



ASX Announcement

25 June 2019

Zenith Market Update

Further to its market update of 5 June 2019, leading Australian specialist independent power producer Zenith Energy Limited (ASX: ZEN) ("Zenith" or the "Company") is able to provide further information on the status of its Power Purchase Agreement ("PPA") with GNT Resources Pty Ltd (Administrators appointed) ("Gascoyne").

- Zenith received a purchase order for the month of June from the Administrators on 5 June 2019. This was for the full amount of the contracted monthly capacity charge and variable hours under the PPA.
- Gascoyne's Administrators held the first creditors meeting on Thursday June 12, and Zenith was elected to the Committee of Inspection for GNT Resources Pty Ltd.
- Zenith has received purchase orders from the Administrators for the provision of power to the Dalgara mine site for the period 1 July – 30 September 2019. There has been no change to Zenith's current PPA terms and conditions.
- Zenith continues to retain all of its rights under the PPA, along with the four options as disclosed under our announcement of 5 June 2019.

As a result of the above arrangements, the Company can confirm there has been no adverse impact to FY19 earnings guidance. In addition, any possible impact to the Company's Q1 FY20 earnings have been mitigated by the commitment of Gascoyne's Administrators through to 30 September 2019 by way of the purchase order for the provision of power to the Dalgara mine site. Zenith remains confident it can redeploy its assets and workforce resources to other sites and near-term projects in a timely manner should this become necessary after the end of Q1 FY20.

Previously, the Company considered the impact of the removal of the Gascoyne contract in its entirety, disregarding its ability to either continue utilisation or redeploy its assets, and provided a worst-case impact to the market of ~\$2m reduction in EBITDA for FY20. The Company considers the events subsequent to 5 June have indicated that any adverse impact to FY20 earnings from the Gascoyne Voluntary Administration are likely to be materially less than its worst-case scenario outlined in the announcement of 5 June 2019.

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