

16 November 2017

Zeta Resources Limited

Proposed \$50m Portfolio Acquisition and Share Issue

Zeta Resources Limited (ASX:ZER, "Zeta") is pleased to advise that it has executed a binding term sheet to acquire investment holding company Axelrock Limited ("Axelrock").

Axelrock has three investment positions: GME Resources Limited (ASX:GME, "GME"); Alliance Mining Commodities Limited ("AMC"); and Seacrest LP ("Seacrest"). A summary of each of these entities is given in Attachment 1.

Zeta has existing minor positions in all three of these entities. As a result of the acquisition of Axelrock, Zeta will increase its overall position in each of the three investments to a level of significant influence:

- GME from 10% to 44%, shares acquired 157,624,769
- AMC from 1% to 28%, shares acquired 10,204,756
- Seacrest from 25% to 41%, shares acquired 6,831,100

The valuation for each investment has been set as follows:

- GME (listed) is based on market value 31 October of AU\$0.16
- AMC (unlisted) is based on the last (July 2017) equity subscription price of US\$1.35
- Seacrest (unlisted) is based on current NTA of US\$0.78 per share provided by the General Partner

Zeta will acquire Axelrock for its "see-through" security value of AU\$50.1m by the issue of 110.8m new Zeta shares at a deemed issue price of AU\$0.452 per share (being the net tangible assets per share as at 31 October 2017 with an applied exchange rate of US\$:AU\$ 0.768). It is a substantial acquisition that increases the capital base and portfolio value by 50%.

Mr Peter Sullivan, the chairman of Zeta, commented "This value-accretive transaction delivers a substantial boost to Zeta's prospects, consolidating its position in three attractive resource plays."

Zeta Resources Limited

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Commercial Terms of the Acquisition

The binding term sheet to acquire Axelrock provides that:

- Zeta will acquire 100% of the issued capital of Axelrock.
- Zeta will issue 110,835,752 new Zeta shares in consideration for the acquisition of Axelrock. Either party may request a good faith review of the consideration if there has been an adverse movement of at least 10% in the Axelrock portfolio value or the Zeta NTA, prior to despatch of any notice of meeting required to be issued under the conditions precedent.
- Completion of the acquisition must occur by 30 June 2018 and is subject to the following conditions precedent:
 - Zeta shareholders approving the acquisition. Axelrock is affiliated with ICM Limited, Zeta's investment manager, and Mr Duncan Saville. The transaction is a related party transaction and in accordance with the ASX Listing Rules is subject to approval by the non-associated Zeta shareholders.
 - The Foreign Investment Review Board approving the acquisition.
 - Approval of GME shareholders pursuant to item 7 section 611 of the Corporations Act.
 - Approval of AMC shareholders.
 - Approval of the Seacrest partners.
 - Any other regulatory approvals necessary to effect the acquisition.

The conditions precedent noted above are anticipated to take up to three months to complete.

Mr Peter Sullivan, the chairman of Zeta, is the existing chairman of both GME and AMC, and a shareholder of each. Mr Sullivan has no association with Axelrock.

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About Zeta

Zeta Resources Limited ("Zeta") is a closed-end investment company, whose ordinary shares are listed on the Australian Securities Exchange ("ASX"). Zeta's investment aim is to maximise total returns for shareholders by identifying and investing in resource assets and companies where the underlying value is not reflected in the market price. The company invests in a range of resources entities, including those focused on oil & gas, gold and base metals exploration and production.

Attachment 1

GME Resources Limited (ASX:GME)

GME owns 100% of the NiWest Nickel-Cobalt project, one of the largest and highest quality undeveloped nickel and cobalt resources in Australia. The project is located in the West Australian nickel belt, adjacent to Glencore's Murrin Murrin nickel refinery. The region is recognised for its nickel/cobalt production and is well serviced with infrastructure such as public rail linked to ports, gas pipelines, arterial roads, optic fibre communications, and long-established mining towns.

Since recommencing the detailed metallurgical test work, the company has made a number of significant break throughs that support the de-risking of critical aspects of the flow sheet to produce high quality nickel and cobalt products that can be directly supplied to the rapidly transforming global lithium-ion battery sector, but also support reduced future capital and operating costs.

Alliance Mining Commodities Limited (unlisted)

Alliance Mining Commodities Limited is an unlisted company with a 90% ownership of the world-class Koumbia bauxite project located in Guinea. AMC has spent over US\$40 million to date on exploration and resource delineation, feasibility studies and environmental and social impact studies. It has been granted a Mining Concession from the Government of Guinea and has an agreed Mining Convention for the development and operation of the mine.

AMC has completed a DFS for a 5Mtpa Stage 1 mine, transport and shipping operation, and has committed funding in place to develop the project, with first production targeted in 2019.

Seacrest LP (unlisted)

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