



2017

ANNUAL REPORT





Panoramic Resources Limited

Nickel

West Australian nickel company

Over 300,000 tonnes of nickel resources



Resolute Mining Limited

Gold

ASX-listed mid-cost gold producer

Producing mines in Mali and Queensland, Australia



New Zealand Oil & Gas Limited

Oil & Gas

New Zealand oil & gas E&P junior

Substantial cash following asset sales



Pan Pacific Petroleum NL

Oil & Gas

ASX-listed E&P junior

Substantial cash following asset sale



Seacrest LP

Oil & Gas

Global exploration firm

Widely diversified portfolio of exploration interests



Bligh Resources Limited

Gold

ASX-listed junior gold explorer

Substantial identified gold resource in Western Australia



Horizon Gold Limited

Gold

ASX-listed junior gold explorer

Subsidiary of Panoramic Resources Limited



GME Resources Limited

Nickel & Gold

ASX-listed junior nickel and gold explorer

Substantial nickel resources in Western Australia



Alliance Mining Commodities Limited

Bauxite

Australian-based bauxite developer

World class bauxite asset in Guinea, West Africa

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ZETA RESOURCES LIMITED

INVESTMENT OBJECTIVE

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

NATURE OF THE COMPANY

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

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



GEOGRAPHICAL INVESTMENT EXPOSURE

FINANCIAL CALENDAR

Year End	30 June
Annual General Meeting	24 November 2017
Half Year	31 December
Half Year December 2017 Announcement	February 2018

FORWARD-LOOKING STATEMENTS

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

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

GROUP PERFORMANCE SUMMARY

	30 JUNE 2017	30 JUNE 2016	CHANGE % 2017/16
Total return ⁽¹⁾ (annual) (%)	19.8	(27.9)	(171.1)
Net tangible asset per ordinary share ⁽²⁾ (Australian cents)	36.9	30.8	19.8
Ordinary share price (Australian cents)	37.0	18.0	105.6
Discount (%)	0.3	(41.6)	(100.7)
Profit/(loss) per ordinary share ⁽³⁾ (US dollars)	0.06	(0.05)	222.0
Dividends per ordinary share	Nil	Nil	n/a
Equity holders' funds (US\$m)	53.0	42.8	23.8
Gross assets ⁽⁴⁾ (US\$m)	80.6	82.4	(2.2)
Cash (US\$m)	0.0	0.2	n/a
Other debt (US\$m)	(27.6)	(39.9)	(30.8)
Net debt (US\$m)	(27.6)	(39.7)	(30.5)
Net debt gearing on gross assets (%)	34.2	48.2	n/a

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

(2) The NTA is calculated including the 86,461,440 December 2019 options as they are considered to be in-substance issued shares.

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

(4) Gross assets less liabilities excluding loans.

n/a = not applicable

CHAIRMAN'S STATEMENT

I'm pleased to report that commodity prices have performed much better to date in 2017. Zeta has benefited from this upturn with a strong reported profit of US\$10.3m, validating its long term approach to resource investment. While we cannot control short term fluctuations in prices, we believe that long term demand for commodities will remain intact.

With a largely stable platform of investments in oil & gas, gold, nickel, and a growing presence in copper, Zeta has worked hard during the year to add value to its existing investments as well as initiate new positions.

In April, Zeta launched a takeover offer for Bligh Resources Limited ("Bligh"). The strategic rationale was to gain control of a quality gold asset, in close geographical proximity to existing processing infrastructure. While a competitive process, the takeover was successful, delivering Zeta a 86% stake in Bligh.

In June, Pan Pacific Petroleum NL ("PPP") and Zeta announced that they had entered into a scheme of arrangement, under which Zeta will acquire all of the issued share capital of PPP that it does not already own. With PPP having sold its oil & gas assets and becoming essentially a cash box, the rationale for the scheme is to consolidate PPP into Zeta, thus reducing costs, and enabling the cash in PPP to be put to more productive use within Zeta. Under the scheme, PPP shareholders will be able to elect to receive either cash or Zeta shares in exchange for their shares in PPP, and it's my hope that many will choose to join us as shareholders in Zeta.

After the balance date, in August, Zeta made a partial takeover offer pursuant to the New Zealand Takeovers Code, to acquire 50.01% of the shares in New Zealand Oil & Gas Limited ("NZOG"). If successful, the offer will result in Zeta holding a controlling stake in NZOG. Like PPP, NZOG has sold the majority of its oil & gas assets. Zeta's aim is to significantly reduce costs at NZOG, and seek to better use of the cash sitting idle in NZOG, including returning a substantial portion of it to shareholders.

In addition to the above, Zeta supported the spin-out by Panoramic Resources Limited ("Panoramic") of its gold subsidiary in the form of an IPO of Horizon Gold Limited. Zeta invested in the IPO, and retains both Panoramic as a top-five holding, and Horizon Gold as a smaller investment.

The increased focus on lithium-ion batteries has driven a speculative rush in battery related metals. I would note that while Zeta does not have any exposure to lithium, it does have significant investments in nickel and cobalt, both important components of the most popular types of lithium-ion batteries, and recently it made a modest investment in a graphite company. We will continue to monitor developments in this sector closely.

Our major shareholder UIL Limited has been a significant factor in our growth to date. During the year we took advantage of cash inflows to reduce our level of debt to UIL, although we will be relying on further support as we complete a number of the new initiatives mentioned above.

With the above developments, Zeta's portfolio, while still relatively concentrated, has broadened. We intend for Zeta to remain a concentrated rather than a diversified investor in the belief that it is better to have a thorough understanding of and influential involvement with investee companies, rather than a commitment to simple risk dissipation through diversity of holdings.

Peter Sullivan
Chairman
12 September 2017

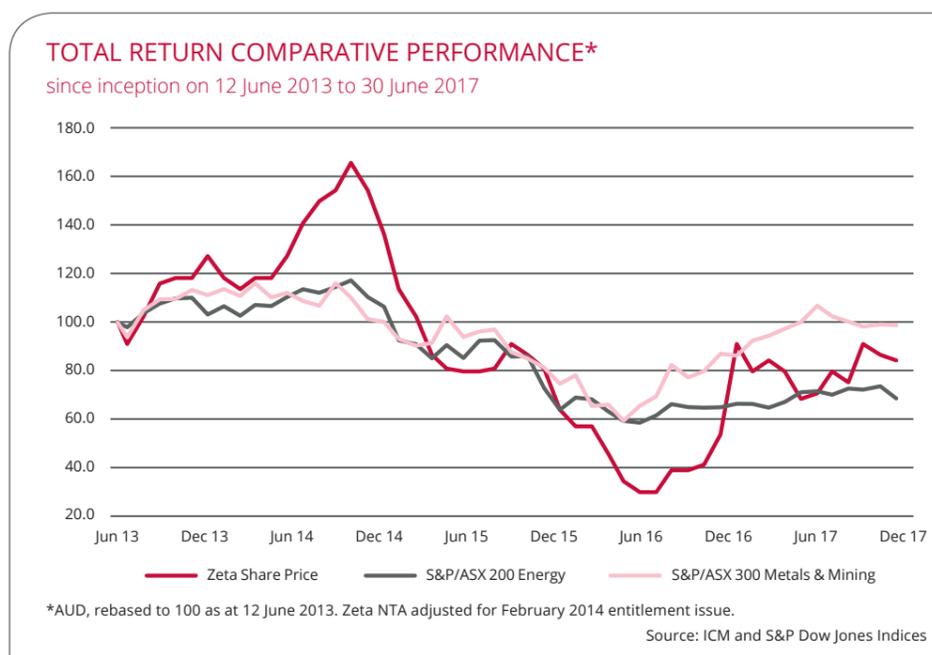
Zeta has worked hard during the year to add value to its existing investments as well as initiate new positions

INVESTMENT MANAGER'S REPORT

The twelve months under review have shown a general similarity to the previous year. Aside from gold, the first six months to the end of December 2016 was characterised by a general decline in commodity prices. The subsequent six months has seen a general recovery, most latterly helped by weakness in the US dollar. Overall, the twelve months has ended up with prices somewhat lower than the start of the period. Zeta's fortunes have largely mirrored that of the commodity markets, albeit with greater relative changes given the company's leveraged balance sheet.

The first half of the financial year under review was notable for continuing the decline in the price of Australian dollars against US dollars that occurred in the previous year, thus boosting the profitability of Australian miners whose export prices were denominated in US dollars. In the second half of the year under review, the Australian dollar strengthened against the US dollar, thus reversing some of these earlier gains.

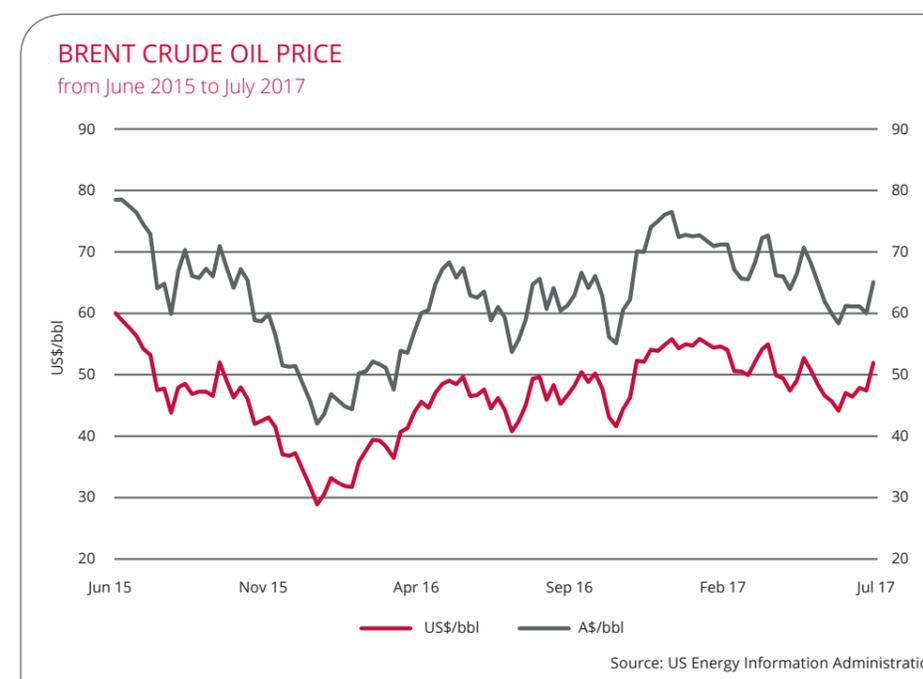
Whereas commodity prices generally ended the twelve months to 30 June 2017 close to where they started, Zeta's investments were overall higher than at the start. During the year under review, Zeta's net assets per share rose from A\$0.308 to A\$0.369, a rise of 19.8%. For comparison, the S&P/ASX 200 Energy index rose 6.0% over the same period, and the S&P/ASX 300 Metals & Mining index, which includes gold mining stocks, rose 24.1%. Zeta's share price doubled, rising 105.6% to A\$0.37. At the start of the period the share price was at a 41.6% discount to net assets, at the end of the period the share price was at a modest 0.3% premium to net assets.



COMMODITY MARKETS

As noted, the year under review saw modest declines in the prices of oil, nickel and gold. The price of copper, however, finished the year higher than where it started.

Oil & Gas



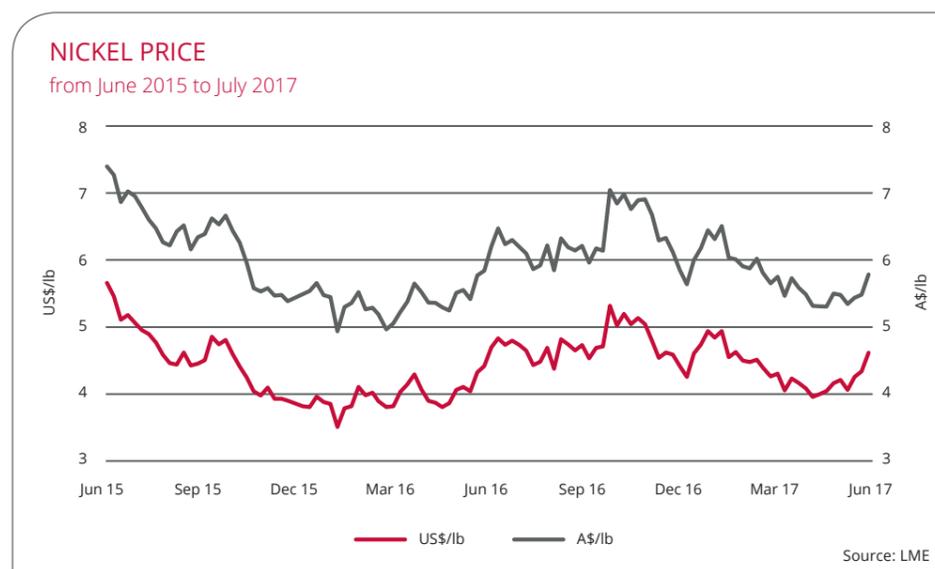
At the start of the year under review, the Brent Crude Oil price was US\$50/bbl, somewhat off its lows during the prior twelve months following a significant decline the previous year. This year oil prices were more stable, but finished the year under review slightly lower than at the start, with Brent Crude Oil at US\$48/bbl.

The failure of oil prices to recover meaningfully has resulted in a continued curtailment of many companies exploration projects, and in some cases asset sales. The latter has been particularly true of Zeta's investments in the sector. During the year under review, both PPP and NZOG sold their respective stakes in the offshore New Zealand joint venture permit Tui. NZOG also sold its largest asset, a stake in the offshore New Zealand gas field Kupe.

As noted last year, the sustained downturn in oil prices has impacted the business model of Zeta's investment in Seacrest LP ("Seacrest"), whose business model was based on acquiring stakes in a wide range of exploration permits globally. As a result, the board of Zeta has adjusted the valuation of the company's holding in Seacrest, which is unlisted.

INVESTMENT MANAGER'S REPORT (continued)

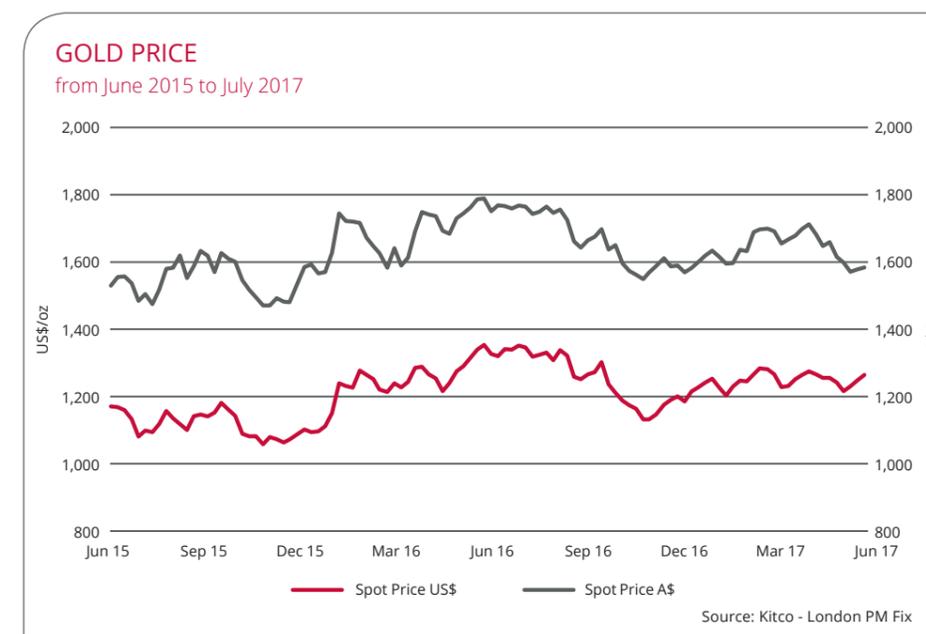
Nickel



Zeta's chief investment in the nickel sector is Panoramic Resources Limited and to a lesser extent GME Resources Limited. As noted in last year's report, Panoramic has placed its two operating mines in Western Australia, Savannah and Lanfranchi, on care and maintenance. This has resulted in substantially lower operating costs, but naturally there will be no revenues until the mines become operational again. The first six months of the year brought hope of a sustained recovery in nickel prices, but this hope was dashed in the second six month period.

Since year end, supply disruptions have resulted in a sudden upturn in nickel prices. It remains to be seen whether this latest rise will be sustained, however, there is increasing focus on the industry from new investors, who have noted the skyrocketing demand for lithium, and to a lesser extent cobalt, from emerging electric vehicle and battery technologies. Until recently the usage of nickel in many forms of lithium-ion batteries had been overlooked, but this has now changed.

Gold

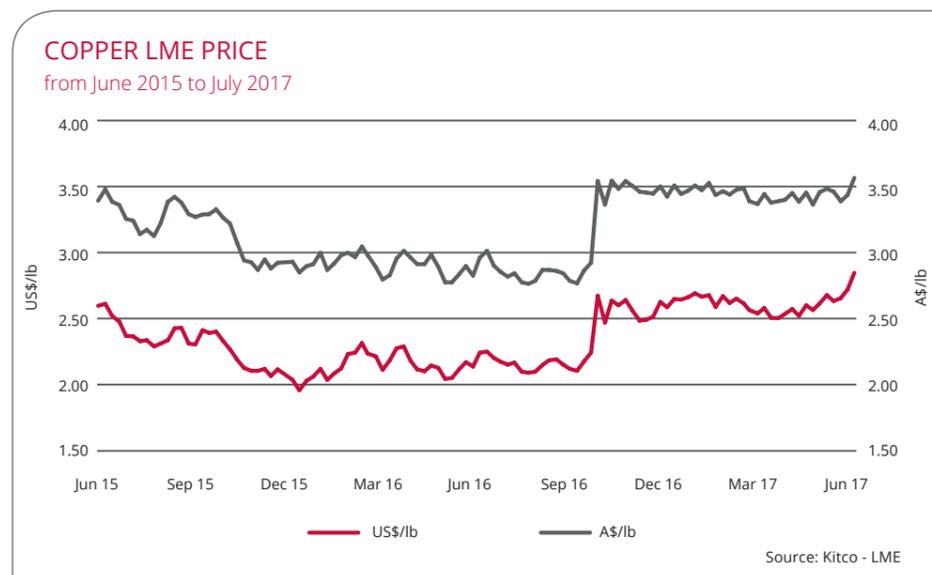


Gold prices had a mixed year, starting off badly, before recovering somewhat in the second half of the year under review. At the end of June 2016, gold was US\$1,322 per ounce; at the end of June 2017 the gold price was US\$1,241 per ounce.

In contrast to the previous year, when gold prices in Australian dollar terms reached record highs, the share price movements of Australian gold mining companies have this year been more muted. Whereas the previous year, Zeta's investment in Resolute Mining Limited ("Resolute") quadrupled, ending June 2016 at A\$1.27 per share, at the end of June 2017 the share price had fallen 6.3% to A\$1.19.

INVESTMENT MANAGER'S REPORT (continued)

Copper



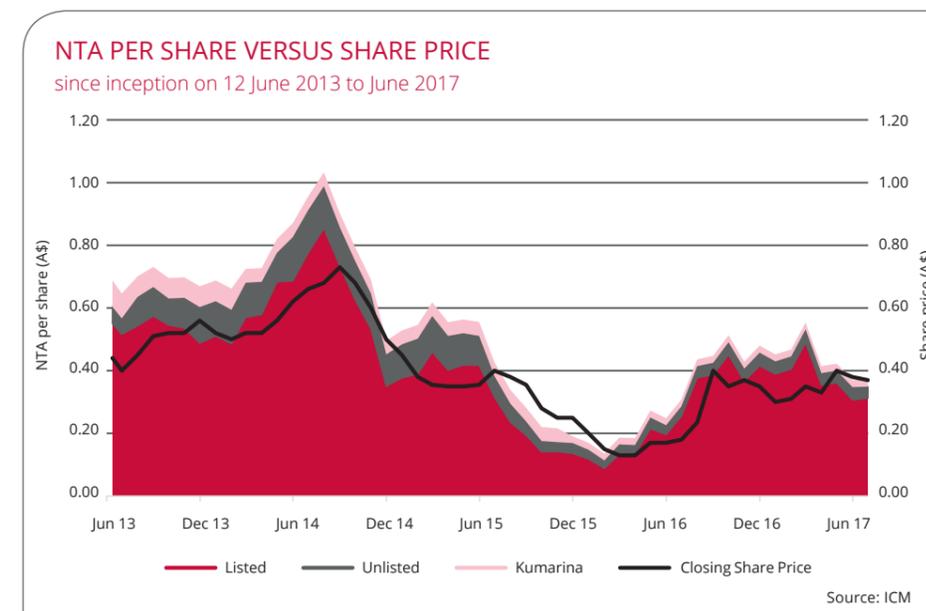
The six-year bear market for copper came to an end in the year under review. Having finished June 2016 at US\$2.19 per pound, the price of copper jumped in October, and ended June 2017 at US\$2.68 per pound. Since then the price of copper has risen further, partly due to weakness in the US dollar, to increased industrial demand, and to increased scrutiny of the likely impact on demand that the emergence of electric vehicles will have on copper respectively. A report issued by UBS in May 2017 noted that a typical electric vehicle is likely to use 91kg of copper in its battery and wiring, vs. 50kg in a comparable traditional internal combustion engine car. During the year under review, Zeta has slowly increased its portfolio investment in copper.

CAPITAL STRUCTURE

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

During the year Zeta has had working capital support from its parent company, UIL Limited ("UIL"). As of 30 June 2017, Zeta had a loan from UIL totalling US\$22.3 million, drawn in Australian dollars.

As at 30 June 2017, Zeta had gross assets of US\$80.9 million (2016: US\$83.0 million). Of this figure, \$30.4 million (2016: \$39.6 million) was invested in the oil & gas sector; \$24.1 million (2016: \$10.4 million) was invested in the nickel and copper sectors; and \$26.4 million (2016: \$32.7 million) was invested in the gold sector.



INVESTMENT MANAGER'S REPORT (continued)

FINANCIAL RESULTS

The net profit after tax for the year was US\$10,277,906 against a loss of US\$6,974,491 in the year ended June 2016. The majority of the consolidated net profit was comprised of realised gains from sales or distributions from listed investments.

SIGNIFICANT INVESTMENTS

Oil & Gas

New Zealand Oil & Gas

The year under review was one of significant change for NZOG. The company sold its two operational assets: its joint venture stakes in the gas field Kupe and the oil field Tui. The Kupe stake was sold first, after the company received an unsolicited offer at a price in excess of NZOG's then current market capitalisation and the company's internal valuation. The Tui stake was sold later, with the main benefit to NZOG not being the sales price, but rather the removal of the risk to the company around the near term cost of field abandonment, given that Tui is nearing the end of its production life. As noted above, Zeta launched a partial takeover for NZOG in August 2017. Should the offer be successful, it will result in Zeta's ownership of NZOG rising from 17% to 50%.

Pan Pacific Petroleum

PPP also had significant change during the year under review. Like NZOG, PPP sold its stake in the Tui oil field joint venture to the same purchaser that bought the NZOG stake. Later in the year, PPP sold its assets in Vietnam to one of its joint venture partners. Aside from an outstanding dispute, and thus potential liability, the company does not have any current exposure to oil & gas. In June 2017, PPP and Zeta announced that they had executed a scheme implementation agreement, with the aim of merging the two companies via a court approved scheme of arrangement. Zeta has offered PPP shareholders a choice of cash or Zeta shares in exchange for their PPP shares.

Seacrest

Seacrest is a specialist oil & gas offshore seismic exploration company. Seacrest moved quickly to amass a significant number of geographically diversified interests in joint venture licenses for offshore oil exploration, but has suffered a loss in value in the wake of the significant and sustained fall in the price of oil and a number of disappointing drilling results. Seacrest's operational interests are now at varying stages, but some are moving forward with drilling.

Nickel

Panoramic

Panoramic is a Western Australian mining company that owns two 100%-owned underground nickel sulphide mines, the Savannah Project in the East Kimberley and the Lanfranchi Project near Kambalda, Western Australia. Both mines remained on care and maintenance throughout the year under review. Panoramic has worked to refine its feasibility study for the resumption of operations at Savannah, including modest field drilling. Earlier in the year, Panoramic successfully spun off its gold assets in the IPO of Horizon Gold. Zeta participated in the capital raising for Horizon Gold, and remains a shareholder of both companies.

Gold

Resolute

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

Production in the year to 30 June 2017 of c. 330,000/oz of gold was up on the previous year's production of c. 315,000/oz. Gold ounces produced at Syama increased by 13.5% to 237,830oz in part due to the operation of a refurbished roaster at the end of the previous year that had previously been a bottleneck in the mine's production. Cash costs for the year rose by 8.0% to A\$896/oz. At Ravenswood gold ounces produced fell by 12.8% to 92,004oz; production is expected to gradually decrease as the Mt Wright underground mine reaches the end of its life, and until the Ravenswood expansion project is completed. Cash costs per ounce at Ravenswood increased by 21.2% to A\$1,252/oz, in part due to the lower volumes.

At 30 June 2017 Resolute had cash and bullion on hand of A\$283 million and total borrowings of A\$35 million.

During the year, Resolute continued development work on the underground mine at Syama. Sublevel cave ore production is expected to commence in December 2018. The Ravenswood expansion project is at the regulatory approvals stage.

Resolute has provided guidance for gold production of 300,000oz at an All-In-Sustaining-Cost of A\$1,280/oz (US\$960/oz) for the year to 30 June 2017.

Bligh

Bligh Resources is a small Australian gold explorer, which owns the Bundarra Gold Project, which lies within the Norseman-Wiluna greenstone belt of the Archean Yilgarn Craton, approximately 60km north of Leonora in the Eastern Goldfields region of Western Australia. The company also has prospecting licenses for gold in Western Australia and manganese in the Northern Territory.

During the year, Zeta launched a takeover offer for Bligh, which was ultimately successful, with Zeta owning an 86% stake in Bligh.

Subsequent to year end, Bligh announced an entitlement offer to raise A\$1.2m. Bligh intends to use the proceeds from the offer to fund exploration and development at the Bundarra Gold Project, reduce debt, and for working capital purposes.

INVESTMENT MANAGER'S REPORT (continued)

Copper

Kumarina

Kumarina Resources Pty Limited ("Kumarina") is a 100%-owned subsidiary of Zeta. The company is focused on two prospective projects in Western Australia, being the Ilgarari copper project and the Murrin Murrin copper-gold project. The Ilgarari project contains a secondary copper oxide resource (JORC 2004) estimated to be 1,100,000 tonnes averaging 1.9% copper located around and below historical mine workings. The Murrin Murrin project is prospective for gold and base metals in the form VMS style copper zinc mineralisation. During the year under review, Kumarina entered a joint venture with a subsidiary of GME Resources to explore and potentially develop the Murrin Murrin project. However, GME gave notice that it was withdrawing from the joint venture in June 2017. Kumarina's main focus is now the Ilgarari copper.

JDF Morrison
ICM Limited
Investment Manager
12 September 2017

MACRO TRENDS AFFECTING RESOURCES

E-VEHICLES



- Nearing tipping point where all factors for growth in place
- EVs use more commodities such as nickel and copper than traditional vehicles
- Spike in demand for lithium and cobalt
- Increased demand for flake and vein graphite

RENEWABLES



- Consumer pull and government push for renewables
- Price of solar continues to reduce
- Tesla showing the way with trifecta of solar roof panels, home battery and EV, but yet to reach tipping point
- Low price of natural gas reducing carbon footprint and industrial demand for renewables

CHINA URBANISATION



- Central government spending on new cities helps manage GDP growth
- Smooths cycles and sustains demand for industrial commodities
- Long term growth in question as Chinese population ages
- Government committed to renewables and EVs

GLOBAL DEBT



- Unprecedented increase in global government debt on a relative basis
- The US expected to lead the way for unwinding of Federal Reserve balance sheet
- Recent past has shown a readiness to retreat easily on market corrections
- Risk to global economy, and thus demand for industrial commodities

SECTOR SUMMARIES

GOLD



Overview

- Precious metal, prized for its rarity and relative lack of chemical reactivity
- Gold occurs naturally in only a single isotope
- Historic demand has been 50% jewellery; 40% investment; 10% industrial
- Diversified sources of production
- Largest producers China, Australia, Russia

Macro trends

- Gold seen as natural hedge to quantitative easing by central banks
- Hedge to US dollar which has declined long term against gold
- Gold production has been in a long-term uptrend since recordkeeping commenced
- Demand for jewellery dominated by China and India; US a distant third

Exposure

- 3% of Rolute Mining (ASX:RSG) - operating mines in Mali and Queensland, Australia
- 86% of Bligh Resources (ASX:BGH) - development project in Western Australia
- 8% of Horizon Gold (ASX:HRN) - exploration and development in Western Australia
- 100% of Kumarina (unlisted) - exploration and development in Western Australia

OIL & GAS



Overview

- Oil is a fossil petroleum liquid whose primary use is fuel; around 80% of oil is refined into gasoline, diesel, and jet fuel, with the remaining 20% supplying various products including lubricants, asphalt, and petrochemicals
- Natural gas is a petroleum gas whose primary uses are heating, electricity generation, and feedstock for petrochemicals
- Globally diverse sources of production and demand
- Largest producers of oil are Saudi Arabia, Russia and the US; largest producers of gas are the US and Russia, with Iran a distant third

Macro trends

- "Peak oil" has been discussed for decades, but long-term trend of annual growth in production is still intact
- Annual growth in demand has followed a linear trend in line with world population growth
- Lower prices has meant global expenditures on oil & gas exploration have been falling since 2014; growth is expected to resume in 2018
- Fracking has moved the US into the number one position in gas production; fracking has had less success in other countries

Exposure

- 17% of New Zealand Oil & Gas (NZX:NZO) - owns 50% of Cue, with production interests in oil in New Zealand and gas in Indonesia; has agreed to purchase 4% of Kupe gas field in offshore New Zealand
- 25% of Seacrest (unlisted) - globally diversified seismic oil & gas exploration
- 51% of Pan Pacific Petroleum (ASX:PPP) - now a cash box having sold its operating assets

SECTOR SUMMARIES (continued)

NICKEL



Overview

- Industrial metal used primarily in stainless steel
- Other uses include electroplating, alloy steel, and in cathodes for electric batteries
- Diversified sources of production
- Largest producers Philippines, Russia, Canada, Australia, New Caledonia, Indonesia

Macro trends

- Until recently, nickel prices depressed by global stockpiling
- Supply disruptions have led to short term jumps in prices
- Increasing production of lithium-ion batteries expected to sustain long-term demand growth

Exposure

- 28% of Panoramic Resources (ASX: PAN) - two nickel mines on care and maintenance in Western Australia
- 5% of GME Resources (ASX: GME) - owns development project in Western Australia

BAUXITE



Overview

- Aluminium is the most widely used metal after iron; its primary usage is in alloys where its light weight is preferred
- Bauxite is the primary ore from which aluminium is extracted; the ore must first be chemically processed to produce alumina (aluminium oxide); alumina is then smelted using an electrolysis process to produce pure aluminium metal
- Diversified sources of production, albeit less than other commodities invested in by Zeta
- Largest bauxite producer Australia, almost twice that of the second producer China, with Brazil third
- Largest bauxite reserves are in Guinea and Australia; Brazil is a distant third

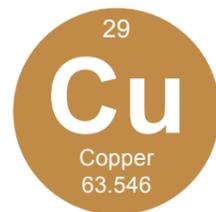
Macro trends

- Alumina production has been in increasing trend since early 1980s
- Australia a big producer of bauxite and alumina, but relatively little smelting done there
- Similar to copper, aluminium prices in decline from mid-2011 through mid-2016, but now in uptrend

Exposure

- Zeta has 0.5% of its gross assets invested in a Guinea bauxite development company

COPPER



Overview

- Industrial metal used primarily in electrical wiring
- Other uses are roofing and plumbing; industrial machinery; and in alloys
- Occurs naturally in a form that requires relatively little refining
- Diversified production, but Chile by far the largest producer with China a distant second

Macro trends

- Annual production has been increasing since WW2, but sharp uptick in late 1990s
- Prices relatively volatile, generally tied to world economy, but also in a downtrend from mid-2011 through mid-2016
- Recent uptrend in prices sustained by focus on electric vehicles, which use more copper wiring than traditional internal combustion engine vehicles

Exposure

- Zeta has 3% of its current gross assets invested in small Australian listed copper firms, and 100% of Kumarina (unlisted)

SECTOR SUMMARIES (continued)

GRAPHITE



Overview

- Graphite is the most stable form of carbon under standard conditions, and is a form of coal
- Found in three natural forms: amorphous; flake (or crystalline); and vein (or lump)
- Flake and vein graphite has application in anodes in lithium-ion batteries
- Graphite can be produced synthetically, although current production methods yield a purer graphite from natural ores
- With modern chemical purification processes and thermal treatment, natural graphite achieves a purity of 99.9 percent compared to 99.0 percent for the synthetic equivalent
- Largest producer of graphite is China; biggest graphite reserves are in Turkey

Macro trends

- Main uses of graphite are brake linings, foundry operations, lubricants, refractory applications, and steelmaking
- Growth of production of lithium-ion batteries is causing a rapid increase in demand for natural graphite
- At the end of 2016, natural graphite accounts for 60-65% of lithium-ion anode market share; synthetic is around 30%; and alternatives such as lithium titanate, silicon and tin is around 5%

Exposure

- Zeta is investing in a Sri Lankan graphite brownfield explorer of vein graphite, the purest naturally occurring graphite

ICM INVESTMENT PHILOSOPHY



INVESTMENT MANAGER AND TEAM

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

ICM has some US\$21.1 billion under management directly and indirectly in a range of mandates. ICM has over 40 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Singapore, Sydney and Wellington.

ICM staff responsible for Zeta's investments include:

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

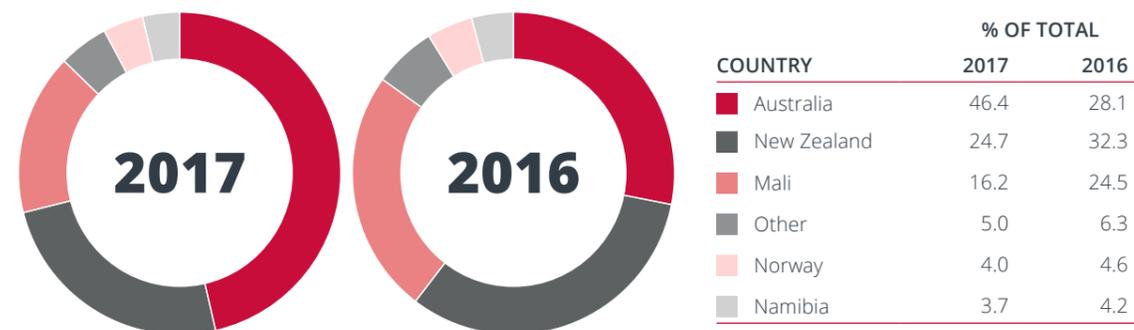
Duncan Saville, a director of ICM, is a chartered accountant with experience in corporate finance and asset management. He is currently a director of a number of listed companies including New Zealand Oil & Gas Limited and is an experienced company director. He is a Fellow of the Institute of Chartered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

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

Eduardo Greca, joined ICM in 2010 as an Equity Analyst and he is based in Brazil. He has over eight years of experience as an economist, and prior to joining the investment team he worked in the commodities team at Kraft Foods in Brazil. Eduardo supports Zeta on Latam investments. Eduardo obtained an economics degree at the Federal University of Parana in 2009 and is a CFA Charterholder.

GEOGRAPHICAL & SECTOR SPLIT OF INVESTMENTS

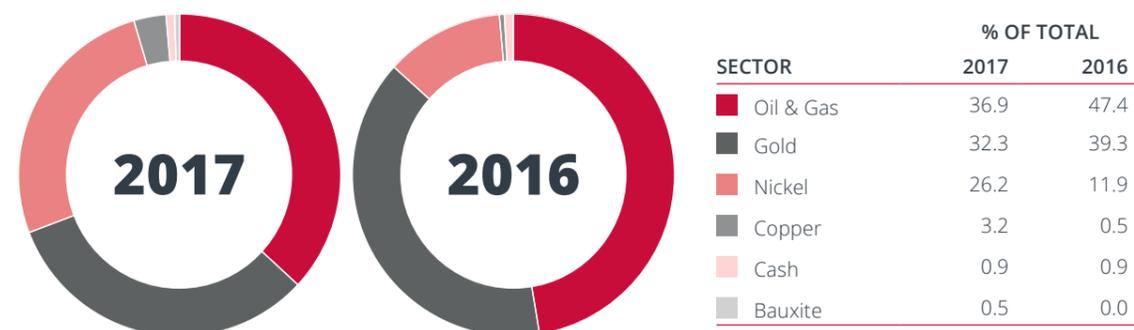
GEOGRAPHICAL SPLIT OF INVESTMENTS*



*Including investments held by Zeta Energy Pte. Ltd

Source: ICM

SECTOR SPLIT OF INVESTMENTS*



*Including investments held by Zeta Energy Pte. Ltd

Source: ICM

FIVE LARGEST HOLDINGS

2017	2016	COMPANY (Country of principal activity) Description	FAIR VALUE US\$000	% OF TOTAL INVESTMENTS
1	(4)	Panoramic Resources Limited (Australia) Nickel exploration and mining	19,993	24.8%
2	(1)	Resolute Mining Limited (Australia, Mali) Gold exploration and mining	18,989	23.6%
3	(2)	New Zealand Oil & Gas Limited (New Zealand) Oil & gas exploration and production	12,308	15.3%
4	(3)	Pan Pacific Petroleum NL (Australia) Oil & gas exploration and production	9,099	11.3%
5	(5)	Seacrest LP – unlisted (Global) Oil & gas offshore seismic exploration	7,679	9.5%
Other investments			12,526	15.5%
Total Portfolio			80,594	100.0%

The value of the five largest holdings represents 84.5% (2016: 92.6%) of the group's total investments. The country shown is the location of the principal part of the company's business. The total number of companies included in the portfolio is 18 (2016: 18).

REVIEW OF THE FIVE LARGEST HOLDINGS



RESOLUTE MINING LIMITED (AUSTRALIA, MALI)

www.rml.com.au
Market Cap: US\$700.1 million

Resolute Mining Limited is a gold producer listed on the ASX, with long life mines at Syama in Mali and at Ravenswood in Australia, and a development project at Bibiani in Ghana. In the year to June 2017 Resolute's various operations yielded 329,834 ounces of gold. Average cash costs of A\$995 per ounce were higher than the previous year's A\$898 per ounce. During the year Resolute began development work on underground mining at Syama, and is in the regulatory approvals stage of pursuing the return to large scale open pit mining at Ravenswood.



NEW ZEALAND OIL & GAS LIMITED (NEW ZEALAND)

www.nzog.com
Market Cap: US\$84.3 million
(Investment held by Zeta Energy Pte. Ltd)

New Zealand Oil & Gas Limited is an independent New Zealand oil & gas exploration and production company. During the year, the company sold its two production assets, both in offshore New Zealand: the Kupe gas and oil field, and Tui area oil fields. NZOG has retained an exploration portfolio in both New Zealand and Indonesia, and owns 50% of Australian-based oil & gas junior Cue Energy, which has interests in producing assets in New Zealand and Indonesia. NZOG is listed on the New Zealand stock exchange. At year end NZOG had NZ\$126.1 million (previous year NZ\$96.8 million) of cash, having returned NZ\$100.0 million of cash to shareholders following the sale of Kupe. After year end, Zeta announced a partial takeover bid that if successful would result in Zeta owning at least 50.01% of NZOG.

REVIEW OF THE FIVE LARGEST HOLDINGS (continued)

PAN PACIFIC PETROLEUM NL (AUSTRALIA)

www.panpactpetroleum.com.au
Market Cap: US\$17.2 million
(Investment held by Zeta Energy Pte. Ltd)

Pan Pacific Petroleum NL is an ASX-listed oil junior based in Sydney. During the year the company sold its stake in the Tui oil joint venture in New Zealand, as well as its stake in the 07/03 oil and gas development joint venture in Vietnam. In August 2017, PPP and Zeta announced that they had entered into a scheme implementation agreement, under which Zeta or its nominee will acquire all of the issued share capital of PPP that it does not already own by way of a recommended court approved scheme of arrangement.



SEACREST LP (GLOBAL)

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

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



PANORAMIC RESOURCES LIMITED (AUSTRALIA)

www.panoramicresources.com
Market Cap: US\$111.9 million

Panoramic Resources Limited is a Western Australian mining company that owns two 100%-owned underground nickel sulphide mines, the Savannah Project in the East Kimberley and the Lanfranchi Project near Kambalda, Western Australia. Panoramic's value is leveraged to both the price of nickel, and the Australian dollar – the higher the price of nickel and the lower the Australian dollar, the higher the company's worth. Both of Panoramic's nickel mines were in care and maintenance throughout the year, given the persistently low nickel prices. At 30 June 2017 Panoramic had A\$21 million (previous year A\$19 million) in net cash.



DIRECTORS

Peter Ross Sullivan (Chairman and Non-Executive Director), appointed 7 June 2013. Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for more than 20 years, including project engineering, corporate finance, investment banking, corporate and operational management and public company directorships. He has specialised in providing strategic corporate, financial and investment advice to companies principally in the resource sector. He has served as a Director for numerous listed and unlisted companies and been closely involved with their development. Mr Sullivan holds a Bachelor of Engineering and a Master of Business Administration.

Directorships of other listed companies in the last 3 years

Mr Sullivan is Chairman of Pan Pacific Petroleum NL (ASX:PPP), GME Resources Limited (ASX:GME) and Bligh Resources Limited (ASX:BGH) and non-executive director of Resolute Mining Limited (ASX:RSG) and Panoramic Resources Limited (ASX:PAN).

Marthinus (Martin) Botha (Non-Executive Director), appointed 7 June 2013. Mr Botha has over 30 years' experience in banking, with the last 26 years spent in leadership roles building Standard Bank Plc's (part of The Standard Bank of South Africa Limited group of companies) international operations. Mr Botha's primary responsibilities at Standard Bank 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 the Middle East. Mr Botha is currently non-executive chairman of Sberbank CIB (UK) Ltd, a securities broker regulated by the UK Financial Services Authority. Mr Botha holds a Bachelor of Engineering degree in Survey.

Directorships of other listed companies in the last 3 years

Mr Botha is non-executive director of Resolute Mining Limited (ASX:RSG).

Xi Xi (Non-Executive Director), appointed 7 June 2013. Ms Xi is a financial analyst with more than 15 years' experience in the mining, energy and natural resource industry, ranging from managing companies focused on international exploration and development of mining projects to restructuring and overseeing a portfolio of private and public companies. Ms Xi holds dual Bachelor of Science degrees in Chemical Engineering and Economics from the Colorado School of Mines and a Master of Arts in International Relations and China Studies from Johns Hopkins School of Advanced International Studies.

Directorships of other listed companies in the last 3 years

Ms Xi Xi is currently non-executive director of Mineral Resources Limited (ASX:MIN), and previously Galaxy Resources Limited (ASX:GXY).

REPORT OF THE DIRECTORS

Your directors present their report for Zeta Resources Limited, including its subsidiaries, Kumarina Resources Pty Limited, Zeta Energy Pte. Ltd and Zeta Investments Limited, for the year ended 30 June 2017.

DIRECTORS

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

Peter Ross Sullivan
Marthinus (Martin) Botha
Xi Xi

Directors have been in office since the start of the year to the date of this report.

PRINCIPAL ACTIVITIES

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

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

OPERATING AND FINANCIAL REVIEW

Operating results

The net profit attributable to the company for the year to 30 June 2017 amounted to US\$10,277,906.

Overview of operating activity

The company listed on the ASX on 12 June 2013.

During the year the company has continued to build its portfolio of resource investments by investing a further US\$10,515,751. An increase in the fair value of the portfolio resulted in an unrealised profit recognised in profit or loss at year end of US\$5,504,003.

The activities of the company's subsidiary, Kumarina, related to further exploration and evaluation of the existing Australian mining tenements (the Murrin Murrin and Ilgarari projects) and a total of A\$117,518 was invested during the twelve months to 30 June 2017 in further drilling and analysis work.

Financial position

At the end of the year, the company had US\$15,828 in cash and cash equivalents. Investments at fair value totalled US\$47,685,376, loans to subsidiaries were valued at US\$30,027,206 and the investment in subsidiaries was valued at US\$3,181,102.

The company has a loan owing to UIL of \$22,257,029 at year end.

DIVIDENDS

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

REPORT OF THE DIRECTORS (continued)

AFTER BALANCE DATE EVENTS

Zeta Resources Limited has entered into a Scheme Implementation Agreement under which Zeta (or its nominee) will acquire all of the issued share capital of PPP that it does not already own by way of a recommended court approved scheme of arrangement. Under the scheme, PPP shareholders can elect to receive either A\$0.038 cash per PPP share, or one Zeta share for every ten PPP shares. Zeta already has a relevant interest in approximately 50.91% of PPP shares via its wholly owned subsidiary Zeta Energy Pte. Ltd ("Zeta Energy").

Zeta has entered into a subscription agreement to subscribe for 15 million shares in Margosa, to be issued in 5 tranches over a 12-month period, for a cost of A\$3 million. The first tranche of the subscription was completed on 21 July 2017 where Zeta received 5,000,000 shares for A\$1 million. Tranche 2 to 5 become due 3 months, 6 months, 9 months and 12 months following the initial subscription. After the last tranche has been issued, Zeta will own approximately 33% of Margosa.

Following the announcement of a takeover bid to acquire all Bligh shares not already owned by Zeta, on 13 July 2017 Zeta acquired a further 109,736,891 shares in Bligh at a cost of A\$0.038 a share. Zeta now currently owns 85.75% of Bligh.

On 10 August 2017 Zeta gave notice of its intention to make a partial takeover offer under the New Zealand Takeovers Code to acquire an additional 41.955% of each class of the shares in NZOG not currently held or controlled by Zeta Energy at an offer price of NZ\$0.72 per share. If successful, the offer would result in Zeta Energy holding or controlling no less than 50.01% of the voting rights in NZOG.

There have been no other facts nor circumstances of a material nature that have occurred between the reporting date and the date of this report that have a material impact on the financial position of the company at 30 June 2017.

LIKELY DEVELOPMENTS

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

INFORMATION ON COMPANY SECRETARY

On 12 September 2017 ICM Limited was appointed Company Secretary.

REMUNERATION REPORT

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Details of remuneration
- Share based compensation
- Directors and executives interests

Remuneration policy

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

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

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

Details of remuneration for Directors

The company paid a total of \$150,000 to directors for the year ended 30 June 2017.

The company had no employees as at 30 June 2017.

Share based compensation

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

Directors and Executives' interests

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

DIRECTOR	ORDINARY SHARES OPENING BALANCE	NET CHANGE	ORDINARY SHARES CLOSING BALANCE
Peter R Sullivan	5,670,632	-	5,670,632
Martin Botha	-	279,565	279,565
Xi Xi	-	-	-

REPORT OF THE DIRECTORS (continued)

MEETINGS OF DIRECTORS

The board held six meetings during the year which were attended by all directors. The meetings were held on 4 July, 2 September, 29 November 2016 and 8 February, 23 May and 12 June 2017.

In addition, throughout the course of the year there were a number of resolutions of directors which were made by unanimous written resolution.

There were no meetings of committees of directors that were required to be held during the year.

LOANS TO DIRECTORS AND EXECUTIVES

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

UNLISTED OPTIONS

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

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

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

AUDIT COMMITTEE

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

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

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

INDEMNIFYING OFFICERS OR AUDITORS

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

ENVIRONMENTAL REGULATION

Kumarina Resources Pty Limited's operations are subject to the Western Australian Mining Act 1978 and the Environmental Protection Act 1986.

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

NON-AUDIT SERVICES

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

ON-MARKET BUY-BACK SCHEME

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

INVESTMENTS DISCLOSED BY THE COMPANY AT THE REPORTING DATE

	NUMBER OF SHARES	% OF ISSUED SHARES HELD
Listed		
Bligh Resources Limited	100,412,123	42.374%
GME Resources Limited	23,588,258	5.088%
New Zealand Oil & Gas Limited*	27,103,776	17.001%
Oilex Limited*	121,323,567	7.203%
Pan Pacific Petroleum NL*	296,269,023	50.910%
Panoramic Resources Limited	118,369,868	27.620%
Resolute Mining Limited	20,784,000	2.820%
*Owned by Zeta Energy Pte. Ltd		
Unlisted		
Kumarina Resources Pty Limited	26,245,610	100%
Zeta Energy Pte. Ltd	100	100%
Zeta Investments Limited	100	100%

During the year the company completed a total of 256 transactions in securities and paid a total of US\$54,634 in brokerage on those transactions.

INVESTMENT MANAGEMENT AGREEMENT

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

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

Either party may terminate the agreement with six months' notice. The agreement has an expiry date of 3 June 2018.

The company paid US\$481,772 in management fees during the reporting year.

REPORT OF THE DIRECTORS (continued)

AUDITOR'S INDEPENDENCE DECLARATION

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

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



Peter R Sullivan
Chairman
Perth, Western Australia
12 September 2017

CORPORATE GOVERNANCE STATEMENT

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

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

INDEPENDENT AUDITOR'S REPORT



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Fax: +27 (0)11 647 8000
Dacex: 472 Johannesburg
Internet: kpmg.co.za

Independent Auditor's Report

To the Shareholders of Zeta Resources Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zeta Resources Limited set out on pages 40 to 63, which comprise the statement of financial position at 30 June 2017, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zeta Resources Limited at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter for the financial statements is set out below.

Valuation of Unlisted Investments (\$3.5million and \$16.7million)

Refer to Note 4 and Note 5 of the financial statements.

The key audit matter

Zeta Resources has unlisted investments to the value of \$3.5 million and the subsidiaries of Zeta Resources have unlisted investments to the value of \$16.7 million recognised on the statement of financial position at year end. As these investments are unlisted, there is a lack of persuasive audit evidence in the form of objective evidence such as quoted prices, which increases estimation uncertainty.

How the matter was addressed in our audit

Our audit procedures included:

- Assessing the key underlying assumptions of the valuations performed. Such as the reasonability of the valuation approach chosen and the inputs used.

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Professions Act, 26 of 2005.

Registration number: 1999/02154/21

Chief Executive: N. Dlamini
Director: J. van der Merwe

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, which is not of the directors' names is available for inspection.



The entity's core business of investment holding is driven by the appreciation of value in the investments held. The determination of the value for unlisted investments of Zeta Resources and the unlisted investments held by subsidiaries of Zeta Resources is considered a key area of judgement.

Accordingly, this matter was determined to be a key audit matter.

- Developing our own assessments in relation to net asset values, last traded prices and costs used within the valuation model.
- Considered management bias by assessing the overall consistency of the assumptions used by management in their valuations, by comparing their assumptions to the assumptions used in prior periods.

We also considered disclosures against the requirements of the relevant financial reporting framework.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Corporate Governance Statement, and the Annual Report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (continued)



- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Inc

Per: P Farrand
Chartered Accountant (SA)
Registered Auditor
Director
12 September 2017

AUDITOR'S INDEPENDENCE DECLARATION



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

In relation to our audit of the financial report of Zeta Resources Limited for the financial year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the International Standards on Auditing or any applicable code of professional conduct.

KPMG Inc.

Per P Farrand
Chartered Accountant (SA)
Registered Auditor
Director
12 September 2017

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive: N Dlomu
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

STATEMENT OF FINANCIAL POSITION

Notes	at 30 June 2017	June 2017 US\$	June 2016 US\$
Non-current assets			
4	Investment in subsidiaries	3,181,102	3,086,091
5	Investments	47,685,376	49,813,042
6	Loans to subsidiaries	30,027,206	29,803,322
Current assets			
7	Cash and cash equivalents	15,828	238,893
8	Trade and other receivables	-	12,109
Total assets		80,909,512	82,953,457
Non-current liabilities			
9	Loan from subsidiary	(5,351,022)	(3,754,667)
10	Loan from parent	(22,257,029)	(36,165,296)
Current Liabilities			
11	Trade and other payables	(260,421)	(192,220)
	Balance due to brokers	-	(78,140)
Total liabilities		(27,868,472)	(40,190,323)
NET ASSETS		53,041,040	42,763,134
Equity			
12	Share capital	900	900
12	Share premium	66,233,041	66,233,041
12	Options	17,265,320	17,265,320
	Accumulated losses	(30,458,221)	(40,736,127)
TOTAL EQUITY		53,041,040	42,763,134

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Notes	for the year ended 30 June 2017	June 2017 US\$	June 2016 US\$
Revenue			
13	Investment income/(losses)	14,246,441	(4,036,767)
14	Other (losses)/income	(213,826)	1,437,732
Expenses			
	Directors fees	(150,000)	(150,000)
	Interest expense	(2,627,116)	(3,371,114)
15	Management and consulting fees	(662,662)	(560,884)
16	Operating and administration expenses	(314,931)	(293,458)
Profit/(loss) before income tax		10,277,906	(6,974,491)
17	Income tax	-	-
Profit/(loss) for the year		10,277,906	(6,974,491)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,277,906	(6,974,491)
Profit/(loss) per share			
18	Basic and diluted profit/(loss) per share (cents per share)	0.06	(0.05)

STATEMENT OF CASH FLOWS

Notes	for the year ended 30 June 2017	
	June 2017 US\$	June 2016 US\$
Cash flows from operating activities		
19.1 Cash utilised by operations	(703,080)	(90,994)
Interest received	14	25,262
Interest expense	(2,627,116)	(3,371,114)
Net cash flows from operating activities	(3,330,182)	(3,436,846)
Cash flows from investing activities		
Investments purchased	(11,453,601)	(4,334,188)
Investments sold	26,190,010	760,235
Decrease/(increase) in loan to subsidiaries	937,850	(12,416,348)
Net cash flows from investing activities	15,674,259	(15,990,301)
Cash flows from financing activities		
19.2 Proceeds from issue of shares	-	1,351,745
19.3 Proceeds from issue of options	-	17,265,320
Decrease in loan from parent through issue of shares and options	-	(18,617,065)
Decrease in loan from parent from repayment	(18,859,148)	-
Increase in loan from parent from additional funding	4,950,881	19,374,149
Increase/(decrease) in loan from subsidiaries	1,596,355	(641,120)
Net cash flows from financing activities	(12,311,912)	18,733,029
Net movement in cash and cash equivalents	32,165	(694,118)
Cash and cash equivalents at the beginning of the year	238,893	193,267
Effect of exchange rate fluctuations on cash held	(255,230)	739,744
7 Cash and cash equivalents at end of the year	15,828	238,893

STATEMENT OF CHANGES IN EQUITY

Notes	for the year ended 30 June 2017				
	Share capital US\$	Share premium US\$	Options US\$	Accumulated losses US\$	Total US\$
Balance at 1 July 2015	832	64,881,364	-	(33,761,636)	31,120,560
12 Issue of shares	68	1,351,677	-	-	1,351,745
12 Issue of options	-	-	17,265,320	-	17,265,320
Other comprehensive income for the year	-	-	-	(6,974,491)	(6,974,491)
Balance at 30 June 2016	900	66,233,041	17,265,320	(40,736,127)	42,763,134
Other comprehensive income for the year	-	-	-	10,277,906	10,277,906
Balance at 30 June 2017	900	66,233,041	17,265,320	(30,458,221)	53,041,040

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1 Corporate information

Zeta Resources Limited ("the company") is an investment company incorporated on 13 August 2012, listed on the Australian Stock Exchange and domiciled in Bermuda. The financial statements of the company as at and for the year ended 30 June 2017 comprise the company only.

1.2 Basis of preparation

The financial statements for the period ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs). The following accounting policies have, in all material respects, been applied consistently. The company carries on the business of an investment holding company. The purpose of the company is to earn returns through capital appreciation or investment income. The company is accordingly applying the consolidation exemption for investments in subsidiaries.

The financial statements were authorised for issue by the board of directors on 12 September 2017.

1.3 Basis of measurement

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

1.4 Functional and presentation currency

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

1.5 Use of estimates and judgements

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 21.

2. ADOPTION OF NEW AND REVISED STANDARDS

Future amendments not early adopted in the 2017 year ended financial statements

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

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

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

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

IFRS 16 Leases - as Zeta Resources is an investment entity, its main operations are to invest in securities. All other business operations are outsourced and therefore no leases are held by Zeta Resources. This indicates that IFRS 16 will have no impact on Zeta Resources. IFRS 15 Revenue - Zeta Resources' revenue consists only of dividend income and realised and unrealised gains and losses. These income streams are not impacted by IFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Revenue

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

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

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

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

3.2 Borrowing costs

Borrowing costs are recognised as an expense when incurred.

3.3 Income tax

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

3.4 Foreign currency

Foreign currency transactions and balances

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

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

3.5 Earnings per share ("EPS")

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

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

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

3.6 Financial instruments

Non-derivative financial instruments

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

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

Recognition and derecognition of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

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

Financial assets at fair value through profit or loss

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

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

Cash and cash equivalents

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

Non-derivative financial liabilities

The company has the following non-derivative financial liabilities: loans and borrowings, trade and other receivables, trade and other payables and amounts due to/from brokers.

All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument. The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of a financial liability assumed (or part thereof), extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables are initially recognised at original invoice amount and are subsequently stated at amortised cost by applying the effective interest method. Trade and other payables are not discounted where the effects of discounting is considered immaterial. Trade and other payables are settled within 30 to 90 days and are interest free. Any gains on derecognition are recognised in profit or loss.

3.7 Impairment of assets

Financial assets

A financial asset 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 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.

Financial assets related to subsidiaries are measured at fair value under IAS 39, in line with the requirements for investment entities under IFRS 10.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of assets (continued)

Non-financial assets (continued)

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.

3.8 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.

3.9 Provisions and accruals

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

4. INVESTMENT IN SUBSIDIARIES

	June 2017 US\$	June 2016 US\$
At fair value		
Investment in Kumarina Resources Pty Limited ("Kumarina")	3,181,100	3,086,089
Investment in Zeta Energy Pte. Ltd. ("Zeta Energy")	1	1
Investment in Zeta Investments Limited ("Zeta Investments")	1	1
	3,181,102	3,086,091

Investments in subsidiaries are held as part of the investment portfolio and consequently, in accordance with IFRS 10 are not consolidated but rather shown at fair value through profit and loss. The directors' fair valuation of Kumarina is still considered to be its 2013 cost value as there have been no significant changes in the entity and its prospects. The company had the following subsidiaries as at 30 June 2017:

	Number of ordinary shares	Percentage of ordinary shares held
30 June 2017		
Kumarina incorporated in Australia	26,245,210	100%
Zeta Investments incorporated in Bermuda	1,000	100%
Zeta Energy incorporated in Singapore	1	100%
30 June 2016		
Kumarina incorporated in Australia	26,245,210	100%
Zeta Investments incorporated in Bermuda	1,000	100%
Zeta Energy incorporated in Singapore	1	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS

	June 2017 US\$	June 2016 US\$
Financial assets at fair value through profit or loss	47,685,376	49,813,042
Equity securities at fair value		
Ordinary shares – listed	47,276,793	40,776,406
Subscription and other rights – unlisted	408,583	9,036,636
	47,685,376	49,813,042
Equity securities at cost		
Ordinary shares – listed	45,142,335	40,650,179
Subscription and other rights – unlisted	706,040	11,573,120
	45,848,375	52,223,299

Investments held by the company at the reporting date	Number of shares
Listed	
Panoramic Resources Limited	118,369,868
Bligh Resources Limited	100,412,123
Resolute Mining Limited	20,784,000
GME Resources Limited	23,588,258
Other investments	35,184,537
Unlisted	
Other investments	302,654
Other rights	938,331

Listed investments held by subsidiaries of the company include 27,103,776 shares in New Zealand Oil & Gas Limited, 121,323,567 shares in Oilex Limited, and 296,269,023 shares in Pan Pacific Petroleum NL.

During the reporting period the company completed a total of 256 transactions (2016: 86 transactions) in securities and paid a total of US\$54,634 (2016: US\$5,955) in brokerage on those transactions.

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

The shares pledged include: Resolute Mining Limited (11,000,000) and Panoramic Resources Limited (6,666,666).

6. LOANS TO SUBSIDIARIES

	June 2017 US\$	June 2016 US\$
Loan to Zeta Energy	29,735,459	29,672,978
Loan to Kumarina	291,747	130,344
	30,027,206	29,803,322

The loan to Zeta Energy is denominated in Australian dollars to the value of A\$20.669 million (2016: A\$20.427 million), British pounds to the value of UK£1.0 million (2016: UK£1.0 million), New Zealand dollars to the value of NZ\$26.340 million (2016: NZ\$43.584 million) and United States dollars to the value of \$11.2 million (2016: Nil). There are no fixed repayment terms and no interest is charged. During the period ended 30 June 2017, the loan to Zeta Energy, which was utilised for the purchase of listed investments, was impaired, through profit and loss, to the fair value of the company as determined by the directors. In determining the fair value of Zeta Energy the directors have valued the listed investments held by the company at market value of the exchange they are listed on, other than the listed investment in Pan Pacific Petroleum NL (“PPP”) and unlisted investment in Seacrest which were valued by the directors at fair value. The directors deem an alternate valuation for PPP to be more appropriate due to the thinly traded nature of the shares in the market, that Zeta Energy has control of PPP by holding more than 50% of its issued share capital and that PPP’s net asset value per share supports the directors’ valuation. The net asset value of PPP is substantially made up of cash and cash equivalents and listed investments. The directors have used a fair value valuation of Seacrest of US\$0.72 per share based on the value of its subsidiary Azimuth, as fully described in note 21.4. As at 30 June 2017 the impairment to the loan totalled US\$16.773 million. The loan to Kumarina is denominated in Australian dollars and is interest free. There are no fixed repayment terms except that no repayment is due before 30 June 2018.

7. CASH AND CASH EQUIVALENTS

	June 2017 US\$	June 2016 US\$
Cash balance comprises:		
Cash at bank	15,828	238,893

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

8. TRADE AND OTHER RECEIVABLES

	June 2017 US\$	June 2016 US\$
Prepayments	-	12,109

9. LOAN FROM SUBSIDIARY

	June 2017 US\$	June 2016 US\$
Loan from Zeta Energy	5,351,022	3,754,667

The loan from Zeta Energy is denominated in Australian dollars to the value of A\$6.01 million (30 June 2016: A\$3.84 million) and New Zealand dollars to the value of NZ\$1.01 million (30 June 2016: NZ\$1.26 million) and currently attracts interest at rates between 4.35% and 6.85% per annum (30 June 2016: 7.11%) on the Australian dollar loan and at 6.00% per annum (30 June 2016: 6.49%) on the New Zealand dollar loan. There are no fixed repayment terms except that no repayment is due before 30 June 2018. Zeta Energy has in turn borrowed these funds from Leveraged Equities New Zealand and Bell Potter Capital Limited Australia on the same interest and repayment terms. In order to secure the loans Zeta has pledged certain of its investments. The shares pledged include: Resolute Mining Limited (11,000,000) and Panoramic Resources Limited (6,666,666).

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. LOAN FROM PARENT

	June 2017 US\$	June 2016 US\$
Loan from UIL Limited ("UIL")	22,257,029	36,165,296

The loan is denominated in Australian dollars to the value of A\$28.99 million (30 June 2016: A\$45.4 million), carries interest at 7.5% per annum (30 June 2016: 10%) and no repayment is due before 30 June 2018. During the year the company converted A\$15.86 million of loans into NZ\$17 million of which NZ\$15.05 million was repaid in May 2017. Following the repayment the balance of the NZ\$ loan was converted back into A\$. During the year the company received A\$2.6 million of funding for the purchase of investments, capitalised interest of A\$5.93 million and made further repayments of A\$10.70 million.

11. TRADE AND OTHER PAYABLES

	June 2017 US\$	June 2016 US\$
Accruals	260,421	192,220

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

12. SHARE CAPITAL AND SHARE PREMIUM

Authorised

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

Issued	Number of shares	Share capital	Share premium
Ordinary shares			
Balance as at incorporation		-	-
Issued at incorporation as US\$1 par shares	100	-	-
Shares split into 10,000,000 shares of US\$0.00001 each	9,999,900	-	-
Issued in consideration for purchase of investments from UIL	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina Resources Limited	17,775,514	178	13,406,337
Issued under initial public offering	4,000	-	3,795
Issued under public rights issue dated 10 February 2014	42,616,164	426	19,249,296
Following shareholder approval, issued under ASX listing rule 10.11 dated 7 December 2015	6,769,280	68	1,351,677
Balance as at 30 June 2016	100,000,000	900	66,233,041
Balance as at 30 June 2017	100,000,000	900	66,233,041

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

	Options	June 2017 US\$	June 2016 US\$
Options			
Balance at the beginning of the year (Note (a))	86,461,440	17,265,320	-
Following shareholder approval, issued under ASX listing rule 10.11 dated 7 December 2015	-	-	17,265,320
Balance at the end of the year	86,461,440	17,265,320	17,265,320

Note (a) The options were exercisable at an exercise price of A\$1.00 into one ordinary share until 7 December 2019.

13. INVESTMENT INCOME/(LOSSES)

	June 2017 US\$	June 2016 US\$
Interest income	14	25,262
Dividend income	380,939	-
Realised gains	8,361,485	17,756
Unrealised fair value gains/(losses):		
Financial assets at fair value through profit or loss	4,342,269	2,427,511
Impairment of loan to subsidiary at fair value through profit or loss	1,161,734	(6,507,296)
	14,246,441	(4,036,767)

14. OTHER (LOSSES)/INCOME

	June 2017 US\$	June 2016 US\$
Foreign exchange (losses)/gains	(255,230)	739,744
Other income	41,404	697,988
	(213,826)	1,437,732

15. MANAGEMENT AND CONSULTING FEES

	June 2017 US\$	June 2016 US\$
Management and consulting fees	662,662	560,884

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

Performance fees are payable annually at year end on the difference between adjusted equity funds (adjusted for any dividends paid or accrued) on calculation date less adjusted base equity funds (high-water mark) previously used in the performance fee calculation multiplied by 15%. The adjusted base equity funds is the base equity fund used in the last performance fee calculation adjusted by the average percentage income yield on the S&P/ASX 300 Metals and Mining Index. No performance fee was payable in the current period (2016: US\$ Nil).

Either party may terminate the agreement with six months' notice. The agreement has an expiry date of 3 June 2018.

16. OPERATING AND ADMINISTRATION EXPENSES

	June 2017 US\$	June 2016 US\$
Operating and administration expenses consist of:		
Accounting fees	115,645	82,833
Audit fees	20,838	14,463
Australian Stock Exchange listing fees and regulation costs	55,620	47,694
Insurance costs	14,153	14,042
Other expenses	108,675	134,426
	314,931	293,458

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. INCOME TAX

The company is domiciled in Bermuda and has elected to be tax exempt in terms of local legislation. As such no tax is payable.

18. EARNINGS/(LOSS) PER SHARE

	June 2017 US\$	June 2016 US\$
Earnings/(loss) per share	0.06	(0.05)

Profit/(loss) used in calculation of basic and diluted earnings per share	10,277,906	(6,974,491)
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Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	186,461,440	145,959,570
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The weighted average number of ordinary shares calculation is based on the year beginning 1 July 2016. For details of shares issued during the year refer to note 19.2.

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

19. NOTES TO THE CASH FLOW STATEMENT

	June 2017 US\$	June 2016 US\$
19.1 Cash utilised by operations		
Income/(loss) before income tax benefit	10,277,906	(6,974,491)
Adjustments for:		
Realised gains on investments	(8,361,485)	(17,756)
Fair value (profit)/loss on revaluation of investments	(5,504,003)	4,079,785
Foreign exchange losses/(gains)	255,230	(739,744)
Interest income	(14)	(25,262)
Interest expense	2,627,116	3,371,114
Operating loss before working capital change	(705,250)	(306,354)
Decrease in trade and other receivables	12,109	1,062
Increase in trade and other payables	68,201	16,246
Decrease in balance due from brokers	-	119,912
(Decrease)/increase in balance due to brokers	(78,140)	78,140
	(703,080)	(90,994)

19. NOTES TO THE CASH FLOW STATEMENT (continued)

	June 2017 US\$	June 2016 US\$
19.2 Issue of shares		
Shares issued for consideration		
During the year ended 30 June 2016, following shareholder approval, in accordance with ASX listing rule 10.11, the company issued 6,769,280 ordinary shares on 7 December 2015, at a cost of A\$0.2817 per share, to UIL Limited, raising the equivalent of US\$1.352 million.	-	1,351,745

	June 2017 US\$	June 2016 US\$
19.3 Issue of options		
Options issued for consideration		
During the year ended 30 June 2016, following shareholder approval, the company issued 86,461,440 options at a cost of A\$0.2817 per option, to UIL Limited, raising the equivalent of US\$17.27 million. These options are exercisable at a price of A\$0.001 into one ordinary share until 7 December 2019.	-	17,265,320

20. AUDITOR REMUNERATION

	June 2017 US\$	June 2016 US\$
Amounts received or due and receivable by the auditors for audit of financial statements	20,838	14,463

21. FINANCIAL RISK MANAGEMENT

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

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

Categories of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FINANCIAL RISK MANAGEMENT (continued)

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

	Designated at fair value through profit and loss US\$	Loans and receivables at fair value through profit and loss US\$	Total carrying value US\$
30 June 2017			
Assets			
Investments in subsidiaries	3,181,102	–	3,181,102
Investments	47,685,376	–	47,685,376
Loans to subsidiaries	–	30,027,206	30,027,206
Cash and cash equivalents	–	15,828	15,828
	50,866,478	30,043,034	80,909,512
Liabilities			
Loans from subsidiaries	–	5,351,022	5,351,022
Trade and other payables	–	260,421	260,421
Loan from parent	–	22,257,029	22,257,029
	–	27,868,472	27,868,472
30 June 2016			
Assets			
Investments in subsidiaries	3,086,091	–	3,086,091
Investments	49,813,042	–	49,813,042
Loans to subsidiaries	–	29,803,322	29,803,322
Cash and cash equivalents	–	238,893	238,893
Trade and other receivables	–	12,109	12,109
	52,899,133	30,054,324	82,953,457
Liabilities			
Loans from subsidiaries	–	3,754,667	3,754,667
Trade and other payables	–	192,220	192,220
Loan from parent	–	36,165,296	36,165,296
Balance due to brokers	–	78,140	78,140
	–	40,190,323	40,190,323

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Market risks

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

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

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

Currency exposure

The principal currencies to which the company was exposed were the Australian Dollar, Sterling and New Zealand Dollar. The exchange rates applying against the United States Dollar at 30 June 2017 and the average rates for the year were as follows:

	June 2017	Average
AUD – Australian Dollar	0.7678	0.754
GBP – Sterling	1.3008	1.2686
NZD – New Zealand Dollar	0.7325	0.7125

The company's monetary assets and liabilities at 30 June 2017 (shown at fair value), by currency based on the country of primary operations, are shown below:

30 June 2017	USD	AUD	GBP	NZD
Cash and cash equivalents	1,656	14,089	–	83
Loans to subsidiaries	7,679,016	10,040,059	–	12,308,131
Loans from subsidiaries	–	(4,613,964)	–	(737,058)
Loan from parent	–	(22,257,029)	–	–
Trade and other payables	(164,815)	(81,739)	–	(75)
Net monetary (liabilities)/assets	7,515,857	(16,898,584)	–	11,571,081
30 June 2016	USD	AUD	GBP	NZD
Cash and cash equivalents	1,423	220,022	899	16,549
Trade and other receivables	–	–	–	12,109
Loans to subsidiaries	–	9,613,170	836,352	19,353,800
Loans from subsidiaries	–	(2,857,128)	–	(897,539)
Loan from parent	–	(36,165,296)	–	–
Trade and other payables	(170,258)	(21,962)	–	–
Balance due to brokers	–	(78,140)	–	–
Net monetary (liabilities)/assets	(168,835)	(29,289,334)	837,251	18,484,919

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FINANCIAL RISK MANAGEMENT (continued)

21.1 Market risks (continued)

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

	AUD	GBP	NZD	Total
Strengthening of the United States Dollar				
Decrease in total comprehensive profit for the year ended 30 June 2017	(3,826,679)	(161,552)	(1,849,220)	(5,837,451)
Increase in total comprehensive loss for the year ended 30 June 2016	(1,970,597)	(185,814)	(3,017,865)	(5,174,276)
Weakening of the United States Dollar				
Increase in total comprehensive profit for the year ended 30 June 2017	3,826,679	161,552	1,849,220	5,837,451
Decrease in total comprehensive loss for the year ended 30 June 2016	1,970,597	185,814	3,017,865	5,174,276

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

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 30 June 2017 is shown below:

	Within one year US\$	Greater than one year US\$	Total US\$
30 June 2017			
Exposure to floating rates:			
Cash	15,828	-	15,828
Exposure to fixed rates:			
Loan from subsidiaries	-	(5,351,022)	(5,351,022)
Loan from parent	-	(22,257,029)	(22,257,029)
30 June 2016			
Exposure to floating rates:			
Cash	238,893	-	238,893
Exposure to fixed rates:			
Loan from subsidiaries	-	(3,754,667)	(3,754,667)
Loan from parent	-	(36,165,296)	(36,165,296)

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

Other market risk exposures

The portfolio of investments, valued at US\$47,685,376 at 30 June 2017 (30 June 2016: US\$49,813,042) is exposed to market price changes. The Investment Manager assesses these exposures at the time of making each investment decision. An analysis of the portfolio by country is set out on note 23.

Price sensitivity risk analysis

A 10% decline in the market price of the listed investment held by the company would result in an unrealised loss of US\$4,768,538. A 10% appreciation in the market price would have the opposite effect.

21. FINANCIAL RISK MANAGEMENT (continued)

21.2 Liquidity risk exposure

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

	Three months or less US\$	More than three months but less than a year US\$	More than a year US\$	Total US\$
30 June 2017				
Loan from subsidiaries	-	-	5,351,022	5,351,022
Trade and other payables	260,421	-	-	260,421
Loans from parent	-	-	22,257,029	22,257,029
	260,421	-	27,608,051	27,868,472
30 June 2016				
Loan from subsidiaries	-	-	3,754,667	3,754,667
Trade and other payables	192,220	-	-	192,220
Balance due to brokers	78,140	-	-	78,140
Loans from parent	-	-	36,165,296	36,165,296
	270,360	-	39,919,963	40,190,323

21.3 Credit risk and counterparty exposure

The company is exposed to potential failure by counterparties to deliver securities for which the company has paid, or to pay for securities which the company has delivered. To mitigate against credit and counterparty risk broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body.

Cash and deposits are held with reputable banks. The company has an on-going contract with its Custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the company are received and reconciled monthly.

Maximum exposure to credit risk

The company has loan assets totalling US\$29,803,322 (2016: US\$23,894,270) that is exposed to credit risk.

None of the company's financial assets are past due, but the loan asset to Zeta Energy has been impaired as per note 6. The company's principal banker is Bermuda Commercial Bank (rated by Fitch as BBB-) and the company's principal custodian is JP Morgan Chase Bank (rated by Fitch as AA-). The subsidiary Kumarina holds a bank account with National Australia Bank (rated by Fitch as AA-).

21.4 Fair values of financial assets and liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FINANCIAL RISK MANAGEMENT (continued)

21.4 Fair values of financial assets and liabilities (continued)

Valuation of financial instruments

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

Level 1	The fair values are measured using quoted prices in active markets.
Level 2	The fair values are measured using inputs, other than quoted prices, that are included within level 1, that are observable for the asset.
Level 3	The fair values are measured using inputs for the asset or liability that are not based on observable market data. The directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

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

Level 3 financial instruments

Valuation methodology

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

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

(a) Unlisted companies

Seacrest LP ("Seacrest") - Bermuda incorporated

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

The valuation of Azimuth is based on fair value GAAP accounting. Using the General Partner's valuation of the Seacrest portfolio a discount is applied to each Azimuth subsidiary. The extent of the discount depends on whether the assets are in a mature or frontier basin. In addition, following the fall in the oil price a further discount was applied thereby calculating a fair value for Azimuth. On this basis Azimuth was valued as at 30 June 2017 at US\$63.62m. The director's deem this valuation method to be appropriate.

Valuation methodology: Zeta has used a fair value valuation of Seacrest of US\$0.72 per share based on the value of Azimuth, described above.

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

(b) Investments and loans in subsidiaries

Zeta Energy - Singapore incorporated

Valuation inputs: The key asset is the investment loan to Zeta Energy which was utilised for the purchase of listed investments, and which was impaired, through profit and loss, to the fair value of the company as determined by the directors based on the valuation of the investments held by Zeta Energy as at 30 June 2017.

Valuation methodology: Zeta has used a fair value valuation of losses incurred by Zeta Energy on its investments by which to impair the loan value in the accounts as at 30 June 2017.

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

Other investments and loans to subsidiaries

Zeta has further investments and loans to subsidiaries valued at book and realisable value, with a total value of US\$3.2m (2016: US\$3.1m).

21. FINANCIAL RISK MANAGEMENT (continued)

21.4 Fair values of financial assets and liabilities (continued)

30 June 2016	Level 1 US\$	Level 2 US\$	Level 3 US\$
Financial assets			
Investments	47,276,793	–	408,583
Investment in subsidiaries	–	–	3,181,102
Loan to subsidiary	–	–	30,027,206

There have been no movements between the level 1 and level 3 categories.

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

	Level 3 investments US\$	Level 3 investments in subsidiary US\$	Level 3 loan to subsidiary US\$
Balance at 1 July 2016	9,036,636	3,086,091	29,803,322
Acquisitions at cost	332,920	–	11,200,000
Disposals during the year	(11,200,000)	–	(12,137,850)
Total gains recognised in:			
Fair value through profit or loss	2,239,027	95,011	1,161,734
Balance at 30 June 2017	408,583	3,181,102	30,027,206

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FINANCIAL RISK MANAGEMENT (continued)

21.5 Capital risk management

The objective of the company is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the board has a responsibility for ensuring the company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves.

22. RELATED PARTIES

22.1 Material related parties

Holding company

The company's holding company is UIL which held 85.5% of the company's issued share capital on 30 June 2017. UIL is in turn held 62.09% by General Provincial Life Pension Fund Limited.

Subsidiary companies

The company's subsidiaries are Kumarina, Zeta Energy and Zeta Investments, all 100% held subsidiaries.

Key management personnel

Key management personnel and their close family members and entities which they control, jointly or over which they exercise significant influence are considered related parties of the company. The company's directors, as listed in the Director's report are considered to be key management personnel of the company.

Investment Manager

ICM Limited is an Investment Manager of both the company, its subsidiaries and UIL.

22.2 Material related parties transactions

	June 2017 US\$	June 2016 US\$
Nature of transactions		
Investments in related parties:		
Kumarina	3,181,100	3,086,089
Zeta Investments	1	1
Zeta Energy	1	1
Loans to related parties:		
Kumarina	291,747	130,344
Zeta Energy	29,735,459	29,672,978
Loans from related parties:		
Utilico	22,257,029	36,165,296
Zeta Energy	5,351,022	3,754,667
Trade and other payables:		
ICM Limited	162,057	103,829
Directors	37,500	37,500
Interest charged by the subsidiaries	380,552	318,776
Interest charged by the parent company	2,246,555	3,051,091
Interest charged by the Investment Manager	-	1,225
Fees paid to the Investment Manager	481,772	344,464
Fees paid to the directors	150,000	150,000

During the year ended 30 June 2017 the company held a loan from its subsidiary Zeta Energy. To secure the loan Zeta Resources has pledged certain quantities of its shares held in listed entities.

The shares pledged include: Resolute Mining Limited (11,000,000) and Panoramic Resources Limited (6,666,666).

23. SEGMENTAL REPORTING

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

Gold: investments in companies which mine gold

Oil & Gas: investments in companies which extract or prospect for oil or gas

Mineral Exploration: investments in companies which explore or mine for nickel, copper and other minerals

Other segments: activities which do not fit into one of the above segments

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

Information about reportable segments

30 June 2017	Gold US\$	Oil & gas US\$	Mineral exploration US\$	Other segments US\$	Total US\$
External revenues	3,354,866	3,560,753	7,337,443	(6,621)	14,246,441
Reportable segment revenue	3,354,866	3,560,753	7,337,443	(6,621)	14,246,441
Interest revenue	-	-	-	14	14
Interest expense	-	-	-	(2,627,116)	(2,627,116)
Reportable segment profit/(loss) before tax	3,396,270	3,560,753	7,337,443	(4,016,560)	10,277,906
Reportable segment assets	26,371,713	30,392,342	24,129,627	15,830	80,909,512
Reportable segment liabilities	-	-	-	(27,868,472)	(27,868,472)

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. SEGMENTAL REPORTING (continued)

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

	June 2017 US\$	June 2016 US\$
Revenues		
Total revenue for reportable segments	14,253,062	(3,920,555)
Revenue for other segments	(6,621)	(116,212)
Revenue	14,246,441	(4,036,767)
Profit or loss		
Total profit or loss for reportable segments	14,294,466	(3,222,567)
Profit or loss for other segments	(4,016,560)	(3,751,924)
Profit/(loss) before tax	10,277,906	(6,974,491)
Assets		
Total assets for reportable segments	80,893,682	82,695,815
Assets for other segments	15,830	257,642
Total assets	80,909,512	82,953,457
Liabilities		
Total liabilities for reportable segments	-	(78,140)
Liabilities for other segments	(27,868,472)	(40,112,183)
Total liabilities	(27,868,472)	(40,190,323)

Geographic information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operating assets of the investment held by the company.

	June 2017 US\$	June 2016 US\$
Revenue		
Australia	8,274,800	(8,497,796)
Singapore	1,161,734	(6,507,295)
Mali	2,341,802	15,579,453
Namibia	846,520	(1,664,577)
New Zealand	-	(1,665)
Norway	911,400	(1,801,948)
United Kingdom	303,800	(595,749)
Other Countries	413,006	(430,978)
Revenue	14,253,062	(3,920,555)

23. SEGMENTAL REPORTING (continued)

	June 2017 US\$	June 2016 US\$
Assets		
Australia	37,282,206	22,755,967
Singapore	29,735,459	29,803,322
Mali	13,102,297	20,424,525
Namibia	-	3,520,472
Norway	-	3,835,958
United Kingdom	-	1,257,543
Other Countries	773,720	1,098,028
Assets	80,893,682	82,695,815

24. EVENTS AFTER THE REPORTING DATE

24.1 Pan Pacific Petroleum NL ("PPP")

Zeta Resources Limited ("Zeta") has entered into a Scheme Implementation Agreement under which Zeta (or its nominee) will acquire all of the issued share capital of PPP that it does not already own by way of a recommended court approved scheme of arrangement. Under the scheme, PPP shareholders can elect to receive either A\$0.038 cash per PPP share, or one Zeta share for every ten PPP shares. Zeta already has a relevant interest in approximately 50.91% of PPP shares via its wholly owned subsidiary Zeta Energy Pte. Ltd.

24.2 Margosa Graphite Limited ("Margosa")

Zeta has entered into a subscription agreement to subscribe for 15 million shares in Margosa, to be issued in 5 tranches over a 12-month period, for a cost of A\$3 million. The first tranche of the subscription was completed on 21 July 2017 where Zeta received 5,000,000 shares for A\$1 million. Tranches 2 to 5 become due 3 months, 6 months, 9 months and 12 months following the initial subscription.

24.3 Bligh Resources Limited ("Bligh")

Following the announcement of a takeover bid to acquire all Bligh shares not already owned by Zeta, on 13 July 2017 Zeta acquired a further 109,736,891 shares in Bligh at a cost of A\$0.038 a share. Zeta now currently owns 85.75% of Bligh.

24.4 New Zealand Oil & Gas Limited ("NZOG")

On 10 August 2017 Zeta gave notice of its intention to make a partial takeover offer under the New Zealand Takeovers Code to acquire an additional 42.0% of each class of the shares in NZOG not currently held or controlled by Zeta Energy at an offer price of NZ\$0.72 per share. If successful, the offer would result in Zeta Energy holding or controlling no less than 50.01% of the voting rights in NZOG.

ADDITIONAL ASX INFORMATION

1. SUBSTANTIAL SHAREHOLDERS

As at 15 September 2017, the company had received notification of the following substantial shareholdings:

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

2. DISTRIBUTION SCHEDULE OF ORDINARY SHARES HELD AT 15 SEPTEMBER 2017

HOLDING RANGES	NO. OF SHARES	NO. OF ORDINARY SHAREHOLDERS	% OF ISSUED CAPITAL
1 – 1,000	3,299	15	0.00
1,001 – 5,000	392,694	130	0.39
5,001 – 10,000	229,248	26	0.23
10,001 – 100,000	918,760	26	0.92
100,001 – and over	98,455,999	16	98.46
Total	100,000,000	213	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares at 15 September 2017 is 18 and they hold 6,959 securities.

3. TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 15 SEPTEMBER 2017

NAME	SHARES	% OF ISSUED CAPITAL
J P Morgan Nominees Australia Limited	85,576,217	85.58
HSBC Custody Nominees Australia Limited	7,932,184	7.93
James Noel Sullivan	1,308,595	1.31
Hardrock Capital Pty Limited	600,000	0.60
Calimo Pty Limited	576,510	0.58
Cherryburn Pty Limited	350,000	0.35
Gillian Clare Sellers	350,000	0.35
ACS (NSW) Pty Limited	295,000	0.30
John Gillis Broinowski	260,000	0.26
Uuro Pty Limited	250,000	0.25
Custodial Services Limited	200,000	0.20
AO Peter Irving Burrows	200,000	0.20
Australian Executor Trustees Limited	200,000	0.20
Pendan Pty Limited	127,675	0.13
Minturn Pty Limited	120,000	0.12
Alexandra Maree Saville	109,818	0.11
T J + K M Russell	80,000	0.08
Stephanie Saville	70,110	0.07
Bouchi Pty Limited	64,000	0.06
John Dugald F Morrison	60,000	0.06
Total for top 20	98,730,109	98.74

4. VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

5. USE OF CAPITAL

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

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

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

7. KUMARINA TENEMENT SCHEDULE

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

COMPANY INFORMATION

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

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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

