



ZETA PETROLEUM PLC

QUARTERLY ACTIVITIES REVIEW

For the Period Ended 30 June 2012

Highlights

- Admission to the Official List of the ASX raising \$8.34m
- Acquisition of a 50% interest in small producing gas field with exploration upside potential
- Cameron Manifold appointed as a Non-executive Director
- Post quarter spudding of first well on Bobocu gas field

Overview

During the quarter Romanian focused oil and gas company, Zeta Petroleum plc (ASX: ZTA) ("Zeta" or "the Company") raised funds of \$8.34 million through an initial public offering ("IPO") of 41,752,240 Chess Depository Interests ("CDI") over ordinary shares. The IPO was closed oversubscribed and the Company was admitted to the Australian Securities Exchange on 23 May 2012.

In May 2012 Zeta signed a sale and purchase agreement ("SPA") to acquire Regal Petroleum Romania SRL ("Regal Romania") a wholly owned subsidiary of Regal Petroleum plc (AIM: RPT). The sole asset of Regal Romania is a 50% interest in the Suceava permit which has significant exploration upside and includes the producing Climauti gas field.

In addition, Zeta made significant progress towards the commencement of drilling on the Bobocu gas field, with all government approvals and environmental permits being issued, and the drilling contract and logging contract being awarded.

On 1 June 2012 the Board of Zeta appointed Cameron Manifold as a Non-executive Director, replacing Michael Scott.

As at 30 June 2012 Zeta had 130,752,240 ordinary shares on issue, including 50,675,832 CDIs over ordinary shares trading on the ASX, and approximately \$6.49 million cash at bank.

Projects

Bobocu (100% owned and operated)

The intention of the Company is to bring the Bobocu gas field back into production by drilling new development wells using modern drilling techniques and, where possible, undertaking workovers of existing wells.

Zeta has established a Pmean contingent resource of 44Bcf and a Pmean prospective resource of 14Bcf.



During the quarter, Zeta made significant progress towards the commencement of drilling of the Bobocu 310 well, the first Zeta well on the Bobocu gas field, with all government approvals and environmental permits being issued, and the drilling contract and logging contract being awarded.

The Bobocu 310 appraisal/development well is located in a crestal location at the centre of the concession and is targeting two delta lobes in the Pontian interval, identified using amplitude variations in the 3D seismic survey and confirmed by engineering data from historic wells.



Figure 1 - Bobocu 310 Well Site

The Bobocu 310 well is being drilled to a target depth ("TD") of 2,700 metres and is expected to take 30 days to be drilled to TD, with a further 10 days required to complete logging and testing operations. The budgeted cost of the Bobocu 310 well operation is A\$3.5 million.

The Bobocu 310 well commenced drilling on 23 July 2012.

Jimbolia (100% beneficially owned and operated)

Zeta acquired the Jimbolia concession in 2007 and since then has collated all existing well data and 2D seismic data on the field to complete a geological model, identify drill targets and establishing a Pmean contingent oil resource of 1.72MMbbls.

During the reporting period Zeta selected a drilling location for a new appraisal/development well, the Jimbolia 100 well, and commenced government and environmental permitting procedures for the well. The Company intends to bring in a farm-in partner on the Jimbolia concession to fund the drilling of the Jimbolia 100 well in Q4 2012 (with discussions ongoing with potential farm-in partners).



Suceava (50% non-operated interest)

In May 2012 Zeta signed a SPA to acquire 100% of the issued capital of Regal Romania, a wholly owned subsidiary of AIM listed Regal Petroleum plc.

The sole asset of Regal Romania is a 50% working interest in the Suceava concession in Romania. The Suceava concession includes the Climauti gas field, which is currently producing approximately 17,000m³/day from Sarmatian reservoirs at around 460 metres depth, with the production being sold to Wintershall, the largest crude oil and natural gas producer in Germany. This modest existing production is expected to generate circa \$25,000 per month net revenue to Zeta and should yield approximately 2Bcf gross of recoverable gas reserves.



Figure 2 - Cimauti-1 Well Head (Suceava)

In addition to the existing production, the Suceava concession also provides significant shallow conventional gas potential, with leads and prospects identified by the Company of up to 80Bcf (unrisked) from 6 leads and prospects at depths of 400 to 1,000 metres.

The concession is located 275km NNW of the Company's Bobocu gas field. The Operator and holder of the other 50% interest in the Suceava concession is Raffles Energy SRL, a wholly owned subsidiary of Singapore based Raffles Energy Pte Ltd, the upstream subsidiary of Raphael Group Plc.

Upon completion of the acquisition, Zeta's commitment under the Suceava concession agreement will be to fund 50% of the costs of a 50km 2D seismic acquisition campaign, which was recently completed, and the drilling of one shallow exploration well.



Completion of the acquisition, which is expected to occur shortly, is subject to a number of conditions precedent that are standard for a transaction of this nature.

Padureni (12.5% fully carried interest, non-operated)

In October 2009, Zeta farmed out an 87.5% interest in the Padureni concession to Expert Petroleum SRL ("Expert"). In accordance with the SPA with Expert, Zeta is free carried on all expenditure for the duration of the concession.

During the quarter, Expert continued their review of existing data to assess the prospectivity of the existing concession area together with investigating the feasibility of extending the existing concession boundary.

Prospecting Permits (100% owned and operated)

Zeta holds in excess of 6,000km² of non-exclusive prospecting permits in the eastern Moldavian region of Romania, which is a known hydrocarbon-prone area. The prospecting permits give the Company the right to data in relation to the prospecting areas and also the right, but not the obligation, to request that part of a prospecting area is placed into a bidding round in which the Company will have the opportunity to bid for a licence over the selected prospecting area. The Company has performed an extensive evaluation of these permits and

During the reporting period Zeta completed a detailed mapping project and is currently assessing the magnitude of the prospects. Zeta intends to request that certain areas of the prospecting permits are placed in the next government bidding round.

Other opportunities

As is the Company's strategy, the Company continues to assess other onshore oil and gas opportunities within Romania and Eastern Europe that may complement and enhance the current portfolio.

Corporate

During the quarter the Company raised new funds of \$8.34 million through the IPO of 41,752,240 CDIs at a price of \$0.20 per CDI. At the end of the quarter Zeta had cash deposits of approximately \$6.49 million.

Contemporaneously with the IPO, the Company converted an existing fully drawn US\$3.2 million convertible note facility by issuing 18,136,291 new ordinary shares at a price of \$0.20 per share and making a cash payment of \$88,675. The Company is now debt free.



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On 1 June 2012 Cameron Manifold replaced Michael Scott as a Non-Executive Director of the Company. Mr Manifold is a qualified engineer who brings extensive drilling and production engineering experience to the Company.

Summary

Zeta's first quarter as a listed company saw the Company successfully raise over \$8m in new funds. The immediate low cost acquisition of a 50% interest in the Suceava permit transformed Zeta into a gas producer and will generate revenue for the Company.

Good progress is being made on the Company's assets with drilling of the first appraisal/development well on the Bobocu gas field having commenced with preliminary results expected in late August 2012. The Company is also working towards the drilling of a well on each of the Jimbolia concession and Suceava concession in Q4 2012.

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The information provided in this press release that relates to Zeta Petroleum plc's hydrocarbon reserves is based on information compiled by Mr Philip Crookall who is a competent person as defined in ASX Listing Rule 5.11. Mr Philip Crookall has consented in writing to the inclusion of the information provided in this press release that relates to Zeta Petroleum plc's hydrocarbon reserves in the form and context in which it appears here. Mr Philip Crookall is Chief Operating Officer of Zeta Petroleum plc.