



## **ZENITH ENERGY LTD.**

**UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED  
SEPTEMBER 30, 2023, AND COMPARATIVE PERIOD (SEPTEMBER 30, 2022).**

## **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, 2023, 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 29, 2023

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)

### **Registered Office**

Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada

### **Head Office**

Suite 4000, 421 - 7th Avenue SW, Calgary, T2P 4K9, Alberta, Canada  
Telephone Number: +1 (587) 315 9031

### **Registered Corporation Number**

BC0803216

### **Website**

[www.zenithenergy.ca](http://www.zenithenergy.ca)

### **Independent Auditor**

RPG Crouch Chapman LLP  
5<sup>th</sup> Floor, 14-16 Dowgate Hill  
London, EC4R 2SU, United Kingdom

### **Principal Bankers**

Barclays Bank Plc  
1 Churchill Place, Canary Wharf  
London, E14 5HP, United Kingdom

### **Competent Person**

Chapman Petroleum Engineering Ltd  
1122 4th Street S.W., Suite 700  
Calgary Alberta T2R 1M1, Canada

### **Depositary and Registrar**

Computershare Trust Company of Canada  
100 University Avenue, 8th Floor  
Toronto, ON M5J 2Y1, Canada

Computershare Investor Services Plc  
The Pavilions Bridgewater Road  
Bristol, BS99 6ZZ, United Kingdom

DNB Bank ASA  
Dronning Eufemias Gate 30,  
0191 Oslo, Norway

## **HIGHLIGHTS**

Highlights for the six months ended September 30, 2023, include the following:

- The Group generated revenues from oil and natural gas of CAD\$1,362k (2022 – CAD\$11,571k).
- During the six months ended September 30, 2023, the Company produced 1,789 barrels of oil from its Tunisian assets (2022 – 90,591 barrels)
- During the six months ended September 30, 2023, the Company sold Nil barrels of oil produced from its Tunisian assets (2022 – 79,223 barrels)
- During the six months ended September 30, 2023, the Company sold 4,350 MWh of electricity produced from its Italian assets (2022 – 5,309 MWh).
- During the six months ended September 30, 2023, the Company sold 5,190 mcf of natural gas produced from its Italian assets (2022 – 5,623 mcf).
- During the six months ended September 30, 2023, the Company sold 120 barrels of condensate produced from its Italian assets (2022 – 173).

On **May 26, 2023**, the Company provided an update on its recent corporate development activities. The Company's management is currently reviewing a selection of oil production and development assets located in Texas, Oklahoma, and California in the United States of America (the "**Potential Acquisitions**").

The Potential Acquisitions are all located in prolific oil and gas basins with proven petroleum systems. It is expected that, if the Potential Acquisitions are completed, a production rate in the range of approximately 300-500 barrels of oil per day might be achieved upon completion of the first year of operation.

Drilling activities can be performed at relatively low-cost and without significant delay in view of the ready availability of equipment. The average total depth of production wells in the project areas of the Potential Acquisitions ranges between 500 to 2,000 meters.

On **June 2, 2023**, the Company announced that it had entered into an agreement (the "**Agreement**") with Stateside Energy LLC, a company registered under the laws of the State of Oklahoma, United States of America (hereinafter "**Stateside**") to acquire and operate a portfolio of oil production and development licenses in Oklahoma, as well as certain other States in the USA (the "**Targets**").

The advantages of operating in North America are readily apparent, and primarily include the speed of execution for transactions, with the resulting delivery of potential immediate oil production to Zenith, and the relatively conspicuous lack of bureaucratic delays and other detrimental impediments to corporate development seen elsewhere.

On **June 7, 2023**, the Company announced the formal submission of various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US\$48 million.

Zenith's fully owned subsidiaries (together, the "**Investors**") have submitted a request for arbitration against the Republic of Tunisia before the International Centre for Settlement of Investment Disputes in Washington DC ("**ICSID**") - (the "**Arbitration**").

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The request for Arbitration before the ICSID was submitted in accordance with article 8 of the Agreement signed between the government of the United Kingdom of Great Britain and Northern Ireland and the government of the Tunisian Republic in 1989 for the Promotion and Protection of Investments.

The Arbitration has been launched following a series of actions undertaken by the Tunisian government to the material detriment of the commercial interests of the Investors in the Republic of Tunisia, including, *inter alia*, unreasonable and arbitrary obstructions in relation to the development of the Sidi El Kilani and Ezzaouia concessions.

More specifically, these include actions in contravention to, *inter alia*, the terms of the Sidi El Kilani and Ezzaouia licences respectively, and unjustified obstructions for processing the sale of produced oil.

Prior to initiating the Arbitration, Zenith and its subsidiaries have, in good faith, applied their best efforts towards engaging constructively with the relevant bodies in the Republic of Tunisia to address these matters. However, in view of the unsuccessful nature of these efforts to date, the Investors have been compelled, to safeguard their commercial interests and legal rights, to launch the Arbitration.

The Investors can confirm that, in the interests of preserving the Company's cash reserves at a time of intensive expansion and development activity, they are in advanced negotiations with a specialist third-party litigation funder for a 'no win-no fee' financing arrangement to support all the costs in connection with the Arbitration.

The Board, based on due and careful consideration surrounding the merits of the Arbitration and specialist legal advice received, believes there will either be a successful outcome resulting from the Arbitration or there will be an amicable settlement in due course.

**Update on Tunisian production and development portfolio**

The Company confirmed that it continued to operate its production and development portfolio in the Republic of Tunisia, including the Robbana and El Bibane concessions, which it holds directly with a 100% interest. Zenith Energy also reported that negotiations were ongoing with the Tunisian authorities to address the underlying causes of the Arbitration.

On **June 23, 2023**, the Company announced that it had signed a Memorandum of Understanding ("**MOU**") with the Ministry of Petroleum in the Republic of South Sudan.

The MOU has the purpose of formalising certain negotiations underway with the Ministry of Petroleum for the acquisition and development of oil and gas production licences located in the Republic of South Sudan.

On **July 3, 2023**, the Company announced that its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U ("**AAOGC**"), had been awarded a payment of compensatory damages by the Paris Commercial Court (the "**Court**") in its claim 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.

In the decision, the Court rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of the Congo, stating that SMP's request contained "all the characteristics of a dilatory request", and ordered it to pay an amount of EUR 30,000 to AAOGC by way of compensatory damages. The Court's decision was immediately enforceable.

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On **July 5, 2023**, the Company announced that its newly incorporated fully owned subsidiary in the State of Texas, Zena Oil & Gas LLC, had conditionally agreed to fully acquire a portfolio of mineral leases and oil and gas wells in the State of Texas, United States of America (the "**Acquisition**") from the wholly owned subsidiaries of Beam Earth Group Ltd. (the "Seller").

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

The Conservative Seizure was undertaken to avoid the risk of funds being dissipated or diverted while legal proceedings are ongoing.

On **August 3, 2023**, the Company announced that it had signed a binding memorandum of understanding ("**MOU**") with Jala Capital Investments, LLC, a company incorporated in the State of Texas ("**Seller**").

#### Highlights

- Seller owns a 100% Gross Working Interest ("**GWI**") and a 75% Net Revenue Interest ("**NRI**") in approximately 320 acres of oil and gas lease from surface down to a depth of approximately 800 metres, located in the East Half of section 14, Block 50, University Lands, Crockett County, Texas (the "**Property**").
- Geologically, the Property is situated in the southern section of the Midland Basin, a subbasin of the Permian Basin. The Property will give Zenith the opportunity to develop production from the San Andres formation, a prolific carbonate formation in the Permian Basin in Texas and New Mexico.
- The Property is situated in the southern section of the Farmer Field which has produced over 34 million barrels of oil since 1950 from approximately 1,000 wells drilled in leases adjoining the Property.
- Zenith has confirmed its intention to operate the Property and conduct oil and gas extraction and exploration activities.
- Subject to completion of satisfactory due diligence by Zenith, the Seller agrees to execute, convey, and assign to the Company a GWI of 90%, with a NRI of 67.5%.
- The Consideration for the MOU is US\$50,000, which includes the sale oil surface equipment such as a battery of oil tanks and oil separation equipment.
- The Seller will retain a carried GWI of 10% in respect of all drilling and completion work necessary for the first two wells to be drilled. The Seller has agreed to pay its proportionate share of all subsequent drilling and completion work to be performed, as well as its share of ongoing operating costs, including workovers.
- Zenith has an obligation to notify the Seller at least 24 hours prior to spudding a well on the Property.
- Prior to commencement of drilling the first well, Zenith and the Seller will formalise a Joint Operating Agreement to govern all aspects of the relationship between the parties in respect of the Property.
- Zenith intends to use a highly experienced third-party local drilling contractor to conduct drilling activities.
- The drilling and completion of each well is expected to require a total budget of approximately US\$500,000, with an estimated potential production output of approx. 60 barrels of oil per day for each well.
- Nine wells have historically been drilled in the Property, with neighbouring properties recording sustained material production.

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On **August 4, 2023**, the Company announced that it had decided to discontinue negotiations with the Ministry of Water and Mines of the Republic of Benin for the finalisation of a Production Sharing Contract for Block 1, containing the Sèmè oilfield.

The Board took the decision following a comprehensive evaluation of recent geopolitical developments in the vicinity of Benin, the significant long-term investment required to successfully develop the Sèmè oilfield, and the material progress made in other jurisdictions where Zenith intends to maximise its technical and financial resources with comparatively reduced risk for the Company's shareholders.

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**").

#### Highlights

- 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".
- Zenith intends to rename CYAP, will appoint a new Board of Directors reflecting its new ownership, and will utilise CYAP for the purpose of acquiring energy production and development opportunities in the US.
- CYAP is currently engaged in software development. However, it is Zenith's intention to exit this activity at the appropriate time.
- CYAP announced that it had changed its name to Leopard Energy Inc during the month of December 2023

On **September 4, 2023**, the Company announced that, in agreement with OMV Exploration and Production GmbH ("**OMV**"), it had terminated the share purchase agreement ("**SPA**") announced to the market on January 3, 2023, for the acquisition of 100% of the outstanding share capital of OMV (Yemen Block S 2) Exploration GmbH, OMV Jordan Block 3 Upstream GmbH, and OMV Block 70 Upstream GmbH (collectively "**OMV Yemen**").

The SPA was terminated due to the conditions required for completion of the SPA not being satisfied.

In accordance with the terms of the SPA, OMV refunded the deposit of US\$4,323,800 plus accrued interest to Zenith.

In view of the termination of the SPA with OMV Yemen, the share purchase agreement entered into with Hingbo Industries Company Limited for the sale of a 51% interest in the issued, allotted, outstanding and fully paid-up share capital of the Company's fully owned subsidiary, Zenith Energy Netherlands B.V ("**Zenith Netherlands**"), announced to the market on January 3, 2023, has also been terminated. Zenith Netherlands is currently dormant and has no assets.

On **September 4, 2023**, the Company announced that it had signed an MOU (the "**MOU**") with a company incorporated in Kazakhstan (the "**Seller**") giving the Company a period of exclusivity for a duration of ninety days to evaluate a potential acquisition.

On **September 15, 2023**, the Company announced that it had signed a second MOU (the "**MOU**") with a company incorporated in Kazakhstan (the "**Seller**") to evaluate the potential acquisition of two oil development assets.



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On **September 19, 2023**, the Company announced that it had signed a third MOU (the "**MOU**") with a company incorporated in Kazakhstan (the "**Seller**") to evaluate the potential acquisition of an oil production and development asset.

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

On **September 29, 2023**, the Company announced that BCRA Credit Rating Agency AD ("**BCRA**") had confirmed the Company's long-term issuer credit rating of "**B+** with **Stable Outlook**".

BCRA is an independent credit rating agency operating since 2003. The Bulgarian Financial Supervision Commission ("**FSC**") and European Securities and Markets Authority ("**ESMA**") have fully registered BCRA in accordance with Regulation (EC) No. 1060/2009 of the European Parliament on credit rating agencies.

## **CEO STATEMENT**

Dear Shareholders,

The last six months have been of great significance for Zenith Energy.

We have continued to implement our business development strategy by directing our primary focus towards acquiring assets in the USA and the Republic of Kazakhstan.

In the USA, the Company has acquired a controlling interest in Cyber Apps World Inc., an entity listed on the Pink Open Market segment of US OTC Markets under the ticker "CYAP".

In the Republic of Kazakhstan, the Company has recently announced the conditional acquisition of an initial 50% of Devonian Petroleum Limited, a private UK company holding a licence to operate the Akkudukski exploration block covering approximately 1,094 km<sup>2</sup> in the Precaspian Basin.

The current Akkudukski Block Competent Person's Report ("**CPR**") assigns P50 resources of 120 million barrels above the salt and 400 million barrels below the salt.

A potential super-giant gas-condensate seismic prospect named 'Zholdaskali', geologically analogous to both the super-giant Tengiz oilfield operated by Chevron with approximately 25 billion barrels recoverable oil, located circa 60 km to the southwest, and to the adjoining Ansagan field, with approximately 400 million barrels of oil equivalent recoverable reserves, has been identified within the licence area of Devonian Petroleum.

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

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

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

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

With reference to the Company's past involvement in the Republic of the Congo, I am pleased to confirm that

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the legal claim against SMP Energies ("**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, continues to be vigorously pursued in the Paris Commercial Court. It is to be noted that, during the month of July 2023, the Paris Commercial Court awarded damages in the amount of EUR 30,000 due to the dilatory behaviour of SMP in court proceedings.

Further, again in respect of the Republic of the Congo, the Company maintains its confidence that it will receive full repayment of the approximately US\$5.7 million owed to our fully owned subsidiary, Anglo African Oil and Gas Congo S.A.U ("**AAOG Congo**"), by Société Nationale des Pétroles du Congo ("**SNPC**"), the national oil company.

Our Italian energy production portfolio continues to perform well and generate electricity and natural gas production profitably. As announced in December 2022, we are actively seeking to maximise the natural gas production revenue from our assets, as well as evaluating business development opportunities for new acquisitions in Italy.

We are greatly encouraged by the current energy pricing environment and the outlook in terms of growth potential for credible junior operators, enabling Zenith to access large, high-quality assets being divested by oil and gas majors in view of the ongoing energy transition.

Finally, I wish to convey our gratitude to all shareholders for their continued confidence in the Company's development strategy. Zenith Energy has undergone a significant degree of transition during the year because of the unforeseen need to initiate the Arbitrations and our strategic decision to withdraw from jurisdictions where we had previously directed business development efforts. However, the decisive action taken by the Board to safeguard the Company's commercial interests will ensure that Zenith Energy is fully compensated for the damage it has sustained in Tunisia. Similarly, the potentially transformational reserves obtained by way of the acquisition of Devonian Petroleum in Kazakhstan, to be complemented by acquisitions to be finalised in the USA during 2024, will provide the foundations for our long-term development and commercial success.

Sincerely,

**Andrea Cattaneo**  
**Chief Executive Officer**

December 29, 2023

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended	
		September 30, 2023	September 30, 2022
		CAD\$'000	CAD\$'000
<b>Continuing operations</b>			
Revenue		1,362	11,571
<b>Cost of sales</b>			
Production costs		(544)	(4,328)
Depletion and depreciation	9	(427)	(578)
<b>Gross profit</b>		<b>391</b>	<b>6,665</b>
Administrative expenses	5	(8,083)	(4,951)
<b>Operating (loss)/profit</b>		<b>(7,692)</b>	<b>1,714</b>
Gain on business combination			-
Finance expense	7	(1,438)	(1,455)
<b>(Loss)/gain for the period before taxation</b>		<b>(9,130)</b>	<b>259</b>
Taxation	8	-	(140)
<b>Net (loss)/profit for the period</b>		<b>(9,130)</b>	<b>119</b>
<b>Other comprehensive income/(losses)</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax (no cash item)		1,184	(1,178)
Other comprehensive income/(loss) for the period, net of tax		<b>1,184</b>	<b>(1,178)</b>
<b>Total comprehensive loss for the period attributable to owners of the parent</b>		<b>(7,946)</b>	<b>(1,059)</b>
<b>Earnings per share</b>	20		
Loss for the period - basic		0.04	0.0001
Loss for the period – diluted		0.01	0.0000
From continuing operations - basic		0.04	0.0001
From continuing operations - diluted		0.01	0.0000

The notes on pages 17 to 59 form part of the Financial Statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	Six months ended	
		September 30, 2023	September 30, 2022
		CAD\$'000	CAD\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	224,618	227,770
Financial assets at amortised cost	10	763	730
		<b>225,381</b>	<b>228,500</b>
<b>Current assets</b>			
Inventory	11	6,546	8,005
Trade and other receivables	12	28,925	22,102
Cash and cash equivalents		843	1,465
		<b>36,314</b>	<b>31,572</b>
<b>TOTAL ASSETS</b>		<b>261,695</b>	<b>260,072</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	14	64,087	60,121
Share warrants & option reserve	15	3,995	5,094
Contributed surplus		6,775	4,943
Retained earnings		8,849	31,873
<b>Total equity</b>		<b>83,706</b>	<b>102,031</b>
<b>Non-current liabilities</b>			
Loans	17	-	1,924
Non-convertible bonds	18	32,531	17,885
Deferred consideration payable	6	67,372	67,372
Deferred tax liabilities	8	14,231	14,231
Decommissioning provision	19	32,036	30,395
Provision		593	576
<b>Total non-current liabilities</b>		<b>146,763</b>	<b>132,383</b>
<b>Current Liabilities</b>			
Trade and other payables	16	21,058	17,619
Loans	17	7,456	5,123
Non-convertible bonds	18	-	204
Deferred consideration payable	6	2,712	2,712
<b>Total current liabilities</b>		<b>31,226</b>	<b>25,658</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>261,695</b>	<b>260,072</b>

Approved by the Board dated on December 29, 2023

Jose Ramon Lopez-Portillo Chairman

The notes on pages 17 to 59 form part of the Financial Statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Attributable to owners of the parent				Total
	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	
	CAD\$'000	CAD\$'000	CAD\$'000	CAD\$'000	
<b>Balance as at April 1, 2022</b>	<b>60,121</b>	<b>5,284</b>	<b>4,753</b>	<b>32,932</b>	<b>103,090</b>
Profit for the period	-	-	-	119	119
Other comprehensive income/(loss)	-	-	-	(1,178)	(1,178)
Total comprehensive income/(loss)	-	-	-	(1,059)	(1,059)
Share issue net of costs – debt settlement	-	-	-	-	-
Share issue net of costs - private placement	-	-	-	-	-
Value of warrants issued	-	-	-	-	-
Warrants expired	-	(190)	190	-	-
Total transactions with owners recognized directly in equity	-	(190)	190	-	-
<b>Balance as at September 30, 2022</b>	<b>60,121</b>	<b>5,094</b>	<b>4,943</b>	<b>31,873</b>	<b>102,031</b>
	CAD\$'000	CAD\$'000	CAD\$'000	CAD\$'000	CAD\$'000
<b>Balance as at April 1, 2023</b>	<b>64,087</b>	<b>5,329</b>	<b>5,441</b>	<b>16,795</b>	<b>91,652</b>
(Loss)/profit 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	-	-
<b>Balance as at September 30, 2023</b>	<b>64,087</b>	<b>3,995</b>	<b>6,775</b>	<b>8,849</b>	<b>83,706</b>

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 17 to 59 form part of the Financial Statements

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Six months ended	
		September 30, 2023	September 30, 2022
		CAD\$'000	CAD\$'000
<b>OPERATING ACTIVITIES</b>			
Profit for the period before taxation		(9,130)	259
Foreign exchange		3,892	(2,698)
Finance expense	7	1,438	1,455
Depletion and depreciation	9	427	578
Change in working capital	13	(1,941)	(6,570)
<b>Net cash used in operating activities</b>		<b>(5,314)</b>	<b>(6,976)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	9		(10)
Disposal of property, plant and equipment	9	1	3
<b>Net cash generated/(used) in investing activities</b>		<b>1</b>	<b>(7)</b>
<b>FINANCING ACTIVITIES</b>			
Repayments of loans	17	(4,312)	(1,612)
Proceeds from loans	17	3,164	325
Interests on loans	17	(1,005)	(338)
Proceeds from issue of bonds	18	7,600	8,074
Repayment of bonds	18	(317)	(347)
Interests on bonds	18	(439)	(678)
<b>Net cash generated from financing activities</b>		<b>4,691</b>	<b>5,424</b>
Net decrease in cash and cash equivalents		(622)	(1,559)
<b>Cash and cash equivalents at beginning of period</b>		<b>1,465</b>	<b>3,024</b>
<b>Cash and cash equivalents at end of period</b>		<b>843</b>	<b>1,465</b>

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**Notes to the financial statements**

**Notes to the financial statements**

**1. Corporate and Group information**

The consolidated financial statements of Zenith Energy Ltd. and its subsidiaries (collectively, the “**Group**”) have been prepared on the basis set out below. Zenith Energy Ltd are exempt from the preparation of separate parent company financial statements for the period ended 30 September 2023 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 Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada and its business address is Suite 4000, 421 - 7th Avenue SW, Calgary, T2P 4K9, Alberta, Canada. The Group’s primary business activity is the international development of energy production and development assets.

The Company's website is: [www.zenithenergy.ca](http://www.zenithenergy.ca).

Zenith is a public company listed on the Main Market of the London Stock Exchange under the ticker “**ZEN**”, with its entire common share capital admitted to trading on the Euronext Growth Oslo under the ticker “**ZENA**” and since 25 October 2023, also on the OTCQB Venture Market cross-trading facility in the United States (the “**OTCQB**”). The Company’s Ticker on the OTCQB is “**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, British Virgin Islands, Republic of Congo and the United States of America, 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.



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All of the transactions that are not in the functional currency are treated as foreign and indicate currency transactions.

The factors that have determined the adoption of the CAD \$ as presentation currency include:

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

**Going concern**

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

The Directors have reviewed the cash flow forecasts prepared by management up to and including December 2024, which are prepared on the basis that the Group continues to hold title to the Tunisian and Italian oil and gas asset and which takes into account the fund raises completed post year end, as well as loan and bond repayments which fall due within 12 months of the date of the signing of the financial statements. The cashflow forecasts also include the investments in respect of the proposed acquisitions in the United States and provisions about its claim in Congo against SMP Energies ( hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019, and the various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US\$48 million.

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

The Group believes that these financial commitments will be covered by a combination of funding generated by operations, funds raised post year end, funds to be received from the litigation with SMP in the International Court of Paris, as well as further planned fund raises within the going concern period. The Directors believe that the planned fund raises via the various sources of capital available to the Group will be successful. The Group's ability to raise funds has been demonstrated.

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

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**New standards and interpretations**

**a. Adoption of new and revised standards**

The following IFRSs or IFRIC interpretations are those that were effective for the first time for the financial year beginning April 1, 2022, and relevant to the entity:

Title	Description
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets " outlines the ac- counting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).
IFRS 1 - First- time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general-purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.
IFRS 3 - Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

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**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 2023***

<b>Title</b>	<b>Description</b>
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.
IFRS 16 — Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained
IFRS 17 - Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

***Narrow Scope Amendments Effective on or after 1 January 2023***

<b>STANDARD</b>	<b>CHANGE</b>
IAS 1 <i>Presentation of Financial Statements</i>	<i>Classification of Liabilities as Current or Non-current:</i> Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

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.

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**3. Significant accounting policies**

<i>Name</i>	<i>Country of incorporation and place of business</i>	<i>Proportion of ownership interest</i>	<i>Principal activity</i>	<i>Reporting period</i>
Canoel Italia S.r.l. (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
Zenith Aran Oil Company Limited	British Virgin Islands	100%	In liquidation	January - December
Aran Oil Operating Company Limited	British Virgin Islands	80% owned subsidiary of Zenith Aran Oil Company Limited	In liquidation	January - December
Zenith Energy (O&G) Ltd	United Kingdom	100%	Administrative services	April - March
Zena Drilling Limited	Incorporated in UAE Place of business: Azerbaijan	100%	Oil and gas drilling	January - December
Altasol SA	Switzerland	100%	Oil trading	January - December
Zenith Norway AS (2)	Norway	100%	Holding Company	January - December
Anglo African Oil & Gas Congo S.A.S. (3)	Republic of the Congo	100%	Oil production	January - December
Zenith Energy África Holdings (4)	United Kingdom	100%	Holding Company	January - December
Zenith Energy África Ltd (4)	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
Compagnie du Desert	United Kingdom	100%	Holding Company	January -

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Holdings Ltd (5)				December
Compagnie du Desert Ltd (5)	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
Zenith Overseas Assets Holdings Ltd (5)	United Kingdom	100%	Holding Company	January - December
Zenith Overseas Assets Ltd (6)	United Kingdom	100% on behalf of Zenith Overseas Assets Holdings Ltd	Holding Company	January - December
Canadian North Africa Oil&Gas Ltd	Tunisia	100% on behalf of Zenith Overseas Assets Ltd	Oil production	January - December
Zenith Energy Congo SA	Republic of the Congo	100%	Oil production	January - December
Cyber Apps World Inc.(7)	United States	99.87%	Software Development	August - July

- (1) Zenith Energy Ltd. has 100% control over Canoe Italia S.r.l. The Group granted 1.4% to the Director managing the Italian subsidiary to mitigate the risk of any liability to that entity. As a result, 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 January 13, 2020, the Company announced the passing of a resolution by the shareholders of Anglo African Oil & Gas plc to approve the share purchase agreement, signed between the parties on December 27, 2019, for the acquisition of its fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.S.
- (4) On March 15, 2021, the Company announced that Zenith Energy Africa Limited ("**ZEAL**"), its newly incorporated fully owned subsidiary (controlled on behalf of Zenith Energy Africa Holdings Ltd), has entered into a share purchase agreement ("**SPA**") with Candax Energy Limited ("**Candax**") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Zarzis Ltd ("**EPZ**") (the "**Acquisition**"), which holds a 45% interest in the Ezzaouia Concession ("**Ezzaouia**").

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- (5) On April 30, 2021, the Company announced that Compagnie Du Desert Ltd ("CDD"), its recently incorporated 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.
- (6) On November 22, 2021, the Company announced that Zenith Overseas Assets ("ZOA"), its fully owned subsidiary, had entered into a sale and purchase agreement ("SPA") for the acquisition of a 100 percent interest of the issued, allotted, outstanding and fully paid-up share capital of Canadian North Africa Oil & Gas Ltd. ("CNAOG") (previously named CNPC International (Tunisia) Ltd), a 100% subsidiary of CNPC International Ltd.
- (7) 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".
  - Zenith intends to rename CYAP, will appoint a new Board of Directors reflecting its new ownership, and will utilise CYAP for the purpose of acquiring energy production and development opportunities in the US.
  - CYAP is currently engaged in software development. However, it is Zenith's intention to exit this activity at the appropriate time.
  - During the month of December 2023, CYAP announced that it had changed its name to Leopard Energy Inc.

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

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

### **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, considering 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 realizable 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 realizable 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

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- 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 its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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

*Financial liabilities*

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

*Compound financial instruments*

Compound financial instruments include convertible notes which can be converted into a fixed number of common shares for a fixed amount of consideration. The compound financial instrument is bifurcated and recorded with a liability and equity component. The liability component is initially recognised as the fair value of the liability without the conversion feature, which is calculated using inputs that fall within level 1 of the fair value hierarchy of IFRS 13. The equity component is recognised as the difference between the fair value of the convertible debt and the fair value of the liability component.

Transaction costs are proportionately allocated between the components. Subsequently, the liability component is measured at amortised cost using the effective interest method and accretes up to the principal balance at maturity.

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

**De-recognition of financial liabilities**

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

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discharged or cancelled or expires.

*Amortized cost and effective interest method*

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

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

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

**Share capital**

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

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

**Share-based payments**

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

**Earnings per share**

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

**Revenue from contracts with customers**

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

**Foreign currency translation**

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

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

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

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

**Accounting policy for Provisions, contingent assets and liabilities**

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

**Finance expense**

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

### **Taxation**

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be 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 reflecting 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, 2023, was CAD\$ 224,618k (2022 – CAD\$227,770k).

**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 considering 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 most recently updated document was published in July 2023 in relation to the Group's Italian 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 22. The carrying value of the decommissioning costs as of September 30, 2023, is CAD\$32,036k (2022 – CAD\$30,395k).

**Recoverability of other receivables**

Trade receivables qualify as financial assets and would be considered impaired if its carrying amount exceeds its recoverable amount. An impairment loss should be regarded as incurred if there is objective evidence of impairment because of one or more events that occurred after initial recognition.

Congo – receivable from SNPC

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As part of the business combination of AAOG, the Group acquired another receivable due from SNPC, of approximately US\$5.7 million (equivalent to approximately CAD\$8M) following the work performed to date on the License.

On **July 3, 2023**, the Company announced that its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U ("**AAOGC**"), had been awarded a payment of compensatory damages by the Paris Commercial Court (the "**Court**") in its claim 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.

In the decision, the Court rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of the Congo, stating that SMP's request contained "all the characteristics of a dilatory request", and ordered it to pay an amount of EUR 30,000 to AAOGC by way of compensatory damages. The Court's decision was immediately enforceable.

Management has therefore not recognised an impairment in respect of this receivable.

**5. Administrative expenses**

During the six months ended September 30, 2023, the Group incurred CAD\$ 8,083k (2022 - CAD\$ 4,951k) of administrative expenses. Furthermore, during the same period the Group incurred CAD\$ 2,270k (2022 - CAD\$ 382k) 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,	
	2023	2022
	CAD\$'000	CAD\$'000
Auditors remuneration - audit fees Group	97	12
Accounting and bookkeeping	19	29
Other professional fees	670	2,215
Legal fees	31	-
Office	568	511
Administrative expenses	609	782
Foreign exchange loss/(gain)	531	(369)
Salaries	1,233	1,088
Travel	521	301
<b>General and administrative expenses</b>	<b>4,279</b>	<b>4,569</b>
<b><u>Non-recurring expenses</u></b>		
Listing costs	230	117
Arbitration costs	2,534	-
Negotiation costs for acquisitions	1,009	238
Bond Issue costs	31	27
<b>Total non-recurring expenses</b>	<b>3,804</b>	<b>382</b>
<b>Total general and administrative expenses</b>	<b>8,083</b>	<b>4,951</b>

**6. Business combinations**



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

Highlights

- 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".
- Zenith intends to rename CYAP, will appoint a new Board of Directors reflecting its new ownership, and will utilise CYAP for the purpose of acquiring energy production and development opportunities in the US.
- CYAP is currently engaged in software development. However, it is Zenith's intention to exit this activity at the appropriate time.

This acquisition was recognised at cost and no business combination was calculated.

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**

	<b>Six months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
Effective interest on financial liabilities held at amortised cost	(439)	(677)
Interest expense	(361)	(690)
Finance expenses	(638)	(88)
<b>Net finance expense</b>	<b>(1,438)</b>	<b>(1,455)</b>

**8. Taxation**

	<b>Six months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
Current tax	-	140
Deferred tax	-	-
<b>Total tax charge for the period</b>	<b>-</b>	<b>140</b>

The tax (credit) / charge for the six months ended September 30, 2023, comprised CAD\$ nil (2022 – CAD\$ 140K) of current tax expense and CAD\$ nil deferred tax reduction (2022 – CAD\$ nil deferred tax reduction).

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9. Property, plant and equipment

	D&P Assets CAD\$'000
<b>Carrying amount at April 1, 2022</b>	<b>229,774</b>
Additions	10
Disposals	(3)
Depletion and depreciation	(571)
Foreign exchange differences	(1,440)
<b>Carrying amount at September 30, 2022</b>	<b>227,770</b>
<b>Carrying amount at April 1, 2023</b>	<b>227,565</b>
Additions	-
Disposals	(1)
Depletion and depreciation	(427)
Foreign exchange differences	(2,519)
<b>Carrying amount at September 30, 2023</b>	<b>224,618</b>

**Impairment test for property, plant and equipment**

As of September 30, 2023, 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.

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.

**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 2023 gas price of \$32.63/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 15% (2022 – 15%). This was based on a Weighted Average Cost of Capital analysis consistent with that used in previous impairment reviews.

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Tunisia Cash Generating Unit

The Group controls the local results, the balance sheet amounts and asset register, checking the historical amounts and the related depreciation, determining the carrying value of the subsidiary plant and equipment.

The Group reviewed the fair value of the field infrastructure, geological data and associated equipment that are owned by the Group in Tunisia and as of September 30, 2023, an impairment of CAD\$ nil (September 30, 2022: CAD\$ nil) was recognised in the consolidated statement of comprehensive income.

**10. Non-current financial assets held at amortized cost**

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>CAD \$'000</b>	<b>CAD \$'000</b>
Other assets	763	730
	<b>763</b>	<b>730</b>

**11. Inventory**

As of September 30, 2023, inventory consists of CAD\$6,546k (2022 – CAD\$6,003k) in relation to 118,180 barrels of crude oil that has been produced but not yet sold, and CAD\$ Nil k of materials (2022 – CAD\$2,002k).

The variance in stock of material is due to the decision of the Company that, in a cautionary way, decided to impair the nominal amount in the book.

The fully owned subsidiary Ecumed Petroleum Zarzis (“EPZ”) has currently a spare parts stocks balance of 2,797,577 TND (CAD\$829k), which is fully impaired. It's worth noting that this stock is managed and held by MARETAP on behalf of EPZ and ETAP. MARETAP is entitled to send monthly billing, which should include the stock movement of the period (additions and consumptions), also MARETAP has to do at least one annual stock take. The last stock take report received was the one of December 2021. Consequently, the Company cannot determine accurately the value of this stock as at March 31, 2023 and that's the reason behind a full impairment of the stock value.

The Spare part stocks was also partially booked in CAPEX for TND 2,086,026 (CAD\$618k) and it was fully provided among fixed assets' impairment for the same reason described above.

	<b>September 30, 2023</b>	<b>September 30, 2021</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
Tunisia	6,546	6,003
Tunisia - materials	-	2,002
	<b>6,546</b>	<b>8,005</b>

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**12. Trade and other receivables**

	September 30, 2023 CAD\$'000	September 30, 2022 CAD\$'000
Trade receivables	14,551	13,456
Other receivables	14,374	8,646
<b>Total trade and other receivables</b>	<b>28,925</b>	<b>22,102</b>

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, 2023 CAD\$'000	September 30, 2022 CAD\$'000
Trade and other receivables	7,449	10,042
Inventory	(1,459)	6,455
Prepaid expenses	(231)	472
Trade and other payables	(7,700)	(10,399)
<b>Total change in working capital</b>	<b>(1,941)</b>	<b>6,570</b>

**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 that was approved by shareholders at the Company's annual general meeting held on April 14, 2023 (the "**Consolidation**"). Under the Consolidation, one new common share of no par value ("**New Common Shares**") was for every ten existing common shares of no par value ("**Old Common Shares**").

The Company had 231,030,237 common shares in issue and admitted to trading on the Euronext Growth of the Oslo Stock Exchange, the Main Market of the London Stock Exchange and OTCQB, as of September 30, 2023.

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Issued Description	Number of common shares	Amount CAD\$'000
<b>Balance – 30 September 2021</b>	<b>1,407,711,650</b>	<b>52,039</b>
Settlement of debt (i)	3,953,708	73
Non-brokered unit private placement (ii)	272,727,273	5,078
Settlement of debt (iii)	108,181,818	1,591
Settlement of debt (iv)	80,000,000	1,340
<b>Balance – 31 December 2021</b>	<b>1,872,574,449</b>	<b>60,121</b>
<b>Balance - 31 March 2022</b>	<b>1,872,574,449</b>	<b>60,121</b>
<b>Balance - 30 June 2022</b>	<b>1,872,574,449</b>	<b>60,121</b>
<b>Balance - 30 September 2022</b>	<b>1,872,574,449</b>	<b>60,121</b>
<b>Balance – 31 December 2022</b>	<b>1,872,574,449</b>	<b>60,121</b>
Non-brokered unit private placement (v)	425,228,088	3,856
Settlement of debt (vi)	12,500,000	114
share issue cost	-	4
<b>Balance - 31 March 2023</b>	<b>2,310,302,537</b>	<b>64,087</b>
<b>Balance - 30 June 2023</b>	<b>2,310,302,537</b>	<b>64,087</b>
Consolidation of shares 10/1 (vii)		
<b>Balance - 30 September 2023</b>	<b>231,030,237</b>	<b>64,087</b>

- i) On October 5, 2021, the Company issued 3,953,708 new common shares of no-par value (the "**New Common Shares**") at an issue price of NOK 0.1266 (equivalent to approximately £0.011) to Winance in respect of the Loan Agreement announced to the market on May 26, 2021.
- ii) On November 12, 2021, the Company announced that it had received approval from the UK Financial Conduct Authority ("**FCA**") for the publication of a UK prospectus document (the "**Prospectus**").

In connection with the Prospectus, the Company issued:

- 272,727,273 new common shares announced on November 2, 2021, from a successful subscription for £3m (the "**Subscription Shares**").
- 108,181,818 new Common Shares in settlement of liabilities as set out below (collectively the "**Capitalization Shares**").

The Capitalization Shares are made up of 8,181,818 new Common Shares at an issue price of £0.011 (equivalent to approximately NOK 0.13) in full and final settlement of an existing liability of £90,000. In addition, Zenith agreed to issue a further 100,000,000 new Common Shares at an issue price of €0.01 to Winance in full and final settlement of the €1m outstanding in respect of the loan facility announced on May 26, 2021. The 108,181,818 Capitalization Shares were issued fully paid at Admission.

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- iii) On December 6, 2021, the Company issued 80,000,000 (eighty million) new common shares of no-par value (the "**Reserve Shares**") to the Winance at a price of NOK 0.12 (equivalent to approximately £0.01) to be held in a depository institution designated by the Lender, in relation to the supplementary loan agreement announced on that date.
- iv) on February 28, 2023, the Company announced that it had completed a fundraise in the United Kingdom (the "**UK Financing**"), and in Norway (the "**Norwegian Financing**", collectively, the "**Financings**").

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

#### **Issue Price**

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

#### **Norwegian Financing**

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

#### **UK Financing**

Zenith issued a total of 46,296,296 common shares of no-par value in the capital of the Company on the London Stock Exchange (the "**UK Financing Common Shares**") to raise gross proceeds of £250,000 (approximately NOK 3,096,150).

#### **Debt Settlement**

The Company has allotted 12,500,000 Common Shares ("**Debt Settlement Shares**") to a service provider in lieu of cash settlement for services provided to Zenith for a total value of £67,500.

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

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**Warrants and options**

	Number of options	Number of warrants	Weighted average exercise price	Amount CAD\$'000
<b>Balance – April 1, 2022</b>	<b>187,257,445</b>	<b>529,395,330</b>	<b>0.03</b>	<b>5,284</b>
Warrants issued	-	-	-	-
Warrants exercised	-	-	-	-
Warrants expired	-	(60,000,000)	0.04	(190)
Option Issued	-	-	-	-
<b>Balance –September 30, 2022</b>	<b>187,257,445</b>	<b>469,395,330</b>	<b>0.03</b>	<b>5,094</b>
<b>Balance – April 1, 2023</b>	<b>187,257,445</b>	<b>446,202,023</b>	<b>0.03</b>	<b>5,329</b>
Warrants issued	-	-	-	-
Warrants exercised	-	-	-	-
Warrants expired	(6,374,511)	(171,362,238)	0.01	(1,334)
Option Issued	-	-	-	-
<b>Balance –September 30, 2023</b>	<b>180,882,934</b>	<b>274,839,785</b>	<b>0.01</b>	<b>3,995</b>

During the six-month period to September 30, 2023, the Company issued Nil warrants (2022 – Nil), Nil warrants were exercised (2022 – Nil) and 171,362,238 (2020 - 60,000,000) warrants expired.

As of September 30, 2023, the Group had 274,839,785 warrants (2021 – 469,395,330) warrants outstanding (relating to 274,839,785 shares) and exercisable at a weighted average exercise price of CAD\$0.03 per share with a weighted average life remaining of 0.67 years.

There were no options in the money as of September 30, 2023.

The expiry of 171,362,238 (2022 – 60,000,000) warrants during the year was recognized in the contributed surplus amount of Equity section.

**Options**

Grant Date	September 30, 2023		September 30, 2022		Expiry Date
	Number of options	Exercise price per unit CAD\$	Number of options	Exercise price per unit CAD\$	
April 2018	-	-	6,374,511	0.12	April 2023
December 2020	41,428,572	0.03	41,428,572	0.03	December 2025

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January 2021	45,414,775	0.03	45,414,775	0.03	January 2026
13 May 2021	32,571,075	0.02	32,571,075	0.02	May 2026
06 September 2021	13,882,232	0.02	13,882,232	0.02	September 2026
31 January 2022	47,586,280	0.02	47,586,280	0.02	January 2027
<b>TOTAL</b>	<b>180,882,934</b>	<b>0.03</b>	<b>187,257,445</b>	<b>0.03</b>	

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 represent the movement of the options during the FY 2020, and the comparative period 2019.

	<b>Number of options</b>
<b>Balance – April 1, 2022</b>	<b>187,257,445</b>
Options issued	-
Options exercised	-
Options expired	-
<b>Balance – September 30, 2022</b>	<b>187,257,445</b>
<b>Balance – April 1, 2023</b>	<b>187,257,445</b>
Options issued	-
Options exercised	-
Options expired	6,374,511
<b>Balance – September 30, 2022</b>	<b>180,882,934</b>

As of September 30, 2023, the Group had 180,882,934 (2022 – 187,257,445) stock options outstanding relating to 180,882,934 shares and exercisable at a weighted average exercise price of CAD\$0.03 (2022 – CAD\$0.03) per share with a weighted average life remaining of 3.20 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

**Granting of options**

- On May 13, 2021, the Board of Directors resolved to grant its directors, certain employees and consultants a total of 32,571,075 stock options, in accordance with the Company's Stock Option Plan. The Options will have an exercise price of NOK 0.12 per Option (approximately equivalent to £0.01), a premium of



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approximately 12% in respect of the last closing price on Euronext Growth Oslo, May 12, 2021. The Options were fully vested and have the duration of five years from the date of granting.

- On September 9, 2021, the Board of Directors resolved to grant its directors, certain employees, and consultants a total of 13,882,232 stock options, in accordance with the Company's Stock Option Plan. The Options will have an exercise price of NOK 0.125 per Option (approximately equivalent to £0.01). The Options are fully vested and have the duration of five years from the date of granting.
- On January 31, 2022, the Company granted a total of 47,586,280 stock options (the "**Options**") to certain Directors, Advisory Committee members and employees of the Company in accordance with the Company's Stock Option Plan. The Options have an exercise price of NOK 0.11 per Option (approximately equivalent to £0.009), are fully vested, and have the duration of five years from the date of granting.

**Exercise of options**

There was no exercise of options during the period.

**Expiry of options**

The expiry of 6,374,511 (2022 – Nil) options during the period was recognised in the contributed surplus amount of the Equity section.

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**Warrants**

Type	Grant Date	Number of Warrants	Price per unit CAD\$	Expiry Date
Warrants	Oct-19	6,477,734	\$0.06	Oct-22
Warrants	Feb-21	85,000,000	\$0.03	Feb-23
Warrants	Feb-21	85,000,000	\$0.04	Feb-23
Warrants	Apr-21	13,593,113	\$0.02	Apr-24
Warrants	May-21	89,053,125	\$0.02	May-23
Warrants	Jul-21	20,000,000	\$0.02	Jul-23
Warrants	Jul-21	23,000,000	\$0.03	Jul-23
Warrants	dic-21	55,176,667	\$0.02	dic-23
Warrants	mar-22	92,094,691	\$0.02	mar-24
<b>Total warrants at</b>				
<b><u>30 September 2022</u></b>		<b><u>469,395,330</u></b>		

Type	Grant Date	Number of Warrants	Price per unit CAD\$	Expiry Date
Warrants	06-dic-21	55,176,667	\$0,02	06-dic-23
Warrants	17-mar-22	92,094,691	\$0,02	17-mar-24
Warrants	28-feb-23	113,679,538	\$0,01	28-feb-26
Warrants	28-feb-23	13,888,889	\$0,01	28-feb-26
<b>Total warrants at</b>				
<b><u>30 September 2023</u></b>		<b><u>274,839,785</u></b>		

As of September 30, 2023, the Group had 274,839,785 (2022 - 469,395,330) warrants outstanding relating to 274,839,785 shares and exercisable at a weighted average exercise price of CAD\$0.02 per share with a weighted average life remaining of 0.67 years.

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

**15. Trade and other payables**

	September 30, 2023 CAD\$'000	September 30, 2022 CAD\$'000
Trade payables	13,114	7,704
Other payables	7,944	9,915
<b>Total trade and other payables</b>	<b>21,058</b>	<b>17,619</b>

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**16. Loans**

	Six months ended September 30	
	2023	2022
	CAD\$'000	CAD\$'000
Loan payable - current	7,456	5,123
Loan payable – non-current	-	1,924
<b>Total</b>	<b>7,456</b>	<b>7,047</b>

Loans – current	2023	2022
	CAD\$'000	CAD\$'000
As at 1 April	8,697	6,533
Transfer from non-current	-	(255)
Repayments	(4,312)	(1,612)
Loan receipt	3,164	325
Interest	6	207
Foreign exchange	(99)	(75)
<b>As at September 30</b>	<b>7,456</b>	<b>5,123</b>

Loans – non current	2023	2022
	CAD\$'000	CAD\$'000
As at 1 April	-	1,442
Loan repayment	-	-
Transfer to current	-	255
Interest	-	232
Foreign exchange	-	(5)
<b>As at September 30</b>	<b>-</b>	<b>1,924</b>

**a) Loan in Tunisia TND 3,200,000**

On November 24, 2021, Ecumed Petroleum Zarzis, obtained a 3,500,000 TND loan (CAD\$1,690,000 equivalent) from Banque Internationale Arabe de Tunisie “BIAT”. The loan is unsecured, bears fixed interest at 10.5% per annum. The Company has paid 300,000 TND and the scheduled repayment is currently under negotiation as part of a new loan agreement.

**b) Loan in Tunisia TND 2,400,000**

On January 18, 2022, Canadian North Africa Oil & Gas Ltd obtained a 2,400,000 USD loan (CAD\$ 2,995,000 equivalent) from the Union Internationale des Banques “UIB”. The loan is unsecured, bears fixed interest at Libor +2.5% per annum, The Company has paid 100,000 USD on March 7, 2023, and 100,000 USD on April 5, 2023. The scheduled repayment is currently under review to be part of a new loan agreement.

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**17. Non-convertible bonds**

<b>Non-convertible bonds</b>	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
Current	-	204
Non-current	32,531	17,885
<b>Total</b>	<b>32,531</b>	<b>18,089</b>

<b>Non-convertible bonds</b>	<b>CAD \$'000</b>
<b>Balance – April 1, 2022</b>	<b>10,360</b>
Issue of bonds	8,074
Payment of interest	(345)
<b>Balance – September 30, 2022</b>	<b>18,089</b>

<b>Balance – April 1, 2023</b>	<b>25,247</b>
Issue of bonds	7,600
Repayment of bonds	(316)
Payment of interest	-
<b>Balance – September 30, 2023</b>	<b>32,531</b>

Loan Notes

To avoid the risk of the excessive dilution of the capital, the Company issued two different sets of EMTN (Bond) accruing interest payable semi-annually and listed on European stock exchanges.

As of the date of this document, the Company is pleased to confirm that it is negotiating an agreement with an established European financial organisation for the placing of Zenith corporate bonds in the amount of EUR 25 million.

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*Zenith EMTN Programme up to Euro 25+M*

1. On January 20, 2020, the Company announced the issuance of the following unsecured, multi-currency Euro Medium Term Notes, governed by Austrian law, at par value (the "Notes"):
  - EURO 1,000,000 bearing interest of 10.125 per cent per year (the "EUR-Notes")
  - GBP 1,000,000 bearing interest of 10.50 per cent per year (the "GBP-Notes")
  - USD 1,000,000 bearing interest of 10.375 per cent per year (the "USD-Notes")
  - CHF 1,000,000 bearing interest of 10.00 per cent per year (the "CHF-Notes")

The Notes will mature on January 27, 2024, are governed by Austrian law, and are not convertible into equity of the Company.

2. On May 16, 2022, the Company announced that it had issued a new series of unsecured, multi-currency Euro Medium Term Notes at par value (the "Notes").

The following Notes have been issued:

- Series No.5: EURO Bond bearing an interest of 10.125 per cent per year. ISIN: **XS2478298909**
- Series No.6: GBP Bond bearing an interest of 10.50 per cent per year. ISIN: **XS2478299030**
- Series No.7: USD Bond bearing an interest of 10.375 per cent per year. ISIN: **XS2478299113**

The Notes will mature on May 9, 2026, are governed by Austrian law, and are not convertible into equity of the Company.

These Notes were admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("Wiener Borse AG"). As of September 30, 2023, the Company sold Notes, as follows:

Currency	CAD\$ equivalent	ISIN	Description
EUR	2,617,356	XS2108546735	ZEEX 10.125 01/27/24 MTN
USD	8,998,907	XS2108546651	ZEEX 10.500 01/27/24 MTN
GBP	2,872,761	XS2108546578	ZEEX 10.375 01/27/24 MTN
CHF	41,924	XS2108546818	ZEEX 10.000 01/27/24 MTN
EUR	3,771,153	XS2478298909	ZEEX 10.125 05/09/26 MTN
GBP	4,917,125	XS2478299030	ZEEX 10.500 05/09/26 MTN
USD	2,096,379	XS2478299113	ZEEX 10.375 05/09/26 MTN

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 business development activities. The Company chose the Vienna Stock Exchange as it was viewed as a highly accessible market in terms of simplicity of process and listing costs.

During the year, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December for the years 2019, 2020, 2021, 2022 and 2023 respectively.

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As of the date of this document, the Company is pleased to confirm that it is negotiating an agreement with an established European financial organisation for the placing of Zenith corporate bonds in the amount of EUR 25 million.

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**18. 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:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
<b>Balance – April 1</b>	<b>32,645</b>	<b>30,901</b>
Decrease	-	-
Foreign currency translation	(609)	(506)
<b>Balance – September 30</b>	<b>32,036</b>	<b>30,395</b>

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:

<b>Italy</b>	<b>2023</b>	<b>2022</b>
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	9.5 years	10.5 years

**Tunisia**

**2022**

**A - Decommissioning provision recalculation**

<b>Description</b>	<b>in USD</b>	<b>Comments</b>
Start current period	01/04/2023	
Anticipated abandonment date	31/12/2033	Minus between, economic and legal end of date (cf. IM.7 impairment test)
Years to abandonment	12,94	
Undiscounted well costs	5.946.000	2019 figures submitted to DGH, while estimation is outdated (2014)
Undiscounted facilities costs	2.050.000	
<b>Total undiscounted obligation</b>	<b>7.996.000</b>	
TND inflation rate (as per the Tunisian Central Bank)	5,00%	
USD inflation rate (as per the submitted assumption to DGH)	2,00%	
<b>Inflation Rate</b>	<b>4,00%</b>	TND share in MARETAP expenses are higher than USD
<b>Inflated obligation</b>	<b>13.280.608</b>	
Discount Rate	2,00%	
<b>Discounted obligation</b>	<b>10.279.339</b>	
<b>EPZ Share in the obligation</b>	<b>4.625.702</b>	This should be recognised as asset against provision as a 1st time recognition

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**B - Unwinding interest recalculation**

<b>Interest unwind of the obligation for the period</b>	<b>92,514</b>
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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 depleted.

**19. Related party transactions**

Related party transactions are considered to be in the normal course of operations and are initially recognized at fair value. There are no related party transactions, during the six months ended September 30, 2023, and 2022, not disclosed elsewhere in these consolidated financial statements.

**20. Earnings per share**

	<b>2023</b> <b>CAD\$'000</b>	<b>2021</b> <b>CAD\$'000</b>
Net (loss)/profit for the period	(9,130)	119
Net (loss)/profit from continuing operations	(9,130)	119
Basic weighted average number of shares	231,030	1,872,574
Potential dilutive effect on shares issuable under warrants	455,723	656,653
Potential diluted weighted average number of shares	686,753	2,529,227
Net earnings per share – basic (1) \$	0.04	\$ 0.0001
Net earnings per share – diluted \$	0.01	\$ 0.00

<sup>(1)</sup> The Group did not have any in-the-money convertible notes, warrants and stock options during the six months ended September 30, 2023, and 2022.

**21. Financial risk management and financial instruments**

	<b>September 30, 2023</b> <b>CAD \$'000</b>	<b>September 30, 2022</b> <b>CAD \$'000</b>
<b>Financial assets at amortized cost</b>		
Non-current financial assets at amortized cost	763	730
Trade and other receivables	28,925	22,102
Cash and cash equivalents	843	1,465
<b>Total financial assets</b>	<b>30,531</b>	<b>24,297</b>



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	September 30, 2023	September 30, 2022
	CAD\$'000	CAD\$'000
<b>Financial liabilities at amortized cost</b>		
Trade and other payables	21,058	17,619
Loans	7,456	7,047
Non-convertible bond and notes	32,531	18,089
Deferred consideration	70,084	70,084
<b>Total financial liabilities</b>	<b>131,129</b>	<b>112,839</b>

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, 2023.

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\$ 843k (2022 – CAD\$ 1,465k) and trade and other receivables of CAD\$ 28,925k (2022 – CAD\$ 22,102k).

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, 2023	September 30, 2022
	CAD\$'000	CAD\$'000
Oil and natural gas sales	14,551	13,456
Other	14,374	8,646
	<b>28,925</b>	<b>22,102</b>

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

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respect of trade receivables of this nature.

The Group's receivables are aged as follows:

	<b>September 30, 2023 CAD\$'000</b>	<b>September 30, 2022 CAD\$'000</b>
Current	28,925	22,102
90 + days	-	-
	<b>28,925</b>	<b>22,102</b>

**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:

	<b>Carrying Amount CAD\$'000</b>	<b>Contractual cash flow CAD\$'000</b>	<b>Due on or before 30 September 2024 CAD\$'000</b>	<b>Due on or before 30 September 2025 CAD\$'000</b>	<b>Due after 30 September 2025 CAD\$'000</b>
Non-current financial assets at amortized cost	763	763	-	-	763
Trade and other receivables	28,925	28,925	28,925	-	-
Cash and cash equivalents	843	843	843	-	-
	<b>30,531</b>	<b>30,531</b>	<b>29,768</b>	<b>-</b>	<b>763</b>

As of September 30, 2023, the contractual cash flows, including estimated future interest, of current and non-current financial liabilities mature as follows:

	<b>Carrying Amount CAD\$'000</b>	<b>Contractual cash flow CAD\$'000</b>	<b>Due on or before 30 September 2024 CAD\$'000</b>	<b>Due on or before 30 September 2025 CAD\$'000</b>	<b>Due after 30 September 2025 CAD\$'000</b>
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
	<b>61,045</b>	<b>65,690</b>	<b>45,576</b>	<b>9,333</b>	<b>10,781</b>

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**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	
	2023	2022	2023	2022
US dollars	1.3586	1.3739	1.3427	1.2905
Euro	1.4374	1.3460	1.4622	1.3367
Swiss Franc	1.4841	1.4010	1.5070	1.3367
British Pound	1.6577	1.5295	1.6905	1.5694
Norwegian Crown	0.1272	0.1272	0.1268	0.1332
Tunisian Dinar	0.4304	0.4185	0.4349	0.4163

The following represents the estimated impact on net (loss)/income of a 10% change in the closing rates as of September 30, 2023, and 2022 on foreign denominated financial instruments held by the Group, with other variables such as interest rates and commodity prices held constant:

	September 30, 2023 CAD\$'000	September 30, 2022 CAD\$'000
Euro	-	17
Tunisian Dinar	300	448
	300	465

**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, 2023, 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, 2023, of approximately CAD\$ 6k (2022 – CAD\$ 4k) 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, 2023 of approximately CAD\$ 62k (2021 – CAD\$ 127k).

**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.

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	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
Working capital	(1,941)	(6,570)
Long-term debt	-	1,924
Shareholders' equity	83,706	102,031

The Group's cash flows from its Italian operations will be needed in the near term to finance the operations and repay vendor loans. If the publicly announced acquisitions in the Republic of Kazakhstan and the USA will be successfully completed, the future revenues generated from these assets will be required to fund the Group's development costs and activities. At this time, 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.

	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
	<b>CAD\$'000</b>	<b>CAD\$'000</b>
Cash and cash equivalents	843	1,465
Loans – repayable within one year	(7,456)	(5,123)
Loans – repayable after one year	-	(1,924)
Non-convertible bond – repayable within one year	-	(204)
Non-convertible bond – repayable after one year	(32,531)	(17,885)
	<b>(39,144)</b>	<b>(23,671)</b>

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	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
<b>September 30, 2021</b>	<b>3,024</b>	<b>(4,341)</b>	<b>(186)</b>	<b>(4,805)</b>	<b>(5,374)</b>	<b>(11,682)</b>
Issue of non-convertibles bonds	8,255			(265)	(7,990)	
Repayment of non-convertible bonds	(345)			345		
Transfer from non-current to current		256	(256)	4,521	(4,521)	
Issue of loans	3,774	(2,518)	(1,256)			
Repayment of loans	(1,612)	1,612				
Interest on loans		(207)	(232)			(439)
Foreign exchange		75	6			81
Net cash flow	(11,631)					(11,631)
<b>September 30, 2022</b>	<b>1,465</b>	<b>(5,123)</b>	<b>(1,924)</b>	<b>(204)</b>	<b>(17,885)</b>	<b>(23,671)</b>
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)
<b>September 30, 2023</b>	<b>843</b>	<b>(7,456)</b>	<b>-</b>	<b>-</b>	<b>(32,531)</b>	<b>(39,144)</b>

#### 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 Group's reportable segments. A geographic segment is considered a reportable segment once its activities are regularly reviewed by the Board of the Directors.

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The Group has four reportable segments which are as follows:

- Italy, which commenced gas operations following the acquisition of assets in June 2013;
- The Republic of the Congo, which was acquired during the 2020 FY
- Tunisia, which was acquired during the 2021 FY
- Other, which includes corporate assets and the operations in the Canadian, Swiss, Argentinian and Norwegian entities.

<b>PERIOD 2022</b>	<b>Congo CAD\$000</b>	<b>Italy CAD\$000</b>	<b>Tunisia CAD\$000</b>	<b>Other CAD\$000</b>	<b>Total CAD\$000</b>
Property and equipment	8	5,998	218,174	3,590	227,770
Other assets	660	2,253	23,756	5,632	32,301
Total liabilities	271	10,662	118,073	29,035	158,041
Capital Expenditures		10			10
Revenue	-	2,627	8,944	-	11,571
Operating and transportation	-	(693)	(3,576)	(59)	(4,328)
General and Administrative	(153)	(420)	(618)	(3,760)	(4,951)
Depletion and depreciation	-	(289)	(8)	(281)	(578)
Gain on business combination	-	-	-	-	-
Finance and other expenses	-	-	(125)	(1,330)	(1,455)
Taxation	-	-	(140)	-	(140)
<b>Segment (loss)/profit</b>	<b>(153)</b>	<b>1,225</b>	<b>4,477</b>	<b>(5,430)</b>	<b>119</b>

<b>PERIOD 2023</b>	<b>Congo CAD\$000</b>	<b>Italy CAD\$000</b>	<b>Tunisia CAD\$000</b>	<b>Other CAD\$000</b>	<b>Total CAD\$000</b>
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	-	-	-	-	-
<b>Segment (loss)/profit</b>	<b>-</b>	<b>239</b>	<b>(1,302)</b>	<b>(8,067)</b>	<b>(9,130)</b>

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

		2023	2022
		CAD\$000	CAD\$000
Customer A		1,245	2,543

**25. Controlling party**

As of September 30, 2023, the Directors do not consider there to be a controlling party.

**26. Events subsequent to the period end**

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

EuroRating is an independent credit rating agency operating since 2008 specialised in performing credit risk assessments of corporations and financial institutions. EuroRating is fully registered and regulated by the European Securities and Markets Authority ("**ESMA**") in accordance with Regulation (EC) No. 1060/2009 of the European Parliament on credit rating agencies and is recognised as an ECAI (External Credit Assessment Institution).

Credit ratings assigned by EuroRating are valid throughout the European Union and can be used for regulatory purposes under EU legislation by all financial institutions and are entirely equal to credit ratings issued by other credit rating agencies recognized by ESMA, without territorial or any other limitations.

On **October 18, 2023**, the Company provided an update on the legal claim undertaken by its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U ("**AAOGC**"), against SMP Energies ("**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, in the Paris Commercial Court (the "**Court**").

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

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

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

The Company will continue to vigorously pursue its claim in the Paris Commercial Court with the next hearing scheduled to take place on October 27, 2023.

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On **October 25, 2023**, the Company announced that the Company's common shares of no par value ("**Common Shares**") would commence dealing on the OTCQB Venture Market cross-trading facility in the United States (the "**OTCQB**") with effect from today. The OTCQB ticker for the Common Shares is "**ZENAF**".

The OTCQB is designed to allow developing international companies to be publicly traded in the United States. The Company believes that having its Common Shares traded on the OTCQB is a cost-effective solution which will provide enhanced investor benefits, including easier trading access for investors located in the US, and greater liquidity due to a broader geographic pool of potential investors. A market maker will be appointed in the US to support the trading on the OTCQB.

The OTCQB is recognised as an "Established Public Market" by the U.S. Securities and Exchange Commission (the "**SEC**"). The OTCQB is a leading market for US and international companies in the entrepreneurial and development stage. Trading on the OTCQB will have no impact on the trading of Zenith's Common Shares on the London Stock Exchange Main Market (LSE: ZEN) and the Euronext Growth of the Oslo Stock Exchange (OSE: ZENA) and no new Common Shares will be issued as part of the cross-trading facility.

Zenith will continue to rely on the announcements and disclosures it makes to the London Stock Exchange and will have no Sarbanes-Oxley or SEC reporting requirements.

On **November 1, 2023**, the Company announced that it had initiated an ICC (International Chamber of Commerce) arbitration case seated in Paris, France against Entreprise Tunisienne d'Activités Pétrolières ("**ETAP**"), the national oil company of the Republic of Tunisia (the "**ICC Arbitration**").

On **July 10, 2023**, the Company announced that it had successfully obtained a "conservative seizure" for an amount equivalent to approximately US\$6.5 million deposited in a bank account under the name of ETAP in

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

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

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

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

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

On **November 28, 2023**, the Company announced that it had signed a Memorandum of Understanding (the "**MoU**") with Nile Services and Logistics Company Ltd ("**Nile SLC**") in the Republic of South Sudan.

On **November 29, 2023**, the Company announced that the ICC (International Chamber of Commerce) appointed Arbitral Tribunal for the arbitration claims launched against Entreprise Tunisienne d'Activités



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Pétrolières ("ETAP"), the national oil company of the Republic of Tunisia (the "ICC Arbitration"), had rejected ETAP's request to include the Tunisian State as co-defendant and ordered ETAP to pay approximately EUR 120,000 in costs.

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

On **November 30, 2023**, the Company announced that as it was in the advanced stage of finalising terms for the potential acquisition of oil production and development assets, it had incorporated a subsidiary in the Republic of Kazakhstan, named Zenith Munay LLP.

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

### **Background**

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

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

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

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

### **Claim**

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

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

- CNAOG's lost production revenue and associated profitability, during a period of high energy prices, from the SLK Concession until its initial expiry in December 2022.

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

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

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

On **December 20, 2023**, the Company announced the conditional acquisition of an initial 50% of the shares and voting rights in Devonian Petroleum Limited ("**Devonian**"), a private oil company registered in the United Kingdom, for a total investment in cash and in kind assessed at approximately 5 million USD (the "**Conditional Acquisition**").

#### **Conditional Acquisition Highlights**

- In 2019, Devonian was awarded the Akkudukski exploration block (the "**Akkudukski Block**") of approximately 1,094 km<sup>2</sup> in the Precaspian Basin, Kazakhstan, in a competitive bid round. Devonian has the hydrocarbon exploration rights to the basement, with the exception of the 2.9 km<sup>2</sup> Akkuduk Jurassic oilfield, owned and operated by EmbaMinaGas, a subsidiary of KazMuniGaz, the Kazakh national oil company.
- 3-D seismic presently covers approximately 70% of the Akkudukski Block.
- The current Akkudukski Block Competent Person's Report ("**CPR**") assigns P50 resources of 120 million barrels above the salt and 400 million barrels below the salt.
- The Akkudukski Block is located in the Embinsky district of the Atyrau Region in the North Caspian Basin, on the eastern coast of the Caspian Sea, about 250 kilometres southeast of Atyrau the regional oil capital.
- In supra-salt reservoirs above the Kungurian Evaporate regional seal, an undeveloped Middle Triassic oilfield in sandstones underlies the Akkuduk Jurassic oilfield. This was identified in the AK-20 well, drilled in 2016, which recovered low sulphur light oil at 2,660m in an MDT test on Wireline in addition to seeing gas in the Jurassic at 1,913m. There are, additionally, at least 6 mid-Triassic seismic prospects and at least 1 more Jurassic seismic lead. Jurassic well KM-1 encountered more than 30m of oil-bearing sands in 2008 from 1,680 to 1,720m. In sub-salt reservoirs, a potential super-giant gas-condensate seismic prospect named 'Zholdaskali', geologically analogous to both the super-giant Tengiz oilfield operated by Chevron with approximately 25 billion barrels recoverable oil, located circa 60 km to the southwest, and to the adjoining Ansagan field, with approximately 400 million barrels of oil equivalent recoverable reserves, has been identified. The Akkudukski Block also contains potential reservoirs in 4-way closures, identified on seismic, in Lower Permian and Carboniferous sands.
- The Akkuduk producing Jurassic oilfield was discovered in 1981 with production in two Callovian sandstone horizons in a fault block with 4-way closure over a Kungurian evaporite diapir. The Jurassic oilfield has produced just over 6 MM bbls light oil on primary recovery to date. The Zholdaskali lead has been mapped on seismic in 2019 with 2-D and 3D seismic covering most of the lead. Devonian has subsequently

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identified Jurassic and deeper Permo-carboniferous sandstone seismic prospects. A deep parametric well, AKK-1P, was drilled in Soviet times to investigate a 45x10 km seismic feature seen (in low resolution 2D seismic) in the Devonian at circa 7,000m but drilling was suspended at 6,290m because of high pressure gas being encountered and tested.

- Devonian was the first UK company to be awarded a block of oilfields following a competitive government bid round, in accordance with the new code of the Republic of Kazakhstan 'On Subsoil and Subsoil Use' ("**SSU Code**"), by way of its local subsidiary, DP Energy LLP ("**DP Energy**") in which Devonian has a 99% interest.
- DP Energy holds a joint exploration and production contract for a term of six years from July 2019, to be followed by a production licence for a duration of 25 years subject to certain conditions being satisfied, primarily seismic reprocessing and the drilling of one new well.
- Under the terms of the Conditional Acquisition, Zenith has paid Devonian an initial deposit in the amount of US\$200,000 (the "**Deposit**").
- A second tranche in the amount of US\$1.8 million will be payable on the completion of a satisfactory legal and technical due diligence by Zenith 60 days from the date of signing the Conditional Acquisition (the "**Exclusivity**"), and the receipt of all necessary regulatory approvals in the Republic of Kazakhstan ("**Completion**").
- The Exclusivity will govern the commercial finalisation of the final terms and deal structure for the acquisition of the remaining 50% of DP to be paid in Zenith equity (the "**Final Contract**").
- If the Conditional Acquisition is not completed, Devonian will repay Zenith by set-off and will issue Zenith ordinary shares in the capital of DP representing 3% of its fully diluted share capital.
- The total amount of US\$2 million, having been paid upon Completion, will be complemented by an additional consideration estimated in the amount of approximately US\$3 million to cover the costs for the drilling and testing of a new well, to a maximum depth of 3,000 metres, in the Akkudukski Block (the "**First Well**"). This First Well will target either Triassic sandstone reservoirs at Akkuduk or Jurassic sandstone reservoirs at Kamen. The selection of the drilling location for the First Well will be mutually agreed.
- The Company has agreed to transport its drilling rig, a 1,200hp 260-ton onshore drilling rig ("**ZEN-260**"), to the Republic of Kazakhstan from Georgia, where it has been stored in recent years, for the purpose of drilling the First Well. Zenith will initiate the necessary importation formalities and obtain the required approvals and certifications for mobilisation of the ZEN-260 and ancillary drilling equipment to the chosen well location.

Zenith confirmed that following the signing of the Conditional Acquisition, it had discontinued all other negotiations in respect of potential acquisitions in the Republic of Kazakhstan. The Conditional Acquisition will be its sole focus.