



**ZETAPETROLEUMPLC**  
ARBN 154 575 872

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19 September 2012

This document is important and should be read in its entirety together with the Prospectus (as defined below). If you have any questions, then you should consult your stockbroker, accountant or other professional adviser.

Dear Shareholder/CDI holder

**Zeta Petroleum plc - pro-rata non-renounceable entitlement issue of 33,340,560 options**

As announced on 18 September 2012, Zeta Petroleum plc (ARBN 154 575 872) (**Company**) is undertaking a pro rata non-renounceable entitlement issue (**Offer**) of approximately 33,340,560 options exercisable at \$0.30 each on or before 5.00pm (WST) on 15 July 2015 on the basis of one (1) Loyalty Option for every four (4) Shares or CDIs held by Eligible Shareholders (**Loyalty Options**) to raise approximately \$333,406. The price of Loyalty Options under the Offer is \$0.01 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 18 September 2012.

Definitions used in the Prospectus, unless otherwise defined in this letter, shall apply herein.

The funds raised pursuant to the Offer, after deducting the expenses of the Offer, will be used to increase the Company's working capital.

The Offer is being made to all shareholders and CDI holders of the Company (**Shareholders**) named on its register of members at 5pm (WST) on 26 September 2012, who are resident in Australia or the United Kingdom and/or all other Shareholders and CDI holders otherwise eligible to participate in the Offer (**Eligible Shareholders**).

The Offer is non-renounceable. Accordingly, an Eligible Shareholder may not sell or transfer all or part of their Entitlement.

As the Company is registered in England and Wales, CDIs rather than Shares will be issued upon exercise of the Loyalty Options issued under the Prospectus. With the exception of voting arrangements, holders of CDIs have the same rights as holders of Shares. Please refer to the Prospectus, and in particular section 1 (Important Notes) and Section 6 (Rights and Liabilities attaching to the Securities) for further detail.

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 2 October 2012. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

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For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of Loyalty Options.

### **Actions required of Eligible Shareholders**

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for Loyalty Options pursuant to the Prospectus (**Entitlement**). To take up all of your Entitlement you will need to ensure your application money for the Entitlement you wish to take up is received by Computershare Investor Services Pty Ltd (**Share Registry**) by no later than 5.00pm (WST) on 23 October 2012, by completing and returning your Entitlement and Acceptance Form together with your cheque for the amount indicated on the Entitlement and Acceptance Form (or by paying via electronic funds transfer by following the instructions set out on the Entitlement and Acceptance Form).
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlement you wish to take up is received by the Share Registry by no later than 5.00pm (WST) on 23 October 2012, by completing and returning your Entitlement and Acceptance Form by filling in the number of Loyalty Options you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque for the appropriate application moneys (or by paying via electronic funds transfer by following the instructions set out on the Entitlement and Acceptance Form)

You may do nothing. If you choose to do nothing with your Entitlement, while you will continue to hold the same number of Shares or CDIs in the Company, your interest in the Company will be diluted upon exercise of the Loyalty Options and you will receive no value for your Entitlement.

### **Timetable and important dates**

Lodgement of Prospectus and Appendix 3B with ASIC and ASX, announcement of Loyalty Option Issue and dispatch of letters to Optionholders	18 September 2012
Notice sent to Shareholders	19 September 2012
Ex Date for determining Entitlements	20 September 2012
Record Date for determining Entitlements	26 September 2012
Prospectus dispatched to Shareholders and announcement that dispatch has been completed	2 October 2012
Closing Date of Offer	5:00pm (WST) on 23 October 2012
Securities quoted on a deferred settlement basis	24 October 2012
Notify ASX of under-subscriptions	25 October 2012
Dispatch date/Loyalty Options entered into Shareholders' security holdings	29 October 2012
Trading of Loyalty Options issued pursuant to the Offer expected to commence on ASX	30 October 2012

\*These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including, but not limited to, extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the Loyalty Options.

If you have any queries concerning the Offer, or the action you are required to take to subscribe for Loyalty Options, please contact your financial adviser or Ben Hodges, the Company Secretary, on +44 207 7016 8806 or bhodges@zetapetroleum.com.

Yours sincerely



**Stephen West**  
**Managing Director**

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### **IMPORTANT NOTES**

Shareholders should read the Prospectus and this letter in their entirety and, if in doubt, should consult their professional advisers. The securities offered by the Prospectus should be considered highly speculative.

Neither the Prospectus nor this letter constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of the Prospectus and/or this letter in jurisdictions outside Australia and the United Kingdom may be restricted by law and persons who come into possession of the Prospectus and/or this letter should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia or the United Kingdom should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and a warranty made by the applicant to the Company that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No person is authorised to give information or to make any representation in connection with the Prospectus and/or this letter which is not contained in the Prospectus and/or this letter. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Prospectus and/or this letter. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under the Prospectus and/or this letter, except as required by law and then only to the extent so required.

In making representations in the Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## **Important information for United Kingdom residents**

Without limiting the statements in the Prospectus and/or this letter, the Loyalty Options will be offered in the United Kingdom in reliance on exemptions to the Financial Services and Markets Act 2000 (United Kingdom) (**FSMA**) and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**Financial Promotion Order**).

The total amount to be raised under the Offer is less than €5,000,000 or its equivalent in \$ which means that the Prospectus and/or this letter do not constitute an 'approved prospectus' for the purposes of section 85 and schedule 11A of the FSMA or the United Kingdom's Prospectus Rules. Accordingly the Prospectus has not been registered, approved or examined by the United Kingdom Financial Services Authority or the United Kingdom Listing Authority and therefore may not contain all of the information that a disclosure document or prospectus is required to contain under the laws of England and Wales.

The Offer is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Promotion Order. Any investment to which this document relates is available to only those persons described above and persons who do not fall into that category should not rely on this document nor take any action in relation to it.

The Offer may involve a foreign currency exchange risk as the currency for Loyalty Options is not British Pounds.

## **United States**

The Offer has not been, and the Loyalty Options offered under the Prospectus have not been, and will not be, registered under the *Securities Act of 1933* (United States) or the securities laws of any State or other jurisdiction of the United States and are not being made in the United States or to, or for the account or benefit of "US Persons" (as defined in the *Securities Act of 1933*). Without limitation, neither the Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States or otherwise distributed in the United States.