

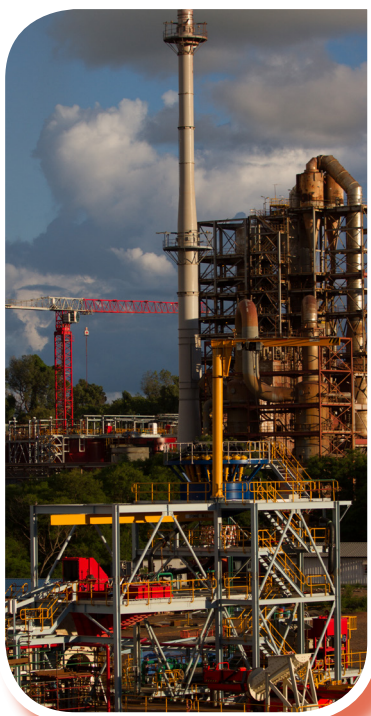


Zeta Resources Limited

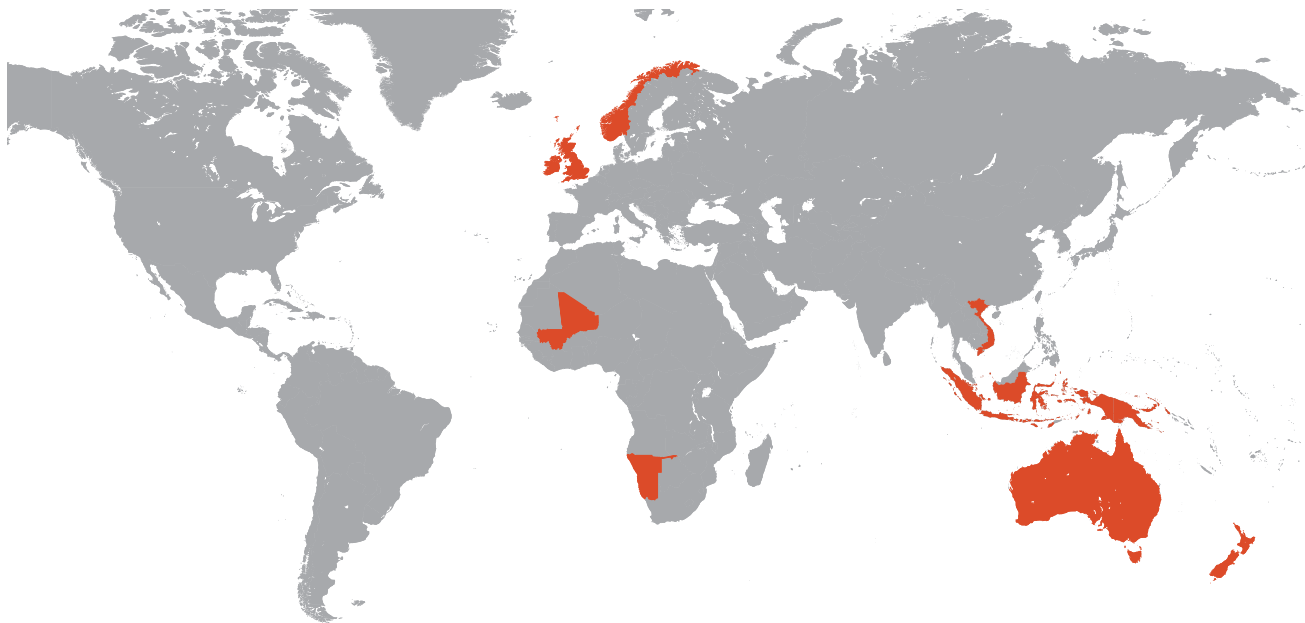








Managed by
ICM Limited

Annual Report 2014



GEOGRAPHIC INVESTMENT EXPOSURE



-  Net tangible assets of A\$0.96 per ordinary share¹
-  NTA return¹ of 48.0% over 12 months to 30 June 2014
-  Share price return of 65.0% over 12 months to 30 June 2014
-  NTA average annual compound return¹ since inception of 36.7%
-  Gross assets of US\$114.5m
-  Successful entitlement issue raised US\$19.2m in February 2014

¹ Historic NTAs adjusted for the February 2014 entitlement issue

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FORWARD-LOOKING STATEMENTS

This annual report may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current views and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested.

FINANCIAL CALENDAR

Year End	30 June
Annual General Meeting	14 November 2014
Half Year	31 December
Half year December 2014 announcement	February 2015

Image Acknowledgements:
Petroleum Geo-Services Media Gallery - Atlantic Explorer cover

GROUP PERFORMANCE SUMMARY

ZETA RESOURCES LIMITED
ANNUAL REPORT
FOR THE YEAR TO 30 JUNE 2014

	30 June 2014	30 June 2013	Change % 2014/2013
Total return ⁽¹⁾ (annual) (%)	48.0	n/a	n/a
Annual compound total return ⁽²⁾ (since inception) (%)	36.7	n/a	n/a
Net tangible asset per ordinary share ⁽³⁾ (Australian cents)	95.5	64.5	48.0
Ordinary share price (Australian cents)	66.0	40.0	65.0
Discount (%)	(30.9)	(47.9)	n/a
Earnings/(loss) per ordinary share ⁽⁴⁾ (US dollars)	0.44	(0.69)	n/m
Dividends per ordinary share			
– Interim (Australian cents)	Nil	Nil	n/a
– Final (Australian cents)	Nil	Nil	n/a
Total (Australian cents)	Nil	Nil	n/a
Equity holders' funds (US\$m)	84.4	35.9	135.1
Gross assets ⁽⁵⁾ (US\$m)	110.6	43.6	153.7
Cash/(overdraft) (US\$m)	0.2	2.4	(91.7)
Other Debt (US\$m)	(26.4)	(10.0)	164.0
Net debt (US\$m)	(26.2)	(7.6)	244.7
Net debt gearing on gross assets (%)	23.7	17.4	n/a
Management and administration fees and other expenses (US\$m)			
– excluding performance fee	1.4	0.2	600.0
– including performance fee	4.9	0.2	2,350.0

(1) Total return is calculated based on NTA per share return plus dividends reinvested from the payment date.

(2) Annual compound total return based on NTA per ordinary share return, plus dividends reinvested from the payment date, since NTA of A\$0.688 at launch on 12 June 2013.

(3) Historic NTA's per share adjusted for February 2014 entitlement issue.

(4) Earnings per share is based on the weighted average number of shares on issue during the year.

(5) Gross assets less liabilities excluding loans.

n/a = not applicable

n/m = not meaningful

Zeta Resources Limited's ("Zeta") investment aim is to maximise total returns for shareholders by identifying and investing in resource assets and companies where the underlying value is not reflected in the market price. The company invests in a range of resources entities, including those focused on oil & gas, gold and base metals exploration and production.

NATURE OF THE COMPANY

The company is an exempted closed end investment company, whose ordinary shares are listed and traded on the Australian Stock Exchange ("ASX"), and which is incorporated in Bermuda. The business of the company consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, with the aim of generating a return for shareholders with an acceptable level of risk. The company has borrowings ("gearing"), the proceeds from which can also be invested with the aim of enhancing returns to shareholders. This gearing increases the potential risk to shareholders should the value of the investments fall.

The company has contracted with an external investment manager, ICM Limited (the "Investment Manager" or "ICM"), to manage its investments and for the company secretarial function. The company's general administration is undertaken by A&R Administration Limited. The company has a board of non-executive directors who oversee and monitor the activities of the Investment Manager and the other service providers and ensure that the investment policy is adhered to.

The year under review has been a successful one for Zeta. The three highlights were: firstly, the strong performance by the investment portfolio; secondly, the successful completion of an entitlement issue in February 2014, raising A\$21.3 million, resulting in, thirdly, total assets rising 134% to US\$115m.

It is with pleasure that I present the annual report for Zeta Resources Limited for the financial year ended 30 June 2014. This is the company's second annual report, and the first annual report that covers a full twelve month period, as Zeta was established in August 2012, and listed on the Australian Stock Exchange in June 2013.

The year under review has been a successful one for Zeta. The three highlights were: firstly, the strong performance by the investment portfolio; secondly, the successful completion of an entitlement issue in February 2014, raising A\$21.3 million, resulting in, thirdly, total assets rising 134% to US\$115m. Net assets per share (adjusted for the entitlement issue) rose 48%. This pleasing performance has been achieved in the context of commodity prices that have enjoyed a relatively stable year, particularly in the sectors Zeta is focused on.

Prior to this financial year, precious metals and industrial metals commodity prices in many cases experienced sharp declines. In comparison, the year under review has seen relatively stable prices, and in some cases notable recoveries. Oil prices, which have not experienced any prolonged downturn since 2009, were also relatively stable.

Despite the stabilisation of commodity prices, the opportunity cost of capital in the resources sector generally remains high, and many resources companies have been forced to scale back or put on hold projects with significant capital expenditures. Meanwhile, the broader equity markets and bond markets have been strong, such that the relative value of the resources sector has increased.

During the year Zeta, under the direction of its Investment Manager, has moved to diversify its portfolio, moving from one based largely on two resources sectors (oil & gas, and gold) to add a third sector, nickel. This last sector has provided a large contribution to the strong investment performance for two reasons: firstly, nickel prices have risen significantly in the wake of the decision by the Indonesian government to ban exports of unprocessed nickel; and secondly, the investment made by Zeta in Panoramic Resources experienced a sharp increase in value partially as the entry price was compelling value and partially as a result of that company's discovery of a potential new source of nickel in Western Australia.

Zeta has retained relatively concentrated holdings, with 94.4% of the gross assets in the five largest investments as at year-end. In time, we expect the number of investments to increase, but in order to gain strategic shareholdings our limited resources need to be concentrated over a small number of investments.

In the previous annual report, I noted that there was a wide discount in Zeta's share price to net tangible assets. Notwithstanding the enviable increase in Zeta's share price the wide discount remains, as of year-end at 30.9%, owing to the equally strong NTA increase during the year. Nevertheless, the recent strong investment performance will hopefully encourage the market to recognise the value that Zeta provides and thereby assist in closing the discount gap.

Peter Sullivan
Chairman
5 September 2014

When we reported to you last year, Zeta had only been listed on the ASX a matter of weeks. The current Annual Report is the first time we have been able to report on a full twelve month period, and happily it has been a good first full year.

The time leading up to the listing of Zeta in June 2013 was a difficult one for commodity prices, and hence resources, particularly in the minerals sectors. The financial year ended June 2014 has seen a relatively stable period for commodities, with some notable commodities such as nickel and zinc experiencing strong recoveries in prices.

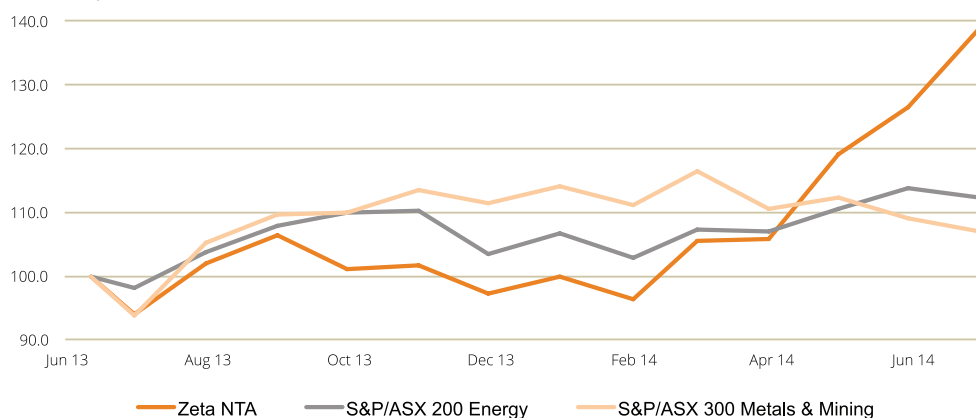
Zeta's portfolio has grown substantially this year, principally for two reasons – firstly the decision was made at the start of the calendar 2014 year to make an investment in Western Australia based nickel producer Panoramic Resources, which as detailed later in this report has subsequently grown to become the largest holding in Zeta's portfolio. The second reason Zeta's portfolio has grown is the fact that the company had a successful entitlement issue, raising A\$21.3million in February 2014.

Even adjusting for the dilution from the entitlement issue, Zeta's relative performance has been pleasing, with adjusted net assets per share climbing from A\$0.688 to A\$0.955, a rise of 38.8%, which compares favourably to a rise of only 7.0% over the same period by the S&P/ASX 300 Metals & Mining index.

Zeta's relative performance has been pleasing, with adjusted net assets per share climbing from A\$0.688 to A\$0.955, a rise of 38.8%, which compares favourably to a rise of only 7.0% over the same period by the S&P/ASX 300 Metals & Mining index.

Total Return Comparative Performance*

Since inception on 12 June 2013 to 30 June 2014



* AUD, rebased to 100 as at 12 June 2013. Zeta NTA adjusted for February 2014 entitlement issue.

Source: Zeta and S&P Dow Jones Indices

COMMODITY MARKETS

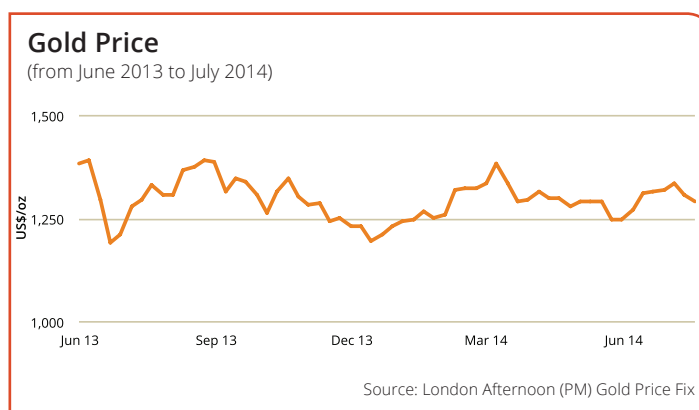
As noted already, in the year ended June 2014, commodity prices, while occasionally volatile, have not experienced the kinds of declines seen in previous recent years. In the case of nickel and zinc, those commodities ended the year significantly higher than where they started, although for different reasons. In the case of nickel, the Indonesian government and conflict in Ukraine were major factors; in the case of zinc, concern about diminished supply was the principal factor, with a number of mines reaching the end of their lives.

Gold

While gold has had its fair share of ups and downs over the past year, overall it ended June 2014 10.3% above where it started, a much better year in comparison with the decline of 25.4% the previous year.

Following a short but sharp decline in the gold price in July 2013 as markets anticipated the “tapering” of the US Federal Reserve quantitative easing process, gold prices rose in Q3 calendar 2013 on fears of escalated conflict in the Middle East, with the USA President at one stage threatening military intervention in Syria, only for these fears to subside as Syria agreed to cede all chemical weapons.

In December 2013 the US Federal Reserve finally ended speculation with the firm announcement of the tapering programme, with the added proviso that tapering would halt if the economy slowed down. Whereas before gold prices had moved down on speculation around a halt to quantitative easing and the possibility of a rise in interest rates, this time gold prices rose. They continued to rise as tensions heightened in Ukraine, with the secession of Crimea, settling down once the referendum to leave Ukraine and join Russia made the conflict appear likely to remain localised.

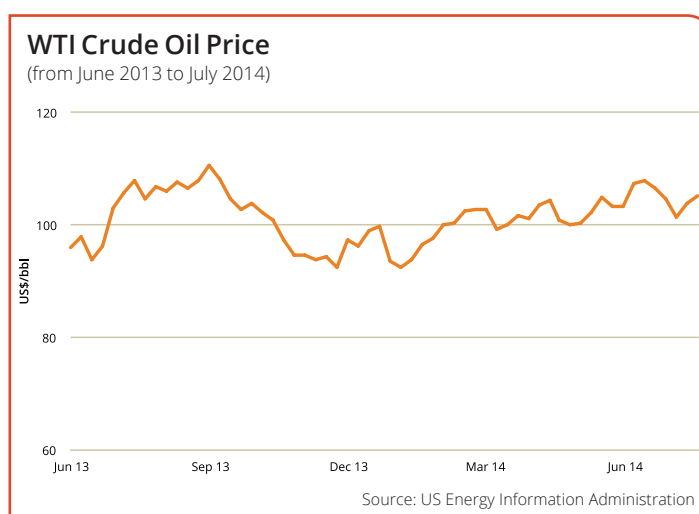


Oil & Gas

Oil prices in the year ended June 2014 had similar ups and downs related to world events, but not with the same degree of volatility as experienced by gold prices.

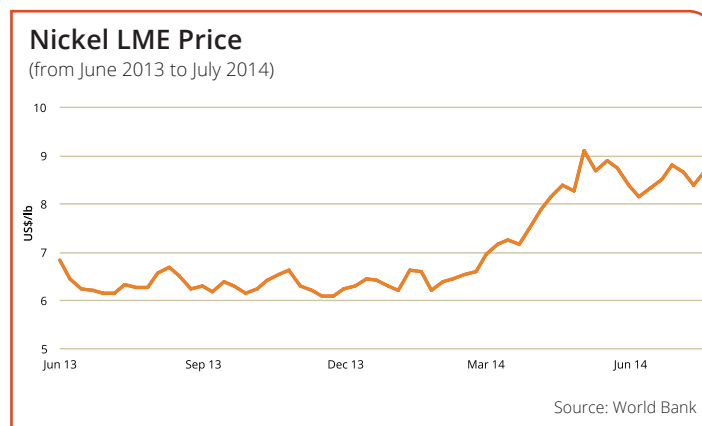
What has surprised some market commentators is the way oil prices have stayed steady, despite a gradual but significant substitution effect from an increased supply of natural gas and condensates due to fracking. The consensus seems to be that sufficiently robust economies in China and the United States have sustained sufficient demand, while occasional armed conflict has caused disruptions in supply that have combined to keep prices firm.

Nevertheless, in the United States oil and gas reserves are at the highest they have been since 1976, with the fracking revolution currently adding new reserves at twice the rate of production according to statistics from the US Energy Information Administration. In June 2014 the US Commerce Department relaxed restrictions on the export of unrefined oil for the first time in four decades.



Nickel

During 2013 rumours persisted that the Indonesian government may impose a ban on the export of unrefined nickel ores, but the price of nickel did not rise until the actual announcement was made in January 2014. The aim of the ban was to force domestic miners to expand into higher value processing businesses instead of simply shipping raw materials overseas to be refined elsewhere. The government's aim of bolstering domestic furnaces is expected to succeed, with Chinese companies announcing plans underway to build new furnaces in Indonesia. Indeed, there is a precedent, as Indonesia imposed a similar ban on the export of raw tin a decade earlier.



Since then nickel prices have been sustained by conflict in Ukraine, along with emerging concerns about an expected shortage of nickel production, despite current high stocks of extracted and processed nickel.

CAPITAL STRUCTURE

Zeta is a closed-end investment company, listed on the ASX.

In late December 2013 Zeta announced the launch of an entitlement issue, enabling shareholders to acquire shares in Zeta on a 1:1 basis at A\$0.50 per share. In February 2014 Zeta announced that the issue had been well supported, with 42.6 million shares issued, raising A\$21.3 million.

During the year Zeta has had working capital support from its parent company, Utilico Investments Limited ("Utilico"). As of 30 June 2014, Zeta had a loan from Utilico totalling US\$14.4 million, drawn partly in Australian dollars and partly in US dollars.

As at 30 June 2014, Zeta had gross assets of US\$114.5 million (2013: US\$48.9 million). Of this figure, US\$54.8 million (2013: US\$24.8 million) was invested in the oil & gas sector; US\$36.5 million (2013: US\$0.0 million) was invested in the nickel sector; US\$22.6 million (2013: US\$21.7 million) was invested in the gold sector; and the remaining US\$0.6 million (2013: US\$2.4 million) was invested in other commodity-based resources investments.

FINANCIAL RESULTS

The consolidated net profit after tax for the year was US\$29,186,342 against a loss in 2013. The majority of the consolidated net profit is comprised of revaluations of listed investments (marked to market) as at 30 June 2014 to account for financial assets being recognised at fair value.

LARGEST INVESTMENTS

Oil & Gas

NZOG

In contrast to the prior year, New Zealand Oil & Gas Limited ("NZOG") had an expensive year in terms of exploration drilling. In Kisaran, Indonesia, testing of flow rates proved positive, such that the joint venture is now working on a development plan. In New Zealand, the semi-submersible drill rig the Kan Tan IV has undertaken a succession of drilling activities across various fields, including in NZOG's case, Matuku, Pateke, and Oi. Matuku and Oi were unsuccessful. Pateke was successful from the perspective of finding more oil in the Tui fields; however, a succession of problems increased the costs of that drill.

Corporately, NZOG moved to increase its share in the producing Tui oil field, acquiring an additional 15% stake from exiting joint venture partner Mitsui for what we believe was a good price for the purchaser. NZOG's share in Tui is now 27.5%; it retains its 15% stake in producing gas field Kupe. NZOG's cash hoard has been somewhat depleted by the active drilling season; as at 30 June 2014 it was NZ\$135.1m, down from NZ\$158.0m a year before.

Seacrest

Seacrest LP ("Seacrest") is specialist oil & gas offshore seismic exploration company. During the year the company completed the establishment of its regional subsidiaries, through which Seacrest has amassed a large collection of interests in joint venture exploration permits, covering ten different geological basins in the North Sea, offshore Ireland, and offshore Namibia. Drilling has only occurred at one permit to date (at Handcross in offshore Namibia), but the company is now at the beginning of its drilling programme, and more results are expected in the coming year. Seacrest is not an operator, and in many cases will be either partly or fully free-carried (i.e. no cash expenditures by Seacrest on a particular drill). During the year, the value of Seacrest was restated following an independent valuation, with the value increased from US\$1.08 to US\$1.64 per share.

Nickel

Panoramic

Panoramic Resources Limited ("Panoramic") is a mining company operating two 100%-owned underground nickel sulphide mines, the Savannah Project in the East Kimberley and the Lanfranchi Project near Kambalda, Western Australia, which make up the company's nickel division.

Zeta made a significant acquisition of shares in Panoramic in December 2013. At that stage, Panoramic was loss-making, but breaking even on a cash basis. Its management team were (and are) well regarded, but the share price seemed to discount the possibility of a recovery in the price of nickel. The short term picture was that nickel inventories globally were (and are) high, but the medium term outlook was for significant shortfalls in supply vs. demand.

In January 2014 the Indonesian government imposed a ban on the export of unprocessed nickel ores. While indications of a ban were well known, the timing nevertheless took the market by surprise, and subsequently the price of nickel began to rise quickly. Panoramic was a major beneficiary, as its business is leveraged to the price of nickel.

The chief concern at the time of our investment was the short mine life of Panoramic's producing assets, relative to its peers. Happily, however, in February 2014 Panoramic announced a major discovery at Savannah, the implication of which was a lengthening in the mine life there. Subsequently drilling work has enhanced the picture.

From February through April Zeta made further purchases of Panoramic shares, as we felt the market was still undervaluing the shares. Since then, the share price has continued to rise strongly, such that by the end of June 2014 Panoramic was Zeta's largest investment.

Gold

Resolute

Our largest investment in gold mining is in Resolute Mining Limited ("Resolute"). Following the halving of Resolute's share price in the year ended June 2013, both the price of gold and Resolute's shares stabilised in the year to June 2014. Resolute's share price rising 3.4% to A\$0.62.

While overall production was down sharply on the previous year, this was expected, as the company's operations at the Golden Pride project in Tanzania came to the end of its mine life. Syama achieved record production and made good progress on optimising the mine's operations. This has meant significant further investment into Syama this year.

Elsewhere the company moved to take 90% ownership and operatorship of the Bibiani gold project in Ghana. Resolute has announced plans for a 20,000 metres drill programme there to better delineate the underground resource.

Resolute produced over 342,000 ounces of gold in the year ended June 2014 at a cash cost of A\$922 per ounce; the company has forecast production for the year ended June 2015 of 315,000 ounces at a cash cost of A\$890 per ounce.

During the year Resolute significantly increased its reserves at Syama following a successful drilling program, extending the mine's expected life from 10 years to 15 years.

Copper

Kumarina

Kumarina Resources Pty Limited ("Kumarina") is a 100%-owned subsidiary of Zeta. The company is focused on two prospective projects in Western Australia, being the Ilgarari copper project and the Murrin Murrin copper-gold project.

During the year three diamond drill holes were completed at the 100%-owned Ilgarari copper project to test two major cross cutting faults lying below the Ilgarari copper workings. The drilling programme was co-funded by the Western Australian Department of Mines and Petroleum to a maximum value of A\$150,000 through the Exploration Incentive Scheme.

Results from the programme have opened up potential for a significant copper target along at least five kilometres of the Ilgarari shear that is untested by any form of exploration. Down Hole EM surveys to test for sulphide mineralisation proximal to the diamond drill holes which may be indicative of major structures are expected to be completed during Q3 calendar 2014. Further exploration activities in relation to the deep hole programme will be prioritised once results from the surveys have been finalised. A further drill program is being planned to test the potential of the secondary copper target identified along the Ilgarari shear zone.

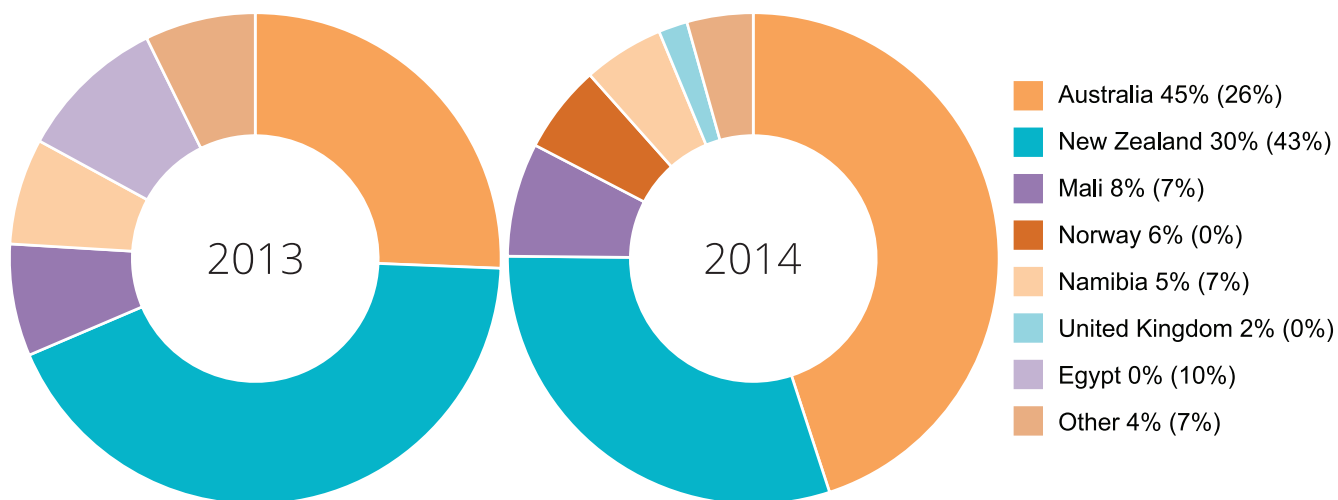
At the Murrin Murrin copper-gold project, Kumarina announced the release of a JORC 2012 compliance resource for the Malcolm Challenger gold deposit located in the NE goldfields of Western Australia. The uncut Indicated Resource contains 547,000 tonnes averaging 3.12 grams per tonne for 54,875 ounces based on a 1 g/t cut-off grade. As at year end, no field work had been undertaken. Exploration programmes and budgets for future work at the Murrin Murrin project are in the process of being finalised.

Kumarina Tenement Schedule

Project Area	Tenement ID	Ownership	Comments
Ilgarari	E52/2274	100%	
Eulaminna	M39/0371	0%	Gold and Base Metals Rights
Eulaminna	M39/0372	0%	Gold and Base Metals Rights
Murrin Murrin	M39/0397	100%	
	M39/0398	100%	
	M39/0399	100%	
	M39/0400	100%	
	M39/1068	100%	
	P39/5230	100%	
	P39/5231	100%	
	P39/5232	100%	
	P39/5233	100%	
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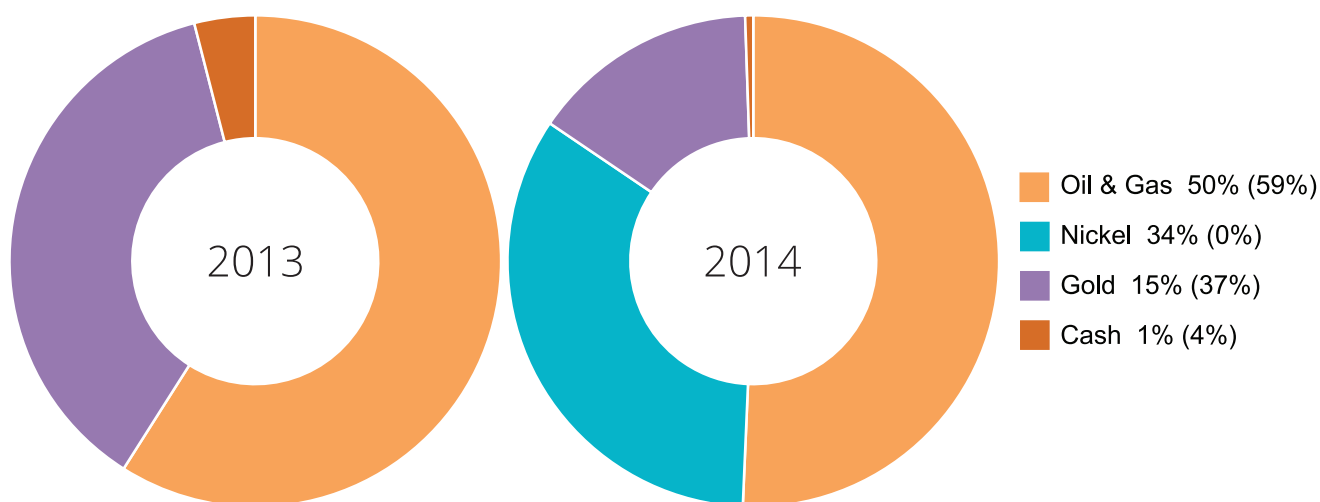
JDF Morrison
ICM Limited
Investment Manager
5 September 2014

GEOGRAPHICAL SPLIT OF INVESTMENTS



Source: Zeta Resources

SECTOR SPLIT OF INVESTMENTS



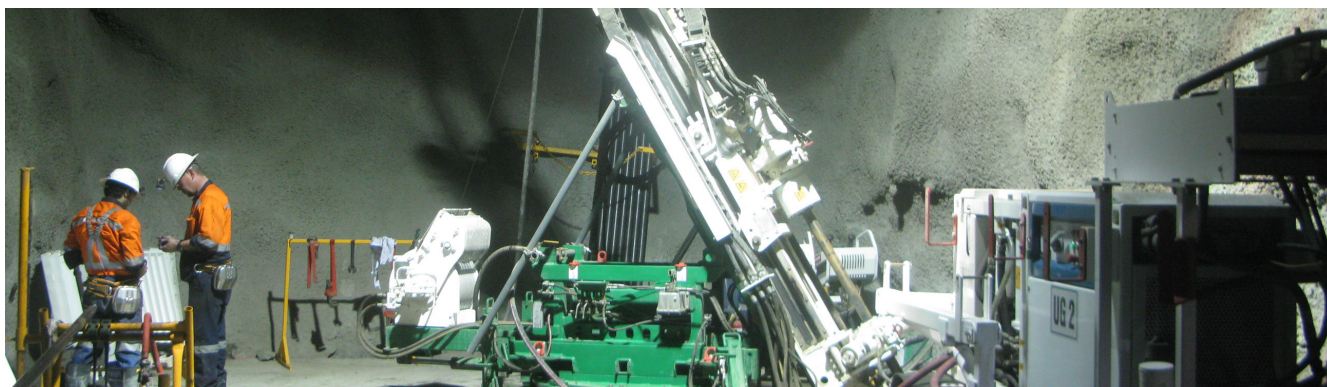
Source: Zeta Resources

FIVE LARGEST HOLDINGS

ZETA RESOURCES LIMITED
ANNUAL REPORT
FOR THE YEAR TO 30 JUNE 2014

June 2014	June 2013	Company (Country of principal activity) Description	Fair value US\$ 000	% of total investments
1	(-)	Panoramic Resources Limited (Australia) Nickel exploration and mining	36,179	33.5%
2	(1)	New Zealand Oil & Gas Limited (New Zealand) Oil & gas exploration and production	34,021	31.5%
3	(5)	Seacrest LP – unlisted (Global) Oil & gas offshore seismic exploration	15,580	14.4%
4	(2)	Resolute Mining Limited (Mali, Australia) Gold exploration and mining	12,345	11.4%
5	(4)	Kumarina Resources Pty Limited – unlisted (Australia) Copper and gold exploration and mining	3,864	3.6%
Five largest holdings			101,989	94.4%
Other investments			6,130	5.6%
Total investments			108,119	100.0%

The value of the five largest holdings represents 94.4% (2013: 93.0%) of the group's total investments. The country shown is the location of the principal part of the company's business. The total number of companies included in the portfolio is 13 (2013: 10). The Kumarina fair value is stated at the value of the gold tenements at year end.



Panoramic Resources Limited

www.panoramicresources.com

Market Cap: US\$249.0 million

Panoramic Resources Limited is a mining company operating two 100%-owned underground nickel sulphide mines, the Savannah Project in the East Kimberley and the Lanfranchi Project near Kambalda, Western Australia, which make up the company's nickel division. Panoramic's business is leveraged to both the price of nickel, and the Australian dollar – the higher the price of nickel and the lower the Australian dollar, the higher the company's profits. During the year under review, Panoramic announced a major discovery at Savannah. Further drilling is still being done, but at this stage the discovery looks set to significantly extend the mine life there. In the meantime Panoramic has benefited from the strong recovery in the price of nickel. For the year ended June 2014, the company produced 22,256t Ni contained in concentrate/ore – a record level of production, at an average cash cost of US\$5.16/lb (A\$5.53/lb). At 30 June 2014 the company had A\$55.9 million in net cash. Panoramic's shares rose 315% in the year during the 12 months to June 2014.



New Zealand Oil & Gas Limited

www.nzog.com

Market Cap: US\$289.4 million

New Zealand Oil & Gas Limited is an independent oil and gas exploration and production company, with exposure to two relatively low cost production assets in New Zealand: the Kupe gas and oil field (15% partner) and Tui area oil fields (27.5% partner). In addition, NZOG has an exploration portfolio in New Zealand and Indonesia. NZOG is listed on both the New Zealand and Australian stock exchanges. NZOG's share price declined 5.4% during the 12 months to June 2014. During this period the company paid a dividend of 6 cents, which represents a net yield of 7.5%. The year to June 2014 was active, with drilling at Matuku, Pateke, and Oi in New Zealand, and Kisaran in Indonesia. Full year results to 30 June 2014 showed increased revenues at NZ\$112 million due largely to an increased share of Tui's production following the acquisition of an extra 15% of the joint venture in October 2013. Cash flow from operating activities was NZ\$11.5 million, down on the prior year due to the increased spend on exploration drilling. At year end NZOG had NZ\$135 million (US\$115 million) of net cash.



Seacrest LP

www.seacrest.com

Market Cap: N/A - Unlisted

Seacrest LP is an unlisted private seismic specialist oil explorer. With access to one of the world's largest seismic databases, and a large team of petroleum geologists, the company is creating value by offering a better understanding of regional seismic patterns in oil and gas exploration basins globally. Seacrest's commercial approach is to join with operating exploration firms, and acquiring interests in joint ventures through farm-ins. Seacrest has established a number of subsidiaries with regional focuses. Having established a large portfolio of interests in joint venture oil & gas exploration permits, the company is now beginning to monetise the value of its portfolio.



Resolute Mining Limited

www.resolute-ltd.com.au

Market Cap: US\$371.6 million

Resolute Mining Limited is an unhedged gold producer, with long life mines at Syama in Mali and Ravenswood in Australia. In the year to June 2014 Resolute's various operations yielded 343,000 ounces of gold, a significant decrease year-on-year, but this was due to the well-signalled closure of the company's Tanzanian mine which had reached the end of its productive life. Average cash costs of A\$922 per ounce. Following a stabilisation in the gold price, Resolute's share price was up 2.5% in the 12 months to June 2014. During the year Resolute moved to acquire 90% of the Bibiani gold project in Ghana. Exploration work in Queensland, Australia has added significantly to resources, and along with further work in Mali is expected to increase the company's mine lives in both countries.



Kumarina Resources Pty Limited

www.kumarina.com

Market Cap: N/A – Unlisted

100%-owned subsidiary Kumarina Resources Pty Limited is focused on two prospective projects in Western Australia: the Murrin Murrin copper gold project, and the Ilgarari copper project. During the year to June 2014, Kumarina announced a maiden resource estimate for the Malcolm Challenger gold deposit in Murrin Murrin, with an indicated resource of 54,875 oz based on a 1 g/t cut-off grade. At Ilgarari, three diamond drill holes were completed, with results opening up potential for a significant copper target along at least five kilometres of the Ilgarari shear.

INVESTMENT POLICY

The Directors are responsible for the determination of the company's investment policy and have overall responsibility for the company's day-to-day activities. The company has, however, entered into an Investment Management Agreement with ICM Limited under which ICM provides investment management services including stock selection, portfolio monitoring and research to the company.

Zeta's aim is 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. The company invests in a range of resources entities, including those focused on oil and gas, gold and base metals exploration and production.

Zeta has a mid to long term investment horizon and does not expect to be trading its positions on a frequent basis. Zeta seeks to work with its investee companies to maximise their value, and may make follow-on investments into these companies or increase investment through market purchases as appropriate.

Zeta may acquire majority or minority positions in its target investments. Zeta seeks opportunities which will maximise its ability to contribute as a proactive investor, with a view to actively extracting value for both its own investors and investors in the underlying investee companies. This proactive approach may include taking significant or full ownership positions in companies, bringing about management change and encouraging strategies to maximise shareholder value and return.

ICM is the Investment Manager of Zeta. ICM is a Bermuda based global fund manager focused on finding investments at valuations that do not reflect their true long term value. Our investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. We are long term investors and see markets as a place to exchange assets.

ICM manages some US\$2.4 billion directly and has indirect involvement in over US\$12 billion in a range of mandates. ICM has 35 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Melbourne, Singapore and Wellington.

ICM staff responsible for Zeta's investments include:

Dugald Morrison

Dugald Morrison, aged 45, based in Wellington, New Zealand, is the General Manager for ICM New Zealand. He has extensive investment analysis experience, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom, and the United States since 1987. Mr Morrison is a director of a number of unlisted companies in New Zealand. He is a member of the New Zealand Institute of Directors.

Duncan Saville

Duncan Saville, aged 57, is a chartered accountant and a director of ICM Limited. He is currently a director of two listed companies and a number of unlisted companies. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director in both the water and airport sectors. He is a Fellow of Chartered Accountants Australia and New Zealand and the Australian Institute of Directors.

Jonathan Groock

Jonathan Groock, aged 36, has been involved in the running of ICM Limited funds since February 2011. Prior to joining the investment team Mr Groock was an equity research analyst at Investec and is a CFA charter-holder.

Peter Ross Sullivan BE, MBA (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 Limited from December 2011 to 24 June 2013 when Kumarina was delisted.

Marthinus (Martin) Botha[†]

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 the UK Financial Services Authority, and Resolute Mining Limited.

Xi Xi[†]

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).

[†]Non-Executive Director

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 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 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 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 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 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, which he received as part of a pro rata issuance to all Kumarina shareholders on 7 June 2013.

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

	Number of shares	% of issued shares held
Listed		
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%
Unlisted		
Seacrest LP	9,500,000	
Kumarina Resources Pty Ltd	71,102,100	100%

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 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. See Note 13 in the Notes to the Financial Statements.

Either party may terminate the agreement with six 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

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 section 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 and Investment Manager in writing of the requisite information within 2 business days in order 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 Investment Manager. The Investment Manager 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 Investment Manager 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.

Information about the company's investments will be shown on the company's website.

- (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's 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 three directors two of whom are considered independent. See also the Directors Report.
2.2 The chair should be an independent director.	<p>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.</p> <p>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.</p>
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.
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's website.

ASX Principles and Recommendations	Status
3 Promote ethical and responsible decision-making	
Companies should actively promote ethical and responsible decision-making	
<p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> 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. 	<p>Compliant. The company's Corporate Governance Statement addresses these practices and issues, and is included on the company's website.</p>
<p>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.</p>	<p>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.</p> <p>The company believes that the promotion of diversity on its board and within the organisation generally is good practice.</p> <p>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.</p> <p>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)).</p> <p>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.</p>
<p>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.</p>	<p>Non-compliant. Refer 3.2.</p>
<p>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.</p>	<p>Non-compliant. Refer 3.2.</p>
<p>3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>Non-compliant. Refer 3.2.</p>

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's 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: <ul style="list-style-type: none"> • 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's 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's 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.
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.

ASX Principles and Recommendations	Status
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.

ASX Principles and Recommendations	Status
<p>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</p>	
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.
<p>8.2 The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • 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.



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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 37 to 59.

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 Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005

Registration number 1999/021543/21

Policy Board:
Chief Executive: RM Kgosa

Executive Directors: DC Duffield, A Hari, AM Mokgabudi, D van Heerden

Other Directors: LP Fourie, N Fubu, T Fubu, TH Hoole, A Jaffer, M Letsitsi, E Magondo, A Masemola, JS McIntosh, CAT Smit, Y Suleman (Chairman of the Board), A Thunström

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



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.

A handwritten signature in black ink, appearing to be 'P Farrand', written over a faint horizontal line.

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

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The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

STATEMENT OF COMPREHENSIVE INCOME

ZETA RESOURCES LIMITED
ANNUAL REPORT
FOR THE YEAR TO 30 JUNE 2014

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

STATEMENT OF FINANCIAL POSITION

ZETA RESOURCES LIMITED
ANNUAL REPORT
FOR THE YEAR TO 30 JUNE 2014

Notes		30 June 2014 \$	30 June 2013 \$
	Non-current assets		
4	Investment in subsidiaries	10,275,234	10,275,233
5	Investments	104,069,133	36,229,896
	Current assets		
6	Cash and cash equivalents	188,012	2,383,913
	Total assets	114,532,379	48,889,042
	Non-current liabilities		
7	Loans from subsidiaries	(11,947,583)	(5,468,485)
8	Loan from parent	(14,449,593)	(4,577,000)
	Current liabilities		
9	Trade and other payables	(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		
10	Share capital	832	406
10	Share premium	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

ZETA RESOURCES LIMITED
ANNUAL REPORT
FOR THE YEAR TO 30 JUNE 2014

Notes	for the year ended 30 June 2014	Year ended June 2014 \$	Period ended June 2013 \$
	Cash flows from operating activities		
17.1	Cash (utilised in)/generated by operations	(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		
17.2	Proceeds from issue of shares	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
6	Cash and cash equivalents at end of the year	188,012	2,383,913

STATEMENT OF CHANGES IN EQUITY

ZETA RESOURCES LIMITED
ANNUAL REPORT
FOR THE YEAR TO 30 JUNE 2014

Notes	for the year ended 30 June 2014	Share capital	Share premium	Accumulated (losses)/profits	Total
		\$	\$	\$	\$
	Balance at incorporation	–	–	–	–
10	Issue of share capital	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
10	Issue of share capital	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

1. GENERAL INFORMATION

Zeta Resources Limited 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 5 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 presentational 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 (IASB), although the European Union has not yet endorsed all of these statements.

IFRS 9 Financial Instruments

On 24 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 1 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.

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 disclosure 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 derecognition 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.

4. INVESTMENT IN SUBSIDIARIES

	Year ended June 2014 \$	Period ended June 2013 \$
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 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 Limited	Australia	71,102,100	100%

5. INVESTMENTS

	Year ended June 2014 \$	Period ended June 2013 \$
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 Limited (10,000,000), Resolute Mining Limited (5,000,000) and Panoramic Investments Limited (3,200,000) with a fair value of \$12,327,134.

6. CASH AND CASH EQUIVALENTS

	Year ended June 2014 \$	Period ended June 2013 \$
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

	Year ended June 2014 \$	Period ended June 2013 \$
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

	Year ended June 2014 \$	Period ended June 2013 \$
Loan from Utilico Investments Limited ("Utilico")	14,449,593	4,577,000

The loan is denominated in Australian dollars to the value of A\$6.6 million (30 June 2013 A\$5 million) and in United States dollars to the value of US\$8 million (30 June 2013: 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

	Year ended June 2014 \$	Period ended June 2013 \$
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	Number of shares	Share capital	Share premium
Ordinary shares			
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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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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)

12. OTHER (EXPENSE)/INCOME

	Year ended June 2014 \$	Period ended June 2013 \$
Foreign exchange (losses)/gains	(485,418)	269,129

13. MANAGEMENT AND CONSULTING FEES

	Year ended June 2014 \$	Period ended June 2013 \$
Management and consulting fees	3,900,400	26,925

The company entered into an investment management agreement with Bermuda registered ICM Limited 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

	Year ended June 2014 \$	Period ended June 2013 \$
Operating and administration expenses consist of:	22,627	6,045
Audit fees	51,407	33,479
Australian Stock Exchange listing fees	153,333	–
Directors fees	86,378	136,050
Legal fees	714,117	44,433
Other expenses	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

	Year ended June 2014 \$	Period ended June 2013 \$
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 on issue at 30 June 2014 (30 June 2013: 10,122,903) as they are not considered to be dilutive.

17. NOTES TO THE CASH FLOW STATEMENT

	Year ended June 2014 \$	Period ended June 2013 \$
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

	Year ended June 2014 \$	Period ended June 2013 \$
17.2 Issue of share capital		
Shares issued for consideration		
As part of the Kumarina scheme of arrangement an initial public offering of up to 25,000,000 ordinary shares at A\$1.00 was approved. Under this initial public offering the company issued 4,000 shares on 7 June 2013 raising the equivalent of \$3,975.	–	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 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.

18. AUDITOR REMUNERATION

	Year ended June 2014 \$	Period ended June 2013 \$
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 companies 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 objectives 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 ongoing 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's 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:

Strengthening of the United States Dollar	AUD	CAD	GBP	NZD	Total
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)
Weakening of the United States Dollar	AUD	CAD	GBP	NZD	Total
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 US\$104,069,133 at 30 June 2014 (30 June 2013: US\$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 investments held by 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 meet 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 position 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 exchange 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.

	Year ended June 2014 \$	Period ended June 2013 \$
20.2 Material related party transactions		
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 four reportable segments, as described below, which are considered to be the company's strategic investments areas. For each investment area, the company's chief operating decision maker ("CODM") (ICM Limited – investment manager) reviews internal management reports on at least a monthly basis. The following summary describes each of the company's reportable segments:

- Gold: investments in companies which mine gold
- Oil & Gas: investments in companies which extract or prospect for oil or gas
- Mineral Exploration: investments in companies 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 companies 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

	Gold \$	Oil & gas \$	Mineral exploration \$	Other segments \$	Total \$
30 June 2014					
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 profit/(loss) before tax	(7,492,804)	(2,214,007)	(142)	988	(9,705,965)
Reportable segment assets	21,730,777	24,759,348	15,004	2,383,913	48,889,042
Reportable segment liabilities	(412,158)	(2,460,813)	–	(10,089,562)	(12,962,533)

During the year there were no transactions between segments which resulted 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/(loss) for reportable segments	36,223,469	(9,706,953)
Profit/(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.

1. Substantial Shareholders

Substantial shareholders as shown in substantial shareholder notices received by the company as at 24 September 2014 are:

Utilico Investments Limited	77,067,773 (82.66%)
Peter Ross Sullivan	5,670,632 (6.08%)

2. Distribution schedule of ordinary shares held at 24 September 2014

Holding ranges	No. of shares	No. of ordinary shareholders	% of issued capital
1 – 1,000	4,090	15	0.00
1,001 – 5,000	555,555	171	0.60
5,001 – 10,000	281,567	32	0.30
10,001 – 100,000	1,803,460	55	1.93
100,001 – and over	90,586,048	17	97.16
Total	93,230,720	290	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares at 24 September 2014 is 12 and they hold 1,505 securities.

3. Distribution schedule of listed options to acquire ordinary shares held at 24 September 2014

Holding ranges	No. of listed options	No. of listed option holders	% of listed options
1 – 1,000	149,388	229	1.48
1,001 – 5,000	239,582	87	2.37
5,001 – 10,000	116,079	14	1.15
10,001 – 100,000	871,498	22	8.61
100,001 – and over	8,746,356	5	86.40
Total	10,122,903	357	100.00

The number of option holders holding less than a marketable parcel of options to acquire ordinary shares at 24 September 2014 is 342 and they hold 744,983 listed options.

Source: Security Transfer Registrars

4. Top 20 holdings of fully paid ordinary shares as at 24 September 2014

Name	Shares	% of issued capital
J P Morgan Nominees Australia Limited	76,227,395	81.76
HSBC Custody Nominees Australia Limited	8,152,519	8.74
James Noel Sullivan	1,575,025	1.69
Aumex Mining Pty Limited	1,204,609	1.29
Hardrock Capital Pty Limited ATF CGLW Superannuation Fund	600,000	0.64
Wayne C Van Blitterswyk	483,825	0.52
Gillian Clare Sellers	350,000	0.38
Cherryburn Pty Limited	350,000	0.38
Geomett Pty Limited	250,000	0.27
Uuro Pty Limited	250,000	0.27
Australian Executor Trustees Limited No.1 Account	200,000	0.21
John Gillis Broinowski	200,000	0.21
AO Peter Irving Burrows	200,000	0.21
ACS (NSW) Pty Limited	170,000	0.18
Pendan Pty Limited	127,675	0.14
Gail Sullivan	125,000	0.13
Minturn Pty Limited	120,000	0.13
T J + K M Russell	100,000	0.11
Tilley Superannuation Fund Inv Pty Ltd	100,000	0.11
Alain Thibaux	75,000	0.08
Total for top 20	90,861,048	97.45

Source: Security Transfer Registrars

5. Voting Rights

All ordinary shares carry one vote per share without restriction.

6. Top 20 holdings of listed options as at 24 September 2014

Name	Shares	% of issued capital
HSBC Custody Nominees Australia Limited	7,446,283	73.56
J P Morgan Nominees Australia Limited	370,068	3.66
Wayne C Van Blitterswyk	325,000	3.21
James Noel Sullivan	315,005	3.11
Aumex Mining Pty Limited	290,000	2.86
Hardrock Capital Pty Limited ATF CGLW Superannuation Fund	100,000	0.99
Hardrock Capital Pty Limited	82,800	0.82
Andrew John Fisher	72,450	0.72
Kesli Chemicals Pty Limited	62,314	0.62
Cherryburn Pty Limited	57,000	0.56
Molonglo Pty Limited	54,000	0.53
HSBC Custody Nominees Australia Limited	53,000	0.52
Geomett Pty Limited	50,000	0.49
Hotlake Pty Limited	50,000	0.49
UBS Wealth Management Australia Nominees Pty Limited	50,000	0.49
Anthony John + S J Power	27,000	0.27
Pendan Pty Limited	25,535	0.25
Gail Sullivan	25,000	0.25
Ingot Capital Investments Pty Limited	22,550	0.22
Aradia Ventures Pty Limited	21,550	0.21
Total for top 20	9,499,555	93.83

Source: Security Transfer Registrars.

7. Use of Capital

Pursuant to the requirements of ASX listing rule 4.10.19 the company has used all cash and assets in a form readily convertible to cash, that it held at the time of admission, in a way consistent with its business objectives.

8. Application of chapters 6, 6A, 6B and 6C of the Corporations Act 2001

The company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of its shares. In addition neither the Bermuda Companies Act nor the company's Bye-laws prescribe a regime for the conduct of takeovers or contain a general prohibition on acquisitions of interests in Bermuda companies beyond a certain threshold in the same way as the Australian Corporations Act 2001.

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

Directors (Non-Executive)

Peter Sullivan (Chairman)
Marthinus (Martin) Botha
Xi Xi

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Stock Exchange Listing

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

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