



ARBN 162 902 481

# ASX Appendix 4D Half Year Report

**For the six months ended 31 December 2016**

(Incorporating information pursuant to ASX listing rule 4.2A)

*The information contained in this document should be read in conjunction with the accompanying Zeta Resources Limited Directors' Report and Financial Report for the six months ended 31 December 2016, the Zeta Resources Limited Annual Report for the year ended 30 June 2016 and any public announcements made by Zeta Resources Limited during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.*

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## ASX Appendix 4D – Results Summary For the six months ended 31 December 2016

### Results for announcement to the market

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The functional and presentation currency is United States Dollars.

	31 December 2016 US\$	31 December 2015 US\$
<b>Financial Results</b>		
Profit/(loss) from ordinary activities	20,274,163	(25,314,472)
Profit/(loss) from ordinary activities after tax attributable to members	17,939,025	(26,683,574)
<b>Net profit/(loss) for the period attributable to members</b>	17,939,025	(26,683,574)

### Dividends

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Cents per ordinary share	Nil*	Nil
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\*No dividends have been declared or are payable for the period ended 31 December 2016

### Tangible assets per ordinary share

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Net tangible assets per share as at 31 December 2016 (in United States cents)	32.55	23.05
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### Commentary


Refer to the Directors' Report on page 4 for a summary.

## Additional Information

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<b>Control gained or lost over entities having material effect</b>	None.
<b>Dividends paid or provided for</b>	No dividends declared for the half year ended 31 December 2016. Refer to results summary.
<b>Dividends reinvestment plan</b>	No dividends or distribution reinvestment plan was in operation during the period ended 31 December 2016.
<b>Net tangible assets per share</b>	Details of net tangible asset backing are set out in the results summary.
<b>Details of associates and joint ventures</b>	During the period Zeta executed a binding term sheet for the purpose of entering into a joint venture agreement with GME Resources Limited (ASX:GME) on the Murrin Murrin Project located within the highly prospective North-Eastern Goldfields of Western Australia. Binding term sheets covering the agreement have been signed between Golden Cliffs NL a 100% owned subsidiary of GME and Kumarina Resources Pty Ltd a 100% owned subsidiary of Zeta with regards to entering into a 50:50 joint venture to further the project within 24 months of the date of the agreement. As at 31 December 2016 no joint venture per the agreement had yet been formed.
<b>Accounting standards for foreign entities</b>	The financial statements have been prepared in accordance with the provisions of the Bermuda Companies Act 1981 and International Financial Reporting Standards.

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Signed:   
Name: Peter Sullivan

Date: 8 February 2017

## Corporate Directory

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

### **Directors** (Non-Executive)

Peter Sullivan (Chairman)  
Marthinus (Martin) Botha  
Xi Xi

### **Registered Office**

34 Bermudiana Road  
Hamilton HM 11  
Bermuda  
Company Registration Number: 46795

### **Australian Registered Office**

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

### **Investment Manager**

ICM Limited  
34 Bermudiana Road  
Hamilton HM 11  
Bermuda  
Telephone: +1 441 299 2894  
Email: contact@icmnz.co.nz

### **Secretary**

Chamiel McDonald  
34 Bermudiana Road  
Hamilton HM 11  
Bermuda

### **Assistant Secretary**

BCB Charter Corporate Services Limited  
34 Bermudiana Road  
Hamilton HM 11  
Bermuda

### **General Administration**

ICM Corporate Services (Pty) Ltd  
1 Knutsford Road  
Wynberg 7800  
Cape Town  
South Africa

### **Auditor**

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

### **Custodian**

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

### **Registrar**

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

### **Stock Exchange Listing**

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

## Directors' Report

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Your directors present their report of Zeta Resources Limited ("the company") for the six months ended 31 December 2016.

### Directors

The names of directors in office during the six months ended 31 December 2016 and until the date of this report are as follows. Directors were in office for this entire period.

Peter Ross Sullivan  
Marthinus Botha  
Xi Xi

### Principal activities

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

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

### Review of investing activity

During the six-month period ended 31 December 2016, commodity prices were mixed. Oil prices rose, with the Brent crude oil price up 14.4% to US\$56.82 per barrel. The gold price was down 12.2% to US\$1,159/oz, while the nickel price was up 6.6% to US\$4.55/lb.

While commodity prices were mixed, the net assets of the company rose by 41.9% from US\$42.8 million to US\$60.7 million. During the period Zeta's investment in New Zealand Oil & Gas ("NZOG") benefited from the sale of the company's biggest asset at a cash price exceeding NZOG's market capitalization pre sale.

### Financial position

At the end of the six months the company had \$6,345 in cash and cash equivalents. Investments at fair value totalled \$47,879,451 and the investments in subsidiaries were valued at \$2,989,024.

During the period the company made further advances to its wholly-owned subsidiary Zeta Energy Pte Ltd for the purchase of listed investments from its parent company and to make additional purchases in these companies. At the end of the period the loan had been drawn down to the value of \$56,331,229. As a result of the reduction in the share prices, the loan has been impaired, through profit and loss, to the fair value of the listed investments acquired. In the current period the impairment was reduced by an amount of \$5,368,375.

The company has a loan owing to UIL Limited ("UIL") of \$28,262,241 and loans owing to its subsidiary of \$5,480,434 at the period end.

### Results

The net profit after income tax attributable to the company for the six months to 31 December 2016 is \$17,939,025.

### Dividends

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

**After balance date events**

There are no after balance date events.

**Auditors' independence declaration**

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

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

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

Peter R Sullivan  
Chairman  
Perth, Western Australia  
8 February 2017



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

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

## Independent auditor's review report to the directors of Zeta Resources Limited

### Report on the financial report

We have reviewed the accompanying half-year financial report of Zeta Resources Limited, which comprises the condensed statement of financial position as at 31 December 2016, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year period ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

#### *Responsibility of the Directors for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the International Financial Reporting Standards including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date. As auditor of Zeta Resources Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Policy Board:  
Chief Executive: TH Hoole

Executive Directors: M Letsibi, SL Louw, NKS Melaba,  
M Odly, CAT Smit

Other Directors: LP Fourie, N Fubu,  
AH Jaffer (Chairman of the Board), FA Karsem,  
ME Magondo, AAMS Mookgeburu,  
GM Ploetering, JN Pierce

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 1989/021543/21

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.





### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zeta Resources Limited is not in accordance with International Financial Reporting Standards, including: giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date

KPMG Inc.

A handwritten signature in black ink, appearing to be 'P Farrand', written over a faint horizontal line.

Per P Farrand  
Chartered Accountant (SA)  
Registered Auditor  
Director  
8 February 2017

## Auditors' Independence Declaration



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

In relation to our review of the condensed interim financial statements of Zeta Resources Limited for the six month period ended 31 December 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the International Standards on Auditing or any applicable code of professional conduct.

KPMG Inc.

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

Policy Board:  
Chief Executive: TH Hoole

Executive Directors: M Letseta, SL Louw, NKS Mlaba,  
M Oddy, CAT Smit

Other Directors: ZA Beesli, LP Fourie, N Fubu,  
AH Jaffer (Chairman of the Board), FA Karrem,  
ME Mqondo, F Mail, GM Pickering,  
JN Pierce

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

**Condensed statement of comprehensive income**  
**For the six months ended 31 December 2016**

	Notes	6 months ended 31 December 2016 \$	6 months ended 31 December 2015 \$
<b>Revenue</b>			
Investment income/(loss)	12	20,274,163	(25,314,472)
Other income		41,404	812,449
		20,315,567	(24,502,023)
<b>Expenses</b>			
Directors fees		(75,000)	(75,000)
Foreign exchange losses		(405,114)	-
Interest expense		(1,398,643)	(1,609,266)
Management and consulting fees		(324,406)	(332,444)
Operating and administration expenses		(173,379)	(164,841)
<b>Profit/(loss) before tax</b>		17,939,025	(26,683,574)
Income tax	13	-	-
<b>Profit/(loss) for the period</b>		17,939,025	(26,683,574)
<b>Total comprehensive income for the period</b>		17,939,025	(26,683,574)
<b>Profit/(loss) per share</b>			
Basic and diluted profit/(loss) per share (cents per share)	14	9.62	(28.35)

**Condensed statement of financial position**  
**At 31 December 2016**

		31 December 2016	30 June 2016
	Notes	\$	\$
<b>Non-current assets</b>			
Investment in subsidiaries	4	2,989,024	3,086,091
Investments	5	47,879,451	49,813,042
Loans to subsidiaries	6	43,981,172	29,803,322
<b>Current assets</b>			
Cash and cash equivalents	7	6,345	238,893
Trade and other receivables		–	12,109
<b>Total assets</b>		<b>94,855,992</b>	<b>82,953,457</b>
<b>Non-current liabilities</b>			
Loans from subsidiary	8	(5,480,434)	(3,754,667)
Loan from parent	9	(28,262,241)	(36,165,296)
<b>Current liabilities</b>			
Trade and other payables	10	(411,158)	(192,220)
Balance due to brokers		–	(78,140)
<b>Total liabilities</b>		<b>(34,153,833)</b>	<b>(40,190,323)</b>
<b>Net assets</b>		<b>60,702,159</b>	<b>42,763,134</b>
<b>Equity</b>			
Share capital	11	900	900
Share premium	11	66,233,041	66,233,041
Options	11	17,265,320	17,265,320
Accumulated losses		(22,797,102)	(40,736,127)
<b>Total equity</b>		<b>60,702,159</b>	<b>42,763,134</b>

**Condensed statement of changes in equity**  
**For the six months ended 31 December 2016**

	Notes	Share capital \$	Share premium \$	Options \$	Accumulated losses \$	Total \$
<b>Balance at 30 June 2015</b>		832	64,881,364	-	(33,761,636)	31,120,560
Issue of share capital		68	1,351,677	-	-	1,351,745
Issue of options		-	-	17,265,320	-	17,265,320
Loss for the period		-	-	-	(26,683,574)	(26,683,574)
<b>Balance at 31 December 2015</b>		900	66,233,041	17,265,320	(60,445,210)	23,054,051
Profit for the period		-	-	-	19,709,083	19,709,083
<b>Balance at 30 June 2016</b>		900	66,233,041	17,265,320	(40,736,127)	42,763,134
<b>Balance at 1 July 2016</b>		900	66,233,041	17,265,320	(40,736,127)	42,763,134
Profit for the period		-	-	-	17,939,025	17,939,025
<b>Balance at 31 December 2016</b>		900	66,233,041	17,265,320	(22,797,102)	60,702,159

**Condensed statement of cash flows**  
**For the six months ended 31 December 2016**

		6 months ended 31 December 2016	6 months ended 31 December 2015
	Notes	\$	\$
<b>Cash utilised in operating activities</b>			
Cash generated/(utilised) by operations	15.1	2,465	(273,159)
Interest received		14	1,778
Interest paid		(1,398,643)	(1,609,266)
<b>Net cash outflow from operating activities</b>		<b>(1,396,164)</b>	<b>(1,880,647)</b>
<b>Cash flows from investing activities</b>			
Investments purchased		(3,436,918)	(733,484)
Investments sold		19,992,411	277,177
Increase in loans to subsidiaries		(8,809,475)	(3,668,698)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>7,746,018</b>	<b>(4,125,005)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options	11	–	18,617,065
Decrease in loan from parent		(7,903,055)	(12,837,010)
Increase/(decrease) in loan from subsidiary		1,725,767	(776,972)
Increase in other loans		–	111,295
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(6,177,288)</b>	<b>5,114,378</b>
<b>Net movement in cash and cash equivalents</b>		<b>172,566</b>	<b>(891,274)</b>
Cash and cash equivalents at the beginning of the period		238,893	193,267
Effect of exchange rate fluctuations on cash held		(405,114)	700,388
<b>Cash and cash equivalents at end of the period</b>	<b>7</b>	<b>6,345</b>	<b>2,381</b>

## Notes to the condensed interim financial statements

### For the period ended 31 December 2016

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#### 1. Reporting entity

Zeta Resources Limited ('the company') is an investment company listed on the Australian Stock Exchange and domiciled in Bermuda. The condensed interim financial statements of the company as at and for the six months ended 31 December 2016 comprise the company and its wholly-owned subsidiaries.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last annual financial statements as at and for the year ended 30 June 2016.

These condensed interim financial statements were authorised for issue by the board of directors on 8 February 2016.

##### 2.2 Basis of measurement

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

##### 2.3 Functional and presentation currency

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

##### 2.4 Use of estimates and judgements

In preparing these condensed interim financial statements, management make judgements, estimates and assumptions with regards to investments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

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

The significant judgements made by Management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the period ended 30 June 2016.

#### 3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements as at and for the year ended 30 June 2016.

	31 December 2016 \$	30 June 2016 \$
<b>4. Investment in subsidiaries</b>		
At fair value		
Investment in Kumarina Resources Limited ("Kumarina")	2,989,022	3,086,089
Investment in Zeta Investments Limited ("Zeta Investments")	1	1
Investment in Zeta Energy Pte Ltd ("Zeta Energy")	1	1
	2,989,024	3,086,091
	2,989,024	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 company had the following subsidiaries as at 31 December 2016:

	Country of incorporation and operations	Number of ordinary shares	Percentage of ordinary shares held
<b>31 December 2016</b>			
Kumarina Resources	Australia	26,245,610	100%
Zeta Investments	Bermuda	1,000	100%
Zeta Energy	Singapore	1	100%
<b>30 June 2016</b>			
Kumarina Resources	Australia	26,245,610	100%
Zeta Investments	Bermuda	1,000	100%
Zeta Energy	Singapore	1	100%

	31 December 2016 \$	30 June 2016 \$
<b>5. Investments</b>		
Financial assets at fair value through profit or loss	47,879,451	49,813,042
	47,879,451	49,813,042
<b>Equity securities at fair value</b>		
Ordinary shares - listed	47,873,281	40,776,406
Subscription and other rights - unlisted	6,170	9,036,636
	47,879,451	49,813,042
<b>Equity securities at cost</b>		
Ordinary shares - listed	40,806,394	40,650,179
Subscription and other rights - unlisted	373,120	11,573,120
	41,179,514	52,223,299
	41,179,514	52,223,299

During the six months ended 31 December 2016 the company held loans from its subsidiary Zeta Energy. To secure the loans Zeta Resources pledged certain quantities of its shares held in listed entities. The shares pledged comprise: Resolute Mining Limited (10,000,000) and Panoramic Resources Limited (6,666,666).



	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>6. Loans to subsidiaries</b>		
Loan to Zeta Energy	43,764,753	29,672,978
Loan to Kumarina	216,419	130,344
	<u>43,981,172</u>	<u>29,803,322</u>

The loan to Zeta Energy is denominated in Australian dollars to the value of A\$20.67 million, British pounds to the value of UK£1.0 million and New Zealand dollars to the value of NZ\$43.31 million. There are no fixed repayment terms and no interest is charged. During the period ended 31 December 2016, the loan to Zeta Energy, which was utilised for the purchase of listed investments, was impaired, through profit and loss, to the fair value of the company as determined by the directors. In determining the fair value of Zeta Energy the directors have valued the listed investments held by the company at market value of the exchange they are listed on, other than the investment in Pan Pacific Petroleum (‘PPP’) which was valued by the directors at cost. The directors deem an alternate valuation for PPP to be more appropriate due to the thinly traded nature of the shares in the market, that Zeta Energy has control of PPP by holding more than 50% of its issued share capital and that PPP’s net asset value per share supports the directors’ valuation. As at 31 December 2016 the impairment to the loan totalled US\$12.57 million. This resulted in a reversal of US\$5.37 million, of previously impaired amounts, in the period to 31 December 2016. 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 31 December 2017.

	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>7. Cash and cash equivalents</b>		
Cash balance comprises:		
Cash at bank	6,345	238,893
	<u>6,345</u>	<u>238,893</u>

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

	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>8. Loan from subsidiary</b>		
Loan from Zeta Energy	5,480,434	3,754,667
	<u>5,480,434</u>	<u>3,754,667</u>

The loan from Zeta Energy is denominated in Australian dollars and New Zealand dollars and attracts interest at a rate of 6.85% per annum (30 June 2016: 7.11%) on the Australian dollar loan and at 6.20% 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 31 December 2017.

	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>9. Loan from parent</b>		
Loan from UIL Limited ("UIL")	28,262,241	36,165,296
	<u>28,262,241</u>	<u>36,165,296</u>

The loan is denominated in Australian dollars to the value of A\$ 38.41 million, carries interest at 7.5% per annum and no repayment is due before 31 December 2017. During the period ended 31 December 2016 the company repaid A\$11 million of funding received.

	31 December 2016 \$	30 June 2016 \$
<b>10. Trade and other payables</b>		
Accruals	411,158	192,220

**11. Share capital and share premium**

**Authorised**

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

**Issued**

Ordinary shares	Number of Shares	Share Capital	Share Premium
<b>Balance as at incorporation</b>		-	-
Issued at incorporation as \$1 par shares	100	-	-
Shares split into 10,000,000 shares of \$0.00001 each	9,999,900	-	-
Issued in consideration for purchase of investments from UIL	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina	17,775,514	178	13,406,337
Issued under initial public offering	4,000	-	3,795
Issued under public rights issue dated 10 February 2014	42,616,164	426	19,249,296
Issued under ASX listing rule 10.11 dated 7 December 2015	6,769,280	68	1,351,677
<b>Balance as at 30 June 2016</b>	100,000,000	900	66,233,041
<b>Balance as at 31 December 2016</b>	100,000,000	900	66,233,041

	Options	31 December 2016 \$	30 June 2016 \$
<b>Options</b>			
Balance at the beginning of the period (Note 1)	86,461,440	17,265,320	17,265,320
Issued during the interim period	-	-	-
<b>Balance at the end of the period</b>	86,461,440	17,265,320	17,265,320

Note 1 – These options are exercisable at a price of A\$0.001 into one ordinary share until 7 December 2019 and were issued at a premium of A\$0.2817 per option.

	31 December 2016 \$	31 December 2015 \$
<b>12. Investment income/(loss)</b>		
Interest income	14	1,778
Dividend income	380,939	–
Realised gains	5,511,708	(9,014)
Unrealised fair value gains/(losses) on financial assets: - at fair value through profit or loss	14,381,502	(25,307,236)
	<u>20,274,163</u>	<u>(25,314,472)</u>

**13. 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.

**14. Profit/(loss) per share**

Basic and diluted profit/(loss) per share (cents per share)	9.62	(28.35)
Profit/(loss) used in the calculation of basic and diluted earnings per share	17,939,025	(26,683,574)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	186,461,440	94,113,670

The weighted average number of ordinary shares calculation is based on the period beginning 1 July 2016. For details of shares issued during the period refer to note 11.

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

	31 December 2016 \$	31 December 2015 \$
<b>15. Notes to the cash flow statement</b>		
<b>15.1 Cash generated/(utilised) by operations</b>		
Profit/(loss) before tax	17,939,025	(26,683,574)
Adjustments for:		
Realised (gains)/losses on investments	(5,511,708)	9,014
Fair value (profit)/loss on revaluation of investments	(9,013,127)	18,069,850
(Reversal of impairment)/impairment of loan to subsidiary	(5,368,375)	7,237,386
Foreign exchange losses/(gains)	405,114	(700,388)
Interest income	(14)	(1,778)
Interest expense	1,398,643	1,609,266
Operating loss before working capital change	<u>(150,442)</u>	<u>(460,224)</u>
Decrease/(increase) in trade and other receivables	12,109	(22)
Increase in trade and other payables	218,938	67,175
Decrease in balance due to brokers	(78,140)	–
Decrease in balance due from brokers	–	119,912
	<u>2,465</u>	<u>(273,159)</u>

## 16. Financial risk management

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

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

### *Categories of financial instruments*

The analysis of assets into their categories as defined in IAS 39 "Financial Instruments: Recognition and Measurement" (IAS39) is set out in the following table. For completeness, assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IAS 39, are reflected in the non-financial assets and liabilities category.

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

	<b>Designated at fair value through profit and loss</b>	<b>Loans and receivables</b>	<b>Total carrying value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>31 December 2016</b>			
<b>Assets</b>			
Cash and cash equivalents	–	6,345	6,345
Investments	47,879,451	–	47,879,451
Loans to subsidiaries	43,981,172	–	43,981,172
Investments in subsidiaries	2,989,024	–	2,989,024
	<hr/> 94,849,647	6,345	<hr/> 94,855,992
<b>Liabilities</b>			
Trade and other payables	–	411,158	411,158
Loan from subsidiary	–	5,480,434	5,480,434
Loan from parent	–	28,262,241	28,262,241
	<hr/> –	34,153,833	<hr/> 34,153,833
<b>30 June 2016</b>			
<b>Assets</b>			
Cash and cash equivalents	–	238,893	238,893
Trade and other receivables	–	12,109	12,109
Investments	49,813,042	–	49,813,042
Loans to subsidiaries	29,803,322	–	29,803,322
Investments in subsidiaries	3,086,091	–	3,086,091
	<hr/> 82,702,455	251,002	<hr/> 82,953,457

30 June 2016	Designated at fair value through profit and loss \$	Loans and receivables \$	Total carrying value \$
<b>Liabilities</b>	–	192,220	192,220
Trade and other payables	–	3,754,667	3,754,667
Loan from subsidiary	–	36,165,296	36,165,296
Loan from parent			
Balance due to brokers	–	78,140	78,140
	–	40,190,323	40,190,323

## 16.1 Fair values of financial assets and liabilities

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

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

### Valuation of financial instruments

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

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

#### *(i) Unlisted companies*

##### *Seacrest Limited ("Seacrest") Bermuda incorporated*

During the period to 31 December 2016 Zeta Resources sold, to its subsidiary Zeta Energy, its investment in Seacrest Limited. This unlisted investment has been valued in Zeta Energy on the basis described below.

*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 US GAAP accounting. Using the General Partner's valuation of the Seacrest portfolio a discount is applied to each Azimuth subsidiary. The extent of the discount depends on whether the assets are in a mature or frontier basin. In addition, following the fall in the oil price a further discount was applied thereby calculating a fair value for Azimuth. On this basis Azimuth was valued as at 31 December 2016 at US\$64.091m.

*Valuation methodology:* Zeta has used a fair value valuation of Seacrest of US\$0.81 per share based on the value of Azimuth, described above.

*Sensitivities:* Given Azimuth is an exploration company and owns a number of operating subsidiaries its risks are significant. 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.

*(ii) 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 31 December 2016.

*Valuation methodology:* Zeta has used a fair value valuation of losses incurred by Zeta Energy on its investments by which to impair the loan value in the accounts as at 31 December 2016.

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

*Other investments and loans to subsidiaries*

Zeta has further investments and loans to subsidiaries valued at book and realisable value, with a total value of US\$3.0m.

<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Investments	47,873,281	–	6170
Investments in subsidiaries	–	–	2,989,024
Loans to subsidiaries	–	–	43,981,172

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

	<b>Level 3</b>	<b>Level 3 Investments in subsidiaries</b>	<b>Level 3 loans to subsidiaries</b>
At 1 July 2016	9,036,636	3,086,091	29,803,322
Acquisitions at cost	–	–	11,683,871
Disposals during the year	(11,200,000)	–	(2,874,396)
Total gains/(losses) recognised in:			
- fair value through profit or loss	2,169,534	(97,067)	5,368,375
Balance at 31 December 2016	6,170	2,989,024	43,981,172

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

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

	Level 3	Level 3 Investments in subsidiaries	Level 3 loan to subsidiaries
At 30 June 2015	13,424,975	3,193,721	23,894,270
Acquisitions at cost	-	-	12,416,347
Total gains/(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

## 17. Related parties

### 17.1 Material related parties

#### *Holding company*

The company's holding company is UIL Limited which held 85.5% of the company's issued share capital on 31 December 2016. UIL Limited is in turn owned 61.78% by General Provincial Life Pension Fund (L) Limited.

#### *Subsidiary companies*

The only subsidiaries are Kumarina Resources Limited, Zeta Energy Pte Ltd and Zeta Investments Limited, all 100% held subsidiaries.

#### *Key management personnel*

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

#### *Investment manager*

ICM Limited is the investment manager of the company, its subsidiaries and UIL Limited.

	31 December 2016 \$	30 June 2016 \$
<b>17.2 Material related party transactions</b>		
<b>Nature of transactions</b>		
Investments in related parties:		
- Kumarina	2,989,024	3,086,089
- Zeta Investments	1	1
- Zeta Energy	1	1
Loans to related parties:		
- Kumarina	216,419	130,344
- Zeta Energy	43,981,172	29,672,978
Loans from related parties:		
- UIL Limited	28,292,241	36,165,296
- Zeta Energy	5,480,434	3,754,667
Trade and other Payables		
- ICM Limited	373,201	71,169
- Directors	37,500	37,500

	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>17.2 Material related party transactions (contd.)</b>		
Interest charged by the subsidiaries	189,535	318,776
Interest charged by the parent company	1,209,105	3,051,091
Interest charged by the investment manager	–	1,225
Fees paid to the investment manager	261,488	344,464
Fees paid to the directors	75,000	150,000

During the six months ended 31 December 2016 the company held a loan from its subsidiary Zeta Energy. To secure the loan Zeta Resources has pledged certain quantities of its shares held in listed entities.

- Resolute Mining Limited
- Panoramic Resources Limited

## 18. Segmental reporting

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

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

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

### Information about reportable segments

<b>31 December 2016</b>	<b>Gold \$</b>	<b>Oil &amp; gas \$</b>	<b>Mineral exploration \$</b>	<b>Other segments \$</b>	<b>Total \$</b>
External revenues	2,169,189	7,519,065	10,586,361	(452)	20,274,163
Reportable segment revenue	2,169,189	7,519,065	10,586,361	(452)	20,274,163
Interest revenue	–	–	–	14	14
Interest expense	–	–	–	(1,398,643)	(1,398,643)
Reportable segment profit/(loss) before tax	2,210,593	7,519,065	10,586,361	(2,376,994)	17,939,025
Reportable segment assets	27,147,602	44,485,377	23,210,496	12,517	94,855,992
Reportable segment liabilities	–	–	–	(34,153,833)	(34,153,833)



## Information about reportable segments

	Gold \$	Oil & gas \$	Mineral exploration \$	Other segments \$	Total \$
<b>31 December 2015</b>					
External revenues	(1,562,344)	(10,070,779)	(13,611,868)	(69,841)	(25,314,472)
Reportable segment revenue	(1,562,344)	(10,070,779)	(13,611,868)	(69,841)	(25,314,472)
Interest revenue	-	-	-	1,778	1,778
Interest expense	-	-	-	(1,609,266)	(1,609,266)
Reportable segment loss before tax	(1,562,344)	(9,958,718)	(13,611,868)	(1,550,644)	(26,683,574)
<b>30 June 2016</b>					
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 period there were no transactions between segments which results in income or expenditure.

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

	31 December 2016 \$	31 December 2015 \$
<b>Revenues</b>		
Total revenue for reportable segments	20,274,615	(25,244,991)
Revenue for other segments	(452)	(69,481)
<b>Revenue</b>	20,274,163	(25,314,472)
<b>Profit or loss</b>		
Total profit/(loss) for reportable segments	20,316,019	(25,132,930)
Loss for other segments	(2,376,994)	(1,550,644)
<b>Consolidated profit/(loss) before tax</b>	17,939,025	(26,683,574)
<b>Assets</b>		
Total assets for reportable segments	94,843,475	82,695,815
Assets for other segments	12,517	257,642
<b>Consolidated total assets</b>	94,855,992	82,953,457
<b>Liabilities</b>		
Total liabilities for reportable segments	-	(78,140)
Liabilities for other segments	(34,153,833)	(40,112,183)
<b>Consolidated total liabilities</b>	(34,153,833)	(40,190,323)

## 19. Events after the reporting date

There are no after balance date events.

## Directors' declaration

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The directors of the company declare that:

1. The financial statements and notes of the company:
  - a. give a true and fair view of the financial position as at 31 December 2016 and the performance of the company for the six months ended on that date; and
  - b. comply with IAS 34, Interim Financial Reporting, relevant corporate regulations and any other mandatory professional reporting requirements.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter Sullivan  
Director  
8 February 2017