



**Zeta Resources Limited**

ARBN 162 902 481

---

## **Audited Financial Report**

**For the year ended 30 June 2015**

## TABLE OF CONTENTS

	Page
Corporate Directory	1
Report of the Directors	2 - 5
Independent Auditor's Report	6 - 7
Auditor's Independence Declaration	8
Statement of Financial Position	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Cash Flows	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 31

## CORPORATE DIRECTORY

**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

### **Depository**

JP Morgan Chase Bank NA  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **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

## REPORT OF THE DIRECTORS

Your directors present their report for Zeta Resources Limited, including its subsidiaries, Kumarina Resources Limited, Zeta Energy Pte. Ltd and Zeta Investments Limited, for the year ended 30 June 2015.

### 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 net loss attributable to the company for the year to 30 June 2015 amounted to \$53,242,013.

#### 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 ('Utilico') with formerly ASX-listed junior gold explorer Kumarina Resources Limited ('Kumarina'). The combined value of the investments acquired under these two transactions was \$45,628,679.

During the year the company has proceeded to build its portfolio of resource investments by investing a further \$19,636,042. A decrease in the fair value of the portfolio resulted in an unrealised loss recognised in profit or loss at the year end of \$42,748,742.

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 AUD212,850 was invested during the 12 months to 30 June 2015 in further drilling and analysis work.

#### Financial position

At the end of the year, the company had \$193,267 in cash and cash equivalents. Investments at fair value totalled \$43,686,192, an investment loan to Zeta Energy valued at \$23,894,270 and the investment in subsidiaries was valued at \$3,193,721.

The company has a loan owing to Utilico of \$35,408,212 and loans owing to its subsidiaries of \$4,395,787 at the year end. Amounts outstanding from brokers (for settlement of trades) totalled \$119,912 at 30 June 2015.

No ordinary shares were issued during the year and 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

On 8 July 2015, ASX-listed Oilex Ltd announced a placement and rights issue to fund its 2015/16 work programme. As part of the capital raising, Zeta has agreed to subscribe for 236 million new Oilex Ltd shares representing approximately 18.1% of Oilex Ltd's enlarged share capital (on an undiluted basis) and in addition subscribe for AUD4,243,500 of unsecured zero coupon convertible notes, convertible into 101,470,588 ordinary Oilex Ltd shares. The total consideration payable by Zeta for the placement, net of fees received, will be AUD14.0 million.

### Likely developments

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

### Information on directors and company secretary

#### Peter Ross Sullivan BE, MBA

Non-Executive Chairman, First appointed 7 June 2013

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

#### *Directorships of other listed companies in the last 3 years*

Mr Sullivan is currently Chairman of Pan Pacific Petroleum NL (ASX: PPP) and non-executive director of both Resolute Mining Limited (ASX: RSG) and GME Resources Limited (ASX: GME). He was previously Chairman of Kumarina Resources Limited from December 2011 to 24 June 2013 when Kumarina was delisted.

#### Marthinus (Martin) Botha

Non-Executive Director, First appointed 7 June 2013

Mr Botha has over 30 years' experience in banking, with the last 26 years spent in leadership roles building

## REPORT OF THE DIRECTORS (continued)

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 holds a Bachelor of Engineering degree in Survey.

*Directorships of other listed companies in the last 3 years*  
Mr Botha is currently Non-Executive Chairman of Sberbank CIB (UK) Limited, a securities broker regulated by UK Financial Services Authority and Resolute Mining Limited (ASX: RSG).

### Xi Xi

Non-Executive Director, First appointed 7 June 2013

Ms Xi is a financial analyst with more than 15 years' experience in the mining, energy and natural resource industry. Her experience ranges from managing companies focused on international exploration and development of mining projects to restructuring and overseeing a portfolio of private and public companies. Ms Xi holds dual Bachelor of Science degrees in Chemical Engineering and Economics from the Colorado School of Mines and a Master of Arts in International Relations and China Studies from Johns Hopkins School of Advanced International Studies.

*Directorships of other listed companies in the last 3 years*  
Ms Xi was previously a non-executive director of Noble Minerals Resources (ASX: NMG).

### BCB Charter Corporate Services Limited (Company Secretary)

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

BCB Charter Corporate Services Limited delivers comprehensive corporate administration services for funds, partnerships, unit trusts, exempted and local companies, pension schemes, and other business structures. BCB Charter Corporate Services Limited's clients operate in a wide range of sectors, including insurance and reinsurance, insurance management, aircraft holding and leasing, mutual funds, ship owning and chartering, land holding and investment holding.

## 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
- Share based compensation
- Directors and executives interests

### 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 \$150,000 to directors for the year ended 30 June 2015.

The company had no employees as at 30 June 2015.

### 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	5,670,632	-	5,670,632
Martin Botha	-	-	-
Xi Xi	-	-	-

Mr Sullivan also holds 644,113 options with a strike price of AUD1.00 and an expiry date of 7 June 2016.

## REPORT OF THE DIRECTORS (continued)

### Meetings of Directors

The board held five meetings during the year which were attended by all directors. The meetings were held on 1 July, 5 September, 14 November 2014 and 9 February and 4 May 2015.

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 5 September 2014 and the half year report and financial statements on 16 February 2015.

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 AUD1.00 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 year covered by this report.

### Non-audit services

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

### On-market buy back scheme

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

### Investments disclosed by the Company at the reporting date

Listed	Number of shares	% of issued shares held
Resolute Mining Limited	28,834,000	4.497%
Panoramic Resources Limited	60,123,907	18.705%
GME Resources Limited	19,580,826	4.242%
Other	18,152,409	N/A
<b>Unlisted</b>		
Seacrest LLP	10,500,000	24.45%
Kumarina Resources Limited	26,245,610	100%
Zeta Energy Pte Ltd	100	100%
Zeta Investments Limited	100	100%
<b>Other rights</b>		
Other	400,000	N/A

During the year the company completed a total of 210 transactions in securities and paid a total of US\$50,701 in brokerage on those transactions.

### Investment management agreement

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

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. No performance fee was payable for the year.

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

The company also paid US\$432,656 in management fees during the reporting year.

## REPORT OF THE DIRECTORS (continued)

### 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.

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

3 September 2015

# INDEPENDENT AUDITOR'S REPORT



**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/>

## 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 2015, and the statements of profit or loss and other 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 9 to 31.

#### *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.

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: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba, MM Mapaya,  
M Oddy, CAT Smit

Other Directors: LP Fourie, N Fubu,  
AH Jaffer (Chairman of the Board), FA Karreem,  
ME Magondo, AMS Mokgabudi,  
GM Pickering, JN Pierce

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.

## INDEPENDENT AUDIT REPORT (continued)



### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Zeta Resources Limited at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Other Reports*

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the Report of the Directors for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers.

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

KPMG Inc.

A handwritten signature in black ink, appearing to be 'P. Farrand'.

Patrick Farrand  
Chartered Accountant (SA)  
Registered Auditor  
Director  
3 September 2015

# AUDITOR'S INDEPENDENCE DECLARATION



**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/>

## **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 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the International Standard on Auditing or any applicable code of professional conduct.

KPMG Inc.

Per P Farrand  
Chartered Accountant (SA)  
Registered Auditor  
Director  
03 September 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: TH Hoole

Executive Directors: M Letsetsi, SL Louw, NKS Malaba, MM Mapaya, M Oddy, CAT Smit

Other Directors: LP Fourie, N Fubu, AH Jaffer (Chairman of the Board), FA Karreem, ME Magondo, AMS Mokgabudi, GM Pickering, JN Pierce

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 FINANCIAL POSITION

at 30 June 2015		June 2015	June 2014
	Notes	\$	\$
<b>Non-current assets</b>			
Investment in subsidiaries	5	3,193,721	10,275,234
Investments	6	43,686,192	104,069,133
Loans to subsidiaries	7	23,894,270	–
<b>Current assets</b>			
Cash and cash equivalents	8	193,267	188,012
Trade and other receivables	9	13,171	–
Balance due from brokers		119,912	–
<b>Total assets</b>		<b>71,100,533</b>	<b>114,532,379</b>
<b>Non-current liabilities</b>			
Loans from subsidiaries	10	(4,395,787)	(11,947,583)
Loan from parent	11	(35,408,212)	(14,449,593)
<b>Current liabilities</b>			
Trade and other payables	12	(175,974)	(3,729,294)
Balance due to brokers		–	(43,336)
<b>Total liabilities</b>		<b>(39,979,973)</b>	<b>(30,169,806)</b>
<b>NET ASSETS</b>		<b>31,120,560</b>	<b>84,362,573</b>
<b>Equity</b>			
Share capital	13	832	832
Share premium	13	64,881,364	64,881,364
Accumulated (losses)/profits		(33,761,636)	19,480,377
<b>TOTAL EQUITY</b>		<b>31,120,560</b>	<b>84,362,573</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	June 2015 \$	June 2014 \$
<b>Revenue</b>			
Investment (losses)/gains	14	(42,418,422)	36,243,059
Other income	15	(6,090,197)	(485,418)
<b>Expenses</b>			
Interest expense		(3,164,318)	(1,643,037)
Management and consulting fees	16	(432,656)	(3,900,400)
Operating and administration expenses	17	<u>(1,136,420)</u>	<u>(1,027,862)</u>
<b>(Loss)/profit before income tax</b>		(53,242,013)	29,186,342
Income tax	18	<u>—</u>	<u>—</u>
<b>(Loss)/profit for the year</b>		(53,242,013)	29,186,342
<b>Other comprehensive income</b>		—	—
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR</b>		<u>(53,242,013)</u>	<u>29,186,342</u>
<b>(Loss)/profit per share</b>			
Basic and diluted (loss)/profit per share (cents per share)	19	<u>(0.57)</u>	<u>0.44</u>

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	June 2015 \$	June 2014 \$
<b>Cash flows from operating activities</b>			
Cash utilised by operations	20.1	(3,748,481)	(1,962,126)
Interest received		1,343	4,656
Interest expense		(3,164,318)	(1,643,037)
<b>Net cash flows from operating activities</b>		<b>(6,911,456)</b>	<b>(3,600,507)</b>
<b>Cash flows from investing activities</b>			
Investments purchased		(22,713,820)	(52,640,466)
Investments sold		57,499,531	18,929,077
Increase in loan to subsidiaries		(35,321,826)	–
<b>Net cash flows from investing activities</b>		<b>(536,115)</b>	<b>(33,711,389)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	20.2	–	19,249,722
Increase in loan from parent		20,958,619	9,872,593
(Decrease)/Increase in loan from subsidiaries		(7,551,796)	6,479,098
<b>Net cash flows from financing activities</b>		<b>13,406,823</b>	<b>35,601,413</b>
<b>Net movement in cash and cash equivalents</b>		<b>5,959,252</b>	<b>(1,710,483)</b>
Cash and cash equivalents at the beginning of the year		188,012	2,383,913
Effect of exchange rate fluctuations on cash held		(5,953,997)	(485,418)
<b>Cash and cash equivalents at end of the year</b>	8	<b>193,267</b>	<b>188,012</b>

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015		Share capital \$	Share premium \$	Accumulated (losses)/profits \$	Total \$
	Notes				
<b>Balance at 1 July 2013</b>		406	45,632,068	(9,705,965)	35,926,509
Issue of share capital	13	426	19,249,296	–	19,249,722
Other comprehensive income for the year		–	–	29,186,342	29,186,342
<b>Balance at 30 June 2014</b>		<b>832</b>	<b>64,881,364</b>	<b>19,480,377</b>	<b>84,362,573</b>
Other comprehensive loss for the year		–	–	(53,242,013)	(53,242,013)
<b>Balance at 30 June 2015</b>		<b>832</b>	<b>64,881,364</b>	<b>(33,761,636)</b>	<b>31,120,560</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of Preparation

### 1.1 Corporate Information

Zeta Resources Limited ("the company") is an investment company incorporated on 13 August 2012, listed on the Australian Stock Exchange and domiciled in Bermuda. The financial statements of the company as at and for the year ended 30 June 2015 comprise the company only.

### 1.2 Basis of Preparation

The financial statements for the year ended 30 June 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs). The following accounting policies have, in all material respects, been applied consistently.

The financial statements were authorised for issue by the board of directors on 3 September 2015.

### 1.3 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.

### 1.4 Functional and Presentation Currency

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

### 1.5 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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 22.

## 2. Adoption of New and Revised Standards

### Future amendments not early adopted in the 2015 year ended financial statements

At the date of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the company, have been issued by the International Accounting Standard Board, but have not yet been adopted by the company.

IFRS 9 Financial Instruments (effective for years commencing on or after 1 January 2018) - this standard addresses the initial measurement and classification of financial assets as either measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows. All other financial assets are measured at fair value with changes recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income.

IFRS 9 retains the classification and measurement requirements in IAS 39 for financial liabilities. The standard however requires for financial liabilities designated under the fair value option (other than loan commitments and financial guarantee contracts), that the amount of change in fair value attributable to changes in the credit risk of the liability be presented in other comprehensive income (OCI). The remaining amount of the total gain or loss is included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.

IFRS 9 will be adopted for the first time for the year ending 30 June 2019, subject to certain transitional provisions. The impact on the financial statements has not yet been estimated.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. Accounting Standards Adopted

The company has already adopted the following accounting standards:

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

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

IFRS 10 Consolidated Financial Statements, introduced 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, Zeta Energy Pte. Ltd. and Zeta Investments Limited) are accounted for at fair value through profit or loss.

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

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

### 4. Significant Accounting Policies

The accounting policies detailed below have been consistently applied by the company.

#### 4.1 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.

#### 4.2 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4.3 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.

### 4.4 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4.5 Earnings Per Share ("EPS")

Basic EPS is calculated as the 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 the 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.

### 4.6 Financial Instruments

#### Non-derivative financial instruments

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

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

#### *Recognition and de-recognition of financial instruments*

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

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

#### *Financial assets at fair value through profit or loss*

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

Gains and losses on investments are analysed within the statement of comprehensive income as capital return. Quoted investments are shown at fair value using market bid 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument. The company derecognises a financial liability 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*

Trade and other payables 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.

## **4.7 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.

## **4.8 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.

## **4.9 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4.10 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.

	June 2015 \$	June 2014 \$
<b>5. Investment in Subsidiaries</b>		
At fair value		
Investment in Kumarina Resources Pty Limited ('Kumarina')	3,193,719	10,275,233
Investment in Zeta Energy Pte. Ltd. ('Zeta Energy')	1	–
Investment in Zeta Investments Limited ('Zeta Investments')	1	1
	<u>3,193,721</u>	<u>10,275,234</u>

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

### 6. Investments

Financial assets at fair value through profit or loss	<u>43,686,192</u>	<u>104,069,133</u>
---	-------------------	--------------------

#### Equity securities at fair value

Ordinary shares – listed	30,261,217	88,101,079
Subscription and other rights – unlisted	<u>13,424,975</u>	<u>15,968,054</u>
	<u>43,686,192</u>	<u>104,069,133</u>

#### Equity securities at cost

Ordinary shares – listed	37,058,471	67,704,425
Subscription and other rights – unlisted	<u>11,573,120</u>	<u>10,588,054</u>
	<u>48,631,591</u>	<u>78,292,479</u>

#### Investments held by the company at the reporting date

	Number of Shares	% of Issued Shares Held
<b>Listed</b>		
Panoramic Resources Limited	60,123,907	18.705%
Resolute Mining Limited	28,834,000	4.497%
GME Resources Limited	19,580,826	4.242%
Other	18,152,409	N/A
<b>Unlisted</b>		
Seacrest LLP	10,500,000	24.45%
<b>Other rights</b>		
Other	400,000	N/A

During the year the company completed a total of 210 transactions (2014: 485 transactions) in securities and paid a total of US\$ 50,701 (2014: US\$149,284) in brokerage on those transactions.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

During the year the company repaid loans received from its subsidiary Zeta Investments and from an external lender. The company also received loans from its subsidiary Zeta Energy. To secure the loans the company has pledged certain quantities of its shares held in listed entities.

The shares pledged include: Resolute Mining Limited (17,500,000) and Panoramic Resources Limited (5,000,000).

	June 2015 US\$	June 2014 US\$
<b>7. Loans to Subsidiaries</b>		
Loan to Zeta Energy	23,863,438	–
Loan to Kumarina	30,832	–
	<u>23,894,270</u>	<u>–</u>

The loan to Zeta Energy is denominated in Australian dollars to the value of AU\$7.405 million and New Zealand dollars to the value of NZ\$43.671 million. There are no fixed repayment terms and no interest is charged. During the year ended 30 June 2015, 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 that company as determined by the directors. As at 30 June 2015 the impairment to the loan totalled US\$11.428 million. The loan to Kumarina is denominated in Australian dollars and is interest free. There are no fixed repayment terms except that no repayment is due before 30 June 2016.

### 8. Cash and Cash Equivalents

Cash balance comprises:

Cash at bank	193,267	188,012
--------------	---------	---------

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.

### 9. Trade and Other Receivables

Prepayments	13,171	–
-------------	--------	---

### 10. Loans from Subsidiaries

Loan from Kumarina	–	5,859,289
Loan from Zeta Energy	4,395,787	–
Loan from Zeta Investments	–	6,088,294
	<u>4,395,787</u>	<u>11,947,583</u>

The loan from Zeta Energy is denominated in Australian dollars and New Zealand dollars and attracts interest at a rate of 7.36% per annum (30 June 2014: Nil) on the Australian dollar loan and at 7.74% per annum (30 June 2014: Nil) on the New Zealand dollar loan. There are no fixed repayment terms except that no repayment is due before 30 June 2016.

### 11. Loan from Parent

Loan from Utilico Investments Limited ('UIL')	35,408,212	14,449,593
---	------------	------------

The loan is denominated in Australian dollars to the value of AUD11.55 million (30 June 2014 AUD6.6 million) and in United States dollars to the value of USD25.734 million (30 June 2014 USD8.080 million), carries interest at 10% per annum (30 June 2014: 10%) on the Australian 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 2016.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	June 2015 US\$	June 2014 US\$
<b>12. Trade and Other Payables</b>		
Accruals	175,974	258,714
Sundry creditors	–	32,866
Provision for performance fee	–	3,437,714
	<u>175,974</u>	<u>3,729,294</u>

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

## 13. 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
<b>Ordinary shares</b>			
Balance as at incorporation		–	–
Issued at incorporation as \$1 par shares	100	–	–
Shares split into 10,000,000 shares of \$0.00001 each	9,999,900	–	–
Issued in consideration for purchase of investments from Utilico	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina Resources Limited	17,775,514	178	13,406,337
Issued under initial public offering	4,000	–	3,795
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>
<b>Balance as at 30 June 2015</b>	<u>93,230,720</u>	<u>832</u>	<u>64,881,364</u>

For further details related to the share issue transactions please see note 20.2.

	June 2015	June 2014
<b>Options</b>		
Balance at the beginning of the year	10,122,903	–
Balance at the end of the year	<u>10,122,903</u>	<u>10,122,903</u>

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 issue

The options are exercisable at an exercise price of AUD1.00 into one ordinary share until 7 June 2016.

	June 2015 US\$	June 2014 US\$
<b>14. Investment Income</b>		
Interest income	1,343	4,656
Dividend income	1,686,534	2,110,554
Realised (losses)/gains	(1,357,557)	1,775,523
Unrealised fair value (losses)/gains:		
Financial assets at fair value through profit or loss	<u>(42,748,742)</u>	<u>32,352,325</u>
	<u>(42,418,422)</u>	<u>36,243,059</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	June 2015 US\$	June 2014 US\$
<b>15. Other Income</b>		
Foreign exchange losses	(5,953,997)	(485,418)
Other income	(136,200)	–
	<u>(6,090,197)</u>	<u>(485,418)</u>

### 16. Management and Consulting Fees

Management and consulting fees	<u>432,656</u>	<u>3,900,400</u>
--------------------------------	----------------	------------------

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

Performance fees are payable annually at year end on the difference between adjusted equity funds (adjusted for any dividends paid or accrued) on calculation date less adjusted base equity funds (high-water mark) previously used in the performance fee calculation multiplied by 15%. The adjusted base equity funds is the base equity fund used in the last performance fee calculation adjusted by the average percentage income yield on the S&P/ASX 300 Metals and Mining Index. No performance fee was payable in the current year (2014: US\$3,437,714).

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

### 17. Operating and Administration Expenses

Operating and administration expenses consist of:

Accounting fees	103,628	–
Audit fees	13,982	22,627
Australian Stock Exchange listing fees	49,954	51,407
Directors' fees	150,000	153,333
Legal fees	159,608	86,378
Other expenses	659,248	714,117
	<u>1,136,420</u>	<u>1,027,862</u>

### 18. 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.

### 19. (Loss)/Profit Per Share

Basic and diluted (loss)/profit per share	<u>(0.57)</u>	<u>0.44</u>
---	---------------	-------------

#### (Loss)/profit used in calculation of basic and diluted earnings per share

(53,242,013)	29,186,342
--------------	------------

Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share

93,230,720	67,077,239
------------	------------

The weighted average number of ordinary shares calculation is based on the year beginning 1 July 2014. For details of shares issued during the year refer to note 20.2.

No adjustment is made for the 10,122,903 options in issue at 30 June 2015 (30 June 2014: 10,122,903) as they are not considered to be dilutive.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	June 2015 US\$	June 2014 US\$
<b>20. Notes to the Cash Flow Statement</b>		
<b>20.1 Cash Utilised by Operations</b>		
(Loss)/profit before income tax benefit	(53,242,013)	29,186,342
Adjustments for:		
Realised losses/(gains) on investments	1,357,557	(1,775,524)
Fair value loss/(profit) on revaluation of investments	31,321,186	(32,352,325)
Impairment of loan to subsidiary	11,427,556	-
Foreign exchange losses	5,953,997	485,418
Interest income	(1,343)	(4,656)
Interest expense	3,164,318	1,643,037
	<hr/>	<hr/>
Operating loss before working capital change	(18,742)	(2,817,708)
(Increase) in trade and other receivables	(13,171)	-
(Decrease)/Increase in trade and other payables	(3,553,320)	3,689,605
Decrease in balance due to brokers	(163,248)	(2,834,023)
	<hr/>	<hr/>
	(3,748,481)	(1,962,126)
	<hr/>	<hr/>
<b>20.2 Issue of Share Capital</b>		
<b>Shares issued for consideration</b>		
As part of a renounceable pro-rata entitlement issue the company made an offering of up to 50,614,556 ordinary shares at AUD0.50 whereby existing shareholders would be entitled to acquire one new ordinary share for every one held at the record date. Under this offering the company issued 42,616,164 shares on the 10 February 2014 raising the equivalent of \$19,249,722	-	19,249,722
	<hr/>	<hr/>
<b>21. Auditor's Remuneration</b>		
Amounts received or due and receivable by the auditors for audit of financial statements	13,982	22,627
	<hr/>	<hr/>
<b>22. Financial Risk Management</b>		
The Board of Directors, together with the Investment Manager, is responsible for the company's risk management. The Directors' policies and processes for managing the financial risks are set out below. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk.		
The accounting policies which govern the reported statement of financial position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 3 to the financial statements. The policies are in compliance with IFRS and best practice, and include the valuation of certain financial assets and liabilities at fair value through profit and loss.		
<b>Categories of financial instruments</b>		
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.		

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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 US\$	Loans and Receivables US\$	Total Carrying Value US\$
<b>30 June 2015</b>			
<b>Assets</b>			
Investments in subsidiaries	3,193,721	–	3,193,721
Investments	43,686,192	–	43,686,192
Loans to subsidiaries	–	23,894,270	23,894,270
Cash and cash equivalents	–	193,267	193,267
Trade and other receivables	–	13,171	13,171
Balance due from brokers	–	119,912	119,912
	46,879,913	24,220,620	71,100,533
<b>Liabilities</b>			
Loans from subsidiaries	–	4,395,787	4,395,787
Trade and other payables	–	175,974	175,974
Loan from parent	–	35,408,212	35,408,212
	–	39,979,973	39,979,973
<b>30 June 2014</b>			
<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>			
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

### 22.1 Market Risks

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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, Sterling and New Zealand Dollar. The exchange rates applying against the United States Dollar at 30 June 2015 and the average rates for the year were as follows:

	30 June 2015	Average
AUD – Australian Dollar	0.7708	0.8366
GBP – Sterling	1.5725	1.5755
NZD – New Zealand Dollar	0.6774	0.7775

The company monetary assets and liabilities at 30 June 2015 (shown at fair value), by currency based on the country of primary operations, are shown below:

30 June 2015	USD	AUD	GBP	NZD
Cash and cash equivalents	5,516	184,734	1,423	1,594
Trade and other receivables	-	13,171	-	-
Balance due to brokers	-	119,912	-	-
Loans to subsidiaries	-	3,890,613	-	20,003,657
Loans from subsidiaries	-	(2,721,459)	-	(1,674,328)
Loan from parent	(25,734,714)	(9,673,498)	-	-
Trade and other payables	(169,003)	(497)	-	(6,474)
<b>Net monetary (liabilities)/assets</b>	<b>(25,898,201)</b>	<b>(8,187,024)</b>	<b>1,423</b>	<b>18,324,449</b>

30 June 2014	USD	AUD	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)	-	-
<b>Net monetary (liabilities)/assets</b>	<b>(11,716,582)</b>	<b>(15,467,627)</b>	<b>172,623</b>	<b>(2,970,208)</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	AUD	GBP	NZD	Total
<b><i>Strengthening of the United States Dollar</i></b>				
<b>30 June 2015</b>				
Increase in total comprehensive loss for the year ended	(2,603,181)	(115,348)	(2,791,518)	(5,510,047)
<b>30 June 2014</b>				
Increase in total comprehensive loss for the year ended	(3,714,956)	(197,763)	(3,105,073)	(7,017,792)
<b><i>Weakening of the United States Dollar</i></b>				
<b>30 June 2015</b>				
Decrease in total comprehensive loss for the year ended	2,603,181	115,348	2,791,518	5,510,047
<b>30 June 2014</b>				
Decrease in total comprehensive loss for the year ended	3,714,956	197,763	3,105,073	7,017,792

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 2015 is shown below:

	Within one year	Greater than one year	Total
<b>30 June 2015</b>			
Exposure to floating rates:			
Cash	193,267	–	193,267
Exposure to fixed rates:			
Loan from subsidiaries	–	(4,395,787)	(4,395,787)
Loan from parent	–	(35,408,212)	(35,408,212)
<b>30 June 2014</b>			
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)

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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Other market risk exposures

The portfolio of investments, valued at USD 43,686,192 at 30 June 2015 (30 June 2014: USD 104,069,133) 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 24.

### Price sensitivity risk analysis

A 10% decline in the market price of the listed investment held the company would result in an unrealised loss of \$4,368,619. A 10% appreciation in the market price would have the opposite effect.

### 22.2 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 \$
<b>30 June 2015</b>				
Loan from subsidiaries	–	–	4,395,787	4,395,787
Trade and other payables	175,974	–	–	175,974
Loans from parent	–	–	35,408,212	35,408,212
	<b>175,974</b>	<b>–</b>	<b>39,803,999</b>	<b>39,979,973</b>
<b>30 June 2014</b>				
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
	<b>3,772,630</b>	<b>–</b>	<b>26,397,176</b>	<b>30,169,806</b>

### 22.3 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 loan assets totalling \$23,894,270 that are exposed to credit risk.

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22.4 Fair Values of Financial Assets and Liabilities

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

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

#### Valuation of financial instruments

The table below analyses financial assets measured at fair value at the end of the year 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.

30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$
<b>Financial assets</b>			
Investments	30,261,217	–	13,424,975
Investment in subsidiaries	–	–	3,193,721
Loan to subsidiary	–	–	23,894,270

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	Level 3 Loan to subsidiary
Balance at 30 June 2014	15,968,054	10,275,234	–
Acquisitions during the year	1,000,000	1	35,321,826
Disposals during the year	–	(5,293,501)	–
Total gains or losses recognised in:			
Profit or loss	(3,543,079)	(1,788,013)	(11,427,556)
<b>Balance at 30 June 2015</b>	<b>13,424,975</b>	<b>3,193,721</b>	<b>23,894,270</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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:

	<b>Level 3 Investments</b>	<b>Level 3 Investments in subsidiary</b>
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	50,000	5,380,000
<b>Balance at 30 June 2014</b>	<b>15,968,054</b>	<b>10,275,234</b>

### 22.5 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.

### 23. Related Parties

#### 23.1 Material Related Parties

##### *Holding Company*

The company's holding company is UIL which held 83.65% of the company's issued share capital on 30 June 2015. UIL is in turn held 56.82% by General Provincial Life Pension Fund (L) Limited.

##### *Subsidiary Companies*

The company's subsidiaries are Kumarina, Zeta Energy and Zeta Investments, 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 and its holding company.

	<b>June 2015 US\$</b>	<b>June 2014 US\$</b>
<b>23.2 Material Related Party Transactions</b>		
<b>Nature of transactions</b>		
Investments in related parties:		
Kumarina	3,193,719	10,275,233
Zeta Investments	1	1
Zeta Energy	1	–

On 1 September 2014 the company acquired 100% of the shares and voting interests in Zeta Energy Pte Limited. There were no acquisition related costs. On 13 April 2015 Kumarina bought back and cancelled 44,856,490 shares. The amount paid for these shares was AUD6,481 million. This had no effect on the percentage holding in Kumarina.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	June 2015 US\$	June 2014 US\$
Loans to related parties:		
Kumarina	30,832	–
Zeta Energy	23,863,438	–
Loans from related parties:		
Utilico	35,408,212	14,449,593
Kumarina	–	5,859,289
Zeta Energy	4,395,787	6,088,294
Interest charged by the subsidiaries	552,203	634,612
Interest charged by the parent company	2,412,137	911,649
Interest charged by the investment manager	109,120	–
Fees paid to the investment manager	431,181	3,900,400
Fees paid to the directors	150,000	153,333

### 24. Segmental Reporting

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

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

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

#### Information about reportable segments

##### 30 June 2015

	Gold US\$	Oil & Gas US\$	Mineral Exploration US\$	Other Segments US\$	Total US\$
External revenues	(9,186,191)	(14,470,287)	(18,499,858)	(262,086)	(42,418,422)
Reportable segment revenue	(9,186,191)	(14,470,287)	(18,499,858)	(262,086)	(42,418,422)
Interest revenue	–	–	–	1,343	1,343
Interest expense	–	–	–	(3,164,318)	(3,164,318)
Reportable segment loss before tax	(9,186,191)	(14,599,002)	(18,499,858)	(10,956,962)	(53,242,013)
Reportable segment assets	9,861,293	38,971,352	21,936,822	331,066	71,100,533
Reportable segment liabilities	–	–	–	(39,979,973)	(39,979,973)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

30 June 2014

	Gold US\$	Oil & Gas US\$	Mineral Exploration US\$	Other Segments US\$	Total US\$
External revenues	4,110,018	9,304,180	22,809,271	19,590	36,243,059
Reportable segment revenue	4,110,018	9,304,180	22,809,271	19,590	36,243,059
Interest revenue	–	–	–	4,656	4,656
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)

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

	June 2015 US\$	June 2014 US\$
<b>Reconciliations of reportable segment revenues, profit or loss, assets and liabilities, and other material items</b>		
<b>Revenues</b>		
Total revenue for reportable segments	(42,156,336)	36,223,469
Revenue for other segments	(262,086)	19,590
<b>Revenue</b>	<b>(42,418,422)</b>	<b>36,243,059</b>
<b>Profit or loss</b>		
Total (loss)/profit for reportable segments	(42,285,051)	36,223,469
Loss for other segments	(10,956,962)	(7,037,127)
<b>(Loss)/profit before tax</b>	<b>(53,242,013)</b>	<b>29,186,342</b>
<b>Assets</b>		
Total assets for reportable segments	70,769,467	113,956,312
Assets for other segments	331,066	576,067
<b>Total assets</b>	<b>71,100,533</b>	<b>114,532,379</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	–	(43,336)
Liabilities for other segments	(39,979,973)	(30,126,470)
<b>Total liabilities</b>	<b>(39,979,973)</b>	<b>(30,169,806)</b>

### 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	June 2015 US\$	June 2014 US\$
<b>Revenue</b>		
Australia	(22,361,895)	22,718,098
Singapore	(11,427,556)	–
Egypt	–	2,330,918
Mali	(5,104,743)	702,532
Namibia	(1,278,383)	2,073,370
New Zealand	(94,932)	3,928,894
Norway	(1,390,572)	2,259,920
United Kingdom	(455,871)	740,870
Other Countries	(42,384)	1,468,867
	<b>(42,156,336)</b>	<b>36,223,469</b>
<b>Assets</b>		
Australia	27,556,243	51,252,250
Singapore	23,894,270	–
Mali	4,582,564	8,518,029
Namibia	5,176,237	6,060,620
New Zealand	7,800	34,387,410
Norway	5,639,348	6,605,920
United Kingdom	1,848,749	2,165,620
Other Countries	2,064,256	4,966,463
	<b>70,769,467</b>	<b>113,956,312</b>

### 25. Events After the Reporting Date

On 8 July 2015, ASX-listed Oilex Ltd announced a placement and rights issue to fund its 2015/16 work programme. As part of the capital raising, Zeta has agreed to subscribe for 236 million new Oilex Ltd shares representing approximately 18.1% of Oilex Ltd's enlarged share capital (on an undiluted basis) and in addition subscribe for AUD4,243,500 of unsecured zero coupon convertible notes, convertible into 101,470,588 ordinary Oilex Ltd shares. The total consideration payable by Zeta for the placement, net of fees received, will be AUD14.0 million.