ZENITH ENERGY LTD.

UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024, AND COMPARATIVE PERIOD (SEPTEMBER 30, 2023).

Management's Responsibility

To the Shareholders of Zenith Energy Ltd.:

The accompanying unaudited condensed interim consolidated financial statements of Zenith Energy Ltd. (the "**Company**" or the "**Group**") as at and for the six months ended September 30, 2024, have been prepared by and are the responsibility of the management of the Company and are approved by the Board of Directors of the Company. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on currently available information.

(signed) "Andrea Cattaneo"
President and Chief Executive Officer

(signed) "Luca Benedetto"
Chief Financial Officer

December 18, 2024

Lugano, Switzerland

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COMPANY INFORMATION

Directors
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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HIGHLIGHTS

Highlights for the six months ended September 30, 2024, include the following:

- The Group generated revenues from oil and natural gas of CAD$911k (2023 – CAD$1,362k).
- During the six months ended September 30, 2024, the Company produced 1,471 barrels of oil from its Tunisian assets (2023 – 1,789 barrels)
- During the six months ended September 30, 2024, the Company sold Nil barrels of oil produced from its Tunisian assets (2023 – Nil barrels)
- During the six months ended September 30, 2024, the Company sold 5,303 MWh of electricity produced from its Italian assets (2023 – 4,350 MWh).
- During the six months ended September 30, 2024, the Company sold 6,357 mcf of natural gas produced from its Italian assets (2023 – 5,190 mcf).
- During the six months ended September 30, 2024, the Company sold Nil barrels of condensate produced from its Italian assets (2023 – 120).

On **April 11, 2024**, the Company announced the successful conclusion of the Bond Exchange Offer (the "**First Exchange**") initially proposed on January 25, 2024.
The accrued interest was 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 "**Second Exchange**") following the successful conclusion of the First Bond Exchange Offer, as publicly announced on April 11, 2024. The purpose of this Second Offer was to offer investors who could not participate in the First Exchange the possibility to accept the terms outlined in the Second Exchange.

On June 6, 2024, the Company announced that it had made coupon payments, in full and on time, in respect of the following multi-currency Euro Medium Term Notes the Company had issued on the Vienna MTF of the Vienna Stock Exchange:

- Zenith 10,125% EUR - N.22-26/S5 (ISIN: XS2478298909)
- Zenith 10,5% GBP - N.22-26/S6 (ISIN: XS2478299030)
- Zenith 10,375% USD - N.22-26/S7 (ISIN: XS2478299113)

On July 1, 2024, the company announced that it had made coupon payments, in full and on time, in respect of the following multi-currency Euro Medium Term Notes the Company had issued on the Vienna MTF of the Vienna Stock Exchange:

- Zenith 14,625% EUR - N.24-26/S11 (ISIN: XS2736390472)
- Zenith 14,875% GBP - N.24-26/S13 (ISIN: XS2736390985)
- Zenith 14,800% USD - N.24-26/S12 (ISIN: XS2736390712)

On July 23, 2024, the Company announced that the Second Exchange had successfully concluded.
Following the successful conclusion of the Second Exchange, the Company announced that the total average acceptance rate, combining the First Exchange and the Second Exchange, equalled 88.24%.

CEO Statement

Dear Shareholders,

The primary focus of the business, in terms of financial resources and management time, has continued to be the successful execution of the three ongoing international arbitrations initiated against the Republic of Tunisia and ETAP, the national oil company of the Republic of Tunisia, for a cumulative claimed amount currently in the amount of US$639.7 million.

During the period, management has also continued to evaluate new business development opportunities, taken measure to reduce costs, and maximized the revenue generation of its profitable Italian natural gas production and development portfolio.

In addition, the Company has also continued to advance the legal claim initiated by its fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.U ("**AAOGC**"), against SMP Energies, the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019, for an amount of approximately US$9 million in the Paris Commercial Court.
The final pleadings of the case, resulting in a potential positive ruling in favour of AAOGC by the Court, are expected to take place on or around March 2025.

The Company is awaiting to receive the final decision in respect of the first of its three international arbitrations, the ICC-1, an Arbitration against the national oil company of the Republic of Tunisia, ETAP. Publication of the decision is expected imminently. Enforcement of a potential favourable award will be initiated immediately, and management has undertaken the necessary preparations in consultation with its legal counsel and specialist advisors with this objective in mind.

2025 will be a very significant year for Zenith. The trial of the second ICC Arbitration, referred to as 'ICC-2' by the Company, is due to take place by the close of February 2025. The ICC-2 decision is expected to be published during the summer of 2025.

The ICC-2 Arbitration was initiated against the Republic of Tunisia by Canadian North Africa Oil and Gas Limited ("**CNAOG**"), Zenith's fully owned subsidiary, following, *inter alia*, the arbitrary sequestration of the SLK concession, the non-payment of oil production and the breach of CNAOG's rights by arbitrarily impeding the renewal and/or increase of its interest in the SLK Concession following its initial expiry.

The Company has, following evaluations made by international quantum experts, claimed an amount of US$130 million as compensatory damages.

Another significant task of the management has been the final filings of the supporting material in relation to the third arbitration, introduced at the International Centre for Settlement of Investment Disputes in Washington, D.C. (the "**ICSID Arbitration**"), for a total claimed amount of **US$503 million**,

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

Zenith has further strengthened its legal team by appointing Professor Thomas Clay, a renowned academic and lawyer who is currently Professor at Sorbonne Law School, where he teaches Arbitration Law and Alternative Dispute Resolution, as an additional co-counsel to work with Zenith's existing legal team led by Simon Le Wita, a Paris-based Partner of Charles Russell Speechlys, an internationally recognized law firm.

The hearings for the ICSID Arbitration are expected to take place during December 2025 with a final decision expected in the first or second quarter of 2026.

The Board and management have shown unwavering commitment and belief in the merit of the Company's legal position, evidenced by the Director participation in the last private placement performed in October 2024.

Finally, I thank shareholders for their continued confidence in Zenith Energy and convey my wishes of a restful festive period.

We are hopeful that the international legal arbitrations will serve to redress the significant damages the Company and its shareholders have suffered because of the actions of the Tunisian authorities.

Sincerely,

Andrea Cattaneo
Chief Executive Officer

December 18, 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended	
		September 30, 2024	September 30, 2023
Continuing operations	**Note**	**CAD$'000**	**CAD$'000**
Revenue		911	1,362
Cost of sales			
Production costs		(472)	(544)
Depletion and depreciation	9	(102)	(427)
Gross profit		**337**	**391**
Administrative expenses	5	(277)	(8,083)
Operating profit/(loss)		**60**	**(7,692)**
Other income		9,112	-
Finance expense	7	(3,452)	(1,438)
Gain/(Loss) for the period before taxation		**5,720**	**(9,130)**
Taxation	8	-	-
Net profit/(loss) for the period		**5,720**	**(9,130)**
Other comprehensive income/(losses)			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax (no cash item)		(1,957)	1,184
Other comprehensive income for the period, net of tax		**(1,957)**	**1,184**
Total comprehensive income/(loss) for the period attributable to owners of the parent		**3,763**	**(7,946)**
Earnings per share	20		
Profit/(loss) for the period - basic		0.02	(0.04)
Profit/(loss) for the period – diluted		0.02	(0.01)
From continuing operations - basic		0.02	(0.04)
From continuing operations - diluted		0.02	(0.01)

The notes on pages 12 to 46 form part of the Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Six months ended	
		September 30, 2024	September 30, 2023
ASSETS	**Note**	**CAD$'000**	**CAD$'000**
Non-current assets			
Property, plant and equipment	9	137,601	224,618
Financial assets at amortised cost	10	-	763
		137,601	**225,381**
Current assets			
Inventory	11	2,086	6,546
Trade and other receivables	12	12,210	28,925
Cash and cash equivalents		86	843
		14,382	**36,314**
TOTAL ASSETS		**151,983**	**261,695**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	14	66,224	64,087
Share warrants & option reserve	15	3,197	3,995
Contributed surplus		7,573	6,775
Retained (deficit)/earnings		(23,253)	8,849
Total equity		**53,741**	**83,706**
Non-current liabilities			
Loans	17	452	-
Non-convertible bonds	18	38,720	32,531
Deferred consideration payable	6	15,409	67,372
Deferred tax liabilities	8	2,398	14,231
Decommissioning provision	19	23,950	32,036
Provision		-	593
Total non-current liabilities		**80,929**	**146,763**
Current Liabilities			
Trade and other payables	16	7,833	21,058
Loans	17	5,545	7,456
Non-convertible bonds	18	3,718	-
Deferred consideration payable	6	217	2,712
Total current liabilities		**17,313**	**31,226**
TOTAL EQUITY AND LIABILITIES		**151,983**	**261,695**

Approved by the Board dated on December 18, 2024

Jose Ramon Lopez-Portillo Chairman
The notes on pages 12 to 46 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
	CAD$'000	CAD$'000	CAD$'000	CAD$'000	CAD $'000
Balance as at April 1, 2023	**64,087**	**5,329**	**5,441**	**16,795**	**91,652**
Loss for the period	-	-	-	(9,130)	(9,130)
Other comprehensive income	-	-	-	1,184	1,184
Total comprehensive loss	-	-	-	(7,946)	(7,946)
Share issue net of costs – debt settlement	-	-	-	-	-
Share issue net of costs - private placement	-	-	-	-	-
Fair value of options issued	-	(563)	563	-	-
Value of options expired	-	(771)	771	-	-
Total transactions with owners recognized directly in equity	-	(1,334)	1,334	-	-
Balance as at September 30, 2023	**64,087**	**3,995**	**6,775**	**8,849**	**83,706**

	CAD$'000	CAD$'000	CAD$'000	CAD$'000	CAD $'000
Balance as at April 1, 2024	**66,224**	**3,381**	**7,389**	**(27,016)**	**49,978**
Profit for the period	-	-	-	5,720	5,720
Other comprehensive loss	-	-	-	(1,957)	(1,957)
Total comprehensive income	-	-	-	3,763	3,763
Share issue net of costs – debt settlement	-	-	-	-	-
Share issue net of costs - private placement	-	-	-	-	-
Fair value of options issued	-	(103)	103	-	-
Value of options expired	-	(81)	81	-	-
Total transactions with owners recognized directly in equity	-	(184)	184	-	-
Balance as at September 30, 2024	**66,224**	**3,197**	**7,573**	**(23,253)**	**53,741**

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 recognized in the consolidated statement of comprehensive income.

The notes on pages 12 to 46 form part of the Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended	
		September 30, 2024	September 30, 2023
OPERATING ACTIVITIES	**Note**	**CAD$'000**	**CAD$'000**
Profit/(loss) for the period before taxation		5,720	(9,130)
Foreign exchange		3,049	3,892
Finance expense	7	3,452	1,438
Impairment of property and equipment		(21,085)	-
Decommissioning provision written off		9,059	-
Impairment of other payables		(68)	-
Depletion and depreciation	9	102	427
Change in working capital	13	(8,931)	(1,941)
Net cash used in operating activities		**(8,702)**	**(5,314)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(229)	
Disposal of property, plant and equipment	9	-	1
Net cash (used)/ generated in investing activities		**(229)**	**1**
FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		2,137	-
Repayments of loans	17	(6,539)	(4,312)
Proceeds from loans	17	4,528	3,164
Interests on loans	17	(1,899)	(1,005)
Proceeds from issue of bonds	18	13,160	7,600
Repayment of bonds	18	(438)	(317)
Interests on bonds	18	(2,775)	(439)
Net cash generated from financing activities		**8,174**	**4,691**
Net decrease in cash and cash equivalents		(757)	(622)
Cash and cash equivalents at beginning of period		**843**	**1,465**
Cash and cash equivalents at end of period		**86**	**843**

Notes to the financial statements

1. Corporate and Group information

The consolidated financial statements of Zenith Energy Ltd. and its subsidiaries (collectively, the "**Group**" or the "**Company**") 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 acquisitions in the United States, South America and Africa.

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 Market 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.

<u>Going concern</u>

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 international arbitration claims against the Republic of Tunisia, with a total cumulative claimed amount of a US$639.7 million.

In addition, the Company is seeking to acquire new producing assets. These potential acquisitions are expected to increase the Company's cash generation, whilst also mitigating potential risks that may arise in connection with Zenith's remaining Tunisian portfolio in view of the ongoing arbitrations against the Republic of Tunisia, are more comprehensively detailed in other parts of 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, proceeds to be received from potential positive outcomes in respect of the arbitrations claims, as well as further planned financings 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. 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 fully owned subsidiary, had 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 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. This alignment reduces 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 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 valuations of the following entities have been written off because of divestments from the Company in the country (for example, in 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 Limited	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 amortized 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 the 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 expenses are 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 utilized. 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 utilized. 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 September 30, 2024, was CAD$137,601k (2023 – CAD$224,618k).

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 September 30, 2024, is CAD $23,950k (2023 – CAD $32,036k).

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 six months ended September 30, 2024, the Group incurred CAD$ 277k (2023 - CAD$ 8,083k) of administrative expenses. Furthermore, during the same period the Group incurred CAD$ 1,121k (2023 - CAD$ 3,804k) of non-recurring expenses which relate to the cost for the Arbitration against the Republic of Tunisia and the negotiation costs for the potential acquisition of producing assets.

	Six months ended September 30,	
	2024	**2023**
	CAD$'000	**CAD$'000**
Auditors remuneration - audit fees Group	**-**	**97**
Accounting and bookkeeping	**27**	**19**
Other professional fees	**991**	**670**
Legal fees	**-**	**31**
Office	**242**	**568**
Administrative expenses	**486**	**609**
Foreign exchange (gain)/loss	**(3,871)**	**731**
Salaries	**544**	**1,233**
Travel	**737**	**321**
General and administrative expenses	**(844)**	**4,279**
Non-recurring expenses		
Listing costs	**22**	**230**
Arbitration costs	**778**	**2,534**
Negotiation costs for acquisitions	**321**	**1,009**
Bond Issue costs	**-**	**31**
Total non-recurring expenses	**1,121**	**3,804**
Total general and administrative expenses	**277**	**8,083**

6. Business combinations

During the last 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 non-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 24.

7. Finance expense

	Six months ended September 30,	
	2024	**2023**
	CAD$'000	**CAD$'000**
Effective interest on financial liabilities held at amortised cost	(2,775)	(439)
Interest expense	(25)	(361)
Finance expenses	(652)	(638)
Net finance expense	**(3,452)**	**(1,438)**

8. Taxation

	Six months ended September 30,	
	2024	**2023**
	CAD$'000	**CAD$'000**
Current tax	-	-
Deferred tax	-	-
Total tax charge for the period	-	-

The tax (credit) / charge for the six months ended September 30, 2024, comprised CAD$ Nil (2023 – CAD$ Nil) of current tax expense and CAD$ Nil deferred tax reduction (2023 – CAD$ Nil deferred tax reduction).

9. Property, plant and equipment

	D&P Assets CAD$'000
Carrying amount at April 1, 2023	**227,565**
Additions	-
Disposals	(1)
Depletion and depreciation	(427)
Foreign exchange differences	(2,519)
Carrying amount at September 30, 2023	**224,618**
Carrying amount at April 1, 2024	**134,460**
Additions	229
Depletion and depreciation	(104)
Foreign exchange differences	3,016
Carrying amount at September 30, 2024	**137,601**

Impairment test for property, plant and equipment

As of September 30, 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 Ltd and Canadian North Africa Oil & Gas Limited), 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, specifically its ZEN-260 onshore 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 best market practice, using recent market transactions for similar assets in on the international market. Key assumptions included adjustments for differences in size, location, and condition of the assets.

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.

Italian Cash Generating Unit

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

During the year ended March 31, 2024, the Group decided to impair the Tunisian assets that related to Ecumed Petroleum Zarzis Ltd (Ezzauoia concession) and Canadian North Africa Oil & Gas Limited (Side El Kilani concession), because these assets were subject to internatonal legal arbitration initiated against 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 Robbana and El Bibane concessions (held by Ecumed Petroleum Tunisia Ltd) 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.

10. Non-current financial assets held at amortized cost

	September 30, 2024 **CAD $'000**	**September 30, 2023** **CAD $'000**
Other assets	-	763
	-	**763**

11. Inventory

As of September 30, 2024, inventory consists of CAD$2,086k (2023 – CAD$6,546k) in relation to 11,370 barrels of crude oil that have been produced but not yet sold.

	September 30,2024 CAD$'000	September 30 ,2023 CAD$'000
Tunisia	2,086	6,546
	2,086	**6,546**

12. Trade and other receivables

	September 30, 2024 CAD$'000	September 30, 2023 CAD$'000
Trade receivables	1,087	14,551
Other receivables	11,123	14,374
Total trade and other receivables	12,210	28,925

The Group applies the IFRS 9 simplified approach to 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.

13. Change in working capital

	September 30, 2024 CAD$'000	September 30, 2023 CAD$'000
Trade and other receivables	(15,332)	7,449
Inventory	(4,460)	(1,459)
Prepaid expenses	(115)	(231)
Trade and other payables	10,976	(7,700)
Total change in working capital	(8,931)	(1,941)

14. Share Capital

Zenith is authorised to issue an unlimited number of Common Shares, of which Nil were issued at no par value and fully paid during the six months ended September 30, 2023 (2022 – Nil). 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.

On **September 20, 2023**, the Company announced that it would complete a 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 for every ten existing common shares of no par value ("**Old Common Shares**").

As of September 30, 2024, 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 were admitted to trading on the Main Market of the London Stock Exchange.

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**
Balance – 30 September 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, 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 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 would implement 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 was issued for every ten existing common shares of no-par value.

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.

15. Warrants and options

	Number of options	Number of warrants	Weighted average exercise price	Amount CAD$'000
Balance – April 1, 2023	**187,257,445**	**446,202,023**	**0.03**	**5,329**
Warrants/Options expired	(6,374,511)	(171,362,238)	0.01	(1,334)
Balance –September 30, 2023	**180,882,934**	**274,839,785**	**0.01**	**3,995**
Balance – April 1, 2024 (1)	**18,088,293**	**14,116,154**	**0.30**	**3,381**
Warrants expired	-	(1,359,311)	0.20	(81)
Option expired	(700,000)	-	0,20	(103)
Balance –September 30, 2024	**17,388,393**	**12,756,843**	**0.30**	**3,197**

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 Consolidation had the same mathematical impact on the outstanding warrants and options.

WARRANTS

During the six-month period to September 30, 2024, the Company issued Nil warrants (2023 – Nil), Nil warrants were exercised (2022 – Nil) and 1,359,311 (2023 – 171,362,238) warrants expired.
There were no warrants in the money as of September 30, 2024.

The expiry of 1,359,311 (2023 – 171,362,238) warrants during the year was recognized in the contributed surplus amount of Equity section.

As of September 30, 2023, the Group had 12,756,843 warrants (2023 – 274,839,875) warrants outstanding (relating to 12.756,843 shares) and exercisable at a weighted average exercise price of CAD$0.12 per share with a weighted average life remaining of 1.41 years.

	Granting Date	Number of Warrants	Price per unit CAD$	Expiry Date
Warrants	28-feb-23	11,367,954	$0,12	28-feb-26
Warrants	28-feb-23	1.388.889	$0,13	28-feb-26
		12,756,843		

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

Risk-free interest rate	0.50% - 0.70%
Expected volatility	75-100%
Expected life	2 years
Dividends	Nil

STOCK OPTIONS

Granting Date	September 30, 2024		September 30, 2023 (restated for comparative figures)		Expiry Date
	Number of options	Exercise price per unit CAD$	Number of options	Exercise price per unit CAD$	
December 2020	4,142,855	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	4,058,629	0.20	4,758,628	0.20	January 2027
TOTAL	**17,388,293**	**0.30**	**18,725,745**	**0.30**	

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 recognized in the consolidated statement of comprehensive income. Share options expire five years from the date of granting.

The table below represents the movement of the options during the FY 2024, and the comparative period for 2023.

	Number of options
Balance – April 1, 2023	**19,363,196**
Options expired	637,451
Balance – September 30, 2023	**18,725,745**

Balance – April 1, 2024	**18,088,293**
Options expired	700,000
Balance – September 30, 2024	**17,388,293**

As of September 30, 2023, the Group had 17,388,293 (2022 – 187,257,445) stock options outstanding relating to 17,388,293 shares and exercisable at a weighted average exercise price of CAD$0.30 (2023 – CAD$0.30) per share with a weighted average life remaining of 1.67 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

Expiry of options

During the six months ended September 30, 2024, 700,000 stock options, granted to former employees of the Company, expired.

The expiry of 700,000 (2023 – 637,451) options during the period was recognised in the contributed surplus amount of the Equity section.

16. Trade and other payables

	September 30, 2024 CAD$'000	September 30, 2023 CAD$'000
Trade payables	5,535	13,114
Other payables	2,298	7,944
Total trade and other payables	**7,833**	**21,058**

17. Loans

	Six months ended September 30	
	2024	**2023**
	CAD$'000	**CAD$'000**
Loan payable - current	5,545	7,456
Loan payable – non-current	452	-
Total	**5,997**	**7,456**

	2024	**2023**
Loans – current	**CAD$'000**	**CAD$'000**
As at 1 April	1,870	8,697
Repayments	(148)	(4,312)
Loan receipt	3,759	3,164
Interest	64	6
Foreign exchange	-	(99)
As at September 30	**5,545**	**7,456**

	2024	**2023**
Loans – non current	**CAD$'000**	**CAD$'000**
As at 1 April	438	-
Loan repayment	-	-
Transfer to current	-	-
Interest	-	-
Foreign exchange	14	-
As at September 30	**452**	**-**

a) Loan in Italy Euro 300,000

In January 2024, the Group formalised 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) Promissory Notes

During this financial Year, Zenith entered into short-term financial instruments in the amount of CAD$720K, paid in more tranches, with a UK company. These instruments are unsecured, bear fixed interest at a flat rate of 10%. The total outstanding amount as of September 30, 2024, was CAD$720k.

c) Director's Loans

On April 15, 2024, the Company signed two loan agreements with two of its Directors, that granted loans to finance its developing activities and the arbitration costs. The loans bear no interest and are repayable on March 31, 2025.

As of September 30, 2024, these loans amounted to CAD$851.492,62 for Mr. Andrea Cattaneo, and CAD$597.741,48 for Mr. Luca Benedetto.

18. Non-convertible bonds

Non-convertible bonds	**September 30, 2024**	**September 30, 2023**
	CAD$'000	**CAD$'000**
Current	3,718	-
Non-current	38,720	32,531
Total	**42,438**	**32,531**

Non-convertible bonds	**CAD $'000**
Balance – April 1, 2023	**25,247**
Issue of bonds	7,600
Repayment of bonds	(316)
Payment of interest	-
Balance – September 30, 2023	**32,531**
Balance – April 1, 2024	**39,376**
Issue of bonds	3,211
Repayment of bonds	(149)
Payment of interest	-
Balance – September 30, 2024	**42,438**

Loan Notes

To fund the acquisition of assets, and their development, and 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 September 30, 2024, the Company sold Notes for an aggregate total amount of CAD$29,220k, as follows:

EMTN (Bond)	**Currency**	**CAD$'000 equivalent**
EMTN (Bond) EURO	CAD$	7,132
EMTN (Bond) GBP	CAD$	5,667
EMTN (Bond) USD	CAD$	16,421
	TOTAL	**29,220**

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.

19. 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:

	September 30, 2024	September 30, 2023
	CAD$'000	CAD$'000
Balance – April 1	**23,301**	**32,645**
Decrease	-	-
Foreign currency translation	649	(609)
Balance – September 30	**23,950**	**32,036**

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	01/04/2024	
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.

20. 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 six months ended September 30, 2024 and 2023 not disclosed elsewhere in these consolidated financial statements relates to the 2 loan agreements the Company signed, on April 15, 2024, two of its Directors, who granted loans to finance its developing activities and the arbitration costs. The loans bear no interest and are repayable on March 31, 2025.

As of September 30, 2024, these loans amounted to CAD$ 851.492,62 for Mr. Andrea Cattaneo, and CAD$ 597.741,48 for Mr. Luca Benedetto.

20. Earnings per share

		2024 CAD$'000		**2023 CAD$'000**
Net profit/(loss) for the period		5,720		(9,130)
Net profit/(loss) from continuing operations		5,720		(9,130)
Basic weighted average number of shares		271,545		231,030
Potential dilutive effect on shares issuable under warrants		301,690		455,723
Potential diluted weighted average number of shares		301,690		686,753
Net earnings per share – basic (1)	$	0.02	$	(0.04)
Net earnings per share – diluted	$	0.02	$	(0.01)

(1) The Group did not have any in-the-money convertible notes, warrants and stock options during the six months ended September 30, 2024, and 2023.

21. Financial risk management and financial instruments

Financial assets at amortized cost	September 30, 2024 CAD $'000	September 30, 2023 CAD $'000
Non-current financial assets at amortized cost	-	763
Trade and other receivables	12,210	28,925
Cash and cash equivalents	86	843
Total financial assets	**12,296**	**30,531**

Financial liabilities at amortized cost	September 30, 2024 CAD$'000	September 30, 2023 CAD$'000
Trade and other payables	7,833	21,058
Loans	5,997	7,456
Non-convertible bond and notes	42,438	32,531
Deferred consideration	15,626	70,084
Total financial liabilities	**71,894**	**131,129**

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 six months ended September 30, 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, as well as 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$ 86k (2023 – CAD$ 843k) and trade and other receivables of CAD$ 12,210k (2023 – CAD$ 28,925k).

Deposits are, as a 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:

	September 30, 2024 CAD$'000	September 30, 2023 CAD$'000
Oil and natural gas sales	1,087	14,551
Other	11,123	14,374
	12,210	**28,925**

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 Tunisia and Italy. 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:

	September 30, 2023 CAD$'000	September 30, 2022 CAD$'000
Current	12,210	28,925
90 + days	-	-
	12,210	28,925

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 September 30, 2023, 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 30 September 2024 CAD$'000	Due on or before 30 September 2025 CAD$'000	Due after 30 September 2025 CAD$'000
Trade and other payables	21,058	21,058	21,058	-	-
Loans	7,456	7,590	7,590	-	-
Non-convertible bond	32,531	37,042	16,928	9,333	10,781
	61,045	**65,690**	**45,576**	**9,333**	**10,781**

As of September 30, 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 30 September 2025 CAD$'000	Due on or before 30 September 2026 CAD$'000	Due after 30 September 2026 CAD$'000
Trade and other payables	7,833	7,833	7,833	-	-
Loans	5,997	6,241	5,653	41	547
Non-convertible bond	42,438	49,061	7,856	28,917	12,288
	56,268	**63,135**	**21,342**	**28,958**	**12,835**

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	1.3515	1.3586	1.3661	1.3427
Euro	1.5083	1.4374	1.4858	1.4622
Swiss Franc	1.6019	1.4841	1.5443	1.5070
British Pound	n/a	1.6577	n/a	1.6905
Norwegian Crown	n/a	0.1272	n/a	0.1268
Tunisian Dinar	0.4442	0.4304	0.4393	0.4349

The following represents the estimated impact on net (loss)/income of a 10% change in the closing rates as of September 30, 2024, and 2023 on foreign denominated financial instruments held by the Group, with other variables such as interest rates and commodity prices held constant:

	September 30, 2024 CAD$'000	September 30, 2023 CAD$'000
Euro	45	-
Tunisian Dinar	-	300
	45	300

d) *Commodity price risk*

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

As of September 30, 2024, a 5% change in the price of natural gas produced in Italy would represent a change in net result for the six-month ended September 30, 2024, of approximately CAD$ 4k (2023 – CAD$ 6k) and a 5% change in the price of electricity produced in Italy would represent a change in net result for the six-month ended September 30, 2024 of approximately CAD$ 42k (2023 – CAD$ 62k).

e) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because 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.

22. 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.

	September 30, 2024 CAD$'000	**September 30, 2023 CAD$'000**
Working capital	(8,931)	(1,941)
Long-term debt	-	-
Shareholders' equity	53,741	83,706

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.

23. Net debt reconciliation

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

	September 30, 2024 CAD$'000	**September 30, 2023 CAD$'000**
Cash and cash equivalents	86	843
Loans – repayable within one year	(5,545)	(7,456)
Loans – repayable after one year	(452)	-
Non-convertible bond – repayable within one year	(3,718)	-
Non-convertible bond – repayable after one year	(38,720)	(32,531)
	(48,349)	(39,144)

	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**
September 30, 2022	**1,465**	**(5,123)**	**(1,924)**	**(204)**	**(17,885)**	**(23,671)**
Issue of non-convertibles bonds	14,631			(267)	(14,364)	
Repayment of non-convertible bonds	(471)			471		
Issue of loans	6,078	(6,078)				
Repayment of loans	(5,941)	4,017	1,924			
Interest on loans		(371)				(371)
Foreign exchange		99			(282)	(183)
Net cash flow	(14,919)					(14,919)
September 30, 2023	**843**	**(7,456)**	**-**	**-**	**(32,531)**	**(39,144)**
Issue of non-convertibles bonds	10,647				(10,647)	-
Repayment of non-convertible bonds	(740)				740	-
Transfer from current to non-current	-			(3,718)	3,718	-
Issue of loans	4,211	(3,759)	(452)			-
Repayment of loans	(5,606)	5,606				-
Interest on loans	-	64				64
Foreign exchange	-					-
Net cash flow	(9,269)					(9,269)
September 30, 2024	**86**	**(5,545)**	**(452)**	**(3,718)**	**(38,720)**	**(48,349)**

24. Operating segments

The Group's operations are conducted in one business sector, the oil and natural gas industry. Geographical areas are used to identify the 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 and Argentinian entities.

PERIOD 2023	**Congo CAD$000**	**Italy CAD$000**	**Tunisia CAD$000**	**Other CAD$000**	**Total CAD$000**
Property and equipment	9	5,941	215,632	3,036	224,618
Other assets	9,830	621	23,502	3,124	37,077
Total liabilities	8,158	11,323	117,553	40,954	177,988
Capital Expenditures	-	-	-	-	-
Revenue	-	1,362	-	-	1,362
Operating and transportation	-	(785)	241	-	(544)
General and Administrative	-	(185)	(1,478)	(6,420)	(8,083)
Depletion and depreciation	-	(150)	-	(277)	(427)
Finance and other expenses	-	(3)	(65)	(1,370)	(1,438)
Taxation	-	-	-	-	-
Segment (loss)/profit	**-**	**239**	**(1,302)**	**(8,067)**	**(9,130)**

PERIOD 2024	**Congo CAD$000**	**Italy CAD$000**	**Tunisia CAD$000**	**Other CAD$000**	**Total CAD$000**
Property and equipment	-	11,807	125,694	100	137,601
Other assets	-	955	3,875	9,552	14,382
Total liabilities	-	13,172	34,162	50,908	98,242
Capital Expenditures	-	229	-	-	229
Revenue	-	909	-	2	911
Operating and transportation	-	(472)	-	-	(472)
General and Administrative	-	(326)	-	49	(277)
Depletion and depreciation	-	(100)	-	(2)	(102)
Other income	-	-	-	9,112	9,112
Finance and other expenses	-	(25)	-	(3,427)	(3,452)
Taxation	-	-	-	-	-
Segment profit/(loss)	**-**	**(14)**	**-**	**5,734**	**5,720**

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

		2024 CAD$000	**2023 CAD$000**
Customer A		842	1,245

25. Controlling party

As of September 30, 2024, the Directors do not consider there to be a controlling party.

26. Events subsequent to the period end

On October 28, 2024, the Company announced that it had completed a private placement in Norway (the "**Placement**") and a Debt Settlement (the "**Debt Settlement**").

Issue Price

The Placement was completed at price of NOK 0.19, representing a premium to the closing price of the Company's equity securities admitted to trading on the Euronext Growth Oslo on October 25, 2024.

Use of Proceeds

The proceeds of the Placement will be used to provide additional funding in support of the Company's international arbitrations against the Republic of Tunisia, as well as for general working capital purposes.

Debt Settlement

The Company issued 32,166,560 Common Shares ("**Debt Settlement Shares**") in settlement of certain debts in lieu of cash payment for a total value of 6,111,646 NOK (equivalent to approx. £430,000 and US$559,000).

Warrants

The Company issued 95,000,000 share purchase warrants (the "**Warrants**") exercisable at a price of NOK 0.29, applying a ratio of 1:1 in connection with the Placement Shares and Debt Settlement Shares, with a fixed duration of two years from the date of issuance.

Director Dealing/ PDMR Shareholding

Mr. Andrea Cattaneo, Chief Executive Officer & President of Zenith, participated in the Placement by subscribing for 18,119,411 New Common Shares of no-par value in the capital of the Company.

Following the Placement, Mr. Cattaneo is directly beneficially interested in a total of 42,548,748 common shares in the capital of the Company, representing **11.61%** percent of the total issued and outstanding common share capital of the Company admitted to trading on the Euronext Growth Oslo.

Mr. Luca Benedetto, Chief Financial Officer of Zenith, participated in the Placement by subscribing for 7,361,011 New Common Shares of no-par value in the capital of the Company.

Following the Placement, Mr. Benedetto is directly beneficially interested in a total of 11,055,706 common shares in the capital of the Company, representing **3.02%** percent of the total issued and outstanding common share capital of the Company.

Mr. Sergey Borovskiy, Director of Zenith, also participated in the Placement by subscribing for 2,831,158 New Common Shares of no-par value in the capital of the Company.

Following the Placement, Mr. Borovskiy is directly beneficially interested in a total of 3,216,087 common shares in the capital of the Company, representing **0.88%** percent of the total issued and outstanding common share capital of the Company.

Total Voting Rights

The Company wishes to announce, in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and section 3.10 of the Euronext Growth Oslo Rule Book Part II, the following information resulting from the issuance of the New Common Shares and the Debt Settlement Shares.

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common Shares admitted to trading on the Main Market of the London Stock Exchange on Admission.	232,860,686	1	232,860,686
Common Shares in issue and admitted to trading on the Euronext Growth Market of the Oslo Børs, representing the outstanding share capital of the Company.	366,545,401	1	366,545,401