

ANNUAL GENERAL MEETING

Managing Directors Report

November 2018



NOVA POWER STATION

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CORPORATE SNAPSHOT



CAPITAL STRUCTURE*

| | |
|------------------------------|---------------------|
| ASX Code | ZEN |
| Shares on Issue | 98,000,000 |
| Market Capitalisation | \$73 million |

BOARD AND MANAGEMENT

| | |
|------------------------|--|
| Doug Walker | Executive Chairman |
| Hamish Moffat | Managing Director |
| Darren Smith | Non-Executive Director |
| Stephanie Unwin | Non-Executive Director |
| Peter Torre | Joint Company Secretary |
| Rebecca Stringer-Krein | Chief Financial Officer / Company Secretary |
| Graham Cooper | Chief Operating Officer |

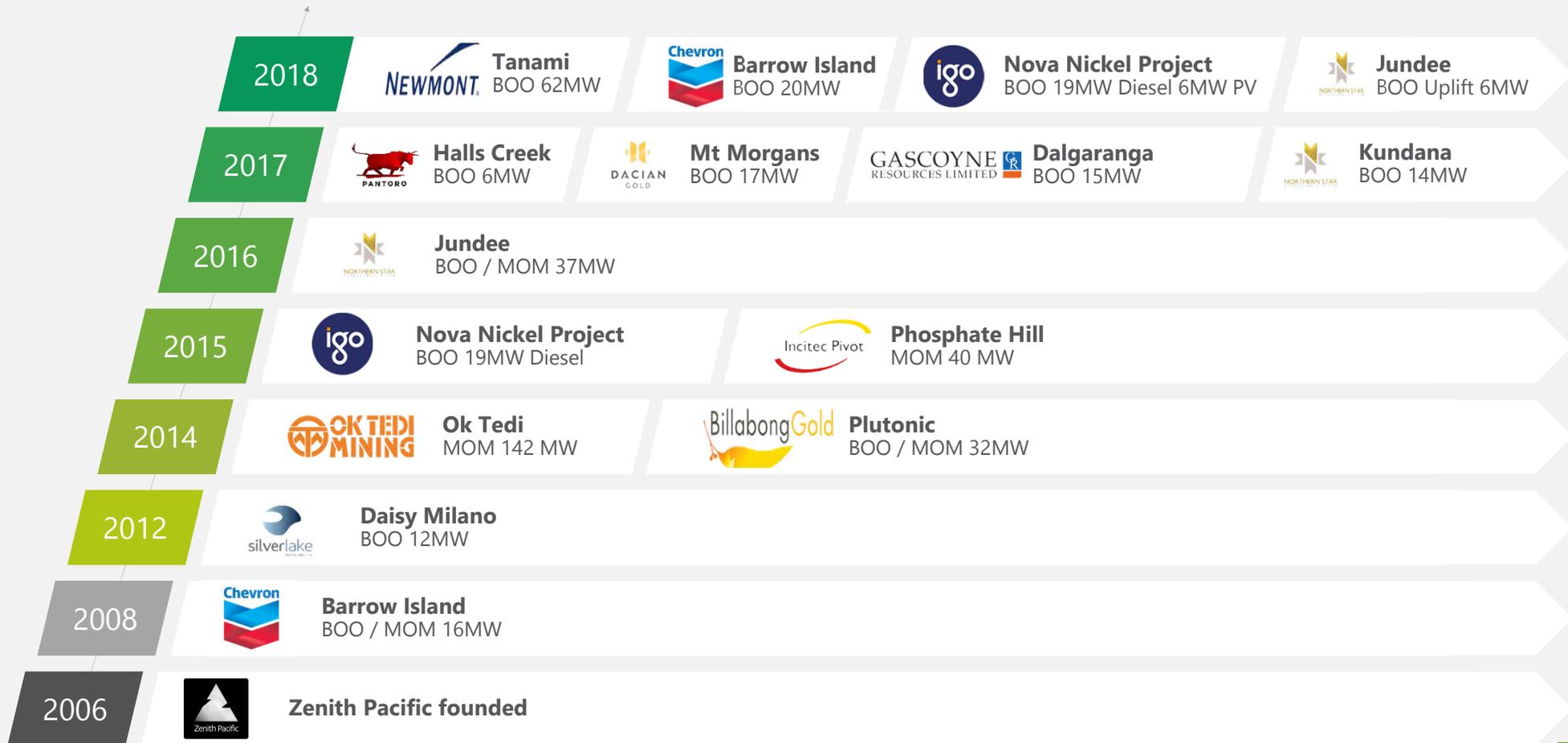
*Share price \$0.745 as at 27 November 2018

SHARE PRICE SINCE ASX LISTING, MAY 2017



OUR HERITAGE

Tier 1 clients across Australia and South East Asia



OUR PRESENCE



MT MORGANS





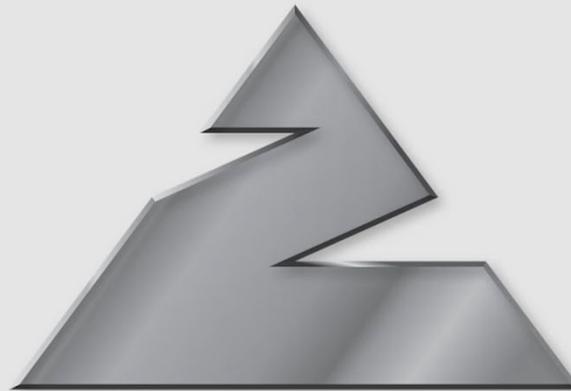
JUNDEE POWER STATION

**BUILDING AUSTRALIA'S
LEADING INDEPENDENT
POWER PRODUCER**



- Serving resources and energy sector clients operating in **remote locations**
- Specialising in **tailored, reliable, cost effective solutions** utilising gas, diesel, solar and hybrid generation
- Tier 1 clients with **12 contracts in place** and robust pipeline of opportunities
- **Perth and Cairns offices** delivering solutions across Australia and South East Asia
- Total generation capacity in excess of **423MW** under control and expanding rapidly

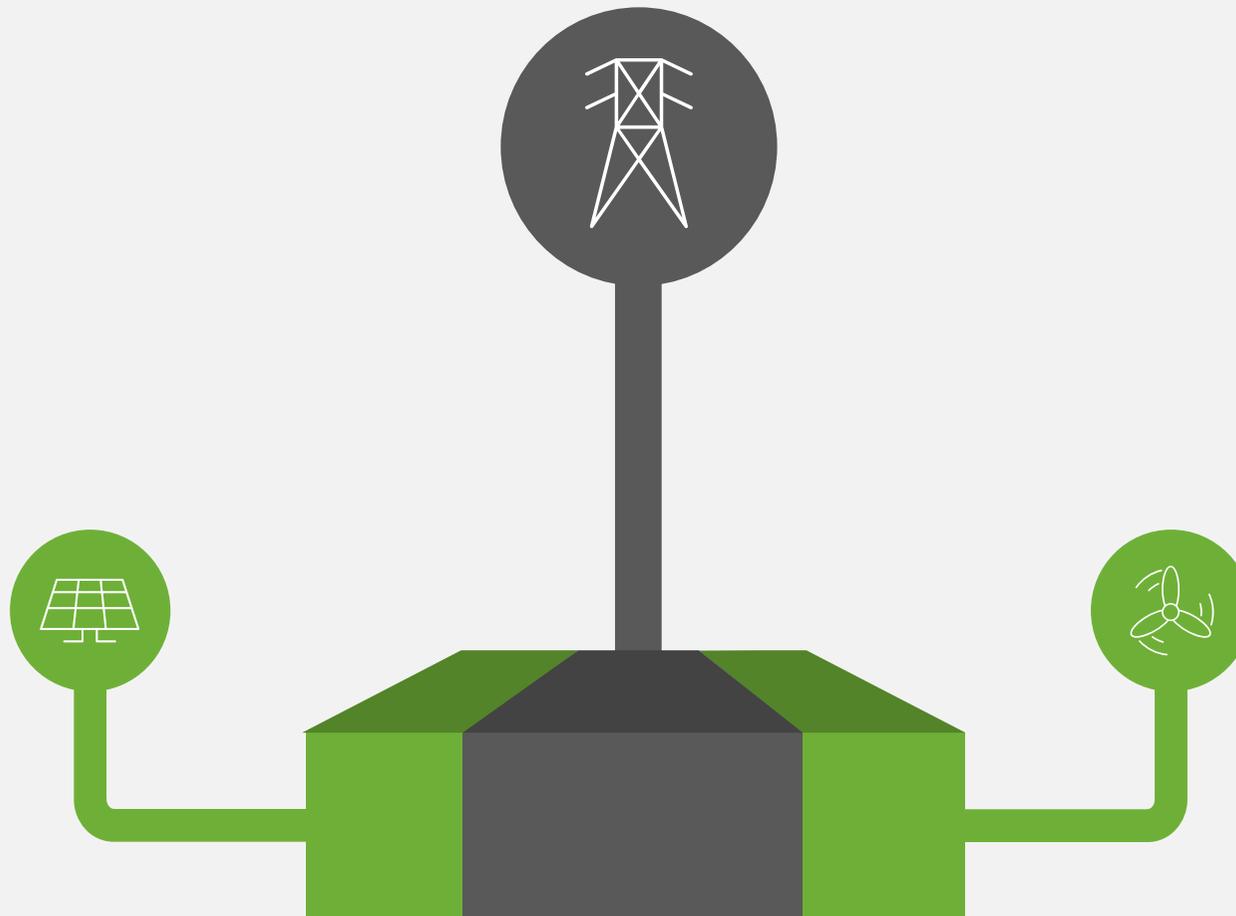
WHAT WE DO



ZENITH ENERGY

(Interactive fly-through of Tanami Project not available on PDF upload)

INTEGRATED HYBRID SOLUTIONS



OUTPERFORMING FORECASTS

FY18 earnings demonstrate successful delivery of innovative remote power solutions



REVENUE



\$51.43m | +64%*

EBITDA



\$18.22m | +85%

NPAT



\$8.47m | +171%

PROPERTY, PLANT
& EQUIPMENT



\$75.99 | +93%

**all percentages are over the previous corresponding period (30 June 2017)*

STRONG BALANCE SHEET GROWTH



| | 2018 | 2017 | 2016 |
|-------------------------------|--------------|--------------|--------------|
| | \$m | \$m | \$m |
| Cash | 1.99 | 19.29 | 2.52 |
| Receivables | 9.22 | 3.78 | 4.70 |
| Inventories | 2.69 | 0.65 | 1.21 |
| Current Tax Asset | 0.76 | 1.38 | 0.43 |
| Non-Current Tax Asset | 0.84 | 0.77 | 0.32 |
| Property, Plant & Equipment | 75.99 | 39.43 | 24.77 |
| Intangibles | 0.01 | 0.01 | 0.01 |
| Other Assets | 4.92 | 3.85 | 0.61 |
| TOTAL ASSETS | 96.42 | 69.16 | 34.56 |
| Current Liabilities (ex debt) | 9.69 | 5.36 | 3.62 |
| Current Debt* | 7.41 | 16.63 | 3.73 |
| Current Tax | 1.58 | 0.10 | - |
| Non Current debt | 30.73 | 8.17 | 16.81 |
| Other | 2.46 | 2.86 | 3.24 |
| TOTAL LIABILITIES | 51.86 | 33.12 | 27.41 |
| NET ASSETS | 44.56 | 36.04 | 7.15 |
| NET TANGIBLE ASSETS | 44.55 | 36.03 | 7.14 |

| | 2018 | 2017 | 2016 |
|---|-------|------|------|
| EPS (cents) ^{1,2,3} | 8.695 | 5.88 | 3.93 |
| 1. 2018 EPS based on 98m ordinary shares on issue | | | |
| 2. 2017 EPS based on weighted average ordinary shares of 53.15 | | | |
| 3. 2016 EPS based on weighted average ordinary shares of 40.80m | | | |

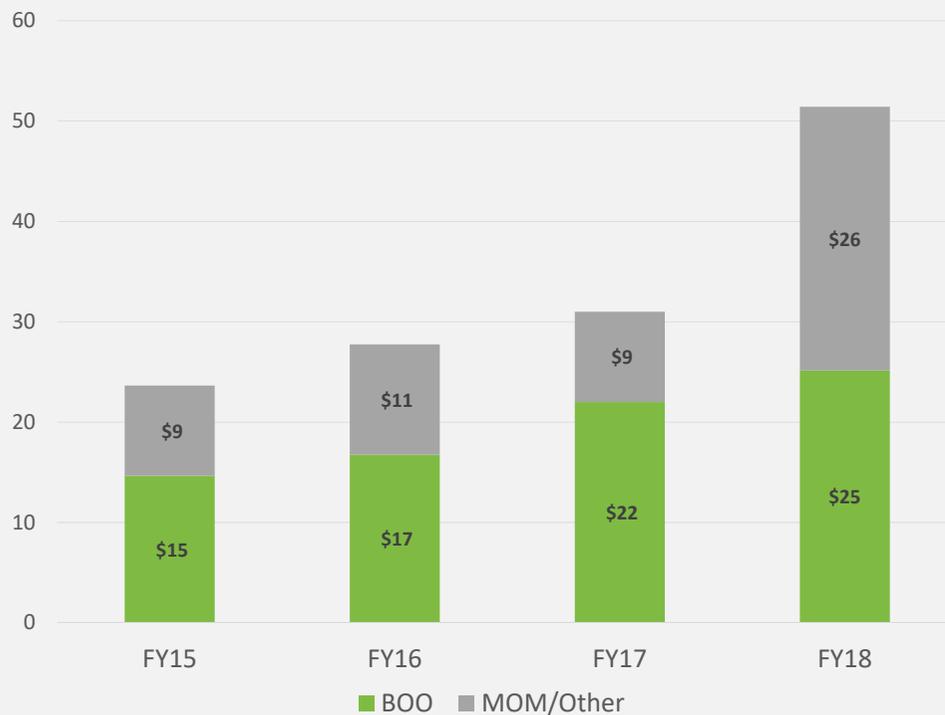
*At 30 June 2017, Zenith was in the process of converting a \$16m Trade Advance facility to a long term Equipment Finance facility, this was finalised after balance date.

STRONG GROWTH IN BOO

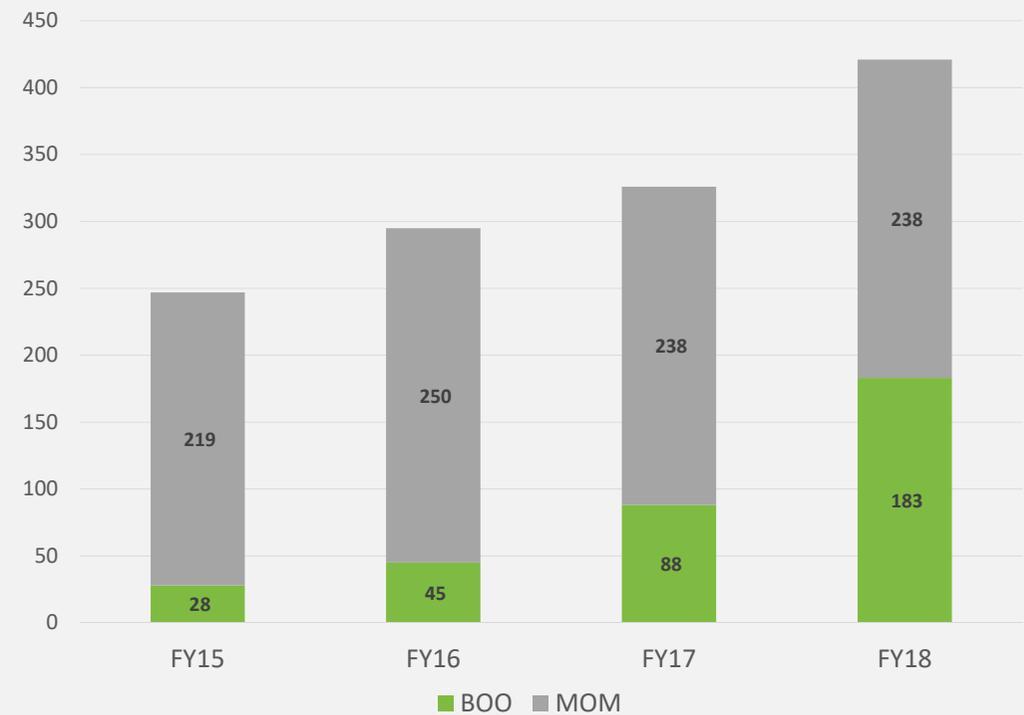


Build Own Operate contracts were expected to account for \$23m of total revenue in FY18, BOO exceeded expectations and delivered ~\$25m during this period

REVENUE BREAKDOWN (\$m)



MW BREAKDOWN



OUTLOOK FY19



FY18 demonstrated Zenith's ability to successfully deliver multiple power stations in a single period. FY19 will deliver full year benefit of the Mt Morgans and Dalgara power stations, with the company focussing on its BOO revenue stream, expected to be ~\$35-38m^{1,2,3,4}.

REVENUE



\$50m-\$55m

EBITDA



\$19m-\$21m

1. Inclusive of MOM revenue component for two hybrid projects, where it is not feasible to isolate BOO v MOM margins
2. Tanami expected to commence production of power under the PPA in Q3 FY19
3. Barrow Island will transition from a hybrid to a full BOO PPA at the end of construction in December 2019
4. BOO Revenues forecast to grow ~\$10 - \$13m over FY18

DELIVERING ON ROBUST PIPELINE OF OPPORTUNITIES



MT MORGANS POWER STATION



Continued delivery of innovative, reliable and cost effective solutions:

Daisy Milano Project: Five year extension and amendment to BOO PPA agreement to incorporate a further 3.3MW of installed capacity with Silver Lake Resources***

Jundee Project: Amendment to BOO PPA agreement to incorporate a further 6MW of installed capacity with Northern Star Resources***

Nova Project: Amendment to BOO PPA agreement to incorporate a Solar PV facility with Independence Group**

Barrow Island Project: Ten-year contract to supply electricity under an upgraded BOO PPA agreement with Chevron Australia*

Phosphate Hill Project: One-year extension of its MOM Power Purchase Agreement (PPA) with Incitec Pivot

Tanami Gold Project: Ten-year contract to supply electricity under a BOO PPA with Newmont Mining Services

Mt Morgans Project: Power station was commissioned on 28 March, 2018 under the Eight-year BOO PPA with Dacian Gold

Dalgaranga Project: Power station became operational on 17 May, 2018 under the Six-year BOO PPA with Gascoyne Resources

**Executed in August, 2018*

***Executed in September, 2018*

****Executed in November, 2018*

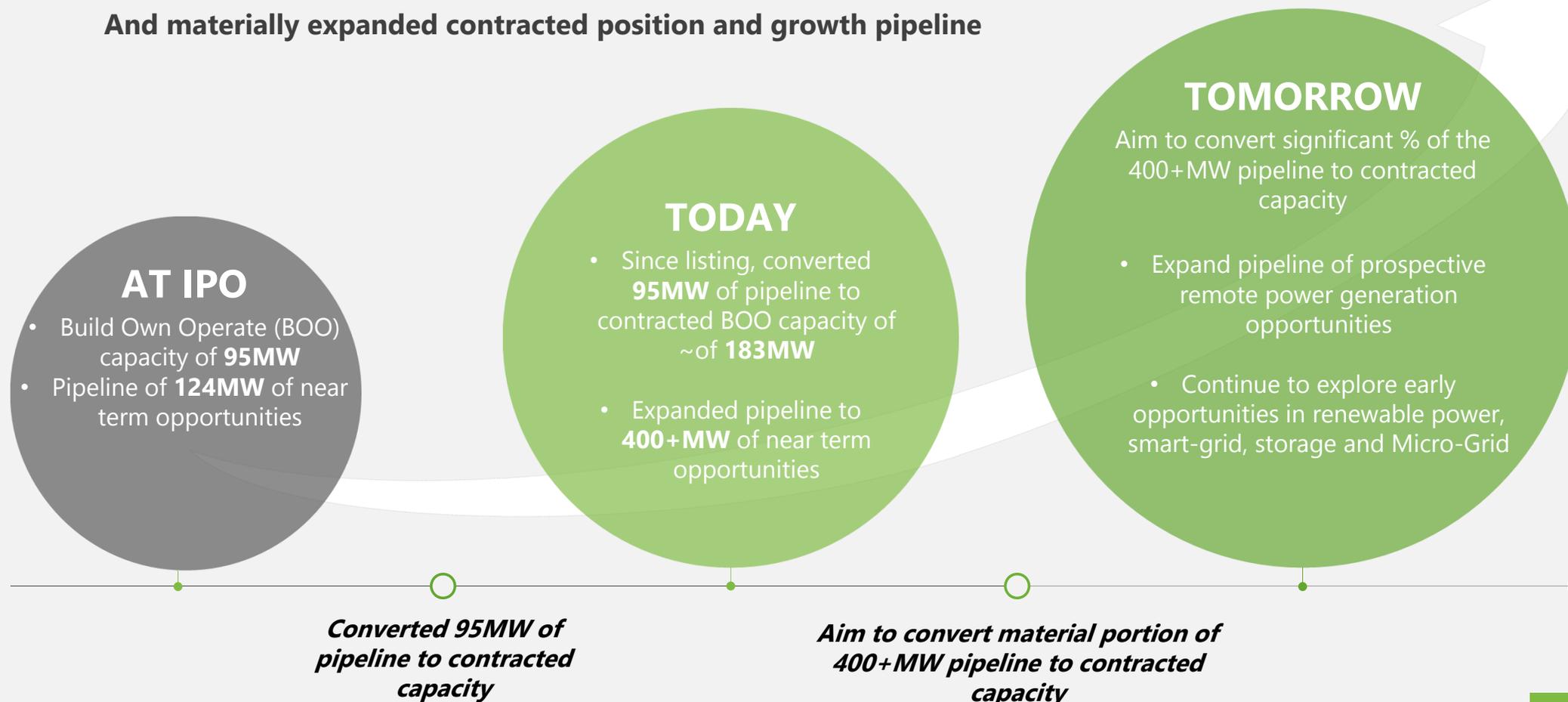
*****Executed in November, 2018*

ZENITH ENERGY | ASX: ZEN

EXCEEDED EXPECTATIONS



And materially expanded contracted position and growth pipeline



CONTRACT TERMS

**AVERAGE
PPA TERM**

7.3YRS

**AVERAGE
STATION AGE**

1.7YRS

**AVERAGE
REMAINING TERM**

5.86YRS

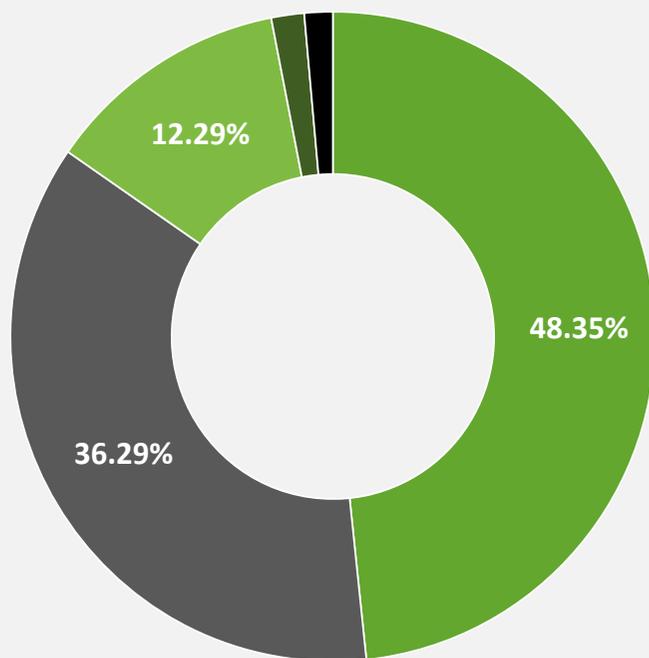


NOVA POWER STATION

FUEL TYPE

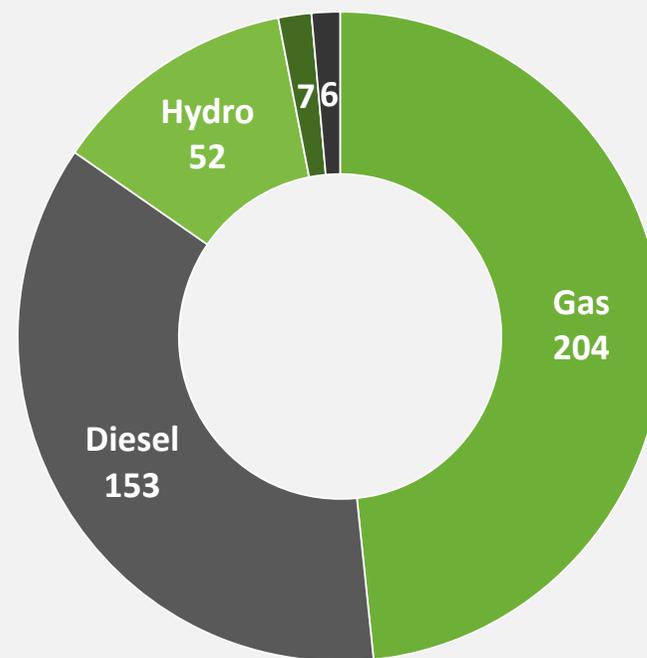


TOTAL CONTRACTED CAPACITY BREAKDOWN



■ Gas ■ Diesel ■ Hydro ■ Steam ■ Solar

FUEL TYPE MW BREAKDOWN



■ Gas ■ Diesel ■ Hydro ■ Steam ■ Solar

* Zenith has 26MW of dual fuel generating capacity, which are run using 99% gas

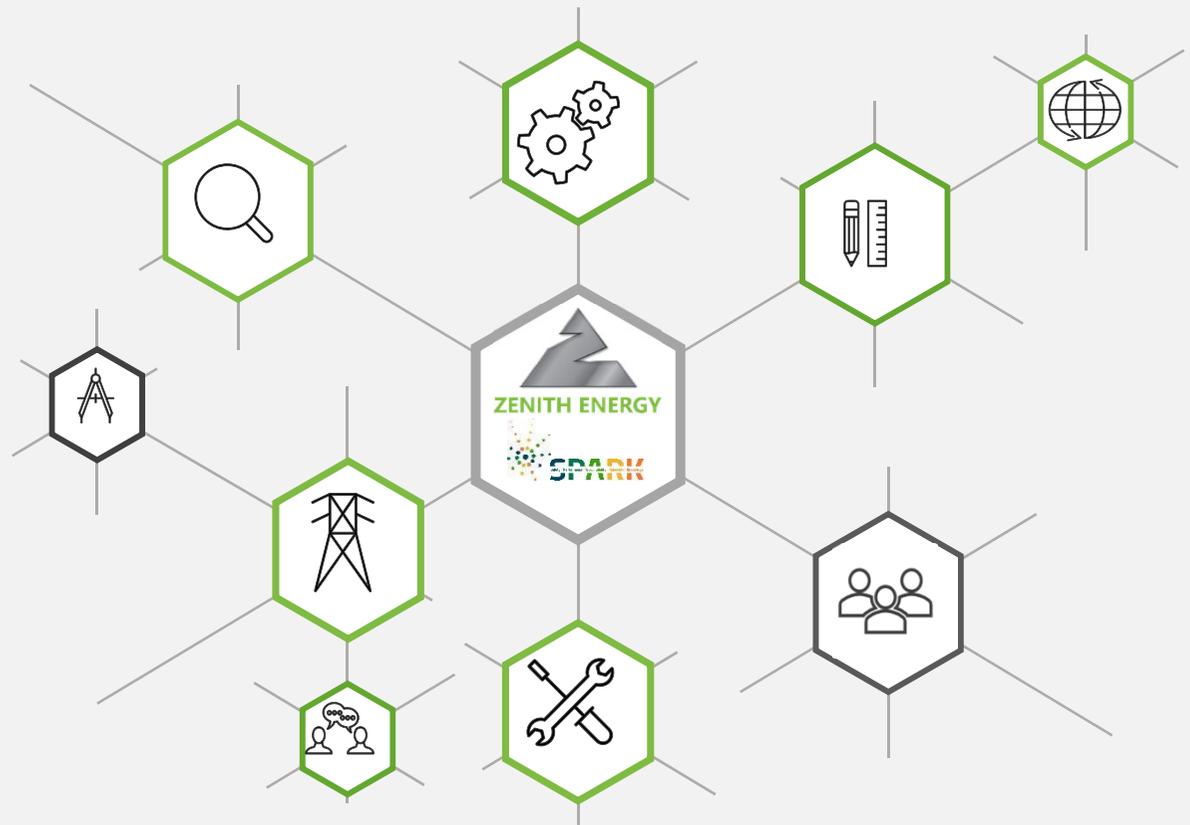
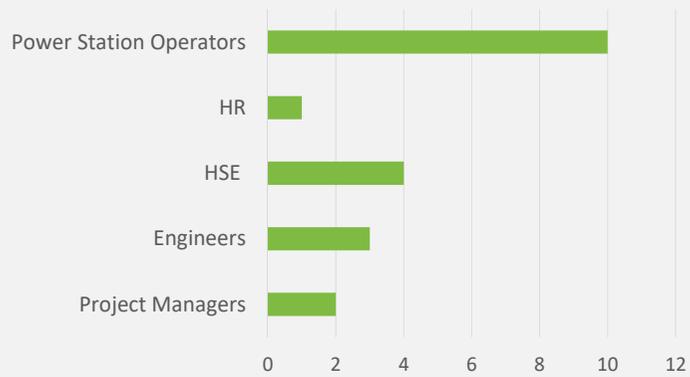
PEOPLE



EMPLOYEES



KEY ROLES ADDED FY18



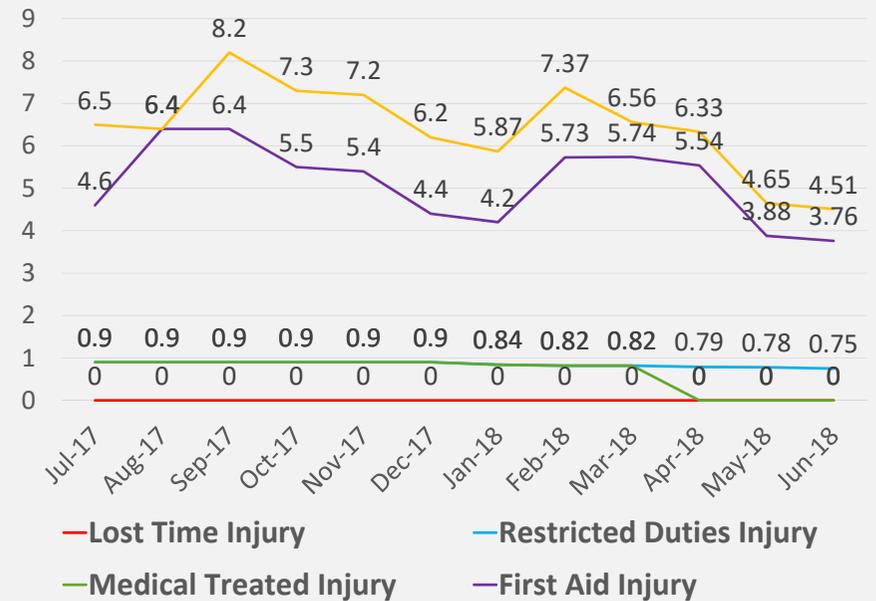
SAFETY



LTI MAN HOURS



INJURY FREQUENCY RATE



At 30 August 2018 Zenith achieved 1.5 million working hours LTI (lost-time due to injury) free, which equates to more than nine years without any significant or lost-time injury.



DEAD BULLOCK SOAK CONSTRUCTION



GRANITES CONSTRUCTION



WELL-POSITIONED FOR FURTHER GROWTH



DALGARANGA POWER STATION

**BUILDING A
STRONG TRACK
RECORD OF
DELIVERY**

**ROBUST
PIPELINE OF
OPPORTUNITIES**

**EXPERIENCED
AND CAPABLE
MANAGEMENT
TEAM**

**STRONG
BALANCE
SHEET**



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