



Zeta Resources Limited

ARBN 162 902 481

**ASX Appendix 4E
Preliminary Final Report**

For the year ended 30 June 2014

(Incorporating information pursuant to ASX Listing Rule 4.3A)

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Results for announcement to the market

Key Information

Financial results

	30 June 2014 US\$	30 June 2013 US\$	Change	
			US\$	%
Revenue from ordinary activities	35,757,640	(9,437,824)	45,195,464	n/m*
Profit/(loss) from ordinary activities after tax attributable to members	29,186,342	(9,705,965)	38,892,307	n/m*
Net profit/(loss) for the period attributable to members	29,186,342	(9,705,965)	38,892,307	n/m*

*n/m = not meaningful

Dividends

Cents per ordinary share Nil

No dividends have been declared or are payable for the period ended 30 June 2014.

Tangible assets per ordinary share

Net tangible assets per share as at 30 June 2014 (in United States dollars)	0.90
Net tangible assets per share as at 30 June 2014 (in Australian dollars)	0.96

Commentary

Zeta Resources Limited ("the company") is an investment company listed on the Australian Stock Exchange and domiciled in Bermuda. This is the company's second year of operations, having been incorporated on 13 August 2012. The company has two wholly-owned subsidiaries, being Kumarina Resources Limited and Zeta Investments Limited.

The company's net profit after tax for the year ended 30 June 2014 was US\$29,186,342, an increase of US\$38,892,307 from the previous 10½ month period ended 30 June 2013.

The majority of the net profit is comprised of the fair value increase in the company's listed investments as at 30 June 2014 recognised at fair value in the financial statements.

The company's basic and diluted profit per share (in United States dollars) for the year ended 30 June 2014 was US\$0.44. This is based on the weighted average number of ordinary shares in issue during the year. No adjustment is made for the 10,122,903 options in issue as at 30 June 2014 as they are not considered to be dilutive.

As part of a renounceable pro-rata entitlement issue the company made an offering of up to 50,614,556 ordinary shares at A\$0.50 whereby existing shareholders would be entitled to acquire one new ordinary share for every one held at the record date. Under this offering the company issued 42,616,164 shares on the 10 February 2014 raising the equivalent of US\$19,249,722.

Additional Information

Dividends paid or provided for	No dividends declared for the year ended 30 June 2014. Refer to results summary.
Dividends reinvestment plan	No dividends or distribution reinvestment plan was in operation during the period ended 30 June 2014.
Net tangible assets per share	Details of net tangible asset backing are set out in the results summary.
Control gained or lost over entities having material effect	On the 11 December 2013 the company acquired 100% of the shares and voting interest in Zeta Investments Limited. As at the 30 June 2014 the company had received loans from Zeta Investments Limited of US\$6,088,294.
Details of associates and joint ventures	The group has no investments in associates or joint ventures.
Other significant information	<p>The company has adopted IFRS 10, which introduces a new approach to determining which investees should be consolidated. The company is assessed as qualifying as an investment entity as it provides professional investment management services; its business purpose is to invest funds solely for returns of capital appreciation and/or investment income; and its investments are measured on a fair value basis. Accordingly, the company has not presented consolidated financial statements.</p> <p>At the date of this Appendix 4E there was no other matter of a significant nature.</p>
Accounting standards for foreign entities	The financial statements have been prepared in accordance with the provisions of the Bermuda Companies Act 1981 and International Financial Reporting Standards.
Commentary on the results for the financial year	Refer to results summary.
Compliance statement	This report is based on accounts which are in the process of being audited.

Signed: 
(Authorised Person)

Date: 21 August 2014

Name: **J. Dugald F. Morrison**

Statement of comprehensive income

For the period ended 30 June 2014

	Notes	June 2014 US\$	June 2013 US\$
Revenue			
Investment Income	9	36,243,059	(9,706,953)
Other Income	10	(485,418)	269,129
Expenses			
Interest expense		(1,643,037)	(21,209)
Management and consulting fees	11	(3,900,400)	(26,925)
Operating and administration expenses	12	(1,027,862)	(220,007)
Profit/(loss) before income tax		29,186,342	(9,705,965)
Income tax	13	-	-
Profit/(loss) for the period		29,186,342	(9,705,965)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		29,186,342	(9,705,965)
Profit/(loss) per share			
Basic and diluted profit/(loss) per share	14	0.44	(0.69)

Statement of financial position

At 30 June 2014

	Notes	2014 US\$	2013 US\$
Non-current assets			
Investment in subsidiary	2	10,275,234	10,275,233
Investments	3	104,069,133	36,229,896
Current assets			
Cash and cash equivalents	4	188,012	2,383,913
Total assets		114,532,379	48,889,042
Non-current liabilities			
Loan from subsidiary	5	(11,947,583)	(5,468,485)
Loan from parent	6	(14,449,593)	(4,577,000)
Current Liabilities			
Trade and other payables	7	(3,729,294)	(39,689)
Balance due to brokers		(43,336)	(2,877,359)
Total liabilities		(30,169,806)	(12,962,533)
NET ASSETS		84,362,573	35,926,509
Equity			
Share capital	8	832	406
Share premium	8	64,881,364	45,632,068
Accumulated profits/(losses)		19,480,377	(9,705,965)
TOTAL EQUITY		84,362,573	35,926,509

Statement of cash flows

For the period ended 30 June 2014

	Notes	June 2014 US\$	June 2013 US\$
Cash flows from operating activities			
Cash generated by operations	15.1	(1,962,126)	2,670,116
Interest received		4,656	-
Interest expense		(1,643,037)	(21,209)
Net cash flows from operating activities		(3,600,507)	2,648,907
Cash flows from investing activities			
Investments purchased		(52,640,466)	(10,583,403)
Investments sold		18,929,077	-
Net cash flows from investing activities		(33,711,389)	(10,583,403)
Cash flows from financing activities			
Proceeds from issue of shares	15.2	19,249,722	3,795
Increase in Loan from parent		9,872,593	4,577,000
Increase in Loan from subsidiary		6,479,098	5,468,485
Net cash flows from financing activities		35,601,413	10,049,280
Net movement in cash and cash equivalents		(1,710,483)	2,114,784
Cash and cash equivalents at the beginning of the period		2,383,913	-
Effect of exchange rate fluctuations on cash held		(485,418)	269,129
Cash and cash equivalents at end of the period	4	188,012	2,383,913

Statement of changes in equity

For the period ended 30 June 2014

	Notes	Share capital US\$	Share premium US\$	Accumulated loss US\$	Total US\$
Balance at incorporation		-	-	-	-
Issue of share capital	8	406	45,632,068	-	45,632,474
Net loss for the period ended		-	-	(9,705,965)	(9,705,965)
BALANCE AT 30 JUNE 2013		406	45,632,068	(9,705,965)	35,926,509
Issue of share capital	8	426	19,249,296	-	19,249,722
Net profit for the period ended		-	-	29,186,342	29,186,342
BALANCE AT 30 JUNE 2014		832	64,881,364	19,480,377	84,362,573

Notes to the financial statements

For the period ended 30 June 2014

1. Basis of Preparation of Preliminary Final Report

1.1 Corporate Information

Zeta Resources Limited ("the company") is an investment company incorporated on 13 August 2012, listed on the Australian Stock Exchange and domiciled in Bermuda. The financial statements of the company as at and for the period ended 30 June 2014 comprise the company only.

1.2 Basis of Preparation

This report is based on accounts that are in the process of being audited.

This report does not include all of the notes normally included in an annual financial report. Accordingly this report is to be read in conjunction with the financial report for the period ended 30 June 2013 and any public announcements made by the company during the reporting period in accordance with continuous disclosure requirements.

1.3 Changes in Accounting Policies

The company has adopted the following accounting policies:

IFRS 13 which introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The company accordingly uses last traded prices.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (revised 2011) Separate Financial Statements and IAS 28 (revised 2011) Associates and Joint Ventures, and the Transition Guidance amendments to IFRSs 10 and 12.

IFRS 10, Consolidated Financial Statements, introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with that investee, it has the ability to affect those returns through its power over that investee and there is a link between power and returns. Control is reassessed as facts and circumstances change. IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities. The company is assessed as qualifying as an investment entity as it provides professional investment management services; its business purpose is to invest funds solely for returns of capital appreciation and or investment income; and its investments are measured on a fair value basis. Accordingly, the company has not presented consolidated financial statements.

The company has determined that it meets the definition of an investment entity and as a result, the company's subsidiaries (being the investments in Kumarina Resources Limited and Zeta Investments Limited) are accounted for at fair value through profit or loss.

IFRS 12, Disclosure of Interests in Other Entities, which combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IAS 27 (revised 2011), Separate Financial Statements, and Amendments to IAS 27: The objective of the standard is to prescribe the accounting and disclosure requirements when an entity prepares separate financial statements. The Amendments require an investment entity as defined in IFRS 10 to present separate financial statements as its only financial statements in the case where it measures all of its subsidiaries at fair value through profit or loss and to disclose that fact.

Summary of quantitative impact

Subsidiaries, which were previously accounted for at cost less impairment and consolidated into the financial statements, are now accounted for at fair value due to the change in accounting policy adopted by the company. However as the subsidiaries' fair value, as per the directors, equals their cost less impairment, there have been no material impacts resulting from the above changes in accounting policies, as well as the deconsolidation, on the company's financial position, comprehensive income and cash flows.

	June 2014 US\$	June 2013 US\$
2. Investment in Subsidiary		
At fair value		
Investment in Kumarina Resources Limited ("Kumarina")	10,275,233	10,275,233
Investment in Zeta Investments Limited ("Zeta Investments")	1	-
	<u>10,275,234</u>	<u>10,275,233</u>

On the 11 December 2013 the company acquired 100% of the shares and voting interests in Zeta Investments. There were no acquisition related costs.

3. Investments

Financial assets at fair value through profit or loss	<u>104,069,133</u>	<u>36,229,896</u>
Equity securities at fair value		
Ordinary shares - listed	88,101,079	32,979,896
Subscription and other rights - unlisted	<u>15,968,054</u>	<u>3,250,000</u>
	<u>104,069,133</u>	<u>36,229,896</u>
Equity securities at cost		
Ordinary shares - listed	67,704,425	39,605,567
Subscription and other rights - unlisted	<u>10,588,054</u>	<u>3,200,000</u>
	<u>78,292,479</u>	<u>42,805,567</u>

Investments Held by the Group at the Reporting Date

	Number of Shares	% of Issued Shares Held
Listed		
Resolute Mining Limited	21,300,000	3.322%
New Zealand Oil and Gas Limited	48,905,974	11.756%
Cue Energy Resources Limited	21,208,347	3.038%
Panoramic Resources	46,817,237	14.527%
Other Investments	38,627,688	
Unlisted		
Seacrest LLP	9,500,000	
Other rights		
Other	400,000	

During the reporting period the company completed a total of 485 transactions (2013: 42 transactions) in securities and paid a total of US\$149,284 (2013: US\$14,961) in brokerage on those transactions.

During the reporting period the company received loans from its subsidiary Zeta Investments and from an external lender. To secure the loans Zeta Resources has pledged certain quantities of its shares held in listed entities.

The shares pledged include: New Zealand Oil and Gas Limited (10,000,000); Resolute Mining Limited (5,000,000); and Panoramic Resources Limited (3,200,000).

	June 2014 US\$	June 2013 US\$
4. Cash and Cash Equivalents		
Cash balance comprises:		
Cash at bank	188,012	2,383,913
	<u>188,012</u>	<u>2,383,913</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between 3 to 6 months depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

5. Loan from Subsidiary		
Loan from Kumarina	5,859,289	5,468,485
Loan from Zeta Investments	<u>6,088,294</u>	<u>-</u>
	<u>11,947,583</u>	<u>5,468,485</u>

The loan from Kumarina is denominated in Australian dollars and attracts interest at a rate of 7.5% per annum (30 June 2013: 7.5%). There are no fixed repayment terms except that no repayment is due before 30 June 2015. The loan from Zeta Investments is denominated in Australian dollars and New Zealand dollars and attracts interest at a rate of 7.9% per annum (30 June 2013: Nil) on the Australian dollar loan and at 6.6% per annum (30 June 2013: Nil) on the New Zealand dollar loan. There are no fixed repayment terms except that no repayment is due before 30 June 2015.

6. Loan from Parent		
Loan from Utilico Investments Limited ("Utilico")	14,449,593	4,577,000

The loan is denominated in Australian dollars to the value of A\$6.6 million (30 June 2013 A\$5 million) and in United States dollars to the value of US\$8 million (30 June 2013 US\$ Nil), carries interest at 10% per annum (30 June 2013: 10%) on the Australian dollar loan and 7.5% per annum (30 June 2013: Nil) on the United States dollar loan, and is repayable by no later than 30 September 2015.

7. Trade and Other Payables		
Accruals	258,714	39,689
Sundry creditors	32,866	-
Provision for performance fee	<u>3,437,714</u>	<u>-</u>
	<u>3,729,294</u>	<u>39,689</u>

The accruals are for audit, management, directors and administration fees payable.

8. Share Capital and Share Premium

Authorised

5,000,000,000 ordinary shares of par value \$0.00001

Issued

Ordinary shares	Number of Shares	Share Capital	Share Premium
Balance as at incorporation		-	-
Issued at incorporation as \$1 par shares	100	-	-
Shares split into 10,000,000 shares of \$0.00001 each	9,999,900	-	-
Issued in consideration for purchase of investments from Utilico	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina Resources Limited	17,775,514	178	13,406,337
Issued under initial public offering	4,000	-	3,795
Balance as at 30 June 2013	50,614,556	406	45,632,068
Issued under public rights issue dated 10 February 2014	42,616,164	426	19,249,296
Balance as at 30 June 2014	93,230,720	832	64,881,364

For further details related to the share issue transactions please see note 15.2.

	June 2014	June 2013
Options		
Balance at the beginning of the period	10,122,903	-
Issued in consideration for purchase of investments from Utilico	-	6,567,008
Issued in consideration for purchase of 100% Kumarina Resources Limited	-	3,555,095
Issued under initial public offering	-	800
	10,122,903	10,122,903

Under the scheme of arrangement whereby the company acquired the entire share capital of Kumarina Resources Limited and purchased certain investments from Utilico one Zeta option was issued for each five ordinary shares issued.

The options are exercisable at an exercise price of A\$1.00 into one ordinary share until 7 June 2016.

	June 2014 US\$	June 2013 US\$
9. Investment Income		
Interest income	4,656	-
Dividend income	2,110,554	-
Realised gains	1,775,523	-
Unrealised fair value gains/(losses):		
Financial assets at fair value through profit or loss	32,352,325	(9,706,953)
	<u>36,243,059</u>	<u>(9,706,953)</u>
10. Other Income		
Foreign exchange (losses)/gains	<u>(485,418)</u>	<u>269,129</u>
11. Management and Consulting Fees		
Management and consulting fees	<u>3,900,400</u>	<u>26,925</u>

The company entered into an investment management agreement with ICM Limited (Bermuda registered) on 10 April 2013. Management fees are payable at a rate of 0.5% per annum, of funds managed on calculation date, payable quarterly in arrears and pro-rated for any period less than 3 months.

Performance fees are payable annually at year end on the difference between adjusted equity funds (adjusted for any dividends paid or accrued) on calculation date less adjusted base equity funds (high-water mark) previously used in the performance fee calculation multiplied by 15%. The adjusted base equity funds is the base equity fund used in the last performance fee calculation adjusted by the average percentage income yield on the S&P/ASX 300 Metals and Mining Index. A performance fee of US\$3,437,714 (2013: US\$ Nil) was payable in the current period.

Either party may terminate the agreement with 6 months' notice.

12. Operating and Administration Expenses

Operating and administration expenses consist of:

Audit fees	22,627	6,045
Australian Stock Exchange listing fees	51,407	33,479
Directors fees	153,333	-
Legal fees	86,378	136,050
Other expenses	714,117	44,433
	<u>1,027,862</u>	<u>220,007</u>

13. Income Tax

The company is domiciled in Bermuda and has elected to be tax exempt in terms of local legislation. As such no tax is payable.

	June 2014 US\$	June 2013 US\$
14. Profit/(Loss) Per Share		
Basic and diluted profit/(loss) per share	0.44	(0.69)
Profit/(loss) used in calculation of basic and diluted earnings per share	29,186,342	(9,705,965)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	67,077,239	14,106,616
The weighted average number of ordinary shares calculation is based on the period beginning 1 July 2013. For details of shares issued during the period refer to note 15.2.		
No adjustment is made for the 10,122,903 options in issue at 30 June 2014 (30 June 2013: 10,122,903) as they are not considered to be dilutive.		
15. Notes to the Cash Flow Statement		
15.1 Cash Generated by Operations		
Profit/(loss) before income tax benefit	29,186,342	(9,705,965)
Adjustments for:		
Realised gains on investments	(1,775,524)	-
Fair value (profit)/loss on revaluation of investments	(32,352,325)	9,706,953
Foreign exchange losses/(gains)	485,418	(269,129)
Interest income	(4,656)	-
Interest expense	1,643,037	21,209
Operating loss before working capital change	(2,817,708)	(246,932)
Increase in trade and other payables	3,689,605	39,689
Increase/(decrease) in balance due to brokers	(2,834,023)	2,877,359
	(1,962,126)	2,670,116
15.2 Issue of Share Capital		
Shares Issued for Consideration		
As part of the Kumarina scheme of arrangement an initial public offering of up to 25,000,000 ordinary shares at A\$1.00 was approved. Under this initial public offering the company issued 4,000 shares on 7 June 2013 raising the equivalent of \$3,795	-	3,795
As part of a renounceable pro-rata entitlement issue the company made an offering of up to 50,614,556 ordinary shares at A\$0.50 whereby existing shareholders would be entitled to acquire one new ordinary share for every one held at the record date. Under this offering the company issued 42,616,164 shares on the 10 February 2014 raising the equivalent of \$19,249,722	19,249,722	-
	19,249,722	3,795

Shares Issued for No Consideration

At incorporation the company issued 100 incorporation shares of \$1 each. These shares were then split into 10,000,000 shares of \$0.0001 par value.

On 21 May 2013 the company issued 22,835,042 ordinary shares to Utilico as consideration for investments purchased from Utilico.

On 7 June 2013 the company issued 17,775,514 ordinary shares to acquire the entire share capital of Kumarina Resources Limited in an equity only transaction where four Kumarina Resources Limited shares were exchanged for one company share.

16. Segmental Reporting

The company has four reportable segments, as described below, which are considered to be the company's strategic investment areas. For each investment area, the company's chief operating decision maker ("CODM") (ICM Limited - investment manager) reviews internal management reports on at least a monthly basis. The following summary describes each of the company's reportable segments:

- Gold: investments in companies which mine gold
- Oil & Gas: investments in companies which extract or prospect for oil or gas
- Mineral Exploration: investments in companies which mine minerals other than gold
- Other segments: activities which do not fit into one of the above segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the company's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

Information about Reportable Segments

30 June 2014

	Gold US\$	Oil & Gas US\$	Mineral Exploration US\$	Other Segments US\$	Total US\$
External revenues	4,110,018	9,304,180	22,809,271	19,590	36,243,059
Reportable segment revenue	4,110,018	9,304,180	22,809,271	19,590	36,243,059
Interest revenue	-	-	-	4,656	4,656
Reportable segment profit/(loss) before tax	4,110,018	9,304,180	22,809,271	(7,037,127)	29,186,342
Reportable segment assets	22,620,202	54,796,483	36,539,627	576,067	114,532,379
Reportable segment liabilities	-	(43,336)	-	(30,126,470)	(30,169,806)

30 June 2013

	Gold US\$	Oil & Gas US\$	Mineral Exploration US\$	Other Segments US\$	Total US\$
External revenues	(4,361,522)	(2,214,007)	(142)	(3,131,282)	(9,706,953)
Reportable segment revenue	(4,361,522)	(2,214,007)	(142)	(3,131,282)	(9,706,953)
Interest revenue	-	-	-	-	-
Reportable segment profit/(loss) before tax	(7,492,804)	(2,214,007)	(142)	988	(9,705,965)
Reportable segment assets	21,730,777	24,759,348	15,004	2,383,913	48,889,042
Reportable segment liabilities	(412,158)	(2,460,813)	-	(10,089,562)	(12,962,533)

During the period there were no transactions between segments which results in income or expenditure.

	June 2014 US\$	June 2013 US\$
Reconciliations of Reportable Segment Revenues, Profit or Loss, Assets and Liabilities, and Other Material Items		
Revenues		
Total revenue for reportable segments	36,223,469	(6,575,671)
Revenue for other segments	19,590	(3,131,282)
Revenue	<u>36,243,059</u>	<u>(9,706,953)</u>
Profit or Loss		
Total profit/(loss) for reportable segments	36,223,469	(9,706,953)
Profit/(loss) for other segments	(7,037,127)	988
Profit/(loss) before tax	<u>29,186,342</u>	<u>(9,705,965)</u>
Assets		
Total assets for reportable segments	113,956,312	46,505,129
Assets for other segments	576,067	2,383,913
Total assets	<u>114,532,379</u>	<u>48,889,042</u>
Liabilities		
Total liabilities for reportable segments	(43,336)	(2,872,971)
Liabilities for other segments	(30,126,470)	(10,089,562)
Total liabilities	<u>(30,169,806)</u>	<u>(12,962,533)</u>

Geographic Information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operating assets of the investment held by the company.

	June 2014 US\$	June 2013 US\$
Revenue		
Australia	22,718,098	(832,352)
Egypt	2,330,918	(1,339,842)
Mali	702,532	(1,829,310)
Namibia	2,073,370	50,000
New Zealand	3,928,894	(2,117,627)
Norway	2,259,920	-
United Kingdom	740,870	-
Other Countries	1,468,867	(506,540)
Revenue	<u>36,223,469</u>	<u>(6,575,671)</u>
Assets		
Australia	51,252,250	11,918,991
Egypt	-	4,545,928
Mali	8,518,029	3,428,466
Namibia	6,060,620	3,250,000
New Zealand	34,387,410	19,973,502
Norway	6,605,920	-
United Kingdom	2,165,620	-
Other Countries	4,966,463	3,388,242
Assets	<u>113,956,312</u>	<u>46,505,129</u>

17. Events After the Reporting Date

After the reporting date the company's holding company increased the available loan facility from US\$17,000,000 to US\$25,000,000 to enable the company to continue with the acquisition of further investments in the resources sector. The final repayment date of the loan facility has also been extended to 30 September 2015.