



ZETAPETROLEUMPLC
ARBN 154 575 872

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18 July 2013

Dear Optionholder

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 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.

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.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new CDIs to be issued and entered on the Company's register of members on or before 5pm on 29 July 2013 (**Record Date**).

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at 1 Berkeley Street, London, W1J 8DJ, United Kingdom:

- (a) A notice of exercise of options;
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Zeta Petroleum plc".

To ensure that your new CDIs are issued prior to the Record Date, the above must be received by the Company **no later than** 23 July 2013. If received after this date, allotment of new CDIs prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, please contact your financial adviser or Ben Hodges, the 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.

