

Zeta Resources Limited is a closed end investment company, listed on the Australian Securities Exchange

OCTOBER 2019

Zeta Resources Limited

OBJECTIVE:

To maximise total returns for shareholders by identifying and investing in resource companies and assets where the underlying value is not reflected in the market price.

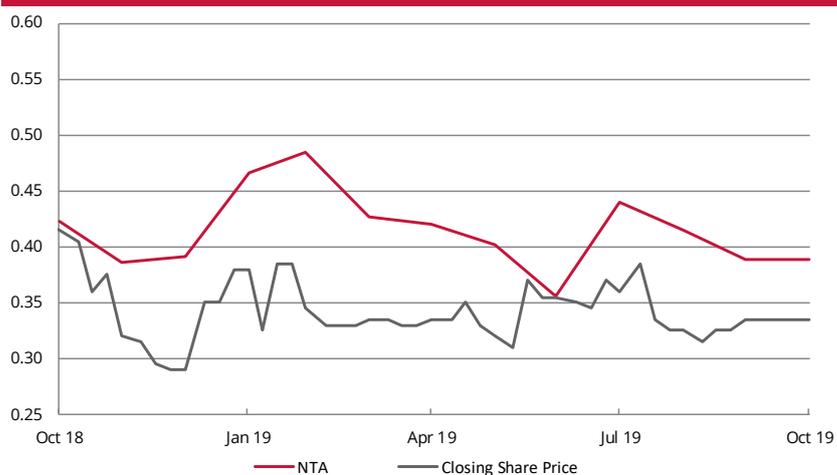
INVESTMENT APPROACH:

Zeta is focused on making both direct and indirect investments in resources projects and mining companies. Zeta invests in a range of resources entities, including those focused on nickel, gold, copper, oil & gas, bauxite, graphite and base metals exploration and production.

KEY DATES

Launch Date	12 June 2013
Year End	30 June
AGM Date	TBA

PERFORMANCE



PERFORMANCE (Total return including dividends)

	1 month	3 months	1 year	Inception
Share Price	0.0%	(6.9%)	(19.3%)	(23.9%)*
Net Tangible Assets**	0.1%	(11.4%)	(13.9%)	(43.4%)

* Performance since shares first traded at A\$0.44 on 14 June 2013

** Historic NTAs adjusted for the Feb 2014 entitlement issue

FUND DETAILS

ORDINARY SHARES

Ticker: ZER:ASX

Share Price at launch of Zeta Resources Limited*	A\$0.44
Share Price at Month End	A\$0.335
NTA at Month End	A\$0.389
Discount to NTA	13.9%
Historic Dividend Yield	0.0%
Shares on issue	287,713,076

*Shares first traded at A\$0.44 on 14 June 2013

CAPITAL STRUCTURE

Gross Assets less Current Liabilities	A\$186.6m
Bank and other Debt	A\$74.6m
Shareholders' Funds	A\$112.0m

BOARD

Peter Sullivan
Martin Botha
Xi Xi

ICM TEAM

Directors:
Duncan Saville, Alasdair Younie
Investment Management Team:
Dugald Morrison, Eduardo Greca, Tristan Kingcott

INVESTMENT MANAGER

Zeta Resources Limited is managed by ICM Limited. ICM currently manages over US\$2.3bn in funds directly and is responsible indirectly for a further US\$17.8bn of assets in subsidiary investments.

www.icm.limited

INVESTMENT ADVISER FEE

0.5%

ADMINISTRATION FEE

0.12% (minimum A\$50k)

PERFORMANCE FEE

15% of the outperformance over benchmark subject to "high water" mark

SIGNIFICANT AND LONG-TERM INVESTMENTS IN KEY COMMODITY COMPANIES

PERFORMANCE

Zeta's NTA per share was unchanged in October at A\$0.389. During the month, a gain in the share price of Panoramic Resources was offset by declines in the share prices of Copper Mountain, GME, and Resolute.

PORTFOLIO

The share price of Panoramic Resources was up during October, rising 2.5 cents to A\$0.325. Copper Mountain Mining's share price was down 1 cent to C\$0.66. Resolute Mining's share price fell 20 cents to A\$1.21. GME Resources' share price was down 0.5 cents to A\$0.055.

After month-end, Independence Group launched an all-share off-market takeover offer for Panoramic Resources at an implied price of A\$0.476 per Panoramic share. Zeta's response is attached to this factsheet. The takeover could impact Zeta's NAV.

DEBT

At month-end Zeta had A\$74.5m in net debt (September: A\$71.3m).

COMMODITY & CURRENCY MARKETS

		September	October	Movement
Gold (London PM fix)	US\$/oz	1,485	1,511	↑ 1.7%
Oil	US\$/bbl	59.43	59.50	↑ 0.1%
Aluminium	US\$/lb	0.772	0.79	↑ 2.3%
Nickel	US\$/lb	7.97	7.63	↓ 4.2%
Copper	US\$/lb	2.60	2.64	↑ 1.7%
AUD/USD		0.6761	0.6898	↑ 2.0%
CAD/USD		0.7556	0.7596	↑ 0.5%

OTHER

Zeta's share price closed end of October at A\$0.335, a discount to NTA of 13.9%. At the end of September, the discount to NTA was also 13.9%.

In September 2018, Zeta commenced an on-market buy-back programme for up to 10 million ordinary shares. At the end of October 2019, 807,948 shares had been bought back since the start of the programme, at an average share price of A\$0.37. The buyback was renewed in September 2019.

At Zeta's request, the company's shares were suspended from quotation on ASX on 27 September due to a requirement by Zeta's auditors for independent valuations for Zeta's unlisted equity investments. Zeta expects that the suspension will continue until its statutory accounts are released to the market.

PORTFOLIO SUMMARY

	% of gross assets
TOP SIX HOLDINGS	
1. Panoramic Resources	38.3%
2. Alliance Mining Commodities	24.4%
3. Copper Mountain Mining	13.5%
4. GME Resources	5.7%
5. Resolute Mining	4.7%
6. Seacrest	3.3%
Total Top Six	89.8%

SECTOR SPLIT OF INVESTMENTS

Nickel	32.1%
Bauxite	24.4%
Copper	18.4%
Gold	10.8%
Cobalt	5.4%
Oil & Gas	4.5%
Graphite	2.1%
Other	1.7%
Cash	0.6%

GEOGRAPHICAL FOCUS OF INVESTMENTS*

Australia	52.3%
Guinea	24.4%
Canada	13.7%
Mali	2.9%
Sri Lanka	2.1%
Namibia	1.9%
UK	1.3%
Other	1.4%

*Based on segmental revenues of operating entities

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Important Notes

The information presented on this factsheet is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to buy and sell investments. If you are in any doubt as to the appropriate course of action, we would recommend that you consult your own independent financial adviser, stockbroker, solicitor, accountant or other professional adviser.

Past performance is no guide to the future. The value of investments and the income from them may go down as well as up and investors may not get back the full amount they originally invested. The information presented has been obtained from sources believed to be reliable, but no representation or warranty is given or may be implied that they are accurate or complete.



8 November 2019

Zeta Resources Limited
("Zeta Resources", "Zeta", or the "Company")

**Zeta Resources Believes Independence Group's
Bid for Panoramic to be Opportunistic**

[NB: This statement has been amended since its original issuance. The final paragraph has been expanded, clarifying that Zeta Resources reserves the right to accept a superior proposal.]

On 4 November 2019, Independence Group NL ("Independence Group" or "IGO") announced its intention to make an off-market takeover offer to acquire all of the ordinary shares of Panoramic Resources Limited ("Panoramic") which it does not already own. The offer was unsolicited, and in the opinion of Zeta Resources, opportunistic.

Zeta Resources is an ASX-listed investment company characterised by a long term, patient approach to its investments. Zeta Resources has a relatively small number of concentrated investments, selected where Zeta believes it can support the management of investee companies to add value over a period of time. This requires patience and conviction.

One example of Zeta Resources' careful approach to investing involved Bligh Resources Limited ("Bligh"). Starting in 2016, Zeta Resources built a substantial ownership stake in Bligh through on-market share purchases and later a takeover offer when the Company recognised that a competing bid was not attributing proper value to Bligh Resources' chief asset, the Bundarra Gold Project. After acquiring its significant holding in Bligh, Zeta worked with the company's board and management to support and fund further exploration programmes which boosted Bligh's stated resources. Eventually, the value in Bligh was recognised by Saracen Mineral Holdings, who acquired Bligh via a takeover offer earlier this year at a price three times higher than their initial approach.

Turning to Panoramic, Zeta Resources first acquired shares in the company in 2013. Over time, Zeta has increased its investment and strengthened its relationship with the company, supporting and participating in multiple capital raisings. When nickel prices experienced a prolonged downturn, Zeta supported Panoramic's decision to place its two nickel mines on care and maintenance. Later, after a sustained period of increased nickel prices, Zeta supported Panoramic's decisions to, firstly, focus on its Savannah mine, and secondly, to restart mining.

Zeta Resources Limited

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It is obvious that the restart of mining at Savannah has not been trouble-free. However, as noted previously, Zeta Resources is a patient investor, interested in increasing value by supporting management and encouraging boards to make rational decisions, and providing access to capital when needed. It is in this context that Independence Group has launched its takeover offer for Panoramic, at a time when the proper value for the full ramp-up of mining at Savannah has not yet been achieved, and yet the capital funds needed to complete the ramp-up have only just been invested in Panoramic.

Furthermore, as a shareholder of Panoramic, Zeta Resources wishes to highlight to its fellow investors the recent period of relative outperformance by Independence Group vs Panoramic. The following share price chart shows the relative price movements of Independence Group (IGO) and Panoramic (PAN) over one year.



Source: ASX

It is clear that, since early 2019, the two share prices have diverged significantly, despite both companies enjoying a period of sustained increases in the Australian dollar price of nickel. The obvious reason for Panoramic's relative underperformance has been the problems the company has recently encountered in ramping up the Savannah mine to full production, as well as the negative short-term impact on the share price of the shareholder entitlement offer in September at A\$0.28 per share.

A disinterested observer might therefore reasonably conclude that Independence Group is being opportunistic by launching an all-share offer for Panoramic at a time when Panoramic has completed most of the difficult preparatory work before reaching the Savannah North ore. That same observer might conclude that Independence Group is using its relatively inflated share price to sell its own shares to purchase the shares of Panoramic at a relatively deflated price. While one can't fault Independence Group for trying, it might also be concluded that the new offer fails to provide fair value for Panoramic shareholders. As can be seen from the above share price chart, while the recent impact of Independence Group's offer has resulted in a jump in the share price of Panoramic, Panoramic's share price is still a long

way below the relative share price of Independence Group, when considered from a one year historic price movement perspective.

Zeta has a positive long-term outlook on nickel prices and believes Savannah North is an attractive and strategic asset. We are not surprised that Independence Group shares this view. Independence Group is a larger entity than Panoramic, and has a greater diversity of exposures to commodities than simply nickel. If Panoramic became part of a combined entity with Independence Group, it would significantly dilute the exposure to nickel currently enjoyed by Panoramic shareholders.

Finally, Zeta Resources would note that Independence Group's offer for Panoramic is highly conditional, including obligations on Panoramic to commission due diligence on behalf of Independence Group.

In summary, Zeta Resources continues to support the recently refreshed board and management of Panoramic who need to be afforded the opportunity of addressing any headwinds Panoramic face.

Zeta does not wish to reduce its exposure to nickel by accepting the Independence Group offer. Zeta also believes the Independence Group offer has arrived at a time when Panoramic's shares have been temporarily depressed by short term factors, namely operational setbacks, the need to partially pay back Macquarie Bank debt, and a requirement for additional capital.

Zeta Resources, which holds 230,106,528 shares (35.17%) in Panoramic Resources at the date of this statement, does not intend to accept Independence Group's current offer. Zeta Resources reserves the right to accept a superior proposal from Independence Group or any other bidder for Panoramic Resources.

ENDS

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