



This document is a supplementary target's statement dated 20 May 2015 (**Supplementary Target's Statement**) under section 644 of the *Corporations Act 2001* (Cth). It is issued by Pan Pacific Petroleum NL ACN 000 749 799 (**Pan Pacific**) in relation to the on-market takeover bid by Zeta Energy Pte. Ltd. (**Zeta Energy**) to acquire all of the ordinary shares in Pan Pacific that Zeta Energy does not already hold. This Supplementary Target's Statement supplements and is to be read together with Pan Pacific's target's statement dated and lodged with ASIC on 24 April 2015 (**Target's Statement**). This Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement. The glossary in Section 10 of the Target's Statement applies to this Supplementary Target's Statement unless the context requires otherwise.

20 May 2015

## **Supplementary Target's Statement: Pan Pacific sale of assets**

### **1 Media release**

Attached is a media release headed '**Pan Pacific Petroleum - sale of assets**', which forms part of this Supplementary Target's Statement.

### **2 Consents**

As permitted by ASIC Class Order 13/521, this Supplementary Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules), including the Target's Statement. Under ASIC Class Order 13/521, the consent of persons to whom such statements are attributed is not required for the inclusion of those statements in this Supplementary Target's Statement.

Any Pan Pacific shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may during the Offer Period obtain a copy free of charge by contacting the shareholder information line on (02) 99572177 (within Australia) or +61 2 9957 2177 (outside Australia) between 9:00am and 5:00pm (Australian Eastern Standard Time) on Monday to Friday.

### **3 Authorisation**

This document has been approved by a resolution of the Pan Pacific Board.

Signed for and behalf of Pan Pacific:

Ms Kim Were  
Company Secretary

A copy of this Supplementary Target's Statement has been lodged with ASIC and given to Zeta Energy and the ASX on 20 May 2015. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

[DRAFT]



## Pan Pacific Petroleum – sale of assets

### Announcement of resolution of the Board of the Company

20/05/2015

The Board of Pan Pacific Petroleum NL (**Company**) advises that the Company will seek offers for the purchase of its assets including:

- the Tui oil project in New Zealand (**TUI**); and
- the CRD development project in Vietnam (**CRD**).

In the Independent Expert's Report (**IER**) contained in the Company's Target's statement dated 24 April 2015, which was issued in response to the Zeta Energy Pte. Ltd (**Zeta Energy**) on-market takeover bid for the Company, the Independent Expert<sup>1</sup> valued the Company and its assets as follows (**IER Valuations**)<sup>2</sup>:

Pan Pacific – valuation summary	Low \$ m	High \$ m
Tui oil field	15.0	22.5
Block 07/03 project	5.1	12.0
Exploration assets	5.0	10.0
Assets held for sale	2.0	2.0
Other assets and liabilities (net)	4.4	4.4
JPDA liability	(8.0)	0
Head office costs	(4.0)	(2.0)
<b>Value of operations</b>	<b>19.5</b>	<b>48.9</b>
Net cash	24.7	24.7
<b>Value of the equity (control basis)</b>	<b>44.2</b>	<b>73.6</b>
Pan Pacific shares on issue at the date of this Report	589.7	589.7
<b>Fair value of a Pan Pacific ordinary share (control, diluted)</b>	<b>\$0.075</b>	<b>\$0.125</b>

Since the date of the IER, there have been two circumstances which the Directors believe change the above valuations, specifically:

- the Directors are of the view that the JPDA liability has changed to a low of A\$3.2m and a high of A\$0m; and
- as a result of capital payments, there has been a change to the net cash, which is now A\$21.4m.

<sup>1</sup> RSM Bird Cameron Corporate Pty Ltd (AFS Licence No 255847)

<sup>2</sup> The IER Valuations represent the estimated value of the Company assuming 100% of the Company was to be acquired and is inclusive of a control premium (for further information refer to section 8 of the IER).

When these changes are applied to the IER Valuations, the “**Fair value of a Pan Pacific ordinary share (control, diluted)**” changes to a low of **A\$0.078** and a high of **A\$0.119 (Revised Valuations)**.

The Company will seek offers for its assets that are within or greater than the respective asset value ranges in the IER Valuations.

On the assumption that the Company will achieve sales of all the Company’s assets in the ranges indicated by the IER Valuations, the Company’s holding of cash will increase from approximately **\$21.4m** to between **\$44.70 – 69.3m** (after the sale of all assets and payment of all liabilities<sup>3</sup> and transaction costs<sup>4</sup>). This is equal to between approximately 7.6 cents and 11.8 cents per share, which at 11.8 cents, is a **136% premium** to the 5 cents per share offered by Zeta Energy in its recent takeover offer.

In addition to offering a superior outcome to shareholders than the Zeta Energy takeover offer, the sale of assets should be attractive to shareholders because:

- trading in the Company’s shares has been relatively illiquid; and
- the trading price of the Company’s shares has for some time been consistently below the fair value of the shares indicated in the IER.

The sale of assets therefore provides an opportunity for shareholders to receive value for their shares that would not otherwise be available.

The Company will promptly implement the sales process indicatively within next 4-6 months and will return all cash to shareholders in as tax-effective a manner as possible.

Shareholders should note that if the asset sales amount to a sale of the Company’s main undertaking, approval by an ordinary resolution (more than 50%) of the Company’s shareholders will be required.

The Directors of the Company who are not associated with Zeta Energy continue to recommend that shareholders **REJECT THE ZETA ENERGY OFFER** by **TAKING NO ACTION** in response to the documents received from Zeta Energy.

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<sup>3</sup> Assuming liabilities remain in the ranges indicated in the Revised Valuations.

<sup>4</sup> This assumes transaction costs of A\$1m. The transaction costs may be more or less than this amount.