



ZETAPETROLEUMPLC

Ms Elizabeth Harris
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 Georges Terrace
Perth, WA
Australia, 6000

18 May 2014

**Subject: Zeta Petroleum plc
ASX letter dated 13.05.2014**

Dear Elizabeth,

We refer to your letter dated 13 May 2014 which raised some questions arising from our Quarterly Report for the period ended 31 March 2014 which was released to ASX Limited on 30 April 2014.

We respond to your questions 1-5 in the order in which you raise them;

1. In accordance with our announcement dated 14 May 2014 the Company has entered into a Loan Agreement that will enable it to fund its activities and to continue to invest in developing the business
2. The major part of the estimated cash flows for the next quarter are ear-marked for development. This is intended to fund the completion of a gas to power project at the Dornesti-1 discovery well on the Suceava licence area which will provide additional sales revenue to the Company. The Company is actively managing its administration expenses and we refer to our announcement on 12 May 2014 of board changes and the appointment of a new CEO which will together result in cost savings. Overall, therefore, the Company expects that operating cash flows around ongoing business will continue to improve. A summary of the key terms of engagement of Andy Morrison as CEO is given below.
3. The Company is progressing a pipeline of farm-out and other business development activities in order to continue to meet its business objectives and the appointment of a new CEO strengthens the Company's delivery capability in these important areas
4. We confirm that all material information has been disclosed to the market in accordance with Listing Rule 3.1
5. The Company announced its audited results on 31 March 2014 which contained an assessment by the auditors of the financial condition of the Company. In the opinion of the Directors, the only material change since that



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date has been the Loan Agreement mentioned above. Given the effect of the loan on the Company's cash balance combined with the steps currently being undertaken in point 3 above, the Company believes that it continues to be in compliance with Listing Rule 12.2

Further to our announcement of 12 May 2014 the Company provides the following summary of terms for Andy Morrison who has joined the Company as its Chief Executive:

Andy provides his services to the Company through an agreement with Spinnaker Management Resources Ltd ("SMRL") a company of which he is a director. Under the terms of the agreement with SMRL, Andy works for approximately 12 days per month for the Company and SMRL receives gross fees of £1,050 per day. The Company may elect to accrue fees in excess of 8 days per month and to settle the corresponding amounts in shares at the next available opportunity. The agreement provides for one month notice of termination by either Party.

Should you have any queries in relation to the above please let me know.

Yours faithfully

Ben Hodges
Company Secretary



