

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Zeta Petroleum plc

ABN

24 154 575 872

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(165)	(157)
(b) development	-	-
(c) production	-	-
(d) administration	(533)	(849)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	37
1.5 Interest and other costs of finance paid	(89)	(89)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(750)	(1,058)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(750)	(1,058)

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1.13	Total operating and investing cash flows (brought forward)	(750)	(1,058)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	8,350	8,350
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	53	128
1.17	Repayment of borrowings	(128)	(128)
1.18	Dividends paid	-	-
1.19	Other - share issue costs	(1,136)	(1,157)
	Net financing cash flows	7,139	7,193
	Net increase (decrease) in cash held	6,389	6,135
1.20	Cash at beginning of quarter/year to date	104	361
1.21	Exchange rate adjustments to item 1.20	-	(3)
1.22	Cash at end of quarter	6,493	6,493

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	137
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to directors for services to the economic entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 14 May 2012 the entire balance of a fully drawn US\$3.2 million convertible loan from GM Investment & Co Limited was settled through conversion into 18,136,291 fully paid ordinary shares at a conversion price of AU\$0.20 per share and a cash payment of AU\$88,675. At the date of conversion the entire balance of the loan was US\$3,717,048 (AU\$3,715,933) comprising of US\$3,200,000 (AU\$3,199,040) principle and US\$517,048 (AU\$516,893) interest. The cash payment component was converted into Australian dollars at the prevailing exchange rate at the date of conversion.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	4,105
4.2	Development	-
4.3	Production	-
4.4	Administration	320
Total		4,425

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	6,493	104
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		6,493	104

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in oil & gas tenements relinquished, reduced or lapsed				
6.2	Interests in oil & gas tenements acquired or increased				

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security	Amount paid up per security
7.1 Partly paid +securities				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	130,752,240	50,675,832	\$0.20	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	59,888,531	41,752,240	\$0.20	Fully Paid
+Ordinary securities				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities	-	-	-	-
Convertible loan				
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	18,136,291	-	\$0.20	Fully Paid
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
	14,000,000	-	20 cents	11 January 2019
	1,876,090	-	20 cents	21 May 2017
	41,752,240	41,752,240	20 cents	15 June 2013
7.8 Issued during quarter			<i>Exercise price</i>	<i>Expiry date</i>
	1,670,090	-	20 cents	21 May 2017
	41,752,240	41,752,240	20 cents	15 June 2013
7.9 Exercised during quarter				
7.10 Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000	-	20 cents	1 June 2012
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2012

Print name: Ben Hodges
Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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