Media Release

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Zeta Petroleum plc / Index: ASX / Epic: ZTA / Sector: Oil & Gas

Zeta Petroleum plc ('Zeta' or 'the Company')

Quarterly Activities Review – Period Ended 30 September 2013

Zeta Petroleum plc, the ASX listed Romanian focused oil and gas exploration and production company provides its quarterly activities review for the period ended 30 September 2013.

Highlights:

Suceava – Gas production, development and exploration
(50% Zeta, 50% Raffles Energy - Operator)

- Production at Climauti gas field continued to generate net revenues to Zeta for the quarter.
- Production rates increased to within the expected range of approximately 12,500m3/day in September without the need for physical intervention, after temporarily falling to 8,600m3/day in the previous quarter
- Following a feasibility study, gas-to-power option chosen as preferred method to monetise the Dornesti Sud-1 well, to commence production in Q2 2014
- Data exchange has commenced with Chevron Romania Exploration and Production SRL in accordance with the data sharing agreement signed in April 2013

Jimbolia – Oil appraisal and exploration
(39% Zeta, 51% NIS Petrol SRL - Operator, 10% Armax)

- Testing of Jimbolia-100 well commenced
- First interval yielded no oil to surface, the second interval naturally flowed both oil and gas to surface however following an exercise to stimulate the interval no oil has flowed to surface

Bobocu – Gas appraisal and exploration
(100% owned and operated by Zeta)

- Discussions on-going with potential partners to finance drilling of a sidetrack of the Bobocu 310 well to bring previously producing gas field back into production

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Grivita Nord – Oil development
(100% owned by Zeta)

- Acquisition of 100% of the issued capital of Celtique Energie SRL which has a 100% interest in the previously producing Grivita Nord oil concession (‘Grivita Nord’), estimated to contain P50 reserves (unaudited) of 448,000 barrels of oil with an unrisked NPV_{10} of US$25.55 million

Other activities

- Placing of 101,000,010 new Chess Depository Interests (‘CDI’) together with one free attaching share option for every two CDIs subscribed for and issued raising AU$1,010,000 (before expenses)
- Steps taken to further reduce overhead costs which has resulted in a restructuring of the Board of Directors: Bogdan Popsecu appointed to the Board as Managing Director, Stephen West appointed Non-Executive Chairman, Oliver Cairns appointed to the Board as Non-Executive Director and Piers Lewis resigning from the Board
- Assessing other onshore oil and gas opportunities within Romania and Eastern Europe that may complement and enhance Zeta’s current portfolio

Zeta Petroleum plc Managing Director Bogdan Popescu said, “The period under review has seen positive developments across our asset base, providing solid foundations from which we believe we will significantly grow Zeta’s production and reserves in the near term. Following successful testing, we expect to materially increase production at Suceava in Q2 2014 by bringing the low cost, low risk Dornesti Sud-1 well into production; at our 100% owned Bobocu licence, discussions are on-going with potential partners to finance a sidetrack well on this previously producing gas field; while at Jimbolia, despite the unsuccessful stimulation of the second interval at the NIS Gazprom Neft operated and funded Jimbolia-100 well, two intervals remain to be tested.

“Elsewhere, during the quarter we acquired the previously producing Grivita Nord concession, our fourth in Romania, which we estimate holds P50 reserves of 448,000 barrels of oil and where, subject to finance, we intend to drill a well to bring the concession back into production. Looking ahead, we hope to secure additional licences in Romania by participating in the upcoming licensing round, while a data sharing agreement with Chevron provides a low cost opportunity to investigate the prospectivity of the Barlad concession. We are working hard to close the disconnect

that exists between our current market valuation of A$1.64million and the value of our reserves, which for Grivita Nord alone have an unrisked NPV10 of US$25.55 million.''

Full Details:

Suceava (50% Zeta, 50% Raffles Energy (Operator)):

The 2,403sq km Suceava concession is located on the Moldovian platform, approximately 370 km north of Bucharest and is contiguous to the Chevron owned Barlad concession. The Suceava concession includes the producing Climauti Gas Field.

Existing Gas Discovery Wells

Existing discovery wells were successfully drilled by previous owners of the concession and flowed commercial rates of gas in tests: the SE-1 drilled in 2005, tested at a stable rate of 25,500 m3/day (peak rate in excess of 33,000 m3/day) and the Dornesti Sud-1, which was drilled in 2007, tested at 24,000 m3/day. The Dornesti Sud-1 well was re-entered and production tests carried out by the current Operator in June 2013. During production testing, the Dornesti Sud-1 well tested at 26,000m3/day, a rate which confirms that it can be commercially developed. The well has now been suspended ready for production.

During the quarter, Zeta and Raffles Energy completed a feasibility study on how best to bring the two existing gas discovery wells into production, concluding that gas-to-power is the best option. Subsequent to quarter end, the gas-to-power project for the Dornesti Sud-1 well was sanctioned by the joint venture and the project is expected to commence later this month. As the project involves a number of long lead items, it is expected that the Dornesti-Sud-1 well will be in production in Q2 2014.

The second existing and suspended discovery well, the SE-1 well, will also be examined after production has been established at the Dornesti Sud-1 well.

Figure 1 - Dornesti Sud-1 Well - day-time flare, night-time flare, Xmas tree

Climauti Gas Field

During the quarter, production from the Climauti Gas Field increased from a rate of approximately 8,600m3/day in June 2013 to a rate of approximately 12,500m3/day in September 2013, as well perforations that became partially obstructed and caused a decrease in production during the second quarter, had cleaned themselves without any intervention required by the Operator. During the quarter the well generated net revenue to Zeta in line with forecast.

Data Sharing Agreement with Chevron

The data sharing agreement with Chevron Romania Exploration and Production SRL (‘Chevron’), a subsidiary of Chevron Corporation (NYSE: CVX), was approved by the regulator, the National Agency for Minerals and Resources in April 2013. During the quarter Zeta and Raffles Energy set up reciprocal data rooms with Chevron and the exchange of data commenced. It is expected that preliminary analysis results of the data will be available in December 2013.

The data exchange agreement covers the exchange of well data and similar information relating to the Suceava concession and the adjoining 6,284 sq km Chevron-operated Barlad concession.

The agreement gives the relevant parties access to certain data on each concession including historic well and seismic data. The Suceava concession lies contiguous to the north west of the Barlad concession.

Figure 2 - Location of Suceava and Barlad Concessions

Zeta, alongside Raffles, will evaluate existing data for the Barlad concession with a view to identifying conventional hydrocarbon targets in the area. The Barlad concession lies adjacent to the Roman-Secuieni gas field operated by Romgaz, one of the largest commercial gas fields in Romania. Between 1970 and 1980, approximately 85 exploration wells were drilled on the Barlad concession; many of these wells show indications for the presence of gas in Sarmatian and Badenian clastic reservoirs. In addition, numerous 2D seismic survey lines were carried out with multiple structures identified.

Jimbolia (39% Zeta, 51% NIS Petrol SRL (Operator), 10% Armax):

The Jimbolia Concession is located in the proven and producing eastern part of the Pannonian Basin and consists of two discoveries, Jimbolia Veche and Jimbolia Vest.

Jimbolia Veche Discovery

The Jimbolia-100 appraisal well was drilled to its target depth of 2,590 metres on 21 February 2013 and the drilling logs acquired from the well indicate the presence of hydrocarbons in multiple sands, which are consistent with the two previous discovery wells drilled on the concession: Jimbolia-1 which oil tested at 120 barrels of oil per day (bopd) and Jimbolia-6 which tested oil at 36bopd. The Operator advised that four targets in the well were identified to be perforated and tested.

Following the arrival of a replacement work-over rig to the Jimbolia-100 well-site in late June 2013, the Operator commenced testing of the first interval in late July 2013; however, no gas or liquids flowed to surface during testing. The Operator then proceeded to perforate the second interval on 22 July 2013 and gas and oil flowed to surface.

The Operator mobilised production testing equipment to the well-site and initial production testing of the Well's second interval commenced on 3 August 2013 and was completed on 10 August 2013. The Operator advised that the maximum natural flow rates achieved during the testing operation on the Well's second interval was 0.16m^3 per hour of oil (the equivalent of 24 barrels per day) on a 6.35mm choke and 927m^3 per hour of gas (the equivalent of 22,248 cubic metres per day) on a 8mm choke. The recovered oil is light with 45 API. As the target oil reservoir has a CO_2 gas cap, the gas contained high levels of CO_2 (circa 78%) which is in line with the pre- drill prognosis.

The Operator then utilised standard conventional stimulation methods (as used successfully on the nearby Jimbolia-6 discovery well) in an effort to improve the Well flow rates from the second interval.

Subsequent to quarter end, and as announced on 15 October 2013, the Operator informed Zeta that following the stimulation operations, the second interval did not flow oil to surface, only producing gas containing high levels of CO_2. The Operator is now preparing to test the two remaining intervals: the third interval lies between 2,533-2,536m and the fourth interval at 2,522-2,526m. Further information regarding the testing of the Well will be provided to the market as appropriate.

Figure 3 - Jimbolia-100 Well - wellsite (night view), Xmas tree

The Jimbolia-100 well is targeting the Jimbolia Veche discovery, which has two hydrocarbon bearing intervals and a current Pmean contingent oil resource of 1.72MMbbls. Previous drilling by Petrom in 1983 identified the Pliocene VIII as an oil reservoir with a gas cap. This was penetrated by two wells, the Jimbolia-1, which flowed at rates up to 120 bbls/day and tested at a sustained rate of 50 bbls/day for 6 days and Jimbolia-6, in which tests indicate an oil leg with an oil density of 780kg/m3 (50° API).

Jimbolia Vest Discovery

On a wider basis, the Board believes there is additional potential in the Jimbolia Vest discovery which was tested, but not produced, over two intervals of the Lower Pliocene IV reservoir, with the lower interval (16m) flowing 33% CO_2, 61% CH_4 and condensate at rates of 196Mscf/d, and the upper interval (8m) testing gas (no flow rate details available).

Bobocu (100% owned and operated):

The Bobocu Gas Field previously produced from 1977 until it was abandoned in 1995. Bobocu is located to the north of the Buzau valley, approximately 20km northeast of Buzau and 110km northeast of Bucharest.

Bobocu-310 Well

During the drilling of the Bobocu 310 well in September 2012 multiple gas shows were encountered and the wireline logs indicated gas bearing reservoir. Initial testing of the well did not yield commercial gas and it was decided to suspend the well pending further analysis.

The downhole well logs and pressure data from the Bobocu 310 well have been analysed and evaluated, and the results have been incorporated into the field's existing geological model, which includes 75 sq km of 3-D seismic.

In addition to the evaluation work on the Bobocu 310 well data, the 3-D seismic acquired over the field by the Company in 2010 was reprocessed using seismic inversion to improve its resolution by utilising the shear sonic log acquired in the Bobocu 310 well. This has further improved the accuracy of the Bobocu geological model.

Sidetrack Well

Further to the extensive evaluation of the Bobocu-310 well results and the acquired logs, it is the Company's intention, subject to finance, to sidetrack a well from the existing Bobocu-310 well location targeting an up-dip area approximately 500 metres south of the existing well location.

Although the initial testing of the Bobocu 310 well did not yield commercial gas, the intention remains to bring this field back into production by initially drilling a sidetrack well followed by new development wells. The Company believes that the Bobocu field remains prospective and will pursue suitable avenues from which to advance its exploitation. With 100% control of the Bobocu field, there are various development options available and discussions are taking place with potential partners.

Grivita Nord (100% owned by Zeta)

On 22 July 2013 the Company announced that it had acquired 100% of the issued capital of Celtique Energie SRL, a Romanian company that has a 100% interest in the previously producing Grivita Nord oil concession. The acquisition involved a minimal upfront payment with deferred consideration payable by Zeta based on cumulative oil production.

The Grivita Nord concession is located onshore in eastern Romania, covers an area of $3.45km^2$ and has previously produced 37° API oil from 1979 to 2005, producing a total of 763,457 barrels of oil from two separate structures: the Northern Structure and the Southern Structure. A total of 14 wells were drilled in the concession area, seven wells in the Northern Structure and seven wells in the Southern Structure.

New mapping of the Southern Structure suggests only the south-west portion of the structure has been developed leaving a large unswept area with the potential for a new well to be optimally placed in a crestal location to recover the remaining reserves. P50 reserves (unaudited) for the Southern Structure are estimated to be 448,000 barrels of oil with an unrisked NPV_{10} of US$25.55 million, and initial production rates of 761 barrels of oil per day from the one well development.

Zeta intends, subject to finance, to drill a development well (with a 150 metre horizontal section) to a depth of 2,000 metres into a crestal location on the Southern Structure and bring the field back into production.

Grivita Nord Concession NPV$_{10}$ (unrisked)			
	P90	**P50**	**P10**
Recoverable Reserves (unaudited)	209,000 bbls	447,620 bbls	899,430 bbls
Net Present Value (10% discount rate)	US$8.93 million	US$25.55 million	US$53.69 million

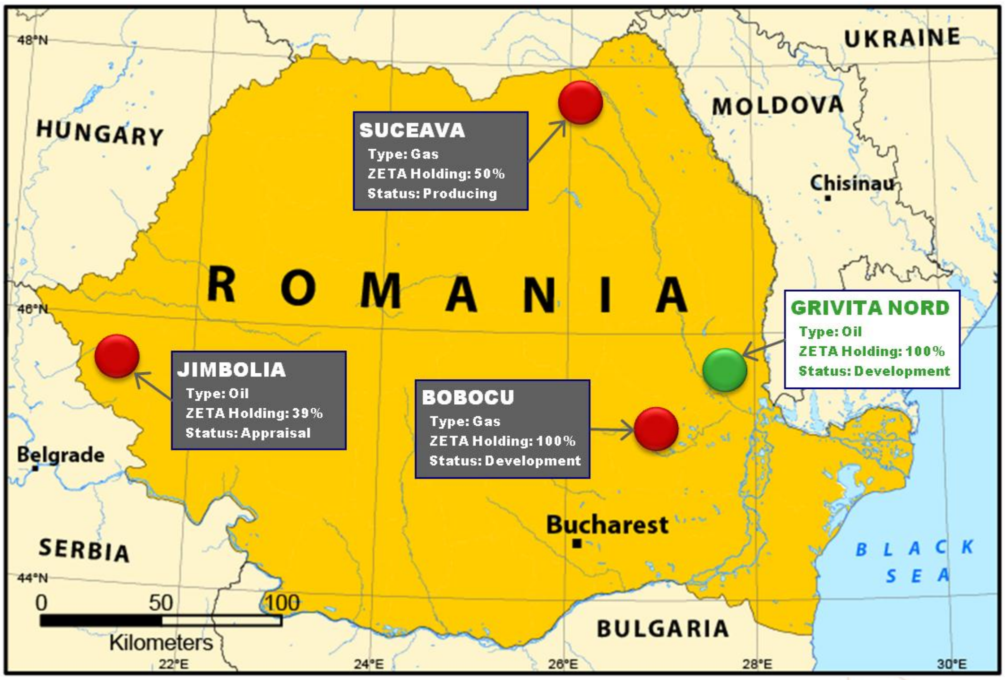

Figure 4 - Location of Grivita Nord and Existing Zeta Concessions

Other Opportunities

In line with its 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. With an experienced team and an exciting platform of assets, the Company believes that it is ideally positioned to capitalise on a number of regional opportunities. This is particularly relevant with the increasing issues of energy security translating into countries being keen to develop their own energy sources.

Corporate Affairs

During the quarter the Company raised AU$1.01 million (before expenses) through the Placing of 101,000,010 new Chess Depository Interests ('CDI') together with one free attaching share option for every two CDIs subscribed for and issued.

Following the successful fundraising the Company took steps to further reduce overhead costs resulting in a restructuring of the Board of Directors: Stephen West stepped across to the position of Non-executive Chairman and Bogdan Popescu was promoted to Managing Director. In light of these changes, and in order to strengthen the management team, the Company appointed Benjamin Hodges as Chief Financial Officer. In addition, the Company announced the appointment of Oliver Cairns as Non-Executive Director and the resignation of Piers Lewis from the Board.

At the end of the quarter the Company maintained a cash position of approximately AU$552,000 as well as income from its producing Romanian gas asset and short term debtors of AU$160,000. The Directors believe that the Company's current cash position, together with the reduction in working capital expenditure and income from gas sales, is sufficient to fund working capital for at least 12 months.

****ENDS****

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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 a director of Zeta Petroleum plc.