

## **SCHEME BOOKLET REGISTERED WITH ASIC**

Kumarina Resources Limited (ASX:KMR, Kumarina) is pleased to confirm that the scheme booklet (Scheme Booklet) in relation to Kumarina's proposed merger with Zeta Resources Limited (Zeta) by way of Scheme of Arrangement under the Corporations Act (Scheme) has been registered with the Australian Securities and Investments Commission.

The attached Scheme Booklet, which also contains the notice of Scheme meeting (Scheme Meeting), will be dispatched to Kumarina shareholders by Tuesday, 16 April 2013. A copy of the Scheme Booklet will also be available on the Kumarina website at [www.kumarina.com](http://www.kumarina.com).

Kumarina shareholders should carefully read the Scheme Booklet in its entirety and the material accompanying it before deciding how they intend to vote.

### **Scheme Meeting**

The Scheme Meeting will be held at 2.00pm (AWST) on Thursday, 16 May 2013 at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, Western Australia.

Kumarina will continue to keep shareholders updated on status of the Scheme as the Scheme timetable progresses.

Yours sincerely,



**Jamie Sullivan**  
**Managing Director**



## **SCHEME BOOKLET**

for a scheme of arrangement between Kumarina Resources Limited  
ACN 142 774 150 and Zeta Resources Limited, a company  
incorporated in Bermuda with Registration Number 46795

Your Independent Kumarina Directors recommend that you

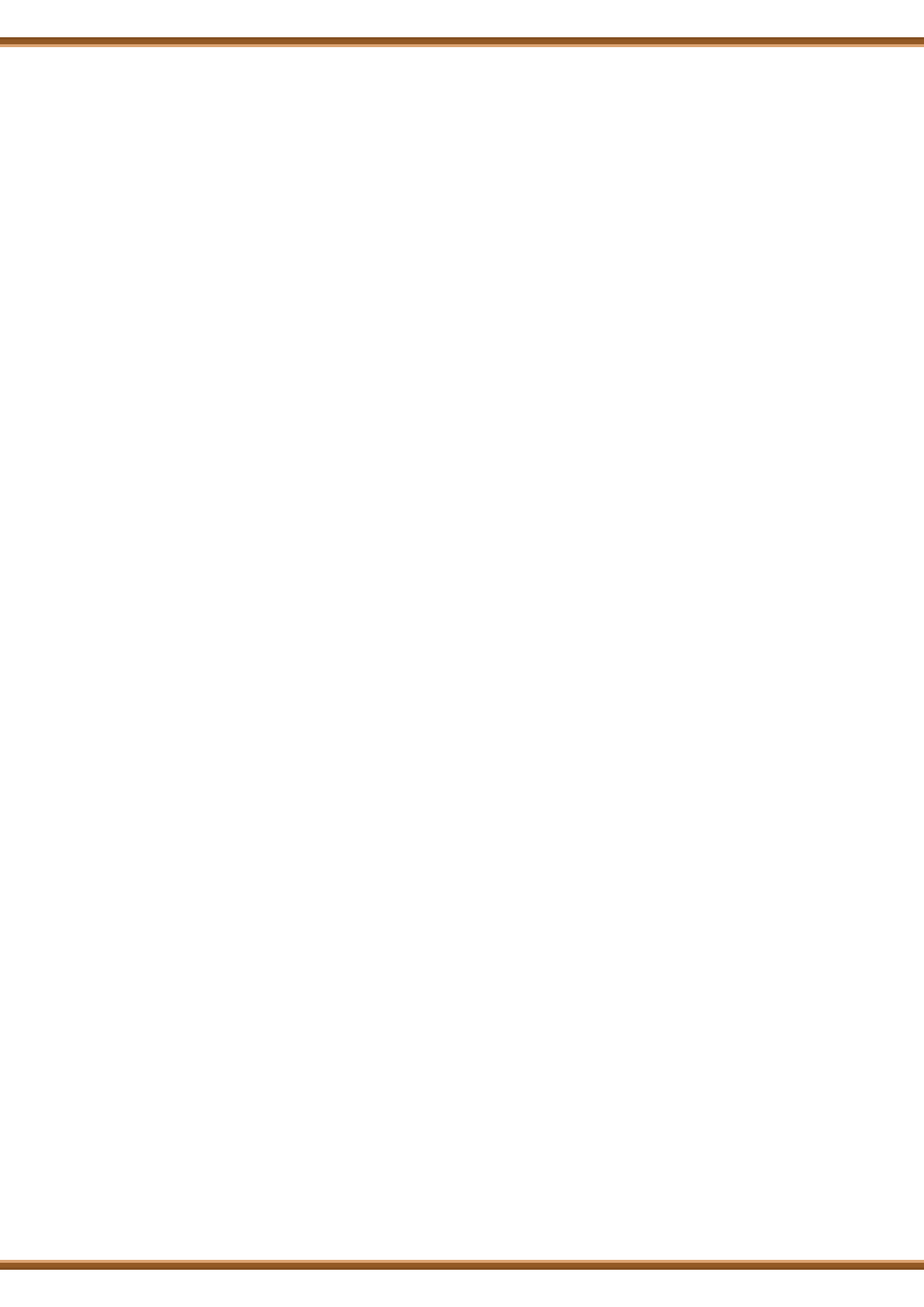
**VOTE IN FAVOUR**

of the Proposal

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Proposal. If you are in any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

**HARDY ♦ BOWEN**  
LAWYERS

Australian Legal Advisers



## Important Notices

### Defined terms

Capitalised terms and certain abbreviations used in this Scheme Booklet (other than in the Independent Expert's Report (including the Competent Person's Report) contained in Annexure 4) and the Proxy Form accompanying this Scheme Booklet have the defined meanings set out in the Glossary in section 11. The Independent Expert's Report and the Competent Person's Report contain their own defined terms which are sometimes different from those set out in the set out in the Glossary in section 11.

### Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Proposal and the Scheme and the manner in which the Scheme will be considered and, if approved, implemented. This Scheme Booklet provides all information required to be given to Kumarina Shareholders or that is otherwise material to the decision of Kumarina Shareholders whether or not to vote in favour of the Scheme at the Scheme Meeting.

### General

You should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting. If you have any questions, you may contact the Company Secretary of Kumarina, Mark Pitts, on +61 8 9316 9100 between 9.00am and 5.00pm (WST) Monday to Friday. If you are in any doubt as to what to do, you should consult your financial, legal or other professional adviser immediately.

### Responsibility statement

Kumarina has provided, and is responsible for, the Kumarina Information in this Scheme Booklet, and neither Zeta nor any of its directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Kumarina Information.

Zeta has provided, and is responsible for, the Zeta Information in this Scheme Booklet and neither Kumarina nor any of its directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Zeta Information.

Ernst & Young has reviewed section 9, summarising the taxation implications of the Scheme for certain Kumarina Shareholders. The taxation comments in section 9 are general in nature only and it is recommended that investors seek their own independent tax advice on the consequences of the Scheme.

BDO Corporate Finance (WA) Pty Ltd has prepared and is responsible for the Independent Expert's Report and none of Zeta, Kumarina and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in that report, except in the case of Zeta and Kumarina in relation to information given by them respectively to the Independent Expert.

CSA Global has prepared and is responsible for the Competent Person's Report (which is included as an annexure to the Independent Expert's Report) and none of Zeta, Kumarina and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in that report except in the case of Zeta and Kumarina in relation to information given by them respectively to CSA Global.

HLB Mann Judd has prepared and is responsible for the Investigating Accountant's Report and takes responsibility for that report.

Hardy Bowen has prepared and is responsible for the Solicitor's Report on Tenements and takes responsibility for that report.

### **Effect of registration outside Australia**

As Zeta is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Bermuda Companies Act and its registration is administered by the Registrar of Companies in Bermuda.

### **Role of ASIC**

This Scheme Booklet contains the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act. A copy of this Scheme Booklet has been lodged with, and registered by, ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2)(b) of the Corporations Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Date to approve the Scheme.

### **Role of ASX**

A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet. The fact that ASX may admit Zeta to its official list is not to be taken in any way as an indication of the merits of Zeta.

### **Court order under subsection 411(1) of the Corporations Act**

The fact that under subsection 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved the explanatory statement required to accompany the notice of the Scheme Meeting does not mean that the Court has formed any view as to the merits of the proposed Scheme or as to how Kumarina Shareholders should vote (they must reach their own decision on this matter) or has prepared, or is responsible for the content of, this Scheme Booklet or the explanatory statement contained within it.

### **Forward looking statements**

Certain statements in this Scheme Booklet relate to the future. The forward looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views and expectations of Kumarina or, in relation to the Zeta Information, Zeta concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans or targets of Zeta or Kumarina are, or may be, forward looking statements.

These forward looking statements are based on certain assumptions regarding the operations of Kumarina and Zeta and the economic and regulatory environment in which Kumarina and Zeta will operate in the future. They are subject to known and unknown risks and uncertainties that could cause the actual outcomes, and the actual performance or results of Kumarina and Zeta, to be materially different from the outcomes, or the performance or results of Kumarina and Zeta expressed or implied by such statements, including, among other things, general economic conditions, changes in law, regulation or government policy and other risks specific to the resources industry. All forward looking statements should be read in light of such risks and uncertainties.

The forward looking statements in this Scheme Booklet reflect views and expectations held only at the date of this Scheme Booklet. Kumarina believes that all forward looking statements included in the Kumarina Information have been made on a reasonable basis and Zeta believes that all forward looking statements included in the Zeta Information have been made on a reasonable basis. However, none of Kumarina, Zeta and their respective directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Scheme Booklet will actually occur. Kumarina Shareholders should therefore treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the ASX Listing Rules, Kumarina, Zeta and their respective directors disclaim any obligation to revise or update, after the date of this Scheme Booklet, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

### **Notice to persons outside Australia**

This Scheme Booklet has been prepared having regard to the disclosure requirements applicable in Australia and Australian accounting standards. These disclosure requirements and accounting standards may be different from those in other countries. It is important that Kumarina Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Scheme.

This Scheme Booklet and the Scheme do not, either individually or in combination, constitute an offer to sell to Kumarina Shareholders any securities in Zeta or a solicitation of an offer to acquire from Kumarina Shareholders any securities in Kumarina in any jurisdiction where such offer or solicitation would be illegal. Kumarina Shareholders who are Ineligible Foreign Holders (which, as at the date of this Scheme Booklet, means Kumarina Shareholders with registered addresses in

jurisdictions outside Australia and its external territories, New Zealand and Bermuda) will not be issued with Zeta Shares and Zeta Options but will receive a cash payment instead. See section 1.4 for further details.

### **Privacy and personal information**

Kumarina and Zeta and their respective share registries may collect personal information in the process of implementing the Proposal or the Scheme. The personal information may include the names, addresses, other contact details, bank account details, details of the holdings of Kumarina Shareholders, and the names of individuals appointed by Kumarina Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting. Kumarina Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should in the first instance contact the Share Registry on (08) 9315 2333 (from within Australia) or +61 8 9315 2333 (from outside Australia) between 9.00am and 5.00pm (WST) Monday to Friday if they wish to request access to that personal information. The personal information is collected for the primary purpose of assisting Kumarina and Zeta to implement the Proposal and the Scheme and conduct the Scheme Meeting. The personal information may be disclosed to the share registries of Kumarina and Zeta, to securities brokers, to third party service providers, including print and mail service providers and professional advisers, to Related Bodies Corporate of Kumarina and Zeta and each of their agents and contractors, and to ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law or where the individual Kumarina Shareholder has consented to such disclosure. Personal information of Kumarina Shareholders may also be used to call them in relation to their Kumarina Shares, the Proposal or the Scheme. Kumarina Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

### **Investment decisions**

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation, tax position or particular needs of any Kumarina Shareholder or any other person. This Scheme Booklet should not be relied upon as the sole basis for any investment decisions in relation to Zeta Shares, Zeta Options, Kumarina Shares, Kumarina Options or any other securities, and you should seek independent financial, legal, tax or other professional advice before making any such investment decision.

### **References**

All references to \$, A\$, dollars or cents in this Scheme Booklet are to Australian currency, unless otherwise specified.

All references to time in this Scheme Booklet are to the time in Perth, Australia, unless otherwise specified.

### **Date of this Scheme Booklet**

This Scheme Booklet is dated 8 April 2013.

## Key Dates

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Last time and date by which Proxy Forms can be lodged	2:00pm (WST) 14 May 2013
Time and date for determining eligibility of Kumarina Shareholders to vote at the Scheme Meeting	5:00pm (WST) 15 May 2013
Time and date of the Scheme Meeting	2:00pm (WST) 16 May 2013

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If the resolution considered at the Scheme Meeting is approved:

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Court hearing for approval of the Scheme	23 May 2013
Effective Date	24 May 2013
Last day of trading on ASX of Kumarina Shares	24 May 2013
Commencement of trading of Zeta Shares and Zeta Options on ASX on a deferred settlement basis	27 May 2013
Time and date for determining entitlements of Kumarina Shareholders to Scheme Consideration under the Scheme	31 May 2013
Implementation Date – issue of Zeta Shares and Zeta Options under the Scheme and transfer of Kumarina Shares to Zeta	5 June 2013
Despatch of holding statements for Zeta Shares and Zeta Options issued under the Scheme	5 June to 12 June 2013
Last day of deferred settlement trading of Zeta Shares and Zeta Options on ASX	11 June 2013
Zeta Shares and Zeta Options begin trading on ASX on normal settlement basis	12 June 2013

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This timetable is indicative only. The actual timetable will depend upon the time at which the conditions precedent to the Scheme, including conditions relating to receipt of regulatory approvals, are satisfied or, if applicable, waived. Those conditions are summarised in section 1.8(a) of this Scheme Booklet. Kumarina has the right to vary the timetable set out above, subject to the approval of such variation by the Court and ASX where required. Any variation to the timetable set out above will be announced to ASX ([www.asx.com.au](http://www.asx.com.au)) and published on Kumarina's website ([www.kumarina.com](http://www.kumarina.com)).



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## Chairman's Letter

Dear Kumarina Shareholder,

On 30 January 2013, Kumarina announced that it had entered into an Implementation Agreement with Zeta under which it was proposed that Zeta would acquire all of the issued shares in Kumarina by way of a scheme of arrangement.

Zeta is a Bermuda incorporated company and, subject to the Scheme being implemented, will be listed on ASX. In addition, Zeta has entered into the Asset Sale Agreement with Utilico, pursuant to which Utilico will transfer the Utilico Minority Interests to Zeta. The Utilico Minority Interests comprise shareholdings in a group of, predominantly, listed mining and resource companies and, as at 3 April 2013, the Utilico Minority Interests had a market value of approximately A\$38.28 million. The combination of the Utilico Minority Interests with Kumarina's existing projects will position Zeta as an active resource holding and development group.

If the Scheme is implemented, Kumarina Shareholders (other than Ineligible Foreign Holders) will receive:

- 1 Zeta Share for every four Kumarina Shares they hold on the Scheme Record Date; and
- 1 free attaching Zeta Option for every five Zeta Shares issued to them,

(together, the **Scheme Consideration**).

Your Independent Kumarina Directors have considered the advantages and disadvantages of the Scheme and recommend that Kumarina Shareholders vote in favour of the Proposal, in the absence of a superior proposal.

I have decided to abstain from making a recommendation as to how to vote on the Proposal because, if the Scheme is implemented, I will become a director of Zeta.

Each Kumarina Director, including me, intends to vote in favour of the Proposal with respect to any Kumarina Shares they hold or control, in the absence of a superior proposal.

The Independent Expert, BDO Corporate Finance (WA) Pty Ltd, has concluded that the Scheme is fair and reasonable, and in the best interests of Kumarina Shareholders.

The Scheme requires the approval of Kumarina Shareholders at the Scheme Meeting, which will be held at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153, at 2.00pm (WST) on 16 May 2013.

Your vote is important in determining whether or not the Scheme proceeds. You should cast your vote in person or by proxy at the Scheme Meeting. If you intend to vote by proxy, you should complete and return the enclosed proxy form in the envelope provided as soon as possible, so it is received by the Share Registry no later than 2.00pm (WST) on 14 May 2013.

This Scheme Booklet contains important information to help you make an informed decision about how to vote at the Scheme Meeting. I urge you to read it carefully.

If you have any questions about the Scheme, please contact the Company Secretary of Kumarina, Mark Pitts, on (08) 9316 9100 (within Australia) or +61 8 9316 9100 (International) between 9.00am and 5.00pm (WST) Monday to Friday.

Yours sincerely

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

**Peter Sullivan**  
**Chairman**

8 April 2013

## **This Scheme Booklet**

### **What is this Scheme Booklet for?**

On 30 January 2013, Kumarina announced a proposal under which all existing shares in Kumarina will be exchanged for shares and options in Zeta, a company incorporated in Bermuda and which, upon implementation of the Scheme, will be listed on ASX. The combination of Kumarina and Zeta will form the basis of an active resource holding and development group.

Zeta is currently a wholly owned subsidiary of Utilico, which is listed on the LSE. Prior to implementation of the Scheme, Zeta will acquire the Utilico Minority Interests from Utilico pursuant to the Asset Sale Agreement. The Utilico Minority Interests comprise shareholdings in a number of, predominantly, listed mining and resources companies. As at 3 April 2013, the Utilico Minority Interests had a market value of approximately A\$38.28 million. In addition, prior to implementation of the Scheme, Zeta will conduct a capital raising to raise up to A\$25 million, by issuing up to 25,000,000 Zeta Shares at an issue price of A\$1.00 for each Zeta Share, together with up to 5,000,000 free attaching Zeta Options (on the basis of one Zeta Options for every five Zeta Shares issued). There is no minimum subscription for the Capital Raising.

The proposed Scheme consideration ratio is one Zeta Share for every four Kumarina Shares held by each Kumarina Shareholder on the Scheme Record Date, and one free attaching Zeta Option for every five Zeta Shares issued to each Kumarina Shareholder. Fractional entitlements to Zeta Shares and Zeta Options will be disregarded.

On 29 January 2013, Kumarina entered into the Implementation Agreement which sets out certain arrangements agreed between Kumarina and Zeta in relation to the Proposal.

The Proposal will be implemented by way of a scheme of arrangement, on which you are entitled to vote. This Scheme Booklet contains information to assist you to decide how to vote on the Proposal. In particular, section 2 sets out the reasons for the Independent Kumarina Directors' recommendation to vote in favour of the Proposal, in the absence of a superior proposal. Mr Peter Sullivan, Chairman and Non-Executive Director of Kumarina, has decided to abstain from making a recommendation as to how to vote on the Proposal because, if the Scheme is implemented, he will become a director of Zeta. The reasons for the Independent Kumarina Directors' recommendation to vote in favour of the Proposal, and possible reasons why you might consider voting against the Proposal, are summarised immediately below.

### **Reasons to vote in favour of the Proposal**

The reasons for your Independent Kumarina Directors' recommendation to vote in favour of the Proposal, include the following:

- (a) the Proposal will give rise to a significant contribution in capital in the form of the Utilico Minority Interests;
- (b) the Scheme Consideration represents a significant premium relative to the current market price of Kumarina Shares;

- (c) the diversified nature of Zeta's assets may aid future capital raising by attracting new investors;
- (d) shareholders' risk will be diversified through Zeta holding Kumarina's assets as well as interests in a number of different companies with different activities;
- (e) the advantages described above can be achieved whilst retaining a listing on ASX; and
- (f) the Independent Expert considers the Proposal to be fair and reasonable and in the best interests of Kumarina Shareholders.

The reasons for your Independent Kumarina Directors' recommendation are set out in full in section 2.2.

### **Possible reasons to vote against the Proposal**

The possible reasons to vote against the Proposal include the following:

- (a) the holding of securities in a Bermuda incorporated company, which will arise on implementation of the Proposal, may result in less rigorous investor protections under the Bermuda Companies Act than those existing under the Corporations Act. Section 7.3 of this Scheme Booklet sets out a summary of the key differences between the Corporations Act and the Bermuda Companies Act. For instance, no takeover protection will be afforded to Zeta shareholders by the Bermuda Companies Act;
- (b) implementation of the Proposal will give rise to additional one-off transaction costs. However, these costs have largely been incurred to date and will be payable by Kumarina irrespective of whether the Scheme is implemented or not. Further to this, implementation of the Proposal may also result in additional costs being incurred including, for example, those costs involved in maintaining a registered office in Bermuda and ensuring compliance with applicable Bermuda laws;
- (c) the tax consequences of implementation of the Proposal may not suit your particular financial circumstances;
- (d) Kumarina Shareholders' effective interests in the Ilgarari Project and Murrin Murrin Project will be diluted; and
- (e) Utlico will become a large shareholder of the Zeta Group and its effective interest in the Ilgarari Project and Murrin Murrin Project will increase significantly.

The possible reasons to vote against the Proposal are set out in full in section 2.3.

### **How to vote**

The Scheme Meeting is currently scheduled to be held at 2:00pm (WST) on 16 May 2013 at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153.

Except as mentioned below, Kumarina Shareholders who are registered on the Kumarina Share Register at 5:00pm (WST) on 15 May 2013 may vote at the Scheme Meeting in person, by attorney, by corporate representative (in the case of corporate shareholders) or by proxy.

For the purposes of this Scheme Booklet, any reference to vote or voting is to Kumarina Shareholders voting Kumarina Shares.

A shareholder who holds any Excluded Shares will not be entitled to vote the Excluded Shares at the Scheme Meeting. Given the relationship between Utilico and Zeta, votes cast by Utilico will be "tagged" at the Scheme Meeting and the results produced to the Court at the Second Court Date.

Your Kumarina Directors believe the Scheme is a matter of importance for all Kumarina Shareholders and therefore urge you to vote on the Scheme, if you are entitled to do so.

Before voting, you should read this Scheme Booklet carefully, including the Notice of Scheme Meeting in Annexure 7 and the accompanying notes. If you have any questions consult your financial, legal or other professional adviser or call the Company Secretary, Mark Pitts at Kumarina on +61 8 9316 9100 between 9:00am and 5:00pm (WST) Monday to Friday.

### **Kumarina Shareholders wishing to vote in person**

Kumarina Shareholders who are entitled to vote and wish to do so in person, should attend the Scheme Meeting to be held at 2:00pm (WST) on 16 May 2013 at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153. Please bring your meeting registration forms with you to facilitate admission to the meeting. The meeting registration form for the Scheme Meeting is the Proxy Form included with this Scheme Booklet.

### **Kumarina Shareholders wishing to vote by attorney or corporate representative**

Kumarina Shareholders who are entitled to vote and wish to do so by attorney or corporate representative should ensure that their attorney or corporate representative attends the Scheme Meeting at the time, date and place referred to above. If you are attending as an attorney, you should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Kumarina. If you are attending as a representative of a corporate shareholder please bring evidence of your appointment to attend on behalf of that shareholder, unless previously lodged with the Share Registry.

### **Kumarina Shareholders wishing to vote by proxy**

Kumarina Shareholders who are entitled to vote and wish to do so by proxy should read the detailed notes relating to the appointment of proxies accompanying the Notice of Scheme Meeting set in Annexure 7. You should then complete the Proxy Form included with this Scheme Booklet. Your Proxy Form must be:

- (a) sent to the Share Registry (using the reply paid envelope included with this Scheme Booklet) at Security Transfer Registrars, PO Box 535, Applecross, WA 6953, Australia;

- (b) faxed to (08) 9364 8078 from within Australia or +61 8 9364 8078 from overseas; or
- (c) sent to Kumarina's registered office at Level 2, 907 Canning Highway, Mt Pleasant, WA 6153, Australia,

in each case, so that it is received by no later than 48 hours before the Scheme Meeting.

If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Share Registry at the same time as the Proxy Form (unless you have already provided a certified copy of the power of attorney to Kumarina). If you complete and return a Proxy Form, you may still attend the meeting in person, revoke the proxy and vote at the meeting.

Further details on how to vote are set out in Notice of Scheme Meeting in Annexure 7.

## 1. Summary of the Proposal

### 1.1 Overview

On 30 January 2013, Kumarina announced a proposal under which all existing shares in Kumarina will be exchanged for shares and options in Zeta, a company incorporated in Bermuda and which, upon implementation of the Scheme, will be listed on ASX. The combination of Kumarina and Zeta will form the basis of an active resource holding and development group. See section 5 for a description of the future strategy and operations of Zeta.

Zeta is currently a wholly owned subsidiary of Utilico, which is listed on the LSE. Prior to implementation of the Scheme, Zeta will acquire the Utilico Minority Interests from Utilico pursuant to the Asset Sale Agreement. The Utilico Minority Interests comprise shareholdings in a number of, predominantly, listed mining and resources companies. As at 3 April 2013, the Utilico Minority Interests had a market value of approximately A\$38.28 million. Further, prior to implementation of the Scheme, Zeta will conduct a capital raising to raise up to A\$25 million, by issuing up to 25,000,000 Zeta Shares at an issue price of A\$1.00 for each Zeta Share (**Capital Raising**). In addition, subscribers under the Capital Raising will receive one free attaching Zeta Option for every five Zeta Shares issued to them. There is no minimum subscription for the Capital Raising.

The proposed Scheme Consideration ratio is one Zeta Share for every four Kumarina Shares held by each Kumarina Shareholder on the Scheme Record Date, and one free attaching Zeta Option for every five Zeta Shares issued to each Kumarina Shareholder. Fractional entitlements to Zeta Shares and Zeta Options will be disregarded.

On 29 January, Kumarina entered into the Implementation Agreement which sets out certain arrangements agreed between Kumarina and Zeta in relation to the Proposal.

The Proposal will be implemented by way of a scheme of arrangement. A scheme of arrangement is an arrangement between a company and its shareholders which is voted on by those shareholders. If the required majority of shareholders vote in favour of the scheme, and if it is then approved by the Court, then the scheme is binding on the company and all of its shareholders.

If the Proposal is approved by Kumarina Shareholders and the Court then:

- (a) Zeta will issue Zeta Shares and Zeta Options to Kumarina Shareholders (other than Ineligible Foreign Holders) in exchange for their Kumarina Shares and Kumarina will become a wholly-owned subsidiary of Zeta;
- (b) Kumarina Shareholders will receive Zeta Shares and Zeta Options in exchange for their Kumarina Shares (except in the case of Ineligible Foreign Holders, who will receive their consideration in cash) as further described in sections 1.3 and 1.4; and
- (c) Kumarina will be delisted from ASX and become a wholly owned subsidiary of Zeta, which will be listed on ASX.



If the Proposal is not approved by the required majority of Kumarina Shareholders or is not approved by the Court, the Proposal will not proceed, Kumarina Shareholders will continue to hold Kumarina Shares, and Kumarina will continue to operate as a separate company listed on ASX.

## **1.2 Nature of relationship between Zeta, Utilico, ICM and Kumarina**

As at the date of this Scheme Booklet, Zeta is a wholly owned subsidiary of Utilico. Pursuant to an amended and restated investment management agreement, dated 21 March 2012, between Utilico and ICM, ICM was appointed investment manager of Utilico. ICM also owns approximately 3.84% of Utilico's issued capital.

As at the date of this Scheme Booklet, Utilico owns 7,199,366 Kumarina Shares, which represents 10.13% of Kumarina's issued capital. As at the date of this Scheme Booklet, ICM owns 7,000,000 Kumarina Shares, which represents 9.84% of Kumarina's issued capital.

Utilico and ICM consider themselves to be "associates", within the meaning of the section 12 of the Corporations Act.

Utilico and Zeta have entered into the Asset Sale Agreement, a summary of which is set out in section 4.5. Zeta and ICM have entered into the Investment Management Agreement, a summary of which is set out in section 5.8.

The Independent Expert has concluded that:

- (a) the Asset Sale Agreement is at arm's length; and
- (b) the Investment Management Agreement is at arm's length.

## **1.3 What you will receive if the Proposal is approved**

If the Proposal is approved, Kumarina Shareholders (other than Ineligible Foreign Holders) will receive:

- (a) one Zeta Share for every four Kumarina Shares held at 5:00pm (WST) on the Scheme Record Date; and
- (b) one Zeta Option (on the terms and conditions set out in section 5.9) for every five Zeta Shares issued to them.

However, fractional entitlements to Zeta Shares and Zeta Options will be disregarded.

These Zeta Shares and Zeta Options will be issued to Kumarina Shareholders (other than Ineligible Foreign Holders) on the Implementation Date. Holding statements and confirmations of CHES holdings for Zeta Shares and Zeta Options are expected to be despatched within five Business Days after the Implementation Date. Zeta will make application for quotation of the Zeta Shares and Zeta Options on ASX within 7 days from the date of the Prospectus.

The Zeta Shares and Zeta Options issued as Scheme Consideration are expected to begin trading on ASX on a deferred settlement basis from the commencement of trading on the first trading day on ASX after the Effective Date. Normal trading of Zeta Shares and Zeta Options on ASX is expected to commence on the fifth trading day on ASX after the Implementation Date.

It is the responsibility of each person who is issued Zeta Shares and Zeta Options under the Scheme to confirm their holding before trading in Zeta Shares and/or Zeta Options to avoid the risk of selling Zeta Shares or Zeta Options that they do not own. Any person who sells Zeta Shares and/or Zeta Options before they receive their holding statement or confirm their uncertificated holdings of Zeta Shares and Zeta Options does so at their own risk. To the maximum extent permitted by law, Kumarina and Zeta disclaim all liability to persons who trade Zeta Shares and/or Zeta Options before receiving their holding statements or confirming their uncertificated holdings.

#### **1.4 Ineligible Foreign Holders**

Ineligible Foreign Holders will not be issued with Zeta Shares and Zeta Options under the Scheme. Instead, the Zeta Shares and Zeta Options that would otherwise have been issued to them under the Scheme, will be issued to the Sale Nominee on the Implementation Date.

Zeta must procure that, as soon as practicable after the Implementation Date, the Sale Nominee sells those Zeta Shares and Zeta Options on ASX. Zeta must procure the payment of, the net sale proceeds received (after deducting any applicable selling costs, taxes and charges) to the Ineligible Foreign Holders. See section 8.11 for further details.

#### **1.5 Zeta's strategy**

Following implementation of the Scheme, Zeta will be an active, resources focussed holding and development company. Zeta's strategy will be focussed on making both direct investments in resources projects and indirect investments in resources projects, through investing in entities which hold them.

Sector-wise, Zeta will invest in a wide range of resources projects and companies, including but not limited to, those focussed on oil and gas, gold and base metals exploration and production. Zeta may invest in resources companies and projects based in any jurisdiction. Zeta intends to have a mid to long term investment horizon and does not expect to be trading its positions on a frequent basis. See sections 5.2 and 5.3(d) for further details.

#### **1.6 Independent Kumarina Directors' recommendation**

The Independent Kumarina Directors are of the opinion that the Proposal is in the best interests of Kumarina Shareholders as a whole and recommend that Kumarina Shareholders vote in favour of the Proposal, in the absence of a superior proposal. As at the date of this Scheme Booklet, no other proposal for Kumarina or its business or assets has emerged.

Mr Peter Sullivan, Chairman and Non-Executive Director of Kumarina, has decided to abstain from making a recommendation as to how to vote on the Proposal because, if the Scheme is implemented, he will become a director of Zeta.

Each of the Kumarina Directors who holds Kumarina Shares, or on whose behalf Kumarina Shares are held at the time of the Scheme Meeting, intends to vote those Kumarina Shares in favour of the Proposal, in the absence of a superior proposal. Kumarina Shares held by the Kumarina Directors represent approximately 19.45% of the issued share capital of Kumarina at the date of lodgement of this Scheme Booklet with ASIC.

The reasons for the recommendation of the Kumarina Directors are set out in section 2.

### **1.7 Independent Expert's opinion**

Kumarina commissioned the Independent Expert to prepare a report on the Proposal to determine whether it is in the best interests of Kumarina Shareholders. A copy of the Independent Expert's Report is contained in Annexure 4. The Independent Expert has concluded that, in its opinion, the Proposal is fair and reasonable and in the best interests of Kumarina Shareholders as a whole.

In addition, the Independent Expert has also concluded that:

- (a) the Asset Sale Agreement is at arm's length;
- (b) the Investment Management Agreement is at arm's length; and
- (c) the offer for the cancellation of Kumarina Options, as further described in sections 1.9 and 8.12, is at arm's length.

### **1.8 Implementation Agreement**

The arrangements agreed between Kumarina and Zeta in relation to the Proposal in the Implementation Agreement include those set out below. A copy of the Implementation Agreement is contained in Annexure 1.

#### **(a) Conditions precedent**

The Scheme is subject to a number of conditions precedent which must be satisfied (or, if applicable, waived) before the Scheme can come into effect. These conditions are summarised below and are set out in full in clause 3.1 of the Implementation Agreement:

- (i) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (ii) Kumarina Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act;
- (iii) approval for the listing of Zeta Shares and Zeta Options on ASX is obtained subject only to the Scheme taking effect and such other conditions as are acceptable to Zeta and Kumarina;

- (iv) all approvals of any Authority (as defined in the Implementation Agreement), which Kumarina and Zeta agree are necessary or desirable to implement the Proposal, are obtained and no Authority takes any action, or imposes any legal restraint or prohibition, to prevent implementation of the Proposal;
- (v) the Independent Expert does not change its conclusion to not fair and not reasonable to Kumarina Shareholders or withdraw its report prior to the Scheme Meeting; and
- (vi) any additional conditions that may be imposed by the Court are satisfied and considered to be acceptable by Kumarina and Zeta.

In accordance with the terms of the Implementation Agreement, either party may terminate the agreement if the conditions summarised above are not satisfied or waived by the Long Stop Date.

**(b) Termination**

Each of Kumarina and Zeta has the right to terminate the Implementation Agreement if:

- (i) the Court fails to make orders in accordance with section 411(1) of the Corporations Act to convene the Scheme Meeting and either all the appeals from such failure are unsuccessful or the parties determine not to initiate an appeal; or
- (ii) the Independent Expert changes its previously given conclusion that the Scheme is in the best interests of Kumarina Shareholders, or withdraws its report prior to the Scheme Meeting.

Zeta may terminate the Implementation Agreement if, at any time before the commencement of the Second Court Hearing, any of the Independent Kumarina Directors changes, withdraws or qualifies his recommendation that Kumarina Shareholders vote in favour of the Scheme, in the absence of a superior proposal.

If the Implementation Agreement is terminated, the Proposal will not proceed.

There are no break fees or exclusivity arrangements in the Implementation Agreement.

## **1.9 Arrangements for holders of Kumarina Options**

Under the Implementation Agreement, Kumarina has agreed to use all reasonable endeavours to procure that by no later than five Business Days before the Second Court Date, the holder of the Kumarina Options enters into a binding agreement with Kumarina and Zeta, conditional on the Scheme becoming Effective, under which the holder agrees to the cancellation of those Kumarina Options in consideration for the grant by Zeta of one Zeta Consideration Option for every four Kumarina Options cancelled. See section 8.12 for further details in connection with the cancellation of the Kumarina Options and grant of Zeta Consideration Options.

The Independent Expert has concluded that the offer for the cancellation of the Kumarina Options in consideration for the Zeta Consideration Options, as described in section 8.12(a), is at arm's length.

If the Scheme is implemented then, to the extent it is permitted to do so, Zeta intends to use the general compulsory acquisition provisions of the Corporations Act to acquire any Kumarina Options not cancelled under these arrangements.

### 1.10 Taxation implications of the Proposal

The taxation implications of the Proposal for certain Kumarina Shareholders are set out in section 9. This section is expressed in general terms and is not intended to provide tax advice in respect of the circumstances of any particular shareholder. Kumarina Shareholders are recommended to obtain their own independent tax advice as to the consequences of the Scheme.

Importantly, the tax implications outlined in section 9 are on the basis that the Capital Raising is completed prior to the Implementation Date. This timing is critical to the ability of the Kumarina Shareholders to elect to receive capital gains tax (CGT) rollover relief in order to defer any taxable gain arising from the receipt of the Zeta Share component of their Scheme Consideration.

In summary, the taxation implications of the Proposal include the following:

- (a) the disposal of Kumarina Shares by Australian Kumarina Shareholders will be a taxable event and may give rise to a gain or loss;
- (b) Australian Kumarina Shareholders who hold their Kumarina Shares on capital account may be able to elect to obtain a partial CGT rollover relief (if eligible) to the extent their Kumarina Shares are exchanged for Zeta Shares. CGT roll-over relief is not available to Kumarina Shareholders in relation to any capital gains arising from the receipt of the Zeta Options (i.e. shareholders should calculate a capital gain or loss in respect of the Zeta Options component of the Scheme Consideration as outlined in section 9);
- (c) individual Australian Kumarina Shareholders and Australian trusts (who hold their Kumarina Shares on capital account) who are not eligible to choose CGT rollover relief (including circumstances where a capital loss arises on the disposal of their Kumarina Shares), or do not elect to choose CGT rollover relief, should calculate a capital gain or loss from the disposal of their Kumarina Shares as outlined in section 9. Any capital gain arising should be treated as assessable, and may be reduced by the CGT discount if relevant to the Kumarina Shareholder's circumstances. Prior to applying the CGT discount, the amount of any taxable gain to a Kumarina Shareholder may also be reduced by the recoupment of any available tax losses during the relevant income year;
- (d) individual Australian Kumarina Shareholders and Australian trusts (who hold their Kumarina Shares on capital account) who do not elect to obtain CGT rollover relief may reduce any capital gain by 50% if they held their Kumarina Shares for more than 12 months; and
- (e) Australian complying superannuation fund Kumarina Shareholders who do not elect for CGT rollover relief may reduce any capital gain by one third if they held their Kumarina shares for more than 12 months.

### **1.11 Scheme Meeting**

On 8 April 2013, the Court made an order convening the Scheme Meeting. The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened, and has approved the explanatory statement required to accompany the Notice of the Scheme Meeting, does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or the explanatory statement contained within it, or has formed any view as to the merits of the proposed Scheme or as to how Kumarina Shareholders should vote.

The purpose of the Scheme Meeting is for Kumarina Shareholders to consider whether or not to approve the Proposal. Except as mentioned below, Kumarina Shareholders who are registered on the Kumarina Share Register at 5:00pm (WST) on 15 May 2013 are entitled to vote at the Scheme Meeting. Please refer to the section headed "How to vote" on page 4 of this Scheme Booklet and the Notice of Scheme Meeting contained in Annexure 7 for more details on how to vote.

A Kumarina Shareholder who holds any Excluded Shares will not be entitled to vote the Excluded Shares at the Scheme Meeting.

## 2. Recommendation of the Independent Kumarina Directors and Other Matters Relevant to Your Vote

### 2.1 Independent Kumarina Directors' recommendation

The Independent Kumarina Directors recommend that you vote in favour of the Proposal at the Scheme Meeting, in the absence of a superior proposal. For the reasons set out below, the Independent Kumarina Directors believe that the Proposal is in the best interests of Kumarina Shareholders.

Mr Peter Sullivan, Chairman and Non-Executive Director of Kumarina, has decided to abstain from making a recommendation as to how to vote on the Proposal because, if the Scheme is implemented, he will become a director of Zeta.

Each of the Kumarina Directors who holds Kumarina Shares, or on whose behalf Kumarina Shares are held at the time of the Scheme Meeting, intends to vote those Kumarina Shares in favour of the Proposal, in the absence of a superior proposal. The interests of Kumarina Directors in Kumarina Shares and Kumarina Options are set out in section 10.6 of this Scheme Booklet.

In making their recommendation, the Independent Kumarina Directors compared the reasons for Kumarina Shareholders to vote in favour of the Proposal set out in section 2.2 against the possible reasons to vote against the Proposal set out in section 2.3, taking into account the other relevant considerations set out in section 2.4.

### 2.2 Reasons to vote in favour of the Proposal

(a) **The Proposal will give rise to a significant contribution in capital in the form of the Utilico Minority Interests**

Zeta's ownership of the Utilico Minority interests upon implementation of the Scheme will provide Kumarina Shareholders with exposure to a significant amount of new capital. As at 3 April 2013, the Utilico Minority Interests had a market value of approximately A\$38.28 million. Given that the Utilico Minority Interests consist, predominantly, of shares in listed companies, Zeta will have the ability to hold the Utilico Minority Interests with a view to obtaining capital appreciation of those shares or, alternatively, selling all or some of the Utilico Minority Interests to provide cash for new opportunities and/or the future operations of the Zeta Group.

(b) **The Scheme Consideration represents a significant premium relative to the current market price of Kumarina Shares**

The Scheme Consideration will result in Kumarina Shareholders effectively receiving an equivalent price of A\$0.25 per Kumarina Share. This represents a premium of approximately:

- (i) 138% to the last closing price of Kumarina Shares on ASX, prior to the announcement of the Proposal on 30 January 2013; and

- (ii) 108% to the closing price of Kumarina Shares on ASX on 25 March 2013, being the last practicable date on which Kumarina Shares traded on ASX, prior to the date of this Scheme Booklet.

(c) **The diversified nature of Zeta's assets may aid future capital raising by attracting new investors**

Following implementation of the Proposal, Zeta's interest in the Utilico Minority Interests may attract new investors, given the potential exposure to companies operating across a range of commodities and with operations in different geographical locations to those of Kumarina. This may prove to be a more attractive investment proposition than an investment in Kumarina alone, and assist Zeta to raise capital in the future.

(d) **Shareholders' risk will be diversified through Zeta holding Kumarina's assets as well as interests in a number of different companies with different activities**

Kumarina's operations and activities are currently limited to exploring for copper and gold deposits at its Ilgarari and Murrin Murrin Projects, both of which are located in Western Australia. Implementation of the Proposal will allow shareholders to diversify their risk through Zeta holding Kumarina's assets (namely the Ilgarari and Murrin Murrin Projects), as well as investments in a number of other mining and resource companies with different activities in different geographical locations.

(e) **The advantages described above can be achieved whilst retaining an ASX listing and Kumarina's Australian projects**

If the Proposal is implemented, Zeta will be listed on ASX in much the same way as Kumarina is currently listed on ASX. The advantages described above can therefore be obtained while retaining an ASX listing and Kumarina's Australian assets.

(f) **The Independent Expert considers the Proposal to be fair and reasonable and in the best interests of Kumarina Shareholders**

The Independent Expert has concluded in its Independent Expert's Report, which is set out in Annexure 4, that the Proposal is fair and reasonable and in the best interests of Kumarina Shareholders.

### **2.3 Possible reasons to vote against the Proposal**

Although the Independent Kumarina Directors recommend that you vote in favour of the Scheme, in the absence of a superior proposal, and although the Independent Expert has concluded that the Scheme is in the best interests of Kumarina Shareholders, factors which may lead you to consider voting against the Scheme include the following:



(a) **The change in jurisdiction of incorporation may result in less rigorous investor protections under the Bermuda Companies Act than those existing under the Corporations Act**

If the Proposal is implemented, Kumarina Shareholders will hold shares and options in a company incorporated in Bermuda, rather than a company incorporated in Australia. As a company incorporated in Bermuda, Zeta will be subject to the provisions of the Bermuda Companies Act and will not be subject to many of the provisions of the Corporations Act to which Kumarina is currently subject and with which Kumarina Shareholders are familiar.

A summary of certain provisions of Bermuda law to which Zeta will be subject, and a comparison of the key differences between the Corporations Act and the Bermuda Companies Act, are set out in section 7.2 and section 7.3 respectively. Your Independent Kumarina Directors particularly draw your attention to the fact that the takeover protection provisions currently afforded to Kumarina Shareholders by chapter 6 of the Corporations Act will not apply to Zeta. As set out in more detail in section 7, no takeover protection is provided by the Bermuda Companies Act.

If the Proposal is implemented, Zeta will, subject to the grant of certain waivers by ASX, be subject to all of the same ASX Listing Rules to which Kumarina is currently subject.

(b) **Additional costs**

The Proposal may result in additional one-off transaction costs. The total one-off costs of implementing the Proposal are estimated to be in the range of A\$500,000 to A\$600,000. However, the majority of those costs (approximately A\$260,000) have already been incurred or will be incurred whether or not the Proposal is approved by Kumarina Shareholders. The balance of approximately A\$300,000 will only be incurred if the Proposal is implemented. These costs do not include any of the commissions associated with the Capital Raising.

Implementation of the Proposal may also result in additional costs being incurred including, for example, those costs involved in maintaining a registered office in Bermuda and ensuring compliance with applicable Bermuda laws.

(c) **The tax consequences of implementation of the Proposal may not suit your particular financial circumstances**

Implementation of the Proposal may have tax consequences for Kumarina Shareholders. In particular, Ineligible Foreign Holders and certain other Kumarina Shareholders may realise a gain on which they may be taxed, depending on their specific circumstances. A general guide to the Australian taxation implications of the Proposal is set out in section 9. This guide is expressed in general terms based on the taxation laws as they currently stand and individual Kumarina Shareholders should seek professional advice regarding the tax consequences applicable to their own circumstances.

**(d) Kumarina Shareholders' effective interests in the Ilgarari Project and Murrin Murrin Project will be diluted**

As at the date of this Scheme Booklet, Kumarina Shareholders, through Kumarina, have an effective ownership interest of 100% in the Ilgarari and Murrin Murrin Projects. However, following implementation of the Proposal, and depending on the level of uptake of the Capital Raising, Kumarina Shareholders' (excluding Utilico) effective interest in the Ilgarari and Murrin Murrin Projects will be reduced to approximately 19.71% to 28.50%, depending on the level of uptake of the Capital Raising and assuming that existing Kumarina Shareholders do not participate in the Capital Raising.

**(e) Utilico will become a large shareholder of the Zeta Group and its proportionate interest in the Ilgarari Project and Murrin Murrin Project will increase significantly**

As at the date of this Scheme Booklet, Utilico owns 7,199,366 Kumarina Shares which represents 10.13% of Kumarina's issued capital. Following implementation of the Proposal, Utilico's interest in Zeta, and its effective interest in the Ilgarari and Murrin Murrin Projects, will be between 49.45% and 71.50%, depending on the level of uptake of the Capital Raising, and assuming that Utilico and other existing Kumarina Shareholders do not participate in the Capital Raising. Utilico has informed the Company that it does not intend to participate in the Capital Raising.

## **2.4 Other relevant considerations**

**(a) The Independent Expert has concluded that the Proposal is in the best interests of Kumarina Shareholders**

Kumarina commissioned the Independent Expert to prepare a report on the Proposal to determine whether it is in the best interests of Kumarina Shareholders. A copy of the Independent Expert's Report is set out in Annexure 4. The Independent Expert has concluded that, in its opinion, the Proposal is fair and reasonable and in the best interests of Kumarina Shareholders and has noted that the likely advantages of the Proposal include the following:

- (i) the diversification of Zeta's assets may aid future capital raising; and
- (ii) shareholders risk will be diversified.

**(b) Effect of Bermuda taxation laws for individual Kumarina Shareholders**

If the Proposal is implemented, Kumarina Shareholders will hold shares in a company incorporated in Bermuda, rather than a company incorporated in Australia. This may have different consequences for Kumarina Shareholders than Australian taxation laws. A summary of Bermuda tax considerations that are relevant to holding shares in a company incorporated in Bermuda is set out in section 7.4.

**(c) No sale costs**

Kumarina Shareholders will not be required to pay brokerage or stamp duty on the disposal of their Kumarina Shares in connection with the Proposal.

(d) **The Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote, or you vote against the Proposal, the Proposal will still be implemented if it is approved by the requisite majority of Kumarina Shareholders and the Court. If this occurs, all Kumarina Shares will be transferred to Zeta and you will receive the Scheme Consideration for your Kumarina Shares, even though you did not vote on, or voted against, the Proposal.

## **3. Information about Kumarina**

### **3.1 Overview**

Kumarina is a Perth based resource company focused on exploring and developing economic copper and gold projects. Over the past year, the Company has been actively exploring its two highly prospective projects, the Ilgarari Project and the Murrin Murrin Project, both of which are located in Western Australia.

Kumarina was incorporated in Western Australia on 24 March 2010 and was subsequently admitted to the official list of ASX on 13 December 2011.

Following its successful initial public offering, which raised \$10.3 million, the Company has completed a number of exploration programs aimed at upgrading the exploration assets. These programs included drilling, geophysical surveys, compiling of electronic data bases, resource estimations and geological mapping.

The exploration completed to date has been successful in extending mineralisation at both projects. Details of the work programs undertaken in 2012 and the results from this work are outlined in section 3.3 below.

### **3.2 Strategy**

Kumarina is an active resource exploration and development company. The Company's objective is to grow shareholder value through the prudent investment of shareholder funds and by progressing the delineation and development of economic mineral resources.

This objective does not preclude the potential for corporate transactions including acquisitions, disposals, mergers and joint ventures through the ongoing evaluation of similar resource companies or projects that are considered to hold significant upside potential for shareholders.

### **3.3 Business operations**

Over the past year, the Company has initiated a number of exploration programs aimed at upgrading the development potential of its projects. Ilgarari is located in the North Murchison region and Murrin Murrin is located in the North Eastern Goldfields (see Figure 1). Both projects are located close to busy mining centres and in close proximity to arterial bitumen roads, gas and rail lines.

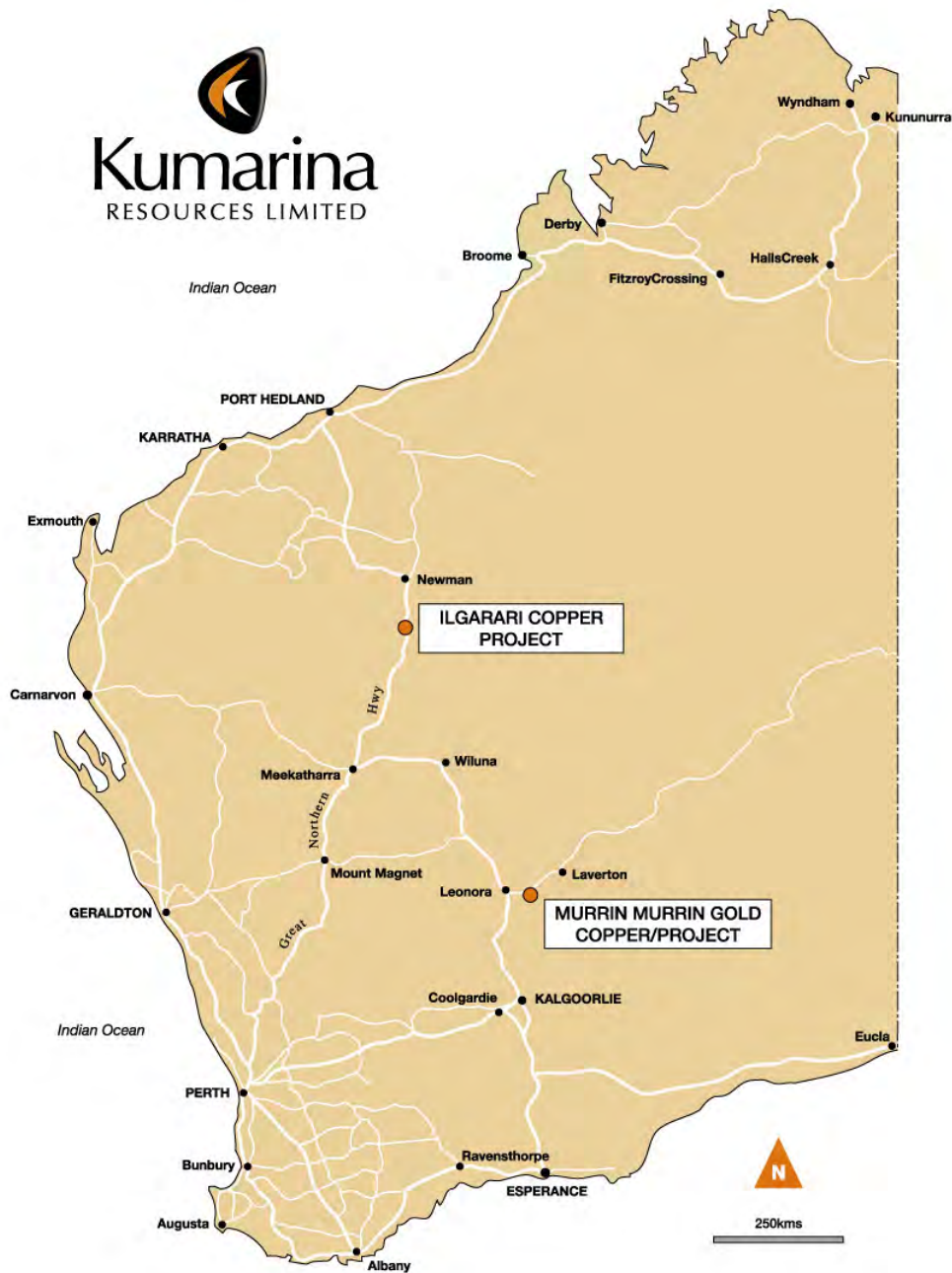


Figure 1 – Project Location Plan

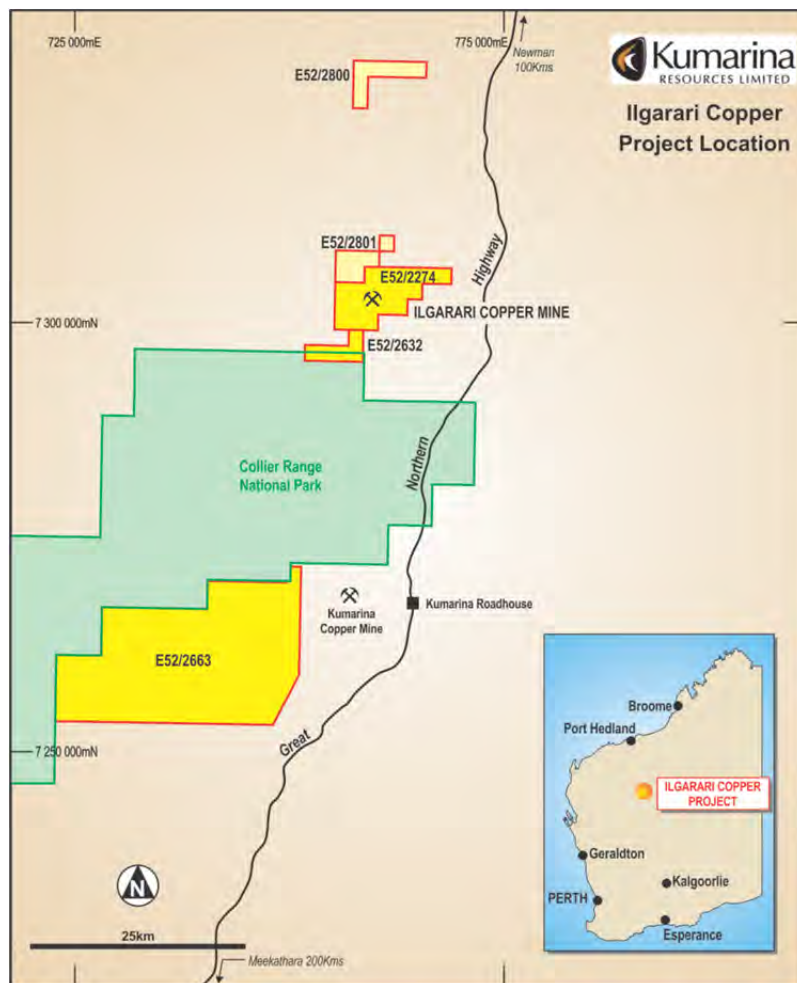
### Ilgarari Copper Project

(a) Location and ownership

The Ilgarari Project is located approximately 150 kilometres south of the mining township of Newman. Access to the Ilgarari Tenements is via the Great Northern Highway.

The project comprises three granted exploration licenses, and two applications. The Ilgarari copper mine is located in the centre of E52/2274. The Kumarina West tenement, E52/2663 is located 30 kilometres to south of Ilgarari. The two areas are separated by the Collier National Park. Two applications, ELA52/2800 and 2801 were allocated to the Company through the DMP ballot system in December 2012. The Ilgarari Tenement package covers approximately 685 square kilometres (Figure 2).

A Solicitor's Report on the Ilgarari Tenements is set out in Annexure 7 to this Scheme Booklet.



**Figure 2 – Ilgarari Tenement Plan**

**(b) Geology**

The Ilgarari copper mine is located on a seven kilometre long, north east shear zone, identified by outcropping copperiferous ironstone formations. The project area incorporates a significant portion of the Collier Basin of the Proterozoic Orogen and is overlain by the Ilgarari Sub Group that consists primarily of shallow dipping siltstone, grey and black shales. Outcrop at Ilgarari is limited with the majority of the area overlain with transported colluvium and

alluvial sands. Outcropping manganese sediments are located to the north of the copper workings.

Drilling at Ilgarari has revealed a deeply weathered sequence of sedimentary and mafic intrusive rocks oxidised to in excess of 150 vertical metres. Copper mineralisation is found within anastomosing shears, often focused on major contacts between the sedimentary sequence and pyritic dolerites.

The Ilgarari copper lodes are located within a strongly weathered shear systems that are 10 to 50 metres wide. Copper mineralisation, most commonly seen in the form of malachite, chrysocolla and azurite veining, is hosted in a series of lodes within shear/fault zones. The mineralisation is oxidised down to at least 200 metres with only traces of chalcopyrite observed in drill cuttings. The mineralisation remains open at depth.

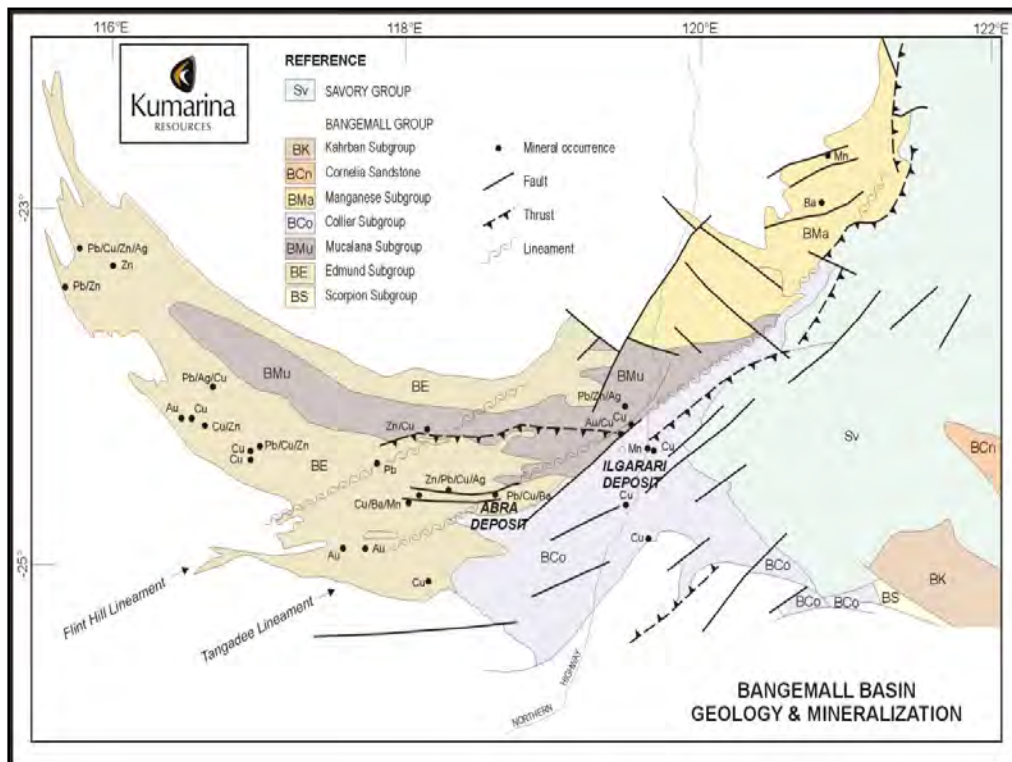


Figure 3 – Ilgarari Regional Geology

(c) **Exploration activities 2012**

During 2012, Kumarina completed three RC drilling campaigns, comprising 57 holes for a total 6,990 metres over the copper workings. The "step out" drilling programs were designed to extend the known mineralisation below the workings and to test for a source of primary copper mineralisation.

In each case, the programs were successful in delineating the continuity of the copper oxide mineralisation which has been intersected 200 metres below the surface. The primary source of the copper mineralisation (sulphide) remains untested.

The Company also completed three geophysical surveys. These included the flying of low level air magnetics at Kumarina West, induced polarisation and down hole EM surveys at Ilgarari.

Following the drilling programs in 2012, the Company completed a resource estimate for Ilgarari, using a combination of recent and historical drilling results. The resource was calculated to a nominal depth of 150 metres. The resource estimate has been classified as an Inferred Mineral Resource in accordance with the JORC Code (2004).

Ilgarari resource estimate at various cut off grades:

<b>Cut of Grade</b>					
<b>%Cu</b>	<b>SG</b>	<b>Tonnes</b>	<b>%Cu</b>	<b>Classification</b>	
0.50	2.00	1,108,000	1.89	Inferred	
1.00	2.00	827,500	2.25	Inferred	
2.00	2.00	345,000	3.44	Inferred	

The resource at Ilgarari extends over two kilometres of strike, and is composed of two primary zones, the western "Main Workings" and the eastern "Alac Workings" (Figure 4).

The Main Workings comprises one continuous mineralised lode which has been drill tested to approximately 150 metres vertical depth. A number of the more recent deeper holes tested the Main Workings at depth, returning encouraging intersections including RC12IL140, 17m @ 1.27%cu from 145 metres (including 4m @ 2.17% Cu).

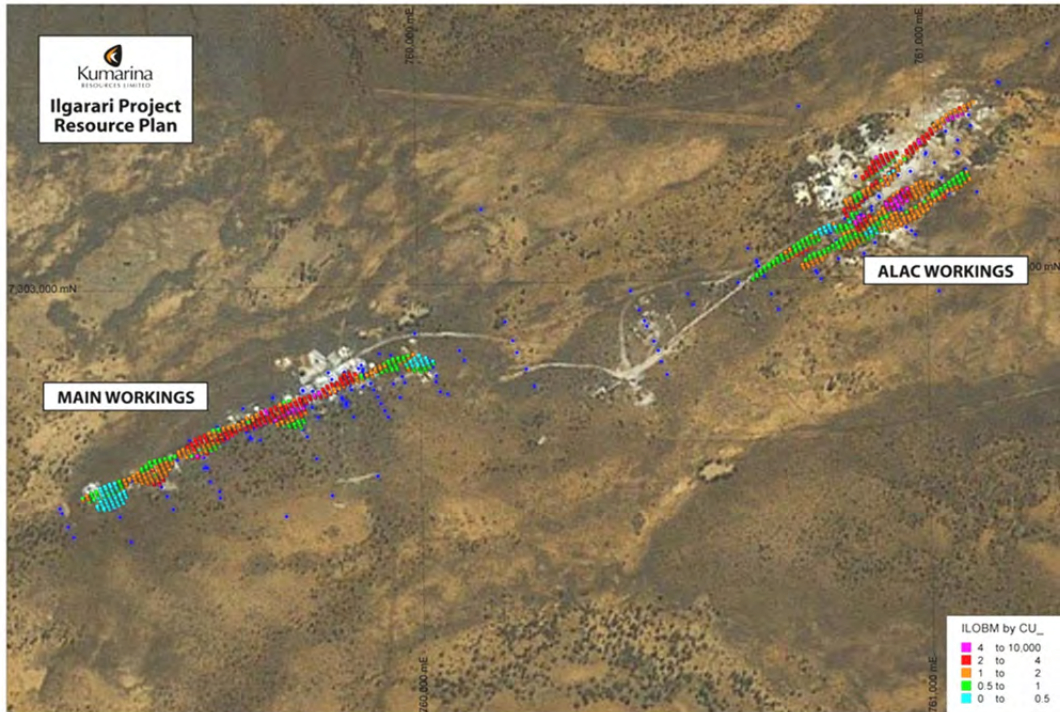
(d) **Kumarina West**

The Kumarina West project (E52/2663) is located 30 kilometres south of the other Ilgarari Tenements. The historic Kumarina Copper workings are located approximately five kilometres to the east on a neighbouring tenement. The Kumarina copper workings are found in a similar geological setting to the Ilgarari Project (refer to Figure 2 above).

Historical geological reports on work completed over the Kumarina West project are limited to stream sediment sampling and a review of broad spaced magnetic data. Exploration completed on the project this year included a field inspection, geological review and the flying of a low level aeromagnetic survey.

Further field work is planned in the coming year which will include soil geochemical sampling over potential anomalies generated by the aeromagnetic survey and exploratory drilling if required.





**Figure 4 – Ilgarari Project showing the resource ore block model over the Main Workings (Left) and Alac Workings (Right)**

**(e) Increased landholding**

Recently, the Company has increased its landholding around the Ilgarari Project through successful DMP ballot applications. A further 17km<sup>2</sup> of prospective ground (ELA 52/2800) was picked up on the north east boundary of E52/2274. A second application (ELA 52/2801), covering 21km<sup>2</sup>, located approximately 20 kilometres north of the Ilgarari Project was also successful. ELA52/2801 hosts the historical "Keep it Dark" copper/lead workings. Both areas are considered to be prospective for base metal mineralisation. These new tenement applications are shown in Figure 2.

**Murrin Murrin Gold Copper Project**

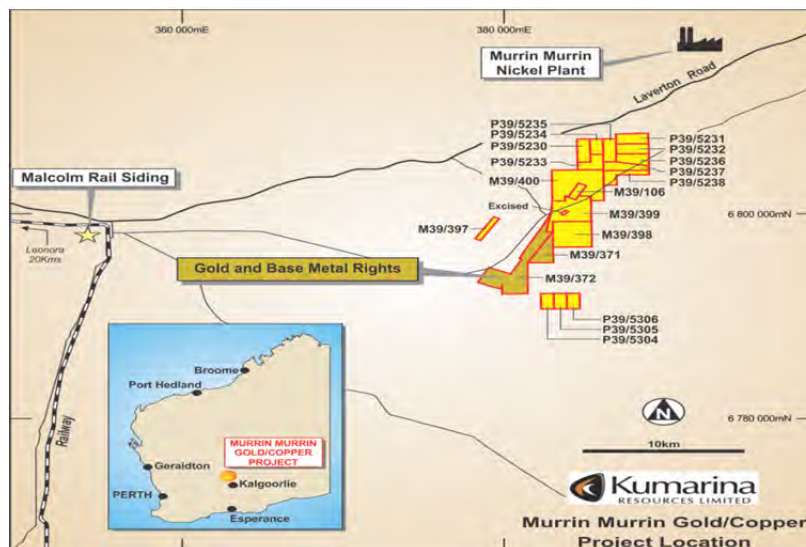
**(a) Location and ownership**

The Murrin Murrin Project is located 45 kilometres east of the mining township of Leonora in the north eastern Goldfields of Western Australia. Access to the project area is via the Leonora / Laverton highway. Infrastructure in the region is well established with open access rail lines linked to deep water ports, gas pipeline within close proximity and well serviced mining communities. There are numerous third party gold treatment plants operating in the Leonora Laverton region.

The project consists of six contiguous granted mining leases covering the historic Murrin Murrin gold mining centre and one additional mining lease. M39/371 and M39/372 are indirectly owned by Glencore International, which owns and operates the Murrin Murrin Nickel Refinery. Under a reciprocal rights agreement, Kumarina holds rights to gold and base metals over mining leases M39/371 and 372 and Glencore holds rights to nickel laterite mineralisation over Kumarina's tenements M39/397-400 and M39/1068.

Recently, the Company acquired a further eight prospecting licences and four prospecting licence applications, located to the north and south of the Murrin Murrin Project (refer to Figure 5).

A Solicitor's Report on the tenements which form the Murrin Murrin Project (including the new prospecting licences and prospecting licence applications), is set out in Annexure 7 to this Scheme Booklet.



**Figure 5 – Murrin Murrin Project Plan**

(b) **Geology**

Gold mineralisation at the Murrin Murrin Project is associated with weathered sulphide bearing quartz veins discontinuously developed in distinct north-northeast trending shear or fault zones. These zones form fairly close spaced "en echelon" array on the eastern limb of the south plunging Kilkenny Syncline, that vary from a half a metre to up to 10 metres wide, mostly filled by quartz vein material. These zones can be traced for up to three kilometres.

Shearing intensity adjacent to the main quartz veins varies from weak to strong and alteration associated with gold mineralisation includes sulphide, silica, carbonate, chlorite and sericite/kaolin.

Numerous lines of gold workings developed down to a depth of 70 metres exist throughout the Murrin Murrin Tenements. Most of the workings have been subjected to some level of

drilling in the past. The vast majority of drill holes are located over the Malcolm and Challenger mines.

Base metal mineralisation that exists with the Murrin Murrin Tenements is primarily copper zinc silver and is considered to be volcanogenic massive sulphide (VMS). However, it is evident that there are tectonic influences on the distribution of base metal mineralisation in the area that have led to remobilising of the mineralisation along fault zones resulting in a number of defined structures throughout the area.

(c) **Exploration activities 2012**

The focus of the Company's exploration activity during 2012 was to establish further economic gold mineralisation under the Malcolm and Challenger open pits. Two infill drilling RC programs were completed, comprising 47 holes that advanced the project 4,055 metres.

The mineralisation below the Malcolm and Challenger pits is hosted by a quartz stockwork, located within multiple sedimentary shale units (up to 30 metres thick) bounded by ultramafics. Gold grades within the quartz stockwork vary from 0.3g/t to 80 g/t, with the higher grades located near the geological contact of the ultramafic.

Further drilling will be required to validate some of the previous results and close out selected sections. The mineralisation remains open at depth and deep holes are planned to test the width and tenor of the mineralisation down to 120 metres. Drilling will also focus on linking the mineralisation at the "Arthur Rymer" workings, located 300 metres south of the Challenger pits, where there are several high grade gold results such as 3 metres @ 4.75 g/t and 2 metres @ 10.1 g/t.

The Company completed a first pass resource block model and optimisation study for the Malcolm and Challenger mines to assess the economic viability in developing the project. Results from the study were positive, indicating that the current gold price would support an expansion of the open pits. Further drilling is required to update the resource model before a decision can be made on a commitment to development the Malcolm and Challenger mines.

(d) **Base metal mineralisation**

The base metal mineralisation was exploited historically from four prospects within the Murrin Murrin Tenements. These include "Nangeroo", "Rio Tinto", "Bound to Win" and "Crayfish Creek". The most substantial workings are located at the Nangeroo prospect.

Exploration work on the Nangeroo VMS prospect through 2012 included two RC drilling programs. The programs consisted of infill holes, designed to test continuity of mineralisation up and down dip of previous drill intersection along the Nangeroo structure. Results from drilling under the main area of workings recorded a number of solid copper, zinc and silver grades within a VMS.

The drilling has confirmed that copper zinc mineralisation is continuous down to at least 150 metres. Grades are highly variable with assays ranging from 1%-6% Cu and 1%-8% Zn. The

higher grades tend to be associated with the wider intersections that are located directly under the main Nangeroo workings.

Potential exists to generate additional VMS targets at the project. Outcropping gossan and associated malachite azurite is also present south of Nangeroo at the Bound to Win and Trafalgar prospects. Zinc rich iron copper sulphides have also been identified a further 2 kilometres south at the Crayfish Creek prospect. All of the outcropping gossans lie on the same mineralised horizon as the Nangeroo workings.

The Company is currently reviewing all drilling results to ascertain the quantum of the mineralisation located at Nangeroo and plan future base metal exploration at the Murrin Murrin Project.

### **3.4 Board and senior management**

#### **(a) Members of the Kumarina Board**

The members of the Kumarina Board are as follows:

##### **P R Sullivan (aged 56) – Non-Executive Chairman**

Peter Sullivan is an engineer and has been involved in the development of resource companies and projects for more than 20 years. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships. Mr Sullivan has considerable experience in the management and strategic development of resource companies. He is currently Managing Director of Resolute Mining Limited (ASX: RSG) and a director of GME Resources Limited (ASX: GME).

##### **J N Sullivan (aged 51) – Managing Director**

James Sullivan has eight years' experience with public companies, including holding the position of Managing Director of GME Resources Limited (ASX: GME) from October 2004 until February 2008, when he became a Non-Executive Director. Mr Sullivan was reappointed Managing Director of GME in May 2011. For the past 25 years, Mr Sullivan has owned and managed successful mining maintenance businesses operating in Australia and the Asia Pacific region. During this period, he has also been involved in privately owned mining and exploration operations in Western Australia. Mr Sullivan brings to the Board considerable experience and knowledge associated with the supply and logistics of services to the mining exploration industry, tenement management and issues relating to land access and native title.

##### **G M Motteram (aged 63) – Non-Executive Director**

Geoffrey Motteram is a metallurgical engineer with over 25 years' experience in the development of projects in the Australian resources industry. He has extensive experience in gold and base metals, having been involved with Western Mining Corporation's Kwinana Nickel Refinery and Kalgoorlie Nickel Smelter. He subsequently joined BHP, and later Metals

Exploration, where he was involved in the evaluation of gold and base metal projects. Since 1989, Mr Motteram has acted as a Mining Project and Metallurgical Consultant. He was involved in the formation of Minara Resources Limited (formerly Anaconda Nickel Limited) in 1994 and controlled the technical development of the Murrin Murrin Joint Venture until the end of 1997. He is a former Director of Anaconda Nickel Limited. Mr Motteram is currently a Director of GME Resources Ltd.

**P G Hutchinson (aged 54) – Non-Executive Director**

Mr. Peter Geoffrey Hutchinson, BCom, FCPA, FAICD served as the Managing Director of ASX listed Forge Group Limited from July 2007 to July 2012 and its Executive Chairman from March 2011 to June 2012. He has held the positions of Chairman & Managing Director of A.I. Limited from February 2001 to March 2003 and was Managing Director of a diversified private company investing in engineering, construction and manufacturing. He has a Bachelor of Commerce degree from The University of Western Australia.

**(b) Senior management**

Together with Mr James Sullivan, the following person makes up the senior management team of Kumarina.

**M Pitts (aged 51) – Company Secretary**

Mark Pitts is a Chartered Accountant with more than 25 years' experience in statutory reporting and business administration. Mr Pitts has been directly involved with, and consulted to, a number of public companies holding senior financial management positions. Mark is a partner in the corporate advisory firm Endeavour Corporate providing company secretarial support and corporate and compliance advice to a number of ASX listed companies.

**3.5 Historical financial information**

The following selected financial information for Kumarina has been extracted from the audited financial statements of Kumarina for the year ended 30 June 2012 and the reviewed financial statements of Kumarina for the six months ended 31 December 2012. The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. The audit and review opinions in these financial statements were issued by HLB Mann Judd and were unqualified.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between the end of the half year to 31 December 2012 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Kumarina Directors, to significantly affect the operations of Kumarina, the results of those operations, or the state of affairs of Kumarina, in future financial years other than as disclosed in the 31 December 2012 half year financial statements and subsequent filings with ASX.

Kumarina Shareholders may view complete copies of the audited financial statements of Kumarina for the year ended 30 June 2012 on Kumarina's website at [www.kumarina.com](http://www.kumarina.com).

### Statement of Comprehensive Income

	<b>December 2012 \$</b>	<b>June 2012 \$</b>
Other income	189,126	236,042
Depreciation expense	12,878	14,822
Management and consulting fees	205,000	204,166
Administration expenses	102,460	165,073
Loss before income tax benefit	(131,212)	(148,019)
Income tax benefit	-	-
Net loss for the year	(131,212)	(148,019)
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive loss for the year</b>	<b>(131,212)</b>	<b>(148,019)</b>

## Statement of Financial Position

	December 2012 \$	June 2012 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,821,492	7,885,450
Trade and other receivables	31,283	16,496
<b>TOTAL CURRENT ASSETS</b>	<b>6,852,775</b>	<b>7,901,946</b>
<b>NON CURRENT ASSETS</b>		
Plant and equipment	80,295	93,173
Deferred exploration and evaluation expenditure	4,582,817	3,838,150
Formation expenses	2,320	2,320
<b>TOTAL NON CURRENT ASSETS</b>	<b>4,665,432</b>	<b>3,933,643</b>
<b>TOTAL ASSETS</b>	<b>11,518,207</b>	<b>11,835,589</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	78,963	265,133
<b>TOTAL CURRENT LIABILITIES</b>	<b>78,963</b>	<b>265,133</b>
<b>TOTAL LIABILITIES</b>	<b>78,963</b>	<b>265,133</b>
<b>NET ASSETS</b>	<b>11,439,244</b>	<b>11,570,456</b>
<b>EQUITY</b>		
Issued capital	11,664,619	11,664,619
Option reserve	76,500	76,500
Accumulated losses	(301,875)	(170,663)
<b>TOTAL EQUITY</b>	<b>11,439,244</b>	<b>11,570,456</b>

## Statement of Cashflows

	<b>December 2012 \$</b>	<b>June 2012 \$</b>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(291,460)	(342,239)
Interest received	174,340	236,042
<b>Net cash outflow from operating activities</b>	<b>(117,120)</b>	<b>(106,197)</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure	(946,463)	(1,866,916)
Acquisition of plant and equipment	-	(107,995)
Payment for bonds	-	(16,496)
<b>Net cash outflow from investing activities</b>	<b>(946,463)</b>	<b>(1,991,407)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	10,352,500
Loans from related parties	(375)	(2,235)
Payment of costs associated with issue of shares	-	(681,012)
<b>Net cash inflow from financing activities</b>	<b>(375)</b>	<b>9,669,253</b>
Net increase in cash and cash equivalents	(1,063,958)	7,571,649
<b>Cash and cash equivalents held at the start of the year</b>	<b>7,885,450</b>	<b>313,801</b>
<b>Cash and cash equivalents held at the end of the year</b>	<b>6,821,492</b>	<b>7,885,450</b>

### 3.6 Competent Persons statement

#### (a) Competent Persons statement – Murrin Murrin / Ilgarari Projects

The information in section 3.3 of the Scheme Booklet that relates to exploration results and mineral resources is based on information compiled by Mr Bryan Smith and Mr Mark Hill. Mr Smith is a member of The Australasian Institute of Mining and Metallurgy and Mr Hill is a



member of Australian Institute of Geoscientists. Mr Smith is a Principal Consultant with Bryan Smith Geosciences. Mr Hill is a Principal Consultant with Exman Consultancy. Mr Smith and Mr Hill have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Smith and Mr Hill consent to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

**(b) Competent Person statement – Resource Estimate Ilgarari**

The resource estimate for the Ilgarari Project in this section 3.3(c) of the Scheme Booklet has been made by Simon Coxhell, Member of the Australasian Institute of Mining and Metallurgy, who is an independent resources consultant. Mr Coxhell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as Competent Persons as defined in the JORC Code. Mr Coxhell consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

**3.7 Additional information**

Certain additional information in relation to Kumarina and Kumarina Shares is set out in section 10.

## 4. Information about Zeta

### 4.1 Overview

Zeta was incorporated under the Bermuda Companies Act on 13 August 2012 with registration number 46795.

Zeta's only current activities are certain preliminary steps in relation to implementation of the Proposal. Immediately after implementation of the Scheme, Zeta assets will consist of the Utilico Minority Interests, all of the Kumarina Shares, Kumarina's existing assets (including Kumarina's cash) and the cash raised under the Capital Raising.

For further information on the business and activities of Zeta, if the Scheme is implemented, see section 5.

### 4.2 Zeta Directors

As at the date of this Scheme Booklet, the Zeta Directors are as follows:

#### **Alasdair Younie (aged 37) – Director**

Alasdair Younie is a director of ICM, the proposed investment manager of Zeta. Based in Bermuda, he is a qualified chartered accountant with significant experience in corporate finance and corporate investment. Alasdair qualified as a chartered accountant with PricewaterhouseCoopers and subsequently worked for six years within the corporate finance department of Arbuthnot Securities Limited in London. Alasdair is a director of Bermuda National Limited, Bermuda First Investment Company Limited and West Hamilton Holdings Limited and is a member of the Institute of Chartered Accountants in England and Wales.

#### **Charles Jillings (aged 57) – Director**

Charles Jillings is an employee of Utilico Investments Limited and Utilico Emerging Markets Limited. He is responsible for assisting in the running of the two companies and the investment portfolios in conjunction with ICM. Mr Jillings qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He has been a director of a number of listed companies and he is a director of East Balkan Properties plc and Global Equity Risk Protection Limited.

If the Proposal is implemented, it is proposed that Alasdair Younie and Charles Jillings will resign as directors of Zeta and will be replaced by Mr Peter Sullivan, Ms Xi Xi and Mr Martin Botha. Further information on the Zeta Directors, if the Proposal is implemented, is set out in section 5.4(a).

### 4.3 Current capital structure

As at the date of this Scheme Booklet, the authorised and issued share capital of Zeta is as follows:

Authorised capital	US\$
5,000,000,000 ordinary shares with a par value of US\$0.00001 each	50,000.00
Issued capital	
10,000,000 ordinary shares with a par value of US\$0.00001 each	100.00

Further information on the capital structure of Zeta and the listing of Zeta Shares, if the Proposal is implemented, is set out in section 5.5.

### 4.4 Financial information

Zeta has not transacted any business since its incorporation in August 2012. As at the date of this Scheme Booklet, Zeta does not have any assets or liabilities.

### 4.5 Asset Sale Agreement

On 29 January 2013, Zeta entered into the Asset Sale Agreement with Utilico, pursuant to which Zeta will acquire the Utilico Minority Interests, which comprise:

- (a) 7,000,000 Resolute Shares;
- (b) 27,038,122 NZO Shares;
- (c) 4,813,977 PPP Shares;
- (d) 2,500,000 Seacrest Subscription Rights; and
- (e) 10,000,000 Centamin Shares,

(together, the **Utilico Minority Interests**).

The key terms of the Asset Sale Agreement are as follows:

#### (a) Consideration

In consideration for the transfer of the Utilico Minority Interests, Zeta is required to issue to Utilico such number of Zeta Shares as is determined by the following formula:

$$CS = TV / \$1.00$$

Where:

**CS** is the number of Zeta Shares to be issued to Utilico; and

**TV** is the total value of the Utilico Minority Interests, based on the 30-day VWAP of the Resolute Shares, NZO Shares, PPP Shares and Centamin Shares immediately prior to the Asset Sale Completion Date and the value of US\$700,000 ascribed to the Seacrest Subscription Rights by Zeta and Utilico.

In addition, for every five Zeta Shares Utilico receives, Utilico will also be issued one Zeta Option. Fractional entitlements to Zeta Shares and Zeta Options will be disregarded.

The number of Zeta Shares to be issued to Utilico will be set off against the 10,000,000 Zeta Shares already held by Utilico.

(b) **Warranties and representations**

The Asset Sale Agreement contains representations and warranties which are customary for such an agreement, including:

- (i) that Utilico is the legal owner of the Utilico Minority Interests and that the Utilico Minority Interests are free from encumbrance; and
- (ii) that Utilico and Zeta have both been duly incorporated and have full power and authority to perform their respective obligations under the Asset Sale Agreement.

(c) **Completion**

Completion of the Asset Sale Agreement will occur on the Asset Sale Completion Date.

Given that the value of almost the entirety of the consideration payable under the Asset Sale Agreement for the Utilico Minority Interests is based on the market value of the Utilico Minority Interests, the Zeta Directors' consider that this transaction is on arm's length terms. The Independent Expert has concluded, in its Independent Expert Report, that the Asset Sale Agreement is at arm's length.

As at the date of this Scheme Booklet, other than the Asset Sale Agreement, the Implementation Agreement and the Investment Management Agreement (a summary of which is set out in section 5.8), Zeta is not a party to any material agreements.

#### **4.6 Principal rights and liabilities attaching to Zeta Shares**

The rights and liabilities attaching to Zeta Shares are set out in the Zeta bye-laws and are affected by the Bermuda Companies Act and the common law of Bermuda. If the Proposal is implemented, the rights and liabilities attaching to Zeta Shares will also be affected by the ASX Listing Rules.

A summary of the principal rights and liabilities attaching to Zeta Shares is set out below. Section 4.7 also contains a summary of certain material differences between the rights attaching to Zeta Shares and the equivalent rights attaching to Kumarina Shares.

Zeta's bye-laws will be available on its website, [www.zetaresources.com.au](http://www.zetaresources.com.au), following the Implementation Date. In addition, Kumarina will make a copy of Zeta's bye-laws available to Kumarina Shareholders free of charge. Please contact the Company Secretary of Kumarina, Mark Pitts, between 9.00am and 5.00pm (WST) Monday to Friday on +61 8 9316 9100 to request a copy.

**(a) Profits and dividends**

The directors of Zeta may in their sole discretion (subject to any preferred dividend rights attached to any class of shares and to the Bermuda Companies Act) declare and pay a dividend or make a distribution out of contributed surplus to the shareholders of Zeta according to their rights and interests, including interim dividends, which may be declared and paid in proportion to the amount paid up on each share. Payment or satisfaction of any dividend or distribution out of contributed surplus may be made in cash or by the issue of fully paid Zeta Shares or by the distribution of specific assets.

Contributed surplus is a North American concept recognised under the generally accepted accounting principles of the Canadian Institute of Chartered Accountants, which are applied in Bermuda. Contributed surplus includes proceeds from donated shares, credits resulting from the redemption or conversion of shares at less than the amount of the nominal capital or par value, the excess value of shares acquired over the nominal value of those shares issued in a share exchange (should the board of directors of Zeta elect to treat it as such) and donations of cash or other assets to the company.

Zeta does not have any current intention to declare and pay a dividend or make a distribution out of contributed surplus.

**(b) Voting rights**

Subject to any rights or restrictions attaching to any class of shares in Zeta, at any general meeting of Zeta, each shareholder of Zeta entitled to vote may vote in person or by proxy, or, if it is a company, by representative each of whom shall be entitled to speak and to one vote on a show of hands and each shareholder of Zeta present in person or by proxy, or, if it is a company, by representative shall be entitled on a poll to one vote for each fully paid Zeta Share held.

No shareholder of Zeta shall be entitled to vote at any general meeting, unless all calls presently payable by him in respect of Zeta Shares have been paid. On a poll a shareholder or proxy or representative, if entitled to more than one vote, need not use all his votes or cast all the votes he uses in the same way.

(c) **Appointment and removal of directors**

Shareholders of Zeta in general meeting may by ordinary resolution appoint any person as a new director, or as a director to fill up all or any vacated offices resulting from one or more directors retiring at, or ceasing to hold office at the conclusion of, that meeting.

The board of directors or shareholders of Zeta in general meeting shall have the power to appoint any person as a director to fill a vacancy on the board of directors occurring as a result of the death, disability, disqualification or resignation of any director or as a result of an increase in the size of the board of directors.

Zeta's directors who are subject to retirement by rotation shall retire from office at annual general meetings of Zeta Shareholders no later than the longer of:

- (i) the third annual general meeting; or
- (ii) 3 years,

after that directors last election or appointment and shall be eligible for re-election thereafter.

(d) **Rights to convene general meetings**

The President or Chairman (if any), or any two directors, or any director and the company secretary, or the board of directors of Zeta, may convene a special general meeting whenever in their judgment such a meeting is necessary.

The board of directors of Zeta shall, on the requisition of shareholders of Zeta holding at the date of the deposit of the requisition no less than one-tenth of such of the paid up share capital of Zeta carrying the right to vote, proceed to convene a special general meeting and the provisions of the Bermuda Companies Act shall apply.

(e) **Rights on a winding up**

Subject to the terms of issue of Zeta Shares, if Zeta shall be wound up, the liquidator may, with the sanction of a resolution of Zeta's shareholders and any other sanction required by the Bermuda Companies Act, divide amongst the shareholders of Zeta in specie or kind the whole or any part of the assets of Zeta (whether they shall consist of property of the same kind or not) and may for such purposes set such values as the liquidator deems fair upon any property to be so divided and may determine how such division shall be carried out as between the shareholders of Zeta or different classes of shareholders. The liquidator may, with such a sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the shareholders of Zeta as the liquidator shall think fit, but so that no shareholder of Zeta shall be compelled to accept any shares or other assets upon which there is any liability.

(f) **Variation of rights**

If, at any time, the share capital of Zeta is divided into different classes of shares, the rights attached to any class may, unless otherwise provided by the terms of issue of the shares of

that class, be varied with the consent in writing of the holders of not less than 75% of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of such shares at which the quorum is at least two persons holding or representing by proxy, one-third of the issued shares of that class.

#### **4.7 Certain material differences in rights attaching to Kumarina Shares and rights attaching to Zeta Shares**

Copies of Kumarina's constitution and Zeta's bye-laws are available for inspection and comparison at Kumarina's registered office during normal business hours. Copies are also available on Kumarina's website before the Implementation Date and will subsequently be available on Zeta's website following the Implementation Date.

The rights attaching to Kumarina Shares are derived from both Kumarina's constitution and the Corporations Act. The rights attaching to Zeta's Shares are derived from Zeta's bye-laws, the Bermuda Companies Act and the common law of Bermuda.

(a) **Reports and notices**

There are no material differences between the provisions in Kumarina's constitution and Zeta's bye-laws that relate to reports and notices.

(b) **General Meetings**

The provisions in both Kumarina's constitution and Zeta's bye-laws in relation to general meetings are substantially similar, including the use of proxies.

(c) **Voting**

There are no material differences between the provisions of Kumarina's constitution and Zeta's bye-laws that relate to voting.

(d) **Dividends**

There are no material difference between Kumarina's constitution and Zeta's bye-laws in relation to dividends.

(e) **Winding up**

There are no material differences between the provisions in Kumarina's constitution and Zeta's bye-laws that relate to winding up.

(f) **Transfer of shares**

There are no material differences between the provisions in Kumarina's constitution and Zeta's bye-laws that relate to the transfer of shares.

(g) **Future increases in capital**

There are no material differences between the provisions in Kumarina's constitution and Zeta's bye-laws with respect to future increases in capital.

(h) **Variation of rights attaching to shares**

The provisions in both Kumarina's constitution and Zeta's bye-laws in relation to the variation of rights attaching to shares differ slightly in terms of the procedure to be followed.

Under Kumarina's constitution, the company may vary or cancel rights attached to a class of shares or convert shares from one class into another by a special resolution of the company and:

(i) a special resolution passed at a meeting of the members holding shares in that class;

or

(ii) obtaining the written consent of members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Under Zeta's bye-laws, if at any time where the share capital is divided into different classes of shares, the rights attaching to any class of shares may be varied by:

(iii) obtaining the written consent of the holders of 75% of the issued shares of that class;

or

(iv) a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of that class. The quorum at such meeting must be 2 persons at least holding or representing by proxy one third of the issued shares of that class.

Apart from the above, there are no material differences between the provisions in Kumarina's constitution or Zeta's bye-laws that relate to variation of rights attaching to shares.

(i) **Directors**

There are no material differences between the provisions in Kumarina's constitution or Zeta's bye-laws relating to the rotation, election and retirement of directors.

(j) **"Two strikes" in relation to remuneration reports**

None of Zeta's bye-laws, the Bermuda Companies Act or the common law of Bermuda contain an equivalent to the "two strikes" rule relating to remuneration reports in Part 2G.2 Division 9 of the Corporations Act, which enables shareholders to put to the vote a "spill resolution".



## 4.8 Capital raising

As part of its listing on ASX, Zeta is proposing to raise up to \$25,000,000 through the issue of up to 25,000,000 Zeta Shares (and up to 5,000,000 free attaching Zeta Options). The Capital Raising will be conducted pursuant to the Prospectus, which will be lodged with ASIC. There is no minimum subscription amount under the Capital Raising, and there is no guarantee that Zeta will be able to raise all or any of these funds.

Among other things, the Prospectus will state that:

- (a) the Zeta Shares and Zeta Options offered pursuant to the Prospectus will, subject to ASX approval and implementation of the Scheme, be quoted on ASX;
- (b) Zeta will hold all application monies received pursuant to the Prospectus on trust until the Scheme becomes Effective. If ASX approval is not obtained or the Scheme does not become Effective, Zeta will return all applications monies in full without interest; and
- (c) Zeta will apply for the Zeta Shares and Zeta Options offered pursuant to the Prospectus to be quoted on ASX within 7 days of the date of the Prospectus.

For information relating to the impact of the Capital Raising on Zeta's financial position, refer to section 5.6.

## 4.9 Corporate Governance

Zeta's board of directors is responsible for the overall corporate governance of Zeta and is committed to the principles underpinning best practice in corporate governance, applied in a manner that meets ASX standards and best addresses the directors' accountability to Zeta shareholders.

The following policies and procedures have been adopted and are available for viewing on Kumarina's website until the Implementation Date and on Zeta's website after such date:

- Corporate Governance Statement; and
- Share Trading Policy.

## 5. Information about Zeta after the Scheme Comes into Effect

### 5.1 Overview

If the Proposal is implemented and the Scheme comes into effect, Zeta will become an active, resources-focussed holding and development company. Immediately after implementation of the Proposal, the only assets that Zeta will hold will be the Utilico Minority Interests, all of the issued capital of Kumarina, Kumarina's cash and the cash raised by Zeta pursuant to the Capital Raising. However, Zeta will look to expand its assets through implementation of its strategy, as described in section 5.2 below.

Zeta has received in principle advice from ASX that Zeta will be classified as an "investment entity" for the purposes of the ASX Listing Rules. See section 10.1 for further details.

### 5.2 Strategy

Following implementation of the Scheme, Zeta will be an active, resources focussed holding and development company. Zeta's strategy will be focussed on making both direct investments in resources projects and indirect investments in resources projects, through investing in entities which hold them.

Sector-wise, Zeta will invest in a wide range of resources projects and companies, including but not limited to, those focussed on oil and gas, gold and base metals exploration and production. Zeta may invest in resources companies and projects based in any jurisdiction.

Zeta intends to have a mid to long term investment horizon and does not expect to be trading its positions on a frequent basis. Zeta will also work with its investee companies to seek to maximise their value and may make follow-on investments into these companies or increase investment through market purchases as appropriate.

Zeta may acquire majority or minority positions in its target investments. Although Zeta's initial portfolio will consist of minority positions, Zeta will also consider opportunities which will maximise its ability to contribute as a proactive investor, with a view to actively extracting value for both its own investors and investors in the underlying investee companies. This proactive approach may include taking significant or full ownership positions in companies, bringing about management change and encouraging strategies to maximise shareholder value and return.

Under Zeta's ownership, Kumarina will continue to develop its business and projects in accordance with its stated objectives. Zeta will consider making additional investments in Kumarina to support these objectives, if required. As a wholly owned subsidiary of Zeta, Kumarina's direction and management will be entirely dictated by Zeta.

Zeta will continue to review direct investment opportunities in the same geographical area as Kumarina which may have synergies with Kumarina's operations.

Zeta will be advised by its investment manager, ICM, pursuant to the terms of the Investment Management Agreement. See section 5.8 of this Scheme Booklet for further details.

### 5.3 Business operations

#### (a) General

As stated above, immediately after implementation of the Proposal, Zeta's only assets will be the Kumarina Shares, the Utilico Minority Interests, Kumarina's existing assets (including Kumarina's cash) and any cash raised pursuant to the Capital Raising.

#### (b) Kumarina's Australian operations

Following implementation of the Scheme, Zeta will (through its ownership of Kumarina) own and operate Kumarina's Ilgarari Project and Murrin Murrin Project. Information on these projects is contained in section 3.3 of this Scheme Booklet.

#### (c) Utilico Minority Interests

At the time of implementation of the Proposal, Zeta will hold the Utilico Minority Interests. The Utilico Minority Interests comprise the following investments in a variety of mining and resources companies:

Company	Resource	No. Shares	Current Price <sup>1</sup>	Total Current Value	Total Current Value (\$AUD)
Resolute Mining Limited (ASX: RSG)	Gold	7,000,000 ordinary shares	AUD1.326	AUD9.28m	9.28m
New Zealand Oil & Gas Limited (ASX: NZO)	Oil & Gas	27,038,122 ordinary shares	NZD0.92	NZD24.88m	20.00m
Pan Pacific Petroleum NL (ASX: PPP)	Oil & Gas	4,813,977 ordinary shares	AUD0.108	AUD0.52m	0.52m
Seacrest LP Subscription Rights <sup>2</sup>	Oil & Gas	2,500,000 nil paid US\$1.00 subscription rights	N/A	USD0.70m <sup>3</sup>	0.67m
Centamin Plc (LSE: CEY)	Gold	10,000,000 ordinary shares	GBP0.538	GBP5.38m	7.81m
<b>Total</b>					<b>38.28m</b>

**Notes**

- 1 As at 3 April 2013.
- 2 These are subscription rights, which oblige Zeta to provide US\$2.5 million in funding to Seacrest. Upon providing such funding, Zeta will become a limited partner in Seacrest with an interest of approximately 3.1%.
- 3 Agreed value as between Zeta and Utilico.
- 4 The following exchange rates were used NZD:AUD 0.804; USD:AUD 0.957; and GBP:AUD 1.452.

**Resolute Mining Limited**

Resolute is one of the largest gold producers listed on the ASX (ASX:RSG), with three operating gold mines in Africa and Australia: the Syama mine in Mali; Ravenswood in Queensland; and Golden Pride in Tanzania. For further information, see [www.resolute-ltd.com.au](http://www.resolute-ltd.com.au). Mr Peter Sullivan, who is a director of Kumarina and who, if the Scheme is implemented, will become a director of Zeta, is Managing Director of Resolute.

**New Zealand Oil & Gas Limited**

NZO is an independent exploration and production company, listed on both the ASX and NZX. NZO has two key production assets, Tui and Kupe oil fields, both in New Zealand. NZO is pursuing growth in Indonesia and Tunisia. For further information, see [www.nzog.com](http://www.nzog.com).

**Pan Pacific Petrol NL**

PPP is an ASX and NZX listed oil and gas exploration and production company, participating in non-operated oil fields in New Zealand, Vietnam and East Timor. PPP's main asset is a 10% interest in the Tui Area oil project. For further information, see [www.panpacpetroleum.com.au](http://www.panpacpetroleum.com.au).

**Seacrest LP**

Seacrest LP is a limited partnership, created in 2011, to invest in an oil and gas joint venture called "Azimuth Limited". The joint venture is between Seacrest and Petroleum Geo-Services (PGS), a Norwegian company listed on the Oslo Stock Exchange. PGS and Seacrest have agreed to develop and monetize PGS's seismic data library, which is the largest of its kind in the world.

**Centamin plc**

Centamin plc is an Arabian-Nubian Shield focused mineral exploration, development and mining company dual listed on the LSE (LSE: CEY) and the TSX (TSX: CEE). Centamin's principal asset, the Sukari Gold Mine, began production in 2009 and is the first large scale modern gold mine in Egypt. For further information, see [www.centamin.com](http://www.centamin.com).

(d) **Intentions of Zeta**

Except as described elsewhere in this Scheme Booklet, implementation of the Scheme will have no effect on the business, assets or operations of Kumarina, and Zeta:

- (i) intends to continue the business of Kumarina as currently conducted;
- (ii) does not intend to make any major changes to the business of Kumarina or redeploy any fixed assets of Kumarina; and
- (iii) does not intend to change or affect the future employment of the present employees of Kumarina.

In relation to Kumarina's projects, Zeta has allocated A\$1,500,000 for exploration and development of the Ilgarari and Murrin Murrin Projects, following implementation of the Scheme and assuming that no funds are raised under the Capital Raising. If A\$12,500,000 is raised pursuant to the Capital Raising, Zeta will allocate A\$2,000,000 for exploration and development of the Ilgarari and Murrin Murrin Projects. If A\$25,000,000 is raised pursuant to the Capital Raising, Zeta will allocate A\$2,500,000 for exploration and development of the Ilgarari and Murrin Murrin Projects. For further details, refer to section 5.7.

In addition, Kumarina will maintain an office, at its existing address, going forward. Following implementation of the Scheme, anyone wishing to make enquiries regarding Kumarina's operations, can contact James Sullivan on +61 8 9364 7577 or by email at [jsullivan@kumarina.com](mailto:jsullivan@kumarina.com).

## 5.4 Directors and senior management

### (a) Directors

If the Proposal is implemented, it is envisaged that Mr Peter Sullivan, Mr Martin Botha and Ms Xi Xi will be appointed as directors of Zeta and that Alasdair Younie and Charles Jillings will resign as directors of Zeta. It is proposed that Mr Peter Sullivan will be Non-Executive Chairman.

Details regarding Mr Sullivan are set out in section 3.4(a). Details regarding Mr Botha and Ms Xi are set out below:

#### **Marthinus Botha (aged 54) - Director**

Martin Botha is an Engineering Surveyor by training who has almost 30 years' experience in banking, with the last 24 years spent in leadership roles building Standard Bank plc's (part of The Standard Bank of South Africa Limited group of companies) international operations. Mr Botha's specific primary responsibilities have included establishing and leading the development of the core global natural resources trading and financing franchises, as well as various geographic strategies, including those in the Russian Commonwealth of Independent States, Turkey and Middle East. Mr Botha is currently Non-Executive Chairman of Sberbank CIB (UK) Ltd, a securities broker regulated by UK Financial Services Authority. Mr Botha graduated with first class honours from the University of Cape Town. Mr Botha is based in London.

**Ms Xi Xi (aged 37) – Non-Executive Director**

Xi Xi is a financial analyst with more than 10 years' experience in the mining, energy and natural resource industry. Her experience ranges 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 is currently a non-executive director of Noble Minerals Resources (ASX: NMG). 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. Ms Xi is based in New York and Shanghai.

**(b) Senior management**

Following implementation of the Scheme, Zeta will not appoint any senior management. It is proposed that Zeta will utilise the services of its directors and an investment manager. For further details regarding the investment manager, please refer to section 5.8. It is also Zeta's intention that Jamie Sullivan will continue as Managing Director of Kumarina. Peter Hutchinson has indicated that he intends to resign as a director of Kumarina, if the Scheme is implemented.

**(c) Employees**

Following implementation of the Proposal, Zeta will not have any employees.

**5.5 Capital structure and listings**

**(a) Capital structure**

If the Scheme is implemented, and assuming that all Kumarina Options are cancelled as described in section 8.12, the number of issued securities in the capital of Zeta immediately after implementation of the Proposal (based on the number of issued securities in the capital of Zeta and Kumarina as at the date of this Scheme Booklet) will be as follows:

	<b>Zeta Shares</b>	<b>Zeta Options</b>
Number of Zeta Shares and Zeta Options to be issued pursuant to the Scheme	17,775,525	3,555,105
Number of existing Zeta Shares and Zeta Options at the date of this Scheme Booklet	10,000,000 <sup>1</sup>	-
Number of Zeta Consideration Options to be issued as consideration for the cancellation of Kumarina Options as described in section 8.12	-	250,000 <sup>2</sup>
Number of Zeta Shares and Zeta Options to be issued pursuant to Capital Raising	25,000,000 <sup>3</sup>	5,000,000 <sup>3</sup>

	Zeta Shares	Zeta Options
Estimated number of Zeta Shares and Zeta Options to be issued to Utilico pursuant to the Asset Sale Agreement	38,283,128 <sup>4</sup>	7,656,625 <sup>4</sup>
<b>Number of issued securities in the capital of Zeta immediately following implementation of the Scheme</b>	<b>81,058,653</b>	<b>16,461,730</b>

#### Notes

- 1 Held by Utilico and to be deducted from the number of Zeta Shares to be issued to Utilico pursuant to the Asset Sale Agreement.
- 2 Assumes that the holder of the Kumarina Options will enter into an agreement with Zeta pursuant to which it agrees to the cancellation of its Kumarina Options in exchange for the grant of Zeta Consideration Options. Please refer to section 8.12 for further details.
- 3 Assumes that the Capital Raising is fully subscribed.
- 4 Assumes the market value of the Utilico Minority Interests, based on the 30 day VWAPs of each company which forms part of the Utilico Minority Interests as at 3 April 2013 and the agreed value of the Seacrest Subscription Rights as between Utilico and Zeta, being US\$700,000. This Number of Zeta Shares will be reduced by 10,000,000, being the number of Zeta Shares already held by Utilico.

#### (b) Utilico's holding

If the Scheme is implemented, and depending of the amount of subscriptions received under the Capital Raising, Utilico's holding in Zeta will be:

Capital Raising Subscription Level	No. Zeta Shares Held by Utlico	Total Zeta Shares on Issue	% Zeta Shares Held by Utilico	% Zeta Shares Held by Existing Kumarina Shareholders (other than Utilico)
Nil	40,082,969	56,058,653	71.50%	28.50%
\$12,500,000	40,082,969	68,558,653	58.47%	23.30%
\$25,000,000	40,082,969	81,058,653	49.45%	19.71%

#### Notes

The figures in the table assume that Utilico and the other existing Kumarina Shareholders will not participate in the Capital Raising. If Utilico does participate in the Capital Raising, which it currently does not intend to, its ownership will increase.

As indicated by the table above, the existing Kumarina Shareholders, other than Utilico, will have their proportionate interest in the Ilgarari and Murrin Murrin Projects significantly diluted as a result of the Scheme. However, existing Kumarina Shareholders will gain an interest in the Utilico Minority Interests. Following the implementation of the Scheme, the shareholding of existing Kumarina Shareholders, other than Utilico, in Zeta will represent a minority interest.

(c) **Listing on ASX**

The Proposal is conditional on approval from ASX for the listing of Zeta Shares and Zeta Options on ASX being obtained. Therefore, if the Proposal proceeds, Zeta Shares and Zeta Options will be listed on ASX. If approval is not obtained from ASX, then the relevant condition to the Proposal will not be met and the Proposal will not proceed, even if the Scheme is approved by Scheme Shareholders and by the Court.

**5.6 Pro-forma historical financial information**

(a) **Introduction**

This section 5.6 sets out a summary pro-forma historical statement of financial position as at 31 December 2012 for Zeta, as if the Scheme had been implemented.

(b) **Basis of preparation**

The pro-forma consolidated statement of financial position for Zeta included in this section has been prepared in accordance with the Australian accounting standards adopted by the Australian Accounting Standards Board (**AASB**). The pro-forma statement of financial position complies with International Financial Reporting Standards (**IFRS**) and interpretations adopted by the International Accounting Standards Board (**IASB**). The pro-forma statement of financial position is presented in an abbreviated form and consequently does not comply with all the presentation and disclosure requirements of AASB and IFRS. Any adjustments that have been made are shown as consolidation adjustments.

HLB Mann Judd has reported on the Pro Forma Financial Information, in an Investigating Accountant's Report which has been included as Annexure 5. Kumarina Shareholders should note the comments made in relation to the scope and limitations of the Investigating Accountant's Report.

(c) **Acquisition accounting**

The acquisition proposed within the Scheme document does not meet the definition of a business combination under AASB3 Business Combinations (IFRS 3 Business Combinations). As a result, the acquirer (Zeta) shall account for the transaction as an asset acquisition. The cost to the Zeta Group shall be allocated to the individual identifiable assets, liabilities and contingent liabilities, including intangible assets assumed on the basis of their relative fair values at the date of purchase.

(d) **Unaudited pro-forma statement of financial position**

The pro-forma balance sheet is presented on the basis of the completion of the intended capital raising and on the assumption that the following transactions occurred as at 31 December 2012:

- (i) the issue by Zeta pursuant to the Scheme of 17,775,525 Zeta Shares and 3,555,105 Zeta Options, as consideration for the acquisition of all of the issued capital of Kumarina;



- (ii) the issue by Zeta of 34,104,255 Zeta Shares and 6,820,851 Zeta Options, pursuant to the Asset Sale Agreement for the acquisition the Utilico Minority Interests;
- (iii) the issue buy Zeta, pursuant to the Capital Raising, of up to 25,000,000 Zeta Shares at an issue price of \$1.00, together with up to 5,000,000 free attaching Zeta Options, to raise up to \$25,000,000 before costs;
- (iv) the issue of 250,000 Zeta Consideration Options, as consideration for the cancellation of the existing Kumarina Options.
- (v) the write off to the issued capital account of the estimated costs of the Scheme Booklet being an estimated \$560,000; and
- (vi) the write off to the issued capital account of the estimated costs of the raising being an estimated \$1,250,000.

This information is presented on the basis of the following scenarios:

- (i) subscriptions received under the Capital Raising total \$25,000,000;
- (ii) subscriptions received under the Capital Raising total \$12,500,000 (on this basis, the estimated costs of the Capital Raising are \$625,000); and
- (iii) no subscriptions are received under the Capital Raising

No other transactions subsequent to 31 December 2012 have been reflected in the pro forma Statement of Financial Position.

As at 3 April 2013, the market value of the Utilico Minority Interests has increased by A\$4,178,873 to A\$38,283,128. On this basis, an additional 4,178,873 Zeta Shares and 835,774 Zeta Options will be issued.

The impact on the proforma Statement of Financial Position will be to increase total assets by A\$4,178,873 with a corresponding increase in issued capital.

Note that the following exchange rates have been assumed:

- (i) AUD:USD = 1.0384; and
- (ii) AUD: GBP = 0.6428.

### Pro forma Statement of Financial Position

	Reviewed as at 31 Dec 12 (\$000)	Nil Pro-Forma as at 31 Dec 12 (\$000)	\$12,500,000 Pro-Forma as at 31 Dec 12 (\$000)	\$25,000,000 Pro-forma as at 31 Dec 12 (\$000)
<b>Current Assets</b>				
Cash and cash equivalents	-	6,262	18,137	30,012
Trade and other receivables	-	31	31	31
<b>Total Current Assets</b>	-	<b>6,293</b>	<b>18,168</b>	<b>30,043</b>
<b>Non-Current Assets</b>				
Investments	-	34,104	34,104	34,104
Plant and equipment	-	80	80	80
Mineral assets	-	4,100	4,100	4,100
Other	-	2	2	2
<b>Total Non-Current Assets</b>	-	<b>38,286</b>	<b>38,286</b>	<b>38,286</b>
<b>Total Assets</b>	-	<b>44,579</b>	<b>56,454</b>	<b>68,329</b>
<b>Current Liabilities</b>				
Trade and other payables	-	79	79	79
Interest bearing loans and borrowings	-	-	-	-
<b>Total Current Liabilities</b>	-	<b>79</b>	<b>79</b>	<b>79</b>
<b>Total Liabilities</b>	-	<b>79</b>	<b>79</b>	<b>79</b>
<b>Net Assets</b>	-	<b>44,500</b>	<b>56,375</b>	<b>68,250</b>
<b>Equity</b>				
Issued capital	-	44,500	56,375	68,250
Reserves	-	-	-	-
Accumulated losses	-	-	-	-
<b>Total Equity</b>	-	<b>44,500</b>	<b>56,375</b>	<b>68,250</b>

## 5.7 Use of funds from the Capital Raising and Kumarina's existing cash

Prior to implementation of the Scheme, Zeta will conduct the Capital Raising to raise up to A\$25 million, by issuing up to 25,000,000 Zeta Shares at an issue price of A\$1.00 for each Zeta Share. In addition, subscribers under the Capital Raising will receive one free attaching Zeta Option for every five Zeta Shares issued to them. There is no minimum subscription under the Capital Raising. Funds raised from the Capital Raising, together with Kumarina's existing cash on hand, will be utilised by Zeta as follows:

	\$0 Subscription \$	\$12.5 Million Subscription \$	\$25 Million Subscription \$
Funds on hand at 31 December 2012	6,821,000	6,821,000	6,821,000
Funds from the Capital Raising	-	12,500,000	25,000,000
<b>Total funds available</b>	<b>6,821,000</b>	<b>19,321,000</b>	<b>31,821,000</b>
Exploration and development expenditure for Ilgarari and Murrin Murrin	1,500,000	2,000,000	2,500,000
Evaluation of new projects	500,000	1,000,000	1,500,000
New investments <sup>1</sup>	1,668,500	12,600,000	23,268,000
Net administration expenses <sup>2</sup>	592,500	530,000	730,000
Scheme expenses <sup>3</sup> (including ASX listing fees)	560,000	566,000	573,000
Capital Raising expenses <sup>4</sup>	-	625,000	1,250,000
Working capital <sup>5</sup>	2,000,000	2,000,000	2,000,000
<b>Total funds allocated</b>	<b>6,821,000</b>	<b>19,321,000</b>	<b>31,821,000</b>

**Notes**

1. ASX has provided in principle advice that it will classify Zeta as an "investment entity" for the purposes of the ASX Listing Rules. To the extent that Zeta has cash which is surplus to its operating requirements, Zeta intends to use such surplus cash executing its investment strategy.
2. Administration expenses<sup>2(a)</sup>

	750,000	950,000	1,150,000
Less interest received	(157,500)	(420,000)	(420,000)
<b>Net administration expenses</b>	<b>592,500</b>	<b>530,000</b>	<b>730,000</b>
- 2(a). Administration expenses:

Directors fees, salary and consultants	490,000	640,000	790,000
Compliance (audit, listing fees, etc)	80,000	80,000	90,000
Other	180,000	230,000	270,000
<b>Total administration expenses</b>	<b>750,000</b>	<b>950,000</b>	<b>1,150,000</b>
3. A breakdown of the Scheme expenses is set out in section 10.16. The Scheme expenses also include an estimate of the listing fees payable in respect of the quotation of Zeta Share and Zeta Options on ASX.
4. ASX listing fees in respect of the Zeta Shares and Zeta Options, issued pursuant to the Capital Raising, have been included in the Scheme expenses.
5. Unallocated working capital will be utilised by the Company in furtherance of its investment strategy and to consider other opportunities within the mineral resources sector, to pay for unbudgeted or additional exploration expenditure and in the administration of the Company.

If the subscriptions received under the Capital Raising are greater than \$12.5 million but less than \$25 million, the Zeta Group will reduce exploration and development expenditure on Ilgarari and Murrin Murrin by \$500,000 and also reduce expenditure on the evaluation of new projects by \$500,000. If the subscriptions received under the Capital Raising are greater than \$0 but less than \$12.5 million, the Zeta Group will reduce exploration and development expenditure on Ilgarari and Murrin Murrin by a further \$500,000 and also reduce expenditure on the evaluation of new projects by a further \$500,000.

Actual expenditure may differ significantly from the above estimates due to a number of factors including market conditions, the development of new opportunities, the results obtained from exploration and other factors (including the risk factors outlined in section 6). The consideration of new opportunities may result in Zeta expending funds on due diligence or other acquisition costs which may not be recouped through the ultimate acquisition and/or development of the project under consideration.

Zeta proposes to actively pursue further acquisitions and investments which complement the Ilgarari Project, Murrin Murrin Project and the Utilico Minority Interests. There may be a need to direct funds for this purpose or to raise additional capital.

The directors of Kumarina and Zeta believe that the Zeta Group will have sufficient working capital to meet its business obligations, as set out in the above table, upon implementation of the Scheme and the completion of the Capital Raising.

To capitalise on future opportunities and depending on the success of its activities the Zeta Group may require debt or further equity fundraisings.

## 5.8 Investment Management Agreement

Zeta and ICM have agreed to, and will enter into, the Investment Management Agreement, pursuant to which ICM will be appointed as Zeta's investment manager from the Implementation Date.

ICM is a Bermuda based fund manager and corporate adviser. It is licensed to carry on business as an exempted company pursuant to section 129A of the Bermuda Companies Act. ICM specialises in managing and advising on investments in relation to mining and resources, utilities and infrastructure, financial services, fixed interest products and agriculture. ICM is currently investment manager for Utilico and Utilico Emerging Markets Limited, which are both listed funds. ICM is also investment adviser to Bermuda Commercial Bank Limited, one of Bermuda's four licenced banks.

ICM's appointment under the Investment Management Agreement is for a period of 5 years. On this basis, it is envisaged that ICM will be actively involved in the management of Zeta for at least 5 years, following implementation of the Scheme. Further information regarding ICM can be found on ICM's website ([www.icm.bm](http://www.icm.bm)).

The key terms of the Investment Management Agreement are as follows:

### (a) Investment mandate

ICM shall be entitled to invest in the following classes of assets, on Zeta's behalf:

- (i) securities (being shares options or warrants) in listed and unlisted mining and resource companies;
- (ii) units in listed and unlisted mining and resource funds;
- (iii) bonds and convertible notes in listed or unlisted mining and resource companies
- (iv) direct investment in mining and resource projects; and
- (v) such other assets or investments, as may be approved in writing by the Zeta Directors from time to time,

(each a "**Permitted Asset Class**").

### (b) Services

ICM shall provide such investment management and advisory services to Zeta, as the Zeta Directors require from time to time, in connection with the management and investment of Zeta's assets and shall manage the investment, disposal and re-investment of Zeta's assets in accordance with Zeta's investment strategy and with a view to achieving Zeta's investment objectives.

(c) **Term**

The Investment Management Agreement has a term of 5 years from the Implementation Date, unless terminated earlier by Zeta or ICM.

(d) **Extension or renewal**

The Investment Management Agreement does not contain any provisions relating to the renewal or extension of the agreement at the end of its term.

(e) **Termination**

The Investment Management Agreement may be terminated in the following circumstances:

- (i) by Zeta giving 6 months' notice in writing to ICM (or such lesser period as Zeta and ICM agree in writing);
- (ii) by ICM giving 6 months' notice in writing to Zeta (or such lesser period as Zeta and ICM agree in writing);
- (iii) ICM's appointment may be terminated forthwith on notice from Zeta, if:
  - (A) ICM commits a material breach of the Investment Management Agreement and fails to rectify such breach within 30 days of being requested to do so;
  - (B) ICM enters into liquidation, whether voluntarily or compulsorily, or enters into any composition or compromise with its creditors, or suffers any similar action relating to a default in its obligations in respect of indebtedness;
  - (C) ICM has a receiver or administrator appointed in respect of any of its assets or undertaking; or
  - (D) ICM fails to obtain, or ceases to hold or comply with, any licence, permission, authorisation or consent required under any applicable law to permit it to carry out its obligations under the Investment Management Agreement;
- (iv) ICM may terminate its own appointment forthwith by giving notice to Zeta, if Zeta:
  - (A) commits a material breach of the Investment Management Agreement and fails to rectify such breach within 30 days of being requested to do so;
  - (B) enters into liquidation, whether voluntarily or compulsorily, or enters into any composition or compromise with its creditors, or suffers any similar action relating to a default in its obligations in respect of indebtedness; or
  - (C) has a receiver or administrator appointed in respect of any of its assets or undertaking; or

(v) forthwith by Zeta, if Zeta goes into voluntary liquidation pursuant to its Bye-laws.

Termination of the Investment Management Agreement is without prejudice to any claim by Zeta or ICM against the other for any breach of the Investment Management Agreement, prior to such termination, or any other rights which have accrued up to that point.

(f) **Fees**

ICM is entitled to a management fee and a performance fee as follows:

(i) **Management Fee**

On 31 March, 30 June, 30 September and 31 December each year during the term of the Investment Management Agreement (each a **Calculation Date**), the gross assets of Zeta, less all current liabilities and all holdings in funds or companies of which ICM or one of its subsidiaries is manager and/or adviser, shall be calculated, with the amount resulting being the **Funds Managed**. Within 10 Business Days after each Calculation Date, Zeta shall pay to ICM an amount equal to 0.125% of the Funds Managed on that Calculation Date (**Management Fee**). If any such period is less than three months, the Management Fee shall be reduced on a pro rated time basis.

(ii) **Performance Fee**

On each Calculation Date, Zeta shall pay ICM a fee (**Performance Fee**) determined as at each Calculation Date as follows:

$$PF = (A-B) \times 15\%$$

Where:

PF is the Performance Fee (excluding VAT), if any, payable to ICM;

A is Adjusted Equity Funds as at that Calculation Date;

B is the Base Equity Funds, being the higher of:

- (1) the Equity Funds of Zeta on the Implementation Date;
- (2) the Equity Funds on the last day of the Calculation Period in respect of which a Performance Fee was last paid under the Investment Management Agreement; and
- (3) the Equity Funds on the last day of the previous Calculation Period, increased by the Real Percentage Yield of the Reference Index during that Calculation Period,

for the purpose of the above calculation:

**Adjusted Equity Funds** means Equity Funds adjusted by adding back any dividends paid or accrued relating to that Calculation Period, plus any accrual for unpaid performance fees arising for that Calculation Period;

**Calculation Date** means the last day of each Calculation Period;

**Calculation Period** means each successive period starting on the first day of an accounting reference period of the Company and ending on the earlier of (i) the last day of that accounting reference period (ii) the termination of ICM's appointment for any reason and (iii) the commencement of the winding up of Zeta, provided that in respect of the first Calculation Period under the Investment Management Agreement, such period shall be deemed to have commenced on the Implementation Date;

**Equity Funds** means the net asset value (including revenue items) attributable to Zeta's Shares;

**Inflation** means the rate of Australian inflation in annual percentage terms calculated by reference to the year on year change in the Consumer Price Index excluding mortgage interest payments as issued by the Australian Bureau of Statistics, calculated as monthly average;

**Real Percentage Yield** means the average percentage income yield on the Reference Index for the relevant Calculation Period, calculated on a monthly basis, reduced by the percentage rate of UK corporation tax, plus Inflation; and

**Reference Index** means the S&P/ASX 300 Metals and Mining Index.

(g) **Exclusivity**

Under the Investment Management Agreement, Zeta is precluded from appointing another entity as a manager or as an adviser to act jointly with ICM, or otherwise, during the term of the Investment Management Agreement.

The Investment Management Agreement does not preclude ICM from providing investment management services to other entities and ICM does, currently, provide investment management services to other entities.

(h) **Discretions**

The Investment Management Agreement vests the following power and discretions in ICM:

- (i) subject to ICM's duties, all rights and powers of whatsoever nature as shall be necessary for ICM properly and efficiently to perform its services under the Investment Management Agreement; and
- (ii) subject to the requirement to obtain the prior written approval of the Zeta Directors for transactions or investments which have a value in excess of the higher of US\$5 million or 10% of Zeta's net tangible assets, discretion, on Zeta's behalf, to manage, buy, sell,



retain, convert, exchange or otherwise deal in Zeta's assets, which are in a Permitted Asset Class, as and when ICM thinks fit.

(i) **Related party protocols**

Subject to the requirement to obtain the prior written approval of the Zeta Directors, the Investment Management Agreement does not contain any protocols relating to transactions with related parties of ICM. The Investment Management Agreement provides that ICM may effect or advise on transactions which may involve a potential conflict of interest with its duty to Zeta, subject to the requirements to obtain the prior written approval of Zeta Directors, act in the best interests of Zeta and without prejudice to its obligation to comply with the objectives, policies and restrictions of Zeta.

(j) **Change of control provisions**

The Investment Management Agreement does not provide ICM or Zeta with any right to terminate the Investment Management Agreement if there is a change in control of the other. Further, the Investment Management Agreement does not provide either party with any pre-emptive rights over Zeta's portfolio or over ICM, upon a change of control of the other.

Based on market practice for investment management agreements, the Zeta Directors consider the terms and fees payable under the Investment Management Agreement to be arm's length and market practice. In addition, the Independent Expert has stated, in the Independent Expert's Report, that it considers the Investment Management Agreement to be at arm's length.

## 5.9 Terms and conditions of Zeta Options

The following terms and conditions apply to each Zeta Option:

(a) **Entitlement**

Each Zeta Option entitles the holder to subscribe for one Zeta Share upon exercise of the Zeta Option.

(b) **Exercise Price and Expiry Date**

The Zeta Options have an exercise price of A\$1.00 (**Exercise Price**) and an expiry date of the third anniversary from the date of issue (**Expiry Date**).

(c) **Exercise period**

The Zeta Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**

The Zeta Options may be exercised by notice in writing to Zeta (**Notice of Exercise**) and payment of the Exercise Price for each Zeta Option being exercised. Any Notice of Exercise of

a Zeta Option received by Zeta will be deemed to be a notice of the exercise of that Zeta Option as at the date of receipt.

(e) **Zeta Shares issued on exercise**

Zeta Shares issued on exercise of the Zeta Options rank equally with the then issued ordinary shares of Zeta.

(f) **Quotation of Zeta Shares on exercise**

Application will be made by Zeta to ASX for quotation of the Zeta Shares issued upon the exercise of the Zeta Options.

(g) **Timing of issue of Zeta Shares**

Within 10 Business Days after the receipt of a Notice of Exercise given in accordance with these terms and conditions, and payment of the Exercise Price for each Zeta Option being exercised, Zeta will allot and issue the Zeta Shares pursuant to the exercise of the Zeta Options.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Zeta Options and holders will not be entitled to participate in new issues of capital offered to Zeta shareholders during the currency of the Zeta Options. However, Zeta will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. This will give the holders of Zeta Options the opportunity to exercise their Zeta Options prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for bonus issues of Zeta Shares**

If Zeta makes a bonus issue of Zeta Shares or other securities to existing Zeta shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Zeta Shares which must be issued on the exercise of a Zeta Option will be increased by the number of Zeta Shares which the holder of Zeta Options would have received if the holder of Zeta Options had exercised the Zeta Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(j) **Adjustment for rights issue**

If Zeta makes an issue of Zeta Shares pro rata to existing Zeta shareholders, there will be no adjustment of the Exercise Price of a Zeta Option.

(k) **Adjustments for reconstruction**

If there is any reconstruction of the issued share capital of Zeta, the rights of the holders of Zeta Options may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) **Quotation of the Zeta Options**

Zeta will apply for quotation of the Zeta Options on ASX.

(m) **Zeta Options transferable**

The Zeta Options are transferable, subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(n) **Lodgement instructions**

Cheques shall be in Australian currency made payable to Zeta and crossed "Not Negotiable". The application for Zeta Shares on exercise of the Zeta Options with the appropriate remittance should be lodged at Zeta's Share Registry.

### **5.10 Dividend policy**

Kumarina does not have any current intention to declare or pay a dividend on Kumarina Shares and Zeta does not have any current intention to declare or pay a dividend on Zeta Shares. At present, neither Kumarina nor Zeta has a dividend policy.

### **5.11 Employee incentive plans**

Zeta does not currently have any employee incentive plans. After implementation of the Proposal, Zeta will consider adopting an appropriate incentive plan. Any such plan will only be implemented if it is approved by Zeta shareholders.

## 6. Risks of Acquiring Zeta Shares and Zeta Options

If the Proposal is implemented, Kumarina Shareholders will be issued Zeta Shares and Zeta Options under the Scheme. There are a number of risks associated with an investment in Zeta.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of Scheme Shareholders. Neither Kumarina nor Zeta gives any assurances or guarantees of future performance or profitability of, or payment of dividends by, the Zeta Group. Additionally, neither Kumarina nor Zeta gives any assurances or guarantees that the risks set out in this Scheme Booklet will not change. Future dividends (if any), the value of the Zeta Group's assets, and the market value or price of the Zeta Shares and Zeta Options quoted on ASX, may be influenced by these and other risk factors. Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the Zeta Group are outside the control of Zeta, Kumarina and the Zeta Group. The past performance of Kumarina is not necessarily representative of the future performance of the Zeta Group or the value of Zeta Shares or Zeta Options.

Each Scheme Shareholder should consult their professional adviser if they have any queries.

### 6.1 Risks arising from the change of jurisdiction

#### (a) Changes to corporate law environment

As a company incorporated in Bermuda, Zeta is not subject to many provisions of the Corporations Act to which Kumarina is currently subject. It does, however, remain subject to some provisions of the Corporations Act as a result of its registration as a foreign company in Australia and will be subject to the ASX Listing Rules, upon listing on ASX. This will result in reduced investor and shareholder protections following implementation of the Scheme. For example, Zeta shareholders will not be afforded the takeover protection provisions contained in Chapter 6 of the Corporations Act and which are currently available to Kumarina Shareholders. As set out in further detail in section 7 of this Scheme Booklet, no takeover protection is provided by the Bermuda Companies Act.

#### (b) Changes to tax environment

Should there be any changes in Bermudian tax law, in particular, if Bermuda imposes a dividend withholding tax regime, this could have an adverse cash impact on shareholders of Zeta.

### 6.2 Risks related to the Utilico Minority Interests and future operations of the Zeta Group

#### (a) Risks related to the Utilico Minority Interests

Following implementation of the Proposal, the Zeta Group will own the Utilico Minority Interests. As a result the Zeta Group will become subject to the risks which affect each of those companies which, together, form the Utilico Minority Interests. Given that the

companies, which form the Utilico Minority Interests, are involved in the mining and resources industry, many of those risks will include those discussed in section 6.3.

In addition, the Zeta Group will become subject to the country risk of each of the countries in which the companies which form the Utilico Minority Interests, operate. These countries include Australia, East Timor, Egypt, Mali, New Zealand, Tanzania and Vietnam. Political changes, conflict and changes in government policies may impact the profitability and viability of the operations of the companies which form the Utilico Minority Interests. Any such impact may have a knock on effect in relation to the Zeta Group.

**(b) Ability to raise additional capital**

The extent to which the Zeta Group will require additional capital (debt or equity) will depend upon, among other things, the degree to which it generates positive cash flows from its operations. There is a risk that any positive cash flows generated will not be sufficient to implement medium to long-term strategic objectives of the Zeta Group, in which case the Zeta Group may need to consider raising additional capital.

Such capital, if it is available, could be raised by way of the issue of additional equity or debt or other appropriate means determined by the Zeta Group. However, the Zeta Group's ability to raise capital (whether equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Zeta Group will vary according to a number of factors, including the Zeta Group's prior performance, success of exploration and development programs, any feasibility studies, capital market and industry conditions and the price of relevant commodities and exchange rates.

There is no assurance that the Zeta Group will be successful in obtaining required financing as and when needed. Volatile markets for gold, copper and other minerals may make it difficult or impossible for the Zeta Group to obtain equity or debt financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Zeta Group to postpone any development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations, and impact on its ability to implement its planned strategy.

**(c) Investment in publicly quoted securities**

Zeta's investment in the listed companies which form the Utilico Minority Interests may be difficult to realise. The value of Zeta's investments in the listed companies which form the Utilico Minority Interests may go down as well as up and the market price of Zeta's investments in the companies which form the Utilico Minority Interests may not reflect the underlying value of those investments. Zeta may therefore realise less than, or lose all of, its investment in the listed companies which form the Utilico Minority Interests.

**(d) Volatility**

The share price of emerging companies quoted on stock exchanges can be highly volatile and shareholdings illiquid. The price at which the securities of the companies which form the

Utilico Minority Interests are quoted and the price at which Zeta may realise their investments in the companies which form the Utilico Minority Interests may be influenced by a significant number of factors, some specific to the companies which form the Utilico Minority Interests and their operations and some which affect quoted companies generally. These factors could include the performance of those companies, large purchases or sales of the securities of those companies, legislative changes and general, economic, political or regulatory conditions.

### 6.3 Risks common to Kumarina and Zeta

If the Proposal is implemented, the business operations of Zeta will, initially, be similar to the business operations of Kumarina, with the addition of the Utilico Minority Interests. Many of the risks of an investment in Zeta are, therefore, similar to the risks to which Kumarina Shareholders are currently exposed. Some of these risks include the following:

#### Risks relating to the Zeta Group's operations and industry

##### (a) General economic conditions

The financial markets globally have experienced significant volatility and market participants have faced significant liquidity constraints since the onset of the global financial crisis, which began to unfold in the autumn of 2007 and worsened after August 2008. While Australia's economy has not been affected to the same extent as most other countries, the global financial turmoil has still affected Australia's economy, causing declines in debt and equity prices. A side effect of these events was an increased concern about the stability of the financial markets generally and the strength of counterparties, and many lenders and institutional investors reduced funding to borrowers, which significantly reduced the liquidity in the global financial system.

In response to the crisis, the governments of many countries, including Australia, took unprecedented actions to restore investor confidence, provide liquidity and support medium-term growth. While many countries, including Australia, have reported improvement of the situation in the financial markets, a further economic downturn could still occur, and additional state support measures might be required. Adverse changes arising from systemic risks in global financial systems could slow or disrupt the economies of many countries, thereby adversely affecting the Zeta Group's access to capital and the cost of capital and, more generally, its business, prospects, financial condition, cash flows and results of operations.

##### (b) Nature of mineral exploration and mining

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties. For example, unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by the Zeta Group may be affected by numerous factors which are beyond the Zeta Group's control and which cannot be accurately predicted, such as market

fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in the Zeta Group not receiving an adequate return on invested capital.

While the discovery of a mineral structure may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures may be required to establish reserves by drilling, constructing, mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on the Zeta Group's projects or the current or proposed exploration programmes on any of the properties in respect of which the Zeta Group has exploration rights will result in a profitable commercial mining operation.

The Zeta Group's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of precious metals and base metals, any of which activities could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. The Zeta Group's activities may be subject to prolonged disruptions due to adverse weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

Development and operation of mines and production and processing facilities may also be affected by mechanical difficulties, operational errors, labour disputes, damage to or shortage of equipment, earthquakes, fires or other natural disasters, civil unrest, leaks or pollution. These events are largely beyond the control of the Zeta Group.

Whether a precious metal or a base metal deposit will be commercially viable depends on a number of factors, some of which are particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of precious metals or base metals and environmental protection). The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Zeta Group not receiving an adequate return on invested capital.

(c) **Actual reserves and resources may be lower than current estimates**

Declared mineral resources are best estimates that may change as new information becomes available. Consequently, the Zeta Group's mineral resources (and when appropriate, ore reserves) may be revised up or down. Actual mineral resources may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels. Mineral resource data is not indicative of the future results of operations. If the Zeta Group's actual mineral resources are less than current estimates, the Zeta Group's business, results or operations and financial condition may be materially and adversely affected.

**(d) Geology and reserves**

To assess, commission and maintain precious and base metal production in the future, the Zeta Group will be required to delineate reserves. Any precious and base metal exploration programme entails risks relating to the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities at any site chosen for mining. No assurance can be given that any exploration programme will result in any commercial mining operation or in the discovery of new resources or the upgrading of existing resources, and any new resources, to reserves.

A decline in the market price of precious and base metals may render the Zeta Group's existing resources or any new resources, which are subsequently discovered, uneconomic.

**(e) Exploitation risks**

There can be no assurance that any resources recovered can be brought into profitable production. Market price fluctuations, increased production costs or reduced recovery rates, or other factors may render the present estimated or inferred resources of the Zeta Group uneconomical or unprofitable to develop at a particular site or sites.

Further the Zeta Group may not be able to exploit commercially viable discoveries which it owns or in which it acquires an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Zeta Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the Zeta Group may not be able to meet. As a result of such delays, the Zeta Group may incur additional costs, losses or lose revenue or part or all of its equity in a licence. If at any stage the Zeta Group is precluded from pursuing its exploration programme or the exploration programme is not continued, the Zeta Group's business, result of operations, financial condition and/or growth prospects may be materially and adversely affected. Additionally, should the regulatory regime in an applicable jurisdiction in which the Zeta Group operates or wishes to exploit mining rights be modified in a manner which adversely affects natural resources facilities or projects, including taxes and permit fees, the returns to the Zeta Group may be adversely affected.

**(f) Commercial risks of mineral exploration and extraction**

Even if the Zeta Group recovers quantities of minerals, there is a risk the Zeta Group will not achieve a commercial return. The Zeta Group may not be able to sell the minerals to customers at a price and quantity which would cover its operating and other costs.

**(g) Metal price risk**

The market price of metals is volatile and beyond the Zeta Group's control and may adversely affect the feasibility or future profitability of potential projects. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can



all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The decision to put a mine into production, and the commitment of the funds necessary for that purpose, must be made long before the first revenues from production will be received. Metal price fluctuations as well as forecast production costs between the time that such a decision is made and the commencement of production can completely change the economics of any mine. Although it is possible to protect against metal price fluctuations by hedging in certain circumstances, the volatility of metal prices represents a substantial risk in the mining industry generally, which no amount of planning or technical expertise can eliminate.

It is not possible to accurately predict future movements in metal prices or supply and demand dynamics for the minerals in which the Zeta Group operates or may, in the future, operate particularly in the current uncertain economic environment.

(h) **Insurance**

While the Zeta Group may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Zeta Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Zeta Group's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Zeta Group's earnings and competitive position in the future and, potentially, its financial position.

(i) **Operational targets and delays**

The Zeta Group's operational targets will be subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Zeta Group's personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Zeta Group.

(j) **Native title**

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Zeta Group's operations and future plans.

Native title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters.

native title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act. For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

Tenements which comprise the Ilgarari Project and the Murrin Murrin Project are currently subject to native title claims (for further information, see the Solicitor's Report on Tenements in Annexure 6). However, the existence of a native title claim is not an indication that native title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Zeta Group must also comply with Aboriginal heritage legislation requirements for its Australian projects. This requires heritage survey work to be undertaken ahead of the commencement of mining operations.

**(k) Exploitation, exploration and mining licences**

The Zeta Group's exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining licence will be granted with respect to exploration territory. There can also be no assurance that any exploration licence will be renewed or if so, on what terms. These licences place a range of past, current and future obligations on the Zeta Group. In some cases there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

**(l) Competition**

The mining industry is intensely competitive in all of its phases and the Zeta Group competes with many companies possessing greater financial and technical resources than the Zeta Group. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for minerals, but conduct refining and marketing operations on a global basis. Such competition may result in the Zeta Group being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Zeta Group's prospects for mineral exploration and success in the future.

(m) **Risks of potential future acquisitions**

In the future, as part of its growth strategy, the Zeta Group may acquire other companies or businesses, including mineral interests. Acquisitions by the Zeta Group may require the use of significant amounts of cash, dilutive issues of equity securities and the incurrence of debt, each of which could have a material adverse effect on the Zeta Group's business, results of operations, financial condition or the market price of Zeta Shares and Zeta Options.

Acquisitions involve numerous risks, including difficulties with the assimilation of the operations of any acquired business or group and the diversion of management's attention from other business concerns. If such acquisitions do occur, there can be no assurance that the Zeta Group's business, results of operations or financial condition would not be materially and adversely affected thereby. The implementation of future acquisitions which the Zeta Group may wish to make could be affected by regulatory and other restraints and factors.

(n) **Dependence on key personnel**

In common with other services and businesses in this industry sector, the Zeta Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the Zeta Group is, and will continue to be to a significant extent, dependent on the expertise and experience of the key personnel and the loss of one or more of such key personnel could have a material adverse effect on the Zeta Group. The Zeta Group will compete with numerous other mineral companies (many of which have greater resources) and individuals for the recruitment and retention of qualified employees and contractors.

(o) **Dilution of shareholders' interests**

The Zeta Group is likely to need to raise additional funds in the future to finance its investments and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Zeta Group, other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Zeta Shares.

(p) **Exchange rate risk**

The Kumarina Group currently reports its financial results and maintains its accounts in Australian dollars. The Zeta Group will report its financial results and maintain its accounts in US dollars. Following implementation of the Proposal, the Zeta Group will have interests in companies which are quoted on stock exchanges in Australia, Canada, New Zealand and the United Kingdom and will, therefore, be exposed to fluctuations in the value of the currencies in which those stocks are traded. There can be no assurance that the Zeta Group will not be materially and adversely affected thereby.

(q) **Environmental risk**

The exploration for minerals, development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If any Zeta Group company is responsible for any environmental damage, the Zeta Group may incur substantial remediation costs or liabilities to third parties.

The Zeta Group may be involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessments and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the Zeta Group may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the Zeta Group.

(r) **Counterparty risk**

There is a risk, which is higher in the current uncertain economic environment, that contracts and other arrangements to which any of the members of the Zeta Group are party and obtain a benefit (such as service and supply agreements) will not be performed by the relevant counterparties, including if those counterparties become insolvent or are otherwise unable to perform their obligations.

**Litigation and regulatory risks**

(s) **Litigation risks**

Legal proceedings may arise from time to time in the course of the Zeta Group's activities. There have been cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Zeta Directors cannot preclude that such litigation may be brought against a member of the Zeta Group in the future from time to time.

(t) **Regulatory approval**

The directors believe that the Zeta Group holds or will obtain all necessary approvals, licences and permits under applicable laws and regulations in respect of its projects and believes it is presently complying in all material respects with the terms of such approvals, licences and permits. However, such approvals, licences and permits are subject to change in various circumstances and further project specific governmental decrees and/or legislative enactments may be required. There can be no guarantee that the Zeta Group will be able to obtain or maintain all necessary approvals, licences and permits that may be required.

(u) **Economic, political, judicial, administrative, taxation or other regulatory factors**

The Zeta Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in Australia (which is where the Zeta Group operating assets are located) and other countries where it may operate in the future or in which companies, in which the Zeta Group has an investment, currently operate. These risks and uncertainties include, but are not limited to: hyperinflation; labour unrest; risk of war or civil unrest; expropriation and nationalisation; renegotiations or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; terrorist activities; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

**General risk factors**

(v) **Investment in publicly quoted securities**

Prospective investors should be aware that the value of Zeta Shares or Zeta Options may go down as well as up and that the market price of Zeta Shares or Zeta Options may not reflect the underlying value of the Zeta Group. Investors may therefore realise less than, or lose all of, their investment.

(w) **Potentially volatile share price and liquidity**

The share price of emerging companies quoted on ASX can be highly volatile and shareholdings illiquid. The price at which the Zeta Shares and Zeta Options are quoted and the price at which investors may realise their Zeta Shares or Zeta Options may be influenced by a significant number of factors, some specific to the Zeta Group and its operations and some which affect quoted companies generally. These factors could include the performance of the Zeta Group, large purchases or sales of Zeta Shares or Zeta Options, legislative changes and general, economic, political or regulatory conditions.

(x) **Market perception**

The market price of Zeta Shares and Zeta Options could be subject to significant fluctuations due to a change in sentiment in the market following implementation of the Scheme.

Any such fluctuations could result from national and global economic and financial conditions, the market's response to the Proposal, changes in metal prices, market perceptions of Kumarina and the Utilico Minority Interests, regulatory changes affecting Zeta Group's operations, variations in Zeta Group's operating results, business developments of Zeta Group companies or their competitors and liquidity of financial markets.



The operating results and prospects of the Zeta Group from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of Zeta Shares and Zeta Options.

## 7. Summary of Certain Aspects of Bermuda Law

### 7.1 Introduction

If the Proposal is implemented, Kumarina Shareholders will hold shares and options in a company incorporated in Bermuda, rather than a company incorporated in Australia. As a company incorporated in Bermuda, Zeta:

- will be subject to the provisions of the Bermuda Companies Act, and will not be subject to many provisions of the Corporations Act; and
- will be subject to Bermuda taxation laws, which may have different consequences for Kumarina Shareholders than Australian taxation laws.

A summary of the significant provisions of the Bermuda Companies Act to which Zeta will be subject, and some of the key differences from the equivalent provisions of the Corporations Act, is set out in sections 7.2 and 7.3 respectively. A summary of Bermuda tax considerations that are relevant to holding shares or options in a company incorporated in Bermuda is set out in section 7.4.

### 7.2 Summary of certain provisions of Bermuda law

Set out below is a summary of certain provisions of Bermuda company law. As a number of these provisions are capable of being qualified by the constitutive documents of a company, it is important that this summary be read in conjunction with the memorandum of association and bye-laws of Zeta. Copies of Kumarina's constitution and Zeta's bye-laws are available on Kumarina's website before the Implementation Date and will subsequently be available on Zeta's website following the Implementation Date. Copies will also be available for inspection and comparison at Kumarina's registered office during normal business hours.

The following statements are summaries, and they do not address all aspects of Bermuda law that may be relevant to Zeta or its shareholders.

#### (a) Duties of directors

The bye-laws of Zeta provide that its business is to be managed and conducted by its board of directors (the **Zeta Board**). At common law, members of a board of directors owe a fiduciary duty to the company to act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfil the duties of their office honestly. This duty includes the following elements: (i) a duty to act in good faith in the best interests of the company; (ii) a duty not to make a personal profit from opportunities that arise from the office of director; (iii) a duty to avoid conflicts of interest; and (iv) a duty to exercise powers for the purpose for which such powers were intended. The Bermuda Companies Act also imposes a duty on directors and officers of a Bermuda company to: (i) act honestly and in good faith with a view to the best interests of the company; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Bermuda Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of the company.

(b) **Challenging the actions of directors**

Directors and officers of a Bermuda company generally owe fiduciary duties to the company, and not to the company's individual shareholders. Zeta shareholders may not have a direct cause of action against Zeta's directors (see "Shareholders' suits" below).

(c) **Shareholders' suits**

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

The bye-laws of Zeta contain a provision by virtue of which its shareholders waive any claim or right of action that they have, both individually and on Zeta's behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer.

(d) **Interested directors**

Bermuda law and Zeta's bye-laws provide that if a director has an interest in a material contract or proposed material contract with Zeta or any of its subsidiaries or has a material interest in any person that is a party to such a contract, the director must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the directors. Zeta's bye-laws provide that, after a director has made such a declaration of interest, he is allowed to be counted for the purpose of determining whether a quorum is present and to vote on a transaction in which he has an interest, unless disqualified from doing so by the chairman of the relevant board meeting.

(e) **Indemnification of directors**

Section 98 of the Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 further



provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Bermuda Companies Act.

Zeta's bye-laws provide that it indemnifies its officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty in relation to the company. Such bye-laws further provide that the shareholders waive all claims or rights of action that they might have, individually or in right of the company, against any of Zeta's directors or officers for any act or failure to act in the performance of such director's or officer's duties, except in respect of any fraud or dishonesty of such director or officer. Section 98A of the Bermuda Companies Act permits Zeta to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not Zeta may otherwise indemnify such officer or director.

**(f) Inspection of corporate records**

Members of the general public have a right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the company's memorandum of association, including its objects and powers, and certain alterations to the memorandum of association. The shareholders have the additional right to inspect the bye-laws of the company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. The register of shareholders of a company is also open to inspection by shareholders without charge, and by members of the general public on payment of a fee. The register of shareholders is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of shareholders for not more than thirty days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records. Where a company, the shares of which are listed on an appointed stock exchange (such as ASX), sends its summarised financial statements to its shareholders pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements (as well as the summarised financial statements) must be made available for inspection by the public at the company's registered office.

**(g) Voting rights and quorum requirements**

Under Bermuda law, the voting rights of shareholders are regulated by the company's bye-laws and, in certain circumstances, by the Bermuda Companies Act. Pursuant to Zeta's bye-laws, the quorum required for a general meeting of shareholders is two or more persons entitled to vote present in person or by proxy throughout the meeting. Generally, except as otherwise provided in the bye-laws, or the Bermuda Companies Act, any action or resolution requiring approval of the shareholders may be passed by a simple majority of votes cast.

Any individual who is a shareholder of Zeta and who is present at a meeting may vote in person, as may any corporate shareholder that is represented by a duly authorised representative at a meeting of shareholders. Zeta's bye-laws also permit attendance at general meetings by proxy, provided the instrument appointing the proxy is in the form specified in the bye-laws or such other form as the Zeta Board may determine. Under Zeta's bye-laws, each holder of ordinary shares is entitled to one vote per ordinary share held.

**(h) Approval of corporate matters by written consent**

The Bermuda Companies Act provides that shareholders may take action by written consent. A resolution in writing is passed when it is signed by the shareholders of the company who at the date of the notice of the resolution represent such majority of votes as would be required if the resolution had been voted on at a meeting or when it is signed by all the shareholders of the company or such other majority of shareholders as may be provided by the bye-laws of the company.

**(i) Variation of rights attaching to shares**

Pursuant to Zeta's bye-laws, if, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of 75% of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. Zeta's bye-laws further provide the rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of such shares or series, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(j) Transfer of shares**

The Zeta Board may refuse to register any transfer of uncertificated shares where the ASX Listing Rules so permit and shall refuse to register any transfer of shares where the ASX Listing Rules so require or where the transfer is in breach of the ASX Listing Rules or the Bermuda Companies Act.

The permission of the Bermuda Monetary Authority is required, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares of Bermuda companies (which, subject to the below would otherwise include Zeta Shares) to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the Bermuda Monetary Authority has granted a general permission. The Bermuda Monetary Authority, in its notice to the public dated 1 June 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any "Equity Securities" of the company (which includes Zeta Shares) are listed on an "Appointed Stock Exchange" (which includes ASX).

(k) **Calling of shareholders meetings**

Unless the shareholders of a company have elected by shareholder resolution to waive the requirement, under Bermuda law, a company is required to convene at least one general meeting of shareholders each calendar year. Bermuda law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote at general meetings. Bermuda law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting. Zeta's bye-laws provide that the President or the Chairman (if any), or any two directors, or any director and the company secretary, or the board of directors, may convene an annual general meeting or a special general meeting. Under Zeta's bye-laws, at least 21 days' notice of an annual general meeting or a special general meeting must be given to each shareholder entitled to vote at such meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if such notice is agreed: (i) in the case of an annual general meeting by all of the shareholders entitled to attend and vote at such meeting; or (ii) in the case of a special general meeting by a majority in number of the shareholders entitled to attend and vote at the meeting holding not less than 95% in nominal value of the shares entitled to vote at such meeting. The quorum required for a general meeting of shareholders is two or more persons entitled to vote present in person or by proxy throughout the meeting.

It is intended that shareholder meetings of Zeta will be held in the location where the majority of Zeta's shareholder base is located, at the time of calling the relevant shareholder meeting. If there are a significant number of Zeta shareholders in locations other than where a shareholder meeting is scheduled to be held, Zeta will endeavour to make arrangements, both with regard to the timing of the meeting and the use of technology at the meeting, so as to enable shareholders, who do not reside in the same place as the scheduled location of the shareholder meeting, to participate in such a meeting.

(l) **Dividends**

Under Bermuda law, a company may not declare or pay dividends if there are reasonable grounds for believing that: (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) that the realisable value of its assets would thereby be less than its liabilities. Under Zeta's bye-laws, each ordinary share is entitled to dividends if, as and when, dividends are declared by the Zeta Board, subject to any preferred dividend right of the holders of any preference shares.

(m) **Shareholder proposals**

Shareholder(s) may, as set forth below and at their own expense (unless the company otherwise resolves), require the company to: (i) give notice to all shareholders entitled to receive notice of the annual general meeting of any resolution that the shareholder(s) may properly move at the next annual general meeting; and/or (ii) circulate to all shareholders entitled to receive notice of any general meeting a statement in respect of any matter referred to in the proposed resolution or any business to be conducted at such general meeting. The

number of shareholders necessary for such a requisition is either: (i) any number of shareholders representing not less than 5% of the total voting rights of all shareholders entitled to vote at the meeting to which the requisition relates; or (ii) not less than 100 shareholders.

(n) **Amalgamations, mergers and business combinations**

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation or merger agreement, and the quorum for such meeting must be two persons at least holding or representing more than one-third of the issued shares of the company (or class, as the case may be).

Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who did not vote in favour of the amalgamation or merger and who is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the shareholders' meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares.

Each share of an amalgamating or merging company carries the right to vote in respect of an amalgamation or merger whether or not it otherwise carries the right to vote.

(o) **Takeovers**

An acquirer of a Bermuda company is generally able to acquire compulsorily the ordinary shares of minority holders in the following ways:

- (i) By a procedure under the Bermuda Companies Act known as a "scheme of arrangement". A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of ordinary shares, representing in the aggregate a majority in number and at least 75% in value of the ordinary shareholders present and voting at a court ordered meeting held to consider the scheme or arrangement. The scheme of arrangement must then be sanctioned by the Supreme Court of Bermuda. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of ordinary shares could be compelled to sell their shares under the terms of the scheme of arrangement.
- (ii) If the acquiring party is a company it may compulsorily acquire all the shares of the target company, by acquiring pursuant to a tender offer 90% of the shares or class of shares not already owned by, or by a nominee for, the acquiring party (the "**offeror**"), or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the shares or class of shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-

tendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares unless the Supreme Court of Bermuda (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.

- (iii) Where one or more parties holds not less than 95% of the shares or a class of shares of a company, such holder(s) may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

(p) **Transactions requiring shareholder approval**

The types of "transactions" that require shareholder approval under Bermuda law are determined on a case by case basis and are governed by the Bermuda Companies Act and Zeta's bye-laws. Generally speaking, the following types of transactions will require shareholder approval: amalgamations, business combinations, mergers, schemes of arrangement, compromises among creditors and/or members, voluntary liquidations, certain repurchases of shares, certain alterations of capital and variations of the rights attaching to shares. The above does not purport to be an exhaustive list but sets out common transactions which require shareholder approval.

(q) **Disclosure of periodic financial information**

The Bermuda Companies Act requires that a Bermuda company make available to members the financial statements for the relevant accounting period. This requirement may be waived if all of the members and all of the directors of the company agree. Subject to certain exceptions provided in the Bermuda Companies Act, a company must send to every member a copy of financial statements, prepared in accordance with generally accepted accounting principles and containing all such information and documents as required by the Bermuda Companies Act (**Financial Statements**), at least five days before the general meeting of the company at which the Financial Statements are to be tabled.

A Bermuda company listed on an appointed stock exchange may send to its members summarised financial statements derived from the Financial Statements for the relevant period instead of the Financial Statements. The summarised financial statements must include a summarised report of the Financial Statements. The summarised financial statements must be sent to members not less than 21 days before the general meeting at which the Financial Statements are to be tabled, and a copy of the summarised financial statements must be made available for inspection by the public at the company's registered office. The company must also make a copy of the full Financial Statements available for inspection by the public at the

company's registered office. Summarised financial statements must be accompanied by a notice informing members how they may elect to receive the company's Financial Statements.

(r) **Information to be sent to security holders**

A Bermuda company must provide to its shareholders notices of general meetings, the financial statements of the company and other documents as required under the Bermuda Companies Act.

**7.3 Comparison of key differences between Corporations Act and Bermuda Companies Act**

The summary set out below is a general description of some of the principal differences between the Corporations Act and the Bermuda Companies Act. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing shares subject to these laws. The laws, regulations, policies and procedures described below are subject to change from time to time.

<b>Bermuda Companies Act</b>	<b>Corporations Act</b>
<b>Purchase of own shares</b>	
<p>In Bermuda, a company has the power, subject to its bye-laws, to purchase its own shares. A company may not purchase its own shares if on the date the purchase is to be effected, there are reasonable grounds for believing the company is, or after the purchase would be, unable to pay its liabilities as and when they become due. A purchase by a company of its own shares may be authorised by the company's board of directors.</p>	<p>In Australia, a company has the right to buy back its shares under the Corporations Act. A company may conduct a number of different types of share buy-backs. Depending on the type of share buy-back conducted and the number of shares the company proposes to buy-back, the proposal may need to be approved by a resolution of shareholders.</p>
<b>Takeovers</b>	
<p>The Bermuda Companies Act does not prescribe a regime for the conduct of takeovers or contain a general prohibition on acquisitions of interests in Bermuda companies beyond a certain threshold in the same way as the Corporations Act.</p>	<p>In Australia, the Corporations Act governs a takeover. The Corporations Act contains a general rule that a person must not acquire a "Relevant Interest" in issued voting shares of a company if, because of the transaction, a person's voting power in the company:</p>

Bermuda Companies Act	Corporations Act
<p>The Bermuda Companies Act provides two different regimes for compulsory acquisition of the shares of minority holders holding less than 10% or less than 5% of the issued share capital of a Bermuda company. Further details are set out in section 7.2(o) above.</p>	<p>(i) increases from 20% or below to more than 20%; or</p> <p>(ii) increases from a starting point, which is above 20% but less than 90%.</p> <p>Certain exceptions apply, such as acquisitions of Relevant Interests in voting shares made under takeover bids or made with shareholder approval, or creeping acquisitions of 3% per 6 months.</p> <p>Australian law permits compulsory acquisition by 90% holders.</p>

#### Substantial shareholdings

<p>The Bermuda Companies Act does not require a shareholder to provide notice to the company or any stock exchange regardless of the size of that shareholder's shareholding.</p>	<p>Under the Corporations Act, a shareholder who begins to or ceases to have a "substantial holding" in a listed company, or has a substantial holding in a listed company and there is a movement of at least 1% in their holding, must give notice to the company and to the ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company.</p>
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#### Amalgamations, Mergers and Business Combinations

<p>The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such a meeting is required to approve the amalgamation agreement, and the quorum for such a meeting must be two persons at least holding or representing more than one-third of the issued shares of the company (or class of shares, as the case may be).</p>	<p>The Corporations Act contains no equivalent to the concept of an 'amalgamation' as set out in the Bermuda Companies Act.</p>
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<b>Bermuda Companies Act</b>	<b>Corporations Act</b>
<p>Each share of an amalgamating or merging company carries the right to vote in respect of an amalgamation or merger whether or not it otherwise carries the right to vote.</p>	

#### **Shareholders' suits**

<p>Class actions and derivative actions are generally not available to shareholders under the Bermuda Companies Act. As mentioned in section 7.2(c) above, the Bermuda courts would ordinarily be expected to permit a shareholder to commence an action in the name of the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in a violation of the company's bye-laws.</p>	<p>Under the Corporations Act, a shareholder may sue a wrongdoer on behalf of himself or herself and all fellow members who are not among the wrongdoers in the company's name in respect of wrongs done to the company.</p>
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#### **Interested directors and dealings with controlling shareholders**

<p>A director must disclose to the company if that director has an interest in a material contract or proposed material contract with the company or any of its subsidiaries. A director is not precluded from voting at meetings of the board by reason of having a material personal interest in the subject matter under consideration by the board.</p>	<p>A director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matter is being considered at the meeting, or vote on the matter, except where that director's participation is approved by ASIC or by the other directors who do not have a material personal interest in the matter.</p>
<p>The Bermuda Companies Act does not contain any provisions relating to dealings with directors, other than the requirement to disclose interests noted above, or controlling shareholders</p>	<p>Dealings with directors and controlling shareholders are regulated by related party provisions discussed below.</p>



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**Bermuda Companies Act****Corporations Act**

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**Indemnification of directors**

The Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company.

A company may indemnify a director, officer or auditor but may not provide an indemnity for a liability owed to the company or a related body corporate, a liability for a pecuniary penalty order or compensation order under the Corporations Act, or a liability that is owed to someone other than the company or a related body corporate and did not arise out of conduct in good faith.

**Related party transactions**

The Bermuda Companies Act contains limited restrictions on related party transactions.

However, as an entity listed on the ASX, Zeta will be subject to the restrictions on related party transactions contained in Chapter 10 of the ASX Listing Rules following implementation of the Scheme.

The Corporations Act requires that a public company obtain the approval of the public company's members to give a financial benefit to a related party of the public company. The approval of members is not required in certain circumstances such as where the financial benefit is:

- (i) given on arm's length terms;
  - (ii) reasonable remuneration given to or reimbursement of expenses incurred by an officer or employee of the public company, an entity the public company controls, an entity that controls the public company or an entity that is controlled by an entity that controls the public company;
  - (iii) indemnities, exemptions, insurance premiums and payment of legal costs for officers;
  - (iv) small amounts given to a related entity;
  - (v) a benefit to or by a closely held subsidiary; or
  - (vi) a benefit given to a related party in their capacity as a member of the public company and the giving of the benefit does not discriminate unfairly against the other members.
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Bermuda Companies Act	Corporations Act
<b>Disclosure of material information</b>	
<p>The Bermuda Companies Act does not contain any provisions regarding the disclosure of material information.</p> <p>However, as an entity listed on ASX, Zeta will be subject to the provisions of Chapter 3 of the ASX Listing Rules and Chapter 6CA of the Corporations Act, regarding continuous disclosure, following implementation of the Scheme.</p>	<p>Chapter 6CA of the Corporations Act sets out provisions which impose obligations on companies to make disclosure of information in accordance with the listing rules of a listing market in relation to the relevant company.</p> <p>Where a company is listed on ASX, the relevant listing rules will be the ASX Listing Rules. Chapter 3 of the ASX Listing Rules set out provisions relating to continuous disclosure.</p>

#### **7.4 Summary of relevant Bermudian tax considerations**

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by Zeta or by its shareholders in respect of Zeta Shares. Zeta has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to Zeta or to any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by Zeta in respect of real property owned or leased by it in Bermuda.

## 8. Implementation of the Proposal

### 8.1 Implementation documents

On 29 January 2013, Kumarina and Zeta entered into Implementation Agreement under which Kumarina agreed to propose the Scheme at a meeting of Kumarina Shareholders, and Kumarina and Zeta agreed certain other matters in relation to the Proposal.

The Implementation Agreement sets out the rights and obligations of each of Kumarina and Zeta in connection with the implementation of the Scheme, and includes the conditions precedent that must be satisfied before the Scheme can come into effect, namely:

- (a) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (b) Kumarina Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act;
- (c) approval for listing of Zeta Shares and Zeta Options on ASX is obtained subject only to the Scheme taking effect and such other conditions as are acceptable to Zeta and Kumarina;
- (d) all approvals of any Authority (as defined in the Implementation Agreement) which Kumarina and Zeta agree are necessary or desirable to implement the Proposal are obtained and no Authority takes any action, or imposes any legal restraint or prohibition, to prevent implementation of the Proposal;
- (e) the Independent Expert does not change its conclusion to not fair and not reasonable or withdraw its report prior to the Scheme Meeting; and
- (f) any additional conditions that may be imposed by the Court and which are acceptable to Zeta and Kumarina.

A copy of the Implementation Agreement is contained in Annexure 1.

On 27 March 2013, Zeta executed the Deed Poll under which it agreed, subject to the Scheme becoming Effective, to provide each Scheme Shareholder with the Scheme Consideration to which it is entitled under the Scheme. The Deed Poll may be relied upon and enforced by any Scheme Shareholder, despite the fact that the shareholder is not a party to it. A copy of the Deed Poll is contained in Annexure 3.

### 8.2 Overview of implementation steps

The key steps to implement the Proposal are as follows:

- (a) Kumarina Shareholders will vote on whether to approve the Scheme at the Scheme Meeting;

- (b) if the requisite majorities of Kumarina Shareholders approve the Scheme, and all conditions precedent to the Scheme (other than approval by the Court) have been satisfied, Kumarina will apply to the Court for approval of the Scheme at the Second Court Hearing;
- (c) if the Court approves the Scheme, Kumarina will lodge with ASIC a copy of the Court orders approving the Scheme. The date on which this occurs will be the Effective Date for the Scheme and will be the last day on which trading in Kumarina Shares on ASX can occur;
- (d) on the Implementation Date, Zeta will acquire all existing Kumarina Shares in exchange for issuing the Scheme Consideration to Scheme Shareholders (i.e. a share for share exchange, plus one Zeta Option in respect of each five Zeta Shares issued);
- (e) following the Implementation Date, Kumarina will apply for termination of the official quotation of Kumarina Shares on ASX and to have itself removed from the official list of ASX.

These steps are described in further detail in sections 8.3 to 8.9. The expected dates for the key steps are set out on page v of this Scheme Booklet (but those dates are subject to change).

### **8.3 Scheme Meeting**

In accordance with an order of the Court dated 8 April 2013, Scheme Shareholders (other than Zeta) will be asked to approve the Scheme at the Scheme Meeting to be held at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153 on 16 May 2013 commencing at 2:00pm (WST). The notice convening the Scheme Meeting is set out in Annexure 7.

At the Scheme Meeting, Kumarina Shareholders will be asked to consider and, if thought fit, pass a resolution approving the Scheme. For the acquisition of Kumarina by Zeta to proceed and the Scheme Consideration to be payable, the Scheme must be approved by:

- (a) unless the Court orders otherwise, a majority in number of Kumarina Shareholders voting at the Scheme Meeting (whether in person, by attorney, by proxy or, in the case of corporations, by authorised representative); and
- (b) Kumarina Shareholders who must together hold at least 75% of the votes cast on the resolution.

A shareholder who holds any Excluded Shares will not be entitled to vote the Excluded Shares at the Scheme Meeting. Given the relationship between Utilico and Zeta, votes cast by Utilico will be "tagged" at the Scheme Meeting and the results produced to the Court at the Second Court Date.

### **8.4 Second Court Hearing**

If the Scheme is approved by Kumarina Shareholders by the requisite majorities (as may be modified by the Court as described above) and all other conditions precedent to implementation of the Scheme set out in the Implementation Agreement (other than approval by the Court) have been satisfied or waived, Kumarina will apply to the Court for orders approving the Scheme. The Corporations Act and the relevant Court rules provide a procedure for Kumarina Shareholders to

oppose the approval by the Court of the Scheme. Any shareholder who wishes to oppose the approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Kumarina a notice of appearance in the prescribed form together with any affidavit on which the shareholder will seek to rely at the Second Court Hearing. The Second Court Hearing is currently scheduled to occur on 23 May 2013. Any change to this date will be announced to ASX ([www.asx.com.au](http://www.asx.com.au)) and published on Kumarina's website ([www.kumarina.com](http://www.kumarina.com)).

## **8.5 Effective Date**

If the Court approves the Scheme, Kumarina will lodge with ASIC an office copy of the Court order approving the Scheme. Kumarina intends to lodge this with ASIC no later than 5:00pm (WST) on the first Business Day after the day of which the Court approves the Scheme. The Scheme comes into effect on the date on which the order is lodged. This date is referred to in this Scheme Booklet as the Effective Date. If the Scheme has not become effective by the Long Stop Date or such later date as Kumarina and Zeta agree in writing, the Scheme will lapse and be of no further force or effect. Once the Scheme comes into effect, Kumarina will notify ASX and will apply for Kumarina Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

## **8.6 Determination of entitlements to Scheme Consideration**

Except for Ineligible Foreign Holders, arrangements for whom are set out in section 8.11, Kumarina Shareholders will be entitled to receive the Scheme Consideration if, and only if, they are registered as the holders of Kumarina Shares as at 5:00pm (WST) on the Scheme Record Date. The Scheme Record Date is the date that is five Business Days after the Effective Date, currently expected to be 31 May 2013.

For the purposes of establishing the Kumarina Shareholders that are entitled to receive the Scheme Consideration, dealings in Kumarina Shares will be recognised provided that:

- (a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Kumarina Share Register as the holder of the relevant Kumarina Shares before 5:00pm (WST) on the Scheme Record Date; or
- (b) in the case of all other dealings in Kumarina Shares, registrable transfers or transmission applications, in respect of those dealings, are received by the Share Registry before 5:00pm (WST) on the Scheme Record Date (in which case Kumarina must register such transfers before 5:00pm (WST) on the Scheme Record Date).

Kumarina will not accept for registration, or recognise for any purpose any transmission application or transfer in respect of Kumarina Shares received after 5:00pm (WST) on the Scheme Record Date.

## **8.7 Dealings in Kumarina Shares after the Scheme Record Date**

As from 5:00pm (WST) on the Scheme Record Date (and other than for Zeta following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and each entry on the Kumarina Share Register at that time will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

## 8.8 Trading of Zeta Shares and Zeta Options

Zeta will apply to ASX for the Zeta Shares and Zeta Options issued as Scheme Consideration to be quoted on ASX and to trade on ASX on a deferred settlement basis from the commencement of trading on the first trading day after the Effective Date. Application for quotation of the Zeta Shares and Zeta Options on ASX will be made to ASX within 7 days from the date of lodgement of the Prospectus with ASIC and ASX.

Normal trading of Zeta Shares and Zeta Options on ASX is expected to commence on the fifth trading day on ASX after the Implementation Date.

It is the responsibility of each person who is issued Zeta Shares and Zeta Options under the Scheme to confirm their holding before trading in Zeta Shares or Zeta Options to avoid the risk of selling shares or options that they do not own. Any person who sells Zeta Shares or Zeta Options before they receive their holding statement or confirm their uncertificated holdings of Zeta Shares or Zeta Options does so at their own risk. To the maximum extent permitted by law, Kumarina and Zeta disclaim all liability to persons who trade Zeta Shares or Zeta Options before receiving their holding statements or confirming their uncertificated holdings.

## 8.9 Implementation Date

The Implementation Date will be three Business Days after the Scheme Record Date. On the Implementation Date:

- (a) in respect of any Scheme Consideration required to be provided to Kumarina Shareholders in the form of Zeta Shares and Zeta Options, Zeta will issue those Zeta Shares and Zeta Options to the relevant Kumarina Shareholder;
- (b) in respect of any Scheme Consideration required to be provided to Ineligible Foreign Holders, Zeta will issue to the Sale Nominee the number of Zeta Shares and Zeta Options that would have been issued to them under the Scheme, had they not been Ineligible Foreign Holders, and will procure that the Sale Nominee deals with those Zeta Shares and Zeta Options in the manner described in section 8.11; and
- (c) once the Scheme Consideration has been issued as described above, all of the Scheme Shares will be transferred to Zeta without any need for further action by Scheme Shareholders.

Holding statements and confirmations of CHESS holdings for Zeta Shares and Zeta Options issued as described above are expected to be despatched within five Business Days after the Implementation Date.

In the case of any Scheme Consideration due in respect of Kumarina Shares held in joint names (other than Scheme Consideration due to Ineligible Foreign Holders), the Scheme Consideration will be issued to and registered in those joint names and holding statements and confirmations will be despatched to the holder whose name appears first in the Kumarina Share register as at 7:00pm (WST) on the Scheme Record Date. In the case of any Scheme Consideration due to Ineligible Foreign Holders in respect of Kumarina Shares held in joint names, cheques for the net proceeds of sale of

the relevant Zeta Shares and Zeta Options, as described in section 8.11, will be made payable and despatched to the holder whose name appears first in the Kumarina Share Register as at the time detailed above.

### 8.10 Deemed warranty

The attention of Kumarina Shareholders is drawn to the warranties that Scheme Shareholders will be deemed to have given, if the Scheme takes effect, under clause 8.2 of the Scheme. The Scheme is set out in Annexure 2.

In summary, clause 8.2 of the Scheme provides that, if the Scheme becomes Effective, each Scheme Shareholder is taken to have warranted to Kumarina and Zeta that:

- (a) all of the Kumarina Shares registered in the name of that Scheme Shareholder as at the Scheme Record Date will, as at the Implementation Date, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties and from all other restrictions on transfer; and
- (b) in the case of the Scheme Shareholders, they have full power and capacity to transfer their Kumarina Shares to Zeta under the Scheme.

### 8.11 Arrangements for Ineligible Foreign Holders

Ineligible Foreign Holders will not be issued with Zeta Shares and Zeta Options under the Scheme. Instead, the Zeta Shares and Zeta Options that would otherwise have been issued to Ineligible Foreign Holders under the Scheme (the **FH Shares** and **FH Options**, as the case may be), will be issued to the Sale Nominee on the Implementation Date.

Zeta must:

- (a) procure that, as soon as practicable after the Implementation Date, the Sale Nominee sells the FH Shares and FH Options (in the manner set out in this section 8.11); and
- (b) procure that the Sale Nominee pays to each Ineligible Foreign Holder, an amount determined in accordance with the following formula and rounded down to the nearest cent:

$$P \times (N / T)$$

where:

- P** is the net sale proceeds received by the Sale Nominee (after deducting any applicable selling costs, tax and charges) for the sale of all FH Shares and FH Options issued to the Sale Nominee under this section 8.11;
- N** is the number of FH Shares plus the number of FH Options which would otherwise have been issued to that Ineligible Foreign Holder had it not been an Ineligible Foreign Holder; and
- T** is the total number of FH Shares plus the total number of FH Options which were issued to the Sale Nominee in accordance with this section 8.11.

Kumarina, Zeta and the Sale Nominee give no undertaking, representation, warranty or other assurance as to the price that will be achieved for the sale of Zeta Shares and Zeta Options as described above. The amount that each Ineligible Foreign Holder receives may be more or less than the current market value of their holdings of Kumarina Shares.

The Sale Nominee will sell the FH Shares and FH Options on the ASX in such manner (including selling the Zeta Shares and Zeta Options in one or more lots), at such price and on such other terms as the Sale Nominee determines in good faith as soon as practicable after the Implementation Date, provided the Sale Nominee uses all reasonable endeavours to achieve the best price reasonably obtainable at the time of sale.

Payments of the amounts referred to in this section 8.11 will be made as soon as reasonably practicable by cheque in Australian dollars and sent by prepaid post (at the risk of the Ineligible Foreign Holder) to the address recorded in the Kumarina Share Register at the Scheme Record Date.

## 8.12 Arrangements for holders of Kumarina Options

### (a) Summary

Under the Implementation Agreement, Kumarina has agreed to use all reasonable endeavours to procure that by no later than five Business Days before the Second Court Date, the holder of Kumarina Options enters into a binding agreement with Kumarina and Zeta, conditional on the Scheme becoming Effective, under which the holder agrees to the cancellation of those Kumarina Options in consideration for the grant by Zeta of one Zeta Consideration Option for every four Kumarina Options cancelled. Each Zeta Consideration Option entitles the holder to subscribe for one Zeta Share, at an exercise price of A\$1.00 on or before 8 December 2014. If the Scheme is implemented then, to the extent it is permitted to do so, Zeta intends to use the general compulsory acquisition provisions of the Corporations Act to acquire any Kumarina Options not cancelled under these arrangements.

The Independent Expert has concluded that the offer for the cancellation of the Kumarina Options in consideration for the Zeta Consideration Options, as described in this section 8.12(a), is at arm's length.

### (b) Kumarina Options

As at the date of this Scheme Booklet, Kumarina had the following Kumarina Options on issue:

Name of Holder of Kumarina Options	Exercise Price	Expiry Date	Number
Aumex Mining Pty Ltd	A\$0.25	8 December 2014	1,000,000
<b>Total number of Kumarina Options</b>			<b>1,000,000</b>



If the Proposal is implemented, and assuming that all Kumarina Options are cancelled as described above in section 8.12(a), and assuming the Capital Raising is fully subscribed, the number of Zeta Options and Zeta Consideration Options will be:

	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Number</b>
Zeta Options granted to Scheme Shareholders as Scheme Consideration	A\$1.00	Third anniversary from the date of issue	3,555,105
Zeta Consideration Options granted to holders of Kumarina Options in consideration for cancellation of Kumarina Options	A\$1.00	8 December 2014	250,000
Zeta Options granted to Utilico under the Asset Sale Agreement <sup>1</sup>	A\$1.00	Third anniversary from the date of issue	7,656,625
Zeta Options granted to applicants under the Capital Raising <sup>2</sup>	A\$1.00	Third anniversary from the date of issue	5,000,000
<b>Total Number of Zeta Options and Zeta Consideration Options</b>			<b>16,461,730</b>

**Notes**

- 1 Assumes the market value of the Utilico Minority Interests at completion of the Asset Sale Agreement is as per the market value at 3 April 2013.
- 2 Assumes that the Capital Raising is fully subscribed.

## 9. Taxation Implications

### 9.1 Introduction

This section provides a general summary of the Australian income tax and stamp duty implications for Australian tax resident shareholders of Kumarina if the Scheme proceeds.

These comments only apply to Kumarina Shareholders who are individuals, companies, trusts or complying superannuation funds that are resident in Australia for Australian tax purposes.

In particular, the summary below is directed towards Australian resident Kumarina Shareholders who acquired their Kumarina Shares after 21 September 1999 and who hold their Kumarina Shares on capital account for income tax purposes.

That is, the summary does not consider the tax implications arising in respect of any Kumarina Shareholders who are engaged in a business of trading or investment, tax exempt entities, life insurance companies, shareholders who otherwise hold their shares on revenue account or as trading stock, nor shareholders who are subject to the Taxation of Financial Arrangement provisions in Division 230 of the Income Tax Assessment Act 1997 in relation to gains and losses on their Kumarina Shares.

This summary also does not consider shareholders who acquired their shares in respect of their employment with Kumarina as they may be subject to different tax consequences applicable to their circumstances. In addition, this summary specifically excludes consideration of the tax implications arising to holders of Kumarina Options.

This summary does not take into account your specific circumstances and is not intended to be exhaustive, or substitute for, or to constitute specific taxation advice. The application of the taxation legislation may vary according to your individual circumstances. As such, all Kumarina Shareholders are strongly advised to obtain their own professional advice on the tax implications based on their own specific circumstances. Kumarina Shareholders who are non-Australian residents for tax purposes should take into consideration both the taxation laws in their place of residence, but also the Australian tax implications which may apply to them.

The comments are based on the law and practice of the tax authorities in Australia as at the date of this document. These are subject to change periodically as is their interpretation by the courts.

Importantly, this section is predicated on the basis that the Capital Raising is completed prior to the Implementation date. This timing is critical to the ability of the Kumarina Shareholders to elect to receive CGT rollover relief in order to defer any taxable gain arising from the receipt of the Zeta Share component of their Scheme Consideration.

## 9.2 Taxation implications of the Scheme

### (a) Disposal of Kumarina Shares

#### (i) Capital gains tax (CGT) event

The Australian resident Kumarina Shareholders must consider the impact of the Australian CGT rules on the disposal of their Kumarina Shares, as a CGT event will occur when they dispose of their Kumarina Shares.

Subject to the availability of CGT roll-over relief (discussed below), Kumarina Shareholders will make a capital gain if the value of the Scheme Consideration (i.e. the Zeta Shares and Zeta Options) they receive is greater than the CGT cost base of their Kumarina Shares. Broadly, the amount of any capital gain liable to Australian tax will be the amount by which the market value of the Zeta Shares and Zeta Options they receive exceeds the cost base of their Kumarina Shares. The time of recognition of any capital gain will be at the time the Kumarina Shareholders dispose of their Kumarina Shares to Zeta under the Scheme (i.e. the Implementation Date).

Kumarina Shareholders will incur a capital loss if the value of the Zeta Shares and Zeta Options they receive is less than the CGT reduced cost base of their Kumarina Shares. Such a capital loss may be used to offset a capital gain made in the same income year or a future income year. Specific loss recoupment rules apply to non-individual shareholders (eg. Companies and trusts) that may restrict their ability to utilise capital losses in future years. A capital loss may not be used to offset ordinary assessable income.

The cost base and reduced cost base of the Kumarina Shares will depend on the individual circumstances of each Kumarina Shareholder. However, the cost base of the Kumarina Shares disposed should generally be the amount paid to acquire the Kumarina Shares plus certain related incidental costs of acquisition, such as brokerage costs. The reduced cost base of shares is determined similarly, though there are some limitations on including certain related costs.

#### (ii) CGT discount

If the Kumarina Shareholder is an individual, trust or complying superannuation fund and had held their Kumarina Shares for more than 12 months at the time they dispose of their Kumarina Shares, then it is possible for the shareholder to obtain a CGT discount which will reduce the net capital gain by 50% (if the shareholder is an individual or trust) or by one third (if the Kumarina Shareholder is a complying superannuation fund). No reduction in the capital gain is available to company shareholders.

### (b) CGT roll-over relief

If a Kumarina Shareholder would otherwise derive a capital gain in respect of the disposal of their Kumarina Shares, they may be able to elect to obtain a partial CGT rollover relief (if eligible) to the extent their Kumarina Shares are exchanged for Zeta Shares. This will result in

any capital gain being disregarded in respect of the Zeta Share component of the Scheme Consideration for Australian tax purposes. CGT roll-over relief is not available in relation to any capital gains arising from the receipt of the Zeta Options under the Scheme (please refer below for further details).

(i) The income tax consequences of choosing CGT roll-over relief

The income tax consequences of Kumarina Shareholders choosing CGT roll-over relief include capital gains and cost base consequences, as discussed below.

(A) Capital gains consequences

A choice to obtain rollover relief allows Kumarina Shareholders to disregard a capital gain made on the disposal of a Kumarina Share under the Scheme to the extent that the proceeds from the disposal of a Kumarina Share related to the receipt of a Zeta Share (but not a Zeta Option). In these circumstances, a capital gain may still arise in relation to the Zeta Options.

Specifically, the capital gain attributable to the Zeta Options is calculated to be the value of the Zeta Options received less the cost base in Kumarina Shares reasonably attributable to the Zeta Options (see table 1 below).

The following table illustrates a methodology for attributing a portion of the first element of the cost base of the Kumarina Shares to the capital proceeds represented by the Zeta Options:

**Table 1 – Cost Base of Kumarina Shares attributable to Zeta Options**

	Value of Zeta Options
Cost base of Kumarina Shares X	<hr/> Value of Total Consideration (ie value of Zeta Share and Zeta Options)

No CGT roll-over is available where the disposal of Kumarina Shares results in a capital loss.

(B) Cost base or reduced cost base consequences

If a Kumarina Shareholder chooses CGT roll-over relief different rules apply to working out the cost base or reduced cost base of the Zeta Shares and Zeta Options (which may be relevant for a subsequent disposal of the Zeta Shares or Zeta Options as discussed below).

The Zeta Shares received upon the disposal of Kumarina Shares will have a cost base equal to the remainder of the cost base the Kumarina Shareholders had in the Kumarina Shares (being the amount not allocated to the Zeta Options).

As no roll-over is available in relation to the receipt by Kumarina Shareholders of the Zeta Options portion of the Scheme Consideration, the first element of the cost base or reduced cost base of the Zeta Options for purposes of a future disposal is calculated as the market value of the Zeta Options received under the Scheme.

(C) Making the choice of CGT roll-over relief

If a Kumarina Shareholder chooses rollover relief, then the choice must be made before they lodge their income tax return for the income year in which they dispose of their Kumarina Shares. The way in which a Kumarina Shareholder prepares their income tax return is evidence of making the choice (that is by not including the disregarded capital gain in their assessable income). There is no need for the Kumarina Shareholder to lodge a notice with the Australian Taxation Office evidencing the election to choose CGT rollover relief.

(ii) The income tax consequences if CGT roll-over relief is not, or cannot be chosen

Kumarina Shareholders who are Australian residents and are not eligible to choose CGT roll-over relief (including circumstances where a capital loss arises in respect of the disposal of their Kumarina Shares), or do not elect to choose scrip for scrip roll-over relief, should calculate a capital gain or loss from the disposal of their Kumarina Shares as outlined in 9.2(a)(i) above. That is, Kumarina Shareholders should make a capital gain if the capital proceeds (i.e. Scheme Consideration) exceed their cost base. This capital gain should be treated as assessable and may be reduced by the CGT discount, if relevant to the Kumarina Shareholder's circumstances. Prior to applying the CGT discount, the amount of any taxable gain to a Kumarina Shareholder would also be subject to the recoupment of any other available tax losses during the relevant income year. If the capital proceeds (i.e. Scheme Consideration) is less than the reduced cost base of the Kumarina Shares, Kumarina Shareholders would make a capital loss.

### 9.3 Taxation consequences of owning Zeta Shares

(a) **Tax residency of Zeta**

The tax outcomes set out in this section are dependent on the tax residency of Zeta for Australian purposes.

Management has represented that its current intention with regards to the future management of Zeta is that it should be considered a non-resident of Australia and tax resident of Bermuda. The issue of tax residency generally turns on where effective management or control resides and it is a question of fact and degree. The comments below have been prepared on the basis that Zeta will be considered a non-resident of Australia for tax purposes.

(b) **Receipt of dividends**

The comments outlined below are based on the assumption that any dividends paid by Zeta will be paid out of ordinary profits. Should dividends be paid out of a contributed surplus, this may have different taxation implications for Zeta shareholders.

If the holder of Zeta Shares is an Australian resident and Zeta pays a dividend on the Zeta Shares, then the gross amount of the dividend must be included in the shareholder's assessable income for the year of payment.

Where dividends are subject to any foreign withholding taxes, those taxes may be creditable as a foreign income tax offset (**FITO**) against the shareholder's Australian tax liability. However, the amount of the FITO will be limited to the greater of AUD\$1,000 and the Australian income tax payable on the Zeta Shareholder's assessable foreign income for the income year (less allowable deductions).

In the case of Australian resident companies that hold at least 10% of Zeta's Shares at the time the dividend is paid, the dividends will be non-assessable non-exempt income for Australian tax purposes and therefore will not be required to be included in the assessable income of the company.

#### **9.4 Taxation consequences of disposing of Zeta Shares and/or Zeta Options**

If a Kumarina Shareholder is an Australian resident, then the Australian tax consequences of any disposal of Zeta Shares or Zeta Options will be similar to the consequences of the disposal of their current Kumarina Shares described above (provided that Zeta Shares and Zeta Options continue to be held on capital account). However, as set out above, there will be a difference in the cost base of the Zeta Shares depending on whether the shareholder chooses the rollover relief to apply.

That is, if CGT rollover relief has been elected, the calculation of any capital gain or loss on any future disposal of Zeta Shares will be based on the historical cost base to the Kumarina Shareholder of their original Kumarina Shares which were disposed of on the Implementation Date (reduced by the amount allocated to calculating any gain on receipt of the Zeta Options).

Alternatively, if CGT rollover relief was not elected then any future capital gain or loss would be calculated using a cost base for the Zeta Shares based on the market value of those shares on the Implementation Date.

A Kumarina Shareholder who is an individual, complying superannuation fund or trust may be entitled to apply the CGT discount in respect of any capital gain referable to the sale of the Zeta Shares or Zeta Options.

In order to be entitled to the CGT discount, the Zeta Shares or Zeta Options must be held for more than 12 months before the disposal.

For Kumarina Shareholders who are individuals, superannuation funds or trusts, and who elected to apply the CGT rollover relief on the disposal of their Kumarina Shares, the 12 month holding period in

respect of the Zeta Shares acquired under the Scheme would be deemed to commence at the date of acquisition of the original Kumarina Shares which were disposed of on the Implementation Date.

Conversely, for those Kumarina Shareholders who do not elect for CGT rollover relief to apply on the disposal of the Kumarina Shares, the 12 month holding period would commence at the Implementation Date.

In respect of the Zeta Options, the 12-month holding period will commence at the Implementation Date regardless of whether or not CGT rollover relief was elected on the Kumarina Shares.

If a capital gain is subject to any foreign taxes, those taxes may be creditable as a FITO against the shareholder's Australian tax liability. However, the amount of the FITO will be limited to the greater of AUD\$1,000 and the Australian tax payable on the shareholder's assessable foreign income for the income year (less allowable deductions).

If the Zeta Shareholder is an Australian resident company that has held a direct voting percentage of 10% or more in Zeta throughout a 12-month period during the two years before the disposal it may be able to reduce the capital gain or loss, in certain circumstances, provided Zeta meets the requirements of the active foreign company participation exemption.

### **9.5 Expiry or exercise of Zeta Options**

If a Kumarina Shareholder does not exercise the Zeta Options (i.e. they expire), the Kumarina Shareholder should recognise a capital loss on the expiry of the Zeta Options equal to the Kumarina Shareholder's reduced cost base in relation to the Zeta Options.

If a Kumarina Shareholder exercises their Zeta Options, the first element of the Kumarina Shareholder's cost base in the Zeta Shares issued as a result of the exercise of the options should be equal to the Kumarina Shareholder's existing cost base in the options plus the amount paid to acquire the Zeta Shares.

### **9.6 Stamp duty consequences**

Australian Kumarina Shareholders will not be required to pay any stamp duty on the disposal of their Kumarina Shares or acquisition of their Zeta Shares or Zeta Options under the Scheme.

## 10. Additional Information

### 10.1 Investment entity

As stated in section 5.1, Zeta has received in principle advice from ASX that it will be classified as an "investment entity" for the purposes of the ASX Listing Rules.

The classification of Zeta as an "investment entity" under the ASX Listing Rules is of significance in relation to the following:

(a) **Admission to ASX – "assets test"**

Pursuant to ASX Listing Rule 1.3.1A, on admission, an investment entity must have net tangible assets of least \$15 million. In addition, and pursuant to ASX Listing Rule 1.3.5, on admission, an investment entity must provide its accounts and any audit report or review for the last 3 full financial years (or a shorter period if ASX agrees). An investment entity must also provide a reviewed pro forma statement of financial position (unless ASX agrees the pro forma statement of financial position is not needed).

(b) **Additional information required in the annual report**

An investment entity must provide each of the following in its annual report:

- (i) a list of all investments held by it or its child entities at the balance date;
- (ii) the total number of transactions in securities during the reporting period, together with the total brokerage paid or accrued during that period; and
- (iii) the total management fees paid or accrued during the reporting period, together with a summary of any management agreement.

(c) **Monthly net tangible asset backing**

Pursuant to ASX Listing Rule 4.12, an investment entity must, within 14 days after the end of each month, provide ASX with the net tangible asset backing of its quoted securities as at the end of that month.

(d) **Management agreement**

Pursuant to ASX Listing Rule 15.16, a management agreement for an investment entity must provide for each of the following:

- (i) the manager may only end the management agreement if it has given at least 3 months' notice;
- (ii) if the term of the agreement is fixed, it must not be for more than 5 years; and



- (iii) if the agreement is extended past 5 years, it will be ended on 3 months' notice after an ordinary resolution is passed to end it.

## 10.2 Kumarina securities

At the date of this Scheme Booklet, Kumarina has on issue:

- (a) 71,102,100 Kumarina Shares; and
- (b) 1,000,000 Kumarina Options.

Further details regarding the Kumarina Options are set out in section 8.12. In accordance with section 170 of the Corporations Act, Kumarina maintains a register of the names of all Kumarina Shareholders and holders of Kumarina Options. Pursuant to section 173 of the Corporations Act, Kumarina Shareholders and holders of Kumarina Options may, upon request to Kumarina:

- (a) inspect this register free of charge; and
- (b) obtain a copy of this register, subject to payment of a prescribed fee to Kumarina.

## 10.3 Substantial shareholders

As at the date of this Scheme Booklet, the following persons had a Relevant Interest in 5%<sup>1</sup> or more of the Kumarina Shares on issue:

Name	Number of Kumarina Shares	Percentage of Kumarina Shares
Vanguard Precious Metals and Mining Fund	8,800,000	12.38%
Utilico Investments Limited	7,199,366	10.13%
ICM Limited	7,000,000	9.84%
James N Sullivan	6,900,100	9.70%
Wayne Van Blitterswyk	6,500,000	9.14%
Aumex Mining Pty Ltd	5,800,000	8.16%
Peter R Sullivan	4,170,000	5.86%

### Note

<sup>1</sup> A shareholder of a public limited company listed on ASX must notify such company of its acquisition or disposal of shares in the company where the percentage of voting rights reaches, exceeds or falls below 5% or any other whole percentage above 5%. These interests must be disclosed to the relevant company and that company must in turn notify the market.

#### 10.4 Zeta's interests in Kumarina securities

##### (a) Zeta's interests in Kumarina Shares and Kumarina Options

As at the date of this Scheme Booklet, Zeta does not have a Relevant Interest in any Kumarina Shares. Accordingly, as at the date of this Scheme Booklet, Zeta had no voting power in Kumarina. However, as at the date of this Scheme Booklet, Zeta's parent company, Utilico, and Utilico's investment manager, ICM, both held shares in Zeta. As at the date of this Scheme Booklet, the number of Kumarina Shares held by Utilico and ICM was as follows:

Name	Number of Kumarina Shares	Percentage of Kumarina Shares
Utilico Investments Limited	7,199,366	10.13%
ICM Limited	7,000,000	9.84%

##### (b) Acquisitions of Kumarina Shares by Zeta or its associates

Except as set out below, in the four months prior to the date of lodgement of this Scheme Booklet with ASIC, neither Zeta nor any of its associates has provided, or agreed to provide, consideration for Kumarina Shares under a purchase or agreement, other than under the agreement to pay the Scheme Consideration if the Scheme becomes Effective. Utilico has made the following purchases of Kumarina Shares in the last four months:

Date of Purchase	Transaction Type	Number of Kumarina Shares Purchased	Average Price per Kumarina Share (A\$)	Total Consideration Paid (A\$)
28/02/2013	On-market purchase	545,694	0.13	70,940
05/03/2013	On-market purchase	700,000	0.12	84,000

#### 10.5 No collateral benefits

In the four months prior to the date of lodgement of this Scheme Booklet with ASIC, neither Zeta nor any of its associates has provided any benefit, or agreed to provide any benefit, to a person to induce them to vote in favour of the Scheme or to dispose of their Kumarina Shares, other than under the agreement to pay the Scheme Consideration if the Scheme becomes Effective.

## 10.6 Kumarina securities held by Kumarina Directors and Zeta Directors

The Kumarina Directors and Zeta Directors, and the number of Kumarina Shares and Kumarina Options held by or on behalf of each of them, at the date of lodgement of this Scheme Booklet with ASIC, are set out below:

Name	Number of Kumarina Shares	Number of Kumarina Options
Peter R Sullivan <sup>1</sup>	4,170,000	-
James N Sullivan <sup>2</sup>	6,900,100	-
Geoffrey Motteram <sup>3</sup>	1,700,000	-
Peter Hutchinson	1,056,000 <sup>4</sup>	-
Alasdair Younie	-	-
Charles Jillings	-	-

### Notes

- 1 Mr P Sullivan holds 70,000 Kumarina Shares directly, and the balance through associated entities, 2,000,000 Kumarina Shares registered in the name of Hardrock Capital Pty Ltd and 2,100,000 Kumarina Shares registered in the name of Hardrock Capital Pty ATF CGLW Superannuation Fund.
- 2 Mr J Sullivan holds 6,300,100 Kumarina Shares directly. 400,000 Kumarina Shares are registered in the name of Sullivans Garage Superannuation Fund of which Mr Sullivan is a beneficiary and 200,000 Kumarina Shares are held by family members.
- 3 Mr G Motteram holds 100,000 Kumarina Shares directly, and the balance through associated entities. 1,000,000 Kumarina Shares are registered in the name of Geomett Pty Ltd, an entity in which Mr Motteram is a Director. 300,000 Kumarina Shares are registered in the name of MMP(WA) Pty Ltd ATF the Geomett Superannuation Fund and 300,000 Kumarina Shares are registered in the name of MMP(WA) Pty Ltd (GMM Will A/C).
- 4 Mr P Hutchinson holds 8,000 Kumarina Shares directly, and the balance through associated entities. 1,040,000 Kumaria Shares are registered in the name of Molonglo Pty Ltd ATF The Hutchinson Family Trust, and 8,000 Kumarina Shares are registered in the name of Molonglo Pty Ltd ATF The Hutchinson Superannuation Fund.

In addition, Susan Hansen, a director of Utilico (which at the date of this Scheme Booklet owns all of the shares in Zeta), held the following Kumarina Shares at the date of lodgement of this Scheme Booklet with ASIC:

<b>Name</b>	<b>Number of Kumarina Shares</b>	<b>Number of Kumarina Options</b>
Susan Hansen	10,000	-

### 10.7 Interests of Kumarina Directors and Zeta Directors in Zeta securities

As at the date of this Scheme Booklet, no Kumarina Director, nor Zeta Director, holds any interest in any securities of Zeta.

### 10.8 Payments and other benefits to directors, secretaries and executive officers of Kumarina and Zeta

#### (a) Remuneration

The directors and company secretary of Kumarina are currently paid the following remuneration:

<b>Name</b>	<b>Annual Remuneration (Exclusive of Superannuation)</b>	
	<b>Annual Salary/Consultancy Fees</b>	<b>Kumarina Directors' Fees (In Addition to Salary/Consultancy Fees)</b>
Peter R Sullivan	-	A\$48,000
James N Sullivan	A\$218,000	-
Geoffrey Motteram	-	A\$36,000
Peter Hutchinson	-	A\$36,000
Mark Pitts	A\$72,000	-

If the Proposal is implemented, it is proposed that the directors of Zeta will receive the following remuneration:

<b>Annual Remuneration (Exclusive of Superannuation)</b>		
<b>Name</b>	<b>Annual Salary/Consultancy Fees</b>	<b>Directors' Fees (In Addition to Salary/Consultancy Fees)</b>
Peter R Sullivan	-	A\$50,000
Martin Botha	-	A\$50,000
Xi Xi	-	A\$50,000

The remuneration of the executive directors of Zeta is fixed by the Zeta board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of, operating revenue.

The remuneration as outlined above is current as at the date of this Scheme Booklet, but is subject to adjustment in the ordinary course.

**(b) Termination payments**

The Managing Director of Kumarina, Mr James Sullivan, is contractually entitled to receive 2 months' payment in lieu of notice and a 3 month termination payment. If the proper notice of termination was given, then only the 3 month termination would be payable equating to \$54,500. As set out in section 5.4(b), it is Zeta's intention that James Sullivan will continue as Managing Director of Kumarina on his current terms.

Except as set out in this section 10.8 and section 10.9, no payment or other benefit is proposed to be made or given to any director, secretary or executive officer of Kumarina, Zeta, or any body corporate related to Kumarina or Zeta, as compensation for loss of, or as consideration for or in connection with, his or her retirement from office as director, secretary or executive officer of Kumarina, Zeta or a body corporate connected with Kumarina or Zeta.

**(c) Participation in the Scheme**

Other than as described elsewhere in this Scheme Booklet, all directors, secretaries and executive officers of Kumarina, Zeta or any of Kumarina or Zeta's related entities, who are Scheme Shareholders (each a **Participating Officer**) will be treated in the same way under the Scheme as all other Scheme Shareholders. Other than as described elsewhere in this Scheme Booklet, no payment or other benefit is proposed to be made or given to any Participating Officer, that it is not also given to all other Scheme Shareholders.

(d) **Arrangements in respect of Kumarina Options**

Please refer to section 8.12 for details of the proposed treatment of the Kumarina Options under the Scheme.

**10.9 Other agreements or arrangements with Kumarina Directors or Zeta Directors in connection with the Scheme**

Except as set out in section 10.8, there are no agreements or arrangements made between any Kumarina Director or any Zeta Director and any other person, including Zeta, in connection with or conditional upon the outcome of the Scheme.

**10.10 Interests of Kumarina Directors and Zeta Directors in contracts entered into by Zeta**

Except as set out in section 10.9, no Kumarina Director, nor Zeta Director, has any interest in any contract entered into by Zeta.

**10.11 Intentions of Kumarina Directors and Zeta Directors concerning the business of Kumarina**

Zeta has provided a statement of its intentions concerning the business of Kumarina which is set out in section 5.3(d). In that statement Zeta states that, other than as disclosed elsewhere in this Scheme Booklet, it:

- (a) intends to continue the business of Kumarina as currently conducted;
- (b) does not intend to make any major changes to the business of Kumarina or redeploy any fixed assets of Kumarina; and
- (c) does not intend to change or affect the future employment of the present employees of Kumarina.

That statement has been approved by the Zeta Directors. It is the current intention of the Kumarina Directors that Kumarina will continue to operate its business as currently conducted.

**10.12 Information in relation to existing Zeta Shares**

As at the date of this Scheme Booklet, there are 10,000,000 Zeta Shares on issue, all of which were issued on 24 August 2012, and all of which are held by Utilico. These existing Zeta Shares held by Utilico will be set off against the number of Zeta Shares required to be issued to Zeta under the Asset Sale Agreement. No other securities in the capital of Zeta have been issued, transferred or sold in the three months before the date of lodgement of this Scheme Booklet with ASIC. As at the date of this Scheme Booklet, neither Zeta Shares nor Zeta Options have been granted official quotation on ASX.

### 10.13 Quotation of Zeta Shares and Zeta Options on ASX

Zeta will apply for official quotation on ASX of all Zeta Shares and Zeta Options to be issued under the Scheme within seven days after the date of lodgement of the Prospectus. Such application will be conditional upon the Scheme becoming Effective. It is anticipated that Zeta Shares and Zeta Options will begin trading on ASX on a deferred settlement basis on 27 May 2013, being the first trading day on ASX after the Effective Date and on a normal settlement basis on 12 June 2013, being the fifth trading day after the Implementation Date.

ASX has reserved the codes 'ZER' for Zeta Shares and 'ZERO' for Zeta Options.

### 10.14 Regulatory matters

#### (a) ASX waivers

ASX has confirmed that, upon receipt of an application from Zeta for the admission of Zeta Shares and Zeta Options to the official list of ASX, it would be likely to:

- (i) agree that Zeta may issue a short form prospectus in connection with its ASX listing application, and that such prospectus may be based on this Scheme Booklet;
- (ii) grant waivers from certain conditions in ASX Listing Rule 1.1 to the effect that Zeta's prospectus is not required to contain all of the information specified in Appendix 1A to the ASX Listing Rules;
- (iii) grant a waiver from ASX Listing Rule 6.23.2 to the extent necessary to allow Kumarina to cancel for consideration the Kumarina Options without shareholder approval under that Listing Rule. The waiver will be conditional on the Scheme being approved by Scheme Shareholders and the Court; and
- (iv) grant a waiver from ASX Listing Rule 9.17 to enable certain Kumarina Shares and Kumarina Options which are subject to escrow imposed by ASX, following Kumarina's initial public offering in 2011, to be proposed as part of the Scheme. As at the date of this Scheme Booklet, ASX has not advised on whether the Zeta Shares and Zeta Options issued in respect of these escrowed Kumarina Shares and Options will be subject to any escrow restrictions.

### 10.15 Consents and disclaimers

#### (a) Consents

Each of the following persons has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet in the form and context in which it is named:

Hardy Bowen as legal adviser to Kumarina as to matters of Australian law and to the inclusion of its Solicitor's Report of Tenements set out in Annexure 6 and the references to the

Solicitor's Report on Tenements elsewhere in the Scheme Booklet, in each case in the form and context in which they are included.

Security Transfer Registrars Pty Ltd has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the Share Registry.

HLB Mann Judd Chartered Accountants has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the auditor to Kumarina and to the inclusion in this Scheme Booklet of extracts from and references to and information from Kumarina's audited financial statements, the pro forma financial statements set out in 3.5 and 5.6, and the Investigating Accountant's Report in the form and context in which they are included.

Conyers Dill & Pearman Limited has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as special Bermuda legal advisors to Kumarina as to matters of the laws of Bermuda and to the inclusion in this Scheme Booklet of the summary of certain matters under Bermudian law set out in sections 7.2, 7.3 and 7.4 and the references to the contents or conclusions of that summary elsewhere in this Scheme Booklet to the extent they constitute statements of Bermuda law, in each case in the form and context in which they are included.

Ernst & Young has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named as having reviewed the information on the Australian taxation implications of the Proposal for certain Kumarina Shareholders, which is set out in section 9 and the references to that report elsewhere in this Scheme Booklet including the summary in section 1.10, in each case in the form and context in which they are included.

BDO Corporate Finance (WA) Pty Ltd has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named as the Independent Expert in this Scheme Booklet and to the inclusion in this Scheme Booklet of the Independent Expert's report set out in Annexure 4 and the references to the Independent Expert's Report elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.

CSA Global has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet and to the inclusion of its Independent Technical Assessment and Valuation of the Ilgarari and Murrin Murrin Projects, which forms Appendix 4 to the Independent Expert's Report, and to references to its Independent Technical Assessment and Valuation of the Ilgarari and Murrin Murrin Projects elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.

Zeta has given and has not before the date of this Scheme Booklet withdrawn its written consent to the inclusion in this Scheme Booklet of the Zeta Information in the form and context in which it is included.

Bryan Smith has given and has not before the date of this Scheme Booklet withdrawn his written consent to be named as a Competent Person in this Scheme Booklet in relation to the



information contained in section 3.3 and to the inclusion of the information contained in section 3.3 in the form and context in it is included.

Mark Hill has given and has not before the date of this Scheme Booklet withdrawn his written consent to be named as a Competent Person in this Scheme Booklet in relation to the information contained in section 3.3 and to the inclusion of the information contained in section 3.3 in the form and context in it is included.

Simon Coxhell has given and has not before the date of this Scheme Booklet withdrawn his written consent to be named as a Competent Person in this Scheme Booklet in relation to the information contained in section 3.3 and to the inclusion of the information contained in section 3.3 in the form and context in it is included.

**(b) Disclaimers of responsibility**

Each person named in section 10.15(a):

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in section 10.15(a); and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of, this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person referred to in section 10.15(a).

**10.16 Scheme expenses, fees and interests of advisers and certain other persons**

Each of the persons named in section 10.15(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging. Professional fees in connection with the preparation and distribution of this Scheme Booklet are estimated by Kumarina to be between A\$500,000 and A\$600,000. The following table provides a breakdown of estimated Scheme expenses, including the estimated fees of advisers and those parties which have prepared reports in connection with the Scheme:

<b>Item</b>	<b>Estimated Fees / Cost</b>
Australian legal fees	A\$255,000
Bermuda legal fees	A\$70,000
Taxation advice fees	A\$12,500
Independent Expert fees	A\$45,000
Technical Expert fees	A\$25,000
Investigating Accountant fees	A\$15,000
ASIC and ASX lodgement fees	A\$5,000
ASX listing fees <sup>1</sup>	A\$97,100
Share Registry fees	A\$18,000
Printing and postage costs	A\$17,400
<b>Total</b>	<b>A\$560,000</b>

#### **Notes**

- 1 ASX listing fees have been calculated on the basis that no Zeta Shares or Zeta Options are issued pursuant to the Capital Raising. If A\$12,500,000 is raised pursuant to the Capital Raising, it is expected that ASX listing fees will increase by approximately A\$6,500 (total ASX listing fees of A\$103,600). If A\$25,000,000 is raised pursuant to the Capital Raising, it is expected that ASX listing fees will increase by a further A\$6,500 (total ASX listing fees of A\$110,100).

Except as described elsewhere in this Scheme Booklet, no: (i) director or proposed director of Kumarina, or director or proposed director of Zeta; nor (ii) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet, has, or has had in the two years before the date of this Scheme Booklet, an interest in:

- (a) the formation or promotion of Zeta;
- (b) any property acquired or proposed to be acquired by Zeta in connection with its formation or promotion or the proposed issue of Zeta Shares or Zeta Options under the Scheme; or
- (c) the proposed issue of Zeta Shares or Zeta Options under the Scheme,

and no amounts have been paid or agreed to be paid and no one has given or agreed to give a benefit, to any such person to induce him to become or to qualify him as a director of Zeta or Kumarina, or for services rendered in connection with the promotion or formation of Zeta or the proposed issue of Zeta Shares or Zeta Options under the Scheme.

### 10.17 Publicly available information in relation to Kumarina

Kumarina is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. In addition, under the ASX Listing Rules, subject to certain limited exceptions, Kumarina is required to notify ASX immediately on becoming aware of any information which a reasonable person might expect to have a material impact on the price or value of Kumarina Shares.

Copies of documents given by Kumarina to ASIC under the Corporations Act may be obtained from, or inspected at, any office of ASIC. Copies of documents given by Kumarina to ASX are available from ASX's website [www.asx.com.au](http://www.asx.com.au) and on Kumarina's website at [www.kumarina.com](http://www.kumarina.com).

The documents available at ASX's website and Kumarina's website include:

- (a) Kumarina's annual report and financial report for the year ended 30 June 2012; and
- (b) the Competent Person's Report.

Kumarina will make copies of these documents available free of charge to Kumarina Shareholders. Please contact Mark Pitts, Company Secretary of Kumarina on (08) 9316 9100 (from within Australia) and +61 8 9316 9100 (from outside Australia) between 9.00am and 5.00pm (WST) Monday to Friday.

### 10.18 Supplementary information

If between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Zeta becomes aware of any of the following:

- (a) a material statement in the Zeta Information is false or misleading;
- (b) a material omission from the Zeta Information;
- (c) a significant change affecting a matter included in the Zeta Information; or
- (d) a significant new matter affecting Zeta that has arisen and that would have been required to be included in the Zeta Information if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Zeta will make available supplementary information to Kumarina. Kumarina will make any such supplementary material provided by Zeta available to Kumarina Shareholders by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to Kumarina's website ([www.kumarina.com](http://www.kumarina.com)). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Kumarina may also send such supplementary materials to Kumarina Shareholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Kumarina becomes aware of any of the following:

- (a) a material statement in this Scheme Booklet is false or misleading;

- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Kumarina will make available supplementary material to Kumarina Shareholders. Kumarina intends to make available any supplementary material by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to Kumarina's website ([www.kumarina.com](http://www.kumarina.com)). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Kumarina may also send such supplementary materials to Kumarina Shareholders.

#### 10.19 Other material information

Except as set out in this Scheme Booklet (including the information contained in the Independent Expert's Report and the other Annexures to this Scheme Booklet), there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Kumarina Director, or any director of any Related Body Corporate of Kumarina, which has not previously been disclosed to Kumarina Shareholders.

**THE ISSUE OF THIS SCHEME BOOKLET IS AUTHORISED BY THE DIRECTORS OF KUMARINA RESOURCES LIMITED AND THIS SCHEME BOOKLET HAS BEEN SIGNED BY OR ON BEHALF OF THE DIRECTORS OF KUMARINA RESOURCES LIMITED ON 8 APRIL 2013.**



**James Sullivan**  
Managing Director

## 11. Glossary

### 11.1 Definitions

In this Scheme Booklet:

**A\$** means the lawful currency of the Commonwealth of Australia.

**ASIC** means the Australian Securities and Investments Commission.

**Asset Sale Agreement** means the agreement between Zeta and Utilico, dated 29 January 2013, pursuant to which Utilico will transfer the Utilico Minority Interests to Zeta, as described in section 4.5.

**Asset Sale Completion Date** means the date which is two Business Days before the Second Court Date.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the official listing rules of the ASX.

**Bermuda Companies Act** means the Companies Act 1981 of Bermuda as may be amended or replaced from time to time.

**Board** or **Kumarina Board** means the board of directors of Kumarina.

**Business Day** means a business day as defined in the ASX Listing Rules.

**Capital Raising** means the proposed issue by Zeta of up to 25 million Zeta Shares at \$1.00 each to raise up to \$25 million.

**Centamin** means Centamin plc, a company registered in England and Wales with Company Number 7673091, and listed on the LSE and the TSX.

**Centamin Shares** means fully paid ordinary shares in the capital of Centamin.

**CHES** means the Clearing House Electronic Sub-register System which provides for the electronic transfer, settlement and registration of securities in Australia.

**Company** or **Kumarina** means Kumarina Resources Limited (ACN 142 774 150).

**Competent Person's Report** means the report prepared by CSA Global in relation to Kumarina's projects, a summary of which is set out in Annexure 4.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Court** means the Federal Court of Australia.

**Deed Poll** means the deed poll dated 27 March 2013 entered into by Zeta in favour of the Scheme Shareholders, in the form set out in Annexure 3.

**DMP** means the Western Australian Department of Mines and Petroleum.

**Effective** means, when used in relation to the Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) in relation to the Scheme.

**Effective Date** means the date the Scheme becomes Effective.

**Excluded Shares** means any Kumarina Shares held by Zeta or by any other person on behalf of or for the benefit of Zeta.

**FH Options** has the meaning given in section 8.11.

**FH Shares** has the meaning given in section 8.11.

**ICM** means ICM Limited, a company registered in Bermuda with Company Number 44350.

**Ilgarari** or **Ilgarari Project** means Kumarina's Ilgarari Copper Project, comprised of the Ilgarari Tenements.

**Ilgarari Tenements** means E52/2274, E52/2632, E52/2663, ELA52/2800 and ELA52/2801.

**Implementation Agreement** means the Scheme Implementation Agreement in the form set out in Annexure 1.

**Implementation Date** means the date which is the next Business Day after the Scheme Record Date, or such other date as Zeta and Kumarina agree in writing.

**Independent Expert** means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045).

**Independent Expert's Report** means the Independent Expert's Report prepared by the Independent Expert in relation to the Scheme, contained in Annexure 4.

**Independent Kumarina Directors** means all of the Kumarina Directors, except Mr Peter Sullivan.

**Ineligible Foreign Holder** means any Scheme Shareholder whose address on the Kumarina Share Register as at the Scheme Record Date is a place outside Australia and its external territories, New Zealand or Bermuda unless, no less than three (3) Business Days prior to the Scheme Meeting, Kumarina and Zeta agree in writing that it is lawful and not unduly onerous or impractical to issue that Scheme Shareholder with Zeta Shares and Zeta Options when the Scheme becomes Effective.

**Investment Management Agreement** means the investment management agreement to be entered into between Zeta and ICM, a summary of which is set out in section 5.8.

**JORC Code** means the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, which is available at [www.jorc.org](http://www.jorc.org).

**Kumarina Board** or **Board** means the board of directors of Kumarina.

**Kumarina Directors** means the directors of Kumarina as at the date of this Scheme Booklet, whose names are set out in section 3.4(a).

**Kumarina Group** means Kumarina and all of its Related Bodies Corporate.

**Kumarina Information** means all information included in this Scheme Booklet other than:

- (a) the Zeta Information; and
- (b) the information contained in the report on the taxation implications of the Scheme in section 9 of this Scheme Booklet, the Independent Expert's Report and the Competent Person's Report contained in Annexure 4.

**Kumarina Options** means options to acquire new Kumarina Shares.

**Kumarina Shares** means fully paid ordinary shares in the capital of Kumarina.

**Kumarina Shareholder** means each person who is registered as the holder of a Kumarina Share.

**Kumarina Share Register** means the register of Kumarina Shares maintained by the Share Registry on behalf of Kumarina.

**LSE** means the London Stock Exchange plc.

**Long Stop Date** means 30 June 2013, or such later date as Zeta and Kumarina agree in writing.

**Murrin Murrin or Murrin Murrin Project** means Kumarina's Murrin Murrin Gold/Copper Project, comprised of the Murrin Murrin Tenements.

**Murrin Murrin Tenements** means M39/397, M39/398, M39/399, M39/400, M39/1068, M39/371 (gold and base metal rights), M39/372 (gold and base metal rights), PLA39/5230, P39/5231, P39/5232, P39/5233, P39/5234, P39/5235, P39/5236, P39/5237, P39/5238, PLA39/5304, PLA39/5305 and PLA39/5306.

**Native Title Act** means the Native Title Act 1993 (Cth).

**Notice** or **Notice of Scheme Meeting** means the notice of meeting in relation to the Scheme Meeting, and which forms Annexure 7 to this Scheme Booklet.

**NZO** means New Zealand Oil & Gas Limited (ARBN 003 064 962).

**NZO Shares** means fully paid ordinary shares in the capital of NZO.

**NZX** means the New Zealand Stock Exchange.

**PPP** means Pan Pacific Petroleum NL (ACN 000 749 799).

**PPP Shares** means fully paid ordinary shares in PPP.

**Proposal** means the proposal under which all existing shares in Kumarina will be exchanged for shares and options in Zeta by way of a scheme of arrangement.

**Prospectus** means a short form prospectus, under section 712 of the Corporations Act and which will incorporate this Scheme Booklet by reference, to be dated on or about 10 April 2013 in relation to Zeta's proposed admission to ASX and the Capital Raising.

**Proxy Form** means the proxy form for the Scheme Meeting which accompanies this Scheme Booklet.

**Related Body Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given in the Corporations Act.

**Resolute** means Resolute Mining Limited (ACN 097 088 689), a company listed on ASX.

**Resolute Shares** means fully paid ordinary shares in the capital of Resolute.

**Sale Nominee** means the person appointed by Zeta to sell the Zeta Shares and Zeta Options that would otherwise have been issued to or for the benefit of Ineligible Foreign Holders under the terms of the Scheme.

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between Kumarina and the Kumarina Shareholders, in the form attached as Annexure 2, subject to any amendments made or required by the Court under section 411(6) of the Corporations Act and approved by Zeta and Kumarina in writing.

**Scheme Booklet** means this document.

**Scheme Consideration** means, other than for Ineligible Foreign Holders who shall receive cash in accordance with section 8.11, one (1) Zeta Share for every four (4) Kumarina Shares held by a Scheme Shareholder on the Scheme Record Date and one (1) Zeta Option for every five (5) Zeta Shares issued to them.

**Scheme Meeting** means the meeting of Kumarina Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.

**Scheme Record Date** means the date which is five (5) Business Days after the Effective Date.

**Scheme Shareholder** means a person who is registered in the Kumarina Share Register as the holder of one or more Scheme Shares as at the Scheme Record Date, provided that if such a person is registered as the holder of both Scheme Shares and Excluded Shares, that person will be a Scheme Shareholder in respect of the Scheme Shares only.



**Scheme Shares** means all of the Kumarina Shares on issue at the Scheme Record Date other than Excluded Shares (if any).

**Seacrest Subscription Rights** means 2,500,000 nil paid US\$1.00 subscription rights, which carry the obligation to make a payment of US\$1.00 per subscription right (US\$2.5 million in aggregate) to Seacrest LP on receipt of a drawdown notice from Seacrest LP, following which Zeta will become a limited partner of Seacrest LP.

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Second Court Hearing** means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

**Share Registry** means Security Transfer Registrars Pty Ltd (ACN 008 894 488).

**Solicitor's Report on Tenements** means the Solicitor's Report on Tenements set out in Annexure 6.

**TSX** means Toronto Stock Exchange.

**US\$** means the lawful currency of the United States of America.

**Utilico** means Utilico Investments Limited, a company incorporated in Bermuda, with registration number 39479 and listed on the LSE.

**Utilico Minority Interests** means the minority interests held by Utilico immediately prior to completion of the Asset Sale Agreement, as set out in section 4.5.

**VWAP** means volume weighted average price.

**WST** means western standard time in Australia.

**Zeta** means Zeta Resources Limited, a company incorporated in Bermuda with Registration Number 46795.

**Zeta Consideration Option** means an option to subscribe for one Zeta Share, at an exercise price of A\$1.00, on or before 8 December 2014, and which shall be issued to Aumex Mining Pty Ltd in consideration for the cancellation of the Kumarina Options held by Aumex Mining Pty Ltd.

**Zeta Directors** means the directors of Zeta as at the date of this Scheme Booklet.

**Zeta Group** means, following the Implementation Date, Zeta and the Kumarina Group.

**Zeta Information** means all information concerning Zeta and the Zeta Shares set out in sections 4, 5, 6, 7, 10.4, 10.5, 10.12 and 10.13 but for the avoidance of doubt not including the information contained in the report on the taxation implications of the Scheme contained in section 9, the Independent Expert's Report or the Competent Person's Report contained in Annexure 4.

**Zeta Option** means an option to acquire one new Zeta Share on the terms set out in section 5.9.

**Zeta Shares** means ordinary shares of par value US\$0.00001 each in the capital of Zeta.

## 11.2 Related entities

For the purposes of this Scheme Booklet, an entity is a related entity of another entity if the first entity and the second entity would be related bodies corporate for the purposes of section 50 of the Corporations Act if the Corporations Act were read so that:

- (a) references to bodies corporate included references to other entities;
- (b) a subsidiary of an entity included an entity that is controlled by the first entity for the purposes of section 50AA of the Corporations Act;
- (c) a trust is a subsidiary of another entity if it would have been a subsidiary had the trust been a body corporate and had units in the trust been shares; and
- (d) an entity is a subsidiary of a trust if it would have been a subsidiary had the trust been a body corporate.

## 11.3 References to certain other words and terms

In this Scheme Booklet:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
  - (i) that legislation as amended, extended or applied by or under any other legislation made before or after the date of this Scheme Booklet;
  - (ii) any legislation which that legislation re-enacts with or without modification; and
  - (iii) any subordinate legislation made before or after the date of this Scheme Booklet under that legislation, including (where applicable) that legislation as amended, extended or applied as described in subsection 11.3(a)(i), or under any legislation which it re-enacts as described in subsection 11.3(a)(ii);
- (b) words denoting persons include bodies corporate and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) the annexures form part of this Scheme Booklet and a reference to a section, schedule or annexure is a reference to a section, schedule or annexure of or to this Scheme Booklet;
- (e) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Australia; and
- (f) a reference to \$, A\$ or to dollars is to Australian currency.

#### **11.4 Rules of interpretation and construction**

In this Scheme Booklet:

- (a) singular words include the plural and vice versa;
- (b) a word of any gender includes the corresponding words of any other gender;
- (c) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (d) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and
- (e) the headings do not affect interpretation.

## **Annexure 1 – Scheme Implementation Agreement**

### **Scheme Implementation Agreement**

**Kumarina Resources Limited**  
Kumarina

**Zeta Resources Limited**  
Zeta

**HARDY•BOWEN**  
LAWYERS  
Level 1, 28 Ord Street, West Perth 6005  
PO Box 1364, West Perth WA 6872  
Tel + 61 8 9211 3600 Fax + 61 8 9211 3690  
Our Ref –120360

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This Agreement is made this     day of     2013

**Parties**                    **Kumarina Resources Limited ACN 142 774 150** of Level 2, 907 Canning Highway,  
Mt Pleasant, Western Australia (**Kumarina**)

and

**Zeta Resources Limited** of 19 Par-la-Ville Road, Hamilton HM11, Bermuda (**Zeta**)

### **Recitals**

- A. The directors of Kumarina have resolved to propose to Kumarina Shareholders a restructure by way of scheme of arrangement, the effect of which will make Kumarina a wholly owned subsidiary of Zeta (the Proposal).
- B. This agreement is entered into to record and give effect to the terms and conditions on which Zeta and Kumarina propose to implement the Proposal.

**It is Agreed** as follows:

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## **1. Interpretation**

### **1.1 Definitions**

In this Agreement the following terms shall bear the following meanings:

**Affiliate** means, in relation to any specified person (other than a natural person), any other person (which shall include a natural person) directly or indirectly controlling or controlled by such specified person or under direct or indirect common control with such specified person, for which purpose "control" shall mean beneficial ownership of more than 50% of the voting shares of a company or entity;

**ASIC** means the Australian Securities and Investments Commission;

**Assets** means the assets described in Schedule 1;

**ASX Listing Rules** means the official listing rules of the ASX;

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires;

**Authority** means:

- (a) any government or governmental, semi-governmental or local authority and any department, office, minister, commission, board, delegate or agency of any such government or authority;

- (b) any judicial or administrative entity or authority; and
- (c) any other authority, commission, board, agency or other entity established or having power under statute or the listing rules of any recognised securities exchange;

**Business Day** means a business day as defined in the ASX Listing Rules;

**Capital Raising** means the offer of up to 25,000,000 Zeta Shares at an issue price of A\$1.00 each, with one free attaching Zeta Option for every five Zeta Shares subscribed for;

**Competent Person's Report** means the report prepared by CSA Global Pty Ltd in connection with the Scheme;

**Completion** has the meaning given to that term in the Share Purchase Agreement;

**Conditions** means the conditions precedent set out in clause 3.1;

**Corporations Act** means the Corporations Act 2001 (Cth);

**Court** means the Supreme Court of Western Australia;

**Deed Poll** means the deed poll to be entered into by Zeta on or about the date of this agreement in favour of the Scheme Shareholders;

**Effect** means, when used in relation to the Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) in relation to the Scheme and Effective has a corresponding meaning;

**Effective Date** means the date the Scheme becomes Effective;

**Excluded Shares** means any Kumarina Share held by Zeta;

**First Court Date** means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Scheme Meeting;

**Foreign Holder** means any Scheme Shareholder whose address shown on the Kumarina Share Register as at the Scheme Record Date is a place outside Bermuda, Australia and its external territories, unless, no less than three Business Days prior to the Scheme Meeting, Kumarina and Zeta agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Scheme Shareholder with the Scheme Consideration when the Scheme becomes Effective;

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the Scheme Resolution is passed at the Scheme Meeting by a majority in number of Kumarina Shareholders present and voting, either in person or by proxy;

**Implementation Date** means the date which is the next Business Day after the Scheme Record Date, or such other date as Zeta and Kumarina agree in writing;



**Independent Expert** means BDO Corporate Finance (WA) Pty Ltd;

**Independent Expert's Report** means the independent expert's report prepared by the Independent Expert in relation to the Scheme including any updates or amendments to this report made by the Independent Expert;

**Independent Kumarina Directors** means all directors of Kumarina except Mr Peter Sullivan;

**Indicative Timetable** means the timetable contained in Schedule 2;

**Kumarina Constitution** means the constitution of Kumarina for the time being;

**Kumarina Group** means Kumarina and all of its Affiliates;

**Kumarina Information** means all information included in the Scheme Booklet other than the Zeta Information, the information contained in the report on the taxation implications of the Scheme, the Independent Expert's Report and the summary of the Competent Person's Report;

**Kumarina Optionholder** means the registered holder of Kumarina Options;

**Kumarina Options** means unlisted options to acquire new Kumarina Shares;

**Kumarina Share** means a fully paid ordinary share issued in the capital of Kumarina;

**Kumarina Share Register** means the register of Kumarina Shares maintained by Security Transfer Registrars Pty Ltd;

**Kumarina Shareholder** means a person who is registered in the Kumarina Share Register as the holder of one or more Kumarina Shares, from time to time;

**Long Stop Date** means 30 June 2013, or such later date as Zeta and Kumarina agree in writing;

**Option Cancellation Agreements** has the meaning given in clause 5.5;

**Regulatory Conditions** means the Conditions in sub-clauses 3.1(c) and 3.1(d);

**Representative** means:

- (a) in relation to Kumarina, a member of the Kumarina Group, any director, officer or employee of any member of the Kumarina Group, and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to any member of the Kumarina Group in relation to the Proposal; and
- (b) in relation to Zeta, a member of the Zeta Group (other than a member of the Kumarina Group), any director, officer or employee of any member of the Zeta Group (other than a member of the Kumarina Group) and any financier, financial adviser, accounting adviser, auditor, legal adviser, or technical or other expert adviser or consultant to any

member of the Zeta Group (other than a member of the Kumarina Group) in relation to the Proposal;

**RG 60** means Regulatory Guide 60 issued by ASIC in December 2009, as amended;

**Sale Facility** means the sale facility referred to in clause 4.3(a);

**Sale Nominee** means a person appointed by Zeta to sell the Zeta Shares and Zeta Options that would otherwise be issued to or for the benefit of Foreign Holders under the terms of the Scheme;

**Scheme Booklet** means the explanatory memorandum to be approved by the Court and sent to Kumarina Shareholders in advance of the Scheme Meeting;

**Scheme Consideration** means, other than for Foreign Holders who shall receive cash pursuant to the Sale Facility, one Zeta Share for every four Kumarina Shares held by a Scheme Shareholder on the Scheme Record Date, and one free attaching Zeta Option for every five Zeta Shares issued to each Kumarina Share Holder;

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Kumarina and Kumarina Shareholders;

**Scheme Meeting** means the meeting of Kumarina Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme;

**Scheme Record Date** means the date which is five Business Days after the Effective Date;

**Scheme Resolution** means the resolution to be put to Kumarina Shareholders at the Scheme Meeting to approve the Scheme;

**Scheme Shareholder** means a person who is registered in the Kumarina Share Register as the holder of one or more Scheme Shares as at the Scheme Record Date, provided that if such a person is registered as the holder of both Scheme Shares and Excluded Shares, that person will be a Scheme Shareholder in respect of the Scheme Shares only;

**Scheme Shares** means all of the Kumarina Shares on issue at the Scheme Record Date other than Excluded Shares (if any);

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard;

**Share Purchase Agreement** means the agreement to be entered into by Zeta and Utilico Investments Limited on or about the date of this agreement through which Zeta will acquire the Assets;

**WST** means western standard time;

**Zeta Board** means the board of directors of Zeta;

**Zeta Group** means Zeta and its Affiliates (other than members of the Kumarina Group);

**Zeta Information** means the information that Zeta provides to Kumarina under clause 5.4(a) for inclusion in the Scheme Booklet;

**Zeta Option** means a listed option to subscribe for 1 Zeta Share exercisable at \$1.00 on or before the date that is three years after the date of issue.

**Zeta Share** means a fully paid common share in the capital of Zeta; and

**Zeta Share Register** means the register of registered shareholders of Zeta in Bermuda or any branch register thereof.

## 1.2 References to certain other words and terms

In this agreement:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
  - (i) that legislation as amended, extended or applied by or under any other legislation made before or after signature of this agreement;
  - (ii) any legislation which that legislation re-enacts with or without modification; and
  - (iii) any subordinate legislation made before or after signature of this agreement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in sub-clause 1.3(a)(i), or under any legislation which it re-enacts as described in sub-clause 1.3(a)(ii);
- (b) words denoting persons include bodies corporate and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) the schedules and annexes form part of this agreement and a reference to a clause, sub-clause, schedule or annex is a reference to a clause, sub-clause, schedule or annex of or to this agreement;
- (e) subject to clause 9.2, references to a party to this agreement include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Australia; and
- (g) a reference to \$, A\$ or to **dollars** is to Australian currency.

### **1.3 Rules of interpretation and construction**

In this agreement:

- (a) singular words include the plural and vice versa;
- (b) a word of any gender includes the corresponding words of any other gender;
- (c) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (d) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (e) nothing is to be construed adversely to a party just because that party put forward this agreement or the relevant part of this agreement; and
- (f) the headings do not affect interpretation.

### **1.4 Things required to be done other than on a Business Day**

Unless otherwise indicated, if the day on which any act, matter or thing is to be done under this agreement is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

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## **2. Agreement to propose Scheme**

- (a) Kumarina agrees to propose the Scheme, and Zeta agrees to assist Kumarina to propose the Scheme, on and subject to the terms of this agreement, and in accordance with the Corporations Act.
- (b) Each party agrees to execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme substantially in accordance with this agreement and, in particular, must comply with its obligations pursuant to this agreement.

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## **3. Conditions Precedent**

### **3.1 Conditions**

The Scheme will not become Effective, and the obligations of Zeta under clause 4.2 are not binding, unless each of the following conditions precedent is satisfied:

- (a) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;

- (b) Kumarina Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act;
- (c) approval for listing of Zeta Shares and Zeta Options on ASX is obtained subject only to the Scheme taking effect and such other conditions as are acceptable to Zeta and Kumarina;
- (d) all approvals of any Authority which Kumarina and Zeta agree are necessary or desirable to implement the Proposal are obtained and no Authority takes any action, or imposes any legal restraint or prohibition, to prevent implementation of the Proposal;
- (e) Completion has occurred under the Share Purchase Agreement and Zeta has unencumbered legal and beneficial ownership of the Assets (to the satisfaction of Kumarina), no later than two Business Days prior to the Second Court Date;
- (f) the Independent Expert does not change its conclusion to not fair and not reasonable to Kumarina Shareholders or withdraw the Independent Expert's Report prior to the Scheme Meeting;
- (g) any additional conditions that may be imposed by the Court are satisfied and considered to be acceptable by each of the Parties.

### **3.2 Satisfaction of Conditions**

Without prejudice to the obligations of the parties under clause 5 or any other provision of this agreement, to the extent that it is within its power to do so, each party must use best endeavours to procure that:

- (a) the Conditions are satisfied as soon as reasonably practicable and in any event on or before the Long Stop Date; and
- (b) nothing occurs that would prevent any Condition from being satisfied.

### **3.3 Obligations in relation to Regulatory Conditions**

Without limiting clause 3.2:

- (a) Zeta and Kumarina must co-operate in good faith for the purposes of enabling the Regulatory Conditions to be satisfied;
- (b) Zeta must promptly make all notifications and applications to any Authority necessary to procure the satisfaction of the Regulatory Conditions and must give Kumarina a copy of these notifications and applications; and
- (c) each of Zeta and Kumarina must promptly:
  - (i) give the other all information reasonably required by the other for the purpose of enabling the Regulatory Conditions to be satisfied; and

- (ii) give the Authorities referred to in sub-clause 3.3(b) all additional information required by those Authorities for the purposes of considering Zeta's applications.

### **3.4 Notifications**

Each of Zeta and Kumarina must:

- (a) keep the other informed of the steps it has taken to procure, and of any other progress made towards, satisfaction of the Conditions;
- (b) promptly notify the other in writing if it becomes aware that any Condition has been satisfied; and
- (c) promptly notify the other in writing of a failure to satisfy a Condition or of any change or event of which it becomes aware that may lead to a Condition not being satisfied.

### **3.5 Waiver**

Any breach or non-satisfaction of the Condition in sub-clause 3.1(f) may be waived with the written agreement of Zeta and Kumarina. No other Conditions may be waived.

### **3.6 Consultations if Conditions not satisfied**

Except in respect of the Conditions in sub-clauses 3.1(a) and 3.1(b), if:

- (a) there is a breach or non-satisfaction of a Condition by the time specified in clause 3.1 or 3.2 for satisfaction of the Condition; or
- (b) there is an act, failure to act, event or occurrence which will prevent a Condition being satisfied by the time specified in clause 3.1 or 3.2 for its satisfaction,

Zeta and Kumarina must consult in good faith with a view to determining whether:

- (c) the Scheme or a transaction that results in Zeta acquiring beneficial ownership of all the Kumarina Shares may proceed by way of alternative means or methods;
- (d) to extend the relevant time or date for satisfaction of the Condition or the Long Stop Date; or
- (e) to change the date of the application to be made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed between Zeta and Kumarina and, if required, approved by the Court.

### **3.7 Termination**

Either Zeta or Kumarina may terminate this agreement by giving written notice to the other if any of the Conditions have not been satisfied or waived by the Long Stop Date. If this agreement is terminated under this clause 3.7, then the provisions of clause 6.2 have effect.

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## **4. Scheme**

### **4.1 Overview**

Kumarina agrees to propose a scheme of arrangement under Part 5.1 of the Corporations Act under which all of the Kumarina Shares will be transferred to Zeta and the Scheme Shareholders will be entitled to receive the Scheme Consideration in accordance with this agreement and the Scheme.

### **4.2 Scheme Consideration**

Zeta covenants in favour of Kumarina (in its own right and as trustee or nominee on behalf of the Scheme Shareholders) that in consideration for and simultaneously with the transfer to Zeta of each Scheme Share held by a Scheme Shareholder under the terms of the Scheme it will:

- (a) accept that transfer; and
- (b) issue to each Scheme Shareholder (other than Foreign Holders) one Zeta Share for every four Kumarina Shares held by that Scheme Shareholder on the Scheme Record Date, and one free attaching Zeta Option for every five Zeta Shares issued to each Kumarina Shareholder.

### **4.3 Foreign Holders**

- (a) The Parties must procure that a sale facility is made available for the sale of Zeta Shares and Zeta Options that would otherwise be issued to Foreign Holders as Scheme Consideration.
- (b) Foreign Holders will not be issued with Zeta Shares or Zeta Options under the Scheme. Instead, the Zeta Shares and Zeta Options that would otherwise have been issued to them under the Scheme, will be issued to the Sale Nominee on the Implementation Date, and will be sold in the Sale Facility in accordance with the Scheme.

### **4.4 General obligations**

Each of Kumarina and Zeta must do everything reasonably necessary, including by procuring that its Representatives work in good faith and in a timely and co-operative manner with the other party and its representatives, to implement the Scheme in accordance with all laws and regulations applicable in relation to the Scheme.

#### **4.5 Timetable**

Subject to clause 5.2, each of Kumarina and Zeta must use their best efforts, including by procuring that its Representatives work in good faith and in a timely and co-operative manner with the other party and its representatives, to implement the Scheme in accordance with the Indicative Timetable.

#### **4.6 Capital Raising**

- (a) Zeta must, as soon as practicable after the date of execution of this agreement:
  - (i) use its best endeavours to obtain a mandate from a reputable stock brokerage or financial services firm to act as lead manager for the Capital Raising;
  - (ii) provide a copy of this mandate to Kumarina; and
  - (iii) subject to the receipt of written consent from Kumarina (which consent must not be unreasonably withheld), engage the lead manager or placement agent for the Capital Raising in accordance with the terms of the mandate.
- (b) The issue of Zeta Shares and Zeta Options under the Capital Raising will be conditional on the Scheme becoming Effective. The issue of Zeta Shares and Zeta Options applied for under the Capital Raising will occur on the Implementation Date. Any funds received pursuant to applications under the Capital Raising will be held on trust until the relevant Zeta Shares and Zeta Options are issued.

#### **4.7 Share Purchase Agreement**

Zeta must use its best endeavours to ensure that Completion of the Share Purchase Agreement will occur on or before 8:00am on the Second Court Hearing Date.

#### **4.8 Recommendation of Independent Kumarina Directors**

- (a) Subject to sub-clause 4.8(c), each of the Independent Kumarina Directors must recommend that Kumarina Shareholders vote in favour of the Scheme in the absence of a superior proposal.
- (b) The Scheme Booklet must contain a statement that each of the Independent Kumarina Directors recommends that Kumarina Shareholders vote in favour of the Scheme in the absence of a superior proposal, unless prior to the issue of the Scheme Booklet any of the Independent Kumarina Directors have changed their recommendation in accordance with sub-clause 4.8(c).
- (c) An Independent Kumarina Director will not be required to recommend the Scheme if:
  - (i) that Independent Kumarina Director considers, acting reasonably, that there is a superior proposal; or



- (ii) the Independent Expert's Report concludes that the Scheme is not in the best interest of the Kumarina Shareholders,

in which case the recommendation of the Independent Kumarina Directors may be withdrawn.

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## 5. Implementation of the Scheme

### 5.1 Kumarina's specific obligations

Without limiting clause 4, Kumarina must:

- (a) prepare the Scheme Booklet, which must contain the Scheme, the Deed Poll, this agreement, a summary of the Competent Person's Report, the Independent Expert's Report and all information required under the Corporations Act and all other applicable laws, RG 60 and the ASX Listing Rules;
- (b) appoint the Independent Expert, and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (c) as soon as practicable after preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the Independent Kumarina Directors is convened to consider that draft, and, if appropriate, approve it for submission to ASIC for review and, as soon as practicable after the end of the review by ASIC, approve it for lodgement with the Court and subject to approval by the Court, for dispatch to Kumarina Shareholders;
- (d) as soon as practicable after the approval of the Independent Kumarina Directors referred to in sub-clause 5.1(c), provide to ASIC a copy of the advanced draft of the Scheme Booklet as required by section 411(2) of the Corporations Act;
- (e) apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (f) subject to clause 5.2, apply to the Court for an order under section 411(1) of the Corporations Act directing Kumarina to convene the Scheme Meeting and if the Court makes that order:
  - (i) request ASIC to register the Scheme Booklet in accordance with section 412(6) of the Corporations Act; and
  - (ii) dispatch the Scheme Booklet to Kumarina Shareholders and hold the Scheme Meeting in accordance with that order;
- (g) provide supplementary disclosure to Kumarina Shareholders if, any time before the Second Court Date, Kumarina becomes aware either:

- (i) of new information which, were it known at the time the Scheme Booklet was prepared should have been included in the Scheme Booklet; or
- (ii) that any part of the Kumarina Information in the Scheme Booklet is misleading or deceptive in a material respect (whether by omission or otherwise),

and Kumarina or Zeta considers that supplementary disclosure is required;

- (h) procure that its share registry provide to Zeta, in the form reasonably requested by Zeta, all information about the Scheme and Kumarina Shareholders (including the results of directions given by Kumarina under Part 6C.2 of the Corporations Act) which Zeta reasonably requires in order to facilitate the provision of the Scheme Consideration including details of the Kumarina Share Register (including any CHESSE sub-register and issuer sponsored sub-register) on the Scheme Record Date, other than information that Kumarina's share registry is prohibited from providing by law or by the operating rules of any financial market or clearing and settlement facility;
- (i) if the Scheme Resolution is not passed by reason only of the non-satisfaction of the Headcount Test and either Zeta or Kumarina considers, acting reasonably, that some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied, apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test;
- (j) if the Scheme Resolution is passed by the requisite majorities of Kumarina Shareholders (as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act) and all other Conditions have been satisfied or waived (other than the condition relating to the Court set out in clause 3.1(a)), promptly apply to the Court for an order approving the Scheme as approved by Kumarina Shareholders at the Scheme Meeting;
- (k) provide to the Court on the Second Court Date the certificate in relation to the satisfaction of the Conditions contemplated by the terms of the Scheme;
- (l) if the Court approves the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act:
  - (i) promptly (and in any event before 5.00pm (WST) on the first Business Day after the day on which the Court approves the Scheme) lodge with ASIC an office copy of the order approving the Scheme in accordance with section 411(1) of the Corporations Act;
  - (ii) close the Kumarina Share Register at 7.00pm (WST) on the Scheme Record Date to determine the identify of the Scheme Shareholders and their entitlements to the Scheme Consideration;
  - (iii) subject to Zeta satisfying its obligations under this agreement on the Implementation Date:

- (A) execute proper instruments of transfer of and effect transfer of the Kumarina Shares to Zeta or a related entity of Zeta in accordance with the Scheme; and
  - (B) register all transfers of Kumarina Shares held by Scheme Shareholders to Zeta; and
- (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court;
- (m) once the Scheme comes into effect, notify ASX and apply for Kumarina Shares to be suspended from official quotation on ASX from close of trading on the Effective Date;
- (n) following the Implementation Date, apply to ASX to delist Kumarina on the later of the Business Day after the Implementation Date and the Business Day after the date on which all transfers of the Scheme Shares have been registered in accordance with the Scheme;
- (o) if the Court refuses to make any order sought by Kumarina under this clause 5.1, consult with Zeta in good faith as to whether to appeal the Court's decision. If, in the opinion of independent Senior Counsel, practising in Perth in the area of corporate law, obtained by either Kumarina or Zeta within 10 Business Days of the Court's decision, there are reasonable prospects of successfully appealing the Court's decision:
  - (i) Kumarina must appeal the Court's decision, the cost of which is to be borne equally by Kumarina and Zeta; and
  - (ii) the Long Stop Date will be extended by the same number of days as there are between the date on which the Court refused to make the relevant order and the date on which the appeal from that refusal is finally determined or to such other date as Zeta and Kumarina agree in writing; and
- (p) not declare or pay any dividend on the Kumarina Shares prior to the Implementation Date.

## **5.2 Obligations dependent on status of Regulatory Conditions**

Notwithstanding any other provision of this agreement, Kumarina is not required to proceed with any application to the Court for an order under section 411(1) of the Corporations Act directing Kumarina to convene the Scheme Meeting until such time as Kumarina considers that the Regulatory Conditions have been or are likely to be satisfied.

## **5.3 Zeta's obligations**

Without limiting clause 4, Zeta must:

- (a) prepare and provide to Kumarina for inclusion in the Scheme Booklet all information relating to:

- (i) Zeta; and
- (ii) Zeta's intentions in relation to the assets, business and employees of Kumarina if the Scheme is approved and implemented,

required under the Corporations Act and all other applicable laws, RG 60 and the ASX Listing Rules to be included in the Scheme Booklet;

- (b) provide to Kumarina drafts of the Zeta Information in a timely manner, provide Kumarina with a reasonable opportunity to review those drafts and consider in good faith the reasonable comments of Kumarina and its Representatives when preparing revised drafts of that information;
- (c) provide any assistance and information reasonably requested by Kumarina or by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) as soon as practicable after receipt of any draft of the Scheme Booklet from Kumarina review and provide comments on that draft;
- (e) as soon as practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Zeta Board be convened to consider the Zeta Information and, if appropriate, approve it for lodgement with ASIC and, upon the conclusion of the review by ASIC, approve it for lodgement with the Court and, subject to approval by the Court, for dispatch to Kumarina Shareholders;
- (f) before the First Court Date execute and deliver to Kumarina:
  - (i) the Deed Poll; and
  - (ii) consent to the inclusion of the Zeta Information in the Scheme Booklet in the form and context it appears;
- (g) advise Kumarina if at any time before the Second Court Date, Zeta becomes aware either:
  - (i) of new information which, were it known at the time the Scheme Booklet was prepared should have been included in the Zeta Information that is included in the Scheme Booklet; or
  - (ii) that any part of the Zeta Information is misleading or deceptive in a material respect (whether by omission or otherwise),

together with such additional information as Kumarina requires to determine whether supplementary disclosure to Kumarina Shareholders is required;

- (h) provide to the Court on the Second Court Date the certificate in relation to the satisfaction of the Conditions contemplated by the terms of the Scheme;

- (i) grant Zeta Options to the Kumarina Optionholder in consideration for the cancellation of its Kumarina Options, in accordance with the Option Cancellation Agreement;
- (j) apply to ASX for the Zeta Shares and Zeta Options to be quoted on ASX and to trade on ASX on a deferred settlement basis from the commencement of trading on the first trading day after the Effective Date, and on a normal settlement basis on the fifth trading day after the Implementation Date;
- (k) if the Scheme becomes Effective:
  - (i) provide the Scheme Consideration in accordance with the Deed Poll on the Implementation Date, and otherwise satisfy its obligations under the Deed Poll;
  - (ii) on the Implementation Date, enter, or procure entry, into the Zeta Share Register, the respective names and addresses of each holder of Zeta Shares issued in accordance with the Scheme; and
  - (iii) on the Implementation Date, enter, or procure entry, into the Zeta Share Register, the respective names and addresses of each holder of Zeta Shares issued in accordance with the Capital Raising;
- (l) accept a transfer of the Scheme Shares as contemplated by clause 4.2;
- (m) not declare or pay any dividend on the Zeta Shares prior to the Implementation Date; and
- (n) if Kumarina nominates a person to act as a director of Zeta, and that person provides their written consent to act as a director of Zeta, appoint that person to the Zeta Board with this appointment to be effective on and from the Implementation Date.

#### **5.4 Obligations in relation to Court proceedings**

In relation to each Court hearing held or required under this clause 5 to be held in relation to the Scheme;

- (a) Kumarina must consult with Zeta in relation to all documents required to be filed with or presented to the Court (including originating process, affidavits, submissions and draft Court orders) and must consider in good faith comments from Zeta and its Representatives on those documents; and
- (b) Kumarina must engage counsel to represent Kumarina at the hearing (provided that such counsel will not be authorised to give any undertakings on behalf of Kumarina).

#### **5.5 Kumarina Options**

Kumarina must use all reasonable endeavours to procure that, by no later than five Business Days before the Second Court Date, the Kumarina Optionholder enters into a binding

agreement (Option Cancellation Agreement) with Kumarina and Zeta, conditional on the Scheme becoming Effective, under which the Kumarina Optionholder agrees to the cancellation of its Kumarina Options in consideration for the grant by Zeta of 250,000 new Zeta Options or such other consideration as agreed between Kumarina, Zeta and the Kumarina Optionholder.

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## **6. Termination**

### **6.1 Termination events**

- (a) Either Zeta or Kumarina may terminate this agreement at any time before the commencement of the Court hearing on the Second Court Date by giving written notice to the other if:
  - (i) the Court fails to make orders in accordance with section 411(1) of the Corporations Act to convene the Scheme Meeting and either all appeals from such failure are unsuccessful or the parties determine not to initiate an appeal; or
  - (ii) the Independent Expert gives a report to Kumarina which concludes that the Scheme is not in the best interests of Kumarina Shareholders or changes its previously given conclusion that the Scheme is in the best interests of Kumarina Shareholders, or withdraws its report prior to the Scheme Meeting.
- (b) Zeta may terminate this agreement at any time before the commencement of the Court hearing on the Second Court Date by giving written notice to Kumarina if any of the Independent Kumarina Directors changes, withdraws or qualifies the recommendation made in clause 4.8 once made or makes a public statement indicating that they no longer support the Scheme.

### **6.2 Effect of termination**

If this agreement is terminated under clause 3.7 or this clause 6 then:

- (a) except for this subclause 6.2 and clauses 1, 7, 8, 9 (other than 9.7) and 10, all the provisions of this agreement will lapse and cease to have effect; and
- (b) neither the lapsing of those provisions nor their ceasing to have effect will affect any accrued rights or liabilities of either party in respect of damages for non-performance of any obligation under this agreement falling due for performance before such lapse and cessation.

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## **7. Notices**

### **7.1 Manner of giving notice**

Any notice or other communication to be given under this agreement must be in writing (which includes fax and email) and may be delivered or sent by post or fax or email to the party to be served as follows:

(a) to Kumarina at:

Address: Level 2, 907 Canning Highway, Mt Pleasant, Western Australia

Fax: + 61 8 9364 8078

Attention of: Jamie Sullivan

(b) to Zeta at:

Address: 19 Par-la-Ville Road, Hamilton HM11, Bermuda

Fax: +1 44 1 295 4759

Attention of: Alasdair Younie

or at any such other address or fax number or email address notified for this purpose to the other parties under this clause. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

### **7.2 When notice given**

Any notice or other communication is deemed to have been given:

- (a) if delivered, on the date of delivery; or
- (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another);
- (c) if sent by fax, at the time shown in the transmission report as being the time at which the whole fax was sent; or
- (d) if sent by email, upon the generation of a receipt notice by the recipient's server or, if such notice is not so generated, upon delivery to the recipient's server,

but if the notice or other communication would otherwise be taken to be received after 5.00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or

communication is taken to be received at 9.00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

### **7.3 Proof of service**

In proving service of a notice or other communication, it shall be sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail, or that the fax was properly addressed and transmitted or that the email was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's email system, as the case may be.

### **7.4 Documents relating to legal proceedings**

This clause 7 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this agreement.

---

## **8. Entire Agreement**

### **8.1 Entire agreement**

This agreement contains the entire agreement between the parties relating to the Proposal and supersede all previous agreements, whether oral or in writing, between the parties relating to the Proposal.

### **8.2 No reliance**

Each party acknowledges that in agreeing to enter into this agreement it has not relied on any express or implied representation, warranty, collateral contract or other assurance (except those expressly set out in this agreement) made by or on behalf of any other party before the entering into of this agreement. Each party waives all rights and remedies which, but for this clause 8.2 might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance.

### **8.3 Termination rights**

Except for the express right of termination contained in clauses 3.7 and 6, no party has any right to terminate this agreement and the parties waive their rights (if any) to annul, rescind, dissolve, withdraw from, cancel or terminate this agreement in any circumstances.



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## **9. General**

### **9.1 Amendments**

This agreement may only be amended in writing and where such amendment is signed by all the parties.

### **9.2 Assignments**

None of the rights or obligations of a party under this agreement may be assigned or transferred without the prior written consent of the other party.

### **9.3 Costs**

Kumarina must pay the costs and expenses of the Scheme, except that Zeta must pay any stamp duties and similar charges (if any) payable under Australian law in connection with the transfer of the Scheme Shares to Zeta.

### **9.4 Consents**

Except as otherwise expressly provided in this agreement a party may give or withhold its consent to any matter referred to in this agreement in its absolute discretion. A party that gives its consent to any matter referred to in this agreement is not taken to have made any warranty or representation as to any matter or circumstance connected with the subject matter of that consent.

### **9.5 Counterparts**

This agreement may be executed in counterparts, which taken together must constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this agreement by executing a counterpart.

### **9.6 Exercise and waiver of rights**

The rights of each party under this agreement:

- (a) may be exercised as often as necessary;
- (b) except as otherwise expressly provided by this agreement, are cumulative and not exclusive of rights and remedies provided by law; and
- (c) may be waived only in writing and specifically,

and delay in exercising or non-exercise of any such right is not a waiver of that right.

### **9.7 Further assurance**

Each party undertakes, at the request, cost and expense of the other party, to sign all documents and to do all other acts, which may be necessary to give full effect to this agreement.

### **9.8 No merger**

Each of the obligations, warranties and undertakings set out in this agreement (excluding any obligation which is fully performed at the Implementation Date) must continue in force after the Implementation Date.

### **9.9 Severability**

The provisions contained in each clause and sub-clause of this agreement shall be enforceable independently of each of the others and their validity shall not be affected if any of the others is invalid.

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## **10. Governing Law and Jurisdiction**

### **10.1 Governing Law**

This agreement and any non-contractual obligations arising out of or in connection with it is governed by the law applying in Western Australia.

### **10.2 Jurisdiction**

The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this agreement) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

**Executed** as an Agreement.

### Schedule 1 – Assets

<b>Company</b>	<b>Interest held by Zeta</b>
Resolute Mining Limited (ASX: RSG)	7,000,000 fully paid ordinary shares
New Zealand Oil & Gas Limited (ASX: NZO)	27,038,122 fully paid ordinary shares
Pan Pacific Petrol NL (ASX: PPP)	4,813,977 fully paid ordinary shares
Seacrest LP Subscription Rights	2,500,000 nil paid subscription rights at USD1
Centamin Plc (LSE: CEY)	10,000,000 fully paid ordinary shares

## Schedule 2 – Indicative Timetable

Indicative Date (2013)	Action
20 January	Kumarina and Zeta submit waiver applications to ASX
29 January	Parties enter into implementation agreement Kumarina announces the proposal on ASX
10 February	Independent Expert Report completed
17 February	Kumarina files an originating process and affidavit in support (annexing scheme documents) seeking order to convene meeting of Kumarina's shareholders and approving scheme booklet/notice of meeting Kumarina gives notice of the application to ASIC
10 February – 24 February	ASIC considers the scheme booklet and decides whether to appear at the hearing to approve the booklet
26 February	Hearing of application for orders to approve the scheme booklet and convene the shareholders' meeting ( <b>First Court Hearing</b> )
1 March	Despatch scheme booklet/notice of meeting to Kumarina shareholders
1 March	Zeta lodges a short form prospectus under section 712 of the Corporations Act which incorporates the Scheme Booklet by reference The prospectus will seek to raise up to \$25 million ( <b>Capital Raising</b> ) The prospectus will state, amongst other things, that: <ul style="list-style-type: none"> <li>1. the securities to be issued under the prospectus will, subject to ASX approval, be quoted on ASX;</li> <li>2. Zeta will hold all application money received under the prospectus on trust until the securities are issued; and</li> <li>3. Zeta will apply for its securities to be quoted on ASX within 7 days of the date of the prospectus</li> </ul> Zeta will lodge an Appendix 1A with ASX within seven days of lodging the prospectus
2 April	Time and date to determine eligibility to vote at the scheme meeting Proxies to be received from Kumarina's shareholders

<b>Indicative Date (2013)</b>	<b>Action</b>
4 April	Closing date of Capital Raising
4 April	Shareholders meeting for approval of the scheme ( <b>Scheme Meeting</b> )
5 April	Zeta Assets transferred from Utilico to Zeta
8 April	Court hearing of application for orders confirming the scheme ( <b>Second Court Hearing</b> )
9 April	Lodge office copy of orders with ASIC ( <b>Effective Date</b> ) Last day of trading of Kumarina's shares on ASX Deferred settlement trading of Zeta shares and listed options on ASX Issue of Zeta shares and options to Kumarina's shareholders and optionholders pursuant to the scheme ( <b>Implementation Date</b> ) Issue of Zeta shares and options to Utilico pursuant to the Agreement Issue of Zeta shares and options to applicants under the Capital Raising
16 April	Last day of deferred settlement trading of Zeta shares on ASX
17 April	Zeta shares and options begin trading on ASX on a normal settlement basis

## **Annexure 2 – Scheme**

### **Scheme of Arrangement**

**Kumarina Resources Limited ACN 142 774 150**

Kumarina

**Each person registered as a holder of fully paid ordinary shares in Kumarina Resources Limited on the Scheme Record Date**

Scheme Shareholder

**HARDY•BOWEN**

**LAWYERS**

**Level 1, 28 Ord Street, West Perth 6005**

**PO Box 1364, West Perth WA 6872**

**Tel + 61 8 9211 3600 Fax + 61 8 9211 3690**

**Our Ref – SDG:120360**

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**THIS SCHEME OF ARRANGEMENT** is made under section 411 of the Corporations Act 2001 (Cth).

**PARTIES:**

**Kumarina Resources Limited ACN 142 774 150** of Level 2, 907 Canning Highway, Mt Pleasant, Western Australia (**Kumarina**).

The holders of fully paid ordinary shares in the capital of Kumarina as at the Scheme Record Date.

**It is Agreed** as follows:

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## **1. Definitions and Interpretation**

### **1.1 Definitions**

In this agreement, the following terms shall bear the following meanings:

**Deed Poll** means the deed poll entered into by Zeta in favour of the Scheme Shareholders dated [date] 2013.

**Foreign Holder** means any Scheme Shareholder whose address shown on the Kumarina Share Register as at the Scheme Record Date is a place outside Australia and its external territories, New Zealand and Bermuda, unless, no less than three Business Days prior to the Scheme Meeting, Kumarina and Zeta agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Scheme Shareholder with Zeta Shares when the Scheme becomes Effective.

**Sale Facility** means the sale facility referred to in clause 5.3.

**Scheme Implementation Agreement** means the scheme implementation agreement entered into by Zeta and Kumarina dated 29 January 2013.

**Scheme** means this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Kumarina and Zeta.

**Zeta Options Register** means the register of registered optionholders of Zeta in Bermuda or any branch register thereof.

**Terms** that are not defined in this document and that are defined in the Scheme Implementation Agreement have the same meaning in this document as given to the term in the Scheme Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.



## 1.2 Interpretation

In this document:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
  - (i) that legislation as amended, extended or applied by or under any other legislation made before or after the date of this document;
  - (ii) any legislation which that legislation re-enacts with or without modification; and
  - (iii) any subordinate legislation made before or after the date of this document under that legislation, including (where applicable) that legislation as amended, extended or applied as described in subclause 1.2(a)(i), or under any legislation which it re-enacts as described in subclause 1.2(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) the schedules and annexes form part of this document and, unless otherwise indicated, a reference to a clause, subclause, schedule or annex is a reference to a clause, subclause, schedule or annex of or to this document;
- (e) references to a party to this document include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Australia; and
- (g) a reference to \$, A\$ or dollars is to Australian currency.

## 1.3 Rules of interpretation and construction

In this document:

- (a) singular words include the plural and vice versa;
- (b) a word of any gender includes the corresponding words of any other gender;
- (c) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (d) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and

- (e) the headings do not affect interpretation.

#### **1.4 Things required to be done other than on a Business Day**

Unless otherwise indicated, if the day on which any act, matter or thing is to be done under this document is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

---

## **2. Preliminary Matters**

- (a) Kumarina is a public company registered in Australia and is a company limited by shares.
- (b) As at 29 January 2013, 71,102,100 Kumarina Shares were on issue.
- (c) Zeta is a company incorporated in Bermuda.
- (d) If the Scheme becomes Effective:
  - (i) in consideration for the transfer of each Scheme Share to Zeta, Kumarina will procure Zeta to provide the Scheme Consideration to Scheme Shareholders in accordance with the Scheme; and
  - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Zeta and Kumarina will enter the name of Zeta in the Kumarina Share Register in respect of the Scheme Shares.
- (e) Kumarina and Zeta have agreed, by executing the Scheme Implementation Agreement, to implement the Scheme.
- (f) Zeta has agreed, by executing the Deed Poll, to perform its obligations under this Scheme, including the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders.

---

## **3. Conditions to the Scheme**

### **3.1 Conditions precedent to the Scheme**

- (a) The Scheme is conditional on:
  - (i) as at 8.00am on the Second Court Date, all the conditions in clause 3.1 of the Scheme Implementation Agreement (other than the condition relating to the approval of the Court set out in clause 3.1(a) of the Scheme Implementation Agreement), required to be satisfied by the Long Stop Date, having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement;

- (ii) approval of this Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act with or without modification; and
  - (iii) the Scheme Implementation Agreement not having been terminated by either party to that agreement before 8.00am on the Second Court Date.
- (b) For the avoidance of doubt, satisfaction of the conditions in clause 3.1(a) is a condition precedent to the operation of clause 4.
- (c) The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the Long Stop Date, or any later date to which Zeta and Kumarina agree.

### **3.2 Confirmations in relation to conditions**

Certificates provided by each of Zeta and Kumarina pursuant to clause 5.1(k) and 5.3(h) of the Scheme Implementation Agreement shall constitute conclusive evidence as to whether or not those conditions, referred to in the certificate, have been satisfied or waived and shall be binding on each of Kumarina and Zeta, and on all Kumarina Shareholders and Scheme Shareholders.

---

## **4. Implementation of the Scheme**

### **4.1 Lodgement of Court Orders**

Kumarina will, for the purposes of section 411(10) of the Corporations Act, lodge with ASIC office copies of the Court orders under section 411(4)(b) of the Corporations Act approving the Scheme by 5.00pm (WST) on the first Business Day after the day on which the Court approves the Scheme.

### **4.2 Transfer of Scheme Shares**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, all of the Scheme Shares together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to Zeta, without the need for any further act by any Scheme Shareholder (other than acts performed by Kumarina as attorney and agent for Scheme Shareholders under clause 8.5) by:
- (i) Kumarina delivering to Zeta duly completed and executed share transfer forms (or master share transfer form) to transfer all the Scheme Shares to Zeta; and
  - (ii) Zeta duly executing the share transfer forms (or master share transfer form), attending to the stamping of the share forms (or master share transfer form) (if required) and delivering the share transfer forms (or master share transfer form) to Kumarina for registration;

- (b) immediately after receipt of the share transfer forms (or master share transfer form) in accordance with clause 4.2(a), Kumarina must enter, or procure the entry of, the name of Zeta in the Kumarina Share Register in respect of all the Scheme Shares; and
- (c) the transfer of Scheme Shares will be deemed to be effective on the Implementation Date.

### **4.3 Agreement by Scheme Shareholders**

Each Scheme Shareholder agrees to the transfer of their Scheme Shares to Zeta in accordance with the terms of this Scheme.

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## **5. Provision of Scheme Consideration**

### **5.1 Provision of Scheme Consideration**

- (a) Subject to clause 5.2, the obligation of Zeta to provide or procure the provision of the Scheme Consideration to Scheme Shareholders will be satisfied by Zeta:
  - (i) in the case of Scheme Consideration that is required to be provided to Scheme Shareholders in the form of Zeta Shares and Zeta Options:
    - (A) on the Implementation Date, issuing to each Scheme Shareholder such number of Zeta Shares and Zeta Options that the Scheme Shareholder is entitled to receive as Scheme Consideration in accordance with the Scheme. Where the calculation of the number of Zeta Shares or Zeta Options to be issued to a particular Scheme Shareholder would result in the issue of a fraction of a Zeta Share or Zeta Option, the fractional entitlement will be rounded down to the nearest whole number of Zeta Shares or Zeta Options, as the case may be;
    - (B) on the Implementation Date, entering into the Zeta Share Register and Zeta Option Register the name and address of each such Scheme Shareholder in relation to all the Zeta Shares and Zeta Options which the Scheme Shareholder is entitled to receive as Scheme Consideration in accordance with the Scheme; and
    - (C) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of holding statement(s) to the address recorded in the Kumarina Share Register on the Scheme Record Date for the Zeta Shares and Zeta Options issued to each such Scheme Shareholder on the Implementation Date;
  - (ii) in the case of Scheme Consideration that is required to be dealt with as a result of the operation of clause 5.2,:

- (A) on the Implementation Date, and in accordance with clause 5.1(a)(i), issuing to the Sale Nominee such number of Zeta Shares and Zeta Options as is necessary under clause 5.2;
  - (B) on the Implementation Date, ensuring that the name and address of the Sale Nominee is entered into the Zeta Share Register and Zeta Option Register in relation to those Zeta Shares and Zeta Options which each Foreign Holder would otherwise be entitled to;
  - (C) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of a holding statement(s) to the Sale Nominee for the Zeta Shares and Zeta Options issued to the Sale Nominee on the Implementation Date; and
  - (D) procuring that the Sale Nominee sells the Zeta Shares and Zeta Options issued to it on behalf of the Foreign Holders and the proceeds are paid to the Scheme Shareholders in accordance with 5.3.
- (b) In the case of any Scheme Shares held in joint names:
- (i) Zeta Shares and Zeta Options issued under this Scheme will be issued to and registered in the names of the joint holders;
  - (ii) any cheque required to be sent under this Scheme will be made payable and sent to the holder whose name appears first in the Kumarina Share Register as at the Scheme Record Date; and
  - (iii) any uncertificated holding statement or other document will be issued in the names of the joint holders and sent to the holder whose name appears first in the Kumarina Share Register as at the Scheme Record Date.
- (c) Upon issue:
- (i) all Zeta Shares will rank equally with all existing Zeta Shares; and
  - (ii) each Zeta Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest; and
  - (iii) each Zeta Option will be subject to the terms and conditions set out in section 5.9 of the Scheme Booklet; and
- (d) Any binding instructions between a Scheme Shareholder and Kumarina relating to Kumarina Shares (including, without limitation, any instructions relating to payment of dividends or to communications from Kumarina) will, from the Implementation Date, be deemed by reason of the Scheme to be a similarly binding instruction to and accepted by Zeta in respect of Zeta Shares issued to Scheme Shareholders until that instruction is revoked or amended in writing addressed to Zeta at its share registry.

## 5.2 Foreign Holders

Zeta will be under no obligation under the Scheme to issue, and will not issue, any Zeta Shares or Zeta Options to any Foreign Holder and must instead procure that the number of Zeta Shares and Zeta Options that would have been issued to a Foreign Holder, had they not been a Foreign Holder, are dealt with on behalf of the Foreign Holder in accordance with clause 5.3.

## 5.3 Sale Facility

(a) The Zeta Shares and Zeta Options that would otherwise have been issued to Foreign Holders under the Scheme, (the FH Shares and FH Options as the case may be), will be issued to the Sale Nominee on the Implementation Date.

(b) Zeta must:

(i) as soon as is practicable after the Implementation Date, procure the Sale Nominee to sell the FH Shares and FH Options under the Sale Facility (in the manner set out in clause 5.3(c)); and

(ii) procure that the Sale Nominee pays to each Foreign Holder an amount determined in accordance with the following formula and rounded down to the nearest cent:

$$P \times (N / T)$$

where:

P is the net sale proceeds received by the Sale Nominee (after deducting any applicable selling costs, tax and charges) for the sale of all of the FH Shares and FH options;

N is the number of FH Shares plus the number of FH Options which would otherwise have been issued to that Foreign Holder had it not been a Foreign Holder;

T is the total number of FH Shares plus the total number of FH Options which were issued to the Sale Nominee in accordance with this clause 5.3.

(c) The Sale Nominee will sell the FH Shares and FH Options on the ASX in such manner (including selling the Zeta Shares and Zeta Options in one or more lots), at such price and on such other terms as the Sale Nominee determines in good faith as soon as practicable after the Implementation Date, provided the Sale Nominee uses all reasonable endeavours to achieve the best price reasonably obtainable at the time of sale.

(d) None of Zeta, Kumarina or the Sale Nominee gives any undertaking, representation, warranty or assurance as to the price that will be achieved for the sale of FH Shares and FH Options under the Sale Facility described in this clause 5.3.

- (e) Each Foreign Holder acknowledges that the Sale Nominee is acting as principal in dealing with the Zeta Shares and Zeta Options attributable to it and implementing the actions set out in this clause 5.3, and that the Sale Nominee is not a broker or other agent of the Foreign Holder.
- (f) Payments of amounts referred to in this clause 5.3 will be made as soon as reasonably practicable by cheque in Australian dollars and sent by prepaid post (at the risk of the Foreign Holder) to the address recorded in the Kumarina Share Register at the Scheme Record Date and, where applicable, in the manner set out in clause 5.1(b)(ii).

---

## 6. Dealings in Kumarina Shares

- (a) To establish the identity of the Scheme Shareholders, dealings in Kumarina Shares will only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Kumarina Share Register as the holder of the relevant Kumarina Shares before 7.00pm (WST) on the Scheme Record Date;
  - (ii) in the case of all other dealings in Kumarina Shares, registrable transmission applications or transfers in respect of those dealings are received by Security Transfer Registrars Pty Ltd before 5.00pm (WST) on the Scheme Record Date (in which case Kumarina must register such transfers before 7.00pm (WST) on the Scheme Record Date); and
- (b) If the Scheme becomes Effective, Scheme Shareholders (and any person claiming through such holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date.
- (c) Kumarina will not accept for registration, or recognise for any purpose, any transmission application or transfer in respect of Kumarina Shares received after the Scheme Record Date, other than a transfer of Kumarina Shares to Zeta pursuant to the Scheme or any subsequent transfer by Zeta to its successors in title.
- (d) For the purpose of determining entitlements to the Scheme Consideration, Kumarina must maintain the Kumarina Share Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been provided to all Scheme Shareholders. The Kumarina Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (e) All statements of holding and share certificates for Kumarina Shares will cease to have effect from 7.00pm (WST) on the Scheme Record Date as documents of title in respect of those securities and, as from that date, each entry current at that date on the Kumarina Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

- (f) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Kumarina will ensure that details of the names, registered addresses and holdings of Scheme Shares for each Scheme Shareholder as shown in the Kumarina Share Register as at 7.00pm (WST) on the Scheme Record Date are available to Zeta in the form Zeta reasonably requires.

---

## **7. Quotation of Kumarina Shares**

- (a) On the Effective Date, Kumarina will apply to ASX to suspend trading on the ASX in Kumarina Shares from close of trading on the Effective Date; and
- (b) On a date after the Implementation Date to be determined by Zeta, Kumarina will apply for termination of the official quotation of Kumarina Shares on the ASX, and to have itself removed from the official list of the ASX.

---

## **8. General Scheme Provisions**

### **8.1 Consent to Scheme amendments**

If the Court proposes to approve the Scheme subject to any alterations or conditions, Kumarina may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to which Zeta has consented.

### **8.2 Scheme Shareholders' agreements and warranties**

- (a) Each Scheme Shareholder will transfer their Scheme Shares to Zeta (together with all rights and entitlements attaching to those Scheme Shares) in accordance with this Scheme.
- (b) Each Scheme Shareholder acknowledges that the Scheme binds Kumarina and all Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting or vote against the Scheme at the Scheme Meeting).
- (c) Each Scheme Shareholder agrees to be bound by Zeta's articles of incorporation and bye-laws.
- (d) Each Scheme Shareholder is taken to have warranted to Kumarina and Zeta that all of the Kumarina Shares registered in the name of that Scheme Shareholder as at the Scheme Record Date will, as at the Implementation Date, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties and from all other restrictions on transfer.
- (e) Each Scheme Shareholder is taken to have warranted to Kumarina and Zeta that they have full power and capacity to transfer their Kumarina Shares to Zeta under the Scheme.



- (f) Each Scheme Shareholder shall be deemed to have irrevocably appointed Zeta and each of its directors and officers (jointly and severally) as its attorneys for the purpose of executing any form of application, letter of transmittal or other instruments or documents required to effect the issue and allotment of the Zeta Shares and Zeta Options.

### **8.3 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Kumarina Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) On and from the Implementation Date, Zeta will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Kumarina of Zeta in the Kumarina Share Register as the holder of the Kumarina Shares.

### **8.4 Appointment of Sole Proxy**

Upon the Scheme becoming Effective and provision of the Scheme Consideration, and until Kumarina registers Zeta as the holder of all Scheme Shares in the Kumarina Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Zeta as attorney and agent (and directed Zeta in each such capacity) to appoint any director, officer, secretary or agent nominated by Zeta as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign every shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 8.4(a));
- (b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolutions, whether in person, by proxy or corporate representative;
- (c) must take all other actions, in the capacity of a registered holder of Scheme Shares, as Zeta reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Zeta or any officer or agent nominated by Zeta may act in the best interests of Zeta as the intended registered holder of the Scheme Shares.

### **8.5 Power of attorney**

- (a) Scheme Shareholders will be deemed to have authorised Kumarina, and all of its directors, officers and secretaries, to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement the

Scheme including (without limitation) executing, as agent and attorney of each Scheme Shareholder, a share transfer form (or master share transfer form) in relation to Scheme Shares as contemplated by clause 4.2(a).

- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Kumarina and all of its directors, officers and secretaries (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to the Scheme including without limitation, a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Scheme Shares.

## **8.6 Enforcement of Deed Poll**

Kumarina undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Zeta on behalf of, and as agent and attorney for, the Scheme Shareholders.

## **8.7 Dividends**

Neither Kumarina nor Zeta will declare or pay any dividends on the Kumarina Shares or the Zeta Shares (as applicable) prior to the Implementation Date.

## **8.8 Effect of Scheme**

The Scheme binds Kumarina and all Scheme Shareholders from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Kumarina.

---

# **9. General**

## **9.1 Costs**

Kumarina must pay the costs and expenses of the Scheme, except that Zeta must pay any stamp duties and similar charges payable under Australian law in connection with the transfer of the Scheme Shares to Zeta.

## **9.2 Consent**

- (a) The Scheme Shareholders consent to Kumarina doing all things necessary or incidental to the implementation of the Scheme.
- (b) Each Scheme Shareholder acknowledges that this Scheme binds Kumarina, all Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting or vote against the Scheme at the Scheme Meeting).

### **9.3 Notices**

- (a) If a notice, transfer, transmission, application, direction or other communication referred to in the Scheme is sent by post to Kumarina, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Kumarina's registered office or at the office of the Registrar.
- (b) The accidental omission to give notice of the Scheme Meeting to, or the non-receipt of notice of the Scheme Meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

### **9.4 Liability**

None of Kumarina, Zeta nor any of their respective directors, officers or employees shall have any liability for acts taken in good faith.

### **9.5 Governing Law**

- (a) This Scheme is governed by the law applying in Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### **9.6 Further action**

Kumarina must, at its own expense, do all things and execute all documents necessary to give full effect to the Scheme and the transactions contemplated by it.

## Annexure 3 – Deed Poll

**THIS DEED POLL** is made on 2013.

**PARTIES:**

**Zeta Resources Limited** of 19 Par-la-Ville Road, Hamilton HM11, Bermuda (**Zeta**).

**In favour of:**

Scheme Shareholders; and

each as defined in the Implementation Agreement (as defined below).

**Background:**

- A. The directors of Kumarina Resources Limited (ACN 142 774 150) of Level 2, 907 Canning Highway, Mt Pleasant, Western Australia (**Kumarina**) have resolved that Kumarina should propose the Scheme.
- B. The effect of the Scheme will be that the Scheme Shares, together with all rights and entitlements attaching to them, will be transferred to Zeta in exchange for the Scheme Consideration.
- C. On 29 January 2013, Kumarina and Zeta entered into a Scheme Implementation Agreement (**Implementation Agreement**).
- D. Under the Implementation Agreement, Zeta has agreed to enter into this Deed Poll.
- E. Zeta is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders to perform certain of its obligations under the Implementation Agreement and the Scheme.

**IT IS AGREED:**

---

## 1. Definitions and Interpretation

### 1.1 Definitions

Words and phrases defined in the Implementation Agreement have the same meaning in this Deed Poll unless the context requires otherwise.

## **1.2 Interpretation**

Clauses 1.2 to 1.4 of the Implementation Agreement apply to the interpretation of this Deed Poll, except that references to "this agreement" in clauses 1.2 to 1.4 of the Implementation Agreement are to be read as references to "this Deed Poll".

---

## **2. Nature of Deed Poll**

Zeta acknowledges that this Deed Poll may be relied upon and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholders are not party to it.

---

## **3. Conditions and Termination**

### **3.1 Conditions**

Zeta's obligations under clause 4 are subject to the Scheme becoming Effective.

### **3.2 Termination**

The obligations of Zeta under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect (unless Zeta and Kumarina otherwise agree in accordance with the Implementation Agreement), if:

- (a) the Implementation Agreement is terminated in accordance with its terms prior to the Scheme becoming Effective; or
- (b) the Scheme does not become Effective on or before the Long Stop Date.

### **3.3 Consequences of Termination**

If this Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available:

- (a) Zeta is released from its obligations to further perform this Deed Poll except for any obligations which by their nature survive termination; and
  - (b) Scheme Shareholders retain the rights they have against Zeta in respect of any breach of this Deed Poll which occurs before termination.
- 

## **4. Scheme Consideration**

### **4.1 Payment of Scheme Consideration**

Subject to clause 3, Zeta undertakes in favour of each Scheme Shareholder to:

- (a) provide the Scheme Consideration to each Scheme Shareholder in respect of the Scheme Shares held by that Scheme Shareholder as at the Scheme Record Date in the following manner:
- (i) on the Implementation Date, issuing to each Scheme Shareholder such number of Zeta Shares and Zeta Options that the Scheme Shareholder is entitled to receive as Scheme Consideration in accordance with the Scheme;
  - (ii) on the Implementation Date, entering into the Zeta Share Register and Zeta Options Register the name and address of each such Scheme Shareholder in relation to all the Zeta Shares and Zeta Options (as the case may be), which the Scheme Shareholder is entitled to receive as Scheme Consideration in accordance with the Scheme; and
  - (iii) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of holding statements, to the address recorded in the Share Register on the Scheme Record Date, for the Zeta Shares and Zeta Options issued to each such Scheme Shareholder on the Implementation Date;
- (b) provide cash to each Foreign Holder in respect of the Scheme Shares held by that Foreign Holder as at the Scheme Record Date in the following manner:
- (i) on the Implementation Date and in accordance with clause 4.1(a)(i), issuing to the Sale Nominee such number of Zeta Shares and Zeta Options that would otherwise have been issued to Foreign Holders under the Scheme;
  - (ii) on the Implementation Date, ensuring that the name and address of the Sale Nominee is entered into the Zeta Share Register and Zeta Option Register in relation to those Zeta Shares and Zeta Options (as the case may be), which each Foreign Holder would otherwise be entitled to;
  - (iii) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of a holding statements to the Sale Nominee for the Zeta Shares and Zeta Options issued to the Sale Nominee on the Implementation Date; and
  - (iv) procuring that the Sale Nominee sells the Zeta Shares and Zeta Options issued to it on behalf of the Foreign Holders and the proceeds are paid to the Scheme Shareholders in accordance with clause 5.3 of the Scheme; and
- (c) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the Scheme.

## 4.2 Zeta Securities

Zeta covenants in favour of each Scheme Shareholder that the Zeta Shares and Zeta Options (the Zeta Securities) issued as Scheme Consideration to Scheme Shareholders will:

- (a) be validly issued;
- (b) rank equally with all existing Zeta Securities (of the same respective class) on issue; and
- (c) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

---

## 5. Warranties

Zeta represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll has been duly and validly executed and delivered by Zeta and is valid and binding on it.

---

## 6. Continuing Obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until:

- (a) Zeta has fully performed its obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 3.

---

## 7. Notices

### 7.1 Manner of Giving Notice

The provisions of clause 7 of the Implementation Agreement relating to the notice being served on Zeta apply as if they were set out herein.

---

## **8. General**

### **8.1 Stamp duty**

Zeta will:

- (a) pay or procure payment of all stamp duties and any related fines and penalties (if any) in respect of the Scheme and this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under the Scheme and this Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.1(a).

### **8.2 Assignment**

The rights and obligations of Zeta and each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity. Any purported dealing in contravention of this clause 8.2 is invalid.

### **8.3 Severability**

The provisions contained in each clause and sub-clause of this Deed Poll shall be enforceable independently of each of the others and their validity shall not be affected if any of the others is invalid.

### **8.4 Waiver**

Zeta may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right in respect of the Scheme unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

### **8.5 Variation**

A provision of this Deed Poll may be varied if the variation is:

- (a) agreed to by Kumarina, which agreement Kumarina may give or withhold in its absolute discretion and without reference to or approval by any Scheme Shareholder; and
- (b) the Court indicates that the amendment would not of itself preclude approval of the Scheme,

in which event Zeta will enter into a further Deed Poll in favour of each Scheme Shareholder and giving effect to the amendment.



## **8.6 Cumulative Rights**

The rights, powers and remedies of Zeta and Scheme Shareholders under this Deed Poll are cumulative and do not exclude any other rights, power or remedies provided by law independently of this Deed Poll.

## **8.7 Governing Law and Jurisdiction**

This agreement and any non-contractual obligations arising out of or in connection with it is governed by the law applying in Western Australia. The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this agreement) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

## **8.8 Further Assurances**

Zeta will, at its own expense, do all things reasonably required of it to give full force and effect to this Deed Poll.

**Executed** as a Deed Poll.

## **Annexure 4 – Independent Expert's Report**



**KUMARINA RESOURCES LIMITED**  
**Independent Expert's Report**

3 April 2013





## Financial Services Guide

3 April 2013

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 (“we” or “us” or “ours” as appropriate) has been engaged by Kumarina Resources Limited (“Kumarina”) to provide an independent expert’s report on the scheme implementation agreement with Zeta Resources Limited (“Zeta”) pursuant to which the two companies have agreed to merge by way of a Scheme of Arrangement. You will be provided with a copy of our report as a retail client because you are a shareholder of Kumarina.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

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BDO CORPORATE FINANCE (WA) PTY LTD



## Financial Services Guide

Page 2

### **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$45,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

### **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Kumarina for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

### **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### **Complaints resolution**

#### ***Internal complaints resolution process***

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

#### **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

### **Contact details**

You may contact us using the details set out on page 1 of the accompanying report.



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55 Market Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6009  
Australia

3 April 2013

The Directors  
Kumarina Resources Limited  
Level 2, 907 Canning Highway  
Mt Pleasant WA 6153

Dear Sirs

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 30 January 2013, Kumarina Resources Limited ("**Kumarina**" or "**the Company**") announced it had signed a scheme implementation agreement ("**SIA**") with Zeta Resources Limited ("**Zeta**") pursuant to which the two companies have agreed to merge by way of a Scheme of Arrangement under the Australian Corporations Act. Zeta will issue Zeta securities to Kumarina shareholders in consideration for the transfer of shares in Kumarina to Zeta ("**the Scheme**"). The proposed scheme consideration ratio is one Zeta share for every 4 Kumarina shares held and one free attaching listed Zeta option for every five Zeta shares issued to Kumarina shareholders. Therefore, for every 1 Kumarina share held, the consideration is:

- 0.25 Zeta shares; plus
- 0.05 listed Zeta options

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Kumarina have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the Scheme is in the best interests of the non associated shareholders of Kumarina ("**Shareholders**").

Our Report is prepared pursuant to section 411 of the Corporations Act and is to be included in the Scheme Booklet for Kumarina in order to assist the Shareholders in their decision whether to approve the Scheme.

#### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 60 ("**RG 60**") 'Schemes of Arrangements', Regulatory Guide 111 ("**RG 111**"), 'Content of Expert's Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.



In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- How the value of a Kumarina share prior to the Scheme compares to the Scheme consideration being offered by Zeta;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

### 2.3 Opinion

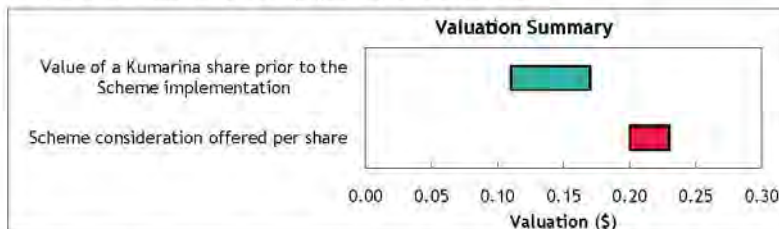
We have considered the terms of the Scheme as outlined in the body of this report and have concluded that the Scheme is fair and reasonable and in the best interest of Shareholders.

### 2.4 Fairness

In section 13 we determined how the value of a Kumarina share prior to the Scheme compares to the value of the Scheme consideration offered per share, as detailed below.

	Low \$	Preferred \$	High \$
Value of a Kumarina share prior to the Scheme implementation	0.11	0.15	0.17
Scheme consideration offered per share	0.20	0.22	0.23

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Scheme is fair for Shareholders.

### 2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed and the consequences of not approving the Scheme.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information, we believe that the Scheme is reasonable for Shareholders.





The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.9	The Scheme is fair	14.10	Dilution in Shareholders' effective interests in the Ilgarari and Murrin Murrin Projects
	The diversification of Zeta's assets may aid future capital raising		The diverse nature of Zeta's assets may increase Shareholders' exposure to risk
			Potential tax implications
			Potential for less rigorous investor protections

Other key matters we have considered include:

Section	Description
14.1	No alternate proposals available to Kumarina
14.2	Zeta will obtain a controlling interest in Kumarina
14.3	Consequences of not approving the Scheme
14.4	Tax implications of holding shares in a Bermudan company
14.5	Legal implications of holding shares in a Bermudan company
14.6	Asset Sale Agreement between Utilico and Zeta
14.7	Investment Management Agreement with ICM Limited
14.8	Binding Agreement with Aumex Mining Pty Ltd

### 3. Scope of the Report

#### 3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act 2001 Cth ("**the Act**"). Part 3 of Schedule 8 to the Corporations Act Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ("**Section 411**").

Schedule 8 of the Act requires an independent expert's report if:



- The corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

Kumarina and Zeta do not have a common director, nor does Zeta hold more than 30% of the issued capital of Kumarina.

Accordingly, there is no requirement for this report pursuant to Section 411.

Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of Kumarina have requested that BDO prepare this report as if it were an independent expert's report pursuant to section 411, and to provide an opinion as to whether the directors of Kumarina are justified in recommending the Scheme in the absence of a superior proposal.

### 3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by the ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to section 411 can encompass a wide range of transactions. Accordingly, "in the best interests" must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of



shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Kumarina share prior to the Scheme, including a premium for control, and the value of the Scheme consideration offered per share (fairness - see Section 13 "Is the Scheme Fair?");
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see Section 14 "Is the Scheme Reasonable?"); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ("APES 225").

A Valuation Engagement is defined by APES 225 as follows:

*"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



#### 4. Outline of the Scheme

On 30 January 2013, Kumarina announced it had signed a SIA with Zeta pursuant to which the two companies have agreed to merge by way of a Scheme of Arrangement under the Australian Corporations Act. Zeta will issue Zeta securities to Kumarina shareholders in consideration for the transfer of shares in Kumarina to Zeta.

Implementation of the Scheme of Arrangement is subject to satisfaction of several conditions precedent including obtaining a conditional listing letter from the Australian Securities Exchange ("ASX") for the listing of Zeta and the receipt of shareholder approval of the Scheme of Arrangement.

It is proposed that the Chairman of Kumarina, Mr Peter Sullivan, will join the Zeta board following the Scheme implementation.

##### Zeta

Zeta is a Bermudan incorporated company and a wholly owned subsidiary of Utilico Investments Limited ("Utilico"). Utilico is listed on the London Stock Exchange. Utilico and its investment manager, ICM Limited ("ICM"), currently hold 10.13% and 9.84%, respectively, of the issued capital of Kumarina.

Utilico and Zeta have entered into an Asset Sale Agreement ("ASA") pursuant to which Utilico will transfer certain existing holdings of Utilico's to Zeta at market value (calculated on a 30-day volume weighted average price ("VWAP")), prior to the implementation of the Scheme of Arrangement.

The assets to be transferred to Zeta are set out below:

Zeta's Investments	Resource	Number of shares held
Resolute Mining Limited	Gold	7,000,000
New Zealand Oil and Gas Limited	Oil & Gas	27,038,122
Pan Pacific Petroleum NL	Oil & Gas	4,813,977
Seacrest Subscription Rights	Oil & Gas	2,500,000
Centamin Plc	Gold	10,000,000

The consideration payable to Utilico by Zeta for the transfer of the assets listed above will be one Zeta share and one fifth of a listed Zeta option for every dollar of value, at completion, of the securities purchased.

##### Scheme Consideration

The proposed scheme consideration ratio is:

- 1 Zeta share for every 4 Kumarina shares held; and
- 1 listed Zeta option for every 5 Zeta shares issued to Kumarina shareholders.

Therefore, for every 1 Kumarina share held, the proposed scheme consideration ratio is:

- 0.25 Zeta shares; plus
- 0.05 listed Zeta options

The Zeta options will be 3 year listed options exercisable at \$1.00.



### Proposed Capital Raising

It is proposed that Zeta will lodge a prospectus to seek to raise up to A\$25 million at an issue price of A\$1.00 per share.

The costs of the offer are estimated to be 5% of the capital raising.

The capital raising will take place during the notice period for the Scheme Meeting. The issue of securities under the capital raising will be subject to the Scheme of Arrangement becoming effective.

### Indicative capital structure of Zeta following the Scheme implementation

The capital structure shown below is indicative only and assumes that the full A\$25 million is raised.

Post Scheme indicative capital structure	Note	Shares	Listed Options	Unlisted options
Current issued capital of Kumarina		71,102,100	-	1,000,000
Estimated issue of securities to Utilico under the ASA	1	38,283,128	7,656,625	-
Proposed capital raising	2	25,000,000	5,000,000	-
Issue to Kumarina optionholders as consideration for the cancellation of options	3	-	-	250,000
Issued to Kumarina shareholders under the Scheme of Arrangement	4	17,775,525	3,555,105	-
<b>Total issued capital of Zeta following completion of the Scheme of Arrangement</b>		<b>81,058,653</b>	<b>16,211,730</b>	<b>250,000</b>

**Note 1:** Shares issued at \$1.00 and options on the basis of 1 listed option for every 5 Zeta shares issued. The number of securities to be issued to Utilico as consideration will be determined based on the value of the assets transferred on the date of transfer. Accordingly, these numbers are indicative only and based on the current value of the assets.

**Note 2:** Proposed issue to raise \$25 million through an issue of ordinary shares and options on the basis of 1 option for every 5 ordinary shares, issued at \$1.00 per ordinary share at completion.

**Note 3:** Zeta will enter into a binding agreement with Aumex Mining Pty Ltd ("Aumex"), the sole Kumarina optionholder, conditional on the Scheme of Arrangement becoming effective, consideration for the issue by Zeta of 250,000 unlisted Zeta options for the 1,000,000 Kumarina options held. See section 14.8 for the assessment of the agreement.

**Note 4:** The Scheme consideration is based on 1 Zeta share for every 4 Kumarina shares plus 1 listed Zeta option for every 5 Zeta shares issued.

Following the implementation of the Scheme and the proposed capital raising of \$25 million, Kumarina shareholders (excluding Utilico) will hold approximately 19.71% of the issued capital of Zeta as shown in the table below. The capital raising does not have a minimum subscription. We note that Kumarina shareholders are able to increase their shareholding by participating in the capital raising.



	Existing Kumarina Shareholders	Utilico Investments Limited	New Investors	Total
<b>Issued Shares as at the date of this Report</b>	<b>63,902,734</b>	<b>7,199,366</b>	-	<b>71,102,100</b>
<i>% holdings as at date of this Report</i>	<i>89.87%</i>	<i>10.13%</i>	<i>0.00%</i>	<i>100.00%</i>
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>				
Shares to be issued to Utilico under the ASA	-	38,283,128	-	38,283,128
Shares to be issued to Kumarina Shareholders as Scheme Consideration*	15,975,684	-	-	15,975,684
Shares issued to Utilico as Scheme Consideration	-	1,799,842	-	1,799,842
Shares to be issued under the Capital Raising (\$25 million @ \$1.00/share)	-	-	25,000,000	25,000,000
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>	<b>15,975,684</b>	<b>40,082,970</b>	<b>25,000,000</b>	<b>81,058,653</b>
<i>% holdings following the Scheme &amp; Capital Raising</i>	<i>19.71%</i>	<i>49.45%</i>	<i>30.84%</i>	<i>100.00%</i>

\*Excludes shares held by Utilico



## 5. Profile of Kumarina Resources Limited

### 5.1 History

Kumarina Resources Limited is an ASX-listed company focusing on the exploration and development of copper and gold in Western Australia. Kumarina listed on the ASX in December 2011 and the Company's current board members and senior management comprise of:

- Mr Peter Ross Sullivan, Non-Executive Chairman
- Mr James Noel Sullivan, Managing Director
- Mr Peter Hutchinson, Non-Executive Director
- Mr Geoffrey Mayfield Motteram, Non-Executive Director

Kumarina's most recent capital raising occurred in December 2011 when it listed on the ASX. The IPO saw \$10.3m raised with 41.4 million ordinary shares issued at an initial price of \$0.25. A further 6.7 million shares were issued during 2011 as part consideration for the purchase of mining tenements.

### 5.2 Projects

Kumarina has two main projects; the Ilgarari Project which focuses on copper and manganese, and the Murrin Murrin Project which focuses on gold and copper. Both of these projects are located in Western Australia.

#### Ilgarari Project - Copper/Manganese

The Ilgarari project is located 250km north of Meekatharra and comprises three granted exploration licenses covering approximately 500km<sup>2</sup>. The project can be split into two sections; the northern area comprises two tenements (E52/2274 and A52/2632) which cover the Ilgarari Copper Mine, whilst the third tenement, Kumarina West (A52/2663), lies 30km to the south and is contiguous to the Horseshoe Metals Kumarina Copper Project. Application for exploration licences ELA52/2800 and 2801 have been lodged but are not yet granted.

At the centre of the E52/2274 tenement is the Ilgarari Copper Mine. Work has occurred at this site periodically since the 1920's with open pits being created between 1968 and 1973. Underground work was also performed during this time to a depth of 61 metres. Ultimately however the operation closed in 1973 due to the operator's inability to raise capital.

Further work commenced in 1989 with a series of drilling campaigns.

During 2012, Kumarina undertook \$1.08 million of work in relation to Ilgarari which included three drilling campaigns. These campaigns resulted in the Company announcing its maiden copper inferred resource for the Ilgarari Project which represents 1.108 million tonnes at 1.89% copper.

#### Murrin Murrin Project - Copper/Gold

The Murrin Murrin project comprises 7 mining leases, 8 prospecting licenses and 4 applications for prospecting licenses which cover approximately 53km<sup>2</sup> hectares including the majority of the Murrin Murrin mining centre. The area has a long history of gold production and has seen 115,058 ounces of gold produced since 1897 at an average grade of 13.8 grams per tonne. The Project is made of two separate projects; the Malcolm Challenger Project which focuses on gold, and the Nangaroo VMS Copper/Zinc Project.



The Malcolm Challenger project is located approximately 50 kilometres east of Leonora and 75 kilometres west of Laverton and gets its name as a result of the presence of two open pit mines located at the Malcolm and Challenger workings contained within the tenements. These open pits, which were previously developed to a depth of 35 metres in 1997, are the main focus of Kumarina after a preliminary optimisation study showed strong economic potential for deepening the open pits. Following this positive result, Kumarina committed to a further 2500 metre drilling campaign, the results of which will facilitate the completion of advance pit designs and the completion of a feasibility study in relation to the expansion of the pits.

In 2012 Kumarina's activities at the Murrin Murrin Project totalled \$991,000 and included four drilling campaigns; two for gold and two for base metals.

Further information on the projects can be found in Appendix 4.

### 5.3 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-12	Audited as at 30-Jun-12	Audited as at 30-Jun-11
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6,821,492	7,885,450	313,801
Trade and other receivables	31,283	16,496	4,302
<b>TOTAL CURRENT ASSETS</b>	<b>6,852,775</b>	<b>7,901,946</b>	<b>318,103</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	80,295	93,173	-
Deferred exploration and evaluation expenditure	4,582,817	3,838,150	245,850
Formation expenses	2,320	2,320	2,320
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,665,432</b>	<b>3,933,643</b>	<b>248,170</b>
<b>TOTAL ASSETS</b>	<b>11,518,207</b>	<b>11,835,589</b>	<b>566,273</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	78,963	265,133	88,786
<b>TOTAL CURRENT LIABILITIES</b>	<b>78,963</b>	<b>265,133</b>	<b>88,786</b>
<b>TOTAL LIABILITIES</b>	<b>78,963</b>	<b>265,133</b>	<b>88,786</b>
<b>NET ASSETS</b>	<b>11,439,244</b>	<b>11,570,456</b>	<b>477,487</b>
<b>EQUITY</b>			
Issued capital	11,664,619	11,664,619	500,131
Option reserve	76,500	76,500	-
Accumulated losses	(301,875)	(170,663)	(22,644)
<b>TOTAL EQUITY</b>	<b>11,439,244</b>	<b>11,570,456</b>	<b>477,487</b>

Source: Kumarina's annual report for the years ended 30 June 2011 and 30 June 2012 and reviewed financial statements for the half-year ended 31 December 2012.





#### 5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the half-year ended 31-Dec-12 \$	Audited for the year ended 30-Jun-12 \$	Audited for the year ended 30-Jun-11 \$
Other income	189,126	236,042	-
Depreciation expense	12,878	14,822	-
Management and consulting fees	205,000	204,166	8,772
Other expenses	102,460	165,073	13,872
<b>Loss before income tax</b>	<b>(131,212)</b>	<b>(148,019)</b>	<b>(22,644)</b>
Income tax expense	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(131,212)</b>	<b>(148,019)</b>	<b>(22,644)</b>

Source: Kumarina's annual report for the years ended 30 June 2011 and 30 June 2012 and reviewed financial statements for the half-year ended 31 December 2012.

We have not undertaken a review of Kumarina's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

#### Commentary on historical financial statements

During FY12, the Company raised \$10,350,000 through an initial public offering by issuing 41,402,000 shares at \$0.25 each. The Company also issued 6.7 million shares as part consideration for the purchase of mining tenements.

Approximately \$3.59 million was spent on exploration and evaluation during FY12 and an additional \$0.74 million was spent during the six months to 31 December 2012.

Other income relates to interest income received.

#### 5.5 Capital Structure

The share structure of Kumarina as at 1 March 2013 is outlined below:

	Number
Total ordinary shares on issue	71,102,100
Top 20 shareholders	58,946,454
Top 20 shareholders - % of shares on issue	82.90%

Source: Kumarina



The range of shares held in Kumarina as at 1 March 2013 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	6	1,770	0.00%
1,001 - 5,000	7	24,684	0.03%
5,001 - 10,000	94	762,602	1.07%
10,001 - 100,000	236	7,932,890	11.16%
100,001 - and over	39	62,380,154	87.73%
<b>TOTAL</b>	<b>382</b>	<b>71,102,100</b>	<b>100.00%</b>

Source: Kumarina

The ordinary shares held by the most significant shareholders as at 6 March 2013 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Vanguard Precious Metals and Mining Fund	8,800,000	12.38%
Utilico Investments Limited	7,199,366	10.13%
ICM Limited	7,000,000	9.84%
James N Sullivan	6,900,100	9.70%
Wayne Van Blitterswyk	6,500,100	9.14%
Aumex Mining Pty Ltd	5,800,000	8.16%
Peter R Sullivan	4,000,000	5.63%
Subtotal	46,199,566	64.98%
Others	24,902,534	35.02%
<b>Total ordinary shares on issue</b>	<b>71,102,100</b>	<b>100.00%</b>

Source: Kumarina

As at the date of this report, the following unlisted Kumarina options were on issue:

Current Options on Issue	Cash raised if exercised (\$)
1,000,000 Options exercisable at \$0.25 on or before 8 December 2014	250,000

Source: Kumarina



## 6. Profile of Zeta Resources Limited

Zeta Resources Limited is a Bermudan incorporated company and wholly owned subsidiary of Utilico Investments Limited. Zeta was incorporated on 13 August 2012.

Utilico is a Bermudan incorporated company that commenced trading on the London Stock Exchange in June 2007. Utilico, with its associates, has a substantial holding of 19.97% of Kumarina. Utilico's investment policy is to invest in undervalued investments in a wide range of sectors and markets.

The current directors of Zeta are Alisdair Younie and Charles Jillings. Both are non-executive directors.

On 29 January 2013, Utilico and Zeta entered into an ASA whereby Utilico will transfer certain assets to Zeta at market value. Zeta currently has no assets or liabilities on its balance sheet. The assets to be transferred to Zeta under the ASA are shown below:

Zeta's Investments	Resource	Number of shares held
Resolute Mining Limited	Gold	7,000,000
New Zealand Oil and Gas Limited	Oil & Gas	27,038,122
Pan Pacific Petroleum NL	Oil & Gas	4,813,977
Seacrest Subscription Rights*	Oil & Gas	2,500,000
Centamin Plc	Gold	10,000,000

\* The Seacrest Subscription Rights oblige Zeta to provide US\$2.5 million in funding to Seacrest. Upon providing such funding, Zeta will become a limited partner in Seacrest with an interest of approximately 3.1%. The 3.1% interest has been independently valued between US\$3.2 million and US\$4.5 million by Westhouse Securities Limited ("Westhouse").



## 7. Economic analysis

Global growth is forecast to be a little below average for a time, but the downside risks appear to be reduced. While Europe remains in recession, the United States is experiencing a moderate expansion and growth in China has stabilised at a fairly robust pace. Around Asia generally, growth was dampened by the earlier slowing in China and the weakness in Europe, but again there are signs of stabilisation. Commodity prices have declined somewhat recently, but are still at historically high levels.

Internationally, financial conditions are very accommodative. Risk spreads are narrow and funding conditions for financial institutions have improved. Long-term interest rates faced by highly rated sovereigns, including Australia, remain at exceptionally low levels. Borrowing conditions for large corporations are similarly very attractive. Share prices are substantially above their low points. However, the task of putting private and public finances on sustainable paths in several major countries is far from complete. Accordingly, financial markets remain vulnerable to setbacks.

In Australia, growth was close to trend over 2012, led by very large increases in capital spending in the resources sector, while some other sectors experienced weaker conditions. Looking ahead, the peak in resource investment is drawing close. There will, therefore, be more scope for some other areas of demand to strengthen.

Recent information suggests that moderate growth in private consumption spending is occurring, though a return to the very strong growth of some years ago is unlikely. While the near-term outlook for investment outside the resources sector is relatively subdued, a modest increase is likely to begin over the next year. Dwelling investment is slowly increasing, with rising dwelling prices and high rental yields. Exports of natural resources are strengthening. Public spending, in contrast, is forecast to be constrained.

Inflation is consistent with the medium-term target, with both headline CPI and underlying measures at around 2¼ per cent on the latest reading. Labour costs remain contained and businesses are focusing on lifting efficiency. These trends should help to keep inflation low, even as the effects on prices of the earlier exchange rate appreciation wane. The Reserve Bank of Australia's assessment remains that inflation will be consistent with the target over the next one to two years.

There are a number of indications that the substantial easing of monetary policy during late 2011 and 2012 is having an expansionary effect on the economy. Further such effects can be expected to emerge over time. On the other hand, the exchange rate, which has risen recently, remains higher than might have been expected, given the observed decline in export prices. The demand for credit has also remained low thus far, as some households and firms continue to seek lower debt levels.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Glenn Stevens, Governor: Monetary Policy Decision 2 April 2013

## 8. Industry analysis

### 8.1. Copper

Copper is a soft malleable, ductile metal used primarily for its excellent electrical and thermal conductive properties and its resistance to corrosion. As well as electrical and electronic applications, copper is utilised extensively as an alloy. Copper is produced from an oxide or sulphide ore from which it is converted to copper metal.

The majority of copper ore bodies can be classified as either porphyries (where copper occurs in igneous rock), strata bound ore bodies (sedimentary rock), and volcanic hosted massive sulphide deposits (volcanic rock along with other base metal sulphides). In these deposits copper is mined in very low concentrations and consequently is a volume intensive process. For this reason open pit mining is the preferred method of extraction, however underground mining and leach mining are also used in limited circumstances.

#### Prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. Due to this, copper prices have historically reflected global economic cycles and experienced major fluctuations reflecting equity market movements. At the beginning of 2008, supply concerns, falling inventories and increased demand from emerging economies provoked a significant and accelerated rise in the copper price. As with most commodities, prices fell during the GFC. Prices have since overtaken the increases which occurred in 2008, occurring during the latter half of 2010 and throughout the beginning of 2011, reaching a peak of just over US\$10,000/Mt in February 2011. Since that peak, prices have stabilised at around \$8,000 per tonne. The consensus view expects copper prices to stay at approximately \$8,000 during 2013 before declining.



Source: Bloomberg and BDO Analysis

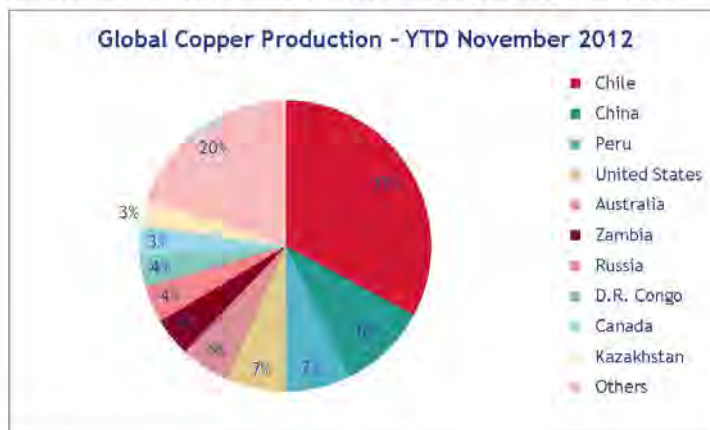


### Outlook

After falling by over 20% in 2011, copper prices have recovered as much as 10% in the first month of 2012 before fluctuating from \$7,400 to \$8,700 for the past 12 months. The turnaround has been driven by both subsiding fears over the European debt crisis and by positive outlooks for Chinese manufacturing. Looking forward the consensus seems to indicate that copper prices decline to \$6,500 by 2016.

### Production and Usage

Most of the world's copper comes from South and Central America, particularly in Chile and Peru. In 2012, Chile and Peru account for 40% of the world's copper production. The graph below shows the split between the different country's productions for the year to November 2012:



Source: Bloomberg

According to the International Copper Study Group, in the first nine months of 2012, world apparent usage grew by 5.2% compared with that in the same period of 2011; a growth of 19% in China's apparent usage (that represented 43% of world usage over this period), more than offset an aggregated decline of 3.7% in usage in Japan, the European Union and the United States.

China's apparent usage growth was based on a 51% increase in net imports of refined copper. However, anecdotal evidence suggests that the high import level in the first months of 2012 was accompanied by an increase in inventories held in bonded warehouses.

In the first nine months of 2012, world mine production increased by 3.5% compared with production in the same period of 2011. Concentrate production increased by 2.5% while solvent extraction-electrowinning (SX-EW) was up by 7%. On a regional basis, production rose by 5.6% in Africa, 4.3% in the Americas, 2.8% in Asia, and 3.6% in Europe, but declined by 3.8% in Oceania.

World refined production increased by 1.7% in the first nine months of 2012 compared with refined production in the same period of 2011: primary production was up by 1.6% due to the increase in electrowinning production, and secondary production (from scrap) increased by 2%. The main contributors to growth were China, Japan and the DRC.

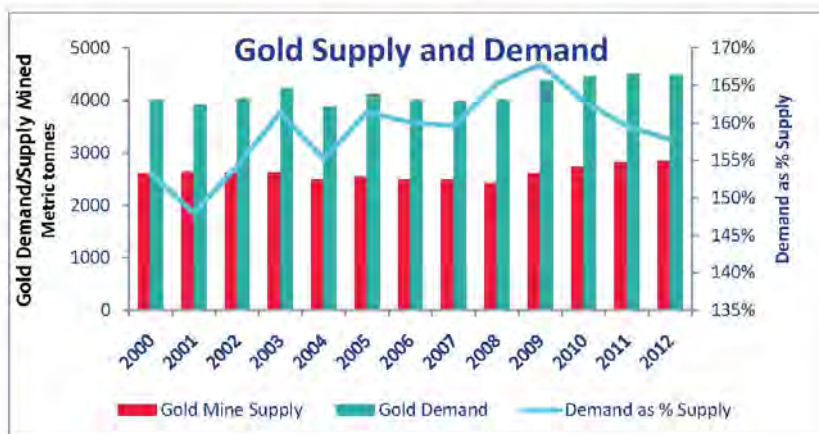
Source: International Copper Study Group



## 8.2. Gold

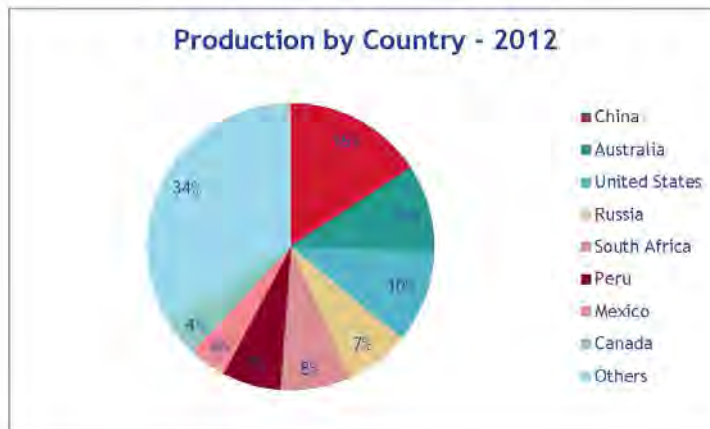
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

As illustrated in the chart below, gold mine production was approximately 2,842 metric tonnes in 2012 and gold consumption was 4,484 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during the past three years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 12% between 2008 and 2012, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia and the United States.



Source: Bloomberg and BDO Analysis

### Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce; however 2012 a recovery of the gold price with it reaching US\$1,790 on 4 October 2012, before declining to \$1,675 at 31 December 2012. Price declined in January 2013 and February 2013 saw the gold price fall below US\$1,600.

Gold prices are forecast to fall over the next three years to approximately US\$1,600 per ounce in 2016. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.





Source: Bloomberg and BDO Analysis

### Recent gold transactions

The emergence of a new generation of mid-tier miners and the resurgent gold price has been driving the increase in the number of announced gold acquisitions in 2012.

In the last half of 2012, several large deals have been announced to the market involving gold companies:

- On 29 June 2012 it was announced that Allied Gold Mining Plc and St Barbara Ltd had reached an agreement in which the two companies would merge, worth \$594 million. This deal was completed on 7 September 2012.
- In August 2012, Zijin Mining Group announced that it had made a cash offer to acquire its remaining 83.02% share in Norton Gold Fields Ltd for \$198 million. This deal was completed on 21 August 2012.
- On 6 August 2012, Silver Lake Resources announced it planned to merge with Integra Mining Ltd in a deal worth \$417 million. The merger between Integra and Silver Lake was completed on 11 January 2013.
- On 9 August 2012, Regis Resources Limited announced it had executed a letter of agreement to acquire the McPhillamys Gold Project from joint venture owners, Newmont Exploration Pty Ltd and Alkane Resources Limited. The consideration to be paid is \$150 million to be satisfied by the issue of Regis shares based on an issue price of \$4.20 per share.
- On 19 September 2012, CGA Mining Limited and B2Gold Corp announced they had entered into a Merger Implementation Agreement to combine the two companies. The transaction was valued at \$939 million.
- On 13 December 2012, Primero Mining Corp, a Canada based mining corporation announced that it had signed a definite agreement to acquire Cerro Resources, an Australian based mining company that specialised in global gold and silver exploration in a deal worth \$111 million.



## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted cash flow (“DCF”)
- Quoted market price basis (“QMP”)
- Net asset value (“NAV”)
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

### 9.1. Valuation approach - Kumarina prior to the Scheme

In our assessment of the value of a Kumarina share prior to the implementation of the Scheme, we have chosen to employ the following methodologies:

- Net asset value
- Quoted market price

We have chosen these methodologies for the following reasons:

- The most significant assets of Kumarina are gold and copper assets and as such, it is appropriate to use the net asset value method. CSA Global (“CSA”) has provided an independent specialist valuation of Kumarina’s mineral assets. CSA’s valuation is in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (“the Valmin Code”) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”); and
- Kumarina is listed on the ASX and this provides an indication of the market value where an observable market for the securities exists.

### 9.2. Valuation approach - Zeta, following the implementation of the Scheme

In our assessment of the value of a Zeta share following the implementation of the Scheme we have chosen to employ the following methodology:

- Net asset value

We have chosen this methodology for the following reasons:

- The most significant assets of Zeta will be the listed and unlisted investments transferred from Utilico and Kumarina’s gold and copper assets. As such, it is appropriate to use the net asset value method.
- We have cross-checked the proposed capital raising value to our assessed valuation of a Zeta share.



## 10. Valuation of a Kumarina share prior to the Scheme

### 10.1 Net Asset Valuation of Kumarina

The value of Kumarina's assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Reviewed as at 31-Dec-12 Note	Adjusted value	Adjusted value	Adjusted value
		Low \$'000	Preferred \$'000	High \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6,821.5	6,821.5	6,821.5	6,821.5
Trade and other receivables	31.3	31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>	<b>6,852.8</b>	<b>6,852.8</b>	<b>6,852.8</b>	<b>6,852.8</b>
<b>NON-CURRENT ASSETS</b>				
Plant and equipment	80.3	80.3	80.3	80.3
Mineral assets	1 4,582.8	1,200.0	4,100.0	5,300.0
Formation expenses	2.3	2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,665.4</b>	<b>1,282.6</b>	<b>4,182.6</b>	<b>5,382.6</b>
<b>TOTAL ASSETS</b>	<b>11,518.2</b>	<b>8,135.4</b>	<b>11,035.4</b>	<b>12,235.4</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	79.0	79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>	<b>79.0</b>	<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>	<b>79.0</b>	<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>	<b>11,439.2</b>	<b>8,056.4</b>	<b>10,956.4</b>	<b>12,156.4</b>
Number of shares on issue		71,102,100	71,102,100	71,102,100
<b>Value per share</b>		<b>0.11</b>	<b>0.15</b>	<b>0.17</b>

We have been advised that there has not been a significant change in the net assets of Kumarina since 31 December 2012. The table above indicates the net asset value of a Kumarina share is between \$0.11 and \$0.17 and with a preferred value of \$0.15.

The following adjustments were made to the net assets of Kumarina as at 31 December 2012 in arriving at our valuation.

#### Note 1: Valuation of Kumarina's mineral assets

We instructed CSA to provide an independent market valuation of the exploration assets held by Kumarina. CSA considered a number of different valuation methods when valuing the exploration assets of Kumarina. CSA applied the Appraised Value method (using a Multiple of Exploration Expenditure) and the Comparable Transaction method in its valuation of the Ilgarari Project and the Murrin Murrin Project.



We consider these methods to be appropriate given the stage of development for Kumarina's exploration assets. See Appendix 4 for CSA's full report.

The range of values for each of Kumarina's exploration assets as calculated by CSA is set out below:

Mineral Asset	Low Value	Preferred Value	High Value
	\$m	\$m	\$m
Ilgarari Project	0.9	2.1	3.0
Murrin Murrin Project	0.3	2.0	2.3
<b>Total value of Kumarina's mineral assets</b>	<b>1.2</b>	<b>4.1</b>	<b>5.3</b>

The table above indicates a range of values between \$1.2 million and \$5.3 million, with a preferred value of \$4.1 million.

### 10.2 Quoted Market Prices for Kumarina securities

To provide a comparison to the valuation of Kumarina in Section 10.1, we have also assessed the quoted market price for a Kumarina share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. Zeta is acquiring 100% of the issued capital of Kumarina. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 14.

Therefore, our calculation of the quoted market price of a Kumarina share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

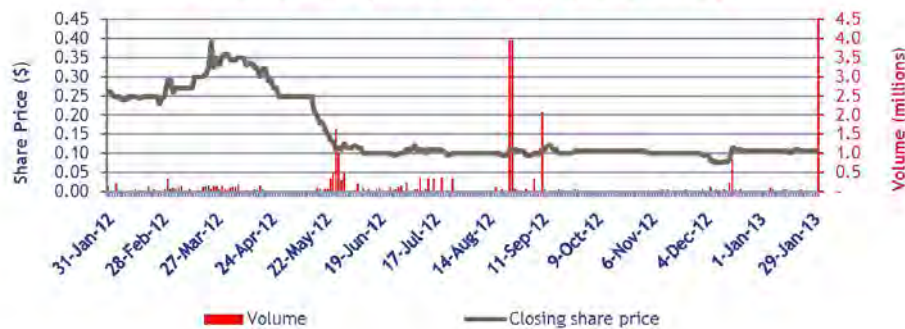
#### Minority interest value

Our analysis of the quoted market price of a Kumarina share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Kumarina share after the announcement may include the affects of any change in value as a result of the Scheme. However, we have considered the value of a Kumarina share following the announcement when we have considered reasonableness in Section 14.

Information on the Scheme was announced to the market on 30 January 2013. Therefore, the following chart provides a summary of the share price movement over the 12 months to 29 January 2013 which was the last trading day prior to the announcement.



### Kumarina share price and trading volume history



Source: Bloomberg

The daily price of Kumarina shares from 30 January 2012 to 29 January 2013 has ranged from a low of \$0.075 on 7 December 2012 to a high of \$0.390 on 22 March 2012.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price Three Days After Announcement \$ (movement)
17/12/2012	Significant Gold Intercepts at Murrin Murrin Project	0.115 (▲35%)	0.110 (▼4%)
20/11/2012	Maiden Resource for Ilgarari	0.100 (-)	0.100 (-)
30/10/2012	September Quarter Cashflow - Appendix 5B	0.105 (-)	0.100 (▼5%)
30/10/2012	September Quarter Activities Report	0.105 (-)	0.100 (▼5%)
3/08/2012	Drilling Results at Ilgarari	0.100 (-)	0.100 (-)
27/07/2012	June Quarter Activities Report	0.100 (-)	0.100 (-)
17/07/2012	Phase 2 Drill Results Nangeroo	0.110 (-)	0.105 (▼5%)
18/05/2012	Murrin Murrin and Ilgarari Exploration Update	0.180 (-)	0.160 (▼11%)
27/04/2012	March Appendix 5B	0.250 (-)	0.250 (-)
26/04/2012	March Quarter Activities Report	0.250 (▼7%)	0.250 (-)
20/04/2012	Murrin Murrin Copper Drilling Results	0.290 (▼9%)	0.290 (-)
17/04/2012	Ilgarari Drilling Results	0.300 (▼6%)	0.290 (▼3%)
5/04/2012	Drilling Results Murrin Murrin Gold Project	0.350 (▲1%)	0.350 (-)
29/02/2012	Commencement of Drill Programs	0.290 (▲16%)	0.270 (▼7%)

On 29 February 2012 Kumarina announced that it had commenced drilling at the Ilgarari project and the Nangeroo Copper prospect. This news was viewed positively by the market, with the share price increasing

## BDO

16% following the announcement. A 7% decline in the share price three days following the announcement suggests the market may have overreacted to the news.

On 17 April 2012 the Company announced its copper results from the drilling program at Ilgarari. Following the announcement the share price fell 6% and a further 3% three days after the announcement.

On 20 April 2012 Kumarina announced its Murrin Murrin copper drilling results, with further drilling planned later in the quarter. The closing share price of Kumarina fell 9% following the announcement of these results.

On 17 December 2012 Kumarina announced high grade gold results below the Malcolm and Challenger open pits. The market viewed these results positively with the share price closing 35% higher following the announcement.

To provide further analysis of the market prices for a Kumarina share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 trading days to 29 January 2013.

	29 January 2013	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.105				
Volume Weighted Average Price		\$0.106	\$0.106	\$0.105	\$0.105

The above volume weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Kumarina shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Kumarina shares for the twelve months to 29 January 2013 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 trading day	\$0.105	\$0.105	-	0.00%
10 trading days	\$0.105	\$0.110	85,000	0.12%
30 trading days	\$0.100	\$0.110	366,571	0.52%
60 trading days	\$0.075	\$0.130	1,749,919	2.46%
90 trading days	\$0.075	\$0.130	2,011,019	2.83%
180 trading days	\$0.075	\$0.140	12,933,658	18.19%
1 year	\$0.075	\$0.390	23,859,371	33.56%

This table indicates that Kumarina's shares display a low level of liquidity, with approximately 34% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a



'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Kumarina, we do not consider there to be a deep market for Kumarina shares as there is not regular trading in the Company's securities.

Our assessment is that a range of values for Kumarina shares based on market pricing, after disregarding post announcement pricing, is between \$0.10 and \$0.11.

### Control Premium

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2012	15	63.73	45.42
2011	36	312.98	32.76
2010	57	389.87	40.80
2009	70	121.64	34.36
2008	45	512.21	38.87
2007	46	473.93	25.26
2006	43	151.25	22.26
	<b>Median</b>	<b>312.98</b>	<b>34.36</b>
	<b>Mean</b>	<b>289.37</b>	<b>34.25</b>

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.



Following our analysis of control premiums paid for mining companies listed on the ASX, we consider an appropriate control premium to be between 30% and 40%.

#### Quoted market price including control premium

Applying a control premium to Kumarina's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.100	0.105	0.110
Control premium	30%	35%	40%
<b>Quoted market price valuation including a premium for control</b>	<b>0.130</b>	<b>0.142</b>	<b>0.154</b>

Therefore, our valuation of a Kumarina share based on the quoted market price method and including a premium for control is between \$0.130 and \$0.154, with a midpoint value of \$0.142.

### 10.3 Assessment of Kumarina's value prior to the Scheme

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net assets value (Section 10.1)	0.110	0.150	0.170
Quoted market price (Section 10.2)	0.130	0.142	0.154

The values derived under both methodologies are consistent. Given the low liquidity of trading in Kumarina shares, we have given preference to the net asset value.

Based on the results above we consider the value of a Kumarina share to be between \$0.11 and \$0.17, with a preferred value of \$0.15.





## 11. Valuation of Zeta following the Scheme implementation

### 11.1 Net Asset Valuation of Zeta

We have valued Zeta following the Scheme implementation under three scenarios in relation to the proposed capital raising:

#### Scenario 1

The proposed capital raising does not go ahead.

#### Scenario 2

Zeta raises \$12.5 million in the capital raising.

#### Scenario 3

The full proposed \$25 million is raised in the capital raising.



### 11.1.1 NAV - Scenario 1 - No capital raising

Below is Zeta's balance sheet following the transfer of investments from Utilico. Other than the assets being transferred from Utilico, Zeta does not have any additional assets or liabilities.

Zeta's balance sheet following the ASA		Zeta Low \$'000	Zeta Mid \$'000	Zeta High \$'000
	Note			
<b>NON-CURRENT ASSETS</b>				
Investments transferred from Utilico	1	30,855	34,283	37,712
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>
<b>TOTAL ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>
<b>TOTAL LIABILITIES</b>		-	-	-
<b>NET ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>

#### Note 1: Investments

Zeta's Investments	Resource	Number of shares held	30 Trading day VWAP as at 3 April 2013	Total value	Total value	Total value including adjustment
					\$ AUD	\$ AUD
Resolute Mining Limited	Gold	7,000,000	1.326 AUD	AUD 9,282,000	9,282,000	9,282,000
New Zealand Oil and Gas Limited <sup>1</sup>	Oil & Gas	27,038,122	0.920 NZD	NZD 24,875,072	19,999,558	15,999,646
Pan Pacific Petroleum NL	Oil & Gas	4,813,977	0.108 AUD	AUD 519,910	519,910	519,910
Seacrest Subscription Rights <sup>2</sup>	Oil & Gas	2,500,000	N/A	USD 700,000	669,900	669,900
Centamin Plc	Gold	10,000,000	0.538 GBP	GBP 5,380,000	7,811,760	7,811,760
<b>Total value of investments</b>					<b>38,283,128</b>	<b>34,283,216</b>
NZD:AUD exchange rate	0.804					
USD:AUD exchange rate	0.957					
GBP:AUD exchange rate	1.452					

Source: Bloomberg and Oanda as at 3 April 2013

1. We have applied a 20% marketability discount to New Zealand Oil & Gas' 30 day VWAP of NZD 0.92 to account for the illiquidity of the shares.

2. Seacrest is not listed and has been independently valued by Westhouse Securities Limited ("Westhouse") as at 11 February 2013. The Seacrest Subscription Rights oblige Zeta to provide US\$2.5 million in funding to Seacrest. Upon providing such funding, Zeta will become a limited partner in Seacrest with an interest of approximately 3.1%. The 3.1% interest has been valued by Westhouse to be approximately US\$3.2 million. Thus, the Rights have been valued by Westhouse to be US\$700,000.

The value of the assets above may change due to price fluctuation between the date of this report and the date the assets are transferred from Utilico to Zeta. For this reason, we have valued the assets based on a 30 day trading VWAP to 3 April 2013 and have also provided a -10%/+10% sensitivity analysis of that value.

Zeta's Investments	Low \$'000	Preferred \$'000	High \$'000
	-10%		+10%
Value of Zeta's listed & unlisted investments	<b>30,855</b>	<b>34,283</b>	<b>37,712</b>



We analysed the liquidity of the listed investments to be transferred from Utilico to support the adoption of the quoted market prices as the values per share.

#### Resolute Mining Limited

An analysis of the volume of trading in Resolute Mining Limited shares for the twelve months to 3 April 2013 is set out below:

Resolute Mining Limited	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Trading Day	\$1.210	\$1.300	4,782,349	0.74%
10 Trading Days	\$1.210	\$1.415	18,307,835	2.85%
30 Trading Days	\$1.200	\$1.455	89,745,270	13.96%
60 Trading Days	\$1.200	\$1.595	258,192,764	40.15%
90 Trading Days	\$1.200	\$1.885	372,229,145	57.88%
180 Trading Days	\$1.200	\$2.080	729,401,156	113.42%
1 Year	\$1.200	\$2.080	1,158,559,498	180.15%

The table above indicates that Resolute's shares display a high level of liquidity, with approximately 180% of Resolute's current issued capital being traded in a twelve month period. We therefore consider the quoted market price to be a reliable method in valuing its shares.

#### New Zealand Oil & Gas Limited

An analysis of the volume of trading in New Zealand Oil & Gas Limited shares for the twelve months to 3 April 2013 is set out below:

New Zealand Oil & Gas Limited	Share price low (NZD)	Share price high (NZD)	Cumulative volume traded	As a % of Issued capital
1 Trading Day	0.850	0.865	605,271	0.15%
10 Trading Days	0.850	0.880	1,834,199	0.45%
30 Trading Days	0.850	0.950	8,480,416	2.10%
60 Trading Days	0.850	0.960	19,165,050	4.74%
90 Trading Days	0.835	0.960	27,411,051	6.78%
180 Trading Days	0.780	0.960	60,700,395	15.01%
1 Year	0.730	0.960	102,487,358	25.34%

The table above indicates that New Zealand Oil & Gas' shares display a low to moderate level of liquidity, with approximately 25% of New Zealand Oil & Gas' current issued capital being traded in a twelve month period. Based on the historical trading, it would have taken 86 trading days to trade 24.875 million shares, being the number of share that Zeta will hold. As such, we have applied a 20% marketability discount to the 30 day VWAP of New Zealand Oil & Gas' shares.



#### Pan Pacific Petroleum NL

An analysis of the volume of trading in Pan Pacific Petroleum NL shares for the twelve months to 3 April 2013 is set out below:

Pan Pacific Petroleum NL	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Trading Day	\$0.105	\$0.105	380,984	0.06%
10 Trading Days	\$0.105	\$0.110	1,701,224	0.29%
30 Trading Days	\$0.100	\$0.110	7,172,569	1.22%
60 Trading Days	\$0.095	\$0.130	14,711,561	2.50%
90 Trading Days	\$0.092	\$0.130	19,127,691	3.25%
180 Trading Days	\$0.092	\$0.175	37,407,364	6.36%
1 Year	\$0.092	\$0.175	48,907,104	8.31%

The table above indicates that Pan Pacific's shares display a low to moderate level of liquidity, with less than 9% of Pan Pacific's current issued capital being traded in a twelve month period. We note that the value of Zeta's Pan Pacific investment accounts for less than 2% of the total value of investments being transferred from Utilico and we therefore consider the value to be immaterial.

#### Centamin Plc

An analysis of the volume of trading in Centamin Plc shares for the twelve months to 3 April 2013 is set out below:

Centamin Plc	Share price low (GBP)	Share price high (GBP)	Cumulative volume traded	As a % of Issued capital
1 Trading Day	43.4	49.6	14,325,031	1.30%
10 Trading Days	43.4	59.0	78,165,422	7.10%
30 Trading Days	43.4	71.1	224,297,693	20.36%
60 Trading Days	43.4	71.1	674,415,637	61.23%
90 Trading Days	19.0	71.1	1,130,570,948	102.65%
180 Trading Days	19.0	108.3	1,551,750,629	140.89%
1 Year	19.0	108.3	1,926,265,855	174.89%

The table above indicates that Centamin's shares display a high level of liquidity, with approximately 175% of Centamin's current issued capital being traded in a twelve month period. We therefore consider the quoted market price to be a reliable method in valuing its shares.



Set out below are the value of the assets and liabilities that Zeta will acquire under the Scheme:

Kumarina's balance sheet:	Note	Kumarina	Kumarina	Kumarina
		Low \$'000	Preferred \$'000	High \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		6,821.5	6,821.5	6,821.5
Trade and other receivables		31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>		<b>6,852.8</b>	<b>6,852.8</b>	<b>6,852.8</b>
<b>NON-CURRENT ASSETS</b>				
Plant and equipment		80.3	80.3	80.3
Mineral assets	1	1,200.0	4,100.0	5,300.0
Formation expenses		2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,282.6</b>	<b>4,182.6</b>	<b>5,382.6</b>
<b>TOTAL ASSETS</b>		<b>8,135.4</b>	<b>11,035.4</b>	<b>12,235.4</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>		<b>8,056.4</b>	<b>10,956.4</b>	<b>12,156.4</b>

**Note 1: Valuation of Kumarina's mineral assets**

The range of values for each of Kumarina's exploration assets as calculated by CSA is set out below:

Mineral Asset	Low Value	Preferred Value	High Value
	\$m	\$m	\$m
Ilgarari Project	0.9	2.1	3.0
Murrin Murrin Project	0.3	2.0	2.3
<b>Total value of Kumarina's mineral assets</b>	<b>1.2</b>	<b>4.1</b>	<b>5.3</b>



The consolidated balance sheet below shows the assessed value of Zeta following the implementation of the Scheme:

Consolidated balance sheet	Note	Zeta	Zeta	Zeta
		Merged Entity Low \$'000	Merged Entity Preferred \$'000	Merged Entity High \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		6,821.5	6,821.5	6,821.5
Trade and other receivables		31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>		<b>6,852.8</b>	<b>6,852.8</b>	<b>6,852.8</b>
<b>NON-CURRENT ASSETS</b>				
Investments		30,854.9	34,283.2	37,711.5
Plant and equipment		80.3	80.3	80.3
Mineral assets		1,200.0	4,100.0	5,300.0
Formation expenses		2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,137.5</b>	<b>38,465.8</b>	<b>43,094.2</b>
<b>TOTAL ASSETS</b>		<b>38,990.3</b>	<b>45,318.6</b>	<b>49,946.9</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>		<b>38,911.3</b>	<b>45,239.6</b>	<b>49,868.0</b>
Number of shares on issue	1	52,230,340	56,058,653	59,886,965
<b>Value per Zeta share</b>		<b>0.74</b>	<b>0.81</b>	<b>0.83</b>

**Note 1: Shares on issue**

Post Scheme Indicative capital structure	Shares		
	Shares (low)	(preferred)	Shares (high)
Estimated issue of securities to Utilico under the ASA	34,454,815	38,283,128	42,111,440
Issued to Kumarina shareholders under the Scheme of Arrangement	17,775,525	17,775,525	17,775,525
<b>Total issued capital of Zeta following completion of the Scheme of Arrangement</b>	<b>52,230,340</b>	<b>56,058,653</b>	<b>59,886,965</b>

Based on the consolidated balance sheet of Zeta, following the implementation of the Scheme prior to any additional capital being raised, we consider the value of a Zeta share to be between \$0.74 and \$0.83 with a preferred value of \$0.81.



### 11.1.2 NAV - Scenario 2 - \$12.5 million capital is raised

Below is Zeta's balance sheet following the transfer of investments from Utilico. Other than the assets being transferred from Utilico, Zeta does not have any additional assets or liabilities.

Zeta's balance sheet following the ASA	Note	Zeta Low \$'000	Zeta Mid \$'000	Zeta High \$'000
<b>NON-CURRENT ASSETS</b>				
Investments transferred from Utilico	1	30,855	34,283	37,712
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>
<b>TOTAL ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>

#### Note 1: Investments

Zeta's Investments	Resource	Number of shares held	30 trading day VWAP as at 3 April 2013	Total value \$ AUD	Total value \$ AUD	Total value including adjustment \$ AUD
Resolute Mining Limited	Gold	7,000,000	1.326 AUD	AUD 9,282,000	9,282,000	9,282,000
New Zealand Oil and Gas Limited <sup>1</sup>	Oil & Gas	27,038,122	0.920 NZD	NZD 24,875,072	19,999,558	15,999,646
Pan Pacific Petroleum NL	Oil & Gas	4,813,977	0.108 AUD	AUD 519,910	519,910	519,910
Seacrest Subscription Rights <sup>2</sup>	Oil & Gas	2,500,000	N/A	USD 700,000	669,900	669,900
Centamin Plc	Gold	10,000,000	0.538 GBP	GBP 5,380,000	7,811,760	7,811,760
<b>Total value of Investments</b>				<b>38,283,128</b>	<b>34,283,216</b>	<b>34,283,216</b>
NZD:AUD exchange rate	0.804					
USD:AUD exchange rate	0.957					
GBP:AUD exchange rate	1.452					

Source: Bloomberg and Oanda as at 3 April 2013

1. We have applied a 20% marketability discount to New Zealand Oil & Gas' 30 day VWAP of NZD 0.92 to account for the illiquidity of the shares.
2. Seacrest is not listed and has been independently valued by Westhouse Securities Limited ("Westhouse") as at 11 February 2013. The Seacrest Subscription Rights oblige Zeta to provide US\$2.5 million in funding to Seacrest. Upon providing such funding, Zeta will become a limited partner in Seacrest with an interest of approximately 3.1%. The 3.1% interest has been valued by Westhouse to be approximately US\$3.2 million. Thus, the Rights have been valued by Westhouse to be US\$700,000.

The value of the assets above may change due to price fluctuation between the date of this report and the date the assets are transferred from Utilico to Zeta. For this reason, we have valued the assets based on a 30 day trading VWAP to 3 April 2013 and have also provided a -10%/+10% sensitivity analysis of that value.



	Low \$'000	Preferred \$'000	High \$'000
Zeta's Investments			
	-10%		+10%
Value of Zeta's listed & unlisted investments	30,855	34,283	37,712

We analysed the liquidity of the listed investments to be transferred from Utilico to support the adoption of the quoted market prices as the values per share. See section 11.1.1 for the analysis.

Set out below are the value of the assets and liabilities that Zeta will acquire under the Scheme:

Kumarina's balance sheet	Note	Kumarina Low \$'000	Kumarina Preferred \$'000	Kumarina High \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		6,821.5	6,821.5	6,821.5
Trade and other receivables		31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>		<b>6,852.8</b>	<b>6,852.8</b>	<b>6,852.8</b>
<b>NON-CURRENT ASSETS</b>				
Plant and equipment		80.3	80.3	80.3
Mineral assets	1	1,200.0	4,100.0	5,300.0
Formation expenses		2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,282.6</b>	<b>4,182.6</b>	<b>5,382.6</b>
<b>TOTAL ASSETS</b>		<b>8,135.4</b>	<b>11,035.4</b>	<b>12,235.4</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>		<b>8,056.4</b>	<b>10,956.4</b>	<b>12,156.4</b>

**Note 1: Valuation of Kumarina's mineral assets**

The range of values for each of Kumarina's exploration assets as calculated by CSA is set out below:

Mineral Asset	Low Value \$m	Preferred Value \$m	High Value \$m
Ilgarari Project	0.9	2.1	3.0
Murrin Murrin Project	0.3	2.0	2.3
<b>Total value of Kumarina's mineral assets</b>	<b>1.2</b>	<b>4.1</b>	<b>5.3</b>





In scenario 2, we have assumed that \$12.5 million will be raised through the issue of 12.5 million Zeta shares at \$1.00 per share. The costs of the offer are estimated to be 5% of the total value raised, being \$625,000.

Capital raising adjustment	Note	Capital Raising	Capital Raising	Capital Raising
		Low	Preferred	High
		\$'000	\$'000	\$'000
CURRENT ASSETS				
Cash and cash equivalents		11,875	11,875	11,875
<b>TOTAL ASSETS</b>		<b>11,875</b>	<b>11,875</b>	<b>11,875</b>
TOTAL LIABILITIES				
		-	-	-
<b>NET ASSETS</b>		<b>11,875</b>	<b>11,875</b>	<b>11,875</b>



The consolidated balance sheet below shows the assessed value of Zeta following the implementation of the Scheme and capital raising:

Consolidated balance sheet:	Note	Zeta	Zeta	Zeta
		Merged Entity Low \$'000	Merged Entity Preferred \$'000	Merged Entity High \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		18,696.5	18,696.5	18,696.5
Trade and other receivables		31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>		<b>18,727.8</b>	<b>18,727.8</b>	<b>18,727.8</b>
<b>NON-CURRENT ASSETS</b>				
Investments		30,854.9	34,283.2	37,711.5
Plant and equipment		80.3	80.3	80.3
Mineral assets		1,200.0	4,100.0	5,300.0
Formation expenses		2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,137.5</b>	<b>38,465.8</b>	<b>43,094.2</b>
<b>TOTAL ASSETS</b>		<b>50,865.3</b>	<b>57,193.6</b>	<b>61,821.9</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>		<b>50,786.3</b>	<b>57,114.6</b>	<b>61,743.0</b>
Number of shares on issue	1	64,730,340	68,558,653	72,386,965
<b>Value per Zeta share</b>		<b>0.78</b>	<b>0.83</b>	<b>0.85</b>

**Note 1: Shares on issue**

Post Scheme Indicative capital structure	Shares		
	Shares (low)	(preferred)	Shares (high)
Estimated issue of securities to Utilico under the ASA	34,454,815	38,283,128	42,111,440
Proposed capital raising	12,500,000	12,500,000	12,500,000
Issued to Kumarina shareholders under the Scheme of Arrangement	17,775,525	17,775,525	17,775,525
<b>Total issued capital of Zeta following completion of the Scheme of Arrangement</b>	<b>64,730,340</b>	<b>68,558,653</b>	<b>72,386,965</b>

Based on the consolidated balance sheet of Zeta, following the implementation of the Scheme and assuming \$12.5 million capital is raised, we consider the value of a Zeta share to be between \$0.78 and \$0.85 with a preferred value of \$0.83.



### 11.1.3 NAV - Scenario 3 - \$25 million capital is raised

Below is Zeta's balance sheet following the transfer of investments from Utilico. Other than the assets being transferred from Utilico, Zeta does not have any additional assets or liabilities.

Zeta's balance sheet following the ASA		Zeta	Zeta	Zeta
		Low	Mid	High
		\$'000	\$'000	\$'000
NON-CURRENT ASSETS				
Investments transferred from Utilico	1	30,855	34,283	37,712
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>
<b>TOTAL ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>30,855</b>	<b>34,283</b>	<b>37,712</b>

#### Note 1: Investments

Zeta's Investments	Resource	Number of shares held	30 trading day VWAP as at 3 April 2013	Total value	Total value	Total value including adjustment
				\$ AUD	\$ AUD	\$ AUD
Resolute Mining Limited	Gold	7,000,000	1.326 AUD	9,282,000	9,282,000	9,282,000
New Zealand Oil and Gas Limited <sup>1</sup>	Oil & Gas	27,038,122	0.920 NZD	24,875,072	19,999,558	15,999,646
Pan Pacific Petroleum NL	Oil & Gas	4,813,977	0.108 AUD	519,910	519,910	519,910
Seacrest Subscription Rights <sup>2</sup>	Oil & Gas	2,500,000	N/A	700,000	669,900	669,900
Centamin Plc	Gold	10,000,000	0.538 GBP	5,380,000	7,811,760	7,811,760
<b>Total value of Investments</b>				<b>38,283,128</b>	<b>34,283,216</b>	<b>34,283,216</b>
NZD:AUD exchange rate	0.804					
USD:AUD exchange rate	0.957					
GBP:AUD exchange rate	1.452					

Source: Bloomberg and Oanda as at 3 April 2013

- We have applied a 20% marketability discount to New Zealand Oil & Gas' 30 day VWAP of NZD 0.92 to account for the illiquidity of the shares.
- Seacrest is not listed and has been independently valued by Westhouse Securities Limited ("Westhouse") as at 11 February 2013. The Seacrest Subscription Rights oblige Zeta to provide US\$2.5 million in funding to Seacrest. Upon providing such funding, Zeta will become a limited partner in Seacrest with an interest of approximately 3.1%. The 3.1% interest has been valued by Westhouse to be approximately US\$3.2 million. Thus, the Rights have been valued by Westhouse to be US\$700,000.

The value of the assets above may change due to price fluctuation between the date of this report and the date the assets are transferred from Utilico to Zeta. For this reason, we have valued the assets based on a 30 day trading VWAP to 3 April 2013 and have also provided a -10%/+10% sensitivity analysis of that value.

Zeta's Investments	Low	Preferred	High
	\$'000	\$'000	\$'000
	-10%		+10%
<b>Value of Zeta's listed &amp; unlisted investments</b>	<b>30,855</b>	<b>34,283</b>	<b>37,712</b>



We analysed the liquidity of the listed investments to be transferred from Utilico to support the adoption of the quoted market prices as the values per share. See section 11.1.1 for the analysis.

Set out below are the value of the assets and liabilities that Zeta will acquire under the Scheme:

Kumarina's balance sheet	Note	Kumarina Low \$'000	Kumarina Preferred \$'000	Kumarina High \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		6,821.5	6,821.5	6,821.5
Trade and other receivables		31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>		<b>6,852.8</b>	<b>6,852.8</b>	<b>6,852.8</b>
<b>NON-CURRENT ASSETS</b>				
Plant and equipment		80.3	80.3	80.3
Mineral assets	1	1,200.0	4,100.0	5,300.0
Formation expenses		2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,282.6</b>	<b>4,182.6</b>	<b>5,382.6</b>
<b>TOTAL ASSETS</b>		<b>8,135.4</b>	<b>11,035.4</b>	<b>12,235.4</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>		<b>8,056.4</b>	<b>10,956.4</b>	<b>12,156.4</b>

**Note 1: Valuation of Kumarina's mineral assets**

The range of values for each of Kumarina's exploration assets as calculated by CSA is set out below:

Mineral Asset	Low Value \$m	Preferred Value \$m	High Value \$m
Ilgarari Project	0.9	2.1	3.0
Murrin Murrin Project	0.3	2.0	2.3
<b>Total value of Kumarina's mineral assets</b>	<b>1.2</b>	<b>4.1</b>	<b>5.3</b>

In scenario 3, we have assumed that the proposed \$25 million will be raised through the issue of 25 million Zeta shares at \$1.00 per share. The costs of the offer are estimated to be 5% of the total value raised, being \$1.25 million.



Capital raising adjustment	Note	Capital Raising	Capital Raising	Capital Raising
		Low	Preferred	High
		\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		23,750	23,750	23,750
<b>TOTAL ASSETS</b>		<b>23,750</b>	<b>23,750</b>	<b>23,750</b>
<b>TOTAL LIABILITIES</b>				
		-	-	-
<b>NET ASSETS</b>		<b>23,750</b>	<b>23,750</b>	<b>23,750</b>

The consolidated balance sheet below shows the assessed value of Zeta following the implementation of the Scheme and capital raising:

Consolidated balance sheet	Note	Zeta	Zeta	Zeta
		Merged Entity	Merged Entity	Merged Entity
		Low	Preferred	High
		\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		30,571.5	30,571.5	30,571.5
Trade and other receivables		31.3	31.3	31.3
<b>TOTAL CURRENT ASSETS</b>		<b>30,602.8</b>	<b>30,602.8</b>	<b>30,602.8</b>
<b>NON-CURRENT ASSETS</b>				
Investments		30,854.9	34,283.2	37,711.5
Plant and equipment		80.3	80.3	80.3
Mineral assets		1,200.0	4,100.0	5,300.0
Formation expenses		2.3	2.3	2.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,137.5</b>	<b>38,465.8</b>	<b>43,094.2</b>
<b>TOTAL ASSETS</b>		<b>62,740.3</b>	<b>69,068.6</b>	<b>73,696.9</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		79.0	79.0	79.0
<b>TOTAL CURRENT LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>TOTAL LIABILITIES</b>		<b>79.0</b>	<b>79.0</b>	<b>79.0</b>
<b>NET ASSETS</b>		<b>62,661.3</b>	<b>68,989.6</b>	<b>73,618.0</b>
Number of shares on issue	1	77,230,340	81,058,653	84,886,965
<b>Value per Zeta share</b>		<b>0.81</b>	<b>0.85</b>	<b>0.87</b>



**Note 1: Shares on issue**

Post Scheme Indicative capital structure	Shares		
	Shares (low)	(preferred)	Shares (high)
Estimated issue of securities to Utilico under the ASA	34,454,815	38,283,128	42,111,440
Proposed capital raising	25,000,000	25,000,000	25,000,000
Issued to Kumarina shareholders under the Scheme of Arrangement	17,775,525	17,775,525	17,775,525
<b>Total issued capital of Zeta following completion of the Scheme of Arrangement</b>	<b>77,230,340</b>	<b>81,058,653</b>	<b>84,886,965</b>

Based on the consolidated balance sheet of Zeta, following the implementation of the Scheme and a \$25 million capital raising, we consider the value of a Zeta share to be between \$0.81 and \$0.87 with a preferred value of \$0.85.

**11.2 Crosscheck - proposed capital raising**

Zeta is proposing to undertake a capital raising at \$1.00 per share to raise \$25 million. We note that \$1.00 per share is consistent with our assessed value of a Zeta share.

**11.3 Assessment of the value of a share in Zeta following implementation of the Scheme**

Assessed value of a Zeta share	Value per share		
	Low	Preferred	High
Net asset value - scenario 1	0.74	0.81	0.83
Net asset value - scenario 2	0.78	0.83	0.85
Net asset value - scenario 3	0.81	0.85	0.87
<b>Assessed value of a Zeta share</b>	<b>0.74</b>	<b>0.83</b>	<b>0.87</b>

We consider the value of a Zeta share following the implementation of the Scheme to be between \$0.74 and \$0.87, with a preferred value of \$0.83.

The Scheme is not conditional on the capital raising however we note that the values per share in all three scenarios are not dissimilar to each other.

**11.4 Valuation of a listed Zeta option**

We have assessed the value of a listed Zeta option to be between \$0.222 and \$0.305, with a preferred value of \$0.278.

We have valued the listed Zeta options using the binomial option pricing model. The key inputs in our calculation are:

- We have applied Zeta's low, high and preferred value per share as calculated in section 11.3 of this report as our underlying share prices.
- The exercise price is \$1.00.



- We have used the Australian Government 3-year bond rate of 2.92% as at 3 April 2013 as an input to our option pricing model.
- The listed Zeta options have a 3 year life.
- To estimate the volatility of Zeta, we have calculated the volatility of Kumarina and the volatilities of the listed investments that Zeta will hold. We have taken into consideration the weightings of each investment as a proportion of Zeta's total investments. The volatilities were calculated by Hoadley's volatility calculator for a three year period, using data extracted from Bloomberg. The estimated volatility used in our calculation is 55%.

Listed Zeta Option	Low value	Preferred value	High value
Assessed value of a Zeta share	\$0.74	\$0.83	\$0.87
Exercise price	\$1.00	\$1.00	\$1.00
Issue date	3-Apr-13	3-Apr-13	3-Apr-13
Expiration date	3-Apr-16	3-Apr-16	3-Apr-16
Life of the Options	3.0 years	3.0 years	3.0 years
Volatility	55%	55%	55%
Risk free rate	2.92%	2.92%	2.92%
Valuation per listed Zeta Option	\$0.222	\$0.278	\$0.305



## 12. Valuation of the consideration

The consideration offered to Kumarina shareholders is:

- 1 Zeta share for every 4 Kumarina shares held; and
- 1 listed Zeta option for every 5 Zeta shares issued.

Therefore, for every 1 Kumarina share held, the consideration is:

- 0.25 Zeta shares; plus
- 0.05 listed Zeta options

	Low	Preferred	High
Value of the Scheme consideration	\$	\$	\$
Assessed value of a Zeta share	0.74	0.83	0.87
Assessed value of a listed Zeta option	0.22	0.28	0.31
<i>Value of the consideration per 1 Kumarina share</i>			
0.25 Zeta shares	0.19	0.21	0.22
0.05 Zeta options	0.01	0.01	0.02
<b>Total consideration per 1 Kumarina share</b>	<b>0.20</b>	<b>0.22</b>	<b>0.23</b>

## 13. Is the Scheme fair?

The value of a Kumarina share prior to the Scheme implementation and the value of the Scheme consideration offered per share are compared below:

	Low	Preferred	High
	\$	\$	\$
Value of a Kumarina share prior to the Scheme implementation	0.11	0.15	0.17
Scheme consideration offered per share	0.20	0.22	0.23

We note from the table above that the value of the Scheme consideration is greater than the value of a Kumarina share prior to the implementation of the Scheme. Therefore, we consider that the Scheme is fair.





## 14. Is the Scheme reasonable?

### 14.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Kumarina a premium over the value ascribed to the Scheme consideration.

### 14.2 Practical Level of Control

If the Scheme is approved, Utilico will have effective control of Zeta as shown in the tables below. Utilico will hold between approximately 49% and 72% of the issued capital of Zeta. It should be noted that the number of securities to be issued to Utilico as consideration will be determined based on the value of the assets transferred on the date of transfer. Accordingly, these numbers are indicative only and based on the current value of the assets.

Kumarina shareholders may increase their interest by participating in the capital raising.

**Scenario 1: Level of control following the implementation of the Scheme and assuming there is no capital raising**

	Existing Kumarina Shareholders	Utilico Investments Limited	New Investors	Total
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>				
Shares to be issued to Utilico under the ASA	-	38,283,128	-	38,283,128
Shares to be issued to Kumarina Shareholders as Scheme Consideration*	15,975,684	-	-	15,975,684
Shares issued to Utilico as Scheme Consideration	-	1,799,841	-	1,799,841
<b>Issued Shares in Zeta following the Scheme</b>	<b>15,975,684</b>	<b>40,082,969</b>	<b>-</b>	<b>56,058,653</b>
% holdings following the Scheme	28.50%	71.50%	0.00%	100.00%

\*Excludes shares held by Utilico

**Scenario 2: Level of control following the implementation of the Scheme and assuming \$12.5 million is raised**

	Existing Kumarina Shareholders	Utilico Investments Limited	New Investors	Total
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>				
Shares to be issued to Utilico under the ASA	-	38,283,128	-	38,283,128
Shares to be issued to Kumarina Shareholders as Scheme Consideration*	15,975,684	-	-	15,975,684
Shares issued to Utilico as Scheme Consideration	-	1,799,841	-	1,799,841
Shares to be issued under the Capital Raising (\$12.5 million @ \$1.00/share)	-	-	12,500,000	12,500,000
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>	<b>15,975,684</b>	<b>40,082,969</b>	<b>12,500,000</b>	<b>68,558,653</b>
% holdings following the Scheme & Capital Raising	23.30%	58.47%	18.23%	100.00%

\*Excludes shares held by Utilico



Scenario 3: Level of control following the implementation of the Scheme and assuming \$25 million is raised

	Existing Kumarina Shareholders	Utilico Investments Limited	New Investors	Total
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>				
Shares to be issued to Utilico under the ASA	-	38,283,128	-	38,283,128
Shares to be issued to Kumarina Shareholders as Scheme Consideration*	15,975,684	-	-	15,975,684
Shares issued to Utilico as Scheme Consideration	-	1,799,841	-	1,799,841
Shares to be issued under the Capital Raising (\$25 million @ \$1.00/share)	-	-	25,000,000	25,000,000
<b>Issued Shares in Zeta following the Scheme &amp; Capital Raising</b>	<b>15,975,684</b>	<b>40,082,969</b>	<b>25,000,000</b>	<b>81,058,653</b>
% holdings following the Scheme & Capital Raising	19.71%	49.45%	30.84%	100.00%

\*Excludes shares held by Utilico

### 14.3 Consequences of not approving the Scheme

#### Potential decline in share price

We have analysed movements in Kumarina's share price since the Scheme was announced. A graph of Kumarina's share price since the announcement is set out below.



Source: Bloomberg

The share price closed approximately 43% higher at \$0.15 following the announcement of the Scheme on 30 January 2013. Since the announcement, the share price has predominantly stayed above the pre announcement closing price of \$0.105. Kumarina closed at \$0.12 on 3 April 2013.

Given the above analysis it is possible that if the Scheme is not approved then Kumarina's share price may decline.



#### **14.4 Tax implications of holding shares in a Bermudan company**

If the Scheme is implemented, Kumarina shareholders will hold shares and options in a company incorporated in Bermuda, rather than a company incorporated in Australia.

As a company incorporated in Bermuda, Zeta will be subject to Bermudan taxation laws, which may have different consequences for Kumarina shareholders than Australian taxation laws.

See the Scheme Booklet for further details.

#### **14.5 Legal implications of holding shares in a Bermudan company**

If the Scheme is implemented, Kumarina shareholders will hold shares and options in a company incorporated in Bermuda, rather than a company incorporated in Australia.

As a company incorporated in Bermuda, Zeta will be subject to the provisions of the Bermudan Companies Act, and will not be subject to many provisions of the Corporations Act.

See the Scheme Booklet for further details.

#### **14.6 Asset Sale Agreement between Utilico and Zeta**

On 29 January 2013, Utilico and Zeta entered into an ASA whereby Utilico will transfer certain assets to Zeta at market value.

1 Zeta share will be issued for every \$1 of value of the investments. We have assessed the value of a Zeta share to be between \$0.74 and \$0.87 with a preferred value of \$0.83. We therefore consider the ASA to be at arm's length.

#### **14.7 Investment Management Agreement**

ICM currently holds 9.84% of Kumarina's issued capital and 3.84% of Utilico's issued capital. Utilico and ICM consider themselves to be 'associates', within the meaning of section 11 of the Act. Following the implementation of the Scheme, Zeta will be advised by its investment manager, ICM.

We have assessed the terms of the Investment Management Agreement and compared the terms to agreements in place with ASX listed investment companies and their investment managers, as shown in Appendix 3.

As the terms of the Investment Management Agreement between Zeta and ICM are within the range of the other terms analysed, we consider the Investment Management Agreement to be at arm's length.

#### **14.8 Consideration offered to Aumex, the sole Kumarina optionholder**

Zeta will enter into a binding agreement with Aumex Mining Pty Ltd ("Aumex"), the sole Kumarina optionholder, conditional on the Scheme of Arrangement becoming effective, consideration for the issue by Zeta of 250,000 unlisted Zeta options for the 1 million Kumarina options held.

Aumex holds 8.16% of the issued capital of Kumarina.

We have assessed the consideration offered by Zeta as outlined below:



#### Assessed value of a Kumarina option

We have assessed the value of a Kumarina option to be between \$0.029 and \$0.063 with a preferred value of \$0.051.

We have valued the Kumarina options using the binomial option pricing model. The key inputs in our calculation are:

- We have applied Kumarina's assessed low, high and preferred value of \$0.11, \$0.17 and \$0.15 respectively, as calculated in section 10 of this report.
- The exercise price is \$0.25.
- We have used the Australian Government 2-year bond rate of 2.88% as at 3 April 2013 as an input to our option pricing model.
- The options have a remaining life of approximately 1.7 years.
- We calculated Kumarina's volatility since listing on the ASX in December 2011 as well as a 2 year volatility for companies that we consider comparable to Kumarina. The volatilities were calculated by Hoadley's volatility calculator for a two period, using data extracted from Bloomberg. The estimated volatility used in our calculation is 95%.

Kumarina Option	Low value	Preferred value	High value
Assessed value of a Kumarina share	\$0.11	\$0.15	\$0.17
Exercise price	\$0.25	\$0.25	\$0.25
Issue date	3-Apr-13	3-Apr-13	3-Apr-13
Expiration date	8-Dec-14	8-Dec-14	8-Dec-14
Life of the Options	1.7 years	1.7 years	1.7 years
Volatility	95%	95%	95%
Risk free rate	2.88%	2.88%	2.88%
Valuation per Kumarina Option	\$0.029	\$0.051	\$0.063

#### Assessed value of an unlisted Zeta option

We have assessed the value of an unlisted Zeta option to be between \$0.143 and \$0.215 with a preferred value of \$0.191.

We have valued the unlisted Zeta options using the binomial option pricing model. The key inputs in our calculation are:

- We have applied Zeta's low, high and preferred value per share as calculated in section 11.3 of this report as our underlying share prices.
- The exercise price is \$1.00.
- We have used the Australian Government 2-year bond rate of 2.88% as at 3 April 2013 as an input to our option pricing model.
- The unlisted Zeta options expire on 8 December 2014 and thus have a remaining life of 1.7 years.
- To estimate the volatility of Zeta, we have calculated the volatility of Kumarina and the volatilities of the listed investments that Zeta will hold. We have taken into consideration the weightings of each investment as a proportion of Zeta's total investments. The volatilities were



calculated by Hoadley's volatility calculator for a three year period, using data extracted from Bloomberg. The estimated volatility used in our calculation is 55%.

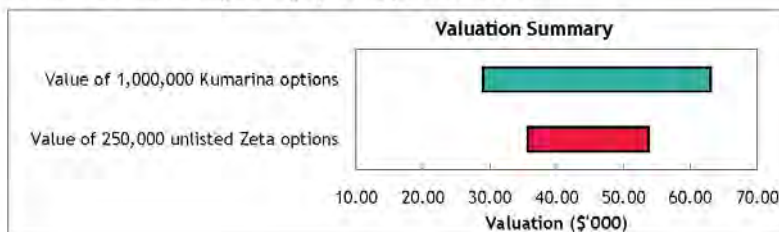
Unlisted Zeta Option	Low value	Preferred value	High value
Assessed value of a Zeta share	\$0.74	\$0.83	\$0.87
Exercise price	\$1.00	\$1.00	\$1.00
Issue date	3-Apr-13	3-Apr-13	3-Apr-13
Expiration date	8-Dec-14	8-Dec-14	8-Dec-14
Life of the Options	1.7 years	1.7 years	1.7 years
Volatility	55%	55%	55%
Risk free rate	2.88%	2.88%	2.88%
Valuation per unlisted Zeta Option	\$0.143	\$0.191	\$0.215

#### Assessment on the consideration offered

As shown in the table below, the value of the unlisted Zeta options are within the range of the value of the Kumarina options. We therefore consider the offer to be at arm's length.

	Low	Preferred	High
Value of the consideration offered to Aumex	\$	\$	\$
Assessed value of a Kumarina option	\$0.029	\$0.051	\$0.063
Assessed value of an unlisted Zeta option	\$0.143	\$0.191	\$0.215
<b>Value of the consideration</b>			
Value of 1,000,000 Kumarina options	\$29,000	\$51,000	\$63,000
Value of 250,000 unlisted Zeta options	\$35,750	\$47,750	\$53,750

The above valuation ranges are graphically presented below:





#### 14.9 Advantages of approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

Advantage	Description
The Scheme is fair	As set out in section 13, the Scheme is fair. RG 111 states that an offer is reasonable if it is fair.
The diversification of Zeta's assets may aid future capital raising	The diversified nature of Zeta's assets may attract new investors.
Risk will be diversified	The Scheme will enable shareholders to diversify their risk through Zeta holding Kumarina's assets as well as investments in a number of different companies with different activities.

#### 14.10 Disadvantages of approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution in Shareholders' effective interests in the Ilgarari and Murrin Murrin Projects	Shareholders' effective interest in Kumarina's mineral assets will be reduced to approximately 20% to 29% depending on whether or not the capital raising is completed.
Potential tax implications	There may be potential tax implications associated with approving the Scheme and receiving Zeta shares and options.
Potential for less rigorous investor protections	Zeta being a Bermudan incorporated company may result in less rigorous investor protections under the Bermudan Companies Act compared to those existing under the Corporations Act. In particular, shareholders may be disadvantaged by the lack of takeover protection. It will be possible for somebody to acquire a significant, or even controlling, interest in Zeta without obtaining shareholder approval or making a takeover offer to all shareholders. See the Scheme Booklet for further details.

### 15. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that the Scheme is fair and reasonable and in the best interests to the Shareholders of Kumarina.



## 16. Sources of information

This report has been based on the following information:

- Scheme Implementation Agreement dated 29 January 2013;
- Asset Sale Agreement between Utilico and Zeta;
- Audited financial statements of Kumarina for the years ended 30 June 2011 and 30 June 2012;
- Reviewed financial statements of Kumarina for the half-year ended 31 December 2012;
- Independent Valuation Report of Kumarina's mineral assets dated 5 February 2013 performed by CSA Global;
- Westhouse Securities indicative valuation of Seacrest dated February 2013;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Kumarina.

## 17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$45,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Kumarina in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Kumarina, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement, BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Kumarina and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Kumarina and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Kumarina, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Kumarina and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).



## 18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 15 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 19. Disclaimers and consents

This report has been prepared at the request of Kumarina for inclusion in the Scheme Booklet which will be sent to all Kumarina Shareholders. Kumarina engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the scheme implementation agreement with Zeta Resources Limited pursuant to which Kumarina and Zeta have agreed to merge by way of a Scheme of Arrangement.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Zeta. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.





The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Kumarina, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Kumarina.

The valuer engaged for the mineral asset valuation, CSA Global, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**

**Sherif Andrewes**  
Director

**Adam Myers**  
Director



## APPENDIX 1 - GLOSSARY OF TERMS

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASA	The Asset Sale Agreement between Zeta and Utilico dated 29 January 2013
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Aumex	Aumex Mining Pty Ltd
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Kumarina Resources Limited
CSA	CSA Global
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FY	Financial year
FME	Future Maintainable Earnings
ICM	ICM Limited
The JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Kumarina	Kumarina Resources Limited
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
QMP	Quoted Market Price
RG60	Schemes of Arrangements



RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
RBA	Reserve Bank of Australia
The Scheme	The proposal to merge Zeta and Kumarina via a Scheme of Arrangement
SIA	Scheme Implementation Agreement
Shareholders	Shareholders of Kumarina not associated with Zeta
Utilico	Utilico Investments Limited
The Valmin Code	Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Price
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
Westhouse	Westhouse Securities Limited
Zeta	Zeta Resources Limited



## APPENDIX 2 - VALUATION METHODOLOGIES

Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

### 3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ("DCF")**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

#### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



### APPENDIX 3 - INVESTMENT MANAGEMENT AGREEMENT ANALYSIS

Company Name	Management Fee (% p.a)	Basis for calculation	Performance fee per annum
Zeta Resources Limited	0.50%	Funds under management	15% of the amount by which the Adjusted Equity Funds exceed the Base Equity Funds.
<b>Other ASX-listed companies</b>			
Ozgrowth Limited	1.00%	Funds under management	Payable when performance exceeds 7% over a 12 month period to end of June and is calculated at 20% of the performance exceeding the threshold.
WAM Capital Limited	1.00%	Gross assets	If the All Ordinaries Accumulation Index increases, 20% of the amount by which the increase in the portfolio exceeds the increase in the All Ordinaries Accumulation Index. If the All Ordinaries Accumulation Index decreases, 20% of the amount of the increase in the portfolio value.
Platinum Capital Limited	1.50%	Portfolio value	10% of the amount by which the Portfolio's annual performance exceeds the return achieved by the Morgan Stanley Capital International All Country World Net Index in 5A plus 5%
Westoz Investment Company Limited	1.00%	Funds under management	Payable when performance exceeds 10% over a 12 month period to end of June and is calculated at 20% of the performance exceeding the threshold.
Mirrabooka Investments Limited	0.79%	Average market value of portfolio	Not disclosed
Katana Capital Limited	1.25%	Portfolio value	18.5% of the amount by which the Fund Manager outperforms the ASX All Ordinaries for the 12 month period ending 30 June.
Sylvastate Limited	0.25%	Average market value of investments	Not disclosed
Merricks Capital Limited	1.24%	Value of portfolio	15% of the gross return of the Portfolio that is in excess of the ASX 300 Accumulation Index.
Australian Lenders Fund Limited	1.00%	Gross assets	If the All Ordinaries Accumulation Index increases, 20% of the amount by which the increase in the portfolio exceeds the increase in the All Ordinaries Accumulation Index. If the All Ordinaries Accumulation Index decreases, 20% of the amount of the increase in the portfolio value.
Century Australia Investments Limited	1.00%	Net tangible assets	Not disclosed
Biotech Capital Limited	2.00%	Net assets	Not disclosed
Cohtango Microcap Limited	1.25%	Funds under management	15% of any out performance above the S&P/ASX All Ordinaries Accumulation Index
<b>Low</b>	<b>0.25%</b>		
<b>High</b>	<b>2.00%</b>		
<b>Average</b>	<b>1.11%</b>		



**APPENDIX 4 - INDEPENDENT VALUATION REPORT PREPARED BY  
CSA GLOBAL**



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Date: 5<sup>th</sup> February 2013  
Report No: R116.2013

*Independent Technical Assessment and Valuation*

**KUMARINA RESOURCES LTD**

**Valuation of the Ilgarari and Murrin Murrin Projects  
Western Australia**

By  
**Graham M. Jeffress**  
*BSc. (Hons), RPGeo, MAIG*

For:

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Date:	25 January 2013		
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Date	05 February 2013		

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3.1	25/1/13	Final RC comments		
3.2	28/1/13	Final Draft submitted to client		Jeff Elliott
4.1	5/2/13	Final version		



## Executive Summary

CSA Global Pty Ltd ("CSA") was commissioned by BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare a technical project review and an independent technical valuation of Kumarina Resources Limited ("Kumarina" or "The Company") Western Australian mineral assets. This review and valuation report ("Report") was written for inclusion in an Independent Expert's Report ("IER") to be prepared by BDO. The IER is for a Scheme Booklet that will address a proposed scheme of arrangement, under which all of the existing shares in Kumarina will be acquired by Zeta Resources Limited ("Zeta"), a company incorporated in Bermuda. The IER will provide an opinion to Kumarina shareholders and as such it will be a public document.

Kumarina's projects comprise two groups of tenements:

- The Ilgarari Project, located 150km south of Newman; and
- The Murrin Murrin Project, located approximately halfway between Leonora and Laverton.

Kumarina holds a 100% interest in each project, both of which are located in the State of Western Australia (see Figure 1).

CSA completed site visits to the Ilgarari and Murrin Murrin Project areas on 16<sup>th</sup> January 2013 and 11<sup>th</sup> January 2013 respectively. As part of the site visits CSA completed a review of the technical aspects of the projects, including previous work, geology, planned exploration and prospectivity, to inform the valuation. CSA considers that, the site visits reasonably covered all significant areas for the purpose of this report.

It is the professional opinion of CSA that further exploration work is warranted for both projects. Whilst there has been significant work completed thus far at each project, further work is required to improve the geological understanding, to generate new exploration targets, to fully test identified targets and assess new targets, to enable the estimation or improvement of Mineral Resources estimates and to consider the commercial viability of the mineral assets.

The mineral assets held by Kumarina vary from Exploration Areas through to Advanced Exploration Areas. An Inferred Mineral Resource was estimated for the Ilgarari Copper Deposits by CoxRocks Pty Ltd in November 2012 (see Table 1) and released by Kumarina in November 2012.

**Table 1: Ilgarari Deposit Mineral Resource estimate November 2012**

Deposit	Resource Category	Cut off (% Cu)	Size (Mt)	Grade (% Cu)	Contained Copper (t)
Ilgarari	Inferred	0.50	1.11	1.89	21,000
		1.00	0.83	2.25	19,000
		2.00	0.35	3.44	12,000



Since its acquisition of Ilgarari in 2011, Kumarina has completed approximately 7000m of RC percussion drilling that led to a new Mineral Resource estimate. Geophysical work (particularly interpretation of airborne magnetics and radiometrics) has expanded the number of exploration targets present in the project area.

Similarly at Murrin Murrin, Kumarina has completed about 4000m RC percussion drilling, geophysical and geological work, as well as preliminary resource estimation and optimisation studies, since their acquisition of the project tenements in 2011. The recent exploration has resulted in an increased understanding of the controls on gold mineralisation, identified additional targets in the Malcolm-Challenger zone, recognised a significant untested gold-in-RAB anomaly (the 'Eastern Gabbro Zone') and progressed understanding of the Nangaroo base metals deposit and other targets.

The valuation presented in this Report was completed on behalf of BDO using information provided by and with the full support of Kumarina. The applicable valuation date is 5th February 2013. The Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("VALMIN Code").

Valuation of the projects has chiefly relied on the Appraised Value (Multiples of Exploration Expenditure) method. As confirmation of the Appraised Value method the Market Approach (Comparable Transactions) method has also been used for comparison with the Appraised Value results.

At Ilgarari, by using the Appraised Value method and with validation via the Comparable Transactions method a range of values from \$0.9M to \$3.0M has been derived. CSA has elected to assign a Preferred Value of \$2.1M near the middle of the range.

The valuation reflects both the work done at the Main and Alac Lodes as well as the untested nature of the majority of the tenement package. There are a variety of conceptual targets identified from geophysical interpretation that warrant continuing regional exploration. Further work is also justified on the Ilgarari Copper Deposit to quantify the size of the oxide copper resources already known and to explore for primary sulphide mineralisation.

At Murrin Murrin, by using the Appraised Value method and with validation via the Comparable Transactions method a range of values from \$0.3M to \$2.3M has been derived. CSA has elected to assign a Preferred Value of \$2.0M, nearer the top of the range, weighted more to Appraised Value range due to the high variability of the valuations derived from a review of comparable transactions.

The valuation reflects the location, the strategic setting of the project area and the endowment of the tenement package. Although the project is at a mature stage of exploration, new and untested targets, both gold and base metals, have been identified and known areas of mineralisation remain open. On this basis CSA considers the Murrin Murrin Project is prospective and warrants further exploration.

Therefore the total value of Kumarina's projects is considered to lie in the range \$1.2M to \$5.3M, within which range CSA has chosen a Preferred Value of \$4.1M.



It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.



Figure 1: Location of Kumarina Resources Ilgarari and Murrin Murrin Projects



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# 1 Introduction

## 1.1 Context, Scope and Terms of Reference

Kumarina Resources Limited (“Kumarina” or “The Company”; ASX:KMR) is a public company listed on the Australian Securities Exchange (“ASX”). Kumarina is planning a Scheme of Arrangement under which all of the existing shares in Kumarina will be acquired by Zeta Resources Limited, a company incorporated in Bermuda. The Company has engaged BDO Corporate Finance (WA) Pty Ltd (“BDO”) to prepare an Independent Expert’s Report (“IER”) for inclusion within a Scheme Booklet to be sent to shareholders of Kumarina. BDO has in turn commissioned CSA Global Pty Ltd to prepare an independent technical assessment and valuation of the mineral assets for inclusion in the IER. The review and valuation report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

The projects discussed in this report are all located in Western Australia (see Figure 1). Tenement details are provided in Appendix 1, and summarised in the relevant project sections below. CSA understands that the project tenements are held in good standing. CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. A brief overview of the projects is outlined in Sections 2 and 3. The Independent Valuation of Kumarina’s projects are outlined in Section 5 below.

## 1.2 Compliance with the VALMIN Code 2005

This Valuation has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”), and the Australian Institute of Geoscientists (“AIG”).

The author has taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (“ASIC”) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

## 1.3 Author of the Report – Qualifications, Experience

This Report has been prepared by CSA Global Pty Ltd, a privately-owned consulting company that has been operating from Perth, Western Australia for over 25 years.

CSA provides multi-disciplinary services to clients in the global resources industry. CSA has worked for major clients globally and many junior resource companies, which are ASX, TSX, LSE or AIM listed. CSA provides services including all aspects of the mining industry from project generation, to exploration, resource estimations, project evaluation, development studies, operations assistance and corporate advice, such as valuations and independent technical documentation. CSA has been involved in the preparation of independent reports for Canadian, Australian, United States and United Kingdom listed companies.

The primary author of the report is CSA’s Principal Geologist Mr Graham Jeffress BSc. (Hons), a Member of the AIG (“MAIG”) and a Registered Professional Geologist (“RPGeo”), who has over 20 years’ experience in the exploration and evaluation of mineral properties, in grass roots to advanced



exploration; near-mine and resource definition with associated management skills, within Australia and overseas.

Mr Jeffress has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

Peer review of this report has been undertaken by CSA's Managing Director Mr Jeff Elliott, BSc. (Geology) who is a geologist with over 20 years' experience in the international minerals industry. Mr Elliott is a Member of the AIG and a Fellow of the AusIMM and has been involved in numerous consulting assignments during his 15 years with CSA including many expert reports.

#### 1.4 Independence

The author of this report has no prior association with Kumarina in regard to the mineral assets. However, in early 2011, prior to listing on the ASX, CSA provided technical advice on the Ilgarari project to Kumarina.

Neither CSA, nor the authors of this report, has or has had previously, any material interest in Kumarina or the mineral properties in which Kumarina has an interest. CSA's relationship with Kumarina is solely one of professional association between client and independent consultant.

CSA is an independent geological consultancy. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report. The fee for the preparation of this report is approximately \$20,000–\$25,000.

No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Kumarina. No member or employee of CSA has, or has had, any shareholding in Kumarina. There is no formal agreement between CSA and Kumarina as to CSA conducting further work for Kumarina.

#### 1.5 Principal Sources of Information

This Report has been based upon information available up to and including 5th February 2013 ("Valuation Date"). The information was provided to CSA by Kumarina or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, and other data relevant to the project area.

The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. Kumarina and BDO were provided a final draft of this Report and requested to identify any material errors or omissions prior to its lodgement.

CSA completed site visits to both the Ilgarari and Murrin Murrin Project areas, on 16<sup>th</sup> January 2013 and 11<sup>th</sup> January 2013 respectively, in producing this report. As part of the site visits CSA completed a review of the technical aspects of the projects, including previous work, geology, planned exploration and prospectivity, to inform the valuation. CSA considers that the site visit reasonably covered all significant areas for the purpose of this report.





The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading.

#### **1.6 Declarations**

This Report has been prepared by CSA at the request of, and for the sole benefit of BDO. Its purpose is to provide an independent technical assessment and valuation of the Ilgarari and Murrin Murrin Projects. The Report is to be included in its entirety or in summary form within an IER to be prepared by BDO in connection with a Scheme Booklet. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

This report has been compiled based on information available up to and including the date of this report. The statements and opinions are based on the reference date of 5th February 2013 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

The information in this report that relates to exploration results at the Ilgarari and Murrin Murrin Projects is based upon information compiled by Mr Graham Jeffress a full-time employee of CSA. Mr Jeffress has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Jeffress consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



## 2 Ilgarari Project

### 2.1 Property Location, Access & Infrastructure

The Ilgarari Project is located approximately 150km south of Newman, or 250km north of Meekatharra, in Western Australia (see Figure 2).

The project comprises tenements in two areas, located approximately 30km north and 10km west of Kumarina Roadhouse respectively, and is covered by three exploration licenses, two of which (E52/2274 and E52/2363) cover the historical Ilgarari Copper workings and a third tenement, Kumarina West (E52/2663) is located 30km to south. The two areas are separated by the Collier Range National Park. The Kumarina West tenement is also adjacent to Horseshoe Metals' Kumarina Copper Project.

Access to the project is via the sealed Great Northern Highway and by good quality station tracks from the highway, with distances to the tenements ranging from 10km to 20km. The area is very flat and access can be affected by heavy rain.

### 2.2 Description of the Mineral Assets

The Mineral Assets comprise three exploration licences (see Table 2) located in the Peak Hill Mineral Field (52) that have been granted under the Western Australian Mining Act (1978) ("Mining Act") and two applications for exploration licences.

The licences are held by Kumarina Copper Pty Ltd an unlisted public company, 100% owned by Kumarina, formed to acquire tenements prospective for copper and copper/gold mineralisation.

The Mineral Assets have an aggregate area of 685.2km<sup>2</sup>, of which 456.8km<sup>2</sup> is granted (Figure 2). Note that EL application E52/2801 is subject to competing, overlapping, applications and it is likely that only a small area (approximately 20km<sup>2</sup>) not subject to the overlap is likely to be granted to Kumarina.

A "Block" in Table 1 refers to a graticular block (known elsewhere as a sub-block), which is one minute of latitude by one minute of longitude. The area of a block varies with latitude, progressively decreasing with increasing latitude due to the convergence of the lines of longitude toward the earth's poles.

CSA reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 22<sup>nd</sup> January 2013. However it should be noted that CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

All three granted licences are in their initial terms, have met or exceeded their expenditure commitments and are on track to do so again in this current year. Similarly rents for each licence have also been paid in full for the current licence terms.

Further tenement details are provided in Appendix 1.



E52/2274 and E52/2632 are located on Bulloo Downs and E52/2663 is located on Kumarina pastoral lease.

E52/2274 and 2632 are covered by the Ngarlawangga People Native Title Claim (WAD75/05) and E52/2663 is partly covered in the southwest corner by the Gingirana Native Title Claim (WAD6002/03).

The licences about the Collier Range National Park and E52/2632 lies partly in the park (where it is affected by the Nharnuwangga Wajarri and Ngarlawangga ILUA as part of the granted Nharnuwangga Native Title area).

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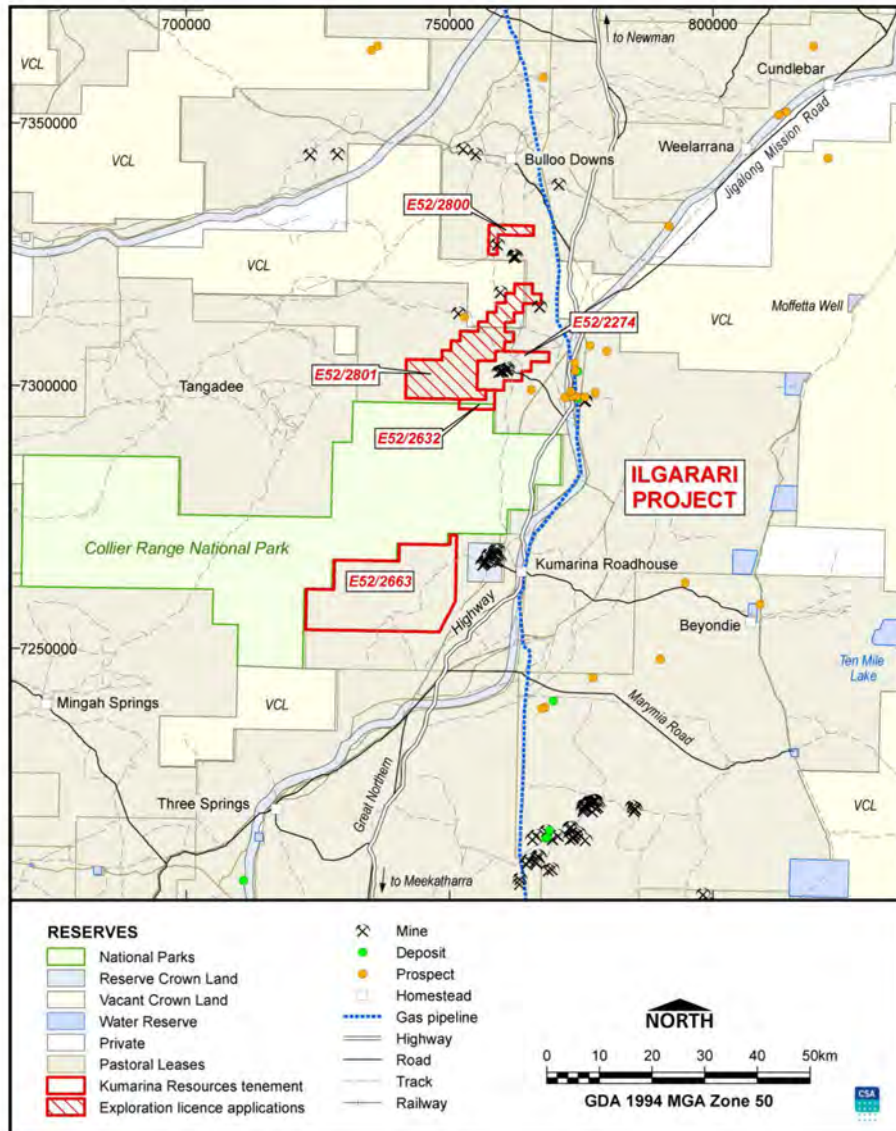


Figure 2: Ilgarari Project Location Map



**Table 2: Ilgarari Project tenements**

Tenement ID	Status	Area	Units	Expiry Date	Rent	Expenditure Commitment
E52/2274	Live	20/62.6	BLOCKS/KM <sup>2</sup>	04-Feb-15	\$ 3,629	\$ 20,000
E52/2632	Live	5/15.6	BLOCKS/KM <sup>2</sup>	11-Jun-17	\$ 584	\$ 15,000
E52/2663	Live	134/378.6	BLOCKS/KM <sup>2</sup>	13-Dec-16	\$15,638	\$ 134,000
E52/2800	Pending	7/21.9	BLOCKS/KM <sup>2</sup>		\$ 817	\$ 20,000
E52/2801	Pending	66/206.5	BLOCKS/KM <sup>2</sup>		\$ 7,702	\$ 66,000

## 2.3 Project Details

### 2.3.1 Regional Geology

The Capricorn Orogen comprises low-grade metasedimentary and minor mafic metavolcanic rocks in the Bryah, Yerrida, Padbury, Earraheedy, Ashburton, Edmund, and Collier Basins – the latter two basins previously referred to as the Bangemall Basin - and granitic and medium- to high-grade metasedimentary rocks of the Gascoyne Province (Figure 3).

Low-grade metasedimentary rocks of the Palaeoproterozoic to Mesoproterozoic Edmund and Collier Basins form the youngest depositional elements within the Capricorn Orogen (Sheppard et al 2010, Thorne et al. 2012). The succession comprises from 4–10km of mainly fine-grained siliciclastic and carbonate sedimentary rocks that were deposited in a variety of shelf to basinal environments.

Sediments in the Edmund Basin were deposited unconformably on Palaeoproterozoic basement rocks, including the Gascoyne Province, sometime between c. 1620 and c. 1465 Ma, based on the ages of the underlying Gascoyne Province and intrusive Narimbunna Dolerite.

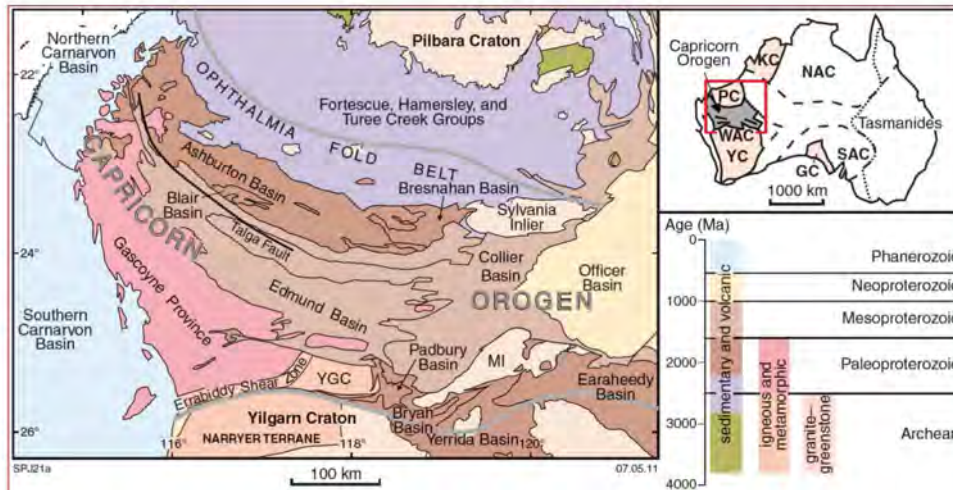
The Edmund Basin rests unconformably on the Gascoyne Province as well as on various other tectonic units. The Edmund Basin is in turn unconformably overlain by the Collier Basin.

The fine-grained siliciclastic sediments and carbonates of both basins were deposited in response to intracratonic extensional reactivation of the Capricorn Orogen. The Edmund Basin was intruded by c. 1465Ma dolerite sills, whereas the Collier Basin (and to a lesser extent, the Edmund Basin) was intruded by c. 1070 Ma dolerite sills and dykes of the Warakurna large igneous province.

Sediments in the unconformably overlying Collier Basin were deposited across both the Palaeoproterozoic basement and locally deformed sedimentary rocks of the Edmund Basin, after the Mutherbukin Tectonic Event at c. 1200 and before intrusion of the c. 1070 Ma Kulkatharra Dolerite.

The Ilgarari Project is hosted by the Collier Basin.

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**Figure 3: Regional Geological Setting of the Collier Basin (from Sheppard et al. 2010)**

Elements of the Capricorn Orogen and surrounding cratons and basins. Inset shows location of the Capricorn Orogen, Palaeoproterozoic crustal elements (NAC – North Australian Craton; SAC – South Australian Craton; WAC – West Australian Craton; KC – Kimberley Craton), and Archaean cratons (YC – Yilgarn Craton; PC – Pilbara Craton; GC – Gawler Craton; YGC – Yarlalweelor Gneiss Complex; MI – Marymia Inlier)

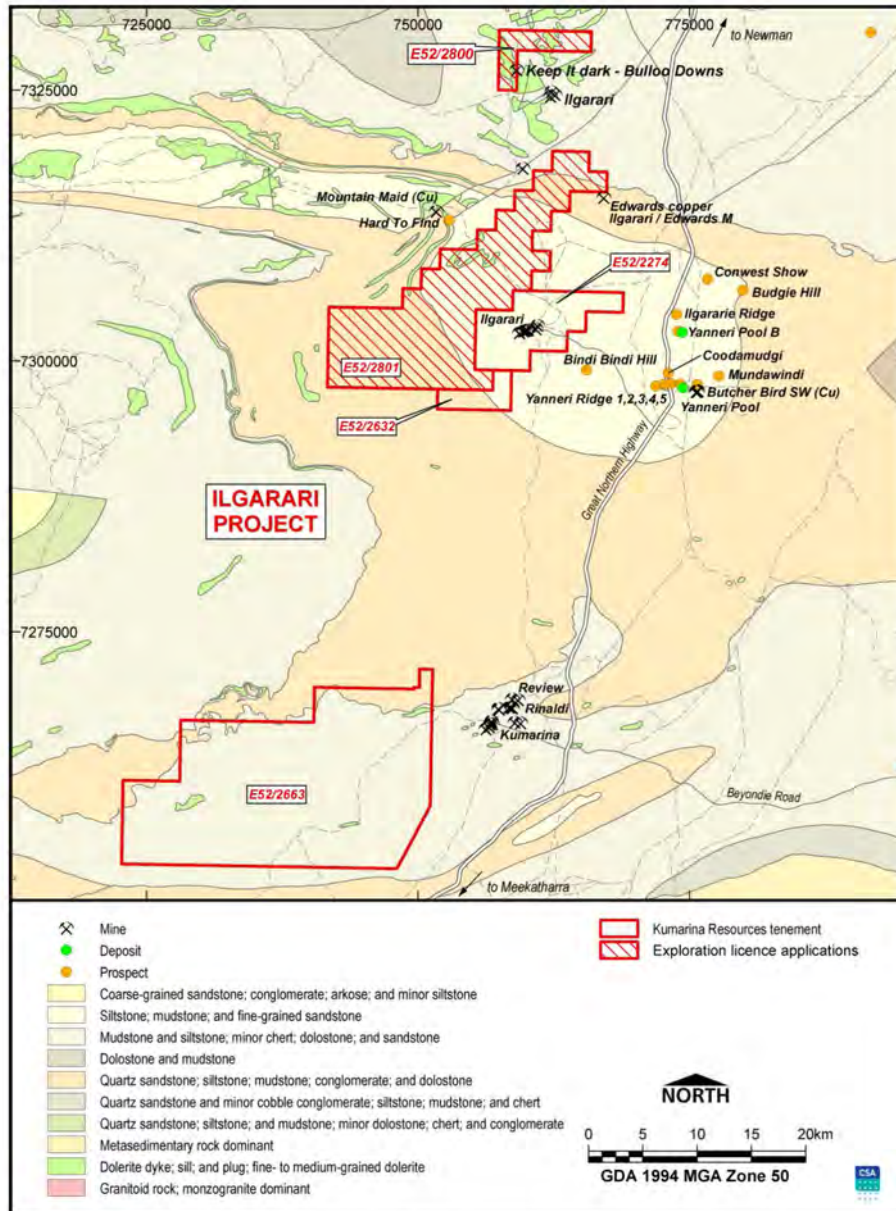


Figure 4: Regional Geology of the Ilgarari Project



### 2.3.2 Local Geology

Three geological units are interpreted to be present in the Ilgarari Project area (Morrell, 2011) (see Figure 5):

- 1) The Mesoproterozoic Collier Group sediments of the Calyie Formation (mostly sandstones);
- 2) The Ilgarari Formation, a sequence of white, grey and brown shales, siltstones, mudstones and fine-grained sandstones; and
- 3) Extensive mafic (dolerite, gabbro) sills and dykes that have intruded both the Calyie and Ilgarari Formations.

Outcrop within the tenements is quite limited with the majority of the area covered with transported colluvium and alluvial sands. Outcropping manganiferous shales are located to the north of the copper workings. Landsat and radiometric data suggest that there are areas of potentially residual soils where soil sampling maybe effective.

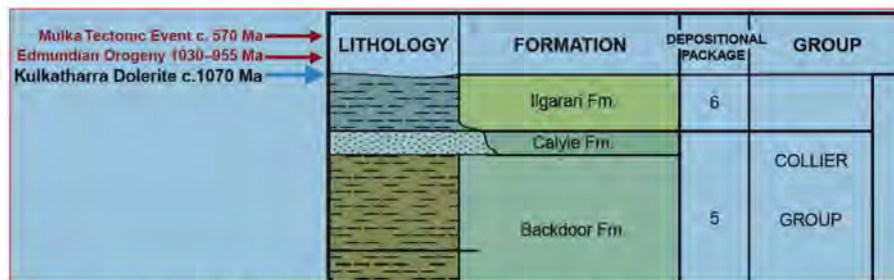


Figure 5: Stratigraphy of the Collier Groups (from Cutten et al. 2011)

Sills have provided the best indication of stratigraphic trends given the low magnetic response of the sediments. They are assumed to be predominantly stratabound (although they can transgress bedding) and to pre-date folding. Sills, however, can intrude into existing folded strata and therefore their timing relative to folding is not certain.



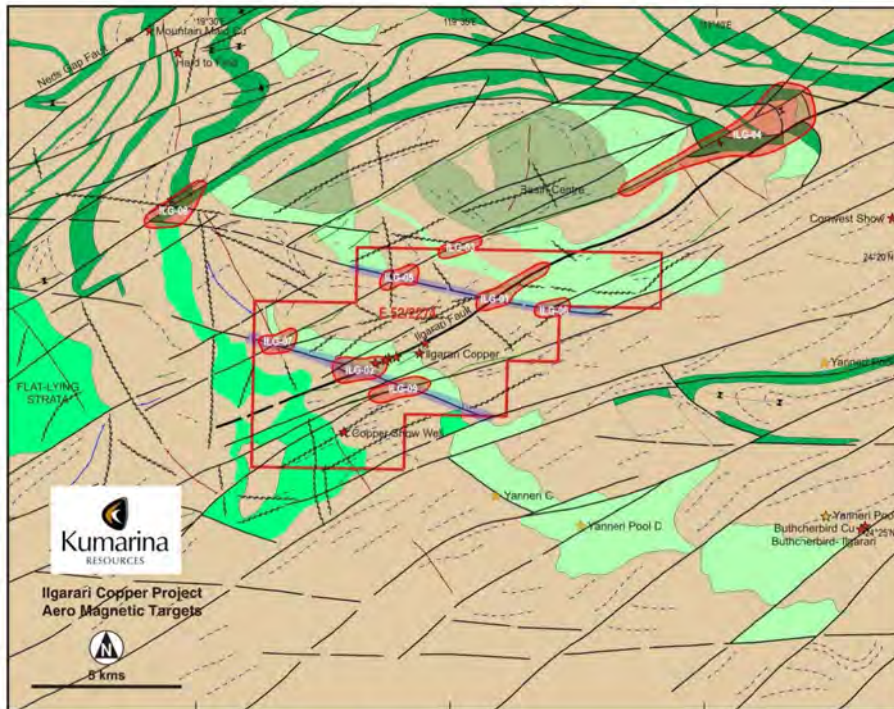


Figure 6: Interpreted Geology Ilgarari area (Morrell 2010)

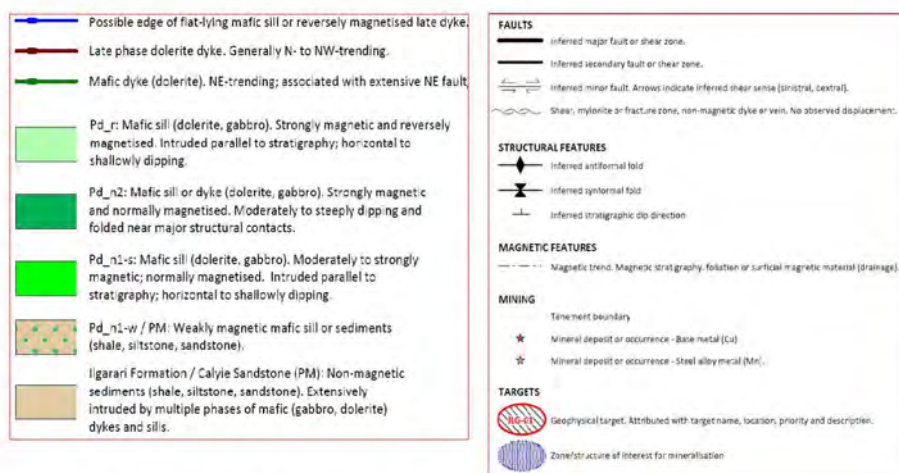


Figure 7: Ilgarari Geophysical (lithostructural) Interpretation Legend



### 2.3.3 Ilgarari Mineralisation and Prospectivity

Tyler et al (2011) comment that the Edmund and Collier Basins have a history of minor gold, base metal, and phosphate production; however, the Abra polymetallic deposit, a significant mineral system (currently sub-economic), has also been discovered in these rocks. This deposit occurs in a fault-bounded structural corridor that links up with the mantle-tapping Lyons River Fault system, together with other prospective deposits, including vein-hosted gold mineralization at Cobra, and copper mineralization in Collier Group rocks at Ilgarari and Kumarina.

The formation of giant orebodies is often linked to the presence of crustal-scale plumbing systems that concentrate fluids, energy, and metals into specific sites in the crust. Many of these plumbing systems are intimately related to fossil subduction zones or old cratonic margins. The depositional and deformational history of the Edmund and Collier Basins was controlled by pre-existing crustal-scale structures in the underlying basement. These structures have also exercised a strong control on mineralization, with the multiply reactivated Palaeoproterozoic fossil suture zone along the Lyons River Fault, in particular, appearing to have played a key role in orebody development.

Morrell (2010) has summarised discussion of the mineralisation in the Ilgarari area. Numerous other copper occurrences, with some Pb-Zn associations, are also known in the Bangemall Supergroup including Mountain Maid, Neds Gap, Koode Magi, Butcher Bird, and Kumarina. The Abra Pb-Ag-(Zn-Cu-Au) deposit is located approximately 100km to the southwest.

Historical copper production from Ilgarari and Kumarina was minor at 790t and 580t respectively (Cooper et al., 1998). More significant copper resources have not been delineated, until the recent work by Kumarina at Ilgarari (see Table 1).

All historically mined copper mineralisation within the Collier and Edmund Basins comprised supergene-enriched oxide mineralisation above sulphide quartz veins along NNE- to ENE-trending fault zones and was usually associated with dolerite intrusions. Due to the strong structural control and association with the intrusives, the mineralisation has been proposed as possible remobilisation of copper from basement source(s) (Cooper et al., 1998).

The host for mineralisation at Ilgarari are sub-vertical to steeply dipping multiple parallel lodes within a complex 7km long shear zone. The mineralised zones are up 10-30m wide but the high grade zones are generally much narrower: the underground workings in the 1970s were mining zones down to 10cm width; the better zones in recent drilling (albeit at lower grades than the underground mining) are several metres wide.

Historical copper exploration in the Ilgarari area has focussed on locating stratiform/stratabound mineralisation that could comprise more significant copper deposits. Several models have been tested since the early 1980s including exhalative-style base metal mineralisation and Zambian Copperbelt style but none have identified significant stratabound mineralisation. The Ilgarari area is also being actively explored for manganese. Mineralisation occurs in manganiferous shales of the Ilgarari Formation with known occurrences to the immediate southeast of E52/2274.

The Ilgarari area is considered prospective for larger-scale base metal mineralisation. The northeast-trending Ned's Gap and Ilgarari faults, together with several others, are interpreted as major, long-lived structures that could have provided deep-seated conduits for mineralised fluids. The Ilgarari Fault runs along the southeastern margin of an interpreted synclinal basin and may have been an active structure during sedimentation and basin formation.



The small copper occurrences along these faults are evidence that mineralised fluids have been active along these structures.

The east-west to east southeast-trending magnetic breaks are also inferred to be possible deep structures active during sedimentation and basin formation.

Based on the geological and structural setting, an exploration model with similarities to Mt Isa and Macarthur River style base metal mineralisation is considered the most prospective in the Ilgarari area.

The geophysical interpretation of Morrell (2010) identified targets that represent the zones considered most prospective for mineralisation and consist of potential dilatational sites (e.g. flexures along sinistral faults) and intersections with other major structures. Mafic intrusions and sulphidic-carbonaceous sediments may have provided brittle and reactive hosts promoting mineralisation. A discrete uranium anomaly at Ilgarari may be an indicator of Copperbelt mineralisation styles in this area.

#### 2.3.4 Historical Exploration

The Ilgarari Copper Mine is located in the centre of E52/2274. Surface copper mineralisation in outcropping ironstones was discovered in the 1920's. A number of workings were developed on approximately 2km of the northeast-striking shear zone (after Kumarina Resources 2012).

The Main Workings and Alac Workings were mined via a series of shafts and small open pits between 1968 and 1973. During this phase, underground workings were developed to a depth of 61m. A heavy media separation ("HMS") plant was installed to beneficiate the copper oxide ore to a grade of >12% Cu. The operation closed in 1973 due to the combination of the operator's inability to raise capital to maintain equipment and undertake mine development and low copper prices.

Exploration activity recommenced in 1989–1990 with a series of drilling campaigns completed over the workings. This work resulted in numerous copper intersections ranging from 1–20%, with an average grade around 3%, but this was considered uneconomic at the time.

Sporadic exploration was completed for diamonds, uranium and other minerals during the 1990's but no on-ground exploration work on the copper potential was undertaken until 2011–12 by the Company.

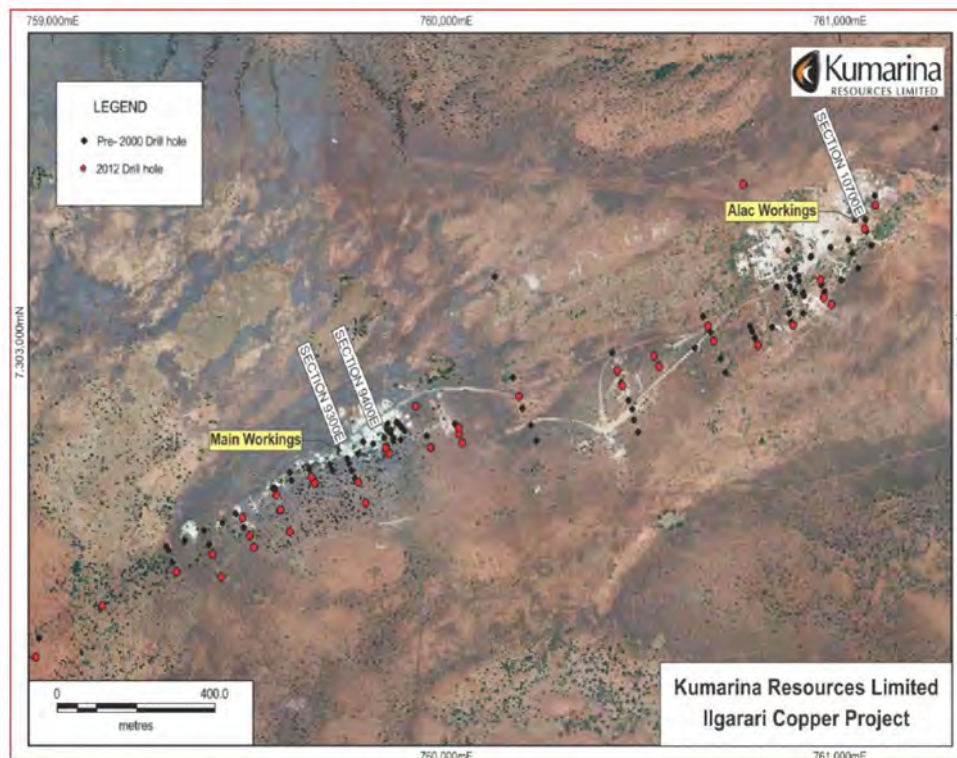
#### 2.3.5 Recent Exploration

Since acquiring the tenements Kumarina have undertaken a range of exploration activities.

Initially the company completed a review of historical data, purchased multi-client aeromagnetic data and interpreted this imagery. They have also acquired new airborne geophysical data (magnetics and radiometrics) over the tenements.

In 2012, the Company completed three RC percussion drilling campaigns over the Ilgarari Main and Alac copper workings. Both programmes comprised step-out holes beneath the drilling completed in 1990 and were designed to test the structures beneath the workings. A total of 57 holes totalling nearly 7000m drilling have been completed by Kumarina so far.

The first programme extended the mineralisation down to 120m, followed by the second programme that tested the structure at 160m below surface. The final six hole programme was designed to test the structure around 200m below surface.



**Figure 8: Ilgarari Copper Deposit Drilling Locations (Historical and Recent Kumarina Holes). Cross Section Locations for Figure 9 (9300E) and Figure 10 (10700E) Are Shown.**

In each case the programs were successful in intersecting copper oxide mineralisation within the interpreted shear zones. Selected examples of the best intersections include:

- At the Main Lode
  - 9m at 2.4% Cu from 52m downhole in RC12IL105;
  - 19m at 1.5% Cu from 69m downhole in RC12IL108;
  - 12m at 1.4% Cu from 27m downhole in RC12IL100;
  - 17m at 1.3% Cu from 145m downhole in RC12IL140;



- At the Alac Lode
  - 22m at 1.4% Cu from 40m in RC12IL127;
  - 12m at 1.6% Cu from 158m downhole in RC12IL151.

Figure 9 and Figure 10 show these results together with other historical drilling on the 9300mE section for the Main Lode and the 10700mN section for Alac Lode.

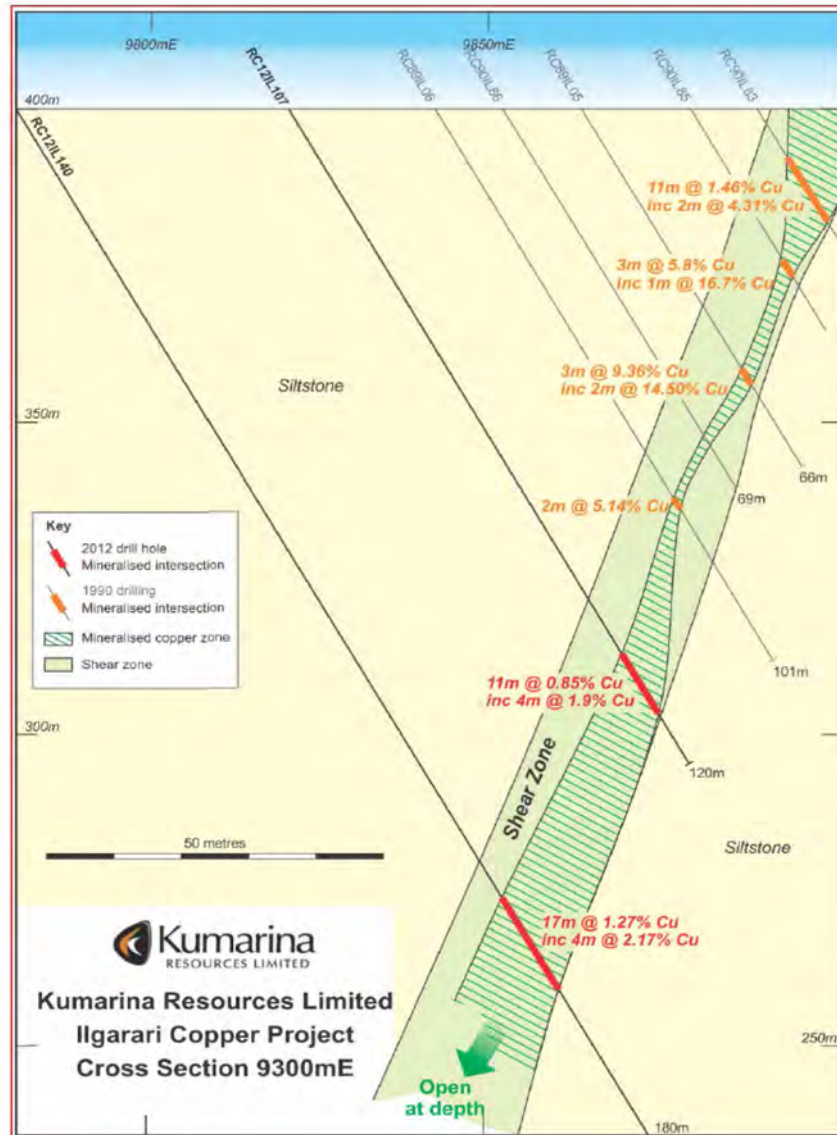


Figure 9: Summary Cross Section 9300mE, Showing Copper Intersections (From KMR ASX Release August 2012)

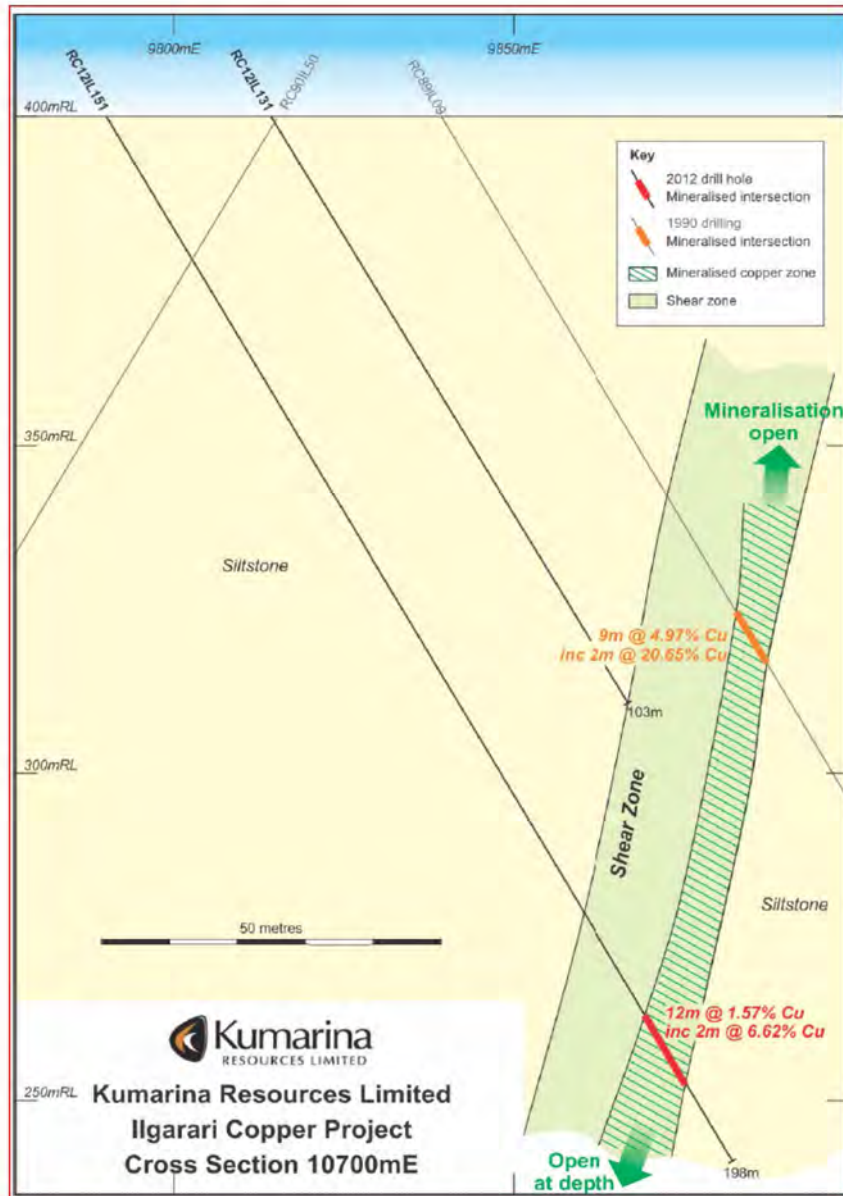


Figure 10: Summary Cross Section 10700mE, Showing Copper Intersections (From KMR ASX Release August 2012)



The mineralisation at Ilgarari is located within a heavily weathered shear system that is 10–50m wide. Copper mineralisation, most commonly seen in the form of malachite, chrysocolla and azurite is hosted in a series of lodes within the shear/fault zone. The mineralisation is oxidised to at least 160m depth with only traces of chalcopyrite observed in drill cuttings. The mineralisation remains open and the drilling results suggest that the structure maybe getting wider at depth. An induced polarisation survey (50m dipole-dipole) was completed over the copper workings to test for disseminated sulphide mineralisation. This identified a resistivity/chargeability feature 150m west of the copper workings. Drilling this anomaly intersected a sulphidic black shale, which explained the anomaly, but there remain other untested features and the suitability of the 50m dipoles, given the depth of oxidation in the shear zone, remains open to question.

Down hole electromagnetic (DHEM) surveys are planned following completion of the next round of deep holes.

Based on the drilling data a Mineral Resource estimate was completed (Coxhell 2012). The estimates used a combination of historical and recent Company drilling. Wireframing based on a 0.5% Cu cut-off grade was used to define mineralisation. An inverse distance squared approach was used to estimate grades. An *in situ* bulk density of 2 t/m<sup>3</sup> was adopted based on historical and local knowledge. The resource extends to an average of 125m below surface.

Table 1 summarises the Mineral Resource estimate, which at a 0.5% Cu cut-off grade comprises 1.1Mt at 1.89% Cu for 21kt contained copper. Figure 11 shows a plan view of the block models generated during resource modelling.



Figure 11: Plan View of The Block Models For The Main and Alac Zones





The extent of oxide copper mineralisation (down to at least 160m depth) at Ilgarari prompted Kumarina to undertake metallurgical testwork on oxide material. A preliminary column leach test program was undertaken by SGS laboratories in Perth to evaluate the potential of heap leaching copper from oxide ores at Ilgarari. A composite blend of three mineralised samples, taken from costeans, shaft collars and mine rejects from the old HMS plant, was successfully leached in bench-scale column tests. The results from the column test show that 98% of the contained copper was extracted in a 35 day leach cycle. It should be noted that the samples were composites from surficial sources and therefore may not be representative of the mineral resources which have been at estimated to depths of up to 160m at Ilgarari.



## 3 Murrin Murrin Project

### 3.1 Property location, Access and Infrastructure

The project is centred about the historical Murrin Murrin Mining Centre located some 45km east of the township of Leonora.

From the Leonora-Laverton sealed road, the area is accessed through Minara station homestead, 8km to the south. A gravel road, formerly the main road from Leonora to Laverton, bisects the project area and numerous station tracks servicing station infrastructure provide excellent access throughout the project area.

### 3.2 Description of the Mineral Assets

The mineral assets comprise seven mining leases, eight prospecting licences and four pending prospecting licence applications (see Table 3) located in the Mount Morgans Mineral Field (39). The Mineral Assets have an aggregate area of 53.5km<sup>2</sup> (Figure 12).

Kumarina Copper Pty Ltd holds a 100% interest in all of the tenements except mining leases M39/371 and M39/372 where Kumarina holds a 100% right to all minerals except nickel laterite.

A "Block" in Table 1 refers to a graticular block (known elsewhere as a sub-block), which is one minute of latitude by one minute of longitude. The area of a block varies with latitude, progressively decreasing with increasing latitude due to the convergence of the lines of longitude toward the earth's poles.

CSA reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 22<sup>nd</sup> January 2013.

All tenements have met or exceeded their expenditure commitments and are on track to do so again in this current year. Similarly rents for each licence have also been paid in full for the current licence terms.

A number of the tenements have caveats in place relating to mortgages, and there are three bonds in place totalling just over \$1.3M (these bonds relate to environmental bonds placed on open pit operations by Minara Resources and do not affect the Kumarina rights). Additional tenement details are provided in Appendix 1.

E52/2274 and 2632 are located on the Minara and Glenorn pastoral leases, and over vacant crown land and the southernmost PLA's are within Reserve Crown Land. The tenements are all within the Kurrku Native Title Claim (WAD385/10).

Once again it should be noted that CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

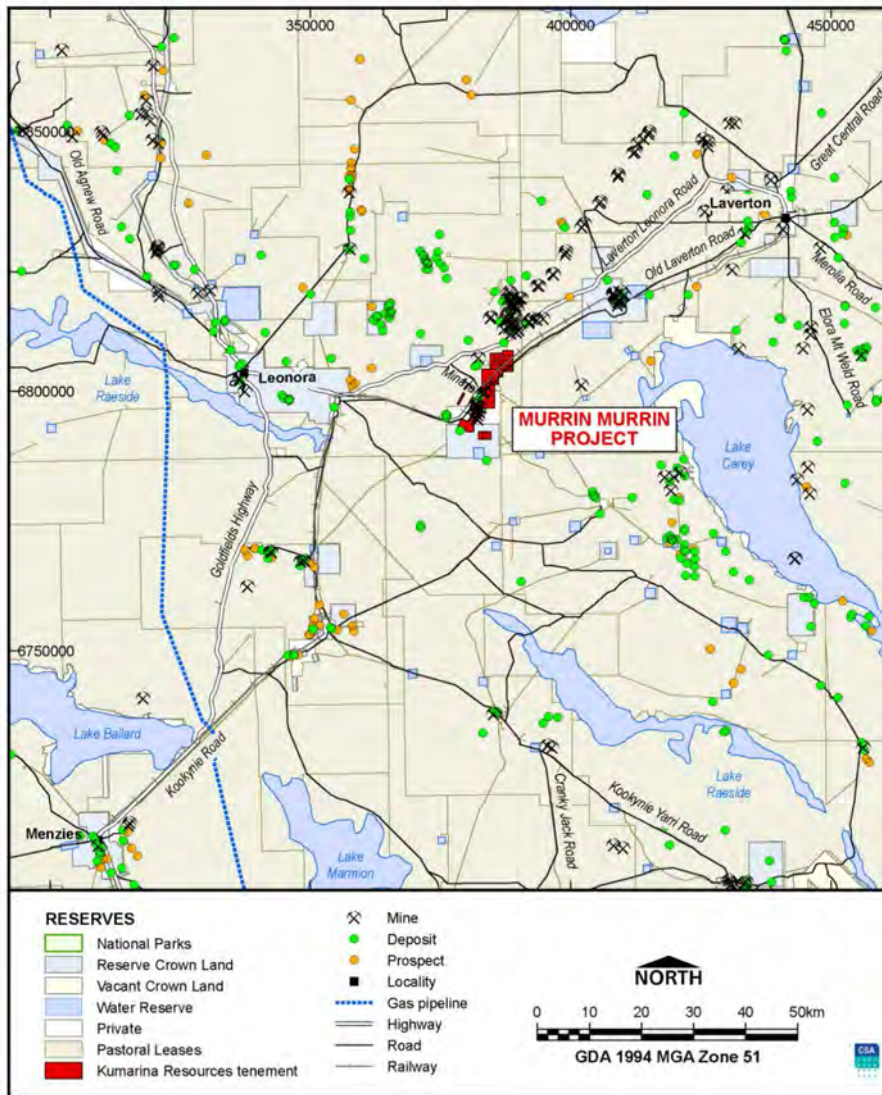


Figure 12: Murrin Murrin Project Location Map



**Table 3: Murrin Murrin Project tenements**

Tenement ID	Status	Area	Units	Expiry Date	Rent	Expenditure Commitment
M39/0371	Live	243	Ha	25-Jul-17	\$ 3,742	\$ 24,300
M39/0372	Live	884	Ha	25-Jul-17	\$13,614	\$ 88,400
M39/0397	Live	95	Ha	09-Sep-20	\$ 1,463	\$ 10,000
M39/0398	Live	605	Ha	09-Sep-20	\$ 9,317	\$ 60,500
M39/0399	Live	587	Ha	22-Nov-28	\$ 9,040	\$ 58,700
M39/0400	Live	849	Ha	22-Nov-28	\$13,075	\$ 84,900
M39/1068	Live	99	Ha	31-Mar-31	\$ 1,525	\$ 10,000
P39/5231	Live	200	Ha	26-Aug-16	\$ 450	\$ 8000
P39/5232	Live	200	Ha	26-Aug-16	\$ 450	\$ 8000
P39/5233	Live	183	Ha	10-Sep-16	\$ 412	\$ 7,320
P39/5234	Live	121	Ha	26-Aug-16	\$ 272	\$ 4,840
P39/5235	Live	181	Ha	26-Aug-16	\$ 407	\$ 7,240
P39/5236	Live	200	Ha	26-Aug-16	\$ 450	\$ 8000
P39/5237	Live	196	Ha	27-Aug-16	\$ 441	\$ 7,840
P39/5238	Live	200	Ha	27-Aug-16	\$ 450	\$ 8000
P39/5230	Pending	182	Ha		\$ 410	\$ 7,280
P39/5304	Pending	122	Ha		\$ 275	\$ 4,880
P39/5305	Pending	121	Ha		\$ 272	\$ 4,840
P39/5306	Pending	121	Ha		\$ 272	\$ 4,840

### 3.3 Project Details

#### 3.3.1 Regional Geology

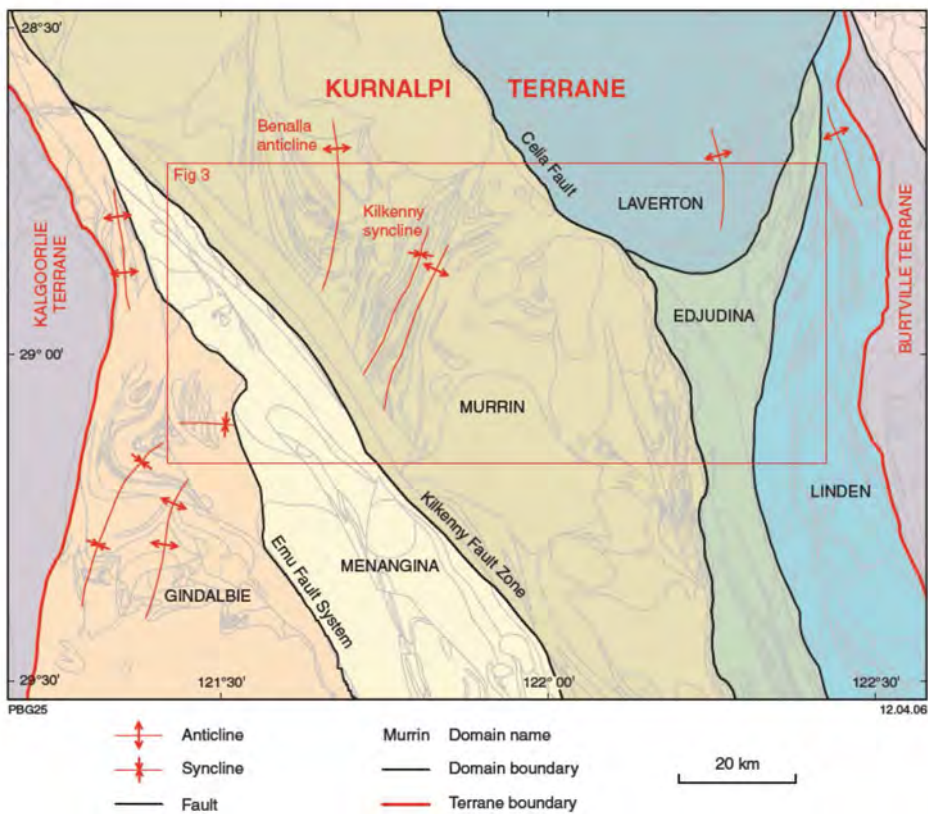
The greenstone sequence of the Murrin Murrin area forms parts of a distinctive tectono-stratigraphic block bounded by major linear structural discontinuities, the Keith-Kilkenny Lineament to the West and the Celia Lineament to the east (Figure 13) as summarised in Otterman (2007). The Kilkenny Syncline is separated from the repeat structure to the west, the Rio Tinto Syncline, by the Kilkenny Lineament (Figure 14, Figure 15).

The lithologies comprise a bimodal volcanic package of felsic and mafic volcanic rocks, clastic sedimentary rocks, chert, ultramafic rocks and mafic intrusives. The ultramafic rocks were previously interpreted to be intrusive. However, it is probable that the cumulate textures commonly exhibited in these rocks formed through the pooling of extrusive flows.

The units strike north-northeast and are repeated about the axis of the Kilkenny Syncline which trends south-southwest through the tenement block.

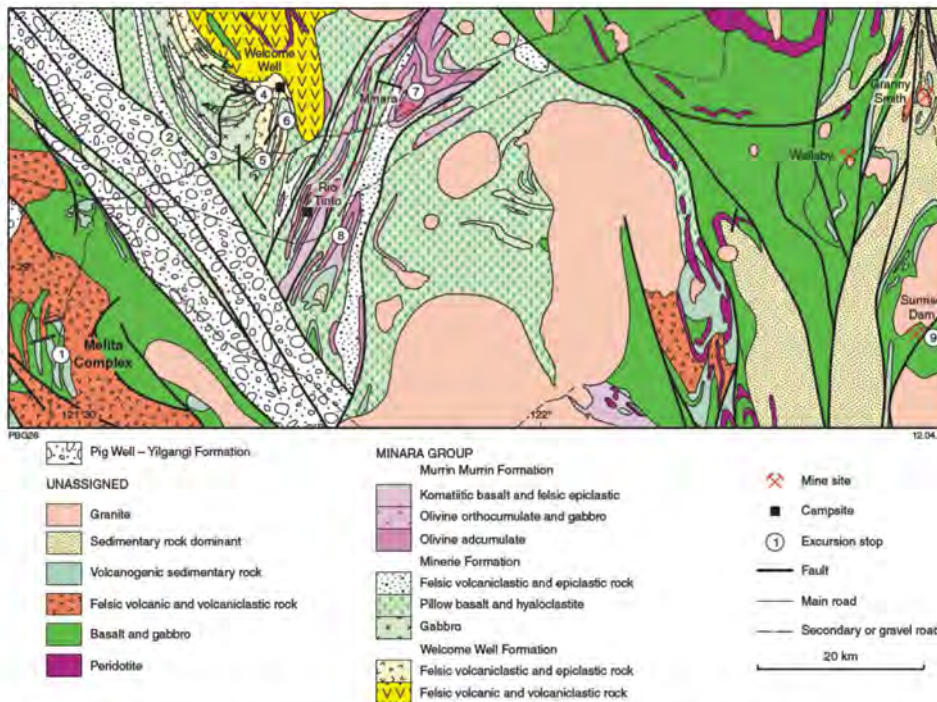
The rocks have been subject to low-grade greenschist metamorphism and carbonate alteration is widespread.

The dominate structures are the south-plunging Kilkenny Syncline located in the east and the Corkscrew Anticline with its attendant Woolshed Syncline located in the west. Both of these structures have north-northwest striking axes and plunge south. Primary regional faults are locally known as the Brummers and Kaurin, both dextral, and the Federation.



**Figure 13: Geological Domains (Upper Case, Black Text) And Terranes (Uppercase, Red Text) In The Leonora-Laverton Area (From Groenewald Et Al. 2006)**

In general, the rocks are undeformed to weakly sheared, the axial plane cleavage of the folds being the most significant structural fabric feature. In the northwestern corner of the project area, shearing becomes more intense towards the intrusive granite.



**Figure 14: Interpreted Basement Geology From Leonora to Sunrise Dam (From Groenewald et al. 2006) Kumarina's Murrin Murrin Area is Located Between Stops 7 And 8.**

### 3.3.2 Local Geology

The lithology of the Murrin Murrin Project can be divided into two domains, a north-northwest trending belt and a northeast trending belt. These two belts are separated by the Federation Fault which strikes parallel with the northeast trending belt. The oldest rocks of the Murrin Murrin area occur in the core of the Corkscrew Anticline while the youngest are in the top of the Kilkenny Syncline.

The sedimentary rocks include a variety of clastic sediments of quartzofeldspathic composition ranging from shaley siltstone to arenite and usually rich in secondary sericite and carbonate and chert which forms excellent marker horizons. Thin chert is common amongst basalt flows where they mark the tops of individual flows. The major chert horizons occur on the western block and are known as the upper (Pearl Shell) and lower (Red) chert. The main chert on the eastern block is the Nangaroo chert which resembles the Pearl Shell chert and is replaced in part by quartz blows. Black carbonaceous shales have only been intersected in drill holes but are common, usually interlayered with fine grained tuffs in the acid volcanic horizons. Minor greywacke has also been noted at Nangaroo. Felsic volcanic rocks include rhyolite flows and acid tuffs of all grain sizes. They occur in thick, complicated, interfingering sequences with the volcanoclastic sediments described above. The acid tuffs are fine-medium grained rhyolite tuff and coarse-grained agglomerate sized rhyolite tuff containing fragments mostly greater than 4mm in size.

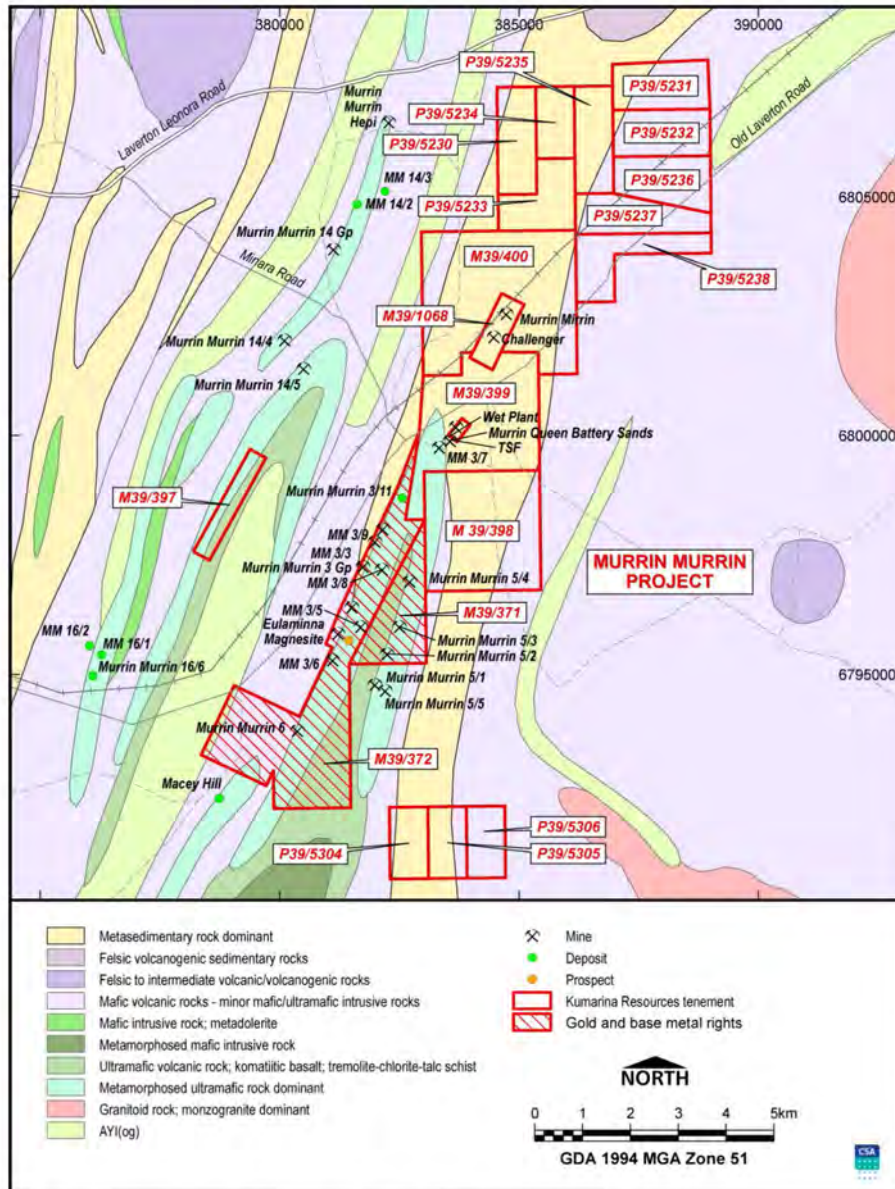


Figure 15: Murrin Murrin Project Local Geology (after GSWA mapping)

Mafic volcanic rocks comprise a fine grained equigranular green metabasalt, extensively altered with tremolite-actinolite, carbonate, sericite, chlorite and epidote and are commonly pillowed and a high



magnesium porphyritic meta-basalt containing coarse laths of clinopyroxene which have usually been at least partially replaced by the tremolite and chlorite.

Archaean mafic intrusives of various gabbroic composition and Proterozoic dolerites occur as sills and minor, narrow and curvilinear dykes in various orientations.

The ultramafic rocks are serpentinised dunite and peridotite and show well preserved granular cumulate olivine texture. An even-grained adamellite granite located in the north and a granodiorite are located some 8km southeast of Nangaroo.

### 3.3.3 Murrin Murrin Mineralisation and Prospectivity

#### Gold

Gold mineralisation at Murrin Murrin is associated with weathered sulphide (pyrite and arsenopyrite) bearing quartz veins discontinuously developed in distinct north-northeast trending shears or fault zones. These zones form a fairly close spaced 'en echelon' array on the eastern limb of the south-plunging Kilkenny Syncline. Varying from a few tens of centimetres up to about 10m wide (mostly filled by quartz vein material), these zones can be up to 3km long. Shearing intensity adjacent to the main quartz veins varies from weak to strong, and alteration associated with gold mineralisation includes sulphide, silica, carbonate, chlorite, and sericite/kaolin. In general, gold is confined within a well constrained, narrow principal lode with limited mineralisation in the wallrock.

Numerous well developed lines of workings down to 70m in depth exist throughout the Murrin Murrin Project. Most of the workings have been subjected to some level of drilling in the past. The vast majority of drill holes are located over the Malcolm and Challenger mines.

Highly porous and gossanous in places, the main gold-bearing veins occupy fairly tight structures and are probably more strictly fault, rather than shear, controlled. On a local as well as a regional scale the main mineralised veins "pinch and swell" in a horizontal and vertical sense and are sometimes offset by "kinks" or bends in the main fault/shear structure; possibly related to steep, cross-cutting northeast to east-trending faults.

Gold mineralisation (> 0.5 g/t Au) is often associated with areas of structural dislocation caused by kinking, cross-faulting, and swelling of the main quartz veins.

Higher grade mineralisation is generally limited by the base of complete oxidation (30–70m), and a 5–10m depletion zone from surface. This distribution is consistent with the effect of lateritisation with the surficial hardpan eroded. Strong supergene enrichment of gold occurs at 15–35m vertical depth, possibly related to old water table levels. Weathering and alteration are most intensely developed within and adjacent to the mineralised lodes.

The mineralised zones are generally narrow and average only 1–3m down-hole width, occasionally reaching widths of 8m. This is directly related to the width of the main quartz veins (which pinch and swell over short distances), as well as vein porosity, degree of alteration, degree of quartz microveining adjacent to the main vein, and presence of variably mineralised ironstone pods adjacent to the main vein. The lodes are generally developed on the contacts between ultramafic units and sediments.





Kumarina has collated data from over 1300 historical drill holes (including auger, RAB, aircore, RC percussion and diamond core) and captured 14,000 assays. This includes 40 RC percussion holes drilled beneath the Malcolm and Challenger pits. A number of these holes intersected mineralised lodges between 40–60m depth, well below the pit floors at around 30m.

Selected grades from this drilling compilation at Murrin Murrin, to illustrate the tenor of mineralisation, located in the past, are listed in Table 4.

**Table 4: Selected gold intersections from various Murrin Murrin prospects**

Prospect	Selected Drill Intersections
Princess Alix	7m at 9.2 g/t 10m at 4.8 g/t
Bound to Win	7m at 1.3 g/t 8m at 10.5 g/t
Vindicator	8m at 1.4 g/t 4m at 1.6 g/t 4m at 1.7 g/t
Avenger	6m at 1.6 g/t 6m at 1.5 g/t 8m at 1.4 g/t
Eastern Gabbro	5m at 2.5 g/t 7m at 3.3 g/t 7m at 4.1 g/t
Alix Junior	3m at 4.2 g/t 3m at 3.9 g/t
Elbe	8m at 2.8 g/t 4m at 4.4 g/t 8m at 1.4 g/t
Hill End	4m at 8.3 g/t 8m at 4.9 g/t 12m at 4.1 g/t 8m at 10.5 g/t
Aurthur Rymer	3m at 4.7 g/t 2m at 10.1 g/t

Recent drilling by Kumarina below the Malcolm and Challenger Pits has intersected similar tenor mineralisation hosted by a quartz stockwork located within multiple sedimentary shale units (up to 30m thick) bounded by ultramafics.

Gold grades within the quartz stockwork vary from 0.3g/t to 80 g/t with the higher grades located near the geology contacts of the ultramafic, as summarised below in these selected best results (also see Figure 16 and Figure 17):

- 13m at 6.26 g/t Au from 44m downhole in MMRC14, including 1m at 50.1 g/t from 46m;
- 13m at 12.6 g.t Au from 52m in 12MMRC072;
- 7m at 12.7g/t Au from 63m in 12MRC068;
- 21m at 4.2 g/t Au from 39m in 12MMRC063; and
- 13m at 4.2g/t Au from 13m in 12MMRC064.



Kumarina reported that a preliminary optimisation study completed for the Malcolm-Challenger area showed that deepening of the open pits has strong economic potential. The optimisation was based on historical drilling and Kumarina's recent drilling below the old pits to a depth of approximately 65m.

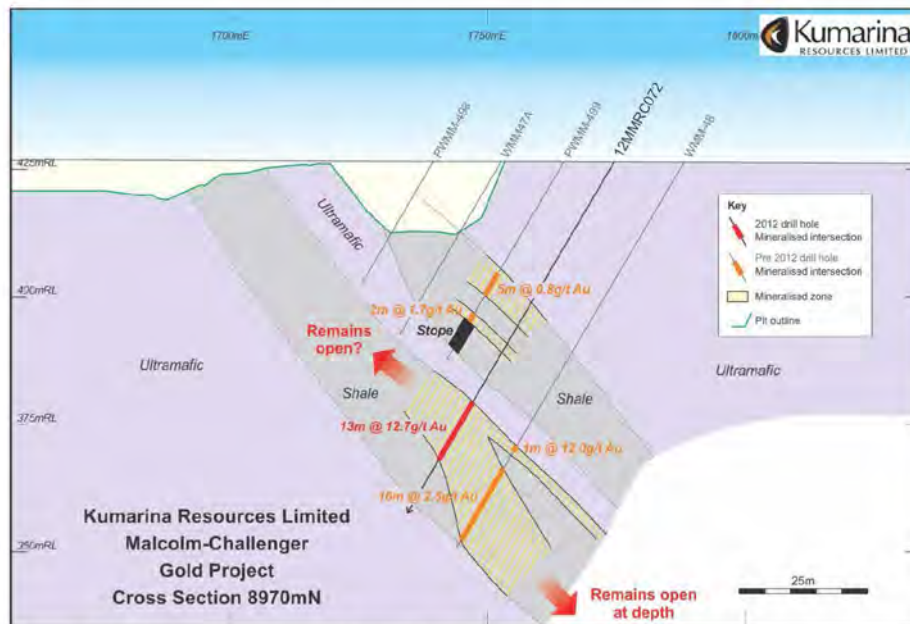


Figure 16: Malcolm-Challenger Gold Project Cross section 8970mN



**Figure 17: Malcolm-Challenger Gold Project Cross Section 8840mN**

Gold potential for economic open pit deposits in the near surface environment is only moderate in the Malcolm-Challenger to Hill End (western) zone of the project. However elsewhere, RAB drilling has generally been to blade refusal. RC percussion drilling with diamond tails adjacent to old workings has been to moderate depths. A review of past results in 3D software packages has shown a number of targets that were poorly tested or missed entirely, so the potential for hypogene gold mineralisation in the project area is considered moderate to good.

Mapping by Kumarina, in combination with the review of past drilling, has led to an increased understanding of the controls on mineralisation, identifying preferred orientation and plunge controls that appear to have been overlooked by previous companies.

There have been important advances in the understanding of the controls on gold mineralisation since much of the work at Murrin Murrin was undertaken in the 1990s and early 2000s.

This suggests that there is still good potential for finding similar size mineralised zones to those already mined at Malcolm and Challenger along this structural zone. Not just additional supergene concentrations but also hypogene mineralisation in lodes.

In particular, past drilling was not necessarily effective in testing the structure targets now identified by Kumarina, e.g. drilling multiple directions around old workings is common and shows that the preferred orientation for gold structures, much less plunge controls, was not well understood.



Compilation and re-assessment of past exploration by Kumarina has also highlighted the Eastern Gabbro Zone as high priority target zone. In this area a gold-in-RAB anomaly over 3km strike length remains mostly untested.

#### *Base Metals*

The Eulaminna and Nangaroo copper deposits in the Murrin Murrin Project area are located near the top of a folded sequence of volcanoclastic sedimentary rocks, carbonaceous shale, rhyolite, dacite, and mafic volcanic rocks (Marston 1979). Carbonate alteration is common.

The Eulaminna deposit is on the easterly dipping, western limb of the Kilkenny Syncline, and the Nangaroo deposit is on the westerly dipping, eastern limb, in the same sequence as, and in a similar stratigraphic position to, the Eulaminna deposit.

At Eulaminna, four mineralised shoots dip east at various pitches, one to the northeast and three to the south, and are composed of massive pyrite, sphalerite, and chalcopyrite in chlorite–calcite gangue. The sulphide shoots are in a lenticular unit of sedimentary grit to breccia, comprising angular to rounded clasts of felsic volcanic rock, siltstone, black shale, and massive sulphide clasts (commonly pyrite) in a lithic-chloritic matrix with disseminated sulphide.

At Nangaroo, the host rocks are similar, but with a greater felsic volcanic component. Four gently northerly pitching shoots consist of pyritic sulphides, with pyrrhotite, iron-bearing sphalerite and chalcopyrite, and some combined silver and cassiterite. There are angular to subrounded pieces of the same sulphides in sedimentary to volcanic breccias overlying, underlying, and laterally contiguous with the massive sulphide shoots. The copper-zinc mineralised horizon is at a felsic volcanic/sediment-basalt contact. Comprising massive fine-grained to coarse-grained recrystallised pyritic sulphides, which, in turn, contain variable amounts of pyrrhotite, iron-bearing sphalerite, and chalcopyrite with some combined silver. The mineralisation occurs in small shoots up to 4m thick and 300m in length. The bulk of the mineralisation occurs below 30m depth in one shallow, north-plunging lens expressed at surface as a large limonitic and siliceous gossan exposed around old mine workings. Copper zinc metal ratios of the massive sulphides average 1:2 with a combined metal content of 15% Cu and Zn. Disseminated and stringer mineralisation occurs in agglomerate consisting of cherty sediment, rhyolite and tuff fragments in a tuffaceous matrix. Intersections from past drilling were summarised by Maynard (2011) and are shown in Figure 18.

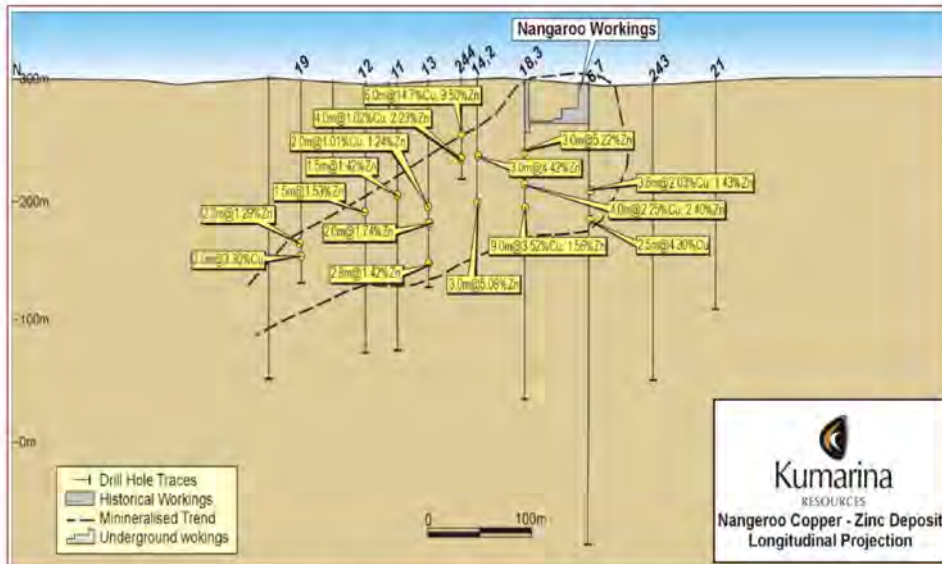


Figure 18: Nangaroo Long Section Showing Historical Drill Intersections (From Maynard 2011)

Drilling by Kumarina intersected similar grade mineralisation at Nangaroo, as summarised below:

- 4m at 6.5% Cu, 0.23% Zn, 93g/t Ag from 29m in MMRC036;
- 5m at 2.30% Cu, 0.56% Zn, 26g/t Ag from 82m in MMRC033;
- 11m at 1.10% Cu, 2.3% Zn, 6 g/t Ag from 89m in MMRC031;
- 1m at 1.9% Cu, 1.20% Zn 6 g/t Ag in from 44m in MMRC034; and,
- 1m at 1.50% Cu, 4.12% Zn, 35 g/t Ag in from 27m in MMRC032.

The Crayfish Creek and Rio Tinto Prospects also display characteristics interpreted as consistent with VHMS-style geology and mineralisation. VHMS are a type of metal sulphide mineral deposit, mainly copper (± gold-silver), zinc and lead, that are created by volcanic-associated hydrothermal events in submarine environments. VHMS are predominantly layered accumulations of sulphide minerals that precipitate from hydrothermal fluids on or below the seafloor in a wide range of ancient and modern geological settings.

The Nangaroo prospect is located within the north to north-northeast trending Nangaroo-Crayfish Creek horizon; a complicated sequence of acid agglomerate and tuff, carbonaceous shale, greywacke, rhyolitic flows and minor basaltic and andesitic flows on the eastern limb of the Kilkenny Syncline. The acid-mafic sequence of the Nangaroo-Eulaminna horizon is intruded by a fine-medium grained metadolerite.

VHMS deposits typically occur in clusters and stacks, as well as repeating periodically along strike (reflecting the dimensions of the circulating hydrothermal fluid cells that produce them), within a well-defined stratigraphic package.



VHMS style mineralisation is relatively uncommon in the Yilgarn, where exploration has been hindered by poor outcrop of the principal host sequences (felsic volcanics and sediments) and by the ubiquitous deeply weathered regolith (Yeats 2007). Only two economic camps have been delineated to date: the Golden Grove-Scuddles deposits and the Teutonic Bore-Jaguar/Bentley deposits. These deposits are similar to the Mattabi-type deposits in the Superior Province of Canada (Yeats 2007).

The nearby Teutonic Bore-Jaguar-Bentley VHMS are hosted by the Gindalbi Domain of the Kurnalpi Terrane. McCuag et al (2010) identify the presence of juvenile crust as key reason for the presence of the VHMS systems there. Notably the Murrin Murrin base metal prospects are also located within the Kurnalpi Terrane., though within the adjacent Murrin Domain.

The presence of small pods of VHMS mineralisation does not guarantee the presence of large pods, but it is an important geological indicator, and consequently potential exists for the discovery of additional base metal deposits, primarily copper and zinc, of greater size than the known prospects at Murrin Murrin.

The highest base metal potential is associated with the known copper and zinc mineralization at Nangaroo, Crayfish Creek and other prospects within the north to north-northeast trending Nangaroo-Crayfish Creek and Eulaminna horizons and further west along the Rio Tinto horizon.

Drilling by Kumarina at the Nangaroo deposit has somewhat closed off the known lens of mineralisation. But no modern geophysical exploration, especially EM, has yet been completed. Further electromagnetic surveys (either airborne, surface or in hole) have the potential to generate exploration targets in the host rock sequence.

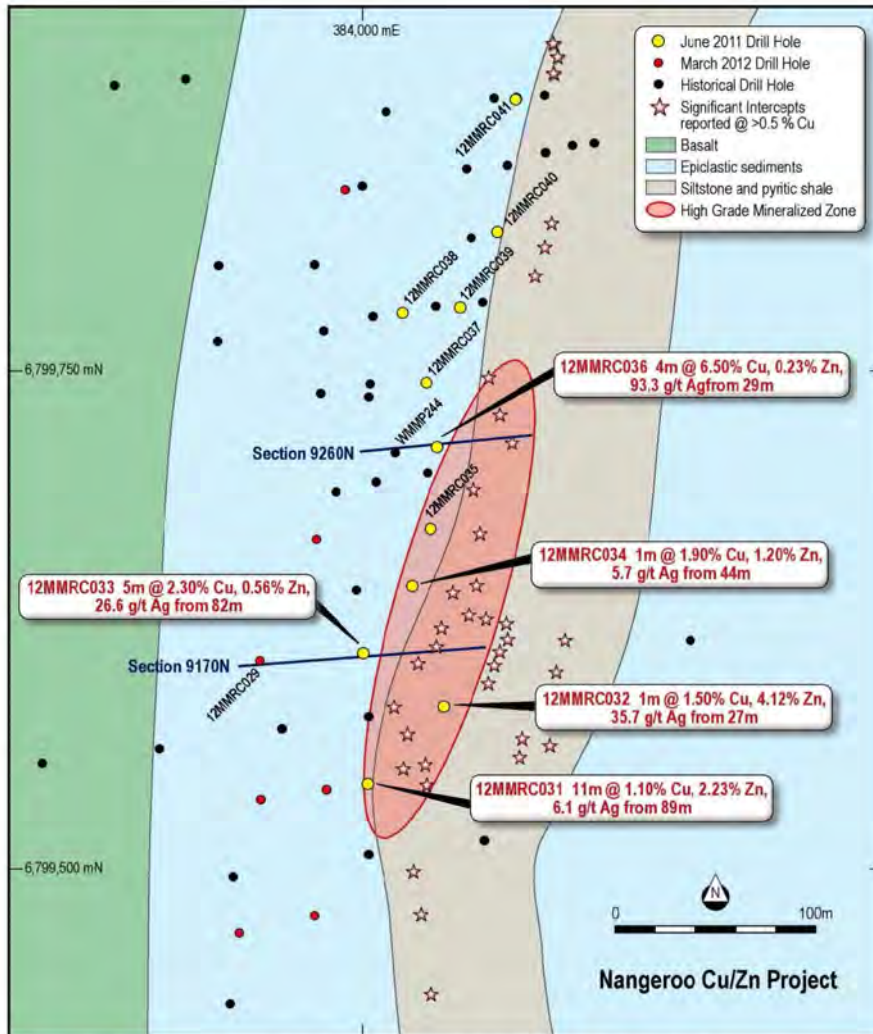


Figure 19: Nangeroo Copper Zinc Prospect Drilling and Selected Intersections

### 3.3.4 Historical Exploration

A comprehensive summary of the exploration is provided by Maynard (2011). Gold was discovered in 1897 and not long after the township of Murrin Murrin was gazetted. Numerous underground operations were developed with production exceeding 100,000 ounces of gold at a grade averaging 13.8 g/t, before the eventual closure of the mines in 1946.

Between 1964 and 1975 Australian Selection Pty Ltd explored for base metals using mapping, rockchip sampling, geophysics, trenching and drilling.



Over the past 25 years a number of companies have undertaken work at Murrin Murrin with different objectives under varying economic circumstances. There are at least 14 groups of substantial underground gold workings (as well as the underground mining at Nangaroo), all have been subjected to some drilling, with the majority of the work focused on mineralisation below the Malcolm and Challenger mines. The Nangaroo copper mine has also been subjected to several drilling programs.

In 1983 BP Minerals Ltd undertook gold exploration completing mapping, rock and soil sampling, and drilling, as well as some metallurgical testing. In 1985 BP discovered the Malcolm and Challenger deposits.

In 1995 Dominion Mining developed two shallow open pits at the Malcolm and Challenger mines, where 14,000 ounces (126,531t averaging 3.5g/t Au) were mined and trucked to the Mt Morgan plant for treatment.

Several copper/zinc prospects also occur within the tenements. 1251 tonnes grading 19.7% copper (247 tonnes) of copper concentrate was produced from the Nangaroo mine and the Rio Tinto produced 696 tonnes grading 10.6% Cu (74t Cu).

### 3.3.5 Recent Exploration

Since acquiring the Murrin Murrin Project Kumarina have undertaken a range of exploration activities comprising:

- Consolidation and compilation of past exploration data, including building an electronic database of most of the past drilling and undertaking extensive re-assessment of the effectiveness of past drilling, particularly in light in advances in the understanding of the controls on gold mineralisation and regolith processes that have occurred since the drilling was done;
- Re-establishment of grids, hole collar survey pickups, downhole gyro surveys at Malcol-Challenger;
- Mapping and re-interpretation of the geology;
- Completion of four drilling campaigns
  - two at Malcolm Challenger (47 RC percussion totalling nearly 4000m); and
  - two at Nangaroo (20 RC percussion holes totalling 2690m).
- Flown a detailed aeromagnetic survey over the entire project and completed a small downhole EM survey at Nangaroo; and,
- Preliminary resource estimation and pit optimisation studies.





## 4 Potential Liabilities/Risks

The Schedule of Endorsements attaching to each of the exploration licences stipulate that the grant of the licence does not infer automatic approval to mine or the subsequent grant of a mining lease in accordance with Section 75 of the Mining Act. This is a standard condition of grant for exploration licences.

The overall potential for substantive liabilities to arise, and the risk attaching to security of tenure is assessed as low.

Mining Leases M39/0371, 372 and 398 have environmental bonds totalling \$1.3M.

There are a number of caveats and mortgages on the Mining Leases relating to past commercial arrangements of Minara Resources and its antecedent companies. CSA understands that these caveats and mortgages do not affect Kumarina's right to gold and base metals, but as noted above CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.



## 5 Valuation

Valuation of Mineral exploration assets is subjective. If an economic resource is subsequently identified then a new valuation will likely be much higher, or alternatively when exploration is unsuccessful then that is likely to result in a reduced valuation.

There are a number of generally accepted procedures for establishing the value of exploration tenements and, where relevant, the use of more than one approach to enable a balanced analysis and cross check on the results is recommended.

The valuation is always presented as a range, with the Preferred Value identified. The Preferred Value need not be the median value and is determined by the independent expert based on their experience.

### 5.1 Methodology and Assumptions

Mineral assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Business valuers typically define market value as “The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the value of a mineral asset as its Fair Market Value, which is the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the expert or specialist reached in accordance with the provisions of the VALMIN Code, the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Fair Market Value usually consists of two components, the underlying or technical value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most-likely value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. Fair Market Value must therefore take into account, *inter alia*, market considerations, which can only be determined by reference to “comparable transactions”. Generally, truly comparable transactions for mineral assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.



For exploration tenements, the notion of value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any “cash equivalent of some other consideration”. Whilst acknowledging these limitations, CSA has identified what it considers to be comparable transactions that have been used in assessing the values to be attributed to the mineral assets.

CSA’s valuations are based on information provided by Kumarina and public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. The valuations discussed in this Report have been prepared at a valuation date of 5th February 2013. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

## 5.2 Valuation Methods for Exploration Projects

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to operating mines which have well-defined Ore Reserves, as listed below:

- **“Exploration Areas”** – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- **“Advanced Exploration Areas”** – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on, at least, one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category.
- **“Pre-Development Projects”** – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.
- **“Development Projects”** – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- **“Operating Mines”** - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “fair market valuation”.

The Fair Market Value of exploration properties and undeveloped Mineral Resources can be determined by four general approaches, viz.:

- The Appraised Value Method which considers the costs and results of historical exploration.



- The Market Approach or Comparable Transaction Method which looks at recent arm's length transactions for comparable properties.
- The Geoscience Factor Method which seeks to rank and weight geological aspects, including proximity to mines and other deposits, the significance of the mineralised district and the commodity sought.
- The Income Approach which is relevant to exploration properties on which undeveloped Mineral Resources or Ore Reserves are present or to operating mines. When sufficiently detailed studies into the mining and processing of the Mineral Resources and/or Ore Reserves have been completed, value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting these to the present day to determine their Net Present Value (NPV).

For this Report the former two methods have been used.

#### 5.2.1 Appraised Value or Exploration Expenditure Method

This method considers the costs and results of historical exploration.

The Appraised Value method utilises a Multiple of Exploration Expenditure ("MEE") which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier ("PEM"). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 5 lists the PEM and criteria used in this report.

**Table 5: Prospectivity Enhancement Multiplier (PEM) factors**

PEM Range	Criteria
0.2–0.5	Exploration (past & present) has downgraded the tenement prospectivity, no mineralisation identified
0.5–1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0–1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3–1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5–2.0	Scout drilling (RAB, aircore, RCP) has identified interesting intersections of mineralisation
2.0–2.5	Detailed drilling has defined targets with potential economic interest
2.5–3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0–4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0–5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment



### 5.2.2 *Market Approach Method or Comparable Transactions*

This method looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The comparable transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder.

The joint venture or farm-in terms, of themselves, do not represent the value of the tenements concerned. To determine a value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood those commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term.

Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless.

A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current value of a tenement or tenements will be the value implied from the terms of the most recent transaction involving it/them, plus any change in value as a result of subsequent exploration.

Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market values for exploration



tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

### 5.3 Technical Valuation of Mineral Assets

#### 5.3.1 Previous Valuations

CSA is not aware, nor have we been made aware, of any valuations over Kumarina's projects.

#### 5.3.2 Tenements included in the Valuation

Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. While a tenement is under application there is uncertainty as to whether it will be granted or not all the area applied for will be granted due to environmental, Native Title or other reasons.

#### 5.3.3 Comparable Transactions

CSA has completed a search for publicly available market transactions involving gold and copper projects within Australia.

Note that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation.

In practice, a range of implied dollar values per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Appendix 2.

CSA's analysis of Australian market transactions for gold and copper mineral assets indicates an implied value between \$1000 and \$28,500 per square kilometre for Exploration Area mineral assets, with no estimated Mineral Resources.

The implied value per square kilometre is dependent on the type of licence, whether it is an Exploration Licence, Prospecting Licence or Mining Licence. With lower implied values per square kilometre for Exploration Licences compared to Prospecting Licences and lower implied values per square kilometre for Prospecting Licences compared to Mining Leases. The implied value was also affected by the strategic importance of the tenements and the presence of known gold and/or copper mineralisation within them.

#### 5.3.4 Ilgarari Project

##### 5.3.4.1 Selection of Valuation Method

The Ilgarari Copper Project, in which Kumarina has a 100% interest, can be classified as both an Advanced Exploration Area mineral asset as well as an Exploration Area. An Inferred Mineral Resource has been reported but the project is not considered to be at a stage where it is a Pre-Development Project.

In valuing the mineral asset of the Ilgarari Project, CSA considers the 'DCF/NPV' method inappropriate, due to the low confidence of Inferred Mineral Resources, and the grassroots character of most of the tenement package.



CSA has elected to apply the Appraised Value (using a MEE) and Comparable Transaction methods to value the project after consideration of the various valuation methods outlined in Section 5.2 and the geological / exploration information outlined in Section 2.3.

#### 5.3.4.2 Appraised Value – Multiples of Exploration Expenditure (MEE)

Reported exploration expenditure on the Ilgarari Project tenements by Kumarina has totalled \$1.1M (excluding rates rents, administration and overheads).

These costs have been incurred in the last two years and CSA considers the costs to reflect current day costs and as such no corrections for inflation or changed commercial conditions is required.

Table 6 summarises the exploration work and provides PEM factors for the components of the expenditure.

Based on the recorded exploration expenditure and work-related expenditure weightings of PEM ranging from 1.6 to 2.1, MEE provides a range of values of \$1.8–2.3M, with a likely value using a PEM of 1.8 of \$2.0M.

**Table 6: PEM factors for Ilgarari**

Work Carried Out	Exp.	Results of Work	PEM		
	(\$ M)		Low	Hi	Pref
<i>Past Tenement Holders</i>					
Various	??	Extensive drilling, mining, prospecting activity	n/a		
<i>Current tenement Holder</i>					
Geological work (incl. mapping, data compilation & re-interp.)	0.1	Geological work still at early stages	0.9	1.2	1.1
Geophysics, re-processing & interpretation	0.1	Solid geol interp & targeting has increased targets	1.2	1.5	1.3
Drilling	0.7	Step out drilling around known deposits has confirmed & extended mineralisation ; Inferred Resource estimated but grade driven	2.0	2.6	2.2
Other	0.3	necessary supporting work - neutral	1.0	1.0	1.0
<b>TOTAL RELEVANT EXPENDITURE</b>	<b>1.1</b>	<b>Expenditure Weighted PEM</b>	<b>1.6</b>	<b>2.1</b>	<b>1.8</b>

#### 5.3.4.3 Market Approach – Analysis of Comparable Transactions

CSA has conducted a review of Australian market transactions involving exploration stage copper, gold or gold and copper projects. A range of transactions considered relevant to the Ilgarari Project were identified and are shown in Appendix 2.

The transactions provide a wide range of implied acquisition values (\$1000/km<sup>2</sup> to \$28,500/km<sup>2</sup>). Within this range more grassroots/greenfields exploration projects range from \$1000/km<sup>2</sup> to \$5000/km<sup>2</sup>, whereas more advanced projects where prospects have been identified range from \$5000/km<sup>2</sup> to \$11,000/km<sup>2</sup>. Those assets interpreted to hold strategic value lie at the highest end of the range of values.



CSA has derived an implied range of \$2000 to 6500/km<sup>2</sup>, with a Preferred Value of \$4250/km<sup>2</sup>, to apply to the Ilgarari Project tenements, with have an area of 456.8km<sup>2</sup>.

Based on this range, the value of the Ilgarari Project would lie between \$0.9M and \$3.0M, with a Preferred Value of \$1.9M.

#### 5.3.4.4 Valuation Summary

By using the Appraised Value and Comparable Transactions valuation methods for valuing the tenements a range of selected values from \$0.9M to \$3.0M can be derived.

CSA has elected to assign a Preferred Value of \$2.1M near the middle of the range of both methods, weighted more to Appraised Value range due to the high variability of the Comparable transactions.

This reflects both the work done at the Main and Alac Lodes as well as the untested nature of the majority of the tenement package, albeit with a range of identified conceptual targets. CSA considers that the Ilgarari Project is prospective and warrants continuing exploration.

#### 5.3.5 Murrin Murrin Project

##### 5.3.5.1 Selection of Valuation Method

The Murrin Murrin Project, in which Kumarina has a 100% interest (for gold and base metals) can be classified as an Advanced Exploration Area mineral asset.

CSA has elected to apply the Appraised Value (using a MEE) and Comparable Transaction methods to value the project after consideration of the various valuation methods outlined in Section 5.2 and the geological / exploration information outlined in Section 3.3.

##### 5.3.5.2 Appraised Value – Multiples of Exploration Expenditure (MEE)

Reported exploration expenditure on the Murrin Murrin Project tenements by Kumarina has totalled \$1.1M (excluding rates rents, administration and overheads, but including the most recent drilling completed by the prior owners of the tenements). These costs have been incurred in the last five years and CSA considers the costs to reflect current day costs and as such no corrections for inflation or changed commercial conditions is required.

Table 7 summarises the exploration work and provides PEM factors for the components of the expenditure.

Based on the recorded exploration expenditure and work-related expenditure weightings of PEM ranging from 1.4 to 2.1, MEE provides a range of values of \$1.5M to \$2.3M, with a likely value using a work-related expenditure weighted PEM of 2.0 giving a value of \$2.2M.





**Table 7: PEM factors for Murrin Murrin**

Work Carried Out	Exp. (\$ M)	Results of Work	PEM		
			Low	Hi	Pref
<i>Aumex- immediate past tenement holder</i>					
Aircore drilling (2009)	0.14	testing around known peospects plus regional exploration	0.5	1.2	1.1
RCP drilling (Nangaroo 2010)	0.05	extended mineralisation downdip	0.9	1.2	1.1
<i>Current tenement Holder</i>					
Geological work (incl. mapping, data compilation & re-interp.)	0.17	Mapping and re-interp has recognised controls on mineralisation, compilation has identified new targets	0.9	1.4	1.3
Geophysics, re-processing & interpretation	0.07	Amag clarified structures & assisted targeting; DHEM inconclusive	0.9	1.5	1.4
Drilling	0.52	step out drilling around known deposits has confirmed & extended mineralisation plus identified high grade pods; resources currently unclassified but recent KMR drilling has validated historical drilling & next MRE will be Indicated & Inferred	2.0	3.0	2.9
Other	0.12	necessary supporting work - neutral	1.0	1.0	1.0
<b>TOTAL RELEVANT EXPENDITURE</b>	<b>1.1</b>	<b>Expenditure Weighted PEM</b>	<b>1.4</b>	<b>2.1</b>	<b>2.0</b>

**5.3.5.3 Market Approach – Analysis of Comparable Transactions**

CSA has valued different tenement types comprising the Murrin Murrin Project separately to take into account the varying stages of exploration and tenement security.

CSA has conducted a review of Australian market transactions involving exploration stage copper, gold or gold and copper projects. A range of transactions considered relevant to the Murrin Murrin Project were identified and are shown in Appendix 2. These transactions are similarly relevant for the Ilgarari Project.

Prospecting Licences (PLs) and Mining Leases (MLs) are generally more valuable than Exploration Licences, reflecting their common use in more mature brownfields environments (particularly in the Western Australian goldfields), their smaller areas and their use generally over identified mineralisation. For this reason they are valued at the higher end of exploration projects due to increased security of tenure, a reflection of the outcome of successful exploration to date and the commonly higher prospectivity of the exploration ground. Within the broad \$1000/km<sup>2</sup> to \$28,500/km<sup>2</sup> range, mineral assets consisting entirely of PLs or a mix of PLs and MLs have a derived range of \$6500/km<sup>2</sup> to \$28,500/km<sup>2</sup>.

Therefore, CSA selected an implied range of \$7000 to 25,000/km<sup>2</sup>, with a Preferred Value of \$20,500/km<sup>2</sup> (chosen at the third quartile to reflect the mineralisation present as well as exploration potential still remaining), to apply to the Murrin Murrin Project tenements, which have a granted area of 48.43km<sup>2</sup>.



Based on this range the value of the Murrin Murrin tenements would lie between \$0.3M and \$1.2M, with a Preferred Value of \$1.0M.

#### 5.3.5.4 Valuation Summary

By using the Appraised Value and Comparable Transactions valuation methods for valuing the Murrin Murrin tenements a range of values from \$0.3M to \$2.3M can be derived.

CSA has elected to assign a Preferred Value of \$2.0M, weighted more to Appraised Value range due to the high variability of the valuations derived from a review of comparable transactions.

The valuation reflects the location and strategic setting of the project area, the endowment of the tenement package, the mature stage of much of the exploration, albeit with a range of new and untested targets identified as well as known mineralisation that remains open, new zones of mineralisation located by Kumarina, and finally the multi-commodity nature of the project.

#### 5.4 Preferred Value of the Projects

CSA has concluded that Kumarina's Projects are of merit (although at varying stages of exploration and subsequent mineral asset classification), and warrant further exploration.

It is CSA's opinion that the Fair Market Value of the Kumarina mineral assets is best ascribed using the Multiples of Exploration Expenditure method. As a validation of the MEE method the Market Approach using comparable transactions has also been considered.

Table 8 provides an overall summary of the values derived in this report. The applicable date is 5th February 2013.

The total value of Kumarina's projects is considered to lie in arrange from \$1.2M to \$5.3M, within which range CSA has chosen a Preferred Value of \$4.1M.

**Table 8: Summary valuation of Kumarina Projects**

Project	Mineral Asset	Ownership %	Granted Area Km <sup>2</sup>	Valuation		
				Low \$M	High \$M	Preferred \$M
Ilgarari	Exploration Area & Advanced Exploration Area	100	456.8	0.9	3.0	2.1
Murrin Murrin	Exploration Area & Advanced Exploration Area	100	48.43	0.3	2.3	2.0
Totals			505.23	1.2	5.3	4.1

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.*

*Note 100% of gold and base metals at Murrin Murrin, Ni laterite excluded from some tenements.*



## 6 Bibliography

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## 7 Glossary

The reader is referred to online resources such as Wikipedia for explanations of unfamiliar terms.



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## Appendix 1: Tenement Schedule



Kumarina Resources Ltd  
Valuation of the Ilgarari and Murrin Murrin Projects

Project	Tenement ID	Status	Holder 1	Share %	Area	Units	Grant Date	Expiry Date	Rent	Expenditure Commitment	Comments	Bond
Ilgarari	E52/2274	Live	KMR	100	20	SB	05-Feb-10	04-Feb-15	\$ 3,629	\$ 20,000		
	E52/2632	Live	KMR	100	5	SB	12-Jun-12	11-Jun-17	\$ 584	\$ 15,000		
	E52/2663	Live	KMR	100	134	SB	14-Dec-11	13-Dec-16	\$15,638	\$ 134,000		
	E52/2800	Pending	KMR	100	7	SB			\$ 817	\$ 20,000	Ap 13/9/12; 1st Ballot Of 4	
	E52/2801	Pending	KMR	100	66	SB			\$ 7,702	\$ 66,000	Ap 13/9/12; 2nd Ballot Of 5	
<b>Totals</b>									<b>\$28,370</b>	<b>\$255,000</b>		
Murrin Murrin	M39/0371 <sup>1</sup>	Live	Minara	100	243	Ha	26-Jul-96	25-Jul-17	\$ 3,742	\$ 24,300	Sv 242.15ha; Murrin Murrin Mortgage; Glenmurrin Mortgage	\$ 491,000
	M39/0372 <sup>1</sup>	Live	Minara	100	884	Ha	26-Jul-96	25-Jul-17	\$13,614	\$ 88,400	Sv 883.75ha; Murrin Murrin Mortgage, Glenmurrin Mortgage	\$ 801,000
	M39/0397 <sup>2</sup>	Live	KMR	100	95	Ha	10-Sep-99	09-Sep-20	\$ 1,463	\$ 10,000	Glenmurrin Caveat;	
	M39/0398 <sup>2</sup>	Live	KMR	100	605	Ha	10-Sep-99	09-Sep-20	\$ 9,317	\$ 60,500	Sv 604.2ha; Glenmurrin Caveat; Murrin Murrin Caveat	\$ 33,200
	M39/0399 <sup>3</sup>	Live	KMR	100	587	Ha	23-Nov-07	22-Nov-28	\$ 9,040	\$ 58,700	Murrin Murrin Caveat	
	M39/0400 <sup>2</sup>	Live	KMR	100	849	Ha	23-Nov-07	22-Nov-28	\$13,075	\$ 84,900	Murrin Murrin Caveat	
	M39/1068 <sup>2</sup>	Live	KMR	100	99	Ha	01-Apr-10	31-Mar-31	\$ 1,525	\$ 10,000	Murrin Murrin Caveat	
	P39/5231	Live	KMR	100	200	Ha	27-Aug-12	26-Aug-16	\$ 450	\$ 8000		
	P39/5232	Live	KMR	100	200	Ha	27-Aug-12	26-Aug-16	\$ 450	\$ 8000		
	P39/5233	Live	KMR	100	183	Ha	11-Sep-12	10-Sep-16	\$ 412	\$ 7,320		
	P39/5234	Live	KMR	100	121	Ha	27-Aug-12	26-Aug-16	\$ 272	\$ 4,840		
	P39/5235	Live	KMR	100	181	Ha	27-Aug-12	26-Aug-16	\$ 407	\$ 7,340		
	P39/5236	Live	KMR	100	200	Ha	27-Aug-12	26-Aug-16	\$ 450	\$ 8000		
	P39/5237	Live	KMR	100	196	Ha	28-Aug-12	27-Aug-16	\$ 441	\$ 7,840		
	P39/5238	Live	KMR	100	200	Ha	28-Aug-12	27-Aug-16	\$ 450	\$ 8000		
P39/5230	Pending	KMR	100	182	Ha			\$ 410	\$ 7,280	Ap 5/10/11; Mining Act Objection		
P39/5304	Pending	KMR	100	122	Ha			\$ 275	\$ 4,880	Ap 6/6/12; NI Ad Close 22/12/12		
P39/5305	Pending	KMR	100	121	Ha			\$ 272	\$ 4,840	Ap 6/6/12; NI Ad Close 22/12/12		
P39/5306	Pending	KMR	100	121	Ha			\$ 272	\$ 4,840	Ap 6/6/12; NI Ad Close 22/12/12		
<b>Totals</b>									<b>\$56,337</b>	<b>\$417,880</b>		

<sup>1</sup> Minara tenements, KMR has rights to gold and base metals; NI laterite excluded <sup>2</sup> KMR tenements where Minara has reciprocal rights to nickel laterite



Kumarina Resources Ltd  
Valuation of the Ilgarari and Murrin Murrin Projects

## **Appendix 2: Market Transactions Involving Gold and Copper Projects at the Exploration & Advanced Exploration Stage within Australia**

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Kumarina Resources Ltd  
Valuation of the Ilgarari and Murrin Murrin Projects

Project	Commodities	State	Country	Date	Company_1	Company_2	Transaction Details	Tenement	Price 100% Basis (A\$M)	Area (km2)	Implied Value/km2 (A\$)
Barlee	Au	WA	Australia	Nov-2010	Beacon Minerals	*unknown party*	4 exploration licences in the Barlee area for \$1.12M in cash	E	1.12	100	11,200
Bryah Basin	Cu	WA	Australia	Mar-2012	Alchemy resources	Grosvenor Gold	100% of tenement package for 26,923,077 shares at \$0.13	E	3.50	315	11,111
Porters Mount	Au & Base Metals	NSW	Australia	Apr-2011	Flinders Exploration Ltd.	Capitol Mining Ltd.	100% of the Porters Mount Project for \$0.60M in cash and shares	E	0.6	66	9,091
Ilalara	Au, Cu, Zn & Ag	WA	Australia	Feb-2011	Alphabass Resources Pty Ltd.	Australian Minerals & Mining Group Ltd.	51% of its Ilalara Project by expending \$1.0M over 3 years 1. A six month due diligence period from the date of the Heads of Agreement. If Alphabass elects to enter into a farm-in agreement with AMMG, it must do so before the end of this period. 2. Alphabass can initially earn-in a 51% interest in the Mineral Rights by expenditure of \$1 million over 3 years (Earn-In Period). 5. Alphabass can withdraw from the Agreement during the Earn-In Period after spending a minimum of \$100,000.	E	1.08	167	6,458
Halls Creek	Cu	WA	Australia	Oct-2012	Cazaly resources	3D Resources	A Tenement Sale, Farm-In and Joint Venture Agreement have been reached with 3D Resources Ltd. Broad terms include: - Payment of \$100,000 cash and issuing 1,250,000 fully paid Cazaly shares (\$0.22 at time of announcement) for the outright purchase of an initial 20% interest.	E	1.88	298	6,292
Mt Mulcahy	Cu, BM	WA	Australia	Jul-2012	Black Raven Mining	Pegasus metals	100% interest On completion \$50k + 4M shares in PUN (trading at \$0.15 on announcement) on definition of 50K of Cu or CuEq JORC, another 4M shares on definition of 100kt Cu or CuEq JORC another 7M shares	E	0.65	105	6,190
Linden	Au	WA	Australia	Nov-2011	Exterra Resources Ltd.	*unknown party*	100% of an exploration licence for \$0.05M in cash	E	0.05	9.04	5,533

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Kumarina Resources Ltd  
Valuation of the Igarari and Murrin Murrin Projects

Project	Commodities	State	Country	Date	Company_1	Company_2	Transaction Details	Tenement	Price 100% Basis (A\$/M)	Area (km2)	Implied Value/km2 (A\$)
Chertons	Au	WA	Australia	Aug-2011	Silver Stone Resources Ltd.	Riedel Resources Ltd.	100% of an exploration licence for \$0.21M in cash and shares	E	0.21	55	3,818
Muddawerrie and Livingstone	Au	WA	Australia	Jun-2011	Talisman Mining Ltd	*unknown party*	80% of the Muddawerrie and Livingstone Projects for \$0.68M in shares	E	0.85	260	3,269
Mallee Bull regional	Cu, BM	NSW	Australia	May-2012	Peel Mining	OZ Minerals Ltd.	100% interest 2,500,000 PEX shares at \$0.10/share (\$250k)	E	0.25	117	2,137
Oak River	Au & Cu	QLD	Australia	Sep-2011	Planet Metals Ltd.	Callabonna Uranium Ltd.	initial 51% interest in three exploration licences for a minimum exploration spend of \$0.75M over 2 years and 10 months	E	0.74	345.2	2,130
Mt Hardy	Cu	NT	Australia	May-2012	TNG	Walla Mines	100% of the tenement for \$200,000	E	0.2	101.7 <sub>6</sub>	1,965
Leonora	Au	WA	Australia	Apr-2012	Midas Resources Ltd.	Cazador Resources Ltd.	75% interest in the project with an exploration spend of \$0.50M over three years	E	0.28	156	1,795
Maryborough Basin	Au, Cu & Ag	QLD	Australia	Apr-2012	Integrated Resources Group Ltd.	MAub Pty Ltd.	88-100% of the Maryborough Basin Project for \$3.25M in shares	E	2.67	2,478	1,078
Muriels	Au	WA	Australia	Feb-2011	Vector Resources Ltd.	*private party*	100% of the Muriels Project comprising of 1 mining lease and 8 prospecting licences for \$0.25M in cash	M /P	0.25	17.72	14,108
Spargos Reward	Au	WA	Australia	Sep-2012	Mithril Resources	Breakaway Resources Ltd.	100% of Spargos Gold mine (30koz) & surrounding PLS, 16km fro Wattle Dam for \$200k	M /P	0.2	15	13,333
Darlot North	Au	WA	Australia	Jul-2012	Stratos Resources Limited	Interglobal Investment Ltd	100% of the Darlot North Gold Project for \$0.80M in shares	M /P	0.8	104	7,692
Scotia	Au	WA	Australia	Jun-2011	Aphrodite Gold Ltd.	Breakaway Resources Ltd.	initial interest of 51% of gold rights only of the Scotia Project, located 70km from Kalgoorlie on Bardoc shear, for a minimum exploration spend of \$0.40M within 1 year	M /P	0.75	159.2	4,697
Zelica	Au	WA	Australia	Sep-2011	Exterra Resources Ltd.	*unknown party*	100% of a prospecting licence for \$50,000	P	0.05	1.75	28,571

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Kumarina Resources Ltd  
Valuation of the Ilgarari and Murrin Murrin Projects

Project	Commodities	State	Country	Date	Company_1	Company_2	Transaction Details	Tenement	Price 100% Basis (A\$/M)	Area (km2)	Implied Value/km2 (A\$)
Nimbus	Au	WA	Australia	Dec-2011	Macphersons Reward Gold Ltd	* private individual*	100% of five prospecting licences for \$0.10M in cash and shares	P	0.1	8.06	12,405
Nimbus	Au	WA	Australia	Dec-2011	Macphersons Reward Gold Ltd	* private individual*	100% of one prospecting licence for \$0.005M in cash and shares	P	0.005	0.76	6,595
Hollerton	Au	WA	Australia	Jun-2012	Evolution Mining Limited	Independence Group NL	100% of Hollerton Gold Project for \$0.74M in shares, south of Evolutions Edna May deposit, near Southern Cross	M /P /E	0.74	650	1,142

## Annexure 5 – Investigating Accountant's Report



Accountants | Business and Financial Advisers

4 April 2013

The Directors  
Kumarina Resources Limited  
Level 2  
907 Canning Highway  
MOUNT PLEASANT WA 6153

Dear Sirs

### INVESTIGATING ACCOUNTANT'S REPORT

#### Introduction

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a Scheme Booklet or a scheme of arrangement between Kumarina Resources Limited ("Kumarina" or "the Company") and Zeta Resources Limited ("Zeta") to be dated on or about 8 April 2013 ("Scheme Booklet").

#### Structure of Report

This Report has been divided into the following sections:


1. Background information;
2. Scope of Report;
3. Financial information;

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4. Subsequent events;
5. Statements; and
6. Declaration.

## **1. Background Information**

On 30 January 2013, the Company announced that it had signed a scheme implementation agreement ("SIA) with Zeta pursuant to which the two companies have agreed to merge by way of a Scheme of Arrangement ("Scheme") under the Australian Corporations Act.

This Report has been included in the Scheme Booklet to assist potential investors and their financial advisers to make an assessment of the financial position following the implementation of the Scheme.

Terms used in this Report have the same meaning as those in the Scheme Booklet.

## **2. Scope of Report**

You have requested HLB Mann Judd ("HLB") to prepare this Report in relation to the historical and proforma financial information presented in Section 5.6 of the Scheme Booklet, and as described in section 3 below.

The proforma financial information is presented in an abbreviated form in the Scheme Booklet in that it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

The Directors have prepared and are responsible for the proforma financial information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Scheme Booklet.

We performed a review of the proforma financial information of Zeta and its controlled entities as at 31 December 2012 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review of the proforma financial information of Zeta and its controlled entities was conducted in accordance with Australian Auditing Standards applicable to review engagements.

Our review was carried out in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe and we do not believe that the proforma financial information is not:

- (i) prepared or presented fairly, in all material respects, in accordance with the basis of preparation described in Section 5.6 of the Scheme Booklet, including the proforma transactions and the other adjustments described in Section 5.6 of the Scheme Booklet; and

- (ii) prepared, in all material respects, in accordance with the recognition and measurement principles prescribed in applicable Accounting Standards and other mandatory reporting requirements in Australia, and the accounting policies adopted by Kumarina as disclosed in its latest Annual Financial Report.

In conducting our review in accordance with Australian Auditing Standards applicable to review engagements, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- (i) a review of the extraction of historical financial information from the management reports of Zeta as at 31 December 2012;
- (ii) analytical procedures on the historical financial information of Kumarina;
- (iii) a review of the proforma transactions and adjustments made to the historical financial information;
- (iv) analytical procedures on the proforma historical financial information of Zeta;
- (v) a review of the Company's work papers, accounting records and other documents;
- (vi) a comparison of consistency in application of the recognition and measurement principles in applicable Accounting Standards and other mandatory reporting requirements in Australia, with the accounting policies adopted by Zeta; and
- (vii) enquiry of directors and management as we considered necessary for the purposes of this Report.

The review procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the proforma information included in the Scheme Booklet.

### **3. Financial Information**

Set out in Section 5.6 of this Scheme Booklet are:

- (a) The Statement of Financial Position of Zeta as at 31 December 2012; and
- (b) The proforma Statement of Financial Position of Zeta as at 31 December 2012, as it would appear after incorporating the following significant events and proposed transactions by Zeta subsequent to 31 December 2012:
  - (i) the issue by Zeta pursuant to the Scheme of 17,775,525 Zeta Shares and 3,555,105 Zeta Options (listed 3 year options with a strike price of \$1.00), as consideration for the acquisition of all of the issued capital of Kumarina;

- (ii) the issue by Zeta of 34,104,255 Zeta shares and 6,820,851 Zeta Options (listed 3 year options with a strike price of \$1.00), pursuant to the Utilico Minority Interests;
- (iii) the issue by Zeta, pursuant to the Capital Raising, of up to 25,000,000 Zeta Shares at an issue price of \$1.00, together with up to 5,000,000 free attaching Zeta Options (listed 3 year options with a strike price of \$1.00), to raise up to \$25,000,000 before costs;
- (iv) the issue of 250,000 Zeta Consideration Options (unlisted options with a strike price of \$1.00 expiring on 8 December 2014), as consideration for the cancellation of current Kumarina Options;
- (v) the write off to the issued capital account of the estimated costs of the Scheme being an estimated \$560,000;
- (vi) the write off to the issued capital account of the estimated costs of the raising being an estimated \$1,250,000.

(together with the notes to the proforma information, the "Pro Forma Financial Information").

This information is presented on the following scenarios'

- subscriptions received under the Capital Raising total \$25,000,000;
- subscriptions received under the Capital Raising total \$12,500,000 (on this basis, the estimated costs of the Capital Raising are \$625,000 and
- no subscriptions are received under the Capital Raising.

#### **4. Subsequent Events**

In our opinion, there have been no material items, transactions or events subsequent to 31 December 2012, other than disclosed below or not otherwise disclosed in the Scheme Booklet that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

As at 3 April 2013, the market value of the Utilico Minority Interests has increased by \$4,178,873 to \$38,283,128. On this basis, an additional 4,178,873 Zeta shares and 835,774 Zeta Options would be issued.

The impact on the proforma Statement of Financial Position would be to increase total assets by \$5,763,000 with a corresponding increase in Issued Capital.

#### **5. Statements**

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that and we do not believe that:

- (a) The Pro Forma Financial Information does not present fairly the consolidated financial position of Zeta as at 31 December 2012 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia as if the proforma transactions and adjustments referred to in Section 5.6 of the Scheme Booklet had occurred during the period;
- (b) The pro forma transactions do not provide a reasonable basis for the Pro Forma Financial Information; and
- (c) The Pro Forma Financial Information has not been prepared on the basis of the transactions set out in Section 5.6 of the Scheme Booklet.

## **6. Declaration**

- (a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates.
- (b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- (c) Neither HLB, nor any of its employees or associated persons has any interest in Kumarina, Zeta or their promotion. HLB currently acts as auditor on Kumarina.
- (d) Unless specifically referred to in this Report, or elsewhere in the Scheme Booklet, HLB was not involved in the preparation of any other part of the Scheme Booklet and did not cause the issue of any other part of the Scheme Booklet. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Scheme Booklet.
- (e) HLB has consented to the inclusion of this Report in the Scheme Booklet in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully  
**HLB MANN JUDD**



**N G NEILL**  
Partner



## Annexure 6 – Solicitor's Report on Tenements

# HARDY ♦ BOWEN

## LAWYERS

Our Ref: SDG:EJB:120360  
Email: sgibson@hardybowen.com

4 April 2013

The Directors  
Kumarina Resources Limited  
Level 2, 907 Canning Highway  
MOUNT PLEASANT WA 6153

### **Kumarina Resources Limited Solicitor's Report – Mining Tenements**

This report (**Report**) has been prepared for inclusion in a scheme booklet to be issued by Kumarina Resources Limited (ACN 142 774 150) (**Kumarina**) dated on or about 8 April 2013 in relation to the proposed merger of Kumarina with Zeta Resources Limited, by way of a scheme of arrangement under part 5.1 of the Corporations Act (**Scheme Booklet**).

### **1. Scope**

We have been requested to report on certain mining tenements in which Kumarina has an interest.

The mining tenements are located in Western Australia and comprise the Murrin Murrin Project and the Ilgarari Project (together, the **Projects**). Details of the tenements comprising the Projects are set out in the Schedule attached to this Report.

This Report covers:

- (a) Summary of material contracts in respect of the Projects;
- (b) Details of searches made in respect of the Projects;

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- (c) Qualifications and assumptions;
- (d) General information about mining tenements in Western Australia;
- (e) Overview of native title and cultural heritage issues relevant to the Projects;
- (f) Aboriginal heritage; and
- (g) Details of the Projects as set out in the Schedule.

## 2. Opinion

As a result of our searches and enquiries, subject to the assumptions, qualifications and exceptions set out in this Report, we are of the opinion that:

- (a) the information included in this Report is an accurate statement as to the status of the Tenements and the details of the registered holders as at 31 January 2013;
- (b) all applicable rents due under the Mining Act 1978 (WA) (Mining Act) in respect of the Projects have been paid;
- (c) all expenditure requirements in respect of the Projects under the Mining Act have been complied with;
- (d) the rights to explore and mine the Projects are subject to the various conditions as noted in the Schedule; and
- (e) all determinations of native title and applications for determination of native title which affect the Projects are noted in this Report and in the Schedule.

## 3. Key Highlights of the Tenements

There are eighteen (18) mining tenements and six (6) mining tenement applications (Tenements) in which Kumarina has an interest, namely:

- (a) M39/397 granted 10 September 1999 and expiring 9 September 2020, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (b) M39/398 granted 10 September 1999 and expiring 9 September 2020, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (c) M39/399 granted 23 November 2007 and expiring 22 November 2028, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (d) M39/400 granted 23 November 2007 and expiring 22 November 2028, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;

- (e) M39/1068 granted 1 April 2010 and expiring 31 March 2031, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;  
  
(collectively, the **Murrin Murrin Tenements**)
- (f) M39/371 granted 26 July 1996 and expiring 25 July 2017, jointly held by Murrin Murrin Holdings Pty Ltd (**Murrin**) as to 60% and Glenmurrin Pty Ltd (**Glenmurrin**) as to 40% and subject to Native Title claim WAD385/10 Kurrku;
- (g) M39/372 granted 26 July 1996 and expiring 25 July 2017, jointly held by Murrin as to 60% and Glenmurrin as to 40% and subject to Native Title claim WAD385/10 Kurrku,  
  
(together, the **Anaconda Tenements**)
- (h) PLA39/5230 applied for by Paul Richard Martin on 5 October 2011 and subject to Native Title claim WAD385/10 Kurrku (once granted, this Tenement should be transferred to Kumarina pursuant to a Tenement Sale Agreement between Kumarina and Mr Martin dated 5 November 2012);
- (i) P39/5231 granted 27 August 2012 and expiring 26 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (j) P39/5232 granted 27 August 2012 and expiring 26 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (k) P39/5233 granted 11 September 2012 and expiring 10 September 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (l) P39/5234 granted 27 August 2012 and expiring 26 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (m) P39/5235 granted 27 August 2012 and expiring 26 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (n) P39/5236 granted 27 August 2012 and expiring 26 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (o) P39/5237 granted 28 August 2012 and expiring 27 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (p) P39/5238 granted 28 August 2012 and expiring 27 August 2016, 100% owned by Kumarina and subject to Native Title claim WAD385/10 Kurrku;
- (q) PLA39/5304 applied for by Kumarina on 6 June 2012 and subject to Native Title claim WAD385/10 Kurrku;
- (r) PLA39/5305 applied for by Kumarina on 6 June 2012 and subject to Native Title claim WAD385/10 Kurrku;

- (s) PLA39/5306 applied for by Kumarina on 6 June 2012 and subject to Native Title claim WAD385/10 Kurrku;
- (together, the **New Murrin Murrin Tenements**) (collectively, the Murrin Murrin Tenements, the Anaconda Tenements and the New Murrin Murrin Tenements form the **Murrin Murrin Project**);
- (t) E52/2274 granted 5 February 2010 and expiring 4 February 2015, 100% owned by Kumarina and subject to Native Title claim WAD78/05 Ngarlawangga;
- (u) E52/2632 granted 12 June 2012 and expiring 11 June 2017, 100% owned by Kumarina and subject to Native Title determination WAD72/98 Nharnuwangga, Wajarri and Ngarlawangga, Indigenous Land Use Agreement WIA2000/01 Nharnuwangga, Wajarri and Ngarlawangga and Native Title claim WAD78/05 Ngarlawangga;
- (v) E52/2663 granted 14 December 2011 and expiring 13 December 2016, 100% owned by Kumarina and not subject to any Native Title claim;
- (w) ELA52/2800 applied for by Kumarina on 14 September 2012, subject to Native Title claim WAD78/05 Ngarlawangga; and
- (x) ELA52/2801 applied for by Kumarina on 14 September 2012 and subject to Native Title determination WAD72/98 Nharnuwangga, Wajarri and Ngarlawangga, Indigenous Land Use Agreement WIA2000/01 Nharnuwangga, Wajarri and Ngarlawangga and Native Title claim WAD78/05 Ngarlawangga,
- (together, the **Ilgarari Tenements** which form the **Ilgarari Project**).

## 4. Summary of Material Contracts

- (a) **Heads of Agreement – Nickel Rights and Gold and Sulphides Rights (Heads of Agreement)**
- (i) Parties:
- Equinox Resources NL (now Equinox Resources Limited) (**Equinox**).
- Samson Exploration NL (now Samson Oil & Gas Limited) (**Samson**).
- Anaconda Nickel NL (now Minara Resources Pty Ltd) (**Minara**).
- (ii) Date:
- 27 October 1994.
- (iii) Overview:
- The Heads of Agreement provided for the grant of:

- (A) The right (**Nickel Right**) for Minara to explore for, develop and mine, all nickeliferous laterite and if associated with it, cobalt chrome and magnesium (**Nickel**) on the Murrin Murrin Tenements; and
- (B) The right (**Gold and Sulphide Right**) for Equinox and Samson to explore for, develop and mine, all gold, copper, zinc, lead, silver and other base metals and sulphide compounds (**Gold and Sulphide**) on the Anaconda Tenements.

Since the date of the Heads of Agreement, Minara has assigned its interest under the Heads of Agreement to Murrin and Glenmurrin and Equinox and Samson have assigned their interest to Aumex Mining Pty Ltd which in turn has assigned its interest to Kumarina.

(iv) Relevant Provisions:

- (A) Kumarina must pay all outgoings in respect of the Murrin Murrin Tenements and maintain the Murrin Murrin Tenements in good standing. Murrin and Glenmurrin must pay all outgoings in respect of the Anaconda Tenements and maintain the Anaconda Tenements in good standing.
- (B) Each party must allow the other parties on request to inspect all information obtained in respect of its exploration or operations and allow the other parties to collect samples from any drilling, exploration and excavation programs.
- (C) The parties must consult and co-operate to ensure that each party's exploration programs and operations do not cause unreasonable delays to the other parties.
- (D) If Gold and Sulphide resources are identified by Kumarina within or below Nickel resources, priority in respect of the development of a mine in respect of such resources shall be determined by the resource with the greatest recoverable value.
- (E) Any party can assign their rights under the Heads of Agreement provided that the assignee covenants in writing that it will observe and perform all obligations of the assigning party under the Heads of Agreement.
- (F) The parties have indemnified each other in respect of all loss and damage, costs, expenses, claims, demands and fines of whatsoever nature arising as a result of a breach or non-observance of their obligations under the Heads of Agreement or relevant legislation.
- (G) If a party wishes to surrender or otherwise not maintain an interest in a tenement then it must consult with the other party and transfer the tenement to that party at that party's option and cost.

(b) **Sale and Purchase Agreement – Murrin Murrin Tenements and Anaconda Tenements (Aumex Sale Agreement)**

(i) Parties

Equinox Resources Limited (**Equinox**).

Samson Oil & Gas NL (now Samson Oil & Gas Limited) (**Samson**).

Aumex Mining Pty Ltd (**Aumex**).

(ii) Date

13 March 2006.

(iii) Overview

Pursuant to the Aumex Sale Agreement, Equinox and Samson transferred the Murrin Murrin Tenements and assigned their interest (i.e. the Gold and Sulphide Right) in the Anaconda Tenements to Aumex.

(iv) Relevant Provisions

(A) Equinox and Samson have a right of first refusal in relation to a proposed sale, transfer, assignment or other disposal of the Murrin Murrin Tenements or the interest in the Anaconda Tenements. Equinox and Samson waived their pre-emptive rights in relation to the sale to Kumarina pursuant to the Kumarina Sale Agreement (see below).

(B) Equinox and Samson are entitled to a royalty equal to 3.5% of the net smelter returns received on all Gold and Sulphides mined and processed from the Anaconda Tenements and the Murrin Murrin Tenements (**Royalty**).

(C) Aumex was entitled to assign its rights and obligations under the Aumex Sale Agreement if it first obtained the written consent of Equinox and Samson (such consent not to be unreasonably withheld) and the proposed assignee covenanted in writing:

- (1) to Equinox and Samson that it would observe and perform all of the obligations of Aumex under the Aumex Sale Agreement; and
- (2) to Minara, Equinox and Samson that it would observe and perform all of the obligations of Aumex under the Heads of Agreement.

(c) **Mining Property Sale Agreement – Murrin Murrin Tenements (Kumarina Sale Agreement)**

(i) Parties

Aumex Mining Pty Ltd (**Aumex**).

Kumarina Resources Limited (**Kumarina**).

(ii) Date

6 October 2011.

(iii) Overview

Pursuant to the Kumarina Sale Agreement, Aumex transferred the Murrin Murrin Tenements and assigned its interest (i.e. the Gold and Sulfide Right) in the Anaconda Tenements to Kumarina.

(iv) Relevant Provisions

At completion of the Kumarina Sale Agreement, Kumarina was required to deliver:

- (A) a duly executed deed of covenant in favour of Equinox and Samson, that Kumarina will observe and perform all of the obligations of Aumex under the Heads of Agreement;
- (B) a deed of assignment accepting Aumex's obligations under the Aumex Sale Agreement (pursuant to which Aumex agreed to pay the Royalty); and
- (C) a deed of assignment accepting Aumex's interests in the Anaconda Tenements and the obligations with respect to the Murrin Murrin Tenements pursuant to the Heads of Agreement.

(d) **Heritage Agreement**

(i) Parties

W C Van Blitterswyk (**WCVB**).

The Yamatji Marlpa Aboriginal Corporation (**YMAC**) as agent for the Ngarlawangga Claim Group (**Claimant Group**)

Under a Mining Property Sale Agreement between WCVB, James Noel Sullivan and Kumarina dated July 2010, Kumarina purchased E52/2274 from WCVB and Mr Sullivan and agreed to be bound by the terms of the Heritage Agreement.

(ii) Date

11 December 2009.

(iii) Overview

The parties entered into the Heritage Agreement to ensure the expeditious grant and validity of E52/2274 without objection by the Claimant Group and that the grant of E52/2274 and the exercise of the rights under E52/2274 will:

- (A) not be likely to interfere directly with the community life of the Claimant Group;
- (B) where practicable and in accordance with the law, avoid damage, disturbance or interference with areas or sites of particular significance to the Claimant Group; and
- (C) be in compliance with the provisions of the Aboriginal Heritage Act 1972 (WA) (WA Heritage Act) and the Aboriginal and Torres Strait Islander Heritage Protection Act (Cth) 1984 (Commonwealth Heritage Act).

(iv) Relevant Provisions

- (A) Kumarina will use its best endeavours to provide the Claimant Group each year with an outline of the nature, location and timing of exploration activities on E52/2274 proposed for that year, prior to conducting those activities (and will provide reasonable notice of any subsequent change to the scope of the activities).
- (B) Generally, if Kumarina intends to undertake exploration activity (other than low impact exploration) in the claim area on E52/2274, it must issue a heritage notice to the Claimant Group. Where Kumarina submits a heritage notice, the parties will consult with each other to determine whether a heritage survey is required.
- (C) The heritage survey report will indicate whether exploration activity is cleared or not cleared and whether any areas need to be avoided because they contain Aboriginal sites. Kumarina must pay the costs and expenses of the survey.
- (D) Kumarina must not give notice under section 18 of the WA Heritage Act over any area within E52/2274 without first giving the Claimant Group at least 30 days notice of its intention to do so. Kumarina must consult, including by making reasonable efforts to meet with the Claimant Group, about any proposal that is the subject of such a notice.
- (E) Kumarina may assign to any person all or any part of its rights under the agreement, but must first procure an executed deed of assumption in favour of the Claimant Group by which the assignee agrees to be bound by the agreement.



## 5. Searches

For the purposes of this Report, we have conducted the following searches in respect of the Tenements:

(a) **Title searches**

Searches of the Mining Tenement Register, maintained by the Western Australian Department of Mines and Petroleum (**DMP**) pursuant to the Mining Act, provided on 31 January 2013, 12 February 2013 and 13 February 2013. Key details of the status of the Tenements are set out in the Schedule.

(b) **Native title searches**

Searches of the Register of Native Title Claims and National Native Title Register, maintained by the National Native Title Tribunal (**NNTT**), provided on 1 February 2013 and 20 February 2013. Searches revealed that there are registered Native Title claims and a Native Title determination within the Tenements, further details of which are set out in section 3, section 10 and the Schedule.

(c) **Aboriginal Heritage Searches**

Searches of the online register of Aboriginal heritage sites, maintained by the Western Australian Department of Indigenous Affairs (**DIA**) pursuant to the WA Heritage Act, on 5 February 2013 and 19 February 2013. Searches revealed that there are registered Aboriginal heritage sites in the areas covered by the Tenements, further details of which are set out in section 11.

(d) **Documents and Reports**

Information regarding the interests of Kumarina, Murrin and Glenmurrin in the Tenements and the contracts that they have with other parties in relation to the Tenements was gathered from documents, reports and agreements supplied by Kumarina.

## 6. Qualifications and Assumptions

This Report is based on, and subject to, the following assumptions and qualifications:

- (a) We have relied upon information provided by third parties, including various departments, in response to searches made, or caused to be made, and enquiries by us and have relied upon that information, including the results of searches, being accurate, current and complete as at the date of its receipt by us.
- (b) We have relied upon details of agreements which have been disclosed by Kumarina. Those details may not have been fully or accurately disclosed and there may be other agreements of which we are not aware that may materially affect the information in this Report.

- (c) References in the Schedule are taken from details shown on the searches we have obtained from the relevant departments referred to in section 5 above. We have not undertaken independent surveys of the land the subject of the Tenements to verify the accuracy of Tenement areas or the areas of the relevant native title claims.
- (d) Statements made in respect of the standing of the Tenements are based only on the information contained in the relevant searches for the Tenements.
- (e) As far as we are aware there have been no material changes in the standing of the Tenements since the date of our investigations.
- (f) Where compliance with the terms and conditions of the Tenements and all applicable provisions of the mining legislation and regulations in Western Australia and all other relevant legislation and regulations, or a possible claim in relation to the Tenements, is not disclosed on the face of the searches referred to above, we express no opinion as to such compliance or claim.
- (g) It has been determined that native title exists in the area covered by E52/2632 and ELA52/2801. Native title may exist in the areas covered by the other Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the Native Title Act 1993 (Cth) (**NTA** or **Native Title Act**) contains no sunset provisions and it is possible that additional native title claims could be made in the future.
- (h) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

## 7. General Information about Mining Tenements in Western Australia Applicable to the Tenements

### (a) Tenement applications (ELA / PLA)

The rights attaching to the grant of a tenement (outlined below) do not attach to a tenement application. Applicants for a mining tenement do not acquire any title to the land the subject of the application unless and until the application is granted. Lodging the tenement application does, however, grant the right of priority to the consideration of the application to the holder. Priority in this case is based on the time of the lodgement of a valid application.

**(b) Prospecting licences (P)**

(i) Licence area

Prospecting licences may be granted for areas not exceeding 200 ha.

(ii) Rights

The holder of a prospecting licence is entitled to enter the land and undertake operations for the purpose of prospecting for minerals.

(iii) Duration of licence

A prospecting licence remains in force for 4 years with a possibility of renewal by the Minister for a period of 4 years and, if retention status is granted (as discussed below), by a further term or terms of 4 years. Where a prospecting licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

(iv) Retention status

The holder of a prospecting licence may apply for retention status for the whole or part of the land the subject of the prospecting licence which may be approved if there is an identified mineral resource located in, on or under the land and mining of that identified mineral resource is impracticable because the resource is uneconomic or subject to marketing problems (although the resource may reasonably be expected to become economic or marketable in the future) or the resource is required to sustain the future operations of an existing or proposed mining operation or there are existing political, environmental or other difficulties in obtaining requisite approvals.

On approval of retention status, or at any subsequent time, the holder of a prospecting licence may have to comply with a specified programme of work. The Minister may ask the holder of a prospecting licence with retention status to show cause why a mining lease or leases should not be applied for over the whole or any part of the land.

(v) Right to apply for mining leases

The Mining Act confers on the holder of a prospecting licence, the right to apply for and, subject to the Mining Act, have granted one or more mining leases over any part of the land the subject of that licence (see below).

**(c) Exploration licences (E)**

(i) Licence area

Exploration licences are described by graticular blocks, which range in area from approximately 2.8km<sup>2</sup> to 3.3km<sup>2</sup> depending on where the block is located in the State. Exploration licences may be granted for areas not exceeding 70 blocks unless the

Minister has designated areas of the State that may be made the subject of applications for exploration licences up to 200 blocks.

(ii) Rights

The holder of an exploration licence is entitled to enter the land and undertake operations for the purpose of exploring for minerals.

(iii) Duration of licence

An exploration licence remains in force for 5 years with a possibility of renewal by the Minister in certain circumstances for a period of 5 years and then a further period or periods of 2 years.

(iv) Compulsory statutory reduction of licence area

The holder of an exploration licence must lodge a compulsory surrender for registration in respect of 40% of the number of blocks that are the subject of the licence at the end of the 6th year of the term (if 40% of that number is not a whole number, the nearest whole number of blocks). This requirement does not apply to the holder of an exploration licence for which retention status has been approved (see below).

(v) Retention status

The holder of an exploration licence may apply for retention status for the whole or part of the land the subject of the exploration licence which may be approved if there is an identified mineral resource located in, on or under the land and mining of that identified mineral resource is impracticable because the resource is uneconomic or subject to marketing problems (although the resource may reasonably be expected to become economic or marketable in the future) or the resource is required to sustain the future operations of an existing or proposed mining operation or there are existing political, environmental or other difficulties in obtaining requisite approvals.

On approval of retention status, or at any subsequent time, the holder of an exploration licence may have to comply with a specified programme of work. The Minister may ask the holder of an exploration licence with retention status to show cause why a mining lease or leases should not be applied for over the land.

(vi) Right to apply for mining leases

The Mining Act confers on the holder of an exploration licence, the right to apply for and, subject to the Mining Act, have granted one or more mining leases over any part of the land the subject of that licence (see below).

(vii) No assignment in first year of licence

Under the Mining Act, an exploration licence, or an interest therein, may not, during the first year of the term of the licence, be transferred or otherwise dealt with, whether

directly or indirectly, without the written consent of the Minister or an officer of the relevant department acting with the authority of the Minister.

(d) **Mining Leases (M)**

(i) Application for a mining lease

The grant of mining leases under the Mining Act lies with the Minister on recommendation of the Mining Registrar or Warden.

An application for a mining lease must be made in the prescribed form and accompanied by, among other things:

- (A) a mining proposal in the prescribed form containing certain prescribed information about proposed mining operations and a mine closure plan; or
- (B) a statement setting out information about the mining operations that are likely to be carried out, including information as to when mining is likely to commence, the most likely method of mining and the location and area of land that is likely to be required for the operation of plant, machinery and equipment and for other activities associated with those mining operations (Mining Operations Statement) and a mineralisation report prepared by a qualified person; or
- (C) a Mining Operations Statement and a resource report (that complies with the JORC Code).

If an application for a mining lease is accompanied by the documentation referred to in (B) above, the Director, Geological Survey shall give the Minister a report as to whether or not there is significant mineralisation in, on or under the land to which the application relates. A mining lease cannot be granted if the report states that there is no significant mineralisation.

Applications for mining leases are not transferable, except when a prospecting licence or exploration licence is transferred where the mining lease application is wholly within the area of the prospecting licence or exploration licence, in which case the mining lease application then continues in the name of the transferee as if the transferee was the applicant.

(ii) Lease area

The maximum area over which a mining lease could be granted before 11 February 2006 was 10 square kilometres, however since 11 February 2006 the area is unrestricted.

(iii) Rights

A mining lease entitles the holder to exclusive possession of the land for the purposes of mining. The holder may work and mine the land for any minerals, extract and dispose of such minerals and do all acts and things necessary in order to carry out mining

operations on the land the subject of that mining lease, conditional on a Programme of Work being approved by the DMP.

(iv) Duration

A mining lease remains in force for up to 21 years from the date of grant. The holder has an option to renew for a further 21 years and then for a further 21 years with Ministerial consent.

(v) No assignment

It is a covenant and condition of a mining lease that the lessee not assign, underlet or part with possession of any part of a mining lease without the prior approval of the Minister or an officer of the relevant department acting on the authority of the Minister.

(e) **Other Obligations**

The Mining Act also imposes obligations upon the holder of a mining tenement in relation to entry to and use of land, notice requirements and compensation to the landholder. The tenement holder must give written notice to landholders of the relevant land (including native title holders) before entering the land for exploration or mining purposes, and access arrangements are to be entered into in accordance with the requirements of the Mining Act. The holder of a mining tenement is also required to compensate every person having an interest in any land upon which mining operations are carried out in pursuance of the Mining Act, and this includes persons holding native title in the relevant land. Compensation may be by agreement or determined by the Court. Obligations are also imposed in relation to compliance with environmental, conservation and heritage obligations and rehabilitation requirements.

(f) **Conditions of Tenements**

Mining tenements in Western Australia are granted subject to various conditions prescribed by the Mining Act including payment of rent, expenditure and reporting requirements and standard environmental conditions, as well as any conditions that may be imposed by the Minister in respect of a particular mining tenement. The rent and expenditure obligations, and current status of these, for the Tenements are set out in the Schedule along with the endorsements and conditions affecting the Tenements.

Failure to comply with a condition, to which the tenement is subject, such as the payment of rent or compliance with prescribed expenditure conditions, will render the tenement liable to forfeiture by the Minister (or alternatively the Minister may impose a penalty of up to \$50,000). Further, where the expenditure conditions have not been complied with (or relieved by the grant of an exemption) any person may apply to the Mining Warden for the forfeiture of the licence. The Warden may only recommend forfeiture where the non-compliance is of sufficient gravity to justify forfeiture and alternatively may impose a penalty of up to \$10,000.

(g) **Other Statutory Requirements**

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including but not limited to the WA Heritage Act, Environmental Protection Act 1986, Rights in Water and Irrigation Act 1914 and Conservation and Land Management Act 1984.

## 8. Native Title – Overview

(a) **Recognition of Native Title**

In June 1992 the High Court of Australia delivered judgement in *Mabo v Queensland (No.2)* and for the first time the common law of Australia recognised the continuing existence of Aboriginal native title rights to their traditional land and waters following the colonisation of Australia by European settlement.

Generally, these native title rights to land and water will be recognised if:

- (i) the claimants can establish that they have maintained a continuous connection with the land in accordance with traditional laws and customs since British settlement in 1788; and
- (ii) the native title rights have not been lawfully extinguished.

The High Court held that native title could be extinguished by the valid exercise of governmental powers provided there was a clear and plain intention to do so. Further, in order for extinguishment to be lawful it must comply with the obligations imposed by the Racial Discrimination Act (Cth) 1975.

After the *Mabo* case, considerable uncertainty existed surrounding the validity of proprietary rights in Australia, including mining tenements, and as a consequence the NTA was enacted by the Commonwealth Parliament and came into operation on 1 January 1994. The Native Title Act was substantially amended in 1998 in response to the decision of the High Court in *Wik People v Queensland* which recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease.

In summary, the Native Title Act:

- (i) provides for recognition and protection of native title;
- (ii) establishes a regime by which claims for native title and compensation can be determined by the Federal Court of Australia;
- (iii) provides procedures by which any future act affecting native title (such as the grant of a mining tenement) may be validly undertaken and by which registered claimants may be afforded certain procedural rights including the 'right to negotiate';

- (iv) makes valid certain 'past acts' which would otherwise be invalidated because of native title;
- (v) extinguishes native title by the grant of private freehold title and exclusive possession tenures such as freeholding leases. The grant of a freehold interest in land is considered so inconsistent with the continued enjoyment of native title rights that it extinguishes native title and once extinguished native title cannot be revived;
- (vi) establishes the position of a Native Title Registrar with responsibility to consider whether claims filed pass the requirements of the 'registration test', maintain registers of native title claims, proven native title and Indigenous Land Use Agreements, and provide mediation services to parties to native title applications; and
- (vii) establishes the NNTT, with responsibility to assist the Native Title Registrar and provide services and support to parties to native title claims.

(b) **Native Title Claims**

The NTA provides for procedures whereby a claimant may lodge an application for a determination of native title with the Federal Court. Once a native title claim has been lodged, the Federal Court will refer the claim to the Native Title Registrar who must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA (**Registration Test**).

If the Native Title Registrar is satisfied that the claim meets the Registration Test, the claim will be entered on the Register of Native Title Claims maintained by the NNTT. If a claim fails to meet the Registration Test it may still be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Both registered and unregistered native title claims proceed through the mediation and determination process in the Federal Court. However, claimants of unregistered claims are not usually afforded certain procedural rights under the NTA, including rights of notification and rights to negotiate in relation to activities such as the grant of mining tenements on the land the subject of their unregistered claim.

(c) **The 'right to negotiate' and the Future Act Regime**

The NTA provides procedures for the benefit of registered native title claimants that are collectively known as the future act regime. After registration of their native title claim, claimants will be entitled to the 'right to negotiate' with respect to certain proposed future acts that may affect native title. The granting of a mining tenement constitutes an act that may affect native title.

Generally, in relation to exploration licences and prospecting licences, the State issues a notice including a statement that the tenement should be granted under the expedited procedure. This means the tenement will be granted without negotiations with any native title claimants. Registered claimants may lodge an objection to this within four (4) months after the notification date. If there are no objections lodged within the four (4) month period, the NNTT



does not become involved and the State may proceed to grant the tenement in accordance with the Mining Act procedures. If one or more objections are lodged, the matter is referred to the NNTT. The parties may negotiate, agree that the proposed future act is an act attracting the expedited procedure and consent to a determination that the expedited procedure applies. In such cases, the State will proceed to grant under the Mining Act.

If the parties do not reach agreement, the NNTT must determine the matter. If the NNTT decides that the expedited procedure does apply, the State may proceed to grant the tenements. Alternatively, if the NNTT determines that the expedited procedure does not apply, the process for grant of the tenement must comply with the 'right to negotiate' provisions of the NTA. Under the NTA, the expedited procedure will not apply if the grant of the exploration licence or prospecting licence is likely to interfere with the community or social activities on the land, areas or sites of particular significance, or involve major disturbance to any land or waters.

The right to negotiate provisions of the NTA require the parties (i.e. the State, the tenement applicant and the registered native title claimants) to negotiate in good faith for a period of not less than six (6) months following the publication of the State's notice that it intends to grant the tenement. If no agreement is reached within that time, the matter may be referred to the NNTT for determination as to whether, under the NTA, the tenement may be granted. If it determines that the tenement may be granted, the NNTT may impose conditions on the grant additional to those imposed under the Mining Act.

If the right to negotiate procedure applies in relation to a future act but is not complied with, the act will be invalid to the extent that it affects native title.

(d) **Proving a Native Title Claim**

Whether a native title claim is registered or unregistered, the native title claimants must prove that their claimed native title rights exist in the Federal Court, in order to have their claimed native title rights formally recognised. Native title claims may be resolved through a full trial or may be the subject of a consent determination following a successful mediation process. If a native title claim is successfully proved, the then current holder of any mining tenement may be liable for compensation for any effect of the grant of that tenement on the native title proved to have existed.

## **9. Native Title – Western Australia**

(a) **Current Policy**

As at the date of this Report, the Western Australian government's current policy in respect of the assessment of applications for the grant of exploration licences and prospecting licences engages the operation of the future act regime where the grant of such tenements may affect native title.

Under the present guidelines, the applicant for the grant of a tenement may provide evidence to the DMP, in the manner required by the guidelines, that it has executed a standard form

heritage agreement or that an alternative heritage agreement is in place with a native title representative body (NTRB) or with native title parties not represented by a NTRB. In those circumstances, the WA government, in giving notification of the application for the grant of a prospecting or exploration licence required under section 29 of the NTA, will apply the expedited procedures set out in section 32 of the NTA. Provided that objection is not lodged by an interested native title claimant or party, and provided that a heritage agreement of the type above referred is executed by the NTRB or relevant claimants or parties, the application may proceed to grant without further consideration of native title issues. If an executed heritage agreement is not signed by the parties, the NTA right to negotiate regime will be engaged and the applicant for the licence will need to negotiate in good faith together with the State and the native title claimant to progress the application to grant.

There are native title determinations and native title claims affecting the Projects as specified in section 3, section 10 and in the Schedule.

**(b) Validity of Granted Tenements**

**(i) Tenements granted prior to 1 January 1994**

Under the NTA, tenements granted in Western Australia prior to 1 January 1994 are deemed to be valid and native title (if any exists) has been suspended by their grant.

According to our DMP searches, none of the Tenements were granted prior to 1 January 1994.

**(ii) Tenements granted after 1 January 1994**

Unless native title had previously been extinguished in respect of the land upon which the Tenements were granted, these Tenements would necessarily attract the operation of the future act provisions of the NTA and engage the right to negotiate procedures to the extent that the grant of those Tenements might affect native title.

Accordingly, the granted Tenements will be valid provided that the future act regime under the NTA was followed by the relevant parties.

## **10. Native Title Determinations and Claims**

The following native title determinations and claims exist in relation to the Projects:

- (a) in relation to the Murrin Murrin Project, native title claim WAD385/10 Kurrku exists over all of the Murrin Murrin Project Tenements; and
- (b) in relation to the Ilgarari Project:
  - (i) native title claim WAD78/05 Ngarlawangga exists over all of the Ilgarari Project Tenements (other than E52/2663);

- (ii) native title determination WAD72/98 Nharnuwangga, Wajarri and Ngarlawangga exists over E52/2632 and ELA52/2801; and
- (iii) Indigenous Land Use Agreement WIA2000/01 Nharnuwangga, Wajarri and Ngarlawangga exists in relation to E52/2632 and ELA52/2801.

## 11. Aboriginal Heritage

Both Commonwealth and State legislation protect and provide for the preservation of places, areas, and objects of significance to Aboriginal people in accordance with Aboriginal traditions. The Commonwealth Heritage Act provides the Commonwealth Minister with power to make declarations for the protection and preservation of an area or object that is of Aboriginal significance.

In Western Australia, the WA Heritage Act protects all Aboriginal sites and objects of significance to Aboriginal persons on or under an Aboriginal site whether or not those sites are registered on the Register of Aboriginal Sites established by that Act.

Searches reveal that there are sixty five (65) registered Aboriginal heritage sites located within the Tenements. The searches indicate that the sites are "open access" and "no restriction".

The WA Heritage Act does not provide a mechanism for determining the existence of Aboriginal sites, although the register enables some sites to be identified. Accordingly, to ensure that all sites in a target area are avoided, the practice has developed for mineral explorers and miners to undertake Aboriginal heritage surveys with Aboriginal traditional owners to identify ethnographic sites and to undertake archaeological surveys to identify archaeological sites.

## 12. Risk Factors

- (a) All of the Tenements carry with them annual expenditure and reporting commitments and will be subject to standard applications for renewal, the success of which cannot be guaranteed. If a Tenement is not renewed, Kumarina may suffer significant damage through loss of opportunity to exploit any mineral resources on that Tenement.
- (b) Six (6) of the Tenements are pending applications. There is no guarantee that these applications will be granted to Kumarina (or, in the case of PLA39/5230, to Paul Richard Martin) and if they are not Kumarina may suffer significant damage through loss of opportunity to exploit any mineral resources on these Tenements. Further, whilst every effort will be made by Kumarina to ensure that the legal interest in PLA39/5230 is transferred to Kumarina once the Tenement is granted, there is no guarantee that legal title will be transferred to Kumarina as approval of legal transfer is beyond the control of Kumarina.
- (c) The existence of native title and/or native title claims in relation to the land the subject of the Tenements may have an adverse impact on the Kumarina's activities and its ability to fund those activities.
- (d) The right to negotiate process can take a number of years and can incur considerable cost. Further, if the parties to the right to negotiate process cannot reach agreement the matter

may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or only granted on conditions unacceptable to Kumarina.

- (e) There is a risk that the existence of Aboriginal sites and objects on the land the subject of the Projects may preclude or limit mining activities in certain areas of the Projects. Further, the disturbance of such sites and objects is likely to be an offence under the applicable legislation, exposing Kumarina to fines and other penalties.

### **13. Tenement Obligations**

The rent and expenditure obligations, endorsements, conditions and dealings for and affecting the Tenements are set out in the Schedule.

### **14. Litigation**

We have not been provided with any documents which indicate that there is any litigation, either threatened or on foot, which affects the Tenements.

### **15. Conclusion**

This Report has been prepared for the purposes of the Scheme Booklet only. We consider that the information contained within this Report provides an accurate statement as to the status of the Tenements as at 31 January 2013.

Yours faithfully



**Hardy Bowen**

## Schedule 1 – Tenement Summary

Tenement	Status	Holders	Grant Date/ Application Date	Expiry Date	Area	Annual Rent	Minimum Expenditure	E & C	Native Title & Land Rights matters
M39/397	Live	Kumarina Resources Limited <sup>1</sup>	10/09/1999	09/09/2020	95.0 HA	Paid in full for current year. Next tenement year: \$1,463.00	2012 expended in full. Current year commitment \$10,000.00	(a)	WAD385/10 Kurrku (NT claim)
M39/398	Live	Kumarina Resources Limited <sup>1</sup>	10/09/1999	09/09/2020	604.2 HA	Paid in full for current year. Next tenement year: \$9,317.00	2012 expended in full. Current year commitment \$60,500.00	(a), (b), (c), (d), (e), (f), (g), (h), (i)	WAD385/10 Kurrku (NT claim)
M39/399	Live	Kumarina Resources Limited <sup>1</sup>	23/11/2007	22/11/2028	587.0 HA	Paid in full for current year. Next tenement year: \$9,039.80	2012 expended in full. Current year commitment \$58,700.00	(a), (b), (e), (f), (h), (i), (j), (k)	WAD385/10 Kurrku (NT claim)
M39/400	Live	Kumarina Resources Limited <sup>1</sup>	23/11/2007	22/11/2028	849.0 HA	Paid in full for current year. Next tenement year: \$13,074.60	2012 expended in full. Current year commitment \$84,900.00	(a), (e), (j), (k)	WAD385/10 Kurrku (NT claim)
M39/1068	Live	Kumarina Resources Limited <sup>1</sup>	01/04/2010	31/03/2031	99.0 HA	Paid in full for current year. Next tenement year: \$1,524.60	2012 (expended in full). Current year commitment \$10,000.00	(a)	WAD385/10 Kurrku (NT claim)
M39/371	Live	Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd <sup>2</sup>	26/07/1996	25/07/2017	242.15 HA	Paid in full for current year. Next tenement year: \$3,742.20	2012 expended in full. Current year commitment \$24,300.00	(a), (g), (h), (i), (l), (m), (n), (o), (p)	WAD385/10 Kurrku (NT claim)
M39/372	Live	Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd <sup>2</sup>	26/07/1996	25/07/2017	883.75 HA	Paid in full for current year. Next tenement year: \$13,613.60	2012 expended in full. Current year commitment \$88,400.00	(a), (g), (h), (l), (m), (n), (o), (q), (r), (s)	WAD385/10 Kurrku (NT claim)
PLA39/5230	Pending	Paul Richard Martin <sup>3</sup>	05/10/2011	N/A	182.0 HA	N/A	N/A	N/A	WAD385/10 Kurrku (NT claim)

Tenement	Status	Holders	Grant Date/ Application Date	Expiry Date	Area	Annual Rent	Minimum Expenditure	E & C	Native Title & Land Rights matters
P39/5231	Live	Kumarina Resources Limited	27/08/2012	26/08/2016	200.0 HA	Paid in full for current year. Next tenement year: \$450.00	Current year commitment \$8,000.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)
P39/5232	Live	Kumarina Resources Limited	27/08/2012	26/08/2016	199.0 HA	Paid in full for current year. Next tenement year: \$447.75	Current year commitment \$8,000.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)
P39/5233	Live	Kumarina Resources Limited	11/09/2012	10/09/2016	183.0 HA	Paid in full for current year. Next tenement year: \$411.75	Current year commitment \$7,320.00	(t), (u), (v), (w), (x)	WAD385/10 Kurrku (NT claim)
P39/5234	Live	Kumarina Resources Limited	27/08/2012	26/08/2016	121.0 HA	Paid in full for current year. Next tenement year: \$272.25	Current year commitment \$4,840.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)
P39/5235	Live	Kumarina Resources Limited	27/08/2012	26/08/2016	181.0 HA	Paid in full for current year. Next tenement year: \$407.25	Current year commitment \$7,240.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)
P39/5236	Live	Kumarina Resources Limited	27/08/2012	26/08/2016	200.0 HA	Paid in full for current year. Next tenement year: \$450.00	Current year commitment \$8,000.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)
P39/5237	Live	Kumarina Resources Limited	28/08/2012	27/08/2016	196.0 HA	Paid in full for current year. Next tenement year: \$441.00	Current year commitment \$7,840.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)
P39/5238	Live	Kumarina Resources Limited	28/08/2012	27/08/2016	200.0 HA	Paid in full for current year. Next tenement year: \$450.00	Current year commitment \$8,000.00	(t), (u), (v), (w)	WAD385/10 Kurrku (NT claim)

Tenement	Status	Holders	Grant Date/ Application Date	Expiry Date	Area	Annual Rent	Minimum Expenditure	E & C	Native Title & Land Rights matters
PLA39/5304	Pending	Kumarina Resources Limited	06/06/2012	N/A	122.0 HA	N/A	N/A	N/A	WAD385/10 Kurrku (NT claim)
PLA39/5305	Pending	Kumarina Resources Limited	06/06/2012	N/A	121.0 HA	N/A	N/A	N/A	WAD385/10 Kurrku (NT claim)
PLA39/5306	Pending	Kumarina Resources Limited	06/06/2012	N/A	121.0 HA	N/A	N/A	N/A	WAD385/10 Kurrku (NT claim)
E52/2274	Live	Kumarina Resources Limited	05/02/2010	04/02/2015	20.0 BL	Paid in full for current year. Next tenement year: \$3,629.00	2012 (expended in full). Current year commitment \$20,000.00	(y), (z)	WAD78/05 Ngarlawangga (NT claim)
E52/2663	Live	Kumarina Resources Limited	14/12/2011	13/12/2016	134.0 BL	Paid in full for current year. Next tenement year: \$15,637.90	2012 expended in full. Current year commitment \$134,000.00	(aa)	N/A
E52/2632	Live	Kumarina Resources Limited	12/06/2012	11/06/2017	5.0 BL	Paid in full for current year. Next tenement year: \$583.50	Current year commitment \$15,000	(bb)	WAD72/98 Nharluwangga, Wajarri and Ngarlawangga (NT determination) WAD78/05 Ngarlawangga (NT claim) WIA2000/01 Nharluwangga Wajarri and Ngarlawangga (ILUA)
ELA52/2800	Pending	Kumarina Resources Limited	14/09/2012	N/A	7.0 Blocks	N/A	N/A	N/A	WAD78/05 Ngarlawangga (NT claim)

Tenement	Status	Holders	Grant Date/ Application Date	Expiry Date	Area	Annual Rent	Minimum Expenditure	E & C	Native Title & Land Rights matters
ELA52/2801	Pending	Kumarina Resources Limited	14/09/2012	N/A	66.0 Blocks	N/A	N/A	N/A	WAD72/98 Nharnuwangga, Wajarri and Ngarlawangga (determination) WAD78/05 Ngarlawangga (NT claim) WIA2000/01 Nharnuwangga Wajarri and Ngarlawangga (ILUA)

1. Kumarina's holding is subject to a consent caveat in favour of Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd
2. Murrin Murrin Holdings Pty Ltd's 60% holding is subject to a mortgage in favour of Glenmurrin Pty Ltd and Murrin Murrin Operations Pty Ltd. Glenmurrin Pty Ltd's 40% holding is subject to a mortgage in favour of Murrin Murrin Holdings Pty Ltd and Murrin Murrin Operations Pty Ltd
3. Under a Tenement Sale Agreement dated 5 November 2012 between Kumarina and Paul Richard Martin, Kumarina agreed to purchase and Mr Martin agreed to sell prospecting licences 39/5230 – 39/5238. PLA39/5230 should be transferred to Kumarina once the tenement has been granted.



**Notes:**

The tenements have standard endorsements and conditions except as follows:

- (a) Mining on any road, road verge or road reserve being confined to below a depth of 15 metres from the natural surface.
- (b) The grant of this lease does not include any private land referred to in Section 29(2) of the Mining Act except that below 30 metres from the natural surface of the land.
- (c) The land the subject of this lease affects a Declared Rare Flora site declared under the Wildlife Conservation Act 1950. Therefore, the lessee is advised to contact the Department of Conservation and Land Management for detailed information on the management of Declared Rare Flora present within the tenement area.
- (d) No mining on Cemetery Reserve 4089 and mining within a distance of 140 metres laterally from the Reserve being confined to below a depth of 50 metres from the lowest part of the surface of the land with the rights of ingress to and egress from the said Reserve being at all times preserved to the public.
- (e) No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.
- (f) Consent to mine on Murrin Murrin Townsite given subject to access to the surface of land within Murrin Murrin Townsite for mining purposes being subject to the approval of the local Authority or relevant reserve vestees, and mining activities within the first 100 metres below the surface of the land being limited to such mining exploration activities as may be approved by the State Mining Engineer / Director, Environment DMP.
- (g) Consent to mine on Road Reserve 957 and Eulammina to Mt Murrin Murrin Road Reserve granted subject to any lonely grave site in close proximity to the road reserves being protected.
- (h) The construction and operation of the project and measures to protect the environment to be carried out generally in accordance with various documents (e.g. Notices of Intent, Environmental Management Plans, Mining Proposals and Programmes of Work).
- (i) A Mine Closure Plan is to be submitted in the Annual Environmental Reporting month specified in tenement conditions in 2014, unless otherwise directed by an Environmental Officer, DMP. The Mine Closure Plan is to be prepared in accordance with the "Guidelines for Preparing Mine Closure Plans" available on DMP's website.
- (j) This mining lease authorises the mining of the land for all minerals as defined in Section 8 of the Mining Act with the exception of uranium ore and iron ore (unless specifically authorised under Section 111 of the Mining Act).

- (k) In respect of a certain area designated FNA 7836 in TENGRAPH (former Wongatha native title claim WC99/01) the following condition shall apply: If the Goldfields Land and Sea Council (GLSC) sends a request by pre-paid post to the Lessee's address within 90 days after the grant of the Lease, the Lessee shall within 30 days of the request execute in favour of the GLSC the revised GLSC Wongatha Interim Standard Heritage Agreement.
- (l) The land the subject of this lease affects a Declared Rare Flora site or sites containing plant species gazetted as being rare or geographically restricted under the provisions of the Wildlife Conservation Act 1950.
- (m) Persons claiming native title to the land the subject of this lease entered into a deed under the Native Title Act 1993 with the State of Western Australia, the Minister for Mines and the lease holder agreeing to the grant of the lease. Copies of the deed were given to the National Native Title Tribunal pursuant to Section 34 of the Native Title Act and filed at the DMP.
- (n) Where saline water is used for dust suppression damage to surrounding vegetation be avoided.
- (o) The use of decent liquor from evaporation ponds for dust suppression is not permissible without the prior written approval from the Regional Environmental Inspector.
- (p) Any clearing that is consistent with certain Notice of Intent documents, but beyond that indicated in the Murrin Murrin AER 2002, requires the prior approval of the General Manager Environment.
- (q) The prior written consent of the Minister for Mines being obtained before commencing mining on Sanitary Depot Reserve 10961.
- (r) Any clearing that is consistent with certain Notice of Intent documents, but beyond that indicated in the Murrin Murrin AER 2003, requires the prior approval of the General Manager Environment.
- (s) Placement of waste material must be such that the final footprint after rehabilitation will not be impacted upon by pit wall subsidence.
- (t) In respect to Water Resource Management Areas (WRMA) the following endorsements apply: (a) The Licensee's attention is drawn to the provisions of the Waterways Conservation Act 1976, Rights in Water and Irrigation Act 1914, Metropolitan Water Supply, Sewerage and Drainage Act 1909, Country Areas Water Supply Act 1947, Water Agencies (Powers) Act 1984, Water Resources Legislation Amendment Act 2007; (b) The rights of ingress to and egress from the mining tenement being at all reasonable times preserved to officers of Department of Water (DoW) for inspection and investigation purposes; and (c) The storage and disposal of petroleum hydrocarbons, chemicals and potentially hazardous substances being in accordance with the current published version of the DoWs relevant Water Quality Protection Notes and Guidelines for mining and mineral processing.

- (u) In respect to Artesian (confined) Aquifers and Wells the following endorsement applies: The abstraction of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless a current licence for these activities has been issued by the DoW.
- (v) In respect to Waterways the following endorsement applies: Advice shall be sought from the DoW if proposing any prospecting within a defined waterway and within a lateral distance of (a) 50 metres from the outer-most water dependent vegetation of any perennial waterway; and (b) 30 metres from the outer-most water dependent vegetation of any seasonal waterway.
- (w) In respect to Proclaimed Ground Water Areas the following endorsement applies: The abstraction of groundwater is prohibited unless a current licence to construct/alter a well and a licence to take groundwater has been issued by the DoW.
- (x) The rights of ingress to and egress from Miscellaneous Licence 39/84 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
- (y) No interference with Geodetic Survey Station NMF 715 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
- (z) In respect of the area covered by the licence the licensee, if so requested in writing by the Ngarlawangga People, the applicants in Federal Court application No. WAD 78 of 2005 (WC05/3), such request being sent by pre paid post to reach the licensee's address not more than 90 days after the grant of this licence, shall within 30 days of the request execute in favour of the Ngarlawangga People the Regional Standard Heritage Agreement endorsed by peak industry groups and the Pilbara Native Title Service.
- (aa) No interference with Geodetic Survey Station L 14 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
- (bb) The prior written consent of the Minister responsible for the Mining Act 1978 being obtained, with the concurrence of the Minister for Environment, before entering or commencing any exploration activity on Collier Range National Park Reserve A35104.

**Annexure 7 – Notice of Scheme Meeting**

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**KUMARINA RESOURCES LIMITED**

**ACN 142 774 150**

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**NOTICE OF SCHEME MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

**The General Meeting of the Company will be held at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153 on 16 May 2013 at 2:00pm (WST).**

*This Notice of General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

**Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9316 9100.**

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# KUMARINA RESOURCES LIMITED

**ACN 142 774 150**

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## NOTICE OF SCHEME MEETING

By an order of the Supreme Court of Western Australia (**Court**) made on 8 April 2013 pursuant to section 411(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares in Kumarina Resources Limited ACN 142 774 150 (**Company** or **Kumarina**) will be held at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153 on 16 May 2013 at 2:00pm (WST) (**Scheme Meeting**).

The Court has also directed that Scott Gibson act as chairman of the Scheme Meeting or failing him Michael Bowen, and has directed the chairman to report the result of the Scheme Meeting to the Court.

The Directors have determined, pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the persons eligible to vote at the Scheme Meeting are those who are registered as shareholders of the Company on 15 May 2013 at 5:00pm (WST).

## Purpose of Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a scheme of arrangement proposed to be made between Kumarina and its shareholders (Scheme).

To enable you to make an informed voting decision, important information on the Scheme is set out in the booklet accompanying this Notice (Scheme Booklet). The Scheme Booklet and Explanatory Memorandum to this Notice and Proxy Form both form part of this Notice. Terms and abbreviations used in this Notice and in the Scheme Booklet are defined in the Scheme Booklet.

## Agenda

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### 1. Resolution 1 – Approval of the Scheme

To consider and, if thought fit, pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*"That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between the Company and the holders of its ordinary shares as contained in and more particularly described in the Scheme Booklet of which the Notice forms part, is approved, and the Directors of Kumarina are authorised to agree to such alterations or*



*conditions as are thought fit by the Court, and subject to approval by the Court, to implement the Scheme with any such modifications or conditions."*

Dated 9 April 2013

**BY ORDER OF THE BOARD**

**MARK PITTS**  
Company Secretary

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# KUMARINA RESOURCES LIMITED

ACN 142 774 150

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## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Kumarina Shareholders in connection with the business to be conducted at the Scheme Meeting to be held at Bluewater Grill, Heathcote Reserve, 56 Duncraig Road, Applecross, WA 6153 on 16 May 2013 at 2.00pm (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Kumarina Shareholders in deciding whether or not to pass the resolution set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

## EXPLANATORY MEMORANDUM

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### 1. Required Voting Majority

In order for the Scheme to become effective, this resolution must be passed by:

- (a) a majority of the number of Kumarina Shareholders present and voting (whether in person or by proxy); and
- (b) at least 75% of the votes cast on the resolution.

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### 2. Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) is subject to approval of the Court. If the resolution proposed at the Scheme Meeting is approved by the requisite majority, and the relevant conditions of the Scheme are satisfied, or waived, by the time required under the Scheme, Kumarina intends to apply to the Court for the necessary orders to give effect to the Scheme.

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### 4. Entitlement to Vote

The Kumarina Board has determined, and the Court has ordered, that a person's entitlement to vote at the Scheme Meeting will be the entitlement of that person as set out in the Company's share register as at 5:00pm on 15 May 2013. A Kumarina Shareholder who holds any Excluded Shares will not be entitled to vote the Excluded Shares at the Scheme Meeting.

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## 4. How to Vote

Kumarina Shareholders entitled to vote at the Scheme Meeting can vote:

- (a) by attending the Scheme Meeting and voting in person; or
- (b) by appointing an attorney to attend the Scheme Meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting and vote on its behalf; or
- (c) by appointing a proxy to attend the Scheme Meeting and vote on their behalf, using the Proxy Form accompanying this Notice.

A personalised Proxy Form accompanies this Notice. The Proxy Form contains full details of how to appoint persons and how to sign and lodge the voting form, including how you may register your proxy instructions electronically at the Share Registry's website at [www.securitytransfer.com.au](http://www.securitytransfer.com.au).

To be valid, Proxy Forms or electronic voting instructions must be received by the Share Registry, by 2:00pm on 14 May 2013.

### **Voting in person**

Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. Please bring your meeting registration forms with you to facilitate admission to the Scheme Meeting. The meeting registration form for the Scheme Meeting is the Proxy Form included with the Scheme Booklet of which this Notice forms part.

### **Voting by attorney or corporate representative**

Kumarina Shareholders who have appointed an attorney or corporate representative to attend and vote at the Scheme Meeting should ensure that their attorney or corporate representative arrives at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. A person attending as an attorney should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Kumarina. A person attending as a representative of a corporate shareholder must present satisfactory evidence of his or her appointment to attend on behalf of that shareholder unless previously lodged with the Share Registry.

### **Voting by proxy**

A Kumarina Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Scheme Meeting and also to speak at the Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the Kumarina



Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Kumarina Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll, and the Kumarina Shares the subject of the proxy appointment will not be counted in computing the required majority.

Kumarina Shareholders who return their Proxy Form with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the Company Secretary of Kumarina or any Kumarina Director which do not contain a direction will be used to support the resolution to approve the Scheme.

**Completed Proxy Forms must be:**

- sent to the Share Registry (using the reply paid envelope included with this Scheme Booklet) at Security Transfer Registrars Pty Ltd, PO Box 535, Applecross, WA 6953, Australia;
- faxed to (08) 9315 2233 from within Australia or +61 8 9315 2233 from overseas; or
- sent to Kumarina's registered office at Level 2, 907 Canning Highway, Mt Pleasant, WA 6153, Australia,

in each case so that they are received by no later than 2:00pm (WST) on 14 May 2013. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the Kumarina Shareholder or the Kumarina Shareholder's attorney. If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Share Registry at the same time as the Proxy Form, unless you have already provided a certified copy of the power of attorney to Kumarina. Proxies given by corporations must be executed in accordance with the Corporations Act.

If you complete and return a Proxy Form, you may still attend the Scheme Meeting in person, revoke the proxy and vote at the Scheme Meeting.

## Corporate Directory

### Directors

Peter Sullivan – Non Executive Chairman  
James Sullivan – Managing Director  
Geoffrey Motteram – Non Executive Director  
Peter Hutchinson – Non Executive Director

### Company Secretary

Mark Pitts

### Registered and Corporate Office

Level 2, 907 Canning Highway  
Mt Pleasant WA 6153  
ABN 37 142 774 150  
Tel +61 8 9364 7577  
Fax +61 8 9364 8078  
Internet: [www.kumarina.com](http://www.kumarina.com)

### Independent Expert

BDO Corporate Finance (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008  
Tel +61 8 6382 4600  
Fax +61 8 6382 4601

### Geological Consultants

CSA Global  
Level 2, 3 Ord Street  
West Perth WA 6005  
Tel +61 8 9355 1677  
Fax +61 8 9355 1977

### Solicitors

Hardy Bowen Lawyers  
Level 1  
28 Ord Street  
West Perth WA 6005  
Tel +61 8 9211 3600  
Fax +61 89211 3690

### Auditor and Investigating Accountant

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000  
Tel + 61 8 9227 7500  
Fax + 61 8 9227 7533

### Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Tel +61 8 9315 2333  
Fax +61 8 9315 2233

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code: KMR



**Kumarina**  
RESOURCES LIMITED