

23 May 2019

Dear Shareholder,

Invitation to Participate in Share Purchase Plan

As announced on 3 May 2019, Zenith Energy Limited (ACN 615 682 203) (**Company**) has received binding commitments for a placement of 43,103,448 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.58 per Share to sophisticated, institutional and professional investors, to raise \$25,000,000 (**Placement**).

The Placement is to be carried out in two tranches, comprising:

- the issue of 14,700,000 Shares which occurred on 10 May 2019, raising \$8,526,000 utilising the Company placement capacity under ASX Listing Rule 7.1 (**Tranche 1**); and
- subject to obtaining shareholder approval, the issue of 28,403,448 Shares to raise an additional \$16,474,000 (**Tranche 2**).

The Company has today released a Notice of Extraordinary General Meeting seeking, amongst other things, shareholder approval for the proposed issue of 28,403,448 Shares under Tranche 2 of the Placement.

Funds raised via the Placement will be applied towards strengthening the Company's balance sheet, providing the Company with financial flexibility to undertake additional Build Own Operate (BOO) contracts and for general working capital purposes.

In order to provide Eligible Shareholders (defined below) with the ability to participate in the Company's capital raising activities, the Company is pleased to provide details of a Share Purchase Plan (**Plan**).

Under the Plan, Eligible Shareholders will have the opportunity to purchase up to \$15,000 worth of Shares at the same issue price of Shares offered under the Placement, irrespective of the size of their shareholding, without incurring brokerage or transaction costs.

The offer under the Plan (**Offer**) will raise a maximum \$5,000,000 on the terms and conditions (**Terms and Conditions**) contained in this letter. In conjunction with the Placement, this will provide the Company with additional funds of approximately \$30,000,000.

Shareholders Eligible to Participate in the Plan

Participation under the Plan is optional and is available exclusively to shareholders of the Company who are registered as holders of Shares at 7:00pm (AEST) on 30 April 2019 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Share Purchase Plan

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares at an issue price of \$0.58 per Share (**Price**) being the same price as the Shares offered to sophisticated and professional investors under the Placement. The Price is a discount of 8.2% to \$0.6315 (being the volume weighted average market price (**VWAP**) for the Shares over the last 5 days on which sales in the Shares were recorded before the day on which the Plan was first announced (being 1 May 2019). The maximum amount to be raised under the Plan will be capped at \$5,000,000. The maximum number of Shares to be issued under the

Plan is within the limit prescribed by the ASX Listing Rules, being 30% of the Company's share capital (including the Shares issued under Tranche 1 of the Placement).

In the event of an oversubscription by the Closing Date, the Company may, in its absolute discretion, undertake a scale back on an equitable basis so that not more than \$5,000,000 is raised. Scale back decisions are made by the Board and are final.

The Plan will not be underwritten.

Current Activities

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX, or the Company's website at <https://www.zenithenergyld.com/>.

The funds raised under the Plan and the Placement will be applied towards strengthening the Company's balance sheet, providing the Company with financial flexibility to undertake additional Build Own Operate (BOO) contracts and for general working capital purposes.

How much can you invest?

Eligible Shareholders may each apply for a maximum of \$15,000 worth of Shares and a minimum of \$2,000 worth of Shares under the Plan.

How to accept this Offer

To apply for Shares under the Plan, please follow the instructions on the enclosed personalised Application Form.

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable	Number of Shares which may be purchased
Offer A	\$15,000	25,862
Offer B	\$10,000	17,241
Offer C	\$5,000	8,621
Offer D	\$2,000	3,448

The number of Shares to which you are entitled will be calculated by dividing the subscription amount you have elected by the Price, rounded to the nearest dollar.

Once an application has been made it cannot be revoked. All Application Forms must be received by **5:00pm (AEST) on 20 June 2019 (Closing Date)**. If the exact amount of money is not tendered with your application, the Company reserves the right to either:

- (a) return your Application Form and/or payment and not allot any Shares to you; or
- (b) allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

Multiple Holdings

The maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible

Shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the Shares the subject of the application and any other shares and interests in the class applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of submission does not exceed \$15,000.

Custodians and Nominees

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of \$15,000 worth of Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to the Company, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

Relationship of Issue Price with Market Price

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$0.66. The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your application under this Offer.

By making an application under this Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase Price is at a discount, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make the Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial and taxation advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

Additional Information and Important Dates

The offer of Shares under the Plan is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act (2001) (Cth) (**Corporations Act**).

The Offer cannot be transferred, and the Directors of the Company reserve the right in their absolute discretion to reject, or scale back, on an equitable basis, any application. Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is \$5,000,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Offer, subject to the ASX Listing Rules.

In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on an equitable basis. Scale-back for Shares held by Custodians will be applied at the level of the underlying Beneficiary. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

Foreign offer restrictions

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand Shareholders

The Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (as amended)* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Shortfall Placement

In the event that less than \$5,000,000 is applied for under the Plan, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements (**Shortfall Placement**). Any issue of Shares under the Shortfall Placement must be placed subject to the Company's compliance with ASX Listing Rule 7.1 and/or 7.1A at the time of issue. As at the date of this document, the Company has no capacity to issue Shares under its ASX Listing Rule 7.1 capacity. Accordingly, the issue of Shares under the Shortfall Placement is subject to the Company obtaining shareholder approval.

As noted above, the Company has today released a Notice of Extraordinary General Meeting seeking, amongst other things, shareholder approval for the issue of up to 8,620,689 Shares pursuant to the Shortfall Placement. This figure represents the maximum number of Shares that may be issued under the Shortfall Placement in the event that no Eligible Shareholders subscribe for Shares under the Plan.

Indicative Timetable

Milestone	Date
Record Date for Share Purchaser Plan	7:00pm (AEST) Tuesday, 30 April 2019
Request for Trading Halt and Announcement of Placement and Share Purchase Plan	Wednesday, 1 May 2019
Issue of Shares under Tranche 1 of the Placement and lodge Appendix 3B and Cleansing Notice with ASX	Friday, 10 May 2019
Notice of Meeting and Share Purchase Plan Offer Letter dispatched and lodged with ASX	Thursday, 23 May 2019
Opening Date of Share Purchase Plan	Thursday, 23 May 2019
Closing Date of Share Purchase Plan	Thursday, 20 June 2019
General Meeting	Tuesday, 25 June 2019
Issue of new Shares issued under Tranche 2 of the Placement and the Share Purchase Plan, lodge Appendix 3B	Wednesday, 26 June 2019
Quotation on ASX of new Shares issued under Tranche 2 of the Placement and Share Purchase Plan	Thursday, 27 June 2019

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, Eligible Shareholders are encouraged to submit their Application Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company Secretary, Rebecca Stringer-Krein on +61 8 9416 2000.

Yours faithfully



**Rebecca Stringer-Krein
Company Secretary
Zenith Energy Limited**

Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Share Purchase Plan (**Plan**), which will be conducted in conjunction with the Placement, is to offer shareholders of Zenith Energy Limited (**Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) and a minimum of \$2,000 worth of Shares. The issue price of \$0.58 under the Plan will be at a discount of 8.2% to the volume weighted average market price for Shares over the last 5 days on which sales in the Shares were recorded on the financial market operated by ASX Limited (**ASX**) before the day on which the Plan was announced which was \$0.6315. The Company seeks to raise a maximum of \$5,000,000 under the Plan. The Shares will also be issued under the Plan without the need to pay brokerage costs and without the need for the Company to issue a prospectus. The Plan is governed upon such terms and conditions as the board of directors of the Company, in its absolute discretion, sees fit.

No Financial Advice

This document does not provide financial advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs. You should consider the appropriateness of participating in the Plan having regard to your investment objectives, financial situation or particular needs. Shareholders should seek independent financial and taxation advice before making any investment decision in relation to these matters.

Shareholders Eligible to Participate

Holders of Shares that are registered with an Australian or New Zealand address at 7:00pm (AEST) on Tuesday, 30 April 2019 (**Record Date**) are eligible shareholders and may participate in the Plan (**Eligible Shareholders**), unless such registered shareholder holds Shares on behalf of another person who resides outside Australia or New Zealand. Due to foreign securities laws, it is not practical for shareholders (or beneficial shareholders) resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Shares offered under the Plan). Eligible Shareholders who wish to take up Shares issued under the Plan agree to be bound by the Company's constitution in respect of Shares issued under the Plan.

An offer may, at the discretion of the directors of the Company (**Directors**), be made under the Plan once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12 month period is \$15,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

Custodians, trustees and nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to \$15,000 worth of new Shares for each beneficiary for whom you act as custodian provided you complete and submit, together with an Application Form, a certificate (**Custodian Certificate**) with the following information:

- (a) that you held Shares on behalf of:
 - (i) one or more other persons that are not custodians; and/or

- (ii) another custodian (**Downstream Custodian**) that holds beneficial interests in Shares on behalf of one or more other persons who are resident in Australia or New Zealand, to which those beneficial interests relate,

(each a **Participating Beneficiary**) at the Record Date who have subsequently instructed you, and/or the Downstream Custodian, to apply for Shares under the Plan on their behalf;

- (b) the number of Participating Beneficiaries and their names and addresses;
- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- (d) the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through a Downstream Custodian, to apply for on their behalf;
- (e) that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act in addition to the application price for any other Shares issued to you as custodian (as a result of instruction given to you as Custodian or a Downstream Custodian) for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- (f) that a copy of the written offer document was given to each Participating Beneficiary; and
- (g) where you hold shares on behalf of a Participating Beneficiary indirectly, through one or more Downstream Custodians, the name and address of each Downstream Custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a '**Custodian**' if you are a registered holder that:

- (h) holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- (i) is exempt under:
 - (i) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (the **Regulations**); or
 - (ii) paragraph 7.6.01(1)(na) of the Regulations; or
 - (iii) ASIC Class Order [CO 14/1000] or ASIC Class Order [CO 14/1001]; or
 - (iv) Schedule 2 to the ASIC Corporations (Repeal and Transitional) Instrument 2016/396; or
 - (v) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (iv) above; or
 - (vi) paragraph 911A(2)(h) of the Corporations Act;from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or
- (vii) is a trustee of a self-managed superannuation fund or superannuation master trust;
- (viii) is a responsible entity of IDPS like scheme; or
- (ix) is noted on the Company's register of members as holding the shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate email capitalmarkets@linkmarketservices.com.au.

The Company reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

Price of Shares

The price of Shares to be issued under the Plan is \$0.58 which is a discount of 8.2% of the average market price for the Shares over the last 5 days on which sales in the Shares were recorded before the day on which the issue was announced, being \$0.6315.

Applications and Notices

At the discretion of the Directors, the Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions and an Application Form. Applications will not be accepted after the closing date of the Offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

Acknowledgement

By returning an Application Form with a cheque, bank draft, money order or making a payment via BPAY, you:

- (j) irrevocably and unconditionally agree to these Terms and Conditions and the terms and conditions of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the Plan;
- (k) warrant that all details and statements in your application are true and complete and not misleading;
- (l) agree that your application will be irrevocable and unconditional (that is, it cannot be withdrawn even if the market price of the Shares is less than the Price);
- (m) warrant that you are an Eligible Shareholder and are eligible to participate in the Plan;
- (n) acknowledge that no interest will be paid on any application monies held pending the issue of Shares under the Plan or subsequently refunded to you for any reason;
- (o) acknowledge that the Company and its officers and agents, are not liable for any consequences of the exercise or non-exercise of its discretions referred to in these Terms and Conditions;
- (p) acknowledge and agree that if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating is resident in Australia or New Zealand, and you have not sent these Terms and Conditions, an Offer Document, or any materials relating to the Plan, to any person outside Australia and New Zealand;
- (q) if you are applying on your own behalf (and not as a Custodian), acknowledge and agree that:
 - (i) you are not applying for Shares with an application price of more than \$15,000 under the Plan (including by instructing a Custodian to acquire Shares on your behalf under the Plan); and
 - (ii) the total of the application price for the following does not exceed \$15,000:
 - (A) the Shares the subject of the application;

- (B) any other Shares issued to you under the Plan or any similar arrangement in the 12 months before the application (excluding Shares applied for but not issued);
 - (C) any other Shares which you have instructed a Custodian to acquire on your behalf under the Plan; and
 - (D) any other Shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the Plan.
- (r) if you are a Custodian and are applying on behalf of a Participating Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
 - (i) you are a Custodian (defined above);
 - (ii) you hold Shares (directly or indirectly) on behalf of one or more Participating Beneficiaries;
 - (iii) you held Shares on behalf of the Participating Beneficiary as at the Record Date who has instructed you to apply for Shares on their behalf under the Plan;
 - (iv) each Participating Beneficiary on whose behalf you are applying for Shares has been given a copy of this document;
 - (v) the application price for the Shares applied for on behalf of the Participating Beneficiary, and any other Shares applied for on their behalf under a similar arrangement in the previous 12 months (excluding shares applied for but not issued), does not exceed \$15,000; and
 - (vi) the information in the Custodian Certificate submitted with your Application Form is true, correct and not misleading;
- (s) agree to be bound by the constitution of the Company (as amended from time to time);
- (t) acknowledge that none of the Company, its advisers or agents, has provided you with any financial product or investment advice or taxation advice in relation to the Plan, or has any obligation to provide such advice; and
- (u) authorise the Company, and its officers and agents, to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing minor detail.

Placement of Shortfall

In the event that less than \$5,000,000 is applied for under the Plan, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements (**Shortfall Placement**). Any issue of Shares under the Shortfall Placement must be placed subject to the Company's compliance with ASX Listing Rule 7.1 and/or 7.1A at the time of issue. As at the date of this document, the Company has no capacity to issue Shares under its ASX Listing Rule 7.1 capacity. Accordingly, the issue of Shares under the Shortfall Placement is subject to the Company obtaining shareholder approval.

As noted above, the Company has today released a Notice of Extraordinary General Meeting seeking, amongst other things, shareholder approval for the issue of up to 8,620,689 Shares pursuant to the Shortfall Placement. This figure represents the maximum number of Shares that may be issued under the Shortfall Placement in the event that no Eligible Shareholders subscribe for Shares under the Plan.

Issue of Shares

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the Closing Date of the Plan.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the capital of the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the Plan if the issue of Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Raising Amount and Scale back

The maximum amount to be raised under the Plan will be capped at \$5,000,000. The maximum number of Shares to be issued under the Plan is within the limit prescribed by the ASX Listing Rules, being 30% of the Company's share capital (including the Shares issued under Tranche 1 of the Placement).

In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on an equitable basis so that not more than \$5,000,000 is raised. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the Eligible Shareholder the relevant application monies, without interest. Scale back decisions are made by the Board and are final.

Dispute Resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions. The powers of the Company under these Terms and Conditions may be exercised by the Directors or any delegate of the Directors.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Company Secretary, Rebecca Stringer-Krein on +61 8 9416 2000.