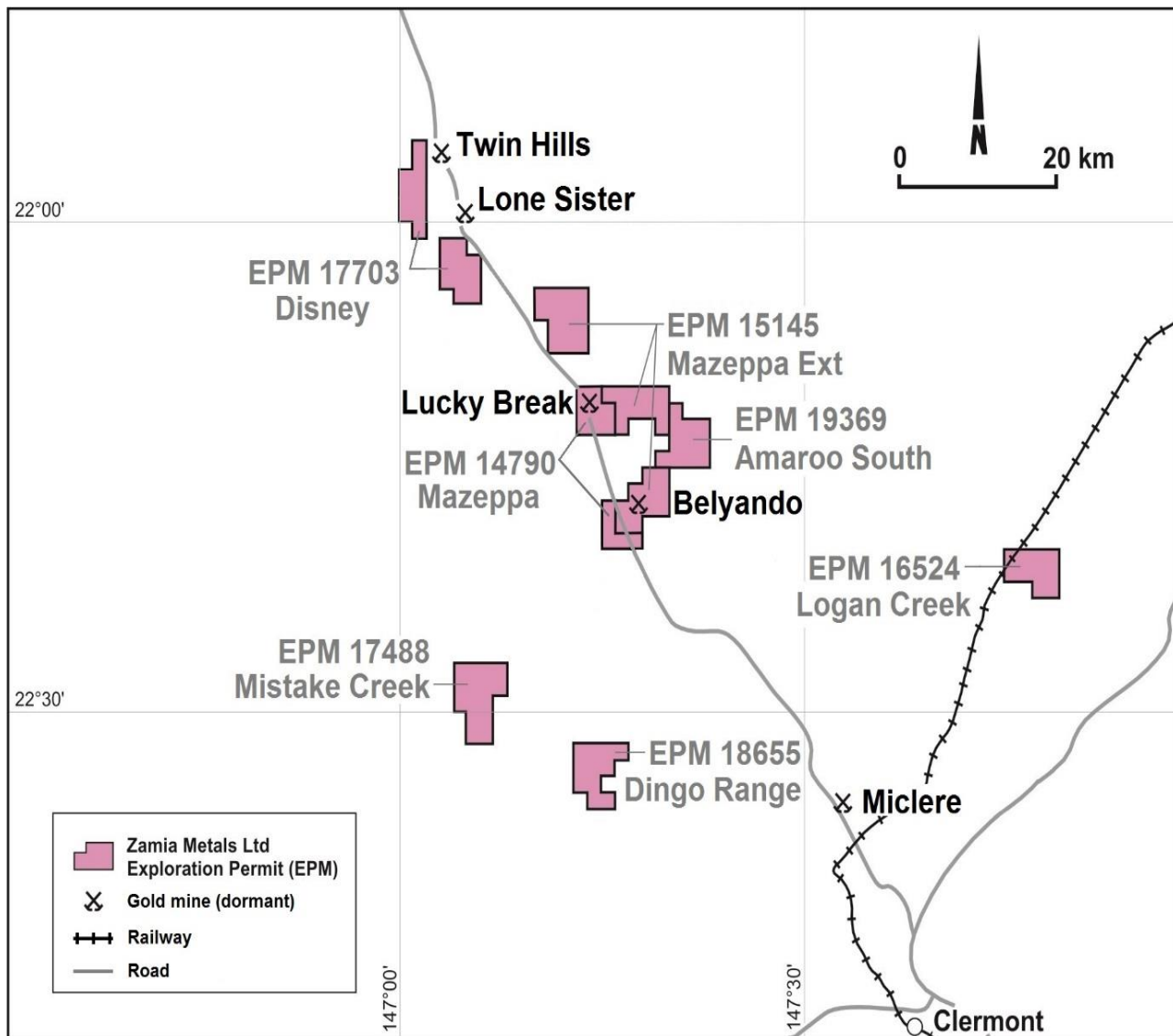


Figure 3. EPMs held by Zamia Resources at 30 June 2016

BELYANDO GOLD PROJECT

Background

The Belyando gold deposit was discovered in 1985 by drilling a geochemical anomaly. The deposit was mined in an open-cut operation to a depth of 50 – 60m by Ross Mining Limited during the period 1989 – 1995. During its life, the Belyando mine produced 85,840 ounces ('oz') of gold ('Au') from combined carbon-in-pulp and heap leach operations (Mustard, 1998).



Figure 4. Belyando open-cut mine with leach heaps in the background

Gold is hosted in bodies of siliceous breccia within altered meta-siltstones of the Anakie Inlier. Multiple gold lodes plunge moderately to steeply northwest. Previous drilling has outlined gold mineralisation to a depth of 150m. The lodes remain open down plunge.

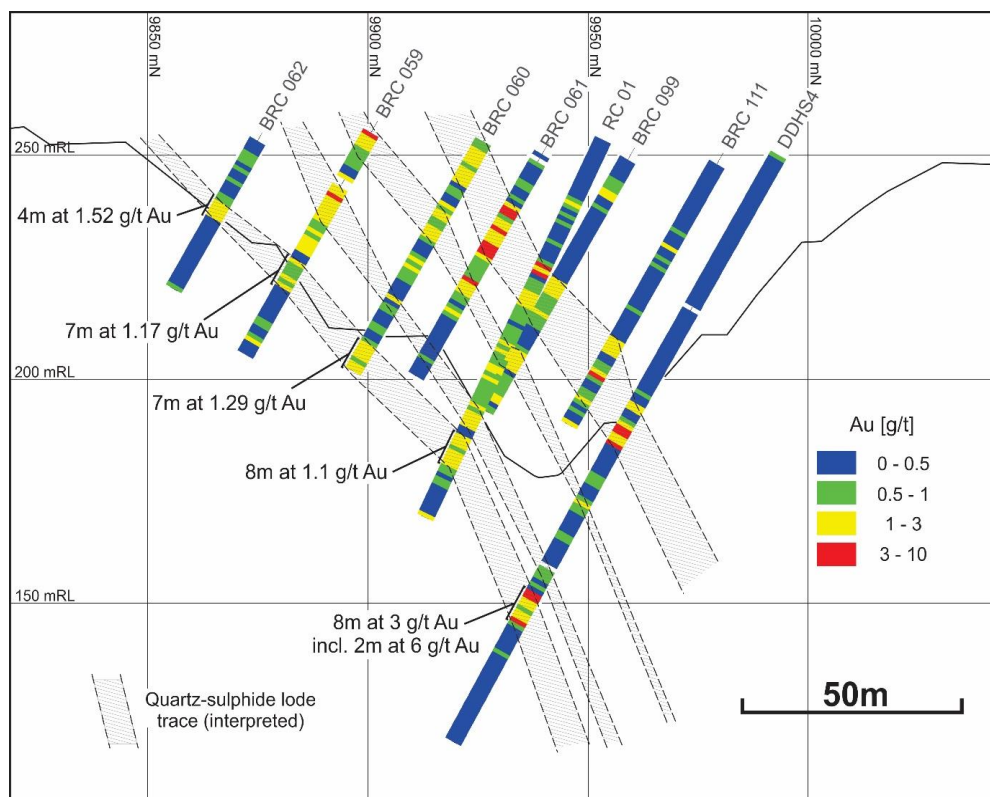


Figure 5. Geological interpretation, showing gold lodes continuing down-plunge below the existing pit. Drill intersections show good potential for gold at depth below the pit

Exploration Targets

Zamia sees potential for discovery of gold in several situations:

- there are likely extensions of the known lodes to the northwest below and down-plunge from the open-cut mine (see Figure 5);
- there is the possibility of undiscovered lodes lateral to and along strike from the known lodes. Magnetic imagery shows magnetite depletion (possible hydrothermal alteration) along a “corridor” extending northwest through the deposit;
- a broad zone of low grade gold (0.8 – 1.0 g/t Au) offers a target for a bulk-mineable gold deposit. A shallow (~ 100m penetration) induced polarisation (‘I.P.’) survey in 1986 showed a chargeability anomaly extending away from known gold concentrations, and a broad arc of high resistivity, possibly due to silica alteration, extending for 250m through the deposit;
- there is good potential for satellite gold deposits. The Ibis geochemical anomaly, located several hundred metres from the mine, provides an immediate target; and
- there is the possibility of porphyry-style copper-gold at depth below the Belyando deposit.

Possible Early Gold Production from Heap Leaching

A heap of previously-mined gold-bearing material is situated adjacent to the old mine. Previous estimates of tonnage and grade of the heap do not accord with the JORC resource guidelines so cannot be reported. Wirralie Mines extracted around 1,000 oz gold from a cyanide heap leach program during the period 2006 – 07, but this is likely to have been only a small proportion of the contained gold.



Figure 6. The previously-mined heap of gold-bearing material at Belyando

Zamia is considering various options for further recovery of gold from the heap and plans a scoping study to investigate the commercial viability of a small operation based on re-crushing of the previously-mined material, followed by cyanide leaching.

Planned Work Programme

Zamia plans the following work programme during the coming year:

- a helicopter magnetic survey over Belyando and extending several kilometres beyond;
- a gradient array I.P. survey covering a larger area than the previous (1986) survey and capable of penetrating to greater depth;
- reverse circulation (‘RC’) and diamond drill holes to test:
 - extensions to the known gold lodes;
 - targets identified by the I.P. survey;
 - the Ibis geochemical anomaly.

- a scoping study on the commercial viability of gold recovery from the previously-mined gold-bearing heap, and involving:
 - re-sampling of the heap;
 - metallurgical testwork to provide information on crush sizes for optimal gold recovery; and
 - estimation of costs and preliminary financial analysis.

REGIONAL EXPLORATION - PORPHYRY COPPER-GOLD TARGETS

Targeting Porphyry-style Deposits

The Anthony molybdenum deposit, discovered by Zamia, is a typical porphyry system:

- high level porphyry and breccia intrusions;
- stockwork-style veins, with pyrite (iron sulphide) and other metal sulphide minerals;
- large tonnage;
- characteristic alteration patterns; and
- a large geochemical halo.

Porphyry-style deposits, even when buried to depths of hundreds of metres, make attractive mining targets:

- large size;
- can be bulk mined by block caving; and
- simple mineralogy and processing.

Successful exploration requires:

- I.P. surveys to detect disseminated sulphide concentrations and identify drilling targets;
- deep drilling to test the targets; and
- careful geological study of drill samples to recognise characteristic patterns of rock alteration, which provide vectors towards metal concentrations.

Zamia has identified and prioritised porphyry copper-gold targets and has conducted a review of the Mistake Creek, Mount McLaren and Hill 271 targets.

EPM 17488 Mistake Creek

Mistake Creek, in an area of very poor rock outcrop, is a typical porphyry-style target:

- an intrusive igneous complex is indicated by a large magnetic high and confirmed by drill holes which intersected diorite;
- there are extensive copper- and gold-in-soil geochemical anomalies. Previous mainly shallow RC drilling has intersected elevated gold concentrations (up to 2 g/t Au over narrow intervals). Previous drilling has been almost entirely within the area of magnetic high;
- an arcuate magnetic low, flanking the magnetic high, could indicate a broad zone of rock alteration. This has been untested in previous exploration campaigns and provides a priority target area; and
- radiometric imagery shows an arcuate potassium channel anomaly, perhaps reflecting porphyry-related potassic alteration.

Zamia plans a deep penetration I.P. survey followed by drill testing of targets.

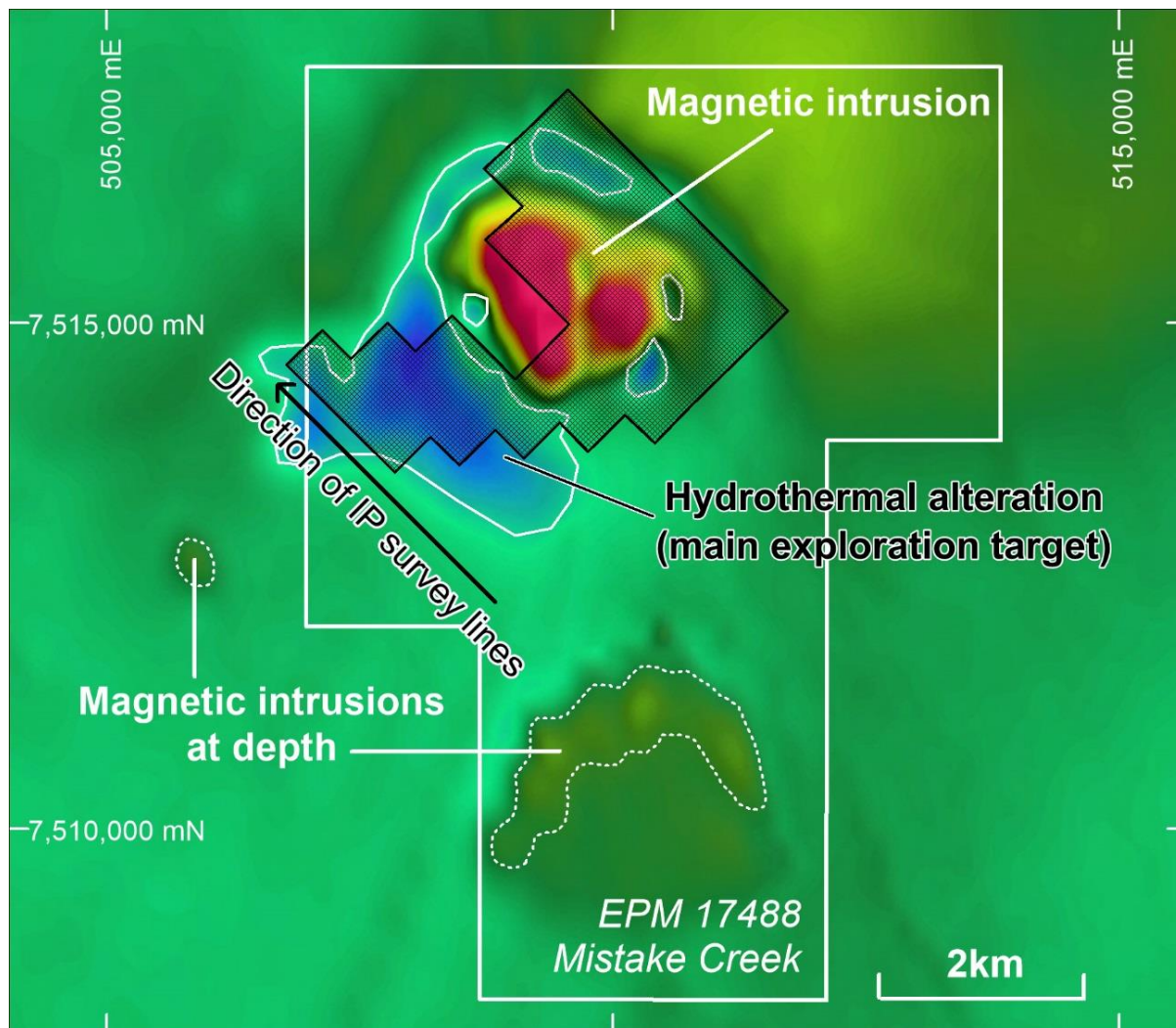


Figure 7. EPM 17488 Mistake Creek showing magnetic features and planned I.P. survey

EPM 16524 Logan Creek

The Mount McLaren prospect has a classic porphyry-style signature:

- multiple igneous intrusive bodies, which have been intersected in previous drilling campaigns;
- veins of quartz-iron oxide (after sulphide);
- silica-sericite alteration at surface;
- a strong radiometric potassium signature, possibly indicating porphyry-related potassic alteration;
- a large (1500m x 1500m) Mo-in-soil geochemical anomaly surrounded by Cu and Pb-Zn anomalies;
- a 3000m x 2000m zone of elevated I.P. chargeability; and
- elevated Au Cu Mo As Zn & Pb in drill hole intersections.

Zamia plans the following work:

- re-model the historic I.P. data and, if necessary, carry out a new I.P. survey; and
- carry out RC and diamond drilling to test targets identified by the I.P. survey.

EPM 18655 Dingo Range

The Dingo Range EPM contains a large aeromagnetic anomaly which is interpreted to reflect the presence of an unexposed intrusive complex. Previous modelling of the magnetic data indicated a multi-phase intrusive system over a strike length of 5 km and at a depth of around 500m, with several shallow sources which could reflect intrusive “fingers” extending upwards from the main magnetic body. By analogy with other intrusive complexes in the region, this indicates potential for porphyry-style gold-base metal deposits, although there is little rock outcrop in the tenement area.

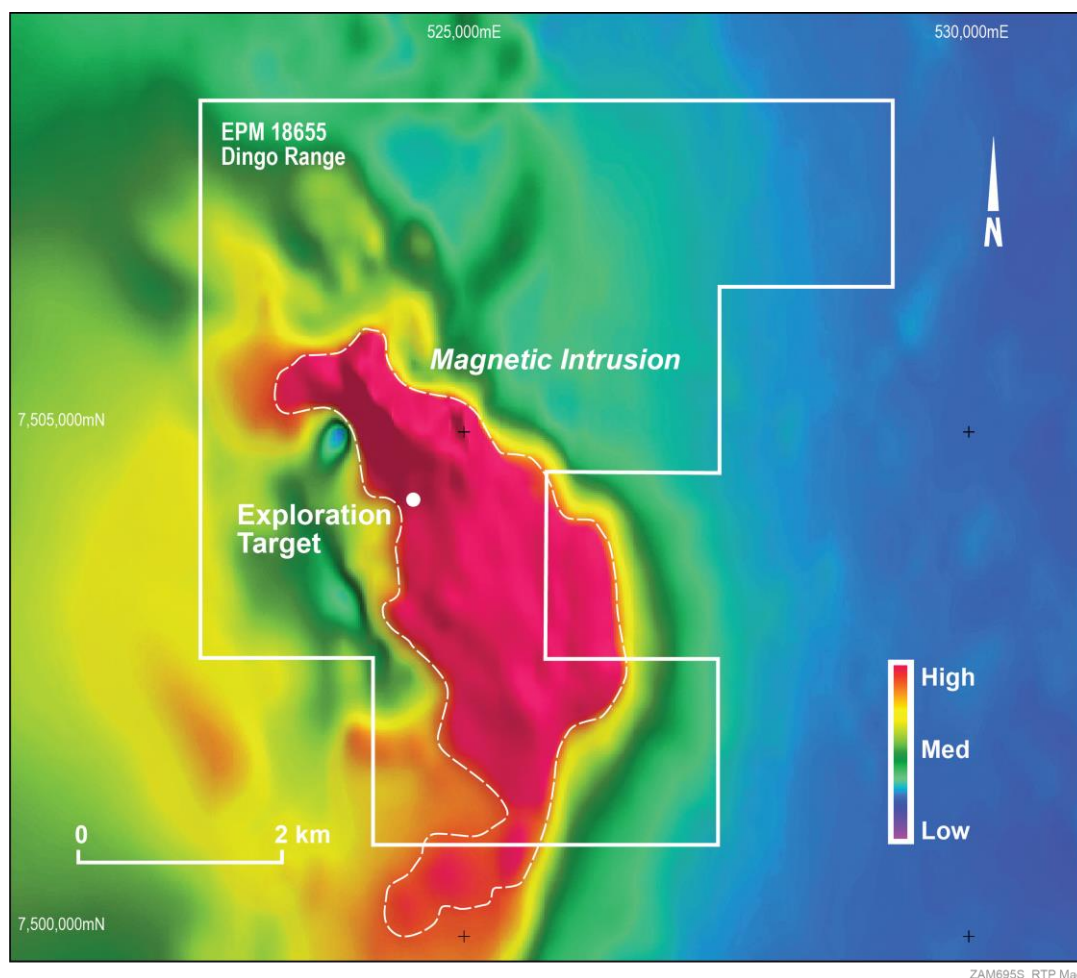


Figure 8. EPM 18655 Dingo Range: Aeromagnetic imagery showing a broad magnetic high.

Previous limited drilling intersected variably veined and altered mafic igneous rock, with possible porphyry-related phyllic alteration below 125m depth. During the year under review, Zamia carried out a soil geochemical survey over a local magnetic low, possibly representing magnetite-destruction related to hydrothermal activity, on the flank of the main magnetic high.



EPM 18655 is largely covered by alluvium and lateritic gravels. Rock outcrop is sparse.

Though the analytical results did not detect any anomalous surface geochemistry, the large aeromagnetic anomaly remains largely untested. Given that historic drill hole CRC-3 reportedly intersected minerals indicative of the outer alteration halos of a porphyry system, there exists a possibility that there is a deeper target within EPM 18655. A deep-penetrating I.P. survey is proposed for follow-up exploration.

REGIONAL EXPLORATION - EPITHERMAL GOLD TARGETS

EPM 19369 Amaroo South

The Hill 271 prospect shows similarities to Belyando:

- pervasive sericite alteration over an area of 1000m x 1000m;
- surface rubble ("float") of quartz veins with gossanous iron oxide (after sulphide);
- float samples with elevated concentrations of Au As Sb Bi Cu. The best assays were 16.7 g/t Au and 12.2% Cu;
- aeromagnetic imagery shows that the prospect lies along a northwest-trending zone of magnetite depletion (probable alteration), i.e. parallel to the one which apparently controls the Belyando gold lodes;
- a single line I.P. chargeability anomaly of 700m width at a depth of +100m; and
- a single RC drill hole to 211m intersected only weak copper-gold mineralisation.

Zamia plans the following exploration program:

- detailed geological mapping;
- additional I.P. to provide coverage over the northwest-trending structure; and
- identification and prioritisation of drill targets.

EPM 17703 Disney

In an area of very poor rock outcrop, exploration by Zamia and previous explorers identified several epithermal gold prospects, including:

- Apache: Previous drilling intersected elevated gold. Zamia has identified an area, with surface float containing up to 2.7 g/t Au, untested by previous drilling;
- Bendee: Previous drilling intersected 4m at 0.63 g/t Au from surface. A 1 km strike of geochemically-anomalous breccia remains untested by drilling; and

- Big Red: A gold-in-soil geochemical anomaly extends over 1.5 km strike length. Surface float includes hydrothermal breccia containing up to 1.1 g/t Au. The most intense gold-in-soil anomaly has not been tested by drilling.

Zamia plans to re-assess the soil geochemical data and test the best anomalies with RC drilling.

REFERENCES

Mustard, R., 1998. Belyando Gold Deposit. In Berkman, D.A., and Mackenzie, D.H., eds. Geology of Australian and Papua New Guinean Mineral Deposits, 00707-714, The Australasian Institute of Mining and Metallurgy

ABBREVIATIONS

Ag	Silver (chemical symbol)
As	Arsenic (chemical symbol)
Au	Gold (chemical symbol)
Bi	Bismuth (chemical symbol)
Cu	Copper (chemical symbol)
EPM	Exploration Permit for Minerals (Queensland)
g/t	Grams per tonne
I.P.	Induced polarisation (geophysical exploration technique)
km, km ²	Kilometres, square kilometres
m	Metres
Mo	Molybdenum (chemical symbol)
Oz	Ounces
Pb	Lead (chemical symbol)
ppm	Parts per million
RC	Reverse circulation (drilling technique)
Sb	Antimony (chemical symbol)
Zn	Zinc (chemical symbol)

Competent Person

Dr Ken Maiden, MAIG FAusIMM, a Director of Zamia Metals Limited, compiled the geological technical aspects of this report. He has sufficient experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Maiden consents to the inclusion of the matters in the form and context in which they appear and takes responsibility for data quality.

Personnel, OH&S, Environment and Community

Our People

Zamia ensures that training and assessment is provided for the tasks each employee is required to perform on an on-going basis. Training in field and office equipment, programs and procedures, as well as health and safety practices are available to all employees.

Occupational Health and Safety (OH&S)

Zamia Metals Limited is committed to achieving a high standard of safety and health for all its employees and contractors operating in exploration. Training is provided when necessary to enable all employees to carry out their responsibilities with the provision of a safe system of work. Adequate records are kept of action taken to manage health and safety in the workplace.

Environment

Environmental policies for protecting native flora and fauna are in place. All field activities are conducted so as to ensure minimal impact; drill sites and camp areas are rehabilitated. A Code of Conduct is adhered to in regard to field work to ensure the highest standard of compliance is achieved.

Community

Zamia is committed to working closely with traditional landowners to identify and protect culturally significant areas.

Zamia follows an open and meaningful communication with the community.

Corporate Governance Statement

Zamia Metal Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Zamia Metals Limited has reviewed corporate governance practices against the Corporate Governance Principles and Recommendation (3rd edition) (CGPR) published by the ASX Corporate Governance Council.

The 2015 corporate governance statement is dated as at 30 June 2015 and reflects the corporate governance practices in place during the 2015 and 2016 financial years. The corporate governance statement was approved by the Board on 13 August 2015. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at (www.zamia.com.au).

Directors' Report

The Directors of Zamia Metals Limited present their report on the Company and its controlled entities for the financial year ended 30 June 2016.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Andrew Skinner

Executive Chairman

Qualifications: MEd, (Prof. Accg.), Master of Corp. Gov., Dip. Of Prop Dev, CPA, AICD

Experience: Andrew qualified as a Chartered Accountant in 1986 with Price Waterhouse Coopers and commenced a specialisation in superannuation law and practice. He works extensively in business structuring and tax advice. In 2004 Andrew was the founding director of Augur Resources Ltd which went on to list on the ASX (AUK). He was also a founding director of Dome Gold Mines Ltd (DME) that listed on the ASX in 2013. Currently, Andrew is Principal of Andrew Skinner & Associates Pty Ltd a CPA Public Practice based in Chatswood. Andrew is also a Justice of the Peace and a Registered Tax Agent.

Andrew is a Sessional Lecturer at Macquarie University in the School of Accounting and Corporate Governance teaching in the fields of Enterprise Risk Management, Sustainability Reporting, Business Ethics and Corporate Governance. He has also taught Leading Organisation Change at the UBSS Business School in their Master of Business Administration Degree. Andrew has recently been appointed to the Academic Board of the Churchill Institute of Higher Education in recognition of his accounting and academic achievements.

Special responsibilities: Chairman of the Audit Committee.

Interest in shares 1,997,459 ordinary shares in Zamia Metals Limited.

and options:

Other current directorships: Andrew is also a Director the ASX listed Dome Gold Mines Limited and GPS Alliance Ltd

Dr Kenneth John Maiden

Non-executive Director

Qualifications: BSc, PhD, FAusIMM, MAIG

Experience: Since completing a doctoral thesis on the Broken Hill orebody, Ken has had 42 years of professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. More recently, Ken has established mineral exploration companies in Southern Africa and Northwest Queensland, and is a founding director of International Base Metals Limited. Ken has participated in successful base metal exploration programmes in South Australia, Queensland, Namibia, Botswana and Indonesia.

Interest in shares and options: 2,361,578 ordinary shares in Zamia Metals Limited.

Other current directorships: Non-Executive Director of International Base Metals Limited.

Directors' Report

Mr Qiang Chen

Non-executive Director

Qualifications: BSc, MSc

Experience: Mr Chen is Managing Director of West Minerals Pty Ltd, one of the Company's shareholders. Qiang Chen, a resident of Perth, has extensive experience in international commodities trading and private equity investment. In the 1990's he was the Marketing Manager of China Metallurgical Import and Export Corporation.

Special responsibilities: Member of the Audit Committee

Interest in shares and options: Nil

Other current directorships: Qiang Chen is an alternate Non-executive Director of International Base Metals Limited. He is also an Executive Director of West Minerals Pty Ltd, a substantial shareholder of the Company.

Dr Jiniu Deng

Non-executive Director

Qualifications: Doctorate degree from the Chinese University of Geosciences.

Experience: Dr Jiniu Deng is a well-known Beijing based geologist and professor level senior engineer with a Doctorate degree from the Chinese University of Geosciences and post-doctoral from the Central South University of China. Dr Deng is Chairman of Beijing Simen Mineral Resources Exploration Co Ltd and was formerly Chairman of Qinghai West Resources Co. Ltd. and an Executive Director of West Mining Co Ltd. His exploration successes have included the discovery of lead-zinc in the Xitieshan deposit, nickel in the Hami Tulaergen deposit of Xinjiang Autonomous Region, and copper and lead-zinc in the Huogeqi deposits of Inner Mongolia. Dr Deng has been honoured with numerous scientific, academic and business awards in China.

Interest in shares and options: Nil

Other current directorships: -

Mr Richard (Dick) Edward Keevers

Non-executive Director (resigned as Non-Executive Chairman 21 July 2015)

Mr Jordan Guocheng Li

Chief Executive Officer (resigned 25 August 2015)

Mr John Stone

Company Secretary

Qualifications: BEc

Experience: John has over 34 years' experience in the Australian and international corporate markets. In that time he has been a Director and Company Secretary for a diverse range of private and public listed companies.

Interest in shares and options: 869,737 ordinary shares in Zamia Metals Limited.

Directors' Report

Mr Barry F Neal

Chief Financial Officer

Qualifications: B Econ

Experience: Barry completed his degree at the University of Queensland in 1962 and started his career as a lecturer in accounting at the Queensland Institute of Technology. Barry has had extensive experience in accounting and company secretarial work with listed public companies in a range of industries.

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director while they were a director. During the financial year 10 board meetings and 2 audit committee meetings were held.

	Full meeting of Directors		Meetings of Audit Committee	
	A	B	A	B
Andrew Skinner	10	10	2	2
Kenneth John Maiden	10	9	-	-
Qiang Chen	10	10	2	2
Jiniu Deng	10	-	-	-
Richard Keevers	1	1	-	-

A. Number of Meetings held during the time the director held office or was a member of the committee during the year.

B. Number of meetings attended.

Principal Activity

During the year the principal continuing activity of the Group consisted of mineral exploration, primarily for gold, copper and molybdenum within the Clermont region of Central Queensland. There were no changes in the Group's principal activity during the course of the financial year.

Dividends

No dividends have been declared in the 2016 financial year (2015: no dividend declared).

Review of Operations

Potential Acquisitions

As disclosed in the half year report, in 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

The proposed acquisition was 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.

Directors' Report

However, on application to the ASX for a determination on the application of Chapter 11 of the Listing Rules the ASX ruled that such rules applied and compliance with Chapters 1 and 2 of the Listing Rules would be necessary. Subsequently, the Board of Zamia resolved to terminate the Heads of Agreement with EcoTech Mining Pty Ltd as announced to the ASX on 25 May 2016. The Board announced that the Company was looking for alternative transactions.

Operating Results

The Group's net loss after tax (NLAT) was \$604,750 (2015: NLAT \$1,283,782) with all exploration expenditure of \$166,977 (FY15: \$609,496) incurred during the year having been written off rather than capitalised.

The Company's tenement position continues to be sound but is being prioritised to ensure exploration expenditure is targeted towards the most promising targets.

The main focus of activity during the past year has been advancing the copper and gold prospects held by the Company, as well as the Anthony molybdenum project in the Clermont district of Queensland, where the Company has established an Inferred Resource.

Corporate Capital Raising

On 1 March 2016 the Company made a share placement of 32,100,000 ordinary shares at \$0.005 per share with one ordinary share option for every two shares issued being 16,050,000 ordinary share options exercisable at \$0.01 and expiring on 31 December 2017.

On 17 March 2016 the Company made a share placement of 10,000,000 ordinary shares at \$0.005 per share with one ordinary share option for every two shares issued being 5,000,000 ordinary share options exercisable at \$0.01 and expiring on 31 December 2017.

The funds raised were for working capital purposes including continuation of the current exploration program on the Group's tenements in Queensland.

The Company continues to assess suitable funding options including acquisitions and joint ventures on individual tenements, so that it can pursue its exploration program with a view to making further discoveries.

At 30 June 2016, the number of listed ordinary shares was 720,214,573.

Directors' Report

Loans

In 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 been subsequently extended to 31 December 2016;
- 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 been subsequently extended to 31 December 2016;
- 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 been subsequently extended to 31 December 2016;
- 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 been subsequently extended to 31 December 2016;
- 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 been subsequently extended to 31 December 2016.

Short term loans extended by two Directors who are major shareholders in the previous financial year totalling \$600,000 are still outstanding and have been extended with an expiry date of 31 December 2016

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year.

After Balance Date Events

There are no matters or circumstances that have arisen since the end of the financial year 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 financial years.

Environmental Regulations

The Consolidated Entity's operations are presently subject to environmental regulations under the laws of the Commonwealth of Australia and the states of Queensland and New South Wales. The Consolidated Entity is at all times in full environmental compliance with the conditions of its licences.

Directors' Report

Remuneration Report

This report outlines the remuneration arrangements in place for Directors and executives of Zamia Metals Limited.

Remuneration Policy

Zamia Metals Limited is a junior listed mineral exploration company with no revenue stream. The Company requires the continuing ongoing financial support of its shareholders and new investors to maintain an effective exploration program. The Company has yet to make a profit or pay a dividend. These elements are all considered when evaluating the Company's ability to remunerate key management personnel.

The Company does not have a Remuneration Committee; the Board determines the remuneration applicable to each key management person as and when required. All key management personnel were appointed under arm's length agreements acceptable to both parties.

Long-term incentives such as the issue of options to Directors and key management personnel are determined by Directors and approved by shareholders in general meeting.

This form of long term incentive does not consume any of the Company's cash resources and must result in a substantial increase in shareholder wealth before the recipient receives any benefit.

Excluded from contractual agreements with all key management personnel are references to any element of remuneration dependent on the satisfaction of a performance condition.

Engagement Contracts of Executive Directors and Key Management Personnel

All Non-executive Directors have been appointed by the Board and receive directors' fees and superannuation entitlements. The remuneration of the Executive Chairman (CEO), Company Secretary, and Chief Financial Officer (CFO) have been approved by the Board.

Details of Remuneration

The following table of benefits and payments represents the components of the current and comparative year remuneration expenses for each member of key management personnel (KMP) of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards.

The KMP of the Group include the directors of Zamia Metals Limited, the company secretary and other key management personnel, details of whom are disclosed on pages 19-21.

Directors' Report

Remuneration - Key Management Personnel of the Group 2016

		Short- term benefits	Post-employment benefits	Long-term benefits	Termination payments	
Name		Cash, salary and fees * \$	Superannuation \$	LSL \$	\$	Total \$
Executive Director						
Andrew Skinner		30,000	2,850	-	-	32,850
Non-executive Directors						
Kenneth John Maiden	1	42,150	1,710	-	-	43,860
Qiang Chen		18,000	1,710	-	-	19,710
Jiniu Deng		18,000	-	-	-	18,000
Other Key Management Personnel (Group)						
John Stone, Company Secretary	2	33,156	-	-	-	33,156
Joran Li CEO (resigned 25/8/2015)	3	11,648	-	-	-	11,648
Barry Neal, CFO	4	18,554	-	-	-	18,554
Daniel Doman, Geologist	5	81,160	1,827	-	-	82,987
Total key management personnel compensation		252,668	8,097	-	-	260,765

* Salary and fees owing was accrued and not paid during the reporting period:- Andrew Skinner \$30,000, Qiang Chen \$19,710, Ken Maiden \$38,860, Jiniu Deng \$18,000, Barry Neal \$13,781 and John Stone \$29,376

- 1 Includes consulting fees of \$24,150
- 2 Fees payable to a John Stone as a sole trader and not as an employee.
- 3 Fees paid to related entity North Shore Advisory Group Pty Ltd
- 4 Fees payable to related entity Barry F Neal Consulting Pty Ltd
- 5 Made redundant 28/8/2015, remuneration includes casual work after this date

Remuneration - Key Management Personnel of the Group 2015

		Short- term benefits	Post-employment benefits	Long-term benefits	Termination payments	
Name		Cash, salary and fees \$	Superannuation \$	LSL \$	\$	Total \$
Non-executive Directors						
Richard (Dick) Edward Keevers		30,000	2,850			32,850
Kenneth John Maiden		18,000	1,710			19,710
Qiang Chen		18,000	1,710			19,710
Andrew Skinner		20,000	1,900			21,900
Other Key Management Personnel (Group)						
Jordan Li, CEO (resigned 25/8/2015)		96,192	-			96,192
John Stone, Company Secretary	1	26,100	-			26,100
Barry Neal, CFO	2	15,593	-			15,593
Penny Daven, Tenement Manager/Senior Geologist	3	87,232	8,287	13,784	29,066	138,368
Daniel Doman, Geologist		113,636	10,679			124,315
Total key management personnel compensation		424,753	27,136			494,739

- 1 Fees paid to a John Stone as a sole trader and not as an employee.
- 2 Fees paid to a related entity of Barry F Neal Consulting Pty Ltd.
- 3 Made redundant 25 March 2015

Directors' Report

Shareholdings of key management personnel

The number of shares in the company held during the financial year by each Director of Zamia Metals Limited and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

2016	Balance at start of the year	Other changes during the year	Balance at the end of the year
Directors			
Kenneth Maiden	2,361,578		2,361,578
Qiang Chen	-	-	-
Andrew Skinner	1,997,459	-	1,997,459
Jiniu Deng	-	-	-
Other Key Management Personnel of the Group			
Jordan Li, CEO (resigned 25/8/2015)	5,328,278	(5,328,278)	-
John Stone, Company Secretary	869,737	-	869,737
	10,577,052	(5,328,278)	3,231,315

2015	Balance at start of the year	Other changes during the year	Balance at the end of the year
Directors			
Kenneth Maiden	2,361,578	-	2,361,578
Qiang Chen	-	-	-
Andrew Skinner	1,324,822	672,637	1,997,459
Jiniu Deng	-	-	-
Other Key Management Personnel of the Group			
Jordan Li, CEO	2,648,278	2,680,000	5,328,278
John Stone, Company Secretary	869,737	-	869,737
	7,204,415	3,172,637	10,577,052

Options over Ordinary Shares Granted as Remuneration

Options may be issued to Directors and Company employees as part of their remuneration. The options are not issued based on performance criteria, but may be issued to Directors and employees as a way of limiting cash remuneration and furthering the alignment of interests of these persons with the Company.

No options were granted to key management personnel during the reporting period, no options vested, no options were exercised. There were no non-expired options to Directors at balance date.

Option holdings of key management personnel

The number of share options in the company held at the end of the financial year by each director of Zamia Metals Limited and other key management personnel of the Group, including their personally related parties are set out below.

2016 and 2015	Balance at start of the year	Received during the year as share based payments	Exercised	Other changes*	Balance at the end of the year	Vested and exercisable
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There were no non-expired options to KMP at 30 June 2015 and 30 June 2016

The employment terms and conditions of all KMP re formalised in contracts of employment.

Directors' Report

Indemnifying and Insurance of Directors and Officers

During or since the end of the previous financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure all of the Directors of the Company as named above, the Company Secretary, Mr John Stone, and all executive officers of the Company against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the company, other than conduct involving a wilful breach of duty in relation to the company.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2016:

Taxation services	<u>\$2,000</u>
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Directors' Report

Auditor Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 30 of the financial report.

Options

At the date of this report, the unissued ordinary shares of Zamia Metals Listed Public Limited under option are as follows:

Grant date	Expiry date	Exercise Price	Issued during the year
01 Mar' 16	31 Dec' 17	\$0.005	16,050,000
17 Mar' 16	31 Dec' 17	\$0.005	5,000,000
			21,050,000

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

The above options were granted over unissued shares or interests of any controlled entity within the Group during the reporting period and no options have been issued post reporting date.

Signed in accordance with a resolution of the Board of Directors.



Andrew Skinner
Executive Chairman
Sydney 27 September 2016

Auditor's Independence Certificate

HALL CHADWICK  (NSW)

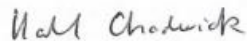
Chartered Accountants and Business Advisers

**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**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

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



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



Graham Webb
Partner
Date: 27 September 2016

SYDNEY

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Independent Auditor's Report

HALL CHADWICK  (NSW)

Chartered Accountants and Business Advisers

ZAMIA METALS LIMITED
ABN 73 120 348 683
AND CONTROLLED ENTITY

INDEPENDENT AUDITOR'S 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 Financial Report

We have audited the accompanying financial report of Zamia Metals Limited which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ZAMIA METALS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

G Webb

Graham Webb
Partner
Date: 27 September 2016

SYDNEY

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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 32-55, are in accordance with the *Corporations Act 2001*; and:
 - a) comply with Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Andrew Skinner
Executive Chairman
Sydney, 27 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
Revenue	4	93,345	163,027
Consultancy fees		(95,324)	(142,145)
Occupancy expense		(149,425)	(112,696)
Directors' remuneration		(72,270)	(104,000)
Depreciation and amortisation expense	5	(12,899)	(15,003)
Compliance costs		(40,736)	(43,393)
Exploration and evaluation expenditure	5	(166,977)	(609,496)
Employee benefits expense		(14,320)	(212,322)
Finance expense		(59,777)	(34,800)
Other expenses		(86,377)	(172,954)
(Loss) before Income Tax		(604,760)	(1,283,782)
Income tax expense	6	-	-
(Loss) attributable to Members of the parent entity		(604,760)	(1,283,782)
Other Comprehensive Income		-	-
Total Comprehensive (loss) for the year attributable to owners of Zamia Metals Limited		(604,760)	(1,283,782)
Basic and diluted earnings cents per share	26	(0.001)	(0.19)

The accompanying notes form part of the financial statements

Consolidated Statement of Financial Position

As at the end of Financial Year 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	7	52,471	171,695
Trade and other receivables	8	7,577	12,648
Other current assets	9	-	8,666
TOTAL CURRENT ASSETS		60,048	193,009
NON-CURRENT ASSETS			
Plant and equipment	10	-	12,899
Other non-current assets	9	50,000	50,000
TOTAL NON-CURRENT ASSETS		50,000	62,899
TOTAL ASSETS		110,048	255,908
CURRENT LIABILITIES			
Trade and other payables	12	326,715	173,591
Borrowings	13	750,000	600,000
Short term provisions	14	-	42,184
TOTAL CURRENT LIABILITIES		1,076,715	815,775
TOTAL LIABILITIES		1,076,715	815,776
NET ASSETS		(966,667)	(559,867)
EQUITY			
Contributed equity	15	22,440,977	22,243,017
Reserves	16	-	195,703
Retained losses		(23,407,644)	(22,998,587)
TOTAL EQUITY		(966,667)	(559,867)

The accompanying notes form part of the financial statements

Consolidated Statement of Changes in Equity

For Financial Year Ended 30 June 2016

	Share capital ordinary shares \$	Retained losses \$	General Reserve \$	Option Reserve \$	Total \$
Balance at 1/7/2014	22,243,017	(21,744,562)	195,703	29,757	723,915
Shares issued during the year after share issue costs	-	-	-	-	-
Comprehensive loss for the year	-	(1,283,782)	-	-	(1,283,782)
Transfer of expired options to retained earnings	-	29,757	-	(29,757)	-
Balance at 30/6/2015	22,243,017	(22,998,587)	195,703	-	(559,867)
Balance at 1/7/2016	22,243,017	(22,998,587)	195,703	-	(559,867)
Shares issued during the year after share issue costs	197,960	-	-	-	197,960
Comprehensive loss for the year	-	(604,760)	-	-	(604,760)
General reserve transferred to retained losses	-	195,703	(195,703)	-	-
Balance at 30/6/2016	22,440,977	(23,407,644)	-	-	(966,667)

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows

For Financial Year Ended 30 June 2016

		30 June 2016	30 June 2015
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from debtors		96,194	181,604
Payments to suppliers and employees		(569,436)	(1,400,264)
Interest received		3,331	11,131
Net cash(used in) by operating activities	25	(469,911)	(1,207,529)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		-	(2,524)
Proceeds from the sale of plant and equipment		2,727	-
Net cash (used in) by investing activities		2,727	(2,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		197,960	-
Proceeds from borrowings		150,000	600,000
Net cash provided by financing activities		347,960	600,000
Net (decrease) in cash held		(119,224)	(610,053)
Cash at the beginning of the financial year		171,695	781,748
Cash at the end of the financial year	7	52,471	171,695

The accompanying notes form part of the financial statements

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Zamia Metals Limited (Zamia) and Controlled Entity (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Zamia Metals Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 27 September 2016 by the directors of the company.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Zamia Metals Limited and its subsidiary.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Zamia Metals Limited (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – impairment of other receivables

The directors have reviewed outstanding debtors as at 30 June 2016 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made in the Parent entity's accounts of \$187,831 being a debt owing by a subsidiary to the parent entity.

(d) 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.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2016 was \$604,760 (2015: \$1,283,782) and as at 30 June 2016 current liabilities exceed current assets by \$1,016,668 and the consolidated group had negative net assets of \$996,667 (2015: \$559,867).

The Directors have resolved in accordance with AASB 6 to expense all exploration costs rather than capitalise them with \$166,977 expensed in the current reporting period (2015: \$609,496).

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

- (i) During the reporting period the Company raised \$197,960 net of capital raising costs from the placement of ordinary shares.
- (ii) The Group had \$52,471 in cash at 30 June 2016;
- (iii) In view of the difficulty of raising funds in the current financial market the Company has cut expenditure to a minimum to enable survival until the market improves.
- (iv) Budgeted expenditure will allow the Company to meet tenement commitments on tenements which are not planned to be relinquished. If tenement commitments are not met, then the Company will seek a variation of required expenditure from the relevant authority which it is expected will be granted.
- (v) Zamia is in advanced discussions on an acquisition.
- (vi) Major shareholders have indicated their willingness to support the company by way of extending short term loans for working capital

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 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 obtain short term loans from major shareholders and/or raise sufficient funds 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.

(e) Revenue recognition

Interest revenue is recognised on an effective interest method taking into account the interest rate applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Zamia Metals Limited and its wholly-owned controlled entity have not implemented the tax consolidation legislation.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(g) Exploration and development expenditure

All exploration, evaluation and development expenditure on all the Company's exploration tenements is expensed as incurred. Directors believe this treatment where expenditure is expensed rather than capitalised is more relevant to understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

Exploration costs are only capitalised to the extent that they are expected to be recovered through successful development of the tenement

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown with short-term borrowings in current liabilities on the balance sheet.

(j) Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loan to subsidiaries are classified as non-current receivables.

Recognition and derecognition

Financial assets carried at fair value through profit or loss are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(k) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Depreciation

Depreciation is provided on plant and equipment and leasehold improvements. Depreciation is calculated on a diminishing value or straight line basis over the useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the expired period of the lease or the estimated useful lives of the improvements. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment - diminishing value	25%
Computer equipment - diminishing value	40%
Motor vehicles - diminishing value	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(o) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation

The Company operates a share-based compensation plan approved by shareholders. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the Income Statement. The total amount is expensed over the vesting period by reference to the fair value of those shares or options at the date the shares or options are granted.

(p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except, where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The group's assessment of the impact of these new standards when adopted in future periods are discussed below:

(i) **AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).**

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. The Group does not hedge and the new standard will have no impact on the Group's financial statements.

(ii) **AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The directors anticipate that the adoption of AASB 15 will have no impact on the Group's financial statements.

(iii) **AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).**

When effective, this Standard will replace the current accounting requirements under AASB 117, with the new standard requiring all leases with two exceptions to be included on the statement of financial position.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

The directors anticipate that the adoption of AASB 11 will not affect the Group's financial statements.

(v) AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

The directors anticipate that the adoption of AASB 11 will not affect the Group's financial statements.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, receivables and payables, and loans to subsidiaries.

The totals for each category of financial instruments, disclosed in accordance with AASB 7 as detailed in the accounting policies to these financial instruments, are as follows:

Financial Risk Management Policies

Risk management is carried out by management under policies approved by the Board of Directors. The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposit with banks, accounts receivable and payable, and loans to subsidiaries.

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2016 \$	2015 \$
Financial Assets		
Cash and cash equivalents	52,471	171,695
Trade and other receivables	7,577	12,648
Other current assets	-	8,666
Assets Financial Assets	60,048	193,010
Financial liabilities		
Trade and other payables	326,715	173,591
Borrowings	750,000	600,000
Total Financial liabilities	1,076,715	773,591

(a) Market and price risk

The Groups activities as an exploration company do not expose it to market or credit risk at this stage.

(b) Cash flow and fair value interest rate risk

As the Consolidated Entity's external debts at balance date have a fixed interest rate or are non-interest bearing, the effect on profit and equity as a result of change in the interest rate, with all other variables remaining constant is disclosed below. The Consolidated Entity has no foreign exchange exposure.

Group Sensitivity

At 30 June 2016 if interest rates had increased/decreased by 50 basis points from the year end rates with all other variables held constant, the Group's net profit before tax would have not been significantly higher/lower (2015: \$174) as a result of higher/lower interest income from cash and cash equivalents.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial Liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational and financing activities;
- ensuring that adequate fund raising activities are undertaken;
- maintaining a reputable credit profile;
- Investing surplus cash only with major financial institutions.

The Group depends principally on capital raising and short term borrowing to manage cash flow requirements.

Notes to the Financial Statements

The following tables reflect the Group's undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

30 June 2016

Fixed Interest Rate Maturing

	Average Interest Rate %	Variable Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-interest Bearing \$	Total \$
Financial Assets							
Cash	0.1%	52,471	-	-	-	-	52,471
Deposits	2.8%	-	-	50,000	-	-	50,000
Total financial assets		52,471	-	50,000	-	-	102,471
Trade and other payables							
Trade and other payables	-	-	-	-	-	-	-
Borrowings	8.0%	-	750,000	-	-	-	750,000
Total financial liabilities		-	750,000	-	-	-	750,000

30 June 2015

Fixed Interest Rate Maturing

	Average Interest Rate %	Variable Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-interest Bearing \$	Total \$
Financial Assets							
Cash	2.3%	171,695	-	-	-	-	171,695
Deposits	3.3%	-	-	50,000	-	-	50,000
Total financial assets		171,695	-	50,000	-	-	221,695
Trade and other payables							
Trade and other payables	-	-	-	-	-	173,591	173,591
Borrowings	8.0%	-	600,000	-	-	-	600,000
Total financial liabilities		-	600,000	-	-	173,591	773,591

Fair value

Cash and cash equivalents, trade and other receivables and other trade payables are short-term instruments in nature whose carrying value is equivalent to fair value.

NOTE 3: SEGMENT INFORMATION

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 4: REVENUE

	Consolidated Group	
	2016 \$	2015 \$
Other revenue		
Administration service fees	90,612	150,570
Interest received – other entities	6	12,457
Profit on disposal of fixed assets	2,727	-
	93,345	163,027

Notes to the Financial Statements

NOTE 5: LOSS FOR THE YEAR

	Consolidated Group	
	2016	2015
	\$	\$
Loss before income tax includes the following specific expenses:		
Exploration expenditure		609,496
Depreciation and amortisation expense		15,003

NOTE 6: INCOME TAX

(a) Income tax expense		
Current tax		
Deferred tax	(181,396)	(385,125)
Deferred tax assets not recognised	181,396	385,135
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense at 30% (2015: 30%)	(181,428)	(385,135)
Add tax effect of:		
Other non-allowable items	32	-
Deferred tax assets not recognised	181,396	385,136
Income tax expense/benefit	-	-
Total deferred tax assets not recognised	7,041,599	6,848,525

Also refer to Note 11 for details of deferred tax assets not recognised

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016	2015
	\$	\$
(a) Reconciliation of cash at the end of the year		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	52,471	135,289
Deposits at call	-	36,406
Balances as per statement of cash flows	52,471	171,695

(b) Interest rate risk exposure

The group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Debtors	4,401	512
Other debtors	3,176	12,136
	7,577	12,648

Notes to the Financial Statements

NOTE 9: OTHER ASSETS

	Consolidated Group	
	2016 \$	2015 \$
Current		
Deposits	-	4,830
Other receivables	-	3,836
	-	8,666
Non-Current		
Deposits	50,000	50,000

NOTE 10: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Consolidated	Plant and Equipment at cost \$	Furniture and Fittings at cost \$	Computer equipment at cost \$	Motor vehicles at cost \$	TOTAL \$
At 30 June 2014					
Cost	2,860	8,018	66,030	77,312	156,308
Accumulated depreciation	(1,789)	(7,194)	(42,733)	(77,126)	(130,930)
Net book value	1,071	824	23,297	186	25,378
Year ended 30 June 2015					
Opening net book value	1,071	824	23,297	186	25,378
Additions	-	-	2,524	-	2,524
Depreciation charge	(636)	(538)	(13,643)	(186)	(15,003)
Closing net book value	435	286	12,178	-	12,899
At 30 June 2015					
Cost	2,860	8,018	68,544	77,312	156,744
Accumulated depreciation	(2,425)	(2,732)	(56,376)	(77,312)	(143,845)
Net book value	435	286	12,178	-	12,899
Year ended 30 June 2016					
Opening net book value	435	286	12,178	-	12,899
Disposals	-	-	-	(77,312)	(77,312)
Write back provision for depreciation on disposal				77,312	77,312
Depreciation charge	(435)	(286)	(12,178)	-	(12,899)
Closing net book value	-	-	-	-	-
At 30 June 2016					
Cost	-	-	68,544	77,312	145,856
Accumulated depreciation			(68,544)	-	(68,544)
Disposals				(77,312)	(77,312)
Net book value	-	-	-	-	-

Notes to the Financial Statements

NOTE 11: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

Deferred tax assets not brought to account the benefit of which will only be realised if the conditions for deductibility set out in Note 1(e) are satisfied.

- tax losses and timing differences at 30% not brought to account \$7,041,599 (2015: \$6,848,525).

NOTE 12: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016	2015
	\$	\$
Trade payables	106,848	81,822
Sundry payables and accrued expenses	220,367	91,769
	<u>326,715</u>	<u>173,591</u>

NOTE 13: BORROWINGS

	Consolidated Group	
	2016	2015
	\$	\$
Loans from related parties	<u>750,000</u>	<u>600,000</u>

On 22 September 2014, two Directors who are major shareholders extended short terms loans totalling \$600,000 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.

Further loans of \$150,000 were provided by three Directors in the current financial year on the same terms and conditions. Interest accrued at balance date on these loans was \$93,377

Loan Received	Interest Rate	Repayment date	Amount of loan \$
22 September 2014	8%	31 December 2016	600,000
22 July 2015	8%	31 December 2016	100,000
10 September 2015	8%	31 December 2016	20,000
10 September 2015	8%	31 December 2016	30,000
			<u>750,000</u>

NOTE 14: PROVISIONS

	Consolidated Group	
	2016	2015
	\$	\$
Short term provision	-	42,184
Long-term provision	-	-
Employee entitlements	-	42,184
Reconciliation of movement in the Current liability is recognized in the balance sheet as follows:-		
Balance at beginning of financial year	42,184	67,876
(Decrease)/Increase in provision	(42,184)	(25,692)
Balance at end of financial year	<u>-</u>	<u>42,184</u>
Reconciliation of movement in the Non-Current liability is recognized in the balance sheet as follows:-		
Balance at beginning of financial year	-	12,564
(Decrease)/ Increase in provision	-	(12,564)
Balance at end of financial year	<u>-</u>	<u>-</u>

Notes to the Financial Statements

NOTE 15: CONTRIBUTED EQUITY

	Consolidated Group	
	2016	2015
	\$	\$
Fully paid ordinary shares 720,214,573 (2015: 678,114,573)	22,440,977	22,243,017

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	\$
30 June 13	Balance	458,192,118		21,032,301
30 Jul 13	Shares issued under SPP	15,414,698	0.00639	98,500
16 Aug 13	Shares issued under SPP	1,564,945	0.00639	10,000
23 Apr 14	Shares issued under Rights Issue	192,942,812	0.00639	1,157,657
20 May 14	Shares issued under Rights Issue	10,000,000	0.00639	60,000
	Less transaction costs arising on shares issued			(115,441)
30 June 15		678,114,573	-	22,243,017
1 Mar 16	Share placement	32,100,000	0.005	160,500
17 Mar 16	Share placement	10,000,000	0.005	50,000
	Less transaction costs arising on shares issued	-	-	(12,540)
30 June 16		720,214,573	-	22,440,977

(b) Ordinary shares

During the financial year placements of 42,100,000 ordinary shares were issued by the Company at \$0.005.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(c) Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 16: RESERVES

	Consolidated Group	
	2016	2015
	\$	\$
General reserve (a)	-	195,703
	-	195,703

(a) The general reserve has resulted from listed options which have expired and not been exercised. This reserve has been transferred to retained losses in the reporting year

Notes to the Financial Statements

NOTE 17: KEY MANAGEMENT PERSONNEL DISCLOSURES

	Consolidated Group	
	2016	2015
	\$	\$
(a) Key management personnel compensation:		
Short-term employee benefits *	252,668	474,825
Post-employment benefits	8,097	27,136
Long term benefits LSL	-	13,784
Termination payments	-	29,066
	<u>260,765</u>	<u>483,961</u>

* \$133,051 of salary and fees owing was accrued and not paid during the reporting period

Details of key management personnel remuneration are included in the remuneration report on page 25-27.

(b) Shareholdings of key management personnel

Details of shareholdings of key management personnel are disclosed in the Remuneration Report on page 25-27.

(c) Option holdings of key management personnel

There were no option holdings of key management personnel.

NOTE 18: REMUNERATION OF AUDITORS

Auditor to the parent company

Auditing or reviewing the financial report	26,000	37,586
Other services:		
- taxation services	2,000	3,130
	<u>28,000</u>	<u>40,716</u>

NOTE 19: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 20: COMMITMENTS

Non-cancellable operating leases

The Head Office lease is a non-cancellable lease of a three year term commencing 1 April 2015 and expiring on 28 February 2018 with rent payable monthly in advance with an annual increase of 4%.

Non-cancellable operating leases contracted but not capitalised in the financial statements.

	Consolidated Group	
	2016	2015
	\$	\$
Payable less than one year	147,195	137,611
Payable greater than one year and less than five years	106,081	253,275
Minimum lease payments	<u>253,276</u>	<u>390,866</u>

Service agreement

The Company has entered into a revised service agreement with International Base Metals Limited (IBML) commencing on 1 March 2015 to provide IBML with equipment, premises, office services and the services of the staff of Zamia Resources Pty Ltd, a subsidiary of Zamia Metals Limited. The agreement also provides for the provision of IBML staff to Zamia Resources Pty Ltd. The total service fees paid in the current financial year was \$34,852 and rent \$55,760.

Notes to the Financial Statements

NOTE 20: COMMITMENTS (continued)

Exploration commitments

	Consolidated Group	
	2017	2016
	\$	\$
Indicative exploration expense payable not later than one year *	934,438	1,058,000

*Budget agreed with the Queensland Department of Mining and Energy.

At the 30 June 2016, Zamia holds 7 Exploration Permits for Minerals (EPMs) in the Clermont district of Central Queensland. During the FY2016 year, EPM16523 Bullock Creek, EPM18583 Elgin Downs, EPM18598 Cairo, EPM18715 Warroo and EPM25479 Epping Forest were relinquished. EPM17555 Gregory was allowed to expire.

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 21: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity within the Group is Zamia Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 22.

(c) Key management personnel

Transactions and disclosures in relation to key management personnel are set out in the Remuneration Report pages 25-27 and in Note 17.

(d) Outstanding balances arising from transactions with the Group

The Group includes the ultimate parent entity and its wholly owned subsidiary Zamia Resources Pty Ltd. The ultimate parent entity in the Group is Zamia Metals Limited. At 30 June 2016 \$16,561,945 owing by the controlled entity to the Parent was impaired with a \$187,831 provision for impairment in the books of the Parent in the current financial year and \$16,374,114 in previous financial years.

(e) Service agreement

As disclosed in Note 20 Zamia Metals Limited has entered into a service agreement with International Base Metals Limited (IBML) to provide equipment, premises and office services to IBML and for Zamia Metals Limited to provide the services of its personnel employed by Zamia Resources Pty Ltd to International Base Metals Limited for a fixed terms of three years commencing on 1 March 2012. The service fee payable was revised on 1 March 2015 for a further period of three years.

Zamia Metals Limited Directors Ken Maiden and Qiang Chen are also Directors of International Base Metals Limited.

(d) Loans from related parties

As disclosed in Note 13, three Directors who are major shareholders have extended short term loans totalling \$750,000 to provide working capital with interest payable at 8% p.a. Interest accrued at balance date on these loans was \$93,377

Notes to the Financial Statements

NOTE 21: RELATED PARTY TRANSACTIONS (continued)

(e) Aggregate amounts of transactions with related parties

Aggregate amounts of each of the above types of transaction with related parties of the Group not including key management personnel:

	Consolidated entity	
	2016	2015
	\$	\$
Interest accrued on loans from related parties	93,377	34,800
Amounts recognised as expense – geologist consulting fee (1)	24,150	-
Amounts recognised as income – service fees (2)	90,612	150,570
Outstanding balances at the reporting date in relation to transactions with related parties:		
Amount owing by a related party IBML for service fees (2)	4,001	-
Loans owing to related parties including accrued interest	843,377	634,800

1. Geological services provided by Kraton Geosciences Pty Ltd and entity controlled by Director Dr Ken Maiden
2. Gross service fee commitment as per the agreement for Zamia Metals Limited to supply office facilities to International Base Metals Limited (IBML) commencing on 1 March 2012 and revised on 1 March 2015. (Refer Note 20).

NOTE 22: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c).

Name of entity	Country of Incorporation	Class of Shares	Ownership Interest	
			2016	2015
Parent entity				
Zamia Metals Limited	Australia	Ordinary	100%	100%
Controlled entity				
Zamia Resources Pty Ltd	Australia	Ordinary	100%	100%

NOTE 23: PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards:

	Parent Entity	
	2016	2015
	\$	\$
Current assets	58,859	132,324
Non-current assets	-	62,181
Total assets	58,859	194,505
Current liabilities	(312,318)	(717,239)
Total liabilities	(1,062,318)	(522,734)
Shareholders' equity		
Contributed equity	22,440,977	22,243,017
Reserves		
General reserve	-	195,703
Retained losses	(23,394,436)	(22,961,454)
Total equity	(953,459)	(522,734)
Loss for the year	(628,686)	(1,240,043)
Total comprehensive income	(628,686)	(1,240,043)

Notes to the Financial Statements

NOTE 24: SUBSEQUENT EVENTS

There are no other matters or circumstances that have arisen since the end of the financial year 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 financial years.

NOTE 25: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Group	
	2016	2015
	\$	\$
(Loss) from ordinary activities after income tax	(604,760)	(1,283,782)
Add/(less) non-cash items:		
- Depreciation and amortisation	12,899	15,003
- Accrued interest on loan	58,577	34,800
- Profit on disposal of fixed assets	(2,727)	-
(Increase)/decrease in trade and other current assets	13,737	29,709
Increase/(decrease)/in payables	94,548	22,430
Increase/(decrease) in employee entitlements	(42,184)	(25,689)
Net cash used in operating activities	(469,911)	(1,207,529)

NOTE 26: EARNINGS PER SHARE

	2016	2015
	cents per Share	cents per Share
Basic and diluted earnings per share	(0.001)	(0.19)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:-

	Consolidated Group	
	2016	2015
	\$	\$
Earnings (i)	(604,760)	(1,283,782)
	Consolidated Group	
	2016	2015
	No.	No.
Weighted average number of ordinary share (ii)	720,214,573	678,114,573

(i) Earnings used in the calculation of basic and diluted earnings per share are net profit after tax attributable to members of the parent entity as per the statement of comprehensive income.

(ii) There are 21,050,000 options on issue which are not dilutive and have not therefore been included in the calculation of diluted earnings per share

Notes to the Financial Statements

NOTE 27: SHARE-BASED PAYMENTS

Share-based payments

Options granted are not listed and carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share.

No options lapsed in the 2016 financial year (2015:4,323,744 options lapsed).

Grant date	Expiry date	Exercise Price	Balance at start of Year	Issued during the year	Number		Date vested and exercisable at end of year
					Expired during the year	Balance at end of Year	
2015							
23 Jan'13	23 Jan'15	\$0.03	4,323,744	-	4,323,744	-	-
			16,466,600	-	12,142,856	-	-
Weighted average exercise price			\$0.03	-	\$0.03	-	-

NOTE 28: COMPANY DETAILS

Registered office and principal place of business

Zamia Metals Limited
Suite 60, Level 6, Tower Building
47-53 Neridah Street
Chatswood NSW 2067, Australia

Shareholder Information

Statement of quoted securities as at 27 September 2016

There are 895 shareholders holding a total of 720,214,573 ordinary fully paid shares on issue by the Company.

The twenty largest shareholders between them hold 84.33% of the total issued shares on issue.

The voting rights attaching to the ordinary shares are that a member shall be entitled either personally or by proxy or by attorney or by representative to be present at any general meeting of the Company and to vote on any question on a show of hands and upon a poll and to be reckoned in a quorum.

Distribution of quoted securities as at 27 September 2016

Ordinary fully paid shares

Range of Holding	Number of Holders
1 - 1,000	61
1,001 - 5,000	82
5,001 - 10,000	121
10,001 - 100,000	416
100,001 - and over	215
Total holders	895

There were 730 holders of less than a marketable parcel of ordinary shares.

Substantial shareholdings as at 27 September 2016 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Brownstone International Pty Ltd	305,484,447	42.42
Qinghai Genlid Mining Investment & Management Co Ltd	147,847,082	20.53
China Sun Industry Pty Ltd	35,913,448	4.99

On-market buy-backs

There is no on-market buy back currently in place in relation to the securities of the company.

Shareholder Information

Top Twenty Shareholders 2016

Holder name	Number of ordinary fully paid listed shares held	% of total ordinary shares on issue
BROWNSTONE INTERNATIONAL PTY LTD	305,484,447	42.42%
QINGHAI GENLID MINING INVESTMENT & MANAGEMENT CO LTD	147,847,082	20.53%
CHINA SUN INDUSTRY PTY LTD	35,913,448	4.99%
WEST MINERALS PTY LIMITED	17,409,091	2.42%
ASHGROVE W PTY LTD	14,703,832	2.04%
INTERNATIONAL BASE METALS LIMITED	13,593,875	1.89%
MR HAITAO GENG	9,107,143	1.26%
BWS PTY LTD	8,000,000	1.11%
THE ASSIST GROUP INTERNATIONAL PTY LTD	8,000,000	1.11%
GREAT SEA WAVE INVESTMENT PTY LTD	6,545,455	0.91%
MR SALVATORE DI VINCENZO	5,437,891	0.76%
LWP TECHNOLOGIES LTD <INVESTMENT PORTFOLIO A/C>	4,921,985	0.68%
ZAPPO PTY LTD <ZAPPO P/L SUPER FUND A/C>	4,844,120	0.67%
MS JING XIANG LI	4,172,100	0.58%
CITI RESOURCES CO LTD	4,000,000	0.56%
CHI HO WILLIAM LO	4,000,000	0.56%
ALCARDO INVESTMENTS LIMITED <STYLED 102501 A/C>	3,921,369	0.54%
FIRST INVESTMENT PARTNERS PTY LTD	3,252,177	0.45%
BARJAYE PTY LIMITED <HSBR SUPER FUND NO 3 A/C>	3,183,091	0.44%
MR PHILIP MAXWELL SMITH & MRS SONYA CHRISTINE SMITH	3,000,000	0.42%
	607,337,106	84.33%
Total of Securities	720,214,573	