ZENITH ENERGY LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2024

CONTENTS

COMPANY INFORMATION

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Dr. Jose Ramon Lopez-Portillo (Chairman and Non-Executive Director)
Andrea Cattaneo (Chief Executive Officer & President, Executive Director)
Luca Benedetto (Chief Financial Officer & Executive Director)
Dario Ezio Sodero (Non-Executive Director)
Sergey Borovskiy (Non-Executive Director)

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CHAIRMAN'S STATEMENT

In the 2024 financial the Group has continued to implement our business development strategy by directing our primary focus towards acquiring assets in the USA. In the USA, the Company has acquired a controlling interest in Cyber Apps World Inc (now Leopard Energy, Inc.)., an entity listed on the Pink Open Market segment of US OTC Markets under the ticker "CYAP". In this light, on January 16, 2024, the Company announced that it had successfully bid at auction for a 5% royalty interest in a package of seven (7) producing wells located in the Eagle Ford Shale, Lavaca County, Texas.

This represents our first transaction in the US energy production and development sector and is, for CYAP, a shift away from software development towards identifying and acquiring opportunities in the US energy and production development sector, and confirmed that further acquisitions of this kind, specifically royalties in non-operated oil and gas production leases, are planned.

We have also taken decisive steps by discontinuing the Group's involvement in potential acquisitions that were no longer attractive, specifically in the Republic of Kazakhstan, the Republic of Benin, the Republic of Yemen, and the Republic of Congo.

As of the date of this document the Group operates in Italy, where it produces natural gas, electricity and condensate, and the United States, where it produces oil.

During the period, the Company has initiated three separate arbitrations against the Republic of Tunisia and/or ETAP, the national oil company of the Republic of Tunisia for a total cumulative claimed amount of at least US$140.5 million.

By way of summary, an ICC (International Chamber of Commerce) arbitration has been initiated against ETAP for an amount of US$6.5 million due to its failure to comply with its contractual obligations to pay for oil produced and sold by one of the Company's subsidiaries, a second ICC arbitration has been launched by another fully owned subsidiary of the Company against the Republic of Tunisia for its arbitrary failure to lawfully recognize the acquisition of its interest in the North Kairouan permit and the Sidi El Kilani Concession in Tunisia, and a third arbitration has been submitted in the International Centre for Settlement of Investment Disputes following various breaches of bilateral trade agreements committed by the Republic of Tunisia to the severe detriment of the Company's interests in Tunisia (collectively, the "**Arbitrations**").

We are pleased to report that notable results have already been achieved in respect of the Arbitrations. For example, on July 10, 2023, the Company announced that it had obtained a 'conservative seizure' for an amount equivalent to approximately US$6.5 million deposited in a bank account in Switzerland under the name of ETAP. Further, on November 29, 2023, the Company announced that the ICC (International Chamber of Commerce) appointed Arbitral Tribunal for the arbitration claims launched against ETAP had rejected ETAP's request to include the Tunisian State as co-defendant and ordered ETAP to pay approximately EUR 120,000 in costs. These are positive developments that showcase the merits of our procedural conduct.

In addition, on October 25, 2023, the Company announced that the Company's common shares of no par value would commence dealing on the OTCQB Venture Market cross-trading facility in the United States (the "OTCQB") with effect from that date. The OTCQB ticker for the Common Shares is "ZENAF". Zenith will continue to rely on the announcements and disclosures it makes to the London Stock Exchange and will have no Sarbanes-Oxley or SEC reporting requirements.

On **August 29, 2023**, the Company announced that it had acquired control of Cyber Apps World Inc. (now Leopard Energy, Inc.) ("**CYAP**") by way of a Securities Purchase Agreement ("**SPA**") signed with Janbella Group LLC ("**Seller**") for a purchase price of **US$398,319.97** in cash

On **September 29, 202**3, the Company announced that BCRA Credit Rating Agency AD ("**BCRA**") had confirmed the Company's long-term issuer credit rating of "**B+** with **Stable Outlook**".

On **October 10, 2023**, the Company announced that EuroRating Sp. Zo.o ("**Eurorating**") has assigned the Company a long-term debt issuer credit rating of "**B+** with **Stable Outlook**".

On July 10, 2023, the Company announced that it had successfully obtained a "conservative seizure" for an amount equivalent to approximately US$6.5 million deposited in a bank account under the name of ETAP Entreprise Tunisienne d'Activités Pétrolières, the national oil company of the Republic of Tunisia.

The Conservative Seizure was granted in view of ETAP's failure to comply with its contractual obligations and pay for oil produced and sold by one of the Company's subsidiaries.

The ICC Arbitration has been commenced by the Company following the Conservative Seizure.

Zenith had first announced the submission of a request for arbitration against the Republic of Tunisia before the International Centre for Settlement of Investment Disputes in Washington DC ("**ICSID Arbitration**") on June 7, 2023.

The request for damages in the ICSID Arbitration, following various breaches of bilateral trades agreements made by the Republic of Tunisia to the detriment of Zenith and its subsidiaries, is for a total cumulative claimed amount of at least US$48 million.

The ICSID Arbitration and the ICC Arbitration are two separate arbitration proceedings.

On **November 29, 2023**, the Company announced that the ICC (International Chamber of Commerce) appointed Arbitral Tribunal for the arbitration claims launched against Entreprise Tunisienne d'Activités Pétrolières ("**ETAP**"), the national oil company of the Republic of Tunisia (the "**ICC Arbitration**"), had rejected ETAP's request to include the Tunisian State as co-defendant and ordered ETAP to pay approximately EUR 120,000 in costs.

Zenith Energy will seek to enforce the decision with a view to receiving payment directly to the claimant, a fully owned subsidiary of the Company, named Ecumed Petroleum Zarzis Ltd ("**EPZ**"), registered in Barbados.

On **January 16, 2024**, the Company announced that its subsidiary CYAP Oil, LLC, had successfully bid at auction for a 5% royalty interest in a package of seven (7) producing wells located in the Eagle Ford Shale, Lavaca County, Texas.

This represents CYAP's first transaction in the US energy production and development sector and is, in line with Zenith's strategy for CYAP, a shift away from software development towards identifying and acquiring opportunities in the US energy and production development sector.

CYAP has confirmed that further acquisitions of this kind, specifically royalties in non-operated oil and gas production leases, are planned.

Production activities

During the financial year ended March 31, 2024, the Group:

- **a)** The Group generated revenues from oil and natural gas of CAD$ 1,788k (2023 – CAD$ 13,159k)
- **b)** As of March 31, 2024, inventory consists of CAD$ 2,031k (2023 – 6,448k) related to 9,899 barrels of crude oil that has been produced but not yet sold in Tunisia.
- **c)** The Company sold 159,119 mcf of natural gas from its Italian assets, as compared to 177,246 mcf of natural gas in the 2023 similar period.

Financing

The Company issued equity and financing instruments during the course of the financial year ended March 31, 2024, raising a combined net total of CAD$15.8m (March 31, 2023 - CAD$19.1m) to finance the Group's development strategies.

On **September 20, 2023**, the Company announced that it would proceed with the implementation of the share consolidation approved by shareholders at the Company's annual general meeting held on April 14, 2023 (the "**Consolidation**"). Under the Consolidation, one new common share of no par value ("**New Common Shares**") was issued for every ten existing common shares of no par value ("**Old Common Shares**").

During the year, 40,515,164 new common shares were issued (March 31, 2023 – 43,772,809), as detailed in the financial statements (note 16).

To fund the acquisition of assets, and their development, to avoid an excessive dilution of its share capital the Company issued unsecured, multi-currency (GBP, Euro, CHF and USD) Medium Term Notes at par value (the "**Notes**"), admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**") and bearing interest payable semi-annually.

As of March 31, 2024, the Company sold Notes for an aggregate total amount of CAD$ 28,085,723, net of Note expired and repaid in January 2024 for CAD$ 41,624 (March 31, 2023, comparative aggregate amount CAD$ 25,246,994),as follows:

EMTN (Bond)	**Currency**	**CAD$ equivalent**
EMTN (Bond) EURO	CAD$	6.862.218
EMTN (Bond) GBP	CAD$	5.304.705
EMTN (Bond) USD	CAD$	15.918.800
	TOTAL	**28.085.723**

During the Financial Year, the Company announced that BCRA Credit Rating Agency AD ("**BCRA**") and EuroRating Sp. Zo.o ("**Eurorating**") have assigned the Company a long-term debt issuer credit rating of "**B+** with **Stable Outlook**"

Financial Results

The Group recorded an after-tax loss of **CAD$42,367k** for the year ended March 31, 2024, compared to an after-tax loss of **CAD$12,827k** for the year ended March 31, 2023. This result was negatively impacted by the non-recurrent administrative expenses related to the negotiation for the acquisitions, the cost for the arbitration and non-cash items.

The group production costs for the year were CAD$ 1,085k (2023 - CAD$5,750k).

Finance expense for the year was CAD$ 5,410k (2023 - CAD$3,161k).

Cash balances of CAD$ 207k (2023 - CAD$1,442k) were held at the end of the financial year.

Total equity attributable to the ordinary shareholders of the Group was CAD$ 49,978k as of March 31, 2024, (2023 - CAD$91,652k).

Dr. José Ramón López-Portillo
Non- Executive Chairman
July 29, 2024

CEO STATEMENT

Dear Shareholders,

The 2024 financial year ("**2024 FY**") has been a year of transition for Zenith Energy ("**Zenith**" or the "**Company**") in several key areas.

Zenith has announced the commencement of international arbitration proceedings against the Republic of Tunisia and/or ETAP, the national oil company of the Republic of Tunisia, for various breaches of international bilateral trade agreements subscribed by the Republic of Tunisia, the arbitrary termination of certain licenses held by the Company in Tunisia, as well as the non-payment of oil produced by the Company's subsidiaries in Tunisia (collectively the "**Arbitrations**").

Summary of Arbitrations

ICC Arbitration against ETAP - ("**ICC Arbitration 1**")

As last announced on November 1, 2023, Ecumed Petroleum Zarzis Ltd ("**EPZ**"), a fully owned subsidiary of Zenith registered in Barbados, initiated International Chamber of Commerce (ICC) Arbitration proceedings, seated in Paris, against Entreprise Tunisienne d'Activités Pétrolières ("**ETAP**"), the national oil company of the Republic of Tunisia.

ICC Arbitration 1 was commenced following ETAP's failure to comply with its contractual obligations by not paying for oil produced and sold by EPZ in Tunisia.

On November 29, 2023, the Company announced that the Arbitral Tribunal had rejected ETAP's request to include the Republic of Tunisia as co-defendant and ordered ETAP to pay approximately EUR 120,000 in costs.

The ICC Arbitration 1 claim is in the amount of approximately US$7.5 million including accrued interest resulting from late payment.

The Arbitral Tribunal for ICC Arbitration 1 is expected to convene during the month of April 2024. A decision, resulting in a potential award favourable to EPZ, is expected to be made by the close of 2024.

ICC Arbitration for SLK against the Republic of Tunisia - ("**CNAOG ICC Arbitration**")

As last announced on December 6, 2023, Zenith's fully owned company, Canadian North Africa Oil and Gas Limited ("**CNAOG**") initiated ICC (International Chamber of Commerce) Arbitration proceedings, seated in Geneva, against the Republic of Tunisia.

Zenith has presented a claim for damages in the amount of **US$85.8 million** in connection with the CNAOG ICC Arbitration.

The claimed amount was determined by a third-party expert consultant in consideration of the following:

- CNAOG's lost production revenue and associated profitability, during a period of high energy prices, from the SLK Concession until its initial expiry in December 2022.
- The volume of crude oil produced from the SLK Concession and allocated to and received by CNAOG upon the completion of the acquisition.
- Unpaid invoices for oil production by ETAP, the national oil company of Tunisia.

- The value of the 45% interest in the renewal of the SLK Concession, representing a breach of CNAOG's right to renew its previously existing 22.5% interest in SLK, as well as the 22.5% interest held by Kuwait Foreign Petroleum Exploration Company K.S.C.C's subsidiary, which relinquished its interest in the SLK Concession before its initial expiry.

A decision, resulting in a possible award favourable to CNAOG, is expected to be made during the first quarter of 2025.

ICSID Arbitration against the Republic of Tunisia - ("ICSID Arbitration")

As announced on June 7, 2023, Zenith's fully owned subsidiaries (the "**Investors**") submitted a request for Arbitration before the International Centre for Settlement of Investment Disputes in Washington DC with a total cumulative claimed amount of at least US$48 million.

The ICSID Arbitration was launched following a series of actions undertaken by the Republic of Tunisia to the material detriment of the Investors including, *inter alia*, unreasonable and arbitrary obstructions in relation, primarily, to the development of the Sidi El Kilani and Ezzaouia concessions.

Following certain additional breaches committed by the Republic of Tunisia to the material detriment of the Investors since the commencement of the ICSID Arbitration, the Investors are, in consultation with expert third-party consultants, determining a revised increased claimed amount to be submitted.

The Investors were informed on March 18, 2024, that Anima Dispute Resolution, an international law firm dedicated to international arbitrations appointed by the Republic of Tunisia as specialist counsel, had resigned with immediate effect.

The ICSID Arbitration is expected to conclude during 2027.

Italian Energy Production Portfolio

Zenith's Italian energy production portfolio, involving the generation of electricity using low-grade natural gas, has in recent years recorded unprecedented levels of profitability. Due to a decline in international gas and electricity prices, revenue generation has been reduced to CAD$ 1,611k.
However, it is important to underline that, notwithstanding the decline in international energy prices, profitability has remained robust and continued effort are being made to optimise the portfolio, as evidenced by the acquisition of additional stake in Sant'Andrea natural gas production concession announced to the market in March 2024.

USA

The Company has acquired majority control of Cyber Apps World Inc. ("**CYAP**") by way of a Securities Purchase Agreement ("**SPA**"). CYAP has since been renamed Leopard Energy Inc. ("**Leopard**") to reflect the new strategic direction of the company, specifically the acquisition of energy production and development opportunities in the United States of America.

On January 16, 2024, CYAP announced that its subsidiary, CYAP Oil, LLC, had successfully bid at auction for a 5% royalty interest in a package of seven (7) producing wells located in the Eagle Ford Shale, Lavaca County, Texas.

This represents CYAP's first transaction in the US energy production and development sector and is, in line with Zenith's strategy for CYAP, a shift away from software development towards identifying and acquiring opportunities in the US energy and production development sector.

Claim against SMP Energies

I am pleased to confirm that the legal claim launched by Zenith’s fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.U ("**AAOGC**"), is progressing in the Paris Commercial Court. During the 2023 FY we announced that the Company had increased the claimed amount for performance failures by SMP during drilling activities to US$9 million, in consideration of the significant commercial damages suffered by AAOGC, specifically the impossibility to begin production activities, as a direct result.

On July 3, 2023, the Company announced by way of regulatory news the Court's rejection of SMP's request for a stay of proceedings in France, stating that SMP's request contained "*all the characteristics of a dilatory request*" and ordered SMP to pay an amount of EUR 30,000 to AAOGC as compensatory damages for its abusive procedural behaviour (the "**Damages Payment**"). The Court's decision was immediately enforceable.

SMP subsequently failed to comply with the Court's Order by refusing to voluntarily pay the Damages Payment.

As a result, the Company has enforced the Court's decision and performed a seizure in the amount of the Damages Payment on a bank account of SMP in France.

SNPC Debt

AAOGC is also owed an amount of approximately US$5.3 plus accrued interest by Société Nationale des Pétroles du Congo ("**SNPC**"), the national oil company of the Republic of Congo Brazzaville. This amount remains outstanding, and the Company has engaged legal representatives who will be taking the necessary actions to fully recover this amount.

Conclusion

As a management team, we proactively seek opportunities to build a balanced portfolio which creates shareholder value. Our strategic focus is to pursue energy production opportunities through the acquisition of proven revenue generating oil, gas and electricity production assets, as well as low-risk exploration activities in assets with existing production.

As always, I am grateful to our shareholders for their support and continued belief in the Company’s development activities.

The very significant damage the Company, as well as local employees, have suffered because of the actions of the Tunisian Ministry of Hydrocarbons cannot be overstated.

One of the primary results of these unjustified actions has been to deprive the Company of the value it had created by way of the acquisitions commenced in 2021, when oil prices had been severely impacted by the COVID-19 pandemic, and Zenith had invested significant financial resources in Tunisia in good faith with the full support and knowledge of the Ministry of Hydrocarbons.

The severe financial loss brought about by the arbitrary deprivation of the Company's interests, inter alia, in the Sidi El Kilani and Ezzaouia concessions, during a period when oil prices have since rebounded and sustained revenue generation to the benefit of the Company's subsidiaries would have been achieved, is an incontrovertible fact.

The Arbitrations have the objective of redressing these breaches and fully compensating the Company for the damages it has suffered.

Zenith is fully confident in the merits of the Arbitrations. We shall look to initiate a process to determine and grant an extraordinary dividend to shareholders following a potential successful outcome resulting from the CNAOG ICC Arbitration and ICSID Arbitration.

The Board and the management team have unchanged confidence in the Company's ability to potentially deliver transformational value to shareholders as it successfully delivers on its objectives.

Sincerely,

Andrea Cattaneo, Chief Executive Officer
July 24, 2024

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Dr. Jose Ramon Lopez-Portillo (*Chairman and Non-Executive Director*)

Mr. Lopez-Portillo has been managing Director and then Chairman of the Board since 24 September 2007. He is an economist with a large network of business contacts worldwide, and who previously served as a Mexican Permanent Representative in Rome, Italy. Mr. Lopez- Portillo is a leading researcher in the energy security of Mexico and acts as Deputy Minister at Mexico's Planning and Budget Secretariat. Mr. Lopez-Portillo holds a Doctorate degree in Political Science and International Relations from the University of Oxford.

Andrea Cattaneo (*Director, President and CEO*)

Mr. Cattaneo has been a Director of the Company since 9 December 2008 and served as President and CEO of the Group since 2009. He is an energy specialist with a focus on emerging countries and has 30 years' experience in advising government in financial, industrial, and energy-related matters. Mr. Cattaneo has strong expertise and experience in structuring and negotiating contracts in the international markets, specifically the oil industry. He also has significant experience in former socialist countries, having arranged the first US$ loan to Vietnam, the then third poorest country in the world at the time, towards the beginning of his financial career in 1985. Mr. Cattaneo holds an undergraduate degree in Economics from the University of Genoa and a postgraduate degree in Taxation Law from the University of Bologna. He is a former member of the Business Advisory Council to the Great Tumen Initiative, a United Nations project for regional economic cooperation in Northeast Asia. He is one of Zenith's founders.

Luca Benedetto (*Chief Financial Officer & Director*)

Luca Benedetto is an Italian national, trained in Italy as a registered accountant with further education in IFRS accounting and consolidation at IPSOA Milan. He has more than twenty five years of experience in accounting, auditing, and financial administration. Mr. Benedetto began his professional career as an accountant and computer programmer responsible for financial software development and worked for the Italian division of IBM as an internal auditor and accountant as well as providing staff training in these aforementioned fields. He also served for seven years as a financial and administrative officer in a well-established Italian company specialising in the construction of fuel and water storage tanks.

He joined the Zenith Energy Ltd. group in 2013 as Chief Financial Officer of the Group's Italian subsidiary, Canoel Italia S.r.l., and has since progressed to also hold the position of Group Financial Controller. In this capacity he has been directly involved in the monitoring of business performance, cash flow management, budgetary oversight, accounts team supervision, accounts preparation and strategic planning. Since January 2016 he has also been responsible for the compiling and reviewing of the quarterly Consolidated Financial Statements and Management's Discussion and Analysis of the Group.

Dario Ezio Sodero (*Non-Executive Director and Chairman of the Audit Committee*)

Mr. Sodero was appointed to the Board on 24 June 2009. As an experienced energy industry executive with 47 years of experience in North America, the Sub-Arctic, North Africa and the Middle East, Mr. Sodero has strong geological, exploration and technical expertise. Mr. Sodero has formerly acted as director and executive of several other TSX- and TSXV-listed exploration and production companies. Mr. Sodero holds a Doctorate degree in Geology from the University of Turin, Italy.

Sergey Borovskiy (Non-Executive Director)

Sergey is an accomplished executive with a track record in investment banking, M&A projects, cross-border transactions. Sergey offers over 30 years of China and Hong Kong experience in founding and developing companies in a multilingual and multicultural environment. He is fluent in Russian, English and Mandarin. Sergey studied in both China and Russia, he has a degree in Economics and an Executive MBA.
He has served as Non-Executive Director of Zenith Energy since 2017. He has also held, or currently holds, the following roles:

- Since 1993 Chairman of SCHI Group, International trading, investment and manufacturing holding.
- Since 2002 Board Member of National Agency for Direct Investment (NAPI).
- During 2017 – 2019, he was CEO of Sanju Environmental Protection (Hong Kong) Limited, overseeing all international projects of Sanju Group.
- 2017 - 2018 Executive Director at Jutal Offshore Oil Services (public HK company).
- Since 2020 VP of Kaisun Holdings (public HK investment holding).
- Since 2021 Head of ITI Capital Asia, an international investment company offering a variety of investment services, capital market opportunities, including pre-IPO investment and complex financial products.

DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements of the Group for the year ended March 31, 2024.

In addition to what was fully disclosed in the Chairman Statement, on February 13, 2024, the Company announced that it had completed private placement in the United Kingdom (the "UK Financing"), and in Norway (the "Norwegian Financing", collectively, the "Financings").

The Financings have attracted the participation of existing institutional investors, including Premier Miton Investors, as well two Directors, Mr. Andrea Cattaneo and Mr. Luca Benedetto, respectively the Chief Executive Officer and Chief Financial Officer of the Company, to raise an aggregate total amount of approximately £1,260,000 (equivalent to approx. 16,814,000 NOK and US$1,590,000), resulting in the issuance of a total of 37,856,250 new common shares, plus 2,658,914 Debt Settlement Shares.

Issue Price

The Financings were completed at price of £0.03 (3 pence) for the UK Financing and NOK 0.42 for the Norwegian Financing, representing a premium in respect of the closing price of the Company's equity securities on both the London Stock Exchange and Euronext Growth Oslo on February 12, 2024.

Norwegian Financing

Zenith has issued a total of 29,556,250 common shares of no-par value in the capital of the Company in connection with the Norwegian Financing (the "Norwegian Financing Common Shares") to raise gross proceeds of 12,413,626 NOK (approximately £927,000 or CAD$ 1,596,000).

UK Financing

Zenith has issued a total of 8,300,000 common shares of no-par value in the capital of the Company in connection with the UK Financing (the "UK Financing Common Shares") to raise gross proceeds of £249,000 (approximately 3,324,000 NOK or CAD$ 427,400).

Debt Settlement

The Company has allotted 2,658,914 Common Shares ("Debt Settlement Shares") to certain service providers in lieu of cash settlement for services provided to Zenith for a total value of 1,116,400 NOK (approximately £84,000). The Debt Settlement Shares will rank pari passu in all respects with the existing common shares of the Company.

Financial review of activity for the period

The Group issued equity once during the financial year ended March 31, 2024, raising a combined net total of CAD$2,137m (March 31, 2023 - CAD$3,966m) to finance the Group's reconfigured development strategies.

During the year, 40,515,164 (March 31, 2023 – 43,738,088) new Ordinary Shares were issued, as detailed in the financial statements (note 16) and as per the following table.

	Number of Shares	Amount CAD$'000
Balance – March 31, 2023	**231,030,237**	**64,087**
Unit private placement proceeds	37,856,250	1.999
Units issued in settlement of debt	2,658,914	142
Issue costs	-	(4)
Total for the year	**40,515,164**	**2,137**
Balance – March 31, 2023	**271.545.401**	**64,087**

Following the issue of the new Ordinary Shares, and subsequent Admissions occurred, the Company had 271,545,401 common shares in issue and admitted to trading on the Euronext Growth of the Oslo Stock Exchange, of which 232,860,686 common shares in issue and admitted to trading on the Main Market of the London Stock Exchange, as of the date of this document.

Furthermore, to fund the acquisition of assets, and their development, to avoid an excessive dilution of its share capital the Company issued unsecured, multi-currency (GBP, Euro, CHF and USD) Medium Term Notes at par value (the "**Notes**"), admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**") and bearing interest payable semi-annually.

The issue of the Notes is aligned with the Group's strategy of diversifying its financing towards non-equity dilutive funding to support its successful development.

The Company has been using the EMTN Programme to finance its activities in the USA, Central Asia and Italy. The Company chose the Vienna Stock Exchange as it was viewed as a highly accessible market in terms of simplicity of process and listing costs.

During the year, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December 2019, 2020, 2021 and 2022 respectively.

The Group's yearly profit was mostly impacted by the non-recurrent administrative expenses related to the negotiation for the acquisitions.

The Group production costs for the year were CAD$1,085k, compared to CAD$5,750k in 2023 and the General and Administrative costs for the year were CAD$24,401k, compared to CAD $8,596k in 2023.

Cash flow

Cash used in investing activities totalled CAD$593k, (2023 - CAD$430k). The cash from financing activities in 2024 totalled CAD$3,548k, (2023 - CAD$16,563k), due to the share placings, issue of convertible loans and issue of bonds.

Closing cash

As of March 31, 2024, the Group held CAD$207k, in cash (2023 - CAD$1,442k).

Position of Group's business at the year end

At the year end the Group's Statement of Financial Position shows current assets totaling CAD$5,018k, (2023 – CAD$34,566k) and non-current assets totaling CAD$135,000k (2023 – CAD$228,345k).

Business strategy

As of the date of this report the Company's primary activity is that of being an international oil and gas production, development and exploration business.
The Company has a portfolio of oil and gas assets in Italy, Africa and USA. The Group's principal assets are held through:

(i) its wholly owned subsidiary, Compagnie Du Desert Ltd ("**CDD**"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia;
(ii) Canoel Italia S.r.l. (in which the Company has a 98.64% shareholding), which holds various working interests in 13 onshore exploration and production properties in Italy; and
(iii) Leopard Energy (previously known as CYAP) (in which the Company has a 99.87% shareholding).

The Company is seeking to acquire further oil and gas assets in Asia, the United Stated and other areas to complement its existing assets in Italy.

The Company's strategy is, among other things, to (i) grow through international acquisitions; (ii) increase the production and reserves from its international inventory of oil and gas assets; (iii) target its operations towards areas with advantageous access points for its exploration activities with a reasonably stable economic and business environment; (iv) develop a balanced portfolio of short, medium and long-term opportunities; (v) seek innovative ways to unlock value; (vi) achieve and maintain a robust, well-funded business with the financial flexibility to fund high-impact exploration, appraisal and development programmes; and (vii) unlock oil and gas reserves still unexploited in old and marginal oil and gas fields through the use of new technology.

Principal risks and uncertainties

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors are of particular relevance to the Group's activities and to any investment in the Group. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. The risk factors are summarized below:

The impact of global oil prices on the Company

Demand for oil and gas is closely related to the health of the world economy while supply is determined more by political matters. The price of oil and gas is set at a global level with small variances for local conditions. Zenith is a very small producer and the price it receives for the oil and gas it produces is determined by global supply and demand factors beyond its control.

Oil and gas prices depend on numerous factors over which the Group does not have any control, including global supply, international economic trends, currency exchange fluctuations, inflation, consumption patterns and global or regional political events.

The Group's financial performance may therefore be substantially impacted both positively and negatively by factors. Changes in global prices for oil and gas may result in the Group no longer being able to produce oil and/or gas on a profitable basis. Historically, international crude oil and natural gas prices have fluctuated widely. A material decline in the price of crude oil or natural gas would have a material adverse effect on the Group's financial results and reserves estimates.

Risks in connection with the war in Ukraine

The protraction of Russia's military aggression of Ukraine commenced on February 2022 has made the outlook for the medium term all the more uncertain and unpredictable.

Zenith is exposed to a major systemic risk that a prolonged conflict, an enlargement of military operations, the impacts of the economic sanctions imposed by the international community against Russia. The possible unilateral interruptions of hydrocarbons exports to Europe by Russia as retaliation could dampen investors or consumers' confidence, causing a delay or a halt in spending decisions.

Those developments could trigger a slowdown in the macroeconomic cycle, a stagnation or, under the worst possible outcome, a global recession. Those could negatively and significantly affect demand for hydrocarbons, which is very sensitive to macroeconomic trends, leading to a decline in hydrocarbon prices that are the main driver of the Group's results of operations and cash flow.

In response to Russia's military aggression of Ukraine, the EU, the USA, and the UK have adopted economic and financial sanctions designed to weaken Russia's ability to fund the war operations.

The EU sixth sanction package of restrictive measures against Russia was enacted June 3, 2022, and is particularly relevant to the Oil & Gas sector.

The new sanctions will phase out Russian oil imports to EU in an orderly fashion. For seaborne crude oil, spot market transactions and execution of existing contracts will be permitted for six months after entry into force, while for petroleum products, these will be permitted for eight months after entry into force. A waiver is granted to certain EU Member States who have a particular pipeline dependency on Russia and can continue to receive crude oil delivered by pipeline, until the Council decides otherwise. Finally, after a wind down period of 6 months, EU operators will be prohibited from insuring and financing the transport, particularly through maritime routes, of Russian oil to third countries.

The EU has also adopted the REPowerEU plan to end dependence on Russian fossil fuels as soon as possible and well before 2030 by means of an articulated set of actions and instruments targeting the energy saving, an acceleration in the green transition, a diversification of supplies and leaner procedures to sanction capital investments.

Zenith has no direct or indirect engagement in the Russian upstream sector, being its production located in different parts of the world, so the Group has no exposures towards Russia. In addition, Zenith is currently taking into consideration new opportunities for development, investment, and expansion of its portfolio, taking advantage of possible contingent market situations.

A substantial portion of the Group's assets and operations outside of Europe are exposed to political and economic risks, and future disruptions may have a material adverse effect on the Group's business

A significant portion of the Group's oil and gas assets and of the Group's supply sources is located in countries outside of the European Union – with developing economies or unstable political environments. As a result, a significant portion of the Group's revenue is derived from, or is dependent on, countries in which the Group's operations are exposed to economic and political risks, including expropriation and nationalization of property, civil strife and acts of war or terrorism. In addition, in certain countries in which the Group is active, it may be difficult to repatriate investment and profits. If it is perceived that the Group is not respecting or advancing the economic and social progress of the communities in which it operates, its reputation and shareholder value could be damaged. Any future disruptions may have a material adverse effect on the Group's business, results of operations and financial condition.

Activities in the oil and gas sectors can be dangerous, posing health, safety and environmental risks

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property as well as the environment or personal injury.

In particular, the Group may produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in a liability to the Group.

In accordance with industry practice, the Group is not fully insured against all of these risks, nor are all such risks insurable. Although the Group maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Group could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks relating to the Group's business strategy

The Group is dependent on the ability of the Directors to identify suitable investment opportunities and to implement the Group's strategy. There is no assurance that the Group's activities will be successful in implementing its strategy of acquiring a suitable investment that will ultimately be developed.

Environmental and other regulatory requirements

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board consider these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

Government intervention and regulation may have a material adverse effect on Zenith's business. Zenith might not be able to comply with its obligations under licences.

The oil and gas industry is subject to regulation and intervention by governments, in particular in matters such as the award of exploration and production interests, restrictions on production and exports, environmental measures, control over the development and abandonment of fields and installations, the nationalization or renationalization of assets, imposition of specific drilling obligations, environmental and health and safety protection controls and other risks relating to changes in local government regimes and policies.

In addition, Zenith has to comply with conditions contained in licenses, such as operating permits. A failure by Zenith to comply with substantial conditions might lead to governmental intervention. Any violations of substantial conditions may therefore have a material adverse effect on Zenith's business, results of operations and financial condition.

Zenith buys, sells and trades oil and gas products in certain regulated commodity markets. The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities and operates in certain tax jurisdictions that feature a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or government interventions, Zenith could be required to curtail or cease certain operations, or Zenith could incur additional costs, all of which may have a material adverse effect on Zenith's business, results of operations and financial condition.

Lack of diversification of the Company's business activity

The Company is currently only involved in oil production in Africa, natural gas and electricity production in Italy, and has participating interests in oil production in USA via Leopard Energy. Therefore, any legal, regulatory or other change of the framework conditions in one of those national industries may have a substantial negative effect on the financial situation of the whole Group, since it will likely not be able to compensate negative effects that appear in one field of business with its business activities in another area of operations.

Financing

The Board are seeking to grow and acknowledge that financing could depend upon the Group's ability to obtain financing primarily through a further raising of new equity capital. The Group's ability to raise further funds may be affected by the success of its investments both in terms of both in terms of acquisitions and developing its asset base. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its operations. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

Market conditions

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflations rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organizations, some of which may have greater resources or be more established in a particular territory. The Board considers and reviews all market conditions to mitigate any risks that may arise from these.

The protraction of Russia's military aggression of Ukraine, commenced in February 2022, has made the outlook for the medium term all the more uncertain and unpredictable.

Zenith is exposed to a major systemic risk that a prolonged conflict, an enlargement of military operations, the impacts of the economic sanctions imposed by the international community against Russia. The possible unilateral interruptions of hydrocarbons exports to Europe by Russia as retaliation could dampen investors or consumers' confidence, causing a delay or a halt in spending decisions.

Those developments could trigger a slowdown in the macroeconomic cycle, a stagnation or, under the worst possible outcome, a global recession. Those could negatively and significantly affect demand for hydrocarbons, which is very sensitive to macroeconomic trends, leading to a decline in hydrocarbon prices that are the main driver of the Group's results of operations and cash flow.

Zenith has no direct or indirect engagement in the Russian upstream sector, being its production located in different parts of the world, so the Group has no exposures towards Russia. In addition, Zenith is currently taking into consideration new opportunities for development, investment, and expansion of its portfolio, taking advantage of possible contingent market situations.

Substantial shareholders

As of June 11, 2024, the total number of issued Common Shares with voting rights in the Company is:

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common Shares in issue and admitted to trading on the Main Market of the London Stock Exchange	232,860,686	1	232,860,686
Common Shares in issue and admitted to trading on the Euronext Growth Market of the Oslo Stock Exchange	271,545,401	1	271,545,401

Directors' interest

This table represents the Directors' interests in the Company, as of the date of publication of this report:

PARTY NAME	2024		2023	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
ANDREA CATTANEO	24,429,337	9.00	16,716,391	7.24
LUCA BENEDETTO	3,694,655	1.36	2,772,672	2.20
SERGEY BOROWSKIY	384,929	0.14	384,929	0.17
DARIO SODERO (1)	7,750	0.01	7,750	0.01
JOSE RAMON LOPEZ-PORTILLO	4,800	0.01	4,800	0.01

1) Mr. Sodero controls 7,750 Common Shares of the Company in indirect ownership. The 7,750 Common Shares in which Dario Sodero has a beneficial interest are held by Planaval Resources Ltd., a company controlled by Mr. Sodero. Mr. Sodero owns 100% of the share capital of Planaval Resources Ltd.

The Company has been notified of the following interests of 3 percent or more in its issued share capital as at the date of approval of this report.

PARTY NAME	2024		2023	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
ANDREA CATTANEO	24,429,337	9.00	16,716,391	7.24
Nordnet AB	12,722,279	4.69	13,536,358	5.86

Dividends
The Directors do not propose a dividend in respect of the year ended March 31, 2024 (March 31, 2023: nil).

Events subsequent to the year end

Details of events subsequent to the year-end are set out in note 28.

Going concern

The Group's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement. In addition, note 23 to the financial statements discloses the Group's financial risk management policy and note 2 details out further considerations made by the Directors in respect of going concern. Their consideration has included a review of forecasts, the repayment and the restructuring of loans, the ability for fund raise and an assessment relating to two post year-end events that may affect the future cashflows of the Company, in particular:

On **November 1, 2023**, the Company announced that it had initiated an ICC (International Chamber of

1. On **November 29, 2023**, the Company announced that the ICC (International Chamber of Commerce) appointed Arbitral Tribunal for the arbitration claims launched against Entreprise Tunisienne d'Activités Pétrolières ("**ETAP**"), the national oil company of the Republic of Tunisia (the "**ICC Arbitration**"), had rejected ETAP's request to include the Tunisian State as co-defendant and ordered ETAP to pay approximately EUR 120,000 in costs.

   Zenith Energy will seek to enforce the decision with a view to receiving payment directly to the claimant, a fully owned subsidiary of the Company, named Ecumed Petroleum Zarzis Ltd ("**EPZ**"), registered in Barbados.

2. **On December 6, 2023**, the Company announced that its fully owned subsidiary, Canadian North Africa Oil and Gas Limited ("CNAOG") had initiated an ICC (International Chamber of Commerce) arbitration case seated in Paris against the Republic of Tunisia (the "CNAOG ICC Arbitration").

   Background

   As announced by the Company on November 22, 2021, Zenith Overseas Assets Holdings Ltd ("**ZOA**"), a fully owned subsidiary of Zenith, entered into a share purchase agreement to acquire a 100% interest in the issued, allotted, outstanding and fully paid-up share capital of CNAOG, previously named CNPC International (Tunisia) Ltd, a then subsidiary of China National Petroleum Corporation, one of the largest state-owned energy companies in the world (the "**Acquisition**").

CNAOG held an undivided 22.5% interest in the North Kairouan permit and the Sidi El Kilani Concession in Tunisia ("**SLK**" or the "**Concession**"), as well as still owning 25% of the issued share capital of Compagnie Tuniso-Koweito-Chinoise de Pétrole ("**CTKCP**"), the operating company of SLK.

For reasons unknown to the Company and devoid of any legal grounding, the Tunisian State represented by the Ministry of Industry, Mines and Hydrocarbons arbitrarily refused to recognise the Acquisition of CNAOG, which was performed in accordance with all applicable laws and duly notified to the local authorities.

It is to be underlined that the Ministry's position is in contravention of established precedent, including the acquisition of Ecumed Petroleum Tunisia Ltd, which holds a 100% interest in the Robbana and El Bibane concessions by Compagnie Du Desert Ltd ("**CDD**"), a fully owned subsidiary of Zenith, announced on April 30, 2021, as well as the acquisition of Ecumed Petroleum Zarzis Ltd ("**EPZ**"), which held a 45% interest in the Ezzaouia concession and still owns 50 percent ownership of MARETAP, the joint operating company for the Ezzaouia concession, first announced on March 15, 2021.

Claim

The Company's is pleased to confirm that it has formalised a claim for damages in the amount of **US$85.8 million** (the "**Claimed Amount**") in connection with the CNAOG ICC Arbitration.

The Claimed Amount has been assessed by a third-party expert consultant in consideration of the following:

- CNAOG's lost production revenue and associated profitability, during a period of high energy prices, from the SLK Concession until its initial expiry in December 2022.
- The volume of crude oil produced from the Concession and allocated to and received by CNAOG upon the completion of the Acquisition.
- Unpaid invoices for oil production by ETAP, the national oil company of Tunisia.
- The value of the 45% interest in the renewal of the SLK Concession, representing a breach of CNAOG's right to renew its previously existing 22.5% interest in SLK, as well as the 22.5% interest held by Kuwait Foreign Petroleum Exploration Company K.S.C.C, which relinquished its interest in the Concession before its initial expiry.

The Company clarified that the CNAOG ICC Arbitration is being performed in parallel to the ICC Arbitration against ETAP, announced to the market on November 1, 2023, for a total amount of US$6.5 million, and to the arbitration pending before the International Centre for Settlement of Investment Disputes in Washington DC ("**ICSID Arbitration**") , for a total cumulative claimed amount of at least US$48 million, announced to the market on June 7, 2023, following various breaches of bilateral trade agreements committed by the Republic of Tunisia.

By way of summary, the cumulative total amount claimed across the three arbitrations is now at least US$140.5 million.

The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements. Further details on assumptions and conclusions drawn on going concern are included in the statement of going concern included in note 2 to the financial statements.

Auditors

RPG Crouch Chapman LLP, 40 Gracechurch Street, London, EC3V 0BT, United Kingdom, is the Issuer's external auditor since 15th April 2023.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB"). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as issued by the IASB have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Approved by the Board dated on July 29, 2024

Signed ....
Jose Ramon Lopez-Portillo Chairman

GOVERNANCE REPORT

General

As Zenith Energy Ltd has a standard listing within the United Kingdom, it is not required to comply with the Financial Conduct Authority's requirements report on compliance with, and application of, the UK Corporate Governance Code. The disclosures below, however, are required by Disclosure Guidance & Transparency Rules and NI 58-101 Disclosure of Corporate Governance Practices. The board of directors (the "**Board**") of Zenith Energy Ltd. (the "**Company**") has not adopted a Governance Code as the size of the Company and the number of staff at the parent Company does not warrant the adoption of such code, however, the Board recognizes that good corporate governance is of fundamental importance to the success of the Group and procedures are in place in operating entities. The Group's governance practices are the responsibility of the Board.

Leadership

The Group is headed by an effective Board which is collectively responsible for the long-term success of the Group. The role of the Board is to oversee the activity of management and to decide the strategy going forward. The role of the Non-Executive Directors is to review and monitor the activity of the Directors and managers that are involved in the operations of the Group. Acquisitions and disposals, borrowing facilities, equity issuances and any other major decisions out of the ordinary course of business are specifically reserved for the Board.

The Board is formed by a highly incentivized and committed group of individuals, including founders of the Group with significant interest in the common share capital of the Group, that understand and believe in the Group's strategy, providing their support even without an effective remuneration, waiting for the desired development to lead to financial conditions such that the recognition of a fee does not divert funds from investments.

Mr Borowskiy was unable to attend certain Board meetings due to other professional commitments and time zone differences. However, he has provided consistent support and constant interaction with the Company's management, specifically in relation to the Company's fruitful new relationship with CNPC.

The Directors attendance to meetings up to the date of this report was as follows:

Date of Board Meeting	Jose Ramon Lopez-Portillo	Andrea Cattaneo	Dario Ezio Sodero	Sergey Borowskiy	Luca Benedetto
16/08/2023 (B)	✓	✓	✓	✓	✓
27/12/2023 (AC)	✓	✓	✓	✓	✓
05/02/2024 (B)	-	✓	✓	✓	✓

AC: Audit Committee Meeting – B: Board Meeting

The Board

The Board is ultimately responsible for the effectiveness of the Group's system of internal controls. The Board verifies the implementation and effectiveness of the system that the top and middle management have implemented in the Group to prevent losses, fraud, corruption and misuse of assets, human resources and

cash. Its key strategy has been to establish financial reporting procedures that provide the Board of Directors with a reasonable basis to make judgements as to the financial position and prospects of the Group.
Executive directors and non-executive directors have been appointed by the Board to assist with the implementation of this strategy and report progress to the Board. All the non-executive directors are considered independent from executive directors and management.

The Group's board of directors consists of five members namely

- Jose Ramon Lopez-Portillo (Chairman and Non-Executive Director)
- Andrea Cattaneo (President, CEO and Director)
- Luca Benedetto (CFO and Director)
- Dario Ezio Sodero (Non-Executive Director)
- Sergey Borowskiy (Non-Executive Director)

As demonstrated by the background of the directors and managers, the Board present a large diversity in citizenship, age, education, profession and religion. The Board is committed to equal opportunities and intends to appoint a female Non-Executive Director in the near future.

Directorships and partnerships

In addition to their respective roles and directorships at the Group, the Directors are members of the administrative, management or supervisory bodies (the "**directorships**") or partners of the following companies or partnerships:

Name	**Current directorships/partnerships**
Jose Ramon Lopez-Portillo	Hybridair Ltd World SkyCat Ltd
Luca Benedetto	Ajax Resources Plc
Andrea Cattaneo	–
Dario Ezio Sodero	Planaval Resources Ltd
Sergey Borovskiy	ITI Capital Asia Kaisun Holdings General Transactions Inc. National Agency for Direct Investment (NAPI). South China Heavy Industries Group

Orientation and continuing education

The Board is responsible for the orientation and education of new members of the board of directors and all new directors are provided with copies of the Group's board and committee mandates and policies, the Group's by-laws, documents from recent Board meetings and other reference materials relating to the duties and obligations of directors, the business and operations of the Group. New directors are also provided with opportunities for meeting and discussions with senior management and other directors.
Prior to joining the board, each new director will meet with the Chief Executive Officer of the Group. Such officer is responsible for outlining the business and prospects of the Group, both positive and negative, with a view to ensuring that the new director is properly informed to commence his duties as a director.

Each new director is also given the opportunity to meet with the auditors and counsel to the Group. As part of the annual Board of Directors' assessment process, the Board of Directors determines whether any additional education and training is required for its members.

Ethical business conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Group has adopted a Code of Conduct which addresses the Group's continuing commitment to integrity and ethical behaviour. The Code of Conduct establishes procedures that allow directors, officers and employees of the Group to confidentially submit their concerns to the Chief Executive Officer or the Chairman of the Board regarding questionable ethical, moral, accounting or auditing matters, without fear of retaliation. To the Group's knowledge there have been no departures from this Code of Conduct that would necessitate the filing of a material change report. A copy of the Code of Conduct is available to review at the head office of the Group during business hours.

Nomination of Directors

The Board as a whole is responsible for identifying suitable candidates to be recommended for election to the Board by the shareholders of the Group, with the goal of ensuring that the Board consists of an appropriate number of directors who collectively possess the competencies identified as being appropriate to the effectiveness of the Board as a whole.

Remuneration

The Remuneration Committee is responsible for reviewing the Group's overall compensation strategy, as well as being responsible for reviewing and recommending for approval for the salary and compensation of the Group's executive officers.

The Remuneration Committee also reviews the compensation of the outside directors on an annual basis, taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations.

The remuneration for key management personnel, specifically those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, are detailed in the following note 7-(b) Key management compensation.

Board Committees

The Group's Board of Directors has three committees, the Audit Committee, the Remuneration Committee and the Corporate Governance Committee.

(a) Audit Committee

The Audit Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borowskiy and is chaired by Dario Sodero. The Audit Committee meets at least once a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing the effectiveness of the

Group's internal control review function and risk management systems, reviewing any changes in accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee has unrestricted access to the Group's external auditors. The ultimate responsibility for reviewing and approving the annual reports and accounts and the interim reports remains with the Board. The Audit Committee gives due consideration to laws and regulations and the requirements of the Listing Rules. The Group has an Audit Committee Charter.

(b) Remuneration Committee

The Remuneration Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borowskiy and is chaired by Sergey Borowskiy. The Remuneration Committee has not met during the year ended 31 March 2024. The Remuneration Committee has responsibility for determining the Group's policy on the remuneration packages of the Group's chief executive, the chairman, the executive and non-executive directors and other senior executives. The Remuneration Committee also has responsibility for (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Group's Shareholders the total individual remuneration package of the chairman, each executive and non-executive director and the chief executive officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Group's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or manager may be involved in any discussions as to their own remuneration.

(c) Corporate Governance Committee

The Corporate Governance Committee comprises Sergey Borovskiy, Dario Sodero and Jose Ramon Lopez-Portillo and is chaired by Jose Ramon Lopez-Portillo. The Corporate Governance Committee has not met during the year ended 31 March 2024, but compliance matters have instead been considered by the whole Board. The Corporate Governance Committee ensures that the Group has in place sufficient procedures, resources and controls to enable it to comply with its continuing obligations as a company admitted to the Standard Segment of the Official List. The Corporate Governance Committee also monitors the Group's procedures to approve (a) announcements to ensure that the information disclosed by the Group is timely, accurate, comprehensive and relevant to the business of the Group and (b) any share dealings by directors or employees or announcements made by the Group to ensure compliance with the Group's policies, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and such other regulations to which the Group is subject from time to time.

Assessments

The Remuneration Committee is responsible for developing an annual assessment of the overall performance of the Board and its committees.

The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. To date, the Remuneration Committee and the Board have not put into place a formal process for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Group's size, its stage of development and the number of individuals on the Board of Directors, the Remuneration Committee and the Board consider a formal assessment process to be inappropriate at this time. The Remuneration Committee and the Board plan to continue evaluating the Board's effectiveness on an ad hoc basis.

CLIMATE RELATED FINANCIAL DISCLOSURES

Introduction

The Board recognises that transparency regarding climate-related risks and opportunities is critical to maintaining the trust of our stakeholders and allows our investors to understand the implications of the Company's activities on climate change. The Board's consideration of key environmental risks is included under the principal risks and uncertainties section of the Director's Report. The Board also presents the following synthesis of its adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (the "TCFD"), in compliance with Listing Rule 14.3.27R issued by the UK Financial Conduct Authority ("FCA") as the regulator for the London Stock Exchange, structured into four sections: Governance, Risk Management, Strategy and Metrics & Targets.

Governance

The Board actively oversees The Company's investment strategy. At each Board meeting our Board engages in robust discussions about its current investments and any potential investment opportunities where they address any emerging challenges and disruptions. At the same time, our Board works with senior management to develop a comprehensive view of the Company's short and long-term business risks. Both the Board and senior management team recognise that operating responsibly, which includes minimizing the environmental impact of our operations, is fundamental to the long-term success of the Company. We believe building a better future involves embedding climate awareness throughout our organization, starting at the top.
The Board oversees the management of specific risks and opportunities, including climate-related risks and opportunities. The senior management team provides regular updates to our Board on their activities and, in addition, the Board reviews the risks associated with the Company's investment strategy throughout the year.

Risk Management

The Board recognises that climate change risk is a global issue that may impact how we run our business, both today and in the future. As such, we continue to look for ways to improve our understanding of climate-related risks. However, although the impact of climate change is relatively low at this stage in the Company's development, we are conscious that "doing nothing" isn't an acceptable response to the impact climate change may have on the business in the future. We are therefore working to integrate climate risk variables into our overall risk management process and establish formal multi-disciplinary processes that engage both the Board and senior management team.

Strategy

The Company operates from a corporate head office in Canada but holds investments in several global jurisdictions including Italy, USA and Tunisia. The nature of these investments includes oil and gas extraction and electricity production. The Board is conscious of the inherent environmental risks associated with the extraction of natural resources and the production of energy. However, the Board actively encourages its investment partners to operate within international environmental guidelines and to perform its activities using the most up-to-date equipment.

Metrics & Targets

The Board is committed to reducing its impact on the environment in all aspects of its business activities and in all jurisdictions in which it operates. The Board engages with all its key stakeholders and partners and encourages the reduction of CO_2 emissions throughout the value chain to promote an environment that actively strives towards achieving 'net zero' by 2035. However, at this stage in the Company's development there are no formal metrics or targets to measure the Company's emissions against, but the Board continues to review the need to implement metrics & targets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENITH ENERGY LTD. FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Zenith Energy Ltd. (the 'group') for the year ended 31 March 2024 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2024 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with IFRS.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Review of managements cash flow projections for the period ended 30 December 2025;
- Review of management's assumptions based on historical expenditure and contractual commitments;
- Sensitivity analysis on cash flow forecast to consider the available headroom under different reasonably possible scenarios;
- Consideration of certainty of receipt of finance inflows including review of conditions precedent on financing agreements; and
- Review of adequacy and completeness of disclosures in the financial statements in respect of the going concern assumption.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit
In planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to issue an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Key Audit Matters
Key audit matters are those that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The use of the Going Concern basis of accounting was assessed as a key audit matter and has already been covered in the previous section of this report. The other key audit matters identified are noted below.

Key audit matter	How our work addressed this matter
Carrying value of PPE The most significant class of assets in the Group as at 31 March 2024 were PPE of CAD$138m comprising oil and gas properties, of which CAD$123m relates to Tunisia. Under IFRS, management are required to use their estimation and judgement in assessing the carrying value of PPE for impairment. Given the subjectivity and number of estimates involved in any such assessment, we consider this to be a key audit matter.	**Our work included:** • Reviewing management's assessment of recoverable amount and critically assessing all inputs; • Reviewing the underlying economic models used in the Competent Persons Report ("CPR") from which the valuation arises and challenging the key assumptions therein including: • Ensuring that the Competent Person had the relevant expertise to perform their work to the appropriate level of skill; • Comparing commodity price assumptions to future prices; • Challenging key inputs into the models including the discount rates used and benchmarking them where appropriate. • Reviewing the CPR for accuracy and performing sensitivity analysis of the various underlying assumptions; • Assessing the carrying value by considering the range of valuations indicated by the differing scenarios; • Considering the ability of the group to perform the required site development to ensure the site can meet production levels included in and underlying the CPR valuation and to have access to the capital resources required to develop projects successfully; and • Reviewing the work performed by the component auditors and requesting additional procedures where required.

Key audit matter	How our work addressed this matter
Carrying value of decommissioning provision We expect that there will be a significant number of estimates that require judgement and have therefore assessed that this is a key audit matter.	**Our work included:** • Assessing the estimated abandonment costs for key production assets; • Considering the professional expertise of third parties engaged to produce these estimates; and • Reviewing supporting data and requesting additional procedures where required.
Ongoing litigations The company has various litigations and arbitrations ongoing. There may be undisclosed liabilities in relation to the litigations, hence why we consider this to be a key audit matter.	**Our work included:** • Enquire with management all the ongoing litigations as well as litigations which have been resolved and the outcome; • Enquire regarding the existence of possible losses arising from litigations and claims; • Determining whether an associated contingent asset or liability needs to be recognised in the financial statements; • Review the accounting records for the accounting year and the period after the year end for any evidence of future liabilities based on events which occurred during the year; • Contact solicitors to discuss legal cases which are ongoing and assess the probability of an unfavourable outcome; and • Assess the impact of litigations on the financial statements and disclosures.

Our application of materiality
We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider gross assets to be the most significant determinant of the Group's financial performance used by the users of the financial statements. We have based materiality on 1.5% of reported gross assets for the group. Overall materiality for the group was therefore set at CAD$2.1m.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the Group operates focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, including challenging estimates made by management and discussion of those estimates with those charged with governance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Other matters that we are required to address
We were appointed on 17 February 2023 and this is the second year of our engagement as auditors for the Group.

We confirm that we are independent of the Group and have not provided any prohibited non-audit services, as defined by the Ethical Standard issued by the Financial Reporting Council.

Our audit report is consistent with our additional report to the Audit Committee / Board of Directors explaining the results of our audit.

Use of our report
This report is made solely to the parent company's members, as a body. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RPG Crouch Chapman LLP
Mark Wilson MA, FCA (Senior Statutory Auditor)
For and on behalf of **RPG Crouch Chapman LLP**

Chartered Accountants
Registered Auditor
40 Gracechurch Street
London
EC3V 0BT
29 July 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Financial year ended	
		March 31, 2024	March 31, 2023
Continuing operations	**Note**	**CAD $'000**	**CAD $'000**
Revenue		1,788	13,159
Cost of sales			
Production costs		(1,085)	(5,750)
Depletion and depreciation	11	(3,938)	(4,747)
Gross (loss)/profit		**(3,235)**	**2,662**
Administrative expenses	5	(24,401)	(8,596)
Operating loss		**(27,636)**	**(5,934)**
Other gains and losses	8	(9,321)	(3,115)
Finance expense	9	(5,410)	(3,161)
Loss for the year before taxation		**(42,367)**	**(12,210)**
Taxation	10	-	(617)
Loss for the year from continuing operations attributable to owners of the parent		**(42,367)**	**(12,827)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(1,444)	(3,310)
Other comprehensive loss for the year, net of tax		**(1,444)**	**(3,310)**
Total comprehensive loss for the year attributable to owners of the parent		**(43,811)**	**(16,137)**
Earnings per share	21	**CAD $**	**CAD $**
Loss for the year - basic		(0.16)	(0.01)
Loss for the year – diluted		(0.16)	(0.01)

The notes on pages 39 to 78 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Financial year ended	
		March 31, 2024	**March 31, 2023**
ASSETS	**Note**	**CAD $'000**	**CAD $'000**
Non-current assets			
Property, plant and equipment	11	134,460	227,565
Intangible Assets		540	-
Financial assets at amortised cost	12	-	780
		135,000	**228,345**
Current assets			
Inventory	13	2,031	6,448
Trade and other receivables	14	2,780	26,676
Cash and cash equivalents		207	1,442
		5,018	**34,566**
TOTAL ASSETS		**140,018**	**262,911**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	16	66,224	64,087
Share warrants & option reserve	17	3,381	5,329
Contributed surplus		7,389	5,441
Retained earnings		(27,016)	16,795
Total equity		**49,978**	**91,652**
Non-current liabilities			
Loans	19	438	-
Non-convertible bonds	19	31,754	25,247
Deferred consideration payable	6	15,409	67,372
Deferred tax liabilities	10	2,398	14,231
Decommissioning provision	20	23,301	32,645
Provision		-	606
Total non-current liabilities		**73,300**	**140,101**
Current Liabilities			
Trade and other payables	18	7,031	19,749
Loans	19	1,870	8,697
Non-convertible bonds	19	7,622	-
Deferred consideration payable	6	217	2,712
Total current liabilities		**16,740**	**31,158**
TOTAL EQUITY AND LIABILITIES		**140,018**	**262,911**

Approved by the Board on July 29, 2024

Signed ....
Andrea Cattaneo – CEO & President

The notes on pages 39 to 78 form part of the Financial Statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent				
	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
Balance as at March 31, 2022	**60,121**	**5,284**	**4,753**	**32,932**	**103,090**
Loss for the year	-	-	-	(12,827)	(12,827)
Other comprehensive income	-	-	-	(3,310)	(3,310)
Total comprehensive income	-	-	-	(16,137)	(16,137)
Share issue net of costs – debt settlement	110	-	-	-	110
Share issue net of costs - private placement	3,856	-	-	-	3,856
Value of warrants issued	-	733	-	-	733
Warrants expired	-	(572)	572	-	-
Options value adjustment	-	(116)	116	-	-
Total transactions with owners recognised directly in equity	3,966	45	688	-	4,699
Balance as at March 31, 2023	**64,087**	**5,329**	**5,441**	**16,795**	**91,652**
Loss for the year	-	-	-	(42,367)	(42,367)
Other comprehensive income	-	-	-	(1,444)	(1,444)
Total comprehensive income	-	-	-	(43,811)	(43,811)
Share issue net of costs – debt settlement	138	-	-	-	138
Share issue net of costs - private placement	1,999	-	-	-	1,999
Fair value of options expired	-	(563)	563	-	-
Warrants expired	-	(1,385)	1,385	-	-
Total transactions with owners recognised directly in equity	2,137	(1,948)	1,948	-	2,137
Balance as at March 31, 2024	**66,224**	**3,381**	**7,389**	**(27,016)**	**49,978**

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital
Share warrants & option reserve	Relates to increase in equity for services received – equity settled share transactions
Contributed surplus	Expired share options and warrants issued in previous years
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

The notes on pages 39 to 78 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Financial year ended	
		March 31, 2024	March 31, 2023
OPERATING ACTIVITIES	**Note**	**CAD $'000**	**CAD $'000**
Loss for the year before taxation		(42,367)	(12,210)
Options/warrants charge	17	-	733
Foreign exchange		1,436	(6,037)
Depletion and depreciation	11	3,938	4,747
Impairment of Investments in subsidiaries	11	23,218	1,969
Revaluation of property, plant and equipment	11	(2,133)	-
Impairment of inventory		659	1,146
Accretion of decommissioning provision		(9,059)	642
Finance expense	9	5,008	2,764
Change in working capital	15	15,110	(9,598)
Net cash used in operating activities		**(4,190)**	**(15,844)**
INVESTING ACTIVITIES			
Acquisition of subsidiary undertaking		(540)	-
Purchase of property, plant and equipment	11	(53)	(430)
Net cash used in investing activities		**(593)**	**(430)**
FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		2,137	3,966
Finance Expense	9	(4,857)	(2,192)
Repayments of loans	19	(10,703)	(5,248)
Proceeds from loans	19	3,933	5,432
Proceeds from issue of bonds	19	13,644	15,156
Repayment of bonds	19	(606)	(551)
Net cash generated from financing activities		**3,548**	**16,563**
Net (decrease) / increase in cash and cash equivalents		(1,235)	289
Cash and cash equivalents at beginning of year		**1,442**	**1,153**
Cash and cash equivalents at end of year		**207**	**1,442**

Notes to the financial statements

1. Corporate and Group information

The consolidated financial statements of Zenith Energy Ltd. and its subsidiaries (collectively, the "**Group**") have been prepared on the basis set out below. Zenith Energy Ltd are exempt from the preparation of separate parent company financial statements for the year ended 31 March 2024 in line with the Canada Business Corporations Act.

Zenith Energy Ltd. ("**Zenith**" or the "**Group**") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on September 20, 2007 and is domiciled in Canada. The address of the Group's registered office is 20th Floor, 250 Howe Street, Vancouver, BC. VC6 3R8, Canada and its business address is 15th Floor, 850 - 2nd Street S.W., Calgary, Alberta T2P 0R8, Canada. The Group's primary business activity is the international development of oil and gas production and development assets. As publicly reported, the Group is currently in the process of seeking to complete a number of acquisitions in the United States and Asia.

The Company's website is: www.zenithenergy.ca.

Zenith is a public company listed on the Main Market of the London Stock Exchange under the ticker "**ZEN**", and with its entire common share capital admitted to trading on the Euronext Growth Oslo under the ticker "**ZENA**" and on the OTC Marker under the ticker "**ZENAF**".

2. Basis of preparation

The consolidated financial statements presented in this document have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The financial statements have been prepared under the historical cost convention except for financial instruments which are measured at fair value through profit or loss. The financial statements are presented in Canadian Dollars (CAD$) and have been rounded to the nearest thousand (CAD$'000) except where otherwise indicated.

The Board has reviewed the accounting policies set out below, which have been applied consistently, and considers them to be the most appropriate to the Group's business activities.

Presentation and functional currency

The presentation currency of the Group is the Canadian dollar ("**CAD$**").

Functional currency is the currency of the primary economic environment in which a company operates. The functional currencies of the Group's subsidiaries are; United States ("**US$**") dollars for the subsidiaries in Tunisia, Dubai and British Virgin Islands, Euros ("**EUR**") for the subsidiary in Italy, Sterling ("**GBP**") for the subsidiary in the United Kingdom, Swiss Francs ("**CHF**") for the subsidiary in Switzerland and Norwegian Krone ("**NOK**") for the subsidiary in Norway.

The functional currency is determined by the Directors by looking at a number of relevant factors including the currency in which Group entities usually generate and spend cash and in which business transactions are normally denominated.

All of the transactions that are not in the functional currency are treated as foreign and indicate currency transactions.
The factors that have determined the adoption of the CAD $ as presentation currency include:

- mainly affects the prices at which the goods or services are consolidated;
- Canada is the country whose regulations, market conditions and competitive forces mainly affect the pricing policy of the entity;
- influences the costs and expenses of the entity;
- the funds are usually generated in that currency; and
- the receipts from operating activities are retained in that currency.

Going concern

These financial statements have been prepared on a going concern basis which presumes that the Group will continue its operations in the normal course of business for the foreseeable future. In assessing whether going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group. As part of their assessment, the Directors have also taken into account the ability to raise additional funding whilst maintaining sufficient cash resources to meet all commitments.

The Directors have reviewed the cash flow forecasts prepared by management up to and including August 2025, which are prepared on the basis that the Group continues to hold title to the Tunisian and Italian oil and gas asset and which takes into account the fund raises completed post year end, as well as loan and bond repayments which fall due within 12 months of the date of the signing of the financial statements. The cashflow forecasts also include the investments in respect of the proposed acquisitions in the United States and provisions about its claim in Congo against SMP Energies (hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019, and the various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US$48 million.

In addition, the Company, as announced, is seeking to acquire new producing assets, that will deeply modify its current cash generation situation, at the same time insuring the company from any possible risk that may arise in Tunisia, also in the light of the ongoing arbitration which is better detailed in this document. In particular:

On **January 16, 2024**, the Company announced that its subsidiary CYAP Oil, LLC, had successfully bid at auction for a 5% royalty interest in a package of seven (7) producing wells located in the Eagle Ford Shale, Lavaca County, Texas.

The Group believes that these financial commitments will be covered by a combination of funding generated by operations, funds raised post year end, funds to be received from the arbitrations in Paris, as well as further planned fund raises within the going concern period. The Directors believe that the planned fund raises via the various sources of capital available to the Group will be successful. The Group's ability to raise funds has been demonstrated in the year ended March 31, 2024. However, as at the date of approval of the financial statements, these funds have not been secured.

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months. The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

New standards and interpretations

a. Adoption of new and revised standards

No new standards, amendments or interpretations, effective for the first time for the period beginning on or after April 1, 2023 have had a material impact on the Company.

The following IFRSs or IFRIC interpretations are those that were effective for the first time for the financial year beginning April 1, 2023, and relevant to the entity.

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.	Effective for annual periods beginning on or after 1 January 2023.
IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors	The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	Effective for annual periods beginning on or after 1 January 2023.

The Directors are evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the financial statements of the Company.

b. New standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standards Issued and Effective on or after 1 January 2024

Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024.

Amendment to IAS 7 and IFRS 7 - Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024 (with transitional reliefs in the first year)
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (early adoption is available)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Consolidation

The following entities have been consolidated within the Group's financial statements:

Name	***Country of incorporation and place of business***	***Proportion of ownership interest***	***Principal activity***	***Reporting period***
Canoel Italia S.p.A. (1)	Genova, Italy	98.6%	Gas, electricity and condensate production	January - December
Ingenieria Petrolera del Rio de la Plata S.r.l.	Argentina	100%	Not trading	January - December
Zena Drilling Limited	Incorporated in UAE Place of business: Azerbaijan	100%	Oil and gas drilling	January - December
Zenith Suisse SA	Switzerland	100%	Oil trading	January - December
Zenith Norway AS (2)	Norway	100%	Holding Company	January - December
Compagnie du Desert Holdings Ltd (3)	United Kingdom	100%	Holding Company	January - December
Compagnie du Desert Ltd (3)	United Kingdom	100% on behalf of Compagnie du Desert Holdings Ltd	Holding Company	January - December
Ecumed Petroleum Tunisia Ltd	Tunisia	100% on behalf of Compagnie du Desert Ltd	Oil production	January - December
Leopard Energy, Inc (formerly Cyber Apps World Inc.) (4)	United States	99.87%	Software Development	August - July

(1) Zenith Energy Ltd. has 100% control over Canoel Italia S.p.A.. The Group granted 1.4% to a former Director, in order to limit the risk of any liability to that entity. Therefore, no non-controlling interest arises from the consolidation of this subsidiary.

(2) On January 30, 2020, the Company announced the establishment of its fully owned Norwegian subsidiary, Zenith Energy AS ("Zenith Norway"), to be used as a vehicle for intended participation in future licensing bids to be organized by the Norwegian Ministry of Petroleum and Energy, as well as to actively pursue the potential acquisition of working interests in mature energy production assets

across Northern Europe.

(3) On April 30, 2021, the Company announced that Compagnie Du Desert Ltd ("CDD"), its recently incorporated fully owned subsidiary, has entered into a share purchase agreement ("SPA") with Candax Energy Limited ("Candax") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Tunisia Ltd ("EPT") (the "Acquisitions"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia.

(4) On August 29, 2023, the Company announced that it had acquired control of Leopatd Energy, Inc. (formerly Cyber Apps World Inc.) ("**CYAP**") by way of a Securities Purchase Agreement ("**SPA**") signed with Janbella Group LLC ("**Seller**").

- Zenith has acquired 100,000 Series A Preferred Shares in CYAP from the Seller, representing 99.87% of its current total voting rights.
- The purchase price agreed under the terms of the SPA is US$398,319.97 in cash (the "Consideration").
- CYAP is listed on the US OTC Markets' Pink Open Market segment under the ticker "CYAP".

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Adjustments are made to the results of subsidiaries to bring the accounting policies used by them, with those used by the Group.

Intercompany balances and transactions are eliminated on consolidation, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

The reason for Canoel Italia S.p.A's different reporting date is that it operates in line with the company's calendar year. Aligning with this redcues the administrative burden associated with amending the figures for a different year end. The remaining subsidiaries have different year ends as they were acquired as such and have not been amended to be in line with the Group due to the administrative burden.

The following entities have not been consolidated within the Group's financial statements because they are considered to be immaterial to the Group:

Name	***Country of incorporation and place of business***	***Proportion of ownership interest***	***Principal activity***
Leonardo Energy Consulting S.r.l.	Genova, Italy	48%	Dormant
Zenith Energy Netherlands BV	Netherlands	100%	Dormant

The following entities have been written off, in consideration of the divestments of the Company in the country (Republic of the Congo) or due to the Arbitrations currently in progress:

Name	***Country of incorporation and place of business***	***Proportion of ownership interest***	***Principal activity***	***Reporting period***
Zenith Energy (O&G) Ltd	United Kingdom	100%	Administrative services	April - March
Anglo African Oíl & Gas Congo S.A.S.	Republic of the Congo	100%	Oil production	January - December
Zenith Energy África Holdings	United Kingdom	100%	Holding Company	January - December
Zenith Energy África Ltd	United Kingdom	100% on behalf of Zenith Energy Holdings	Holding Company	January - December
Ecumed Petroleum Zarzis Ltd	Tunisia	100% on behalf of Zenith Energy Africa Ltd	Oil production	January - December
Zenith Overseas Assets Holdings Ltd	United Kingdom	100%	Holding Company	January - December
Zenith Overseas Assets Ltd	United Kingdom	100% on behalf of Zenith Overseas Assets Holdings Ltd	Holding Company	January - December
Canadian North Africa Oil&Gas Ltd	Tunisia	100% on behalf of Zenith Overseas Assets Ltd	Oil production	January - December
Zenith Energy Congo SA	Republic of the Congo	100%	Oil production	January - December
Zenith Aran Oil Company Limited	British Virgin Islands	100%	In liquidation	January - December

Property, plant and equipment

Development and production expenditures
Development and production ("**D&P**") assets include costs incurred in developing commercial reserves and bringing them into production. Items of property and equipment, including D&P assets, are carried at cost less accumulated depletion and depreciation and accumulated impairment losses.

When significant parts of D&P assets have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of D&P assets are determined by comparing the proceeds of disposal with the carrying amount of the item and are recognised in profit or loss.

Business combinations

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, a bargain purchase gain is recognised immediately in the consolidated statement of comprehensive income.

Transaction costs that are incurred in connection with a business combination other than those associated with the issue of debt or equity instruments are expensed as incurred.

Intercompany balances and transactions are eliminated on consolidation, and any unrealised income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability, costs of replacing parts of property and equipment and workovers of property and equipment are recognised only if they increase the economic benefits of the assets to which they relate. All other expenditures are recognised in profit or loss when incurred. The carrying amounts of previous inspections or any replaced or sold components are derecognized. The costs of day-to-day servicing of an item of property and equipment are recognised in profit or loss as incurred.

Depletion and depreciation

The net book value of producing assets is depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related proved and probable reserves, as determined by an independent reserve engineer, taking into account estimated future development costs necessary to bring those reserves into production. For purposes of these calculations, relative volumes of natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

Impairment

At the end of each reporting period, the Group reviews the D&P assets for circumstances that indicate the assets may be impaired. Assets are grouped together into cash-generating units ("**CGUs**") for the purpose of impairment testing.

If any such indication of impairment exists, the Group makes an estimate of its recoverable amount. A CGUs recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of future cash flows expected to be derived from the production of proved and probable reserves.

Fair value less costs to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of D&P assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.
These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is allocated on a pro rata basis to the assets within the CGU. The impairment loss is recognised as an expense in profit or loss.

At the end of each subsequent reporting period, these impairments are assessed for indicators of reversal.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss have been recognised for the asset or CGU in prior periods.

A reversal of an impairment loss is recognised in profit or loss.

Decommissioning provision
The Group recognizes a decommissioning obligation in the period in which a well is drilled or acquired, and a reasonable estimate of the future costs associated with removal, site restoration and asset retirement can be made. The estimated decommissioning provision is recorded with a corresponding increase in the carrying amount of the related cost centre.

Decommissioning provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the unwinding of discount and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the unwinding of discount is recognised as finance expenses. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Cash and cash equivalents
Cash and cash equivalents consist of cash deposits in bank accounts and cash in hand.

Inventory
Inventory consists of crude oil which is recorded at the lower of cost and net realisable value. The cost of producing crude oil is accounted on a weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the producing cost, including royalties. Net realisable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

Financial instruments
Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial

liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost using the effective interest method:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Impairment of financial assets

The Group applies the expected credit loss model to financial assets measured at amortized cost or at fair value through other comprehensive income. There are no financial assets other than trade receivables.

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Compound financial instruments

Compound financial instruments include convertible notes which can be converted into a fixed number of common shares for a fixed amount of consideration. The compound financial instrument is bifurcated and recorded with a liability and equity component. The liability component is initially recognised as the fair value of the liability without the conversion feature, which is calculated using inputs that fall within level 1 of the fair value hierarchy of IFRS 13. The equity component is recognised as the difference between the fair value of the convertible debt and the fair value of the liability component.
Transaction costs are proportionately allocated between the components. Subsequently, the liability component is measured at amortised cost using the effective interest method and accretes up to the principal balance at maturity.

The equity component is not re-measured after initial recognition. Upon conversion, the liability component is reclassified to equity and no gain or loss is recognised. If the number of common shares to which the loan can be converted is not fixed, then the loan is recorded as a liability with no debt / equity split.

De-recognition of financial liabilities

The Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished-i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.
Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

The Group’s financial assets were classified as financial assets measured subsequently at amortized cost. The Group’s financial liabilities were classified as financial liabilities measured subsequently at amortized cost. The Group does not choose to classify any financial liabilities as measured at fair value through profit or loss.

Share capital
Share capital is classified as equity if it is non-redeemable, and any dividends are discretionary or is redeemable but only at the Group's option. Dividends on share capital classified as equity are recognised as distributions within equity. Non-equity share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the consolidated income statement as a financial expense.

Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Share-based payments
The cost of providing share-based payments to employees is charged to the statement of comprehensive income (or treated as a share issue cost) over the vesting period of the related share options or share allocations. The cost is based on the fair values of the options, which is determined using the Black Scholes method. The value of the charge is adjusted to reflect expected and actual level of vesting. Charges are not adjusted for market related conditions that are not achieved. Where equity instruments are granted to persons other than Directors or employees the consolidated statement of comprehensive income is charged with the fair value of the related goods or services received.

Earnings per share
The Group presents basic and diluted earnings per share for its common shares. Basic earnings per share amounts are calculated by dividing the profit or loss attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted, for the effects of all dilutive

potential common shares.

Revenue from contracts with customers

The Group enters into contracts for the sale of oil and gas. Revenue is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards or ownership have been transferred to the customer and collection of the sales price is reasonably assured. The performance obligation is identified to be the delivery of oil and gas to the customer, and the transaction price is allocated to the amount of oil and gas delivered. These criteria for performance obligation are assessed to have occurred once the product has been delivered to the customer.

Foreign currency translation

Foreign currency transactions are translated into the respective functional currencies of the Group and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and,
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's exchange difference on translating foreign operations on the statement of comprehensive income and are reported as a separate component of shareholders' equity. These differences are recognised in profit or loss in the period in which the operation is disposed.

Accounting policy for Provisions, contingent assets and liabilities

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Finance expense

Finance expense is comprised of interest on debt, accretion of the decommissioning obligation, accretion of convertible notes and other miscellaneous interest charges.

Taxation

Income tax expense is comprised of current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded, using the asset and liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recorded on taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of assets and liabilities in a transaction other than a business combination that affect neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Interest-Bearing Loans and Borrowings
Interest-bearing loans and borrowings are initially recognised at fair value, which equates to the value of proceeds received net of any directly attributable arrangement costs. Subsequent to initial recognition these borrowings are stated at amortised cost using the effective interest rate method.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions about the future. The relating accounting estimates will by definition, seldom equal to related achieved result. The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Going concern
Management have prepared the financial statements on a going concern basis of accounting which, as stated in note 2, is dependent on the group being able to raise additional funding as required. This is considered to be a critical accounting judgement.

Property, plant and equipment
Management reviews the Group’s property, plant and equipment annually for impairment indicators.

The determination of recoverable amounts in any resulting impairment test requires judgement around key assumptions. Key assumptions in the impairment models include those related to prices that are based on forward curves and long-term corporate assumptions thereafter, discount rates, that are risked to reflect conditions specific to individual assets, future costs, both capital and operating that are based on management’s estimates having regard to past experience and the known characteristics of the individual assets, reserves and future production, which are discussed further on note 11. The carrying value of property, plant and equipment as of March 31, 2024, was CAD$ 134,460k (2023 – CAD$227,565k).

Proved and probable reserves and contingent resources

The volume of proved and probable oil and gas reserves is an estimate that affects the unit of production depreciation of producing oil and gas property, plant and equipment as well as being a significant estimate affecting decommissioning provisions, impairment calculations and the valuation of oil and gas properties in business combinations. Contingent resources affect the valuation of exploration and exploration assets acquired in business combinations and the estimation of the recoverable value of those assets in impairment tests.

Proved and probable reserves and contingent resources are estimated using standard recognised evaluation techniques. Estimates are reviewed at least annually and are regularly estimated by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

The Group's reserves are evaluated and reported on by independent reserve engineers at least annually. The engineers issue a Competent Person's Report ("**CPR**"), and the latest version was issued in July 2023 in relation to the Group's Italian and Congolese assets. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgement and interpretation.

Decommissioning costs

Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations.

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed periodically and is based on forecast price levels and technology at the Statement of Financial Position date. Provision is made for the estimated cost at the Statement of Financial Position date, using a discounted cash flow methodology and a risk-free rate of return. Details of the Group's decommissioning costs are disclosed in note 20. The carrying value of the decommissioning costs as of March 31, 2024, is CAD $23,301k (2023 – CAD $32,645k).

Impairment of investments in subsidiaries and non-financial assets

The Group conducts impairment reviews of investments in subsidiaries and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value in use which based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. During the year, after reviewing the business environment as well as the Group's strategies and past performance of its cash-generating units, management concluded that there was impairment for plant and equipment in Tunisia. Management believes that any reasonably possible changes in the assumptions used in the impairment reviews would not affect management's view on impairment at current year end.

5. Administrative expenses

During the year ended March 31, 2024, the General and Administrative costs amounted to CAD$24,401k, (2023 - CAD$8,596k). The increase was primarily due to the foreign exchange related to the retranslation of the assets, a non-cash expense, and the non-recurring expenses related to the Arbitration process.

Furthermore, during the same period the Group incurred CAD$10,833k (2023 - CAD$3,124k) of non-recurring expenses which relate to the impairment of the assets in Congo and Tunisia, the expenses incurred in the arbitration process against the Republic of Tunisia and negotiation costs for the potential acquisition of producing assets.

	Year ended	
	March 31, 2024	**March 31, 2023**
	CAD$'000	**CAD$'000**
Auditors' remuneration - audit fees Group	293	94
Accounting and bookkeeping	83	58
Consultancy fees	4,935	6,658
Legal	-	42
Office	650	897
Administrative expenses	2,225	219
Foreign exchange (gain)/ loss	2,883	(5,974)
Salaries	1,748	2,716
Travel	751	762
General and administrative expenses	**13,568**	**5,472**
<u>**Non-recurring expenses**</u>		
Bond issue costs	112	136
Listing costs (Norway and UK)	570	555
Negotiation costs for acquisitions	1,566	1,700
Arbitration costs	1,658	-
Impairment	6,927	-
Share based payments (see note 7)	-	733
Total non-recurring expenses	**10,833**	**3,124**
Total general and administrative expenses	**24,401**	**8,596**

6. Business combinations

During the financial year, the Company announced that it purchased a company in the USA, Leopard Energy, Inc, and in January 2024 announced the acquisition of a 5% royalty interest in a package of seven (7) producing wells located in the Eagle Ford Shale, Lavaca County, Texas.
These acquisitions had a not material impact as a business acquisition.

The deferred consideration liability, on the business combinations related to past financial years, has been measured at the present value of contracted future cash flows. The value and timing of contracted future cash flows has been included in note 25.

7. Staff cost

(a) *Employee compensation cost*

During the year the Group had an average of 34 (2023: 38) full time employees based in its offices in London in the UK, Lugano in Switzerland, Pointe Noire in Congo, Tunis in Tunisia and Genoa in Italy.

The following table details the amounts of total employee compensation included in the consolidated statement of comprehensive income:

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Operating	75	893
General and administrative	1,748	2,716
Share based payments	-	733
Total employee compensation cost	1,823	4,342

(b) *Key management compensation*

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of an entity, either directly or indirectly. The following table summarizes annual compensation and long-term compensation of the Group's "Named Executive Officers" for the two most recently completed financial years that ended on March 31, 2024. The named executive officers equate to key management personnel:

Name	Year(2)	Short term employee benefit CAD $'000	Other short-term benefits CAD $'000	Other long-term benefits CAD $'000	Other benefits CAD $'000	Total CAD $'000
Andrea Cattaneo (1)	2023	560	-	-	-	560
	2024	559	-	-	-	559
Jose Ramon Lopez-Portillo	2023	20	-	-	-	-
	2024	.	-	-	-	-
Luca (2) Benedetto	2023	261	-	-	1	262
	2024	263	-	-	-	263

For the Key management personnel, no termination benefits are provided.

Notes:

1. Andrea Cattaneo was appointed President and Chief Executive Officer effective 01 January 2009. As proposed by the Compensation Committee, Mr. Cattaneo's annual consulting fee payment is approximately £210k (CAD $359k), payable in equal monthly instalments, plus an annual bonus compensation of CAD$200k from the parent Company.

2. Mr. Luca Benedetto was appointed as Chief Financial Officer from April 2017 and received compensation of CAD$164k from the parent Company and CAD$99k from subsidiary undertakings during the year ended March 31, 2024.

3. Mr. Dario Sodero and Mr. Sergey Borovskiy did not receive any compensation for the financial year ended 31 March 2024 and 2023.

a. Key management non-cash compensation

During the last two financial year the Company has not granted stock options to the Directors or employees of the Company.

8. Other gains and losses

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Impairment of property, plant and equipment	-	(1,969)
Impairment of inventory	(659)	(1,146)
Impairment of former subsidiary undertakings	(10,795)	-
Gain on revaluation of assets	2,133	-
	(9,321)	(3,115)

9. Finance expense

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Interest expense	5,008	2,764
Accretion of decommissioning provision	402	397
	5,410	**3,161**

10. Taxation

Income tax expense is comprised of current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense (recovery) in the consolidated income statement.

Deferred tax is recorded, using the asset and liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recorded on taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of assets and liabilities in a transaction other than a business combination that affect neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax expense is comprised of the following:	**2024** **CAD $'000**	**2023** **CAD $'000**
Current tax	-	(1,708)
Deferred tax	-	-
Total tax charge for the year	-	(1,708)

The provision for income taxes differs from the expense that would be obtained by applying the Canadian statutory income tax rate. The difference between tax expense for the year and expected income taxes based on the statutory tax rate arises as follows:

	2024 **CAD $'000**	**2023** **CAD $'000**
Loss before taxation	22,070	277
Expected tax at 27%	5,959	75
Differences on tax rates attributable to other jurisdictions	-	(4,536)
Non-deductible expenses	(224)	1,133
Temporary differences	(787)	
Tax assets carried forward	(4,948)	1,620
Tax charge	-	(1,708)

The tax charge for the year ended March 31, 2024 comprised CAD $Nil (2023 – CAD $1,708k) of current tax expense and CAD $Nil deferred tax expense (2023 – CAD $Nil deferred tax expense).

Recognised deferred tax liabilities are attributable to the following:

	2024	2023
	CAD $'000	**CAD $'000**
Property and equipment	-	(14,211)
Decommissioning obligations	-	3,649
Non-capital loss carried forward	-	10,562
Acquisition of Canoel Italia S.r.l.	(2,398)	(2,398)
Acquisition of Tunisia	-	(11,833)
Recognised deferred tax liabilities	(2,398)	(14,231)

Deferred tax assets have not been recognised in respect of the following temporary differences as it is not considered probable that sufficient taxable income will allow the deferred tax assets to be utilised and recovered:

	March 31,2024	March 31,2023
	CAD $'000	**CAD $'000**
Property and equipment	6,422	18,216
Non-capital loss carried forward	938,563	836,960
Share issuance costs	-	-
Financial assets at amortised cost	-	16,598
Decommissioning obligations	-	-
Capital losses	329	907
Other	-	-
Unrecognised deferred tax assets	945,314	872,681

11. Property, plant and equipment

	D&P Assets
Carrying amount at March 31, 2022	**229,774**
Additions	430
Depletion and depreciation	(4,747)
Impairment	(1,969)
Foreign exchange differences	4,077
Carrying amount at March 31, 2023	**227,565**
Additions	53
Depletion and depreciation	(3,937)
Impairment	(89,509)
Revaluation of assets	2,133
Foreign exchange differences	(1,845)
Carrying amount at March 31, 2024	**134,460**

<u>Impairment test for property, plant and equipment</u>

As of March 31, 2024, a review was undertaken of the carrying amounts of property, plant and equipment to determine whether there was any indication of a trigger that may have led to these assets suffering an impairment loss.

According to the intention of the Company to disinvest in the Republic of the Congo, and in relation to the Arbitrations against the Republic in Tunisia (for Ecumed Petroleum Zarzis and Canadian North Africa Oil&Gas), the Board decided to totally impair the value of the assets for these entities.

For the other amounts included in Property, plant and equipment, the Board continued to apply the evaluation method applied in the previous years.

As there is no readily available market for the Group's oil and gas properties, fair value is derived as the net present value of the estimated future cash flows arising from the continued use of the assets, incorporating assumptions that a typical market participant would take into account. The value in use of an oil and gas property is generally lower than its Fair Value Less Costs of Disposal ('FVLCD') as value in use reflects only those cash flows expected to be derived from the asset in its current condition. FVLCD includes appraisal and development expenditure that a market participant would consider likely to enhance the productive capacity of an asset and optimize future cash flows. Consequently, the Group determines recoverable amount based on FVLCD using a Discounted Cash Flow ('DCF') methodology.

The DCF was derived by estimating discounted after-tax cash flows for each CGU based on estimates that a typical market participant would use in valuing such assets. The impairment tests compared the recoverable amount of the respective CGUs noted below to the respective carrying values of their associated assets. The estimates of FVLCD meet the definition of level three fair value measurements as they are determined from unobservable inputs.

Revaluation of the assets

During the year, the Group revalued its assets (Drilling RIG). The effective date of the revaluation was 29 December 2023. The revaluation was performed by an independent valuer, Eng. Angelo D'Ambrosio.
The revaluation was based on the market approach, using recent market transactions for similar properties in the same locations. Key assumptions included adjustments for differences in size, location, and condition of the properties.

The carrying amount of asset that would have been recognized had the assets been carried under the cost model is Euro 3,700,000 (CAD$ 5,406,775).

As a result of the revaluation, a revaluation surplus of CAD$ 2,133,389 was recognized. The revaluation surplus is included in P&L and presented in equity as part of retained earnings. There are no restrictions on the distribution of this surplus to shareholders.
The revalued amount of the asset as of the revaluation date is CAD$ 5,406,775.

<u>Italian Cash Generating Unit</u>

Key assumptions:

- **Production profiles:** these were based on the latest available information from management.
- **Capital and operating costs:** these were based on the current operating and capital costs in Italy.
- **Gas price:** An average 2024 gas price of $13.10/Mscf based on information from the World Bank European gas price forecast and information provided by management.
- **Discount rate:** The estimated fair value less costs to sell of the Italian CGU was based on 10% (2023 – 10%). This was based on a Weighted Average Cost of Capital analysis consistent with that used in previous impairment reviews.

Tunisia Cash Generating Unit

The Group decided to impair the Tunisian assets that related to Ecumed Petroleum Zarzis (Ezzauoia concession) and Canadian North Africa Oil % Gass (Side El Kilani concession), being these assets involved in the Arbitration against the Republic of Tunisia.
This resulted in an impairment amount, recognised in the Profit and Loss statement of CAD$ 16,603k.

Further, the Company commissioned a Competent Person's Report ("**CPR**") for the Tunisian licence in Robbana and El Bibane concessions (Ecumed Petroleum Tunisia) in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities.* The field estimates of the reserves held suggest that no further impairment is required. Details of these reserves can be found at: www.zenithenergy.ca.

12. Non-current financial assets held at amortised cost

	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Other assets acquired on business combination	-	780
	-	**780**

13. Inventory

As of March 31, 2024, inventory consists of CAD$1,886 (2023 – CAD $5,591k) in relation to 9,899 barrels of crude oil that has been produced but not yet sold, and CAD$145k of materials (2023 – CAD $857k).
The amount recognised as an expense during the year was -CAD $476k (2023 - -CAD $559).

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Tunisia	1,886	5,591
Tunisia – materials	145	857
	2,031	**6,448**

14. Trade and other receivables

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Trade receivables	952	11,770
Other receivables	1,828	14,906
Total trade and other receivables	2,780	26,676

The Group applies the IFRS 9 simplified approach for measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The Group's customer base is of a similar bracket and share the same characteristics, as such these have been treated as one population. The Group's customers are all State customers, therefore, the lifetime expected losses are considered to be CAD$ Nil.

15. Change in working capital

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Trade and other receivables	23,714	(7,797)
Inventory	4,417	1,998
Prepaid expenses	181	(64)
Trade and other payables	(13,202)	(2,735)
Total change in working capital	15,110	(8,598)

16. Share capital

Zenith is authorised to issue an unlimited number of Common Shares, of which 40,515,164 were issued at no par value and fully paid during the FY ended March 31, 2024 (2023 – 43,772,809). All Common Shares have the right to vote and the right to receive dividends. Zenith is authorised to issue an unlimited number of preferred shares, issuable in series, of which none have been issued as of the date of these Financial Statements. The Directors of the Group may by resolution fix the rights, privileges, restrictions and conditions of the preferred shares of each series.

Following the issue of the new Ordinary Shares, the Company had 271,545,401 common shares in issue and admitted to trading on the Euronext Growth of the Oslo Stock Exchange, of which 232,860,686 common shares in issue and admitted to trading on the Main Market of the London Stock Exchange, as of June 11, 2024.

Description	**common shares**	**CAD $'000**
Balance - 31 March 2022	**1,872,574,449**	**60,121**
Non-brokered unit private placement (i)	425,228,088	3,856
Settlement of debt (ii)	12,500,000	114
share issue cost	-	(4)
Balance - 31 March 2023	**2,310,302,537**	**64,087**
Consolidation of shares 10/1 (iii)		
Balance - 30 September 2023	**231,030,237**	**64,087**
Non-brokered unit private placement (iv)	37,856,250	1,999
Debt Settlement (vi	2,658,914	142
share issue cost		(4)
Balance - 31 March 2024	**271,545,401**	**66,224**

i) on February 28, 2023, the Company announced that it had completed a fundraise in the United Kingdom (the "**UK Financing**"), and in Norway (the "**Norwegian Financing**", collectively, the "**Financings**").

The Financings attracted the participation of existing institutional investors, including Premier Miton Investors, as well as Directors and employees of the Company, to raise an aggregate total amount of approximately £2,300,000 or NOK 28,484,580, resulting in the issuance of 437,728,088 new common shares.

Issue Price

The issue price of the Financings was **£0.0054** for the UK Financing and **NOK 0.067** for the Norwegian Financing.

Norwegian Financing
Zenith issued a total of 378,931,792 new common shares of no-par value in the capital of the Company ("**Norwegian Financing Common Shares**"), to be admitted to trading on the Euronext Growth Oslo (the "**Norwegian Financing Admission**") raising gross proceeds of NOK 25,388,430 (approximately £2,050,000).

UK Financing
Zenith issued a total of 46,296,296 common shares of no-par value in the capital of the Company on the London Stock Exchange (the "**UK Financing Common Shares**") to raise gross proceeds of £250,000 (approximately NOK 3,096,150).
Debt Settlement
The Company has allotted 12,500,000 Common Shares ("**Debt Settlement Shares**") to a service provider in lieu of cash settlement for services provided to Zenith for a total value of £67,500.

ii) On **September 20, 2023**, the Company announced that it is implementing the share consolidation that was approved by shareholders at the Company's annual general meeting held on April 14, 2023 (the "**Consolidation**"). Under the Consolidation, one new common share of no par value ("**New Common Shares**") will be issued for every ten existing common shares of no par value ("**Old Common Shares**").

iii) On **February 13, 2024**, the Company announced that it had completed private placement in the United Kingdom and in Norway resulting in the issuance of a total of 37,856,250 new common shares.

Issue Price
The Financings were completed at price of £0.03 (3 pence) for the UK Financing and NOK 0.42 for the Norwegian Financing, representing a premium in respect of the closing price of the Company's equity securities on both the London Stock Exchange and Euronext Growth Oslo on February 12, 2024.

The Company also allotted 2,658,914 Common Shares ("Debt Settlement Shares") to certain service providers in lieu of cash settlement for services provided to Zenith.

17. Warrants and options

	Number of options	Number of warrants	Weighted average exercise price CAD$	Amount CAD$'000
Balance – March 31, 2022	**187,257,445**	**529,395,330**	**0.03**	**5,284**
Warrants issued	-	127,568,427	0.01	734
Warrants expired	-	(210,761,734)	0.04	-572
Options adjustment				-116
Balance – March 31, 2023	**187,257,445**	**446,202,023**	**0.03**	**5,329**
Consolidation effect (1)	(168,531,701)	(401,581,821)		
Warrants expired	-	(30,504,048)	0.40	-1,385
Options expired	(637,451)	-	1.20	- 563
Balance – March 31, 2024	**18,088,293**	**14,116,154**	**0.30**	**3,381**

1) On **September 20, 2023**, the Company announced that it would proceed with the implementation of the share consolidation approved by shareholders at the Company's annual general meeting held on April 14, 2023 (the "**Consolidation**"). Under the Consolidation, one new common share of no par value was issued for every ten existing common shares of no par value. The same effect involved the outstanding warrants and options.

WARRANTS

During the year ended March 31, 2024, the Company issued no warrants (2023 – 127,568,427), and 30,504,048 (2023 – 210,761,734) warrants expired.
The expiry of 30,504,048 (2023 – 210,761,734) warrants during the year was recognised in the contributed surplus amount of Equity section in the amount of CAD$1,385k.

As of March 31, 2024, the Group had 14,116,154 (2023 – 446,202,023) warrants outstanding (relating to 14,116,154 shares) and exercisable at a weighted average exercise price of CAD$0.02 per share with a weighted average life remaining of 5.2 years.

There were no warrants in the money as of March 31, 2024.

OPTIONS

Grant Date	March 31, 2024		March 31, 2023 (restated for comparative figures)		
	Number of options	Exercise price per unit CAD$	Number of options	Exercise price per unit CAD$	Expiry Date
April 2018	-	-	637,451	1.20	April 2023

December 2020	4,142,857	0.30	4,142,857	0.30	December 2025
January 2021	4,541,478	0.30	4,541,478	0.30	January 2026
13 May 2021	3,257,108	0.20	3,257,108	0.20	May 2026
06 September 2021	1,388,223	0.20	1,388,223	0.20	September 2026
31 January 2022	4,758,628	0.20	4,758,628	0.20	January 2027
TOTAL	**18,088,294**	**0.30**	**18,725,745**	**0.30**	

During the year ended March 31, 2024, the Company issued NO stock options (2023 – Nil), the options exercised were Nil (2023 - Nil) and 637,451 (2023 – Nil) stock options expired.

As of March 31, 2024, the Group had 18,088,294 (2023 – 18,725,745) stock options outstanding (relating to 18,088,294 shares).

There were no options in the money as of March 31, 2024

STOCK OPTIONS

The Group has a stock options plan (the "**Plan**") for its directors, employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued and outstanding common shares at the time of granting options. Granted options are fully vested on the date of grant, at which time all related share-based payment expense is recognised in the consolidated statement of comprehensive income. Share options expire five years from the date of granting.

The table below represent the movement of the options during the FY 2024, and the comparative period 2023

	Number of options
Balance – March 31, 2022	**187,257,445**
Options issued	-
Options expired	-
Balance – March 31, 2023	**187,257,445**
Consolidation effect	(168,531,691)
Options issued	-
Options expired	(637,451)
Balance – March 31, 2024	**18,088,294**

As of March 31, 2024, the Group had 18,088,294 stock options outstanding (relating to 18,088,294 shares) and exercisable at a weighted average exercise price of CAD$ 0.30 per share with a weighted average life remaining of 2.7 years.

The fair value of the options was calculated using the Black-Scholes pricing model calculations based on the following significant assumptions:

Risk-free interest rate	0.50% - 0.70%
Expected volatility	100%
Expected life	5 years
Dividends	Nil

WARRANTS

	Issue date	Number of options	Exercise price	Expiry date
Warrants	23-Apr-21	1,359,311	$0,20	23-Apr-24
Warrants	28-Feb-23	11,367,954	$0,10	28-Feb-26
Warrants	28-Feb-23	1,388,889	$0,10	28-Feb-26
	Total warrants as of 31 March 2024	**14,116,154**		

As of March 31, 2024, the Group had 14,116,154 (2023 – 446,202,023) warrants outstanding (relating to 14,116,154 shares) and exercisable at a weighted average exercise price of CAD$0.10 per share with a weighted average life remaining of 1.3 years.

The fair value of the warrants was calculated using the Black-Scholes pricing model calculations based on the following significant assumptions:

Risk-free interest rate	0.50% - 0.70%
Expected volatility	75-100%
Expected life	3 years
Dividends	Nil

18. Trade and other payables

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Trade payables	4,002	12,882
Other payables	3,029	6,867
Total trade and other payables	7,031	19,749

19. Loans

	March 31,2024 CAD $'000	March 31,2023 CAD $'000
Loan payable - current	1,870	8,697
Loan payable – non-current	438	-
Total	**2,308**	**8,697**

Loans – current	**2024** **CAD $'000**	**2023** **CAD $'000**
As at 1 April	8,697	6,533
Loan receipt	3,495	3,848
Interest	152	572
Repayments	(10,703)	(2,222)
Foreign Exchange	229	(34)
As at 31 March	**1,870**	**8,697**

Loans – non current	**2024** **CAD $'000**	**2023** **CAD $'000**
As at 1 April	-	1,442
Repayments	-	(1,442)
Loan receipt	438	-
As at 31 March	**438**	**-**

a) Loan in Italy Euro 300,000

In January 2024, the Group obtained a Euro 300,000 (CAD$ 438,339) loan from ReteFidi Liguria. The loan is unguaranteed, and bears interest at 9% per annum and the final repayment is due in January 2029.

The Company will pay only interest for the first two years, then a repayment in monthly instalments of principal and accrued interest, will be payable.

b) Loan from Ajax Resources Plc

During the Financial Year ended March 31, 2024, Ajax Resources Plc granted the Company a loan of CAD$557K, paid in more tranches and partially repaid for CAD$ 543k. The loan is unsecured, bears fixed interest at a flat rate of 10%. The total outstanding amount as of March 31, 2024, was CAD$ 14k, that was totally repaid in June 2024.

Non-convertible bonds	**March 31,2024**	**March 31,2023**
	CAD $'000	**CAD $'000**
Current	7,622	-
Non-current	31,754	25,247
Total	**39,376**	**25,247**

Non-convertible bonds	**CAD $'000**
Balance – March 31, 2022	**10,360**
Loan notes	15,156
Interest	-
Repayment of bonds	(551)
Foreign exchange	282
Balance – March 31, 2023	**25,247**
Loan notes	13,643
Interest	-
Repayment of bonds	(605)
Foreign exchange	1,091
Balance – March 31, 2024	**39,376**

Loan Notes

To fund the acquisition of assets, and their development, to avoid an excessive dilution of its share capital the Company issued unsecured, multi-currency (GBP, Euro, CHF and USD) Medium Term Notes at par value (the "**Notes**"), admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**") and bearing interest payable semi-annually.

As of March 31, 2024, the Company sold Notes for an aggregate total amount of CAD$ 28.085.723, net of Note expired and repaid in January 2024 for CAD$ 41,624 (March 31, 2023, comparative aggregate amount CAD$ 25,246,994),as follows:

EMTN (Bond)	**Currency**	**CAD$ equivalent**
EMTN (Bond) EURO	CAD$	6,862,218
EMTN (Bond) GBP	CAD$	5,304,706
EMTN (Bond) USD	CAD$	15,918,800
	TOTAL	**28,085,723**

The issue of the Notes is aligned with the Group's strategy of diversifying its financing towards non-equity dilutive funding to support its successful development.

The Company has been using the EMTN Programme to finance its activities in the USA, Central Asia and Italy. The Company chose the Vienna Stock Exchange as it was viewed as a highly accessible market in terms of simplicity of process and listing costs.

During the year, the Company announced that it had fully paid the semi-annual interest in relation to the Notes.

20. Decommissioning provision

The following table presents the reconciliation of the carrying amount of the obligation associated with the reclamation and abandonment of the Group's oil and gas properties:

	2024	**2023**
	CAD $'000	**CAD $'000**
Balance – beginning of year	**32,645**	**30,901**
Accretion	765	642
On impairment of subsidiary	(9,824)	-
Foreign currency translation	(285)	1,102
Balance – end of year	**23,301**	**32,645**

The provision has been made by estimating the decommissioning cost at current prices using existing technology. The following significant weighted average assumptions were used to estimate the decommissioning obligation:

Italy	**2024**	**2023**
Undiscounted cash flows – uninflated	CAD $8,000	CAD $8,000
Undiscounted cash flows - inflated	CAD $8,000	CAD $8,000
Risk free rate	CAD $8,000	CAD $8,000
Inflation rate	1.4%	1.4%
Expected timing of cash flows	10.5 years	11.5 years

Tunisia **2024**

A - Decommmissioning provision recalculation

Description	MARETAP Estimation in USD	Comments
Start current period	01/04/2023	
Anticipated abandonment date	31/12/2033	Minus between, economic and legal end of date (cf. IM.7 impairment test)
Years to abandonment	10,91	
Undiscounted well costs	4.176.600	2019 figures submitted to DGH, while estimation is outdated (2014)
Undiscounted facilities costs	3.050.000	
Total undiscounted obligation	**7.226.600**	
TND inflation rate (as per the Tunisian Central Bank)	7,50%	Even if current inflation rates are higher (10% in Tunisia and 5% for the USD, we'll keep the same parameter since these changes are situational
USD inflation rate (as per the submitted assumption to DGH)	3,30%	
Inflation Rate	**6,10%**	TND share expenses are higher than USD
Inflated obligation	**13.786.245**	
Discount Rate	4,26%	10 year US Bond rate
Discounted obligation in USD	**8.746.048**	
USD/TND FX rate as at 31.03.2022	**3,1206**	March 2024 USD/FX rate (CBT)
Discounted obligation in TND	**27.292.918**	

B - Unwinding interest recalculation

Interest unwind of the obligation for the period	**1.162.678**	

C - DD&A of the period ARO

DD&A of the period (using linear method)	**2.502.025**	

The timings of the cash flows depend on the capital expenditure incurred and the development of assets in each concession. Each concession has a license for a set number of years; however, the licenses could be extended for longer periods if the operator incurs capital expenditure and develops the area. The application process starts after a license is not extended or when the reserves of a particular concession have been fully extracted.

21. Earnings per share

		March 31,2024 CAD $'000		March 31,2023 CAD $'000
Net loss from continuing operations		(42,367)		(12,827)
Basic weighted average number of shares		269,229		2,298,833
Potential dilutive effect on shares issuable under warrants		n/a		n/a
Potential diluted weighted average number of shares		n/a		n/a
Net earnings per share – basic (1)	$	(0.16)	$	(0.01)
Net earnings per share – diluted (1)	$	(0.16)	$	(0.01)

(1) The Group did not have any in-the-money convertible notes, warrants and stock options during the years ended March 31, 2024, and 2023.

22. Related party transactions

Related party transactions are considered to be in the normal course of operations and are initially recognized at fair value. The related party transactions during the Financial Year ended March 31, 2024, and 2023 not disclosed elsewhere in these consolidated financial statements are as follows:

a) On February 13, 2024, in connection with the Financing through a capital raise, Mr. Andrea Cattaneo, Chief Executive Officer & President of Zenith, has subscribed for 7,712,946 common shares of no-par value in the capital of the Company.

   Upon Admission, Mr. Cattaneo will be directly beneficially interested in a total of 24,429,337 Common Shares in the capital of the Company, representing 9.00% percent of the total issued and outstanding common share capital of the Company.

b) On February 13, 2024, in connection with the Financing through a capital rase Mr. Luca Benedetto, Chief Financial Officer of Zenith has subscribed for 921,983 common shares of no-par value in the capital of the Company in connection with the Norwegian Financing.

   Upon admission, Mr. Benedetto will be directly beneficially interested in a total of 3,694,655 common shares in the capital of the Company, representing 1.36% percent of the total issued and outstanding common share capital of the Company.

c) During the year, the Group recorded enchantments of CAD$ 248k to other related parties (2023: payment CAD$ 253k).

23. Financial risk management and financial instruments

Financial assets at amortised cost	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Trade and other receivables (b)	2,780	26,676
Cash and cash equivalents (b)	207	1,442
Total financial assets	2,987	28,118

Financial liabilities at amortised cost	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Trade and other payables	7,031	19,749
Loans	2,308	8,697
Non-convertible bond and notes	39,376	25,247
Deferred consideration	15,626	70,084
Total financial liabilities	64,341	123,777

Zenith finances its operations through a mixture of equity, debt and retained earnings. Finance requirements are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

Zenith's policy is to maintain an appropriate financial position to sustain future development of the business. There were no changes to the Group's capital management approach during the year ended March 31, 2024.
Zenith's treasury functions, which are managed by the board, are responsible for managing fund requirements and investments which include banking, cash flow management, interest and foreign exchange exposure to ensure adequate liquidity to meet cash requirements.

Zenith's principal financial instruments are cash and deposits, and also trade and other receivables. These instruments are used for meeting the Group's requirement for operations.

Zenith's main financial risks are foreign currency risk, liquidity risk, interest rate risk, commodity price risk and credit risks. Set out below are policies that are used to manage such risks:

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counter party to a financial instrument fails to meet its commercial obligations. The Group's maximum credit risk exposure is limited to the carrying amount cash of CAD $ 207k (2023 – CAD $1,442k) and trade and other receivables of CAD $ 2,630k (2023 – CAD $25,047).

Deposits are, as a general rule, placed with banks and financial institutions that have credit rating of not less than AA or equivalent which are verified before placing the deposits.

The composition of trade and other receivables is summarized in the following table:

	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Oil and natural gas sales	952	11,770
Other	1,828	13,277
	2,780	25,047

The receivables related to the sale of oil and natural gas are due from large companies who participate in the oil and natural gas industry in Italy and Tunisia. Oil and natural gas sales receivables are typically collected in the month following the sales month. No expected credit losses have been recognized in respect of trade receivables of this nature.

The Group's receivables are aged as follows:

	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Current	952	11,770
90 + days	-	-
	952	11,770

b) Liquidity risk

Liquidity risk is the risk that the Group will incur difficulties meeting its financial obligations as they are due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions without incurring unacceptable losses or risking harm to the Group's reputation.

The Directors have considered the recoverability of the outstanding debts of the Group and do not consider there to be any impairment necessary.

As of March 31, 2024, the contractual cash flows, including estimated future interest, of current and non-current financial assets mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 31 March 2025 CAD $'000	Due on or before 31 March 2026 CAD $'000	Due after 31 March 2026 CAD $'000
Trade and other receivables	2,780	2,780	2,780	-	-
Cash and cash equivalents	207	207	207	-	-
	2,987	2,987	2,987	-	-

As of March 31, 2024, the contractual cash flows, including estimated future interest, of current and non-current financial liabilities mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 31 March 2025 CAD $'000	Due on or before 31 March 2026 CAD $'000	Due after 31 March 2026 CAD $'000
Trade and other payables	7,031	7,031	7,031	-	-
Loans	2,308	2,509	1,919	39	551
Non-convertible bond	39,376	46,538	11,150	23,371	12,017
	48,715	56,078	20,100	23,410	12,568

The Company expects to pay the outstanding liability using a combination of factor, as the local liquidity for the Italian loan, the funds raised by its financing activity, the partial refinancing of short-term debt, restructuring it in the medium and long term by the bond exchange and, above all, the proceeds from the arbitrations.

*c) **Foreign currency risk***

Foreign currency exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange rates to Canadian dollars for the noted dates and periods are as follows:

	Closing rate		Average rate	
	2024	**2023**	**2024**	**2023**
US Dollars	1.3540	1.3529	1.3496	1.3226
Euro	1.4611	1.4716	1.4634	1.3771
Swiss Franc	1.5005	1.4790	1.5256	1.3856
British Pound	1.7085	1.6732	1.6958	1.5933
Norwegian Crown	0.1247	0.1296	0.1269	0.1329
Tunisian Dinar	0.4325	0.4400	0.4338	0.4217

The following represents the estimated impact on net (loss)/income of a 10% change in the closing rates as of March 31, 2024, and 2023 on foreign denominated financial instruments held by the Group, with other variables such as interest rates and commodity prices held constant:

	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Euro	44	-
Tunisian Dinar	-	307
	44	307

d) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices.

As of March 31, 2024, a 5% change in the price of natural gas produced in Italy would represent a change in net loss for the year ended March 31, 2024, of approximately CAD $9k (2023 – CAD $10k) and a 5% change in the price of electricity produced in Italy would represent a change in net loss for the year ended March 31, 2024, of approximately CAD $81k (2023 – CAD $209K). A 5% change in the price of oil produced in Tunisia would represent a change in net loss for the year ended March 31, 2024, of approximately CAD $nil (2023 – CAD $431k)

e) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Group has fixed interest on notes payable, loans payable and convertible notes and therefore is not currently exposed to interest rate risk.

24. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to explore and develop its projects to provide returns for shareholders and benefits for other stakeholders. The Group manages its working capital deficiency, long-term debt, and shareholders' equity as capital.

	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Working capital	15,110	(9,383)
Long-term debt	(438)	-
Shareholders' equity	49,978	91,652

The Group's cash flows from its Italian operations will be needed in the near term to finance the operations and repay vendor loans. Once the acquisition in Tunisia will be completed and the license in Congo will be renewed, it will be required to match the same goals. Zenith's principal source of funds will therefore remain the issuance of equity. The Group's ability to raise future capital through equity is subject to uncertainty and the inability to raise such capital may have an adverse impact on the Group's ability to continue as a going concern. The Group is not subject to any externally imposed capital requirements.

25. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	March 31, 2024 CAD $'000	March 31, 2023 CAD $'000
Cash and cash equivalents	207	1,442
Loans – repayable within one year	(1,870)	(8,697)
Loans – repayable after one year	(438)	-
Non-convertible bond – repayable within one year	(7,622)	-
Non-convertible bond – repayable after one year	(31,754)	(25,247)
	(41,477)	(32,502)

	Cash	Loans due within one year	Loans due after one year	Non-convertible bond due within one year	Non-convertible bond due after one year	Total
Net debt	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**
April 1, 2022	**1,153**	**(6,533)**	**(1,442)**	**(284)**	**(10,076)**	**(17,182)**
Issue of non-convertibles bonds	15,156	-	-	(267)	(14,889)	-
Repayment of non-convertible bonds	(551)	-	-	551	-	-
Issue of loans	5,432	-5,432	-	-	-	-
Repayment of loans	(5,248)	3,806	1,442	-	-	-
Interest on loans	-	(572)	-	-	-	(572)
Foreign exchange	-	34	`-	-	(282)	(248)
Net cash flow	(14,500)	-	-	-	-	(14,500)
March 31, 2023	**1,442**	**(8,697)**	**-**	**-**	**(25,247)**	**(32,502)**
Issue of non-convertibles bonds	13,643	-	-	-	(13,643)	-
Repayment of non-convertible bonds	(605)	-	-	421	184	-

Transfer from current to non-current	-	-	-	(6,632)	6,632	-
Issue of loans	3,933	(3,495)	(438)	-	-	-
Repayment of loans	(10,703)	10,703	-	-	-	-
Interest on loans	-	(152)	-	-	-	(152)
Foreign exchange	-	(229)	-	(1,411)	320	(1,320)
Net cash flow	(7,503)	-	-	-	-	(7,503)
March 31, 2024	**207**	**(1,870)**	**(438)**	**(7,622)**	**(31,754)**	**(41,477)**

26. Operating segments

The Group's operations are conducted in one business sector, the oil and natural gas industry. Geographical areas are used to identify Group's reportable segments. A geographic segment is considered a reportable segment once its activities are regularly reviewed by the Board of the Directors.

The Group has four reportable segments which are as follows:

- Italy, which commenced gas operations following the acquisition of assets in June 2013;
- Tunisia, which was acquired during the 2021 FY
- Other, which includes corporate assets and the operations in the Canadian, Swiss, Argentinian and Norwegian entities.

YEAR 2023	**Italy CAD $000**	**Tunisia CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	6,244	218,000	3,321	227,565
Other assets	1,166	20,437	13,743	35,346
Total liabilities	11,652	118,230	41,377	171,259
Capital Expenditures	5	424	1	430
Revenue	4,392	8,767	-	13,159
Operating and transportation	(1,105)	(4,546)	(99)	(5,750)
General and Administrative	(775)	(7,841)	20	(8,596)
Depletion and depreciation	(620)	(3,562)	(565)	(4,747)
Finance and other expenses	(408)	(3,649)	(2,219)	(6,276)
Taxation	(215)	(402)	-	(617)
Segment (loss)/ income	**1,269**	**(11,233)**	**(2,863)**	**(12,827)**

YEAR 2024	**Italy CAD $000**	**Tunisia CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	11,302	123,058	100	134,460
Other assets	901	3,772	885	5,558
Total liabilities	12,646	33,703	43,691	90,040
Capital Expenditures	-	-	53	53
Revenue	1,787	-	1	1,788
Operating and transportation	(1,007)	14	(92)	(1,085)
General and Administrative	(652)	(4,817)	(18,932)	(24,401)
Depletion and depreciation	(334)	(3,600)	(4)	(3,938)
Finance and other expenses	(408)	(14,034)	(289)	(14,731)
Taxation	-	-	-	-
Segment loss	**(614)**	**(22,437)**	**(19,316)**	**(42,367)**

The following customers combined have 10% or more of the Group's revenue:

	2024	**2023**
	CAD $000	**CAD $000**
Customer A	1,611	4,188

27. Controlling party

At as of the end of the financial year ending March 31, 2024, the Directors do not consider there to be a controlling party.

28. Events subsequent to the year end

On **April 11, 2024**, the Company announced the successful conclusion of the Bond Exchange Offer (the "Exchange") first announced on January 25, 2024.
The accrued interest has been paid in full to the Noteholders of the New Notes.
The total amounts exchanged were USD 3,910,000, GBP391,000 and EUR 1,542,000.

On **April 22, 2024**, the Company announced the launching of a new Bond Exchange Offer on revised terms (the "Exchange") following the successful conclusion of the first Bond Exchange Offer, as publicly announced on April 11, 2024.

The Exchange is directed to the remaining noteholders (the "Noteholders") of the following unsecured debt instruments that matured on January 27, 2024 (collectively, the "Outstanding Notes"), to offer to exchange (the "Exchange Offer") such Outstanding Notes into new notes issued by the Company (the "New Notes").

Non-adjusting subsequent event
The Company started negotiations to sell its Drilling Rig ZEN-260 in April 2024, that will most likely be finalized within the next 12 months. This will be recognised as an asset held for sale under IFRS 5 post year end and will not be depreciated. The value will be presented separately in the next statement of financial position. In addition, the asset is available for immediate distribution and the event is highly probable.

The disposal of this equipment will not change the nature of the Company's investment in Italy and the expected financial effect will be an increase of up to Euro 3,589,00 (CAD$ 5,244,457) in the liquidity available, being the result of the selling price 3,700,000 (CAD$ 5,406,775) net of 3% commission for selling agent.