Zeta Resources Limited

ARBN 162 902 481

Audited Financial Report

For the year ended 30 June 2014

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CORPORATE DIRECTORY

Zeta Resources Limited
Company ARBN: 162 902 481
www.zetaresources.co

Directors (Non-Executive)
Peter Sullivan (Chairman)
Marthinus (Martin) Botha
Xi Xi

Registered Office
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Hamilton HM 11
Bermuda
Company Registration Number: 46795

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Telephone: +61 2 9248 0304

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Hamilton HM 11
Bermuda
Telephone: +1 441 299 2897
Email: contact@icmnz.co.nz

Secretary
Kim Armstrong
19 Par-la-Ville Road
Hamilton HM 11
Bermuda

Assistant Secretary
BCB Charter Corporate Services Limited
19 Par-la-Ville Road
Hamilton HM 11
Bermuda

General Administration
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Wynberg 7800
Cape Town
South Africa

Auditor
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1 Mediterranean Street, Foreshore
8001, Cape Town
South Africa

Custodian
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PO Box HM1748
Hamilton HM 11
Bermuda

Registrar
Security Transfer Registrars Pty Limited
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Telephone: +61 8 9315 2333

Stock Exchange Listing
The company's shares are quoted on the Official List of the Australian Securities Exchange, Ticker code: ZER

CORPORATE GOVERNANCE STATEMENT

1. Introduction

The board of directors of Zeta Resources Limited has adopted the following Corporate Governance Principles promulgated by the ASX Corporate Governance Council ("Council") and is responsible for the adherence to these Principles. These Principles and Practices will be reviewed regularly and upgraded or changed to reflect changes in law and what is regarded as best practice. A description of the company's main Corporate Governance Principles and Practices is set out below.

2. Role of the board

The board has adopted the following Statement of Matters for which the board will be responsible:

(a) review and determine the company's strategic direction and operational policies;

(b) review and approve business plans, budgets and forecasts and set goals for management;

(c) appoint and remunerate senior staff (if any);

(d) review performance of senior staff (if any);

(e) review performance of the Investment Manager (as defined below);

(f) review financial performance against Key Performance Indicators on a monthly basis;

(g) approve capital, development and other large expenditures;

(h) review risk management and compliance;

(i) oversee the company's control and accountability systems;

(j) report to shareholders; and

(k) ensure compliance with environmental, taxation, Corporations Act, the Bermudan Companies Act 1981 and other applicable laws and regulations.

3. Investment manager

Zeta has entered into an Investment Management Agreement with ICM Limited, pursuant to which ICM Limited acts as investment manager ("Investment Manager"). The Investment Manager recommends policies, strategic direction and business plans for the board's approval and is responsible for managing the company's day-to-day business.

4. Board independence

(a) The board consists of three directors, but up to 10 directors can serve on the board. There are no executive directors. All of the directors are non-executive. The current directors are:

Peter Sullivan, Non-Executive Chairman,
58 years, First appointed June 2013

Xi Xi, Non-Executive Director,
38 years, First appointed June 2013

Marthinus Botha, Non-Executive Director,
55 years, First appointed June 2013

Further details of the members of the board including their experience, expertise and qualifications are set out in the Directors' and Directors' Report sections of the annual report.

(b) Ms Xi and Mr Botha are considered independent directors on the board, according to the guidelines of the Council.

(c) As a result, the company complies with the Council's recommendation, Item 2.1, that the majority of the company's directors should be independent directors. In addition, the board has adopted a series of safeguards to ensure that independent judgement is applied when considering the business of the board:

(i) Directors are entitled to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required which will not be unreasonably withheld.

(ii) Directors having a conflict of interest with an item for discussion by the board must absent themselves from a board meeting where such item is being discussed before commencement of discussion on such topic.

(iii) The independent directors confer on a "needs" basis with the Chairman with such discussion if warranted and considered necessary by the independent directors.

(iv) The board considers non-executive directors to be independent even if they have minor dealings with the company, provided they are not a substantial shareholder. Transactions with a value in excess of 5% of the company's annual operating costs are considered material. A director will not be considered independent if he/she is involved in transactions with the company that are in excess of this materiality threshold.

5. Tenure of the board

(a) The directors are expected to review their membership of the board from time to time taking into account the length of service on the board, age, qualification and experience. In accordance with the company's Bye-laws and in light of the needs of the company and direction of the company together with such other criteria considered desirable for composition of a balanced board and the overall interests of the company.

(b) A director is expected to resign if the remaining directors recommend that a director should not continue in office, but is not obliged to do so.

6. Chairman

(a) Peter Sullivan has been appointed as Chairman of the company. Mr Sullivan brings a wealth of business experience, connections and drive to the board. As Mr Sullivan is a substantial shareholder he is not considered to be independent.

(b) The Chairman's role includes:
- (i) providing effective leadership on formulating the board's strategy;
- (ii) representing the views of the board to the public;
- (iii) ensuring that the board meets at regular intervals throughout the year and that minutes of meeting accurately record decisions taken and where appropriate the views of individual directors;
- (iv) guiding the agenda, information flow and conduct of all board meetings;
- (v) reviewing the performance of the board of directors; and
- (vi) monitoring the performance of the management of the company.

7. Nomination committee

(a) Due to the small size of the company and the number of board members, the board does not have a formal nomination committee structure. Any new directors will be selected according to the needs of the company at that particular time, the composition and the balance of experience on the board as well as the strategic direction of the company.

(b) Should the need arise to consider a new board member, some or all of the directors would form the committee to consider the selection process and appointment of a new director.

(c) At each annual general meeting the following directors retire:
- (i) one third of directors (excluding the Managing Director, if any);
- (ii) directors appointed by the board to fill casual vacancies or otherwise; and
- (iii) directors who have held office for more than three years since the last general meeting at which they were elected.

8. Ethical and responsible decision-making

(a) In making decisions, the directors of the company, its officers and employees, take into account the needs of all stakeholders:
- (i) the company;
- (ii) shareholders;
- (iii) employees;
- (iv) the community;
- (v) creditors;
- (vi) contractors; and
- (vii) governments which are relevant to the company's business and operations.

(b) The directors, officers and employees of the company are expected to:
- (i) comply with the laws and regulations both by the letter and in spirit;
- (ii) act honestly and with integrity;
- (iii) avoid conflicts of interest by not placing themselves in situations which result in divided loyalties;
- (iv) use the company's assets responsibly and in the interests of the company, not take advantage of property, information or position for personal gain or to compete with the company;
- (v) keep non-public information confidential except where disclosure is authorised or legally mandated; and
- (vi) be responsible and accountable for their actions and report any unethical behaviour.

9. Trading in Company securities

(a) The company encourages directors and employees to adopt a long-term attitude to their investment in the company's securities. In accordance with Corporate Governance principles the company has formulated a Securities Trading Policy. All directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the company is undertaken within the framework set out in the Securities Trading Policy.

(b) The Securities Trading Policy does not prevent directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the company. However, directors or employees are prevented from trading in the securities once acquired if the individual is in possession of price sensitive information not generally available to all security holders.

(c) In keeping with recent Listing Rule amendments, additional restrictions are placed on trading by directors and other personnel as determined by the Chairman and Company Secretary from time to time ("Key Management Personnel").

(d) Key Management Personnel must not deal in company securities at any time if in possession of any inside information relating to those securities.

(e) In addition to the overriding prohibition against dealing in the company's securities when a person is in possession of inside information, Key Management Personnel and their associated parties are at all times prohibited from dealing in the company's securities during prescribed 'closed' periods ("Closed Periods"). The company has nominated Closed Periods to be during the week prior to the release of the company's Quarterly Reports unless exceptional circumstances apply.

(f) The Securities Trading Policy also includes a clause prohibiting directors and executives (if any) from entering into transactions in associated products which operate to limit the economic risk of security holdings in the company over unvested entitlements.

(g) In accordance with Listing Rules, a director must notify the ASX within 5 business days after any change in the director's relevant interest in securities of the company or a related body corporate of the company.

(h) A director must notify the Company Secretary in writing of the requisite information within 2 business days in order for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the ASX Listing Rules.

10. Integrity of financial reporting

Zeta's Chairman and Investment Manager will report in writing to the board:

(a) That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and group; and

(b) That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the board and that the company's risk management and internal controls are operating efficiently in all material respects.

11. Audit committee

(a) The company does not have a formal audit committee as, in the opinion of the directors, the scope and size of the company's operations do not warrant it. As such the company is not in compliance with the Council's Recommendation 4.2, that the board should establish an audit committee.

(b) The board will regularly review the scope of external audits, the level of audit fees and the performance of auditors. In addition the board will assess the ongoing independence of the external auditor and will, if necessary, use other consultants to avoid any potential independence issues.

12. Timely and balanced disclosure to the Australian Securities Exchange

(a) The company has procedures in place to identify matters that are likely to have a material effect on the price of the company's securities and to ensure those matters are notified to the Australian Securities Exchange ("ASX") in accordance with its listing rule disclosure requirements.

(b) The distribution of information to the market and media will be handled by the Chairman or the Company Secretary. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and coordinating information disclosures to the ASX, analysts, brokers, shareholders the media and the public.

(c) All disclosures to the ASX will be posted on the company's website soon after clearance has been received from the ASX.

(d) The Chairman and Company Secretary will monitor information in the marketplace to ensure that a false market does not emerge in the company's securities.

13. Communication with shareholders

(a) It is the company's communication policy to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company.

(b) The information will be communicated to the shareholders through:
- (i) continuous disclosure announcements made to the ASX;
- (ii) distribution of the annual report to shareholders together with a notice of meeting;
- (iii) posting of half-yearly results and all ASX announcements on the company's website;
- (iv) posting of all major drilling results;
- (v) posting of all media announcements on the company's website; and
- (vi) the calling of annual general meetings, and other meetings of shareholders, as required, and to obtain approval for board action as considered appropriate.

On the company's website, information about the company's projects will be shown.

(c) At annual general meetings and other general meetings of shareholders, shareholders will be encouraged to ask questions of the board of directors relating to the operation of the company.

14. Risk management

Due to its size of operation and size of the board, there is no formal board committee to identify, assess and monitor and manage risk. Responsibility for day-to-day control and risk management lies with the Investment Manager and Company Secretary (financial risk) with reporting responsibility to the board. The board will monitor risks including but not limited to compliance with development and environmental approvals, tendering, contracting and development, pricing of products, quality, safety, strategic issues, financial risk, joint venture, accounting and insurance. Any changes in the risk profile for the company will be communicated to its stakeholders via an announcement to the ASX.

15. Performance

(a) The board has adopted a self-evaluation process to measure its own performance. The Chairman evaluates the performance of each director and the board evaluates the performance of the Chairman. If the company has any executives or senior staff, the board will be responsible for evaluating the performance of those executives and senior staff. All performance evaluations will be measured against budget, goals and objectives set.

(b) All directors of the board have access to the Company Secretary who is appointed by the board. The Company Secretary reports to the Chairman, in particular to matters relating to corporate governance.

(c) All board members have access to professional independent advice at the company's expense provided they first have obtained the Chairman's approval which will not be unreasonably withheld.

16. Remuneration

(a) Directors
- (i) The non-executive directors including the Chairman are eligible to receive a fixed directors' fee. The maximum aggregate amount of fees which could be paid to non-executive directors, as authorised by the company's Bye-laws is $200,000pa. The objective of the company's remuneration policies, processes and practices are to attract and retain appropriately qualified and experienced directors who will add value by adopting competitive remuneration and reward programmes which are fair and responsible and aligned with shareholder objectives. Remuneration is also determined having regard to how directors are remunerated for other similar companies, the time spent on the company's matters and the performance of the company.
- (ii) The company does not have a Managing Director. Responsibility for managing the company's day-to-day business is undertaken by the Investment Manager, under the terms of the Investment Management Agreement. The board will continue to monitor the company's circumstances and, if circumstances change and the board considers it appropriate, the board may appoint a Managing Director.
- (iii) The board has no retirement or termination benefits.

(b) Senior Executives

The Investment Manager is responsible for managing the company's day-to-day business. Due to the size of its operations, the company does not have any senior executive employees. The board will monitor the company's business activities and should the need arise, will consider employing executives or senior staff capable of managing the company's operations.

(c) General

(i) The company does not have a separate remuneration committee. The board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The board as a whole is responsible for the remuneration arrangements for directors and executives (if any) of the company and considers it more appropriate to set aside time at board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

(ii) The company does not operate an employee share option plan and there are no options outstanding issued to directors.

17. Interests of stakeholders

(a) It is the company's objective to create wealth for its shareholders and provide a safe and challenging environment for employees (if any) and for the company to be a valuable member of the community as a whole.

(b) The company's ethical and responsible behaviour is set out under the heading "Ethical and Responsible Decision-making".

(c) The company's core values are summarised as follows:

(i) provide value to its shareholders through growth in its market capitalisation;

(ii) act with integrity and fairness;

(iii) create a safe and challenging workplace;

(iv) be participative and recognise the needs of the community;

(v) protect the environment;

(vi) be commercially competitive; and

(vii) strive for high quality performance and development.

18. Diversity policy

(a) Due to the scope and size of the company's operations, the board does not have a formal diversity policy in line with the ASX's Corporate Governance guidelines.

(b) The company believes that the promotion of diversity on its board and within the organisation generally is good practice.

(c) The board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels without detracting from the principal criteria for selection and promotion of people to work within the company based on merit.

(d) The board believes that there is no detriment to the company in not adopting a formal diversity policy or in not setting gender diversity objectives as the company is committed to providing all employees with fair and equal access to employment opportunities and nurturing diversity within the company. One of the three board members is a woman (Ms Xi Xi (non-executive director)).

(e) The board will regularly review the size of its operations and will, if necessary, adopt a formal diversity policy and gender diversity objective as appropriate.

ASX Principles and Recommendations	Status
1 Lay solid foundations for management and oversight Companies should establish and disclose the respective roles and responsibilities of board and management	
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Compliant. The role of the board, delegations of authority, and powers of the board have been set out in a 'Statement of Matters' included in the Corporate Governance Statement and disclosed on the company website.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Non-compliant. The board does not currently have a formal policy for the evaluation of the performance of its senior executives because it does not have any employees. As the company progresses, and hires/wishes to hire executives, the board intends to establish formal, quantitative and qualitative performance evaluation procedures.
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Compliant. Disclosed in the Corporate Governance Statement.
2 Structure the Board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties	
2.1 A majority of the board should be independent directors who have a mix of skills, experience and expertise relevant to the position of director.	Compliant. The board currently comprises 3 directors 2 of whom are considered independent. See also the Directors Report.
2.2 The chair should be an independent director.	Non-compliant. The company does not have an independent chairman. Mr Peter Sullivan is a substantial shareholder and is therefore not considered to be independent in accordance with the ASX Principles and Recommendations. Due to the company's size, its operations, the size of the board, and that Mr Peter Sullivan's interests in the company align with shareholders; the board does not consider it necessary to have an independent chair. Furthermore, the board considers Mr Peter Sullivan brings significant value to his role as chair due to his vast experience in the resources sector.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Compliant. The company does not have a chief executive officer but delegates executive responsibility to a management company ICM Limited.
2.4 The board should establish a nomination committee.	Non-compliant. The board has considered the need for a nomination committee, and believes that the company is not of a size to justify the establishment of a separate committee. It is therefore more appropriate for such responsibilities to be met by the full board rather than a separate committee.
2.5 Companies should disclose the process for evaluating the performance of the board, its committee and individual directors.	Compliant. The board has adopted a self-evaluation process to measure its own performance. The Chairman evaluates the performance of each director and the board evaluates the performance of the Chairman. If the company has any executives or senior staff, the board will be responsible for evaluating the performance of those executives and senior staff. All performance evaluations will be measured against budget, goals and objectives set.

ASX Principles and Recommendations		Status
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Compliant. Disclosed in the Corporate Governance Statement as set out in the annual report and on the company website.
3	**Promote ethical and responsible decision-making** Companies should actively promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Compliant. The company's Corporate Governance Statement addresses these practices and issues, and is included on the company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Non-compliant. Due to the scope and size of the company's operations, and in particular the engagement of the Investment Manager, the board does not have a formal diversity policy in line with the ASX's Corporate Governance guidelines. The company believes that the promotion of diversity on its board and within the organisation generally is good practice. The board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels without detracting from the principal criteria for selection and promotion of people to work within the company based on merit. The board believes that there is no detriment to the company in not adopting a formal diversity policy or in not setting gender diversity objectives as the company is committed to providing all employees with fair and equal access to employment opportunities and nurturing diversity within the company. One of the three board members is a woman (Ms Xi Xi (non-executive director)). The board will regularly review the size of its operations and will, if necessary, adopt a formal diversity policy and gender diversity objective as appropriate.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	Non-compliant. Refer 3.2.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Non-compliant. Refer 3.2.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Non-compliant. Refer 3.2.

ASX Principles and Recommendations		Status
4	**Safeguard integrity in financial reporting** Companies should have a structure to independently verify and safeguard the integrity of their financial reporting	
4.1	The board should establish an audit committee.	Non-compliant. The company does not have a formal audit committee as, in the opinion of the directors, the scope and size of the company's operations do not warrant it. As such, the company is not in strict compliance with the Council's Recommendation 4.2, that the board should establish an audit committee. The board will regularly review the scope of external audits, the level of audit fees and the performance of auditors. In addition, the board will assess the ongoing independence of the external auditor and will, if necessary, use other consultants to avoid any potential independence issues.
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not a chair of the board; and • has at least three members.	Non-compliant. Refer 4.1.
4.3	The audit committee should have a formal charter.	Non-compliant. Refer 4.1.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Non-compliant. Refer 4.1.
5	**Make timely and balanced disclosure** Companies should promote timely and balanced disclosure of all material matters concerning the company	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Compliant. The company's policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the company's Corporate Governance Statement on the company website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Compliant. Disclosed in the Corporate Governance Statement on the company website.
6	**Respect the rights of shareholders** Companies should respect the rights of shareholders and facilitate the effective exercise of those rights	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Compliant. The company has a policy of communicating in an open, regular and timely manner with shareholders.

ASX Principles and Recommendations		Status
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Compliant. Disclosed in the Corporate Governance Statement on the company's website.
7	**Recognise and manage risk** Companies should establish a sound system of risk oversight and management and internal control	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Non-compliant. Due to its size of operation and size of the board, there is no formal board committee to identify, assess and monitor and manage risk. Responsibility for day-to-day control and risk management lies with the Investment Manager and Company Secretary (financial risk) with reporting responsibility to the board. The board will monitor risks including but not limited to compliance with development and environmental approvals, tendering, contracting and development, pricing of products, quality, safety, strategic issues, financial risk, joint venture, accounting and insurance. Any changes in the risk profile for the company will be communicated to its stakeholders via an announcement to the ASX.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Compliant. The Investment Manager regularly reviews risks and controls and updates the board in light of changing circumstances and emergent risk factors. This includes risks associated with individual investments, global currency movements, commodity and stock exchange risks.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Compliant. The Chairman and Investment Manager have provided these assurances as part of the annual financial statement review.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Non-compliant. Refer 7.1.
8	**Remunerate fairly and responsibly** Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear	
8.1	The board should establish a remuneration committee.	Non-compliant. The board has considered the need for a remuneration committee, and believes that the company is not of a size to justify the establishment of a separate committee. It is therefore more appropriate for such responsibilities to be met by the full board rather than a separate committee.

ASX Principles and Recommendations		Status
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members.	Non-compliant. The board does not have a separate remuneration committee and as such does not comply with Recommendation 8.2.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Non-compliant. The company does not have executive directors and senior executives. The company's day-to-day business is undertaken by the Investment Manager, under the terms of the Investment Management Agreement.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Non-compliant. Refer 8.1.

REPORT OF THE DIRECTORS

Your directors present their report for Zeta Resources Limited, including information with regards to its subsidiaries, Kumarina Resources Pty Limited ("Kumarina") and Zeta Investments Limited, for the year ended 30 June 2014.

Directors

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

Peter Ross Sullivan

Marthinus (Martin) Botha

Xi Xi

Directors have been in office since the start of the year to the date of this report.

Principal activities

The principal activities of the company are investing in listed and unlisted resource focused investments.

No significant change in the nature of these activities occurred during the year.

Operating and financial review

Operating results

The profit for the year to 30 June 2014 attributable to the company, amounted to $29,186,342.

Overview of operating activity

The company listed on the ASX on the 12 June 2013 following a scheme of arrangement to merge a portfolio of investments in resources companies held by its parent company Utilico Investments Limited ("Utilico") with formerly ASX-listed junior gold explorer Kumarina Resources Limited. The combined value of the investments acquired under these two transactions was $45,628,679.

During the year the company has expanded its portfolio of resource investments by investing a net additional $35,486,912. An increase in the fair value of the portfolio resulted in an unrealised gain recognised in profit or loss at the year end of $32,352,325.

The activities of the company's subsidiary, Kumarina, related to further exploration and evaluation of the existing Australian mining tenements (the Murrin Murrin and Ilgarari projects) and a total of A$623,868 was invested during the 12 months to 30 June 2014 in further drilling and analysis work.

Financial position

At the end of the year the company had $188,012 in cash and cash equivalents. Investments at fair value totalled $104,069,133, and the investment in subsidiaries was valued at $10,275,234.

The company has a loan owing to Utilico of $14,449,593 and loans owing to its subsidiaries of $11,947,583 at the year end. Amounts outstanding to brokers (for settlement of trades) totalled $43,336 at 30 June 2014.

During the year 42,616,164 ordinary shares were issued under a public rights issue at A$0.50 a share raising $19,249,722 in capital. No options were exercised during the year.

Dividends

No dividends have been paid or declared since the start of the year. No recommendation is made as to dividends.

After balance date events

Subsequent to the reporting date, Utilico has increased the existing loan facility from $17 million to $27.5 million to facilitate further investments by the company. The final repayment date of the loan facility has also been extended to the 30 September 2015. Other than this there were no matters or circumstances which have arisen since the end of the year which significantly affected or may significantly affect the company's operations, the results of those operations or the company's state of affairs in future years.

Likely developments

The company intends to continue to seek to maximise total returns for shareholders by identifying and investing in assets and companies where the underlying value is not reflected in the market price.

Information on directors and company secretary

Peter Ross Sullivan BE, MBA
(Non-Executive Chairman)
First appointed 7 June 2013

Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for more than 20 years. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships. Mr Sullivan has considerable experience in the management and strategic development of resource companies.

Directorships of other listed companies in the last 3 years
Mr Sullivan has been a director of Resolute Mining Limited since June 2001 and GME Resources Limited since 1996. He was also a director of Kumarina Resources Pty Limited from December 2011 to 24 June 2013 when Kumarina was delisted.

Marthinus (Martin) Botha
(Non-Executive Director)
First appointed 7 June 2013

Mr Botha is an Engineering Surveyor by training who has almost 30 years' experience in banking, with the last 24 years spent in leadership roles building Standard Bank Plc's (part of The Standard Bank of South Africa Limited group of companies) international operations. Mr Botha's specific primary responsibilities have included establishing and leading the development of the core global natural resources trading and financing franchises, as well as various geographic strategies, including those in the Russian Commonwealth of Independent States, Turkey and Middle East. Mr Botha is currently Non-Executive Chairman of Sberbank CIB (UK) Limited, a securities broker regulated by UK Financial Services Authority and Resolute Mining Limited.

Xi Xi
(Non-Executive Director)
First appointed 7 June 2013

Ms Xi is a financial analyst with more than 10 years' experience in the mining, energy and natural resource industry. Her experience ranges from managing companies focused on international exploration and development of mining projects to restructuring and overseeing a portfolio of private and public companies. Ms Xi holds dual Bachelor of Science degrees in Chemical Engineering and Economics from the Colorado School of Mines and a Master of Arts in International Relations and China Studies from Johns Hopkins School of Advanced International Studies.

Directorships of other listed companies in the last 3 years

Ms Xi was previously a non-executive director of Noble Minerals Resources (ASX: NMG).

BCB Charter Corporate Services Limited
(Company Secretary)

BCB Charter Corporate Services Limited was appointed Company Secretary in August 2012.

Remuneration report

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration.
- Details of remuneration
- Service agreements
- Share based compensation

Remuneration policy

The board of directors is responsible for remuneration policies and the packages applicable to the directors of the company. The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The directors are remunerated for the services they render to the company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors who have no interest in the engagement of services.

At the date of this report the company had not entered into any packages with directors or senior executives which include performance based components.

Details of remuneration for Directors

The company paid a total of $153,333 to directors for the year ended 30 June 2014.

The company had no employees as at 30 June 2014.

Share based compensation

There is currently no provision in the policies of the company for the provision of share based compensation to directors. The interest of directors and executives in shares and options is set out elsewhere in this report.

Directors and Executives' interests

The relevant interests of directors and executives either directly or through entities controlled by the directors and executives in the share capital of the company and related body corporates as at the date of this report are:

Director	Ordinary shares opening balance	Net change	Ordinary shares closing balance
Peter R Sullivan	3,220,566	2,450,066	5,670,632
Martin Botha	–	–	–
Xi Xi	–	–	–

Mr Sullivan also holds 644,113 options with a strike price of A$1.00 and an expiry of 7 June 2016.

Meetings of Directors

The board held two meetings during the year which were attended by all directors. The meetings were held on 13 November 2013 and 3 February 2014.

In addition, throughout the course of the year there were a number of resolutions of directors which were made by unanimous written resolution. This included the approval of the annual report and financial statements on 16 September 2013 and the half year report and financial statements on 18 February 2014.

There were no meetings of committees of directors that were required to be held during the year.

Loans to Directors and Executives

There were no loans entered into with directors or executives during the year under review.

Unlisted options

At the date of this report the number of unlisted options on issue was as follows:

10,122,903 Options exercisable at A$1.00 each, expiring 7 June 2016.

There were no shares issued during the year or since the end of the year upon exercise of options.

Audit committee

The board reviews the performance of the external auditors on an annual basis and will meet with them during the year to review findings and assist with board recommendations.

The board does not have a separate audit committee with a composition as suggested in the best practice recommendations. The full board carries out the function of an audit committee.

The board believes that the company is not of a sufficient size to warrant a separate committee and that the full board is able to meet objectives of the best practice recommendations and discharge its duties in this area.

Indemnifying officers or auditors

The company has not, during or since the year ended, in respect of any person who is or has been an officer or the auditor of the company or of a related body corporate indemnified or made any relative agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in defending legal proceedings.

Environmental regulation

The company's subsidiary's (Kumarina Resources Pty Limited) operations are subject to the Western Australian Mining Act 1978 and the Environmental Protection Act 1986.

The directors are not aware of any significant breaches and no actions were initiated for breaches under the Environmental Protection Act during the period covered by this report.

Non-audit services

No non-audit services were performed by the auditors of the company during the year.

On-market buy back scheme

The company currently has no on-market share buy-back scheme in operation.

Investments disclosed by the Company at the reporting date

Listed	Number of shares	% of issued shares held
Cue Energy Resources Limited	21,208,347	3.038%
New Zealand Oil and Gas Limited	48,905,974	11.756%
Panoramic Resources Limited	46,817,237	14.527%
Resolute Mining Limited	21,300,000	3.322%
Other	38,627,688	N/A
Unlisted		
Seacrest LP	9,500,000	
Kumarina Resources Pty Ltd	71,102,100	100%
Other Rights		
Other	400,000	N/A

During the year the company completed a total of 485 transactions in securities and paid a total of $149,284 in brokerage on those transactions.

Investment management agreement

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. The amount paid during the year was $369,200.

Performance fees are payable annually at year end at a rate of 15% of 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. 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. The company has accrued for a performance fee of $3,437,714 for the year.

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

Auditors' independence declaration

A copy of the auditor's independence declaration is included in the Report of the Independent Auditor.

This report is signed in accordance with a resolution of directors.

Peter R Sullivan
Chairman
Perth, Western Australia
5 September 2014

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Independent Auditor's Report

To the Shareholders of Zeta Resources Limited

Report on the Financial Statements

We have audited the financial statements of Zeta Resources Limited, which comprise the statements of financial position at 30 June 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 38.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the position of Zeta Resources Limited at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Other Reports

As part of our audit of the financial statements for the year ended 30 June 2014, we have read the Report of the Directors and the Corporate Governance Statement for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers.

Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.

Per P Farrand
Chartered Accountant (SA)
Registered Auditor
Director
05 September 2014

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Independent Auditor's Declaration to the directors of Zeta Resources Limited

In relation to our audit of the financial report of Zeta Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the International Standards on Auditing or any applicable code of professional conduct.

KPMG Inc.

Per P Farrand
Chartered Accountant (SA)
Registered Auditor
Director
05 September 2014

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014	Notes	Year Ended June 2014 $	Period Ended June 2013 $
Revenue			
Investment Income/(Expense)	11	36,243,059	(9,706,953)
Other (Expense)/Income	12	(485,418)	269,129
Expenses			
Interest expense		(1,643,037)	(21,209)
Management and consulting fees	13	(3,900,400)	(26,925)
Operating and administration expenses	14	(1,027,862)	(220,007)
Profit/(loss) before income tax		29,186,342	(9,705,965)
Income tax	15	-	-
Profit/(loss) for the year		29,186,342	(9,705,965)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		29,186,342	(9,705,965)
Profit/(loss) per share			
Basic and diluted profit/(loss) per share (cents per share)	16	0.44	(0.69)

STATEMENT OF FINANCIAL POSITION

at 30 June 2014	Notes	Year Ended 2014 $	Period Ended 2013 $
Non-current assets			
Investment in subsidiaries	4	10,275,234	10,275,233
Investments	5	104,069,133	36,229,896
Current assets			
Cash and cash equivalents	6	188,012	2,383,913
Total assets		114,532,379	48,889,042
Non-current liabilities			
Loans from subsidiaries	7	(11,947,583)	(5,468,485)
Loan from parent	8	(14,449,593)	(4,577,000)
Current Liabilities			
Trade and other payables	9	(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	10	832	406
Share premium	10	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 year ended 30 June 2014	Notes	Year Ended June 2014 $	Period Ended June 2013 $
Cash flows from operating activities			
Cash (utilised in)/generated by operations	17.1	(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	17.2	19,249,722	3,795
Increase in Loan from parent		9,872,593	4,577,000
Increase in Loan from subsidiaries		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 year		2,383,913	-
Effect of exchange rate fluctuations on cash held		(485,418)	269,129
Cash and cash equivalents at end of the year	6	188,012	2,383,913

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014	Notes	Share capital $	Share premium $	Accumulated (losses)/profits $	Total $
Balance at incorporation		-	-	-	-
Issue of share capital	10	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	10	426	19,249,296	-	19,249,722
Net profit for the year 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

1. GENERAL INFORMATION

Zeta Resources Limited ('the company') is a for-profit 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 year ended 30 June 2014 comprise that of the company only.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements for the year ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standards (IFRSs). The following accounting policies have, in all material respects, been applied consistently except for subsidiaries now carried at fair value.

The financial statements were authorised for issue by the board of directors on 10 September 2014.

2.2 Basis of measurement

The financial statements provide information about the financial position, results of operations and changes in financial position of the company. They have been prepared on the historic cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

2.3 Functional and presentation currency

The company's functional and presentational currency is United States Dollars.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the year in which the estimate is revised and in any future years affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 19.

2.5 Adoption of new and revised standards

Future amendments not early adopted in the 2014 year ended financial statements

At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the group, have been issued by the International Accounting Standard Board, although the European Union has not yet endorsed all of these statements.

IFRS 9 Financial Instruments

On the 24th July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will include changes in the measurement basis of financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an 'incurred loss' model from IAS 39 to an 'expected credit loss' model, which is expected to increase the provision for bad debts recognised in the company.

The standard is effective for annual periods beginning on or after 1st January 2018 with retrospective application. Early adoption is permitted.

Changes in accounting policies

The Company has adopted the following standard in the current year:

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 Pty Limited and Zeta Investments Limited) are accounted for at fair value through profit or loss.

Changes in accounting policies (contd.)

The Company has adopted the following new standards in the current year:

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. Previously the Company used bid prices for valuation. The impact of the change is not material.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies detailed below have been consistently applied by all group entities.

3.1 Revenue

Dividends receivable are recognised as income on the ex-dividend date.

Gains or losses on the sale of investments are recorded on the trade date.

Investment income also comprises gains on changes in the fair value of financial assets at fair value through profit or loss.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

3.2 Borrowing costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

3.3 Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

3.4 Foreign currency

Foreign currency transactions and balances
Transactions in foreign currencies are translated into the respective functional currencies of the company at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. The foreign currency gains or losses are recognised in profit or loss.

Foreign currency differences arising on retranslation are recognised in other comprehensive income.

3.5 Earnings per share ("EPS")

Basic EPS is calculated as net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with potential dilutive ordinary shares that have been recognised as expenses; and
  other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

3.6 Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in listed and unlisted securities, investments in subsidiaries, trade and other receivables, cash and cash equivalents, trade and other payables and amounts due to/from brokers.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Recognition and de-recognition of financial instruments
Financial instruments are recognised when, and only when, the company becomes a party to the contractual provisions of the particular instrument. The company de-recognises a financial asset when the contractual rights to the cash flows arising from the financial asset have expired or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

A financial liability is derecognised when the liability is extinguished, that being, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability assumed (or part thereof) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets at fair value through profit or loss
Investment purchases and sales are accounted for on the trade date, exclusive of transaction costs. Investments used for efficient portfolio management are classified as being at fair value through profit or loss. As the company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments are designated as being at fair value through profit or loss on initial recognition.

Gains and losses on investments are analysed within the statement of comprehensive income as capital return. Quoted investments are shown at fair value using market closing prices. The fair value of unquoted investments is determined by the Board. In exercising its judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values, earnings and other relevant factors.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised cost at the reporting date. Cash and cash equivalents comprise operating cash balances, call deposits and short-term deposits with a maturity of three months or less.

Non-derivative financial liabilities

The company has the following non-derivative financial liabilities; loans and borrowings, trade and other payables and amounts due to/from brokers.

Loans and borrowings

Loans and borrowings are initially recognised on the trade date at which the company becomes a party to the contractual provisions of the instrument. The company derecognises loans and borrowings as well as all financial liabilities when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of a financial liability assumed (or part thereof), extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Trade and other payables, amounts due to/from brokers and all other financial liabilities

Trade and other payables, amounts due to or from brokers and all other financial liabilities, are initially recognised at original invoice amount and are subsequently stated at amortised cost by applying the effective interest method. Trade and other payables are not discounted where the effects of discounting is considered immaterial. Trade and other payables are settled within 30 to 90 days and are interest free. Any gains on derecognition are recognised in profit or loss.

3.7 Impairment of assets

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available for-sale financial asset recognised previously in equity is transferred to profit or loss.

Non-financial assets

The carrying amounts of the non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the cost of disposal. While assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Goodwill

Goodwill is any excess of the cost of an acquisition over the company's interest in the cost of the identifiable assets and liabilities acquired.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is allocated to the cash-generating unit and is tested annually for impairment.

3.9 Share capital

Ordinary shares are **classified** as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

3.10 Provisions and accruals

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

	Year Ended June 2014 $	Period Ended June 2013 $
4. INVESTMENT IN SUBSIDIARIES		
At fair value		
Investment in Kumarina Resources Pty Limited ('Kumarina')	10,275,233	10,275,233
Investment in Zeta Investments Limited ('Zeta Investments')	1	-
	10,275,234	10,275,233

On the 11 December 2013 the company acquired 100% of the shares and voting interests in Zeta Investments. There were no acquisition related costs.
Investments in subsidiaries are held as part of the investment portfolio and consequently, in accordance with IFRS 10 are not consolidated but rather shown at fair value through profit or loss. The company had the following subsidiaries as at 30 June 2014.

	Country of Incorporation and operations	Number of Ordinary Shares	Percentage of Ordinary Shares held
30 June 2014			
Kumarina Resources Pty Limited	Australia	71,102,100	100%
Zeta Investments Limited	Bermuda	1,000	100%
30 June 2013			
Kumarina Resources Pty Limited	Australia	71,102,100	100%

	Year Ended June 2014 $	Period Ended June 2013 $
5. INVESTMENTS		
Financial assets at fair value through profit or loss	104,069,133	36,229,896
Equity securities at fair value		
Ordinary shares - listed	88,101,079	32,979,896
Subscription and other rights - unlisted	15,968,054	3,250,000
	104,069,133	36,229,896
Equity securities at cost		
Ordinary shares - listed	67,704,425	39,605,567
Subscription and other rights - unlisted	10,588,054	3,200,000
	78,292,479	42,805,567

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 $149,284 (2013: $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 comprise: New Zealand Oil and Gas (10,000,000), Resolute Mining Limited (5,000,000) and Panoramic Investments Limited (3,200,000) with a fair value of $12,327,134.

	Year Ended June 2014 $	Period Ended June 2013 $

6. CASH AND CASH EQUIVALENTS

Cash balance comprises:		
Cash at bank	188,012	2,383,913
	188,012	2,383,913

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.

7. LOANS FROM SUBSIDIARIES

Loan from Kumarina	5,859,289	5,468,485
Loan from Zeta Investments	6,088,294	-
	11,947,583	5,468,485

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.

8. 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 AUD6.6 million (30 June 2013 AUD5 million) and in United States dollars to the value of USD8 million (30 June 2013 USD 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.

9. TRADE AND OTHER PAYABLES

Accruals	258,714	39,689
Sundry Creditors	32,866	-
Performance fee	3,437,714	-
	3,729,294	39,689

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

10. 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	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 17.2

	Year Ended June 2014 $	**Period Ended June 2013 $**
Options		
Balance at the beginning of the year	10,122,903	-
Issued in consideration for purchase of investments from Utilico	-	6,567,008
Issued in consideration for purchase of 100% Kumarina	-	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 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.

11. INVESTMENT INCOME/(EXPENSE)

	Year Ended June 2014 $	**Period Ended June 2013 $**
Interest income	4,656	-
Dividend income	2,110,554	-
Realised gains	1,775,524	-
Unrealised fair value gains/(losses):		
Financial assets at fair value through profit or loss	32,352,325	(9,706,953)
	36,243,059	(9,706,953)

	Year Ended June 2014 $	Period Ended June 2013 $
12. OTHER (EXPENSE)/INCOME		
Foreign exchange (losses)/gains	(485,418)	269,129

13. MANAGEMENT AND CONSULTING FEES

Management and consulting fees	3,900,400	26,925

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 $3,437,714 (2013: $ Nil) was payable in the current year.

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

14. 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
	1,027,862	220,007

15. 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.

16. PROFIT/(LOSS) PER SHARE

Basic and diluted profit/(loss) per share (cents)	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 year beginning 1 July 2013. For details of shares issued during the year refer to note 17.2.

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.

		Year Ended June 2014 $	Period Ended June 2013 $
17.	**NOTES TO THE CASH FLOW STATEMENT**		
17.1	**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
	(Decrease)/Increase in balance due to brokers	(2,834,023)	2,877,359
		(1,962,126)	2,670,116

17.2 Issue of Share Capital

	Year Ended June 2014 $	Period Ended June 2013 $
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 $3,975.	-	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 in an equity only transaction where four Kumarina shares were exchanged for one company share.

		Year Ended June 2014 $	Period Ended June 2013 $
18.	**AUDITOR REMUNERATION**		
	Amounts received or due and receivable by the auditors for audit of financial statements	22,627	6,045

19. FINANCIAL RISK MANAGEMENT

The Board of Directors, together with the Investment Manager, is responsible for the company's risk management. The Directors' policies and processes for managing the financial risks are set out below. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk.

The accounting policies which govern the reported statement of financial position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 3 to the financial statements. The policies are in compliance with IFRS and best practice, and include the valuation of certain financial assets and liabilities at fair value through profit and loss.

Categories of Financial Instruments

The analysis of assets into their categories as defined in IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39) is set out in the following table. For completeness, assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IAS 39, are reflected in the non-financial assets and liabilities category.

The table below sets out the company classification of each class of financial assets and liabilities. All assets and liabilities approximate their fair values:

	Designated at fair value through profit and loss	Loans and receivables	Available for sale financial assets	Non-financial assets and liabilities	Total carrying value
	$	$	$	$	$
30 June 2014					
Assets					
Investments in subsidiaries	10,275,234	-	-	-	10,275,234
Investments	104,069,133	-	-	-	104,069,133
Cash and cash equivalents	-	188,012	-	-	188,012
	114,344,367	188,012	-	-	114,532,379
Liabilities					
Loans from subsidiaries	-	11,947,583	-	-	11,947,583
Trade and other payables	-	3,729,294	-	-	3,729,294
Balance due to brokers	-	43,336	-	-	43,336
Loan from parent	-	14,449,593	-	-	14,449,593
	-	30,169,806	-	-	30,169,806
30 June 2013					
Assets					
Investments in subsidiaries	10,275,233	-	-	-	10,275,233
Investments	36,229,896	-	-	-	36,229,896
Cash and cash equivalents	-	2,383,913	-	-	2,383,913
	46,505,129	2,383,913	-	-	48,889,042
Liabilities					
Loans from subsidiaries	-	5,468,485	-	-	5,468,485
Trade and other payables	-	39,689	-	-	39,689
Balance due to brokers	-	2,877,359	-	-	2,877,359
Loan from parent	-	4,577,000	-	-	4,577,000
	-	12,962,533	-	-	12,962,533

19.1 Market Risks

The fair value of equity and other financial securities held in the company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The board sets policies for managing these risks within the company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Manager assesses exposure to market risks when making each investment decision and monitors on-going market risk within the portfolio.

The company's other assets and liabilities may be denominated in currencies other than United States Dollars and may also be exposed to interest rate risks. The Investment Manager and the board regularly monitor these risks. The company does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the company's exposure to future changes to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the company's exposure to future changes in exchange rates.

Gearing may be short- or long-term, in United States Dollars and foreign currencies, and enables the company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to United States Dollars on receipt. The board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency Exposure

The principal currencies to which the company was exposed were the Australian Dollar, Canadian Dollar, Sterling and New Zealand Dollar. The exchange rates applying against the United States Dollar at 30 June 2014 and the average rates for the year were as follows:

	30 June 2014	Average
AUD – Australian Dollar	0.9424	0.9185
CAD - Canadian Dollar	0.9375	0.9351
GBP – Sterling	1.7102	1.6269
NZD – New Zealand Dollar	0.8748	0.8310

The company monetary assets and liabilities at 30 June 2014 (shown at fair value), by currency based on the country of primary operations, are shown below:

30 June 2014

	USD	AUD	CAD	GBP	NZD
Cash and cash equivalents	4,605	9,681	-	172,623	1,103
Loans from subsidiaries	-	(9,009,138)	-	-	(2,938,445)
Loan from parent	(8,079,739)	(6,369,854)	-	-	-
Trade and other payables	(3,641,448)	(54,980)	-	-	(32,866)
Balance due to brokers	-	(43,336)	-	-	-
Net monetary (liabilities)/assets	(11,716,582)	(15,467,627)	-	172,623	(2,970,208)

30 June 2013

	USD	AUD	CAD	GBP	NZD
Cash and cash equivalents	-	2,383,913	-	-	-
Loans from subsidiaries	-	(5,468,485)	-	-	-
Loan from parent	-	(4,577,000)	-	-	-
Trade and other payables	-	(39,689)	-	-	-
Balance due to brokers	-	(107,064)	(309,485)	(103,365)	(2,357,445)
Net monetary (liabilities)/assets	-	(7,808,325)	(309,485)	(103,365)	(2,357,445)

Based on the financial assets and liabilities held, and exchange rates applying, at the reporting date, a weakening or strengthening of the United States Dollar against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on net asset value (NAV) per share:

	AUD	CAD	GBP	NZD	Total
Strengthening of the United States Dollar					
30 June 2014					
Increase in total comprehensive loss for the year ended	(3,714,956)	-	(197,763)	(3,105,073)	(7,017,792)
30 June 2013					
(Increase)/decrease total comprehensive loss for the period ended	(1,019,637)	19,033	(496,032)	(1,786,796)	(3,283,432)

	AUD	CAD	GBP	NZD	Total
Weakening of the United States Dollar					
30 June 2014					
Decrease in total comprehensive loss for the year ended	3,714,956	-	197,763	3,105,073	7,017,792
30 June 2013					
(Increase)/decrease total comprehensive loss for the period ended	1,019,637	(19,033)	496,032	1,786,796	3,283,432

These analyses are broadly representative of the company's activities during the current year as a whole, although the level of the company's exposure to currencies fluctuates in accordance with the investment and risk management processes.

Interest Rate Exposure

The exposure of the financial assets and liabilities to interest rate risks at 30 June 2014 is shown below:

	Within one year	Greater than one year	Total
30 June 2014			
Exposure to floating rates:			
Cash	188,012	-	188,012
Exposure to fixed rates:			
Loan from subsidiaries	-	(11,947,583)	(11,947,583)
Loan from parent	-	(14,449,593)	(14,449,593)
30 June 2013			
Exposure to floating rates:			
Cash	2,383,913	-	2,383,913
Exposure to fixed rates:			
Loan from subsidiaries	-	(5,468,485)	(5,468,485)
Loan from parent	(4,577,000)	-	(4,577,000)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the company arising out of the investment and risk management processes. The company tends to limit its cash reserves and interest earned is insignificant and therefore not sensitive to interest rate changes. Borrowings are at a fixed rate and not sensitive to interest rate risk.

Other Market Risk Exposures

The portfolio of investments, valued at USD 104,069,133 at 30 June 2014 (30 June 2013: USD 36,229,896) is exposed to market price changes. The Investment Manager assesses these exposures at the time of making each investment decision. An analysis of the portfolio by country is set out on note 21.

Price Sensitivity Risk Analysis

A 10% decline in the market price of the listed investment held the company would result in an unrealised loss of $8,810,108. A 10% appreciation in the market price would have the opposite effect.

19.2 Liquidity Risk Exposure

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The Investment Manager reviews liquidity at the time of making each investment decision. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

	Three months or less $	More than three months but less than a year $	More than a year $	Total $
30 June 2014				
Loan from subsidiaries	-	-	11,947,583	11,947,583
Trade and other payables	3,729,294	-	-	3,729,294
Balance due to brokers	43,336	-	-	43,336
Loans from parent	-	-	14,449,593	14,449,593
	3,772,630	-	26,397,176	30,169,806
30 June 2013				
Loan from subsidiaries	-	-	5,468,485	5,468,485
Trade and other payables	39,689	-	-	39,689
Balance due to brokers	2,877,359	-	-	2,877,359
Loans from parent	-	4,577,000	-	4,577,000
	2,917,048	4,577,000	5,468,485	12,962,533

19.3 Credit Risk and Counterparty Exposure

The company is exposed to potential failure by counterparties to deliver securities for which the company has paid, or to pay for securities which the company has delivered. To mitigate against credit and counterparty risk broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body.

Cash and deposits are held with reputable banks. The company has an on-going contract with its Custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the company are received and reconciled monthly.

Maximum Exposure to Credit Risk

The company has no loan asset and its maximum credit risk is the cash on hand of $188,012.

None of the company's financial assets is past due or impaired. The company's principal banker and custodian is Bermuda Commercial Bank (rated by Fitch as BBB-). The subsidiary Kumarina holds a bank account with National Australia Bank (rated by Fitch as AA-).

19.4 Fair Values of Financial Assets and Liabilities

The assets and liabilities of the company are, in the opinion of the Directors, reflected in the statement of financial positions at fair value. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into United States Dollars at exchanges rates ruling at each valuation date.

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data.

Valuation of Financial Instruments

- Level 1: The fair values are measured using quoted prices in active markets.
- Level 2: The fair values are measured using inputs, other than quoted prices, that are included within level 1, that are observable for the asset.
- Level 3: The fair values are measured using inputs for the asset or liability that are not based on observable market data.

30 June 2014	Level 1 $	Level 2 $	Level 3 $
Financial assets			
Investments	88,101,079	-	15,968,054
Investment in subsidiaries	-	-	10,275,234

There have been no movements between the level 1 and level 3 categories.

The following table shows a reconciliation from opening balances to closing balances for fair value measurements in level 3 investments of the fair value hierarchy:

	Level 3 Investments	Level 3 Investments in subsidiary
Balance at 30 June 2013	3,250,000	10,275,233
Acquisitions during the year	7,338,054	1
Total gains or losses recognised in:		
Profit or loss	5,380,000	-
Balance at 30 June 2014	**15,968,054**	**10,275,234**

30 June 2013

	Level 1	Level 2	Level 3
Financial assets			
Investments	32,979,896	-	3,250,000
Investment in subsidiaries	-	-	10,275,233

There have been no movements between the level 1 and level 3 categories.

The following table shows a reconciliation from opening balances to closing balances for fair value measurements in level 3 investments of the fair value hierarchy:

	Level 3 Investments	Level 3 Investments in subsidiary
Balance at acquisition	3,200,000	13,406,515
Total gains or losses recognised in: Fair value through profit or loss	50,000	(3,131,282)
Balance at 30 June 2013	**3,250,000**	**10,275,233**

19.5 Capital Risk Management

The objective of the company is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves.

20. RELATED PARTIES

20.1 Material Related Parties

Holding Company
The company's holding company is Utilico which held 81.73% of the company's issued share capital on 30 June 2014. Utilico is in turn held 57.2% by General Provincial Life Pension Fund (L) Limited.

Subsidiary Companies
The company's subsidiaries are Kumarina and Zeta Investments, both 100% held subsidiaries.

Key Management Personnel
Key management personnel and their close family members and entities which they control, jointly or over which they exercise significant influence are considered related parties of the company. The company's directors, as listed in the Director's report are considered to be key management personnel of the company.

Investment Manager
ICM Limited is the investment manager of both the company and its holding company.

20.2 Material Related Party Transactions

	Year Ended June 2014 $	Period Ended June 2013 $
Nature of transactions		
Investments in related parties:		
Kumarina	10,275,233	10,275,233
Zeta Investments	1	-

During the year the company acquired 100% of the shares and voting interests in Zeta Investments Limited. There were no acquisition related costs.

Loans from related parties:		
Utilico	14,449,593	4,577,000
Kumarina	5,859,289	5,468,485
Zeta Investments	6,088,294	-
Interest charged by the subsidiaries	634,612	21,209
Interest charged by the parent company	911,649	-
Fees paid to the investment manager	3,900,400	26,925
During the period ended 30 June 2013 the company acquired a portfolio of investments from its holding company valued at A$32,835,042. The company issued 22,835,042 ordinary shares and 6,567,008 options (see note 10) as consideration paid for the investment portfolio.	-	32,222,164

21. SEGMENTAL REPORTING

The company has 4 reportable segments, as described below, which are considered to be the company's strategic investments areas. For each of the 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 who 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	Oil & Gas	Mineral Exploration	Other Segments	Total
	$	$	$	$	$
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
Interest expense	-	-	-	(1,643,037)	(1,643,037)
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					
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	-	-	-	-	-
Interest expense	-	-	-	(21,209)	(21,209)
Reportable segment 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 year there were no transactions between segments which results in income or expenditure.

Reconciliations of Reportable Segment Revenues, Profit or Loss, Assets and Liabilities, and Other Material Items

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

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.

	Year Ended June 2014 $	Period Ended June 2013 $
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	36,223,469	(6,575,671)
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	113,956,312	46,505,129

22. EVENTS AFTER THE REPORTING DATE

After the reporting date the company's holding company increased the available loan facility from $17,000,000 to $27,500,000 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 been extended to 30 September 2015.

23. COMPARATIVE INFORMATION

The June 2013 comparative financial figures presented in this report represent a period of only two months for which the company was operational. The June 2014 figures represent a full trading year.