

ZENITH SCHEME UPDATE – BOARD DETERMINES TO PAY SPECIAL DIVIDEND

Key points

- Zenith Energy Limited (ASX: ZEN) ('Zenith') is pleased to announce that the Board has determined to pay a fully franked Special Dividend of \$0.14 per Zenith Share to eligible Zenith Shareholders as part of the total cash consideration of \$1.05 per Zenith Share payable to Zenith Shareholders under the Scheme.
- Zenith's Independent Board Committee continues to unanimously recommend that Zenith Shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Zenith Shareholders ('Standard Qualifications').
- Payment of the Special Dividend is conditional upon formal declaration by the Board following the second Court hearing to approve the Scheme and the Scheme becoming effective.
- Eligible Zenith Shareholders may also be eligible to receive an additional benefit of up to \$0.053 per Zenith Share held on the Special Dividend Record Date in the form of franking credits attached to the Special Dividend, subject to their marginal tax rates and specific personal circumstances and provided a favourable class ruling is obtained from the Australian Taxation Office ('ATO').

Determination to pay Special Dividend

Zenith refers to the proposed acquisition of Zenith by Elemental Infrastructure BidCo Pty Ltd ('Elemental') by way of a scheme of arrangement (the 'Scheme') for total cash consideration of \$1.05 per Zenith Share.

Zenith is pleased to announce that the Board has determined to pay eligible Zenith Shareholders a fully franked special dividend of \$0.14 per Zenith Share ('Special Dividend'), conditional on the Scheme becoming effective. Please note that the Special Dividend will not be payable until formally declared by the Zenith Board following the second Court hearing to approve the Scheme (expected to be on 6 August 2020). Although not expected to be an issue, the Board will need to be satisfied all legal and consent requirements are met at that time.

If the Scheme is approved by Zenith Shareholders and the Court, and the Special Dividend is formally declared, Zenith Shareholders who are on the register on the Special Dividend Record Date of 7.00pm (Perth time) on 12 August 2020 and who continue to hold their shares until the Scheme Record Date of 7.00pm (Perth time) on 14 August 2020 will receive \$1.05 per Zenith Share, comprising:

- \$0.91 per Zenith Share by way of cash payable by Elemental; plus
- \$0.14 per Zenith Share by way of Special Dividend payable by Zenith.

ZENITH ENERGY LIMITED

Eligible Zenith Shareholders may also be eligible to receive an additional benefit of up to \$0.0053 per Zenith Share held on the Special Dividend Record Date in the form of franking credits attached to the Special Dividend, subject to their marginal tax rates and specific personal circumstances and provided a favourable class ruling is obtained from the ATO (further details set out below). Whether eligible Zenith Shareholders will be in a position to realise the full benefit of franking credits attached to any Special Dividend will depend on their tax status and specific circumstances.

ATO Class Ruling

Zenith has applied to the ATO requesting a class ruling regarding the income tax implications for Zenith Shareholders of receiving the Special Dividend, including the ability to attach franking credits to the Special Dividend.

The class ruling is not expected to be issued by the ATO until after the Implementation Date (which is expected to be 21 August 2020).

Recommendation of the Independent Board Committee ('IBC')

The IBC continues to unanimously recommend that Zenith Shareholders approve vote in favour of the Scheme subject to the Standard Qualifications. The IBC reiterates its view that the Scheme provides certainty of outcome and value for all of the non-Rollover shareholders, with the total cash consideration of \$1.05 being above the \$0.89 to \$1.02 range determined by the Independent Expert.

Further information

For further information in relation to the Scheme, Zenith shareholders should consult the Supplementary Scheme Booklet published on 22 July 2020 and the Scheme Booklet published on 25 June 2020, both available at <https://www.zenithenergy.com/investor-centre/scheme-of-arrangement>.

Zenith Shareholders should read the Supplementary Scheme Booklet and the Scheme Booklet in their entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the relevant Scheme Resolution to approve the Scheme.

If shareholders are in any doubt about what they should do, they should consult with a financial, legal, taxation or other professional adviser.

If shareholders have any questions in relation to the Supplementary Scheme Booklet, Scheme Booklet or the Zenith Scheme, please contact the Zenith Shareholder Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia), Monday to Friday between 6.30am and 5.30pm (Perth time).

ENDS

Issued by: Zenith Energy Limited ACN 615 682 203 www.zenithenergy.com

Authorised by: Zenith Energy Board of Directors

ZENITH ENERGY LIMITED

PERTH | 24 Brennan Way, Belmont, WA, 6104 | **P** +61 (0) 8 9416 2000 | **F** +61 (0) 8 9477 1833

E info@zenithenergy.com

| **W** www.zenithenergy.com

| **ACN** 615 682 203



For more information, please contact:

Hamish Moffat
Zenith Energy Managing Director
+61 8 9416 2000

Citadel-MAGNUS
Paul Ryan / Russell Quinn
+61 409 296 511 / +61 403 322 097
pryan@citadelmagnus.com / rquinn@citadelmagnus.com

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PERTH | 24 Brennan Way, Belmont, WA, 6104 | **P** +61 (0) 8 9416 2000 | **F** +61 (0) 8 9477 1833
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