



# Zeta Resources Limited

ARBN 162 902 481

## ASX Appendix 4D

For the half year ended 31 December 2014  
(Incorporating information pursuant to ASX Listing Rule 4.2A)

*The information contained in this document should be read in conjunction with the accompanying Zeta Resources Limited Directors' Report and Financial Report for the half year ended 31 December 2014 and the Zeta Resources Limited Annual Report for the year ended 30 June 2014 and any public announcements made by Zeta Resources Limited during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.*

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# ASX Appendix 4D – Results Summary

## For the half year ended 31 December 2014

### Results for announcement to the market

The functional and presentation currency is United States Dollars.

	31 December 2014 US\$	31 December 2013 US\$
<b>Financial results</b>		
(Loss)/Revenue from ordinary activities	(43,751,230)	3,923,659
(Loss)/Profit from ordinary activities after tax attributable to members	(43,649,941)	3,248,911
<b>Net (loss)/profit for the period attributable to members</b>	<b>(43,649,941)</b>	<b>3,248,911</b>

### Dividends

Cents per ordinary share	Nil*	Nil
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\*No dividends have been declared or are payable for the period ended 31 December 2014.

### Tangible assets per ordinary share

Net tangible assets per share as at 31 December 2014 (in United States cents)	43.67	75.50
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### Commentary

Refer to the Directors' Report included in the half-year financial report for summary.

### Control gained or lost over entities having material effective

On 1 September 2014 the company acquired 100% of the share capital of Zeta Energy Pte Ltd valued at \$1. The acquisition of Zeta Energy Pte Ltd has had no material effect on the company's profit from ordinary activities during the period.

### Dividends paid or provided for

No dividends declared for the half year ended 31 December 2014. Refer to results summary.

### Dividends reinvestment plan

No dividends or distribution reinvestment plan were in operation during the period ended 31 December 2014.

### Net tangible assets per share

Details of net tangible asset backing are set out in the results summary.

### Details of associates and joint ventures

The group has no investments in associates or joint ventures.

### Accounting standards for foreign entities

The financial statements have been prepared in accordance with the provisions of the Bermuda Companies Act 1981 and International Financial Reporting Standards.

Signed:



Date: 16 February 2015

## Corporate Directory

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**Zeta Resources Limited**  
**Company ARBN: 162 902 481**  
**[www.zetaresources.co](http://www.zetaresources.co)**

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

**Registered Office**  
19 Par-la-Ville Road  
Hamilton HM 11  
Bermuda  
Company Registration Number: 46795

**Australian Registered Office**  
Level 9  
45 Clarence Street  
Sydney NSW 2000  
Australia  
Telephone: +61 2 9248 0304

**Investment Manager**  
ICM Limited  
1<sup>st</sup> Floor  
19 Par-la-Ville Road  
Hamilton HM 11  
Bermuda  
Telephone: +1 441 299 2897  
Email: [contact@icmnz.co.nz](mailto:contact@icmnz.co.nz)

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

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

**General Administration**  
ICM Corporate Services Pty Ltd  
1 Knutsford Road  
Wynberg 7800  
Cape Town  
South Africa

**Auditor**  
KPMG Inc  
MSC House  
1 Mediterranean Street, Foreshore  
8001, Cape Town  
South Africa

**Custodian**  
Bermuda Commercial Bank Limited  
19 Par-la-Ville Road  
PO Box HM1748  
Hamilton HM 11  
Bermuda

**Registrar**  
Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153  
Australia  
Telephone: +61 8 9315 2333

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

## **Directors' Report**

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Your directors present their report of Zeta Resources Limited ("the company") for the half year ended 31 December 2014.

### **Directors**

The names of directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period.

Peter Ross Sullivan

Marthinus Botha

Xi Xi

### **Principal activities**

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

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

### **Review of investing activity**

Commodity markets experienced material declines in the six months to 31 December 2014. Most notably, oil prices halved, with the WTI crude oil price down 49.6% to US\$53.45 per barrel. The gold price (London PM fix) was down 8.7% to US\$1,199/oz. while the nickel price was down 20.3% to US\$6.77/lb.

During the period under review, the net assets of the company fell from US\$84.4 million to US\$38.6 million. This was due principally to the decline in commodity prices, and the consequent decline in the share prices of Zeta's major listed investments.

During the period, the company increased its borrowings in order to make additional investments in listed companies.

### **Financial position**

At the end of the half year the company had \$285,645 in cash and cash equivalents. Investments at fair value totalled \$36,731,822, and the investments in subsidiaries were valued at \$9,166,892.

On the 9<sup>th</sup> February 2015, in conjunction with the investment manager ICM Limited, the directors decided to revalue the unlisted investment in Seacrest LP. This revaluation has had the effect of increasing the losses on financial assets through profit and loss by US\$2.1 million, as well as reducing the value of subscription and other rights by US\$2.1 million, as at 31 December 2014.

During the period the company made a loan to its wholly owned subsidiary Zeta Energy Pte Ltd for the purchase of listed investments from its parent company and to make additional purchases in these companies. At the end of the period the loan had been drawn down to the value of \$54,902,643. As a result of the reduction in the share prices, the loan has been impaired, through profit and loss, to the fair value of the listed investments acquired. The impairment for the period amounted to \$15,765,103.

The company has a loan owing to Utilico Investments Limited ("Utilico") of \$32,192,542 and loans owing to its subsidiaries of \$9,259,787 at the period end.

During the half year new loan facilities were also established and have been drawn down to the value of \$5,064,431 and the proceeds utilised to purchase further investments in existing holdings.

No new shares were issued during the period and no options were exercised during the period.

## Results

The net loss after income tax attributable to the company for the half year to 31 December 2014 is \$45,749,941.

## Dividends

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

## After balance date events

NZOG proposed a capital return which was approved by its shareholders on 19 December 2014. NZOG will cancel 1 in every 5 ordinary shares and pay NZ\$0.75 per ordinary share cancelled – effectively returning NZ\$0.15 per share. Based on the current holding of NZOG shares by Zeta, a payment of c. NZ\$10.2 million is expected to be received by Zeta in late February 2015.

## Auditors' independence declaration

A copy of the auditor's independence declaration is included in the report.

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

A handwritten signature in black ink, appearing to read 'P. R. Sullivan', with a stylized flourish at the end.

Peter R Sullivan  
Chairman  
Perth, Western Australia  
16 February 2015

## Independent Auditors' Review Report

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**KPMG Inc**  
MSC House  
1 Mediterranean Street, Foreshore, 8001  
PO Box 4609, Cape Town, 8000, South Africa

Telephone +27 (0)21 408 7000  
Fax +27 (0)21 408 7100  
Docex 102 Cape Town  
Internet <http://www.kpmg.co.za/>

### Report on Review of Interim Financial Information

#### To Directors of Zeta Resources Limited

##### Introduction

We have reviewed the accompanying condensed interim financial statements, which comprise the condensed interim statement of financial position of Zeta Resources Limited as at 31 December 2014 and the related condensed interim statements of comprehensive income, changes in equity and cash flows, for the six month period then ended, and selected explanatory notes. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

##### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements of Zeta Resources Limited for the six month period ended 31 December 2014 are not prepared, in all material respects, in accordance with International Financial Reporting Standards.

KPMG Inc.

Per P Farrand  
Chartered Accountant (SA)  
Registered Auditor  
Director  
16 February 2015

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 Kgosana

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

Other Directors: LP Fourie, N Fubu, T Fubu, S Hlophe, 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.

## Auditors' Independence Declaration

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**KPMG Inc**  
MSC House  
1 Mediterranean Street, Foreshore, 8001  
PO Box 4609, Cape Town, 8000, South Africa

Telephone +27 (0)21 408 7000  
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Docex 102 Cape Town  
Internet <http://www.kpmg.co.za/>

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

In relation to our review of the condensed interim financial statements of Zeta Resources Limited for the six month period ended 31 December 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  
16 February 2015

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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.



**Condensed statement of comprehensive income**  
**For the six months ended 31 December 2014**

		6 months ended 31 December 2014 \$	6 months ended 31 December 2013 \$
	Notes		
<b>Revenue</b>			
Investment (loss)/income	13	(45,851,230)	3,923,659
Other income		2,262,411	520,384
		<u>(43,588,819)</u>	<u>4,444,043</u>
<b>Expenses</b>			
Directors fees		(75,000)	(78,338)
Interest expense		(1,497,460)	(743,410)
Management and consulting fees		(353,175)	(182,599)
Operating and administration expenses		<u>(235,487)</u>	<u>(190,785)</u>
<b>(Loss)/Profit before tax</b>		<u>(45,749,941)</u>	<u>3,248,911</u>
Income tax	14	-	-
<b>(Loss)/Profit for the period</b>		<u>(45,749,941)</u>	<u>3,248,911</u>
<b>Total comprehensive (loss)/profit for the period</b>		<u><u>(45,749,941)</u></u>	<u><u>3,248,911</u></u>
<b>(Loss)/Profit per share</b>			
Basic and diluted (loss)/profit per share (cents per share)		<u>(0.49)</u>	<u>0.06</u>

**Condensed statement of financial position  
At 31 December 2014**

	Notes	31 December 2014 \$	30 June 2014 \$
<b>Non-current assets</b>			
Investment in subsidiaries	4	9,166,892	10,275,234
Investments	5	36,731,822	104,069,133
<b>Current assets</b>			
Cash and cash equivalents	6	285,645	188,012
Trade and other receivables		63,750	-
Loan to subsidiary	7	39,137,540	-
<b>Total assets</b>		<b>85,385,649</b>	<b>114,532,379</b>
<b>Non-current liabilities</b>			
Loans from subsidiaries	8	(9,259,787)	(11,947,583)
Other loans	9	(5,064,431)	-
Loan from parent	10	-	(14,449,593)
<b>Current liabilities</b>			
Trade and other payables	11	(256,257)	(3,729,294)
Balance due to brokers		-	(43,336)
Loan from parent	10	(32,192,542)	-
<b>Total liabilities</b>		<b>(46,773,017)</b>	<b>(30,169,806)</b>
<b>Net assets</b>		<b>38,612,632</b>	<b>84,362,573</b>
<b>Equity</b>			
Share capital	12	832	832
Share premium	12	64,881,364	64,881,364
(Accumulated losses)/retained income		(26,269,564)	19,480,377
<b>Total equity</b>		<b>38,612,632</b>	<b>84,362,573</b>

Condensed statement of changes in equity  
For the six months ended 31 December 2014

	Notes	Share capital \$	Share premium \$	(Accumulated losses)/retained income \$	Total \$
<b>Balance at 30 June 2013</b>		406	45,632,068	(9,705,965)	35,926,509
Profit for the period		-	-	3,248,911	3,248,911
<b>Balance at 31 December 2013</b>		406	45,632,068	(6,457,054)	39,175,420
Issue of share capital	12	426	19,249,296	-	19,249,722
Profit for the period		-	-	25,937,431	25,937,431
<b>Balance at 30 June 2014</b>		832	64,881,364	19,480,377	84,362,573
<b>Balance at 1 July 2014</b>		832	64,881,364	19,480,377	84,362,573
Loss for the period		-	-	(45,749,941)	(45,749,941)
<b>Balance at 31 December 2014</b>		832	64,881,364	(26,269,564)	38,612,632

**Condensed statement of cash flows**  
**For the six months ended 31 December 2014**

		6 months ended 31 December 2014 \$	12 months ended 30 June 2014 \$
	Notes		
<b>Cash utilised in operating activities</b>			
Cash utilised by operations	15.1	(3,986,304)	(1,962,126)
Interest received		272	4,656
Interest paid		(1,497,460)	(1,643,037)
<b>Net cash outflow from operating activities</b>		(5,483,492)	(3,600,507)
<b>Cash flows from investing activities</b>			
Investments purchased		(18,985,260)	(52,640,466)
Investments sold		41,321,930	18,929,077
<b>Net cash inflow/(outflow) from investing activities</b>		22,336,670	(33,711,389)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	15.2	-	19,249,722
Increase in loan to subsidiary		(39,137,540)	-
Increase in loan from parent		17,742,949	9,872,593
(Decrease)/increase in loan from subsidiary		(2,687,796)	6,479,098
Increase in other loans		5,064,431	-
<b>Net cash (outflow)/inflow from financing activities</b>		(19,017,956)	35,601,413
<b>Net movement in cash and cash equivalents</b>		(2,164,778)	(1,710,483)
Cash and cash equivalents at the beginning of the period		188,012	2,383,913
Effect of exchange rate fluctuations on cash held		2,262,411	(485,418)
<b>Cash and cash equivalents at end of the period</b>	6	285,645	188,012

## Notes to the condensed interim financial statements

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### 1. Reporting entity

Zeta Resources Limited ('the company') is an investment company listed on the Australian Stock Exchange and domiciled in Bermuda. The condensed interim financial statements of the company as at and for the six months ended 31 December 2014 comprise the company and its wholly owned subsidiaries.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These interim financial statements have been prepared in accordance with IAS34 Interim Financial Reporting. The statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last annual financial statements as at and for the year ended 30 June 2014.

These interim financial statements were authorised for issue by the board of directors on 16 February 2015.

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

#### 2.4 Use of estimates and judgements

In preparing these interim financial statements, management make judgements, estimates and assumptions with regards to investments 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 period in which the estimate is revised and in any future periods affected.

The significant judgements made by Management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the period ended 30 June 2014.

### 3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements as at and for the period ended 30 June 2014.

	31 December 2014 \$	30 June 2014 \$
<b>4. Investment in subsidiaries</b>		
At fair value		
Investment in Kumarina Resources Limited ("Kumarina")	9,166,890	10,275,233
Investment in Zeta Investments Limited ("Zeta Investments")	1	1
Investment in Zeta Energy Pte Ltd ("Zeta Energy")	1	-
	<u>9,166,892</u>	<u>10,275,234</u>

On 1 September 2014 the company acquired 100% of the shares and voting interests in Zeta Energy. There were no acquisition related costs.

Investments in subsidiaries are held as part of the investment portfolio and consequently, in accordance with IFRS10 are not consolidated but rather shown at fair value through profit and loss. The company had the following subsidiaries as at 31 December 2014:

	Country of incorporation and operations	Number of ordinary shares	Percentage of ordinary shares held
<b>31 December 2014</b>			
Kumarina Resources	Australia	71,102,100	100%
Zeta Investments	Bermuda	1,000	100%
Zeta Energy	Singapore	1	100%
<b>30 June 2014</b>			
Kumarina Resources	Australia	71,102,100	100%
Zeta Investments	Bermuda	1,000	100%

	31 December 2014 \$	30 June 2014 \$
<b>5. Investments</b>		
Financial assets at fair value through profit or loss	<u>36,731,822</u>	<u>104,069,133</u>
<b>Equity securities at fair value</b>		
Ordinary shares - listed	21,254,152	88,101,079
Subscription and other rights - unlisted	<u>15,477,670</u>	<u>15,968,054</u>
	<u>36,731,822</u>	<u>104,069,133</u>
<b>Equity securities at cost</b>		
Ordinary shares - listed	28,665,187	67,704,425
Subscription and other rights - unlisted	<u>11,573,120</u>	<u>10,588,054</u>
	<u>40,238,307</u>	<u>78,292,479</u>

During the six months ended 31 December 2014 the company held loans from its subsidiary Zeta Energy and from an external lender. To secure the loans Zeta Resources pledged certain quantities of its shares held in listed entities. The shares pledged comprise: Resolute Mining Limited (17,500,000) and Panoramic Resources Limited (5,000,000) with a fair value of US\$5,502,246.

On 9 February 2015, in conjunction with the investment manager ICM Limited, the directors decided to revalue the unlisted investment in Seacrest LP. This revaluation has had the effect of reducing the value of subscription and other rights by US\$2.1 million as at 31 December 2014.

	31 December 2014 \$	30 June 2014 \$
<b>6. Cash and cash equivalents</b>		
Cash balance comprises:		
Cash at bank	285,645	188,012
	<u>285,645</u>	<u>188,012</u>

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

<b>7. Loan to subsidiary</b>		
Loan to Zeta Energy	54,902,643	-
Impairment of Loan	(15,765,103)	-
	<u>39,137,540</u>	<u>-</u>

The loan to Zeta Energy is denominated in Australian dollars to the value of AU\$7.5 million and New Zealand dollars to the value of NZ\$40.4 million. There are no fixed repayment terms. During the six months ended 31 December 2014 the loan to Zeta Energy, which was utilised for the purchase of listed investments, was impaired, through profit and loss, to the fair value of the listed investments held by Zeta Energy. As at 31 December 2014 the impairment to the loan totalled US\$15.765 million.

<b>8. Loans from subsidiaries</b>		
Loan from Kumarina	5,273,137	5,859,289
Loan from Zeta Energy	3,986,650	-
Loan from Zeta Investments	-	6,088,294
	<u>9,259,787</u>	<u>11,947,583</u>

The loan from Kumarina is denominated in Australian dollars and attracts interest at a rate of 7.5% per annum (30 June 2014: 7.5%). There are no fixed repayment terms except that no repayment is due before 31 December 2015. The loan from Zeta Energy is denominated in New Zealand dollars and attracts interest at a rate of 6.6% per annum. There are no fixed repayment terms except that no repayment is due before 31 December 2015.

<b>9. Other loans</b>		
Other loans	<u>5,064,431</u>	<u>-</u>

Other loans are denominated in New Zealand dollars to the value of NZ\$2.5 million and United States dollars to the value of US\$3.2 million, carries interest at 6.6% per annum on the on the New Zealand dollar loan and 7.5% per annum on the United States dollar loan. There are no fixed repayment terms except that no repayment is due before 31 December 2015.

<b>10. Loan from parent</b>		
Loan from Utilico Investments Limited ("Utilico")	<u>32,192,542</u>	<u>14,449,593</u>

The loan is denominated in Australian dollars to the value of AU\$6.6 million, New Zealand dollars to the value of NZ\$2 million and United States dollars to the value of US\$23.963 million, carries interest at 10% per annum (30 June 2014: 10%) on the Australian dollar loan, 10.5% per annum (30 June 2014: NIL) on the New Zealand dollar loan and 7.5% per annum (30 June 2014: 7.5%) on the United States dollar loan, and is repayable by no later than 30 September 2015.

	31 December 2014 \$	30 June 2014 \$
<b>11. Trade and other payables</b>		
Accruals	256,257	258,714
Sundry Creditors	-	32,866
Provision for performance fee	-	3,437,714
	<u>256,257</u>	<u>3,729,294</u>

**12. Share capital and share premium**

**Authorised**

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

**Issued**

Ordinary shares	Number of Shares	Share Capital	Share Premium
Balance as at incorporation		-	-
Issued at incorporation as \$1 par shares	100	-	-
Shares split into 10,000,000 shares of \$0.00001 each	9,999,900	-	-
Issued in consideration for purchase of investments from Utilico	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina	17,775,514	178	13,406,337
Issued under initial public offering	4,000	-	3,795
Issued under public rights issue dated 10 February 2014	42,616,164	426	19,249,296
<b>Balance as at 30 June 2014</b>	<u>93,230,720</u>	<u>832</u>	<u>64,881,364</u>
Issued during the interim period	-	-	-
<b>Balance as at 31 December 2014</b>	<u>93,230,720</u>	<u>832</u>	<u>64,881,364</u>

	31 December 2014	30 June 2014
<b>Options</b>		
Balance at the beginning of the period	10,122,903	10,122,903
<b>Balance at the end of the period</b>	<u>10,122,903</u>	<u>10,122,903</u>



	31 December 2014 \$	31 December 2013 \$
<b>13. Investment (loss)/income</b>		
Interest income	272	3,067
Dividend income	829,253	904,875
Realised (losses)/gains	(571,772)	1,940,983
Unrealised fair value (losses)/gains on financial assets:		
- at fair value through profit or loss	(46,108,983)	1,074,734
	<u>(45,851,230)</u>	<u>3,923,659</u>

**14. 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.

	31 December 2014 \$	30 June 2014 \$
<b>15. Notes to the cash flow statement</b>		
<b>15.1 Cash utilised in operations</b>		
(Loss)/profit before tax	(45,749,941)	29,186,342
Adjustments for:		
Realised gains on investments	-	(1,775,524)
Fair value losses/(gains) on revaluation of investments	46,108,983	(32,352,325)
Foreign exchange (gains)/losses	(2,262,411)	485,418
Interest income	(272)	(4,656)
Interest expense	1,497,460	1,643,037
Operating loss before working capital change	<u>(406,181)</u>	<u>(2,817,708)</u>
Increase in trade and other receivables	(63,750)	-
(Decrease)/Increase in trade and other payables	(3,473,037)	3,689,605
Decrease in balance due to brokers	(43,336)	(2,834,023)
	<u>(3,986,304)</u>	<u>(1,962,126)</u>

**15.2 Issue of share capital**

**Shares issued for consideration**

As part of the Kumarina scheme of arrangement an initial public offering of up to 25,000,000 ordinary shares at A\$1.00 was approved. Under this initial public offering the company issued 4,000 shares at A\$1.00 on 7 June 2013 raising the equivalent of \$3,975.

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.

**Shares issued for no consideration**

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

## 16. Financial risk management

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

The accounting policies which govern the reported statement of financial position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 3 to the Accounts. The policies are in compliance with IFRS and best practice, and include the valuation of 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" (IAS39) 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 classification of each class of financial assets and liabilities. All assets and liabilities approximate their fair values:

31 December 2014	Designated at fair value through profit and loss	Loans and receivables	Liabilities at amortised cost	Non- financial assets and liabilities	Total carrying value
	\$	\$	\$	\$	\$
<b>Assets</b>					
Investments in subsidiaries	9,166,892	-	-	-	9,166,892
Investments	36,731,822	-	-	-	36,731,822
Cash and cash equivalents	-	285,645	-	-	285,645
Trade and other receivables	-	63,750	-	-	63,750
Loan to subsidiary	-	39,137,540	-	-	39,137,540
	45,898,714	39,486,935	-	-	85,385,649
<b>Liabilities</b>					
Loans from subsidiary	-	-	9,259,787	-	9,259,787
Trade and other payables	-	-	256,257	-	256,257
Loans from parent	-	-	32,192,542	-	32,192,542
Other loans	-	-	5,064,431	-	5,064,431
	-	-	46,773,017	-	46,773,017

30 June 2014	Designated at fair value through profit and loss \$	Loans and receivables \$	Liabilities at amortised cost \$	Non- financial assets and liabilities \$	Total carrying value \$
<b>Assets</b>					
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
<b>Liabilities</b>					
Loan from subsidiary	-	-	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

#### 16.1 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

The table below analyses financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

- 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.

31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$
<b>Financial assets</b>			
Investments	21,254,152	-	15,477,670
Investment in subsidiary	-	-	9,166,892

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	Level 3 Investments in subsidiary
At 1 July 2014	15,968,054	10,275,234
Acquisitions at cost	1,000,000	1
Total losses recognised in:		
- fair value through profit or loss	(1,490,384)	(1,108,343)
Balance at 31 December 2014	15,477,670	9,166,892

30 June 2014	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Investments	88,101,079	-	15,968,054
Investment in subsidiary	-	-	10,275,234

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	Level 3 Investments in subsidiary
At 30 June 2013	3,250,000	10,275,233
Acquisitions at cost	7,338,054	1
Total gains recognised in:		
- fair value through profit or loss	5,380,000	-
Balance at 30 June 2014	15,968,054	10,275,234

## 17. Related parties

### 17.1 Material related parties

#### *Holding company*

The company's holding company is Utilico Investments Limited which held 81.91% of the company's issued share capital on 31 December 2014. Utilico is in turn owned 57.2% by General Provincial Life Pension Fund (L) Limited.

#### *Subsidiary company's*

The only subsidiaries are Kumarina Resources Limited, Zeta Energy Pte Ltd and Zeta Investments Limited, all 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, its subsidiaries and Utilico.

	31 December 2014 \$	30 June 2014 \$
<b>17.2 Material related party transactions</b>		

#### Nature of transactions

Investments in related parties:

- Kumarina	9,166,890	10,275,233
- Zeta Investments	1	1
- Zeta Energy	1	-

On the 1 September 2014 the company acquired 100% of the shares and voting interests in Zeta Energy at a cost of \$1.

Loans to related parties:

- Zeta Energy	39,137,540	-
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Loans from related parties:

- Utilico	32,192,542	14,449,593
- Kumarina	5,273,137	5,859,289
- Zeta Energy	3,986,650	-
- Zeta Investments	-	6,088,294
- ICM Limited	3,207,771	-

Interest charged by the subsidiaries	389,242	634,612
Interest charged by the parent company	1,069,925	911,649
Fees paid to the investment manager	237,560	3,900,400

During the six months ended 31 December 2014 the company held a loan from its subsidiary Zeta Energy. To secure the loan Zeta Resources has pledged certain quantities of its shares held in listed entities.

- Resolute Mining Limited	5,000,000	-
- Panoramic Resources Limited	1,750,000	-

#### 18. Segmental reporting

The company has 4 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 and Gas: Investments in companies which extract or prospect for oil or gas.
- Mineral Exploration: Investments in companies who mine minerals other than gold.
- Other segments: Activities which do not fit into one of the above segments.

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

## Information about reportable segments

	Gold \$	Oil & gas \$	Mineral exploration \$	Other segments \$	Total \$
<b>31 December 2014</b>					
External revenues	(8,564,213)	(17,047,369)	(19,700,301)	(539,347)	(45,851,230)
Reportable segment revenue	(8,564,213)	(17,047,369)	(19,700,301)	(539,347)	(45,851,230)
Interest revenue	-	-	-	272	272
Interest expense	-	-	-	(1,497,460)	(1,497,460)
Reportable segment loss before tax	(8,564,213)	(17,047,369)	(19,700,301)	(438,058)	(45,749,941)
Reportable segment assets	13,776,527	54,384,542	16,517,513	707,067	85,385,649
Reportable segment liabilities	-	-	-	(46,773,017)	(46,773,017)
<b>31 December 2013</b>					
External revenues	2,441,707	1,937,308	(458,423)	3,067	3,923,659
Reportable segment revenue	2,441,707	1,937,308	(458,423)	3,067	3,923,659
Interest revenue	-	-	-	3,067	3,067
Interest expense	-	-	-	(743,410)	(743,410)
Reportable segment profit/(loss) before tax	2,214,632	1,112,667	(571,961)	493,573	3,248,911
<b>30 June 2014</b>					
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)

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

**Reconciliations of reportable segment revenues, profit or loss, assets and liabilities, and other material items**

	<b>31 December 2014 \$</b>	<b>31 December 2013 \$</b>
<b>Revenues</b>		
Total revenue for reportable segments	(45,311,883)	3,920,592
Revenue for other segments	(539,347)	3,067
<b>Revenue</b>	<u>(45,851,230)</u>	<u>3,923,659</u>
<b>Profit or loss</b>		
Total profit or loss for reportable segments	(45,311,883)	2,775,337
Profit or loss for other segments	(438,058)	493,573
<b>Consolidated loss before tax</b>	<u>(45,749,941)</u>	<u>3,248,911</u>
	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
<b>Assets</b>		
Total assets for reportable segments	84,678,582	113,956,312
Assets for other segments	707,067	576,067
<b>Consolidated total assets</b>	<u>85,385,649</u>	<u>114,532,379</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	-	(43,336)
Liabilities for other segments	(46,773,017)	(30,126,470)
<b>Consolidated total liabilities</b>	<u>(46,773,017)</u>	<u>(30,169,806)</u>

**19. Events after the reporting date**

NZOG proposed a capital return which was approved by its shareholders on 19 December 2014. NZOG will cancel 1 in every 5 ordinary shares and pay NZ\$0.75 per ordinary share cancelled – effectively returning NZ\$0.15 per share. Based on the current holding of NZOG shares by Zeta, a payment of c. NZ\$10.2 million is expected to be received by Zeta in late February 2015.

## Directors' Declaration

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The directors of the company declare that:

1. The financial statements and notes of the company:
  - a. give a true and fair view of the financial position as at 31 December 2014 and the performance of the company for the half-year ended on that date; and
  - b. comply with IAS 34, Interim Financial Reporting, relevant corporate regulations and any other mandatory professional reporting requirements.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'P. Sullivan', with a stylized flourish at the end.

Peter Sullivan  
Director  
16 February 2015