

20 April 2017



ZETAPETROLEUMPLC

Zeta Petroleum plc to acquire Bombora Natural Energy Pty Ltd

- **Bombora has a quality portfolio of onshore, conventional gas discoveries requiring appraisal, and on trend exploration projects.**
- **Projects are located in the Sacramento Gas Basin in California and the Perth Basin, Australia.**
- **Two potentially high impact drilling programs scheduled during Q3 –Q4 2017:**
 - **Tulainyo-2 will test a high pressure gas discovery on an up to 130 km² anticlinal closure.**
 - **Dempsey-1 will drill a large 3D seismic defined structure located beneath an existing gas field.**
- **Experienced hydrocarbon finding and development team, John Begg and Marie Malaxos, are to join Zeta as Managing Director and Non- Executive Director.**
- **Capital raising of approximately \$7 million to fund the gas focussed work programs.**

Zeta Petroleum plc (Zeta or Company) (ASX: ZTA) is pleased to announce that it has entered into a binding heads of agreement with Bombora Natural Energy Pty Ltd ACN 611 581 778 (**Bombora**) under which it will acquire all of the issued capital of Bombora on the basis of 6 fully paid ordinary shares in Zeta (**Zeta Shares**) for every 11 fully paid ordinary shares in Bombora (**Bombora Shares**), which will result in the issue of approximately 27,835,200 Zeta Shares.

Bombora is focussed on building a high quality portfolio of gas assets in the onshore gas sector in locations where there is a high demand for energy and ready access to infrastructure and has an experienced and well credentialed management team.

By acquiring Bombora, the Company will obtain interests in a suite of assets that includes the Tulainyo Gas Discovery, the Dempsey Gas Project, the Alvares Gas Discovery, and the Walyering Gas Field (together, the **Farm-in Interests**).

Expanded Asset Base

The Farm-in Interests will expand Zeta’s asset base that currently comprises a 39% joint venture interest in the onshore Jimbolia oil, gas and condensate project in Romania. The Jimbolia licence contains two known discoveries made by Petrom in 1983.

Sacramento Gas Basin Projects

Bombora’s Californian projects all target a potentially basin-wide conventional gas play within early Cretaceous sandstone reservoirs. Bombora believes that historic, conservative and low technology drill practices have contributed to this potentially large “left- behind” play. Bombora’s focus is principally on existing, potentially high volume, untested or improperly tested and undeveloped gas discoveries within the early Cretaceous reservoir section.



Location map of Bombora’s Sacramento Gas Basin projects

Tulainyo High Pressure Gas Discovery – Sacramento Gas Basin (Bombora earning up to 33.33%)

The Tulainyo Gas Discovery is the largest target in Bombora’s portfolio and will involve drilling appraisal wells to a late 2014 early 2015 gas discovery well program. That drill program encountered gas in a series of stacked sandstones at relatively shallow depths (<1,800m) on a very large surface anticline structure with up to 130km² of mapped closure. Gas shows of 1,000 units to 5,000 units were recorded against high mud weights but testing could not be carried out due to mechanical difficulties. The leases Bombora has an agreement to farm-in cover some 40,000 net acres of the structure.

A major gas trunkline servicing California’s vast, 90% imported gas market is located just 8km away.

Bombora can earn up to a 33.33% interest across the Tulainyo Gas Discovery by funding in a staged manner, over an extended period, the drilling of up to three appraisal wells.

The initial well can earn Bombora a 10% interest in the southern half of the acreage, increasing to 33.33% if Bombora decides to drill a second and deeper well in the south area. Bombora would also have the option to drill a third well in the northern half of the land position to earn up to 33.33% in the entire leased area.

Dempsey Gas Project

Bombora has entered into a revised farm-in agreement with Sacgasco Limited (ASX: SGC) (**Sacgasco**) pursuant to which it can earn a 10% interest in the Dempsey Gas Project, located within the highly gas productive north-central region of the Sacramento Basin, California. Bombora will fund 20% of the dry hole well cost of the Dempsey-1 well that has a planned depth of 3,200m. Bombora's promoted exposure to the well is subject to a cost cap and the Company's net exposure is estimated to not exceed approximately A\$1 million.

Dempsey is a large, 3-way dip, fault bound closure with conventional sandstone reservoir targets mapped at up to seven stacked levels. The main structure sits beneath two shallow producing fields that are operated by Sacgasco in which Bombora will, subject to earning its interest in the Dempsey Gas Project, also earn an interest. The related gas equipment has available capacity that would be utilised for a fast-track development of any gas reservoirs proved up by the Dempsey-1 and subsequent development wells.

Alvares Gas Discovery

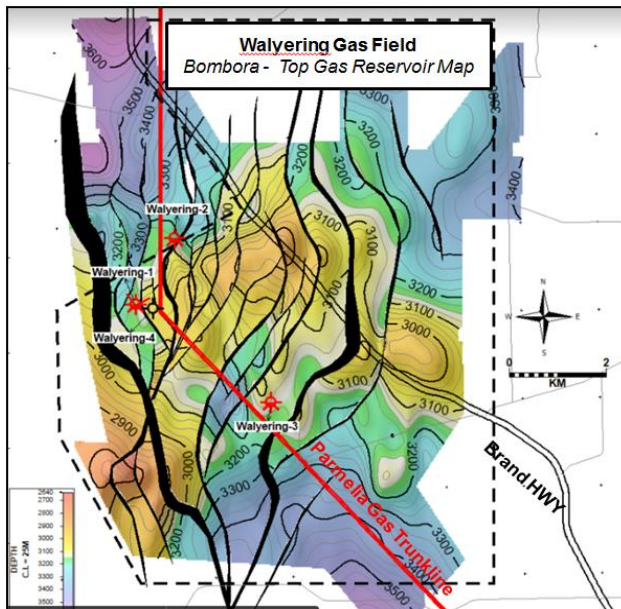
Bombora has entered into a farm-in agreement with Sacgasco and Xstate Resources Limited (ASX: XST), to earn a 10% interest in the Alvares Gas Discovery, also located in the Sacramento Basin, California.

Alvares Gas Discovery covers a large structure with some 16km² of mapped closure located on geological trend from the Tulainyo Gas Discovery on the west side of the Sacramento Basin. As with the Tulainyo and Dempsey projects, the target, conventional sandstone gas reservoirs in the Alvares Gas Discovery are of early Cretaceous age.

The structure was the site of a 1982 gas discovery well, Alvares-1 that encountered high pressures along with strong gas shows over a drilled section of more than a 1500m. Bombora interprets a minimum of three clear, gas saturated zones totalling almost 150m based on mudlog shows and where available, wireline log and test data.

There is no commitment to drill an appraisal well at Alvares. There is an opportunity to make a decision on approved activity after reviewing information from Bombora's other relevant drilling programs in the Sacramento Basin during 2017.

Walyering Gas Field



Map showing the undrilled central closure of the Walyering Gas Field in the Perth Basin

Bombora has entered into a farm-in agreement with UIL Energy Pty Ltd and GCC Methane Pty Ltd pursuant to which it can earn up to a 70% operated interest in exploration licence EP 447, located in the onshore Perth Basin. The farm-in area covers the Walyering Gas Field that was put on production in the early 1970s but only partially produced the gas reservoirs. The field area is crossed by the Parmelia Gas Trunkline and the Brand Highway and so has excellent position relative to infrastructure.

Key commercial terms of the acquisition of Bombora

Zeta Petroleum plc has agreed to acquire all of the issued capital of Bombora (**Acquisition**).

In consideration of the acquisition of the Bombora Shares under the Acquisition, Zeta must issue to the Vendors, 6 Zeta Shares for every 11 Bombora Shares acquired (**Consideration**). Based on the number of Bombora Shares currently on issue, the Consideration will comprise 27,835,200 Zeta Shares. The Zeta Shares will be issued at a deemed issue price of \$0.11 each, having a total value of \$3,061,872.

Prior to completion of the Acquisition, Bombora may conduct a capital raising by the issue of Bombora Shares at an issue price of \$0.05 each to raise between A\$500,000 and A\$1 million (**Bombora Capital Raising**), in which circumstance, additional Zeta Shares will be issued to Bombora shareholders to acquire those newly issued Bombora Shares.

No person will acquire a relevant interest of greater than 20% in Zeta as a result of the Zeta Shares issued at completion of the Acquisition.

Completion of the Acquisition is subject to and conditional upon the satisfaction of various conditions precedent including:

1. **Due diligence:** by 29 April 2017, Zeta and Bombora completing due diligence to their satisfaction of each other, and their subsidiaries;
2. **Shareholder approvals:** by 29 May 2017, Zeta obtaining all approvals from Zeta shareholders (**Shareholders**) required in relation to the Acquisition.
 - a. approval of the Acquisition for the purpose of Listing Rule 11.1.2;
 - b. the appointment of John Begg and Marie Malaxos to the board of Zeta;
 - c. the issue of the Zeta Shares comprising the Consideration and Zeta Capital Raising (defined below);
 - d. the issue of that number of options which equals 6% of the number of Zeta shares on issue on completion of the Acquisition and the Zeta Capital Raising, to be issued to John Begg (as to 4%) and Marie Malaxos (as to 2%), pursuant to Listing Rule 10.11;
3. **ASX confirmation:** by 28 April 2017, confirmation in writing from ASX that Listing Rule 11.1.3 will not be applicable to the Acquisition;
4. **Service agreements:** Zeta entering into executive service agreements with John Begg and Marie Malaxos;
5. **Transfer:** Bombora shareholders having executed undated separate instruments of transfer in registrable form for an aggregate of at least 90% of the Bombora Shares in favour of Zeta (as transferee); and
6. **Materially adverse events:** no materially adverse events occurring in relation to Bombora or its subsidiaries.

Cautionary statement

Zeta is optimistic about concluding the Acquisition, however as at the date of this announcement there cannot be any assurance that the conditions precedent with respect to the transaction will be completed to the satisfaction of each party. Accordingly, investors are cautioned against making investment decisions based on this announcement.

ASX Listing Rule Chapter 11 submissions

The Company has made a submission to the ASX in relation to the application of ASX Listing Rule 11.1.2 and 11.1.3 to the proposed Acquisition.

The Company presently anticipates that the Company will be required to obtain approval of its Shareholders for the Acquisition for the purpose of Listing Rules 11.1.2.

The Company is awaiting a determination from ASX as to whether or not the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3 for the purpose of the Acquisition.

The Company expects to remain in voluntary suspension until ASX has provided a determination in relation to the application of Chapter 11 of the Listing Rules.

Changes to Board

On completion of the Acquisition, two nominees of Bombora will be appointed to the board of Zeta, being John Begg as managing director, and Marie Malaxos as non-executive director, respectively.

Proposed Zeta Capital Raising

In conjunction with, and as a condition to completion of, the Acquisition and subject to Shareholder approval of the Acquisition, Zeta proposes to conduct a capital raising to raise an estimated amount of A\$7 million less the amount raised by the Bombora Capital Raising.

Indicative timetable

The indicative timetable for the proposed Acquisition is set out below:

Item	Description	Indicative date of action
1.	Execution of Heads of Agreement	Thursday, 20 April 2017
2.	Announcement of Acquisition	Thursday, 20 April 2017
3.	Enter voluntary suspension	Friday, 21 April 2017
4.	ASX decision of LR 11.1.3 requirements	Friday, 28 April 2017
5.	Submit Notice of Meeting to ASX	Friday, 28 April 2017
6.	ASX review of Notice of Meeting	Friday, 5 May 2017
7.	Post Notice of Meeting to Shareholders	Tuesday, 9 May 2017
8.	EGM to consider Acquisition	Monday, 29 May 2017
9.	Shares issued under Placement	Tuesday, 30 May 2017
10.	Completion of Acquisition	Tuesday, 30 May 2017

For further information please visit www.zetapetroleum.com or contact:

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