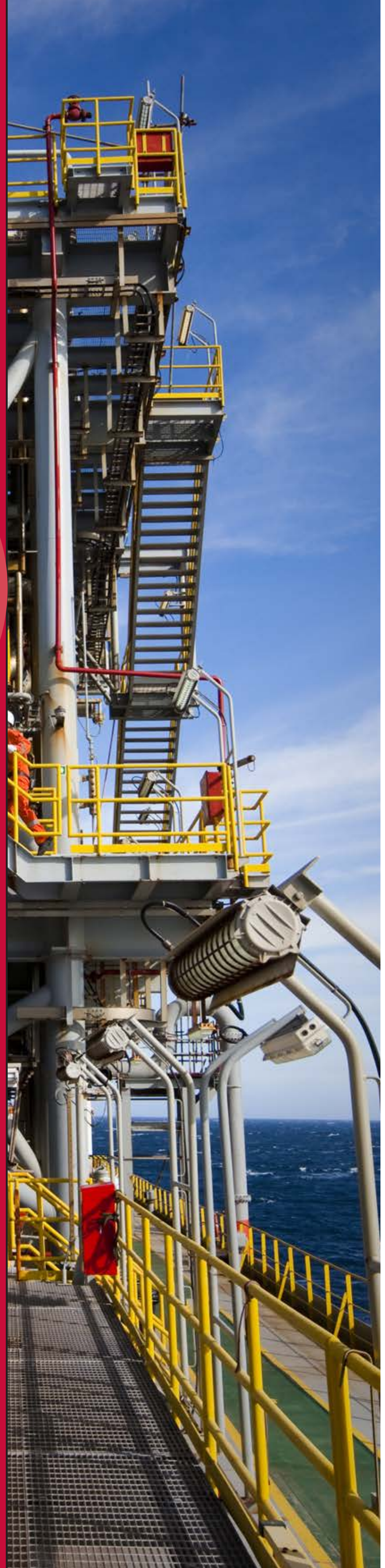
ZETA RESOURCES

2016
ANNUAL REPORT

MANAGED BY ICM



ZETA RESOURCES

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ZETA RESOURCES LIMITED

OBJECTIVE

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

GEOGRAPHICAL INVESTMENT EXPOSURE

NATURE OF THE COMPANY

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

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

FINANCIAL CALENDAR	
Year End	30 June
Annual General Meeting	29 November 2016
Half Year	31 December
Half Year December 2016 Announcement	February 2017

FORWARD–LOOKING STATEMENTS

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

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

GROUP PERFORMANCE SUMMARY

	30 JUNE 2016	30 JUNE 2015	CHANGE % 2016/15
Total return[(1)] (annual) (%)	(27.9)	(55.3)	(49.6)
Annual compound total return[(2)] (since inception) (%)	(23.2)	(20.8)	11.3
Net tangible asset per ordinary share[(3)] (Australian cents)	30.8	42.7	(27.9)
Ordinary share price (Australian cents)	18.0	40.0	(55.0)
Discount (%)	(41.6)	(6.3)	560.3
Loss per ordinary share[(4)] (US dollars)	(0.05)	(0.57)	(91.2)
Dividends per ordinary share			
– Interim (Australian cents)	Nil	Nil	n/a
– Final (Australian cents)	Nil	Nil	n/a
Total (Australian cents)	Nil	Nil	n/a
Equity holders' funds (US$m)	42.8	31.1	37.6
Gross assets[(5)] (US$m)	82.4	70.7	16.5
Cash (US$m)	0.2	0.2	0.0
Other debt (US$m)	(39.9)	(39.8)	0.3
Net debt (US$m)	(39.7)	(39.6)	0.3
Net debt gearing on gross assets (%)	48.2	56.0	(14.0)
Management and administration fees and other expenses (US$m)			
– excluding performance fee	1.0	1.6	(37.5)
– including performance fee	1.0	1.6	(37.5)
Ongoing charges figure[(6)]			
– excluding performance fee (%)	2.1	1.5	40.7
– including performance fee (%)	2.1	1.5	40.7

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

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

(3) The NTA is calculated including the 86,461,440 December 2016 options as they are considered to be in-substance issued shares.

(4) Earnings per share is based on the weighted average number of shares in issue during the year. An adjustment has been made for the 86,461,440 options issued during the year as they are considered to be in-substance issued shares.

(5) Gross assets less liabilities excluding loans.

(6) Expressed as a percentage of average net assets, ongoing charges comprise all operational, recurring costs, including directors fees, that are payable by the company, or suffered within underlying investee funds, in the absence of any purchases or sales of investments.

n/a = not applicable

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CHAIRMAN'S STATEMENT

It has been pleasing to note a turn in the resources sector in the last year. The bear market has continued for oil & gas and base metals, however, gold has seen a marked lift in price and sentiment that has driven a surge in the value of gold equities. This shift in gold is indicative of the change we also expect to see when the price of other commodities begins to move up, and it provides continued encouragement for Zeta's investment strategy.

Zeta's results have reflected this market. On the one hand we have been disappointed at the decline in value in the oil & gas and base metals investments, but on the other hand we have been pleased by the significant appreciation of the gold investment in Resolute Mining Limited.

We have continued to work hard with our investee companies in oil & gas and nickel and their positioning in the current price environment. In oil & gas, this has meant a focus on cost reductions. Our underlying commodity exposure has increased with the continued increase in reserves at New Zealand Oil & Gas Limited's largest asset, Kupe, and a slight increase in the Pan Pacific Petroleum NL investment. In nickel, Zeta supported Panoramic Resources Limited's decision to place its two mines, Savannah and Lanfranchi, on care and maintenance and preserve and grow its resource base rather than continue to produce nickel uneconomically. We also increased our investment in that company as an underwriter of its entitlement raising. In all these companies Zeta has board representation, and has taken an active role throughout the year in governance and strategy to ensure the best result possible for all shareholders of these companies.

Zeta has continued to expand its base in out-of-favour commodities and has recently made small investments in some copper companies. The company will be actively looking to increase its investment in this sector, believing the long-term outlook to be sound for this important industrial commodity.

Zeta has continued to expand its base in out-of-favour commodities

Zeta will continue to be active in the equity marketplace, increasing its shareholdings in companies where the fundamentals are strong but the shares can be acquired at prices well below what we believe is their long term worth. The turnaround in the gold sector has shown the benefits of Zeta's investment strategy.

We are grateful for the ongoing support of our majority shareholder, UIL Limited, and the financial assistance it is providing. During the year we prudently converted a part of their debt to equity through the issue of new Zeta shares and options.

We remain committed to being vigilant in pursuit of long-term value for our shareholders, being active in the governance and direction of existing investments and our search for value in new investment opportunities.

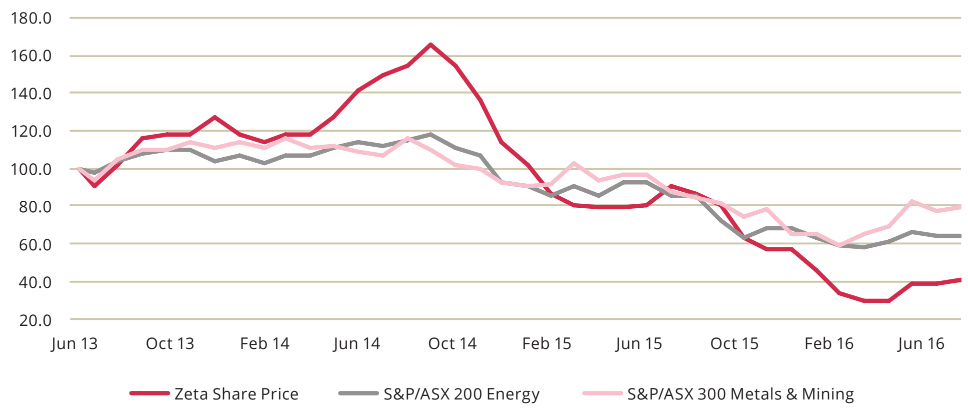
Peter Sullivan
Chairman
12 September 2016

INVESTMENT MANAGER'S REPORT

The year under review should perhaps be looked at in two halves. In the six months to December 2015, commodity markets in general continued the decline seen in the previous year, in particular oil and nickel, while gold settled into a relatively stable trading pattern. In the second half of the financial year, the six months to June 2016, oil staged a modest recovery, while nickel stabilised, and gold resumed its climb. The first half of the financial year under review was notable for continuing the decline in the price of Australian dollars against US dollars that occurred in the previous year, thus boosting the profitability of Australian miners whose export prices were denominated in US dollars. In the second half of the year under review, the Australian dollar strengthened against the US dollar, thus reversing some of these earlier gains.

The mixed picture for commodities has been reflected in a mixed result for Zeta. Overall, the share prices of Zeta's listed investments have fallen during the year under review, with the notable exception of the company's investment in gold companies. As Zeta employs debt capital, the impact of falling resources company share prices is leveraged in its impact on Zeta's net assets. During the year under review, Zeta's net assets per share fell from A$0.427 to A$0.308, a fall of 27.9%. For comparison, the S&P/ASX 200 Energy index fell 24.9% over the same period, and the S&P/ASX 300 Metals & Mining index, which includes gold mining stocks, fell only 9.0%. Zeta's share price fell at a greater rate than the fall in Zeta's net assets. The share price fell 55.0% to A$0.18. The discount to net assets thus grew from 6.3% at the end of June 2015, to 41.6% at the end of June 2016.

TOTAL RETURN COMPARATIVE PERFORMANCE*
since inception on 12 June 2013 to 30 June 2016



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

Source: ICM and S&P Dow Jones Indices

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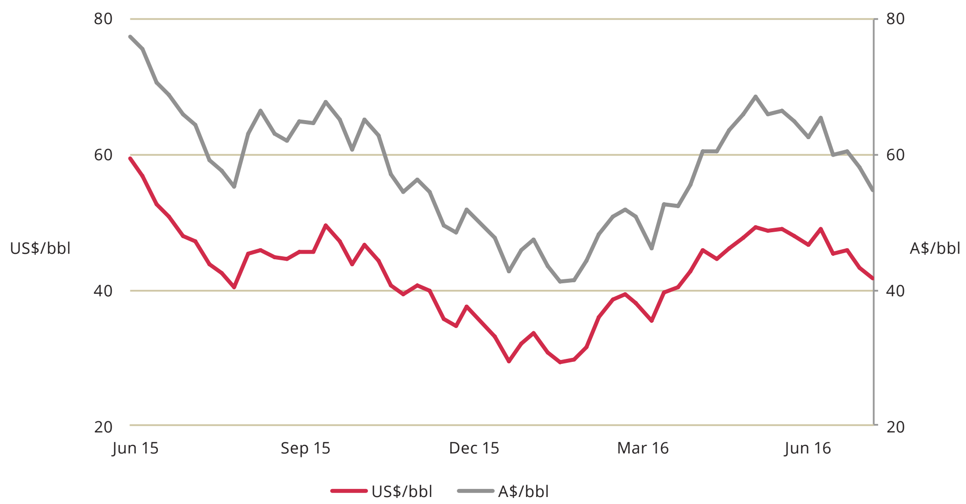
COMMODITY MARKETS

As noted, the year under review saw more falls in the price of oil and nickel, while gold resumed its climb upwards. This year we have added copper to Zeta's portfolio.

Oil & Gas

BRENT CRUDE OIL PRICE
from June 2015 to July 2016



Source: US Energy Information Administration

At the start of the year under review, the Brent Crude Oil price was US$60/bbl, having declined significantly during the previous twelve months. The year under review saw a similar pattern to the previous year, with a sustained decline until around January, followed by a recovery until May before a resumption in the decline.

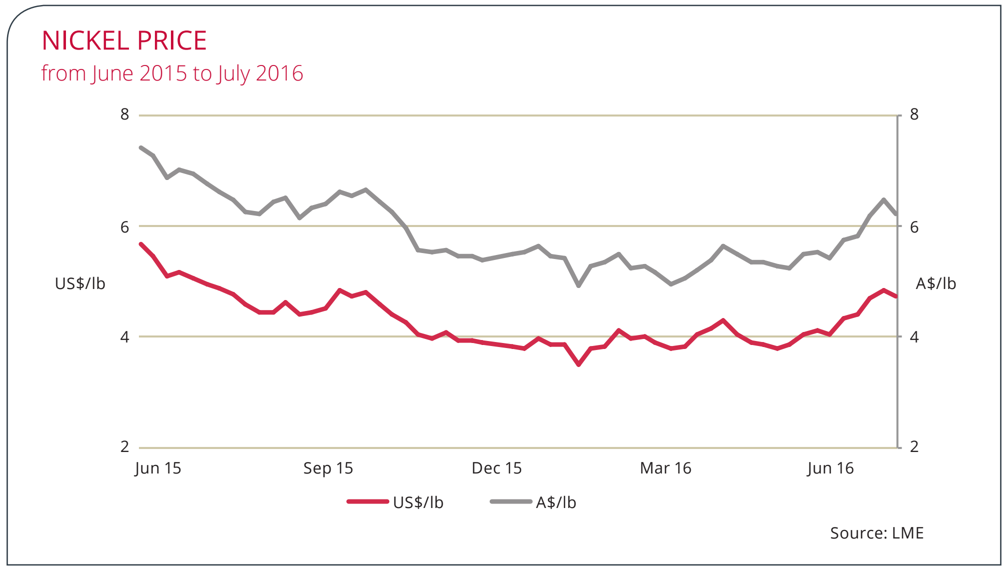
The range of US$50-US$60/bbl had been seen previously as a significant milestone, as it had been used as a rule of thumb to indicate the price at which the average US oil firm needed to produce oil profitably utilising fracking to unlock tight oil from shale. However, this year saw the price of oil fall well below that.

As a result, oil exploration globally has been curtailed, and the strategy among oil firms has been to gradually cut costs – more so as the price of oil had continued to fall. For those firms in the enviable position of having cash, it has become cheaper to buy existing oil production assets, rather than take an unnecessary risk on expensive drilling, particularly if the drilling is offshore exploration and especially in frontier basins.

The sustained downturn in oil prices has impacted the business model of Zeta's investment in Seacrest LP ("Seacrest"), whose business model was based on acquiring stakes in a wide range of exploration permits globally. However, in the case of Zeta's investments in New Zealand Oil & Gas Limited ("NZOG") and Pan Pacific Petroleum NL ("PPP"), both of those companies have had existing production that has been relatively profitable throughout the year, together with cash on their balance sheets which is available for acquisitions.

INVESTMENT MANAGER'S REPORT
(continued)

Nickel



As with oil, the price of nickel continued to fall in the first half of the year under review. Some companies have elected to continue to produce nickel at unprofitable prices. For Panoramic Resources Limited ("Panoramic"), the chief nickel company in Zeta's portfolio, the company decided to place its two operating mines in Western Australia, Savannah and Lanfranchi, on to care and maintenance. The company also raised funds through an entitlement issue, in order to strengthen the balance sheet and ensure the company had the means to wait out a prolonged period of low nickel prices. Zeta was the principal underwriter of the issue and as a result increased its stake in Panoramic.

The outlook for nickel is coloured by the increasing production of batteries for electric vehicles and power storage such as that being undertaken by Tesla in the United States. While the headline impact of lithium ion batteries has been felt on lithium, in many cases the usage of lithium is only 2%, while raw materials such as nickel and graphite make up a far greater proportion of such batteries. Nevertheless, while the scale of production of lithium ion batteries is increasing, it is still expected to remain small relative to the overall nickel market.

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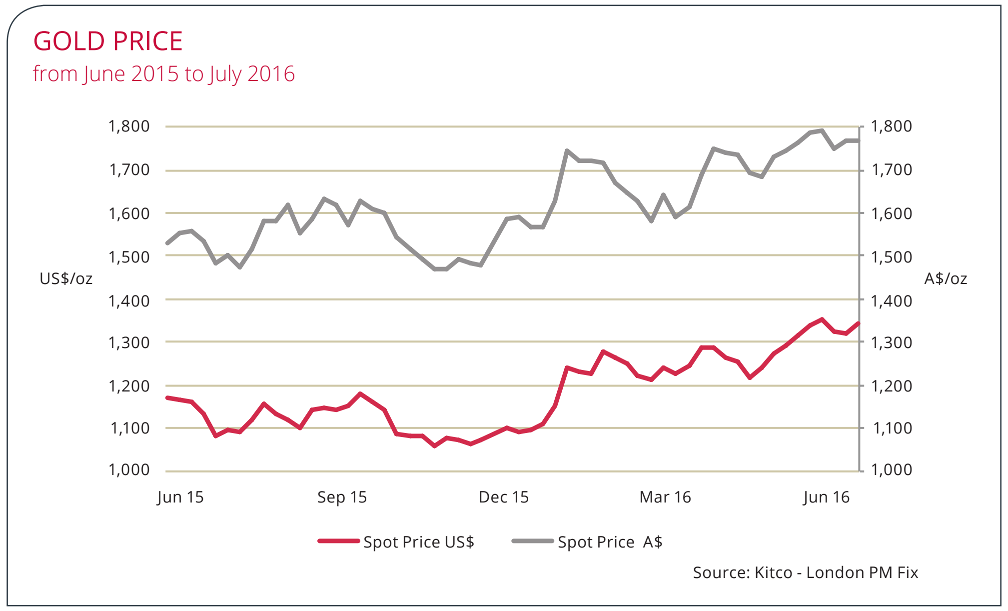
Gold

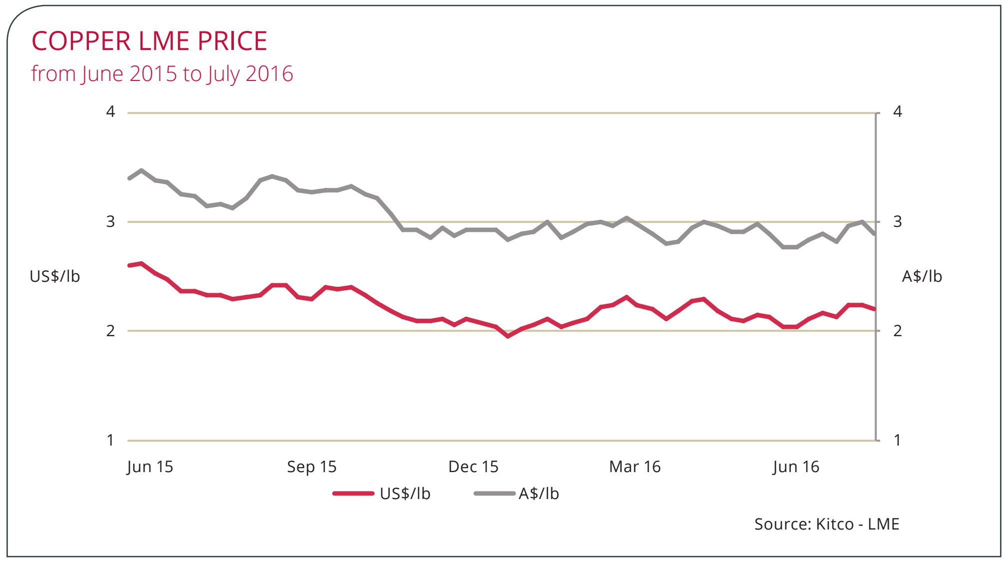


In marked contrast to oil and nickel, and in fact to most major commodities, the price of gold has continued to rise. Various factors have been raised to explain the persistent rise of gold, but the most common cited factor for the rise during the first of half of 2016 was the continued impact of central bank monetary policy and interventions leading to negative sovereign interest rates in numerous countries, coupled with unsustainable debt levels in many countries and anaemic world growth and inflation levels.

In Australian dollar terms, Australian producers have been enjoying record high gold prices. Happily for Zeta, the company's investment in Resolute Mining Limited ("Resolute") has had a stellar year, rising from A$0.30 per share at the end of June 2015, to A$1.275 at the end of June 2016. This rise has arisen not only due to the increase in the price of gold, but in addition due to continued exploration success at Resolute coupled with the announcement of feasibility plans to significantly extend the life of the company's mine at Syama in Mali.

INVESTMENT MANAGER'S REPORT
(continued)

Copper



Copper is one of the most important global industrial commodities, but the price of copper has been in a bear market for the past six years. Since the scheme of arrangement between Zeta and Kumarina Resources Limited the company has had an investment in copper exploration, but during the period under the review Zeta made small acquisitions in two small listed copper firms. As with its other investments, Zeta is of the view that in the long run there will be continued demand for copper, and thus investment in this commodity will bear fruit for the patient investor.

CAPITAL STRUCTURE

Zeta is a closed-end investment company, listed on the ASX, and was incorporated in Bermuda.

During the year Zeta has had working capital support from its parent company, UIL Limited ("UIL", formerly "Utilico Investments Limited"). As of 30 June 2016, Zeta had a loan from UIL totalling US$36.2 million, drawn partly in Australian dollars and partly in US dollars.

During the year under review, Zeta converted A$8.8 million and US$12.4 million of loans from UIL into equity following the shareholder approved issue of shares and options to UIL.

As at 30 June 2016, Zeta had gross assets of US$83.0 million (2015: US$71.1 million). Of this figure, $39.6 million (2015: $39.0 million) was invested in the oil & gas sector; $10.4 million (2015: $21.9 million) was invested in the nickel and copper sectors; $32.7 million (2015: $9.9 million) was invested in the gold sector; and the remaining $0.3 million (2015: $0.3 million) was invested in other commodity-based resources investments.

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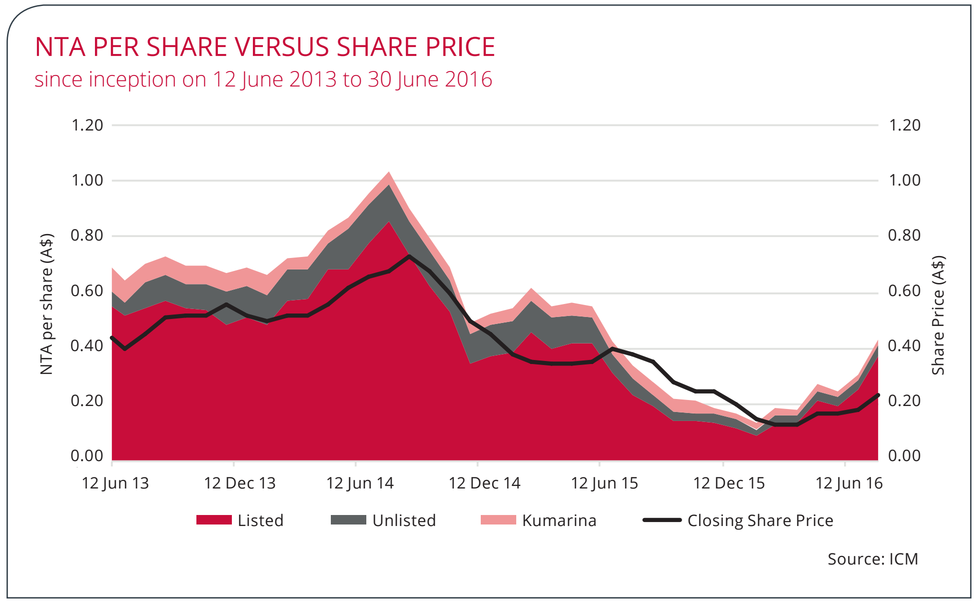

FINANCIAL RESULTS

The net loss after tax for the year was US$6,974,491 against a loss of US$53,242,013 in the year ended June 2015. The majority of the consolidated net loss is comprised of revaluations of listed investments (marked to market) as at 30 June 2016 to account for financial assets being recognised at fair value.

SIGNIFICANT INVESTMENTS

Oil & Gas

New Zealand Oil & Gas

During the year under review, NZOG moved to reduce costs and did not undertake any significant greenfield exploration. Instead the company focused on development of its major asset, being its 15% stake in Kupe, a gas producing field in offshore Taranaki, New Zealand. During the year, NZOG issued two increases in reserves for Kupe, one based on the developed reserves, and one on the undeveloped reserves. This long life asset is coupled with a long term take or pay gas supply agreement that means the majority of Kupe's revenues are tied to PPI, and above current New Zealand spot market gas prices. Revenues from Kupe are therefore largely unaffected by recent declines in the price of oil.

Pan Pacific Petroleum

Having launched a successful bid to acquire 46.5% of PPP in the previous year, Zeta subsequently increased its stake to 50.4% in PPP and encouraged PPP to continue to reduce its costs. PPP's biggest oil asset is its 15% stake in Tui, an oil producing field located in offshore Taranaki, New Zealand. Tui's revenues have naturally been subject to the fluctuations in the price of oil, but from a volume perspective, the successful development of Pateke-4H has meant a pleasing year operationally. Looking forward, the company will at some time face the costs of closing the Tui well as it reaches the end of its producing life, but the timing of this is partially dependent on the price of oil.

INVESTMENT MANAGER'S REPORT
(continued)

Seacrest

Seacrest is a Bermuda-based specialist oil & gas offshore seismic exploration company. Seacrest moved quickly to amass a significant number of interests in joint venture licenses for offshore oil exploration, but has suffered a loss in value in the wake of the significant and sustained fall in the price of oil.

Nickel

Panoramic

Panoramic is a Western Australian mining company that owns two 100%-owned underground nickel sulphide mines, the Savannah Project in the East Kimberley and the Lanfranchi Project near Kambalda, Western Australia.

During the year Panoramic decided to place both Savannah and Lanfranchi on care and maintenance. The company believed it was preferable to suspend operations rather than continue to produce nickel unprofitably. However, the company also raised money via an entitlement offer, supported by Zeta. The funds raised will secure Panoramic's ability to withstand a sustained period of low nickel prices, while undertaking modest exploration drilling aimed at proving up existing resources.

Gold

Resolute

ASX-listed Resolute is a mid-cost gold producer with two mines in production, the Syama mine in Mali, and the Ravenswood mine in northern Queensland, Australia.

Production in the year to 30 June 2016 of c. 315,000/oz of gold was down on the previous year's production of c. 329,000/oz. Gold ounces produced at Syama decreased by 6.8% to 209,617oz while the company focused on processing ore stockpiles ahead of development of underground mining, while cash costs rose by 3.8% to A$830/oz. At Ravenswood gold ounces produced rose by 1.7% to 105,552oz, largely in line with the previous year. Cash costs per ounce at Ravenswood increased by 9.9% to A$1033/oz, in part due to the processing of larger volumes of lower grade ore.

At 30 June 2016 Resolute had cash and bullion on hand of A$102 million and total borrowings of A$27 million. The A$15 million convertible note offering which was completed in December 2014 was repaid during the year. Net cash inflows for the year totalled A$139 million, and the company used a significant portion of that inflow to repay debt.

During the year Resolute completed a definitive feasibility study for underground mining in Syama, with work expected to commence on development in September 2016. Successful development of underground mining in Syama is expected to extend the life of the mine by at least 10 years.

The company has completed a feasibility study to commence mining in Bibiani. The results were positive, and Resolute will now work to extend drilling in order to extend the study's projected five year mine life.

At Ravenswood, Resolute is drilling with the aim of pursuing underground mining at Buck Reef West.

Resolute has provided guidance for gold production of 300,000oz at an All-In-Sustaining-Cost of A$1,280/oz (US$934/oz) for the year to 30 June 2017.

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Copper

Kumarina

Kumarina Resources Pty Limited ("Kumarina") is a 100%-owned subsidiary of Zeta. The company is focused on two prospective projects in Western Australia, being the Ilgarari copper project and the Murrin Murrin copper-gold project. The Ilgarari project contains a secondary copper oxide resource (JORC 2004) estimated to be 1,100,000 tonnes averaging 1.9% copper located around and below historical mine workings. The Murrin Murrin project is prospective for gold and base metals in the form VMS style copper zinc mineralisation. The company's main focus at the Murrin Murrin project has been the Malcolm Challenger gold mines which hosts an Indicated Resource (JORC 2012) of 547,000 tonnes averaging 3.12 g/t for 54,800 ounces.

JDF Morrison
ICM Limited
Investment Manager
12 September 2016

ICM INVESTMENT PHILOSOPHY

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INVESTMENT MANAGER AND TEAM

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

ICM has some US$2.4 billion under management directly and has indirect involvement in over US$12 billion in a range of mandates. ICM has 40 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Melbourne, Singapore and Wellington.

ICM staff responsible for Zeta's investments include:

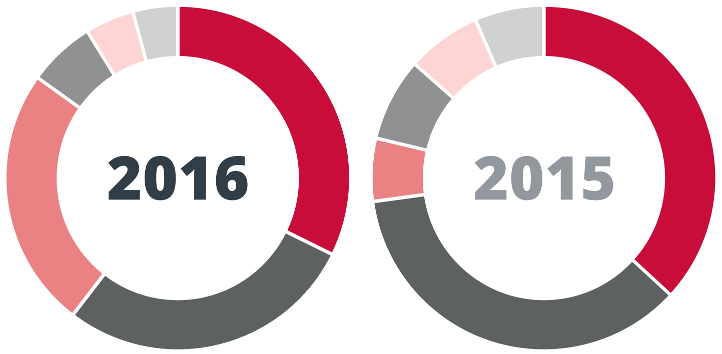
Dugald Morrison, based in Wellington, New Zealand, is the General Manager for ICM NZ Limited. He has extensive investment analysis experience, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom, and the United States since 1987. Mr Morrison is a director of ASX-listed Pan Pacific Petroleum NL and a number of unlisted companies. He is a member of the New Zealand Institute of Directors.

Duncan Saville, a director of ICM, is a chartered accountant with experience in corporate finance and asset management. He is currently a director of a number of listed companies including New Zealand Oil & Gas Limited and is an experienced company director. He is a Fellow of the Institute of Chartered Accountants Australia and New Zealand, Australian Institute of Directors and the Financial Service Institute of Australia and is a member of the Singapore Institute of Directors.

Alasdair Younie, a director of ICM. Based in Bermuda, he is a chartered accountant with experience in corporate finance and corporate investment. Mr Younie qualified as a chartered accountant with PricewaterhouseCoopers and subsequently worked for six years within the corporate finance department of Arbuthnot Securities Limited in London. Mr Younie is a director of the Ascendant Group Limited, Bermuda Commercial Bank Limited and Somers Limited and is a member of the Institute of Chartered Accountants in England and Wales.

GEOGRAPHICAL & SECTOR SPLIT OF INVESTMENTS

GEOGRAPHICAL SPLIT OF INVESTMENTS*

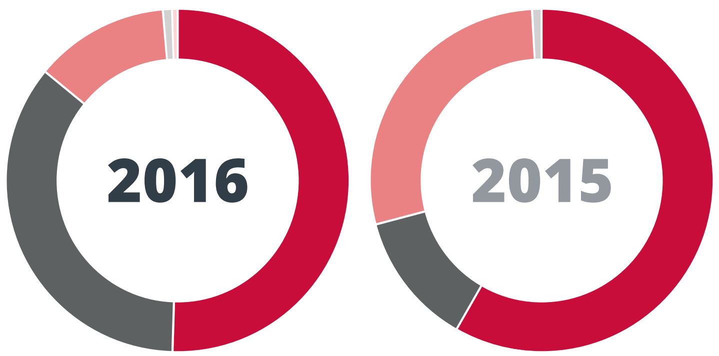


COUNTRY	% of total 2016	2015
New Zealand	32.3	36.9
Australia	28.1	36.0
Mali	24.5	5.9
Other	6.3	7.7
Norway	4.6	7.0
Namibia	4.2	6.5

* Including investments held by Zeta Energy Pte. Ltd

Source: ICM

SECTOR SPLIT OF INVESTMENTS*



SECTOR	% of total 2016	2015
Oil & Gas	47.4	58.3
Gold	39.3	12.6
Nickel	11.9	28.2
Cash	0.9	0.9
Copper	0.5	0.0

* Including investments held by Zeta Energy Pte. Ltd

Source: ICM

FIVE LARGEST HOLDINGS

2016	*2015*	COMPANY *(Country of principal activity)* Description	FAIR VALUE US$000	% OF TOTAL INVESTMENTS
1	*(5)*	**Resolute Mining Limited** *(Australia, Mali)* Gold exploration and mining	29,661	35.6%
2	*(2)*	**New Zealand Oil & Gas Limited*** *(New Zealand)* Oil & gas exploration and production	17,956	21.6%
3	*(4)*	**Pan Pacific Petroleum NL*** *(New Zealand, Vietnam)* Oil & gas exploration and production	10,910	13.1%
4	*(1)*	**Panoramic Resources Limited** *(Australia)* Nickel exploration and mining	9,523	11.4%
5	*(3)*	**Seacrest LP -** unlisted *(Global)* Oil & gas offshore seismic exploration	9,030	10.8%
		Other investments	6,166	7.4%
		Total Portfolio	83,246	100.0%

* Investment held by Zeta Energy Pte. Ltd.

The value of the five largest holdings represents 92.6% (2015: 92.1%) of the group's total investments. The country shown is the location of the principal part of the company's business. The total number of companies included in the portfolio is 18 (2015: 21).

REVIEW OF THE FIVE LARGEST HOLDINGS

RESOLUTE MINING LIMITED (AUSTRALIA, MALI)

www.resolute-ltd.com.au
Market Cap: US$622.6 million

Resolute Mining Limited is a gold producer listed on the ASX, with a long life mine at Syama in Mali, another producing gold mine at Ravenswood in Australia, and a development project at Bibiani in Ghana. In the year to June 2016 Resolute's various operations yielded 315,169 ounces of gold. Average cash costs of A$898 per ounce were higher than the previous year's A$845 per ounce. During the year Resolute completed a definitive feasibility study for underground mining at Syama that is expected to extend the mine's life beyond 2028. A feasibility study at Bibiani was positive, and the company will now conduct more drilling with the aim of extending the mine life beyond five years.

NEW ZEALAND OIL & GAS LIMITED (NEW ZEALAND)

www.nzog.com
Market Cap: US$111.3 million
(Investment held by Zeta Energy Pte. Ltd)

New Zealand Oil & Gas Limited is an independent New Zealand oil & gas exploration and production company, with exposure to two relatively low cost production assets in New Zealand: the Kupe gas and oil field (15% partner) and Tui area oil fields (27.5% partner). In addition, NZOG has an exploration portfolio in both New Zealand and Indonesia. NZOG is listed on the New Zealand stock exchange. NZOG's share price declined 15.5% during the 12 months to June 2016. Full year results to 30 June 2016 showed increased revenues at NZ$119 million (previous year NZ$116 million). Cash flow from operating activities was NZ$19.2 million up from NZ$8.6 million the prior year. At year end NZOG had NZ$96.8 million (previous year NZ$83.7 million) of net cash, but it should be noted this includes cash held at NZOG's 48%-owned subsidiary Cue Energy as well.

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PAN PACIFIC PETROLEUM NL (NEW ZEALAND, VIETNAM)

www.panpacpetroleum.com.au
Market Cap: US$12.6 million
(Investment held by Zeta Energy Pte. Ltd)

Pan Pacific Petroleum NL is an ASX-listed oil junior based in Sydney. The company has a 15% stake in the low cost Tui oil fields located in offshore Taranaki, New Zealand. PPP also has a 5% stake in the Block 07/03 development opportunity in Vietnam, which holds potential for both oil and gas. Zeta owns 50.4% of PPP. In the year ended June 2016, PPP's share of oil production was 0.21 million barrels, down slightly from 0.22 million barrels the previous year.

PANORAMIC RESOURCES LIMITED (AUSTRALIA)

www.panoramicresources.com
Market Cap: US$39.9 million

Panoramic Resources Limited is a Western Australian mining company that owns two 100%-owned underground nickel sulphide mines, the Savannah Project in the East Kimberley and the Lanfranchi Project near Kambalda, Western Australia. Panoramic's value is leveraged to both the price of nickel, and the Australian dollar – the higher the price of nickel and the lower the Australian dollar, the higher the company's worth. During the course of the year, Panoramic decided to place both its nickel mines into care and maintenance, given the persistently low nickel prices. The company also conducted an entitlement offer that was underwritten by Zeta. At 30 June 2016 Panoramic had A$21 million (previous year A$54 million) in net cash. Panoramic's shares fell 73% in the year to June 2016.

REVIEW OF THE FIVE LARGEST HOLDINGS
(continued)

SEACREST LP
(GLOBAL)

www.seacrest.com
Market Cap: N/A - unlisted

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

DIRECTORS

Peter Ross Sullivan (Chairman)*, 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, including 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. Mr Sullivan holds a Bachelor of Engineering and a MBA.

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 Resolute Mining Limited (ASX: RSG), GME Resources Limited (ASX: GME) and Panoramic Resources Limited (ASX: PAN).

Martin Botha*, appointed 7 June 2013. Mr Botha has over 30 years' experience in banking, with the last 26 years spent in leadership roles building Standard Bank Plc's (part of The Standard Bank of South Africa Limited group of companies) international operations. Mr Botha's specific primary responsibilities have included establishing and leading the development of the core global natural resources trading and financing franchises, as well as various geographic strategies. 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 director of Resolute Mining Limited (ASX: RSG).

Xi Xi*, appointed 7 June 2013. Ms Xi is a financial analyst with more than 15 years' experience in the mining, energy and natural resource industry, ranging 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
None.

*Non-Executive Director

REPORT OF THE DIRECTORS

Your directors present their report for Zeta Resources Limited, including its subsidiaries, Kumarina Resources Pty Limited, Zeta Energy Pte. Ltd and Zeta Investments Limited, for the year ended 30 June 2016.

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 2016 amounted to $6,974,491.

Overview of operating activity

The company listed on the ASX on 12 June 2013.

During the year the company has continued to build its portfolio of resource investments by investing a further $16,750,536. A decrease in the fair value of the portfolio resulted in an unrealised loss recognised in profit or loss at year end of $4,079,785.

The activities of the company's subsidiary, Kumarina, related to further exploration and evaluation of the existing Australian mining tenements (the Murrin Murrin and Ilgarari projects) and a total of A$148,746 was invested during the twelve months to 30 June 2016 in further drilling and analysis work.

Financial position

At the end of the year, the company had $238,893 in cash and cash equivalents. Investments at fair value totalled $49,813,042, and the investment in subsidiaries was valued at $3,086,091.

The company has a loan owing to UIL of $36,165,296 at year end. Amounts outstanding to brokers (for settlement of trades) totalled $78,140 at 30 June 2016.

Following shareholder approval in November 2015, 6,769,280 ordinary shares and 86,461,440 options were issued under ASX listing rule 10.11 on 7 December 2015 to UIL Limited, raising US$18,617,065 in funds. These funds were utilised to repay A$8.8 million and US$12.4 million of loans from Zeta's parent.

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

The share price of Resolute Mining Limited has risen from A$1.285 as at 30 June 2016 to A$2.05 as at 12 September 2016, a 60% increase. This has increased the net assets of Zeta Resources Limited by approximately A$24 million (US$18 million). The share price of Panoramic Resources Limited has risen from A$0.135 as at 30 June 2016 to A$0.205 as at 12 September 2016, a 52% increase. This has increased the net assets of Zeta Resources Limited by approximately A$7 million (US$5 million). There have been no other facts nor circumstances of a material nature that have occurred between the reporting date and the date of this report that have a material impact on the financial position of the company at 30 June 2016.

LIKELY DEVELOPMENTS

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

INFORMATION ON COMPANY SECRETARY

On 28 July 2016 Chamiel McDonald was appointed Company Secretary and BCB Charter Corporate Services Limited as assistant secretary.

BCB Charter Corporate Services Limited delivers corporate administration services for their clients.

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 2016.

The company had no employees as at 30 June 2016.

REPORT OF THE DIRECTORS
(continued)

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	–	279,565	279,565
Xi Xi	–	–	–

MEETINGS OF DIRECTORS

The board held four meetings during the year which were attended by all directors. The meetings were held on 6 July, 3 September, 15 November 2015 and 8 February 2016.

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 half year report and financial statements on 18 February 2016.

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:

86,461,440 Options exercisable at A$0.001 each, expiring 7 December 2019.

There were no options exercised during the year, or since the end of the year, that resulted in additional shares being issued.

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 the objectives of the best practice recommendations and discharge its duties in this area.

Zeta Resources Limited
Annual Report for the year to 30 June 2016

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

Kumarina Resources Pty Limited's 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 PUBLICALLY DISCLOSED BY THE COMPANY AT THE REPORTING DATE

	NUMBER OF SHARES	% OF ISSUED SHARES HELD
Listed		
Panoramic Resources Limited	102,282,973	23.866%
Resolute Mining Limited	31,234,000	4.764%
GME Resources Limited	19,717,742	4.272%
Unlisted		
Seacrest LP	10,500,000	24.450%
Kumarina Resources Pty Limited	26,245,610	100%
Zeta Energy Pte. Ltd	1	100%
Zeta Investments Limited	1,000	100%

In addition, 100% owned subsidiary Zeta Energy Pte. Ltd holds listed investments, including 54,207,553 shares in New Zealand Oil & Gas Limited, 121,323,567 shares in Oilex Limited, and 292,948,402 shares in Pan Pacific Petroleum NL.

During the year the company completed a total of 86 transactions in securities and paid a total of US$5,955 in brokerage on those transactions.

REPORT OF THE DIRECTORS
(continued)

INVESTMENT MANAGEMENT AGREEMENT

The company entered into an Investment Management Agreement with ICM Limited on 10 April 2013. Management fees are payable at a rate of 0.5% per annum, of funds managed on calculation date, payable quarterly in arrears and pro-rated for any period less than three months.

Performance fees, if applicable, 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 six months' notice.

The company paid US$344,465 in management fees during the reporting year.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Peter R Sullivan
Chairman
Perth, Western Australia
12 September 2016

CORPORATE GOVERNANCE STATEMENT

The company's directors and management are committed to conducting the group's business in an ethical manner and in accordance with the highest standards of corporate governance. The company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the group's operations. The company has prepared a statement ("Corporate Governance Statement") which sets out the corporate governance practices that were in operation throughout the financial year for the company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the company's website (**www.zetaresources.limited**), and will be lodged together with an Appendix 4G to the ASX at the same time that the Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the company and will provide shareholders with information as to where relevant governance disclosures can be found. The company's corporate governance policies and charters are all available on its website (**www.zetaresources.limited**).

INDEPENDENT AUDITOR'S REPORT

KPMG Inc
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Docex 102 Cape Town
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Independent Auditor's Report

To the Shareholders of Zeta Resources Limited

Report on the Financial Statements

We have audited the financial statements of Zeta Resources Limited, which comprise the statements of financial position at 30 June 2016, and the statements of comprehensive income, cash flows and changes in equity 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 31 to 57.

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.

Zeta Resources Limited
Annual Report for the year to 30 June 2016

Opinion

In our opinion, these financial statements present fairly, in all material respects, the position of Zeta Resources Limited at 30 June 2016, 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 2016, we have read the Report of the Directors and the Corporate Governance Statement for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers.

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

KPMG Inc.

Per P Farrand
Chartered Accountant (SA)
Registered Auditor
Director
12 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

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

In relation to our audit of the financial report of Zeta Resources Limited for the financial year ended 30 June 2016, 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
12 September 2016

STATEMENT OF FINANCIAL POSITION

Notes	at 30 June 2016	June 2016 $	June 2015 $
	Non-current assets		
4	Investment in subsidiaries	**3,086,091**	3,193,721
5	Investments	**49,813,042**	43,686,192
6	Loans to subsidiaries	**29,803,322**	23,894,270
	Current assets		
7	Cash and cash equivalents	**238,893**	193,267
8	Trade and other receivables	**12,109**	13,171
	Balance due from brokers	**–**	119,912
	Total assets	**82,953,457**	71,100,533
	Non-current liabilities		
9	Loan from subsidiary	**(3,754,667)**	(4,395,787)
10	Loan from parent	**(36,165,296)**	(35,408,212)
	Current liabilities		
11	Trade and other payables	**(192,220)**	(175,974)
	Balance due to brokers	**(78,140)**	–
	Total liabilities	**(40,190,323)**	(39,979,973)
	NET ASSETS	**42,763,134**	31,120,560
	Equity		
12	Share capital	**900**	832
12	Share premium	**66,233,041**	64,881,364
12	Options	**17,265,320**	–
	Accumulated losses	**(40,736,127)**	(33,761,636)
	TOTAL EQUITY	**42,763,134**	31,120,560

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Notes	for the year ended 30 June 2016	June 2016 $	June 2015 $
	Revenue		
13	Investment income	**(4,036,767)**	(42,418,422)
14	Other income/(losses)	**1,437,732**	(6,090,197)
	Expenses		
	Directors fees	**(150,000)**	(150,000)
	Interest expense	**(3,371,114)**	(3,164,318)
15	Management and consulting fees	**(560,884)**	(432,656)
16	Operating and administration expenses	**(293,458)**	(986,420)
	Loss before income tax	**(6,974,491)**	(53,242,013)
17	Income tax	**–**	–
	Loss for the year	**(6,974,491)**	(53,242,013)
	Other comprehensive income	**–**	–
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(6,974,491)**	(53,242,013)
	Loss per share		
18	Basic and diluted loss per share (cents per share)	**(0.05)**	(0.57)

STATEMENT OF CASH FLOWS

Notes	for the year ended 30 June 2016	June 2016 $	June 2015 $
	Cash flows from operating activities		
19.1	Cash utilised by operations	**(90,994)**	(3,748,481)
	Interest received	**25,262**	1,343
	Interest expense	**(3,371,114)**	(3,164,318)
	Net cash flows from operating activities	**(3,436,846)**	(6,911,456)
	Cash flows from investing activities		
	Investments purchased	**(4,334,188)**	(22,713,820)
	Investments sold	**760,235**	57,499,531
	Increase in loans to subsidiaries	**(12,416,348)**	(35,321,826)
	Net cash flows from investing activities	**(15,990,301)**	(536,115)
	Cash flows from financing activities		
19.2	Proceeds from issue of shares	**1,351,745**	–
19.3	Proceeds from issue of options	**17,265,320**	–
	Decrease in loan from parent via issue of shares and options	**(18,617,065)**	–
	Increase in loan from parent from additional funding	**19,374,149**	20,958,619
	Decrease in loan from subsidiaries	**(641,120)**	(7,551,796)
	Net cash flows from financing activities	**18,733,029**	13,406,823
	Net movement in cash and cash equivalents	**(694,118)**	5,959,252
	Cash and cash equivalents at the beginning of the year	**193,267**	188,012
	Effect of exchange rate fluctuations on cash held	**739,744**	(5,953,997)
7	**Cash and cash equivalents at end of the year**	**238,893**	193,267

STATEMENT OF CHANGES IN EQUITY

Notes	for the year ended 30 June 2016	Share capital $	Share premium $	Options $	Accumulated profits/ (losses) $	Total $
	Balance at 1 July 2014	832	64,881,364	–	19,480,377	84,362,573
	Other comprehensive income for the year	–	–	–	(53,242,013)	(53,242,013)
	Balance at 30 June 2015	**832**	**64,881,364**	**–**	**(33,761,636)**	**31,120,560**
12	Issue of shares	68	1,351,677	–	–	1,351,745
12	Issue of options	–	–	17,265,320	–	17,265,320
	Other comprehensive income for the year	–	–	–	(6,974,491)	(6,974,491)
	Balance at 30 June 2016	**900**	**66,233,041**	**17,265,320**	**(40,736,127)**	**42,763,134**

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 2016 comprise the company only.

1.2 Basis of preparation

The financial statements for the period ended 30 June 2016 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 12 September 2016.

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 presentation 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 period in which the estimate is revised and in any future periods 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 21.

2. ADOPTION OF NEW AND REVISED STANDARDS

Future amendments not early adopted in the 2016 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 Standards 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. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Revenue

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

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

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

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

3.2 Borrowing costs

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

3.3 Income tax

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency

Foreign currency transactions and balances

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

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

3.5 Earnings per share ("EPS")

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

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

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

3.6 Financial instruments

Non-derivative financial instruments

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

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

Recognition and derecognition of financial instruments

Financial instruments are recognised when, and only when, the company becomes a party to the contractual provisions of the particular instrument. The company derecognises 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.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

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 receivables, trade and other payables and amounts due to/from brokers.

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.

3.7 Impairment of assets

Financial assets

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

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

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

Non-financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Goodwill

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

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

3.9 Share capital

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

3.10 Provisions and accruals

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

4. INVESTMENT IN SUBSIDIARIES

	June 2016 $	June 2015 $
At fair value		
Investment in Kumarina Resources Pty Limited ("Kumarina")	**3,086,089**	3,193,719
Investment in Zeta Energy Pte. Ltd. ("Zeta Energy")	**1**	1
Investment in Zeta Investments Limited ("Zeta Investments")	**1**	1
	3,086,091	3,193,721

Investments in subsidiaries are held as part of the investment portfolio and consequently, in accordance with IFRS 10 are not consolidated but rather shown at fair value through profit and loss. The company had the following subsidiaries as at 30 June 2016:

30 June 2016	**Number of ordinary shares**	**Percentage of ordinary shares held**
Kumarina incorporated in Australia	26,245,210	100%
Zeta Investments incorporated in Bermuda	1,000	100%
Zeta Energy incorporated in Singapore	1	100%

30 June 2015	**Number of ordinary shares**	**Percentage of ordinary shares held**
Kumarina incorporated in Australia	26,245,210	100%
Zeta Investments incorporated in Bermuda	1,000	100%
Zeta Energy incorporated in Singapore	1	100%

NOTES TO THE FINANCIAL STATEMENTS
(continued)

5. INVESTMENTS

	June 2016 $	June 2015 $
Financial assets at fair value through profit or loss	**49,813,042**	43,686,192
Equity securities at fair value		
Ordinary shares – listed	**40,776,406**	30,261,217
Subscription and other rights – unlisted	**9,036,636**	13,424,975
	49,813,042	43,686,192
Equity securities at cost		
Ordinary shares – listed	**40,650,179**	37,058,471
Subscription and other rights – unlisted	**11,573,120**	11,573,120
	52,223,299	48,631,591

Investments held by the company at the reporting date	Number of shares
Listed	
Panoramic Resources Limited	102,282,973
Resolute Mining Limited	31,234,000
GME Resources Limited	19,717,742
Other Investments	19,461,320
Unlisted	
Seacrest LP	10,500,000
Other rights	
Other	938,331

Other listed investments held by subsidiaries of the company include 54,207,553 shares in New Zealand Oil & Gas Limited, 121,323,567 shares in Oilex Limited, and 292,948,402 shares in Pan Pacific Petroleum NL.

During the reporting period the company completed a total of 86 transactions (2015: 210 transactions) in securities and paid a total of US$5,955 (2015: US$50,701) in brokerage on those transactions.

During the reporting period the company also received loans from its subsidiary Zeta Energy. To secure the loans Zeta Resources has pledged certain quantities of its shares held in listed entities.

The shares pledged include: Resolute Mining Limited (27,300,000) and Panoramic Resources Limited (6,666,666).

6. LOANS TO SUBSIDIARIES

	June 2016 $	June 2015 $
Loan to Zeta Energy	**29,672,978**	23,863,438
Loan to Kumarina	**130,344**	30,832
	29,803,322	23,894,270

The loan to Zeta Energy is denominated in Australian dollars to the value of A$20.427 million (2015: A$7.405 million), British pounds to the value of UK£1.0 million (2015: Nil) and New Zealand dollars to the value of NZ$43.584 million (2015: NZ$43.671 million). There are no fixed repayment terms and no interest is charged. During the period ended 30 June 2016, 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 company as determined by the directors. In determining the fair value of Zeta Energy the directors have valued the listed investments held by the company at market value of the exchange they are listed on, other than the investment in Pan Pacific Petroleum NL ("PPP") which was valued by the directors at cost. The directors deem an alternate valuation for PPP to be more appropriate due to the thinly traded nature of the shares in the market, that Zeta Energy has control of PPP by holding more than 50% of its issued share capital and that PPP's net asset value per share supports the directors' valuation. As at 30 June 2016 the impairment to the loan totalled US$17.935 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 2017.

7. CASH AND CASH EQUIVALENTS

	June 2016 $	June 2015 $
Cash balance comprises:		
Cash at bank	**238,893**	193,267

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

8. TRADE AND OTHER RECEIVABLES

	June 2016 $	June 2015 $
Prepayments	**12,109**	13,171

NOTES TO THE FINANCIAL STATEMENTS
(continued)

9. LOAN FROM SUBSIDIARY

	June 2016 $	June 2015 $
Loan from Zeta Energy	**3,754,667**	4,395,787

The loan from Zeta Energy is denominated in Australian dollars to the value of A$3.84 million (30 June 2015: A$3.53 million) and New Zealand dollars to the value of NZ$1.26 million (30 June 2015: NZ$2.47 million) and currently attracts interest at a rate of 7.11% per annum (30 June 2015: 7.36%) on the Australian dollar loan and at 6.49% per annum (30 June 2015: 7.74%) on the New Zealand dollar loan. There are no fixed repayment terms except that no repayment is due before 30 June 2017.

10. LOAN FROM PARENT

	June 2016 $	June 2015 $
Loan from UIL Limited ('UIL')	**36,165,296**	35,408,212

The loan is denominated in Australian dollars to the value of A$45.4 million (30 June 2015: A$11.55 million), carries interest at 10% per annum (30 June 2015: 10%) and no repayment is due before 31 December 2017. Subsequent to year end, the interest rate on the loan has been changed to 7.5%. During the year the company converted A$8.8 million and US$12.4 million of loans into equity following the shareholder approved issue of shares and options to UIL. See note 12. The company also converted US$14.27 million of loans into Australian dollars during the year. During the year the company received A$21.4 million of funding for the purchase of investments.

11. TRADE AND OTHER PAYABLES

	June 2016 $	June 2015 $
Accruals	**192,220**	175,974

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

12. SHARE CAPITAL AND SHARE PREMIUM

Authorised

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

Issued	**Number of shares**	**Share capital**	**Share premium**
Ordinary shares			
Balance as at incorporation		–	–
Issued at incorporation as $1 par shares	100	–	–
Shares split into 10,000,000 shares of $0.00001 each	9,999,900	–	–
Issued in consideration for purchase of investments from Utilico	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina 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
Balance as at 30 June 2015	93,230,720	832	64,881,364
Following shareholder approval, issued under ASX listing rule 10.11 dated 7 December 2015	6,769,280	68	1,351,677
Balance as at 30 June 2016	100,000,000	900	66,233,041

For further details related to the share issue transactions please see note 19.2.

	Options	June 2016 $	June 2015 $
Options			
Balance at the beginning of the year (Note (a))	10,122,903	**–**	–
Following shareholder approval, issued under ASX listing rule 10.11 dated 7 December 2015 (Note (b))	86,461,440	**17,265,320**	–
Expiry of 7 June 2016 options	(10,122,903)	**–**	–
Balance at the end of the year	86,461,440	**17,265,320**	–

Note (a) – The options were exercisable at an exercise price of A$1.00 into one ordinary share until 7 June 2016.

Note (b) – During the year ended 30 June 2016, following shareholder approval, the company issued 86,461,440 options at a cost of A$0.2817 per option, to UIL Limited, raising the equivalent of US$17.27 million. These options are exercisable at a price of A$0.001 into one ordinary share until 7 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

13. INVESTMENT INCOME

	June 2016 $	June 2015 $
Interest income	**25,262**	1,343
Dividend income	**–**	1,686,534
Realised gains/(losses)	**17,756**	(1,357,557)
Unrealised fair value losses:		
Financial assets at fair value through profit or loss	**(4,079,785)**	(42,748,742)
	(4,036,767)	(42,418,422)

14. OTHER INCOME/(LOSSES)

	June 2016 $	June 2015 $
Foreign exchange gains/(losses)	**739,744**	(5,953,997)
Other income/(losses)	**697,988**	(136,200)
	1,437,732	(6,090,197)

15. MANAGEMENT AND CONSULTING FEES

	June 2016 $	June 2015 $
Management and consulting fees	**560,884**	432,656

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 three 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 period (2015: US$ Nil).

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

16. OPERATING AND ADMINISTRATION EXPENSES

	June 2016 $	June 2015 $
Operating and administration expenses consist of:		
Accounting fees	82,833	103,628
Audit fees	14,463	13,982
Australian Stock Exchange listing fees	47,694	49,954
Insurance costs	14,042	–
Legal fees	–	159,608
Other expenses	134,426	659,248
	293,458	986,420

17. 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.

18. LOSS PER SHARE

	June 2016 $	June 2015 $
Basic and diluted loss per share	**(0.05)**	(0.57)
Loss used in calculation of basic and diluted earnings per share	**(6,974,491)**	(53,242,013)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	**145,959,570**	93,230,720

The weighted average number of ordinary shares calculation is based on the year beginning 1 July 2015. For details of shares issued during the year refer to note 19.2.

An adjustment has been made for the 86,461,440 options issued during the year as they are considered to be in substance issued shares.

19. NOTES TO THE CASH FLOW STATEMENT

		June 2016 $	June 2015 $
19.1	Cash utilised by operations		
	Loss before income tax benefit	**(6,974,491)**	(53,242,013)
	Adjustments for:		
	Realised (gains)/losses on investments	**(17,756)**	1,357,557
	Fair value loss on revaluation of investments	**4,079,785**	42,748,742
	Foreign exchange (gains)/losses	**(739,744)**	5,953,997
	Interest income	**(25,262)**	(1,343)
	Interest expense	**3,371,114**	3,164,318
	Operating loss before working capital change	**(306,354)**	(18,742)
	Decrease/(increase) in trade and other receivables	**1,062**	(13,171)
	Increase/(decrease) in trade and other payables	**16,246**	(3,553,320)
	Decrease/(increase) in balance due from brokers	**119,912**	(119,912)
	Increase/(decrease) in balance due to brokers	**78,140**	(43,336)
		(90,994)	(3,748,481)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

19. NOTES TO THE CASH FLOW STATEMENT (continued)

	June 2016 $	June 2015 $
19.2 Issue of shares		
Shares issued for consideration During the year ended 30 June 2016, following shareholder approval, in accordance with ASX listing rule 10.11, the company issued 6,769,280 ordinary shares on 7 December 2015, at a cost of A$0.2817 per share, to UIL Limited, raising the equivalent of US$1.352 million.	**1,351,745**	–

	June 2016 $	June 2015 $
19.3 Issue of options		
Options issued for consideration During the year ended 30 June 2016, following shareholder approval, the company issued 86,461,440 options at a cost of A$0.2817 per option, to UIL Limited, raising the equivalent of US$17.27 million. These options are exercisable at a price of A$0.001 into one ordinary share until 7 December 2019.	**17,265,320**	–

20. AUDITOR REMUNERATION

	June 2016 $	June 2015 $
Amounts received or due and receivable by the auditors for audit of financial statements	**14,463**	13,982

21. FINANCIAL RISK MANAGEMENT

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

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

Categories of financial instruments

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

21. FINANCIAL RISK MANAGEMENT (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:

30 June 2016	Designated at fair value through profit and loss $	Loans and receivables $	Total carrying value $
Assets			
Investments in subsidiaries	3,086,091	–	3,086,091
Investments	49,813,042	–	49,813,042
Loans to subsidiaries	29,803,322	–	29,803,322
Cash and cash equivalents	–	238,893	238,893
Trade and other receivables	–	12,109	12,109
	82,702,455	251,002	82,953,457
Liabilities			
Loans from subsidiaries	–	3,754,667	3,754,667
Trade and other payables	–	192,220	192,220
Loan from parent	–	36,165,296	36,165,296
Balance due to brokers	–	78,140	78,140
	–	40,190,323	40,190,323
30 June 2015			
Assets			
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
	70,774,183	326,350	71,100,533
Liabilities			
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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Market risks

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

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

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

Currency exposure

The principal currencies to which the company was exposed were the Australian Dollar, Sterling and New Zealand Dollar. The exchange rates applying against the United States Dollar at 30 June 2016 and the average rates for the year were as follows:

	June 2016	Average
AUD – Australian Dollar	0.7448	0.7279
GBP – Sterling	1.3271	1.4838
NZD – New Zealand Dollar	0.7123	0.6681

The company's monetary assets and liabilities at 30 June 2016 (shown at fair value), by currency based on the country of primary operations, are shown below:

30 June 2016	USD	AUD	GBP	NZD
Cash and cash equivalents	1,423	220,022	899	16,549
Trade and other receivables	–	–	–	12,109
Loans to subsidiaries	–	9,613,170	836,352	19,353,800
Loans from subsidiaries	–	(2,857,128)	–	(897,539)
Loan from parent	–	(36,165,296)	–	–
Trade and other payables	(170,258)	(21,962)	–	–
Balance due to brokers	–	(78,140)	–	–
Net monetary (liabilities)/assets	(168,835)	(29,289,334)	837,251	18,484,919

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Market risks (continued)

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)
Net monetary (liabilities)/assets	(25,898,201)	(8,187,024)	1,423	18,324,449

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
Strengthening of the United States Dollar				
Increase in total comprehensive loss for the year ended 30 June 2016	(1,970,597)	(185,814)	(3,017,865)	(5,174,276)
Increase in total comprehensive loss for the year ended 30 June 2015	(2,603,181)	(115,348)	(2,791,518)	(5,510,047)
Weakening of the United States Dollar				
Decrease in total comprehensive loss for the year ended 30 June 2016	1,970,597	185,814	3,017,865	5,174,276
Decrease in total comprehensive loss for the year ended 30 June 2015	2,603,181	115,348	2,791,518	5,510,047

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.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Market risks (continued)

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 30 June 2016 is shown below:

	Within one year $	Greater than one year $	Total $
30 June 2016			
Exposure to floating rates:			
Cash	238,893	–	238,893
Exposure to fixed rates:			
Loan from subsidiaries	–	(3,754,667)	(3,754,667)
Loan from parent	–	(36,165,296)	(36,165,296)
30 June 2015			
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)

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

Other market risk exposures

The portfolio of investments, valued at US$49,813,042 at 30 June 2016 (30 June 2015: US$43,686,192) 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 23.

Price sensitivity risk analysis

A 10% decline in the market price of the listed investment held by the company would result in an unrealised loss of $4,981,304. A 10% appreciation in the market price would have the opposite effect.

21. FINANCIAL RISK MANAGEMENT (continued)

21.2 Liquidity risk exposure

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

	Three months or less $	More than three months but less than a year $	More than a year $	Total $
30 June 2016				
Loan from subsidiaries	–	–	3,754,667	3,754,667
Trade and other payables	192,220	–	–	192,220
Balance due to brokers	78,140	–	–	78,140
Loans from parent	–	–	36,165,296	36,165,296
	270,360	–	39,919,963	40,190,323
30 June 2015				
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
	175,974	–	39,803,999	39,979,973

21.3 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 $29,803,322 (2015: $23,894,270) that is exposed to credit risk.

None of the company's financial assets are past due, but the loan asset to Zeta Energy has been impaired as per note 6. 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)

21. FINANCIAL RISK MANAGEMENT (continued)

21.4 Fair values of financial assets and liabilities

The assets and liabilities of the company are, in the opinion of the directors, reflected in the statement of financial position at fair value. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into United States Dollars at 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. The directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The directors regularly review the principles applied by the Investment Manager to those valuations to ensure they comply with the company's accounting policies and with fair value principles.

Level 3 financial instruments

Valuation methodology

The directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. The level 3 assets have each been assessed based on its industry, location and business cycle. Where sensible, the directors have taken into account observable data and events to underpin the valuations.

The level 3 investments are split between (a) unlisted companies and (b) Investments and loans in subsidiaries.

(a) Unlisted companies

Seacrest LP ("Seacrest") - Bermuda incorporated

Valuation inputs: The unlisted investment comprises an equity interest in Seacrest. The company's sole asset is its holding in Azimuth, a joint venture between Seacrest and PGS (the listed Norwegian seismic data service company).

The valuation of Azimuth is based on fair value US GAAP accounting. Using the General Partner's valuation of the Seacrest portfolio a discount is applied to each Azimuth subsidiary. The extent of the discount depends on whether the assets are in a mature or frontier basin. In addition, following the fall in the oil price a further discount was applied thereby calculating a fair value for Azimuth. On this basis Azimuth was valued as at 30 June 2016 at US$68.9m.

Valuation methodology: Zeta has used a fair value valuation of Seacrest of US$0.86 per share based on the value of Azimuth, described above.

Sensitivities: Given Azimuth is an exploration company its risks are significant in both directions. Should commercially recoverable oil not be discovered then the value will fall to nil. Should substantial commercially recoverable oil be discovered the valuation uplifts are significant.

(b) Investments and loans in subsidiaries

Zeta Energy - Singapore incorporated

Valuation inputs: The key asset is the investment loan to Zeta Energy which was utilised for the purchase of listed investments, and which was impaired, through profit and loss, to the fair value of the company as determined by the directors based on the valuation of the investments held by Zeta Energy as at 30 June 2016.

Valuation methodology: Zeta has used a fair value valuation of losses incurred by Zeta Energy on its investments by which to impair the loan value in the accounts as at 30 June 2016.

Sensitivities: Given Zeta Energy's assets comprise listed investments its risks are significant in both directions. Increases in share prices will increase the value of the loan and decreases in share prices will further decrease the value of the loan.

Other investments and loans to subsidiaries

Zeta has further investments and loans to subsidiaries valued at book and realisable value, with a total value of US$3.1m (2015: US$3.2m).

21. FINANCIAL RISK MANAGEMENT (continued)

21.4 Fair values of financial assets and liabilities (continued)

30 June 2016	Level 1 $	Level 2 $	Level 3 $
Financial assets			
Investments	40,776,406	–	9,036,636
Investment in subsidiaries	–	–	3,086,091
Loan to subsidiary	–	–	29,803,322

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 1 July 2015	13,424,975	3,193,721	23,894,270
Acquisitions at cost	–	–	12,416,347
Disposals during the year	–	–	–
Total gains or losses recognised in:			
Fair value through profit or loss	(4,388,339)	(107,630)	(6,507,295)
Balance at 30 June 2016	9,036,636	3,086,091	29,803,322

30 June 2015	Level 1 $	Level 2 $	Level 3 $
Financial assets			
Investments	88,101,079	–	15,968,054
Investment in subsidiaries	–	–	10,275,234
Loan to subsidiary	–	–	29,803,322

	Level 3 investments $	Level 3 investments in subsidiary $	Level 3 loan to subsidiary $
Balance at 1 July 2014	15,968,054	10,275,234	–
Acquisitions at cost	1,000,000	1	35,321,826
Disposals during the year	–	(5,293,501)	–
Total gains or losses recognised in:			
Fair value through profit or loss	(3,543,079)	(1,788,013)	(11,427,556)
Balance at 30 June 2015	13,424,975	3,193,721	23,894,270

NOTES TO THE FINANCIAL STATEMENTS
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

21.5 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.

22. RELATED PARTIES

22.1 Material related parties

Holding company
The company's holding company is UIL which held 85.49% of the company's issued share capital on 30 June 2016. UIL is in turn held 61.78% 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, its subsidiaries and UIL.

22.2 Material related party transactions

	June 2016 $	June 2015 $
Nature of transactions		
Investments in related parties:		
Kumarina	**3,086,089**	3,193,719
Zeta Investments	**1**	1
Zeta Energy	**1**	1
Loans to related parties:		
Kumarina	**130,344**	30,832
Zeta Energy	**29,672,978**	23,863,438
Loans from related parties:		
Utilico	**36,165,296**	35,408,212
Zeta Energy	**3,754,667**	4,395,787
Interest charged by the subsidiaries	**318,776**	552,203
Interest charged by the parent company	**3,051,091**	2,412,137
Interest charged by the Investment Manager	**1,225**	109,120
Fees paid to the Investment Manager	**344,464**	559,409
Fees paid to the directors	**150,000**	150,000

During the year ended 30 June 2016 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.

The shares pledged include: Resolute Mining Limited (27,300,000) and Panoramic Resources Limited (6,666,666).

23. 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 explore or mine for nickel, copper and other minerals

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 2016	**Gold $**	**Oil & gas $**	**Mineral exploration $**	**Other segments $**	**Total $**
External revenues	22,471,287	(11,016,091)	(15,375,751)	(116,212)	(4,036,767)
Reportable segment revenue	22,471,287	(11,016,091)	(15,375,751)	(116,212)	(4,036,767)
Interest revenue	–	–	–	25,262	25,262
Interest expense	–	–	–	(3,371,114)	(3,371,114)
Reportable segment income/(loss) before tax	22,471,287	(10,543,292)	(15,150,562)	(3,751,924)	(6,974,491)
Reportable segment assets	32,747,455	39,573,255	10,375,105	257,642	82,953,457
Reportable segment liabilities	–	–	(78,140)	(40,112,183)	(40,190,323)

30 June 2015	**Gold $**	**Oil & gas $**	**Mineral exploration $**	**Other segments $**	**Total $**
External revenues	(9,186,191)	(14,599,002)	(18,499,858)	(269,571)	(42,554,622)
Reportable segment revenue	(9,186,191)	(14,599,002)	(18,499,858)	(269,571)	(42,554,622)
Interest revenue	–	–	–	1,343	1,343
Interest expense	–	–	–	(3,164,168)	(3,164,168)
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)

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

23. SEGMENTAL REPORTING (continued)

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

	June 2016 $	June 2015 $
Revenues		
Total revenue for reportable segments	(3,920,555)	(42,156,336)
Revenue for other segments	(116,212)	(262,086)
Revenue	(4,036,767)	(42,418,422)
Profit or loss		
Total loss for reportable segments	(3,222,567)	(42,285,051)
Loss for other segments	(3,751,924)	(10,956,962)
Loss before tax	(6,974,491)	(53,242,013)
Assets		
Total assets for reportable segments	82,695,815	70,769,467
Assets for other segments	257,642	331,066
Total assets	82,953,457	71,100,533
Liabilities		
Total liabilities for reportable segments	(78,140)	–
Liabilities for other segments	(40,112,183)	(39,979,973)
Total liabilities	(40,190,323)	(39,979,973)

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.

Revenue	June 2016 $	June 2015 $
Australia	(8,497,796)	(22,361,895)
Singapore	(6,507,295)	(11,427,556)
Mali	15,579,453	(5,104,743)
Namibia	(1,664,577)	(1,278,383)
New Zealand	(1,665)	(94,932)
Norway	(1,801,948)	(1,390,572)
United Kingdom	(595,749)	(455,871)
Other Countries	(430,978)	(42,384)
Revenue	(3,920,555)	(42,156,336)

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23. SEGMENTAL REPORTING (continued)

Assets	June 2016 $	June 2015 $
Australia	22,755,967	27,556,243
Singapore	29,803,322	23,894,270
Mali	20,424,525	4,582,564
Namibia	3,520,472	5,176,237
New Zealand	–	7,800
Norway	3,835,958	5,639,348
United Kingdom	1,257,543	1,848,749
Other Countries	1,098,028	2,064,256
Assets	82,695,815	70,769,467

24. EVENTS AFTER THE REPORTING DATE

The share price of Resolute Mining Limited has risen from A$1.285 as at 30 June 2016 to A$2.05 as at 12 September 2016, a 60% increase. This has increased the net assets of Zeta Resources Limited by approximately A$24 million (US$18 million). The share price of Panoramic Resources Limited has risen from A$0.135 as at 30 June 2016 to A$0.205 as at 12 September 2016, a 52% increase. This has increased the net assets of Zeta Resources Limited by approximately A$7 million (US$5 million).

There have been no other facts nor circumstances of a material nature that have occurred between the reporting date and the date of this report that have a material impact on the financial position of the company at 30 June 2016 other than those listed in the notes above.

ADDITIONAL ASX INFORMATION

1. SUBSTANTIAL SHAREHOLDERS

As at 14 September 2016, the company had received notification of the following substantial shareholdings:

UIL Limited	86,388,449 (86.39%)
Peter Ross Sullivan	5,670,632 (5.67%)

2. DISTRIBUTION SCHEDULE OF ORDINARY SHARES HELD AT 14 SEPTEMBER 2016:

HOLDING RANGES	NO. OF SHARES	NO. OF ORDINARY SHAREHOLDERS	% OF ISSUED CAPITAL
1 – 1,000	3,465	14	0.00
1,001 – 5,000	452,196	143	0.45
5,001 – 10,000	230,077	26	0.23
10,001 – 100,000	1,098,386	30	1.10
100,001 – and over	98,215,876	16	98.22
Total	100,000,000	229	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares at 14 September 2016 is 20 and they hold 10,896 securities.

3. TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 14 SEPTEMBER 2016

NAME	SHARES	% OF ISSUED CAPITAL
J P Morgan Nominees Australia Limited	85,489,612	85.49
HSBC Custody Nominees Australia Limited	7,652,619	7.65
James Noel Sullivan	1,308,595	1.31
Hardrock Capital Pty Limited	600,000	0.60
Calimo Pty Limited	576,510	0.58
Cherryburn Pty Limited	350,000	0.35
Gillian Clare Sellers	350,000	0.35
Custodial Services Limited	281,300	0.28
National Nominees Limited	279,565	0.28
John Gillis Broinowski	260,000	0.26
Uuro Pty Limited	250,000	0.25
AO Peter Irving Burrows	200,000	0.20
Australian Executor Trustees Limited	200,000	0.20
ACS (NSW) Pty Limited	170,000	0.17
Pendan Pty Limited	127,675	0.13
Minturn Pty Limited	120,000	0.12
T J + K M Russell	100,000	0.10
Stephanie Saville	70,110	0.07
Bouchi Pty Limited	64,000	0.06
John Dugald F Morrison	60,000	0.06
Total for top 20	98,509,986	98.51

4. VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

5. USE OF CAPITAL

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

6. APPLICATION OF CHAPTERS 6, 6A, 6B AND 6C OF THE CORPORATIONS ACT 2001

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

7. KUMARINA TENEMENT SCHEDULE

PROJECT AREA	TENEMENT ID	OWNERSHIP	COMMENTS
Ilgarari	E52/2274	100%	
Eulaminna	M39/0371	0%	Gold and Base Metals Rights
	M39/0372	0%	Gold and Base Metals Rights
Murrin Murrin	M39/0397	100%	
	M39/0398	100%	
	M39/0399	100%	
	M39/0400	100%	
	M39/1068	100%	
	P39/5230	100%	
	P39/5231	100%	
	P39/5232	100%	
	P39/5233	100%	
	P39/5234	100%	
	P39/5235	100%	
	P39/5236	100%	
	P39/5237	100%	
	P39/5238	100%	

COMPANY INFORMATION

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DIRECTORS (NON-EXECUTIVE)
Peter Sullivan (Chairman)
Marthinus (Martin) Botha
Xi Xi

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

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