

Zeta Energy Pte Limited

Independent Adviser's Report

Prepared Pursuant to Rule 22 of the Takeovers Code in Relation to a Partial Takeover Offer for New Zealand Oil & Gas Limited

August 2017

Purpose of the Report

This report is **not** a report on the merits of the offer.

This report has been commissioned by the offeror, Zeta Energy Pte Limited.

The purpose of this report is solely to compare the consideration and terms offered for the different classes of voting securities and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes of voting securities.

A separate Independent Adviser's Report on the merits of the offer, commissioned by the directors of New Zealand Oil & Gas Limited, must accompany New Zealand Oil & Gas Limited's target company statement.

The offer should be read in conjunction with this report and the separate Independent Adviser's Report on the merits of the offer.

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this Independent Adviser's Report.

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1. Introduction

1.1 Background

Zeta Energy Pte Limited (**Zeta Energy** or the **Company**) is a Singapore based unlisted oil and gas investment company, focused on the South-East Asian and Australasian regions. The Company was incorporated on 1 September 2014. It is a wholly owned subsidiary of Zeta Resources Limited (**Zeta Resources**).

Zeta Resources is an active, resources focused holding and development company which invests in a range of resources entities, including those focused on oil and gas, gold and base metals exploration and production. Zeta Resources' shares are listed on the Australian Securities Exchange (the **ASX**).

New Zealand Oil & Gas Limited (**NZO**) is a New Zealand based oil and gas exploration and production company. It holds a 4% interest in the Kupe oil and gas field located in the offshore Taranaki basin and is participating in 2 deep water prospects off the South Island (including the Barque prospect). NZO holds a 50.01% shareholding in ASX listed Cue Energy Resources Limited.

NZO's fully paid ordinary shares (the **Fully Paid Shares**) are listed on the main equities security market (the **NZX Main Board**) operated by NZX Limited (**NZX**). NZO had a market capitalisation of \$99 million as at 8 August 2017.

1.2 Zeta Energy Offer

Takeover Notice

Zeta Energy has issued notice of its intention to make a partial takeover offer for the equity securities on issue in NZO (the **Takeover Notice**) which, if successful, will result in Zeta Energy holding or controlling at least 50.01% of the voting rights in NZO (the **Zeta Energy Offer**).

NZO Capital Structure

NZO's share capital consists of:

- 159,428,718 Fully Paid Shares
- 8,420,000 partly paid shares (the **Partly Paid Shares**).

Fully Paid Shares

NZO completed a return of capital by way of a court-approved scheme of arrangement on 12 May 2017, whereby it cancelled one in every 2 Fully Paid Shares. 159,426,525 Fully Paid Shares were cancelled and a total of \$99,999,317 was paid to shareholders.

Partly Paid Shares

NZO operates an employee share ownership plan (the **ESOP**) which is open to nominated employees (the **Participants**), under which Partly Paid Shares are issued to the Participants.

The Partly Paid Shares are not listed on the NZX Main Board.

The Partly Paid Shares constitute a separate class of voting securities for the purposes of the Takeovers Code (the **Code**).

Zeta Energy Shareholding in NZO

Zeta Energy and its associates (UIL Limited, Bermuda Commercial Bank Limited and Pan Pacific Petroleum NL) currently hold or control 33,802,947 Fully Paid Shares, representing 21.20% of the Fully Paid Shares.

Zeta Energy and its associates currently do not hold or control any Partly Paid Shares.

Terms of Zeta Energy Offer

Partial Offer

The Zeta Energy Offer is for 41.955% of the Fully Paid Shares and Partly Paid Shares that it currently does not hold or control (the **Specified Percentage**).

Consideration

Zeta Energy will offer cash of \$0.72 for each Fully Paid Share (the **Offer Price**).

Zeta Energy is not offering to purchase any Partly Paid Shares on the basis they remain partly paid. As discussed below, it is a term of the Zeta Energy Offer that any Partly Paid Shares accepted into the offer must be fully paid (the **Fully Paid Term**).

Conditions

The Zeta Energy Offer is conditional upon Zeta Energy receiving acceptances that would, when taken together with the voting securities already held or controlled by Zeta Energy, confer more than 50% of the voting rights in NZO (the **Minimum Acceptance Condition**).

The Fully Paid Term requires that any holder of Partly Paid Shares who wishes to accept the offer must pay up in full those Partly Paid Shares that are accepted into the offer. However, holders of Partly Paid Shares may accept their Partly Paid Shares into the Zeta Energy Offer pending a determination as to whether the offer is successful and is declared unconditional (the **Unconditional Offer Provision**). If the offer is not declared unconditional, all Partly Paid Shares will remain subject to the ESOP and the original terms of their issue. At any time prior to the offer being declared unconditional any such acceptances may be withdrawn by notice in writing.

If the Zeta Energy Offer is declared unconditional, acceptances by holders of Partly Paid Shares may not be withdrawn and will be taken into account for the purposes of scaling (if required). At that point, the Partly Paid Shares must be fully paid in accordance with the Fully Paid Term. For this purpose such holders will be notified of that number of shares (after scaling) which will be acquired by Zeta Energy under the holder's acceptance.

Where the issue price of the relevant Partly Paid Shares (the **Issue Price**) proposed to be accepted exceeds the Offer Price, the relevant shareholder must pay the excess to the registrar within 5 days of being so notified in order to satisfy the Fully Paid Term.

In all cases the relevant holder of Partly Paid Shares will be deemed to have directed Zeta Energy to pay the Offer Price on behalf of the shareholder to the registrar for on-payment to the Company in satisfaction of the Issue Price to the extent necessary. Where the Issue Price is less than the Offer Price, the registrar will pay the balance to the relevant holder of the Partly Paid Shares.

The Zeta Energy Offer is also conditional on a series of other conditions that are standard for an offer of this type.

1.3 Regulatory Requirements

NZO is a listed company on the NZX Main Board and is a *code company* as defined by Rule 3 of the Code. The takeover process contemplated by Zeta Energy must therefore comply with the provisions set out in the Code.

Rule 9(2) of the Code prescribes that a partial offer must be extended to all holders of voting securities of the target company other than the offeror.

Furthermore, Rule 9(4) of the Code prescribes that if there is more than one class of voting securities of the target company, a partial offer must be made for a specified percentage of the voting securities of each class not already held or controlled by the offeror, and such specified percentage must be the same percentage in respect of each class.

Rule 9(5) of the Code prescribes that the consideration and terms offered for each class of voting securities of the target company must be fair and reasonable as between classes of voting securities.

In this particular case, the Code requires that the consideration and terms offered for the Partly Paid Shares must be fair and reasonable compared with the consideration and terms offered for the Fully Paid Shares.

As the offeror, Zeta Energy must obtain a report pursuant to Rule 22 of the Code from an independent adviser which certifies that, in the adviser's opinion, the offer complies with Rule 9(5).

1.4 Purpose of the Report

Zeta Energy's board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report to opine on whether the consideration and terms offered for the Fully Paid Shares and the Partly Paid Shares are fair and reasonable as between the 2 classes of voting securities under the Zeta Energy Offer in accordance with Rule 22 of the Code.

A Rule 22 Independent Adviser's Report is not required to consider the merits of the Zeta Energy Offer and we offer no opinion on whether the Offer Price is fair and reasonable.

Simmons Corporate Finance was approved by the Takeovers Panel on 25 May 2017 to prepare the Independent Adviser's Report.

The Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Offer as Between Classes of Voting Securities

2.1 Basis of Evaluation

Rule 22 of the Code requires that the Independent Adviser's Report certifies that the consideration and terms offered for the Fully Paid Shares and the Partly Paid Shares are *fair and reasonable* as between the 2 classes of voting securities.

There is no legal definition of the term *fair and reasonable* in either the Code or in any New Zealand statute dealing with securities or commercial law.

In the absence of an explicit definition of *fair and reasonable*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated 20 June 2017
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *fair and reasonable*.

Our assessment of whether the consideration and terms offered for the Fully Paid Shares and the Partly Paid Shares are fair and reasonable as between the 2 classes of voting securities is as follows:

- firstly, the assessment of the **consideration** offered under the Zeta Energy Offer relating to the Fully Paid Shares in comparison with the Partly Paid Shares is irrelevant in this case due to the Fully Paid Term. All shareholders are being offered cash of \$0.72 per Fully Paid Share. There is no consideration offered for the Partly Paid Shares
- secondly, with regard to the assessment of the **terms** of the Zeta Energy Offer relating to the Fully Paid Shares in comparison with the Partly Paid Shares, all of the terms are identical other than the Fully Paid Term and the Unconditional Offer Provision. Accordingly, our assessment focusses on whether the Fully Paid Term and the Unconditional Offer Provision are fair and reasonable from the perspective of:
 - the holders of Partly Paid Shares
 - the holders of Fully Paid Shares
- we then conclude as to whether the Fully Paid Term and the Unconditional Offer Provision are fair and reasonable as between the 2 classes of voting securities.

2.2 Summary of Evaluation

The main difference between the terms offered to the 2 classes of voting securities is that in the case of the Partly Paid Shares, acceptances may be tendered subject to the proviso that the Zeta Energy Offer is declared unconditional. The Unconditional Offer Provision means that holders of Partly Paid Shares are not required to fully pay up their shares until they have certainty that the Zeta Energy Offer will proceed and that their shares will be accepted into the offer. Once the offer is unconditional, the holders of Partly Paid Shares must arrange for the tendered and accepted Partly Paid Shares to be paid up, but this may occur through the application of the Offer Price.

We are of the view that the Unconditional Offer Provision in conjunction with the Fully Paid Term places the holders of the Partly Paid Shares in the same position as the holders of the Fully Paid Shares:

- the Unconditional Offer Provision ensures that there is no financial outlay for the holders of Partly Paid Shares until they are certain that their Partly Paid Shares will be accepted into the offer
- the Fully Paid Term ensures that the holders of Partly Paid Shares will receive the same consideration as the holders of Fully Paid Shares, from which the amounts outstanding on the Partly Paid Shares (the **Unpaid Amounts**) will be deducted.

We note that prior to the issue of the Takeover Notice, Zeta Energy has not had access to all of the detailed documentation in relation to the ESOP and the Partly Paid Shares. This assessment has therefore been based primarily on publicly available information and is reliant on a number of assumptions in relation to the details of the ESOP and the Partly Paid Shares that cannot be verified without further information from NZO.

2.3 Opinion

In our opinion, the consideration and terms offered for the Fully Paid Shares and the Partly Paid Shares are fair and reasonable as between the 2 classes of voting securities.

We certify that in our opinion, the Zeta Energy Offer complies with Rule 9(5).

2.4 Partly Paid Shares

Key Terms

Partly Paid Shares are issued to the Participants at a specified issue price based on a 20% premium to the 20 trading days volume weighted average share price (**VWAP**) prior to the date on which the Partly Paid Shares are allocated (the **Initial Issue Price**).

The Participants pay \$0.01 per share when the Partly Paid Shares are issued.

The Partly Paid Shares are held for the Participants' beneficial interest by NZOG Services Limited (the **Plan Company**) in its capacity as trustee of the ESOP.

After a 2 year escrow period, and under certain conditions, the Participant has the option to fully pay for the shares. The option lasts for 3 years.

The Partly Paid Shares' voting rights and rights to dividends or other distributions by NZO are proportionate to the amount paid compared with the Initial Issue Price.

Subject to limited exceptions set out in the ESOP rules, the Partly Paid Shares cannot be assigned, transferred or disposed of without the approval of NZO's nomination and remuneration committee.

The actual issue price payable by a Participant (the **Final Issue Price**) is the lower of:

- the Initial Issue Price, and
- the higher of:
 - the last sale price of the Fully Paid Shares on the date when the final payment of the Final Issue Price must be paid (the **Final Date**) and
 - 85% of the 5 trading days VWAP prior to the Final Date, and
- where the Partly Paid Shares are held by the Plan Company at the time the final portion of the Issue Price is paid, the amount that the Plan Company is able to obtain as payment for the shares from the Participant or by the then sale of those shares.

If a Participant wishes to pay up the balance of the Issue Price prior to the Final Date, then the Participant must pay the balance of the Initial Issue Price.

Upon the payment of the Unpaid Amounts, the shares become Fully Paid Shares and are transferred from the Plan Company to the Participant.

If there has been a change in effective control of NZO (which includes a party announcing its intention to acquire an interest of 20% or more of NZO's shares by way of a written takeover offer) (the **Change in Effective Control Provision**), then each Participant may require the Plan Company to:

- sell any shares held in the ESOP for the Participant and forward the net proceeds of the sale to the Participant, or
- subject to payment of any amount outstanding in respect of such Partly Paid Shares, transfer those resultant shares to the Participant.

Our interpretation of the ESOP rules is that if a Participant elects to pay the Unpaid Amounts to receive Fully Paid Shares under the Change in Effective Control Provision, then the Unpaid Amounts are calculated by reference to the Initial Issue Price.

NZO announced on 20 July 2017 that as Zeta Energy and its associates collectively hold or control more than 20% of the voting rights in NZO, the Change in Effective Control Provision had been triggered. The announcement confirmed that if a Participant elected to immediately pay the Unpaid Amounts to receive Fully Paid Shares, then the Unpaid Amounts are calculated by reference to the Initial Issue Price.

Number of Partly Paid Shares on Issue

Based on publicly available information, we understand that the 8,420,000 Partly Paid Shares currently on issue have the following issue dates and Initial Issue Prices.

| Partly Paid Shares | | | |
|--------------------|------------------|-----------------------------|---------------------------|
| Issue Date | No. of Shares | Initial Issue Price | Paid Up Amount |
| 24 Feb 2017 | 1,000,000 | \$0.7435 | \$0.01 |
| 21 Sep 2016 | 1,237,000 | \$0.5950 | \$0.01 |
| 30 Sep 2015 | 1,674,000 | \$0.5680 | \$0.01 |
| 30 Sep 2014 | 1,119,000 | \$0.9400 | \$0.01 |
| 15 Nov 2013 | 58,000 | \$1.0100 | \$0.01 |
| 10 Sep 2013 | 834,000 | \$1.0100 | \$0.01 |
| 30 May 2013 | 700,000 | \$1.1300 | \$0.01 |
| | <u>6,622,000</u> | <u>\$0.7814¹</u> | <u>\$0.01¹</u> |
| Forfeited shares | 1,798,000 | | |
| | <u>8,420,000</u> | | |

¹ Weighted average
Source: NZO disclosures to NZX

2.5 Zeta Energy Offer Consideration

Zeta Energy will offer cash of \$0.72 for each Fully Paid Share.

Zeta Energy is not offering to purchase any Partly Paid Shares on the basis they remain partly paid. Under the Fully Paid Term, any Partly Paid Shares accepted into the offer must be fully paid.

2.6 Zeta Energy Offer Terms

The terms of the Zeta Energy Offer are identical for the holders of Fully Paid Shares and Partly Paid Shares, other than:

- the Fully Paid Term
- the Unconditional Offer Provision.

Details of the Fully Paid Term and the Unconditional Offer Provision are set out on page 2.

2.7 Is the Fully Paid Term and the Unconditional Offer Provision Fair and Reasonable to the Holders of Partly Paid Shares?

ESOP Change in Effective Control Provision

The Change in Effective Control Provision in the ESOP removes all restrictions on the transfer or paying up of the Partly Paid Shares (including the 2 year escrow period). A Participant is able to participate in a takeover offer by requiring the Plan Company to:

- sell any shares held in the ESOP for the Participant and forward the net proceeds of the sale to the Participant, or
- subject to the payment of the Unpaid Amounts, transfer the resultant Fully Paid Shares to the Participant.

The Change in Effective Control Provision provides a favourable opportunity to the Participants, enabling them to exit the ESOP and take their shares out as fully paid.

Exiting the ESOP and paying up the shares is not mandatory. Each Participant is able to make an election whether to continue to hold their Partly Paid Shares or accept their shares into the Zeta Energy Offer.

In our view, a Participant will rationally only choose to accept their Partly Paid Shares into the offer if the Offer Price exceeds the Initial Issue Price.

Based on our understanding of the ESOP rules, Unpaid Amounts would be the Initial Issue Price less any amounts paid up on the shares.

The Offer Price of \$0.72 is lower than all of the tranches of the Partly Paid Shares other than those issued on 30 September 2015 and on 21 September 2016.

Unconditional Offer Provision

The Unconditional Offer Provision ensures that the Fully Paid Term does not place the holders of Partly Paid Shares in a financially less advantaged position than the holders of Fully Paid Shares.

Without the Unconditional Offer Provision, holders of Partly Paid Shares wishing to accept the Zeta Energy Offer would need to finance and pay up the Unpaid Amounts. However, in doing so, there would be no guarantee as to whether the offer would be successful and, if it were successful, how many of their shares would be accepted (if scaling of acceptances was required). Thus, the holders of Partly Paid Shares would face the risk of financing and paying the Unpaid Amounts without the certainty of knowing that they would receive the Offer Price.

The holders of Fully Paid Shares do not face such financial risk. The only uncertainty for them arises from whether the offer will be declared unconditional, and if so, the degree to which there is scaling of acceptances.

The Unconditional Offer Provision therefore places the holders of Partly Paid Shares in the same position as the holders of Fully Paid Shares.

Fully Paid Term

The Fully Paid Term requires all Partly Paid Shares accepted into the Zeta Energy Offer to be fully paid up, upon which they will receive the Offer Price.

In practical terms, this will result in the holders of the Partly Paid Shares:

- receiving the excess of the Offer Price over the Unpaid Amount if the Offer Price exceeds the Unpaid Amount
- having to pay the excess of the Unpaid Amount over the Offer Price if the Offer Price is less than the Unpaid Amount. However, we do not consider this to be a likely scenario as a rational Participant would not accept their shares into the offer under these circumstances as it would crystallise a financial loss for them.

The Fully Paid Term therefore places the holders of Partly Paid Shares in the same net financial position as the holders of Fully Paid Shares.

Conclusion

Accordingly, we are of the view that the Fully Paid Term and the Unconditional Offer Provision are fair and reasonable to the holders of Partly Paid Shares.

2.8 Is the Fully Paid Term and the Unconditional Offer Provision Fair and Reasonable to the Holders of Fully Paid Shares?

The Fully Paid Term and the Unconditional Offer Provision effectively place the holders of Partly Paid Shares in the same financial position as the holders of Fully Paid Shares:

- they receive the same level of consideration (being the Offer Price)
- they are not required to pay up the Partly Paid Shares without certainty that their resultant Fully Paid Shares will be accepted into the offer.

The Fully Paid Term and the Unconditional Offer Provision does not confer any additional benefits or advantages to the holders of Partly Paid Shares:

- if the offer is not declared unconditional, then no shares will be accepted and all shareholders will remain in the same financial position that they were in before the Takeover Notice was issued
- if the offer is declared unconditional, then all shares accepted into the offer will be paid the same consideration (ie the Offer Price)
- if the level of acceptances received is more than the Specified Percentage, then acceptances will be scaled in accordance with the provisions of the Code.

Accordingly, we are of the view that the Fully Paid Term and the Unconditional Offer Provision are fair and reasonable to the holders of Fully Paid Shares.

3. Sources of Information, Reliance on Information, Disclaimer and Indemnity

3.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the Takeover Notice
- the NZO annual report for the year ended 30 June 2016 and interim report for the 6 months ended 31 December 2016
- the NZO ESOP amended prospectus dated 3 May 2013
- the NZO ESOP amended plan rules dated 3 May 2013
- data in respect of Zeta Energy and NZO from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from Zeta Energy's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Zeta Energy Offer that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

3.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Zeta Energy and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Zeta Energy or NZO. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

It is not intended that this report should be used or relied upon for any purpose other than as an expression of our opinion as to whether the consideration and terms offered for the Fully Paid Shares and the Partly Paid Shares are fair and reasonable as between the 2 classes of voting securities.

This report is not a valuation of the Fully Paid Shares or the Partly Paid Shares. We expressly disclaim any liability to any NZO shareholder that relies or purports to rely on this report for any other purpose and to any other party who relies or purports to rely on this report for any purpose.

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Zeta Energy or NZO will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Zeta Energy and NZO and their directors and management teams. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the Takeover Notice and have not verified or approved the contents of the Takeover Notice. We do not accept any responsibility for the contents of the Takeover Notice except for this report.

3.4 Indemnity

Zeta Energy has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Zeta Energy has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

4. Qualifications and Expertise, Independence, Declarations and Consents

4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Zeta Energy or NZO or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Zeta Energy Offer.

Simmons Corporate Finance has not had any part in the formulation of the Zeta Energy Offer or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the Zeta Energy Offer. We will receive no other benefit from the preparation of this report.

4.3 Declarations

An advance draft of this report was provided to the Board for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the Takeover Notice to be sent to NZO's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited
9 August 2017