



ZETAPETROLEUMPLC
ARBN 154 575 872

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22 July 2013

Dear Shareholder/CDI holder

Zeta Petroleum plc - pro-rata non-renounceable rights issue

As announced on 17 July 2013, Zeta Petroleum plc (ARBN 154 575 872) (the **Company**) is undertaking a 1 for 1 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 133,362,240 fully paid CDIs (**New CDI**) to raise approximately \$1,333,622, together with one free attaching option for every 2 New CDIs subscribed for and issued (**Attaching Options**). The price of New CDIs under the Offer is \$0.01 each (**Issue Price**) and the Attaching Options are free. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 18 July 2013.

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

The Company will use the funds from the Rights Issue for:

- (a) Capital expenditure on existing discovery well(s);
- (b) Discretionary exploration and appraisal work;
- (c) Expenses of the Offer; and
- (d) 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 on 29 July 2013, whose registered address is in Australia or the United Kingdom and/or all other Shareholders otherwise eligible to participate in the Offer (**Eligible Shareholders**).

New CDIs will rank equally with all fully paid ordinary shares (**Shares**) and CDIs in the capital of the Company already on issue.

Following completion of the Offer, the Company will have issued approximately 133,362,240 New CDIs resulting in total Shares/CDIs on issue of approximately 266,724,480 and will have issued approximately 66,681,120 Attaching Options.

As the Company is registered in England and Wales, CDIs rather than Shares will be 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 3 (Important Notes) and Section 6 (Rights and Liabilities attaching to the Securities) for further details.

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 1 August 2013. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

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

You can also apply for additional Shortfall Securities under the Offer in addition to your entitlement by completing the shortfall section contained in your Entitlement and Acceptance Form. The directors of the Company reserve the right to issue Shortfall Securities at their absolute discretion.

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 New CDIs and Attaching Options pursuant to the Prospectus (**Entitlement**). To take up all of your Entitlement you will need to ensure your application money for all your Entitlement is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5pm on 26 August 2013, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY or electronic funds transfer in accordance with the instructions on your 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 5pm on 26 August 2013, by completing and returning your Entitlement and Acceptance Form by filling in the New CDIs you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY or electronic funds transfer in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.01 per New CDI).
- You may wish to accept all of your Entitlement and apply for additional Shortfall Securities under the Shortfall Offer. To take up all of your Entitlement and apply for Securities under the Shortfall Offer you will need to ensure your application money for all your Entitlement and the Shortfall Securities you wish to apply for is received by the Share Registry by no later than 5pm on 26 August 2013, by completing and returning your Entitlement and Acceptance Form (including filling in the number of Shortfall Securities you wish to apply for in the shortfall section on the Entitlement and Acceptance Form) together with your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY or electronic funds transfer in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.01 per New CDI). The directors of the Company reserve the right to issue Shortfall Securities at their absolute discretion. Any application monies received for more than your final allocation of Shortfall Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.
- You may do nothing. If you choose to do nothing with your Entitlement, while you will continue to hold the same number of Shares/CDIs, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Prospectus lodged with ASX and ASIC Notification sent to option holders	18 July 2013
Notice of Rights Issue sent to security holders	22 July 2013
Existing CDIs quoted on an 'ex' basis	23 July 2013



Record date	29 July 2013
Despatch of Rights Issue Documents to Eligible Shareholders	1 August 2013
Offer Period Opens	
Offer Period Closes*	26 August 2013
Securities quoted on a deferred settlement basis.	27 August 2013
Notification of under-subscriptions to ASX (if any)	28 August 2013
New CDIs and Attaching Options Issued	3 September 2013
Holding statements despatched	

*The Directors may extend the Closing Date of the Offer by giving at least 6 Business Days notice to ASX prior to the Closing Date of the Offer. As such the date the Securities are expected to commence trading on ASX may vary.

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New CDIs and Attaching Options, please contact your financial adviser or Ben Hodges, the Company's Company Secretary, on +44 (0)20 7016 8806 or Piers Lewis, Director and Local Agent, on +61 (0)8 6102 0312.

Yours sincerely

Stephen West
Managing Director

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 constitutes 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 2001 (Cth) 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 New CDIs and Attaching 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 Euros 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 Conduct 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 the Prospectus relates is available to only those persons described above and persons who do not fall into that category should not rely on the Prospectus nor take any action in relation to it.

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

United States

The Offer has not been, and the New CDIs and Attaching 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.
