Zeta Resources Limited

Managed by ICM Limited

ANNUAL REPORT 2013









ZETA RESOURCES LIMITED
ESTABLISHED AUGUST 2012

LISTED ON THE ASX 12 JUNE 2013

GROSS ASSETS OF US$48.9 MILLION AS AT 30 JUNE 2013

Zeta'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 and gas, gold and base metals exploration and production.

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FINANCIAL CALENDAR

Annual General Meeting **13 November 2013**

Half year December 2013 announcement **February 2014**

IMAGE ACKNOWLEDGEMENTS

Raymond McKay - Kan Tan IV cover and pg 8

Petroleum Geo-Services Media Gallery - Atlantic Explorer cover and pg 9
Ramform Vanguard cover

CHAIRMAN'S STATEMENT

It is with pleasure that I write to you as Chairman of Zeta Resources Limited ("Zeta") in the company's inaugural annual report.

Zeta listed on the Australian Stock Exchange ("ASX") in June 2013 following a scheme of arrangement to merge a portfolio of investments in resources companies owned by Utilico Investments Limited ("Utilico") listed on the London Stock Exchange with ASX-listed junior gold explorer Kumarina Resources Limited ("Kumarina").

The resources sector globally has experienced sharp declines in certain asset prices, particularly in the minerals sectors. Some observers attribute this to a slowdown in demand, particularly from China; others to an increase in supply driven by technological improvements. Profitability for many mines has been impacted by rising production costs such as wages, with no relief in the form of lower energy costs.

Significant developments in extracting shale oil and gas have occurred recently. Impacts on prices – especially in the case of shale gas – are most significant on the local markets where production is increased; the impact on international prices is often muted by the lack of the necessary infrastructure such as LNG terminals which are costly to build and take time to be constructed.

With sharp declines in share prices for many minerals companies, especially gold companies, this has affected the share prices of companies in other resources sectors such as oil & gas, even though the underlying commodity prices haven't decreased; this is due to the opportunity cost of capital. Some funds have been forced sellers due to redemptions, which has provided an opportunity for Zeta to take a long-term view and purchase investments in prospective companies at marked-down prices.

Zeta's investment manager, ICM Limited ("ICM"), has a strong track record of value investing globally. ICM has dedicated a specialist resources team to manage Zeta, and the investment manager has worked quickly under the oversight of the Zeta board of directors to invest the company's capital while the resources sector is depressed. More information on the approach taken, and investments made to date, is covered in the investment manager's report that follows.

While Zeta has not been listed for very long, the board of Zeta is pleased with progress made to date. The one disappointment has been that Zeta shares have traded on the ASX at a substantial discount to the company's stated net assets. However, given the aforementioned depressed state of the resources sector, this is perhaps unsurprising. Nevertheless we believe that Zeta's shares provide good value.

I look forward to reporting to you again next year, by which time I trust that others will have discovered the value that Zeta provides.

Peter Sullivan
Chairman

INVESTMENT MANAGER'S REPORT

Zeta's investment aim is to maximise total returns for shareholders by identifying and investing in assets and companies where the underlying value is not reflected in the market price.

While Zeta has only been listed on the ASX since June 2013, much work had already been completed in preparation prior to the listing date. As a result Zeta quickly invested its capital into the market taking advantage of attractive long-term valuations. As at 30 June 2013, Zeta's investments mainly comprised shares in gold and oil & gas companies.

BACKGROUND

During 2012, certain commodities began a marked downturn in pricing; this downturn has continued into 2013, and has only recovered slightly since June. Concerns around a slowdown in demand from China have been partially to blame; the well-signalled but yet to occur slowdown in asset purchases by the US Federal Reserve also strengthened the US dollar at the expense of the US dollar price of gold and other commodities.

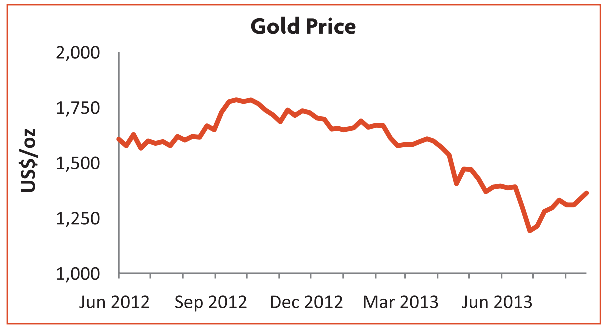
The impact of the decline in certain commodity prices has been exaggerated in an even greater decline in the share prices of exploration and production companies owing to operational leverage. In the case of relatively high cost gold producers, mines have in some instances had to be closed as they were uneconomic. Across the board, capital expenditure plans are either being cancelled or scaled back.

More generally, investors in open-ended resources funds have withdrawn their investments. This has fed a vicious circle, where mutual funds and unit trusts have been forced to sell already depressed stocks in order to fund redemption; investors have responded by redeeming even more. In many instances the shares being purchased by Zeta are being sold by open-ended funds that are, in effect, forced sellers.

The above factors have seen the prices of listed shares in resources companies fall sharply across the board as falls in one sub-sector impacted on others due to the increased opportunity cost of capital.

GOLD

One of the largest falls in commodity prices has been the US dollar price of gold, which peaked at $1,800 in October 2012, but fell precipitously thereafter, reaching a low of $1,200 in June.

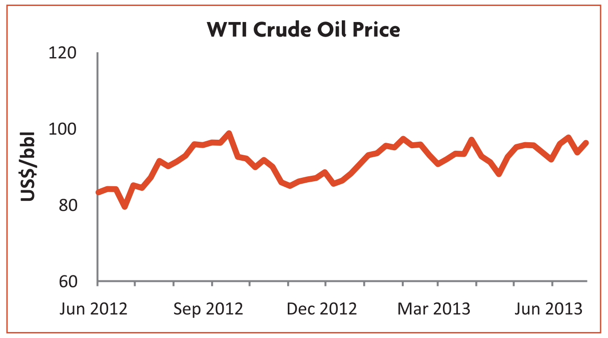


Source: London Afternoon (PM) Gold Price Fix

Prior to this sharp decline, the price of gold had sustained a long rally. Some market observers had highlighted the risks of a global financial crisis – as in fact did occur in 2008, and thus investors turned their attention to gold which prior to then had been out of favour as a financial investment. As monetary authorities responded to the financial crisis with large liquidity injections, the price of gold rose ever higher – for a time being seen as a safer store of value than the US dollar. The reversal, or rather the signalling of the reversal of monetary liquidity operations by the Federal Reserve, has reversed sentiment around gold in favour of the US dollar.

OIL & GAS

Meanwhile certain other commodities, notably oil, either held up well, or actually increased in price. Various political events, notably those in Egypt and Syria, have been cited as reasons for the firmness in the price of oil.



Source: US Energy Information Administration

A notable development in energy commodities markets has been the significant increase in development in North America of both shale oil and shale gas. The biggest impact has been on the price of natural gas in the United States; it will take some time for this to fully impact on the price of natural gas in other countries, but in the short term it has removed any idea that the United States will be a major importer of natural gas.

In the context of the sharp decline in asset prices generally across the resources sector, we have taken a long term view and selectively targeted investments that are strong value plays in resources companies. In many – but not all – cases these companies have limited downside risk, either because the companies have substantial cash reserves, or are relatively low cost producers, or both. A minority of the investments undertaken are toward the higher risk, higher potential reward end of the spectrum, but nevertheless still represent good value on a risk-adjusted basis.

As part of the scheme of arrangement Zeta acquired the assets of Kumarina, which is now a 100%-owned subsidiary of Zeta. Given the high opportunity cost of capital, we have elected to pursue a modest capital expenditure programme on drilling, and the results to date have been pleasing. Another unlisted investment that we are excited about is Seacrest LP ("Seacrest"). Both of these investments, along with the largest listed investments, are discussed below.

CAPITAL STRUCTURE

It is worth noting that Zeta is a closed-end investment company, in contrast to open-ended mutual funds and unit trusts. As resources shares have fallen in price, relative value has increased. This is little comfort to open-ended investment funds that have been forced sellers, exacerbating the already steep falls in resources share prices. For Zeta, however, it provides the opportunity to invest at good valuations for the long term.

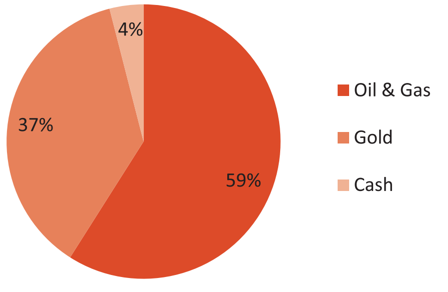
At the time Zeta was listed, no significant new equity was raised. Given our strong view that the resources sector offers long term value, the board of Zeta agreed to a modest debt facility, provided by Zeta's majority shareholder Utilico. The facility was initially for A$5.0 million, of which the full A$5.0 million (US$4.58 million) was drawn as of 30 June 2013.

As at 30 June 2013, Zeta had gross assets of US$48.9 million. Of this figure, $24.8 million was invested in the oil & gas sector; $21.7 million was invested in the gold sector; and the remaining $2.4 million was invested in other commodity-based resources investments.

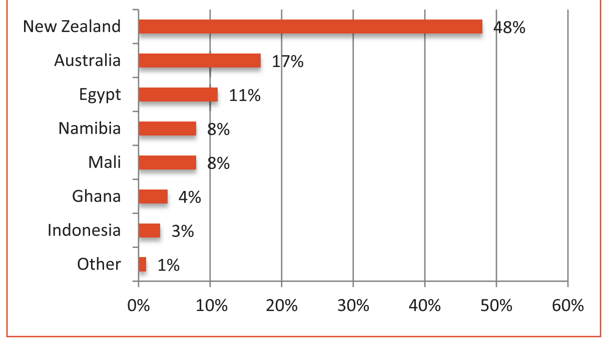
FINANCIAL RESULTS

The consolidated net loss after tax for the year was US$9,338,686. The majority of the consolidated net loss is comprised of a write-down of listed investments (marked to market) and the impairment of goodwill as at 30 June to account for financial assets being recognised at fair value.

Sectoral Split of Investments
As at 30 June 2013



Geographical Split of Investments
As at 30 June 2013



LARGEST INVESTMENTS

The following review of Zeta's largest investments at year end is divided into two sections – oil & gas, and gold.

Oil & Gas

NZOG

New Zealand Oil & Gas Limited ("NZOG") is New Zealand's largest listed oil & gas exploration and production ("E&P") firm. As New Zealand is relatively isolated geographically, it is also relatively unexplored. The downside of its isolation, from an exploration and development perspective, is that it is difficult to attract the attention of oil rig operators. There can be periods of years between drilling programmes, and the various explorers and developers in New Zealand generally join together to form a "rig club".

While NZOG has not conducted any drilling in New Zealand for some years, the next year will be active. In the meantime NZOG has substantial cash reserves (NZ$158.0m as at 30 June 2013), due partly to healthy production from its offshore Taranaki, New Zealand, oil interests (Kupe 15%, Tui 12.5%), and partly to the exercise of warrants some years ago at a significantly higher price than the current share price.

In the year to 30 June 2013 NZOG's revenues were ahead of forecasts, albeit down on the previous year which is normal for oil production in the absence of new exploration. In June 2013 the company announced promising results from its joint venture (22.5%) drilling in Kisaran, Indonesia; further work is needed to prove up whether the results can be developed commercially. In Tunisia, the company decided not to pursue further work on the Cosmos prospect, a decision we supported as the potential capital expenditure costs were substantial.

The coming year will be an active one for drilling. Even accounting for that, NZOG still has more than adequate cash reserves, and it is our hope that excess cash will be returned to shareholders, preferably in the form of a buy-back.

Seacrest

Seacrest LP, founded in 2010, is a Bermuda-based seismic specialist oil exploration firm. Seacrest has a large team of petroleum geologists, and access to one of the world's largest seismic databases. Whereas individual oil explorers may have access to seismic data over the permit areas they own, Seacrest often has access to detailed, modern seismic data over the entire regional basin. As such, it can add value by developing a better understanding of oil migration patterns.

Seacrest's objective is to build a portfolio of high impact, de-risked and "drill ready" prospects. The company has established a handful of regionally-focused subsidiaries. Each of these subsidiaries has acquired a collection of exploration permits, which are in general being funded by free carries from farm-ins to operating drill companies.

Gold

Resolute

Our largest investment in gold mining is in Resolute Mining Limited ("Resolute"). Resolute's share price has declined in the wake of the sharp drop in the gold price. Resolute's shares also suffered from negative perceptions surrounding Mali, where the company has its largest mining operations at Syama, in the south of the country.

Nevertheless, as a mid-cost producer of gold, Resolute's operations have continued according to plan. Production during the financial year ended June 2013 was over 435,000 ounces, comfortably exceeding forecasts, and cash costs of A$811 per ounce were lower than forecast. The average gold price realised was A$1,562 per ounce, down from A$1,627 the previous year. Forecast production for the year to 30 June 2014 is 345,000 ounces at an average cost of A$890 per ounce, with reduced production in line with expectations due to the closure of the Golden Pride operation in Tanzania having reached the end of its mine life.

While the company has scaled back its future capital expenditure plans somewhat, it has continued to produce excess cash flows, and has taken advantage of the bear market in gold company shares (and subsequent lack of investment capital) to make investments in other gold companies and projects. We believe Resolute's year-end share price of A$0.59 fundamentally undervalues the company's long term prospects.

Centamin

Centamin plc ("Centamin") is an Arabian-Nubian Shield focused gold exploration, development and mining company. Centamin's principal asset, the Sukari Gold Mine in the eastern desert of Egypt, began production in 2009 and is the first large-scale modern gold mine in Egypt. The company also has four exploration projects in northern Ethiopia.

As Sukari is a surface mine, its costs are low by international standards, especially in comparison to expensive underground mines. Centamin's gross margins, therefore, are good, even in the wake of the recent sharp drop in gold prices. The shares are cheap by normal investing metrics such as price-to-earnings ratio, and enterprise value to cash flows. However, of all the investments made by Zeta to date, Centamin has the highest political risk, having its principal operations located in Egypt.

The outlook for Egypt's stability is uncertain. Centamin may be sheltered somewhat in that the Egyptian government is a co-investor in the Sukari mine; it is therefore in the government's interest for the mine to succeed. In addition there has been a challenge to the company's mining title and the hearing is slowly moving through the court. The company fully expects to rebuff this challenge.

In the context of a portfolio of investments, Zeta has chosen to hold a portion of the company's assets in Centamin, noting that it has the highest political risk, but also the highest potential returns should the situation stabilise.

Kumarina

Kumarina is a 100%-owned subsidiary of Zeta. The company is focused on two prospective projects in Western Australia. Following the scheme of arrangement by which Kumarina became part of Zeta, we have elected to pursue a modest programme of capital expenditure given the high opportunity cost of capital in the sector. Nevertheless, results of this programme have been encouraging.

Kumarina announced a maiden resource at the Ilgarari copper project in November 2012 of copper oxide resources of 1.1 million tonnes at 1.89% Cu for 20,940 tonnes of contained copper. Whilst the company's primary focus has been on exploration directed at the discovery of primary sulphide mineralisation, the oxide copper resource at Ilgarari has potential to be developed as a heap leach operation. Further drilling directed at expanding the near surface resource combined with large scale column tests to generate more certain leach kinetics are being considered as a future option for the oxide resource. In the meantime a review of the company's tenement holdings in the region was completed in June that resulted in relinquishing a number of licenses.

At the Murrin Murrin copper-gold project, Kumarina completed 67 RC drill holes for a total of 4,668 metres in the year to 30 June 2013. Other work programs included low level aeromagnetic survey, metallurgical test work, preliminary pit optimisation studies and site rehabilitation. The results from the drilling programs indicate that potential exists to delineate an economic mineable resource at the Malcolm Challenger project. Further drilling will be required to complete a mine study, but work on mine planning has been deferred for the time being due to the unfavourable market conditions.

Kumarina Tenement Schedule

Project Area	Tenement ID	Ownership	Comments
Ilgarari	E52/2274	100%	
Murrin Murrin	M39/1068	100%	
	M39/397	100%	
	M39/398	100%	
	M39/399	100%	
	M39/400	100%	
	M39/0371	0%	Gold and Base Metals Rights
	M39/0372	0%	Gold and Base Metals Rights
	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%	

FIVE LARGEST HOLDINGS

As at 30 June 2013	**Company** *(Country of principal activity)*		Fair Value USD 000	% of Total Investments
1	New Zealand Oil & Gas Limited	*(New Zealand)*	20,385	50.3%
2	Resolute Mining Limited	*(Mali, Australia)*	4,968	12.3%
3	Centamin Plc	*(Egypt)*	4,785	11.8%
4	Kumarina Resources Limited– unlisted	*(Australia)*	4,296	10.6%
5	Seacrest LP – unlisted	*(Global)*	3,250	8.0%
	Other investments		2,842	7.0%
	Total Portfolio		**40,526**	**100.0%**

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

REVIEW OF THE FIVE LARGEST HOLDINGS

NEW ZEALAND OIL & GAS LIMITED (NEW ZEALAND)

www.nzog.com

Market Cap: US$264.2 million

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 (12.5% partner). In addition, NZOG has an exploration portfolio in New Zealand, Indonesia and Tunisia. NZOG is listed on both the New Zealand and Australian stock exchanges. While the price of oil has increased recently, NZOG's share price has increased just 3% during the 12 months to June 2013. During this period the company paid a dividend of 6 cents, which represents a net yield of 7%. Full year results to 30 June 2013, while behind the previous year, were above forecasts with revenues at NZ$98.0 million due largely to an increased oil price during the year. Cash flow from operating activities was NZ$54.3 million. At year end NZOG had NZ$158 million (US$122 million) of net cash. The next year is likely to be active, with drilling expected to continue in Indonesia, and an active drilling programme in offshore Taranaki, New Zealand, for the first time in some years.

RESOLUTE MINING LIMITED (AUSTRALIA)

www.resolute-ltd.com.au

Market Cap: US$349.3 million

Resolute Mining Limited is an unhedged gold producer, with long life mines at Syama in Mali and Ravenswood in Australia. In the year to June 2013 Resolute's various operations yielded 436,000 ounces of gold, an increase of +9.4% year-on-year, at an average cash cost of A$811 per ounce. During the year the price of gold dropped significantly, falling from a peak of almost US$1,800 in October to a low of US$1,200 in June. Resolute's share price suffered accordingly, falling 56% in the 12 months to June 2013. While civil unrest in the north of Mali and an intervention by France there also influenced perceptions regarding Resolute, the company's Syama operations in the south of the country continue to be unaffected. In the wake of falling gold prices, the company has scaled back its capital expenditure plans, and instead used cash flows to make select investments in other gold companies. As a mid-cost producer, it is expected that the company's production will continue unhindered.

CENTAMIN PLC (UNITED KINGDOM)

www.centamin.com

Market Cap: US$527.7 million

Centamin Plc is a low-cost gold producer based in Egypt. The company's share price has suffered in the wake of the fall in the gold price, concerns around political events in Egypt, and the fact that the company is subject to two court cases brought by the Egyptian government. The first court case pertains to the company's right to fuel subsidies; the other is regarding the company's license to operate. It is expected that even if the company loses its operating license it will be able to renegotiate a new one with the Egyptian government. Operationally, the company has continued to perform well, with cash costs for calendar 2013 projected to be US$700 per ounce and production of c. 320,000 ounces. The Sukari mine has a long life, with approximately 10m ounces of gold in reserves. The company also has substantial cash reserves on its balance sheet, and no debt. A substantial plant expansion is being funded from cost recoveries, and is expected to be commissioned during the second half of calendar 2013. The company is targeting annual production of 500,000 ounces by 2015.

KUMARINA RESOURCES LIMITED (AUSTRALIA)

www.kumarina.com

Market Cap: N/A - Unlisted

Kumarina was incorporated in Western Australia on 24 March 2010 and was subsequently admitted to the official list of ASX on 13 December 2011. Following its successful initial public offering, which raised A$10.3 million, the company has completed a number of exploration programs aimed at upgrading the exploration assets. These programs included drilling, geophysical surveys, compiling of electronic data bases, resource estimations and geological mapping. The exploration completed to date has been successful in extending mineralisation at both the Ilgarari Project and the Murrin Murrin Project, both of which are located in Western Australia. Further exploration work will depend in part on market conditions as to timing.

SEACREST LP (BERMUDA)

www.seacrest.com

Market Cap: N/A - Unlisted

Seacrest is an unlisted Bermuda-based private seismic specialist oil explorer. With a large team of petroleum geologists, the company is creating value by offering a better understanding of regional seismic patterns in oil and gas exploration basins globally. Seacrest's commercial approach is to join with operating exploration firms, and acquiring interests in joint ventures through farm-ins. Seacrest has established a number of subsidiaries with regional focuses.

INVESTMENT TEAM

DUGALD MORRISON

Dugald Morrison, based in Wellington, New Zealand, is the General Manager for ICM New Zealand. He has extensive investment analysis experience, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom, and the United States since 1987. Mr Morrison is a director of RESIMAC Financial Services Limited and Brightwater Group Limited, and a member of the New Zealand Institute of Directors.

DUNCAN SAVILLE

Mr Saville is a chartered accountant and is a director of ICM Limited. He is a non-executive director of Infratil Limited. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director in both the water and airport sectors.

ALASDAIR YOUNIE

Alasdair Younie is a director of ICM Limited. Based in Bermuda he is a qualified chartered accountant with significant 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 AK Jensen Group Limited and Vix Holdings Limited and is a member of the Institute of Chartered Accountants in England and Wales.

JONATHAN GROOCOCK

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

INVESTMENT APPROACH

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

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

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

CORPORATE GOVERNANCE STATEMENT

1. Introduction

The board of directors of Zeta Resources Limited has adopted the following Corporate Governance Principles promulgated by the ASX Corporate Governance Council ("Council") and is responsible for the adherence to these Principles. These Principles and Practices will be reviewed regularly and upgraded or changed to reflect changes in law and what is regarded as best practice. A description of the company's main Corporate Governance Principles and Practices is set out below.

2. Role of the Board

The board has adopted the following Statement of Matters for which the board will be responsible:

(a) review and determine the company's strategic direction and operational policies;

(b) review and approve business plans, budgets and forecasts and set goals for management;

(c) appoint and remunerate senior staff (if any);

(d) review performance of senior staff (if any);

(e) review performance of the Investment Manager (as defined below);

(f) review financial performance against Key Performance Indicators on a monthly basis;

(g) approve capital, development and other large expenditures;

(h) review risk management and compliance;

(i) oversee the company's control and accountability systems;

(j) report to shareholders; and

(k) ensure compliance with environmental, taxation, Corporations Act, the Bermudan Companies Act 1981 and other applicable laws and regulations.

3. Investment Manager

Zeta has entered into an Investment Management Agreement with ICM Limited, pursuant to which ICM Limited acts as investment manager ("Investment Manager"). The Investment Manager recommends policies, strategic direction and business plans for the board's approval and is responsible for managing the company's day-to-day business.

4. Board Independence

(a) The board consists of three directors, but up to 10 directors can serve on the board. There are no executive directors. All of the directors are non-executive. The current directors are:

Peter Sullivan, Non-Executive Chairman, 57 years, Appointed June 2013

Xi Xi, Non-Executive Director, 37 years, Appointed June 2013

Marthinus Botha, Non-Executive Director, 54 years, Appointed June 2013

(b) Ms Xi and Mr Botha are considered independent directors on the board, according to the guidelines of the Council.

(c) As a result, the company complies with the Council's recommendation, Item 2.1, that the majority of the company's directors should be independent directors. In addition, the board has adopted a series of safeguards to ensure that independent judgement is applied when considering the business of the board:

(i) Directors are entitled to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required but this is not unreasonably withheld.

(ii) Directors having a conflict of interest with an item for discussion by the board must absent themselves from a board meeting where such item is being discussed before commencement of discussion on such topic.

(iii) The independent directors confer on a "needs" basis with the Chairman with such discussion if warranted and considered necessary by the independent directors.

(iv) The board considers non-executive directors to be independent even if they have minor dealings with the company, provided they are not a substantial shareholder. Transactions with a value in excess of 5% of the company's annual operating costs are considered material. A director will not be considered independent if he/she is involved in transactions with the company that are in excess of this materiality threshold.

5. Tenure of the Board

(a) The directors are expected to review their membership of the board from time to time taking into account the length of service on the board, age, qualification and experience. In accordance with the company's Bye-laws and in light of the needs of the company and direction of the company together with such other criteria considered desirable for composition of a balanced board and the overall interests of the company.

(b) A director is expected to resign if the remaining directors recommend that a director should not continue in office, but is not obliged to do so.

6. Chairman

(a) Peter Sullivan has been appointed as Chairman of the company. Mr Sullivan brings a wealth of business experience, connections and drive to the board. As Mr Sullivan is a substantial shareholder he is not considered to be independent.

(b) The Chairman's role includes:

(i) providing effective leadership on formulating the board's strategy;

(ii) representing the views of the board to the public;

(iii) ensuring that the board meets at regular intervals throughout the year and that minutes of meeting accurately record decisions taken and where appropriate the views of individual directors;

(iv) guiding the agenda, information flow and conduct of all board meetings;

(v) reviewing the performance of the board of directors; and

(vi) monitoring the performance of the management of the company.

7. Nomination Committee

(a) Due to the small size of the company and the number of board members, the board does not have a formal nomination committee structure. Any new directors will be selected according to the needs of the company at that particular time, the composition and the balance of experience on the board as well as the strategic direction of the company.

(b) Should the need arise to consider a new board member, some or all of the directors would form the committee to consider the selection process and appointment of a new director.

(c) At each annual general meeting the following directors retire:

(i) one third of directors (excluding the Managing Director, if any);

(ii) directors appointed by the board to fill casual vacancies or otherwise; and

(iii) directors who have held office for more than three years since the last general meeting at which they were elected.

8. Ethical and Responsible Decision-Making

(a) In making decisions, the directors of the company, its officers and employees, take into account the needs of all stakeholders:

(i) the company;

(ii) shareholders;

(iii) employees;

(iv) the community;

(v) creditors;

(vi) contractors; and

(vii) governments which are relevant to the company's business and operations.

(b) The directors, officers and employees of the company are expected to:

(i) comply with the laws and regulations both by the letter and in spirit;

(ii) act honestly and with integrity;

(iii) avoid conflicts of interest by not placing themselves in situations which result in divided loyalties;

(iv) use the company's assets responsibly and in the interests of the company, not take advantage of property, information or position for personal gain or to compete with the company;

(v) keep non-public information confidential except where disclosure is authorised or legally mandated; and

(vi) be responsible and accountable for their actions and report any unethical behaviour.

9. Trading in Company Securities

(a) The company encourages directors and employees to adopt a long-term attitude to their investment in the company's securities. In accordance with Corporate Governance principals the company has formulated a Securities Trading Policy. All directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the company is undertaken within the framework set out in the Securities Trading Policy.

(b) The Securities Trading Policy does not prevent directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the company. However, directors or employees are prevented from trading in the securities once acquired if the individual is in possession of price sensitive information not generally available to all security holders.

(c) In keeping with recent Listing Rule amendments, additional restrictions are placed on trading by directors and other personnel as determined by the Chairman and Company Secretary from time to time ("Key Management Personnel").

(d) Key Management Personnel must not deal in company securities at any time if in possession of any inside information relating to those securities.

(e) In addition to the overriding prohibition against dealing in the company's securities when a person is in possession of inside information, Key Management Personnel and their associated parties are at all times prohibited from dealing in the company's securities during prescribed 'closed' periods ("Closed Periods"). The company has nominated Closed Periods to be during the week prior to the release of the company's Quarterly Reports unless exceptional circumstances apply.

(f) The Securities Trading Policy also includes a clause prohibiting directors and executives (if any) from entering into transactions in associated products which operate to limit the economic risk of security holdings in the company over unvested entitlements.

(g) In accordance with Listing Rules, a director must notify the ASX within 5 business days after any change in the director's relevant interest in securities of the company or a related body corporate of the company.

(h) A director must notify the Company Secretary in writing of the requisite information within 2 business days in order for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the ASX Listing Rules.

10. Integrity of Financial Reporting

Zeta's Chairman and Investment Manager will report in writing to the board:

(a) That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and group; and

(b) That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the board and that the company's risk management and internal controls are operating efficiently in all material respects.

11. Audit Committee

(a) The company does not have a formal audit committee as, in the opinion of the directors, the scope and size of the company's operations do not warrant it. As such the company is not in compliance with the Council's Recommendation 4.2, that the board should establish an audit committee.

(b) The board will regularly review the scope of external audits, the level of audit fees and the performance of auditors. In addition the board will assess the ongoing independence of the external auditor and will, if necessary, use other consultants to avoid any potential independence issues.

12. Timely and Balanced Disclosure to the Australian Securities Exchange

(a) The company has procedures in place to identify matters that are likely to have a material effect on the price of the company's securities and to ensure those matters are notified to the Australian Securities Exchange in accordance with its listing rule disclosure requirements.

(b) The distribution of information to the market and media will be handled by the Chairman or the Company Secretary. The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange. This role includes responsibility for compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules and overseeing and coordinating information disclosures to the Australian Securities Exchange, analysts, brokers, shareholders the media and the public.

(c) All disclosures to the Australian Securities Exchange will be posted on the company's website soon after clearance has been received from the Australian Securities Exchange.

(d) The Chairman and Company Secretary will monitor information in the marketplace to ensure that a false market does not emerge in the company's securities.

13. Communication with Shareholders

(a) It is the company's communication policy to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company.

(b) The information will be communicated to the shareholders through:

(i) continuous disclosure announcements made to the Australian Securities Exchange;

(ii) distribution of the annual report to shareholders together with a notice of meeting;

(iii) posting of half-yearly results and all Australian Securities Exchange announcements on the company's website;

(iv) posting of all major drilling results;

(v) posting of all media announcements on the company's website; and

(vi) the calling of annual general meetings, and other meetings of shareholders, as required, and to obtain approval for board action as considered appropriate.

On the company's website, information about the company's projects will be shown.

(c) At annual general meetings and other general meetings of shareholders, shareholders will be encouraged to ask questions of the board of directors relating to the operation of the company.

14. Risk Management

Due to its size of operation and size of the board, there is no formal board committee to identify, assess and monitor and manage risk. Responsibility for day-to-day control and risk management lies with the Investment Manager and Company Secretary (financial risk) with reporting responsibility to the board. The board will monitor risks including but not limited to compliance with development and environmental approvals, tendering, contracting and development, pricing of products, quality, safety, strategic issues, financial risk, joint venture, accounting and insurance. Any changes in the risk profile for the company will be communicated to its stakeholders via an announcement to the Australian Securities Exchange.

15. Performance

(a) The board has adopted a self-evaluation process to measure its own performance. The Chairman evaluates the performance of each director and the board evaluates the performance of the Chairman. If the company has any executives or senior staff, the board will be responsible for evaluating the performance of those executives and senior staff. All performance evaluations will be measured against budget, goals and objectives set.

(b) All directors of the board have access to the Company Secretary who is appointed by the board. The Company Secretary reports to the Chairman, in particular to matters relating to corporate governance.

(c) All board members have access to professional independent advice at the company's expense provided they first have obtained the Chairman's approval which will not be unreasonably withheld.

16. Remuneration

(a) Directors

(i) The non-executive directors including the Chairman are eligible to receive a fixed directors' fee. The maximum aggregate amount of fees which could be paid to non-executive directors, as authorised by the company's Bye-laws is $200,000pa. The objective of the company's remuneration policies, processes and practices are to attract and retain appropriately qualified and experienced directors who will add value by adopting competitive remuneration and reward programmes which are fair and responsible and aligned with shareholder objectives. Remuneration is also determined having regard to how directors are remunerated for other similar companies, the time spent on the company's matters and the performance of the company.

(ii) The company does not have a Managing Director. Responsibility for managing the company's day-to-day business is undertaken by the Investment Manager, under the terms of the Investment Management Agreement. The board will continue to monitor the company's circumstances and, if circumstances change and the board considers it appropriate, the board may appoint a Managing Director.

(iii) The board has no retirement or termination benefits.

(b) Senior Executives

The Investment Manager is responsible for managing the company's day-to-day business. Due to the size of its operations, the company does not have any senior executive employees. The board will monitor the company's business activities and should the need arise, will consider employing executives or senior staff capable of managing the company's operations.

(c) General

(i) The company does not have a separate remuneration committee. The board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The board as a whole is responsible for the remuneration arrangements for directors and executives (if any) of the company and considers it more appropriate to set aside time at board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

(ii) The company does not operate an employee share option plan and there are no options outstanding issued to directors.

17. Interests of Stakeholders

(a) It is the company's objective to create wealth for its shareholders and provide a safe and challenging environment for employees (if any) and for the company to be a valuable member of the community as a whole.

(b) The company's ethical and responsible behaviour is set out under the heading "Ethical and Responsible Decision-making".

(c) The company's core values are summarised as follows:

(i) provide value to its shareholders through growth in its market capitalisation;

(ii) act with integrity and fairness;

(iii) create a safe and challenging workplace;

(iv) be participative and recognise the needs of the community;

(v) protect the environment;

(vi) be commercially competitive; and

(vii) strive for high quality performance and development.

18. Diversity Policy

(a) Due to the scope and size of the company's operations, the board does not have a formal diversity policy in line with the ASX's Corporate Governance guidelines.

(b) The company believes that the promotion of diversity on its board and within the organisation generally is good practice.

(c) The board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels without detracting from the principal criteria for selection and promotion of people to work within the company based on merit.

(d) The board believes that there is no detriment to the company in not adopting a formal diversity policy or in not setting gender diversity objectives as the company is committed to providing all employees with fair and equal access to employment opportunities and nurturing diversity within the company. This is evident as one of the three board members is a woman (Ms Xi Xi (non-executive director)).

(e) The board will regularly review the size of its operations and will, if necessary, adopt a formal diversity policy and gender diversity objective as appropriate.

ASX Principles and Recommendations		Status
1	**Lay solid foundations for management and oversight** Companies should establish and disclose the respective roles and responsibilities of board and management	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Compliant. The role of the board, delegations of authority, and powers of the board have been set out in a 'Statement of Matters' included in the Corporate Governance Statement and disclosed on the company website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	Non-compliant. The board does not currently have a formal policy for the evaluation of the performance of its senior executives because it does not have any employees. As the company progresses, and hires/wishes to hire executives, the board intends to establish formal, quantitative and qualitative performance evaluation procedures.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	Compliant. Disclosed in the Corporate Governance Statement.
2	**Structure the Board to add value** Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties	
2.1	A majority of the board should be independent directors	Compliant. The board currently comprises 3 directors 2 of whom are considered independent.
2.2	The chair should be an independent director	Non-compliant. The company does not have an independent chairman. Mr Peter Sullivan is a substantial shareholder and is therefore not considered to be independent in accordance with the ASX Principles and Recommendations. Due to the company's size, its operations, the size of the board, and that Mr Peter Sullivan's interests in the company align with shareholders; the board does not consider it necessary to have an independent chair. Furthermore, the board considers Mr Peter Sullivan brings significant value to his role as chair due to his vast experience in the resources sector.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	Compliant. The company does not have a chief executive officer but delegates executive responsibility to a management company ICM Limited.
2.4	The board should establish a nomination committee	Non-compliant. The board has considered the need for a nomination committee, and believes that the company is not of a size to justify the establishment of a separate committee. It is therefore more appropriate for such responsibilities to be met by the full board rather than a separate committee.

ASX Principles and Recommendations		Status
2.5	Companies should disclose the process for evaluating the performance of the board, its committee and individual directors	Compliant. The board has adopted a self-evaluation process to measure its own performance. The Chairman evaluates the performance of each director and the board evaluates the performance of the Chairman. If the company has any executives or senior staff, the board will be responsible for evaluating the performance of those executives and senior staff. All performance evaluations will be measured against budget, goals and objectives set.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	Compliant. Disclosed in the Corporate Governance Statement and Director's sections on the company website. The current board, appointed on 7 June 2013, has not yet undertaken any performance evaluation as required in the Corporate Governance Statement.
3	**Promote ethical and responsible decision-making** Companies should actively promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Compliant. The company's Corporate Governance Statement addresses these practices and issues, and is included on the company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Non-compliant. Due to the scope and size of the company's operations, and in particular the engagement of the Investment Manager, the board does not have a formal diversity policy in line with the ASX's Corporate Governance guidelines. The company believes that the promotion of diversity on its board and within the organisation generally is good practice. The board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels without detracting from the principal criteria for selection and promotion of people to work within the company based on merit. The board believes that there is no detriment to the company in not adopting a formal diversity policy or in not setting gender diversity objectives as the company is committed to providing all employees with fair and equal access to employment opportunities and nurturing diversity within the company. This is evident as one of the three board members is a woman (Ms Xi Xi (non-executive director)). The board will regularly review the size of its operations and will, if necessary, adopt a formal diversity policy and gender diversity objective as appropriate.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	Non-compliant. Refer 3.2
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Non-compliant. Refer 3.2
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Non-compliant. Refer 3.2
4	**Safeguard integrity in financial reporting** Companies should have a structure to independently verify and safeguard the integrity of their financial reporting	
4.1	The board should establish an audit committee	Non-compliant. The company does not have a formal audit committee as, in the opinion of the directors, the scope and size of the company's operations do not warrant it. As such, the company is not in strict compliance with the Council's Recommendation 4.2, that the board should establish an audit committee. The board will regularly review the scope of external audits, the level of audit fees and the performance of auditors. In addition, the board will assess the ongoing independence of the external auditor and will, if necessary, use other consultants to avoid any potential independence issues.
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not a chair of the board • has at least three members	Non-compliant. Refer 4.1
4.3	The audit committee should have a formal charter	Non-compliant. Refer 4.1
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Non-compliant. Refer 4.1

ASX Principles and Recommendations		Status
5	**Make timely and balanced disclosure** Companies should promote timely and balanced disclosure of all material matters concerning the company	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Compliant. The company's policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the company's Corporate Governance Statement on the company website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Compliant. Disclosed in the Corporate Governance Statement on the company website.
6	**Respect the rights of shareholders** Companies should respect the rights of shareholders and facilitate the effective exercise of those rights	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Compliant. The company has a policy of communicating in an open, regular and timely manner with shareholders.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Compliant. Disclosed in the Corporate Governance Statement on the company's website.
7	**Recognise and manage risk** Companies should establish a sound system of risk oversight and management and internal control	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Non-compliant. Due to its size of operation and size of the board, there is no formal board committee to identify, assess and monitor and manage risk. Responsibility for day-to-day control and risk management lies with the Investment Manager and Company Secretary (financial risk) with reporting responsibility to the board. The board will monitor risks including but not limited to compliance with development and environmental approvals, tendering, contracting and development, pricing of products, quality, safety, strategic issues, financial risk, joint venture, accounting and insurance. Any changes in the risk profile for the company will be communicated to its stakeholders via an announcement to the Australian Securities Exchange.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Non-compliant. The new board has not yet received a report from Management setting out material business risks as the company has had no recent corporate or operational activity. The new board will monitor this as it moves forward with re-evaluation of the business and remaining assets post Scheme Implementation.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	Compliant. The Chairman and Investment Manager have provided these assurances as part of the annual financial statement review.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Non-compliant. Refer 7.1
8	**Remunerate fairly and responsibly** Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear	
8.1	The board should establish a remuneration committee	Non-compliant. The board has considered the need for a remuneration committee, and believes that the company is not of a size to justify the establishment of a separate committee. It is therefore more appropriate for such responsibilities to be met by the full board rather than a separate committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	Non-compliant. The board does not have a separate remuneration committee and as such does not comply with Recommendation 8.2.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Non-compliant. The company does not have executive directors and senior executives. The company's day-to-day business is undertaken by the Investment Manager, under the terms of the Investment Management Agreement.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Non-compliant. Refer 8.1

DIRECTORS' REPORT

Your directors present their report of Zeta Resources Limited and the group, including its subsidiary, Kumarina Resources Limited for the period ended 30 June 2013.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Peter Ross Sullivan	(appointed 7 June 2013)
Marthinus (Martin) Botha	(appointed 7 June 2013)
Xi Xi	(appointed 7 June 2013)
Charles Jillings	(resigned 7 June 2013)
Alasdair Younie	(resigned 7 June 2013)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

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

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

OPERATING AND FINANCIAL REVIEW

Operating Results

The net loss after income tax attributable to the company for the period to 30 June 2013 amounted to $9,705,965. The net loss after income tax attributable to the group for the period 30 June 2013 amounted to $9,703,842.

Overview of Operating Activity

The company listed on the ASX on 12 June 2013 following a scheme of arrangement to merge a portfolio of investments in resources companies held by its parent company Utilico with ASX-listed junior gold explorer Kumarina Resources Limited. The combined value of the investments acquired under these two transactions was $45,628,679.

Subsequent to the listing the company proceeded to build its portfolio of resource investments by investing a further $10,583,403. A decline in the fair value of the portfolio resulted in an unrealised loss recognised in profit or loss at the period end of $9,706,953 (group $6,523,839).

The activities of the company's subsidiary related to further exploration and evaluation of the existing Australian mining tenements (the Murrin Murrin and Ilgarari Projects) and a total of A$854,477 was invested during the 12 months to 30 June 2013 in further drilling and analysis work.

Financial Position

At the end of the period the company had $2,383,913 in cash and cash equivalents, and the group had $2,603,538 in cash and cash equivalents. Investments by the company and the group at fair value totalled $36,229,896, and the investment in Kumarina by the company was valued at $10,275,233.

The company and the group has a loan owing to Utilico of $4,577,000 and the company has a loan owing to its subsidiary of $5,468,485 at the period end. Amounts outstanding to brokers (for settlement of trades) totalled $2,877,359 at 30 June 2013.

During the period 50,614,556 ordinary shares and 10,122,903 options with a A$1.00 exercise price were issued. No options were exercised during the year.

Dividends

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

After Balance Date Events

Utilico increased an existing loan facility from A$5 million to A$10 million to facilitate further investments by the company and group, other than this there were no matters or circumstances which have arisen since the end of the period which significantly affected or may significantly affect the group or company's operations, the results of those operations or the group or company's state of affairs in future periods.

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. The Chairman's Statement and Investment Manager's Report give a general indication of the company's business strategies and likely developments in operations and expected results of those operations in future financial years.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Peter Ross Sullivan BE, MBA
(Non-Executive 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. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships. Mr Sullivan has considerable experience in the management and strategic development of resource companies.

Directorships of other listed companies in the last 3 years

Mr Sullivan has been a director of Resolute Mining Limited since June 2001 and GME Resources Limited since 1996. He was also a director of Kumarina Resources Limited from December 2011 to 24 June 2013 when Kumarina was delisted.

Marthinus (Martin) Botha
(Non-Executive Director)

Appointed 7 June 2013

Mr Botha is an Engineering Surveyor by training who has almost 30 years' experience in banking, with the last 24 years spent in leadership roles building Standard Bank Plc's (part of The Standard Bank of South Africa Limited group of companies) international operations. Mr Botha's specific primary responsibilities have included establishing and leading the development of the core global natural resources trading and financing franchises, as well as various geographic strategies, including those in the Russian Commonwealth of Independent States, Turkey and Middle East. Mr Botha is currently Non-Executive Chairman of Sberbank CIB (UK) Limited, a securities broker regulated by UK Financial Services Authority.

Xi Xi
(Non-Executive Director)

Appointed 7 June 2013

Ms Xi is a financial analyst with more than 10 years' experience in the mining, energy and natural resource industry. Her experience ranges from managing companies focused on international exploration and development of mining projects to restructuring and overseeing a portfolio of private and public companies. Ms Xi holds dual Bachelor of Science degrees in Chemical Engineering and Economics from the Colorado School of Mines and a Master of Arts in International Relations and China Studies from Johns Hopkins School of Advanced International Studies.

Directorships of other listed companies in the last 3 years

Ms Xi was a non-executive director of Noble Minerals Resources (ASX: NMG).

BCB Charter Corporate Services Limited
(Company Secretary)

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

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

Mark Edward Pitts B.Bus FCA
(Assistant Company Secretary - Australia)

Mr Pitts was appointed as Company Secretary in June 2013.

Mr Pitts is a Chartered Accountant with over twenty five years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a partner in the corporate advisory firm Endeavour Corporate. Endeavour offers professional services focused on company secretarial support, corporate advice, supervision of ASIC and ASX reporting and compliance requirements, and commercial and financial support.

PREVIOUS DIRECTORS

Charles Jillings
Resigned 7 June 2013

Alasdair Younie
Resigned 7 June 2013

REMUNERATION REPORT

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration.
- Details of remuneration
- Service agreements
- Share based compensation

Remuneration Policy

The board of directors is responsible for remuneration policies and the packages applicable to the directors of the company. The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The directors are remunerated for the services they render to the company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors who have no interest in the engagement of services.

At the date of this report the company had not entered into any packages with directors or senior executives which include performance based components.

Details of Remuneration for Directors

As the company only became operational toward the end of the reporting period no remuneration was paid to directors for the period ended 30 June 2013. It is expected that directors will be remunerated from 1 July 2013.

The company had no employees as at 30 June 2013.

Share Based Compensation

There is currently no provision in the policies of the company for the provision of share based compensation to directors. The interest of directors and executives in shares and options is set out elsewhere in this report.

Directors and Executives' Interests

The relevant interests of directors and executives either directly or through entities controlled by the directors and executives in the share capital of the company and related body corporates as at the date of this report are:

Director	Ordinary Shares Opening Balance	Net Change	Ordinary Shares Closing Balance
Peter R Sullivan	-	3,220,566	3,220,566
Martin Botha	-	-	-
Xi Xi	-	-	-

Mr Sullivan also holds 644,113 options with a strike price of A$1.00 and an expiry of 7 June 2016. These were issued to Mr Sullivan under the same one for five bonus issue given to all shareholders.

MEETINGS OF DIRECTORS

As the reporting period is the first period of existence of the company, and during this time the company was in the process of being incorporated, there were no physical board of directors meetings held.

The board has had one meeting since incorporation, this meeting was held on 7 June 2013 via teleconference and all directors were present at the meeting. All resolutions passed prior to this since the incorporation of the company on 13 August 2012 were made by unanimous written resolution.

Loans to Directors and Executives

There were no loans entered into with directors or executives during the period under review.

Listed Options

At the date of this report the number of listed options on issue was as follows:

10,122,903 Options exercisable at $1.00 each, expiring 7 June 2016. These were issued as a bonus issue to all shareholders.

There were no shares issued during the year or since the end of the year upon exercise of options.

Audit Committee

The board reviews the performance of the external auditors on an annual basis and will meet with them during the year to review findings and assist with board recommendations.

The board does not have a separate audit committee with a composition as suggested in the best practice recommendations. The full board carries out the function of an audit committee.

The board believes that the company is not of a sufficient size to warrant a separate committee and that the full board is able to meet objectives of the best practice recommendations and discharge its duties in this area.

Indemnifying Officers or Auditors

The company has not, during or since the period ended, in respect of any person who is or has been an officer or the auditor of the company or of a related body corporate indemnified or made any relative agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in defending legal proceedings.

Environmental Regulation

The company's subsidiary's (Kumarina Resources Limited) operations are subject to the Western Australian Mining Act 1978 and the Environmental Protection Act 1986.

The directors are not aware of any significant breaches and no actions were initiated for breaches under the Environmental Protection Act during the period covered by this report.

Non-audit Services

No non–audit services were performed by the auditors of the company during the period.

On-market Buy Back Scheme

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

Investment Management Agreement

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

Performance fees are payable annually at year end at a rate of 15% of equity funds (adjusted for any dividends paid or accrued) on calculation date less adjusted base equity funds (high-water mark) previously used in the performance fee calculation. The adjusted base equity funds is the base equity fund used in the last performance fee calculation adjusted by the average percentage income yield on the S&P/ASX 300 Metals and Mining Index. No performance fee was payable for the period.

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

The company also paid US$21,800 in management fees during the reporting period.

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

Peter R Sullivan
Chairman
Perth, Western Australia
16 September 2013

INDEPENDENT AUDIT REPORT

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

We have audited the consolidated and separate financial statements of Zeta Resources Limited, which comprise the statements of financial position at 30 June 2013, and the statements of comprehensive income, changes in equity and cash flows for the period 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 29 to 60.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Zeta Resources Limited at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the period ended 30 June 2013, we have read the Directors' Report 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 KT Hopkins
Chartered Accountant (SA)
Registered Auditor
Director
27 September 2013

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 period ended 30 June 2013, 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 KT Hopkins
Chartered Accountant (SA)
Registered Auditor
Director

27 September 2013

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	Consolidated 2013 $	Company 2013 $
Non-current assets			
Deferred exploration and evaluation expenditure	4	4,295,631	-
Formation expenses		2,124	-
Plant and equipment	5	61,714	-
Investment in subsidiary	6	-	10,275,233
Investments	7	36,229,896	36,229,896
Current assets			
Trade and other receivables	8	640,313	-
Cash and cash equivalents	9	2,603,538	2,383,913
Total assets		**43,833,216**	**48,889,042**
Non-current liabilities			
Loan from subsidiary	10	-	(5,468,485)
Current liabilities			
Trade and other payables	11	(450,225)	(39,689)
Balance due to brokers		(2,877,359)	(2,877,359)
Loan from parent	12	(4,577,000)	(4,577,000)
Total liabilities		**(7,904,584)**	**(12,962,533)**
NET ASSETS		35,928,632	35,926,509
Equity			
Share capital	13	406	406
Share premium	13	45,632,068	45,632,068
Accumulated losses		(9,338,686)	(9,705,965)
Foreign currency translation reserve		(365,156)	-
TOTAL EQUITY		**35,928,632**	**35,926,509**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

	Notes	Consolidated 2013 $	Company 2013 $
Revenue			
Investment Income	14	(6,523,839)	(9,706,953)
Other Income	15	269,129	269,129
Expenses			
Interest expense		-	(21,209)
Impairment - goodwill on acquisition of subsidiary	16	(3,033,469)	-
Management and consulting fees	17	(35,147)	(26,925)
Operating and administration expenses	18	(561,799)	(220,007)
Loss before income tax benefit		**(9,885,125)**	**(9,705,965)**
Income tax benefit	19	546,439	-
Loss for the period		**(9,338,686)**	**(9,705,965)**
Other comprehensive income			
Movement in foreign currency translation reserve		(365,156)	
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(9,703,842)**	**(9,705,965)**
Loss per share			
Basic and diluted loss per share (cents per share)	20	(0.69)	(0.69)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

	Notes	Share Capital $	Share Premium $	Accumulated Loss $	Foreign Currency Translation Reserve $	Total $
CONSOLIDATED						
Balance at incorporation		-	-	-	-	-
Issue of share capital	13	406	45,632,068	-	-	45,632,474
Net loss for the period ended		-	-	(9,338,686)	-	(9,338,686)
Total other comprehensive income		-	-	-	(365,156)	(365,156)
BALANCE AT 30 JUNE 2013		**406**	**45,632,068**	**(9,338,686)**	**(365,156)**	**35,928,632**
COMPANY						
Balance at incorporation		-	-	-	-	-
Issue of share capital		406	45,632,068	-	-	45,632,474
Net loss for the period ended		-	-	(9,705,965)	-	(9,705,965)
BALANCE AT 30 JUNE 2013		**406**	**45,632,068**	**(9,705,965)**	**-**	**35,926,509**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

	Notes	Consolidated 2013 $	Company 2013 $
Cash flows from operating activities			
Cash generated by operations	21.1	2,728,729	2,670,116
Interest received		51,832	-
Interest expense		-	(21,209)
Net cash flows from operating activities		**2,780,561**	**2,648,907**
Cash flows from investing activities			
Investments purchased		(10,583,403)	(10,583,403)
Exploration and evaluation expenditure		(210,577)	-
Acquisition of subsidiary, net of cash acquired	21.2	5,837,490	-
Net cash flows from investing activities		**(4,956,490)**	**(10,583,403)**
Cash flows from financing activities			
Proceeds from issue of shares	21.3	3,795	3,795
Loan from parent		4,577,000	4,577,000
Loan from subsidiary		-	5,468,485
Net cash flows from financing activities		**4,580,795**	**10,049,280**
Net movement in cash and cash equivalents		2,404,866	2,114,784
Cash and cash equivalents at the beginning of the period		-	-
Effect of exchange rate fluctuations on cash held		198,672	269,129
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**9**	**2,603,538**	**2,383,913**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

1. General Information

Zeta Resources Limited ('the company') is an investment company incorporated on 13 August 2012, domiciled in Bermuda and listed on the Australian Stock Exchange. The consolidated financial statements of the company as at and for the period ended 30 June 2013 comprise the company and its wholly owned subsidiary, Kumarina Resources Limited which was acquired under a scheme of arrangement on 7 June 2013.

2. Basis of Preparation

2.1 Statement of Compliance

The consolidated and separate financial statements for the period ended 30 June 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs). The following accounting policies have, in all material respects, been applied consistently by group entities.

The financial statements were authorised for issue by the board of directors on 16 September 2013.

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised and in any future periods affected.

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. They have determined that they are not yet at a stage of determining whether there is an economic resource.

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 23.

2.5 Adoption of New and Revised Standards

Future Amendments Not Early Adopted in the 2013 Period Ended Financial Statements

At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the group, have been issued by the International Accounting Standard Board, although the European Union has not yet endorsed all of these statements.

IFRS 9 Financial Instruments (effective for years commencing on or after 1 January 2015) - 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.

2. Basis of Preparation Continued

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 2016 and will be applied retrospectively, subject to certain transitional provisions. The impact on the financial statements has not yet been estimated.

IFRS 10 Consolidated Financial Statements (effective from 1 January 2013) - this standard introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with that investee, it has the ability to affect those returns through its power over that investee and there is a link between power and returns. Control is reassessed as facts and circumstances change. IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation-Special Purpose Entities. In addition, the Standards contains an exemption from consolidation for investment entities. Zeta will qualify as an investment entity and will not be required to produce consolidated figures.

IFRS 10 will be adopted for the first time for the year ending 30 June 2014.

IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013) - this standard combines, in single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard may impact the disclosure to be provided by the Company, but will have to be assessed based on IFRS 10 conclusion.

IFRS 13 Fair Value Measurements (effective 1 January 2013) - this standard introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value as an exit price, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements.

IFRS 13 will be adopted for the first time for the year ending 30 June 2014. The impact on the financials statements has not yet been estimated.

IAS 27 Separate Financial Statements (2011) supersedes IAS 27 (2008) and is effective for year ends commencing on or after 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The impact on the group's financial statements are not expected to be significant.

3. Significant Accounting Policies

The accounting policies detailed below have been consistently applied by all group entities.

3.1 Basis of Consolidation

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable.

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

The consolidated financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiary. The results of subsidiaries acquired or disposed of during a financial year are included from the effective dates of acquisition or to the effective dates of disposal, as appropriate.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 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.

3.3 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. Significant Accounting Policies Continued

3.4 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.

3.5 Foreign Currency

Foreign Currency Transactions and Balances

Transactions in foreign currency are translated into the respective functional currencies of group entities 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 and treated as a foreign currency translation reserve.

3.6 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.

3.7 Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the group or company has obtained the legal rights to explore an area are recognised in the statement of comprehensive income. Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability, and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 3.10).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

3.8 Plant and Equipment

Equipment, principally computer equipment, furniture and fittings, and office equipment, is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is charged to profit or loss on a straight-line basis over the useful lives of the items of equipment that are accounted for separately to reduce the cost of the items of equipment over their useful lives to the expected residual value. The useful lives, depreciation methods and residual values of items of equipment are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives for the current period is 4 to 5 years.

3. Significant Accounting Policies Continued

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

Impairment losses are recognised in the statement of comprehensive income.

Derecognition and Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.9 Financial Instruments

Non-derivative Financial Instruments

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

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

Recognition and De-recognition of Financial Instruments

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

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

Financial Assets at Fair Value Through Profit or Loss

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

Gains and losses on investments are analysed within the Statement of Comprehensive Income as capital return. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board. In exercising its judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values, earnings and other relevant factors.

Cash and Cash Equivalents

Cash and cash equivalents are measured at amortised cost at the reporting date. Cash and cash equivalents comprise operating cash balances, call deposits and short-term deposits with a maturity of three months or less.

Non-derivative Financial Liabilities

The group and company have the following non-derivative financial liabilities: loans and borrowings, 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 group becomes a party to the contractual provisions of the instrument. The group and 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.

3.10 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

3.11 Goodwill

Goodwill is any excess of the cost of an acquisition over the group'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 (see accounting policy 3.10).

3.12 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.

3.13 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. Deferred Exploration and Evaluation Expenditure

	Consolidated 2013 $	Company 2013 $
Costs carried forward in respect of exploration and evaluation phase - at cost		
Movements:		
Carrying value at acquisition	4,407,682	-
Direct expenditure	210,577	-
Effect of movements in exchange rates	(155,161)	
	4,463,098	-
Less expenditure written off	(167,467)	-
	4,295,631	**-**

The ultimate recoupment of the above costs in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas at amounts sufficient to recover the investment.

During the period two tenements, Ilgarari North and Kumarina West, were relinquished at the end of the period and all capitalised expenditure to date was written off to profit and loss in accordance with IFRS 6.

5. Plant and Equipment

	Computer Equipment	Office Equipment	Site Equipment	Total
Consolidated				
Acquisitions through business combination	52,577	13,104	4,394	70,075
Depreciation	(4,756)	(862)	(276)	(5,894)
Disposals	-	-	-	-
Effect of movements in exchange rates	(1,851)	(461)	(155)	(2,467)
Net carrying amount at 30 June 2013	45,970	11,781	3,963	61,714
Cost	52,577	13,104	4,394	70,075
Accumulated depreciation	(6,607)	(1,323)	(431)	(8,361)

All group plant and equipment arise from consolidation of the subsidiary.

The company has no plant and equipment.

6. Investment in Subsidiary

	Consolidated 2013 $	Company 2013 $
At fair value		
Investment in Kumarina Resources Limited	**-**	**10,275,233**

7. Investments

	Consolidated 2013 $	Company 2013 $
Financial assets at fair value through profit or loss	**36,229,896**	**36,229,896**
Equity securities at fair value		
Ordinary shares		
listed	32,979,896	32,979,896
Subscription rights - unlisted	3,250,000	3,250,000
	36,229,896	**36,229,896**
Equity securities at cost		
Ordinary shares		
listed	39,605,567	39,605,567
Subscription rights - unlisted	3,200,000	3,200,000
	42,805,567	**42,805,567**

7. Investments Continued

Investments Held by the Group at the Reporting Date

	Number of Shares	% of Issued Shares Held
Listed		
Resolute Mining Limited	9,200,000	1.447%
New Zealand Oil and Gas Limited	32,588,122	8.002%
Pan Pacific Petroleum Limited	5,813,977	0.988%
PMI Gold Corporation Depository Interests (Australian Listing)	1,299,634	0.472%
PMI Gold Corporation Limited (Canadian Listing)	4,626,500	1.679%
Falkland Oil and Gas Limited	554,112	0.173%
Cue Energy Resources Limited	4,000,000	0.573%
GME Resources Limited	745,028	1.487%
Centamin Plc	10,000,000	0.908%
Unlisted		
Seacrest LLP	2,500,000	

During the reporting period the company and group completed a total of 42 transactions in securities and paid a total of US$14,961 in brokerage on those transactions.

8. Trade and Other Receivables

	Consolidated 2013 $	Company 2013 $
GST refundable	78,774	-
Office rental security deposit	15,100	-
Research & Development rebate	546,439	-
	640,313	**-**

9. Cash and Cash Equivalents

	Consolidated 2013 $	Company 2013 $
Cash balance comprises:		
Cash at bank	2,603,419	2,383,913
Cash on hand	119	-
	2,603,538	**2,383,913**

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

10. Loan from Subsidiary

	Consolidated 2013 $	Company 2013 $
Loan from Kumarina Resources Limited	**-**	**5,468,485**

The loan is denominated in Australian dollars and attracts interest at a rate of 7.5% per annum. There are no fixed repayment terms except that no repayment is due before 30 June 2014.

11. Trade and Other Payables

	Consolidated 2013	Company 2013
Accruals	53,420	39,689
Payroll taxes	6,238	-
Trade creditors - exploration and evaluation	390,567	-
	450,225	**39,689**

The accruals are for audit and administration fees payable.

12. Loan from Parent

	Consolidated 2013	Company 2013
Loan from Utilico Investments Limited	**4,577,000**	**4,577,000**

The loan is denominated in Australian dollars to the value of A$5 million, carries interest at 10% per annum and is repayable by no later than 31 May 2014.

13. Share Capital and Share Premium

Consolidated and company

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

Issued

Ordinary Shares	Number of Shares	Share Capital	Share Premium
Balance as at incorporation		-	-
Issued at incorporation as $1 par shares	100	-	-
Shares split into 10,000,000 shares of $0.00001 each	9,999,900	-	-
Issued in consideration for purchase of investments from Utilico Investments Limited	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
	50,614,556	**406**	**45,632,068**

For further details related to the share issue transactions please see note 21.3

Options	Number of Options
Balance as at incorporation	-
Issued in consideration for purchase of investments from Utilico Investments Limited	6,567,008
Issued in consideration for purchase of 100% Kumarina Resources Limited	3,555,095
Issued under initial public offering	800
	10,122,903

Under the scheme of arrangement whereby the company acquired the entire share capital of Kumarina Resources Limited and purchased certain investments from Utilico Investments Limited one Zeta option was issued for each five ordinary shares issued.

The options are exercisable at an exercise price of A$1.00 into one ordinary share until 7 June 2016.

14. Investment Income

	Consolidated 2013 $	Company 2013 $
Interest income	51,832	-
Unrealised fair value losses		
Financial assets at fair value through profit or loss	(6,575,671)	(9,706,953)
	(6,523,839)	**(9,706,953)**

15. Other Income

	Consolidated 2013 $	Company 2013 $
Foreign exchange gains	**269,129**	**269,129**

16. Goodwill on Acquisition of Subsidiary

	Consolidated 2013 $	Company 2013 $
Opening balance	-	-
Acquisitions through business combinations	3,033,469	-
Impairment loss	(3,033,469)	-
Balance at 30 June 2013	**-**	**-**

Goodwill on acquisition arises from the purchase of all the issued shares of Kumarina Resources Limited.

This goodwill is considered to be the premium paid to gain control of the entire issued share capital of Kumarina Resources Limited, thereby bringing into the group the cash and mining assets held by the subsidiary.

Recoverable amount of goodwill:

The directors deem the best estimate of the fair value of the subsidiary to be the present value of the underlying net assets of the subsidiary.

The realizable value of each of the underlying assets and liabilities are based on the fair value which a potential buyer would evaluate in an arm's length transaction.

Based on this valuation the full amount of goodwill is impaired.

17. Management and Consulting Fees

	Consolidated 2013 $	Company 2013 $
Management and consulting fees	**35,147**	**26,925**

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

Performance fees are payable annually at year end at a rate of 15% of equity funds (adjusted for any dividends paid or accrued) on calculation date less adjusted base equity funds (high-water mark) previously used in the performance fee calculation. The adjusted base equity funds is the base equity fund used in the last performance fee calculation adjusted by the average percentage income yield on the S&P/ASX 300 Metals and Mining Index. No performance fee was payable for the period.

Either party may terminate the agreement with 6 months notice.

18. Operating and Administration Expenses

	Consolidated 2013 $	Company 2013 $
Operating and administration expenses consist of:		
Depreciation	5,894	-
Wages and Salaries	17,934	-
Audit fees	6,045	6,045
Australian Stock Exchange listing fees	136,050	33,479
Legal fees	167,568	136,050
Deferred exploration and evaluation expenditure written off	167,467	-
Other expenses	60,841	44,433
	561,799	**220,007**

19. 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.

	Consolidated 2013 $	Company 2013 $
Current tax benefit	546,439	-
Income tax benefit	**546,439**	**-**

19.1 Income Tax Rate Reconciliation

The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax provided in the financial statements as follows:

	Consolidated 2013 $	Company 2013 $
Accounting loss before tax for the period ended	**(9,885,125)**	**(9,705,965)**
Consolidated benefit calculated at 30%	(2,965,538)	-
Tax effect of expenses attributable to the company that are exempt in terms of local legislation	2,882,446	-
R&D tax offset	546,439	-
Carried forward losses for which no deferred tax asset was recognised	83,092	-
Income tax benefit reported in the statement of comprehensive income.	546,439	-

19.2 Unrecognised Deferred Tax Balances

	Statement of Financial Position		Statement of Comprehensive Income	
	Consolidated	Company	Consolidated	Company
Deferred tax liabilities				
Exploration and evaluation expenditure	(1,407,788)	-	(1,407,788)	-
Other	-	-	-	-
Gross deferred tax liability	**(1,407,788)**	**-**	**(1,407,788)**	**-**
Deferred tax assets				
Tax loss carry forwards	1,403,288	-	1,403,288	-
Other	4,500	-	4,500	-
Gross deferred tax asset	**1,407,788**	**-**	**1,407,788**	**-**
Net deferred tax asset	-	-		
Deferred tax expense			-	-

20. Loss Per Share

	Consolidated 2013 $	Company 2013 $
Basic and diluted loss per share (cents)	(0.69)	(0.69)
Loss used in calculation of basic and diluted earrings per share	**(9,703,842)**	**(9,705,965)**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share.	14,106,616	14,106,616

The weighted average number of ordinary shares calculation is based on the period beginning 12 August 2012 being the date of incorporation. For details of shares issued during the period refer to note 21.3.

No adjustment is made for the 10,122,903 options in issue at 30 June 2013 as they are not considered to be dilutive.

21. Notes to the Cash Flow Statement

21.1 Cash Generated by Operations

	Consolidated 2013 $	Company 2013 $
Loss before income tax benefit	(9,338,686)	(9,705,965)
Adjustments for:		
Depreciation	5,894	-
Fair value loss on revaluation of investments	6,575,671	9,706,953
Foreign exchange gains	(269,129)	(269,129)
Impairment - goodwill on acquisition of subsidiary	3,033,469	-
Deferred exploration and evaluation expenditure written off	167,467	-
Interest income	(51,832)	-
Interest expense	-	21,209
Operating profit/(loss) before working capital change	122,854	(246,932)
Increase in trade and other payables	318,293	39,689
(Increase) in trade and other receivables	(589,777)	-
Increase in balance due to brokers	2,877,359	2,877,359
	2,728,729	**2,670,116**

21.2 Acquisition of Subsidiary

On 7 June 2013 the company purchased 100% of Kumarina Resources Limited. The fair value of the assets acquired and liabilities are as follows:

	$
Cash and cash equivalents	5,837,490
Exploration and evaluation expenditure	4,407,682
Property, plant and equipment	72,276
Trade payables	(136,746)
Loans receivable	139,964
Trade receivables	52,380
Fair value of net asset value	10,373,046
Goodwill on acquisition of subsidiary	3,033,469
Total purchase price paid	13,406,515
Less: paid per issue of shares	(13,406,515)
Total	-
Less cash of subsidiary	5,837,490
Cash generated by obtaining control	**5,837,490**

$13,406,515 of the purchase price of the subsidiary was paid for by the issue of 17,775,514 shares of the company on 7 June 2013.

21.3 Issue of Share Capital

Shares Issued for Consideration

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

Shares Issued for No Consideration

At incorporation the company issued 100 incorporation shares of $1 each. These shares were then split into 10,000,000 shares of $0.00001 par value.

On 21 May 2013 the company issued 22,835,042 ordinary shares to Utilico Investment Limited as consideration for investments purchased from Utilico Investments Limited.

On 7 June 2013 the company issued 17,775,514 ordinary shares to acquire the entire share capital of Kumarina Resources Limited in an equity only transaction where four Kumarina Resources Limited shares were exchanged for one company share.

22. Auditor Remuneration

	Consolidated 2013 $	Company 2013 $
Amounts received or due and receivable by the auditors for audit of financial statements.	**6,045**	**6,045**

23. Financial Risk Management

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

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

Categories of Financial Instruments

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

The table below sets out the group and company classification of each class of financial assets and liabilities. All assets and liabilities approximate their fair values:

Consolidated

	Designated at Fair Value Through Profit and Loss	Loans and Receivables	Available for Sale Financial Assets	Non-financial Assets and Liabilities	Total Carrying Value
Assets					
Deferred exploration and evaluation expenditure	-	-	-	4,295,631	4,295,631
Formation expenses	-	-	-	2,124	2,124
Plant and equipment	-	-	-	61,714	61,714
Investments	36,229,896	-	-	-	36,229,896
Trade and other receivables	-	640,313	-	-	640,313
Cash and cash equivalents	-	2,603,538	-	-	2,603,538
	36,229,896	**3,243,851**	**-**	**4,359,469**	**43,833,216**
Liabilities					
Trade and other payables	-	450,225	-	-	450,225
Balance due to brokers	-	2,877,359	-	-	2,877,359
Loan from parent	-	4,577,000	-	-	4,577,000
	-	**7,904,584**	**-**	**-**	**7,904,584**

Company

	Designated at Fair Value Through Profit and Loss	Loans and Receivables	Available for Sale Financial Assets	Non-financial Assets and Liabilities	Total Carrying Value
Assets					
Investments	46,505,129	-	-	-	46,505,129
Cash and cash equivalents	-	2,383,913	-	-	2,383,913
	46,505,129	**2,383,913**	**-**	**-**	**48,889,042**
Liabilities					
Loan from subsidiary	-	5,468,485	-	-	5,468,485
Trade and other payables	-	39,689	-	-	39,689
Balance due to brokers	-	2,877,359	-	-	2,877,359
Loan from parent	-	4,577,000	-	-	4,577,000
	-	**12,962,533**	**-**	**-**	**12,962,533**

23.1 Market Risks

The fair value of equity and other financial securities held in the group'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 group'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 group'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 group 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 group'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 group 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.

23. Financial Risk Management Continued

Currency Exposure

The principal currencies to which the group was exposed were the Australian Dollar, Canadian Dollar, Sterling and New Zealand Dollar. The exchange rates applying against the United States Dollar at 30 June 2013 and the average rates for the period were as follows:

	30 June 2013	Average
AUD – Australian Dollar	0.9154	1.0072
CAD – Canadian Dollar	0.9507	0.9794
GBP – Sterling	1.5167	1.5326
NZD – New Zealand Dollar	0.7723	0.8259

The group and company monetary assets and liabilities at 30 June 2013 (shown at fair value), by currency based on the country of primary operations, are shown below:

Consolidated

	AUD	CAD	GBP	NZD
Trade and other receivables	640,313	-	-	-
Cash and cash equivalents	2,603,538	-	-	-
Trade and other payables	450,225	-	-	-
Balance due to brokers	107,064	309,485	103,365	2,357,445
Net monetary (liabilities)/assets	**3,801,140**	**309,485**	**103,365**	**2,357,445**

Company

	AUD	CAD	GBP	NZD
Trade and other receivables	-	-	-	-
Cash and cash equivalents	2,383,913	-	-	-
Trade and other payables	39,689	-	-	-
Balance due to brokers	107,064	309,485	103,365	2,357,445
Net monetary (liabilities)/assets	**2,530,666**	**309,485**	**103,365**	**2,357,445**

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

Strengthening of the United States Dollar

	AUD	CAD	GBP	NZD	Total
Consolidated					
(Increase)/decrease Total comprehensive loss for the period ended	1,008,675	19,033	(496,032)	(1,786,796)	(1,255,120)
Company					
(Increase)/decrease Total comprehensive loss for the period ended	(1,019,637)	19,033	(496,032)	(1,786,796)	(3,283,432)

Weakening of the United States Dollar

	AUD	CAD	GBP	NZD	Total
Consolidated					
Decrease/(increase) in total comprehensive loss for the period ended	(1,008,675)	(19,033)	496,032	1,786,796	1,255,120
Company					
(Increase)/decrease Total comprehensive loss for the period ended	1,019,637	(19,033)	496,032	1,786,796	3,283,432

These analyses are broadly representative of the group's activities during the current year as a whole, although the level of the group's exposure to currencies fluctuates in accordance with the investment and risk management processes.

23. Financial Risk Management Continued

Interest Rate Exposure

The exposure of the financial assets and liabilities to interest rate risks at 30 June 2013 is shown below:

	Within One Year	Greater than One Year	Total
Consolidated			
Exposure to floating rates			
Cash	2,603,538	-	2,603,538
Exposure to fixed rates			
Loan from parent	(4,577,000)	-	(4,577,000)
Company			
Exposure to floating rates			
Cash	2,383,913	-	2,383,913
Exposure to fixed rates			
Loan from subsidiary	-	(5,468,485)	(5,468,485)
Loan from parent	(4,577,000)	-	(4,577,000)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the group arising out of the investment and risk management processes. The group 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$36,229,896 at 30 June 2013 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 in note 25.

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 $3,297,990. A 10% appreciation in the market price would have the opposite effect.

23.2 Liquidity Risk Exposure

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group'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 group'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
Consolidated				
Trade and other payables	450,225	-	-	450,225
Balance due to brokers	2,877,359	-	-	2,877,359
Loans from parent	-	4,577,000	-	4,577,000
	3,327,584	**4,577,000**	**-**	**7,904,584**
Company				
Loan from Subsidiary	-	-	5,468,485	5,468,485
Trade and other payables	39,689	-	-	39,689
Balance due to brokers	2,877,359	-	-	2,877,359
Loans from parent	-	4,577,000	-	4,577,000
	2,917,048	**4,577,000**	**5,468,485**	**12,962,533**

23.3 Credit Risk and Counterparty Exposure

The group is exposed to potential failure by counterparties to deliver securities for which the group has paid, or to pay for securities which the group 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 group 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 group are received and reconciled monthly.

Maximum Exposure to Credit Risk

The company has no loan asset and is therefore not exposed to credit risk. The subsidiary's only loan asset is an intergroup loan to its parent with an outstanding balance of $5,468,485.

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

23. Financial Risk Management Continued

23.4 Fair Values of Financial Assets and Liabilities

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

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

Valuation of Financial Instruments

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

- Level 1: The fair values are measured using quoted prices in active markets.
- Level 2: The fair values are measured using inputs, other than quoted prices, that are included within level 1, that are observable for the asset.
- Level 3: The fair values are measured using inputs for the asset or liability that are not based on observable market data.

Consolidated

	Level 1	Level 2	Level 3
Financial assets			
Investments	32,979,896	-	3,250,000

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
Acquisition at 21 May 2013	3,200,000
Total gains or losses recognised in:	
- Profit or loss	50,000
Balance at 30 June 2013	**3,250,000**

Company

	Level 1	Level 2	Level 3
Financial assets			
Investments	32,979,896	-	3,250,000
Investment in subsidiary	-	-	10,275,233

The following table shows a reconciliation from opening balances to closing balances for fair value measurements in level 3 investments of the fair value hierarchy:

	Level 3 Investments	Level 3 Investments in Subsidiary
Balance at acquisition	3,200,000	13,406,515
Total gains or losses recognised in:		
- fair value through profit or loss	50,000	(3,131,282)
Balance at 30 June 2013	**3,250,000**	**10,275,233**

23.5 Capital Risk Management

The objective of the group 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 group'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.

24. Related Parties

24.1 Material Related Parties

Holding Company

The company's holding company is Utilico Investments Limited which held 70.9% of the company's issued share capital on 30 June 2013. Utilico Investments Limited is in turn held 57.2% by General Provincial Life Pension Fund (L) Limited.

Subsidiary Company

The only subsidiary is Kumarina Resources Limited, a 100% held subsidiary.

Key Management Personal

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 Directors' report are considered to be key management personnel of the company.

Investment Manager

ICM Limited is the investment manager of both the company and its holding company.

24. Related Parties Continued

24.2 Material Related Party Transactions

	Consolidated 2013 $
Nature of transactions	
Investments in related parties:	
- Kumarina Resources Limited	10,275,233

During the period the company acquired 100% of the share capital of Kumarina Resources Limited valued at $13,406,515. The company issued 17,775,514 ordinary shares and 3,555,095 options (see note 13) as consideration paid for the company. At the date of acquisition of Kumarina Resources Limited, Utilico Investments Limited was the holder of 10% of the issued shares in Kumarina Resources Limited.

	Consolidated 2013 $
Loans from related parties:	
- Utilico Investments Limited	4,577,000
- Kumarina Resources Limited	5,468,485
Interest charged by the subsidiary	21,209
Fees paid to the investment manager	26,925
During the period the company acquired a portfolio of investments from its holding company valued at A$32,835,042. The company issued 22,835,042 ordinary shares and 6,567,008 options (see note 13) as consideration paid for the investment portfolio.	32,222,164

25. Segmental Reporting

The group has four reportable segments, as described below, which are considered to be the group's strategic investments areas. For each investment area, the group'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 groups reportable segments.

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

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

Information about Reportable Segments

	Gold	Oil & Gas	Mineral Exploration	Other Segments	Total
External revenues	(4,309,690)	(2,214,007)	(142)	-	(6,523,839)
Reportable segment revenue	(4,309,690)	(2,214,007)	(142)	-	(6,523,839)
Interest revenue	51,832	-	-	-	51,832
Impairment - goodwill on acquisition of subsidiary	(3,033,469)	-	-	-	(3,033,469)
Reportable segment loss before tax	(7,671,964)	(2,214,007)	(142)	988	(9,885,125)
Reportable segment assets	16,674,951	24,759,348	15,004	2,383,913	43,833,216
Reportable segment liabilities	(822,685)	(2,460,810)	(4,400)	(4,616,689)	(7,904,584)

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

Reconciliations of Reportable Segment Revenues, Profit or Loss, Assets and Liabilities, and Other Material Items

	Consolidated 2013 $
Revenues	
Total revenue for reportable segments	(6,523,839)
Revenue for other segments	-
Consolidated revenue	**(6,523,839)**
Profit or Loss	
Total profit or loss for reportable segments	(9,886,113)
Profit or loss for other segments	988
Consolidated loss before tax	**(9,885,125)**
Assets	
Total assets for reportable segments	41,449,303
Assets for other segments	2,383,913
Consolidated total assets	**43,833,216**
Liabilities	
Total liabilities for reportable segments	(3,287,895)
Liabilities for other segments	(4,616,689)
Consolidated total liabilities	**(7,904,584)**

25. Segmental Reporting Continued

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 group.

	Consolidated 2013 US$
Revenue	
Australia	(780,520)
Egypt	(1,339,842)
Ethiopia	(70,518)
Falkland Islands	(3,584)
Ghana	(299,988)
Indonesia	(123,732)
Mali	(1,829,310)
Namibia	50,000
New Zealand	(2,117,627)
Papua New Guinea	(1,350)
Timor-Leste	(3,684)
Vietnam	(3,684)
Consolidated revenue	**(6,523,839)**
Assets	
Australia	9,247,077
Egypt	4,545,929
Ethiopia	239,259
Falkland Islands	222,712
Ghana	1,701,564
Indonesia	1,161,549
Mali	3,428,466
Namibia	3,250,000
New Zealand	19,973,502
Papua New Guinea	11,534
Timor-Leste	25,812
Vietnam	25,812
Consolidated assets	**43,833,216**

26. Events After the Reporting Date

After the reporting date the group's holding company increased the available loan facility from A$5,000,000 to A$10,000,000 to enable the company to continue with the acquisition of further investments in the resources sector.

1. Substantial Shareholders

Substantial shareholders as shown in substantial shareholder notices received by the company as at 1 October 2013 are:

Utilico Investments Limited	39,148,200 (77.35%)
Peter Ross Sullivan	3,220,566 (6.36%)

2. Distribution Schedule of Ordinary Shares Held at 1 October 2013:

Holding Ranges	No. of Shares	No. of Ordinary Shareholders	% of Issued Capital
1 – 1,000	3,434	10	0.01
1,001 – 5,000	749,886	219	1.48
5,001 – 10,000	292,765	33	0.58
10,001 – 100,000	1,879,650	66	3.71
100,001 – and over	47,688,821	13	94.22
Total	**50,614,556**	**341**	**100.00**

The number of shareholders holding less than a marketable parcel of ordinary shares at 1 October 2013 is 10 and they hold 3,434 securities.

3. Distribution Schedule of Listed Options to Acquire Ordinary Shares Held at 1 October 2013:

Holding Ranges	No. of Listed Options	No. of Listed Option Holders	% of Listed Options
1 – 1,000	167,888	251	1.66
1,001 – 5,000	254,297	92	2.51
5,001 – 10,000	112,579	14	1.12
10,001 – 100,000	792,983	21	7.83
100,001 – and over	8,795,156	5	86.88
Total	**10,122,903**	**383**	**100.00**

The number of option holders holding less than a marketable parcel of options to acquire ordinary shares at 1 October 2013 is 366 and they hold 691,098 listed options.

4. Top 20 Holdings of Fully Paid Ordinary Shares as at 1 October 2013*

Name	Shares	% of Issued Capital
HSBC Custody Nominees Australia Limited	36,964,358	73.03
J P Morgan Nominees Australia Limited	4,597,407	9.08
James Noel Sullivan	1,575,025	3.11
Wayne C Van Blitterswyk	1,328,999	2.63
Aumex Mining Pty Limited	1,306,357	2.58
Hardrock Capital Pty Limited ATF CGLW Superannuation Fund	525,000	1.03
Hardrock Capital Pty Limited	414,000	0.82
Geomett Pty Limited	250,000	0.49
Hotlake Pty Limited	250,000	0.49
Anthony John + S J Power	135,000	0.27
Pendan Pty Limited	127,675	0.25
Gail Sullivan	125,000	0.25
Navigator Australia Limited	115,000	0.23
Mandalup Investments Pty Limited	100,000	0.20
T J + K M Russell	100,000	0.20
MMP WA Pty Limited	74,999	0.15
Bouchi Pty Limited	64,000	0.13
Alistair James Sullivan	60,425	0.12
Scalise Holdings Pty Limited	52,500	0.10
Oliver James Sullivan	50,000	0.10
Total for Top 20	**48,215,745**	**95.26**

*The Top 20 Holders list is comprised of some aggregated holdings where the names of the holders are identical.

5. Voting Rights

All ordinary shares carry one vote per share without restriction.

6. Top 20 Holdings of Listed Options as at 1 October 2013*

Name	Shares	% of Issued Capital
HSBC Custody Nominees Australia Limited	7,446,283	73.56
J P Morgan Nominees Australia Limited	418,868	4.14
Wayne C Van Blitterswyk	325,000	3.21
James Noel Sullivan	315,005	3.11
Aumex Mining Pty Limited	290,000	2.86
Hardrock Capital Pty Limited ATF CGLW Superannuation Fund	105,000	1.03
Hardrock Capital Pty Limited	82,800	0.82
Kesli Chemicals Pty Limited	62,314	0.62
Cherryburn Pty Limited	57,000	0.56
Molonglo Pty Limited	54,000	0.53
CS Fourth Nominees Pty Limited	53,000	0.52
Geomett Pty Limited	50,000	0.49
Hotlake Pty Limited	50,000	0.49
UBS Wealth Management Australia Nominees Pty Limited	50,000	0.49
Anthony John + S J Power	27,000	0.27
Pendan Pty Limited	25,535	0.25
Gail Sullivan	25,000	0.25
Navigator Australia Limited	23,000	0.23
Aradia Ventures Pty Limited	21,550	0.21
T J + K M Russell ATF Terry Russell Superannuation Fund	20,000	0.20
Total for Top 20	**9,501,355**	**93.84**

*The Top 20 Holders list is comprised of some aggregated holdings where the names of the holders are identical.

7. Use of Capital

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

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

The company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of its shares. In addition neither the Bermuda Companies Act 1981 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.

COMPANY INFORMATION

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

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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

Managed by

ICM Limited

Zeta Resources Limited

ARBN 162 902 481
www.zetaresources.co