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## **Address by Chairman Peter Sullivan to the Annual General Meeting**

**Hamilton, Bermuda, 30 December 2019**

Welcome to the Zeta Resources 2019 Annual General Meeting.

Looking back over the financial year through to 30 June 2019, commodity prices were down overall, and as a leveraged fund, Zeta made a significant loss. Zeta's loss for the year was US\$48.7 million, and the net asset value per share fell by 36.5%.

Zeta is confident in the long-term outlook for nickel. Nearly all of Zeta's loss for the year is unrealised and relates to our nickel assets, primarily the Panoramic Resources position. Panoramic Resources is our largest investment, and we remain supporters of the company and the strategic value of its long-life Savannah mine.

Despite the result, we are pleased with the positioning of Zeta's portfolio, and beneath the headline loss has been one very pleasing success, as well as a significant rebalancing of the portfolio.

The success came near the end of the year, and in fact the full realisation of Zeta's investment in Bligh Resources Limited was finalised at the end of July 2019. The price offered by Saracen Mineral Holdings Limited in its takeover bid announced in June 2019 represented a 97% premium to Bligh's share price immediately prior to the takeover, and a 260% premium on Zeta's A\$9.0m investment cost.

The sale of the investment in Bligh capped a series of deliberate steps taken by Zeta. Firstly, to act quickly to buy the initial stake when Saracen first publicly expressed interest in Bligh's chief asset, Bundarra. Secondly, Zeta outmanoeuvred Saracen's bid for the Bundarra asset by launching a takeover bid for Bligh itself rather than the company's main asset.

Thirdly, once Zeta controlled a majority stake in Bligh, it developed a cost-effective plan of selective drilling and cost control, thereby significantly increasing the company's resources. Finally, when Saracen again expressed interest in Bundarra, Zeta worked to ensure there was competitive tension in the sales process, with a pleasing end result for Zeta shareholders.

The other significant development during the year was more subtle, namely a rebalancing of the Company's portfolio. At the start of the year, Zeta had over 50% of its portfolio invested in nickel, and over 20% in gold. At the end of the year, Zeta's biggest exposure was to bauxite, with around 25% of the portfolio, with nickel at 24% and gold at 23%. Copper has been increased from 11% to 14%. While Zeta is confident in the long-term outlook for nickel, it was important that the Company not be overexposed to the risk of any one commodity. Despite the rebalancing, we continue to be weighted towards battery metals and related commodities and remain equally excited about the potential of all of our investments.

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There is considerable economic unrest and unusual events occurring across the globe. We believe that the volatility and changes that are implicit with this are going to provide many opportunities for Zeta. It remains to be seen whether short term fears, which have driven recent gains in precious metals and declines in industrial commodity prices, will prove to be misplaced or not. Either way, Zeta will continue to seek to find and realise value in resources and resource companies.

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