



# 2021

ANNUAL REPORT



## SIGNIFICANT STAKES IN A SELECT RANGE OF KEY COMMODITY COMPANIES



Zeta Resources Limited is a resource-focused investment holding company whose 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.

### NATURE OF THE COMPANY

Zeta Resources Limited (“Zeta”, “Zeta Resources”, or the “Company”) is a closed-end investment company, whose ordinary shares are listed on the Australian Securities Exchange (“ASX”). The business of Zeta 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 contracted with an external investment manager, ICM Limited (the “Investment Manager” or “ICM”), to manage its investments and undertake the company secretarial function.



## WHY ZETA RESOURCES LIMITED?



Panoramic Resources Limited

### Zeta is a patient, long term investor, seeking and finding compelling value in the resources sector.

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

Zeta has a select range of concentrated investments, where the Company has a meaningful influence on its investment. Rather than take a passive approach, Zeta is an active manager of its investments, working alongside investee management teams to ensure rational decision making, particularly in respect of capital allocation.

In addition, Zeta often participates at a corporate governance level, and assists investee companies with its network of contacts and experience.

Zeta utilises ICM as its Investment Manager. ICM has a global network of offices, including a specialist team devoted to research and analysis of resource companies.

## CONTENTS

---

1 Why Zeta Resources Limited?

### PERFORMANCE

3 Chairman's Statement  
 4 Group Performance Summary  
 5 Current Year Performance  
 6 Geographical Investment Exposure

### INVESTMENTS

7 Investment Manager's Report  
 16 Macro Trends Affecting Resources  
 17 Sector Summaries  
 21 Our Investment Approach  
 22 Five Largest Holdings  
 25 Investment Manager and Team

### GOVERNANCE

27 Directors  
 28 Report of the Directors  
 33 Corporate Governance Statement

### FINANCIAL STATEMENTS

35 Independent Auditor's Report  
 40 Auditor's Independence Declaration  
 41 Financial Statements  
 45 Notes to the Financial Statements

67 **SHAREHOLDER INFORMATION**

69 **COMPANY INFORMATION**



### FINANCIAL CALENDAR

#### Year End

30 June

#### Annual General Meeting

November 2021

#### Half Year

31 December

#### Half Year Announcement

February

Front cover image – Alliance Mining  
 Commodities Limited

---

## 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.



## CHAIRMAN'S STATEMENT

# The standout investment of the year under review was Copper Mountain Mining Corporation.



**PETER SULLIVAN**  
Chairman

I am very pleased to report that Zeta has enjoyed its best year ever. A combination of factors combined to produce a gratifying result, with a net profit for the year of US\$114.7m. Net assets per share (after adjusting historical figures for the September 2020 bonus option issue) more than doubled.

In short, the primary reason behind Zeta's success this year was a strong performance by industrial commodities. While gold basically trod water, copper was up 52.8%, aluminium rose 57.1%, nickel rose 44.2%, and Brent oil was up 77.2%. By investing in mining companies rather than directly in the commodities, Zeta enjoyed the benefit of operating leverage as the share prices of its investments grew faster than the underlying commodity prices.

The standout investment of the year under review was Copper Mountain Mining Corporation, whose share price rose 485.5%. During the year, Copper Mountain enjoyed the benefit of the strong rise in the price of copper, but also achieved record production as a result of earlier significant investment into improving operating capability. Copper Mountain started the year with significant debt, and as a result its improved performance was leveraged in both an operational and financial sense. Pleasingly, the company also announced a new life of mine plan for its core mine in British Columbia, and when combined with the prospect of developing its Little Eva mine in Australia, the future looks bright for the company. Zeta remains the largest shareholder in Copper Mountain.

As a portfolio, our other investments also performed well, albeit not to the same level as Copper Mountain. Zeta's investment in Alliance Mining Commodities, which owns a world-class bauxite resource in Guinea, continues to work towards developing this asset. Western Australian nickel firm Panoramic Resources enjoyed a much better year than the previous, with its share price rising 75.0% during the year as the company works towards a full restart of its Savannah nickel mine.

While the price of gold is the one commodity in Zeta's portfolio which has declined, albeit very slightly, we continue to be pleased with Zeta's investment in Horizon Gold, which has been releasing a steady stream of positive drilling results.

There has recently been much attention paid to the so called "battery metals". Long-term shareholders in Zeta will know that the Company has for some time targeted such commodities. However, it is worth highlighting that the strong demand for electric vehicles ("EVs") globally impacts all three of Zeta's largest investments. The switch from internal combustion engines to electric propulsion requires a significant increase in copper usage. Nickel is the largest component by weight in the most common forms of lithium-ion batteries and nickel demand for this use is still in its early days. The focus on energy efficiency will lead to increased use of aluminium in car frames and other machinery instead of steel.

Aside from EVs, the world continues to grapple with the covid-19 pandemic and its emerging variants. The combination of fiscal stimulus and supply shortages due to covid-related mine shutdowns have both contributed to the strong uplift in industrial commodity prices. Looking forward, it is unclear how long the pandemic will last, and whether the world will ever return to a pre-pandemic "normal". For now, Zeta continues to see increasing value in its investments driven primarily by increasing demand.

We continue to see our shares trading at a significant discount to the underlying net tangible asset backing. Apart from the value add we obtain for shareholders through our share buy-back programme, we are exploring other strategies that may help close this discount.

Finally, I would note the pleasing uptake of the Zeta options which expired on 15 June 2021. With over 96% of the options exercised, netting A\$69.7 million, this was a significant strengthening of the balance sheet and positions us well for further investment opportunities. Thank you for your ongoing support.

**Peter Sullivan**  
Chairman

23 September 2021

## GROUP PERFORMANCE SUMMARY

	30 June 2021	30 June 2020	% change 2021/20
Total return <sup>(1)</sup> (annual) (%)	102.7	(30.0)	442.4
Net tangible asset per ordinary share <sup>(2)</sup> (Australian cents)	51.9	25.6*	102.7
Ordinary share price (Australian cents)	43.0	18.0	138.9
Discount (%)	17.1	29.7	(42.3)
Profit/(loss) per ordinary share <sup>(3)</sup> (US dollars)	0.33	(0.07)*	571.4
Dividends per ordinary share	Nil	Nil	n/a
Equity holders' funds (US\$m)	220.2	99.5*	121.3
Gross assets <sup>(4)</sup> (US\$m)	260.0	175.4*	48.2
Cash (US\$m)	1.4	0.0	n/a
Other debt (US\$m)	(39.8)	(75.9)	(47.6)
Net debt (US\$m)	(39.4)	(75.9)	(49.4)
Net debt gearing on gross assets (%)	15.2	43.3	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 based on 566,004,068 shares on issue as at 30 June 2021, and 287,643,076 shares on issue as at 30 June 2020.

(3) Earnings per share is based on the weighted average number of shares in issue during the year adjusted for the bonus element of options exercised in 2021.

(4) Gross assets less liabilities excluding loans.

\* Comparative information has been adjusted for the options exercised in 2021.

n/a = not applicable



## CURRENT YEAR PERFORMANCE

NAV TOTAL RETURN  
PER ORDINARY SHARE

↑102.7%

SHARE PRICE RETURN  
PER SHARE

↑138.9%

NAV DISCOUNT  
AS AT 30 JUNE 2021

17.1%

GEARING

14.8%

EARNINGS PER SHARE

US\$0.33

ORDINARY SHARES  
BOUGHT BACK

1,287,056

AVERAGE PRICE OF  
ORDINARY SHARE  
BOUGHT BACK

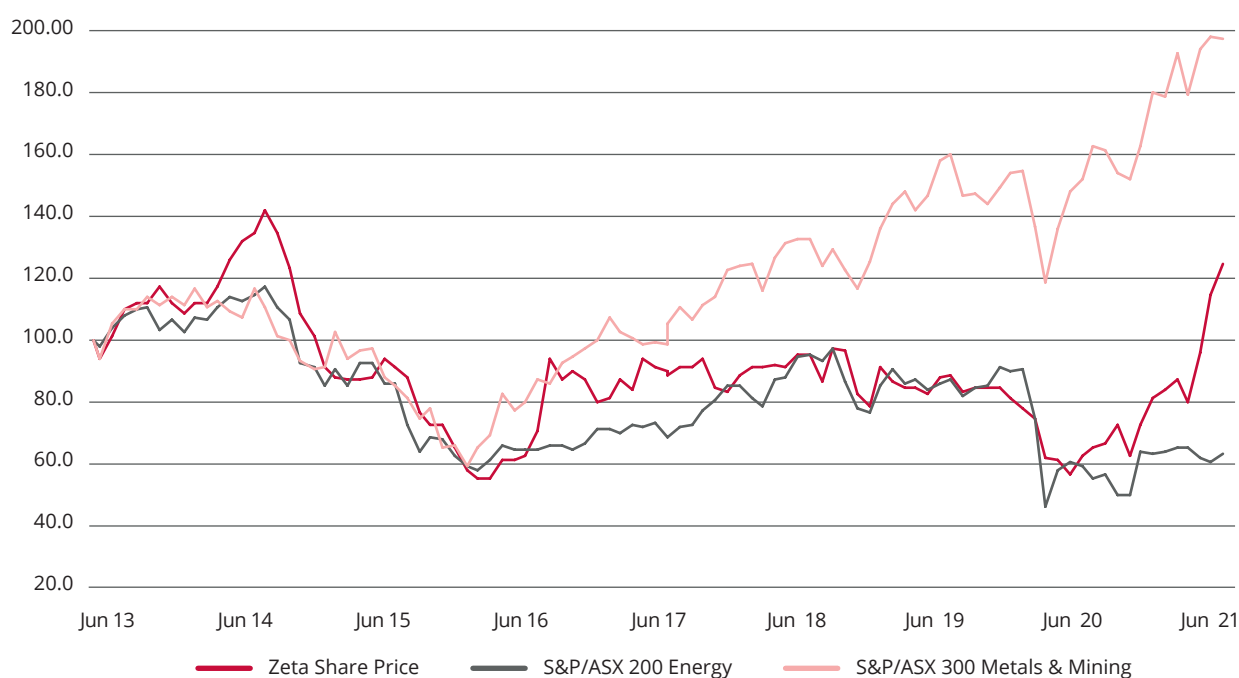
A\$0.36

ONGOING CHARGES  
(EXCLUDING  
PERFORMANCE FEE)

1.5%

### TOTAL RETURN COMPARATIVE PERFORMANCE\*

since inception on 12 June 2013 to 30 June 2021



\*AUD, rebased to 100 as at 12 June 2013. Zeta share price adjusted for February 2014 entitlement issue and diluted for the September 2020 bonus option issue

Source: ICM and S&P Dow Jones Indices

# GEOGRAPHICAL INVESTMENT EXPOSURE

(% OF TOTAL INVESTMENTS)

## CANADA

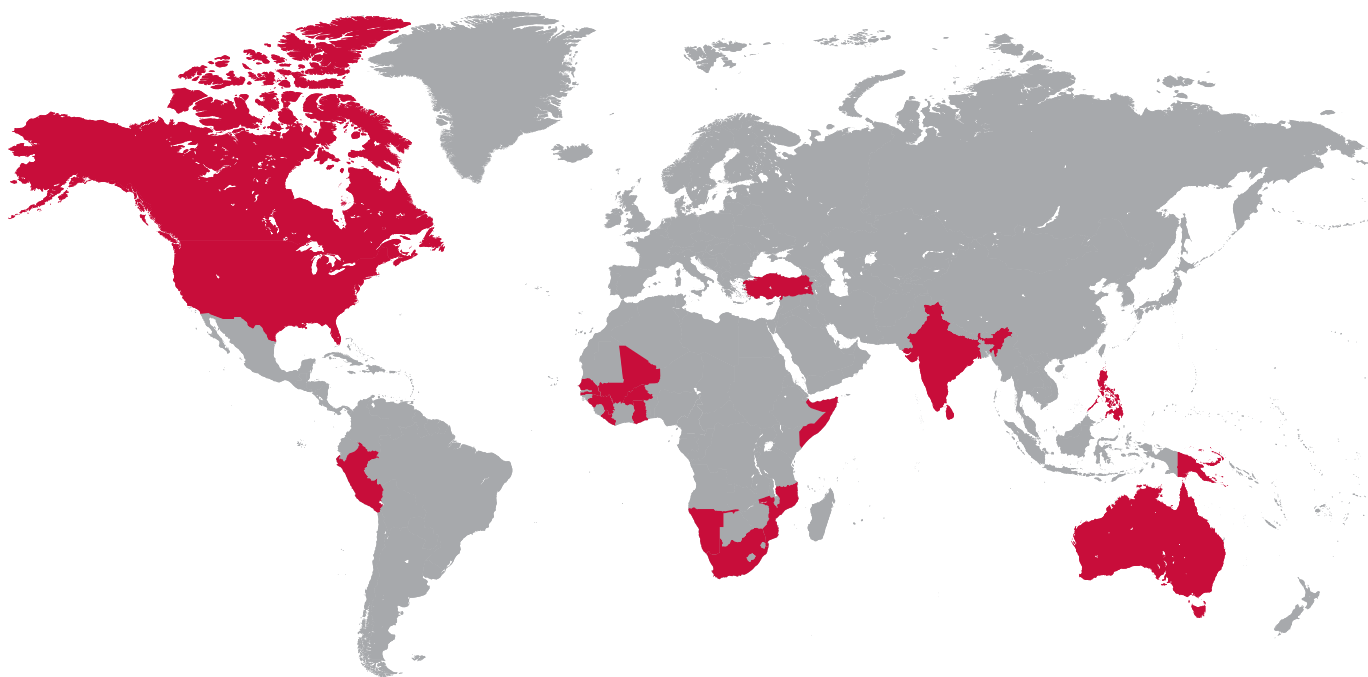
June 2021	37.2%
June 2020	12.5%

## AUSTRALIA

June 2021	33.0%
June 2020	33.8%

## GUINEA

June 2021	22.9%
June 2020	43.4%



## SRI LANKA

June 2021	5.3%
June 2020	4.7%

## OTHER

June 2021	1.6%
June 2020	5.6%

Source: ICM



# INVESTMENT MANAGER'S REPORT



Copper Mountain Mining Corporation



DUGALD MORRISON

The year under review was a strong year for industrial commodity prices. Looking back, the uplift began during the end of the previous financial year, but quickened in pace in late 2020 with the announcement of multiple covid-19 vaccines that demonstrated good efficacy against the coronavirus.

Commodity prices appear to have stabilised in the second half of the financial year, settling into trading ranges, albeit on average some 50% higher than the year before.

Gold did not enjoy the same uplift in price experienced by industrial commodities. Gold did not rise despite a stimulatory monetary and fiscal policy in the United States, and in fact the loose monetary policy by the US Federal Reserve led to a weakening in the US dollar against most currencies that stretched from March 2020 until around May 2021. Gold prices in currencies other than US dollars were thus, in general, down for the year.

Turning to Zeta's commodity exposures, the most significant change was a strong uplift in the share price of Copper Mountain Mining (discussed below).

At the start of the year, Zeta had 43.4% of gross assets in bauxite, 17.9% in gold, 13.9% in nickel and 13.5% in copper. By the end of the year, the top commodity exposures were 38.5% in copper, 22.9% bauxite, 14.4% gold, and 12.3% nickel.

As a leveraged investment company with small company exposure, the increase in commodity prices was exacerbated in Zeta's NAV performance. During the year under review, Zeta's net assets per share doubled from A\$0.26 to A\$0.52. For comparison, the S&P/ASX 200 Energy index rose 6.9% over the same period, and the S&P/ASX 300 Metals & Mining index, which includes gold mining stocks, rose 29.7%. Zeta's share price rose from A\$0.18 to A\$0.43. At the start of the period the share price was at a 29.7% discount to net assets; at the end of the period the share price was at a 17.1% discount to net assets.

Zeta ended the financial year with a much lower level of gearing, as a result of growth in the value of its investment assets, coupled with new equity from the exercise of options. In September 2020, Zeta issued new options on a 1:1 basis. The options had an exercise price of A\$0.25 and an expiry date of 15 June 2021. A total of 278,770,100 options were exercised, representing an investment of c. US\$54 million in new equity. At the start of the financial year, Zeta had a net debt (total loans less cash) to equity ratio of 147%; by the end of the year the ratio was 17%.

# INVESTMENT MANAGER'S REPORT (continued)

## IN THE YEAR TO 30 JUNE 2021

CANADA IS ZETA'S  
LARGEST COUNTRY EXPOSURE  
AT 37.2%

↑ 24.7%

AUSTRALIA IS ZETA'S SECOND  
LARGEST COUNTRY EXPOSURE  
AT 33.0%

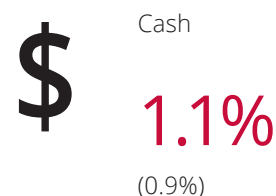
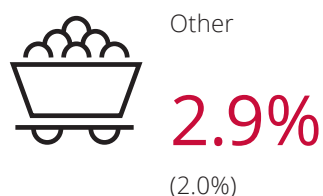
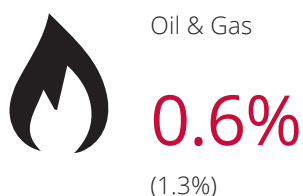
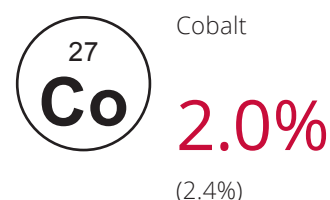
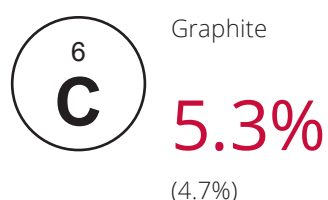
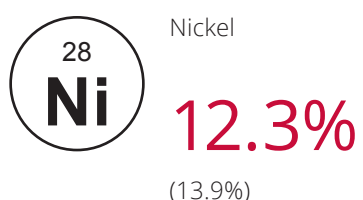
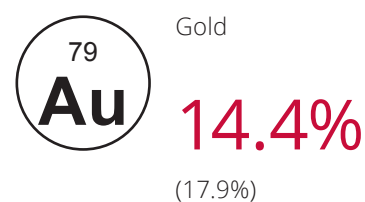
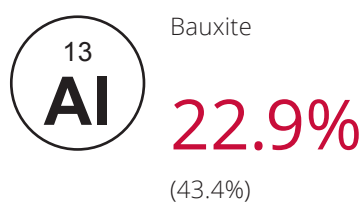
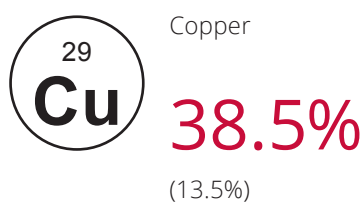
↓ 0.8%

GUINEA IS ZETA'S THIRD  
LARGEST COUNTRY EXPOSURE  
AT 22.9%

↓ 20.5%

Note: decreases/increases refer to the movement in the portfolio percentage of the relevant country

## SECTOR SPLIT OF INVESTMENTS



Figures in brackets as at 30 June 2020



## COMMODITY MARKETS

As noted, during the year under review the price of industrial commodities such as copper and oil increased while the price of gold fell slightly. The US dollar weakened, reducing the benefit somewhat of the strong commodity prices for Australian and Canadian miners. Zeta's largest geographical exposure is to Canada, where at year end, 37.2% of the portfolio was invested. Australia is second, with a third of the portfolio; and Guinea third, with just less than a quarter of the portfolio.

### Copper

The rebound in copper prices which began in March 2020 continued apace throughout most of 2021. The increase in the price of copper began as markets reacted to increasing demand, particularly from China, partly in response to government stimulus and partly as economic activity began to recover following the initial shock of the onset of the covid-19 pandemic. As multiple vaccines with clinical efficacy against the coronavirus were granted emergency use authorization by the FDA and other governmental health agencies globally, the rise in the price of copper, along with other industrial commodities, quickened.

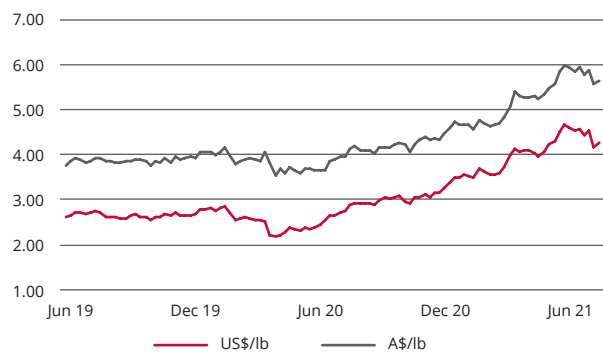
Demand for copper continues to be underpinned by increasing production of electric vehicles, which require greater use of copper wiring than traditional internal combustion engine vehicles. The additional infrastructure required to charge electric vehicles also requires the use of additional copper. Supply shortages related to mine shutdowns due to covid-19

are expected to abate, but the risk of interruptions remains. At the end of June 2021, the copper price was US\$4.19 per pound, 52.8% above the price at the end of June 2020. Since year end, the copper price has stayed within a relatively tight trading range around \$4.20 per pound.

Zeta's largest investment in the copper sector is Canadian copper firm Copper Mountain Mining Corporation ("Copper Mountain"), which produces copper in British Columbia and has a copper development project in Queensland, Australia. The increase in the share price of Copper Mountain was the largest contributor to the increase in the value of Zeta's gross assets during the year, as the company achieved record production just as copper prices reached their recent peak. Copper Mountain raised new equity near the end of 2020, and Zeta supported the capital raising.

### COPPER PRICE

from June 2019 to June 2021



**Demand for copper continues to be underpinned by increasing production of electric vehicles.**

# INVESTMENT MANAGER'S REPORT (continued)



Horizon Gold Limited

## Aluminium

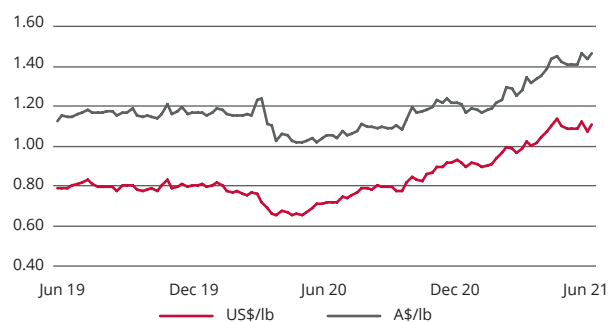
Aluminium prices had a similar trajectory to copper prices during the year, continuing a rise that started around March 2020, and for similar reasons. At the start of the year, aluminium was US\$0.73 per pound; by the end of the year it was US\$1.14 per pound, an increase of 57.1%. While the primary driver behind the rise in aluminium prices was a recovery in demand, aluminium has also recently benefited from increased demand in the production of electric vehicles. This is because lithium-ion batteries significantly increase the weight of vehicles, and some car manufacturers have been compensating by replacing steel with aluminium in car frames.

Recently, significant problems with the global shipping industry has resulted in record premiums for aluminium in the United States and, to a lesser extent, Europe, as most of the available aluminium is in Asia.

Zeta increased its holding during the year in unlisted bauxite developer Alliance Mining Commodities Limited ("AMC") through support of two capital raisings. AMC owns a world-class bauxite deposit in Guinea. The recent coup in Guinea is not expected to affect the long-term outlook for AMC.

### ALUMINIUM PRICE

from June 2019 to June 2021



Source: LME



## Gold

Unlike the other commodities under review, gold was not a beneficiary of the recovery in commodity and equity markets following the initial shock of the onset of the covid-19 pandemic. Instead, gold ranged between c. US\$1,650 and US\$2,050 per ounce, but spent most of the year in a range between US\$1,750 and US\$1,950. At the end of June 2020 the price of gold was US\$1,768 per ounce; at the end of June 2021 the gold price was US\$1,763 per ounce, a decline of 0.3%. In Australian dollars, the decline was more pronounced, from A\$2,573 per ounce to A\$2,346, a fall of 8.8%.

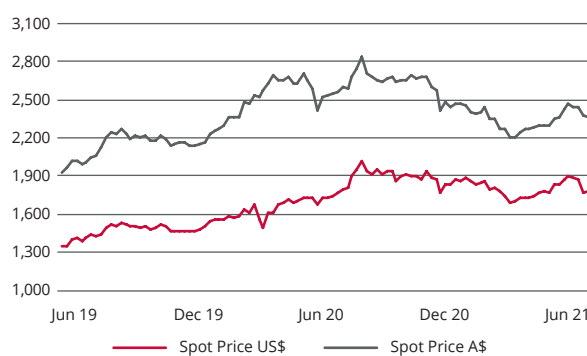
Central bank monetary policies were generally stimulatory globally in response to the covid-19 pandemic. Normally this would be expected to result in an uplift in gold prices; however, the muted response from gold prices has led market observers to conclude that part of the demand for gold by speculators has instead switched to demand for cryptocurrencies.

We note the re-emergence of inflation in consumer prices after a long absence even in an environment of sustained loose monetary policy. This recent inflation has resulted for a number of reasons, including product shortages due to logistics difficulties, and resurgent consumer demand arising from near full employment and certain labour shortages resulting in wage inflation. On the one hand, inflation may lead to speculative demand for gold, but on the other hand a tightening in monetary policy to reduce inflation would likely result in falling gold prices.

Zeta's largest investment in the gold sector is in Western Australian gold exploration company Horizon Gold Limited ("Horizon Gold"). During the year Zeta supported the company through an entitlement issue to raise capital for development and exploration. Horizon Gold continues to work through an extensive drilling campaign across multiple prospects.

### GOLD PRICE

from June 2019 to June 2021



Source: Kitco - London PM Fix

**We note the re-emergence of inflation in consumer prices after a long absence.**

# INVESTMENT MANAGER'S REPORT (continued)

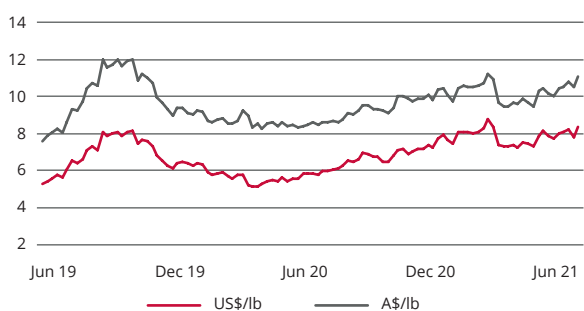
## Nickel

As with copper and aluminium, the price of nickel enjoyed a strong start to the year as industrial demand recovered and supply shortages arose following the onset of covid-19. However, the second half of the year saw nickel settle into a trading range between US\$7.20 per pound and US\$8.70 per pound. Overall, for the twelve months ended June 2021, the price of nickel increased 44.2% to US\$8.37 per pound. Demand for nickel continues to be sustained in part by increasing demand for electric vehicles. Lithium-ion batteries, despite their name, typically require a much larger amount of nickel than lithium.

Zeta's chief investment in the nickel sector remains Panoramic Resources Limited ("Panoramic"), while Zeta has a smaller, but still significant investment in GME Resources Limited ("GME Resources"). Following the significant problems encountered by Panoramic in the previous year, Panoramic has utilised new capital (supported by Zeta) to de-risk its Savannah mine in Western Australia. The company has also secured new financing facilities and an offtake agreement, and is working toward a full restart of production at Savannah.

### NICKEL PRICE

from June 2019 to June 2021



Source: LME

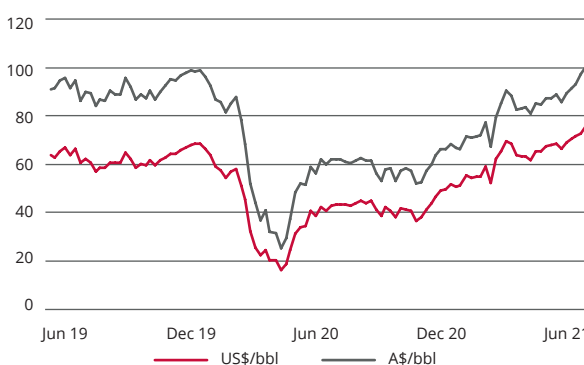
## Oil & Gas

At the start of the year under review, the Brent Crude Oil price was US\$42 per barrel; by the end of June 2021 the price of Brent was US\$74 per barrel, an increase of 77.2%. While this increase was stronger than the other industrial commodities under review, it also followed a much stronger downturn in oil prices when the covid-19 pandemic first hit in early 2020. While global warming has led much of the world to take action to attempt to reduce the use of carbon, the reality is that demand for fossil fuels is likely to persist for some time. As the global economy recovers and international travel returns to its earlier norms, the demand for oil is likely to continue. In the short term, the increased usage of electric vehicles is likely to lead to an increase in demand for other fossil fuels such as natural gas and coal in order to meet the increasing demand for electricity globally.

Zeta does not currently have any significant investments in the oil & gas sector.

### BRENT CRUDE OIL PRICE

from June 2019 to June 2021



Source: US Energy Information Administration



## CAPITAL STRUCTURE

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

During the year Zeta has had working capital support from its parent company, UIL Limited ("UIL"). As of 30 June 2021, Zeta had a loan from UIL totalling US\$32.6 million, drawn in Australian dollars and Canadian dollars.

As at 30 June 2021, Zeta had total assets of US\$268.2 million (2020: US\$132.9 million). Of this figure, US\$61.4 million (2020: US\$57 million) was invested in the bauxite sector; US\$38.7 million (2020: US\$20.6 million) was invested in the gold sector; US\$136.4 million (2020: US\$36.2 million) was invested in the nickel and copper sectors; and US\$1.62 million (2020: US\$1.78 million) was invested in the oil & gas sector.

### NTA PER SHARE VERSUS SHARE PRICE

since inception on 12 June 2013 to 30 June 2021



Note: Historic figures adjusted for the February 2014 entitlement issue and diluted for the September 2020 bonus option issue

Source: ICM

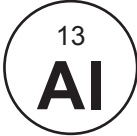



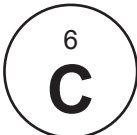


## FINANCIAL RESULTS

The net profit after tax for the year was US\$114,670,080 against a loss of US\$22,367,826 in the year ended June 2020. The net profit was comprised largely of unrealised gains from investments.

## INVESTMENT MANAGER'S REPORT (continued)

### LOOK-THROUGH RESERVES & RESOURCES

Zeta's investment portfolio includes exposure to the following commodities, weighted by the percentage ownership of investee declared Reserves and Resources as follows as at the end of June 2021:

	RESERVES Proved & Probable	RESOURCES Measured & Indicated
Alumina 	14.24 m t	138.58 m t
Cobalt 	0.02 m t	0.02 m t
Copper 	0.35 m t	0.47 m t
Gold 	0.33 m oz	1.17 m oz
Graphite 	—	0.15 m t
Nickel 	0.27 m t	0.33 m t
Silver 	1.81 m oz	2.46 m oz

## ASSOCIATES

As at 30 June 2021, the following three entities were determined to be associates of Zeta:

		% owned
GME Resources Limited	ASX-listed junior nickel and gold explorer with substantial nickel resources in Western Australia	43.2
Alliance Mining Commodities Limited	Unlisted bauxite development company with a world class asset in Guinea, West Africa	36.2
Margosa Graphite Limited	Unlisted graphite explorer focused on high-grade vein graphite in Sri Lanka	33.4

## SIGNIFICANT INVESTMENTS

The five largest investments held by Zeta are considered in greater detail in their own section later in this annual report. The remaining significant investments are as follows.

### **GME Resources**

GME Resources Limited is a Western Australian exploration and development company whose principal asset is its 100%-owned NiWest nickel-cobalt project situated adjacent to Glencore's Murrin Murrin operation. The NiWest project is regarded as one of the largest and highest quality undeveloped nickel/cobalt resources in Australia. In August 2018 the company completed a Pre-Feasibility Study into the technical and economic viability of a heap leach and direct solvent extraction operation. NiWest has an ore reserve estimate of 64.9 million tonnes at 0.91% Ni and 0.06% Co for 592,000 contained nickel and 38,000 contained cobalt.

### **Star Royalties**

Star Royalties Ltd. is a Canadian company focused on investment in precious metal royalties and streaming. The company has also pioneered its first forest carbon credit royalty and is pursuing a pipeline of additional green investments.

### **Resolute**

Resolute Mining Limited ("Resolute") is an Australian-headquartered gold company with two operating mines, Syama in southern Mali, and Mako in Senegal. Following significant operating difficulties the previous year, Resolute has again suffered multiple setbacks, including shutdowns related to covid-19, industrial action,

political problems related to the coup in Mali, and the cancellation by the government in Ghana of the planned sale of the company's Bibiani mine to a Chinese firm. However, Resolute has moved to replace most of its senior management team, and the company recently sold Bibiani to a new buyer, albeit at a reduced price from that agreed with the Chinese firm.

### **Kumarina**

Kumarina Resources Pty Limited ("Kumarina") is a 100%-owned subsidiary of Zeta. The company is focused on the Murrin Murrin copper-gold project in Western Australia. The Murrin Murrin project has a gold resource (JORC 2012) of 36,000 ounces and is prospective for base metals in the form VMS style copper zinc mineralisation.

Project area	Tenement ID	Ownership	Comments
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%	

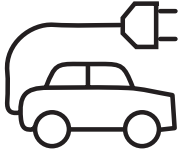
### **JDF Morrison**

ICM Limited  
Investment Manager

23 September 2021

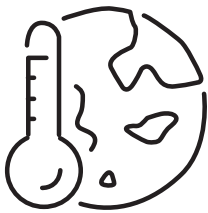


# MACRO TRENDS AFFECTING RESOURCES



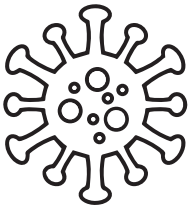
## ELECTRIC VEHICLES

- Nearing tipping point where all factors for growth are in place
- EVs use more commodities such as nickel and copper than traditional vehicles
- Potential spike in demand for several metals, including lithium, cobalt, and manganese
- Increased demand for flake and vein graphite
- New battery technologies may limit demand for certain battery commodities



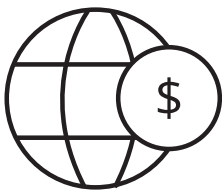
## CLIMATE CHANGE AND DECARBONISATION

- Heightened consumer pull and government push to reduce carbon emissions across every sector of the economy globally
- Use of renewables, including solar, wind, and biofuels increasing quickly but still a relatively small component of total energy mix
- Growing focus on ESG reporting and fulsome accounting of carbon footprint required for many businesses
- Likely to be a drag on long term demand for certain commodities such as thermal coal and oil and a tailwind for several others, including nickel, copper, lithium, graphite, and potentially uranium



## COVID-19 DISRUPTION

- Disruptions to both production and demand causing increased volatility and uncertainty for many commodities
- Demand and prices for most commodities improved in recent months as vaccination programmes continue and several countries relax restrictions, but significant uncertainty remains
- Increasing cases and hospitalisations in several countries fuelled by emerging variants, leading to additional shutdowns and economic uncertainty



## GLOBAL DEBT AND STIMULUS

- Unprecedented increase in global government debt on a relative basis, exacerbated further by the pandemic
- Record government spending to counteract economic impact from extended shutdowns and restrictions
- Inflation may result in increased interest rates making debt loads unsustainable
- Risk to global economy, and thus demand for industrial commodities



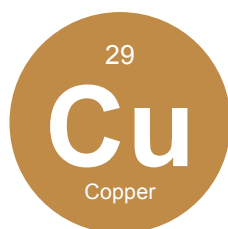
## CHINA URBANISATION

- Central government spending on new cities helps manage GDP growth
- Smooths cycles and sustains demand for industrial commodities
- China is significantly now the largest consumer of several major commodities
- Government committed to renewables and EVs
- Pollution reduction targets reducing obsolescent refineries and reducing production of certain commodities, e.g. aluminium

# SECTOR SUMMARIES AS AT 30 JUNE 2021

## 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 Peru and China distant second and third

### Macro trends

- Annual production has been increasing for over fifty years, but with a sharp uptick in late 1990s
- Increasing demand for wiring for electric vehicles, but price still generally tied to the global economy and industrial demand
- Dramatic price increase since April 2020, fuelled by a tight concentrate market, supply interruptions in Chile, and anticipated ramp up of electric vehicle sales over the next decade
- Fluctuating demand from China and risk of supply disruptions in South America also influence prices, particularly in the short term

### Exposure

- 18% of Copper Mountain Mining (TSX:CMMC, ASX:C6C) – producing copper in Canada, and developing a copper asset in Australia
- 100% of Kumarina (unlisted) – junior copper-gold exploration firm 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, followed by China, with Guinea third
- Largest bauxite reserves are in Australia and Guinea; Vietnam 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
- Aluminium prices on upward trend since bottoming in May 2020
- Aluminium being used by some manufacturers to replace steel in car frames to compensate for the additional weight of lithium-ion batteries vs internal combustion engines

### Exposure

- 36% of Alliance Mining Commodities (unlisted) – owner and developer of a world-class bauxite resource in Guinea

# SECTOR SUMMARIES AS AT 30 JUNE 2021 (continued)

## 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, United States

### Macro trends

- Hedge to US dollar which has declined long term against gold
- Price of gold has been volatile and trending down since peaking above \$2,000 per oz in August 2020, but nonetheless remains near 10-year highs, as forecasts of monetary tightening compete with inflation concerns and unprecedented fiscal stimulus by the US Federal Reserve and other governments
- Gold production has been in a long-term downtrend since record-keeping commenced
- Demand for jewellery dominated by China and India; US a distant third

### Exposure

- 69% of Horizon Gold (ASX:HRN) – exploration and development in Western Australia
- 100% of Kumarina (unlisted) – junior copper-gold exploration firm in Western Australia

## 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 Indonesia, Philippines, Russia, New Caledonia, Australia, Canada

### Macro trends

- Demand for nickel for lithium-ion batteries increasing quickly, but still relatively small component of global nickel demand
- Nickel prices fully recovered since bottoming in March 2020, reaching a 7-year high in early 2021 amidst strong demand forecasts related to the economic recovery and electric vehicle sales
- Industrial demand still heavily influenced by strength of Chinese economy

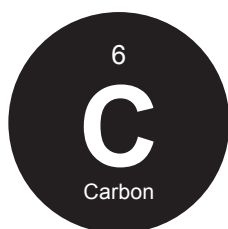
### Exposure

- 17% of Panoramic Resources (ASX:PAN) – nickel producer in Western Australia
- 43% of GME Resources (ASX:GME) – owns development project in Western Australia



## 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 have 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 graphite
- Prices have increased steadily since late 2017 amidst climbing demand for batteries and recent supply disruptions in China related to tighter environmental restrictions

### Exposure

- 33% of Margosa Graphite Limited (unlisted) – Sri Lankan brownfield explorer of vein graphite, the purest naturally occurring graphite

## COBALT

---



### Overview

- Industrial metal used primarily in rechargeable batteries such as lithium-ion
- Other uses include superalloys, integrated circuits and other industrial processes
- Vast majority is produced as a by-product of copper or nickel mining
- Roughly 60% of cobalt ore is produced in the Democratic Republic of the Congo, and more than 60% of smelting capacity is in China

### Macro trends

- Cobalt demand has climbed alongside increased adoption of EVs and other electronics
- After two years of weak pricing, cobalt prices rebounded in Q1 2021 on the back of increased demand for batteries and other industrial processes
- Some manufacturers, including Tesla, have developed lithium-ion batteries that require relatively less cobalt (also developing cobalt-free batteries), but industry consensus is that the metal will continue to be required in future EV batteries for the next 10+ years, albeit likely at lower volumes per unit

### Exposure

- 17% of Panoramic Resources (ASX:PAN) – Australian nickel producer with cobalt reserves of 7,600 tonnes
- 43% of GME Resources (ASX:GME) – Australian nickel developer with cobalt resources of 55,000 tonnes

# SECTOR SUMMARIES AS AT 30 JUNE 2021 (continued)

## 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 US, Saudi Arabia, and Russia; largest producers of gas are the US and Russia, with Iran a distant third

### Macro trends

- Annual growth in oil demand has followed a linear trend in line with world population growth, but fell by a record 8 million barrels per day due to sudden decline in demand at the start of the covid-19 pandemic; demand is forecast to rebound to 2019 levels by 2022
- Oil prices have been volatile, but by mid-2021 had recovered to prices not seen since 2018 as the supply recovery has been relatively muted and the global market remains in deficit
- Lower prices since 2014 have led to reduced global expenditures on oil & gas exploration, but technological improvements led to increased supply (prior to covid-19), especially in the US
- After a 4% drop in 2020, global natural gas and LNG demand is expected to recover in 2021 and continue to climb over the next 10-15 years, at minimum

### Exposure

- No significant investments in this sector

# OUR INVESTMENT APPROACH

ICM is a long-term investor and generally operates focused portfolios with narrow investment remits. ICM has several dedicated research teams who have deep knowledge and understanding in their specific sectors, which improves the ability to source and make compelling investments. ICM has approximately US\$2.9 billion of assets directly under management and is responsible indirectly for a further US\$23.2 billion of assets in subsidiary investments.

ICM looks to exploit market and pricing opportunities and concentrates on absolute performance. The investments are not market index driven and the investment portfolio comprises a series of bottom-up decisions. ICM typically does not participate in either an IPO or an auction unless there is compelling value.

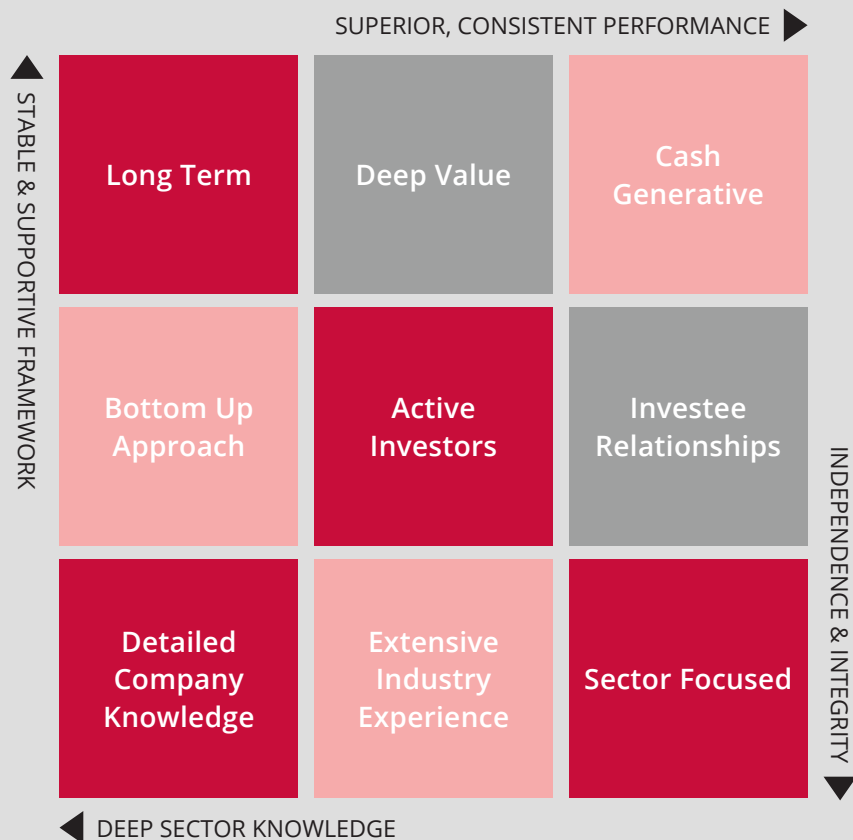
ICM also looks for disruption and the opportunities it can unlock in both existing and new business models.

Zeta seeks to leverage ICM's investment abilities in order 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 copper, bauxite, gold, nickel, graphite, cobalt, oil & gas and base metals exploration and production.

When reviewing investment opportunities, as part of the investment process ICM will look to understand the material Environmental, Social & Governance ("ESG") factors. ICM incorporates ESG factors in the investment process in three key ways:

- **Understanding:** indepth analysis of key issues that face potential and current holdings, as well as a deep understanding of the industry in which they operate.
- **Integration:** incorporate the output of the 'Understanding' component detailed above into the full company analysis to ensure a clear and complete picture of the investment opportunity is obtained.
- **Engagement:** engage with investee companies on the key issues on a regular basis, both virtually and on location, where possible, to discuss and identify any gaps in their ESG policy to further develop and improve their ESG disclosure and implementation.





## FIVE LARGEST HOLDINGS



Copper Mountain Mining Corporation

THE VALUE OF THE FIVE LARGEST HOLDINGS REPRESENTS

**91.8%**

(2020: 87.4%) OF TOTAL INVESTMENTS

THE VALUE OF THE TEN LARGEST HOLDINGS REPRESENTS

**98.1%**

(2020: 93.6%) OF TOTAL INVESTMENTS

CANADA IS ZETA'S LARGEST COUNTRY EXPOSURE AT

**37.2%**

(2020: 12.4%) OF TOTAL INVESTMENTS

THE TOTAL NUMBER OF COMPANIES INCLUDED IN THE PORTFOLIO IS

**30**

(2020: 28)

1



<b>Countries</b>	Canada and Australia
<b>Sector</b>	Copper exploration and mining
<b>Fair Value US\$000</b>	112,255
<b>% of total investments</b>	41.9%
<b>% owned</b>	18.3%

**COPPER MOUNTAIN MINING CORPORATION** is a Canadian copper mining company headquartered in Vancouver, British Columbia. Its chief asset is 75% of the Copper Mountain mine located about 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Mitsubishi Materials Corporation owns the remaining 25%. The mine has a reserve life of over 30 years and produces 90-100 million pounds of copper equivalent per year, including significant gold and silver credits, all of which are shipped to Japan for smelting in one of Mitsubishi's copper smelters. Copper Mountain also owns the Eva Copper Project, which is located 75 kilometres from the town of Cloncurry and 95 kilometres north-east of Mt Isa in north-west Queensland, Australia. The project comprises one of Australia's largest undeveloped copper resources, containing 1.9 million tonnes of copper and 590,000 ounces of gold.

2



<b>Country</b>	Guinea
<b>Sector</b>	Bauxite developer
<b>Fair Value US\$000</b>	61,403
<b>% of total investments</b>	22.9%
<b>% owned</b>	36.2%

**ALLIANCE MINING COMMODITIES LIMITED** is an unlisted Australian company that has been granted a mining concession for the development of the Koumbia Bauxite Project in the north-west of the Republic of Guinea. The Government of Guinea holds a 10% free-carried interest in AMC's Guinea subsidiary which holds the concession. The Koumbia Bauxite Project is a world class bauxite development, with a JORC 2012-compliant mineral resource in excess of 1.5 billion tonnes. The Koumbia ore, high in alumina and low in reactive silica and boehmite, makes it particularly attractive for use in a low temperature, low cost, refining process.

3



<b>Country</b>	Australia
<b>Sector</b>	Nickel exploration and mining
<b>Fair Value US\$000</b>	36,750
<b>% of total investments</b>	13.6%
<b>% owned</b>	16.5%

**PANORAMIC RESOURCES LIMITED** is a Western Australian mining company that owns 100% of the Savannah underground nickel sulphide mine, located in the East Kimberley in Western Australia. Having encountered various operational difficulties ramping up production at Savannah following a period of the mine being on care & maintenance, Panoramic elected to place Savannah back onto care & maintenance when the covid-19 pandemic started. Since then, the company has raised significant new capital, completed some key capital works to de-risk the mine, and has recently secured project financing and an offtake agreement. Going forward, Panoramic's value will be 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.

## FIVE LARGEST HOLDINGS (continued)

4



<b>Country</b>	Australia
<b>Sector</b>	Gold
<b>Fair Value US\$000</b>	21,665
<b>% of total investments</b>	8.1%
<b>% owned</b>	69.5%

**HORIZON GOLD LIMITED** is focused on exploration and development activities at its 100%-owned Gum Creek Project in Western Australia. Gum Creek covers approximately 620 square kilometres and has historically produced over one million ounces of gold. Gum Creek hosts JORC 2012 Resources of 15.9 million tonnes averaging 2.7g/t gold for 1.39 million ounces of gold. The company was spun off from nickel company Panoramic Resources in 2016 and Zeta participated in the IPO. In 2020 Zeta acquired Panoramic's majority holding in Horizon Gold, and has subsequently supported the company through providing working capital and participating in an entitlement issue to raise new equity. Horizon Gold has been working through an extensive drilling campaign across multiple prospects.

5



<b>Country</b>	Australia
<b>Sector</b>	Graphite exploration and mining
<b>Fair Value US\$000</b>	14,161
<b>% of total investments</b>	5.3%
<b>% owned</b>	33.6%

**MARGOSA GRAPHITE LIMITED ("Margosa")** is an unlisted Australian company targeting development of JORC-compliant high grade crystalline vein graphite deposit in Sri Lanka. Sri Lanka has a long history of graphite production since the mid-1800s, and is home to some of the purest grade graphite in the world. Sri Lankan high quality graphite has varied applications, including in anodes for lithium-ion batteries used in electric vehicles. In the year under review Margosa completed a Feasibility Study focused on development of the Ridee Ganga Project which is located approximately 40 km south-southeast of Colombo, the capital city and main port of Sri Lanka.



## INVESTMENT MANAGER AND TEAM

The directors are responsible for Zeta's investment policy and have overall responsibility for the Company's day-to-day activities. Zeta has, however, entered into an Investment Management Agreement with ICM Limited under which ICM provides investment management services to Zeta, including investment analysis, portfolio monitoring, research and corporate finance.

ICM is an international Fund Manager and Corporate Finance Adviser headquartered in Bermuda, with 10 offices globally. ICM has expertise in listed equity, private equity, and fixed income bonds, and

specialises in the following investment sectors: utility & infrastructure, financial services, mining and resources, technology, and fixed income.

ICM focuses on identifying investments at valuations that do not reflect their true long-term value and then assisting management to add value where appropriate. Their investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. ICM are long term investors and see markets as a place to exchange assets.

ICM MANAGES OVER

# US\$2.9 billion

IN FUNDS DIRECTLY AND IS RESPONSIBLE INDIRECTLY FOR A FURTHER US\$23.2 BILLION OF ASSETS IN SUBSIDIARY INVESTMENTS. ICM HAS OVER 70 STAFF BASED IN OFFICES IN BERMUDA, CAPE TOWN, DUBLIN, LONDON, SEOUL, SINGAPORE, SYDNEY, VANCOUVER AND WELLINGTON.



### DUNCAN SAVILLE

Duncan Saville is a director and chairman of ICM Limited who founded the ICM Group and its predecessor companies and has been employed by the Group since 1988. Duncan is a chartered accountant with experience in corporate finance and asset management. He is an experienced non-executive director having previously been a director in multiple companies in the utility, investment, mining and technology sectors. Duncan is currently a non-executive director of Resimac Group Limited. His Fellowships include the Institute of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and the Financial Services Institute of Australasia, and he is a Member of the Singapore Institute of Directors.



### ALASDAIR YOUNIE

Alasdair Younie joined the ICM Group in 2010, is a director of ICM Limited and is based in Bermuda. Alasdair has extensive experience in financial markets and corporate finance, and he is responsible for the day-to-day running of the Somers Group. Alasdair qualified as a chartered accountant with PricewaterhouseCoopers and subsequently worked for six years in the corporate finance division of Arbuthnot Securities Limited in London. Alasdair is a director of Allectus Capital Limited, Somers Limited and West Hamilton Holdings Limited. Alasdair graduated from Bristol University with a BSc in Economics and Economic History in 1998 and is a Member of the Institute of Chartered Accountants in England and Wales.

---



## INVESTMENT MANAGER AND TEAM (continued)



### **DUGALD MORRISON**

Dugald Morrison has been involved with ICM and its predecessor companies since 1994 and is responsible for ICM NZ Limited, based in Wellington. He is an experienced investment analyst, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom, and the United States since 1987. Dugald is focused on the Resources sector worldwide. Dugald is a director of a number of companies, including Horizon Gold Limited (ASX:HRN). Dugald graduated from Victoria University of Wellington in 1991 with BCA (Hons) and is a Member of the New Zealand Institute of Directors.



### **TRISTAN KINGCOTT**

Tristan Kingcott joined ICM in 2018 and is responsible for ICM CA Research Limited, based in Vancouver, British Columbia. He is focused on the resources, technology, and financial services sectors, with an emphasis on North America. Mr Kingcott has over ten years' experience in financial and commercial analysis, and prior to joining ICM, has performed various roles, including Manager of Corporate Development at Ferus Inc., an energy services company based in Western Canada. Mr Kingcott is a CFA Charterholder and a Member of the CFA Society in Vancouver.



### **EDUARDO GRECA**

Eduardo Greca joined ICM London in 2010 as the Latam Investment Strategist before moving to Brazil in 2012 where he is now based. Mr Greca has over twelve years of investment research experience, and prior to joining ICM he worked for the commodities risk management team at Kraft Foods. He covers the Latin American equity and fixed income investments and is responsible for the Stock Exchange sector worldwide with an emphasis on Emerging Markets. Mr Greca is a CFA Charterholder and a Member of the CFA Society in Brazil.

---

## DIRECTORS



### **PETER SULLIVAN (CHAIRMAN)**

Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for more than 25 years, including experience in 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 GME Resources Limited (ASX:GME) and Horizon Gold Limited (ASX:HRN); and non-executive director of Panoramic Resources Limited (ASX:PAN) and Copper Mountain Mining Corporation (TSX:CMMC). Mr Sullivan was a director of Bligh Resources Limited (ASX:BGH) until 13 August 2019 following the sale of the company to Saracen Mineral Holdings Limited. Mr Sullivan retired as a director of Resolute Mining Limited (ASX:RSG) effective 27 May 2021 after over 20 years' involvement with the company.



### **MARTHINUS (MARTIN) BOTHA**

Mr Botha has over 30 years' experience in banking, with the last 27 years spent in leadership roles building Standard Bank Group's international operations. Mr Botha's primary responsibilities at Standard Bank Plc included establishing and leading the development of the core global natural resources trading and financing franchises, as well as various geographic strategies. 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 chairman of Resolute Mining Limited (ASX:RSG).



### **ANDRÉ LIEBENBERG**

Mr Liebenberg is an experienced mining industry professional and has extensive investor marketing, finance, business development and leadership experience. He was appointed CEO and Executive Director of Yellow Cake plc on 1 June 2018, just prior to the company's IPO on the AIM market of the London Stock Exchange. Mr Liebenberg has over 25 years' experience in the resources industry across private equity, investment banking, senior roles within BHP, and prior to joining Yellow Cake he was Chief Financial Officer at QKR Corporation. Mr Liebenberg holds a Bachelor of Science in Electrical Engineering from the University of Cape Town and a Master in Business Administration from the University of Cape Town.

#### *Directorships of other listed companies in the last 3 years*

Mr Liebenberg is an executive director of Yellow Cake plc (LSE:YCA) and was a non-executive director of Danakali Limited (ASX:DNK) until 3 August 2020.



### **XI XI**

Xi is a financial analyst with more than 20 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).

All Directors are Non-Executive Directors and were appointed to the board of the Company on 7 June 2013, other than Mr Liebenberg, who was appointed on 30 December 2019.

# REPORT OF THE DIRECTORS



Kumarina Resources Pty Limited

Directors present their report for Zeta Resources Limited, including its subsidiaries Kumarina Resources Pty Limited, Zeta Energy Pte. Ltd, Zeta Investments Limited, Zeta Minerals Ltd and Horizon Gold Limited, for the year ended 30 June 2021.

## DIRECTORS

Zeta Resources Limited has a board of four non-executive, independent 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  
André Liebenberg  
Xi Xi

## 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 2021 amounted to US\$114,670,080.

### 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\$18,759,245. An increase in the fair value of the portfolio resulted in an unrealised profit recognised in profit or loss at year end of US\$122,843,094.

The activities of the Company's subsidiary Kumarina related to further exploration and evaluation of the existing Australian mining tenements (the Murrin Murrin project) and a total of A\$540,592 was invested during the twelve months to 30 June 2021 in further drilling and analysis work. On 28 January 2021, Kumarina entered into a sale agreement for the sale of the tenement pertaining to the Ilgarari Copper Project.

## Financial position

At the end of the year, the Company had US\$1,378,703 in cash and cash equivalents. Investments at fair value totalled US\$243,477,995, loans to subsidiaries were valued at US\$1,224,888 and the investment in subsidiaries was valued at US\$22,114,602.

The Company has a loan owing to UIL of US\$32,576,107 at year end.

As at the year end, the Company had a US\$2.5 million loan facility with Bermuda Commercial Bank expiring on 30 September 2021.

On 10 September 2020 the Company offered a bonus issue of options to its shareholders. Eligible shareholders who held shares on the record date were offered one option (bonus option) for every one share held on the record date. The bonus options had no issue price, were exercisable at A\$0.25 each and expired on 15 June 2021. 287,567,921 options were issued, and 278,770,100 options were exercised, raising an amount of US\$54,000,923.

## GOING CONCERN

The financial statements have been prepared on a going concern basis. We draw attention to the fact that at 30 June 2021, the Company's current liabilities exceed its current assets by US\$12,727,647 (2020: US\$6,517,913). The Company has undrawn capacity under its debt facilities and the majority of the Company's assets consist of equity shares in listed companies which in most circumstances are realisable within a short timescale. Based on this, the directors believe the Company will be able to cover the commitments arising in the period 12 months from the date of approval of these financial statements. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

## COVID-19 IMPACT

The impact of the covid-19 pandemic continued to be felt during the financial year under review. In the first half of the financial year, share prices and commodity prices – particularly industrial commodities such as copper – rose strongly following multiple announcements of vaccines with high efficacy rates against the coronavirus. Lockdowns in various countries at varying times impacted select mines, reducing the supply of commodities, which also resulted in higher commodity prices. Those mines that were able to operate at normal production levels – such as Copper Mountain – benefited from the higher commodity prices.

## DIVIDENDS

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

## AFTER BALANCE SHEET DATE EVENTS

The Company performed a review of events after the reporting date and determined that there were no such events requiring recognition or disclosure in the financial statements.

## 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.

## 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' interests



# REPORT OF THE DIRECTORS (continued)

## Remuneration policy

The board of directors is responsible for remuneration policies and the packages applicable to the directors of the Company. The board 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 which include performance-based components.

## Details of remuneration for directors

The Company paid a total of \$200,000 to directors for the year ended 30 June 2021.

The Company had no employees as at 30 June 2021.

## 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 in shares and options is set out elsewhere in this report.

## Directors' interests

The relevant interests of directors either directly or through entities controlled by the directors 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	5,770,632	5,735,632	11,506,264
Martin Botha	479,565	295,435	775,000
André Liebenberg	-	-	-
Xi Xi	-	-	-

## MEETINGS OF DIRECTORS

There were nine Board of Directors and one Audit & Risk Committee meetings held during the year ended 30 June 2021. The attendance by the directors was as follows:

	Board	Audit & Risk Committee*
Number of meetings held during the year	9	1
Peter Sullivan	9	1
Martin Botha	9	1
André Liebenberg	9	1
Xi Xi	9	1

\*The Audit & Risk Committee was established on 25 November 2020

Board of Directors and Audit Risk Committee meetings require that any two directors or members be present to form a quorum.

Due to the size of the board and the nature of the Company's operations, it does not have a separate Remuneration Committee or a Nomination Committee. Matters normally considered by these committees are addressed by the full board. This includes addressing succession issues and ensuring the board has the appropriate balance of skills, experience, independence, and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.

## LOANS TO DIRECTORS

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

## AUDIT & RISK COMMITTEE

The Audit & Risk Committee ("committee") comprises all the independent directors of the Company and is chaired by André Liebenberg.

The Company has established a separately chaired Audit & Risk Committee. Its duties include considering and recommending to the board for approval the contents of the half yearly and annual financial statements. The committee also provides an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The committee also reviews the external auditors' report on the annual financial statements and is responsible for reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies and ensuring the adequacy of the internal control systems and standards.

The committee meets at least twice a year. The planned meetings are held prior to the board meetings to approve the half yearly and annual results. Representatives of the Investment Managers attend all meetings.

During the year ended 30 June 2021, the committee consisted of all the independent directors of the Company.

#### 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

Both Horizon Gold Limited and 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 and the Western Australian Mining Act during the year covered by this report.

#### 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



Panoramic Resources Limited

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.

#### NON-AUDIT SERVICES

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

## REPORT OF THE DIRECTORS (continued)

### ON-MARKET BUY-BACK SCHEME

As part of its ongoing capital management strategy, Zeta implemented an on-market buy-back programme for up to 10 million ordinary shares during the period 15 September 2018 to 14 September 2020.

On 8 September 2020 the Company announced that the buy-back programme was to be extended from 15 September 2020 to 14 September 2021. The buy-back is only implemented where the share price of the Company is at a discount to NTA exceeding 10%. The timing and quantity of purchases will depend on current market conditions and other future events. Pursuant to section 257B(4) of the Corporations Act 2001 (Cth), the share buy-back does not require shareholder approval as it falls under the 10/12 limit.

Since the commencement of the on-market buy-back scheme on 15 September 2018, Zeta Resources has repurchased and cancelled 1,287,056 fully paid ordinary shares.

### INVESTMENT MANAGEMENT AGREEMENT

The Company entered into an Investment Management Agreement with ICM Limited on 3 June 2018. Management fees are payable at a rate of 0.5% per annum of funds managed on the 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%. Zeta Resources agreed to pay a performance fee of \$4,223,318 for the year ended 30 June 2021.

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

The Company paid US\$5,491,044 in management fees during the reporting year.

### AUDITOR'S INDEPENDENCE DECLARATION

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

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



**Peter R Sullivan**  
Chairman  
Perth, Western Australia

23 September 2021

# CORPORATE GOVERNANCE STATEMENT

## THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance is the process by which the board of directors of a company protects shareholders' interests and by which it seeks to enhance shareholder value. Shareholders hold the directors responsible for the stewardship of a company's affairs, delegating authority and responsibility to the directors to manage the company on their behalf and holding them accountable for its performance. Responsibility for good governance lies with the board. The board considers the practice of good governance to be an integral part of the way it manages the Company and is committed to maintaining high standards of financial reporting, transparency and business integrity.

The governance framework of the Company reflects the fact that, as an investment company, it has no full-time employees and outsources its activities to third party service providers.

## THE BOARD

Four non-executive directors

**CHAIRMAN:**  
Peter Sullivan

### KEY OBJECTIVES:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed; and
- to constructively challenge and scrutinise performance of all outsourced activities.

### AUDIT & RISK COMMITTEE

All independent NEDs  
**CHAIRMAN:**  
André Liebenberg

#### KEY OBJECTIVE:

- to oversee the financial reporting and control environment.

### MANAGEMENT OVERSIGHT

The board as a whole performs this function

#### KEY OBJECTIVE:

- to review the performance of the Investment Manager.

### NOMINATION COMMITTEE

The board as a whole performs this function

#### KEY OBJECTIVES:

- to regularly review the board's structure and composition; and
- to consider any new appointments.

### REMUNERATION COMMITTEE

The board as a whole performs this function

#### KEY OBJECTIVE:

- to set the remuneration policy for the directors of the Company.



## CORPORATE GOVERNANCE STATEMENT (continued)

As an ASX-listed company, the board's principal governance reporting objective is in relation to the ASX Corporate Governance Principles and Recommendations ("Recommendations") developed by the ASX Corporate Governance Council.

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 Recommendations to the extent appropriate to the size and nature of the group's operations.

The Company has prepared a Corporate Governance Statement based on the fourth Edition of the Recommendations. It 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, and accompanying Appendix 4G, will be available for review on the Company's website and will be lodged with ASX concurrently with the Annual Report.

The Appendix 4G details 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 the Company's website.

Details about the Company's corporate governance policies and charges are available in the corporate governance section of our website at:



<https://www.zetaresources.limited/investor-relations/corporate-governance/>

# INDEPENDENT AUDITOR'S REPORT



Mazars House, Rialto Road  
Grand Moorings Precinct  
Century City, 7441  
PO Box 134, Century City 7446  
Docex 9 Century City

Tel: +27 21 818 5000  
Fax: +27 21 818 5001  
Email: [cpt@mazars.co.za](mailto:cpt@mazars.co.za)  
[www.mazars.co.za](http://www.mazars.co.za)

## Independent Auditor's Report

30 June 2021

*To the Shareholders of Zeta Resources Limited*

Report on the Audit of the Annual Financial Statements

## Opinion

We have audited the annual financial statements of Zeta Resources Limited set out on pages 41 to 66, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other 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 annual financial statements present fairly, in all material respects, the financial position of Zeta Resources Limited as at 30 June 2021, 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222  
Partners: MC Olickers (National Co-CEO), MV Ninan (National Co-CEO), JM Barnard, AK Batt, AS De Jager, DS Dollman, M Edelberg, Y Ferreira, T Gangen, R Groenewald, AK Hoosain, MY Ismail, N Jansen, J Marais, B Mbunge, FN Miller, G Molyneux, A Moruck, S Naidoo, MG Odendaal, W Olivier, D Resnick, BG Sacks, MA Salee, N Silbowitz, SM Solomon, HH Swanepoel, AL Swartz, MJA Teuchert, N Thelander, JC Van Tubbergh, EC Van Heerden, N Volschenk, J Watkins-Baker  
A full list of national partners is available on request or at [www.mazars.co.za](http://www.mazars.co.za)

# INDEPENDENT AUDITOR'S REPORT (continued)

## mazars

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual 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 matters relate to the Annual Financial Statements.

Matter	Audit response
<p>Valuation of Unlisted investments (notes 5 and 22.4 )</p> <p>The company's accounting policy in note 3.6 of the Annual Financial Statements states that investments are initially measured at the transaction cost and subsequently measured at fair value with any change in the fair value recognised in profit or loss.</p> <p>The lack of readily available objective evidence such as quoted prices, increases the degree of estimation used in determining the fair value of unlisted investments.</p> <p>The valuation methods are subject to a high degree of judgement and are complex, especially for investments where there are limited to no equity transactions during the year. Areas of judgement include estimating the expected future income from operations that are still in the exploration phase and other external risk factors.</p> <p>Various valuation methods are used in determining the fair value of the investments.</p> <p>A relatively small percentage change in the valuations of individual investments, in aggregate, could result in a significant impact to the financial statements.</p> <p>Based on the above the valuation of unlisted investments has been identified as a Key audit matter.</p>	<p>Our approach to address the valuation assertion for unlisted investment involved a substantive approach. Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• agreeing the valuation of the unlisted investments to the valuation reports prepared by independent external valuers appointed by management to determine the valuation of the unlisted investments;</li> <li>• assessing the competence, capabilities and objectivity of the appointed experts;</li> <li>• evaluating key assumptions used in the valuation and valuation method and inputs used to ensure the valuations are reasonable;</li> <li>• recalculating key valuation workings;</li> <li>• reviewing that the valuation techniques used are appropriate for the accounting standards and industry;</li> <li>• assessing and validating the completeness, accuracy and relevance of the information provided by management to their expert;</li> <li>• comparing the assumptions used in the company's valuation methods to previous periods for consistency and to consider management bias; and</li> <li>• assessing the company's disclosures (including the assumptions used as inputs to the valuations) using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul> <p>Having performed our audit procedures and evaluating the outcomes we concluded that our audit procedures appropriately address the key audit matter.</p>

## **mazars**

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Zeta Resources Limited for the year ended 30 June 2021, which includes the Directors' Report, the Corporate Governance Statement and the Integrated Annual Report, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's reports thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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.



# INDEPENDENT AUDITOR'S REPORT (continued)

## **mazars**

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 annual 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.
- 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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, actions taken to eliminate threats or safeguards applied.

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.

## **mazars**

### Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Zeta Resources Limited for 2 years.

The logo for Mazars, featuring the word "Mazars" in a stylized, handwritten-style font.

**Mazars**  
**Partner: Nico Jansen**  
**Registered Auditor**  
**23 September 2021**  
**Cape Town**

# AUDITOR'S INDEPENDENCE DECLARATION



Mazars House, Rialto Road  
Grand Moorings Precinct  
Century City, 7441  
PO Box 134, Century City 7446  
Docex 9 Century City

Tel: +27 21 818 5000  
Fax: +27 21 818 5001  
Email: [cpt@mazars.co.za](mailto:cpt@mazars.co.za)  
[www.mazars.co.za](http://www.mazars.co.za)

## Auditor's Independence Declaration

In relation to our audit of the financial statements of Zeta Resources Limited for the financial year ended 30 June 2021, I declare 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 other applicable code of professional conduct.

A handwritten signature in black ink that reads "Mazars".

**Mazars**

**Partner: Nico Jansen**

**Registered Auditor**

**23 September 2021**

**Cape Town**

Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222  
Partners: MC Olickers (National Co-CEO), MV Ninan (National Co-CEO), JM Barnard, AK Batt, AS De Jager, DS Dollman, M Edelberg, Y Ferreira, T Gangen, R Groenewald, AK Hoosain, MY Ismail, N Jansen, J Marais, B Mbunge, FN Miller, G Molyneux, A Moruck, S Naidoo, MG Odendaal, W Olivier, D Resnick, BG Sacks, MA Salee, N Silbowitz, SM Solomon, HH Swanepoel, AL Swartz, MJA Teuchert, N Thelander, JC Van Tubbergh, EC Van Heerden, N Volschenk, J Watkins-Baker  
A full list of national partners is available on request or at [www.mazars.co.za](http://www.mazars.co.za)

# STATEMENT OF FINANCIAL POSITION

Notes	at 30 June 2021	June 2021 US\$	June 2020 US\$
<b>Non-current assets</b>			
4	Investment in subsidiaries	22,114,602	16,417,335
5	Investments	243,477,995	114,839,211
6	Loans to subsidiaries	1,224,888	1,506,499
<b>Current assets</b>			
6	Loans to subsidiaries	-	208,156
7	Cash and cash equivalents	1,378,703	12,082
<b>Total assets</b>		<b>268,196,188</b>	<b>132,983,283</b>
<b>Non-current liabilities</b>			
9	Loan from parent	(32,576,107)	(68,312,746)
10	Other loans	(1,332,610)	(6,312,255)
<b>Current liabilities</b>			
8	Loan from subsidiary	(3,377,965)	-
11	Other loans	(2,500,000)	(1,250,000)
12	Trade and other payables	(5,148,039)	(2,656,381)
18	Tax payable	(3,080,346)	(2,831,770)
<b>Total liabilities</b>		<b>(48,015,067)</b>	<b>(81,363,152)</b>
<b>Net assets</b>		<b>220,181,121</b>	<b>51,620,131</b>
<b>Equity</b>			
13	Share capital	5,560	2,777
13	Share premium	176,763,050	122,874,923
	Accumulated income/(losses)	43,412,511	(71,257,569)
<b>Total equity</b>		<b>220,181,121</b>	<b>51,620,131</b>



# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Notes	for the year ended 30 June 2021	June 2021 US\$	June 2020 US\$
<b>Income and investment returns</b>			
14	Revenue	53,985	104,734
14	Investment gains/(losses)	136,938,205	(11,208,925)
6	Impairment of loan to subsidiary	(1,394,034)	(7,676)
15	Other (losses)/income	(8,271,609)	921,852
<b>Expenses</b>			
	Directors fees	(200,000)	(183,333)
	Interest expense	(6,393,063)	(4,434,509)
16	Management and consulting fees	(5,491,044)	(778,505)
17	Operating and administration expenses	(572,360)	(540,019)
<b>Profit/(loss) before tax</b>		<b>114,670,080</b>	<b>(16,126,381)</b>
18	Taxation expense	-	(6,241,445)
<b>Profit/(loss) for the year</b>		<b>114,670,080</b>	<b>(22,367,826)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>114,670,080</b>	<b>(22,367,826)</b>
<b>Profit/(loss) per share</b>			
19	Basic profit/(loss) per share	0.33	(0.07)
19	Diluted profit/(loss) per share	0.33	(0.07)

## STATEMENT OF CHANGES IN EQUITY

Notes	Share capital US\$	Share premium US\$	Treasury Shares US\$	Accumulated losses US\$	Total US\$
<b>for the year ended 30 June 2021</b>					
<b>Balance at 31 July 2019</b>	2,778	122,897,203	(11,096)	(48,889,743)	73,999,142
Purchase of treasury shares	-	-	(11,185)	-	(11,185)
Cancellation of treasury shares	(1)	(22,280)	22,281	-	-
Total comprehensive loss for the year	-	-	-	(22,367,826)	(22,367,826)
<b>Balance at 30 June 2020</b>	<b>2,777</b>	<b>122,874,923</b>	<b>-</b>	<b>(71,257,569)</b>	<b>51,620,131</b>
Purchase of treasury shares	-	-	(110,013)	-	(110,013)
<sup>13</sup> Cancellation of treasury shares	(5)	(110,008)	110,013	-	-
<sup>13</sup> Options exercised	2,788	53,998,135	-	-	54,000,923
Total comprehensive income for the year	-	-	-	114,670,080	114,670,080
<b>Balance at 30 June 2021</b>	<b>5,560</b>	<b>176,763,050</b>	<b>-</b>	<b>43,412,511</b>	<b>220,181,121</b>

# STATEMENT OF CASH FLOWS

Notes	for the year ended 30 June 2021	June 2021 US\$	June 2020 US\$
<b>Cash flows from operating activities</b>			
20.1	Cash (utilised)/generated by operations	(3,762,954)	1,208,291
14	Interest received	37,853	83,251
	Interest paid	(428,466)	(348,403)
14	Dividend received	16,132	21,483
	Taxation paid	-	(3,409,675)
<b>Net cash flows from operating activities</b>		<b>(4,137,435)</b>	<b>(2,445,053)</b>
<b>Cash flows from investing activities</b>			
	Investments purchased	(18,759,245)	(42,757,993)
	Investments sold	21,347,424	31,220,634
	Increase in loan to subsidiaries from additional funding	(568,843)	(12,580,928)
	Decrease in loan to subsidiaries from repayments	360,529	12,302,376
	Increase in other loans from additional funding	-	(4,960,000)
	Decrease in other loans from repayments	-	6,182,608
<b>Net cash flows from investing activities</b>		<b>2,379,865</b>	<b>(10,593,303)</b>
<b>Cash flows from financing activities</b>			
13	Purchase of treasury shares	(110,013)	(11,185)
13	Options exercised	14,826,385	-
20.2	Increase in loan from parent from additional funding	18,446,626	46,043,589
20.2	Decrease in loan from parent from repayments	(34,223,214)	(27,794,521)
20.2	Increase in loan from subsidiary from additional funding	3,420,043	1,897,066
20.2	Decrease in loan from subsidiary from repayments	-	(2,788,630)
20.2	Increase in other loans from additional funding	14,301,379	3,189,313
20.2	Decrease in other loans from repayments	(13,461,727)	(8,196,272)
<b>Net cash flows from financing activities</b>		<b>3,199,479</b>	<b>12,339,360</b>
<b>Net movement in cash and cash equivalents</b>		<b>1,441,909</b>	<b>(698,996)</b>
	Cash and cash equivalents at the beginning of the year	12,082	104,715
	Effect of exchange rate fluctuations on cash held	(75,288)	606,363
7	<b>Cash and cash equivalents at end of the year</b>	<b>1,378,703</b>	<b>12,082</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

### 1.1 Corporate information

Zeta Resources Limited (“Zeta Resources” or “the Company”) is an investment company incorporated on 13 August 2012, listed on the Australian Securities Exchange and domiciled in Bermuda. The financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company only.

### 1.2 Basis of preparation

The financial statements for the year ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The Company carries on the business of an investment holding company, in accordance with IFRS 10. The purpose of the Company is to earn returns through capital appreciation or investment income. The Company obtains funds from more than one investor and provides investment management services. The Company is accordingly applying the consolidation exemption for investments in subsidiaries and they will be recognised at fair value through profit and loss.

The financial statements were authorised for issue by the board of directors on [date] 2021.

### 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 those financial instruments at fair value through profit or loss, which are measured at fair value. The financial statements are prepared on a going concern basis.

### 1.4 Functional and presentation currency

The Company’s functional and presentation currency is United States dollars.

The board has determined by having regard to the currency of the Company’s share capital and that Zeta invests in mining entities whose resources are valued in United States dollars, that United States dollars is the functional and reporting currency.

### 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 expenses. Actual results may differ from these estimates.

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

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of

assets and liabilities within the next financial year relate to the valuation of unquoted investments, details of which are set out in note 22 and the classification of the subsidiaries as investment entities. Details of the subsidiaries are set out in note 4. Subsidiaries that carry on business as investment entities are designated as being at fair value through profit and loss on initial recognition.

Loans to subsidiaries are classified as financial assets carried at amortised cost. The loans are subject to impairment testing as debt instruments (refer note 3.7). The impairments on the loans are determined separately to the fair value of the investments in the subsidiaries as disclosed in note 4.

The judgement over the tax treatment of profits generated from the sale of Bligh Resources is disclosed in note 18.

The impact of the covid-19 pandemic continued to be felt during the financial year under review. In the first half of the financial year, share prices and commodity prices – particularly industrial commodities such as copper – rose strongly following multiple announcements of vaccines with high efficacy rates against the coronavirus. Lockdowns in various countries at varying times impacted select mines, reducing the supply of commodities, which also resulted in higher commodity prices. Those mines that were able to operate at normal production levels – such as Copper Mountain – benefited from the higher commodity prices.

## 2. ADOPTION OF NEW AND REVISED STANDARDS

### 2.1 Standards and interpretations adopted during the year

No new or amended standards and interpretations that became effective in the current period had a significant impact on the financial statements.

### 2.2 New standards, amendments and interpretations effective for annual periods beginning after 1 July 2021 that have not been adopted

At the date of authorisation of these financial statements, the following standards affecting the Company were in issue, but not yet effective:

Presentation of liabilities (Amendments to IAS 1) – effective 1 January 2023

The Company has chosen not to early adopt the new and revised standards affecting presentation and disclosure which have been published and are mandatory for the Company’s accounting records beginning on the date mentioned above.

Based on initial assessment, these standards are not expected to have a material impact on the Company.

No new or amended standards and interpretations that became effective after 1 July 2021 are expected to have a significant impact on the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Investment income

Dividend income is recognised when the Company's right to receive payment is established and is presented gross of withholding taxes.

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

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

Interest income is recognised using the effective interest rate method.

#### 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 Statement of Financial Position date.

The Company invests in various jurisdictions and is subject to typical source taxation such as withholding tax on passive income (dividends, interest and royalties where applicable) and capital gains on immovable property.

The Company measures uncertainty by using the most likely amount and not the expected value method. The detail of the judgements relating to the uncertain tax position is disclosed in note 18.

The Company has elected to be tax exempt in terms of local Bermudian legislation.

#### 3.4 Foreign currency

##### Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currency 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 translated to the functional currency at the prevalent exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and principal payments during the period, and the amortised cost in foreign currency translated at the prevalent exchange rate at the end of the period. The foreign currency gains or losses are recognised as part of other income/(losses) in the Statement of Profit and Loss and Other Comprehensive Income. Foreign currency changes are taken into account when fair valuing the equity instruments.

#### 3.5 Earnings per share ("EPS")

Basic EPS is calculated as the net resulting earnings 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 the net resulting earnings attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the aftertax 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

##### Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### Classification and subsequent measurement

###### *Financial assets*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Financial assets at FVTPL*

All investments are mandatorily measured at FVTPL.

Investments are subsequently measured at fair value. Net gains and losses include foreign exchange gains and losses. Interest or dividend income are recognised in profit or loss separately.

###### *Financial assets at amortised cost*

Cash and cash equivalents, loans to subsidiaries and other loans meet the criteria for measurement at amortised cost.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Foreign exchange gains and losses, impairments and any gains or losses on derecognition are recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### **Financial liabilities**

The Company has adopted the following classifications for financial liabilities:

Financial liabilities are measured at amortised cost and subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

#### **Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when they transfer the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

#### **Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **3.7 Impairment of assets**

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers a financial asset to be performing when there is a low risk of default and no amounts are past due.

The Company considers a financial asset to be underperforming when contractual payments are 30 days past due or there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk is indicated by a significant decrease in the future prospects of the borrower's operations, changes in the scope of business or changes in the organisational structure that result in a significant change in the borrower's ability to meet its debt obligations.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **Presentation**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

#### **Measurement of ECLs**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### **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.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. INVESTMENT IN SUBSIDIARIES

	June 2021 US\$	June 2020 US\$
<b>At fair value</b>		
Investment in Kumarina Resources Pty Limited ("Kumarina")	449,775	1,309,352
Investment in Zeta Energy Pte. Ltd. ("Zeta Energy")	1	1
Investment in Zeta Investments Limited ("Zeta Investments")	1	1
Investment in Zeta Minerals Ltd ("Zeta Minerals")	1	-
Investment in Horizon Gold Limited ("Horizon Gold")	21,664,824	15,107,981
	<b>22,114,602</b>	<b>16,417,335</b>

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. Horizon Gold is measured using market price. The Company participated in the two rights issues offered by Horizon Gold in the year. Kumarina is valued using a resource multiple to value Kumarina's main project, with further consideration to the remaining assets and liabilities held by Kumarina. Kumarina is currently deemed to have a value of US\$449,775. See note 22.4.

The remaining investments in subsidiaries are fair valued by the directors at a nominal value due to the fact that they hold no significant assets, nor do they have any significant value. Zeta Minerals is an entity incorporated for the purpose of holding investments and is currently still dormant.

The Company had the following subsidiaries as at 30 June 2021:

30 June 2021	Number of ordinary shares	Percentage of ordinary shares held
Kumarina incorporated in Australia	26,245,210	100%
Zeta Investments incorporated in Bermuda	1,000	100%
Zeta Energy incorporated in Singapore	1	100%
Zeta Minerals incorporated in United Kingdom	100	100%
Horizon Gold incorporated in Australia	74,104,807	69%

30 June 2020	Number of ordinary shares	Percentage of ordinary shares held
Kumarina incorporated in Australia	26,245,210	100%
Zeta Investments incorporated in Bermuda	1,000	100%
Zeta Energy incorporated in Singapore	1	100%
Horizon Gold incorporated in Australia	52,826,967	69%

The Company had the following Indirect subsidiary as at 30 June 2021:

30 June 2021	Number of ordinary shares	Percentage of ordinary shares held
Pan Pacific Petroleum Pty Limited incorporated in Australia	581,942,846	100%

30 June 2020	Number of ordinary shares	Percentage of ordinary shares held
Pan Pacific Petroleum Pty Limited incorporated in Australia	581,942,846	100%

Pan Pacific Petroleum Pty Limited is an Australian oil and gas exploration and production company.

## 5. INVESTMENTS

	June 2021 US\$	June 2020 US\$
<b>Financial assets at fair value through profit or loss</b>	<b>243,477,995</b>	114,839,211
<b>Equity securities at fair value</b>		
Listed ordinary shares, subscription and other rights	166,678,842	50,124,116
Unlisted ordinary shares, subscription and other rights	76,799,153	64,715,095
	<b>243,477,995</b>	114,839,211
<b>Cost of equity securities at fair value</b>		
Listed ordinary shares, subscription and other rights	131,669,242	127,666,665
Unlisted ordinary shares, subscription and other rights	52,359,524	47,054,148
	<b>184,028,766</b>	174,720,813

<b>Investments held by the Company at the reporting date</b>	<b>Number of shares</b>
<b>Listed</b>	
Copper Mountain Mining Corporation	38,449,647
Panoramic Resources Limited	338,397,362
GME Resources Limited	240,563,538
Star Royalties Limited	8,447,800
Other investments*	148,127,558
*Other investments comprise of less than 5% of the Company's gross assets	
<b>Unlisted</b>	
Other investments	74,570,764
<b>Other rights</b>	28,520,525

During the reporting period the Company completed a total of 94 transactions (2020: 128 transactions) in securities. See note 22.4 for disclosure of fair value determination of level 3 investments.

The investment return is recognised primarily due to the increase in value of the Company's investment in Copper Mountain Mining Corporation.

## 6. LOANS TO SUBSIDIARIES

	June 2021 US\$	June 2020 US\$
Loan to Zeta Energy	-	728,469
Loan to Kumarina	1,224,888	778,030
	<b>1,224,888</b>	1,506,499
<b>LOAN TO SUBSIDIARIES – CURRENT</b>		
Loan to Horizon Gold	-	208,156

The loan to Zeta Energy is denominated in Australian dollars to the value of A\$2,594,249 (2020: A\$2,594,249) and United States dollars to the value of US\$4,373,278 (2020: US\$4,342,910), with the total loan being US\$6,317,993 (2020: US\$5,652,428). During the year ended 30 June 2021, the loan to Zeta Energy, which was utilised for the purchase of listed investments, was classified as credit impaired due to internal indications that the Company is unlikely to receive the full contractual amounts owed. The expected credit loss for this loan has been calculated based on the lifetime Expected Credit Losses ("ECLs"). The directors calculated the ECLs by reviewing relevant forward-looking information that is most relevant to the subsidiary including review of the company's assets and liabilities to suggest a value for the loan. The loan was moved from underperforming in the prior year to credit impaired in the current period. The impairment was based on the expected decrease in the value of the underlying investment for the loan. As at the 30 June 2021 the ECLs calculated amounted to US\$6,317,993.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. LOANS TO SUBSIDIARIES (continued)

The loan to Kumarina, used for working capital is denominated in Australian dollars and is interest free. There are no fixed repayment terms. The loan is still performing as no contractual breaches have occurred and the value of the assets in Kumarina is sufficient to cover all the liabilities. The impact of covid-19 on Kumarina was not severe as the company is in the exploration phase.

A reconciliation of the impairment movement on the Zeta Energy loan can be seen below:

	June 2021 US\$	June 2020 US\$
<b>Underperforming loan impairment</b>		
Opening balance of impairment	4,923,959	4,916,283
Impairment	-	7,676
Transfer to credit impaired	(4,923,959)	-
Closing impairment	-	4,923,959

	June 2021 US\$	June 2020 US\$
<b>Credit impaired loan impairment</b>		
Opening balance of impairment	-	-
Transfer from underperforming	4,923,959	-
Impairment	1,394,034	-
Closing impairment	6,317,993	-

### 7. CASH AND CASH EQUIVALENTS

	June 2021 US\$	June 2020 US\$
Cash balance comprises:		
Cash at bank	1,378,703	12,082

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods up three months.

### 8. LOAN FROM SUBSIDIARY

	June 2021 US\$	June 2020 US\$
Loan from Horizon Gold	3,377,965	-

The Horizon Gold loan is denominated in Australian dollars to the value of A\$4,500,000, attracts interest at 5% per annum and is repayable before 30 June 2022.

### 9. LOAN FROM PARENT

	June 2021 US\$	June 2020 US\$
Loan from UIL Limited ("UIL")	32,576,107	68,312,746

The loan is denominated in Australian dollars to the value of A\$23.47 million (30 June 2020: A\$66.06 million) and in Canadian dollars to the value of CA\$18.59 million (30 June 2020: CA\$31.02 million), and currently attracts interest at 7.5% per annum (30 June 2020: 7.5%) on the Australian dollar loan and 7.25% (30 June 2020: 7.25%) on the Canadian dollar loan. The loan is repayable on not less than 12 months' notice and no repayment is due before 30 June 2022.

## 10. OTHER LOANS

	June 2021 US\$	June 2020 US\$
Loan from ICM Limited	-	436,569
Loan from Pan Pacific Petroleum Pty Ltd ("PPP")	237,758	1,614,293
Loan from Leveraged Equities	1,094,852	1,761,393
Loan from Bermuda Commercial Bank Limited	-	2,500,000
	<b>1,332,610</b>	<b>6,312,255</b>

The PPP loan is denominated in Australian dollars to the value of A\$317,169 (30 June 2020: A\$2.34 million) and is interest free. There are no fixed repayment terms except that no repayment is due before 30 June 2022.

The loan from Leveraged Equities is denominated in Australian dollars to the value of A\$451,288 (30 June 2020: A\$1.6 million) and New Zealand dollars to the value of NZ\$1.1 million (30 June 2020: NZ\$1 million) and currently attracts interest at rates between 4.35% and 6.85% (30 June 2020: between 4.35% and 6.85%) per annum on the Australian dollar loan and at 6.00% (30 June 2020: 6.00%) per annum on the New Zealand dollar loan. There are no fixed repayment terms except that no repayment is due before 30 June 2022. In order to secure these loans Zeta Resources has pledged certain of its investments. The shares pledged are Resolute Mining Limited (6,461,036 shares valued at US\$2.4 million) and Panoramic Resources Limited (6,363,635 shares valued at US\$667,825).

## 11. OTHER LOANS - CURRENT

	June 2021 US\$	June 2020 US\$
Loan from Bermuda Commercial Bank Limited	2,500,000	1,250,000

The Bermuda Commercial Bank loan is denominated in United States dollars and currently attracts interest at Bermuda Commercial Bank's commercial base rate +1.25% per annum (30 June 2020: Bermuda Commercial Bank's commercial base rate +1.25%). The remaining balance is payable on 30 September 2021.

## 12. TRADE AND OTHER PAYABLES

	June 2021 US\$	June 2020 US\$
Other liabilities	28,111	26,979
Amount owed to brokers	570,047	2,368,352
Accruals	4,549,881	261,050
	<b>5,148,039</b>	<b>2,656,381</b>

The accruals are for audit, management, directors and administration fees payable, as well as a performance fee payable to ICM Limited. See note 16.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. SHARE CAPITAL AND SHARE PREMIUM

Authorised

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

	Number of shares	Share capital US\$	Share premium US\$
<b>Issued</b>			
<b>Ordinary shares</b>	-	-	-
<b>Balance as at 30 June 2019</b>	287,763,076	2,778	122,897,203
Share cancellation as a result of share buy-back 2 July 2019	(50,000)	-	(11,096)
Share cancellation as a result of share buy-back 2 April 2020	(70,000)	(1)	(11,184)
<b>Balance as at 30 June 2020</b>	287,643,076	2,777	122,874,923
Share cancellation as a result of share buy-back 25 May 2021	(12,000)	-	(3,062)
Share cancellation as a result of share buy-back 26 May 2021	(62,666)	(1)	(17,204)
Share cancellation as a result of share buy-back 10 June 2021	(184,130)	(2)	(49,619)
Share cancellation as a result of share buy-back 17 June 2021	(53,826)	(1)	(14,121)
Share cancellation as a result of share buy-back 18 June 2021	(47,586)	(1)	(12,549)
Share cancellation as a result of share buy-back 25 June 2021	(10,900)	-	(2,887)
Share cancellation as a result of share buy-back 28 June 2021	(38,000)	-	(10,566)
Issued in consideration of exercise of options over the period 10 September 2020 to 15 June 2021	278,770,100	2788	53,998,135
<b>Balance as at 30 June 2021</b>	566,004,068	5,560	176,763,050

#### Options

On 10 September 2020 the Company offered a bonus issue of options to its shareholders. Eligible shareholders who held shares on the record date were offered one option (bonus option) for every one share held on the record date. The bonus options had no issue price, were exercisable at A\$0.25 each and expired on 15 June 2021.

<b>Balance as at 30 June 2020</b>	-
Options issued on 29 September 2020	287,567,921
Options exercised	(278,770,100)
Options expired on 15 June 2021	(8,797,821)
<b>Balance as at 30 June 2021</b>	-

### 14. INVESTMENT RETURNS

	June 2021 US\$	June 2020 US\$
<b>Revenue</b>		
Dividend income	16,132	21,483
Interest income	37,853	83,251
	53,985	104,734
<b>Investment gains/(loss)</b>		
<i>Derived from financial instruments measured at fair value</i>		
Realised gains	14,095,111	20,503,342
Unrealised fair value losses on revaluation of investments	(5,082,392)	(64,176,357)
Unrealised fair value gains on revaluation of investments	127,925,486	32,464,090
	136,938,205	(11,208,925)
	136,992,190	(11,104,191)

## 15. OTHER INCOME

	June 2021 US\$	June 2020 US\$
Foreign exchange (losses)/gains	(8,280,401)	903,005
Other income	8,792	18,847
	(8,271,609)	921,852

## 16. MANAGEMENT AND CONSULTING FEES

	June 2021 US\$	June 2020 US\$
Management and consulting fees	5,491,044	778,505

The Company entered into an investment management agreement with ICM Limited on 3 June 2018. Management fees are payable at a rate of 0.5% per annum, of the net tangible assets managed on calculation date (last day of quarter), payable quarterly in arrears.

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 (used in the performance fee calculation when it was last payable) multiplied by 15%. Performance fee for the year ended 30 June 2021 was \$4,223,318 (2020: \$nil).

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

## 17. OPERATING AND ADMINISTRATION EXPENSES

	June 2021 US\$	June 2020 US\$
Operating and administration expenses consist of:		
Accounting fees	265,293	144,227
Audit fees	19,293	38,729
Australian Securities Exchange listing fees and regulatory costs	116,679	59,352
Insurance costs	-	40,819
Brokerage	95,651	146,570
Other expenses	75,444	110,322
	572,360	540,019

## 18. INCOME TAX

	June 2021 US\$	June 2020 US\$
Taxation regarding the sale of Bligh Resources Limited	-	6,241,445

Australian taxation has been accrued in full with regards to the sale of the investment in Bligh Resources Limited in July 2019. At 30 June 2021 there is uncertainty over the tax treatment of gains arising from the sale of the investment by the Australian tax authority on whether the transaction is taxable Australian property ("TAP") or non-TAP. Management has argued that the sale pertains to non-TAP, and alternatively not Australian source income (and therefore not taxable either) and external taxation advice confirms both these viewpoints. Of this taxation amount accrued, US\$3,358,213 has already been paid as a withholding tax.

The Company has not raised deferred tax assets of US\$11 million on potential unrealised Australian capital losses (at year-end amounting to US\$38 million) where there are insufficient capital gains of the same nature against which to utilise those losses. There is no expiration date on losses.

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19. EARNINGS PER SHARE

	June 2021 US\$	June 2020 US\$
Basic profit/(loss) per share	0.33	(0.07)
Diluted profit/(loss) per share	0.33	(0.07)
Profit/(loss) used in calculation of basic and diluted earnings per share	114,670,080	(22,367,826)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	348,193,810	334,742,573
Adjustment for unexercised options during the period	149,080	-
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	348,342,890	334,742,573

The weighted average number of ordinary shares outstanding during the year has been adjusted for the for the bonus element of options exercised in 2021. This adjustment is made retrospectively to comparative information.

### 20. NOTES TO THE CASH FLOW STATEMENT

#### 20.1 Cash (utilised)/generated by operations

	June 2021 US\$	June 2020 US\$
Profit/(loss) for the year	114,670,080	(22,367,826)
Adjustments for:		
Realised gains on investments	(14,095,111)	(20,503,342)
Fair value (gain)/loss on revaluation of investments	(122,843,094)	31,712,267
Impairment of loan to Zeta Energy	1,394,034	7,676
Foreign exchange losses/(gains)	8,280,401	(903,005)
Taxation expense	-	6,241,445
Dividend income	(16,132)	(21,483)
Interest income	(37,853)	(83,251)
Interest expense	6,393,063	4,434,509
Operating loss before working capital changes	(6,254,612)	(1,483,010)
Decrease in trade and other receivables	-	508,337
Increase in trade and other payables	2,491,658	2,182,964
	(3,762,954)	1,208,291

## 20.2 Liabilities from financing activities

	Loan from parent US\$	Loan from subsidiary US\$	Other loan US\$	Total US\$
Balance as at 30 June 2019	45,793,293	2,508,840	10,964,019	59,266,152
Cash flows				
- Repayment of loans	(27,794,521)	(2,788,630)	(8,196,272)	(38,779,423)
- Advances of loans received	46,043,589	1,897,066	3,189,313	51,129,968
Exchange rate fluctuations	336,032	(133,287)	(30,547)	172,198
Interest capitalised	3,934,353	140,356	11,397	4,086,106
Loan transfer	-	(1,624,345)	1,624,345	-
Balance as at 30 June 2020	68,312,746	-	7,562,255	75,875,001
Cash flows				
- Repayment of loans	<b>(34,223,214)</b>	-	<b>(13,461,727)</b>	<b>(47,684,941)</b>
- Advances of loans received	<b>18,446,626</b>	<b>3,420,043</b>	<b>14,301,379</b>	<b>36,168,048</b>
Options exercised	<b>(33,410,740)</b>	-	<b>(5,763,798)</b>	<b>(39,174,538)</b>
Exchange rate fluctuations	<b>7,765,976</b>	<b>(46,730)</b>	<b>919,269</b>	<b>8,638,515</b>
Interest capitalised	<b>5,684,713</b>	<b>4,652</b>	<b>275,232</b>	<b>5,964,597</b>
Balance as at 30 June 2021	<b>32,576,107</b>	<b>3,377,965</b>	<b>3,832,610</b>	<b>39,786,682</b>

## 21. GOING CONCERN

The financial statements have been prepared on a going concern basis. We draw attention to the fact that at 30 June 2021, the Company's current liabilities exceed its current assets by US\$12,727,647 (2020: US\$6,517,913). The Company has undrawn capacity under its debt facilities and the majority of the Company's assets consist of equity shares in listed companies which in most circumstances are realisable within a short timescale. Based on this, the directors believe the Company will be able to cover the commitments arising in the period 12 months from the date of approval of these financial statements. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22. 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

IFRS 9 contains three principal classification and measurement categories for financial assets: at amortised cost, fair value through other comprehensive income, and fair value through profit and loss. The analysis of assets into their categories as defined in IFRS 9 is set out in the following table.

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

30 June 2021	Financial assets mandatorily measured at fair value through profit or loss US\$	Financial assets/liabilities measured at amortised cost US\$	Total carrying value US\$
<b>Assets</b>			
Investments in subsidiaries	22,114,602	-	22,114,602
Investments	243,477,995	-	243,477,995
Loans to subsidiaries	-	1,224,888	1,224,888
Cash and cash equivalents	-	1,378,703	1,378,703
	<b>265,592,597</b>	<b>2,603,591</b>	<b>268,196,188</b>
<b>Liabilities</b>			
Loans from subsidiary	-	3,377,965	3,377,965
Trade and other payables	-	598,158	598,158
Loan from parent	-	32,576,107	32,576,107
Other loans	-	3,832,610	3,832,610
	-	<b>40,384,840</b>	<b>40,384,840</b>
30 June 2020	Financial assets mandatorily measured at fair value through profit or loss US\$	Financial assets/liabilities measured at amortised cost US\$	Total carrying value US\$
<b>Assets</b>			
Investments in subsidiaries	16,417,335	-	16,417,335
Investments	114,839,211	-	114,839,211
Loans to subsidiaries	-	1,506,499	1,506,499
Other loan	-	208,156	208,156
Cash and cash equivalents	-	12,082	12,082
	<b>131,256,546</b>	<b>1,726,737</b>	<b>132,983,283</b>
<b>Liabilities</b>			
Trade and other payables	-	2,656,381	2,656,381
Loan from parent	-	68,312,746	68,312,746
Other loans	-	7,562,255	7,562,255
	-	<b>78,531,382</b>	<b>78,531,382</b>

Tax payable was removed from comparative information as it is not a financial instrument.

## 22.1 Market risks

The fair value of equity and other financial securities held in the Company's portfolio fluctuate with changes in market prices. Prices are themselves affected by movements in currencies, interest rates and by other financial issues, including the market perception of future risks. The board of directors 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 ongoing 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 of directors 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 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 of directors 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, Canadian Dollar and New Zealand dollar. The exchange rates applying against the United States dollar at 30 June 2021 and the average rates for the year were as follows:

	June 2021	Average 2021	June 2020	Average 2020
AUD – Australian dollar	0.7496	0.7474	0.6891	0.6951
CAD – Canadian dollar	0.8059	0.7807	0.7345	0.7491
NZD – New Zealand dollar	0.6981	0.6956	0.6444	0.6577

The Company's monetary assets and liabilities at 30 June 2021, by currency based on the currency of denomination for loans and cash and cash equivalents, and on the currency of the primary trading market for equities, are shown below:

30 June 2021	AUD	CAD	NZD
Investments in subsidiaries	29,500,875	-	-
Investments	97,944,214	134,005,760	-
Cash and cash equivalents	1,812,002	-	49
Loans to subsidiaries	4,228,249	-	-
Loan from parent	(23,472,807)	(18,587,776)	-
Other loans	(5,274,662)	-	(1,083,811)
<b>Net monetary liabilities</b>	<b>104,737,871</b>	<b>115,417,984</b>	<b>(1,083,762)</b>

30 June 2020	AUD	CAD	NZD
Investments in subsidiaries	23,823,191	-	-
Investments	55,051,131	24,707,446	-
Cash and cash equivalents	5,763	-	49
Loans to subsidiaries	2,594,249	-	6,163,507
Loan from parent	(66,063,323)	(31,021,016)	-
Other loan	300,000	-	-
Other loans	(4,563,969)	-	(1,035,176)
<b>Net monetary (liabilities)/assets</b>	<b>11,147,042</b>	<b>(6,313,570)</b>	<b>5,128,380</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 22. FINANCIAL RISK MANAGEMENT (continued)

### 22.1 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 income after tax and on net asset value (NAV):

	AUD	CAD	NZD	Total
<b>Strengthening of the United States dollar</b>				
Increase/(decrease) in total comprehensive income for the year ended 30 June 2021	7,851,151	9,301,535	(75,657)	17,077,029
Increase/(decrease) in total comprehensive income for the year ended 30 June 2020	768,143	(463,732)	330,473	634,884
<b>Weakening of the United States dollar</b>				
(Decrease)/increase in total comprehensive income for the year ended 30 June 2021	(7,851,151)	(9,301,535)	75,657	(17,077,029)
(Decrease)/increase in total comprehensive income for the year ended 30 June 2020	(768,143)	463,732	(330,473)	(634,884)

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 2021 and at 30 June 2020 is shown below:

	Within one year US\$	Greater than one year US\$	Total US\$
<b>30 June 2021</b>			
Exposure to floating rates:			
Cash	1,378,703	-	1,378,703
Other loans	(2,500,000)	-	(2,500,000)
	(1,121,297)	-	(1,121,297)
Exposure to fixed rates:			
Loan from parent	-	(32,576,107)	(32,576,107)
Loan from subsidiary	(3,377,965)	-	(3,377,965)
Other loan liabilities	-	(1,094,852)	(1,094,852)
	(3,377,965)	(33,670,959)	(37,048,924)
<b>30 June 2020</b>			
Exposure to floating rates:			
Cash	12,082	-	12,082
Other loans	(1,250,000)	(2,500,000)	(3,750,000)
	(1,237,918)	(2,500,000)	(3,737,918)
Exposure to fixed rates:			
Loan from parent	-	(68,312,746)	(68,312,746)
Other loan liabilities	-	(2,197,962)	(2,197,962)
Loans to subsidiaries	-	208,156	208,156
	-	(70,302,552)	(70,302,552)



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. The majority of borrowings are at a fixed rate and not sensitive to interest rate risk.

#### Other market risk exposures

The portfolio of listed investments valued at US\$188,343,666 at 30 June 2021 (30 June 2020: US\$65,232,097) 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 24.

#### Price sensitivity risk analysis

A 10% decline in the market price of the listed investments held by the Company would result in an unrealised loss of US\$18,834,366. A 10% appreciation in the market price would have the opposite effect. See note 22.4 for unlisted investment sensitivity analyses.

### 22.2 Liquidity risk exposure

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 risk of the Company having insufficient liquidity is not considered by the board to be significant, given the amount of quoted investments held in the Company's portfolio and the existence of an ongoing loan facility agreement.

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\$	Three months to one year US\$	More than one year US\$	Total US\$
<b>30 June 2021</b>				
Trade and other payables	598,158	-	-	598,158
Loans from parent	-	-	34,779,063	34,779,063
Loan from subsidiary	-	3,533,013	-	3,533,013
Other loans	2,540,625	1,386,189	-	3,926,814
	<b>3,138,783</b>	<b>4,919,202</b>	<b>34,779,063</b>	<b>42,837,047</b>
	Three months or less US\$	Three months to one year US\$	More than one year US\$	Total US\$
30 June 2020				
Trade and other payables	2,656,381	-	-	2,656,381
Loans from parent	-	-	73,378,972	73,378,972
Other loans	1,331,250	3,943,875	2,662,500	7,937,625
	3,987,631	3,943,875	76,041,472	81,316,597

### 22.3 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 ongoing 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\$1,224,888 (2020: US\$1,714,655) and bank balances totalling US\$1,378,703 (2020: US\$12,082) that are exposed to credit risk.

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 22. FINANCIAL RISK MANAGEMENT (continued)

### 22.4 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 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 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 board of directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied in the valuation of level 3 assets. 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, (b) investments in subsidiaries and (c) investments in other rights.

#### (a) Unlisted companies

##### *Seacrest L.P. ("Seacrest") – Bermuda incorporated*

Seacrest is a private equity fund that invests in the global offshore oil and gas industry. Seacrest's sole asset is its investment in the Azimuth Group ("Azimuth"), which in

turn owns a number of operating subsidiaries in different regions across the world. Seacrest produces quarterly reports in accordance with IFRS 9. The valuation is based on the latest management report available at 30 June 2021 (quarter end 31 March 2021). Where required, the last quarter's results are adjusted for drawdowns, distributions, and significant events impacting the portfolio companies since the quarter end.

Valuation methodology: The Seacrest valuation is prepared by the General Partner and is audited annually at 31 December. The General Partner makes use of the market approach which includes resource multiples or comparable arm's length transactions. The internal valuation is tested against external valuations by Stockdale and available market data. If the internal valuation falls within the lower half of the independent valuation range, then it is accepted as fair market value, otherwise it is reviewed for calibration. At year end the fair value of the investment was US\$0 due to the decline in Seacrest's net asset position.

##### *Margosa Graphite Limited ("Margosa") – Australia incorporated*

The unlisted investment comprises an equity interest in Margosa, a mineral exploration and development company focused on high grade vein graphite opportunities in Sri Lanka with granted licenses to a package of highly prospective tenements. The most advanced project area is the Pathakada Graphite Project ("Pathakada Project") for which Margosa completed a JORC-2012 resource estimate in April 2020 of 1.72 million tonnes ("Mt") at a grade of 76.32%, implying a total graphitic content of 1.32 Mt.

Valuation methodology: The market approach has been used for the valuation of Margosa in the form of precedent transactions involving Margosa shares at a price of A\$0.5 per share. At year end the fair value of the investment was US\$14.2 million.

Sensitivities: The fair value of Margosa is considered sensitive to price of precedent transactions. If the price of the precedent transactions changed by 30% it can cause a change of US\$3 million Zeta Resources' equity interest in Margosa.

##### *Alliance Mining Commodities Limited ("AMC") – Australia incorporated*

The unlisted investment comprises an equity interest in a privately-owned company that has been granted a mining concession for the development of the Koumbia Bauxite Project in the Republic of Guinea. AMC aims to develop the Koumbia Project into an operation with steady-state production of approximately 11 million wet tonnes of aluminium per annum from surface mining operations.

Valuation methodology: As a result of the nature of AMC's assets, the nature of financial information available and the relevant market participants, a comparable market valuation based on resource multiples from five broadly comparable bauxite projects was used. The resource of available aluminium of 711 Mt was used at a value of A\$0.35 per tonne. The methodology is supported by a discounted cash flow analysis. At year end the fair value of the investment was US\$61.4 million.

Sensitivities: The fair value of Zeta's equity interest in AMC is sensitive to the available resource multiples for comparable bauxite transactions observed in the market. An increase in the multiple used could significantly increase the fair value determined. A possible alternative multiple represents an increase of 0.05 A\$/t to the multiple which can cause an increase of US\$8.7 million Zeta Resources' equity interest in AMC.

(b) Investments in subsidiaries

*Kumarina Resources Pty Limited ("Kumarina") – Australia incorporated*

Kumarina is a mineral exploration company with a highly prospective gold project located at Murrin Murrin in Western Australia. Kumarina's primary focus has been the exploration and development of the Murrin Murrin Gold Project, which is located 50 km east of Leonora in the north-eastern Goldfields. On 28 January 2021, Kumarina entered into a sale agreement for the sale of the tenement pertaining to the Ilgarari Copper Project.

Valuation methodology: The market approach for the valuation of Kumarina has been used in the form of resource multiples from comparable transactions. The most recent mineral resource estimate for the Murrin Murrin Gold project and nineteen comparable transactions were used in the analysis. The Murrin Murrin

project has a resource estimate of 52,100 oz and a value of A\$43 per oz was used. At year end the fair value of the investment was US\$449,775.

Sensitivities: The methodology used is sensitive to the chosen resource multiples for comparable gold transactions observed on the market. The magnitude of these multiples are primarily driven by commodity prices and market conditions. The fair value of Zeta Resources' equity interest in Kumarina is also sensitive to the level of JORC Code 2012 gold resource for the Murrin Murrin Gold Project. An increase in the resource multiples will result in an increase in the value of the investment. Possible alternative multiples represent an increase in the resources multiple of 5 A\$/oz which can cause an increase of US\$195,323 Zeta Resources' equity interest in Kumarina.

(c) Investments in other rights

*Panoramic Resources Limited Options*

Zeta Resources hold 28,520,525 options with an exercise price of A\$0.16. The options expire on 30 June 2023. There are no vesting conditions linked to these options.

Valuation methodology: The Black-Scholes option pricing model was used to value the options. The share price of Panoramic Resources Limited at 30 June 2021 was A\$0.15. An estimated volatility level of 75% for Panoramic Resources Limited and a risk-free rate over the life of the options of 0.06% was used. At year end the fair value of the investment was US\$1.2 million.

Sensitivities: The fair value of the options is sensitive to the volatility level, a change in the volatility used of 15% could cause a change of US\$415,747 in the total value held by Zeta Resources.

30 June 2021	Level 1 US\$	Level 2 US\$	Level 3 US\$
<b>Financial assets</b>			
Investments	166,678,842	-	76,799,153
Investment in subsidiaries	21,664,824	-	449,778

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### 22.4 Fair values of financial assets and liabilities (continued)

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 subsidiaries US\$
Balance at 1 July 2020	64,715,095	1,309,354
Acquisitions at cost	2,182,428	-
Total gains/(losses) recognised in fair value through profit or loss	9,901,630	(859,576)
<b>Balance at 30 June 2021</b>	<b>76,799,153</b>	<b>449,778</b>

30 June 2020	Level 1 US\$	Level 2 US\$	Level 3 US\$
<b>Financial assets</b>			
Investments	50,124,116	-	64,715,095
Investment in subsidiaries	15,107,981	-	1,309,354

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 subsidiaries US\$
Balance at 1 July 2019	40,406,163	1,000,002
Acquisitions at cost	3,213,491	-
Total gains recognised in fair value through profit or loss	21,095,441	309,352
<b>Balance at 30 June 2020</b>	<b>64,715,095</b>	<b>1,309,354</b>

#### 22.5 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 of directors 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- or long-term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves.

## 23. RELATED PARTIES

### 23.1 Material related parties

#### Holding company

The Company's holding company is UIL which held 60.88% of the Company's issued share capital on 30 June 2021. UIL is 65.2% owned by General Provincial Life Pension Fund Limited. Somers Isles Private Trust Company Limited holds 100% of General Provincial Life Pension Fund Limited.

Entities controlled by these entities are considered related parties of the Company. Permanent Investments Limited and ICM Limited are controlled by Somers Isles Private Trust Company Limited.

#### Subsidiary companies

Wholly owned subsidiaries include Kumarina, Zeta Energy and Zeta Investments. Zeta Resources holds 69% of Horizon Gold's issued share capital. PPP is a subsidiary of Zeta Energy.

#### 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.

### 23.2 Material related parties transactions

Nature of balances	June 2021 US\$	June 2020 US\$
Investments in related parties:		
Kumarina	449,775	1,309,352
Zeta Investments	1	1
Zeta Energy	1	1
Horizon Gold	21,664,824	15,107,981
Loans to related parties:		
Kumarina	1,224,888	778,030
Zeta Energy	-	728,469
- Loan outstanding	6,317,993	5,652,428
- Impairment	(6,317,993)	(4,923,959)
Horizon Gold	-	208,156
Loans from related parties:		
UIL Limited	32,576,107	68,312,746
Horizon Gold	3,377,965	-
PPP	237,758	1,614,293
ICM Limited	-	436,569
Trade and other payables:		
ICM Limited	3,276,643	139,708
Directors	50,000	50,000



# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 23. RELATED PARTIES (continued)

### 23.1 Material related parties (continued)

Nature of transactions	June 2021 US\$	June 2020 US\$
Impairment of loan to subsidiary	1,394,034	7,676
Interest relates to loans measured at amortised cost:		
Interest charged by the subsidiaries	4,652	135,680
Interest charged by the parent company	5,684,713	3,934,353
Interest charged by ICM Limited	54,435	76,656
Interest charged by Permanent Investment Limited	109,233	-
Interest charged to investee entity	3,803	65,926
Management fees paid to ICM Limited	1,103,229	592,691
Performance fee accrued to ICM Limited	4,223,318	-
Fees paid to the directors		
Xi Xi	50,000	50,000
M Botha	50,000	50,000
P Sullivan	50,000	50,000
A Liebenberg	50,000	33,333
All fees paid to directors are deemed short term remuneration payments.		

## 24. 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 explore or mine for gold

**Nickel:** investments in companies which explore or mine for nickel

**Mineral exploration:** investments in companies which explore or mine for copper and other minerals

**Administration:** activities relating to financing received which does not specifically relate to any one segment as well as administrative activities

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

	Gold US\$	Nickel US\$	Mineral exploration US\$	Admin US\$	Total US\$
<b>30 June 2021</b>					
External investment returns	(3,912,718)	20,236,987	119,247,328	26,559	135,598,156
Reportable segment investment returns	(3,912,718)	20,236,987	119,247,328	26,559	135,598,156
Interest revenue	-	-	-	37,853	37,853
Interest expense	-	-	-	(6,393,063)	(6,393,063)
Reportable segment profit/(loss) before tax	(3,914,036)	20,232,953	119,825,637	(21,474,474)	114,670,080
Reportable segment assets	39,887,307	33,110,117	193,820,061	1,378,703	268,196,188
Reportable segment liabilities	-	-	(570,047)	(47,445,020)	(48,015,067)

Management fee expenses and foreign exchange losses arising from loans are attributed to the admin segment.

30 June 2020	Gold US\$	Nickel US\$	Mineral exploration US\$	Admin US\$	Total US\$
External investment returns	10,192,858	(37,701,884)	16,321,583	75,576	(11,111,867)
Reportable segment investment returns	10,192,858	(37,701,884)	16,321,583	75,576	(11,111,867)
Interest revenue	-	-	-	83,251	83,251
Interest expense	-	-	-	(4,434,509)	(4,434,509)
Reportable segment profit/(loss) before tax	3,840,668	(37,078,372)	16,275,288	(5,405,410)	(22,367,826)
Reportable segment assets	20,644,737	24,285,439	87,104,399	948,708	132,983,283
Reportable segment liabilities	(2,368,352)	-	-	(78,994,800)	(81,363,152)

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

### Geographic information

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

	June 2021 US\$	June 2020 US\$
<b>Investment returns</b>		
Australia	19,254,259	(23,284,932)
Canada	106,026,848	(4,053,511)
Guinea	5,406,128	22,372,102
Mali	(1,930,230)	(1,211,389)
Namibia	3,542,107	(919,101)
Singapore	(1,394,034)	(7,676)
Sri Lanka	4,417,763	2,027,710
Other countries	275,315	(6,035,070)
<b>Investment returns</b>	<b>135,598,156</b>	<b>(11,111,867)</b>

The investment return recognised in the Canadian segment is due primarily to the increase in value of the Company's investment in Copper Mountain Mining Corporation.

	June 2021 US\$	June 2020 US\$
<b>Assets</b>		
Australia	88,420,285	44,652,648
Canada	99,769,569	16,527,961
Guinea	61,402,739	57,000,000
Mali	1,870,911	3,184,602
Namibia	16,478	792,626
Singapore	-	728,469
Sri Lanka	14,160,667	6,196,163
Other countries	2,555,540	3,900,813
<b>Assets</b>	<b>268,196,188</b>	<b>132,983,283</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### **25. EVENTS AFTER REPORTING DATE**

The Company performed a review of events after the reporting date. A military coup d'état occurred in Guinea on 5 September 2021. The long-term impact on the valuation of the Company's investment in AMC is currently unknown, but the situation is being closely monitored. The Company has determined that there are no other events requiring recognition or disclosure in the financial statements.

# SHAREHOLDER INFORMATION

## SUBSTANTIAL SHAREHOLDERS

As at 7 September 2021, the Company had received notification of the following substantial shareholdings:

NAME	SHARES	% OF ISSUED CAPITAL
UIL Limited	344,573,832	60.88
General Provincial Life Pension Fund Limited	187,572,396	33.14
<b>UIL Limited (and associates)</b>	<b>532,146,228</b>	<b>94.02</b>

## TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 7 SEPTEMBER 2021

NAME	SHARES	% OF ISSUED CAPITAL
J P Morgan Nominees Australia Pty Limited	344,591,332	60.89
General Provincial Life Pension Fund Limited	180,289,790	31.86
HSBC Custody Nominees (Australia) Limited	14,071,209	2.49
Mr Peter Ross Sullivan	4,528,132	0.80
Mr James Noel Sullivan	1,765,959	0.31
Hardrock Capital Pty Ltd – CGLW No 2 Super Fund A/C	1,200,000	0.21
Hardrock Capital Pty Ltd	1,200,000	0.21
VCM Investments Pty Ltd	783,000	0.14
Cherryburn Pty Ltd – Burrows Super Fund A/C	752,320	0.13
Ingot Capital Investments Pty Ltd	681,780	0.12
ACS (NSW) Pty Limited – ACS Family Super Fund A/C	590,000	0.10
Citicorp Nominees Pty Limited	535,040	0.09
M & S Bowden Superannuation Pty Ltd – M & S Bowden Super Fund A/C	500,000	0.09
Mrs Alexandra Maree Giles	483,556	0.09
Burnal Pty Ltd	450,000	0.08
Mr Sean Dennehy	410,000	0.07
Abbawood Nominees Pty Ltd – Abbott Family S/F No 1 A/C	400,000	0.07
Mr James Noel Sullivan & Mrs Gail Sullivan – Sullivans Garage S/F A/C	400,000	0.07
Blessed Investments Pty Limited – Green Family S/F A/C	335,000	0.06
Nalmor Pty Ltd John Chappell Super Fund A/C	324,000	0.06
Calimo Pty Ltd	256,017	0.05
Rossdale Superannuation Pty Ltd – Rossdale SF A/C	225,406	0.04
<b>Total for top 20</b>	<b>554,772,541</b>	<b>98.02</b>

## SHAREHOLDER INFORMATION

### DISTRIBUTION SCHEDULE OF ORDINARY SHARES HELD AT 7 SEPTEMBER 2021

HOLDING RANGES	NO. OF SHARES	NO. OF ORDINARY SHAREHOLDERS	% OF ISSUED CAPITAL
Above 0 up to and including 1,000	10,236	38	0.00
Above 1,000 up to and including 5,000	2,485,333	921	0.44
Above 5,000 up to and including 10,000	1,302,004	173	0.23
Above 10,000 up to and including 100,000	5,393,038	187	0.95
Above 100,000	556,768,457	36	98.38
<b>Total</b>	<b>565,959,068</b>	<b>1,355</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of ordinary shares at 7 September 2021 is 39 and they hold 11,389 securities.

### VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.



# COMPANY INFORMATION

Zeta Resources Limited  
Company ARBN: 162 902 481  
[www.zetaresources.limited](http://www.zetaresources.limited)

## DIRECTORS (NON-EXECUTIVE)

Peter Sullivan (Chairman)  
Marthinus (Martin) Botha  
André Liebenberg (Chairman of the  
Audit & Risk Committee)  
Xi Xi

## REGISTERED OFFICE

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

## AUSTRALIAN REGISTERED OFFICE

Level 11, 1 York Street  
Sydney NSW 2000  
Australia  
Telephone: +61 414 224 494

## CANADIAN OFFICE

ICM CA Research Limited  
1800-510 West Georgia Street  
Vancouver BC V6B 0M3  
Canada  
Telephone: +1 778 222 7378  
Email: [contactca@icm.limited](mailto:contactca@icm.limited)

## NEW ZEALAND OFFICE

ICM NZ Limited  
PO Box 25437  
Wellington 6140  
New Zealand  
Telephone: +64 4 901 7600  
Email: [contact@icmnz.co.nz](mailto:contact@icmnz.co.nz)

## INVESTMENT MANAGER

ICM Limited  
34 Bermudiana Road  
Hamilton HM 11  
Bermuda  
Telephone: +1 441 299 2897  
Email: [contact@icm.limited](mailto:contact@icm.limited)

## SECRETARY

ICM Limited  
34 Bermudiana Road  
PO Box HM 1748  
Hamilton HM GX  
Bermuda

## GENERAL ADMINISTRATION

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

## AUDITOR

Mazars  
Mazars House  
Grand Moorings Precinct  
Century City 7441  
Cape Town  
South Africa

## DEPOSITORY

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

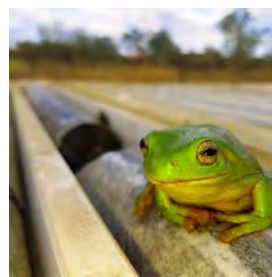
## REGISTRAR

Automic Pty Ltd  
GPO Box 5193  
Sydney NSW 2001  
Australia  
Telephone: +61 2 9698 5414

## STOCK EXCHANGE LISTING

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

**SIGNIFICANT STAKES IN A SELECT RANGE OF KEY COMMODITY COMPANIES**



[www.zetaresources.limited](http://www.zetaresources.limited)

