

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole text of this document should be read.

If you have sold or transferred all of your Shares in Zeta Petroleum plc (the “Company”), please send this document, together with the accompanying form of proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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## **ZETA PETROLEUM PLC**

*(Incorporated in England and Wales under the Companies Act 1985  
with registered number 05560854 and registered as a foreign company  
in Australia with Australian registered business number 154 575 872)*

### **Notice of Annual General Meeting**

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**Notice of the Annual General Meeting of the Company to be held at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG, United Kingdom at 9.00 a.m. (UK time) on 26 June 2015 is set out in this document. Shareholders will find enclosed a Form of Proxy for use at the Annual General Meeting.**

**Whether or not you propose to be present at the Annual General Meeting, Shareholders are requested to complete and return the enclosed Form of Proxy to the Company’s registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 9.00 a.m. (UK time) on 24 June 2015 or, in the event that the meeting is adjourned, not less than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the holding of the adjourned meeting.**

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**ZETA PETROLEUM PLC**

(the “Company”)

*(Incorporated in England and Wales under the Companies Act 1985  
with registered number 05560854 and registered as a foreign company  
in Australia with Australian registered business number 154 575 872)*

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2015 Annual General Meeting of the Company will be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG, United Kingdom at 9.00 a.m. (UK time) on 26 June 2015 to consider and, if thought fit, pass the following resolutions.

The attached explanatory notes are provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions in this notice.

**Ordinary Business**

**Ordinary Resolution 1 – Annual report and accounts**

To receive and consider the audited accounts of the Company for the financial year ended 31 December 2014 and the reports of the directors of the Company (“Directors” and each a “Director”) and auditors therein.

**Ordinary Resolution 2 – Election of Director**

For the purposes of ASX Listing Rule 14.4 and for all other purposes, to elect Mr Greg Hancock as a Director of the Company, who has been appointed by the Board of Directors (the “Board”) as a Director since the last Annual General Meeting.

**Ordinary Resolution 3 – Re-election of Director retiring by rotation**

For the purposes of ASX Listing Rule 14.4 and for all other purposes, to re-elect Mr Timothy Osborne as a Director of the Company, who retires by rotation in accordance with the Company’s Articles of Association.

**Ordinary Resolution 4 – Auditor reappointment**

To re-appoint BDO LLP as the Company auditor until the next Annual General Meeting of the Company.

**Ordinary Resolution 5 – Auditor remuneration**

To authorise the Directors to fix the remuneration of the Company auditor.

**Ordinary Resolution 6 – Approval of issue of Shares to Related Party – Stephen West**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 12,791 Shares to Stephen West, a Director (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Stephen West (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Ordinary Resolution 7 – Approval of issue of Shares to Related Party – Bogdan Popescu**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 108,532 Shares to Bogdan Popescu, a Director (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Bogdan Popescu (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 8 – Approval of issue of Shares to Related Party – Oliver Cairns**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 59,793 Shares to Oliver Cairns, a Director (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Oliver Cairns (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 9 – Approval of issue of Shares to Chief Executive Officer – Andy Morrison**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 542,658 Shares to Andy Morrison, Chief Executive Officer (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Andy Morrison (or his nominee) and any of their associates including a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 10 – Approval of issue of Shares to Chief Financial Officer – Ben Hodges**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 244,196 Shares to Ben Hodges, Chief Financial Officer (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Ben Hodges (or his nominee) and any of their associates including a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 11 – Approval of Employee Share Options Scheme**

To consider and, if thought fit, to pass the following resolution as on ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Share Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 12 – Approval of issue of Options to Related Party – Stephen West**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 11, for the purposes of ASX Listing Rule 10.14, Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the Company to issue up to 84,000 Options to Stephen West, a Director (or his nominee) under the Share Option Plan in accordance with the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 13 – Approval of issue of Options to Related Party – Bogdan Popescu**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 11, for the purposes of ASX Listing Rule 10.14, Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the Company to issue up to 42,000 Options to Bogdan Popescu, a Director (or his nominee) under the Share Option Plan in accordance with the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 14 – Approval of issue of Options to Related Party – Oliver Cairns**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 11, for the purposes of ASX Listing Rule 10.14, Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the Company to issue up to 42,000 Options to Oliver Cairns, a Director (or his nominee) under the Share Option Plan in accordance with the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Ordinary Resolution 15 – Approval of issue of Options to Related Party – Greg Hancock**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 11, for the purposes of ASX Listing Rule 10.14, Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the Company to issue up to 42,000 Options to Greg Hancock, a Director (or his nominee) under the Share Option Plan in accordance with the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Special Business**

### **Special Resolution 16 – Approval of 10% Placement Facility**

To consider and, if thought fit, to pass, the following resolution as a special resolution:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of the issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 2 June 2015

*Registered Office*  
1 Berkeley Street, London W1J 8DJ, United Kingdom

By Order of the Board  
**ZETA PETROLEUM PLC**

**B. Hodges**  
*Secretary*

### **Action to be Taken**

Each Shareholder is entitled to appoint one or more proxies to attend, speak and vote instead of that Shareholder. A proxy need not be a Shareholder.

Shareholders should kindly complete and return the enclosed Form of Proxy as soon as possible, whether or not they expect to be able to attend the Annual General Meeting. Return of a Form of Proxy will not prevent a Shareholder from attending, speaking and voting in person at the meeting if that Shareholder so wishes.

Holders of CHESSE Depository Interests ("CDI") are invited to attend but are not entitled to vote personally at the Annual General Meeting. Chess Depository Nominees Pty Ltd ("CDN") holds legal title in the Company's Shares for and on behalf of CDI holders. As the holders of beneficial interest in the Company's Shares that are held by CDN, CDI holders should direct CDN on how to vote with respect to the Resolutions described in the Notice of Annual General Meeting using the enclosed CDI Voting Instruction Form. CDN must exercise its rights to vote by proxy at the Annual General Meeting in accordance with the directions of CDI holders.

### **Recommendation**

The Board is of the opinion that these proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend all Shareholders to vote in favour of the resolutions, as they intended to do in respect of their own beneficial holdings (subject to any relevant voting exclusions).

### **NOTES**

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote in that member's place. A member may appoint more than one proxy in relation to this meeting provided that each proxy is appointed to exercise rights attached to a different Share or Shares held by that member. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms should be signed and returned together in the same envelope. A proxy need not also be a member. Completion and return of a Form of Proxy will not preclude a member from attending the meeting and voting in person, if they so wish and are so entitled.
2. To be valid, the enclosed Form(s) of Proxy and any power(s) of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and returned so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 9.00 a.m. (UK time) on 24 June 2015 or, in the event that the meeting is adjourned, not less than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the holding of the adjourned meeting.
3. Members will be entitled to attend and vote at this meeting if they are registered on the register of members of the Company by 6.00 p.m. (UK time) on 24 June 2015 or, in the event of any adjournment of the meeting, at 6.00 p.m. (UK time) on the date which is 2 days before the start of the adjourned meeting (excluding any part of a day which is not a working day).
4. In the case of joint holders, the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names are stated in the register of members of the Company in respect of the joint holding.
5. Any corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of the powers as a member provided that they do not do so in relation to the same Shares. A resolution of the directors, or other governing body, of the corporation will be required in order to evidence the valid appointment of the corporate representative, in accordance with section 323 of the UK Companies Act 2006.
6. You may not use any electronic address (within the meaning of section 333(4) of the UK Companies Act 2006) provided in this notice or in any related documents (including the form of proxy and the annual report and accounts) to communicate with the Company for any purposes other than those expressly stated.
7. Your personal data includes all data provided by you, or on your behalf, which relates to you as a Shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## **APPENDIX A – EXPLANATORY STATEMENT TO THE NOTICE OF ANNUAL GENERAL MEETING**

The 2015 Annual General Meeting of Zeta Petroleum plc will be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG, United Kingdom at 9.00 a.m. (UK time) on 26 June 2015 to consider the following matters:

### **RESOLUTION 1**

The Board is required to present to the meeting the audited accounts, and the reports of the Directors and the auditors, for the financial year ended 31 December 2014, which may be found on pages 5 to 17 of the annual report and accounts for the Company dated 13 March 2015 (the “Annual Report and Accounts”).

### **RESOLUTIONS 2 TO 3 (INCLUSIVE)**

Resolutions 2 to 3 relate to the re-election of Directors pursuant to the requirements of the Company’s Articles of Association. Details of the relevant Directors (other than Mr Greg Hancock whose details are set out below) are shown on pages 1 and 4 of the Annual Report and Accounts.

### **RESOLUTION 2**

Article 20.2 of the Company’s Articles of Association and ASX Listing Rule 14.4 require any Director appointed by the Board since the date of the last Annual General Meeting to retire at the next Annual General Meeting. Mr Greg Hancock was appointed as a Director of the Company on 23 April 2015 and is accordingly retiring from office and offering himself for election.

Mr Hancock has over 25 years’ experience in capital markets practicing in the area of Corporate Finance. He has extensive experience in both Australia and the United Kingdom through his close links to the stockbroking and investment banking community. In this time he has specialised in mining and natural resources and has a background in the finance and management of small companies. He was a founding shareholder and first Chairman of Cooper Energy Ltd (ASX:COE), an exploration and production oil and gas company and was Non-executive Director of Ausquest Ltd (ASX:AQD), an Australian mining exploration company with projects in Peru, Burkina Faso and Western Australia. He is currently Chairman of Ausquest Ltd. Mr Hancock continues his close association with the capital markets in Australia and the United Kingdom through his private company Hancock Corporate Investments Pty Ltd.

The Directors, other than Mr Hancock, support the election of Mr Hancock and recommend that Shareholders vote in favour of Resolution 2.

### **RESOLUTION 3**

Article 25.2 of the Company’s Articles of Association requires one third of the Directors (excluding any Directors who have been appointed by the Board since the last Annual General Meeting) to retire by rotation at every Annual General Meeting. ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third Annual General Meeting following the director’s appointment or 3 years, whichever is the longer. Accordingly Mr Timothy Osborne is retiring by rotation and offering himself for re-election.

The Directors, other than Mr Osborne, support the election of Mr Osborne and recommend that Shareholders vote in favour of Resolution 3. Mr Osborne has served as a Director since 31 March 2006.

### **RESOLUTIONS 4 TO 5 (INCLUSIVE)**

These two resolutions request Shareholders to vote on the re-appointment of BDO LLP as Company auditor (Resolution 4) and to authorise the Directors to fix the remuneration of the Company auditor (Resolution 5).

### **RESOLUTIONS 6 TO 8 (INCLUSIVE) – ISSUE OF SHARES TO RELATED PARTIES – STEPHEN WEST, BOGDAN POPESCU AND OLIVER CAIRNS**

#### **General**

The Director Mr Stephen West previously agreed to defer payment of his fees for the 3 month period commencing April 2015 and ending June 2015. The Director Mr Bogdan Popescu previously agreed to defer payment of his fees for the 14 month period commencing May 2014 and ending June 2015. The Director Mr Oliver Cairns previously agreed to defer payment of his fees for the 6 month period commencing January 2015 and ending June 2015.

These deferred payments were agreed in order that the Company could preserve its cash reserves to be allocated toward the Company’s work programme on its oil and gas assets.

It has now been agreed by the non-interested Directors of the Company (being Messrs Osborne and Hancock) that the accrued fees of the Director Mr Stephen West for the 3 month period, the accrued fees of the Director Mr Bogdan Popescu for the 14 month period and the accrued fees of the Director Mr Oliver Cairns for the 6 month period should be made payable by way of the issue of Shares, subject to approval by Shareholders, so that the Company may continue to conserve cash.

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of up to 181,116 Shares (**Related Party Shares**) to Messrs West, Popescu and Cairns (or their nominees) (**Related Parties**) on the terms and conditions set out below, in lieu of director fees for the period April 2015 to June 2015 for Mr West, in lieu of director fees for the period May 2014 to June 2015 for Mr Popescu and in lieu of director fees for the period January 2015 to June 2015 for Mr Cairns.

Resolutions 6 to 8 (inclusive) seek Shareholder approval for the issue of the Related Party Shares to the Related Parties.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Shares involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **Technical Information Required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Related Party Shares:

- (a) the related parties are Messrs Stephen West, Bogdan Popescu and Oliver Cairns and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (i) 12,791 Related Party Shares to Stephen West
  - (ii) 108,532 Related Party Shares to Bogdan Popescu; and
  - (iii) 59,793 Related Party Shares to Oliver Cairns;
- (c) the Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that all issues will occur on the same date;
- (d) the Related Party Shares will be issued for nil consideration in lieu of paying cash for directors fees, accordingly no funds will be raised;
- (e) the deemed issue price of each Related Party Share will be the higher of \$0.25 and the volume weighted average price of the CDIs as traded on ASX over the fifteen trading days prior to the date of issue of the Related Party Shares (**15 Day VWAP**). The fixed component of the deemed issue price of the Related Party Shares (being \$0.25) is well in excess of the current trading price of the CDIs (being \$0.115 on 21 May 2015) and was set by the non-interested Directors to reflect a premium to the Company to the three month volume weighted average price of the CDIs (being \$0.11 representing a 227% premium). The variable component of the deemed issue price (being the 15 Day VWAP of the CDIs) was set by the non-interested Directors to ensure that should the 15 Day VWAP of the CDIs at the date of issue of the Related Party Shares be at a level above \$0.25, the deemed issue price payable by the Related Parties for the Related Party Shares will equal the 15 Day VWAP rather than the lower price of \$0.25 thereby ensuring that the Related Parties are not issued the Related Party Shares at a discount.
- (f) The deemed value of the Related Party Shares will be fixed at \$45,279 in total with the value of the Related Party Shares to be issued to Stephen West being \$3,198, the value of the Related Party Shares to be issued to Bogdan Popescu being \$27,133 and the value of the Related Party Shares to be issued to Oliver Cairns being \$14,948. Assuming the deemed issue price of the Related Party Shares is \$0.25 as set out above, the Related Parties will be issued with the maximum number of Related Party Shares for which Shareholder approval is sought under Resolutions 6 to 8. However, assuming the 15 Day VWAP is higher than \$0.25 and hence that the deemed issue price of the Related Party Shares is the 15 Day VWAP, then the number of Related Party Shares to be issued to the Related Parties will be less than the maximum number of Related Party Shares for which Shareholder approval is sought under Resolutions 6 to 8 and will be calculated by dividing the fixed value for each Related Party noted above by the relevant 15 Day VWAP. For illustration purposes only, assuming the 15 Day VWAP is \$0.30, 10,659 Related Party Shares will be issued to Stephen West, 90,443 Related Party Shares will be issued to Bogdan Popescu and 49,828 Related Party Shares will be issued to Oliver Cairns.

- (g) the Related Party Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Related Party Shares to the Related Parties will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **RESOLUTIONS 9 TO 10 – APPROVAL OF ISSUE OF SHARES TO CHIEF EXECUTIVE OFFICER (ANDY MORRISON) AND CHIEF FINANCIAL OFFICER (BEN HODGES)**

### **General**

Mr Andy Morrison, Chief Executive Officer previously agreed to defer partial payment of management consultancy fees due to Spinnaker Management Resources Ltd pursuant to the provision of his services for the 14 month period commencing May 2014 and ending June 2015. Mr Ben Hodges, Chief Financial Officer previously agreed to defer partial payment of his salary for the 21 month period commencing October 2013 and ending June 2015.

These deferred payments were agreed in order that the Company could preserve its cash reserves to be allocated toward the Company's work programme on its oil and gas assets.

It has now been agreed by the Directors of the Company that the accrued management consultancy fees owed to Spinnaker Management Resources Ltd for the services Mr Andy Morrison, Chief Executive Officer for the 14 month period and that the accrued salary of Mr Ben Hodges, Chief Financial Officer for the 21 month period should be made payable by way of the issue of Shares, subject to approval by Shareholders, so that the Company may continue to conserve cash.

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of up to 786,854 Shares (**Executive Officer Shares**) to Spinnaker Management Resources Ltd and Mr Hodges (or their nominees) (**Executive Officers**) on the terms and conditions set out below, in lieu of management consultancy fees for the period from May 2014 to June 2015 for Spinnaker Management Resources Ltd for the services of Mr Morrison and in lieu of salary for the period October 2013 to June 2015 for Mr Hodges.

It is the intention of Spinnaker Management Resources Ltd and Mr Morrison that the Shares corresponding to the accrued management consulting fees will be issued to and held by Mr Morrison's Self-Invested Personal Pension.

Resolutions 9 to 10 (inclusive) seek Shareholder approval for the issue of the Executive Officer Shares to the Executive Officers.

### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolutions 9 to 10 will be to allow the Company to issue the Executive Officer Shares to the Executive Officers during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **Technical Information Required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Executive Officer Shares:

- (a) the maximum number of Executive Officer Shares to be issued to the Executive Officers is:
  - (i) 542,658 Executive Officer Shares to Andy Morrison; and
  - (ii) 244,196 Executive Officer Shares to Ben Hodges;
- (b) the Executive Officer Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Executive Officer Shares will occur on the same date;

- (c) the deemed issue price of each Executive Officer Share will be the higher of \$0.25 and the volume weighted average price of the CDIs as traded on ASX over the fifteen trading days prior to the date of issue of the Executive Officer Shares (**15 Day VWAP**). The fixed component of the deemed issue price of the Executive Officer Shares (being \$0.25) is well in excess of the current trading price of the CDIs (being \$0.115 on 21 May 2015) and was set by the Directors to reflect a premium to the Company to the three month volume weighted average price of the CDIs (being \$0.11 representing a 227% premium). The variable component of the deemed issue price (being the 15 Day VWAP of the CDIs) was set by the Directors to ensure that should the 15 Day VWAP of the CDIs at the date of issue of the Executive Officer Shares be at a level above \$0.25, the deemed issue price payable by the Executive Officers for the Executive Officer Shares will equal the 15 Day VWAP rather than the lower price of \$0.25 thereby ensuring that the Executive Officers are not issued the Executive Officer Shares at a discount;
- (d) The deemed value of the Executive Officer Shares will be fixed at \$196,713 in total with the value of the Executive Officer Shares to be issued to Andy Morrison being \$135,664 and the value of the Executive Officer Shares to be issued to Ben Hodges being \$61,049. Assuming the deemed issue price of the Executive Officer Shares is \$0.25 as set out above, the Executive Officers will be issued with the maximum number of Executive Officer Shares for which Shareholder approval is sought under Resolutions 9 to 10. However, assuming the 15 Day VWAP is higher than \$0.25 and hence that the deemed issue price of the Executive Officer Shares is the 15 Day VWAP, then the number of Executive Officer Shares to be issued to the Executive Officers will be less than the maximum number of Executive Officer Shares for which Shareholder approval is sought under Resolutions 9 to 10 and will be calculated by dividing the fixed value for each Executive Officer noted above by the relevant 15 Day VWAP. For illustration purposes only, assuming the 15 Day VWAP is \$0.30, 452,215 Executive Officer Shares will be issued to Andy Morrison and 203,497 Executive Officer Shares will be issued to Ben Hodges;
- (e) the Executive Officer Shares will be issued to the Executive Officers, who are not related parties of the Company;
- (f) the Executive Officer Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (g) the Executive Officer Shares will be issued for nil consideration in lieu of paying cash for management consultancy fees and salaries, accordingly no funds will be raised.

#### **RESOLUTION 11 – APPROVAL OF SHARE OPTIONS SCHEME**

Resolution 11 seeks Shareholders approval for the adoption of the employee incentive scheme titled Share Option Plan ("Plan") in accordance with ASX Listing Rule 7.2 (Exception 9(b)). This scheme replaces the previous Share Options Scheme which expired on 11 January 2015 ("Previous Plan").

A summary of ASX Listing Rule 7.1 is given above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 11 is passed, the Company will be able to issue Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Options have previously been issued under the Plan. However, 536,250 Options were issued under the Previous Plan. Further, Shares have been issued to Directors of the Company in the previous 12 months in lieu of Director fees as approved at the Company's 2014 Annual General Meeting. Further such shareholder approvals for issues of Shares to Directors in lieu of Director fees are sought under Resolutions 6 to 8 in this Notice.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 12 to 15 for the issue of Options to certain Directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (Ben Hodges). Shareholders are invited to contact the Company if they have any queries or concerns.

## **RESOLUTIONS 12 TO 15 (INCLUSIVE) – ISSUE OF OPTIONS TO RELATED PARTIES – STEPHEN WEST, BOGDAN POPESCU, OLIVER CAIRNS AND GREG HANCOCK**

### **General**

Subject to obtaining Shareholder approval and to the adoption of the Plan (see Resolution 11), the Company has agreed to issue a total of 210,000 Options to Messrs West, Popescu, Cairns and Hancock (**Related Parties**) under the Plan as an incentive to further motivate and reward their performances with the Company, in accordance with the terms and conditions set out below.

In consideration of the issue of Options under the Plan, the Related Parties have agreed to surrender for cancellation by the Company any and all previously awarded and unexercised Options, without compensation.

Under the Plan rules, the Board in its absolute discretion may from time to time determine that eligible persons (which includes Directors and employees) be invited to participate in the Plan.

The Plan has been used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Principles and Recommendations recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Pursuant to Resolutions 12 to 15, Options will be issued to non-executive Directors being the Related Parties. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Principles and Recommendations, the Company considers that it is appropriate for non-executive Directors to participate in the Plan given the size of the Company.

The Company considers that the issue of the Options is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

The terms and conditions of the Options are contained in Schedule 2 of this Notice.

### **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

If Resolutions 12 to 15 are passed, Options will be issued to the Related Parties who are all Directors. Therefore, the Company requires Shareholder approval to issue the Options to the Related Parties.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options as approval is being obtained under ASX Listing Rule 10.14 and Exception 9(b) of ASX Listing Rule 7.2. The issue of Options to the Related Parties will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

### **Technical Information Required by ASX Listing Rule 10.15**

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Options to the Related Parties:

- (a) the related parties are Messrs Stephen West, Bogdan Popescu, Oliver Cairns and Greg Hancock and they are related parties by virtue of being Directors;
- (b) the maximum number of Options to be issued to the Related Parties under Part B of the Plan is as follows:
  - (i) 84,000 Options to Stephen West;
  - (ii) 42,000 Options to Bogdan Popescu;
  - (iii) 42,000 Options to Oliver Cairns; and
  - (iv) 42,000 Options to Greg Hancock;

- (c) the Options will be issued for nil cash consideration under the terms of the Plan and accordingly no funds will be raised;
- (d) the Options will be issued on the terms and conditions set out in Schedule 2 to this Notice;
- (e) the persons referred to in ASX Listing Rule 10.14 who have received Options under the Company's previous Employee Option Plan since listing and the number and acquisition price of the Options received by them are as follows: (Stephen West – 125,000 Options issued for nil consideration, cancelled on 30 June 2014 and replaced with 50,000 Options; Tim Osborne – 25,000 Options issued for nil consideration; Bogdan Popescu – 50,000 Options issued for nil consideration, cancelled on 30 June 2014 and replaced with 25,000 Options; and Oliver Cairns – 25,000 Options issued for nil consideration;
- (f) as at the date of this Notice, the persons covered by ASX Listing Rule 10.14 that the Board have declared to be eligible to be issued Options under the Plan are all Directors of the Company;
- (g) no loans have been provided to the Related Parties in relation to the acquisition of Options; and
- (h) the Options will be issued to the Related Parties no later than 12 months after the date of the Meeting.

## **RESOLUTION 16**

### **General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 16, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 16 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 16 is a special resolution. Accordingly at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting (in person or by proxy) must be in favour of Resolution 16 for it to be passed.

### **ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$723,000.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has three classes of quoted Equity Securities on issue, being the Shares/CDIs (ASX Code: ZTA), listed options to expire on 15 July 2015 (ASX Code: ZTAOA) and listed options to expire on 30 June 2015 (ASX Code: ZTAOB).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

*Where:*

*A* is the number of Shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (2) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (3) plus the number of Shares issued in the previous 12 months with Shareholder approval under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without Shareholder approval; and
- (4) less the number of Shares cancelled in the 12 months.

*D* is 10%

*E* is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### **Technical Information Required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 16:

#### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued,

provided that, in respect of Shares, these are not issued at less than their nominal value (being the lowest issue price permitted under the UK Companies Act 2006).

#### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Meeting; and
  - (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),
- ("10% Placement Capacity Period").

#### **(c) Risk of Voting Dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 16 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable "A" in ASX Listing Rule 7.1A.2)	Issue Price (per Share)	Dilution		
		\$0.0575 50% decrease in Issue Price	\$0.115 Issue Price	\$0.23 100% Increase in Issue Price
7,255,037 Shares Current Variable A	Shares issued - 10% voting dilution	725,504 Shares	725,504 Shares	725,504 Shares
	Funds raised	\$41,716	\$83,433	\$166,866
10,882,555 Shares 50% increase in current Variable A	Shares issued - 10% voting dilution	1,088,255 Shares	1,088,255 Shares	1,088,255 Shares
	Funds raised	\$62,575	\$125,149	\$250,299
14,510,074 Shares 100% increase in current Variable A	Shares issued - 10% voting dilution	1,451,007 Shares	1,451,007 Shares	1,451,007 Shares
	Funds raised	\$83,433	\$166,866	\$333,732

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table has been prepared on the following assumptions:**

- There are currently 7,255,037 Shares on issue comprising:
  - 6,287,067 existing Shares as at the date of this Notice of Meeting; and
  - 967,970 Shares which will be issued if Resolutions 6 to 10 (inclusive) are passed at this Meeting.
- The issue price set out above is the closing price of the Shares on the ASX on 21 May 2015.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- as non-cash consideration for the acquisition of new oil and gas assets, investments and payment for the provision of other professional services. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; and, if relevant, the UK Companies Act 2006;
- as cash consideration in which case the Company intends to use the funds raised towards the acquisition of new assets or investments (including expenses associated with such acquisition), for the continued exploration and development of the Company's which consists primarily of seismic acquisition as well and the re-entry and testing of an existing discovery well, both on the Suceava concession and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placements.

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be the vendors of the new resources assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 30 June 2014 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 30 June 2014, the Company otherwise issued a total of 428,039 Shares and 136,250 Options which represents approximately 10% of the total diluted number of Equity Securities on issue in the Company on 30 June 2014, which was 5,859,056.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 3.

The Company notes that on 15 April 2015, a consolidation of the Company's share capital completed on the basis that every forty Shares were consolidated into one Share and every forty Options were consolidated into one Option (**Consolidation**). The details of the Shares on issue in the Company and the issues of Equity Shares by the Company in the previous 12 months are set out in this Notice on a post-Consolidation basis.

(g) **Compliance with ASX Listing Rule 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

(h) **Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 16.

## **SCHEDULE 1 – TERMS OF THE SHARE OPTION PLAN**

The Company has established a Share Option Plan (**SOP**). The full terms of the SOP may be inspected at the registered office of the Company during normal business hours, and a summary of the material terms is below:

- (a) The objective of the SOP is to encourage participation by employees in the Company through Share ownership and to attract, motivate and maintain employees of the Company.
- (b) The SOP is separated into two parts with Part A corresponding to Employees and Part B to others.
- (c) The Board shall have the discretion to approve the issue of Options under the SOP and decide the terms and conditions of such issues. However, each employee Option shall be issued for nil consideration.
- (d) The exercise price of employee Options issued under the SOP will be determined by the Board prior to their being issued. To the extent that the ASX Listing Rules or the UK Companies Act 2006 specify or require a minimum price, the exercise price must not be less than any minimum price specified in the ASX Listing Rules or the UK Companies Act.
- (e) The employee Options shall be subject to such performance targets as may be fixed by the Board prior to their being issued.
- (f) The Options granted under the SOP do not give any right to participate in new issues of capital offered to Shareholders during the currency of the Options until Shares or CDIs are issued pursuant to the exercise of the relevant Option.
- (g) Employee Options are not transferrable.
- (h) Employee Options not exercised after six (6) months of cessation of employment by reason of ill health, injury or disability, redundancy or retirement shall automatically lapse at this time, and after three (3) months of cessation of employment by reason of resignation shall automatically lapse at this time.
- (i) The maximum number of employee Options that may be offered to participants under the SOP shall not exceed 10% of the issued share capital of the Company from time to time.

## **SCHEDULE 2 – TERMS AND CONDITIONS OF THE OPTIONS**

The Options entitle the holder to subscribe for CDIs on the following terms and conditions:

- (a) Each Option gives the optionholder the right to subscribe for one CDI.
- (b) The Options will expire at 5.00pm (WST) on 26 June 2022 (“Expiry Date”). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.25 (“Exercise Price”).
- (d) The Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised; (“Exercise Notice”).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All CDIs issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of all CDIs issued pursuant to the exercise of Options on ASX within 10 Business Days after the date of issue of those CDIs.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act (as appropriate), the ASX Listing Rules, the UK Companies Act 2006 and otherwise at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

### SCHEDULE 3 – ISSUES OF EQUITY SECURITIES SINCE 30 JUNE 2014

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 7 July 2014 Appendix 3B – 8 July 2014	49,210	CDIs for Ordinary Shares <sup>2</sup>	Mr Stephen West	n/a	Non-cash Consideration: Nil cash consideration - in lieu of payment of cash for Directors Fees as approved at the Shareholder meeting on 30 June 2014. Value = £7,546 Current value <sup>4</sup> = \$5,659
Issue – 7 July 2014 Appendix 3B – 8 July 2014	378,829	CDIs for Ordinary Shares <sup>2</sup>	Mr Bogdan Popescu	n/a	Non-cash Consideration: Nil cash consideration - in lieu of payment of cash for Directors Fees as approved at the Shareholder meeting on 30 June 2014. Value = €70,000 Current value <sup>4</sup> = \$43,565
Issue – 7 July 2014 Appendix 3B – 8 July 2014	136,250	Unquoted Options <sup>3</sup>	Employees of the Company	Nil	Non-cash Consideration: Performance based remuneration for services provided to the Company pursuant to the employee incentive scheme adopted by the Company at the time of listing on ASX. Current value <sup>4</sup> = \$2

#### Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. CDIs for fully paid ordinary shares in the capital of the Company, ASX Code: ZTA (terms are set out in the Articles of Association).
3. Unquoted Options, exercisable at \$1.60 each, on or before 4 July 2021.
4. In respect of quoted Equity Securities the value is based on the closing price of the Shares on the ASX on the trading day prior to the date of this Notice. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

## **APPENDIX – GLOSSARY**

**\$** means Australian dollars.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**CDI** has the meaning given on page 5 of this notice.

**Corporations Act** means the Australian Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Share Option Plan** means the Plan put forward to shareholder vote in Resolution 11 of this Notice and summarised in Schedule 1

**Equity Securities** has the meaning defined in the ASX Listing Rules.

**Option** means an option to acquire a Share / CDI.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share or CDI.



