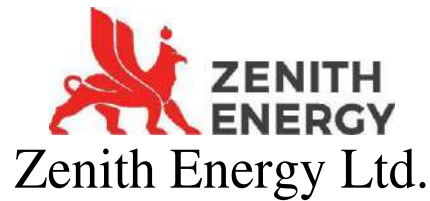


Prospectus dated 4 March 2021

*This document constitutes the base prospectus for purposes of Article 8 of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") of ZENITH ENERGY LTD ("**Zenith**" or the "**Issuer**") in respect of non-equity securities within the meaning of Article 8 of the Prospectus Regulation ("**Non-Equity Securities**") (the "**Prospectus**", which term shall include any supplements thereto published from time to time).*



**(incorporated as a private limited company (LTD)
under the Business Corporations Act British Columbia, Canada)**

Euro 25,000,000

***Euro Medium Term Note Programme for the issue of the Notes
(the "**Programme**")***

In relation to notes issued under this Programme (the "**Notes**"), this Prospectus has been approved by the *Finanzmarktaufsichtsbehörde* (the "**FMA**") of Austria in its capacity as competent authority (the "**Competent Authority**") under the Austrian Capital Markets Act 2019 (*Kapitalmarktgesetz 2019*) (the "**KMG 2019**") and under the Prospectus Regulation. The minimum denomination of the Notes will be EUR 1,000 or, if any currency other than Euro, in an amount in such other currency equal to or exceeding the equivalent of EUR 1,000 at the time of the issue of the Notes.

The FMA gives no undertaking as to the economic or financial opportuneness of any transaction under this Prospectus or to the quality and solvency of the Issuer but only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistence imposed by the Prospectus Regulation. The approval by the FMA should not be considered as an endorsement of the Issuer and the quality of the securities that are the subject of this Prospectus. Possible investors should make their own assessment as to the suitability of investing in the securities.

Certain issues of Notes under this programme may be subject to a public offer of such Notes in the Republic of Austria. Furthermore, application may be made for such Notes to be included in trading on the Vienna MTF or any other multilateral trading facility. However, Notes may also be issued under the Programme which are not admitted to trading on any stock exchange as indicated in the respective Final Terms. In order to be able to conduct a public offer in relation to certain issues of Notes, the Issuer applied for a notification pursuant to Article 25 of the Prospectus Regulation for an offer of such Notes in the Federal Republic of Germany ("**Germany**"), Republic of Italy ("**Italy**"), Grand Duchy of Luxembourg ("**Luxembourg**"), Republic of France ("**France**"), Kingdom of Belgium ("**Belgium**"), Kingdom of the Netherlands ("**Netherlands**"), Kingdom of Spain ("**Spain**"), Kingdom of Sweden ("**Sweden**"), Republic of Ireland ("**Ireland**") and Republic of Malta ("**Malta**"). The Issuer may from time to time arrange for a notification into other jurisdictions under Article 25 of the Prospectus Regulation.

This Prospectus and any supplement thereto will be published in electronic form on the website of the Issuer under <https://www.zenithenergy.ca/investors/bonds-credit-ratings/> and will be available free of charge at the specified office of the Issuer.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil their respective obligations under the Notes are discussed under "Risk Factors" below.

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I. ABBREVIATIONS AND DEFINITIONS

%/yr.	per cent per year
AAOG Congo	Anglo African Oil & Gas Congo S.A.U., a company established under the laws of the Republic of the Congo
AIM	London Stock Exchange's market for small and medium size growth companies
Altasol SA	a company established under the laws of Switzerland with its corporate seat in Lausanne, Switzerland
Aran Oil	Aran Oil Operating Company Limited, a company established under the laws of British Virgin Islands. Aran Oil Operating Company Limited has registered a branch in Baku, Azerbaijan
ARC Ratings	ARC Ratings, S.A., a company established under the laws of Portugal with its corporate seat in Lisbon, Portugal
bbl / bbls	barrel / barrels
BCBCA	British Colombia Business Corporations Act
BCRA Ratings	BCRA - Credit Rating Agency AD
BD-260 drilling rig	The BD-260 is a 1200 horsepower drilling rig with a static hook load capacity of 260 metric tonnes and will be used to complete the planned workover and drilling activities
BGB	German Civil Code (<i>Bürgerliches Gesetzbuch</i>)
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
BP	BP plc a company established under the laws of the United Kingdom with its corporate seat in London, United Kingdom
Brent oil price	Brent Crude is a major trading classification of sweet light crude oil that serves as a benchmark price for purchases of oil worldwide
CAD	Canadian Dollar
Canadian Placing	A placing in Canada of Common Shares of the Issuer that was completed in 2 August 2019 and in which course 47,812,500 Common Shares were issued
Canoel Italia S.r.l.	a company established under the laws of Italy with its corporate seat in Genoa, Italy
CBF	Clearstream Banking AG, a company established under the laws of Germany with its corporate seat in Frankfurt am Main
CBL	Clearstream Banking S.A., a company established under the laws of Luxembourg with its corporate seat in Luxembourg
CEMAC	Economic and Monetary Community of Central African States
CEO	Chief Executive Officer
CFA-Franc BEAC	Central African CFA franc (ISO 4217 code: XAF) is the currency of six independent states in Central Africa: Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon
Chapman	Chapman Petroleum Engineering Ltd., a company established under the laws of Alberta, Canada with its corporate seat in Calgary, Alberta, Canada, which operates as an independent and qualified reserves evaluator and auditor
Chapman Report 2020 – Italy	report about the oil and natural gas reserves and the value of future net revenue of Zenith Energy Ltd. in Italy as evaluated by Chapman Petroleum Engineering Ltd. as at 31 March 2020, and dated 22 September 2020; Annex 1 to this Prospectus

Chapman Report 2020 – Congo	report about the oil reserves and the value of future net revenue of Zenith Energy Ltd. in the Republic of the Congo as evaluated by Chapman Petroleum Engineering Ltd. as of 31 March 2020, and dated 22 April 2020; Annex 2 to this Prospectus
Chapman Report 2020 – Tunisia	report about the oil reserves and the value of future net revenue of Zenith Energy Ltd. in Tunisia as evaluated by Chapman Petroleum Engineering Ltd. as of 31 August 2020, and dated 2 September 2020; Annex 3 to this Prospectus
Chapman Reports 2020	The Chapman Report 2020 – Italy, the Chapman Report 2020 – Congo and the Chapman Report 2020 – Tunisia
CHF	Swiss Franc
CNPC	China National Petroleum Corporation
Common Shares	1,072,460,760 common shares issued by Zenith, that are all fully paid-in, and admitted to trading on the Oslo Børs – Merkur Market, of which 313,400,824 common shares in issue are also admitted to trading on the Main Market of the London Stock Exchange
Competent Authority	Austrian Financial Market Authority (<i>Finanzmarktaufsicht</i>)
Congo License I	a 56 per cent majority interest in the Tilapia oilfield in the Republic of the Congo. The Congo License I expired on 18 July 2020.
Congo License II	a 60 per cent interest in the Tilapia II oilfield in the Republic of the Congo, which has not yet been awarded to the Group.
Contract Rehabilitation Area	areas where existing production needs to be improved as defined under REDPSA
CREST	CREST is a UK-based central securities depository that holds UK equities and UK gilts, as well as Irish equities and other international securities
CTKCP	Compagnie Tuniso – Koweïto Chinoise de Petrole is located in Tunisia and is operating the North Kairouan permit and the Sidi El Kilani concession.
D&P	Delivery and Processing
date of this Prospectus	4 March 2021
Dealer	each financial intermediary who has been or will be appointed by the Issuer under the Programme
Deed Poll	contractual obligation under the Depositary Agreement
Depositary	Computershare Investor Services PLC, a company established under the laws of the United Kingdom, Canada with its corporate seat in Bristol, United Kingdom
Depositary Agreement	Depositary agreement dated 3 January 2017 between the Issuer and Computershare Investor Services PLC
Depositary Interests	are representing securities issued by the Issuer and with a view to facilitating the indirect holding by participants in CREST
DGH	General Directorate for Hydrocarbons (Tunisia)
discounted cash flow methodology	valuation method used to estimate the value of an investment based on its future cash flows
distributor	Any person who subsequently offers, sells or recommends the Notes
EBIT	earnings before interest and taxes
Edison Italia	Edison Italia S.r.l. in liquidazione, a company established under the laws of Italy with its corporate seat in Castel Focognano, Italy.
EEA	European Economic Area
EIA	Environmental Impact Assessment
EMTN	Euro Medium Term Notes

ESMA	European Securities and Markets Authority
ETAP	Entreprise Tunisienne d'Activités Pétrolières (national oil company of Tunisia)
EU	European Union
EUR	Euro
Euroclear	Euroclear Bank SA/NV, a company established under the laws of Belgium with its corporate seat in Brussels, Belgium
FIEA	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948)
Financial Services and Markets Act 2000	The Financial Services and Markets Act 2000 is an Act of the Parliament of the United Kingdom that created the Financial Services Authority as a regulator for insurance, investment business and banking, and the Financial Ombudsman Service to resolve disputes as a free alternative to the courts
Financial Statements 2019	the audited financial statements of the Issuer in respect of the financial year ending 31 March 2019
Financial Statements 2020	the audited financial statements of the Issuer in respect of the financial year ending 31 March 2020
Interim Financial Statements 2020/2021	the unaudited interim financial statements for the six months period ended 30 September 2020.
Financial Year 2018	financial year of the issuer ending 31 March 2018
Financial Year 2019	financial year of the issuer ending 31 March 2019
Financial Year 2020	financial year of the issuer ending 31 March 2020
FMA	Austrian Financial Market Authority (<i>Finanzmarktaufsichtsbehörde</i>)
FSMA	Financial Services and Markets Act 2000
FY 2018	Financial Year 2018; financial year of the Issuer ending 31 March 2018
FY 2019	Financial Year 2019; financial year of the Issuer ending 31 March 2019
FY 2020	Financial Year 2020; financial year of the Issuer ending 31 March 2020
Gas Plus	Gas Plus Italiana S.r.l., a company established under the laws of Italy with its corporate seat in Fornovo Di Taro, Italy
GBM	GBM Banka S.p.A. a banking company established under the laws of Italy with its corporate seat in Milan, Italy
GBP	Pound Sterling
Global Note	a Temporary Global Note or a Permanent Global Note
Group	ZENITH ENERGY LTD and its subsidiaries
HSE	health, safety and environment
IADC	International Association of Drilling Contractors
IAS	International Accounting Standards
IAS 34	IAS 34 - <i>Interim Financial Reporting</i> applies when an entity prepares an interim financial report. Permitting less information to be reported than in annual financial statement, the standard outlines the recognition, measurement and disclosure requirements for interim reports
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England & Wales
ICMA	International Capital Market Association
ICSDs	International Central Securities Depositories
IDD	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast)

IEA	International Energy Agency
IFRS	International Financial Reporting Standards
Inc.	Incorporated
inter alia	among others
IOCs	International oil companies
IPSOA Milan	An educational institution for professionals and company personnel in the legal and managerial tax field, located in Milan. It is part of the Wolters Kluwer group
ISIN	International Securities Identification Number
Issuer	ZENITH ENERGY LTD
IT	information technology
km ²	square kilometres
KMG 2019	Austrian Capital Market Act 2019 (<i>Kapitalmarktgesetz 2019</i>)
LEI	legal entity identifier
LTD / Ltd.	Privat Limited Company
M\$	thousand US Dollar
Main Market of the London Stock Exchange	a regulated market operated by the London Stock Exchange.
Maturity Date	the date on which the principal amount of a Note becomes due
mb/d	millions of barrels per day
Mbbl	one thousand barrels
Mcf/d	million cubic feet per day
Merkur Market of the Oslo Børs	Merkur Market is a Multilateral trading facility (MTF) operated by the Oslo Børs, Norway
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MiFID Product Governance Rules	outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate, according to Directive 2014/65/EU (MiFID II)
MMcf	million cubic feet; a measurement of gas volume only.
MMscf	million standard cubic feet
Mscf/d	million standard cubic feet per day
MSTB	thousand stock tank barrels
MTF	Multilateral Trading Facility
NAEP	Agence Nationale de Protection de l'Environnement (Tunisian National Agency for the Protection of the Environment)
Netback	Netback is calculated by taking the revenues from the oil, less all costs associated with getting the oil to a market, including transportation, royalties, and production costs.
NGN	New global note
no.	number
NOK	Norwegian krone, the currency of the Kingdom of Norway
Non-exempt Offer	an offer of Notes to which the obligation to publish a Prospectus according to Article 3 of the Prospectus Regulation shall not apply
Note	notes issued under this Programme
OeKB CSD	OeKB CSD GmbH, a company established under the laws of Austria with its corporate seat in Vienna, Austria
Olympia	Olympia Trust Company, a company established under the laws of Alberta, Canada with its corporate seat in Calgary, Alberta, Canada
OPEC	Organization of Petroleum Exporting Countries
Oslo Børs	Oslo Børs is the securities exchange of Norway, based in the Norwegian capital Oslo

pari passu	side by side
Permanent Global Note	Notes are initially represented by a Temporary Global Note and will be exchangeable for Notes represented by a Permanent Global Note
Pool region	The region surrounding Pool, a department of the Republic of the Congo in the southeastern part of the country.
Plc	public limited company
PRIIPs Regulation	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products
Programme	Euro 25,000,000, Euro Medium Term Note Programme for the issuance of notes by Zenith Energy Ltd
Prospectus	this Prospectus dated 4 March 2021
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
PSA	Production sharing agreement
Q	quarter year
REDPSA	Rehabilitation, Exploration, Development and Production Sharing Agreement
Registrar	Computershare Trust Company of Canada, a company established under the laws of Ontario, Canada with its corporate seat in Toronto, Canada
Registrar Agreement	A transfer agency and registrarship agreement between the Issuer and Olympia Trust Company concluded dated 5 March 2008, The agreement has been transferred on 11 July 2014 with the Issuer's consent to Computershare Trust Company of Canada.
risk-free rate of return	the rate of return of a hypothetical investment with no risk of financial loss, over a given period of time
Robotics	B Robotics W S.r.l., a company established under the laws of Italy with its corporate seat in Besenzone, Emilia-Romagna, Italy
S.A.	società anonima, stock company in various jurisdiction including, Switzerland, Luxembourg and Argentina.
S.p.A.	società per azioni, stock company according to Italian law
S.r.l.	società a responsabilità limitata, limited liability company according to Italian law
Securities Act	U.S. Securities Act of 1933
Sedar	www.sedar.com; the official site that provides access to most public securities documents and information filed by issuers with the thirteen provincial and territorial securities regulatory authorities ("Canadian Securities Administrators") in the SEDAR filing system
SLK	Sidi El Kilani oilfield
SMP	Société de Maintenance Pétrolière
SNPC	Société Nationale des Pétroles du Congo (national oil company of the Republic of the Congo)
SOA	SOCAR Oil Affiliate
SOCAR	State Oil Company of the Azerbaijan Republic
STB/d	Standard Barrels of crude oil per day
stmc/d	standard cubic meter of gas per day

Temporary Global Note	Notes are initially represented by a Temporary Global Note and will be exchangeable for Notes represented by a Permanent Global Note
TSX-V	Toronto Stock Exchange-Venture
Tunisian Acquisition	Tunisian Acquisition Part I together with Tunisian Acquisition Part II; therefore, the acquisition of a total working interest of 45 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession
Tunisian Acquisition Part I	acquisition of a working interest of 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession from KUFPEC (Tunisia)
Tunisian Acquisition Part II	acquisition of its working interest of 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession from CNPC
U.S.	United States of America
UAE	United Arab Emirates
UK	United Kingdom of Great Britain
Urals	Urals oil is a reference oil brand used as a basis for pricing of the Russian export oil mixture
USD	US Dollar
VAT	value added tax
Warrants	full common share purchase warrants, that were issued in the course of the Canadian Placing and are exercisable within 12 months at an exercise price of CAD 0.10
Zena	Zena Drilling Limited, a company established under the laws of the United Arab Emirates. It has registered a branch in Baku, Azerbaijan
Zenith	ZENITH ENERGY LTD
Zenith Aran	Zenith Aran Oil Company Limited, a company established under the laws of the British Virgin Islands. It has registered a branch in Baku, Azerbaijan
Zenith Congo	Zenith Energy Congo SA, a company established under the laws of the Republic of the Congo
Zenith Netherlands	Zenith Energy Netherlands B.V., a company established under the laws of the Netherlands

II. IMPORTANT NOTICE

Responsibility for this Prospectus

Zenith, with its registered office at 20th Floor, 250 Howe Street, Vancouver BC V6C 3R8, Canada, is solely responsible for the information given in this Prospectus and any Final Terms.

Zenith hereby declares that, to the best of his knowledge, the information contained in the Prospectus document is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Final Terms and other relevant information

This Prospectus should be read and understood in conjunction with any supplement thereto, if any, and with the documents incorporated by reference. Full information on the Issuer and any tranche of notes is only available on the basis of the combination of the Prospectus, any supplement thereto, if any, and relevant final terms (the "**Final Terms**").

The Issuer confirms that this Prospectus contains all information with regard to each of the Issuer and the Notes which is material in the context of the Programme and the issue and offering of Notes thereunder; that the information contained herein with respect to the Issuer and the Notes is accurate in all material respects and is not misleading; that the opinions and intentions expressed herein are honestly held; that there are no other facts with respect to the Issuer or the Notes, the omission of which would make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading and that all reasonable enquiries have been made to ascertain all facts material for the purposes aforesaid.

The Issuer shall amend or supplement this Prospectus or, if appropriate in light of the information and/or the changes to be introduced, publish a new Prospectus if and when the information herein should become materially inaccurate or incomplete, and shall furnish such supplement to the Prospectus or new Prospectus, as the case may be, mentioning every significant new factor, material mistake or inaccuracy to the information included in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Prospectus has been approved and the closing of any tranche of Notes offered to the public or, as the case may be, when trading of any tranche of Notes on a regulated market begins, in respect of Notes issued on the basis of this Prospectus.

Unauthorised information

No person has been authorised to give any information which is not contained in, or not consistent with, this Prospectus or any other document in relation to the Programme or any information supplied by the Issuer or such other information as in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer, the Dealers or any of them.

This Prospectus and any supplement thereto as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Prospectus, any supplement thereto, or any Final Terms and the offering, sale or delivery of any Notes may not be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since that date or that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus or any Final Terms come are required by the Issuer and the Dealer(s) to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Notes, see Section III. – General Description of the Programme – Selling Restrictions on pages 11-14.

For a description of restrictions applicable in the United States of America, Japan, the European Economic Area and the United Kingdom see Section III. – General Description of the Programme – Selling Restrictions on pages 11-14. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Prospectus nor any Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and should it not be considered as a recommendation by the Issuer or the Dealer(s) that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Consent to the use of the Prospectus

With respect to Article 5 (1) of the Prospectus Regulation, the Issuer may consent, to the extent and under the conditions, if any, indicated in the relevant Final Terms, to the use of the Prospectus for a certain period of time or as long as the Prospectus is valid in accordance with the Prospectus Regulation and accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of Notes by any financial intermediary which was given consent to use the prospectus, if any.

Such consent may be given to one or more (individual consent) specified financial intermediary/intermediaries, as stated in the Final Terms, and, next to the Republic of Austria, for the following member states, into which the Prospectus has been passported and which will be indicated in the relevant Final Terms: the Federal Republic of Germany, the Republic of Italy, the Grand Duchy of Luxembourg, the Republic of France, the Kingdom of Belgium, the Kingdom of the Netherlands, the Kingdom of Spain, the Kingdom of Sweden, the Republic of Ireland, the Republic of Malta. "). The Issuer may from time to time arrange for a notification into other jurisdictions under Article 25 of the Prospectus Regulation; such additional member states into which the Prospectus has been passported will be indicated in a supplement to this Prospectus.

Any new information with respect to the each financial intermediary/intermediaries allowed to use this Prospectus, unknown at the time of the filing of the Final Terms, as the case may be, will be published in electronic form at the website of the Issuer <https://www.zenithenergy.ca/investors/bonds-credit-ratings/>.

Such consent by the Issuer is subject to each financial intermediary/intermediaries complying with the terms and conditions described in this Prospectus and the relevant Final Terms as well as any applicable selling restrictions. The distribution of this Prospectus, any supplement to this Prospectus, if any, and the relevant Final Terms as well as the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law.

Each financial intermediary/intermediaries, if any, and/or each person into whose possession this Prospectus, any supplement to this Prospectus, if any, and the relevant Final Terms come are required to inform themselves about and observe any such restrictions. The Issuer reserves the right to withdraw its consent to the use of this Prospectus in relation to each financial intermediary/intermediaries.

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus is available for viewing in electronic form on the website of the Issuer <https://www.zenithenergy.ca/investors/bonds-credit-ratings/>.

When using the Prospectus, each financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

In the case of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the Notes and the offer thereof, at the time such offer is made.

If the Final Terms state that the consent to use the Prospectus is given to one or more specified financial intermediary/intermediaries (individual consent), any new information with respect to financial intermediaries unknown at the time of the approval of the Prospectus or any supplements thereto or the filing of the Final Terms will be published on the website of the Issuer under <https://www.zenithenergy.ca/investors/bonds-credit-ratings/>.

Language

This Prospectus has been drafted in the English language and, subject to the following paragraph, the English language shall be the prevailing language of this Prospectus.

Where parts of this Prospectus are drafted in a bilingual format reflecting both an English language version and a German language version, for purposes of reading and construing the contents of this Prospectus, the English language version shall prevail, provided, however, that certain parts of this Prospectus (in particular the terms and conditions of the Notes) reflect documents which have been, or will be, executed as separate documents with the German language version being the prevailing version thereof.

Forward-Looking Statements

This Euro Medium Term Note Programme Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “target”, “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. These forward-looking statements appear in this Euro Medium Term Note Programme Prospectus and include, but are not limited to, statements regarding the Issuer and its subsidiaries’ (together the “**Group**”) intentions, beliefs or current expectations concerning, among other things, the Group’s business, results of operations, financial position, liquidity, prospects, growth and strategies.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group’s operations, financial position and liquidity, and the development of the markets in which the Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Euro Medium Term Note Programme Prospectus. In addition, even if the Group’s results of operations, financial position and liquidity, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Euro Medium Term Note Programme Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Euro Medium Term Note Programme Prospectus reflect the Issuer’s and the Group’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s business, results of operations, financial position, liquidity, prospects, growth and strategies. Investors should specifically consider the factors identified in this

Euro Medium Term Note Programme Prospectus, which could cause actual results to differ, before making an investment decision. Subject to all relevant laws, regulations or listing rules, the Issuer undertakes no obligation, publicly to release the result of any revisions to any forward-looking statements in this Euro Medium Term Note Programme Prospectus that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Euro Medium Term Note Programme Prospectus.

Conflicts of Interest

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The notes may not be suitable investment for all Investors

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes, and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to and knowledge of appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviours of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) recognize that it may not be possible to dispose of the Notes for a substantial period of time, if at all, before maturity.

Global Notes may be held by or on behalf of Euroclear, CBF, CBL and OeKB

Notes issued under the Programme may be represented by one or more Global Note(s). Global Notes may be deposited on the issue date with a common safekeeper for Euroclear and CBL. Global Notes may also be

deposited with CBF or OeKB. Euroclear, CBF, CBL and OeKB will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Note(s) investors will be able to trade their beneficial interests only through Euroclear, CBF, CBL or OeKB.

While the Notes are represented by one or more Global Note(s) the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or to the common service provider (in the case of Notes issued in NGN form), as the case may be, for Euroclear, CBF and CBL for distribution to their accountholders. A Noteholder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, CBF, CBL or OeKB to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

PRIIPS/IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes include a legend entitled "**Prohibition of Sales to EEA Retail Investors**", the Notes are not intended, to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4 (1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4 (1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market

The Final Terms in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 25,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time.

Use of this Prospectus

This Prospectus may only be used for the purpose for which it has been published. This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by and to anyone in any jurisdiction

in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus, any supplements thereto and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any of the Notes.

Stabilisation

In connection with the issue of any tranche of Notes under the Programme, the Dealer or Dealers (if any) who is/are named in the relevant Final Terms as the stabilising manager(s) (or persons acting on its/their behalf) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche of Notes is made and, if begun, may cease at any time, but it must end no later than 30 days after the issue date and 60 days after the date of the allotment of the Notes.

Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or person(s) acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.

Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and may not be an arithmetic aggregation for the figures that preceded them.

Currencies

Currencies used in this Prospectus include EUR, GBP, CAD, USD and CHF. The below conversion rates provide a guideline for conversion to EUR for certain dates used in the financial statements referred to in this Prospectus (Source: Currency calculator; "onvista" <https://www.onvista.de/devisen/>; 4 March 2021)

US Dollar (USD):

01.04.2018 (first day of FY 2019)	1 USD	0.8121 EUR
31.03.2019 (last day of FY 2019)	1 USD	0.8910 EUR
01.04.2019 (first day of FY 2020)	1 USD	0.8924 EUR
31.03.2020 (last day of FY 2020)	1 USD	0.9069 EUR
30.09.2020 (last day of the six months period ending on 30 September 2020)	1 USD	0,8441 EUR
04.03.2021 (date of this Prospectus)	1 USD	0,8296 EUR

Canadian Dollar (CAD):

01.04.2018 (first day of FY 2019)	1 CAD	0.6298 EUR
31.03.2019 (last day of FY 2019)	1 CAD	0.6675 EUR
01.04.2019 (first day of FY 2020)	1 CAD	0.6703 EUR
31.03.2020 (last day of FY 2020)	1 CAD	0,6442 EUR
30.09.2020 (last day of the six months period ending on 30 September 2020)	1 CAD	0,6470 EUR
04.03.2021 (date of this Prospectus)	1 CAD	0,6560 EUR

Pound Sterling (GBP):

01.04.2018 (first day of FY 2019)	1 GBP	1.1398 EUR
31.03.2019 (last day of FY 2019)	1 GBP	1.1603 EUR
01.04.2019 (first day of FY 2020)	1 GBP	1.1661 EUR

Swiss Franc (CHF):

01.04.2018 (first day of FY 2019)	1 CHF	0.8501 EUR
31.03.2019 (last day of FY 2019)	1 CHF	0.8947 EUR
01.04.2019 (first day of FY 2020)	1 CHF	0.8925 EUR

31.03.2020 <i>(last day of FY 2020)</i>	1 GBP	1,1250 EUR
30.09.2020 <i>(last day of the six months period ending on 30 September 2020)</i>	1 GBP	1,1267 EUR
04.03.2021 <i>(date of this Prospectus)</i>	1 GBP	1,1573 EUR

31.03.2020 <i>(last day of FY 2020)</i>	1 CHF	0,9426 EUR
30.09.2020 <i>(last day of the six months period ending on 30 September 2020)</i>	1 CHF	0,9257 EUR
04.03.2021 <i>(date of this Prospectus)</i>	1 CHF	0,9015 EUR

III. GENERAL DESCRIPTION OF THE PROGRAMME

The following description of the Programme does not purport to be complete and is qualified by the remainder of this Euro Medium Term Note Prospectus and, in relation to the terms and conditions of any particular tranche of Notes, the terms and conditions set out herein and the applicable Final Terms. Words and expressions defined under "Terms and Conditions of the Notes" shall have the same meanings in this section.

General

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer(s). The Issuer may increase the amount of the Programme from time to time, subject to publication of a supplement to this Prospectus.

Notes will be issued on a continuous basis in tranches with no minimum issue size, each tranche consisting of Notes which are identical in all respects. One or more tranches, which are expressed to be consolidated and forming a single series and identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments may form a series ("**Series**") of Notes. Further Notes may be issued as part of existing Series. The specific terms of each tranche will be set forth in the applicable Final Terms.

The Notes may be issued to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time; the appointment may be for a specific issue or on an ongoing basis and may be sold on a syndicated and non-syndicated basis pursuant to respective subscription agreements.

Issuer

Zenith Energy Ltd.

Programme Amount

The current maximum aggregate principal amount of all Notes at any one time outstanding under the Programme will not exceed EUR 25,000,000 (or its equivalent in other currencies), subject to an increase from time to time in accordance with applicable law.

Dealer

Notes may be issued from time to time to one or more of Dealers, if any, (the "**Dealers**" and each a "**Dealer**").

Fiscal Agent

The Bank of New York Mellon, London Branch
One Canada Square, Canary Wharf, London E14 5AL, United Kingdom

Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square, Canary Wharf, London E14 5AL, United Kingdom

The Bank of New York Mellon, Frankfurt Branch
Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany

Approval and Notifications

This Prospectus has been approved by the FMA in its capacity as competent authority (the "**Competent Authority**") under the Austrian Capital Markets Act 2019 (*Kapitalmarktgesetz 2019*) (the "**KMG 2019**") and under the Prospectus Regulation.

The FMA gives no undertaking as to the economic or financial opportuneness of any transaction under this Prospectus or to the quality and solvency of the Issuer but only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistence imposed by the Prospectus Regulation.

The approval by the FMA should not be considered as an endorsement of the Issuer that is the subject of this Prospectus.

Possible investors should make their own assessment as to the suitability of investing in the securities.

In order to be able to conduct a public offer in relation to certain issues of Notes, the Issuer applied for a notification pursuant to Article 25 of the Prospectus Regulation for an offer of such Notes in the Federal Republic of Germany ("**Germany**"), in the Republic of Italy ("**Italy**"), in the Grand Duchy of Luxembourg ("**Luxembourg**"), in the Republic of France ("**France**"), in the Kingdom of Belgium ("**Belgium**"), in the Kingdom of the Netherlands ("**Netherlands**"), in the Kingdom of Spain ("**Spain**"), in the Kingdom of Sweden ("**Sweden**"), in the Republic of Ireland ("**Ireland**") and in the Republic of Malta ("**Malta**"). The Issuer may from time to time arrange for a notification into other jurisdictions under Article 25 of the Prospectus Regulation.

Listing and Admission to Trading

Application may be made to list Notes issued under the Programme on the Vienna MTF of the Vienna Stock Exchange. The Vienna MTF is not a regulated market for the purposes of the MiFID II. The Programme provides that Notes may be listed on other or further MTFs of other stock exchanges as specified in the relevant Final Terms. Notes may further be issued under the Programme without being listed on any stock exchange.

Distribution

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Authorisations

The establishment of the Programme was authorised by a resolution of the Executive Board of the Issuer dated 4 November 2019. Tranches of Notes will be issued in accordance with internal approvals by the Issuer, as in force at the time of issue.

Clearance

The Notes have been accepted for clearance through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**CBL**") and may be accepted for clearance through Clearstream Banking AG ("**CBF**") and OeKB CSD GmbH ("**OeKB**"). The Common Code and the International Securities Identification Number ("**ISIN**") for each Series of Notes will be set out in the relevant Final Terms.

Various categories of potential investors to which the Notes may be offered

Notes may be offered to qualified investors and/or retail investors as further specified in the relevant Final Terms. Provided that an offer of Notes shall not require the Issuer nor any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the

Prospectus Regulation, this Prospectus shall be deemed a voluntary Prospectus pursuant to Article 4 of the Prospectus Regulation.

Documents on Display

Prospectus

This Prospectus, any supplement thereto, if any, and any documents incorporated by reference into this Prospectus will be published in electronic form on the website of the Issuer <https://www.zenithenergy.ca/investors/bonds-credit-ratings/> and will be available, during normal business hours, free of charge at the specified office of the Issuer.

This Prospectus has been prepared on the basis that, except to the extent subparagraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area, where the Prospectus Regulation is applicable, (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so

- i. in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or
- ii. if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 1 (4) of the Prospectus Regulation in that Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable.

Except to the extent subparagraph (ii) above may apply, neither any of the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Provided that an offer of Notes shall not require the Issuer nor any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, this Prospectus shall be deemed a voluntary Prospectus pursuant to Article 4 of the Prospectus Regulation.

Final Terms

In relation to Notes which are publicly offered, the final terms relating to the relevant Series of Notes (the "**Final Terms**") will be available, during normal business hours, at the specified office of the Issuer and in electronic form on the website of the Issuer <https://www.zenithenergy.ca/investors/bonds-credit-ratings/>.

Other Documents

Copies of the documents specified below will be available for inspection at the specified office of the Issuer, during normal business hours, as long as any of the Notes are outstanding:

1. the Issuer's articles of association (in the English language): <https://www.zenithenergy.ca/articles-of-association/>

2. the annual report containing the audited consolidated financial information of the Issuer in respect of the fiscal years ending on 31 March 2019: <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2020/03/24134459/Zenith-Energy-Ltd-FS-FY2019-signed.pdf>; also available on Sedar: <https://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00026551>;
3. the annual report containing the audited consolidated financial information of the Issuer in respect of the fiscal years ending on 31 March 2020: <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2020/10/29105540/Zenith-Energy-audited-results-2020-FY-Final-28.10.2020.pdf>; also available on Sedar: <https://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00026551>;
4. the unaudited interim financial statements 2020/2021 for the six months period ending on 30 September 2020: <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2020/12/01094058/Zenith-FS-30.09.2020.pdf>; also available on Sedar: <https://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00026551>.

During the validity period of this Prospectus, these documents will be available in electronic form on the website of the Issuer <https://www.zenithenergy.ca/investors/bonds-credit-ratings/>.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Notes of any Tranche, and will offer and sell the Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and such completion is notified to each relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the lead manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed to notify the Fiscal Agent or, in the case of a Syndicated Issue, the lead manager when it has completed the distribution of its portion of the Notes of any Tranche so that the Fiscal Agent or, in the case of a Syndicated Issue, the lead manager may determine the completion of the distribution of all Notes of that Tranche and notify the other Relevant Dealers (if any) of the end of the restricted period. Each Dealer agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of this tranche of Securities as determined, and notified to Relevant Dealers, by the Fiscal Agent/Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal

Revenue Code and regulations thereunder.

The Issuer may agree with one or more Dealers for such Dealers to arrange for the sale of Notes under procedures and restrictions designed to allow such sales to be exempt from the registration requirements of the Securities Act.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each Dealer has represented and agreed that it will not offer or sell any Note, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specify the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) *Approved Prospectus*: if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate,

approved in another Relevant State and notified to the competent authority in that Relevant State, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that in case of an offer of Notes referred to in (b) to (d) above this Prospectus shall be deemed a voluntary Prospectus pursuant to Article 4 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Sec. 19 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Sec. 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which Sec. 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required. Each Dealer has represented and agreed that it will comply with all relevant laws and directives in each jurisdiction in which it purchases, offers, sells, or delivers Notes or has in its possession or distributes the Prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, in all cases at its own expense, and neither the Issuer nor any other Dealer shall have responsibility

here for.

These selling restrictions may be modified by the agreement of the Issuer and the Dealers, *inter alia*, following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

IV. RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the Group and the industry in which they operate together with all other information contained in this Prospectus, including, in particular the risk factors described below, but also the documents incorporated by reference, any supplement thereto and the relevant Final Terms.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer and the Group and the Notes as set out below are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer and the Group face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider among other things, the risks and uncertainties described below.

Additional risks and uncertainties relating to the Issuer and the Group that are not currently known to the Issuer, or that either currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

Within this section "*Risk Factors*", the term "*Zenith*" means the Issuer together with all its subsidiaries.

1. RISKS RELATED TO ZENITH'S FINANCIAL SITUATION

The inability to raise additional funds may affect Zenith's going concern premise and its planned operations.

Due to the fact that the Issuer terminated its operations in Azerbaijan in the first half of 2020 and that the new focus in Africa, in particular the Republic of the Congo and Tunisia is in an early development phase and therefore currently not cost-covering, Zenith's principal source of funds is currently the issuance of equity from shareholders and investors. 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 independent auditor stated in the Financial Statements 2020 that the Group is required to raise additional funds in order to continue developing its oil and gas projects and to simultaneously satisfy loan repayments which are due within the going concern period.

Furthermore, in order to operate at the production levels stated in the Chapman Reports the Group – in addition to the current cash flow forecasts – will need to raise additional funds during the lifetime of the projects in the amount of approximately USD 11.5 million to meet the required capital expenditure. At the date of this Prospectus, the Group has not secured these additional funds. A failure to secure such funds indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and will endanger the Group's ability to fulfil its payment obligations.

The inability of the Issuer to meet its debt can have negative consequences for the Issuer and can result in severe financial problems for the Issuer.

The Issuer has various debts and is responsible to meet its debt when due. If the Issuer has to renegotiate financing contracts because of an inability to pay back debts when due, this can result in financial disadvantages, like increased interest rates that have to be paid, or more expensive external financings in general. In the past, the Issuer renegotiated various debts in order to postpone repayment. Breach of financing

contracts by the Issuer also bear the risk that a creditor may declare due an amount and thereby puts the Issuer under financial pressure that could result in a financial collapse of the Issuer. Creditors not receiving their money when due may also file legal claims or take legal action against the Issuer. Any of these consequences may have a significant impact on the financial situation and the operations of the Issuer, as the Issuer is required to raise additional funds continuously in order to continue developing its oil and gas projects and to simultaneously satisfy loan repayments which are due. At the date of this Prospectus the Issuer has not secured such funds to continue developing its oil and gas projects and to simultaneously satisfy loan repayments.

Negative impacts of the current rating or any potential future worsened rating of the Issuer may occur, which worsen the possibility of the Issuer to find new investors and to secure a sufficient financing of its operations.

The Issuer was assigned a medium to long-term issuer credit rating of "**B+ with Positive Outlook**" on 10 October 2018 by ARC Ratings, SA. ("**ARC Ratings**"), a European credit rating agency, registered with the European Securities and Markets Authority ("**ESMA**"). The credit rating was based on the potential for a high cash generation from its on-shore oilfield concession in Azerbaijan and, on the other hand, it's current still fragile financial situation and the risks and challenges to monetize its assets' value. In the first half of 2020 the Issuer has terminated its operations in Azerbaijan.

The Issuer was assigned a medium to long-term Company credit rating of "B- with a Developing Outlook" in May 2020 by Rating-Agentur Expert RA GmbH, due to the still fragile financial situation and the risks and challenges to monetize its assets. On 18 September 2020, the Rating-Agentur Expert RA GmbH confirmed the credit rating of Zenith Energy Ltd. at "B- with a Developing Outlook".

The Issuer was assigned a long-term issuer credit rating of "B- with a Stable Outlook" in August 2020 by BCRA - Credit Rating Agency AD, due to the strategic change in its business strategy by terminating its unsuccessful business in Azerbaijan and transferring its oil production activities to West Africa.

The current ratings could have negative impacts on the Issuer's access to financial sources, as potential investors could be discouraged by the current ratings and potential risks of loss of money. Moreover, it is possible that any future rating is worse compared to the current ratings, which could consequently worsen the possibilities of the Issuer to find new investors and arrange for sufficient financing.

The ratings are based on prognosed cash-flows. A failure of the Issuer to achieve the planned level of oil production in the Republic of the Congo and in Tunisia (or in other future activities), may lead to a rating differing substantially from the ratings currently assigned to the Issuer.

The reserve values of Zenith's properties may decrease if the Issuer will not be able to generate the estimated cash flow.

The reserve values of Zenith's properties, as estimated by independent engineering consultants, are based in part on cash flows to be generated in future years as a result of future capital expenditures and therefore contain a level of risk. Should the Issuer be unable to generate the amount of cash flow as estimated in the engineering reports, the reserve values of Zenith's properties are overvalued and need to be corrected in the financial statements of the Issuer. Furthermore, the value of Zenith's properties may decrease in the event the Issuer does not receive new respectively extended licenses in relation to the oil and gas assets already owned by the Issuer.

If the Tilapia II license in the Republic of the Congo will not be awarded to the Group, this will result in an impairment of the value of the acquired assets in the Republic of the Congo and the attributed provisional fair values will have to be corrected in the financial statements of the Issuer.

A devaluation of the reserve values of the Issuer's properties would have a negative impact on the Issuer's financial statements. Any devaluation of the reserve values of the Issuer's properties could lead to lower

future production, lower future cash flow and higher depreciation charges, and thus adversely affect the Issuer's results of operations, financial condition and future prospects.

Possible failure to realize profits out of the acquisition of the operations in Tunisia and in the Republic of the Congo.

In 2020, Zenith has made acquisitions in Tunisia and in the Republic of the Congo. Achieving positive economic results out of these acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Zenith's ability to implement the anticipated growth opportunities.

In Tunisia, the operations depend on the approval of the acquisition of the assets to be granted by the Comité Consultatif des Hydrocarbures of the Republic of Tunisia. Currently, the operations in Tunisia are run on the basis of a temporary pre-approval authorization.

Regarding the Republic of the Congo, achieving positive economic results out of this acquisition depends essentially on the successful award of the contract regarding the new 25-year license for the Tilapia II oilfield. On 23 December 2020, the Issuer announced that Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield. In accordance with Congolese procedures for the award of new hydrocarbon licenses, the award of the Tilapia II license is subject to the completion of an inquiry of public utility to be organised and performed by the Ministry of Hydrocarbons. On 10 February 2021, the Issuer announced that it has received formal confirmation regarding the successful completion of the inquiry of public utility. The final award of the license is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield. The integration of acquired businesses in Tunisia and in the Republic of the Congo requires substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters during this process.

The Issuer is exposed to risks resulting from foreign currency exchange rates fluctuations which may worsen the Issuer's ability to repay liabilities and may have a negative impact on the Issuer's cash flow, income statement or balance sheet.

World oil and gas prices are quoted in USD and the price received by Canadian incorporated producers is therefore affected by the CAD/USD exchange rate. A significant portion of Zenith's international activities are conducted in Euros in Italy, CFA-Franc BEAC in the Republic of the Congo, Tunisian Dinar in Tunisia and Pounds Sterling in the United Kingdom where Zenith is exposed to changes in foreign exchange rates as operating expenses, capital expenditures, and financial instruments fluctuate due to changes in exchange rates. Zenith never used derivative instruments to hedge its exposure to foreign exchange rate risks. In recent years, the Canadian dollar has fluctuated materially in value against the United States dollar. Material increases in the value of the Canadian dollar lead to the risk of negatively impacting Zenith's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of the Issuer's reserves as determined by independent evaluators. Any currency risks may have adverse effects on Zenith's cash flow, income statement or balance sheet. Foreign currency exchange rates fluctuations may aggravate the Issuer's ability to repay its liabilities.

The ability of the Issuer to fulfil its payment obligations is limited by its status as a holding company. Delays in the distribution of dividends or the delay of cash receipts can significantly impair the solvency of the Issuer.

The Issuer is not itself operationally active. The Issuer is a holding company that has no significant assets other than its investments and participations. As a holding company, the Issuer is dependent on the capital injection of its shareholders and the distribution of dividends from its subsidiaries in order to meet the payment obligations towards its creditors.

The liquidity of the Issuer depends from the earnings of its subsidiaries. As of the day of this Prospectus, the Issuer is highly dependent from the sales and earnings of its Italian subsidiary, Canoe Italia S.r.l., as this subsidiary is currently the most significant contributor to sales. As of the day of this Prospectus, the Issuer has no earnings in the Republic of the Congo; the earnings in Tunisia are marginal.

The subsidiaries may generate losses and in such case the Issuer will not receive liquidity in the form of dividends. If there are delays in the distribution of dividends to the Issuer or if distributions of dividends do not take place, this will have a material adverse effect on the liquidity of the Issuer, irrespective of the existing financing lines.

Liquidity problems can arise from delays of cash receipts, the inability to sell the Group's products and additional extraordinary events.

Delays of cash receipts from its counterparties and debtors complicates the Group's and the Issuer's ability to meet its payment obligations. In addition to the expected time-lags in payment by producers of oil and natural gas to the operators of the Group's properties, and by the operators to the Group, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the Group's properties or the establishment by the operator of reserves for such expense. At the date of this prospectus, Société Nationale des Pétroles du Congo ("SNPC") owes the Anglo African Oil & Gas Congo S.A.U. ("AAOG Congo"), a fully owned subsidiary of the Issuer, approximately USD 5.3 million as a result of the work conducted to date on the Congo License I. The Issuer and SNPC are in discussions in order to settle this issue. Non-payment of this amount of USD 5.3 million by SNPC may limit the Issuer's ability to meet its payment obligations.

The liquidity of the Group can also be affected by the inability to sell its products, by unexpected outgoing cash flows, by the obligation to provide additional guarantees or by the inability to access money and/or capital markets. This situation could arise due to circumstances beyond the Issuer's control, such as a general market disruption or an operational problem affecting the Group or third parties or also by the expectation, among the market participants, that the Issuer or other market participants are having a greater liquidity risk. The liquidity crisis and the loss of confidence in financial institutions can increase the funding costs of the Issuer and restrict its access to equity capital and debt capital.

Adverse financial market conditions may affect Zenith's refinancing abilities.

The costs and availability of financings have been adversely affected by the crisis in the financial sectors. The Issuer's long-term credit ratings of "B+ with Positive Outlook", "B- with a Stable Outlook", "B- with a Developing Outlook" and the fact that Zenith relies on raising equity as a source of income may lead to difficulties in refinancing its financial obligations. Zenith may be able to refinance only at increased interest rates. It might especially be difficult to obtain funds from banking and financial institutions. Given that the Issuer is dependent on raising additional debt capital and equity capital, the inability of Zenith to refinance would have a material adverse effect on its liquidity position and might, in a worst case, result in its insolvency.

The extent of the Issuer's current debt capital financing may make it difficult for the Issuer to raise additional capital; the repayment of the debt obligations may have a negative impact on the operating business and future expansion plans.

The Issuer is significantly financed by debt capital. From time to time Zenith may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt capital, which may increase Zenith's debt obligations above industry standards for oil and natural gas companies of a similar size. Depending on future exploration and development plans, Zenith may require additional equity and/or debt financings that may not be available or, if available, may not be available on favorable terms. Neither the Issuer's articles of association nor its by-laws limit the amount of debt that Zenith

may incur. There is the risk that the level of Zenith's debt obligations from time to time could impair Zenith's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

The ability of Zenith to make payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of Zenith. The degree to which Zenith is leveraged could have important consequences for Noteholders including: (i) Zenith's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) all or part of Zenith's cash flow from operations may be dedicated to the payment of the principal of and interest on Zenith's indebtedness, thereby reducing funds available for future operations; (iii) Zenith's borrowings may be at variable rates of interest, which would expose Zenith to the risk of increased interest rates; and (iv) Zenith may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures.

The freezing of oil and gas prices can, in the case of an increase of the oil and gas prices, significantly reduce revenues.

From time-to-time Zenith may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, there is a risk as Zenith will not benefit from such increases and may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements.

2. RISKS RELATED TO ZENITH'S BUSINESS ACTIVITIES AND INDUSTRY

If existing concessions expire and may not be extended and necessary permits may not be granted, the Group's expansion plans are delayed and already made investments could become worthless.

The Issuer currently has several gas production concessions in Italy that may not be extended upon their expiry. Moreover, the Issuer relies on exploration permits and approvals to commence production that may not be granted by the responsible authorities upon application. Delays in receiving necessary concessions and permits and failure to obtain required concessions and permits may have a negative impact on the business activities of the Issuer.

The Tilapia I license, which is central to generating returns from the acquisition in the Republic of the Congo, expired in July 2020 and the Group is awaiting the closing of the tender process regarding the Tilapia II license. On 23 December 2020, the Issuer announced that Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield. In accordance with Congolese procedures for the award of new hydrocarbon licenses, the award of the Tilapia II license is subject to the completion of an inquiry of public utility to be organised and performed by the Ministry of Hydrocarbons. On 10 February 2021, the Issuer announced that it has received formal confirmation regarding the successful completion of the inquiry of public utility. The final award of the license is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield.

If the Tilapia II license will not be granted, this will result in an impairment of the value of the acquired assets and negatively impact the Group's operation in the African region.

The non-extension of an already existing concession or the loss in a bidding process would delay expansion plans of the Issuer and make the investments the Issuer already made in believe of the extension/ award in a bidding process worthless. Since the Group is - as of the date of this Prospectus - only invested in three countries, a failure to extend an existing concession or the loss in a bidding process significantly changes the business strategy and future cash flow assumptions of the Group.

Any legal, regulatory or other change of the framework conditions may affect the Issuer significantly due to a lack of diversification of the Issuer's business activity.

The Issuer is currently only involved in oil production in Tunisia, in the natural gas and electricity production in Italy and in an early planning phase for a potential future oil production in the Republic of the Congo. Therefore, any legal, regulatory or other change of the framework conditions in one of those national industries may have a substantial negative effect on the financial situation of the whole Group, since it will likely not be able to compensate negative effects that appear in one field of business with its business activities in another area of operations. In particular, any legal, regulatory or other change of the framework conditions in Italy would affect the financial situation of the whole Group substantially given that the natural gas and electricity production in Italy is the main source of income. The Issuer freshly entered the markets of Tunisia and of the Republic of the Congo in spring of the year 2020. In the Republic of the Congo, the Issuer's subsidiary Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield. On 10 February 2021, the Issuer announced that it has successfully completed the inquiry of public utility. The final award of the license is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield. Until the license to operate the oilfield is finally granted, the Group is not allowed to start production in the Republic of the Congo. As of the date of this Prospectus, the Issuer has no revenues in the Republic of the Congo. Since the oil production in Tunisia is still at an early stage, the revenues from the Tunisian operations are currently minor compared to revenues deriving from the Italian operations. Therefore, the Group's production result is currently driven by the Italian operations.

Any interruption of the production in the active and producing concessions may affect the Issuer significantly due to a lack of diversification of the Issuer's business activity.

The Issuer is currently only involved in oil production in Tunisia and in the natural gas and electricity production in Italy. Since the Issuer has currently no revenues in the Republic of the Congo and the revenues from the Tunisian operations are currently minor compared to revenues deriving from the Italian operations, the Group's production result is currently mainly driven by the Italian operations. As of the day of this Prospectus, the Issuer has only three gas concessions in Italy that are active and producing. Out of these three gas concessions, the reserves of the San Mauro gas concession should have finished some years ago according to the calculations of experts. In case that the San Mauro gas concession stops producing due to lack of available gas, the Group's production results are driven by only two gas concessions. Any interruption to production in one or both of these two gas concessions affects the production and therefore the revenue of the Issuer significantly.

Zenith's oil and natural gas reserves data presented in this Prospectus are only estimates which may vary significantly from the actual quantities of oil and gas reserves that may be recovered.

The reserves data set forth in this Prospectus and in the Chapman Reports represent only estimates and should not be construed as exact quantities. Numerous uncertainties are inherent in estimating quantities of proved reserves, future probable rates of production and the timing of development expenditures.

The reliability of proved reserve estimates depends on a number of factors, assumptions and variables, many of which are beyond Zenith's control. These include:

- the quality and quantity of available geological, technical and economic data;
- whether the prevailing tax rules and other government regulations, contractual conditions, oil, gas and other prices will remain the same as on the date the estimates were made;
- the production performance of Zenith's reservoirs; and
- extensive engineering interpretation and judgment.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves.

Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

Results of drilling, testing and production after the date of the estimates may require substantial downward revisions in Zenith's reserve data.

The Issuer may not be able to reach the production capacities as mentioned in the Chapman Reports. According to internal calculations of the Issuer, an additional capital in the amount of approx. USD 11.5 million is required in order to reach the production capacities as mentioned in the Chapman Reports. There is a risk that the Issuer will not be able to acquire this amount of capital or that the amount required is significantly higher than calculated.

Malfunctions of purchased equipment significantly worsens the financial situation and production capabilities of the Issuer.

The Issuer follows the strategy to purchase its own drilling equipment while most competitors do not buy their own drilling equipment. Most competitors are outsourcing the drilling of the wells to third parties. Zena Drilling Limited, a subsidiary of the Issuer, has signed and executed a purchase agreement for the acquisition of a BD-260 drilling rig assembled by B Robotics W S.r.l ("**Robotics**") for a total consideration of EUR 2,250,200.

There is a risk that the purchased equipment is not or only partially usable, or that the purchased equipment becomes unfit for its use prematurely. Malfunctions in the purchased drilling equipment considerably reduce its value and leads as a result to a reduction in the production capabilities and therefore to a worsening of the financial situation of the Group.

A decline in the prices of crude oil, natural gas, petroleum products and electricity has an adverse effect on the Issuer's results of operations.

The demand for and prices of crude oil, natural gas, petroleum products and electrical power depends on a variety of factors over which Zenith has no control, including:

- global and regional economic and political developments in resource-producing regions;
- international supply and demand;
- the level of consumer and industry demand;
- weather conditions;
- the price and availability of alternative products;
- actions taken by governments;
- governmentally regulated supply tariffs for gas and electrical power;
- the impact of certain economic and political events; and
- the ability of international cartels (such as OPEC) and oil-producing nations to influence production levels and prices.

Historically, international crude oil and natural gas prices have fluctuated widely. Starting from September 2014, prices of crude oil significantly decreased. In 2015, markets faced sharp declines in oil prices from USD 56/bbl as of 31 December 2014 to USD 37/bbl as of 31 December 2015, resulting from a significant oversupply and slowed down demand. After the low of USD 26/bbl in January 2016, oil prices increased to USD 50/bbl in December 2016, especially following the agreement of OPEC members in November 2016 to cut production by 1.2 million barrels. The Brent oil price rose to USD 66.5/bbl at the end of the year 2017 and in early October 2018, the Brent crude price recorded an annual high of USD 86.2/bbl. In 2019, the price of Brent crude stood at an average of USD 64.3/bbl and displayed a volatility of around 50 per cent over the course of the year 2019. Since the beginning of 2020, the Brent oil price has dramatically decreased due to a significant decline in demand after the outbreak of the COVID-19 pandemic. The first quarter of 2020 saw the worst performance on record for the market. Oil prices decreased to around USD 17 in April 2020. As of

May 2020, oil has managed to recap some of its earlier losses, reaching an average price of approximately USD 48.52 per barrel at the end of December 2020. (*Source:* <https://www.macrotrends.net/2516/wti-crude-oil-prices-10-year-daily-chart>)

Another material decline in the price of crude oil or natural gas would have a material adverse effect on Zenith's results of operations and reserves estimates. Furthermore, lower crude oil and natural gas prices may also reduce the amount of oil and natural gas that Zenith can produce economically or reduce the economic viability of projects planned or in development.

Furthermore, rapid material and/or sustained changes in oil, gas and petroleum product and electricity prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate. For example, a prolonged period of low oil, gas or petroleum product or electricity prices may affect Zenith's ability to maintain its long-term investment program, which is based on certain assumptions concerning price developments. Price declines could prevent Zenith from maintaining earnings and cash flows at a level sufficient to meet its targets and to fund Zenith's planned capital expenditure.

Zenith faces competition from other oil and gas companies in all areas of its operations.

The petroleum industry is competitive and investing in Zenith contains an inherent level of risk. Zenith will compete with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Zenith's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Zenith. Zenith's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. The Issuer is looking to acquire new oil and gas fields. There is a risk that competitors of the Issuer's, who have greater financial resources, staff and facilities, are more successful in the selection and acquisition of new suitable producing properties or prospects for exploratory drilling. The selection by the Issuer of a property which is not suitable for producing and exploratory drilling, or the granting of suitable producing properties to competitors of the Issuer can significantly worsen the future cash flow assumptions of the Group and the overall financial outlook of the Issuer in the future.

Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. A repeated material decline in the demand for oil and natural gas products comparable to the one caused by the outbreak of the COVID-19 pandemic will increase the competition between suppliers and lead to a sharp decline in prices. A sharp decline in prices will minimize the profit margin or may force the Issuer to sell its products below the cost of production. This will favour competitors that are able to produce at lower costs than the Group, may limit the Group's ability to sell its oil and natural gas products or may have negative effects on the revenue of the Issuer.

Zenith may be required to curtail, delay or cancel drilling operations.

Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The cost of drilling, completing or operating wells is often uncertain. Zenith may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements, such as drilling moratoria following an accident. Any interruption of the drilling operations significantly affects the production and therefore the revenues of the Issuer.

Risks due to the COVID-19 pandemic.

The global spread of the coronavirus (COVID-19), which has been observed worldwide since the beginning of 2020, is adversely affecting the development of the global economy and consumer behaviour. There is

equally an increased market uncertainty as well as considerable restrictions for private individuals and companies, which have a negative impact on the Issuer.

As a consequence of the COVID-19 pandemic, significantly adverse market conditions have occurred. Quarantines, curfews and further restrictions of business and social life have been imposed for several countries of the world, including those where the Issuer has its operations (Italy, Tunisia and the Republic of the Congo).

In view of the significantly reduced international demand and overcapacities, the oil prices have decreased and fell below USD 20/bbl on 21 April 2020. The Issuer expects that the supply surge, together with the massive uncertainty caused by the coronavirus outbreak, will lead to a highly volatile market environment in the following months. Another decline in prices will minimize the profit margin and will favor competitors that are able to produce at lower costs than the Issuer.

Further, the COVID-19 pandemic has led to a significant turmoil on capital markets, leading to plunges in stock market prices, including also in Issuer's price of shares, which has lost almost half of its value within a year.

It cannot be excluded that further countries, regions or municipalities in several countries of the world will impose new or even stricter temporary quarantines and curfews. Further, also countries, regions or municipalities which have already commenced retracting or lowering quarantines, curfews and further restrictions of business and social life may be forced to reimpose any such measures or even stricter measures in case infections with SARS-CoV-2 increase again. Such situation might exist until reliable treatments and medicine for treatment of COVID-19 patients and vaccinations against the SARS-CoV-2 virus are broadly available around the world. These events could cause a further disruption of regional or global economic activity as well as capital and credit markets, leading to an even stronger decrease in demand for the Issuer's products, which could materially affect the Issuer's operations, financial results and liquidity.

Accordingly, it is currently not foreseeable how long the COVID-19 pandemic will last and whether or when the impacts on capital markets, business transactions and social life will be halted or reduced.

Adverse financial and economic conditions as well as situations of a crisis may also lead to intensified competition for market share and available margin, with consequential adverse effects on volumes and prices. The financial and economic situation may also have a negative impact on third parties with whom the Issuer does, or will do, business. If there is an extended period of constraint in the capital or credit markets, at a time when cash flows from the Issuer's business operations may be under pressure or additional funds may be required, this may impact the Issuer's ability to fund its operations or required future investments, with a consequent negative effect on its business, and may impact shareholder returns, including dividends or the ability of the Issuer to pay back the notes issued under this Programme.

Zenith is dependent on its key personnel.

Zenith's future success is largely based on the acquired market knowledge and technical expertise of the management of the Issuer, including that of Mr. Cattaneo who has been a director of the Issuer since 9 December 2008. Mr. Cattaneo is an energy specialist with a focus on emerging countries and has 30 years' experience in advising governments in financial, industrial and energy-related matters. Mr. Cattaneo has strong expertise and experience in structuring and negotiating contracts in the international markets, especially the oil industry. He also has significant experience in former socialist countries and arranged the first USD loan to Vietnam, the then third poorest country in the world, towards the beginning of his financial career in 1985. In the event that key employees, for example Mr. Cattaneo, leave the Company, there is a risk that the Issuer will not be able to recruit comparably qualified key employees within a reasonable period of time or on reasonable terms. The departure of Mr. Cattaneo could also cause a loss of image and personal networks from which the Issuer benefits, in addition to a significant loss of know-how.

If permits, licenses and leases are not renewed at their expiration date, this has a negative impact on the future operations and revenues of the Group.

Zenith's properties are held in the form of permits, licenses, leases and working interests in permits, licenses and leases. If Zenith or the holder of the permit, license or lease fails to meet the specific requirement of a permit, license or lease, the permit, license or lease may terminate or expire. Furthermore, the permits, licenses, leases are assigned for a limited time. There can be no assurance that any of the obligations required for maintaining a permit, license or lease will be met or that the permit, license or lease will be renewed in the future.

Changes in legislation and the implementation of new regulations or the modification of existing regulations can affect the oil and natural gas industry negatively. Zenith might not be able to comply with its obligations under granted licenses.

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

It is possible that the Canadian and international governments and provincial/state or regulatory authorities may choose to change the income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect Zenith and the market value of its common shares. In addition, it is also possible that changes to legislation, which could adversely affect the market value of Zenith could occur in other jurisdictions where Zenith operates.

Further, oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be subject to change from time to time in response to economic or political conditions. There is also the risk that implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase Zenith's costs. In order to conduct oil and gas operations, the Issuer will require licenses from various governmental authorities. There can be no assurance that Zenith will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

In addition, Zenith has to comply with conditions contained in licenses, such as operating permits. A failure by Zenith to comply with substantial conditions might lead to governmental intervention.

Developing taxation systems in some of the countries in which the Group operates may have a material adverse effect on the Issuer.

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

The treatment of Zenith's group entities is subject to changes in tax regulation or practices in territories in which Group entities are resident for tax purposes (that includes at the date of this Prospectus inter alia Canada, the United Kingdom, Italy, the Republic of the Congo, Tunisia, the Netherlands and the United Arab Emirates). Such changes may include (but are not limited to) the taxation of operating income, investment

income, dividends received or (in the specific context of withholding tax) dividends paid. Any changes to tax legislation in territories in which Group entities are resident for tax purposes may have a material adverse effect on the financial position of Zenith.

In many jurisdictions, the resources sector is subject to particular taxation regimes which sometimes impose a comparatively heavy burden on activities within the sector. Taxation regimes regarding the oil and gas sector are – due to their specific and narrow nature – more likely to be subject to changes than general taxation regime for companies operating in other sectors.

In Italy, for onshore permits, the state royalty on the production of oil and gas is a maximum of 10 per cent, with a provision that no royalties are to be paid on yearly production less than 125,000 bbls of oil and approximately 700 MMcf of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d). At the present time, the Group does not pay any state royalties since all its producing fields fall below the minimum royalty threshold. The corporate taxation rate amount to 28 per cent and there are no restrictions on the repatriation of profits. There is the risk that changes to the tax and/or royalty system occur in the future, such as the abolition of exemptions or an increase of royalty payments. This has a significant impact on the tax payable by the Group and therefore on the rentability of oil and gas wells operated by the Group in Italy.

COUNTRY-SPECIFIC RISKS

3.

Italy

3.1.

The non-renewal of Italian gas production concessions could impact the Issuer's business activities negatively.

The gas concession regarding the production and exploration properties of Torrente Cigno, Masseria Grottavecchia, San Teodoro, Misano Adriatico and San Mauro were scheduled to expire between 2018 and 2020; the Issuer requested an extension of the concession regarding these properties.

Under Italian law, if the authority does not serve its decision within ninety days from the filing of an application, the application is considered as accepted/granted (concept of silent approval). Even though this concept of silent approval does not apply in all areas of administrative law, the Issuer is of the legal opinion that these concessions were extended and are scheduled to expire between 2029 and 2030. The legal uncertainty that goes along with this Italian rule could lead to negative impacts on the Issuer in case of a different legal view of the Italian authorities on an unprocessed application or – in case of a rejection of an application for extension of those concessions by the competent authority, as the estimated growth rate of Italian gas production will not be met and the Italian gas assets as set out in the Chapman Report 2020 – Italy (dated 22 September 2020, regarding the Issuer's gas properties in Italy) would be subject to a significant reduction. Since the majority of the Issuer revenues currently derive from the Italian gas production, a non-renewal of the concessions would have a significant negative impact on the Issuer's revenues. In particular, the non-renewal of the Torrente Cigno exploration property would affect the Issuer significantly since this property currently is responsible for approximately 13 per cent of the Group's production.

3.2.

Republic of the Congo

The Ministry of Hydrocarbons of the Republic of the Congo might not award a new 25-year license for the Tilapia oilfield to the group

The existing license of the Group for the Tilapia oilfield expired on 18 July 2020. Zenith has made a commercial and technical offer to the Ministry of Hydrocarbons of the Republic of the Congo for the award of a new 25-year license for the Tilapia oilfield. On 23 December 2020, the Issuer announced that Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia

II oilfield. In accordance with Congolese procedures for the award of new hydrocarbon licenses, the award of the Tilapia II license is subject to the completion of an inquiry of public utility to be organised and performed by the Ministry of Hydrocarbons. On 10 February 2021, the Issuer announced that it has received formal confirmation regarding the successful completion of the inquiry of public utility. The final award of the license is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield.

In the case that the Ministry of Hydrocarbons of the Republic of the Congo will deny the award of the operating license, Zenith will lose its investments made in the Republic of the Congo and the probable reserves mentioned in the Chapman Report 2020 – Congo will not be accessible for the Group. The non-acquisition of the new 25-year license for the Tilapia oilfield would therefore significantly worsen the future cash flow assumptions of the Group, the overall outlook of the Issuer in the future and would make a change in the business strategy necessary.

The Issuer has no proven reserves in the Republic of the Congo.

According to the Chapman Report 2020 – Congo, as of the date of this Prospectus the Issuer has no proven oil reserves in the Republic of the Congo. All reserves mentioned in the Chapman Report 2020 – Congo are shown as probable reserves. Probable reserves are reserves that are less certain to be recovered than proved reserves. Since all Congolese reserves attributed to the Issuer are probable, there is a risk that the actual remaining quantities are significantly lower than or cannot be recovered in the amount shown in the Chapman Report 2020 – Congo. The future cash flow assumptions, the expected revenue and the overall business strategy of the Group would have to be adapted considerably if the actual remaining quantities are significantly lower than or cannot be recovered in the amount shown in the Chapman Report 2020 – Congo. Furthermore, the reserve values of the properties in the Republic of the Congo have to be devaluated, which would have a negative impact on the Issuer's financial statements. Any devaluation of the reserve values of the Issuer's properties could lead to lower future production, lower future cash flow and higher depreciation charges and thus adversely affect the Issuer's results of operations, financial condition and future prospects.

Insufficient data is an obstacle to support reserves for future locations.

The Issuer relies on finding new fields and evaluating their potential correctly. Insufficient information and data in some regions may prevent the Issuer to evaluate the potential of certain fields correctly and the Issuer may consequently lose business or invest in unprofitable fields.

Deteriorating economic conditions in emerging markets such as the Republic of the Congo may adversely affect Zenith's business.

The Issuer is invested in the Republic of the Congo since spring 2020. As an emerging market, this country is subject to a greater risk than more developed markets, including significant legal, economic and political risks. Investors should also note that an emerging economy, such as the Republic of the Congo's economy, is subject to rapid change and that the information set out may become outdated relatively quickly. The disruptions recently experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries in the emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention in one market) could affect the price or availability of funding for entities within any of these markets.

Economic and political developments in the Republic of the Congo may negatively affect the development of Zenith's business.

Like other countries in Africa, the Republic of the Congo could be affected by political unrest both within its borders and especially in surrounding countries and any resulting military action may have an effect on the world economy and political stability of other countries.

The Republic of the Congo has seen significant political unrest in recent years; shootings in opposition strongholds following the re-election of the president in 2016; airstrikes and a ground offensive targeting the command centres of a former militia leader; the displacement of over 100,000 people following ground offensives in the Pool region; and the arrest of some of those who contested the 2016 election results (including candidates who also ran for president). In the Parliamentary elections held in July 2017, the vote had to be postponed in eight of the 14 constituencies of the Pool region due to continued violence.

Political unrest in the Republic of the Congo would expose the Issuer to political risks, including expropriation and nationalisation of property, civil strife and acts of war or terrorism, which could, in turn, have a significant adverse effect on the countries' economy.

Political unrest may lead to danger of attacks on employees and/or facilities, social unrest, including strikes and political protests and demonstrations. Next to the overall security concern regarding the safety of employees and/or facilities, there is a risk that political unrest may lead to interruptions in the production of oil. Any interruption to the Issuer's drilling operations affects the production and therefore the revenue of the Issuer significantly.

In Transparency International's 2019 Corruption Perceptions Index the Republic of the Congo ranked 165 out of 180. The Issuer's operations could be adversely affected by illegal activities, corruption or claims implicating the Issuer in illegal activities. There is a risk that the Issuer is not able to secure new assets and investments, which are subject to regulatory approval, despite submitting the best offer.

3.3.

Tunisia

Approval for the acquisition of a 45% working interest in the North Kairouan permit and the Sidi El Kilani concession might not be granted.

Zenith Netherlands has signed two conditional sale and purchase agreements with KUFPEC and CNPC respectively as sellers for the acquisition of their working interest of each 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession (together the "**Tunisian Acquisition**").

The completion of the Tunisian Acquisition remains conditional on the approval being granted by the Comité Consultatif des Hydrocarbures of the Republic of Tunisia in respect of the transfer of the sellers' rights, title and interest in and under the Tunisian Acquisition to Zenith Netherlands. The Issuer looks forward to receiving regulatory approval from the Comité Consultatif des Hydrocarbures of the Republic of Tunisia in respect of the transfer of ownership for both acquisitions in the first half of 2021. In the case that the Comité Consultatif des Hydrocarbures of the Republic of Tunisia will deny the approval of this acquisition, Zenith will lose its investments made in Tunisia and the probable reserves mentioned in the Chapman Report 2020 – Tunisia will not be accessible for the Group.

Insufficient data is an obstacle to support reserves for future locations.

The Issuer relies on finding new fields and evaluating their potential correctly. Insufficient information and data in some regions may prevent the Issuer to evaluate the potential of certain fields correctly and the Issuer may consequently lose business or invest in unprofitable fields.

Economic and political developments in Tunisia may negatively affect the development of Zenith's business.

Like other countries in Africa, Tunisia could be affected by political unrest both within its borders and especially in surrounding countries and any resulting military action may have an effect on the world economy and political stability of other countries.

Tunisia is located in a region that has been subject to on-going political instability and security concerns, especially in recent years. Political instability in the Middle East and Northern Africa region has generally increased since the terrorist attacks of 11 September 2001, the U.S.-led intervention in Iraq, the ongoing conflict in Syria, the threat of Daesh and the instability and conflict in Libya, which is a neighbour of Tunisia.

A state of emergency was declared after a series of terrorist attacks in 2015, which was extended in November 2020 and remains in effect until June 2021.

The Tunisian border with Libya at Ras-Jdeir was closed in March 2016 following an attack on an army base and police station in the eastern town of Ben Guerdane, and has been subsequently closed on a number of occasions since then. More recently, in July 2016, the Ras-Jdeir border crossing was closed to vehicle traffic as a result of an attack, and the alternate Sehiba-Wazin crossing was temporarily restricted by the Tunisian army. On 29 August 2016, Islamic militants attacked an army patrol in the Kasserine region, killing three soldiers and wounding seven others. In August 2017, two soldiers on patrol in Kasserine were wounded by an improvised explosive device. In July 2018, Islamic militants killed six members of Tunisia's security forces in Jendouba province. In May 2019, the UN placed 26 Tunisian citizens and three organisations, including, inter alia, al Qaeda in the Islamic Maghreb, on its terrorist blacklist. On 27 June 2019, one policeman was killed and eight people (including three civilians) were injured in two suicide bombings in central Tunis targeted at a police patrol car and the headquarters of the Government's Anti-Terrorism Brigade.

In the southern restricted zones of the border areas with Algeria and Libya violent actions by terrorist organisations and kidnappings are taking place on a regular basis. Also, in the west of the country, increased military and police forces are in armed conflict with terrorist groups.

Political unrest in Tunisia would expose the Issuer to political risks, including expropriation and nationalisation of property, civil strife and acts of war or terrorism, which could, in turn, have a significant adverse effect on the countries' economy.

Political unrest may lead to danger of attacks on employees and/or facilities, social unrest, including strikes and political protests and demonstrations. Next to the overall security concern regarding the safety of employees and/or facilities, there is a risk that political unrest may lead to interruptions in the production of oil. Any interruption to the Issuer's drilling operations affects the production and therefore the revenue of the

4. Issuer significantly.

HEALTH AND SAFETY, ENVIRONMENTAL AND GOVERNANCE RISKS

Zenith is subject to operational risks relating to the oil and gas exploration, development and production. Some of these risks may be uninsured or uninsurable.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property as well as the environment or personal injury. In particular, Zenith may produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which

could result in liability to the Group. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

In certain circumstances, Zenith's insurance may not cover or be adequate to cover the consequences of such events, or insurance coverage may not be available. Moreover, Zenith may not be able to maintain adequate insurance in the future at rates that it considers reasonable. In the past, the Issuer had been affected by such operational risk.

Zenith is subject to stringent environmental and health and safety regulations which result in costs relating to compliance and remediation that may adversely affect its results of operations and financial condition.

Zenith is subject to significant environmental regulations in respect of its operational activities in all jurisdictions and seeks to conduct its operations in an environmentally responsible manner and to maintain the productivity goals achieved. All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Should Zenith be unable to fully fund the cost of remedying an environmental problem, Zenith might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Zenith to incur costs to remedy such discharge.

Italy, the Republic of the Congo and Tunisia are signatory to the United Nations Framework Convention on Climate Change and have ratified the Paris Climate Change Agreement, and are thus required to establish legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other "greenhouse gases". There is the risk that Zenith may be subject to legislation in Italy, the Republic of the Congo and Tunisia regulating emissions of greenhouse gases. The direct and indirect costs of complying with these emissions regulations may adversely affect the business of Zenith.

Aging infrastructure in Zenith's operations, improper waste management and operational incidents may lead to spills, leakages and other contamination. Such incidents may cause substantial environmental clean-up, decommissioning and restoration costs and damage not only the environment but also affect communities and Zenith's reputation.

Zenith's facilities require regular monitoring, maintenance and renewal. Aging facilities or equipment may not always be replaced and upgraded in due time. In the past, the Issuer had problems regarding the poor condition of the Issuer's wells in Azerbaijan. This could, among other things, result in spills and leakages. Spills, leakages and other contamination resulting from aging infrastructure and other contamination, e.g. as a result of improper waste management, may result in substantial environmental decommissioning and restoration costs and could cause damages to communities and Zenith's reputation. In addition, spills, leakages and contamination can result from operational incidents. Any operational incident resulting in environmental contamination could result in substantial financial and reputational damages, considering the limitations of insurances. In addition, international regulations and insurance requirements may increase as a result of an accident and drilling and production operations could become more difficult and expensive in the future, due to increased safety standards or insurance requirements.

RISK FACTORS REGARDING THE NOTES

There may be no active trading market for the Notes.

5. The Programme provides that Notes may be listed (i) on the MTF of the Vienna Stock Exchange (ii) or on other respectively further MTFs of other stock exchanges or (iii) may not be listed at all, as specified in the relevant Final Terms. Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular tranche, such tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued and for which there is such a market).

Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity than if they were not listed. If the Notes are not listed on any exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted due to currency restrictions. As there is no assurance as to the development or liquidity of any trading market for any particular tranche of Notes, any prospective purchaser should be prepared to hold the Notes until the maturity or final redemption of such Notes.

The Notes may be redeemed prior to their maturity.

The applicable Final Terms will indicate whether the Issuer may have the right to call the Notes prior to the maturity dates at the option of the Issuer (optional call right). If the Issuer redeems any Note prior to its maturity, a Noteholder of such Note is exposed to the risk that due to early redemption his investment may have a lower yield than expected. Noteholders may be subject to the risk that interest earned from an investment in the Notes may not in the event of early redemption of any Notes be able to be reinvested in such a way that they earn the same rate of return as the redeemed Notes. The Issuer might exercise his optional call right if the yield on comparable Notes in the capital market falls which means that the investor may only be able to reinvest the redemption proceeds in Notes with a lower yield.

Notes subject to optional redemption by the Issuer may limit their market value.

An optional redemption feature of Notes is likely to limit their market value. During any period during which the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risks in light of other investments available at that time.

Currency Risk.

A Noteholder of a Note denominated in a foreign currency is exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. A change in the value of any foreign currency against the Euro, for example, will result in a corresponding change in the Euro value of a Note denominated in a currency other than Euro. If the underlying exchange rate falls and the value of the Euro correspondingly

risks, the price of the Note and the value of interest and principal payments made thereunder expressed in Euro falls.

Taxation risks.

Potential investors and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or in other jurisdictions.

Potential investors of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing Notes and receiving payments of interest, principal and/or other amounts or delivery of securities under the Notes and the consequences of such actions under the tax laws of those countries.

There is a risk that trading in the Notes will be suspended, interrupted or terminated, which may have an adverse effect on the price of such Notes.

If the Notes are listed on one (or more) MTFs, the listing of such Notes may – depending on the rules applicable to such stock exchanges – be suspended or interrupted by the respective stock exchange or a competent regulatory authority upon the occurrence of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of Noteholders.

Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Noteholders should note that the Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and that Noteholders in any event must bear the risks connected therewith. In particular, Noteholders may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the market value of such Notes. Furthermore, even if trading in Notes is suspended, interrupted or terminated, Noteholders should note that such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the Noteholders' interests; for example, where trading in Notes is suspended after price-sensitive information relating to such Notes has been published, the price of such Notes may already have been adversely affected. All these risks would, if they materialise, have a material adverse effect on the Noteholders.

V. INFORMATION INCORPORATED BY REFERENCE

The following documents shall be incorporated into this Prospectus:

1. the audited financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the financial year ending 31 March 2019 (set out on pages 23 to 76, of the 31 March 2019 annual report of the Issuer) which can be viewed online at <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2020/03/26130226/Zenith-Financial-Statements-FY-2019-FINAL-1.pdf>.
2. the audited financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the financial year ending 31 March 2020 (set out on pages 28 to 87, of the 31 March 2020 annual report of the Issuer) which can be viewed online at <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2020/10/29105540/Zenith-Energy-audited-results-2020-FY-Final-28.10.2020.pdf>.
3. the unaudited interim financial statements 2020/2021 for the six months period ended 30 September 2020, which can be viewed online at <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2020/12/01094058/Zenith-FS-30.09.2020.pdf>.

The information contained in the source documents that is not included in the pages as outlined above is considered as additional information and is not required by the relevant schedules of the Commission Delegated Regulation (EU) 2019/980.

Any document incorporated by reference into this Prospectus will be available for inspection at the specified office of the Issuer and at the specified office of Zenith Energy (O & G) Ltd., 84 Eccleston Square, SW1V 1PX London UK, during normal business hours, as long as any of the Notes are outstanding.

All other websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus.

VI. REGISTRATION DOCUMENT FOR RETAIL NON-EQUITY SECURITIES

PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

1. **Identify all persons responsible for the information or any parts of it, given in the registration document with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies, indicate the name and function of the person; in the case of legal persons indicate the name and registered office.**
- 1.1.

ZENITH ENERGY LTD, with its registered office at 20th Floor, 250 Howe Street, Vancouver BC V6C 3R8, Canada, is solely responsible for the information given in this Prospectus.

- 1.2. **A declaration by those responsible for the registration document that to the best of their knowledge, the information contained in the registration document is in accordance with the facts and that the registration document makes no omission likely to affect its import.**

Where applicable, a declaration by those responsible for certain parts of the registration document that, to the best of their knowledge, the information contained in those parts of the registration document for which they are responsible is in accordance with the facts and that those parts of the registration document make no omission likely to affect their import.

The Issuer hereby declares that, to the best of its knowledge, the information contained in the registration document is in accordance with the facts and that the registration document makes no omission likely to affect its import.

- 1.3. **Where a statement or report attributed to a person as an expert is included in the registration document, provide the following in relation to that person: (a) name; (b) business address; (c) qualifications; (d) material interest if any in the issuer.**

If the statement or report has been produced at the Issuer's request, state that such statement or report has been included in the registration document with the consent of the person who has authorized the contents of that part of the registration document for the purpose of the Prospectus.

The report regarding the oil and natural gas reserves and the value of future net revenue of the Issuer as evaluated by Chapman Petroleum Engineering Ltd. ("**Chapman**") as of 31 March 2020 and dated 22 September 2020 (the "**Chapman Report 2020 – Italy**") was concluded by Chapman, an independent qualified reserves evaluator and auditor with its offices in 1122 4th Street S.W., Suite 700, Calgary Alberta T2R 1M1, Canada.

The report regarding the oil and natural gas reserves and the value of future net revenue of the Issuer in the Republic of the Congo as evaluated by Chapman as of 31 March 2020 and dated 22 April 2020 (the "**Chapman Report 2020 – Congo**") was concluded by Chapman.

The report regarding the oil and natural gas reserves and the value of future net revenue of the Issuer in Tunisia as evaluated by Chapman as of 31 August 2020 and dated 2 September 2020 (the "**Chapman Report 2020 – Tunisia**") was concluded by Chapman.

Chapman has no material interest in the Issuer. The Chapman Report 2020 – Italy, the Chapman Report 2020 – Congo and the Chapman Report 2020 – Tunisia are included to this Prospectus as Annex 1, Annex 2 and Annex 3 with the consent of Chapman who has authorised the contents for the purpose of the Prospectus.

The Issuer affirms that no material changes have occurred since the date of the Chapman Report 2020 – Italy (being 22 September 2020), the Chapman Report 2020 – Congo (being 22 April 2020) and the Chapman Report 2020 – Tunisia (being 2 September 2020).

Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

1.4.

This Prospectus contains selected data on the oil markets in the Republic of the Congo and Tunisia which has been derived from publicly available sources, including the official website of the U.S. Energy Information Administration¹, the database of CEI Data,² the report on Oil legislation in the Republic of the Congo³, the Statistical Review of World Energy 2020⁴, Oil legislation in the Republic of the Congo, 2013⁵ and the IEA Oil Market Report - October 2020⁶, which do not form part of this Prospectus. Such information, data and statistics have been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information, data and statistics may be based on a number of assumptions and estimates and may be subject to rounding.

1.5. Approval of this Prospectus

This Prospectus has been approved by the FMA in its capacity as Competent Authority under the KMG 2019 and under the Prospectus Regulation.

The FMA gives no undertaking as to the economic or financial opportuneness of any transaction under this Prospectus or to the quality and solvency of the Issuer but only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistence imposed by the Prospectus Regulation.

The approval by the FMA should not be considered as an endorsement of the Issuer that is the subject of this Prospectus.

¹ Available at: <https://www.eia.gov/international/analysis/country/COG> for the Republic of the Congo and <https://www.eia.gov/international/analysis/country/TUN> for Tunisia.

² Available at: <https://www.ceidata.com/en/indicator/congo/crude-oil-exports>.

³ Available at: <https://www.lexology.com/library/detail.aspx?g=0ece0c2b-333c-40a7-82f5-d481c4d1122a>.

⁴ Available at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

⁵ Available at <https://www.lexology.com/library/detail.aspx?g=0ece0c2b-333c-40a7-82f5-d481c4d1122a>.

⁶ Available at: <https://www.iea.org/reports/oil-market-report-october-2020>.

STATUTORY AUDITORS

Names and addresses of the Issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).

2. The Financial Statements 2020 and 2019 have been audited by PKF Littlejohn LLP, as set forth in their report included therein. The Issuer's auditor is PKF Littlejohn LLP with registration number in England & Wales No.OC342572. PKF Littlejohn LLP is a Registered Auditor and is regulated in the conduct of its services by the Institute of Chartered Accountants in England & Wales (ICAEW), including as a Designated Professional Body for investment business. The address of PKF Littlejohn LLP is 1 Westferry Circus, Canary Wharf, London 14 4HD, United Kingdom. PKF Littlejohn LLP has been the Issuer's auditor since 2017. The Financial Statements for the financial years ended 31 March 2020 and 2019 have been audited by PKF Littlejohn LLP, and the auditor's reports are included together with the Financial Statements as incorporated hereto.
- 2.1.

For the Financial Statements 2020 and 2019 the independent auditor PKF Littlejohn LLP have confirmed that the group's financial statements give a true and fair view of the state of the group's affairs as at 31 March 2020 and 31 March 2019 and of its loss for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB").

The interim financial statements 2020/2021 for the six months period ending on 30 September 2020 have not been audited.

- 2.2. **If auditors have resigned, been removed or have not been re-appointed during the period covered by the historical financial information, indicate details if material.**

Auditors have not resigned, have not been removed nor have they not been re-appointed during the period covered by the historical financial information included into this Prospectus.

3.

RISK FACTORS

For a detailed list of risk factors see section IV. RISK FACTORS (pages 15-29).

4.

4.1.

INFORMATION ABOUT THE ISSUER

History and development of the Issuer

Overview

The Issuer is a corporation domiciled in British Columbia, Canada, and was incorporated and registered as Canoel International Energy Ltd. under the Business Corporations Act (British Columbia) on 20 September 2007 and changed its name to "Zenith Energy Ltd." on 2 October 2014.

The Issuer is the holding company of the Group which engages in the oil production as well as natural gas and electricity production. The Group's operations are carried out through operating subsidiaries. As of the date of this Prospectus, the Group is operating in Italy, in Tunisia and will start operations in the Republic of the Congo once the pending license has been granted.

The main subsidiaries of the Group are:

Canoel Italia S.r.l.

On 11 November 2010, Zenith established Canoel Italia S.r.l. ("**Canoel Italia**") an Italian subsidiary of the Company, in order to enable the Issuer to have an Italian operating entity and thereby have the possibility to be awarded oil and gas production and exploration assets posted for auction by the Italian Ministry for Economic Development. The Issuer owns 98.64 per cent of Canoel Italia. Canoel Italia. is specialised in the gas and electricity production in Italy.

Zenith Energy Congo SA

Zenith Energy Congo SA ("**Zenith Congo**"), a fully owned subsidiary of Zenith, has been established on 13 August 2020 under the laws of the Republic of the Congo. The purpose of Zenith Congo is to receive a new 25-year license to operate the Tilapia oilfield named "Tilapia II". The offer for the granting of such license was submitted on 20 July 2020. On 23 December 2020, the Issuer announced that it has received official confirmation from the Ministry of Hydrocarbons of the Republic of the Congo that Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield. The Issuer announced on 10 February 2021 that it has successfully completed the inquiry of public utility. The final step is the finalization and ratification of a production contract to operate the Tilapia II oilfield. With the finalization and ratification of a production contract, Zenith Congo will be granted a drilling license by the Congolese Ministry of Hydrocarbons. The Groups drilling operations in the Republic of the Congo can start after the granting of the drilling license by the Congolese Ministry of Hydrocarbons.

Anglo African Oil & Gas Congo S.A.U.

In spring 2020, the Group acquired the Anglo African Oil & Gas Congo S.A.U. ("**AAOG Congo**"). AAOG Congo is now a fully owned subsidiary of the Issuer. It held a 56 per cent majority interest in the now expired Tilapia oilfield in the Republic of the Congo. The other 34 per cent were held through Société Nationale des Pétroles du Congo ("**SNPC**"). SNPC owes the Issuer total receivables in the amount of approximately USD 5.3 million. As a result, and in agreement with the Ministry of Hydrocarbons, the Group has terminated the cooperation with SNPC regarding the Tilapia oilfield in August 2020 and returned the operatorship of the original Tilapia license from AAOG Congo to a subsidiary of SNPC. As of the day of this Prospectus, the purpose of AAOG Congo is to collect the outstanding amount of USD 5.3 million from SNPC. After receiving the USD 5.3 million and after the settlement of the ongoing lawsuit described in section VI.11.4 (see page 72), AAOG Congo will be liquidated since Zenith Congo has been established as new operating entity for the operations in the Republic of the Congo and expects a new 25-year license for the operations regarding the Tilapia II oilfield.

Zenith Energy Netherlands B.V.

Zenith Energy Netherlands B.V. ("**Zenith Netherlands**") has its corporate seat in Amsterdam and was incorporated on 8 April 2020. Zenith Energy Netherlands B.V is a fully owned subsidiary of the Issuer and is developing the Tunisian market since May 2020. Currently, the Group has no established company in Tunisia. On 20 April 2020, the Zenith Netherlands had signed a conditional sale and purchase agreement with KUFPEC (Tunisia) Limited (a 100 per cent subsidiary of Kuwait Foreign Petroleum Exploration Company K.S.C.C, a subsidiary of the State of Kuwait's national oil company), for the acquisition of a working interest of 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession (the "**Tunisian Acquisition Part I**"), which contains the Sidi El Kilani oilfield ("**SLK**") and covers an area of 204 square kilometres, located onshore, in the Pelagian Basin, Eastern Tunisia. On 8 September 2020, Zenith Netherlands has signed a conditional sale and purchase agreement with the China National Petroleum Corporation ("**CNPC**") as seller for the acquisition of its working interest of 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession (the "**Tunisian Acquisition Part II**", together with the Tunisian Acquisition Part I "**Tunisian Acquisition**"). The completion of the Tunisian Acquisition remains conditional on the approval being granted by the Comité Consultatif des Hydrocarbures of the Republic of Tunisia in respect of the transfer of the sellers' rights, title and interest in and under the

Tunisian Acquisition to Zenith Netherlands. Despite the pending approval, Zenith Netherlands has already the right to exploit the Tunisian assets.

Zena Drilling Limited

Zena Drilling Limited ("**Zena**") was incorporated in the United Arab Emirates on 29 July 2017. Zena is a fully owned subsidiary of the Issuer providing international oilfield services.

History

Initially, in 2010 the Issuer acquired two oilfields in Argentina. As of June 2011, the Issuer started its operations in Italy by establishing its Italian subsidiary Canoe Italia S.r.l. By August 2013, Zenith's Italian subsidiary started the production of natural gas and natural gas condensate. In October 2015, Zenith purchased a "gas to power" plant, to start producing electricity from its Torrente Cigno concession, in Italy, and announced the beginning of electricity production activities at Torrente Cigno concession following the acquisition of gas- powered electricity generation infrastructure.

In January 2016, the Issuer established a fully owned subsidiary, Zenith Aran Oil Company Limited ("**Zenith Aran**"), to operate in Azerbaijan, soon after that in March 2016 Zenith announced the signing of Rehabilitation, Exploration, Development and Production Sharing Agreement ("**REDPSA**") with the State Oil Company of the Azerbaijan Republic ("**SOCAR**"). The Parliament of the Republic of Azerbaijan unanimously ratified the REDPSA between SOCAR and Zenith and enacted this agreement into statutory law. By August 2016, Zenith started the production of first oil under the Zenith banner in Azerbaijan following completion of the handover process from SOCAR to Aran Oil Operating Company Limited ("**Aran Oil**"), an entity jointly created and owned by Zenith Aran (80 per cent) and SOCAR (20 per cent).

The Issuer's common share capital was admitted to trading on the Main Market of the London Stock Exchange on 11 January 2017.

In February 2017, Zenith performed divestment of its operations in Argentina. This was a strategic move with the primary intention of directing management focus towards the transformational opportunities in Azerbaijan and the consolidation of energy production interests in Italy. In addition, due to a series of circumstances beyond the Issuer's control, caused by the collapse of a major storage tank owned by Argentina's national oil company, Zenith's Argentinian operations were suspended. Until the date of disinvestment, the issues affecting the transportation of oil have not been fully resolved and a persisting uncertainty on the recommencement of operations led the Issuer to reconsider the operational involvement in Argentina. The sale of the Group's Argentinian subsidiary was fixed at a nominal sum in recognition of the costs the new owner was expected to incur to return the affected field to production. In addition, the Group was no longer liable for any environmental responsibilities or future well abandonment obligations in regard of the Argentinian wells or fields.

By March 2018, the gross oil production revenues of the Issuer's subsidiary in Azerbaijan peaked since the beginning of operations in the country, with a daily production of 260 barrels of oil a day and due to the higher oil selling price obtained from the market. The Group had been unsuccessful in achieving material increases in its daily production of oil. The primary reasons for not increasing the daily production of oil included the poor condition of many of the Issuer's existing wells, the challenging geology of the Issuer's field, as well as the unreliability of well data and historical records from the Soviet-era which have rendered workovers in some of the Issuer's wells extremely challenging.

On 8 November 2018, the Issuer's common share capital was admitted to trading on the Merkur Market of the Oslo Børs. The Merkur Market is a multilateral trading facility owned and operated by the Oslo Børs.

On 2 March 2020, the Issuer announced that, in view of Zenith's strategic focus on pursuing large-scale oil production and development opportunities in Africa, it will hand over the Contract Rehabilitation Area to SOCAR. Zenith continued to operate the Contract Rehabilitation Area until the handover of the Contract Rehabilitation Area which was completed during the month of June 2020.

In Spring 2020, the Issuer entered the markets of the Republic of the Congo and Tunisia. Terminating the activities of the Issuer in Azerbaijan had set free financial and operative resources to develop the activities in the new markets Congo and Tunisia.

With effect as of 29 May 2020 (close of business), the common shares of the Issuer were delisted from the TSX-V (Toronto Stock Exchange-Venture) at the Issuer's request. At the date of this Prospectus, the shares of the Issuer are listed on the Main Market of the London Stock Exchange and the Merkur Market of the Oslo Børs.

4.1.1. The legal and commercial name of the Issuer

The Issuer's legal and commercial name is ZENITH ENERGY LTD. Commercially the Issuer also acts under the name Zenith.

4.1.2. The place of registration of the Issuer, its registration number and legal entity identifier ("LEI")

The Issuer is registered in the British Columbia Corporate Registry and its registered corporation number is BC0803216.

Registered Office

20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8, Canada

Head Office

15th Floor, Bankers Court
850 – 2nd Street S.W., Calgary, Alberta, T2P 0R8 Canada
Telephone Number: +1 (587) 315 9031

The LEI of the Issuer is 213800AYTYOYD61S4569.

4.1.3. The date of incorporation and the length of life of the Issuer, except where the period is indefinite.

The Issuer is a corporation domiciled in British Columbia, Canada. The Issuer was incorporated and registered as Canoe International Energy Ltd. under the Business Corporations Act (British Columbia) on 20 September 2007 and changed its name to "Zenith Energy Ltd." on 2 October 2014.

4.1.4. The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer, if any, with a disclaimer that the information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

The Issuer is incorporated as a private limited company (LTD) in British Columbia, Canada, under the Business Corporations Act (British Columbia) and under the law of British Columbia, with its registered office at 20th Floor, 250 Howe Street, Vancouver BC V6C 3R8, Canada, telephone no.: +1(587) 315 9031; email address: info@zenithenergy.ca – andrea.cattaneo@zenithenergy.ca; website of the Issuer: <https://www.zenithenergy.ca>.

With its registered office in Vancouver, Canada and its head office in Calgary, Canada the Issuer mainly operates under the legislation of British Columbia, Canada and Alberta, Canada. The Issuer has an administrative office in London. With its oil and gas operations taking place in Italy, the Republic of the Congo and Tunisia, the Issuer also operates under the jurisdictions of aforementioned countries.

Any information provided on the website of the issuer does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

4.1.5. Details of any recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency.

Recent capital increases

Between April 2020 and the date of this Prospectus the Issuer increased its share capital several times by issuing a total of 495,387,839 common shares of no-par value and raised an amount of approx. EUR 3,732,485 (see section VI.4.1.7, page 40).

End of operations in Azerbaijan

In spring 2020, the Group decided to stop its activities in Azerbaijan with effect as of the end of June 2020.

Entering the Tunisian market

In spring 2020, the Group entered the oil market in Tunisia by signing two sale and purchase agreements for the acquisition of a working interest of 45 per cent in the North Kairouan permit and the Sidi El Kilani concession. The two sale and purchase agreements are up to the day of this Prospectus pending approval (see section VI.5.1.2.4, pages 48-50).

Entering the market of the Republic of the Congo

In spring 2020, the Issuer entered the oil market in the Republic of the Congo by the acquisition of AAOG Congo. The transfer of ownership of AAOG Congo is subject to a regulatory approval in the Republic of the Congo. The Issuer further established Zenith Congo to receive a new 25-year license for the Tilapia oilfield to be named "Tilapia II". On 23 December 2020, the Issuer announced that it has received official confirmation from the Ministry of Hydrocarbons of the Republic of the Congo that Zenith Congo SA has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield. On 10 February 2021, the Issuer announced that it has received formal confirmation regarding the successful completion of the inquiry of public utility, following an in-depth technical and financial review, performed by the Ministry of Hydrocarbons of the Republic of the Congo during the month of January 2021. The final award of the license is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield (see section VI.5.1.2.3. on page 47-48).

4.1.6. Credit ratings assigned to an Issuer at the request or with the cooperation of the Issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.

On 10 October 2018, ARC Ratings, SA. ("**ARC Ratings**"), an European credit rating agency, registered with the European Securities and Markets Authority ("**ESMA**"), assigned Zenith a medium to long-term issuer credit rating of "**B+ with Positive Outlook**", based on the potential for a high cash generation from its on-shore oilfield concession in Azerbaijan and, on the other hand, its current still fragile financial situation and the risks and challenges to monetize its assets' value.

On 27 May 2020, Rating-Agentur Expert RA GmbH, an European credit rating agency, registered with the European Securities and Markets Authority ("**ESMA**"), assigned Zenith a Company credit rating of "**B- with a Developing Outlook**" in May 2020, due to the still fragile financial situation and the risks and challenges to monetize its assets. On 18 September 2020, Rating-Agentur Expert RA confirmed the credit rating of Zenith Energy Ltd. at "**B- with a Developing Outlook**".

On 25 August 2020, BCRA Credit Rating Agency AD ("**BCRA Ratings**"), an European credit rating agency, registered with the European Securities and Markets Authority ("**ESMA**"), assigned Zenith a long-term debt

issuer credit rating of **"B- with Stable Outlook"**, based on the strategic change in its business strategy by terminating its unsuccessful business in Azerbaijan and transferring its oil production activities to West Africa.

For the risk related to the date of these ratings see the risk factor " *Negative impacts of the current rating or any potential future worsened rating of the Issuer may occur, which worsen the possibility of the Issuer to find new investors and to secure a sufficient financing of its operations* " in section IV. RISK FACTORS on page 16.

4.1.7. Information on the material changes in the Issuer's borrowing and funding structure since the last financial year.

- a) On 8 April 2020, the Issuer issued 75,000,000 common shares of no-par value at a price of NOK 0.09 per share and raised gross proceeds of NOK 6,750,000 (equalling EUR 603,637).
- b) On 5 May 2020, the Issuer issued 60,000,000 common shares of no-par value at a price of NOK 0.11 per share and raised gross proceeds of NOK 6,600,000 (equalling EUR 594,402).
- c) On 9 June 2020, the Issuer issued 80,000,000 common shares of no-par value at a price of NOK 0.095 per share and raised gross proceeds of NOK 7,600,000 (equalling EUR 722,729).
- d) On 10 July 2020, the Issuer issued 60,000,000 common shares of no-par value at a price of NOK 0.08 per share and raised gross proceeds of NOK 3,120,000 (equalling EUR 292,684).
- e) On 6 August 2020, the Issuer issued 90,000,000 common shares of no-par value at a price of NOK 0.08 per share and raised gross proceeds of NOK 7,200,000 (equalling EUR 675,763).
- f) On 25 September 2020, the Issuer issued 100,000,000 common shares of no-par value at a price of NOK 0.045 per share and raised gross proceeds of NOK 4,520,000 (equalling EUR 405,977).
- g) On 6 January 2021, an investor in the Company has exercised warrants to acquire a total of 28,571,429 new common shares of no-par value the capital of the Company with an exercise price of NOK 0.15 per share and raised gross proceeds of NOK 4,285,714 (equalling EUR 408,100).
- h) On 24 February 2021, the Issuer issued 1,816,410 common shares of no-par value at a price of NOK 0.145 per share and raised gross proceeds of NOK 263,379 (equalling EUR 25,297).

Considering the aforementioned capital increases, the Issuer has now 1,072,460,760 Common Shares in issue and admitted to trading as follows:

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common shares in issue and admitted to trading on the Merkur Market of the Oslo Børs – representing the total outstanding share capital of the Issuer	1,072,460,760	1	1,072,460,760
Common shares in issue and admitted to trading on the Main Market of the London Stock Exchange	313,400,824	1	313,400,824

4.1.8. Description of the expected financing of the Issuer's activities

The Issuer is required to raise additional funds continuously in order to continue developing its oil and gas projects predominantly in Africa, to monetize the Italian gas assets as stated in the Chapman Report 2020 – Italy as well as the oil assets stated in the Chapman Report 2020 – Congo and Chapman Report 2020 – Tunisia and to simultaneously satisfy loan repayments which are due. The funding can be realized by equity or by issuance of third-party debt.

In order to reach the production capacities as listed in the Chapman Reports, further capital in the amount of approx. USD 11.5 million is required. Therefore, the Issuer will be required to invest USD 8,800,000 in the Republic of the Congo and USD 2,717,720 in Italy. In Tunisia, no additional capital is required given that the development can be financed by cash flow.

The following steps are required in order to reach the production capacities as listed in the Chapman Reports 2020:

Action required in the Republic of the Congo:

1. Collection of the outstanding amount of USD 5.3 million from SNPC by AAOG. The Issuer and SNPC are in discussions in order to settle this issue.
2. Completion of the drilling of the Tilapia II well. The previous owner of the Tilapia II oilfield completed the drilling well at 80 per cent. Geological studies affirmed that by expanding the completion level to 100 per cent a considerable additional oil production can be expected. The respective costs amount to a total of approximately USD 5 million. The Group intends to invest an additional amount of USD 2.2 million to increase the level of completion of the drilling.
3. The Issuer estimates that the production from the developed well will stand at 2,000/2,500 barrels of oil per day.

Action required in Tunisia:

1. Completion of the regulatory approval regarding the acquisition of the 45 per cent interest in the North Kairouan permit and the Sidi El Kilani concession. The completion of this Tunisian Acquisition remains conditional on the approval of the Comité Consultatif des Hydrocarbures of the Republic of Tunisia in respect of the transfer of the sellers' rights, title and interest to Zenith Netherlands. The Issuer expects the granting of the approval in the first half of 2021.
2. The Issuer expects to run a daily oil production ranging between 550 - 600 barrels of oil per day.
3. The Group is currently in negotiation with third parties to acquire oil and/or to finance the oil production. This will result in available fund to be invested into the local activities in Tunisia.

Action required in Italy:

1. The Issuer plans to drill an offset horizontal well (Masseria Vincelli 2) in the year 2021. The drilling will require 4 months of work and an investment of approx. EUR 6 million, to be shared between the partners. Out of this amount, the investment of the Group should amount to approx. USD 2.7 million.
2. The Lucera gas concession is currently not producing, because some compressors need extraordinary maintenance or to be substituted. Production is expected to resume in June 2021.

3. The Masseria Vincelli 2 well will approximately produce at a rate of 1,000 Mscf/d which will maintain the operation of the electrical generation facility for the next years.
4. The Issuer is currently not planning to develop the concessions in "Montalbano" and "Colle dei Nidi". Therefore, no further action or investments are required.

All the development and production plans are certainly deeply influenced by the success of drilling, the existence of estimated reserves and the presence or absence of structural impediments, geological and operational risks that are inherent in the oil & gas industry.

Financing through equity injections

In the recent past, the Issuer carried out different equity placings to fund the purchase of the drilling equipment (see section VI. 4.1.7., page 40).

Financing through the issuance of third-party debt

To avoid the risk of the excessive dilution of the share capital and the investment of existing shareholders, the Issuer has set up the EUR 25,000,000 Euro Medium Term Note Programme to issue Notes to finance its operations. As per 31 March 2020, Zenith has issued Notes under the EUR 25,000,000 Euro Medium Term Note Programme denominated in four different currencies (EUR, GBP, USD and CHF) in the total nominal amount of approx. EUR 112,709.41 amount outstanding as of 31 March 2020. Since 1 April 2020, the Issuer has sold additional notes in the nominal amount of approx. EUR 123,900.00.

5. BUSINESS OVERVIEW

5.1. Principal activities

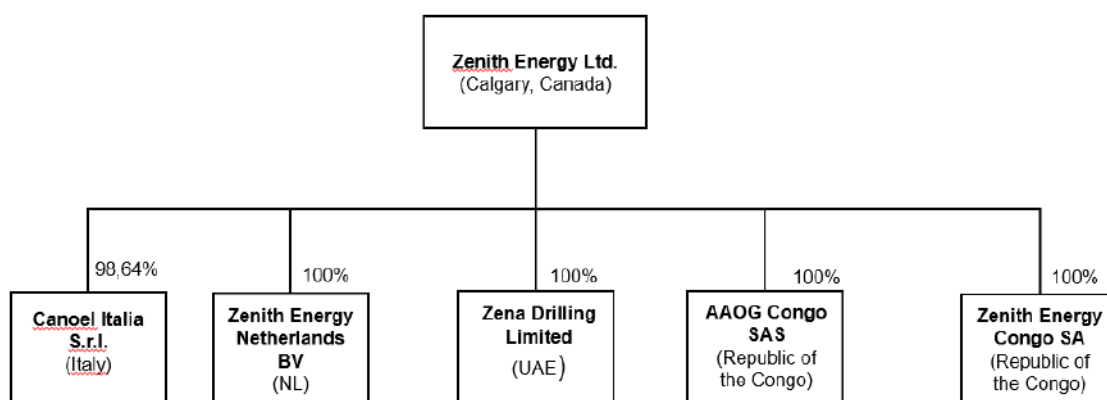
The Issuer is a holding company with a number of subsidiary companies which include a variety of different projects in Italy, the Republic of the Congo (since spring 2020) and Tunisia (since spring 2020). Until the end of June 2020, the Issuer was also invested in Azerbaijan. The business of the Issuer is the oil and gas exploration, development and production.

The articles of association of the Issuer contain no restrictions on the Issuer's principal objects or the type of business that may be carried out by the Issuer.

5.1.1. Organisational structures of the Group

The Issuer as the parent company of the Group, is a holding company and the operations of the Group are carried out through the operating subsidiaries of the Issuer.

Below is an organization chart of the Group which includes the main subsidiaries relevant for its operations:



Source: Internal information of the Issuer as of 4 March 2021.

5.1.2. The Business

The Group has a portfolio of producing and not producing gas assets in Italy. In spring 2020, the Issuer has entered the markets of the Republic of the Congo and Tunisia and has terminated its activities in Azerbaijan with effect as of the end of June 2020 (see section VI.4.1. page 37-39). Terminating the activities of the Issuer in Azerbaijan has set free financial and operative resources to develop the activities in the new markets in the Republic of the Congo and Tunisia.

The strategy of the Group is to diversify its operations by engaging its own assets for the exploration as well as by finding and opening new exploration sites.

5.1.2.1. Group operations in Italy

In 2019, the Italian natural gas production amounted to 4.6 billion cubic metres (*Source: Statistical Review of World Energy - British Petroleum, 2020, page 34*)⁷. The Group produces approximately 5,500,000 cubic metres of natural gas per year.

In Italy, the Group owns various working interests in 13 onshore exploration and production properties. The Group operations in Italy are carried out by its subsidiary Canoel Italia S.r.l..

As of the day of this Prospectus, 3 of the 13 onshore exploration and production properties are active and producing. The Group's assets in Italy comprise:

- six operated onshore gas production concessions (two of them are active and producing),
- three non-operated onshore gas production concessions (one of them is active and producing),
- one operated exploration permit,
- one non-operated exploration permit and
- two exploration permit applications.

On the operated gas production concessions and exploration permits, the Group is the operator of the concession or permit. Being an operator in a concession means that the Group organizes all the production and maintenance operations, assuming the risks and paying all the related costs, which will be reimbursed

⁷ Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

by the partners according to their working interest. Once per year proper committees take place to decide about budgets, technical issues and development plans.

On the non-operated gas production concessions and exploration permits, the Group is not the operator of the concession or permit. A third party serves as the operator and takes care of the daily business; the Group is only involved with its working interest.

The production and exploration properties comprise the following concessions, permits and applications:

(a) two operated onshore gas production concessions which are currently producing:

1. *Torrente Cigno*: The Issuer owns a 45 per cent working interest in the Torrente Cigno gas concession covering approximately 2,545 acres. The Company owns a 100% working interest in an electrical generation facility which utilizes gas from wells in this concession. From 1 October 2015, the Issuer has used the gas produced to generate electricity which is sold directly to the national electrical grid in Italy. As of the end of December 2020, the production at Torrente Cigno (from one well) was at approximately 462 Mscf/d. (13,089 stmc/d).

This concession was scheduled to expire in 2019; an extension for 10 years has been requested in March 2017. Under Italian law, if the authority does not serve its decision within ninety days from the filing of an application, the application is considered as accepted/granted. Therefore, the Issuer is of the opinion that this concession is now scheduled to expire in 2029.

2. *Misano Adriatico*: The Issuer owns a 100 per cent working interest in the Misano Adriatico gas concession covering approximately 642 acres. As at the end of December 2020, production at Misano Adriatico (from one well) was at approximately 35 Mscf/d. (989 stmc/d).

This concession was scheduled to expire in 2020; an extension for 10 years has been requested in June 2018. Under Italian law, if the authority does not serve its decision within ninety days from the filing of an application, the application is considered as accepted/granted. Therefore, the Issuer is of the opinion that this concession is now scheduled to expire in 2030.

(b) four operated onshore gas production concessions which are currently not producing:

1. *Masseria Grottavecchia*: The Issuer owns a 20 per cent working interest in the Masseria Grottavecchia gas concession covering approximately 13,160 acres. This concession is currently not producing, because the Issuer is still waiting for the Italian Ministry preliminary approval to develop the gas concession pursuant to the submitted planifications. The Issuer is planning to implement a new plan for the exploitation of the Traetta 1 well in the Masseria Grottavecchia concession through the sweetening of the produced gas so that it can be sold through the national pipeline grid. This development plan was recently submitted to the relevant ministry in Italy for its review and approval. The Issuer estimates that approval should be received in late 2021.

This concession was scheduled to expire in 2018; an extension for 10 years has been requested in July 2016. Under Italian law, if the authority does not serve its decision within ninety days from the filing of an application, the application is considered as accepted/granted. Therefore, the Issuer is of the opinion that this concession is now scheduled to expire in 2028.

2. *San Teodoro*: The Issuer owns a 100 per cent working interest in the San Teodoro gas concession covering approximately 14,640 acres. This concession is currently not producing, because the Issuer is still waiting for the Italian Ministry preliminary approval to develop the gas concession pursuant to the submitted planifications.

This concession was scheduled to expire in 2019; an extension for 10 years has been requested in December 2016. Under Italian law, if the authority does not serve its decision within ninety days

from the filing of an application, the application is considered as accepted/granted. Therefore, the Issuer is of the opinion that this concession is now scheduled to expire in 2029.

3. *Sant'Andrea*: The Issuer owns a 40 per cent working interest in the Sant'Andrea gas concession covering approximately 40,605 acres. This concession is currently not producing, because the Issuer is waiting for the renewal of the connection to the grid pipeline renting from a local supplier.

This concession is scheduled to expire in 2022.

4. *Masseria Petrilli*: The Issuer owns a 50 per cent working interest in the Masseria Petrilli gas concession covering approximately 29,227 acres. The Masseria Petrilli gas concession was run through a joint venture. The Issuer acted as the operator; the other partner of the joint venture was Gas Plus Italiana S.r.l. ("**Gas Plus**"). This concession is not producing because the joint venture during 2019 renounced to the concession.

(c) one non-operated onshore gas production concessions which is currently producing:

1. *San Mauro*: The Issuer owns a 18 per cent working interest in the San Mauro gas concession covering approximately 6,257 acres. As of the end of December 2020, the San Mauro site was producing approximately 198 Mscf/d. (5,600 stmc/d). According to the calculations in the Chapman Report 2020 – Italy, the reserves of the San Mauro concession should already be depleted, which is not the case. The San Mauro gas concession is therefore not included in the Chapman Report 2020 – Italy. The Issuer can therefore not estimate for how long the San Mauro gas concession will carry on producing.

This concession was to expire in 2020 but an extension for 10 years had been requested on 6 February 2018. Under Italian law, if the authority does not serve its decision within ninety days from the filing of an application, the application is considered as accepted/granted. Therefore, the Issuer is of the opinion that this concession is now scheduled to expire in 2028.

(d) two non-operated onshore gas production concessions which are currently not producing:

1. *Masseria Acquasalsa*: The Issuer owns an 8.8 per cent working interest in the Masseria Acquasalsa gas concession covering approximately 10,200 acres. The Masseria Acquasalsa gas concession was run through a joint venture⁸. This concession is not producing, because the joint venture renounced to the concession in 2018.
2. *Lucera*: The Issuer owns a 13.6 per cent working interest in the Lucera gas concession covering approximately 38,514 acres. This concession is not currently producing, because some compressors need extraordinary maintenance or to be substituted. Production is expected to resume in June 2021. Despite the Lucera concession is currently not producing, it still has valuable gas reserves. Therefore this concession is of essence for the Issuer.

This concession is scheduled to expire in 2022.

(e) one operated exploration permit (not yet developed):

The Issuer owns a 57.15 per cent working interest in the Montalbano gas concession. This site has not yet been developed. The Issuer expects reserves on this site. In order to make this site capable of production, it must be developed which means that significant expenditures (exceeding the cost of drilling wells) are required.

⁸ The Issuer holds an interest of 8.8 per cent in the joint venture; Gas Plus holds an interest of 46.03 stake and acted as operator; Edison Italia S.r.l. ("**Edison Italia**") holds the remaining 45.17 per cent.

(f) one non-operated exploration permit (not yet developed):

The Issuer owns a 25 per cent working interest in the Colle dei Nidi gas concession. This site has not yet been developed. The Issuer expects reserves on this site. In order to make this site capable of production, it must be developed which means that significant expenditures (exceeding the cost of drilling wells) are required.

(e) two pending applications for exploration permits:

The issuer has two pending applications for the granting of exploration permits in the Serra dei Gatti (100 per cent working interest) and Villa Carbone (50 per cent working interest) gas concessions.

The Group's estimated total gas reserves (i.e. proved reserves plus probable reserves) at the Lucera (currently not producing), Misano Adriatico (active and producing) and Torrente Cigno (active and producing) concessions were assessed at 15,933 million of standard cubic feet ("**Mmscf**") as of 31 March 2020. (*Source*: Chapman Report 2020 – Italy).

Royalties and taxes in Italy

In Italy, for onshore permits, the state royalty for both oil and gas is a maximum of 10 per cent, with a provision that no royalties will be paid on yearly production less than 125,000 bbls of oil and 700 MMcf of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d) (*Art.19 of Italian Legislative Decree 25 November 1996, n. 625*). In Italy, the corporate tax is a maximum of 32 per cent and there are no restrictions on repatriation of profits (*Decree of the President of the Republic n. 917/1986*).

5.1.2.2. Group Operations in Azerbaijan in the past

In January 2016, the Issuer established a fully owned subsidiary, Zenith Aran Oil Company Limited ("**Zenith Aran**"), to operate in Azerbaijan, soon after that in March 2016 Zenith announced the signing of Rehabilitation, Exploration, Development and Production Sharing Agreement ("**REDPSA**") with the State Oil Company of the Azerbaijan Republic ("**SOCAR**"). By August 2016, Zenith started the production of first oil under the Zenith banner in Azerbaijan following completion of the handover process from SOCAR to Aran Oil Operating Company Limited ("**Aran Oil**"), an entity jointly created and owned by Zenith Aran (80 per cent) and SOCAR (20 per cent).

By March 2018, the gross oil production revenues of the Issuer's subsidiary in Azerbaijan peaked since the beginning of operations in the country, with a daily production of 260 barrels of oil a day and due to the higher oil selling price obtained from the market. The Group had been unsuccessful in achieving material increases in its daily production of oil. The primary reasons for not increasing the daily production of oil included the poor condition of many of the Issuer's existing wells, the challenging geology of the Issuer's field, as well as the unreliability of well data and historical records from the Soviet-era which have rendered workovers in some of the Issuer's wells extremely challenging.

On 2 March 2020, the Issuer announced that, in view of Zenith's strategic focus on pursuing large-scale oil production and development opportunities in Africa, it will hand over the Contract Rehabilitation Area to SOCAR. Zenith continued to operate the Contract Rehabilitation Area until the handover of the Contract Rehabilitation Area which was completed during the month of June 2020.

The Issuer therefore decided to shift its focus to countries, predominantly located in Africa, where the geology and the production conditions are less challenging and where the deployment of its resources could obtain greater value for its shareholders. The Issuer is therefore no longer invested in Azerbaijan.

As per the REDPSA agreement with SOCAR, Zenith did not have to pay any kind of compensation fee as a result of the termination thereof.

5.1.2.3. Group operations in the Republic of the Congo

The Republic of the Congo is a producer of mineral commodities such as crude oil, diamonds and gold. The country is also a producer of copper, lead and zinc. Ongoing development of oil and gas is taking place offshore, in the Gulf of Guinea. (Source: <https://eiti.org/republic-of-congo>)

On 5 May 2020, Zenith announced the successful completion of the acquisition from the AIM⁹ listed Anglo African Oil & Gas PLC of a 100 per cent interest in its fully owned subsidiary in the Republic of the Congo, AAOG Congo. The total consideration paid to Anglo African Oil & Gas PLC amounted to GBP 200,000. The transfer of ownership of AAOG Congo is subject to a regulatory approval in the Republic of the Congo. As part of the transaction, the Issuer has acquired loans which the previous shareholder has granted to AAOG Congo in the total amount of approximately GBP 2,500,000. For the transfer of these loans, the Issuer did not pay any additional consideration to Anglo African Oil & Gas plc.

AAOG Congo held a 56 per cent majority interest in, and was the operator of the Tilapia oilfield in the Republic of the Congo (the "**Congo License I**"). The remaining 44 per cent were held by the national oil company, Société Nationale des Pétroles du Congo ("**SNPC**"). The Congo License I is located in the Lower Republic of the Congo Basin, West African Atlantic Margin, which extends from Gabon down to Angola, a prolific hydrocarbon region in which certain individual wells have recorded production rates of up to 5,000 barrels of oil per day. It is situated 1.8 kilometres offshore and entered into production in 2008. Having been drilled from onshore, there is no requirement for offshore drilling equipment. Oil storage and processing facilities are a 45-minute drive from Pointe Noire and 17 kilometres from the nearest refinery.

The Congo License I in the Tilapia oilfield expired on 18 July 2020. SNPC owes AAOG Congo approximately USD 5.3 million as a result of the work conducted to date on the Congo License I, corresponding to the historical amounts due on the basis of taxes and related costs which could be reimbursed to Zenith. Zenith expects to obtain the full repayment of the aforementioned amount and, upon repayment, the aforementioned amount will be used by the Issuer to perform drilling operations in order to progressively increase production from the License.

In August 2020, AAOG Congo returned the operatorship of the Tilapia oilfield license to a subsidiary of SNPC. After receiving the USD 5.3 million and after the settlement of the ongoing lawsuit described in section VI.11.4 (page 72), AAOG Congo will be liquidated since Zenith Congo has been established to receive a new 25-year license for the Tilapia oilfield to be named "Tilapia II" (the "**Congo License II**").

Zenith Congo, a fully owned subsidiary of Zenith, created under the laws of the Republic of the Congo has been established at the request of the Congolese Ministry of Hydrocarbons. The purpose of Zenith Congo is to receive a new 25-year license following the submission of a comprehensive commercial and technical offer presented to the Congolese Ministry of Hydrocarbons for the award of a new 25-year license for the Tilapia oilfield to be named "Tilapia II". The aforementioned offer was submitted on 20 July 2020. On 23 December 2020, the Issuer announces that it has received official confirmation from the Ministry of Hydrocarbons of the Republic of the Congo that, Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield.

In accordance with Congolese procedures for the award of new hydrocarbon licenses, the award of the Tilapia II license is subject to the completion of an inquiry of public utility to be organised and performed by the Ministry of Hydrocarbons. On 10 February 2021, the Issuer announced that that it has received formal confirmation regarding the successful completion of the inquiry of public utility, following an in-depth

⁹ London Stock Exchange's market for small and medium size growth companies.

technical and financial review, performed by the Ministry of Hydrocarbons of the Republic of the Congo during the month of January 2021. The final award of the license is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield. Under the envisaged terms of Tilapia II, Zenith Congo will operate Tilapia II in a partnership with SNPC. Zenith intends to begin its drilling operations in the Republic of the Congo upon granting of the drilling license by the Congolese Ministry of Hydrocarbons.

During 2019, the oil production in the Republic of the Congo was at 339,000 barrels per day of oil. (*Source*: Statistical Review of World Energy - British Petroleum, 2020) The Republic of the Congo produces every year an amount equivalent to 7.46 per cent of its total proven reserves. (*Source*: internal calculations of the Issuer).

Royalties, taxes and incentives in the Republic of the Congo

The oil legislation states that activities concerning hydrocarbons prospection, research, exploitation and transportation are subject to corporate tax and a proportional mining royalty. The corporate tax is calculated on the yearly income at the rate of 35 per cent for all exploitation permits resulting from one research permit and for a duration not longer than five years. When the deadline expires and following the consultation between the State and the company, this rate may be raised to a higher level pursuant to article 42 of the Hydrocarbons Code.

The rate of the proportional mining royalty is set at 15 per cent for liquid hydrocarbons. Nevertheless, in the event of the discovery of natural gas, the proportional mining royalty is set after consultations between the State and the company.

Moreover, apart from various rights and taxes, the Congolese legislation provides in particular for an area levy payable by the holder of a research or exploitation permit in compensation for surfaces put at his/her disposal by the State. This area levy is deductible from the tax base.

Exchange rate regime

Foreign companies are subject to exchange control regulations and benefit from the free convertibility between domestic currency and foreign currencies. The Republic of the Congo is a member of the Economic and Monetary Community of Central African States ("CEMAC"). Within the CEMAC, foreign exchange regulation states that the purchase and selling rates of currencies other than the euro should be set based on the fixed exchange rate of the CFA-Franc BEAC against the Euro. The rates of these currencies against the euro are based on foreign exchange markets.

(*Source*: Wafwana/Matschinga, Oil legislation in the Republic of the Congo, 2013, available at <https://www.lexology.com/library/detail.aspx?g=0ece0c2b-333c-40a7-82f5-d481c4d1122a>).

5.1.2.4. Group operations in Tunisia

Zenith has entered into two separate conditional transactions in relation to an onshore oil production asset in Tunisia, through which the Issuer has conditionally acquired a cumulative 45 per cent working interest in the North Kairouan permit and the Sidi El Kilani concession.

On 20 April 2020, the Issuer's newly created fully owned subsidiary Zenith Netherlands has signed a conditional sale and purchase agreement with KUFPEC (Tunisia) Limited (a 100 per cent subsidiary of Kuwait Foreign Petroleum Exploration Company K.S.C.C, a subsidiary of the State of Kuwait's national oil company), for the acquisition of a working interest of 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession (Tunisian Acquisition Part I), which contains the Sidi El Kilani oilfield ("SLK") and covers an area of 204 square kilometres, located onshore, in the Pelagian Basin, Eastern Tunisia. The total consideration payable by Zenith in relation to the Tunisian Acquisition Part I is USD 500,000, of which USD 250,000 was paid in June 2020, as per the terms of the conditional share purchase agreement in relation to this transaction. The balance of the purchase price is due upon completion of the acquisition, which

is expected to be obtained in the first half of 2021.

On 8 September 2020, Zenith Netherlands has signed a conditional sale and purchase agreement with CNPC as seller for the acquisition of its working interest of 22.5 per cent in, inter alia, the North Kairouan permit and the Sidi El Kilani concession (Tunisian Acquisition Part II) for a total consideration of USD 350,000, as per the terms of the conditional share purchase agreement in relation to this transaction. The payment of the purchase price is due upon completion of the acquisition.

The completion of the Tunisian Acquisition remains conditional on the approval being granted by the Comité Consultatif des Hydrocarbures of the Republic of Tunisia in respect of the transfer of the sellers' rights, title and interest in and under the Tunisian Acquisition to Zenith Netherlands. Despite the pending approval, Zenith Netherlands has already the right to exploit the Tunisian assets. Upon completion of the Tunisian Acquisition, the Issuer's working interest in SLK will amount to 45 per cent and equate to a daily production of approximately 260 barrels of oil per day.

The field is operated by CTKCP (Compagnie Tuniso – Koweïto Chinoise de Pétrole) with the following participating partners: State of Tunisia National Oil Company, ("ETAP") (holding a 55 per cent interest) and the Zenith Netherlands (holding a 45 per cent interest).

During the year 2019, Tunisia produced 50 thousand barrels of oil per day. (*Source*: Statistical Review of World Energy - British Petroleum, 2020)¹⁰ Tunisia produces every year an amount equivalent to 4.3 per cent of its total proven reserves. (*Source*: internal calculations of the Issuer) The Issuer totally produces a net amount of 255 barrels per day of oil in Tunisia.

Royalties and taxes in Tunisia

Proportional royalty

The proportional royalty is paid on the quantities of petroleum produced by the title holder. The royalty rate is determined on the basis of the (R) factor of the cumulative net revenues to the cumulative total expenses of each co-holder relating respectively to each operating concession and to the research permit from which it originates.

For liquid and gaseous petroleum, proportional royalty varies from 2 to 15 per cent. In case ETAP is not a participant in a concession, the rate of the proportional royalty applicable to said concession cannot be inferior to 10 per cent for liquid petroleum and to 8 per cent for gaseous petroleum.

Income tax

Income tax rate for liquid petroleum varies from 50 to 75 per cent based on the (R) factor. Income tax generated from a concession focusing mainly on the production of gas not associated with oil varies from 50 to 65 per cent. In case ETAP is a participant in a concession with more than a 40 per cent stake, the income tax rate applicable is 50 per cent.

Taxes specific to petroleum

The holder of a prospection permit, a research permit or a concession is subject for his activities to the payment of the following taxes:

- Fixed tax equal to the minimum inter-professional hourly wage of an ordinary worker for every full elementary perimeter (an area of 4 km); this tax must be paid whenever there is a request for the establishment, renewal or extension of the area of the petroleum title, with an exception for prospection authorizations.

¹⁰ Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

- Fixed tax is to be paid per hectare of land included in a concession, equal to the guaranteed inter-professional hourly wage of an ordinary worker no later than 30 June of each year; this tax is equal to five times the guaranteed inter-professional wage per hour of the ordinary worker per hectare for inactive or unexploited concessions.
- Proportional royalty determined based on the (R) factor on the quantities of petroleum produced by the title holder paid in nature or in cash at the choice of the conceding authority under the conditions provided for in the convention.
- Income tax determined based on the (R) factor.

(Source: internal Information of the Issuer)

5.1.3. Market Overview

The Group operates in the energy and oil market in Italy, the Republic of the Congo and Tunisia. The overview of the global energy and oil market as well as a closer look on the energy and oil market in Italy, in the Republic of the Congo and in Tunisia is illustrated below.

5.1.3.1. The global energy market

The world energy consumption has seen a steady increase since the industrial revolution and is expected to continue to do so in the years to come. Fossil fuels continue to supply more than 84 per cent of the world's energy of which 33 per cent is oil, according to the BP Statistical Review of World Energy in June 2020. In 2019 oil remains the most used fuel in the energy mix (Source: Statistical Review of World Energy - British Petroleum, 2020)¹¹.

The world consumption of primary energy – including oil, natural gas, coal, nuclear, hydropower and other renewable energy – increased by 1.3 per cent in 2019, according to the BP Statistical Review of World Energy June 2020. This is less than half the rate of growth in 2018.¹²

5.1.3.2. The oil price

Oil prices traded at all-time high levels (in terms of annual average) for the most of 2011, 2012, 2013 and the first half of 2014. The Brent oil price stayed commonly in a range of USD 100-125/bbl. However, since the summer of 2014, oil prices have declined steeply and Brent reached USD 28/bbl in mid-January 2016. The price decline was a result of high oil prices for an extended period of time, which helped unlock technological breakthroughs in US onshore production, combined with relatively weak global oil demand growth and the return of Libyan production. The prolonged oil crisis resulted in a reduction in upstream investment in 2015 and 2016, respectively 25 per cent and 26 per cent, according to the International Energy Agency ("IEA") 2018 Oil Information Overview. This was the first occurrence of two consecutive years of declining investments since the 1980s. In 2016, oil prices remained low and were strongly affected by resilient US producers. The oil price began creeping upwards during 2017 and the Brent oil price reached the USD 60/bbl mark during the third quarter. IEA's World Energy Report 2017 highlights underinvestment in conventional projects and the possibility for a shortfall of new supply post-2020.

According to the IEA Oil Information Overview 2020, world oil production stood at 98.1 mb/d in 2019.¹³ However, geopolitical uncertainty continues to influence the supply side, especially related to Iran and Venezuela. The same applies to the situation in Saudi Arabia due to the latest incidents in September 2019. High oil prices combined with a strong dollar are projected to contribute to slower demand growth.

11 Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

12 Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

13 Available at <https://webstore.iea.org/oil-information-overview-2020-edition> (free registration required).

Although, reduced economic confidence may weaken demand, supply side risks will most likely underpin oil prices moving forward.

As evidenced by the oil crisis and recent market developments, the oil price is highly dependent on the current and expected future supply and demand of oil. In addition, the oil price is influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of OPEC and subsequent production policies announced by the organization.

The first quarter of 2020 saw the worst performance on record for the market. Oil prices went from over USD 110 per barrel in June 2014 to around USD 17 in April 2020. As of May 2020, oil has managed to recap some of its earlier losses, reaching an average price of approximately USD 35 per barrel at the end of October 2020.

5.1.3.3. Overview of the oil and gas industry in Italy

Italy produces small volumes of natural gas and oil and virtually no coal. Therefore, most of the country's fossil-fuel supplies (as well as a significant share of its electricity) are imported. They are augmented by local production of energy from renewable sources resulting in an increasing local dependence on imports in recent years.

Regulation of the oil and gas industry in Italy

Italy has liberalised its electricity and gas sectors progressively in conformance with EU directives. Transmission and distribution of natural gas and electricity have been unbundled and a regulator, *Autorità per l'Energia Elettrica e il Gas*, set up to supervise access to networks and to regulate tariffs.

The Italian oil market is fully liberalised, and the Italian Government intervenes only to protect competition or to prevent an abuse of a dominant position.

Prices, taxes and support mechanisms in Italy

The prices of all forms of energy except electricity are set freely by the market. Additionally, electricity and gas productions are exempt from VAT for producers, except for the final seller to consumers. Gas consumers have a choice of supply from incumbent suppliers at regulated tariffs or from alternative suppliers at market rates. The choice is non-binding and consumers can change from one service to another at no additional costs.

In Italy, for onshore permits, the state royalty on production of both oil and gas is a maximum of 10 per cent, with a provision that no royalties are paid on yearly production below 125,000 barrels – "bbls" of oil and approximately 700 Million Cubic Feet – "MMcf" of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d). At the present time, the Group does not pay any state royalties since all its producing fields fall below the minimum royalty threshold.

5.1.3.4. Overview of the oil industry in Republic of the Congo

All information provided in this subsection is based on the analysis of the U.S. Energy Information Administration ("EIA"), last updated 29 January 2014, and can be reviewed on the EIA website (<https://www.eia.gov/international/analysis/country/COG>). In case any information comes from a different source than the EIA, the source will be mentioned after the information.

The Republic of the Congo ("Congo") is a producer of mineral commodities such as crude oil, diamonds and gold. The Republic of the Congo is among the top five oil producers in Sub-Saharan Africa. Ongoing development of oil and gas is taking place offshore, in the Gulf of Guinea. (*Source*: <https://eiti.org/republic-of-congo>). Congo exports almost all of its oil production, and the largest recipients are China and the

European Union.

The Republic of the Congo is a mature oil producer with declining output at most of its fields. The Republic of the Congo's economy is heavily dependent on its oil production. (*Source*: <https://www.imf.org/en/News/Articles/2020/01/24/pr2016-republic-of-congo-imf-executive-board-concludes-2019-article-iv-consultation>)

A vast majority of oil and natural gas exploration and production activities in the Republic of the Congo are conducted offshore.

Regulation

The Ministry of Mines, Energy, and Water Resources manages the country's oil and gas resources, while exploration and production operations are governed by production sharing agreements ("PSA"). The Republic of the Congo's national hydrocarbon company, SNPC, manages Congolese government-owned shares in hydrocarbon operations. SNPC has an operating interest alongside international oil companies ("IOCs") through PSAs, which also include tax breaks and a royalty system. There are several IOCs, such as Chevron, Perenco, Murphy Oil, and SOCO Internationals, that participate in the oil and gas industries, but the companies that dominate the industries are Total and Eni.

Exports

The Republic of the Congo's exports were reported at 309 bbl/d in December 2019. This records an increase from the previous year's number of 307,110 bbl/d in December 2018. The daily average exports in December 2019 represented an all-time high for the Republic of the Congo. (*Source*: <https://www.ceicdata.com/en/indicator/congo/crude-oil-exports>)

Natural resources

The Republic of the Congo has considerable deposits of crude oil, natural gas, diamonds, gold, copper, lead, zinc, phosphates and uranium. Abundant mineral resources are found across the country including its offshore, where a growing share of output is located. It is considered one of the most mineral countries in sub-Saharan Africa, sitting along the Congo geological basin. (*Source*: <https://eiti.org/republic-of-congo>)

Oil Reserves in the Republic of the Congo

The Republic of the Congo holds 3,000,000,000 barrels of proven oil reserves as of 2019 and is accounting for about 0.1 per cent of the world's total oil reserves of 1,733,9 thousand million barrels. (*Source*: Statistical Review of World Energy - British Petroleum, 2020)¹⁴

The Republic of the Congo has proven reserves equivalent to 257.9 times its annual consumption. This means that, without exports there would be about 258 years of oil left (at current consumption levels and excluding unproven reserves). (*Source*: internal information of the Issuer)

Oil Consumption in the Republic of the Congo

The Republic of the Congo consumes 17,000 barrels per day (B/d) of oil as of the year 2018. Congo ranks 147th in the world for oil consumption, accounting for approximately 0.017 per cent of the world's total consumption of 99,843,000 barrels per day. Congo consumes 0.14 gallons of oil per capita every day (based on the 2016 population of 4,980,996 people), or 52 gallons per capita per year (1 barrels). (*Source*: internal

¹⁴ Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

information of the Issuer)

The Issuer has not a more updated information regarding the oil industry in Republic of the Congo

5.1.3.5. Overview of the oil industry in Tunisia

Tunisia is a relatively small hydrocarbon producer. Production of petroleum and other liquids has been steadily declining from its peak of 120,000 barrels per day (bbl/d) in the mid-1980s to 50,000 bbl/d in 2019. (*Source*: Statistical Review of World Energy - British Petroleum, 2020)¹⁵.

Plans to increase oil and gas production have been hampered by employment-related protests. Some foreign investors have also experienced delays in getting oil and gas development plans approved by Tunisia's parliament, which has pushed back the anticipated start dates for new production. The main foreign companies operating in Tunisia are the United Kingdom's BG Group, Italy's Eni, and Austria's OMV.

Law and Practice

The Ministry of Energy and Mines (currently attached to the Minister of Industry and Small and Medium Sized Enterprises (MI) is the authority in Tunisia responsible for the supervision of the hydrocarbons sector and granting permits. The General Directorate for Hydrocarbons ("DGH") is the body in charge of implementing the states policies in hydrocarbons field.

L'Entreprise Tunisienne d'Activité Pétrolière (ETAP) is the national oil company in Tunisia. ETAP participates in all prospecting and research permits as these permits can only be granted in association with it.

Tunisian Hydrocarbon's framework varies from a petroleum title to another depending on the date of its granting and the tax and legal treatment that the title holder has elected for the implementation of its title.

The Hydrocarbons Code

Under the Hydrocarbon Code that governs hydrocarbon prospecting, exploration and production, the Tunisian State owns petroleum reserves. Exploration permits are only granted for applicants acting in association with ETAP. The terms and conditions of related operations are specified in a provisional agreement between the Tunisian State, ETAP and the contractor. Exploration and exploitation conditions are further detailed in a joint venture contract or a production sharing contract. (*Source*: internal information of the Issuer)

The Issuer's Tunisian asset is covered by a joint venture contract, under which ETAP and the Issuer are co-holders of the exploration permit and exploitation concession.

Foreign Investment

International and local investors are treated on an equal footing. The incentives applicable for upstream operations are as follows.

Private investors are entitled to repatriate the hydrocarbons export proceeds in compliance with exchange law and can freely transfer dividends abroad.

Any foreign investor has also the right to repatriate profits and actual net proceeds from sale of capital invested in foreign currency, even if the amount is greater than the initial investment. They can also freely

¹⁵ Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

carry out transfers related to research, prospection and exploitation activity in compliance with the exchange regime annexed to the special agreement.

Foreign private investors benefit also from advantages related to the import (without the completion of foreign trade formalities) of equipment and vehicles necessary for the activity. This facilitates the intended transport of heavy drilling equipment of the Issuer from its terminated operations in Azerbaijan to Tunisia, because the possible taxes to be paid on the import will be calculated at a lower rate than a normal import.

In case of dispute a foreign investor can resort to international arbitration.

Oil Reserves in Tunisia

Tunisia holds 400,000,000 barrels of proven oil reserves as of 2019 and is accounting for approximately 0.025 per cent of the world's total oil reserves of 1,733 trillion. (*Source*: Statistical Review of World Energy - British Petroleum, 2020)¹⁶

Tunisia has proven reserves equivalent to 8.33 times its annual consumption. This means that, without exports, the oil reserves could cover the Tunisian demand for the next 12 years (at current consumption levels and excluding unproven reserves). (*Source*: internal information of the Issuer)

Oil Consumption in Tunisia

Tunisia consumes 97,000 barrels per day (B/d) of oil as of the year 2017. Tunisia ranks 78th in the world for oil consumption, accounting for about 0.1 per cent of the world's total consumption of 99,843 thousand barrels per day. Tunisia consumes 0.36 gallons of oil per capita every day (based on the 2016 population of 11,303,945 people), or 132 gallons per capita per year (3 barrels). (*Source*: internal information of the Issuer)

5.1.4. Capital Expenditure and Investments

The following table shows investments made by the Group in the financial years ended 31 March 2020 and 31 March 2019.

(Amounts in CAD '000)*	Year ended 31 March 2020	Year ended 31 March 2019
Research, development and advertising	---	---
Goodwill sale branch company outbound	---	---
Workover/development Expenses	-	391
Total intangible assets	-	391
Land and buildings	---	---
Other tangible assets	1,347	4,436
Investments in tangible fixed assets	1,347	4,436
Total investments	1,347	4,827

* For an overview of conversion rates please see pages 6-7.

Source: Internal information of the Issuer.

5.1.4.1. The investment policy for the development of the concessions

Zenith intends to maximise the use of internal resources in all operations via its service company and subsidiary undertaking, Zena Drilling. In fact, it announces that its oilfield service company Zena Drilling

¹⁶ Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

Limited, has signed and executed a purchase agreement for the acquisition of a BD-260 drilling rig assembled by Robotics for a total consideration of EUR 2,250,200.

The Issuer decided to use its funds in order to purchase its own equipment, while most competitors do not buy their own drilling equipment, instead of drilling the wells with their own equipment, the drilling of wells is carried out by service companies as third parties.

5.1.4.2. Future investments

The Issuer is currently participating in Nigeria's 2020 Marginal field bid round in the capacity of technical and financial partner to a Nigerian registered oil and gas company. After successfully completing the pre-qualification the Issuer together with its Nigerian partner submitted a technical and commercial bid to the Nigerian Department of Petroleum Resources for a marginal field. A marginal field is any field that has been discovered and has been left unattended for a period of not less than ten years, from the date of first discovery or such field as the President of Nigeria may, from time to time, identify as a marginal field. (*Source: Guidelines for the award and operations of marginal fields in Nigeria*)¹⁷

In the case that the bidding process is concluded with the potential assignment of a marginal field to the Issuer, further investments in the amount of approximately EUR 300,000.00 will be necessary to secure the assigned marginal field.

5.1.5. Impact of Environmental Protection Regulations

The Issuer is subject to significant environmental and other regulations in respect of its operational activities in all jurisdictions and seeks to conduct its operations in an environmentally responsible manner and to maintain compliance with relevant regulations.

All elements of the oil and natural gas industry are associated with environmental risks and hazards that are subject to various environmental regulations pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation typically addresses, amongst other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. Legislation also typically requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation has been evolving in a manner that is expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Issuer to incur costs to remedy such discharge. Although the Issuer believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Issuer's financial condition, results of operations or prospects.

Italy, the Republic of the Congo and Tunisia are signatory to the United Nations Framework Convention on Climate Change and have ratified the Paris Climate Change Agreement, and are thus required to establish legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other "greenhouse gases".

Given the evolving nature of climate change action and regulation, it is not possible to predict the nature of future legislation with respect to climate change or the impact on the Issuer, its operations and financial condition at this time.

¹⁷ Available at <https://marginal.dpr.gov.ng/Content/assets/pdf/marginalFieldGuidelines.pdf>

Compliance with such legislation may require significant expenditures and a failure to comply may result in the issuance of "clean-up" orders or the imposition of fines and penalties, some of which may be material. It is possible that the costs of complying with environmental regulations in the future will have a material adverse effect on the Issuer's financial condition or results of operations. The Issuer may incur liabilities that could be material or require the Issuer to cease production on properties if environmental damage occurs.

5.1.5.1. Italy

A Legislative Decree setting forth amendments and additions to Legislative Decree No. 152 of April 3, 2006, which contained regulations governing environmental issues, pursuant to Article 12 of Law No. 69 of June 2009 was published on 11 August 2010 in Issue No. 186 of the Official Gazette of the Italian Republic. These amendments included significant changes to Part II of Legislative Decree No. 152/2006, which dealt with the Environmental Impact Assessment procedure and the Integrated Environmental Authorization procedure respectively, as well as air quality protection regulations.

Part II of Legislative Decree 152/06 regarded the EIA (Environmental Impact Assessment) procedure. This amendment included all legislation relating to the procedures for requesting and release of the Integrated Environmental Authorization (AIA, LD 59/05 and subsequent amendments and additions). This has led to some changes in the existing text, including some variations of timing approval for the EIA. Great importance was given to monitoring, even after successful authorization.

The changed legislation affects the Issuer's development plans in Masseria Grottavecchia and San Teodoro concessions, where it is still waiting for the ministry's conditional approval in order to start the related preparations. Before the change of the Italian legislation, the approval process was in the competence of the regional government. According to the new legislation, an application for approval has first to be discussed with the central government (Development Ministry in Rome) and only after with the regional government. Due to the amended legal framework the Issuer is experiencing a significantly lengthened approval process in Italy.

5.1.5.2. Republic of the Congo

HSE Obligations

The main features of the health, safety and environment ("HSE") obligations under the draft Petroleum Code are as follows. The contractor:

- is subject to international treaties and HSE laws and regulations in force in the Republic of the Congo;
- shall use techniques in line with international industry practice to respect the environment, prevent and limit any environmental damage, and improve HSE conditions;
- is strictly liable for any damage caused to individuals, goods and the environment as a result of petroleum operations and must repair any damage caused. The contractor must have the financial capacity to bear the costs of any such damage;
- shall contribute 0.05 per cent of net production annually to an "urgent intervention fund", which is recoverable as a petroleum cost;
- shall submit an environmental and social impact study to the Minister for approval before starting any petroleum operations;
- shall prepare, fund and implement plans for urgent intervention, waste management, decommissioning and rehabilitation, and atmospheric waste management; and
- shall decommission and rehabilitate all land used for the purpose of petroleum operations based on an approved decommissioning and rehabilitation programme, and shall contribute to a decommissioning and rehabilitation fund, the funds of which shall be held in escrow with the Caisse des Dépôts et Consignations in the Republic of the Congo.

The contractor's subcontractors and service providers are also subject to the same HSE obligations.

The flaring of associated gas is prohibited without special pre-authorisation of the Minister, unless the flaring is carried out for security, tests or other petroleum operations consistent with international industry practice.

5.1.5.3. Tunisia

A private investor must:

- prepare an environmental impact study to be approved prior to each phase of its research and development works;
- take all necessary measures to protect the environment and to meet commitments made within the impact study as approved by competent authority;
- contract public liability insurance against risks of damages to others property and to third parties due to its activity, including inter alia risks of environments damages;
- carry out a study of the security measures to be taken to protect personnel, installations, population and the environment, in particular against explosions and fires, in accordance with the relevant Tunisian legislation and, failing that, with the practices of the oil and gas industry.

A private investor must submit the environmental impact study to the approval of the Agence Nationale de Protection de l'Environnement (Tunisian National Agency for the Protection of the Environment; "NAEP") in three original copies. The environment impact study must include information provided in the regulations.

NAEP can object to the realisation of the unit within 21 days to three months as from the receipt of the environment impact study, depending on the unit classification. Beyond these deadlines NAEP approval for the realisation of the unit is deemed to have been granted.

The relevant licenses for the realisation of the unit cannot be delivered in case NAEP makes an opposition on the environment impact assessment.

5.2.

The basis for any statements made by the Issuer regarding its competitive position.

Not applicable; this Prospectus does not contain any statements regarding the competitive position of the Issuer.

6.

6.1.

ORGANISATIONAL STRUCTURE

If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.

- 6.2. The Issuer as the parent company of the Group, is a holding company and the operations of the Group are carried out through the operating subsidiaries of the Issuer (see section VI.4.1., pages 35-37, and section VI.5.1.1., pages 42-43).

If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.

The Issuer is a holding company conducting its operations through its subsidiaries. The Issuer itself does not own significant assets other than investments into its subsidiaries. Therefore, the value of the Issuer's assets depends heavily on how the subsidiaries value their assets. In order to be able to meet its obligations arising

from the issuance of Notes, the Issuer is dependent on the receipt of dividends, interest payments and the repayment of loans granted to its subsidiaries.

TREND INFORMATION

Significant changes in the financial performance of the Group and material adverse changes in the prospects of the Issuer since the end of the last financial period for which financial information has been published

7.

7.1. Since the end of the Financial Year 2020 the significant change in the financial position of the Group were the following:

- On 22 April 2020, the Issuer repaid in full a loan facility represented and accounted as a liability in the unaudited Q3 Financial Statements as of 31 December 2019 for an aggregate amount of USD 1,000,000.
- In view of Zenith's strategic focus on pursuing large-scale oil production and development opportunities in Africa, the Issuer has handover the Contract Rehabilitation Area to SOCAR with effect as of 25 June 2020.
- The independent auditor stated in the Financial Statements 2020 that the Group is required to raise additional funds in order to continue developing its oil and gas projects and to simultaneously satisfy loan repayments which are due within the going concern period. At the date of this Prospectus, the Group has not secured these funds. A failure to secure such funds indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and will endanger the Group's ability to pay its obligations.

7.2.

Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

Significant recent trends affecting the Group and the industry in which the Issuer operates include the following:

The global recession has created new challenges for oil and gas companies, who are currently faced with several near-term threats to returns. Conversely, the long-term outlook and prospects for growth remains optimistic. The industry is therefore being pressured to develop strategic responses to the conflict between near-term pressures and long-term potential.

Some companies in the industry have avoided or addressed immediate financial crisis challenges, but some still face refinancing and cash flows insufficient to sustain debt service, along with ongoing investment in operations and growth.

Upstream input costs in the industry (including equipment, materials and services) represent up to 80 per cent of total operating costs and have not fallen as rapidly as commodity prices.

It is becoming increasingly important for oil and gas companies to capture the value of technology and technology application.

Strong demand growth post-recovery from the financial crisis may lead to increasing environmental concerns, carbon regulation and energy security issues.

Oil and Gas Trends 2020

Coronavirus clouds oil outlook

The outbreak of the new coronavirus (COVID-19) has added a major layer of uncertainty to the oil market outlook. In 2020, global oil demand is expected to contract for the first time since the global recession of 2009. The situation remains very fluid, however, making it extremely difficult to assess the full impact of the virus.

Global oil demand rose 3.4 mb/d month-on-month (m-o-m) in July, as coronavirus restrictions eased and summer holidays in the northern hemisphere supported a rise in transport fuel demand. However, a second wave of Covid-19 cases and new movement restrictions are now slowing demand growth.

Global supply fell 0.6 mb/d to 91.1 mb/d in September, down 8.7 mb/d on 2019, as the UAE slashed output and maintenance cut flows in the North Sea and Brazil, more than offsetting a US rebound from August's hurricane shut-ins. In the fourth Quarter of 2020, world supply may rise towards 92 mb/d from 91.3 mb/d in the third Quarter of 2020 if Libyan output continues to recover and assuming OPEC+ produces to its target. Total non-OPEC supply is set to drop by 2.6 mb/d in 2020 before recovering by 0.4 mb/d in 2021.

In August, OECD industry stocks fell by 22.1 mb (0.71 mb/d) m-o-m to 3 194 mb, and were 209.1 mb above their five-year average level. Preliminary data for September show that crude stocks in the US and Japan fell by 6.5 mb and 1.8 mb, respectively, while those in Europe rose by 3.3 mb. Implied global stocks fell by 2.3 mb/d in the third Quarter of 2020 and are projected to fall by 4.1 mb/d in the fourth Quarter of 2020. In September, volumes of crude oil held in floating storage fell sharply by 70 mb (2.33 mb/d) to 139.1 mb.

Crude futures fell in September versus August, partly reflecting weaker financial markets. ICE Brent fell by USD 3.15/bbl and NYMEX WTI by USD 2.76/bbl m-o-m to USD 41.87/bbl and USD 39.63/bbl, respectively. Prices saw a 10 per cent early-October jump ahead of Hurricane Delta. Physical prices e.g. North Sea Dated, remained below the futures front month reflecting a well-supplied prompt market. Freight rates remain at historically weak levels as tanker activity sits at a near 10 per cent deficit to 2019 levels. (*Source*: IEA (2020), *Oil Market Report - October 2020*, IEA, Paris)¹⁸).

Ultimately, the outlook for the oil market will depend on how quickly governments move to contain the coronavirus outbreak, how successful their efforts are, and what lingering impact the global health crisis has on economic activity. At the time of publication, the high uncertainty over the course of the global epidemic has led us to propose two alternatives to our base case for demand in 2020: a more pessimistic one in which global measures are less successful in containing the virus, and an optimistic case in which it is contained quickly.

8.

PROFIT FORECASTS OR ESTIMATES

Not applicable; no profit forecasts or estimates are included in this Prospectus.

¹⁸ Available at: <https://www.iea.org/reports/oil-market-report-october-2020>.

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

Names, business addresses and functions within the issuer of the members of the administrative, management or supervisory bodies and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer.

9.

9.1. 9.1.1. Board of Directors

The following list sets forth the name, business address, position with Zenith, time served as a director (if applicable) and the principal occupation during the last five years of each director and officer of Zenith. Directors are elected at the annual meetings of shareholders and serve until the next annual meeting or until a successor is elected or appointed. The Board presently consists of five directors.

The following table sets forth the current members of the Board of Directors of the Issuer:

Name and Surname	Date and Place of Birth	Position	Since	Until
Dr. Jose Ramon Lopez-Portillo	2 February 1954 Mexico City (Mexico)	Chairman and Non-Executive Director	24/09/2007	30/6/2023
Andrea Cattaneo	26 March 1956 Genova (Italy)	President, CEO and Executive Director	09/12/2008	30/6/2023
Dario E. Sodero	5 November 1941 Turin (Italy)	Non-Executive Director	24/06/2009	30/6/2023
Sergey Borovski	21 November 1972 St. Petersburg (Russia)	Non-Executive Director	24/07/2017	30/6/2023
Luca Benedetto	07 April 1971 Genova (Italy)	CFO and Executive Director	07/12/2020	30/6/2023

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

Mr. Lopez-Portillo has been managing Director and then Chairman of the Board since 24 September 2007. He is an economist with a large network of business contacts worldwide, and who previously served as Mexican Permanent Representative in Rome, Italy. Mr. Lopez-Portillo is a leading researcher in the energy security of Mexico and acts as Deputy Minister at Mexico's Planning and Budget Secretariat. Mr. Lopez-Portillo holds a Doctorate degree in Political Sciences and International Relations from the University of Oxford. The Business address for Mr. Jose Ramon Lopez-Portillo is Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.

Andrea Cattaneo (Director, President and CEO)

Mr. Cattaneo has been a Director of the Issuer since 9 December 2008 and has served as President and CEO of the Group since 2009. He is an energy specialist with a focus on emerging countries and has 30 years' experience in advising governments in financial, industrial and energy-related matters. Mr. Cattaneo has strong expertise and experience in structuring and negotiating contracts in the international markets, specifically the oil industry. He also has significant experience in former socialist countries and arranged the first USD loan to Vietnam, back then third poorest country in the world, towards the beginning of his financial career in 1985. Mr. Cattaneo holds an undergraduate degree in Economics from the University of Genoa and

a postgraduate degree in Taxation Law from the University of Bologna. He currently serves as Non-Executive Member of the Anglo-Azerbaijan Society, Partner of the Buenos Aires Stock Exchange and Member of the IADC Caspian Chapter Steering Committee. He is a former member of the Business Advisory Council to the Great Tumen Initiative, a United Nations project for regional economic cooperation in Northeast Asia. He is one of Zenith's founders. The Business address for Mr. Andrea Cattaneo is Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.

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

Mr. Sodero was appointed to the Board on 24 June 2009. As an experienced energy industry executive with 47 years of experience in North America, the Sub-Arctic, North Africa and the Middle East, Mr. Sodero has strong geological, exploration and technical expertise. Mr. Sodero has formerly acted as director and executive of several other TSX- and TSX-V-listed exploration and production companies. He served as President of CYGAM Energy Inc., a TSX listed oil and natural gas exploration and production company, from February 2007 to April 2011. He also served as Director of CYGAM Energy Inc. from October 2005 to 25 September 2012. Mr. Sodero holds a Doctorate degree in Geology from the University of Turin, Italy. Dr. Sodero serves as Chairman of the Issuer's Audit Committee.

The Business address for Mr. Dario Ezio Sodero is Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.

Sergey Borovskiy (Non-Executive Director)

Mr. Sergey Borovskiy has over 25 years of experience in business management in China and Hong Kong. He has lived and worked in China since 1991 and is fluent in Russian, English and Mandarin.

The Business address for Mr. Sergey Borovskiy is Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.

Luca Benedetto (Chief Financial Officer and Executive Director)

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

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

Mr. Benedetto does not control, directly or indirectly, any shares of the Issuer. The Business address for Mr. Luca Benedetto is Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.

This below table represents the Directors' interests in the Issuer, as of the date of publication of this Prospectus.

NAME	2021	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
ANDREA CATTANEO	57,984,115	5.41
SERGEY BOROWSKIY	3,849,289	0.36
DARIO SODERO ⁽¹⁾	77,500	0.01
JOSE RAMON LOPEZ-PORTILLO	48,000	0.01

- 1) Mr. Sodero controls 77,500 Common Shares of the Issuer in indirect ownership. The 77,500 Common Shares in which Dario Sodero has a beneficial interest are held by Planaval Resources Ltd., a company controlled by Mr. Sodero. Mr. Sodero owns 100% of the share capital of Planaval Resources Ltd.

Source: Financial Statements 2020, internal information of the Issuer as of the date of this Prospectus.

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

Name	Company/Partnership	Position
Jose Ramon Lopez-Portillo	Hybridair Ltd	Director
	World SkyCat Ltd	Director
Andrea Cattaneo	-	-
Dario Ezio Sodero	Planaval Resources Ltd	Director
Sergey Borovskiy	Sanju Environmental Protection (Hong Kong) Limited	Director
	General Transactions Inc.	Director
	Petro Chemical Solutions	Director
Luca Benedetto	-	-

Source: Internal information of the Issuer as of the date of this Prospectus.

9.1.2. Board Committees

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

Audit Committee

The Audit Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borovskiy and is chaired by Dario Sodero. The Audit Committee meets at least three times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Issuer is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Issuer (including annual and interim accounts and results announcements), reviewing the effectiveness of the Issuer's internal control review function and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee has unrestricted access to the Issuer's external

auditors. The ultimate responsibility for reviewing and approving the annual reports and accounts and the interim reports remains with the Board. The Audit Committee gives due consideration to laws and regulations and the requirements of the Listing Rules. The Issuer has an Audit Committee Charter.

Remuneration Committee

The Remuneration Committee comprises Jose Ramon Lopez-Portillo, Dario Soderro and Sergey Borovskiy and is chaired by Sergey Borovskiy. The Remuneration Committee has not met during the year ended 31 March 2020. The Remuneration Committee has responsibility for determining the Issuer's policy on the remuneration packages of the Issuer's chief executive, the chairman, the executive and non-executive directors and other senior executives. The Remuneration Committee also has responsibility for (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Issuer's Shareholders the total individual remuneration package of the chairman, each executive and non-executive director and the chief executive officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Issuer's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or manager may be involved in any discussions as to their own remuneration.

Corporate Governance Committee

The Corporate Governance Committee comprises Sergey Borovskiy, Dario Soderro and Jose Ramon Lopez-Portillo and is chaired by Jose Ramon Lopez-Portillo. The Corporate Governance Committee has not met during the year ended 31 March 2020. The Corporate Governance Committee ensures that the Issuer has in place sufficient procedures, resources and controls to enable it to comply with its continuing obligations as a company admitted to the Standard Segment of the Official List.

The Corporate Governance Committee also monitors the Issuer's procedures to approve (a) announcements to ensure that the information disclosed by the Issuer is timely, accurate, comprehensive and relevant to the business of the Issuer and (b) any share dealings by directors or employees or announcements made by the Issuer to ensure compliance with the Issuer's policies, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and such other regulations to which the Issuer is subject from time to time.

9.2.

Administrative, management, and supervisory bodies' conflicts of interests

Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.

There are potential conflicts of interest to which the directors and officers of Zenith will be subject in connection with the operations of Zenith. In particular, certain directors and officers of Zenith are involved in managerial or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of Zenith or with entities which may, provide financing to, or make equity investments in, competitors of Zenith. Conflicts, if any, will be subject to the procedures and remedies available under the British Columbia Business Corporations Act ("**BCBCA**"). The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

MAJOR SHAREHOLDERS

To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.

10. The Issuer has been notified of the following interests of 3 per cent or more in its issued share capital as at the date of this Prospectus:

10.1.

Name of Shareholder	Number of Common Shares	% of share capital
Andrea Cattaneo	57,984,115	5.41 per cent

Source: Internal information of the Issuer as of the date of this Prospectus.

A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

- 10.2. The Issuer does not know of any arrangement, the operation of which may at a subsequent date result in a change in control of the issuer.

11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

11.1. Historical financial information

11.1.1. Audited historical financial information covering the latest two financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.

The following information and data have been extracted from, and are only a summary of the audited consolidated financial statements of Zenith as of and for the fiscal years ended 31 March 2020 and 2019 of Zenith. The audited consolidated financial statements of Zenith as of and for the fiscal years ended 31 March 2020 and 2019 have been prepared in compliance with IFRS as issued by the IASB.

Such audited consolidated financial statements, together with the reports of the Issuer's auditors, Chairman and CEO for the fiscal years ended 31 March 2020 and 2019 and the respective notes, as well as the unaudited Interim Financial Statements 2020/2021 for the six months ending on 30 September 2020, are incorporated by reference into this Prospectus. The financial information presented below should be read in conjunction with such audited consolidated financial statements, reports and the notes thereto as well as with the unaudited interim consolidated financial statements.

The independent auditor stated in the Financial Statements 2020 that the Group is required to raise additional funds in order to continue developing its oil and gas projects and to simultaneously satisfy loan repayments which are due within the going concern period. At the date of this Prospectus, the Group has not secured these funds. A failure to secure such funds indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and will endanger the Group's ability to pay its obligations.

Balance Sheet	Six months ended	Year ended	Six months ended	Year ended
(in CAD '000)*	September 30	March 31	September 30	March 31
	2020¹	2020²	2019¹	2019³
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Assets				
Non-current assets	33,242	34,318	1,080,719	1,080,061
Property, plant and equipment	33,230	34,305*	1,080,311	1,079,639
Financial assets at amortised cost	12	13	408	422
Current assets	17,529	16,765	5,681	8,627
Equity and liabilities				
Equity	8,723	9,829	571,845	569,081
Share capital	45,706	40,400	33,557	28,866
Share warrants & option reserve	947	1,010	1,142	1,147
Contributed surplus	4,431	4,320	4,125	4,125
Retained earnings	(42,361)	(35,901)**	533,021	534,943
Non-current liabilities	22,112	20,126	501,102	502,841
Loans	1,903	2,260	2,299	3,417
Non-convertible bond and notes	4,456	4,273	4,759	4,759
Deferred consideration payable	-	-	482,839	483,178
Decommissioning provision	13,307	13,543	8,807	9,089
Deferred tax liabilities	2,398	50	2,398	2,398
Retirement provision	48	-	-	-
Current liabilities	19,936	21,128	13,454	16,766
Total assets/equity and liabilities	50,771	51,083	1,086,400	1,088,688

¹ *Source: Interim Financial Statements 2020/2021*

² *Source: Financial Statements 2020*

³ *Source: Financial Statements 2019*

*Handing over the Azerbaijani assets to SOCAR decreased "Property, plant and equipment" by approx. CAD 1,035,000,000. As of 31 March 2020, approximately 70.79 per cent of the "Property, plant and equipment" are attributed to the Congolese operation whereas another 17.08 per cent are assigned to the Tunisian operation of the Issuer. (*Source*: internal information of the Issuer as of 4 March 2021).

**Due to handing over the Azerbaijani assets to SOCAR "Retained earning" decreased by approx. CAD 532,033,000. As of 31 March 2020, approximately 85.74 per cent of the "Retained earnings" are attributed to the Congolese operation of the Issuer whereas another 18.87 per cent are assigned to the Tunisian operation of the Issuer (*Source*: internal information of the Issuer as of 4 March 2021).

Consolidated Statement of Comprehensive Income

(in CAD '000)	Six months ended	Year ended	Six months ended	Year ended
	September 30,	March 31, 2020²	September 30,	March 31, 2019³
	2020¹		2019¹	2019³
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Revenue	145	735	344	6,567 ⁴
Cost of sales				
Production costs	(656)	(2,364)	(1,158)	(4,900) ⁵
Depletion and depreciation	(198)	(846)	(203)	(2,283) ⁶
Gross (loss)/profit	(709)	(2,475)	(1,017)	(616)⁷
Administrative expenses	(3,548)	(6,991)	(1,989)	(7,957) ⁸
Operating (loss)/profit	(4,257)	(9,466)	(3,006)	(8,573)⁹
Gain on business combination	-	20,111	-	-
Other gains and losses	-	1,425	-	-
Finance Income	-	-	-	-
Finance expense	(284)	(1,742)	1,038	(1,188) ¹⁰
Gain/(loss) for the period before taxation	(4,541)	10,328	(1,968)	(9,761)¹¹
Taxation	(3)	(4)	-	(1)

Gain/(loss) for the year from continuing operations	(4,544)	10,324	(1,968)	..¹²
Loss from discontinued operations*	563	(580,633)	5	-
Loss for the year	(3,981)	(570,309)	(1,973)	(9,762)
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss: Exchange differences on translating foreign operations, net of tax	314	(651)	(65)	(132)
Other comprehensive income for the year, net of tax	314	(651)	(65)	(132)
Total comprehensive income	(3,667)	(570,960)	(2,038)	(9,894)

¹ Source: Interim Financial Statements 2020/2021

² Source: Financial Statements 2020; the consolidated statement of comprehensive income in the Financial Statement 2020 only takes into consideration the continuing operation.

³ Source: Financial Statements 2019.

⁴ In the Financial Statements 2020, this figure has been adjusted from 6,567 to 834 for the Financial Year 2019 (unaudited).

⁵ In the Financial Statements 2020, this figure has been adjusted from (4,900) to (530) for the Financial Year 2019 (unaudited).

⁶ In the Financial Statements 2020, this figure has been adjusted from (2,283) to (425) for the Financial Year 2019 (unaudited).

⁷ In the Financial Statements 2020, this figure has been adjusted from (616) to (121) for the Financial Year 2019 (unaudited).

⁸ In the Financial Statements 2020, this figure has been adjusted from (7,957) to (6,429) for the Financial Year 2019 (unaudited).

⁹ In the Financial Statements 2020, this figure has been adjusted from (8,573) to (9,550) for the Financial Year 2019 (unaudited).

¹⁰ In the Financial Statements 2020, this figure has been adjusted from (1,188) to (1,121) for the Financial Year 2019 (unaudited).

¹¹ In the Financial Statements 2020, this figure has been adjusted from (9,761) to (7,671) for the Financial Year 2019 (unaudited)

¹² In the Financial Statements 2020, this figure has been adjusted from - to (7,672) for the Financial Year 2019 (unaudited)

Consolidated Statement of Changes in Equity	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
(in CAD '000)					
Financial Year 2019 and 2020	6				
Balance as at 1 April 2018	22,792	875	3,390	544,837	571,894
Loss for the year	-	-	-	(9,762)	(9,762)
Other comprehensive income	-	-	-	(132)	(132)
Total comprehensive income	-	-	-	(9,894)	(9,894)
Total transactions with owners recognised directly in equity	6,704	272	735	-	7,801
Balance as at 31 March 2019	28,866	1,147	4,125	534,943	569,081
Loss for the year	-	-	-	(570,309)	(570,309)
Other comprehensive income	-	-	-	(651)	(651)
Total comprehensive income	-	-	-	(570,960)	(570,960)
Total transactions with owners recognised directly in equity	11,534	(137)	195	116	11,708
Balance as at 31 March 2020	40,400	1,010	4,320	(35,901)	(9,829)

* For an overview of conversion rates please see pages 6-7.

Source: Financial Statements 2020 and 2019

Consolidated Statement of Changes in Equity	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
(in CAD '000)					
First half of Financial Year 2020 and 2021					
Balance as at 1 April 2019	28,866	1,147	4,125	534,943	569,081
Loss for the period	-	-	-	(1,973)	(1,973)
Other comprehensive income	-	-	-	(65)	(65)
Total comprehensive income	-	-	-	(2,038)	(2,038)
Total transactions with owners recognised	4,691	(5)	735	116	4,802

directly in equity					
Balance as at 30 September 2019	33,557	1,142	4,125	533,021	571,845
Balance as at 1 April 2020	40,400	1,010	4,320	(35,901)	9,829
Prior year adjustment	-	-	-	(2,793)	(2,793)
Balance as at 1 April 2020 restated	40,400	1,010	4,320	(38,694)	7,036
Loss for the year	-	-	-	(3,981)	(3,981)
Other comprehensive income	-	-	-	314	314
Total comprehensive income	-	-	-	(3,667)	(3,667)
Total transactions with owners recognised directly in equity	5,306	(63)	111	-	5,354
Balance as at 30 September 2020	45,706	947	4,431	(42,361)	8,723

* For an overview of conversion rates please see pages 6-7.
Source: Interim Financial Statements 2020/2021

Consolidated Statement of Cash Flows (in CAD '000)*	Six months ended September 30, 2020¹ (unaudited)	Year ended March 31 2020² (audited)	Six months ended September 30, 2019¹ (unaudited)	Year ended March 31 2019³ (audited)
OPERATING ACTIVITIES				
Loss for the year before taxation	(3,978)	(570,305)	(1,973)	(9,761)
Shares issued for services	-	-	-	371
Options/warrants charge	48	174	111	1,007
Foreign exchange	(3,318)	(1,266)	(9,660)	(441)
Gain on business combination	-	(20,111)	-	-
Depletion and depreciation	198	846	913	2,283
Reversal of impairment	(1,128)	-	-	-
Discontinued operations	-	578,104	-	-
Other gains and losses	-	(1,425)	(1,376)	-
Finance expense	284	1,742	372	1,188
Change in working capital	(4,623)	180	548	(1,401)
Net cash used in operating activities	(12,517)	(12,061)	(11,065)	(6,754)
INVESTING ACTIVITIES				
Cash acquired on business combination	-	105	-	-
Purchase of property, plant and equipment	(8)	(1,347)	(1,951)	(5,205)
Proceeds from disposal of property, plant and equipment	-	-	-	378
Net cash used in investing activities	(8)	(1,242)	(1,951)	(4,827)
FINANCING ACTIVITIES				
Proceeds from issue of shares, net of transaction costs	11,739	10,689	6,617	5,703
Proceeds from exercise of options	-	158	333	-
Finance Expense	-	(830)	-	-
Repayments of loans	(1,889)	(3,420)	(2,382)	(208)
Proceeds from loans	1,091	2,004	1,453	2,109
Proceeds from issue of bonds	1,442	3,058	3,143	1,099
Repayment of bonds	(86)	(194)	(385)	(375)
Proceeds from bonds in treasury	-	-	1,720	3,814
Net cash generated from financing activities	12,297	11,465	10,500	12,142
Net (decrease)/increase in cash and cash equivalents	(228)	(1,838)	(2,516)	561
Cash and cash equivalents at beginning of year	1,681	3,058	4,197	2,497
Cash and cash equivalents at end of year	1,453	1,220	1,681	3,058
The cash transactions from discontinued operations included above are as follows:				
Operating activities		(2,528)		⁻⁴
Investing activities		(696)		⁻⁵
Financing activities		-		⁻⁶
Net cash used in discontinued operations		(3,224)		⁻⁷

* For an overview of conversion rates please see pages 6-7.

¹ Source: Interim Financial Statements 2020/2021

² Source: Financial Statements 2020

³ Source: Financial Statements 2019

⁴ In the Financial Statements 2020, this figure has been adjusted from - to (484) for the Financial Year 2019 (unaudited).

⁵ In the Financial Statements 2020, this figure has been adjusted from - to (719) for the Financial Year 2019 (unaudited).

⁶ In the Financial Statements 2020, this figure has been adjusted from - to 3 for the Financial Year 2019 (unaudited).

⁷ In the Financial Statements 2020, this figure has been adjusted from - to (1,200) for the Financial Year 2019 (unaudited).

Production History

The following table sets forth certain unaudited information in respect of production, product prices received, royalties, production costs and netbacks received by the Issuer for each quarter of its most recently completed financial year:

	Three months periods ending on			
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Average Daily Production				
Light and Medium Oil (Bbl/d)	222	216	204	203
Natural Gas (Mscf/d)	31	29	42	45
Average Daily Sales				
Light and Medium Oil (Bbl/d)	222	216	204	203
Natural Gas (Mscf/d)	31	29	42	45
Average Net Prices Received				
Light and Medium Oil (USD/Bbl)	61.84	49.44	59.72	51.72
Natural Gas (USD/boe)	6.28	6.68	3.42	3.35
Royalties				
Light and Medium Oil (USD/Bbl)	-	-	-	-
Natural Gas (USD/boe)	-	-	-	-
Production Costs				
Light and Medium Oil (USD/Bbl)	22.26	29.27	24.25	34.43
Natural Gas (USD/boe)	3.25	3.18	2.95	2.88
Netback Received				
Light and Medium Oil (USD/Bbl)	39.58	20.17	35.47	17.29
Natural Gas (USD/boe)	3.03	3.50	0.47	0.47

* For an overview of conversion rates please see pages 6-7

Source: Internal information of the Issuer as of 4 March 2021.

Development of the Oil Price

The following chart shows the development of monthly average crude oil prices (Urals) for the Financial Years 2019 and 2020 and the eleven months ended 28 February 2021, was effectively concluded:

Oil selling prices in (USD)*

April 2018	May 2018	June 2018	July 2018	August 2018	September 2018
67.81	70.84	71.44	70.95	63.61	74.74
October 2018	November 2018	December 2018	January 2019	February 2019	March 2019
63.02	54.31	52.80	57.66	61.35	63.66
April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
64.45	60.50	60.74	61.82	55.54	57.33
October 2019	November 2019	December 2019	January 2020	February 2020	March 2020
53.87	50.00	50.21	52.67	52.65	32.15
April 2020	May 2020	June 2020	July 2020	August 2020	September 2020

24.10	34.35	40.83	43.95	43.75	41.60
October 2020	November 2020	December 2020	January 2021	February 2021	
39,60	39,80	41,22	40,50	42.22	

* For an overview of conversion rates please see pages 6-7.
Source: Internal information of the Issuer as of 4 March 2021.

Decommissioning costs

The Issuer recognises 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 passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognised as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalised within D&P assets. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Most of the 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.

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

in CAD '000*	Six months ended September 30, 2020	Year ended March 31 2020	Six months ended September 30, 2019	Year ended March 31 2020
Balance – beginning of year	13,543	9,089	9,089	9,140
Accretion	41	714	(31)	363
On acquisition of subsidiary	-	5,561	-	-
Eliminated on discontinued operations	-	(1,790)	-	-
Foreign currency translation	(277)	(31)	(251)	(414)
Balance – end of year	13,307	13,543	8,807	9,089

* For an overview of conversion rates please see pages 6-7.
Source: Financial Statements 2020 and 2019 and the Interim Financial Statements 2020/2021.

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

Italy	FY 2020	FY 2019
Undiscounted cash flows – uninflated*	CAD 8,000,000	CAD 8,000,000
Undiscounted cash flows – inflated*	CAD 8,000,000	CAD 8,000,000
Risk free rate	3.4%	3.4%
Inflation rate	1.4%	1.4%
Expected timing of cash flows	13.5 years	14.5 years
Congo	FY 2020	
Undiscounted cash flows – uninflated*	CAD 8,500,000	
Undiscounted cash flows – inflated*	CAD 11,500,000	
Risk free rate	3%	
Inflation rate	1.5%	
Expected timing of cash flows	15 years	

* For an overview of conversion rates please see pages 6-7.

Source: Financial Statements 2020 and 2019.

Explanation regarding Tunisia: Since both Tunisian acquisitions were entered after the ending of the fiscal year 2020, the Tunisian operations are not taken into consideration.

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

11.1.2. Change of accounting reference date

If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical financial information shall cover at least 24 months, or the entire period for which the issuer has been in operation, whichever is shorter.

The Issuer has not changed its accounting reference date during the period for which historical financial information is required.

11.1.3. Accounting Standards

The audited consolidated financial statements of Zenith as of and for the fiscal years ended 31 March 2020 and 31 March 2019 and the Interim Financial Statements 2020/2021 have been prepared in compliance with IFRS as adopted by the IASB.

11.1.4. Change of accounting framework

The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements. Changes within the issuer's existing accounting framework do not require the audited financial statements to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, the latest year of financial statements must be prepared and audited in line with the new framework.

The last audited historical financial information for the financial year ending 31 March 2020, containing comparative information for the previous year, has been prepared in compliance with IFRSs as adopted by the IASB as will the issuer's next published annual financial statements be.

- 11.1.5. Where the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following: (a) the balance sheet; (b) the income statement; (c) the cash flow statement; (d) the accounting policies and explanatory notes.**

Not applicable.

11.1.6. Consolidated financial statements

If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.

The consolidated financial statements for the financial years ended on 31 March 2020 and 31 March 2019 and the Interim Financial Statements 2020/2021 are included in this Prospectus by incorporation.

11.1.7. Age of financial information

The audited Financial Statements 2020, which are included in this Prospectus by incorporation, are not older than 18 months from the date of this Prospectus.

Interim and other financial information

- 11.2. Since the date of the last audited financial statements (31 March 2020) the Issuer has published unaudited interim financial information (the Interim Financial Statements 2020/2021) which are included by reference into this Prospectus.**

11.3. Auditing of historical annual financial information

- 11.3.1. The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with Directive 2006/43/EC and Regulation (EU) No 537/2014.**

The Financial Statements as of and for the fiscal years ended 31 March 2020 and 2019 have been audited by PKF Littlejohn LLP, as set forth in their report included therein. The audited consolidated financial statements of Zenith as of and for the fiscal years ended 31 March 2020 and 2019 have been prepared in compliance with IFRS as adopted by the IASB.

- 11.3.2. Indication of other information in the registration document which has been audited by the auditors.**

There is no other information in this Prospectus which has been audited by the auditors.

- 11.3.3. Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is not audited.**

The source is mentioned below every table that contains financial data.

Legal and arbitration proceedings

- 11.4.1. Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.**

11.4.

The Issuer initiated a lawsuit through its subsidiary in the Republic of the Congo, AAOG Congo, against Société de Maintenance Pétrolière ("SMP"), the rig contractor assigned for drilling services in the Tilapia oilfield, following a series of significant performance failures by the rig during drilling activities. The Claim was launched in the Paris commercial court against SMP to recover costs of USD 3.1 million relating to SMP's unsatisfactory performance.

AAOG Congo withheld the payment of SMP's final invoice for an amount of approximately USD 650,000, and exercised a retention right over the rig which, at the time, was positioned within the Tilapia oilfield. SMP subsequently retaliated by obtaining a number of unjustified seizure orders over the fixed assets of AAOG Congo in the Republic of the Congo, as well as over its local bank accounts. On 11 November 2020, the Issuer reported that the Issuer has been successful in obtaining a revocation of the court order that had wrongfully blocked the bank accounts. An amount of approximately USD 36,000 has been unfrozen and made available to provide additional funding for AAOG Congo. As of the day of this Prospectus, the lawsuit is still ongoing. Since the Issuer has not provided for the potential recovery of such costs in its cashflow projections, any success in this matter would enhance the Issuer's cash position.

Apart from the legal proceeding already mentioned, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of Zenith or the Group.

11.5.

Significant change in the issuer's financial position

- 11.5.1. A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published or provide an appropriate negative statement.**

The latest unaudited financial information has been published for the six months period ending on 30 September 2020. Since that date no significant change in the financial position of the Group has occurred.

12.1.

ADDITIONAL INFORMATION

Share capital

The amount of the issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics, the part of the issued capital still to be paid up with an indication of the number, or total nominal value and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.

The issued share capital of the Issuer amounts to 1,072,460,760. The Issuer currently has 1,072,460,760 issued common shares, all fully paid-in, and admitted to trading on the Oslo Børs – Merkur Market (ticker

"ZENA-ME"), of which 313,400,824 common shares in issue are also admitted to trading on the Main Market of the London Stock Exchange (ticker "ZEN").

The directors are authorised to issue an unlimited number of common shares. There are no provisions in the articles of association of Issuer that require new common shares to be issued on a pre-emptive basis to existing shareholders and there are no statutory pre-emption rights.

Details of principal characteristics attached to the Common Shares

The Company is authorised to issue an unlimited number of common shares and preferred shares (issuable in series) having attached thereto the rights, privileges, restrictions hereinafter set forth. The authorised share structure of the Issuer consists of shares of the class and series, if any, described in the articles of association of the Issuer. Each share certificate issued by the Issuer must comply with, and be signed as required by, the Business Corporations Act (British Columbia, Canada).

The rights attaching to the common shares, as set out in the articles of association, contain, amongst others, the following provisions:

Rights of Shareholders

- The holders of common shares are entitled to vote at every meeting of the shareholders of the Issuer and have one vote for each common share.
- Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Issuer, the holders of common shares are entitled to receive such dividends as the Issuer's directors may from time to time determine by resolution.
- Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Issuer, in the event of liquidation, dissolution or winding up of the Issuer or upon the distribution of its assets, the holders of common shares participate pro rata in relation to its common shares.

Variation of rights

Subject to the Business Corporation Act (British Columbia, Canada), the Issuer may by special resolution

- create special rights or restrictions and attach those special rights or restrictions to any shares of any class or series of shares; or
- vary or delete any special rights or restriction attached to the shares of any class or series of shares.

Transfers of Common Shares

A transfer of a common share of the Issuer must not be registered unless

- a duly signed instrument of transfer in respect of the share has been received by the Issuer.
- a share certificate has been issued by the Issuer in respect of the share to be transferred: in this case the share certificate has been surrendered to the Issuer.
- non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Issuer in respect of the share to be transferred: in this case that acknowledgment has been surrendered to the Issuer.

Other than described above, there are no provisions in the Issuer's articles of association limiting the transfer of the common shares.

Payment of dividends

Subject to the Business Corporations Act (British Columbia, Canada), the directors may from time to time declare and authorise the payment of dividends.

The directors may set a date as the record date for the purpose of determining shareholders to be entitled to receive the payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend payment.

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

Meetings of Shareholders

The directors may call meetings of the shareholders of the Issuer at such times and in such manner and at such places as they consider necessary or desirable, subject to the provisions of the articles of association and the Business Corporations Act (British Columbia, Canada). In addition, the directors will convene a meeting of the shareholders upon the written request of shareholders entitled to exercise 5 per cent or more of the issued shares that carry the right to vote at the meeting.

An annual general meeting of the Issuer's shareholders shall be called by at least 21 days' notice.

The omission to give notice of a meeting to a shareholder or another director, or the fact that a shareholder or another director has not received notice, does not invalidate the meeting. A shareholder may be represented at a shareholders' meeting by a proxy; such proxy holder may vote on behalf of the shareholder.

No pre-emption right of shareholders

There are no provisions in the Issuer's articles of association that require new common shares to be offered on a pre-emptive basis to existing shareholders.

12.2.

Memorandum and Articles of Association

The register and the entry number therein, if applicable, and a description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association.

The Issuer was incorporated and registered under the Business Corporations Act (British Columbia, Canada). The Issuer is registered in the British Columbia Corporate Registry and its registered corporation number is BC0803216.

The articles of association contain no restrictions on the Issuer's principal objects or the type of business that may be carried out by the Issuer. Under Canadian law, the Issuer can enter into any business field and any business activities, except carrying on the business of (i) a bank; (ii) an association to which the Canadian Cooperative Credit Associations Act applies; (iii) a company or society to which the Canadian Insurance Companies Act applies; (iv) a company to which the Canadian Trust and Loan Companies Act applies; and (v) degree-granting educational institutions unless expressly authorized to do so by a Canadian federal or Canadian provincial agent that by law has the power to confer degree-granting authority on an educational institution.

MATERIAL CONTRACTS

A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or an entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.

13.

13.1. 13.1.1. Transfer Agency and Registrarship Agreement

The Issuer entered into a transfer agency and registrarship agreement (the "**Registrar Agreement**") with Olympia Trust Company ("**Olympia**") on 5 March 2008. On 11 July 2014, the Issuer consented to the assignment and transfer by Olympia to Computershare Trust Company of Canada (the "**Registrar**") of all of the right, title and interest of Olympia in the Registrar Agreement. The formal assignment and transfer to the Registrar occurred on such date as was determined by the Registrar on or before 30 November 2014.

Pursuant to the Registrar Agreement, the Issuer appoints the Registrar to act as registrar and transfer agent to the Issuer, to keep, inter alia, the registers of holders and the registers of transfers for the Common Shares in the capital of the Issuer at its principal office in Calgary, Canada and to provide certain other administrative services to the Issuer in relation to its business and affairs.

The Issuer is required to pay for the services provided in accordance with a tariff or schedule of fees, which fees are subject to revision from time to time during the term of the agreement. The Issuer is also required to reimburse all costs and expenses, including the fees, disbursements and expenses of any sub-agents, advisors and legal counsel, if applicable, incurred in carrying out the duties under the Registrar Agreement.

If the Issuer defaults in its payment obligations under the Registrar Agreement, the Registrar has the right to immediately terminate the agreement. In addition, the Registrar Agreement may be terminated by either party upon three months' written notice.

Under the Registrar Agreement the Issuer indemnifies the Registrar (provided it has acted in good faith and without negligence), its directors, officers, employees, agents and assigns against all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs, expenses and disbursements (including legal and advisor fees and disbursements) howsoever arising from or out of any act or omission of the Registrar pursuant to or in relation to the Registrar Agreement.

13.1.2. Depositary Agreement

A depositary agreement dated 3 January 2017 (the "**Depositary Agreement**" between the Issuer and Computershare Investor Services PLC (the "**Depositary**") under which the Issuer appoints the Depositary to constitute and issue from time to time, upon the terms of the deed poll executed by Computershare on or about the date of the Depositary Agreement (the "**Deed Poll**"), a series of uncertificated depositary interests ("**Depositary Interests**") representing securities issued by the Issuer and to provide certain other services in connection with such Depositary Interests with a view to facilitating the indirect holding by participants in CREST. Computershare agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable care and skill. Computershare assumes certain specific obligations, including the obligation to issue to a CREST member Depositary Interests in uncertificated form and to maintain the register of Depositary Interests. Computershare undertakes to provide the depositary services in compliance with the requirements of the Financial Services and Markets Act 2000. Computershare will either itself or through its appointed Custodian as bare trustee hold the deposited property (which includes, *inter alia*, the securities represented by the Depositary Interests) as may be designated from time to time by the Depositary. The Issuer agrees to provide such assistance, information and documentation to Computershare as is reasonably required by Computershare for the purposes of performing its duties, responsibilities and obligations under the Deed Poll and the Depositary Agreement, including (to the extent available to the Issuer) information, which concerns or relates to Computershare's obligations under the Depositary

Agreement. The agreement sets out the procedures to be followed where the Issuer is to pay or make a dividend or other distribution. The Issuer is to indemnify Computershare for any loss it may suffer as a result of the performance of the Depositary Agreement except to the extent that any losses result from Computershare's own negligence, fraud or willful default. Computershare is to indemnify the Issuer for any loss the Issuer may suffer as a result of or in connection with Computershare's fraud, negligence or willful default save that the aggregate liability of the Depositary to the Issuer over any 12-month period shall in no circumstances whatsoever exceed twice the amount of the fees payable to the Depositary in any 12-month period in respect of a single claim or in the aggregate. Subject to earlier termination, the Depositary is appointed for a fixed term of one year and thereafter until terminated by either party giving not less than six months' notice. In the event of termination, the parties agree to phase out the Depositary's operations in an efficient manner without adverse effect on the members of the Issuer and the Depositary shall deliver to the Issuer (or as it may direct) all documents, papers and other records relating to the Depositary Interests which are in its possession and which is the property of the Issuer. The Issuer is to pay certain fees and charges, including an annual fee, a fee based on the number of Depositary Interests per year and certain CREST related fees. Computershare is also entitled to recover reasonable out of pocket fees and expenses.

13.1.3. USD 320,000 General Line of Credit Agreement

On 5 April 2017, the Issuer's wholly owned subsidiary, Zenith Aran, entered into a general line of credit agreement with Rabitabank up to an amount of USD 320,000, for industrial and production purposes. The loan drawn down in one tranche and as at 6 April 2017 it was fully drawn down. Rabitabank can postpone or suspend the facility if there is a decline in oil production under the REDPSA of more than 30 per cent from production levels as at the date of first drawdown, or if the REDPSA is terminated.

This Credit Agreement bears interest at a rate of 11 per cent per annum. The loan is guaranteed by the Issuer. The loan was granted for a one-year term. The principal is repayable in 4 quarterly equal tranches. The amount of interest to be paid on a monthly basis.

On 6 July 2017 the terms of repayment of the loan were amended and the first repayment of principal of USD 80,000 was delayed to the end of July 2017.

On 31 July 2017 USD 20,000 was repaid and the balance of USD 60,000 was agreed to be repaid on 1st September 2017. On 31 July 2018, USD 40,000 was repaid. A subsequent credit committee decision taken in September 2017 amended the payment terms of the loan. Zenith Aran Oil Company Limited will pay interest on a monthly basis and the principal total amount of USD 40,000 has been paid on 30 September 2018. The balance of the principal amount will be repaid at a new maturity date of 6 April 2019. Based on credit committee decision taken on 18 of April 2019 the payment of principal amount USD 280,000 postponed for one year until 6 of April 2020. Based on credit committee decision in May 2020 payment of principal amount has been prolonged until 30 December 2020 and weekly repayments of 8,000 USD will be made.

As of 30 November 2020, the outstanding principal amount was USD 287,000 and it was classified as a current liability.

13.1.4. USD 200,000 General Line of Credit Agreement

On 12 April 2017, Zenith Aran entered into a general line of credit agreement with Rabitabank up to USD 200,000. This Credit Agreement bears interest at a rate of 10 per cent per annum. The loan was granted for one-year period and the principal amount of the loan should be paid at the end of the period.

The amount of interest is repayable monthly. In March 2018, the repayment of the principal amount (USD 200,000) was extended for 15 months until 12 July 2019 and then the credit committee made the decision to roll-over the loan for another year with maturity date on 12 July 2020. Based on credit committee decision in May 2020 payment of principal amount has been prolonged until 30 December 2020 and weekly repayments of USD 8,000 will be made.

The loan is now guaranteed by the guarantee of the Group CEO, Mr. Andrea Cattaneo.

As of 30 November 2020, the amount of USD 202,000 was classified as a current liability.

13.1.5. Convertible USD 1,500,000 loan

On 5 September 2018, the Issuer entered into a USD 1,500,000 unsecured convertible loan facility with a term of 18 months starting from 30 August 2018. The Issuer shall pay interest on the outstanding amount of the convertible loans at the rate of 0 per cent per annum. This facility includes an initial immediate advance of USD 1,300,000 and a further advance of USD 200,000, to be provided at a later time and only at the discretion of the Lenders. Under the terms of the unsecured convertible loan facility the Issuer issued the lenders 6,977,988 share purchase warrants to subscribe for the equivalent number of common shares of no-par value in the share capital of the Issuer at a price of GBP 0.0505 per Common Share on subscription at any time from 30 December 2018 to 28 February 2020 subject to the articles of the Issuer and the terms and conditions of the convertible loans.

In January and March 2019, the Issuer renegotiated the terms of this unsecured convertible loan facility to reduce the outstanding amount and amend the repayment modalities. After a conversion of 5,343,774 common shares to a total amount of USD 140,000 and the payment of optional redemptions in the amount of USD 600,000, at the date of this Prospectus the outstanding liability amounts to USD 560,000.

13.1.6. Zenith 8% EMTN- Loan Notes

During the Financial Year 2019 the Issuer issued Loan Notes to finance its development activities in Azerbaijan for a total amount of EUR 3,120,000, with the duration of 2 years. During the Financial Year 2020 the Issuer issued additional Loan Notes for a total amount of EUR 6,880,000. The maturity date of the Notes is 20 December 2021, and they carry an interest charge of 8 per cent per annum, payable upon the maturity of 20 December 2021. As of 30 November 2020, the Issuer sold an aggregate amount of EUR 2,760,000 of the loan notes and had in treasury loan notes in the amount of EUR 5,240,000 to be sold.

13.1.7. Swiss loan CHF 837,500

On 30 March 2017, the Group acquired the Swiss based company Altasol SA, and assumed a loan subscribed for the former owner on 21 December 2015 for the initial amount of CHF 838,000. The loan bears interest at a rate of 2.32 per cent per annum. The loan is repayable in anticipated quarterly tranches of CHF 13,000 (plus accrued interest) and the maturity date is 7 July 2022.

As of 30 November 2020, the principal balance of the loan was CHF 650,000.

13.1.8. EUR 1,500,000 Credit Line Agreement & Debt Settlement

14. On 24 February 2021, the Issuer announced that it has entered into a credit line agreement for a period of one year with a financial institution for an amount of up to EUR 1,500,000. The credit line bears interest at a rate of 9 per cent per annum in respect of any amount advanced by the lender. At the date of this Prospectus, the Issuer has made a drawdown for a total amount of EUR 500,000.

DOCUMENTS AVAILABLE

See section III. "GENERAL DESCRIPTION OF THE PROGRAMME" under "Documents on Display" (page 10).

PROVEN RESERVES IN ITALY

The following section is a summary of the oil and natural gas reserves and the value of future net revenue of Zenith as evaluated by Chapman in the Chapman Report 2020 – Italy, for an effective date of 31 March 2020. The following information is based on the calculations of the Chapman Report 2020 – Italy and updated by the Issuer as of 31 October 2020 based on internally available data and information.

15.

Chapman is an independent qualified reserves evaluator and auditor. The report was concluded in line with the various standards and guidelines published and maintained by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM Guidelines), as amended.

All evaluations of future revenue are after the deduction of future income tax expenses unless otherwise noted in the tables (as it is for example true for Cash-flow-forecasts, which are before income tax), royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses.

The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Issuer's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report 2020 – Italy will be attained, and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report 2020 – Italy. The recovery and reserves estimate on the Issuer's properties described herein are estimates only. The actual reserves on the Issuer's properties may be greater or less than those calculated.

All monetary values presented in this section are expressed in terms of USD.

15.1.

Gross reserves

Gross reserves are the Issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Issuer. Net reserves on the other hand are the Issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Issuer's royalty interests in reserves.

The following table shows a summary of oil and gas reserves of the Issuer as per 31 October 2020 for proved and probable reserves, where proved reserves are reserves that can be estimated with a high degree of certainty to be recoverable. It is therefore likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

ITALY	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
PROVED		
Developed Producing ⁽¹⁾	880	11
Developed Non-Producing ⁽²⁾	120	0
Undeveloped ⁽³⁾	0	0
TOTAL PROVED	1,000	11
TOTAL PROBABLE	14,932	241
TOTAL PROVED + PROBABLE	15,932	252

⁽¹⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

- (2) Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
- (3) Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

Source: Internal information of the Issuer as of 31 October 2020

Future revenues

The following table shows the undiscounted total future net revenue based on forecast prices and costs

15.2.

ITALY	Revenue (M\$)*	Royalties (M\$)*	Operating Costs (M\$)*	Development Costs (M\$)*	Abandonment and Reclamation Costs (M\$)*	Future Net Revenue Before Income Taxes (M\$)*	Income Taxes (M\$)*	Future Net Revenue After Income Taxes (M\$)*
Total Proved ⁽¹⁾	5,018	0	2,195	0	131	2,692	0	2,692
Total Proved Plus Probable ⁽¹⁾⁽²⁾	166,090	0	34,304	1,530	226	130,030	0	130,030

* For an overview of conversion rates please see pages 6-7.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are less certain to be recovered than proved reserves.

Source: Internal information of the Issuer as of 31 October 2020.

The following table shows a summary of net present values of future net revenues based on forecast prices and costs as of 31 October 2020:

ITALY Reserves Category	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
PROVED⁽¹⁾					
Developed Producing ⁽²⁾	2532	2,217	1,957	1,743	1,568
Developed Non-Producing ⁽³⁾	160	134	113	97	84
Undeveloped ⁽⁴⁾	0	0	0	0	0
TOTAL PROVED⁽¹⁾	2,692	2,351	2,070	1,840	1,652
TOTAL PROBABLE⁽⁵⁾	127,333	41,532	19,616	11,436	7,494
TOTAL PROVED + PROBABLE⁽¹⁾⁽⁵⁾	130,025	43,883	21,686	13,276	9,146

* For an overview of conversion rates please see pages 6-7.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽³⁾ Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽⁴⁾ Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

⁽⁵⁾ Additional reserves that are less certain to be recovered than proved reserves.

Source: Internal information of the Issuer as of 31 October 2020.

The following table sets forth the future net revenues by product type based on forecast prices and costs as of 31 October 2020:

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)*
ITALY		
Total Proved ⁽¹⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	2,070
Total Proved Plus Probable ⁽¹⁾⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	21,686

* For an overview of conversion rates please see pages 6-7.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are less certain to be recovered than proved reserves.

Source: Internal information of the Issuer as of 31 October 2020.

The following table sets forth the oil and gas reserves of the Issuer and the related net present values by product type based on forecast prices and costs as of 31 October 2020:

Product Type by Reserve Category	Gas Reserves ⁽⁹⁾		NGL Reserves		Net Present Value (BIT)	Unit Values @ 10%/yr
	Gross	Net	Gross	Net	10%	
	MMscf	MMscf	Mbbl	Mbbl	M\$*	USD*/Mscf
ITALY						
Proved⁽¹⁾						
Developed Producing ⁽²⁾	880	880	11	11	1,957	2.22
Developed Non-Producing ⁽³⁾	120	120	0	0	113	0.95
Undeveloped ⁽⁴⁾	0	0	0	0	0	N/A
Total Proved⁽¹⁾	1,000	1,000	11	11	2,070	2.07
Probable ⁽⁵⁾	14,932	14,932	241	241	19,616	1.31
Proved Plus Probable⁽¹⁾⁽⁵⁾	15,932	15,932	252	252	21,686	1.36

* For an overview of conversion rates please see pages 6-7.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽³⁾ Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽⁴⁾ Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

⁽⁵⁾ Additional reserves that are less certain to be recovered than proved reserves.

Source: Internal information of the Issuer as of 31 October 2020.

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Issuer held a working interest as at 31 October 2020:

15.3.		Oil Wells		Natural Gas Wells	
		Gross ¹	Net ²	Gross ¹	Net ²
	ITALY⁽³⁾				
	Producing	0	0	2	1.45
	Non-producing	0	0	3	0.45

⁽¹⁾ Wells according to the Issuer's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Issuer.

⁽²⁾ Wells according to the Issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Issuer's royalty interests in reserves.

⁽³⁾ This table only considers the producing Italian concessions of the issuer being the Lucera, Misano Adriatico, San Mauro and Torrente Cigno concession.

Source: internal information of the Issuer as of 31 October 2020.

All of the Issuer's currently producing gas wells are located onshore in three concessions of Italy: Torrente Cigno, Misano Adriatico and San Mauro. The Misano Adriatico and Torrente Cigno concessions each have one producing well. The Lucera concession had problems with gas treatment plant and the production is temporarily suspended. Production in the Lucera concession is expected to resume in June 2021. There is an additional horizontal location in the Torrente Cigno concession, which is expected to be drilled in 2021.

15.4. Production Estimates

The following table sets forth the volume of production estimated by the Issuer for 2021 based on proved reserves and before the deduction of royalties payable to others (i.e. gross values):

	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Italy	170	2

Source: internal information of the Issuer as of 31 October 2020

The following table sets forth the volume of production estimated by the Issuer for 2021 based on proved plus probable reserves and before the deduction of royalties payable to others (i.e. gross values):

	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Italy	172	2

16. *Source: internal information of the Issuer as of 31 October 2020.*

PROVEN RESERVES IN THE REPUBLIC OF THE CONGO

The following section is a summary of the oil reserves and the value of future net revenue of Zenith as evaluated by Chapman in the report about the oil reserves and the value of future net revenue of Zenith in the Republic of the Congo as at 31 March 2020 ("**Chapman Report 2020 – Congo**"; Annex 2 to this Prospectus). The following information is based on the calculations of the Chapman Report 2020 – Congo and updated by the Issuer as of 31 October 2020 based on internally available data and information.

All evaluations of future revenue are after the deduction of future income tax expenses unless otherwise noted in the tables (as it is for example true for Cash-flow-forecasts, which are before income tax), royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses.

The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Issuer's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report 2020 – Congo will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report 2020 – Congo. The recovery and reserves estimate on the Issuer's properties described herein are estimates only. The actual reserves on the Issuer's properties may be greater or less than those calculated.

All monetary values presented in this section are expressed in terms of USD.

Gross reserves

- 16.1. Gross reserves are the Issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Issuer. Net reserves on the other hand are the Issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Issuer's royalty interests in reserves.

The following table shows a summary of oil reserves of the Issuer in the Republic of the Congo as per 31 October 2020 for proved and probable reserves, where proved reserves are reserves that can be estimated with a high degree of certainty to be recoverable. It is therefore likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

REPUBLIC OF THE CONGO	Light and Medium Oil MSTB
PROVED	
Developed Producing ⁽¹⁾	0
Developed Non-Producing ⁽²⁾	0
Undeveloped ⁽³⁾	0
TOTAL PROVED	0
TOTAL PROBABLE	5,033
TOTAL PROVED + PROBABLE	5,033

⁽¹⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽²⁾ Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽³⁾ Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

Source: internal information of the Issuer as of 31 October 2020.

Future revenues

The following table shows the undiscounted total future net revenue based on forecast prices and costs:

16.2.	REPUBLIC OF THE CONGO	Revenue (M\$)*	Royalties (M\$)*	Operating Costs (M\$)*	Development Costs (M\$)*	Abandonment and Reclamation Costs (M\$)*	Future Net Revenue Before Income Taxes (M\$)*	Income Taxes (M\$)*	Future Net Revenue After Income Taxes (M\$)*
	Total Proved ⁽¹⁾	0	N/A	0	0	0	0	0	0
	Total Proved Plus Probable ^{(1) (2)}	337,765	N/A	56,150	31,281	0	250,334	0	250,334

* For an overview of conversion rates please see pages 6-7 of this Prospectus.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are less certain to be recovered than proved reserves.

Source: internal information of the Issuer as of 31 October 2020.

The following table shows a summary of net present values of future net revenues based on forecast prices and costs as of 31 October 2020:

REPUBLIC OF THE CONGO	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
Reserves Category					
PROVED⁽¹⁾					
Developed Producing ⁽²⁾	0	0	0	0	0
Developed Non-Producing ⁽³⁾	0	0	0	0	0
Undeveloped ⁽⁴⁾	0	0	0	0	0
TOTAL PROVED⁽¹⁾	0	0	0	0	0
TOTAL PROBABLE⁽⁵⁾	250,334	160,998	112,135	82,739	63,650
TOTAL PROVED + PROBABLE⁽¹⁾⁽⁵⁾	250,334	160,998	112,135	82,739	63,650

* For an overview of conversion rates please see pages 6-7 of this Prospectus.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽³⁾ Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽⁴⁾ Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

⁽⁵⁾ Additional reserves that are less certain to be recovered than proved reserves.

Source: internal information of the Issuer as of 31 October 2020.

The following table sets forth the future net revenues by product type based on forecast prices and costs as of 31 October 2020:

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)*
REPUBLIC OF THE CONGO		
Total Proved ⁽¹⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable ⁽¹⁾⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	112,135
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0

* For an overview of conversion rates please see pages 6-7 of this Prospectus.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are less certain to be recovered than proved reserves.

Source: internal information of the Issuer as of 31 October 2020.

PROVEN RESERVES IN THE REPUBLIC OF TUNISIA

17. The following section is a summary of the evaluation by Chapman in the report about the oil reserves and the value of future net revenue of Zenith in the Republic of Tunisia as at 31 August 2020, and dated 1 September 2020 (see "**Chapman Report 2020 – Tunisia**"; Annex 3 to this Prospectus).

All evaluations of future revenue are after the deduction of future income tax expenses unless otherwise noted in the tables (as it is for example true for Cash-flow-forecasts, which are before income tax), royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses.

The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Issuer's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report 2020 – Tunisia will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report 2020 – Tunisia. The recovery and reserves estimate on the Issuer's properties described herein are estimates only. The actual reserves on the Issuer's properties may be greater or less than those calculated.

- 17.1. All monetary values presented in this section are expressed in terms of USD.

Gross reserves

Gross reserves are the Issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Issuer. Net reserves on the other hand are the Issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Issuer's royalty interests in reserves.

The figures presented in this section were compiled in accordance with the reporting standard that is acceptable under the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Evaluation Engineers and the Canadian Institute of Mining, Metallurgy & Petroleum and resources and reserves definitions contained in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

The following table shows a summary of oil reserves of the Issuer in Tunisia as per 31 August 2020 for proved and probable reserves, where proved reserves are reserves that can be estimated with a high degree of certainty to be recoverable. It is therefore likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

TUNISIA	Light and Medium Oil	
	Gross MSTB	Net MSTB
PROVED		
Developed Producing ⁽¹⁾	608	537
Developed Non-Producing ⁽²⁾	0	0
Undeveloped ⁽³⁾	0	0
TOTAL PROVED	608	537
TOTAL PROBABLE	675	595
TOTAL PROVED + PROBABLE	1,283	1,132

⁽¹⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽²⁾ Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽³⁾ Reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

Source: Chapman Report 2020 – Tunisia (page 22).

Explanation: This table is only considering the 22,5 per cent working interest in SLK. On 8 September 2020, Zenith Netherlands has signed a conditional sale and purchase agreement for the acquisition of its working interest of 22.5 per cent. Upon completion of the Tunisian Acquisition, the Issuer's Issuer's working interest in SLK will amount to 45 per cent. The completion of the Tunisian Acquisition remains conditional on the approval being granted by the Comité Consultatif des Hydrocarbures of the Republic of Tunisia.

Summary of Gross reserves

Summary of Gross Reserves 1 September 2020 Tilapia license, Tunisia

LIGHT & MEDIUM OIL	Current or initial rate (STB/d)	Ultimate reserves (MSTB)	Cumulative Production (MSTB)	Reserves (MSTB)
<u>Proved developed producing</u>				
10 producing wells	600	52,998	50,298	2,700
<u>Probable undeveloped</u>	STB/d/well			
Development wells (3)	500	3,000	0	3,000
Total proved plus probable		55,998	50,298	5,700

Source: Chapman Report 2020 – Tunisia (page 46).

Explanation: This table refers to the total gross reserves of the Tilapia license, Tunisia. At the date of this Prospectus, the issuer has a working interest in SLK in the amount of 22,5 per cent. On 8 September 2020, Zenith Netherlands has signed a conditional sale and purchase agreement for the acquisition of its working interest of 22.5 per cent. Upon completion of the Tunisian Acquisition, the Issuer's working interest in SLK will amount to 45 per cent. This table therefore refers to the total gross reserves of the Tilapia license, of which the Issuer has a 45 per cent interest.

Future revenues

The following table shows the undiscounted total future net revenue based on forecast prices and costs as of 31 August 2020:

17.2.

TUNISIA	Revenue (M\$)*	Royalties (M\$)*	Operating Costs (M\$)*	Development Costs (M\$)*	Well Abandonment Costs (M\$)*	Future Net Revenue Before Income Taxes (M\$)*	Income Taxes (M\$)*	Future Net Revenue After Income Taxes (M\$)*
Total Proved ⁽¹⁾	40,891	5,169	19,306	0	3,825	12,591	7,031	5,560
Total Proved Plus Probable ^{(1) (2)}	86,071	10,990	20,247	1,825	4,500	48,509	26,347	22,162

* For an overview of conversion rates please see pages 6-7 of this Prospectus.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2020 – Tunisia (page 24).

The following table shows a summary of net present values of future net revenues based on forecast prices and costs before income tax as of 31 August 2020:

TUNISIA	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
Reserves Category					
PROVED⁽¹⁾					
Developed Producing ⁽²⁾	12,591	10,249	8,277	6,811	5,739
Developed Non-Producing ⁽³⁾	0	0	0	0	0
Undeveloped ⁽⁴⁾	0	0	0	0	0
TOTAL PROVED⁽¹⁾	12,591	10,249	8,277	6,811	5,739
TOTAL PROBABLE⁽⁵⁾	35,918	24,066	17,070	12,656	9,713
TOTAL PROVED + PROBABLE⁽¹⁾⁽⁵⁾	48,509	34,316	25,347	19,467	15,452

* For an overview of conversion rates please see pages 6-7 of this Prospectus.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

⁽³⁾ Reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

⁽⁴⁾ Reserves expected to be **recovered** from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves' classification (proved, probable, possible) to which they are assigned.

⁽⁵⁾ Additional reserves that are less **certain** to be recovered than proved reserves.

Source: Chapman Report 2020 – Tunisia (page 23).

The following table sets forth the future net revenues by product type based on forecast prices and costs as of 31 August 2020:

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)*
TUNISIA		
Total Proved ⁽¹⁾	Light and Medium Oil (including solution gas and other by-products)	8,277
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable ^{(1) (2)}	Light and Medium Oil (including solution gas and other by-products)	25,347
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0

* For an overview of conversion rates please see pages 6-7 of this Prospectus.

⁽¹⁾ Reserves that can be estimated with a high degree of certainty to be recoverable.

⁽²⁾ Reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2020 – Tunisia (page 25).

VII. SECURITIES NOTE FOR RETAIL NON-EQUITY SECURITIES

PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

- 1. Identify all persons responsible for the information or any parts of it, given in the securities note with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies, indicate the name and function of the person; in the case of legal persons indicate the name and registered office.**

ZENITH ENERGY LTD, with its registered office at 20th Floor, 250 Howe Street, Vancouver BC V6C 3R8, Canada, is solely responsible for the information given in this Prospectus.

- 1.2. A declaration by those responsible for the securities note that to the best of their knowledge, the information contained in the securities note is in accordance with the facts and that the securities note makes no omission likely to affect its import.**

The Issuer hereby declares that, to the best of his knowledge, the information contained in the registration document is in accordance with the facts and that the registration document makes no omission likely to affect its import.

- 1.3. Where a statement or report, attributed to a person as an expert, is included in the securities note, provide the following details for that person: (a) name, (b) business address, (c) qualifications, (d) material interest if any in the issuer.**

Not applicable.

- 1.4. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.**

- 1.5. Not applicable.**

Approval of this Prospectus

This Prospectus has been approved by the FMA in its capacity as Competent Authority under the KMG 2019 and under the Prospectus Regulation.

The FMA gives no undertaking as to the economic or financial opportuneness of any transaction under this Prospectus or to the quality and solvency of the Issuer but only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistence imposed by the Prospectus Regulation.

The approval by the FMA should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus.

Possible investors should make their own assessment as to the suitability of investing in the securities.

RISK FACTORS

For a detailed list of risk factors see section IV. RISK FACTORS (pages 30-31).

2. ESSENTIAL INFORMATION

A description of any interest, including a conflict of interest that is material to the issue/offer, detailing the persons involved and the nature of the interest.

3.

3.1. The Issuer is entitled to purchase or sell Notes for its own account and to issue further Notes. In addition, the Issuer may, on a daily basis, act on the national and international finance and capital markets. Other interest of natural and legal persons involved in the issue will be disclosed in the Final Terms.

3.2.

Reasons for the offer to the public or for the admission to trading. Where applicable, disclosure of the estimated total expenses of the issue/offer and the estimated net amount of the proceeds. These expenses and proceeds shall be broken into each principal intended use and presented in order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, then state the amount and sources of other funds needed.

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purpose to develop the Group's operations in Africa unless the relevant Final Terms specify a different use of proceeds. If applicable, further reasons for the offer or a different use of proceeds will be disclosed in the relevant Final Terms.

Due to the fact that the Issuer terminated its operations in Azerbaijan in the first half of 2020 and that the new operations in Africa, in particular in the Republic of the Congo and Tunisia, are at an early development phase, the anticipated proceeds by the issuance of Notes under the Programme may not be sufficient to entirely fund the operations of the Group in Africa. In order to reach the production capacities as listed in the Chapman Reports, further capital in the amount of approx. USD 11,5 million are required. The Issuer is required to invest USD 8,800,000 in the Republic of the Congo and another USD 2,717,720 in Italy. In Tunisia is no further capital required given that the development is financed by the cash flow of the local operations.

In the case that the anticipated proceeds by the issuance of Notes under the Programme will not amount to USD 11,5 million, Zenith will continue to raise equity from shareholders and new investors. Current shareholders' holdings of Ordinary Shares may be materially diluted if the financing of the operations of the Group will be continued via issuing new shares rather than by the issuance of Notes under the Programme.

If the Issuer is not able to secure the capital required at all or only under terms which are not acceptable to the Issuer, the Issuer may be required to reduce the scope of its operations.

The estimated total expenses of the issue/offer and the estimated net amount of the proceeds of certain Notes issued under the Programme will be disclosed in the relevant Final Terms.

INFORMATION CONCERNING THE SECURITIES TO BE OFFERED TO THE PUBLIC/ADMITTED TO TRADING

A description of the type and the class of the securities being offered to the public and/or admitted to trading.

4. The Notes are direct, unsecured, unconditional and unsubordinated, fixed rate debt securities, issued in the form of bearer Notes.
- 4.1. Notes will be issued in Tranches, each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and form a single series and are identical in all respects, but may have different issue dates, interest commencement dates, reoffer prices, issue prices and dates for first interest payments may form a Series of Notes. An issue of Notes under the Programme may become part of an existing series of Notes previously issued under this Programme in which case the relevant Final Terms will give detailed information on the principal amount, the issue date and the series number of the existing series of Notes to be increased.

The specific terms of each Tranche will be determined at the time of offering of such Tranche based on then prevailing market conditions and will be set forth in the relevant Final Terms as described in more detail below. Each Series will be represented by a global note, without interest coupons. The Final Terms will be available in electronic form on the website of the Issuer under <https://www.zenithenergy.ca/investors> and during usual business hours free of charge at the corporate seat of the Issuer.

Notes will be issued in such denominations as determined by the Issuer and specified in the relevant Final Terms, save that the minimum denomination of the Notes will be EUR 1,000 or, the equivalent amount in another currency.

4.2. Legislation under which the securities have been created.

The Notes and all other documentation relating to the Programme are governed by German law. The place of performance shall be Frankfurt am Main, Federal Republic of Germany. Exclusive jurisdiction is, to the extent legally permissible, the court of competent jurisdiction specified in the Final Terms but the Issuer reserves the right to bring an action before an otherwise competent court.

4.3.

An indication of whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form.

The Notes are being issued in bearer form ("**Bearer Notes**").

Each Tranche of Notes in bearer form will initially be in the form of either

- (i) a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or
- (ii) a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons,

in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, S.A. Luxembourg ("**CBL**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche

of the Notes with a common safekeeper for Euroclear and/or CBL. Global Notes may also be deposited with CBF or OeKB.

On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and CBL as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and CBL after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

Notes initially represented by a Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership.

No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

Legend concerning United States persons

Each Global Note will bear the following legend: "Any United States person (as defined in the U.S. Internal Revenue Code of 1986) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986."

4.4.

Total amount of the securities offered to the public/admitted to trading. If the amount is not fixed, an indication of the maximum amount of the securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer.

- 4.5. The total aggregate principal amount of the Notes from time to time outstanding under the Programme may not at any time exceed EUR 25,000,000.

Currency of the securities issue.

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in such currencies as determined by the Issuer in the Final Terms. A Noteholder of a Note denominated in a foreign currency may be exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes.

The relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of a resolution under Directive 2014/59/EU.

- 4.6. The obligations under the Notes constitute direct, unconditional and unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The issuer does not fall within the scope of Directive 2014/59/EU.

A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.

4.7. **4.7.1. General**

Each noteholder has the right to claim payment of interest and principal from the Issuer when such payments are due according to the Terms and Conditions of the Notes.

4.7.2. Early redemption of the Notes upon occurrence of an Event of Default

The Notes can be redeemed prior to their stated maturity at the option of the Noteholders, upon the occurrence of an event of default. Events of default include, *inter alia*, (i) non-payment of capital or interest, (ii) non-performance of any other obligation under the Notes, (iii) bankruptcy or insolvency proceedings are commenced, (iv) Issuer is wound up or dissolved, (v) the Issuer ceases to carry on its business, (vi) the Issuer ceases to carry on its business.

4.7.3. Early Redemption at the option of the Issuer at a specified redemption amount

The Notes can be redeemed at the option of the Issuer upon giving notice within the specified notice period to the Holders on a date or dates specified prior to such stated maturity and at the redemption amount specified in the notice of redemption together with accrued interest to, but excluding, the relevant redemption date.

4.7.4. Statue of limitation

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (*German Civil Code*) is reduced to ten years. Therefore, the claim under a bearer bond is extinguished at the end of ten years after the occurrence of the time stipulated for payment if the document has not been presented for redemption prior to the end of ten years. If presentation occurs, then the claim is statute-barred in two years from the end of the submission period. Presentation is equivalent to judicial assertion of the claims under the document.

For interest coupons, the period for presentation period is four years. The period of time commences at the close of the year in which the time stipulated for payment occurred.

4.8. **4.7.5. Negative Pledge**

The Terms and Conditions of the Notes provide for no negative pledge of the Issuer.

Interest

4.8.1. The nominal interest rate

The Notes bear a fixed interest income throughout the entire term of the Notes. Fixed interest will be payable on such basis as may be agreed between the Issuer and the relevant Dealer(s) as specified in the relevant Final

Terms and at maturity and will be calculated on the basis of such day count fraction as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms.

4.8.2. The provisions relating to interest payable

The applicable interest rate may differ from time to time or be constant for any Series of Notes and will be defined in the Final Terms.

4.8.3. The date from which interest becomes payable

To be specified in the Final Terms.

4.8.4. The due dates for interest

To be specified in the Final Terms.

4.8.5. The time limit on the validity of claims to interest and repayment of principal.

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (*German Civil Code*) is reduced to ten years. Therefore, the claim under a bearer bond is extinguished at the end of ten years after the occurrence of the time stipulated for payment if the document has not been presented for redemption prior to the end of ten years. If presentation occurs, then the claim is statute-barred in two years from the end of the submission period. Presentation is equivalent to judicial assertion of the claims under the document.

For interest coupons, the period for presentation period is four years. The period of time commences at the close of the year in which the time stipulated for payment occurred.

4.9. Maturity date and details of the arrangements for the amortisation

The notes will be redeemed on the Maturity Date at their redemption amount as defined in the Final Terms. Notes will be redeemed at a minimum of 100 per cent of the nominal value of the Notes.

Such maturity dates may be agreed between the Issuer and the relevant Dealer(s) and will be indicated in the relevant Final Terms.

Subject to the restrictions set out above, the Final Terms in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (in whole but not in part).

4.10.

An indication of yield and a description of the method whereby the yield is to be calculated in summary form.

To be specified in the Final Terms.

4.11. If not indicated otherwise in the Final Terms, the yield for Fixed Rate Notes will be calculated by the use of the ICMA method, which determines the effective interest rate of Notes taking into account accrued interest on a daily basis.

Representation of non-equity security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of the website where the public may have free access to the contracts relating to these forms of representation.

Not applicable. No Noteholders' representative will be designated in the Terms and Conditions of the Notes.

In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

The establishment of the Programme was authorised by a resolution of the Executive Board of the Issuer dated 4 November 2019. Tranches of Notes will be issued in accordance with internal approvals by the Issuer, as in force at the time of issue.

4.12.

The issue date or in the case of new issues, the expected issue date of the securities.

To be specified in the Final Terms.

4.13.

A description of any restrictions on the transferability of the securities.

Not applicable. The Notes are freely transferable.

4.14.

Tax warning

4.15. The tax legislation of the noteholder's Member State and of the issuer's country of incorporation may have an impact on the income received from the securities.

Noteholders should be aware that the Final Terms of any Notes may affect the treatment of that Series of Notes and they should consult their professional tax advisers.

4.16.

If different from the issuer, the identity and contact details of the offeror, of the securities and/or the person asking for admission to trading, including the legal entity identifier (LEI) where the offeror has legal personality.

The identity and contact details of any offeror, of the securities and/or the person asking for admission to trading will be disclosed in the Final Terms, if different from the Issuer.

5.

5.1. TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC

Conditions, offer statistics, expected timetable and action required to apply for the offer

5.1.1. Conditions to which the offer is subject

The offer of Notes under this program is not subject to any conditions. The Terms and Conditions of the Issue are to be read in conjunction with this Prospectus and, together with the Prospectus, contain complete and comprehensive information about the Programme and each issue of Notes. An issue specific summary of the individual issue of the Notes will be annexed to the respective Final Terms.

5.1.2. The time period, including any possible amendments, during which the offer will be open. A description of the application process.

The time period during which the offer will be open, will be set out in the Final Terms. The period may be extended or shortened.

The possibility to make an offer will be communicated to possible noteholders by the Issuer and any distribution partners. The offer to subscribe for Notes must be made by the applicants. The Issuer reserves the right to (total or partial) acceptance of the subscription offerings.

5.1.3. A description of the possibility to reduce subscriptions and the manner for refunding amounts paid in excess by applicants.

A reduction of subscriptions is not provided in principle. The Issuer, however, has the right to reduce subscriptions at its own discretion and as set forth in the Final Terms; if the Issuer avails itself of this right, applicants will be reimbursed the overpaid amounts.

5.1.4. Details of the minimum and/or maximum amount of the application, (whether in number of securities or aggregate amount to invest).

The minimum and/or maximum amount of the application will be set forth in the Final Terms.

5.1.5. Method and time limits for paying up the Notes and for delivery of the Notes.

To be specified in the Final Terms.

5.1.6. A full description of the manner and date in which results of the offer are to be made public.

To be specified in the Final Terms.

5.1.7. The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

Not applicable.

5.2. Plan of distribution and allotment.

5.2.1. The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.

Notes may be offered to qualified investors and/or retail investors as further specified in the relevant Final Terms. If an offer of Notes does not require to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, this Prospectus shall be deemed a voluntary Prospectus pursuant to Article 4 of the Prospectus Regulation.

The relevant Final Terms will specify whether the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these countries.

5.2.2. Process for notifying applicants of the amount allotted and an indication whether dealing may begin before notification is made.

5.3.

To be specified in the Final Terms.

Pricing

5.3.1. An indication of the expected price at which the securities will be offered.

To be specified in the Final Terms.

5.3.2. Where an indication of the expected price cannot be given, a description of the method of determining the price, pursuant to Article 17 of Regulation (EU) 2017/1129, and the process for its disclosure.

If an indication of the expected price at which the securities will be offered cannot be given, the price will be determined in line with market prices for comparable financial products. The detailed method is to be specified in the Final Terms.

5.3.3. Indication of the amount of any expenses, and taxes charged to the subscriber or purchaser. Where the issuer is subject to Regulation (EU) No 1286/2014 or Directive 2014/65/EU and to the extent that they are known, include those expenses contained in the price.

The Issuer will not charge any subscribers or purchasers any special costs and taxes. However, customary service fees / fees paid by the Issuer to Distributors may already be included in the Issue Price of the Securities and will be disclosed – to the extent that they are known – in the relevant Final terms.

Costs and expenses incurred in the indirect acquisition are not subject to the influence of the Issuer.

Placing and Underwriting

5.4. 5.4.1. Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.

As of the date of this Prospectus the issuer is not collaborating with coordinators or placers. Any future appointed coordinators and/or placers will be disclosed in the Final Terms.

5.4.2. Name and address of any paying agents and depository agents in each country.

To be specified in the Final Terms.

5.4.3. Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.

The Notes will not be underwritten based on a firm commitment, nor have any entities agreed to place the issue without a firm commitment or under "best efforts" arrangements, if not specified otherwise in the Final Terms. If applicable, the Final Terms will also specify the material features of the agreements, including the quotas, and the indication of the overall amount of the underwriting commission and of the placing commission. Where not all of the issue is underwritten, a statement of the portion not covered will be included in the Final Terms.

5.4.4. When the underwriting agreement has been or will be reached.

At the date of this Prospectus no underwriting agreement has been reached. If an underwriting agreement will be reached, the respective date will be disclosed in the Final Terms.

ADMISSION TO TRADING AND DEALING ARRANGEMENTS

- An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market, other third country markets, SME Growth Market or MTF with an indication of the markets in question. This circumstance must be set out, without creating the impression that the admission to trading will necessarily be approved. If known, give the earliest dates on which the securities will be admitted to trading.**
- 6.1.

The Issuer may make an application for the Notes to be included in trading on the Vienna MTF. The Vienna MTF is a multilateral trading facility (MTF) operated by the Vienna Stock Exchange. The inclusion in trading on the Vienna MTF is subject to the approval of the Vienna Stock Exchange.

The Issuer may apply for the listing on other multilateral trading facility (MTF) operated by other stock exchanges, if specified in the Final Terms. The inclusion of Notes to trading on such MTFs is subject to the approval of the relevant stock exchange.

The Issuer may decide that Notes issued under the Programme will not be listed on any stock exchange, if specified in the Final Terms.

- All the regulated markets or third country markets, SME Growth Market or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities to be offered to the public or admitted to trading are already admitted to trading.**
- 6.2.

Not applicable.

- In the case of admission to trading on a regulated market, the name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.**
- 6.3.

Not applicable.

6.4.

The issue price of the securities.

7. To be specified in the Final Terms.

7.1.

ADDITIONAL INFORMATION

- If advisors connected with an issue are referred to in the securities note, a statement of the capacity in which the advisors have acted.**
- 7.2.

Not applicable, as no advisors connected with an issue are referred to in the securities note.

An indication of other information in the securities note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.

Not applicable.

Credit ratings assigned to the securities at the request or with the cooperation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.

Not applicable. No credit rating will be assigned to the securities.

7.3. **Where the summary is substituted in part with the information set out in points (c) to (i) of paragraph 3 of Article 8 of Regulation (EU) No 1286/2014, all such information to the extent it is not already disclosed elsewhere in the securities note, must be disclosed.**

7.4. To be specified in the relevant Final Terms.

VIII. TERMS AND CONDITIONS OF THE NOTES AND RELATED INFORMATION

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme.

This section "Terms and Conditions of the Notes and Related Information" comprises the following parts:

1. the Terms and Conditions of the Notes; and
2. the Form of Final Terms.

TERMS AND CONDITIONS OF THE NOTES

TERMS AND CONDITIONS OF THE NOTES

1. (ENGLISH LANGUAGE VERSION)

TERMS AND CONDITIONS OF FIXED RATE NOTES

§ 1 CURRENCY, DENOMINATION, FORM, TITLE CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This tranche [insert tranche number] of Notes (the "**Notes**") which itself or, together with one or more other tranches, shall comprise a "**Series**", is being issued by ZENITH ENERGY LTD in [insert specified currency] (the "**Specified Currency**") in the aggregate principal amount (subject to § 1(6) of [insert aggregate principal amount] (in words: [insert aggregate principal amount in words]) in a denomination of [insert Specified Denomination] (the "**Specified Denomination**").

[If the Tranche becomes part of an existing Series, insert: This Tranche [insert number of tranche] shall be consolidated and form a single Series [insert number of series] with the Series [number of series], ISIN [●], Tranche 1 issued on [insert Issue Date of Tranche 1] **[For each further Tranche, insert:** and Tranche [insert number of tranche] issued on [insert Issue Date of this Tranche] of this Series]. The aggregate principal amount of Series [insert number of series] is [insert aggregate principal amount of the consolidated Series [insert number of series].]

[In case of Notes which are exclusively represented by a Permanent Global Note insert:

(2) *Form: Permanent Global Note*

The Notes are being issued in bearer form. The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the a "**Global Note**") without coupons; the claim for interest payments under the Notes is represented by the Permanent Global Note. The Permanent Global Note shall be signed manually or in facsimile by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent.]

[In case of Notes which are initially represented by a Temporary Global Note, which will be exchangeable for a Permanent Global Note, insert:

(2) *Form: Temporary Global Note - Exchange*

The Notes are being issued in bearer form.

- (a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note (each a "**Global Note**") shall each be signed manually or in facsimile by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

- (b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).]

(3) *Clearing System.* [The] [Each] Temporary Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means [If more than one Clearing System, insert: each of] the following: [Clearstream Banking AG, Frankfurt am Main ("CBF")] [Clearstream Banking, société anonyme, Luxembourg ("CBL")] [Euroclear Bank SA/NV ("Euroclear")] [CBL and Euroclear each an "ICSD" and together the "ICSDs"] [OeKB CSD GmbH ("OeKB")] [.] [and] [specify other Clearing System] or any successor in respect of the functions performed by [If more than one Clearing System, insert: each of the Clearing Systems] [If one Clearing System, insert: the Clearing System].

[In the case of Notes kept in custody on behalf of the ICSDs, insert:

The Notes are issued in new global note ("NGN") form and are kept in custody by a common safekeeper on behalf of both ICSDs.]

(4) *Noteholder.* "**Noteholder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(5) *Records of the ICSDs.* The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of such redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.]

[In the case of a Temporary Global Note, insert: On an exchange of a portion only of the Notes represented by a Temporary Global Note, the issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.]

(6) *Title.*

- (a) A Noteholder will (except as otherwise required by applicable laws or regulatory requirements) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Noteholder.

- (b) The transfer of title to Notes is effected by agreement on the transfer among the relevant parties and by delivery or otherwise in accordance with any applicable laws and regulations including the rules of any relevant Clearing System. References herein to "Noteholders" of Notes are to the bearers of such Notes.

(7) *Business Day*. In these Terms and Conditions, "**Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert: [TARGET (as defined below)] [and commercial banks and foreign exchange markets in [insert all relevant financial centres]] [If the Specified Currency is not Euro insert: commercial banks and foreign exchange markets in [insert all relevant financial centres]]** settle payments.

[If TARGET is applicable, insert: "TARGET" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system 2 or any successor system thereto.]

§ 2 STATUS

- (1) *Status*. The obligations under the Notes constitute direct, unconditional and unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

§ 3 INTEREST

- (1) *Rate of Interest and Interest Payment Dates*. The Notes shall bear interest on their principal amount at the rate of **[insert Rate of Interest]** per cent per annum from (and including) **[insert Interest Commencement Date]** (the "**Interest Commencement Date**") to (but excluding) the Maturity Date (as defined in § 5 (1)).

Interest shall be payable in arrears on **[insert Fixed Interest Date or Dates]** in each year (each such date, an "**Interest Payment Date**"), subject to adjustment in accordance with § 4 (5). The first payment of interest shall, subject to adjustment in accordance with § 4 (5), be made on **[insert First Interest Payment Date]** **[If First Interest Payment Date is not first anniversary of Interest Commencement Date, insert: and will amount to [insert Initial Broken Amount per Specified Denomination] per Note]**.

[If the Maturity Date is not a Fixed Interest Date, insert: Interest in respect of the period from [insert Fixed Interest Date preceding the Maturity Date] (inclusive) to the Maturity Date (exclusive) will amount to [insert Final Broken Amount per Specified Denomination] per Note.]

[If Actual/Actual (ICMA) insert: The number of interest determination dates per calendar year (each a "Determination Date" is [insert number of regular interest payment dates per calendar year].]

- (2) *Accrual of Interest*. The Notes shall cease to bear interest from the day preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the day preceding the day of actual redemption of the Notes. This does not affect any additional rights that might be available to the Noteholders.

- (3) *Calculation of Interest for Partial Periods*. If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

- (4) *Day Count Fraction*. "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (the "**Calculation Period**"):

[In the case of Actual/Actual (ICMA), insert:

1. in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or
2. in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; and
 - the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year.

"Determination Period" means the period from (and including) an Interest Payment Date or, if none, the Interest Commencement Date to, but excluding, the next or first Interest Payment Date.]

[In the case of 30/360, insert: the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.]

[In the case of ACT/ACT (ISDA) or Actual/365, insert: the actual number of days in the Calculation Period divided by 365 (or, if any calculation portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period not falling in a leap year divided by 365).]

[In the case of Actual/ 365 (Fixed), insert: the actual number of days in the Calculation Period divided by 365.]

[In the case of Actual/360, insert: the actual number of days in the Calculation Period divided by 360.]

[In the case of 30/360, 360/360 or Bond Basis, insert: the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[In the case of 30E/360 or Eurobond Basis, insert: the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

§ 4 PAYMENTS

(1) *Payment of Principal and Interest*

- (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.
- (b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "United States" means the United States of America (including the States thereof and the District of Columbia) and its territories (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands) and possessions and other areas subject to its jurisdiction.

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then:

[In the case of Modified Following Business Day Convention, insert: the Noteholder shall not be entitled to payment until the next day which is a Payment Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.]

[In the case of Following Business Day Convention, insert: the Noteholder shall not be entitled to payment until the next day which is a Payment Business Day.]

[In the case of Preceding Business Day Convention, insert: the Noteholder shall be entitled to payment on the immediately preceding Payment Business Day.]

[In the case "Unadjusted" is applicable, insert: If the payment of any amount shall be unadjusted as described above, the relevant amount payable and the relevant Interest Payment Date shall not be adjusted respectively.]

[In the case "Adjusted" is applicable, insert: If the payment of any amount shall be adjusted as described above, the relevant amount payable and the relevant Interest Payment Date shall be adjusted respectively.]

The Noteholder shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "Payment Business Day" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[insert all relevant financial centres]** **[If the Specified Currency is Euro insert:** [TARGET] **] and commercial banks and foreign exchange markets in [insert all relevant financial centres]]]** settle payments.

(6) *References to Principal and Interest.* References in these Terms and Conditions of the Notes to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes;

the Early Redemption Amount of the Notes; **[If redeemable at the option of the Issuer insert: the Call Redemption Amount of the Notes;]** and any premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions of the Notes to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

§ 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed (in whole but not in part) or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[insert Maturity Date]** (the "**Maturity Date**"). The Final Redemption Amount in respect of each Note shall be its Specified Denomination.

[If Notes are subject to Early Redemption at the Option of the Issuer, insert:

(2) *Early Redemption at the Option of the Issuer.*

(a) The Issuer may, not less than 15 Business Days before the giving of a notice to the Paying Agent and upon notice given in accordance with clause (b), redeem all of the Notes on the Call Redemption Date[s] at the Call Redemption Amount[s] set forth below together with accrued interest, if any, to (but excluding) the relevant Call Redemption Date.

Call Redemption Date(s)

Call Redemption Amount(s)

[insert Call Redemption Date(s)]

[insert Call Redemption Amount(s)]

(b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 11. Such notice shall specify:

- (i) the Tranche or Series, as the case may be, of Notes subject to redemption;
- (ii) the Call Redemption Date, which shall be not less than **[insert Minimum Notice to Noteholders]** nor more than **[insert Maximum Notice to Noteholders]** days after the date on which notice is given by the Issuer to the Noteholders; and
- (iii) the Call Redemption Amount at which such Notes are to be redeemed.

(3) *Early Redemption Amount.*

For purposes of § 8, the early redemption amount of a Note shall be its Final Redemption Amount (the "**Early Redemption Amount**").

§ 6 FISCAL AGENT AND PAYING AGENT[S]

(1) *Appointment; Specified Offices.* The initial Fiscal Agent and Paying Agent[s] and their respective initial specified offices are:

Fiscal Agent:

The Bank of New York Mellon, London Branch
One Canada Square, Canary Wharf
London E14 5AL
United Kingdom

Paying Agent[s]:

The Bank of New York Mellon, London Branch
One Canada Square, Canary Wharf
London E14 5AL
United Kingdom

The Bank of New York Mellon, Frankfurt Branch
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main
Germany

[insert other Paying Agents and specified offices]

The Fiscal Agent and the Paying Agent[s] reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent [,] [and] [(ii) a Paying Agent with a specified office outside the European Union] [,] [and] [(iii)] [(iii)] a Paying Agent (which may be the Fiscal Agent) with a specified office in a European city] [,] [and] [(iii)] [(iv)] a Paying Agent (which may be the Fiscal Agent) with a specified office within the Republic of Austria] **[In the case of Notes listed on a stock exchange, insert: [,] [and] [(iii)] [(iv)] [(v)]** so long as the Notes are listed on the **[name of stock exchange]**, a Paying Agent (which may be the Fiscal Agent) with a specified office in **[location of stock exchange]** and/or in such other place as may be required by the rules of such stock exchange] **[In the case of payments in U.S. dollars, insert: and [(iii)] [(iv)] [(v)] [(vi)]** if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City]. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with § 11.

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agent[s] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

§ 7 TAXATION

(1) *Taxation.* All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes by or on behalf of the Issuer will be made free and clear of and without withholding at source or deduction at source for or on account of any present or future taxes, fees, duties, assessments or governmental charges of whatever nature which are imposed or levied by or on behalf of Canada or any political subdivision thereof or any authority or agency therein or thereof having power to tax ("Withholding Tax"), unless Withholding Tax is to be deducted or withheld by law or other regulations and to be paid to the responsible authorities. In such event, the Issuer will pay such additional amounts as may be necessary, subject to paragraph (2) below, in order that the net amounts receivable by the Noteholder after the withholding or deduction of such Withholding Tax shall equal the respective amounts which would have been received by such Noteholder had no such Withholding Tax been required.

(2) *No Additional Amounts.* However, the Issuer shall not be obliged to pay any additional amounts on account of any such taxes, fees, duties, assessments or governmental charges:

- (a) which the Noteholder is subject to for any reason other than the mere fact of being a Noteholder, including if the Noteholder is subject to such taxes, fees, duties, assessments or governmental charges based on a personal unlimited or limited tax liability; or

- [(b) the Noteholder would not be subject to, if he had presented, or claimed his rights to the respective Paying Agent pursuant to § 6 arising from his Notes for payment within 30 days from the Relevant Date (as defined below); or]
- [(b)][(c)] which are deducted or withheld by a Paying Agent in one country from a payment if the payment could have been made by another Paying Agent in another country without such withholding or deduction; or
- [(c)][(d)] which are to be paid on payments of principal and interest, if any, by any means other than withholding at source or deduction at source; or
- [(d)][(e)] which are only deducted or withheld because the relevant Note is being presented for payment at the counter; or]
- [(d)][(e)][(f)] which are imposed or withheld by reason of the failure by the Noteholder or the beneficial owner of a Note to comply with any requirement (including the requirement to produce necessary forms and/or other documentation) under a statute, treaty, regulation, or administrative practice of the tax jurisdiction to establish entitlement to exemption from all or part of such tax, fee, duty, assessment, or other governmental charge to the extent such compliance is required as precondition to relief or exemption from such tax, fee, duty, assessment or other governmental charge; or]
- [(d)][(e)][(f)][(g)] which are imposed on a payment to an individual and are required to be made pursuant to the Council Directive 2014/107/EU dated 9 December 2014 amending Directive 2011/16/EU as regards the EU-wide automatic exchange of Information in the field of taxation, or pursuant to any law or provision, implementing or complying with the requirements of such Directive or the conclusions of the ECOFIN Council meeting reached on 13 December 2001, or pursuant to any law or provision that is introduced in order to conform to such Directive; or
- [(e)][(f)][(g)][(h)] any combination of items (a), [(b),] [(b)][(c)], [(c)][(d)], [(d)][(e)], [(d)][(e)][(f)],] and [(d)][(e)][(f)][(g)];

nor shall any additional amounts be paid with respect to any payment on a Note to a Noteholder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of Canada to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had such beneficiary, settlor, member or beneficial owner been the Noteholder of the Notes.

(3) *Relevant Date.* As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the relevant Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received by the relevant Agent, notice to that effect is duly given to the Noteholders in accordance with § 11.

§ 8 EVENTS OF DEFAULT

(1) *Events of Default.* Each Noteholder is entitled to declare due and payable by notice to the Fiscal Agent and the Issuer his entire claims arising from the Notes and demand payment of the Early Redemption Amount, together with accrued interest (if any) to the date of repayment, if

- (a) the Issuer, for any reason whatsoever, fails to pay (i) within thirty days after the relevant due date principal, or (ii) within thirty days after the relevant due date interest, if any, on the Notes, including additional amounts pursuant to § 7 (1), if any; or

- (b) the Issuer, for any reason whatsoever, fails to duly perform any other obligation under these Notes and such failure is incapable of remedy or continues for more than sixty days after receipt of a written notice from a Noteholder by the Fiscal Agent; or
 - (c) bankruptcy or insolvency proceedings (or similar proceedings) are commenced by a court in the relevant place of jurisdiction against the Issuer which shall not have been reversed or stayed within 60 days or the Issuer itself institutes such proceedings, or offers or makes an arrangement for the benefit of creditors generally; or
 - (d) the Issuer is wound up or dissolved or shall take any action for the purpose of liquidation unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company in the case of the Issuer assumes all obligations arising from these Terms and Conditions of the Notes; or
 - (e) the Issuer ceases to carry on its business; or
 - (f) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes; or
 - (g) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.
- (2) *Notice.* Such notice for repayment shall be sent to the Fiscal Agent by registered mail; such notice will become effective upon receipt by the Fiscal Agent. Claims fall due 14 days after receipt of such notice unless, in the case of paragraph (1)(a) or (1)(b), the obligation has been satisfied or performed prior thereto.

§ 9 SUBSTITUTION

(1) *Substitution.* The Issuer shall be entitled at any time without the consent of the Noteholders to be substituted as Issuer by any other company appointed as Issuer under this Programme (the "**New Issuer**") in respect of all obligations arising from or in connection with the Notes, if;

- (a) the New Issuer assumes all obligations of the Issuer arising from or in connection with the Notes;
- (b) the Issuer and the New Issuer have obtained any necessary authorisation from the competent authorities to the effect that the New Issuer may transfer to the relevant Paying Agent in the Specified Currency or other relevant currency without the withholding at source or deduction at source of any taxes, fees, duties, assessments or other governmental charges in the country of its incorporation and, if different where it is treated as resident for tax purposes, all amounts required for the performance of the payment obligations arising from or in connection with the Notes;
- (c) the Issuer irrevocably and unconditionally guarantees such obligations of the New Issuer in the same form and with the same content as the Notes have originally been guaranteed by the Issuer.

(2) *Change of References.* In the event of such substitution, any reference in these Terms and Conditions of the Notes to the Issuer shall from then on be deemed to refer to the New Issuer and any reference to the country of incorporation of the Issuer shall from then on be deemed to refer to the country of incorporation of the New Issuer and, if different, to the country where it is treated as resident for tax purposes.

(3) *Notice.* Any substitution effected in accordance with subparagraph 1 of this § 9 shall be binding on the Noteholders and shall be notified to them in accordance with § 11 not less than 15 Business Days before such substitution comes into effect.

§ 10
FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional notes so that the same shall be consolidated, form a single issue (Series) of Notes with and increase the aggregate principal amount of this Tranche of Notes. The Notes of each Tranche shall have identical Terms and Conditions and identical features. The Notes of each Series shall also have identical Terms and Conditions and identical features, except (in the case of more than one Tranche) for the Issue Date, the Interest Commencement Date and the Issue Price. References to "Notes" shall be construed as references to such Tranche or Series.

(2) *Purchases and Cancellation.* The Issuer and any of its subsidiaries is entitled to purchase Notes in the market or otherwise. Notes purchased or otherwise acquired by the Issuer or any of the subsidiaries may be held or resold or, at the discretion of the Issuer, surrendered to the relevant Paying Agent for cancellation.

§ 11
NOTICES

[In the case of Notes which are listed on a Stock Exchange, insert:

(1) *Publication.*

[If notices may be given by means of a leading daily newspaper, insert: All notices concerning the Notes will be published in a leading daily newspaper having general circulation in [Austria] [London] [**specify other location**]. This newspaper is expected to be the [Amtsblatt zur Wiener Zeitung] [Financial Times] [**insert other applicable newspaper having general circulation**] in the German or English language. [Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

[(2)] *Notification to Clearing System.*

[In the case of Notes which are unlisted, insert: The Issuer shall deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which said notice was given to the Clearing System.]

[In the case of Notes which are listed on the Vienna Stock Exchange, insert: So long as any Notes are listed on the Vienna Stock Exchange, subparagraph (1) shall apply. In the case of notices regarding the Rate of Interest or, if the Rules of the Vienna Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders in lieu of publication in the newspapers set forth in subparagraph (1) above; any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to the Clearing System.]

[In the case of Notes which are listed on a Stock Exchange other than the Vienna Stock Exchange, insert: The Issuer may, in lieu of publication set forth in subparagraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Noteholders, provided that the rules of the stock exchange on which Notes are listed permit such form of notice. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which said notice was given to the Clearing System.]

§ 12
APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The form and content of the Notes and the Global Note(s) and all the rights and duties arising therefrom shall be governed exclusively by the laws of the Federal Republic of Germany.

(2) *Submission to Jurisdiction.* For all litigation arising from legal relations established in these Terms and Conditions of the Notes, the Noteholders are entitled to assert their claims, to the exclusion of all other venues, at their discretion either before the competent courts in the relevant country of incorporation of the Issuer or before the competent courts in Frankfurt am Main, Federal Republic of Germany. It is agreed that such courts shall apply exclusively the laws of the Federal Republic of Germany.

(3) *Place of Performance.* Place of performance shall be Vienna, Republic of Austria

(4) *Enforcement.* A Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, in his own name enforce his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System. Each Noteholder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.

(5) *Annulment.* The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Global Notes.

§ 13
PARTIAL INVALIDITY

Should any of the provisions contained in these Terms and Conditions of the Notes be or become invalid or unenforceable, the validity or enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case, the invalid or unenforceable provision shall be deemed to be replaced by a provision which to the extent legally possible provides for an interpretation in keeping with the meaning and the economic purpose of these Terms and Conditions of the Notes at the time of the issue of the Notes. Under circumstances in which these Terms and Conditions of the Notes prove to be incomplete, a supplementary interpretation in accordance with the meaning and the purpose of these Terms and Conditions of the Notes under due consideration of the legitimate interests of the parties involved shall be applied.

§ 14
LANGUAGE

[If the Terms and Conditions are written in the German language, insert: These Terms and Conditions of the Notes are written in the German language. **[If the Terms and Conditions are written in the German language together with a non-binding translation into the English language, insert:** These Terms and Conditions of the Notes are written in the German language. An English language translation shall be provided. The German text shall be prevailing and binding. The English language translation is provided for convenience only.]]

[If the Terms and Conditions are written in the English language, insert: These Terms and Conditions of the Notes are written in the English language. **[If a non-binding translation into the German language shall**

be provided, insert: A German language translation shall be provided. The English text shall be prevailing and binding. The German language translation is provided for convenience only.]

§ 15 DEPOSIT IN COURT, PRESENTATION PERIOD, PRESCRIPTION PERIOD

(1) *Deposit in Court.* The Issuer may deposit with the lower court (*Amtsgericht*) of Frankfurt am Main principal and interest, if any, not claimed by Noteholders within twelve months after having become due, together with a waiver of the right to withdraw such deposit, even if the Noteholders are not in default of acceptance; such deposit will be at the risk and cost of such Noteholders. Upon such deposit, with such waiver of the right to withdraw, all claims of such Noteholders against the Issuer and against third parties which are liable for its obligations shall cease.

(2) *Presentation Period.* The presentation period provided in § 801 paragraph 1, sentence 1 BGB (*German Civil Code*) is reduced to ten years.

(3) *Prescription Period.* The prescription period for Notes presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.

**TERMS AND CONDITIONS OF THE NOTES
(GERMAN LANGUAGE VERSION)**

**EMISSIONSBEDINGUNGEN
FÜR FESTVERZINSLICHE SCHULDVERSCHREIBUNGEN**

**§ 1
WÄHRUNG, STÜCKELUNG, FORM, EIGENTUM, DEFINITIONEN**

(1) *Währung, Stückelung.* Diese Tranche [**Tranchen-Nummer einfügen**] von Schuldverschreibungen (die "**Schuldverschreibungen**") der ZENITH ENERGY LTD, die für sich oder mit einer oder mehreren Tranchen gemeinsam eine "**Serie**" bilden kann, wird in [**festgelegte Währung einfügen**] (die "**festgelegte Währung**") im Gesamtnennbetrag (vorbehaltlich § 1(6) von [**Gesamtnennbetrag einfügen**] (in Worten: [**Gesamtnennbetrag in Worten einfügen**]) in einer Stückelung von [**festgelegte Stückelung einfügen**] (die "**festgelegten Stückelung**") begeben.

[Im Fall einer Zusammenfassung der Tranche mit einer bestehenden Serie, einfügen: Diese Tranche [**Tranchen-Nr. einfügen**] wird mit der Serie [**Seriennummer einfügen**], ISIN [**•**], Tranche 1 begeben am [**Valutierungstag der ersten Tranche einfügen**] [**Für jede weitere Tranche jeweils einfügen:** und der Tranche [**Tranchen-Nr. einfügen**] begeben am [**Valutierungstag dieser Tranche einfügen**] dieser Serie] konsolidiert und formt mit dieser eine einheitliche Serie [**Seriennummer einfügen**]. Der Gesamtnennbetrag der Serie [**Seriennummer einfügen**] lautet [**Gesamtnennbetrag der gesamten konsolidierten Serie [Seriennummer einfügen] einfügen**].]

[Im Fall von Schuldverschreibungen, die ausschließlich durch eine Dauerglobalurkunde verbrieft sind, einfügen:

(3) *Form :Dauerglobalurkunde*

Die Schuldverschreibungen lauten auf den Inhaber. Die Schuldverschreibungen sind durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" oder die "**Globalurkunde**") ohne Zinsscheine verbrieft; der Zinszahlungsanspruch im Zusammenhang mit den Schuldverschreibungen ist durch die Dauerglobalurkunde mitverbrieft. Die Dauerglobalurkunde trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.]

[Im Fall von Schuldverschreibungen, die anfänglich durch eine vorläufige Globalurkunde verbrieft sind, die gegen eine Dauerglobalurkunde ausgetauscht werden kann, einfügen:

(3) *Form: Vorläufige Globalurkunde - Austausch.*

Die Schuldverschreibungen lauten auf den Inhaber.

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde (jeweils eine "**Globalurkunde**") tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

- (b) Die vorläufige Globalurkunde wird an einem Tag gegen die Dauerglobalurkunde ausgetauscht, der nicht weniger als 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.]

(4) *Clearing System.* [Die][Jede] vorläufige Globalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearing System**" bedeutet **[Bei mehr als einem Clearing System einfügen: jeweils]** Folgendes: [Clearstream Banking AG, Frankfurt am Main ("**CBF**") [Clearstream Banking, société anonyme, Luxembourg ("**CBL**") [Euroclear Bank SA/NV ("**Euroclear**") [CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**"] [OeKB CSD GmbH ("**OeKB**") [.] [und] **[anderes Clearing System angeben]** oder jeder Funktionsnachfolger.

[Im Fall von Schuldverschreibungen, die im Namen der ICSDs verwahrt werden, einfügen:

Die Schuldverschreibungen werden in Form einer new global note ("**NGN**") ausgegeben und von einer gemeinsamen Sicherheitsverwahrstelle (*common safekeeper*) im Namen beider ICSDs verwahrt.]

(5) *Inhaber von Schuldverschreibungen.* "Inhaber" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

(6) *Register der ICSDs.* Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger Nachweis über den Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bestätigung mit dem Gesamtnennbetrag der so verbrieften Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

Bei Rückzahlung oder Zahlung einer Rate oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung und Zahlung bzw. Kauf und Löschung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.]

[Im Falle einer vorläufigen Globalurkunde, einfügen: Bei Austausch eines Anteils von ausschließlich durch eine vorläufige Globalurkunde verbrieften Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Aufzeichnungen der ICSDs aufgenommen werden.]

[(7)] *Eigentum.*

- (a) Der Inhaber von Schuldverschreibungen gilt (soweit nicht zwingende Gesetzes- oder Verwaltungsbestimmungen entgegenstehen) in jeder Hinsicht als Alleineigentümer (ob fällig oder nicht fällig, und unabhängig von irgendwelchen Mitteilungen bezüglich des Eigentums, möglichen

Treuhandschaften oder anderen Ansprüchen hieran oder hieraus, etwaigen Vermerken auf der Urkunde oder einem Diebstahl oder Verlust) und niemand kann dafür verantwortlich gemacht werden, dass er den Inhaber als Alleineigentümer angesehen hat.

- (b) Die Übertragung des Eigentums an Schuldverschreibungen geschieht durch Einigung der beteiligten Parteien über den Eigentumsübergang und durch die Übergabe oder auf andere Weise in Übereinstimmung mit den jeweils anzuwendenden Gesetzen und Vorschriften einschließlich der Regeln beteiligter Clearing Systeme. Bezugnahmen in diesen Emissionsbedingungen auf "*Inhaber*" von Schuldverschreibungen sind Bezugnahmen auf die Inhaber solcher Schuldverschreibungen.

[(8)] *Geschäftstag*. In diesen Emissionsbedingungen bezeichnet "**Geschäftstag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist, einfügen: [TARGET (wie nachstehend definiert)] [und Geschäftsbanken und Devisenmärkte in [sämtliche relevante Finanzzentren einfügen]]] [Falls die festgelegte Währung nicht Euro ist, einfügen: Geschäftsbanken und Devisenmärkte in [sämtliche relevanten Finanzzentren einfügen]]** Zahlungen abwickeln.

[Falls TARGET anwendbar ist, einfügen: "TARGET" bedeutet das *Trans-European Automated Real-time Gross Settlement Express Transfer*-Zahlungssystem 2 oder jedes Nachfolgesystem.]

§ 2

STATUS, NEGATIVERKLÄRUNG

(1) *Status*. Die Verpflichtungen aus den Schuldverschreibungen begründen direkte, unbedingte und unbesicherte Verpflichtungen der Emittentin, die jederzeit gleichrangig untereinander und mindestens gleichrangig mit allen anderen gegenwärtigen und zukünftigen unbesicherten Verpflichtungen der Emittentin bestehen. Hiervon sind solche Verpflichtungen ausgenommen, die aufgrund zwingender und allgemein anwendbarer gesetzlicher Bestimmungen vorrangig sind.

§ 3

ZINSEN

(1) *Zinssatz und Zinszahlungstage*. Die Schuldverschreibungen werden in Höhe ihres Nennbetrages verzinst, und zwar vom **[Verzinsungsbeginn einfügen]** (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 Absatz 1 definiert) (ausschließlich) mit jährlich **[Zinssatz einfügen]** Prozent.

Die Zinsen sind nachträglich am **[Festzinstermin(e) einfügen]** eines jeden Jahres, vorbehaltlich einer Anpassung gemäß § 4 Absatz 5, zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am **[ersten Zinszahlungstag einfügen]** vorbehaltlich einer Anpassung gem. § 4 Absatz 5 **[sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist, einfügen: und beläuft sich auf [anfänglichen Bruchteilszinsbetrag pro festgelegte Stückelung einfügen] je Schuldverschreibung]**.

[Sofern der Fälligkeitstag kein Festzinstermin ist, einfügen: Die Zinsen für den Zeitraum vom [den letzten dem Fälligkeitstag vorausgehenden Festzinstermin einfügen] (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf [abschließenden Bruchteilszinsbetrag pro festgelegte Stückelung einfügen] je Schuldverschreibung.]

[Im Fall von Actual/Actual (ICMA) einfügen: Die Anzahl der Feststellungstermine im Kalenderjahr (jeweils ein "Feststellungstermin") beträgt [Anzahl der regulären Zinszahlungstage im Kalenderjahr einfügen].]

(2) *Zinslauf*. Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen nicht an dem Tag, der dem Tag der Fälligkeit vorangeht, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Weitergehende Ansprüche der Inhaber bleiben unberührt.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

[Im Fall von Actual/Actual (ICMA) einfügen:

1. Im Falle von Schuldverschreibungen, bei denen die Anzahl der Tage in der betreffenden Periode ab dem letzten Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (der "**Zinsberechnungszeitraum**") kürzer ist als die Feststellungsperiode in die das Ende des Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 Absatz 1 angegeben) in einem Kalenderjahr; oder
2. Im Falle von Schuldverschreibungen, bei denen der Zinsberechnungszeitraum länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe
 - der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 Absatz 1 angegeben) in einem Kalenderjahr; und
 - der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 Absatz 1 angegeben) in einem Kalenderjahr.

"**Feststellungsperiode**" ist die Periode ab einem Zinszahlungstag oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn (jeweils einschließlich desselben) bis zum nächsten oder ersten Zinszahlungstag (ausschließlich desselben).]

[Im Fall von 30/360 einfügen: die Anzahl von Tagen in der Periode ab dem letzten Zinszahlungstag (oder wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (wobei die Zahl der Tage auf der Basis von 12 Monaten zu jeweils 30 Tagen berechnet wird), geteilt durch 360.]

[Im Fall von ACT/ACT (ISDA) or Actual/365 einfügen: die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365 (oder falls ein Teil des Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe von (A) der tatsächlichen Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die in das Schaltjahr fallen, dividiert durch 366 und (B) die tatsächliche Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die nicht in ein Schaltjahr fallen, dividiert durch 365).]

[Im Fall von Actual/365 (Fixed) einfügen: die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365.]

[Im Fall von Actual/360 einfügen: die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.]

[Im Fall von 30/360, 360/360 oder Bond Basis einfügen: die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraums weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der den letzten Tag enthaltende Monat nicht als ein auf

30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraums fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

[Im Fall von 30E/360 oder Eurobond Basis einfügen: die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Tages des Zinsberechnungszeitraums, es sei denn, der Fälligkeitstag des letzten Zinsberechnungszeitraums ist der letzte Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

§ 4 ZAHLUNGEN

(1) *Zahlungen auf Kapital und von Zinsen*

- (a) *Zahlungen auf Kapital.* Zahlungen von Kapital auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.
- (b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3 (b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 Absatz (3) und des Absatzes 1 dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des "District of Columbia") sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands) und Besitzungen und sonstigen ihrer Jurisdiktion unterliegenden Gebiete.

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann:

[Bei Anwendung der Modifizierte Folgender Geschäftstag-Konvention einfügen: hat der Inhaber keinen Anspruch auf Zahlung vor dem nächstfolgenden Zahltag, es sei denn jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

[Bei Anwendung der Folgender Geschäftstag-Konvention einfügen: hat der Inhaber keinen Anspruch vor dem nachfolgenden Zahltag.]

[Bei Anwendung der Vorangegangener Geschäftstag-Konvention einfügen: wird der Zahltag auf den unmittelbar vorausgehenden Zahltag vorgezogen.]

[Falls keine Anpassung erfolgt einfügen: Falls eine Zahlung wie oben beschrieben verschoben wird, erfolgt keine Anpassung des zu zahlenden Betrags sowie des jeweiligen Zinszahlungstags.]

[Falls eine Anpassung erfolgt einfügen: Falls eine Zahlung wie oben beschrieben verschoben wird, erfolgt eine entsprechende Anpassung des zu zahlenden Zinsbetrags sowie des jeweiligen Zinszahlungstags.]

Der Inhaber ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund verspäteter Zahlung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevante Finanzzentren einfügen]]** **[Falls die festgelegte Währung Euro ist, einfügen:** **[TARGET]** [und Geschäftsbanken und Devisenmärkte in **[sämtliche relevante Finanzzentren einfügen]]]** Zahlungen abwickeln.

(6) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen; **[Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzuzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen;] sowie jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf Schuldverschreibungen schließen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge ein.

§ 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.*

Soweit nicht zuvor bereits (ganz aber nicht teilweise) zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag einfügen]** (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht ihrer festgelegten Stückelung.

[Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzuzahlen, einfügen:

(2) *Vorzeitige Rückzahlung nach Wahl der Emittentin.*

- (a) Die Emittentin kann, unter Einhaltung einer Ankündigungsfrist von 15 Geschäftstagen gegenüber der Emissionsstelle und nachdem sie gemäß Absatz (b) gekündigt hat, die Schuldverschreibungen insgesamt **[am Wahl-Rückzahlungstag]** **[an den Wahl-Rückzahlungstagen]** (Call) **[zum Wahl-Rückzahlungsbetrag]** **[zu den Wahl-Rückzahlungsbeträgen]** (Call), wie nachstehend angegeben, nebst etwaigen bis zum betreffenden Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

Wahl-Rückzahlungstag(e) (Call)

Wahl-Rückzahlungsbetrag/-beträge (Call)

[Wahl-Rückzahlungstag(e) (Call) einfügen]

**[Wahl-Rückzahlungsbetrag/-beträge (Call)
einfügen]**

- (b) Die Kündigung ist den Inhabern der Schuldverschreibungen durch die Emittentin gemäß § 11 bekanntzugeben. Sie beinhaltet die folgenden Angaben:

- (i) die zurückzuzahlende Tranche bzw. Serie von Schuldverschreibungen;
- (ii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Inhabern liegen darf; und
- (iii) den Wahl-Rückzahlungsbetrag (Call), zu dem Schuldverschreibungen zurückgezahlt werden.

(3) *Vorzeitiger Rückzahlungsbetrag.*

Für die Zwecke des § 8 entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag (der "**vorzeitige Rückzahlungsbetrag**").]

§ 6

DIE EMISSIONSSTELLE UND DIE ZAHLSTELLE[N]

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle und die Zahlstelle[n] und deren anfänglich bezeichneten Geschäftsstellen lauten wie folgt:

Emissionsstelle:

The Bank of New York Mellon, London Branch
One Canada Square, Canary Wharf
London E14 5AL
Vereinigtes Königreich

Zahlstelle:

The Bank of New York Mellon, London Branch
One Canada Square, Canary Wharf
London E14 5AL
Vereinigtes Königreich

The Bank of New York Mellon, Frankfurt Branch
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main
Deutschland

[andere Zahlstellen und bezeichnete Geschäftsstellen einfügen]

Die Emissionsstelle und die Zahlstelle[n] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, die Bestellung der Emissionsstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten [,] [und] [(ii) eine Zahlstelle mit bezeichneter Geschäftsstelle außerhalb der Europäischen Union unterhalten] [,] [und] [(iii)] [(iii)] eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in einer europäischen Stadt unterhalten] [,] [und] [(iii)] [(iv)] eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle innerhalb der Republik Österreich unterhalten] **[Im Fall von Schuldverschreibungen, die an einer Börse notiert sind, einfügen: [,] [und] [(iii)] [(iv)] [(v)]]** solange die Schuldverschreibungen an der **[Name der Börse]** notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in **[Sitz der Börse]** und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen] **[Im Fall von Zahlungen in U.S.-Dollar einfügen: und [(iii)] [(iv)] [(v)] [(vi)]]** falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 Absatz 3 definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich oder vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in

U.S.-Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten]. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Inhaber hierüber gemäß § 11 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle und die Zahlstelle[n] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Inhabern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Inhabern begründet.

§ 7 STEUERN

(1) *Steuern.* Alle in Bezug auf die Schuldverschreibungen zu zahlenden Beträge (Kapital, Zinsen und zusätzliche Beträge) der Emittentin oder für die Emittentin sind ohne Einbehalt an der Quelle oder Abzug an der Quelle von irgendwelchen gegenwärtigen oder zukünftigen Steuern, Gebühren oder Abgaben gleich welcher Art, die von oder in Kanada oder irgendeiner ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit erhoben werden ("Quellensteuer"), zu zahlen, es sei denn, die Quellensteuer ist kraft Gesetzes oder einer sonstigen Rechtsvorschrift abzuziehen oder einzubehalten und an die zuständigen Behörden abzuführen. In diesem Fall trägt die Emittentin vorbehaltlich des Absatzes 2 diejenigen zusätzlichen Beträge, die erforderlich sind, dass die von jedem Inhaber zu empfangenden Nettobeträge nach einem solchen Abzug oder Einbehalt von Quellensteuer den Beträgen entsprechen, die der Inhaber ohne einen solchen Abzug oder Einbehalt von Quellensteuer erhalten hätte.

(2) *Keine zusätzlichen Beträge.* Die Emittentin ist jedoch zur Zahlung zusätzlicher Beträge wegen solcher Steuern, Gebühren oder Abgaben nicht verpflichtet:

(a) denen der Inhaber der Schuldverschreibungen aus irgendeinem anderen Grund als der bloßen Tatsache unterliegt, dass er Inhaber von Schuldverschreibungen ist und zwar insbesondere, wenn der Inhaber von Schuldverschreibungen aufgrund einer persönlichen unbeschränkten oder beschränkten Steuerpflicht derartigen Steuern, Gebühren oder Abgaben unterliegt; oder

[(b)] den Inhaber von Schuldverschreibungen nicht unterläge, wenn er seine Schuldverschreibungen bzw. Zinsansprüche innerhalb von 30 Tagen nach dem jeweiligen Fälligkeitstag oder nach dem maßgeblichen Tag, wie unten definiert, der jeweiligen Zahlstelle i.S.v. § 6 zur Zahlung vorgelegt bzw. geltend gemacht hätte; oder]

[(b)][(c)] die von einer Zahlstelle in einem Land abgezogen oder einbehalten werden, wenn eine andere Zahlstelle in einem anderen Land die Zahlung ohne einen solchen Einbehalt oder Abzug hätte leisten können; oder

[(c)][(d)] die auf andere Weise als durch Einbehalt an der Quelle oder Abzug an der Quelle aus Zahlungen von Kapital oder etwaigen Zinsen zu entrichten sind; oder

[(d)][(e)] die nur abgezogen und einbehalten werden, weil die Schuldverschreibungen effektiv zur Einlösung am Schalter vorgelegt werden; oder]

[(d)][(e)][(f)] wenn eine Steuer, Gebühr oder Abgabe nur deshalb erhoben oder an der Quelle abgezogen werden, weil der Inhaber der Schuldverschreibungen oder der aus einer Schuldverschreibung wirtschaftlich Berechtigte es versäumt hat, eine Anforderung (einschließlich die Verpflichtung zur Beibringung notwendiger Formulare und/oder anderer Unterlagen) aus einem Gesetz, einem Vertrag, einer Bestimmung oder einer administrativen Regelung der Steuergesetzgebung, aufgrund dessen er einen Anspruch auf Erlass der gesamten Steuer, Gebühr oder Abgabe oder eines Teils davon gehabt hätte, zu erfüllen, soweit eine solche Erfüllung als

eine Vorbedingung vorausgesetzt wird, um von solchen Steuern, Gebühren, Pflichten, einem solchen Bescheid oder Abgabe abgeholfen oder befreit zu werden; oder]

[(d)][(e)][(f)][(g)] die auf Grundlage der Richtlinie 2014/107/EU des Rates vom 9. Dezember 2014 zur Änderung der Richtlinie 2011/16/EU bezüglich der Verpflichtung zum automatischen Austausch von Informationen im Bereich der Besteuerung , oder aufgrund irgendeines Gesetzes oder einer Rechtsvorschrift, welche(s) diese Richtlinie beziehungsweise die in der Sitzung des ECOFIN-Rates vom 13. Dezember 2001 erzielten Ergebnisse umsetzt oder deren Anforderungen erfüllt, oder welches erlassen wird, um dieser Richtlinie zu entsprechen, auf eine Zahlung an eine natürliche Person erhoben werden; oder

[(e)][(f)][(g)][(h)] jede Kombination der Absätze (a), [(b).] [(b)][(c)], [(c)][(d)], [(d)][(e).] [(d)][(e)][(f)] und [(e)][(f)][(g)].

Außerdem sind zusätzliche Beträge nicht im Hinblick auf Zahlungen unter den Schuldverschreibungen an solche Gläubiger zu zahlen, die Treuhänder oder Personengesellschaften sind bzw. nicht wirtschaftliche Eigentümer im Hinblick auf eine solche Zahlung sind, sofern eine solche Zahlung nach den Gesetzen Kanadas, unter Steuerzwecken bei der Berücksichtigung des Einkommens eines Berechtigten oder Errichters eines Trusts oder des Gesellschafter einer solchen Personengesellschaft oder eines wirtschaftlichen Eigentümers zu berücksichtigen wäre, die nicht zum Erhalt zusätzlicher Beträge berechtigt wären, wenn ein solcher Berechtigter, Errichter eines Trusts, Gesellschafter einer Personengesellschaft oder wirtschaftlicher Eigentümer Gläubiger der Schuldverschreibungen gewesen wäre.

(3) *Maßgeblicher Tag.* Der "**maßgebliche Tag**" im Sinne dieser Emissionsbedingungen ist der Tag, an dem eine solche Zahlung zuerst fällig wird. Wenn jedoch die betreffende Zahlstelle die volle Summe der zu zahlenden Beträge nicht am oder vor dem jeweiligen Zahltag ordnungsgemäß erhalten hat, dann ist der maßgebliche Tag der Tag, an dem die betreffende Zahlstelle die volle Summe der zu zahlenden Beträge erhalten hat und eine Mitteilung hierüber gemäß § 11 an die Inhaber der Schuldverschreibungen ordnungsgemäß übermittelt wurde.

§ 8 KÜNDIGUNGSGRÜNDE

(1) *Kündigungsgründe.* Jeder Inhaber von Schuldverschreibungen ist berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen durch Kündigung gegenüber der Emissionsstelle und der Emittentin fällig zu stellen und Rückzahlung des vorzeitigen Rückzahlungsbetrages zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, wenn

- (a) die Emittentin, gleichgültig aus welchen Gründen, (i) Kapital innerhalb von dreißig Tagen nach dem betreffenden Fälligkeitstag oder (ii) etwaige Zinsen aus den Schuldverschreibungen einschließlich etwaiger gemäß § 7 Absatz 1 zu zahlender zusätzlicher Beträge, innerhalb von dreißig Tagen nach dem betreffenden Fälligkeitstag nicht zahlt; oder
- (b) die Emittentin, gleichgültig aus welchen Gründen, mit der Erfüllung einer anderen Verpflichtung aus diesen Schuldverschreibungen länger als sechzig Tage nachdem die Emissionsstelle eine schriftliche Mitteilung von einem Inhaber erhalten hat in Rückstand kommt; oder
- (c) ein Gericht ein Konkurs- oder Insolvenzverfahren (oder ein vergleichbares Verfahren) gegen die Emittentin in der entsprechenden Rechtsordnung eröffnet worden ist, und diese Entscheidung nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt worden ist, oder die Emittentin von sich aus ein solches Verfahren beantragt oder einen Vergleich mit Inhabern anbietet oder durchführt; oder
- (d) die Emittentin aufgelöst oder liquidiert wird oder irgendeine Maßnahme zum Zwecke der Liquidation trifft, es sei denn, dass eine solche Liquidation im Zusammenhang mit einer Verschmelzung,

Konsolidierung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft erfolgt und diese Gesellschaft alle Verpflichtungen aus diesen Emissionsbedingungen übernimmt; oder

- (e) die Emittentin ihre Geschäftstätigkeit einstellt; oder
- (f) es gegen geltendes Recht verstößt, dass die Emittentin ihren Verpflichtungen aus Schuldverschreibungen nachkommt; oder
- (g) irgendein Ereignis eintritt, welches nach dem Recht einer relevanten Rechtsordnung mit denen in den vorherigen Paragraphen genannten Ereignissen vergleichbar ist.

(2) *Übermittlung.* Eine derartige Kündigung zur Rückzahlung ist durch eingeschriebenen Brief an die Emissionsstelle zu richten und wird mit Zugang bei dieser wirksam. Die Fälligkeit tritt ein am 14. Tag nach Zugang der Kündigung, es sei denn, dass im Falle des Absatzes (1)(a) oder (1)(b) die Verpflichtung vorher erfüllt worden ist.

§ 9

SCHULDNERERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Inhaber von Schuldverschreibungen eine andere Gesellschaft, die als Emittentin unter diesem Programm ernannt wurde, als Emittentin (die "**Neue Emittentin**") hinsichtlich aller Verpflichtungen aus oder in Verbindung mit den Schuldverschreibungen an die Stelle der Emittentin zu setzen, sofern:

- (a) die Neue Emittentin alle Verpflichtungen der Emittentin aus oder in Verbindung mit den Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Neue Emittentin alle etwa notwendigen Genehmigungen von den zuständigen Behörden erhalten hat, wonach die Neue Emittentin alle Beträge, die zur Erfüllung der aus oder in Verbindung mit den Schuldverschreibungen entstehenden Zahlungsverpflichtungen erforderlich sind, in der festgelegten Währung oder einer anderen erforderlichen Währung ohne Einbehalt an der Quelle oder Abzug an der Quelle von irgendwelchen Steuern, Gebühren oder Abgaben in dem Land, in dem die Neue Emittentin ansässig ist, an die jeweilige Zahlstelle transferieren darf;
- (c) die Emittentin in einer nach Form und Inhalt gleichen Art wie in der ursprünglichen Garantie durch die Emittentin unbedingt und unwiderruflich die Verpflichtungen der Neuen Emittentin garantiert.

(2) *Bezugnahmen.* Im Falle einer solchen Schuldnerersetzung gilt jede in diesen Emissionsbedingungen enthaltene Bezugnahme auf die Emittentin fortan als auf die Neue Emittentin bezogen, und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz hat, gilt fortan als auf das Land, in dem die Neue Emittentin ihren Sitz hat, bezogen, und, soweit hierbei ein Unterschied gemacht werden muss, auf das Land, in dem die Neue Emittentin für steuerliche Zwecke als gebietsansässig betrachtet wird.

(3) *Mitteilung.* Eine Schuldnerersetzung gemäß Absatz 1 dieses § 9 ist für die Inhaber von Schuldverschreibungen bindend und ist ihnen mit einer Frist von mindestens 15 Geschäftstagen vor Inkrafttreten der Schuldnerersetzung gemäß § 11 öffentlich bekannt zu machen.

§ 10

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, RÜCKKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin behält sich vor, ohne Zustimmung der Inhaber der Schuldverschreibungen weitere Schuldverschreibungen in der Weise zu begeben, dass sie mit den Schuldverschreibungen dieser Tranche zusammengefasst werden, eine einheitliche Emission (Serie) mit ihnen bilden und ihren Gesamtnennbetrag erhöhen. Die Schuldverschreibungen einer Serie haben identische

Emissionsbedingungen und Ausstattungsmerkmale mit Ausnahme (im Fall von mehr als einer Tranche) des Begebungstages, des Verzinsungsbeginns und des Emissionspreises. Bezugnahmen auf "Schuldverschreibungen" gelten in gleicher Weise als Bezugnahmen auf solche Tranchen oder Serien.

(2) *Rückkauf und Entwertung.* Der Emittentin und jeder ihrer Tochtergesellschaften ist es erlaubt, Schuldverschreibungen im Markt oder auf andere Weise zurückzukaufen. Zurückgekaufte oder auf andere Weise von der Emittentin oder jeweiligen Tochtergesellschaft erworbene Schuldverschreibungen können gehalten, wiederverkauft oder nach Wahl der Emittentin bzw. der betreffenden Tochtergesellschaft der jeweiligen Zahlstelle zur Entwertung überlassen werden.

§ 11 MITTEILUNGEN

[Im Fall von Schuldverschreibungen, die an einer Börse notiert sind, einfügen:

(1) *Bekanntmachung.*

[Sofern eine Mitteilung durch Publikation in einer führenden Tageszeitung möglich ist, einfügen: Alle die Schuldverschreibungen betreffenden Mitteilungen sind in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Österreich] [London] **[anderen Ort einfügen]**, voraussichtlich [*Amtsblatt zur Wiener Zeitung*] [*Financial Times*] **[andere Zeitung mit allgemeiner Verbreitung einfügen]** in deutscher oder englischer Sprache zu veröffentlichen. [Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

[(2)] *Mitteilung an das Clearing System.*

[im Fall von Schuldverschreibungen, die nicht notiert sind, einfügen: Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearing System zur Weiterleitung an die Inhaber übermitteln. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Inhabern mitgeteilt.]

[Im Fall von Schuldverschreibungen, die an der Luxemburger Börse notiert sind, einfügen: Solange Schuldverschreibungen an der Wiener Börse notiert sind, findet Absatz 1 Anwendung. Soweit dies Mitteilungen über den Zinssatz betrifft oder die Regeln der Wiener Börse dies zulassen, kann die Emittentin eine Veröffentlichung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Inhaber ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Inhabern mitgeteilt.]

[Im Fall von Schuldverschreibungen, die an einer anderen Börse als der Wiener Börse notiert sind, einfügen: Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Inhaber zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Schuldverschreibungen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Inhabern mitgeteilt.]

§ 12 ANWENDBARES RECHT, ERFÜLLUNGORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen und der Globalurkunde(n) sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.

(2) *Gerichtsstand.* Für alle Rechtsstreitigkeiten, die sich aus den in diesen Emissionsbedingungen geregelten Rechtsverhältnissen ergeben, sind die Inhaber von Schuldverschreibungen berechtigt, ihre Ansprüche nach ihrer Entscheidung entweder vor den zuständigen Gerichten in dem Land des Sitzes der Emittentin oder vor dem

zuständigen Gericht in Frankfurt am Main, Bundesrepublik Deutschland, geltend zu machen. Alle anderen Gerichtsstände sind ausgeschlossen. Es gilt als vereinbart, dass diese Gerichte ausschließlich deutsches Recht anwenden sollen.

(3) *Erfüllungsort.* Erfüllungsort ist Wien, Republik Österreich.

(4) *Gerichtliche Geltendmachung.* Jeder Inhaber von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Inhaber und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Inhabers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing System oder des Verwahrers des Clearing System bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Inhaber ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Inhaber seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

(5) *Kraftloserklärung.* Die österreichischen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Globalurkunden.

§ 13 TEILUNWIRKSAMKEIT

Sollte eine der vorstehenden Bestimmungen dieser Emissionsbedingungen unwirksam oder undurchführbar sein oder werden, so bleibt die Wirksamkeit und die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen oder undurchführbaren Bestimmung soll eine, soweit rechtlich möglich, dem Sinn und Zweck dieser Emissionsbedingungen zum Zeitpunkt der Begebung der Schuldverschreibungen entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Emissionsbedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Emissionsbedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.

§ 14 SPRACHE

[Sofern die Emissionsbedingungen in der deutschen Sprache abgefasst werden, einfügen: Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. **[Sofern die Emissionsbedingungen in der deutschen Sprache mit einer unverbindlichen Übersetzung in die englische Sprache beigelegt wird, einfügen:** Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.]]

[Sofern die Emissionsbedingungen in der englischen Sprache abgefasst werden, einfügen: Diese Emissionsbedingungen sind in englischer Sprache abgefasst. **[Sofern die Emissionsbedingungen in der englischen Sprache mit einer unverbindlichen Übersetzung in die deutsche Sprache abgefasst werden, einfügen:** Diese Emissionsbedingungen sind in englischer Sprache abgefasst. Eine Übersetzung in die deutsche Sprache ist beigelegt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]]

§ 15 HINTERLEGUNG, VORLEGUNGSFRIST, VERJÄHRUNGSFRIST

(1) *Hinterlegung.* Die Emittentin kann die von Inhabern von Schuldverschreibungen innerhalb von zwölf Monaten nach Fälligkeit nicht geltend gemachten Beträge an Kapital und etwaigen Zinsen auf Gefahr und Kosten dieser Inhaber der Schuldverschreibungen beim Amtsgericht Frankfurt am Main unter Verzicht auf das Recht der Rücknahme hinterlegen, auch wenn die Inhaber sich nicht in Annahmeverzug befinden. Mit der Hinterlegung unter Verzicht auf das Recht der Rücknahme erlischt jeglicher Anspruch dieser Inhaber der Schuldverschreibungen gegen die Emittentin und für die Erfüllung von deren Verbindlichkeiten haftende Dritte.

(2) *Vorlegungsfrist.* Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird auf zehn Jahre verkürzt.

(3) *Verjährungsfrist.* Die Verjährungsfrist für während der Vorlegungsfrist zur Zahlung vorgelegte Schuldverschreibungen beträgt zwei Jahre beginnend mit dem Ablauf der jeweiligen Vorlegungsfrist.

FORM OF FINAL TERMS

FORM OF FINAL TERMS / MUSTER - ENDGÜLTIGE BEDINGUNGEN

2. [PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, the "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[VERTRIEBSVERBOT AN PRIVATINVESTOREN IM EWR - Die Schuldverschreibungen sind nicht dazu bestimmt, dass sie Privatinvestoren im Europäischen Wirtschaftsraum ("EWR") angeboten, verkauft oder auf anderem Wege zur Verfügung gestellt werden und die Schuldverschreibungen sollen dementsprechend Kleinanleger im EWR nicht angeboten, verkauft oder auf anderem Wege zur Verfügung gestellt werden. Ein Kleinanleger im Sinne dieser Vorschrift ist eine Person, die mindestens einer der folgenden Kategorien zuzuordnen ist: (i) ein Kleinanleger im Sinne von Artikel 4 Absatz 1 Nummer 11 von Richtlinie 2014/65/EU (in ihrer jeweils gültigen Fassung, "MiFID II"); (ii) ein Kunde im Sinne von Richtlinie 2016/97/EU (in ihrer jeweils gültigen Fassung), der nicht als professioneller Kunde im Sinne von Artikel 4 Absatz 1 Nummer 10 MiFID II einzustufen ist; oder (iii) ein Anleger, der kein qualifizierter Anleger im Sinne der Verordnung (EU) 2017/1129 (die "Prospektverordnung"). Folglich wurde kein Informationsdokument, wie nach Verordnung (EU) Nr. 1286/2014 (in ihrer jeweils gültigen Fassung, "PRIIPs Verordnung") für Angebote, Vertrieb und die sonstige Zurverfügungstellung der Schuldverschreibungen an Kleinanleger im EWR erforderlich, erstellt und dementsprechend könnte das Angebot, der Vertrieb oder die sonstige Zurverfügungstellung von Schuldverschreibungen an Kleinanleger im EWR nach der PRIIPs-Verordnung unzulässig sein.]

[MiFID II PRODUCT GOVERNANCE / [PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET] [RETAIL INVESTORS TARGET MARKET] – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is eligible counterparties[, and] professional clients [[only/][and retail clients]], each as defined in Directive 2014/65/EU (as amended, "MiFID II"); EITHER [and (ii) all channels for distribution of the Instruments are appropriate [including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Instruments to retail clients are appropriate - investment advice[, and] portfolio management[, and] non-advised sales [and pure execution services]], subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market] Any person subsequently offering, selling or recommending the Instruments (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's

suitability and appropriateness obligations under MiFID II, as applicable].][Insert further details on target market, client categories etc.] [Insert further details on target market, client categories etc.]

[MiFID II PRODUKTÜBERWACHUNGSPFLICHTEN / [ZIELMARKT PROFESSIONELLE INVESTOREN UND GEEIGNETE GEGENPARTEIEN] [ZIELMARKT KLEINANLEGER] – Die Zielmarktbestimmung im Hinblick auf die Instrumente hat – ausschließlich für den Zweck des Produktgenehmigungsverfahrens [des/jedes] Konzepteurs – zu dem Ergebnis geführt, dass (i) der Zielmarkt für die Instrumente [nur/] geeignete Gegenparteien[,] [und] professionelle Kunden [und Kleinanleger], jeweils im Sinne der Richtlinie 2014/65/EU (in der jeweils gültigen Fassung, "MiFID II"), umfasst; [und] (ii) alle Kanäle für den Vertrieb der Instrumente angemessen sind [einschließlich Anlageberatung, Portfolio-Management, Verkäufe ohne Beratung und reine Ausführungsdienstleistungen] ODER [und (ii) alle Kanäle für den Vertrieb der Schuldverschreibungen an professionelle Investoren und geeignete Gegenparteien angemessen sind und die folgenden Kanäle für den Vertrieb der Schuldverschreibungen an Kleinanleger angemessen sind – Anlageberatung[,/ und] Portfolio-Management[,/ und] [Verkäufe ohne Beratung][und reine Ausführungsdienstleistungen]], nach Maßgabe der Pflichten des Vertriebsunternehmens unter MiFID II im Hinblick auf Geeignetheit bzw. Angemessenheit]]. [Negativen Zielmarkt berücksichtigen] Jede Person, die in der Folge die Instrumente anbietet, verkauft oder empfiehlt (ein "Vertriebsunternehmen") soll die Beurteilung des Zielmarkts [des/der] Konzepteur[s/e] berücksichtigen; ein Vertriebsunternehmen, welches MiFID II unterliegt, ist indes dafür verantwortlich, seine eigene Zielmarktbestimmung im Hinblick auf die Instrumente durchzuführen (entweder durch die Übernahme oder durch die Präzisierung der Zielmarktbestimmung [des/der] Konzepteur[s/e]) und angemessene Vertriebskanäle[nach Maßgabe der Pflichten des Vertriebsunternehmens unter MiFID II im Hinblick auf Geeignetheit bzw. Angemessenheit], zu bestimmen.][Weitere Details bezüglich Zielmarkt, Kundenkategorie etc. einfügen]

**FORM OF FINAL TERMS
MUSTER - ENDGÜLTIGE BEDINGUNGEN**

**Final Terms
Endgültige Bedingungen**

[Date]
[Datum]

[Title of relevant Tranche of Notes]
issued pursuant to the

[Bezeichnung der betreffenden Tranche der Schuldverschreibungen]
begeben aufgrund des

EUR 25,000,000
Euro Medium Term Note Programme

EUR 25.000.000
Euro Medium Term Note Programme

of
von

ZENITH ENERGY LTD (the "**Issuer**")
ZENITH ENERGY LTD (die "**Emittentin**")
dated 4 March 2021
datiert 4. März 2021

Specified Currency: []
Festgelegte Währung: []

Nominal Value: []
Nominalwert: []

Series No.: []
Serien-Nr.: []

Tranche No.: []
Tranchen-Nr.: []

These Final Terms dated [] (the "**Final Terms**") have been prepared for the purpose of the Prospectus Regulation (EU) 2017/1129. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Final Terms when read together with the base Prospectus dated 4 March 2021, including any supplements thereto (the "**Prospectus**"). The Prospectus [and the supplement dated **[insert date]** [,.] [and] the supplement dated **[insert date]** []¹] has been or will be, as the case may be, published on the website of the Issuer ([<https://www.zenithenergy.ca/investors/bonds-credit-ratings/>]). In case of an issue of Notes which are (i) listed on the Vienna MTF of the Vienna Stock Exchange or multilateral trading facilities (MTFs) of other stock exchanges; and/or (ii) publicly offered, the Final Terms relating to such Notes will be published on the website of the Issuer ([<https://www.zenithenergy.ca/investors/bonds-credit-ratings/>])

¹ To be inserted if relevant.
Auszufüllen soweit relevant.

[and] [on the website of [insert website]]. [A summary of the individual issue of the Notes is annexed to these Final Terms.]²

*Diese Endgültigen Bedingungen vom [] (die "**Endgültigen Bedingungen**") wurden für die Zwecke der Prospektverordnung (EU) 2017/1129 abgefasst. Vollständige Informationen über die Emittentin und das Angebot der Schuldverschreibungen sind ausschließlich auf der Grundlage dieser Endgültigen Bedingungen im Zusammenlesen mit dem Prospekt vom 4. März 2021 und etwaiger Nachträge dazu (der "**Prospekt**") erhältlich. Der Prospekt [und der Nachtrag vom [Datum einfügen] [,] [und] der Nachtrag vom [Datum einfügen] []]¹ wurden bzw. werden auf der Website der Emittentin ([https://www.zenithenergy.ca/investors/bonds-credit-ratings/]) veröffentlicht. Soweit Schuldverschreibungen (i) zum Handel in den Vienna MTF der Wiener Börse oder in den MTF einer anderen Wertpapierbörse einbezogen werden; und/oder (ii) öffentlich angeboten werden, werden die Endgültigen Bedingungen bezüglich dieser Schuldverschreibungen auf der Website der Emittentin ([https://www.zenithenergy.ca/investors/bonds-credit-ratings/]) [und] [auf der Website der [website einfügen]] veröffentlicht.*

[Eine Zusammenfassung der einzelnen Emission der Schuldverschreibungen ist diesen Endgültigen Bedingungen im Anhang angefügt.]²

Tranche to become part of an existing Series: [Yes] [No]

[(a) If yes, specify principal amount, issue date, and series number of existing Series:] []
 [(b) Aggregate nominal amount of Series:] []

Zusammenfassung der Tranche mit einer bestehenden Serie ist vorgesehen: [Ja] [Nein]

[(a) Falls ja, Angabe des Nennbetrags, des Valutierungstags und der Serien-Nummer der bestehenden Serie machen:] []
 [(b) Gesamtnennbetrag der Serie:] []

Offer Price: [] per cent³
 Ausgabepreis: [] Prozent³

Issue Date: []⁴
 Valutierungstag: []⁴

Net proceeds: [] [(less an amount to account for expenses)]⁵
 Nettoerlös: [] [(abzüglich eines Betrages für Kosten)]⁵

-
- 2 Required only for Notes with a denomination of less than EUR 100,000 or the equivalent in another currency.
Nur für Schuldverschreibungen mit einer Stückelung von weniger als EUR 100.000 oder dem entsprechenden Gegenwert in einer anderen Währung.
- 3 To be completed for all Notes.
Auszufüllen für alle Schuldverschreibungen.
- 4 The Issue Date is the date of payment and settlement of the Notes. In the case of free delivery, the Issue Date is the delivery date.
Der Valutierungstag ist der Tag, an dem die Schuldverschreibungen begeben und bezahlt werden. Bei freier Lieferung ist der Valutierungstag der Tag der Lieferung.
- 5 Required only for listed or public issues. Issue Price less Management/Underwriting Commission and Selling Concession
Nur für börsennotierte und öffentlich angebotene Emissionen erforderlich. Ausgabepreis abzüglich Management- und Übernahme provision sowie Verkaufsprovision.

Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions, as set out in the Prospectus (the "**Terms and Conditions**"). All references in these Final Terms to numbered sections are to sections of the Terms and Conditions.

*Begriffe, die in den im Prospekt enthaltenen Emissionsbedingungen (die "**Emissionsbedingungen**") definiert sind, haben, falls die Endgültigen Bedingungen nicht etwas anderes bestimmen, die gleiche Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden. Bezugnahmen in diesen Endgültigen Bedingungen auf Paragraphen beziehen sich auf die Paragraphen der Emissionsbedingungen.*

The Terms and Conditions shall be completed and specified by the information contained in Part I of these Final Terms (the "**Conditions**").

*Die Emissionsbedingungen werden durch die Angaben in Teil I dieser Endgültigen Bedingungen vervollständigt und spezifiziert. (die "**Bedingungen**").*

PART I.

TEIL I.

Conditions that complete and specify the Terms and Conditions.

Bedingungen, die die Emissionsbedingungen komplettieren bzw. spezifizieren.

The applicable and legally binding Conditions are as set out below in the [German] [English] language version [together with a non-binding [German] [English] language translation thereof].

Die geltenden und rechtlich bindenden Bedingungen sind wie nachfolgend in der [deutschen] [englischen] Sprache aufgeführt [zusammen mit einer unverbindlichen Übersetzung in die [englische] [deutsche] Sprache].

This Part I. of the Final Terms is to be read in conjunction with the set of Terms and Conditions that apply to Fixed Rate Notes set forth in the Prospectus. Capitalised terms shall have the meanings specified in the Terms and Conditions.

All references in this Part I. of the Final Terms to numbered paragraphs and subparagraphs are to paragraphs and subparagraphs of the Terms and Conditions.

The placeholders in the provisions of the Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the placeholder of such provisions. All provisions in the Terms and Conditions which are not selected and not completed by the information contained in the Final Terms shall be deemed to be deleted from the terms and conditions applicable to the Notes.

Dieser TEIL I. der Endgültigen Bedingungen ist in Verbindung mit dem Satz der Emissionsbedingungen, der auf Festverzinsliche Schuldverschreibungen Anwendung findet, zu lesen, der im Prospekt enthalten ist. Begriffe, die in den Emissionsbedingungen definiert sind, haben dieselbe Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden.

Bezugnahmen in diesem TEIL I. der Endgültigen Bedingungen auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Emissionsbedingungen.

Die Platzhalter in den auf die Schuldverschreibungen anwendbaren Bestimmungen der Emissionsbedingungen gelten als durch die in den Endgültigen Bedingungen enthaltenen Angaben ausgefüllt, als ob die Platzhalter in den betreffenden Bestimmungen durch diese Angaben ausgefüllt wären. Sämtliche Optionen der Emissionsbedingungen, die nicht durch die in den Endgültigen Bedingungen enthaltenen Angaben ausgewählt und ausgefüllt wurden, gelten als in den auf die Schuldverschreibungen anwendbaren Bedingungen gestrichen.]

§ 1 CURRENCY, DENOMINATION, FORM, TITLE, CERTAIN DEFINITIONS
§ 1 WÄHRUNG, STÜCKELUNG, FORM, EIGENTUM, DEFINITIONEN

§ 1 (1) Currency, Denomination

§ 1 (1) Währung, Stückelung

Tranche No.: [●]
Tranchen-Nr.: [●]

Specified Currency: [●]
Festgelegte Währung: [●]

Aggregate Principal Amount: [●]
Gesamtnennbetrag: [●]

Specified Denomination: [●]
Festgelegte Stückelung: [●]

§ 1 (2) Form

§ 1 (2) Verbriefung

Global Note(s):
Globalurkunde(n):

☐ Permanent Global Note
Dauerglobalurkunde

☐ Temporary Global Note exchangeable for Permanent Global Note
Vorläufige Globalurkunde austauschbar gegen Dauerglobalurkunde

§ 1 (3) Clearing System

§ 1 (3) Clearing System

☐ Clearstream Banking AG, Frankfurt am Main
Mergenthalerallee 61
65760 Eschborn

☐ Clearstream Banking, société anonyme, Luxembourg
42 Avenue JF Kennedy
L-1855 Luxembourg

☐ Euroclear Bank SA/NV
Boulevard du Roi Albert II
B-1210 Brussels

☐ OeKB CSD GmbH
Strauchgasse 1-3
A-1010 Vienna

☐ Other: [●]
Sonstige: [●]

□ New Global Note
New Global Note

- Intended to be held in a manner which would allow ECB eligibility

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met (ECB eligibility).]⁶

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

Verwahrung in einer Weise, die EZB-Fähigkeit bewirkt

*[Ja. Im Fall der Kennzeichnung mit "ja" ist damit nur beabsichtigt, die Schuldverschreibungen zum Zeitpunkt ihrer Emission bei einer der internationalen zentralen Verwahrstellen (ICSDs) als gemeinsame Sicherheitsverwahrstelle einzureichen. Das bedeutet nicht notwendigerweise, dass die Schuldverschreibungen zum Zeitpunkt ihrer Emission oder zu einem anderen Zeitpunkt während ihrer Laufzeit als geeignete Sicherheit im Sinne der Geldpolitik des Eurosystems und für Zwecke der untertägigen Kreditfähigkeit durch das Eurosystem anerkannt werden. Eine solche Anerkennung hängt davon ab, dass die Europäische Zentralbank davon überzeugt ist, dass die Kriterien der Eignung für das Eurosystem erfüllt sind (EZB-Fähigkeit).]*⁶

[Nein. Im Fall der Kennzeichnung mit "nein" zum Datum dieser Endgültigen Bedingungen, können die Schuldverschreibungen zu einem späteren Zeitpunkt bei einer der internationalen zentralen Verwahrstellen (ICSDs) als gemeinsame Sicherheitsverwahrstelle eingereicht werden. Das bedeutet nicht notwendigerweise, dass die Schuldverschreibungen während ihrer Laufzeit als geeignete Sicherheit im Sinne

⁶ Include this text if this item is applicable in which case the Notes must be issued in NGN form.
Dieser Text ist einzufügen, falls dieser Punkt anwendbar ist. In diesem Fall müssen die Schuldverschreibungen in NGN Form emittiert werden.

der Geldpolitik des Eurosystems und für Zwecke der untertägigen Kreditfähigkeit durch das Eurosystem anerkannt werden. Eine solche Anerkennung hängt davon ab, dass die Europäische Zentralbank davon überzeugt ist, dass die Kriterien der Eignung für das Eurosystem erfüllt sind.]

§ 1 (7) Business Day

§ 1 (7) Geschäftstag

Relevant Financial Centers:

[●]

Relevante Finanzzentren:

[●]

§ 3 Interest

§ 3 Zinsen



Fixed Rate Notes

Festverzinsliche Schuldverschreibungen

§ 3 (1) Rate of Interest and Interest Payment Dates

§ 3 (1) Zinssatz und Zinszahlungstage

Rate of Interest:

[] per cent. *per annum*

Zinssatz:

[] Prozent *per annum*

Interest Commencement Date:

[●]

Verzinsungsbeginn:

[●]

Interest Payment Date(s):

[●]

Zinszahlungstag(e):

[●]

First Interest Payment Date

[●]

Erster Zinszahlungstag

[●]



Initial Broken Amount (per Specified [●]
Denomination)

Anfänglicher Bruchteilzinsbetrag (pro [●]
festgelegte Stückelung)

[Fixed Interest Date preceding the Maturity Date⁷ [●]

Letzter dem Fälligkeitstag vorausgehender [●]
Festzinsttermin⁷



Final Broken Amount (per Specified [●]
Denomination)

Abschließender Bruchteilzinsbetrag (pro [●]
festgelegte Stückelung)

[Determination Date(s)]⁸

[●] [in each year]

Feststellungstermin(e)⁷

[●] [in jedem Jahr]

⁷ To be inserted if the Maturity Date is not a Fixed Interest Date.
Einfügen, sofern der Fälligkeitstag kein Festzinsttermin ist.

⁸ Insert number of regular interest dates ignoring issue date in the case of a long or short first coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA).

§ 3 (4) Day Count Fraction

§ 3 (4) Zinstagequotient

- ☐ Actual/Actual (ICMA)
Actual/Actual (ICMA)
- ☐ 30/360
30/360
- ☐ ACT/ACT (ISDA) or Actual/365
ACT/ACT (ISDA) oder Actual/365
- ☐ Actual/365 (Fixed)
Actual/365 (Fixed)
- ☐ Actual/360
Actual/360
- ☐ 30/360, 360/360 or Bond Basis
30/360, 360/360 oder Bond Basis
- ☐ 30E/360 or Eurobond Basis
30E/360 oder Eurobond Basis

§ 4 PAYMENTS

§ 4 ZAHLUNGEN

§ 4 (5) Payment Business Day

§ 4 (5) Zahltag

- ☐ Modified Following Business Day
Convention
*Modifizierte folgender Geschäftstag-
Konvention*
- ☐ Following Business Day Convention
Folgender Geschäftstag-Konvention
- ☐ Preceding Business Day Convention
Vorangegangener Geschäftstag-Konvention
- ☐ Adjusted
Angepasst
- ☐ Unadjusted
Nicht angepasst

Einzusetzen ist die Anzahl der festen Zinstermine, wobei im Falle eines langen oder kurzen ersten Kupons der Tag der Begebung nicht zu berücksichtigen ist. N.B.: Nur einschlägig im Falle des Zinstagequotienten Actual/Actual (ICMA).

§ 5 REDEMPTION
§ 5 RÜCKZAHLUNG

§ 5 (1) Redemption at Maturity
§ 5 (1) Rückzahlung bei Endfälligkeit

☐ Maturity Date: [•]
Fälligkeitstag: [•]

§ 5 (3) Early Redemption at the Option of the [Yes] [No]
Issuer

§ 5 (3) Vorzeitige Rückzahlung nach Wahl der [Ja] [Nein]
Emittentin

Call Redemption Date(s) [•]
Wahlrückzahlungstag(e) (Call) [•]

Call Redemption Amount(s) [•]
Wahlrückzahlungsbetrag/-beträge (Call) [•]

Minimum Notice to Holders [•]
Mindestkündigungsfrist [•]

Maximum Notice to Holders [•]
Höchstkündigungsfrist [•]

§ 6 FISCAL AGENT AND PAYING AGENT[S]
§ 6 EMISSIONSSTELLE UND ZAHLSTELL[EN]

§ 6 (1) Appointment; Specified Office
§ 6 (1) Bestellung; bezeichnete Geschäftsstelle

☐ other Paying Agent(s) [•]
andere Zahlstelle(n) [•]

☐ specified office(s) [•]
bezeichnete Geschäftsstelle(n) [•]

§ 7 TAXATION
§ 7 STEUERN

§ 7 (2) No Additional Amounts
§ 7 (2) Keine zusätzlichen Beträge

- ☐ (b) Presentation or assertion of rights within
30 days from Relevant Date
(b) Vorlegung oder Geltendmachung der
Rechte innerhalb von 30 Tagen nach dem
maßgeblichen Tag
- ☐ [(d)][(e)] Withholding or deduction because
of presentation of Note for payment at the
counter

[(d)][(e)] Abzug oder Einbehalt aufgrund der
Vorlage zur Einlösung am Schalter

- ☐ [(d)][(e)][(f)] Imposure or withholding of taxes, etc. due to failure by the Noteholder or the beneficial owner to comply with any requirement
[(d)][(e)][(f)] Erhebung oder Abzug der Steuern, etc., weil der Inhaber der Schuldverschreibungen oder der wirtschaftlich Berechtigte es versäumt hat Anforderungen zu erfüllen.

§ 11 NOTICES **§ 11 MITTEILUNGEN**

Place and medium of publication **Ort und Medium der Bekanntmachung**

- ☐ Austria (Amtsblatt zur Wiener Zeitung)
Österreich (Amtsblatt zur Wiener Zeitung)
- ☐ London (Financial Times)
London (Financial Times)
- ☐ Other (specify) [•]
Sonstige (angeben) [•]

Notices will be deemed to have been validly given on [Yes] [No]
the day of such publication.
Mitteilungen gelten mit dem Tag der Veröffentlichung [Ja] [Nein]
als wirksam erfolgt.

§ 14 Language **§ 14 Sprache**

- ☐ German only
ausschließlich Deutsch
- ☐ English only
ausschließlich Englisch
- ☐ German and English (German prevailing)
Deutsch und Englisch (deutscher Text maßgeblich)]
- ☐ English and German (English prevailing)
Englisch und Deutsch (englischer Text maßgeblich)]

PART II.
TEIL II.

Other conditions which shall not be inserted in the Terms and Conditions and which apply to all Notes.
Sonstige Bedingungen, die nicht in den Emissionsbedingungen einzusetzen sind und die für alle Schuldverschreibungen gelten.

[DISCLOSURE REQUIREMENTS RELATED TO DEBT SECURITIES WITH A DENOMINATION PER UNIT OF LESS THAN EUR 100,000]
ANGABEN BEZOGEN AUF SCHULDTITEL MIT EINER MINDESTSTÜCKELUNG VON WENIGER ALS EUR 100.000

Material Interest

Materielles Interesse

Material Interest of natural and legal persons involved in the issue/offer

[The Issuer is entitled to purchase or sell Notes for its own account and to issue further Notes. In addition, the Issuer may, on a daily basis, act on the national and international finance and capital markets.]
[specify further, if any]

Wesentliche Interessen von Seiten natürlicher und juristischer Personen, die an der Emission/dem Angebot beteiligt sind

[Die Emittentin ist berechtigt, Schuldverschreibungen für eigene Rechnung oder für Rechnung Dritter zu kaufen und zu verkaufen und weitere Schuldverschreibungen zu begeben. Die Emittentin kann darüber hinaus täglich an den nationalen und internationalen Geld- und Kapitalmärkten tätig werden. Sie kann daher für eigene Rechnung oder für Kundenrechnung Geschäfte auch mit Bezug auf Referenzwerte abschließen und sie kann in Bezug auf diese Geschäfte auf dieselbe Weise handeln, als wären die begebenen Schuldverschreibungen nicht ausgegeben worden.]
[weitere Einzelheiten einfügen, sofern vorhanden]

Reasons for the offer and use of proceeds

[The net proceeds from this issue of Notes will be applied by the Issuer for its general corporate purpose.]
[specify further, if any]

Gründe für das Angebot und die Verwendung der Erträge

[Der Nettoerlös dieser Emission von Schuldverschreibungen wird für allgemeine betriebliche Zwecke der Emittentin benutzt]
[weitere Einzelheiten einfügen, sofern vorhanden]

Securities Identification Numbers
Wertpapier-Kenn-Nummern

Common Code:
Common Code:

[•]
[•]

ISIN Code:
ISIN Code:

[•]
[•]

[Any other securities number:
Andere Wertpapierkennnummer:

[•]
[•]]

[FISN:	<p>[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]]</p> <p><i>Siehe die Webseite der Association of National Numbering Agencies (ANNA) oder alternativ jene der national zuständigen Agentur, die die ISIN vergibt / Nicht anwendbar / Nicht verfügbar]]</i></p>
[CFI Code:	<p>[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]]</p> <p><i>Siehe die Webseite der Association of National Numbering Agencies (ANNA) oder alternativ jene der national zuständigen Agentur, die die ISIN vergibt / Nicht anwendbar / Nicht verfügbar]]</i></p> <p>(If the FISN and/or the CFI Code is not required or requested, it/they should be specified to be "Not Applicable")</p> <p><i>(Sofern eine FISN oder ein CFI Code nicht erforderlich ist oder nicht verlangt wird, so sollte dies als "Nicht anwendbar" vermerkt werden)</i></p>

Yield
Rendite

Yield on issue price:	[•]
<i>Emissionsrendite:</i>	[•]
A description of the method whereby the yield is to be calculated in summary form.	[•]
<i>Beschreibung der Methode zur Berechnung der Rendite in Kurzform</i>	[•]

Placement of the Notes
Platzierung der Schuldverschreibungen

If different from the Issuer, the identity and contact details of the offeror, of the securities and/or the person asking for admission to trading, including the legal entity identifier (LEI) where the offeror has legal personality.	[Not Applicable] [specify details]
<i>Sofern der Anbieter nicht dieselbe Person wie der Emittent ist, Angabe der Identität und der Kontaktdaten des Anbieters der Schuldverschreibungen und/oder der die Zulassung zum Handel beantragenden Person einschließlich der Rechtsträgerkennung (LEI), falls der Anbieter Rechtspersönlichkeit hat.</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>

Non-exempt Offer:	[An offer of Notes may be made by the Dealers [and []] other than pursuant to Article 1 (4) of the Prospectus Regulation (EU) 2017/1129 in [specify relevant Member State(s) — which must be jurisdiction(s) where the Prospectus has been approved and/or passported] ("Public Offer Jurisdictions") during the period from [specify date] until [specify date] ("Offer Period").] [●]
<i>Prospektpflichtiges Angebot:</i>	<i>[Ein Angebot kann seitens der Dealer [und [spezifizieren, falls einschlägig]] außerhalb des Ausnahmereichs gemäß Artikel 1 (4) der Prospektverordnung (EU) 2017/1129 in [relevante(n) Mitgliedsstaat(en) spezifizieren — wobei es sich dabei um Mitgliedsstaaten handeln muss, in denen der Prospekt gebilligt und/oder in welche der Prospekt notifiziert wurde] ("Öffentliche Angebotsstaaten") innerhalb des Zeitraumes von [Datum spezifizieren] bis [Datum spezifizieren] (die "Angebotsfrist") durchgeführt werden.] [●]</i>
Prohibition of Sales to EEA Retail Investors <i>Vertriebsverbot an Privatinvestoren im EWR</i>	[Not Applicable] <i>[Nicht anwendbar]</i>
Conditions to which the offer is subject <i>Bedingungen, denen das Angebot unterliegt</i>	[None] [specify details] <i>[Keine] [Einzelheiten einfügen]</i>
Time period, including any possible amendments, during which the offer will be open <i>Frist — einschließlich etwaiger Änderungen — während der das Angebot vorliegt</i>	[Not applicable] [specify details] <i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Description of the application process <i>Beschreibung des Prozesses für die Umsetzung des Angebots</i>	[Not applicable] [specify details] <i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants <i>Beschreibung der Möglichkeit zur Reduzierung der Zeichnungen und der Art und Weise der Erstattung des zu viel gezahlten Betrags an die Zeichner</i>	[Not applicable] [specify details] <i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Details of the minimum and/or maximum amount of application, (whether in number of Notes or aggregate amount to invest) <i>Einzelheiten zum Mindest- und/oder Höchstbetrag der Zeichnung (entweder in Form der Anzahl der Schuldverschreibungen oder des aggregierten zu investierenden Betrags)</i>	[Not applicable] [specify details] <i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Method and time limits for paying up the securities and for its delivery <i>Methode und Fristen für die Bedienung der Wertpapiere und ihre Lieferung</i>	[Not applicable] [specify details] <i>[Nicht anwendbar] [Einzelheiten einfügen]</i>

Manner and date in which results of the offer are to be made public	[Not applicable] [specify details]
<i>Art und Weise und des Termins, auf die bzw. an dem die Ergebnisse des Angebots offen zu legen sind</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Various categories of potential investors to which the Notes are offered:	
<i>Angabe der verschiedenen Kategorien der potentiellen Investoren, denen die Schuldverschreibungen angeboten werden:</i>	
<input type="checkbox"/> Qualified investors <i>Qualifizierte Anleger</i>	[•] [•]
<input type="checkbox"/> Retail investors <i>Privatinvestoren</i>	[•] [•]
If the Offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate such tranche	[Not applicable] [specify details]
<i>Erfolgt das Angebot gleichzeitig auf den Märkten zweier oder mehrerer Länder und wurde/ wird eine bestimmte Tranche einigen dieser Märkte vorbehalten, Angabe dieser Tranche</i>	
Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made	[Not applicable] [specify details]
<i>Verfahren zur Meldung des den Zeichnern zugeteilten Betrags und Angabe, ob eine Aufnahme des Handels vor dem Meldeverfahren möglich ist</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
An Indication of the expected price at which the securities will be offered	[Not applicable] [specify details]
<i>Angabe des Preises, zu dem die Wertpapiere voraussichtlich angeboten werden</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Method of determining the offered price and the process for its disclosure.	[Not applicable] [specify details]
<i>Methode, mittels derer der Angebotskurs festgelegt wird und Verfahren der Offenlegung.</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser	[Not applicable] [specify details]
<i>Angabe der Kosten und Steuern, die speziell dem Zeichner oder Käufer in Rechnung gestellt werden</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>
Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or the offeror, or the placers in the various countries where the offer takes place	[Not applicable] [specify details]
<i>Name und Anschrift des Koordinators/der Koordinatoren des globalen Angebots oder einzelner</i>	<i>[Nicht anwendbar] [Einzelheiten einfügen]</i>

Teile des Angebots und – sofern der Emittentin oder dem Bieter bekannt – Angaben zu den Platzeuren in den einzelnen Ländern des Angebots

Method of Distribution
Vertriebsmethode

- ☐ Non-Syndicated
Nicht syndiziert
- ☐ Syndicated
Syndiziert

Management Details including Form of Commitments
Einzelheiten bezüglich der Dealer, des Bankenkonsortiums einschließlich der Art der Übernahme

Dealer/Management Group (specify)
Platzeur/Bankenkonsortium (angeben)

[insert name and adress]
[Name und Adresse einfügen]

- ☐ firm commitment
feste Zusage
- ☐ no firm commitment/best efforts arrangements
Keine feste Zusage/zu den bestmöglichen Bedingungen

[Not applicable] [specify material features/quotas/statement of portion not covered]
[Nicht anwendbar] [Hauptmerkmale der Vereinbarung/Quoten/Erklärung zum nicht übernommenen Teil einfügen]

[Not applicable] [specify material features/quotas/statement of portion not covered/]
[Nicht anwendbar] [Einzelheiten einfügen]

Underwriting Agreement
Emissionsübernahmevertrag

Date of underwriting agreement
Datum des Emissionsübernahmevertrags

[•]
[•]

Commissions
Provisionen

[•]
[•]

Management/Underwriting Commission (specify)
Management- und Übernahme provision (angeben)

[•]
[•]

Placing Commission (specify)
Platzierungsprovision (angeben)

[•]
[•]

Listing Commission (specify)
Börsenzulassungsprovision (angeben)

[•]
[•]

Other (specify)
Andere (angeben)

[•]
[•]

Estimate of the total expenses related to admission to trading:
Angabe der geschätzten Gesamtkosten für die Einbeziehung

[•]
[•]

Listing(s) and admission to trading

[Yes] [No]

Börsenzulassung(en) und Zulassung zum Handel**[Ja] [Nein]**

☐ Vienna Stock Exchange
Wiener Börse

☐ Vienna MTF
Vienna MTF

**[•]
[•]**

Date of admission to trading
Datum der Einbeziehung

**[•]
[•]**

☐ Other:
Sonstige:

**[•]
[•]**

Date of admission to trading
Datum der Einbeziehung

**[•]
[•]**

All MTFs on which, to the knowledge of the Issuer, Notes of the same class of the Notes issued by the Issuer to be offered or admitted to trading are already admitted to trading:

[Not applicable] [specify details]

Angabe sämtlicher MTFs, auf denen nach Kenntnis der Emittentin Schuldverschreibungen der Emittentin der gleichen Wertpapierkategorie, die zum Handel angeboten oder zugelassen werden sollen, bereits zum in den Handel einbezogen sind:

[Nicht anwendbar] [Einzelheiten einfügen]

☐ Other:
Sonstige:

**[•]
[•]**

☐ None
Keiner

Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment
Name und Anschrift der Institute, die aufgrund einer festen Zusage als Intermediäre im Sekundärhandel tätig sind und Liquidität mittels Geld- und Briefkursen erwirtschaften, und Beschreibung der Hauptbedingungen der Zusagevereinbarung

[Not applicable] [specify details]

[Nicht anwendbar] [Einzelheiten einfügen]

Stabilising Dealer(s)/Manager(s)
Kursstabilisierende Platzeur(e)/Manager

**[Not applicable] [specify details]
[Nicht anwendbar] [Einzelheiten einfügen]**

**Third Party Information
Information Dritter**

Where information has been sourced from a third party the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has

[Not applicable] [specify details]

not independently verified any such information and accepts no responsibility for the accuracy thereof.

Sofern Informationen von Seiten Dritter übernommen wurden, bestätigt die Emittentin, dass diese Informationen zutreffend wiedergegeben worden sind und – soweit es der Emittentin bekannt ist und sie aus den von diesen Dritten zur Verfügung gestellten Informationen ableiten konnte – keine Fakten unterschlagen wurden, die die reproduzierten Informationen unzutreffend oder irreführend gestalten würden. Die Emittentin hat diese Informationen nicht selbständig überprüft und übernimmt keine Verantwortung für ihre Richtigkeit.

[Nicht anwendbar] [Einzelheiten einfügen]

Consent to the use of the Prospectus **Einwilligung zur Nutzung des Prospekts**

The Issuer consents to the use of the Prospectus by the following financial intermediar[y][ies] (individual consent):

[insert name[s] and address[es]] [not applicable]

Die Emittentin stimmt der Verwendung des Prospekts durch den/die folgenden Finanzintermediär(e) (individuelle Zustimmung) zu

[Name[n] und Adresse[n] einfügen] [nicht anwendbar]

Individual consent for the subsequent resale or final placement of Securities by the financial intermediary[y][ies] is given in relation to

[Austria] [Italy] [Germany] [Luxembourg] [Belgium] [Netherlands] [Spain] [Sweden] [Ireland] [Malta] [and] [France] [and] **[insert Member State into which the Prospectus has been passported] to [insert name[s] and address[es] [and [give details]]**

Individuelle Zustimmung zu der späteren Weiterveräußerung und der endgültigen Platzierung der Wertpapiere durch [den][die] Finanzintermediär[e] wird gewährt in Bezug auf

[Österreich] [Italien] [Deutschland] [Luxemburg] [Belgien] [Niederlande] [Spanien] [Schweden] [Irland] [Malta] [und] [Frankreich] [und] [Mitgliedsstaat einfügen, in dem der Prospekt notifiziert wurde] für [Name[n] und Adresse[n] einfügen] [und [Details angeben]]

Such consent is also subject to and given under the condition:

[Not applicable] **[specify details]**

Ferner erfolgt diese Zustimmung vorbehaltlich

[Nicht anwendbar] [Einzelheiten einfügen]

The subsequent resale or final placement of Notes by financial intermediaries can be made

[As long as this Prospectus is valid in accordance with the Prospectus Regulation] **[insert period]**

Die spätere Weiterveräußerung und endgültigen Platzierung der Wertpapiere durch Finanzintermediäre kann erfolgen während

*[der Dauer der Gültigkeit des Prospekts gemäß der Prospektverordnung] **[Zeitraum einfügen]***

**[DISCLOSURE REQUIREMENTS RELATED TO DEBT SECURITIES WITH A DENOMINATION PER UNIT OF EUR 100,000 OR MORE THAN EUR 100,000
ANGABEN BEZOGEN AUF SCHULDITITEL MIT EINER MINDESTSTÜCKELUNG VON EUR 100.000 ODER MEHR ALS EUR 100.000]**

Material Interest

Materielles Interesse

Material Interest of natural and legal persons involved in the issue/offer

[The Issuer is entitled to purchase or sell Notes for its own account and to issue further Notes. In addition, the Issuer may, on a daily basis, act on the national and international finance and capital markets.]

[specify further, if any]

Wesentliche Interessen von Seiten natürlicher und juristischer Personen, die an der Emission/dem Angebot beteiligt sind

[Die Emittentin ist berechtigt, Schuldverschreibungen für eigene Rechnung zu kaufen und zu verkaufen und weitere Schuldverschreibungen zu begeben. Die Emittentin kann darüber hinaus täglich an den nationalen und internationalen Geld- und Kapitalmärkten tätig werden.]

[weitere Einzelheiten einfügen, sofern vorhanden]

Reasons for the offer and use of proceeds

[The net proceeds from this issue of Notes will be applied by the Issuer for its general corporate purpose.]

[specify further, if any]

Gründe für das Angebot und die Verwendung der Erträge

[Der Nettoerlös diese Emission von Schuldverschreibungen wird für allgemeine betriebliche Zwecke der Emittentin benutzt]

[weitere Einzelheiten einfügen, sofern vorhanden]

Securities Identification Numbers

Wertpapier-Kenn-Nummern

Common Code:

[•]

Common Code:

[•]

ISIN Code:

[•]

ISIN Code:

[•]

[Any other securities number:

[•]

Andere Wertpapierkennnummer:

[•]]

[FISN:

[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]]

Siehe die Webseite der Association of National Numbering Agencies (ANNA) oder alternativ jene der national zuständigen Agentur, die die ISIN vergibt / Nicht anwendbar / Nicht verfügbar]]

[CFI Code:

[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering

Agency that assigned the ISIN / Not Applicable / Not Available]]

Siehe die Webseite der Association of National Numbering Agencies (ANNA) oder alternativ jene der national zuständigen Agentur, die die ISIN vergibt / Nicht anwendbar / Nicht verfügbar]]

(If the FISN and/or the CFI Code is not required or requested, it/they should be specified to be "Not Applicable")

(Sofern eine FISN oder ein CFI Code nicht erforderlich ist oder nicht verlangt wird, so sollte dies als "Nicht anwendbar" vermerkt werden)

Yield:

Rendite:

Yield on issue price:

[•]

Emissionsrendite:

[•]]

A description of the method whereby the yield is to be calculated in summary form.

[•]

Beschreibung der Methode zur Berechnung der Rendite in Kurzform

[•]

Method of Distribution

Vertriebsmethode

☐ Non-Syndicated
Nicht syndiziert

☐ Syndicated
Syndiziert

Management Details including Form of Commitments

Einzelheiten bezüglich der Dealer, des Bankenkonsortiums einschließlich der Art der Übernahme

Dealer/Management Group (specify)
Platzeur/Bankenkonsortium (angeben)

[insert name and adress]
[Name und Adresse einzufügen]

☐ firm commitment
feste Zusage

[Not applicable] [specify material features/quotas/statement of portion not covered]
[Nicht anwendbar] [Hauptmerkmale der Vereinbarung/Quoten/Erklärung zum nicht übernommenen Teil einfügen]

☐ no firm commitment/best efforts arrangements
Keine feste Zusage/zu den bestmöglichen Bedingungen

[Not applicable] [specify material features/quotas/statement of portion not covered/]
[Nicht anwendbar] [Einzelheiten einfügen]

Underwriting Agreement

Emissionsübernahmevertrag

Date of underwriting agreement

[•]

<i>Datum des Emissionsübernahmevertrags</i>	[•]
Commissions	[•]
Provisionen	[•]
Management/Underwriting Commission (specify)	[•]
<i>Management- und Übernahme provision (angeben)</i>	[•]
Placing Commission (specify)	[•]
<i>Platzierungs provision (angeben)</i>	[•]
Listing Commission (specify)	[•]
<i>Börsenzulassungs provision (angeben)</i>	[•]
Other (specify)	[•]
<i>Andere (angeben)</i>	[•]
Estimate of the total expenses related to admission to trading:	[•]
<i>Angabe der geschätzten Gesamtkosten für die Einbeziehung</i>	[•]
Stabilising Manager:	[insert details]
<i>Kursstabilisierender Manager:</i>	[Einzelheiten einfügen]
Listing(s) and admission to trading	[Yes] [No]
<i>Börsenzulassung(en) und Zulassung zum Handel</i>	[Ja] [Nein]
<input type="checkbox"/> Vienna Stock Exchange	
<i>Wiener Börse</i>	
<input type="checkbox"/> Vienna MTF	[•]
<i>Vienna MTF</i>	[•]
Date of admission to trading	[•]
<i>Datum der Einbeziehung</i>	[•]
<input type="checkbox"/> Other:	[•]
<i>Sonstige:</i>	[•]
Date of admission to trading	[•]
<i>Datum der Einbeziehung</i>	[•]
Third Party Information	
<i>Information Dritter</i>	
Where information has been sourced from a third party the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.	[Not applicable] [specify details]
<i>Sofern Informationen von Seiten Dritter übernommen</i>	[Nicht anwendbar] [Einzelheiten einfügen]

wurden, bestätigt die Emittentin, dass diese Informationen zutreffend wiedergegeben worden sind und – soweit es der Emittentin bekannt ist und sie aus den von diesen Dritten zur Verfügung gestellten Informationen ableiten konnte – keine Fakten unterschlagen wurden, die die reproduzierten Informationen unzutreffend oder irreführend gestalten würden. Die Emittentin hat diese Informationen nicht selbständig überprüft und übernimmt keine Verantwortung für ihre Richtigkeit.

The above Final Terms comprises the details required to list this issue of Notes under the EUR 25,000,000 Euro Medium Term Note Programme of Zenith Energy Ltd. (as from **[insert first trading date of the Notes]**).] *Die vorstehenden Endgültigen Bedingungen enthalten die Angaben, die für die Zulassung dieser Emission von Schuldverschreibungen unter dem Euro 25.000.000 Euro Medium Term Note Programme der Zenith Energy Ltd. (ab dem **[Ersten Handelstag der Schuldverschreibungen einfügen]**) erforderlich sind.]*

The Issuer accepts responsibility for the information contained in these Final Terms.
Die Emittentin übernimmt die Verantwortung für die in diesen Endgültigen Bedingungen enthaltenen Informationen.

Signed on behalf of the Issuer:

By:

Duly authorised

By:

Duly authorised

[Annex to the Final Terms: Issue Specific Summary
Anhang zu den Endgültigen Bedingungen: Emissionsspezifische Zusammenfassung

[to be inserted]⁹
[*einfügen*]⁸

⁹ Required only for Notes with a denomination of less than EUR 100,000 or the equivalent in another currency.
Nur für Schuldverschreibungen mit einer Stückelung von weniger als EUR 100.000 oder dem entsprechenden Gegenwert in einer anderen Währung.

ANNEX 1

The Chapman Report 2020 – Italy

**RESERVE AND ECONOMIC EVALUATION
OIL AND GAS PROPERTIES**

ITALY CONCESSIONS

Owned by

ZENITH ENERGY LTD.

**March 31, 2020
(April 1, 2020)**

September 22, 2020

Zenith Energy Ltd.
Suite 1500, 15th Floor Bankers Court
850 - 2nd Street SW
Calgary AB Canada T2P 0R8

Attention: Mr. Andrea Cattaneo

Dear Sir:

Re: Reserve and Economic Evaluation – Zenith Energy Ltd.
Italy Concessions – March 31, 2020

In accordance with your authorization we have prepared a reserve and economic evaluation of oil and gas properties located in Italy, owned by Zenith Energy Ltd. (the "Company") for an effective date of March 31, 2020 (April 1, 2020).

This evaluation has been carried out in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH"), compliant with the NI 51-101 standards and the professional practice standard under our Permit to Practice with APEGA. The report has been prepared and/or supervised by a "Qualified Reserves Evaluator" as demonstrated on the accompanying Certificate of Qualification of the author(s).

The INTRODUCTION contains the authorization and purpose of the report and describes the methodology and economic parameters used in the preparation of this report.

The EXECUTIVE SUMMARY contains the results of this reserve and economic evaluation presented in a form consistent with the requirements of Form 51-101 F1 Part 2, Item 2.1 (Forecast Prices and Costs). The Forecast Prices of our benchmark products are also presented.

The SUMMARY OF RESERVES AND ECONOMICS complements the Executive Summary, including values at the property level and the consolidated cash flows for each accumulating reserve category. The net present values presented in this report do not necessarily represent the fair market value of the reserves evaluated in this report. All monetary values presented in this report are expressed in terms of US dollars.

The DISCUSSION contains a description of the interests and burdens, reserves and geology, production forecasts, product prices, capital and operating costs and a map of each major property. The economic

results and cash flow forecasts (before income tax) are also presented on an entity and property summary level.

A REPRESENTATION LETTER from the Company confirming that to the best of their knowledge all the information they provided for our use in the preparation of this report was complete and accurate as of the effective date, is enclosed following the Glossary.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be significant. We have no responsibility to update our report for events and circumstances which may have occurred since the preparation date of this report.

Prior to public disclosure of information derived from this report, or our name as author, our written consent must be obtained, as to the information being disclosed and the manner in which it is presented. This report may not be reproduced, distributed or made available for use by any other party without our written consent and may not be reproduced for distribution at any time without the complete context of the report, unless otherwise reviewed and approved by us.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, by the Company.

It has been a pleasure to prepare this report and the opportunity to have been of service is appreciated.

Yours very truly,
Chapman Petroleum Engineering Ltd.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
September 22, 2020
C. W. Chapman, P. Eng.,
President

[Original Signed By:]
[Signature]
Klorinda Kaci, B.Sc., B.A.Tech.,
Economics Coordinator / Technical Assistant

kk/ml/6688

PERMIT TO PRACTICE	
CHAPMAN PETROLEUM ENGINEERING LTD.	
[Original Signed By:]	
Signature	<u>C.W. Chapman</u>
Date	<u>September 22, 2020</u>
PERMIT NUMBER: P 4201	
The Association of Professional Engineers and Geoscientists of Alberta	

CERTIFICATE OF QUALIFICATION

I, C. W. CHAPMAN, P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta and a member of the Australasian Institute of Mining and Metallurgy.
2. THAT I graduated from the University of Alberta with a Bachelor of Science degree in Mechanical Engineering in 1971.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 40 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated September 22, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
September 22, 2020
C.W. Chapman, P.Eng.
President

PERMIT TO PRACTICE	
CHAPMAN PETROLEUM ENGINEERING LTD.	
[Original Signed By:]	
Signature	<u>C.W. Chapman</u>
Date	<u>September 22, 2020</u>
PERMIT NUMBER: P 4201	
The Association of Professional Engineers and Geoscientists of Alberta	

CERTIFICATE OF QUALIFICATION

I, Klorinda Kaci, of the city of Calgary, Alberta, Canada officing at Suite 700, 1122 – 4th Street S.W., Calgary, Alberta hereby certify:

1. THAT I am a member of Society of Petroleum Engineers.
2. THAT I hold a Bachelor of Applied Technology in Petroleum Engineering from Southern Alberta Institute of Technology (SAIT) in Calgary (June 2009). I hold a Bachelor of Science degree in Civil Engineering from Tirana University of Albania 1989.
3. THAT I have been employed in the petroleum industry from 1994 to 2000 in Albania, and from January 2008 to the present time in Calgary.
4. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated September 22, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
5. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
6. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
7. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]

[Signature]

Klorinda Kaci, B.Sc., B.A.Tech.,
Economics Coordinator / Technical Assistant

**RESERVE AND ECONOMIC EVALUATION
OIL AND GAS PROPERTIES**

ITALY CONCESSIONS

Owned by

ZENITH ENERGY LTD.

March 31, 2020
(April 1, 2020)

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INTRODUCTION

1. AUTHORIZATION

This evaluation has been authorized by Mr. Andrea Cattaneo, on behalf of Zenith Energy Ltd. The engineering analysis has been performed during the month of September 2020.

2. PURPOSE OF THE REPORT

The purpose of this report was to prepare a third party independent appraisal of the oil and gas reserves owned by Zenith Energy Ltd.

The values in this report do not include the value of the Company's undeveloped land holdings nor the tangible value of their interest in associated plant and well site facilities they may acquire.

3. USE OF THE REPORT

The report is intended for annual corporate disclosure and filing requirements and financial planning.

4. SCOPE OF THE REPORT

4.1 Methodology

The evaluation of the reserves and resources of these properties included in the report has been conducted under a discounted cash flow analysis of estimated future net revenue, which is the principal tool for estimating oil and gas property values and supporting capital investment decisions.

4.2 Land Survey System

The Italian Cadastral Land Survey System establishes real property boundaries based on modern geodetics and historical land claims.

The complete unification of the country was done in 1870 when large parts of the Appennien Peninsula was covered by cadastral surveys, mainly carried out by Piedmont, the Kingdom of Naples and the Papal State (Frazzica et al., 2009).

In the first decades of the twentieth century, the Italian Institute of Military Geography (Istituto Geografico Militare; I.G.M) developed four independent geodetic networks. Today the Genova 1902 datum is more or less used for all parts of the country.

Italian Cadastral system geodetic data can be obtained from the Italian geodetic data portal, and it provides access to all geodetic base data of the country, according to the Open Access strategy.

4.3 **Economics**

The results of the before tax economic analysis, which are presented for each entity and property summary, are in a condensed form presented on one page for simplicity in analyzing the cash flows, however, if for any reason more extensive breakdown of the cash flow is required, a separate schedule can be provided showing the full derivation and breakdown of any or all of the columns on the summary page.

The economic presentation shows the gross property and company gross and net (before and after royalty) production of oil, gas and each NGL product along with the product prices adjusted for oil quality and heating value of gas. Oil prices also include the deduction for trucking costs where applicable for royalty deductions.

The second level includes the revenues, royalties, operating costs, processing income, abandonment costs, capital and cash flow of the property. Operating costs are presented for the gross property and the company share, split between variable and fixed costs, and the effective cost per BOE.

Net revenues are presented annually and as a net back in \$/BOE @ 6 Mscf/STB. Revenue from custom processing of oil or gas is presented separately.

The third level of data presents the cumulative cash flow values (present worth) for various discount rates. Also, the net cash flow breakdown is presented. The project profitability criteria

are summarized on the bottom right of the page. These data are not relevant in the case of corporate evaluations but are useful in assessing individual capital projects.

For corporate consolidations a second page is included, which repeats the before tax cash flow and presents the Taxable Income, Income Tax Payable, After Income Tax Cash Flows and net present values After Income Tax.

4.4 Barrels of Oil Equivalent

If at any time in this report reference is made to "Barrels of Oil Equivalent" (BOE), the conversion used is 6 Mscf : 1 STB (6 Mcf : 1 bbl).

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

4.5 Environmental Liabilities

We have been advised by the Company that they are in material compliance with all Environmental Laws and do not have any Environmental Claims pending, as demonstrated in the Representation Letter attached.

5. BASIS OF REPORT

5.1 Sources of Information

Sources of the data used in the preparation of this report are as follows:

- i) Ownership and Burdens have been derived from the Company's land records and other information from the Company as required for clarification;
- ii) Production data is acquired directly from the Company or the operator of the property;
- iii) Well data is accessed from the Company's well files;
- iv) Operating Costs are based on actual revenue and expense statements provided by the Company for established properties or from discussions with the Company and our experience in the area for new or non-producing properties;

- v) Price differentials are derived from revenue statements, compared to actual posted prices for the appropriate benchmark price over a period of several months for established properties or from discussions with the Company and our experience in the area for new or non-producing properties;
- vi) Timing of Development Plans and Capital estimates are normally determined by discussions with the Company together with our experience and judgment.

5.2 Product Prices

Gas and Natural Gas Liquids (NGL) prices in Italy are based on historical data.

5.3 Product Sales Arrangement

The Company does not have any "hedge" contracts in place at this time.

5.4 Royalties

Production levels in Italy predicted in this report fall below the threshold which would make the royalties applicable, therefore there are no royalty burdens on the Italian gas production.

5.5 Capital Expenditures and Operating Costs

Operating costs and capital expenditures have been based on historical experience and analogy where necessary and are expressed in current year dollars but for economic purposes are escalated at 2% per year after the current year.

5.6 Income Tax Parameters

The Company's existing tax pools are sufficient to offset any income taxes.

5.7 Abandonment and Restoration

Abandonment and restoration costs, net of salvage, have been included in the cash flows for the final event of any particular well. The abandonment cost does not impact the economic limit and is included in the final year of production. For marginal wells nearing the end of their economic life, these costs may result in a negative net present value.

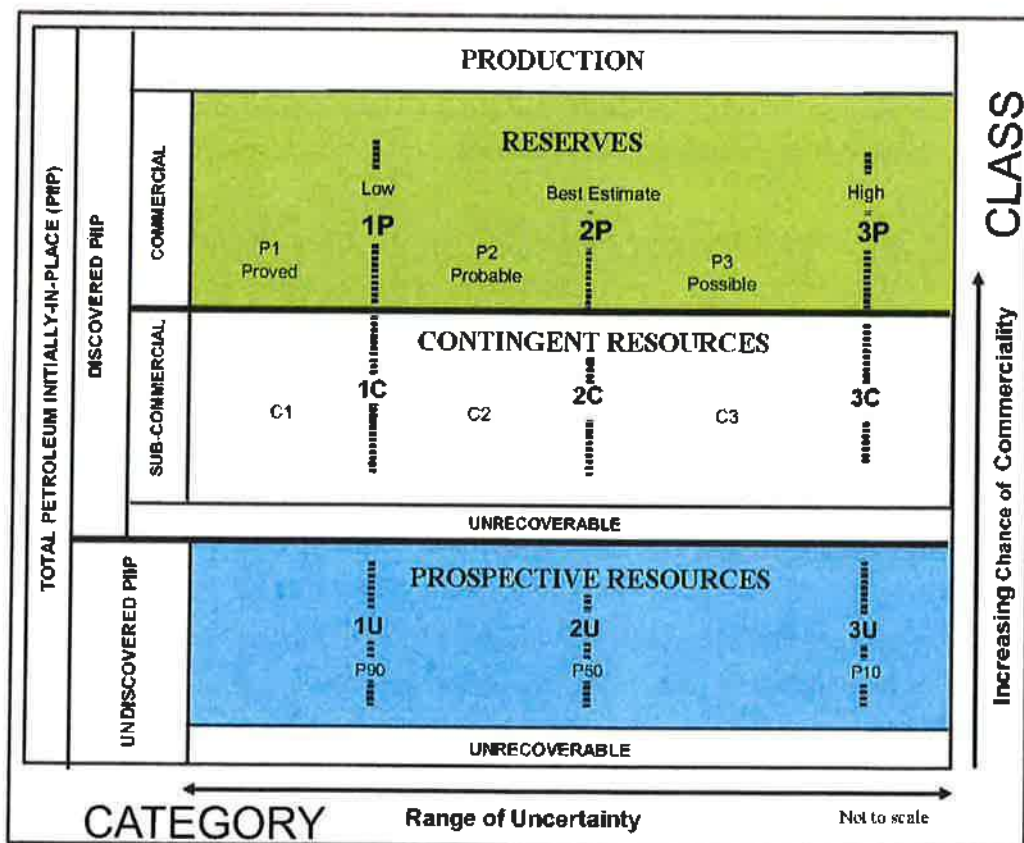
In this report, we have accounted for these costs for only the wells which are being evaluated and have not included other shut-in or suspended wells in the Company's inventory or their facilities and pipelines.

6. EVALUATION STANDARD USED

6.1 General

This evaluation and report preparation have been carried out in accordance with standards set out in the APEGA professional practice standard "The Canadian Oil and Gas Evaluation Handbook", 3rd Edition December 2018 ("COGEH"), prepared by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE).

COGEH uses the SPE-PRMS (2018 Update) resource classification system shown in the below diagram.



By way of explanation, 'CLASS' forms the vertical axis of the PRMS diagram and represents the range of Chance of Commerciality. Likewise, 'CATEGORY' forms the horizontal axis and provides a measure of the uncertainty in estimates of the Resource Class.

Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations with reference to the above diagram and is potentially producible. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

Discovered PIIP (equivalent to "discovered resources") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The Discovered PIIP includes production, Reserves, and Contingent Resources; the remainder is unrecoverable.

Undiscovered PIIP (equivalent to "undiscovered resources") is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "Prospective Resources", the remainder as "unrecoverable".

Unrecoverable is that portion of Discovered or Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

6.2 **Resource Definitions**

The following definitions have been extracted from COGEH and represent an overview of the resource definitions and evaluation criteria required for compliance with the Canadian Securities National Instrument 51-101. These definitions are considered to be compliant with the PRMS - 2018, in that they use the same primary nomenclature, principles and concepts.

6.2.1 Reserves

The following Reserves definitions and guidelines are designed to assist evaluators in making Reserves estimates on a reasonably consistent basis and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

The guidelines outline

- general criteria for classifying reserves,
- procedures and methods for estimating reserves,
- confidence levels of individual entity and aggregate reserves estimates,
- verification and testing of Reserves estimates.

The following definitions apply to both estimates of individual Reserves Entities and the aggregate of reserves for multiple entities.

RESERVES CATEGORIES

Reserves are categorized according to the probability that at least a specific volume will be produced. In a broad sense, Reserves categories reflect the following expectations regarding the associated estimates:

<u>Reserves Category</u>	<u>Confidence Characterization</u>
Proved (1P)	Low Estimate, Conservative
Proved + Probable (2P)	Best Estimate
Proved + Probable + Possible (3P)	High Estimate, Optimistic

- a. Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves.
- b. Probable Reserves are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved + Probable Reserves.
- c. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved + Probable + Possible Reserves.

DEVELOPMENT AND PRODUCTION STATUS

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

- a. Developed Reserves are those Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the Reserves on production. The developed category may be subdivided into producing and non-producing.
 - i. Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - ii. Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in and the date of resumption of production is unknown.
- b. Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet

the requirements of the Reserves classification (Proved, Probable, Possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool Reserves between the Developed and Undeveloped categories or to sub-divide the Developed Reserves for the pool between Developed Producing and Developed Non-Producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

LEVELS OF CERTAINTY FOR REPORTED RESERVES

The qualitative certainty levels contained in the definitions are applicable to "individual Reserves entities," which refers to the lowest level at which Reserves calculations are performed, and to "Reported Reserves," which refers to the highest level sum of individual entity estimates for which Reserves estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves,
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable reserves,
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable + Possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various Reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of Reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with Reserves estimates and the effect of aggregation is provided in Section 5.7.1.6, The Portfolio Effect, of COGEH.

6.2.2 Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development (TUD), but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Contingencies may include economic, environmental, social and political factors, regulatory matters, a lack of markets or prolonged timetable for development. Contingent Resources have a Chance of Development that is less than certain.

Contingent resources are further categorized according to their level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Project Maturity Sub-Classes are: Development Pending, Development on Hold, Development Unclassified and Development Not Viable, as demonstrated in the chart below (Section 6.3).

Reports on Contingent Resources must specify the level of maturity and usually include 1C, 2C and 3C estimates.

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

6.2.3 Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated Chance of Discovery and a Chance of Development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The project maturity subclasses describe the stage of exploration and broadly correspond to chance of commerciality from in increasing order from "play" to "lead" to "prospect" as demonstrated in the chart below (Section 6.3).

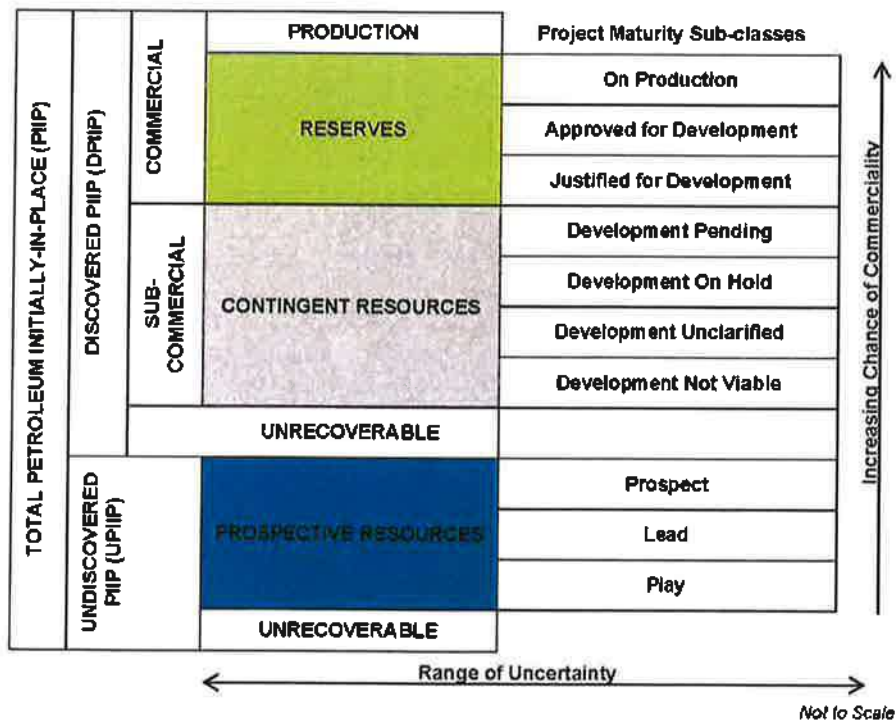
A "play" is a family of geologically similar fields, discoveries, prospects and leads. It would have the lowest chance of commerciality in these project maturity subclasses.

A "lead" is a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect.

A "prospect" is a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "prospect" would have the highest chance of commerciality.

There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

6.3 Project Maturity Sub-Classes



7. SITE VISIT

A personal field examination of these properties was not considered to be necessary because the data available from the Company's records and public sources were satisfactory for our purposes.

EXECUTIVE SUMMARY

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Table 2: Summary of Net Present Values

Table 3: Total Future Net Revenue (Undiscounted)

Table 4: Future Net Revenue – By Production Group

Table 4A: Reserves and Net Present Values – By Production Group

Table 5: Product Price Forecasts and Constant Prices

Table 1
Zenith Energy Ltd.
Summary of Oil and Gas Reserves
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

<u>ITALY</u>	Company Reserves							
	Light and Medium Oil		Heavy Oil		Conventional Natural Gas [1]		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
Reserves Category								
PROVED								
Developed Producing	0	0	0	0	881	881	11	11
Developed Non-Producing	0	0	0	0	120	120	0	0
Undeveloped	0	0	0	0	0	0	0	0
TOTAL PROVED	0	0	0	0	1,001	1,001	11	11
PROBABLE	0	0	0	0	14,932	14,932	241	241
TOTAL PROVED PLUS PROBABLE	0	0	0	0	15,933	15,933	252	252

Reference: Item 2.1 (1) Form 51-101F1

Columns may not add precisely due to accumulative rounding of values throughout t

Note: [1] Includes associated, non-associated and solution gas where applicable.

Table 2

Zenith Energy Ltd.

Summary of Net Present Values

April 1, 2020

(as of March 31, 2020)

Forecast Prices and Costs

Before Income Tax

<u>ITALY</u>	Net Present Values of Future Net Revenue				
	Discounted at				
	0 %/yr.	5 %/yr.	10 %/yr.	15 %/yr.	20 %/yr.
Reserves Category	M\$	M\$	M\$	M\$	M\$
PROVED					
Developed Producing	2,536	2,221	1,960	1,746	1,570
Developed Non-Producing	160	134	113	97	84
Undeveloped	0	0	0	0	0
TOTAL PROVED	2,696	2,355	2,073	1,843	1,654
PROBABLE	127,333	41,532	19,616	11,436	7,494
TOTAL PROVED PLUS PROBABLE	130,030	43,887	21,689	13,279	9,148

Reference: Item 2.1 (2) Form 51-101F1

M\$ means thousands of United States dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

For the Italian properties, the Company's existing tax pools are sufficient to offset any income taxes.

Table 3
Zenith Energy Ltd.
Total Future Net Revenue (Undiscounted)
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

ITALY								
Reserve Category	Revenue	Royalties	Operating	Development	Well	Future Net	Income	Future Net
	M\$	M\$	Costs	Costs	Abandonment	Revenues	Taxes	Revenues
			M\$	M\$	Costs	BIT	M\$	AIT
					M\$	M\$		M\$
Total Proved	5,024	0	2,197	0	131	2,696	0	2,696
Proved Plus Probable	166,090	0	34,305	1,530	226	130,030	0	130,030

Reference: Item 2.1 (3)(b) NI 51-101F1

M\$ means thousands of United States dollars

Table 4
Zenith Energy Ltd.
Future Net Revenue
By Product Type
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

<u>ITALY</u>		Future Net Revenue Before Income Taxes Discounted at 10%/yr.
<u>Reserve Category</u>	<u>Product Type</u>	<u>M\$</u>
Total Proved	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	2,073
Proved Plus Probable	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	21,689

Reference: Item 2.1 (3)(c) NI 51-101F1

M\$ means thousands of United States dollars

Table 4A

Zenith Energy Ltd.

**Oil and Gas Reserves and Net Present Values
by Product Type
April 1, 2020
(as of March 31, 2020)**

Forecast Prices and Costs

ITALY

<u>ITALY</u>		<u>Reserves</u>						<u>Net Present Value (BIT)</u>	<u>Unit Values @ 10%/yr.</u>
<u>Product Type by Reserve Category</u>	<u>Oil</u>		<u>Gas</u>		<u>NGL</u>		<u>10% M\$</u>	<u>\$/Mscf</u>	
	<u>Gross MSTB</u>	<u>Net MSTB</u>	<u>Gross MMscf</u>	<u>Net MMscf</u>	<u>Gross Mbbl</u>	<u>Net Mbbl</u>			
<u>Conventional Natural Gas (Associated and Non-Associated)</u>									
<u>Proved</u>									
Developed Producing	0	0	881	881	11	11	1,960	2.22	
Developed Non-Producing	0	0	120	120	0	0	113	0.95	
Undeveloped	0	0	0	0	0	0	0	N/A	
Total Proved	0	0	1,001	1,001	11	11	2,073	2.07	
Probable	0	0	14,932	14,932	241	241	19,616	1.31	
Proved Plus Probable	0	0	15,933	15,933	252	252	21,689	1.36	

Reference: Item 2.1 (3)(c) NI 51-101F1

M\$ means thousands of United States dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Notes: [1] Includes solution gas.

Table 5
CHAPMAN PETROLEUM ENGINEERING LTD.
International Price - Crude Oil & Natural Gas
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

April 1, 2020

Date	Brent Spot	Torrente Cigno	Europe Gas	Torrente Cigno	Misano	Lucera
	(ICE)[1] \$US/STB	Condensate [2] \$US/STB	Gas[3] \$US/Mcf	Gas[5] \$US/Mcf	Adriatico Gas[4] \$US/Mcf	Gas[4] \$US/Mcf
HISTORICAL PRICES						
2008	96.94	N/A	13.41	N/A	N/A	N/A
2009	61.74	N/A	8.71	N/A	N/A	N/A
2010	79.61	N/A	8.80	N/A	N/A	N/A
2011	111.26	N/A	10.42	N/A	N/A	N/A
2012	111.63	N/A	11.48	N/A	N/A	N/A
2013	108.56	135.52	11.80	7.10	14.89	11.44
2014	99.43	97.09	10.10	9.70	10.42	9.70
2015	53.32	51.50	7.30	2.27	6.73	5.87
2016	45.06	69.26	4.56	4.24	5.12	4.47
2017	54.75	54.28	6.01	5.45	6.13	5.45
2018	71.64	62.99	7.65	5.22	N/A	N/A
2019	64.11	64.77	6.15	5.59	N/A	N/A
2020 3 months	51.81	48.58	3.09	4.29	N/A	N/A
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)						
	61.40	N/A	N/A	N/A	N/A	N/A
FORECAST PRICE						
2020	38.85	35.62	3.10	3.43	4.15	3.15
2021	49.95	46.72	4.10	3.65	5.49	4.17
2022	55.50	52.27	4.40	3.87	5.89	4.47
2023	59.39	56.16	4.60	4.12	6.16	4.68
2024	61.61	58.38	4.90	4.38	6.56	4.98
2025	63.83	60.60	5.20	4.65	6.96	5.29
2026	65.10	61.87	5.56	4.94	7.44	5.65
2027	66.40	63.17	5.92	5.25	7.93	6.02
2028	67.73	64.50	6.28	5.59	8.41	6.39
2029	69.09	65.86	6.64	5.94	8.89	6.75
2030	70.47	67.24	7.00	6.31	9.37	7.12
2031	71.88	68.65	7.36	6.71	9.85	7.48
2032	73.31	70.08	7.82	7.13	10.47	7.95
2033	74.78	71.55	8.31	7.57	11.13	8.45
2034	76.28	73.05	8.84	8.05	11.83	8.98
2035	77.80	74.57	9.39	8.56	12.57	9.55

Escalated 2% thereafter

- Notes:
- [1] The Brent Spot price is estimated based on historic data.
 - [2] Torrente Cigno Condensate price forecast is based on Chapman price forecast plus difference of actually received in T.C. in 2018/10-2019/09.
 - [3] Europe gas price forecast comes from Word Bank Forecast (Annual prices and Price Forecasts)
 - [4] Italy gas price forecast is based on actually received field price compare to European gas price in 2019/04 - 2019/09.
 - [5] Torrente Cigno price reflects the net price from electrical generation revenue escalated 1.063% per year (after consideration of electricity from the other owner).

SUMMARY OF COMPANY RESERVES AND ECONOMICS

INDEX

Forecast Prices and Costs

Table 1:	Summary of Company Reserves and Economics – Before Income Tax
	<u>Consolidated Cash Flows</u>
Table 1a:	Total Proved Developed Producing
Table 1b:	Total Proved Developed
Table 1c:	Total Proved Plus Probable

Table 1
Summary of Company Reserves and Economics
Before Income Tax
April 1, 2020
Italy Properties Only
Zenith Energy Ltd.

Forecast Prices & Costs

Net To Appraised Interest												
Description	Reserves						Cumulative Cash Flow (BIT) - MUS\$					
	Light and Medium Oil MSTB		Conventional Natural gas MMscf		NGL Mbbbls		Discounted at:					
	Gross	Net	Gross	Net	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year	
Proved Developed Producing												
Misano Adriatico Concession	0	0	93	93	0	0	211	181	151	126	107	
Torrente Cigno Concession	0	0	788	788	11	11	2,325	2,040	1,809	1,620	1,463	
Total Proved Developed Producing	0	0	881	881	11	11	2,536	2,221	1,960	1,746	1,570	
Proved Developed Non-Producing												
Lucera Concession	0	0	120	120	0	0	160	134	113	97	84	
Total Proved Developed Non-Producing	0	0	120	120	0	0	160	134	113	97	84	
Total Proved Developed	0	0	1,001	1,001	11	11	2,696	2,355	2,073	1,843	1,654	
Probable												
Probable Developed Producing												
Misano Adriatico Concession	Incr.	0	0	46	46	0	0	257	146	84	52	35
Torrente Cigno Concession	Incr.	0	0	1,438	1,438	25	25	7,453	4,542	2,902	1,932	1,333
Total Probable Developed Producing		0	0	1,484	1,484	25	25	7,710	4,688	2,986	1,984	1,368
Probable Developed Non-Producing												
Lucera Concession	Incr.	0	0	35	35	0	0	87	59	41	29	21
Total Probable Developed Non-Producing		0	0	35	35	0	0	87	59	41	29	21
Probable Undeveloped												
Torrente Cigno Concession		0	0	13,413	13,413	216	216	119,536	36,785	16,589	9,422	6,105
Total Probable Undeveloped		0	0	13,413	13,413	216	216	119,536	36,785	16,589	9,422	6,105
Total Probable		0	0	14,932	14,932	241	241	127,333	41,532	19,616	11,436	7,494
Total Proved Plus Probable		0	0	15,933	15,933	252	252	130,030	43,687	21,689	13,279	9,148

MUS\$ means thousands of United States dollars.

Gross reserves are the total of the Company's working interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 1a

EVALUATION OF: Zenith Energy Ltd. (Italy Properties)
 ===== Total Proved Developed Producing Cons.

ERGO v7.43 P2 ENERGY SOLUTIONS
 GLOBAL : 20-SEP-2020 6688
 RFP:01-APR-2020 DISC:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 11:30
 FILE:

GRAND TOTAL

EVALUATED BY -
 COMPANY EVALUATED - Zenith Energy Ltd.
 APPRAISAL FOR -
 PROJECT - FORECAST PRICES & COSTS

TOTAL ABANDONMENT 111 -M\$-

Year	# of Wells	Price \$/MCF	Sales Gas MCF			Condensate BBL		
			Pool			Company Share		
			MCF/D	Vol	Gross	Net	Price \$/BBL	Share Gross
2020	2	3.48	457.8	126	126	126	35.62	1637
2021	2	3.77	454.7	166	166	166	46.72	2173
2022	2	3.98	451.5	165	165	165	52.27	2173
2023	2	4.22	449.7	164	164	164	56.16	2173
2024	2	4.48	446.2	163	163	163	58.38	2173
2025	2	4.92	151.4	55	55	55	60.60	681
2026	1	7.44	15.0	5	5	5	.00	0
2027	1	7.93	14.2	5	5	5	.00	0
2028	1	8.41	12.7	5	5	5	.00	0
2029	1	8.89	11.3	4	4	4	.00	0
2030	1	9.37	10.0	4	4	4	.00	0
2031	1	9.86	8.9	3	3	3	.00	0
2032	1	10.47	7.9	3	3	3	.00	0
2033	1	11.13	7.0	3	3	3	.00	0
2034	1	11.84	6.3	2	2	2	.00	0
SUB				873	873	873		11011
REM				8	8	8		0
TOT				881	881	881		11011

• P/T • ===== COMPANY SHARE FUTURE NET REVENUE =====

Year	Capital & Aband Costs -M\$-	Future Revenue (FR)				Royalties				Operating Costs			FR After Roy & Oper -M\$-	Net back \$/BOE	Proc & Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	Sale Gas -M\$-	Products -M\$-	Total -M\$-	Crown -M\$-	Other -M\$-	Mineral -M\$-	%	Fixed -M\$-	Variable -M\$-	\$/BOE						Undisc -M\$-	10.0% -M\$-
2020	0	0	438	58	496	0	0	0	.0	96	117	9.42	283	12.52	0	0	0	283	273
2021	0	0	625	102	727	0	0	0	.0	130	157	9.59	440	14.76	0	0	0	440	391
2022	0	0	657	114	770	0	0	0	.0	132	157	9.77	481	16.22	0	0	0	481	388
2023	0	0	692	122	814	0	0	0	.0	135	158	9.94	521	17.67	0	0	0	521	382
2024	0	0	729	127	856	0	0	0	.0	137	159	10.13	559	19.08	0	0	0	559	373
2025	28	0	272	41	313	0	0	0	.0	50	61	11.20	203	20.48	0	0	28	174	106
2026	0	0	43	0	43	0	0	0	.0	9	13	23.54	21	21.13	0	0	0	21	11
2027	0	0	41	0	41	0	0	0	.0	10	12	25.24	19	22.33	0	0	0	19	10
2028	0	0	39	0	39	0	0	0	.0	10	11	27.15	18	23.31	0	0	0	18	8
2029	0	0	37	0	37	0	0	0	.0	10	10	29.30	16	24.04	0	0	0	16	7
2030	0	0	34	0	34	0	0	0	.0	10	9	31.74	15	24.50	0	0	0	15	6
2031	0	0	32	0	32	0	0	0	.0	10	8	34.49	13	24.64	0	0	0	13	5
2032	0	0	30	0	30	0	0	0	.0	11	8	37.61	12	25.21	0	0	0	12	4
2033	0	0	29	0	29	0	0	0	.0	11	7	41.15	11	25.61	0	0	0	11	3
2034	0	0	27	0	27	0	0	0	.0	11	6	45.17	10	25.85	0	0	0	10	3
SUB	28	0	3725	564	4289	0	0	0	.0	772	895		2623		0	0	28	2594	1968
REM	82	0	106	0	106	0	0	0	.0	59	23		24		0	0	82	-59	-8
TOT	111	0	3831	564	4395	0	0	0	.0	830	918		2647		0	0	111	2536	1960

===== NET PRESENT VALUE (-M\$-) =====

Discount Rate	.0%	5.0%	4.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	2647	2275	2096	1990	1894	1765	1584
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	111	54	38	30	25	19	13
Future Net Revenue	2536	2221	2058	1960	1869	1746	1570

===== COMPANY SHARE =====

	1st Year	Average	Royalties	Oper Costs	FR After Roy & Oper	Capital Costs	Future Net Rev
% Interest	100.0	100.0					
% of Future Revenue			0	39.8	60.2	0	57.7

===== PROFITABILITY =====

COMPANY SHARE BASIS		Before Tax
Rate of Return (%)		n/a
Profit Index (undisc.)		n/a
(disc. @ 10.0%)		n/a
(disc. @ 5.0%)		n/a
First Payout (years)		n/a
Total Payout (years)		n/a
Cost of Finding (\$/BOE)		n/a
NPV @ 10.0% (\$/BOE)		12.42
NPV @ 5.0% (\$/BOE)		14.07

Table 1b

EVALUATION OF: Zenith Energy Ltd. (Italy Properties)
 ===== Total Proved Developed Cons.

ERGO v7.43 P2 ENERGY SOLUTIONS GRAND TOTAL
 GLOBAL : 20-SEP-2020 6688
 RFF:01-APR-2020 DISC:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 11:30
 FILE:

EVALUATED BY -
 COMPANY EVALUATED - Zenith Energy Ltd.
 APPRAISAL FOR -
 PROJECT - FORECAST PRICES & COSTS

TOTAL ABANDONMENT - 253 -M\$-

Year	# of Wells	Price \$/MCF	Sales Gas MMCF		Pool		Company Share		Condensate BBL	
			MCF/D	Vol	Gross	Net	Price \$/BBL	Co. Share Gross		
2020	2	3.40	457.8	126	126	126	35.62	1637		
2021	4	3.80	769.2	281	182	182	46.72	2173		
2022	4	4.04	857.4	313	185	185	52.27	2173		
2023	4	4.27	789.7	288	181	181	56.16	2173		
2024	4	4.52	752.7	267	177	177	58.38	2173		
2025	4	4.99	392.1	143	67	67	60.60	681		
2026	3	6.31	218.2	80	16	16	.00	0		
2027	3	6.75	184.1	67	14	14	.00	0		
2028	3	7.18	155.4	57	12	12	.00	0		
2029	3	7.63	131.2	48	10	10	.00	0		
2030	3	8.07	110.7	40	9	9	.00	0		
2031	3	8.52	93.5	34	7	7	.00	0		
2032	1	10.47	7.9	3	3	3	.00	0		
2033	1	11.13	7.0	3	3	3	.00	0		
2034	1	11.84	6.3	2	2	2	.00	0		
SUB				1752	993	993		11011		
REM				8	8	8		0		
TOT				1760	1001	1001		11011		

= P/T = COMPANY SHARE FUTURE NET REVENUE

Year	Capital Aband Costs -M\$-	Future Revenue (FR)				Royalties			Operating Costs			FR After Roy&Oper -M\$-	Net back \$/BOB	Proc& Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	Sale Gas -M\$-	Products -M\$-	Total -M\$-	Crown -M\$-	Other -M\$-	Mineral -M\$-	Fixed -M\$-	Variable -M\$-	\$/BOB						Undisc -M\$-	10.0% -M\$-
2020	0	0	438	56	496	0	0	0	.0	96	117	9.42	283	12.52	0	0	283	273
2021	0	0	690	102	792	0	0	0	.0	140	188	10.13	463	14.28	0	0	463	411
2022	0	0	747	114	860	0	0	0	.0	148	199	10.53	513	15.55	0	0	513	414
2023	0	0	771	122	893	0	0	0	.0	151	194	10.69	548	16.96	0	0	548	402
2024	0	0	800	127	927	0	0	0	.0	154	190	10.87	583	18.39	0	0	583	389
2025	28	0	335	41	377	0	0	0	.0	67	87	12.98	222	18.71	0	28	194	118
2026	0	0	100	0	100	0	0	0	.0	27	36	23.78	37	14.10	0	0	37	21
2027	0	0	92	0	92	0	0	0	.0	27	32	25.97	33	14.51	0	0	33	17
2028	0	0	84	0	84	0	0	0	.0	26	28	28.52	28	14.59	0	0	28	13
2029	0	0	77	0	77	0	0	0	.0	29	24	31.49	24	14.26	0	0	24	10
2030	0	0	70	0	70	0	0	0	.0	29	21	34.95	19	13.47	0	0	19	7
2031	142	0	63	0	63	0	0	0	.0	30	19	38.99	15	12.13	0	19	-4	-1
2032	0	0	30	0	30	0	0	0	.0	11	8	37.61	12	25.21	0	0	12	4
2033	0	0	29	0	29	0	0	0	.0	11	7	41.15	11	25.61	0	0	11	3
2034	0	0	27	0	27	0	0	0	.0	11	6	45.17	10	25.85	0	0	10	3
SUB	170	0	4354	564	4917	0	0	0	.0	959	1155		2802		0	48	2755	2081
REM	83	0	106	0	106	0	0	0	.0	59	23		24		0	83	-59	-8
TOT	253	0	4460	564	5024	0	0	0	.0	1018	1179		2827		0	131	2696	2073

===== NET PRESENT VALUE (-M\$-) =====

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	2827	2420	2225	2110	2006	1866	1670
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	131	66	46	37	30	23	16
Future Net Revenue	2696	2355	2179	2073	1976	1843	1654

===== COMPANY SHARE =====

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future Net Rev
% Interest	100.0	58.4					
% of Future Revenue			43.7	56.3			53.7

===== PROFITABILITY =====

COMPANY SHARE BASIS		Before Tax
Rate of Return (%)		n/a
Profit Index (undisc.)		n/a
(disc. @ 10.0%)		n/a
(disc. @ 5.0%)		n/a
First Payout (years)		n/a
Total Payout (years)		n/a
Cost of Finding (\$/BOB)		n/a
NPV @ 10.0% (\$/BOB)		11.66
NPV @ 5.0% (\$/BOB)		13.24

Table 1c

EVALUATION OF: Zenith Energy Ltd. (Italy Properties)
 ----- Total Proved Plus Probable Cons.

BRGO v7.43 P2 ENERGY SOLUTIONS
 GLOBAL : 20-SEP-2020 6688
 BPP: 01-APR-2020 DISC: 01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 11:30
 FILE:

GRAND TOTAL

EVALUATED BY :
 COMPANY EVALUATED : Zenith Energy Ltd.
 APPRAISAL FOR :
 PROJECT : FORECAST PRICES & COSTS

TOTAL CAPITAL COSTS - 1530 -M\$-
 TOTAL ABANDONMENT - 358 -M\$-

Year	# of Wells	Sales Gas MMCF				Company Share		Condensate BBL		Co. Share Gross
		Price \$/MCF	MCF/D	Vol	Gross	Net	Price \$/BBL	Co. Share Gross		
2020	2	3.48	458.2	126	126	126	35.62	1889		
2021		\$ 3.71	1554.0	567	467	467	46.72	7098		
2022		\$ 3.93	1806.7	659	526	526	52.27	7983		
2023		\$ 4.18	1749.8	639	523	523	56.16	7983		
2024		\$ 4.43	1700.1	621	519	519	58.38	7983		
2025		\$ 4.70	1656.8	605	517	517	60.60	7983		
2026		\$ 4.99	1619.0	591	514	514	61.87	7983		
2027		\$ 5.30	1586.0	579	512	512	63.17	7983		
2028		\$ 5.64	1557.2	568	510	510	64.50	7983		
2029		\$ 5.99	1532.0	559	509	509	65.86	7983		
2030		\$ 6.35	1479.7	540	496	496	67.24	7884		
2031		\$ 6.75	1405.6	513	475	475	68.65	7480		
2032		\$ 7.17	1341.5	490	456	456	70.08	7202		
2033		\$ 7.61	1286.1	462	440	440	71.55	6962		
2034		\$ 8.09	1230.2	452	427	427	73.05	6755		
SUB				7978	7018	7018		109050		
RBM				6937	6915	6915		143205		
TOT				16915	15933	15933		252255		

P/T COMPANY SHARE FUTURE NET REVENUE

Year	Capital &Aband Costs -M\$-	Future Revenue (FR)				Royalties			Operating Costs			PR After Roy&Oper -M\$-	Net back \$/BOE	Proc& Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev		
		Oil -M\$-	SaleGas -M\$-	Products -M\$-	Total -M\$-	Crown -M\$-	Other -M\$-	Mineral -M\$-	-	Fixed -M\$-	Variable -M\$-						\$/BOE	Undisc -M\$-	10.0% -M\$-
2020	0	0	439	67	506	0	0	0	0	96	118	9.32	293	12.78	0	0	0	293	293
2021	1530	0	1732	332	2064	0	0	0	0	242	436	7.99	1386	16.32	0	1530	0	-144	-128
2022	0	0	2069	417	2486	0	0	0	0	272	503	8.09	1712	17.90	0	0	0	1712	1381
2023	0	0	2182	448	2631	0	0	0	0	277	505	8.23	1848	19.44	0	0	0	1848	1356
2024	0	0	2304	466	2770	0	0	0	0	283	509	8.37	1979	20.92	0	0	0	1979	1319
2025	0	0	2430	484	2914	0	0	0	0	288	513	8.51	2113	22.45	0	0	0	2113	1281
2026	0	0	2568	494	3062	0	0	0	0	294	518	8.66	2250	24.01	0	0	0	2250	1240
2027	0	0	2716	504	3220	0	0	0	0	300	523	8.82	2397	25.67	0	0	0	2397	1201
2028	0	0	2878	515	3393	0	0	0	0	306	529	8.98	2558	27.49	0	0	0	2558	1165
2029	0	0	3045	526	3571	0	0	0	0	312	536	9.14	2723	29.36	0	0	0	2723	1127
2030	0	0	3153	525	3678	0	0	0	0	318	541	9.39	2828	31.25	0	0	0	2828	1084
2031	0	0	3286	514	3720	0	0	0	0	325	547	9.72	2877	33.22	0	0	0	2877	984
2032	0	0	3273	505	3778	0	0	0	0	331	556	10.06	2941	35.12	0	0	0	2941	915
2033	0	0	3353	498	3851	0	0	0	0	338	567	10.39	3016	37.53	0	0	0	3016	853
2034	0	0	3454	493	3947	0	0	0	0	345	571	10.72	3112	39.96	0	0	0	3112	800
SUB	1530	0	38804	6787	45591	0	0	0	0	4327	7231		34033		0	1530	0	32504	14840
RBM	358	0	105715	14783	120498	0	0	0	0	8582	14164		97752		0	0	226	97526	6849
TOT	1888	0	144519	21571	166090	0	0	0	0	12909	21396		131785		0	1530	226	130030	21689

NET PRESENT VALUE (-M\$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
PR After Roy & Oper.	131785	45381	29220	23065	18833	14570	10369
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	1530	1439	1389	1358	1327	1284	1217
Abandonment Costs	226	56	28	19	13	7	3
Future Net Revenue	130030	43887	27802	21689	17493	13279	9148

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	PR After Roy&Oper	Capital Costs	Future NetRev
% Interest	100.0	94.7					
% of Future Revenue			0	20.7	79.3	9	78.3

PROFITABILITY

	Before Tax
COMPANY SHARE BASIS	
Rate of Return (%)	999.9
Profit Index (undisc.)	74.1
(disc. @ 10.0%)	15.8
(disc. @ 5.0%)	29.4
First Payout (years)	.6
Total Payout (years)	1.8
Cost of Finding (\$/BOE)	.60
NPV @ 10.0% (\$/BOE)	7.46
NPV @ 5.0% (\$/BOE)	15.09



ZENITH ENERGY LTD.

COMPANY'S CONCESSIONS

ITALY

ORIENTATION MAP

APR. 2020

JOB No. 6688

**LUCERA GAS CONCESSION
ONSHORE, ITALY
INDEX**

Discussion

Property Description
Geology
Reserves
Production
Product Prices
Capital Expenditures
Operating Costs
Economics

Attachments

Figure 1: Lucera Gas Concession – Land Map

Table 1: Schedule of Lands, Interests and Royalty Burdens

Figure 2: a) Regional Geology
b) Stratigraphic Chart

Table 2: Summary of Reserves

Figure 3: Production History Graphs – Proved Developed Producing
a) Lucera, Production and Forecast Plot (Summary of Decline Analysis)

Figure 4: Production History Graphs – Proved Plus Probable Developed Producing
a) Lucera, Production and Forecast Plot (Summary of Decline Analysis)

Table 3: Summary of Anticipated Capital Expenditures
a) Development
b) Abandonment and Restoration

Table 4: Summary of Company Reserves and Economics

Consolidated Cash Flows

a) Total Proved Developed Non-Producing
b) Total Proved Plus Probable Developed Non-Producing

**LUCERA GAS CONCESSION
ONSHORE ITALY
DISCUSSION**

Property Description

The Company owns 13.6% working interest in the Lucera gas concession covering approximately 13,361 acres and located onshore Italy along the Adriatic coast. This concession is scheduled to expire in 2022 but an extension is expected to be granted based on the remaining reserves.

A map showing the Lucera concession location is presented in Figure 1a, and a description of the ownership is presented in Table 1.

Geology

The regional geology of Italy as shown in Fig 2a places the company's properties in the on-land shallow depths of the Apenninic Foredeep basin.

The Apennines are the consequences of the subduction of three types of lithosphere with different characteristics, but pertaining to the same Adriatic plate.¹

1. In the north central Apennines, thin continental lithosphere at the surface in the foreland, and probably thinner at depth, occurs
2. In the southern Apennines, thick continental lithosphere occurs in the foreland, whereas probably old oceanic lithosphere constitutes the slab at depth to the west (northern prologation of the Ionian Mesozoic basin)
3. In the southern sector, offshore Calabria, old oceanic Ionian lithosphere occurs both in the foreland and at depth.

The Lucera exploration play has gas resources in the Cenozoic Upper Tertiary Pliocene sand levels of the Bradano Trough as represented in the Stratigraphic Column of Fig 2b.

¹ 'An Introduction To The Italian Geology' – Carlo Doglioni and Giovanni Flores, 1997

Reserves

Total gross proved developed non-producing conventional non-associated marketable gas reserves of 879 MMscf have been estimated for the two producing gas wells. These estimates are based on a conservative production decline analyses as presented in Figure 3a.

Gross probable additional developed non-producing conventional non-associated marketable gas reserves of 258 MMscf have been estimated for the same two wells based on the best fit production decline analyses, as presented in Figure 4a.

Production

The Lucera gas concession was producing at a total rate of 538 Mscf/d as of May 2016. There were some problems with the gas treatment plant, and the production was temporarily suspended. Production is expected to resume in May, 2021 when the problems with the treatment plant are anticipated to be solved.

Product Prices

An average 2020 gas price of \$3.15/Mscf has been used for this area based on information provided by the Company, which reflects a correlation to the World Bank European posted gas price.

Capital Expenditures

There are no forecasted capital expenditures as presented in Table 3a.

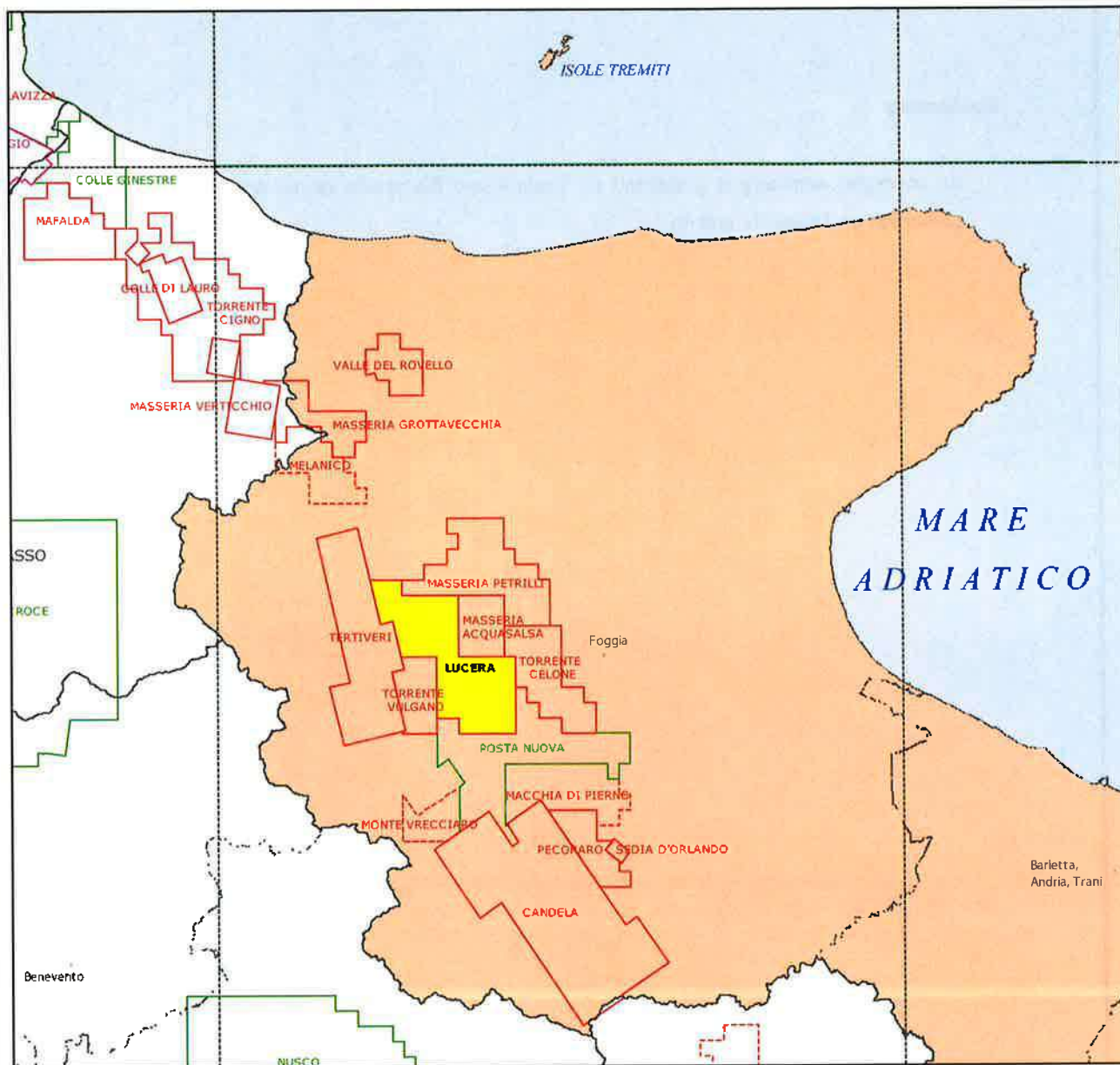
Total abandonment and reclamation liabilities of \$114,000 (\$15,500 net to the Company) have been estimated based on a reasonable expectation for these types of wells. The abandonment and site reclamation costs are presented in Table 3b.

Operating Costs

Operating costs for this area have been estimated to be \$4,900 per well per month plus \$1.89/Mscf, based on information provided by the Company.

Economics

An economic summary is presented on Table 4 and the results of our economic analysis are presented on Tables 4a and 4b.



ZENITH ENERGY LTD.

LUCERA CONCESSION

PUGLIA REGION, ITALY

LAND MAP

APR. 2020

JOB No. 6688 FIGURE No. 1

Table 1

Schedule of Lands, Interests and Royalty Burdens
April 1, 2020

Zenith Energy Ltd.

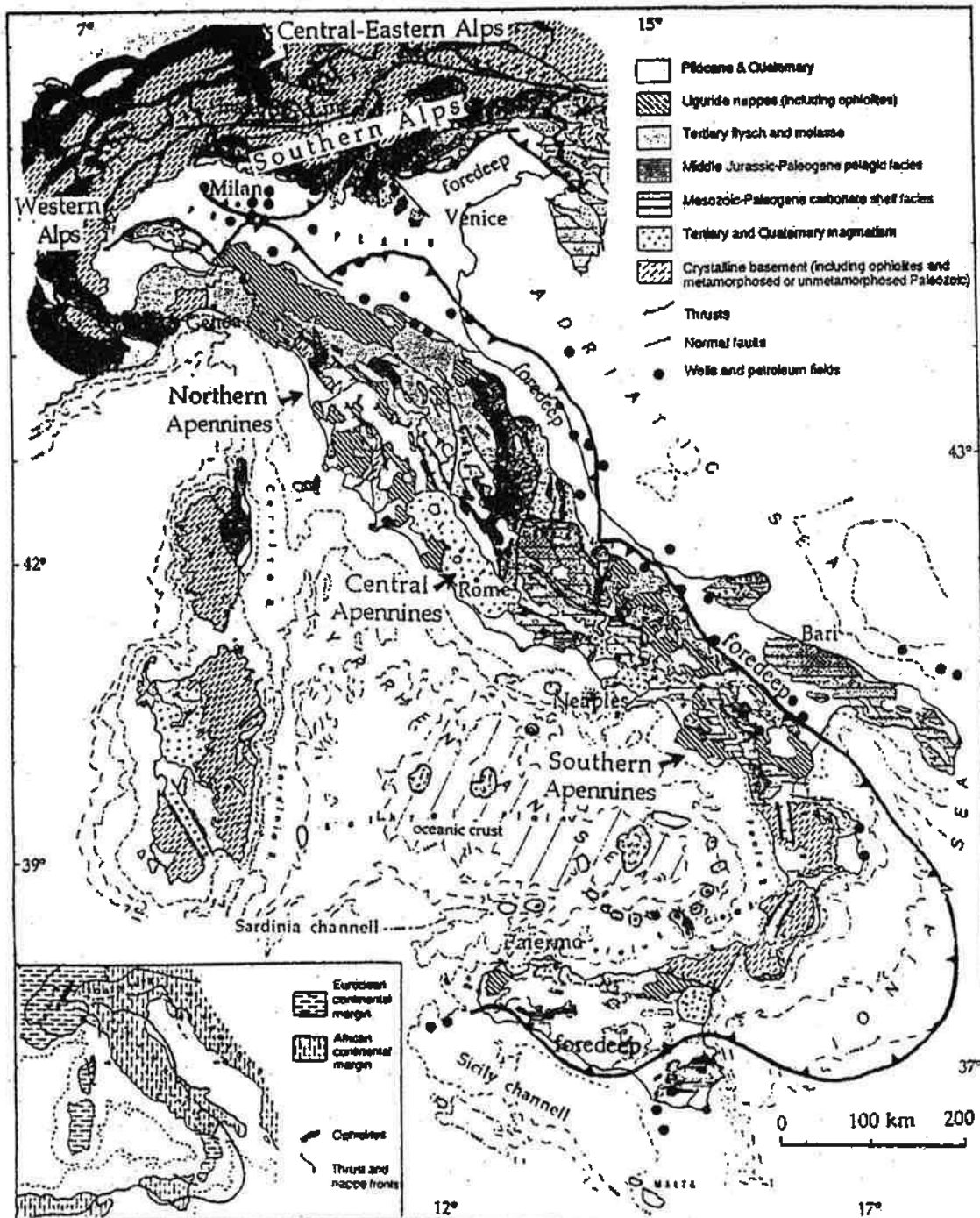
Lucera Concession, Onshore Italy

<u>Description</u>	<u>Rights Owned</u>	<u>Gross Acres</u>	<u>Appraised Interest</u>		<u>Royalty Burdens</u>	
			<u>Working %</u>	<u>Royalty %</u>	<u>Basic %</u>	<u>Overriding %</u>
Lucera Concession	[A]	13,361	13.6000	-	7.0000	[1]

General Notes : [1] Only If over 25 million cubic meters annually (882.8 MMCF), 0% at forecast rates.

Rights Owned : [A] All P&NG.

The Concession is scheduled to expire in 2022. An extension is expected to be granted based on the remaining reserves.



Source: Doglioni and Flores, *An Introduction to the Italian Geology*, 1997

ZENITH ENERGY LTD.

ITALY
REGIONAL GEOLOGY

APR. 2020 JOB No. 6688 FIGURE No. 2a

System	Series	Stage	Age (Ma)	
Quaternary	Pleistocene	Gelasian	younger	
Neogene	Pliocene	Piacenzian	2.588–3.600	← GAS ZONE
		Zanclean	3.600–5.332	← GAS ZONE
	Miocene	Messinian	5.332–7.246	← GAS ZONE
		Tortonian	7.246–11.608	
		Serravallian	11.608–13.65	
		Langhian	13.65–15.97	
		Burdigalian	15.97–20.43	
		Aquitania	20.43–23.03	
Paleogene	Oligocene	Chattian	older	

ZONES OF INTEREST



← GAS ZONE

← GAS ZONE

← GAS ZONE

ZENITH ENERGY LTD.

ITALY

STRATIGRAPHIC CHART

APR. 2020

JOB No. 6688 FIGURE No. 2b

Table 2

Summary of Gross Reserves
April 1, 2020

Zenith Energy Ltd.

Lucera Concession, Onshore Italy

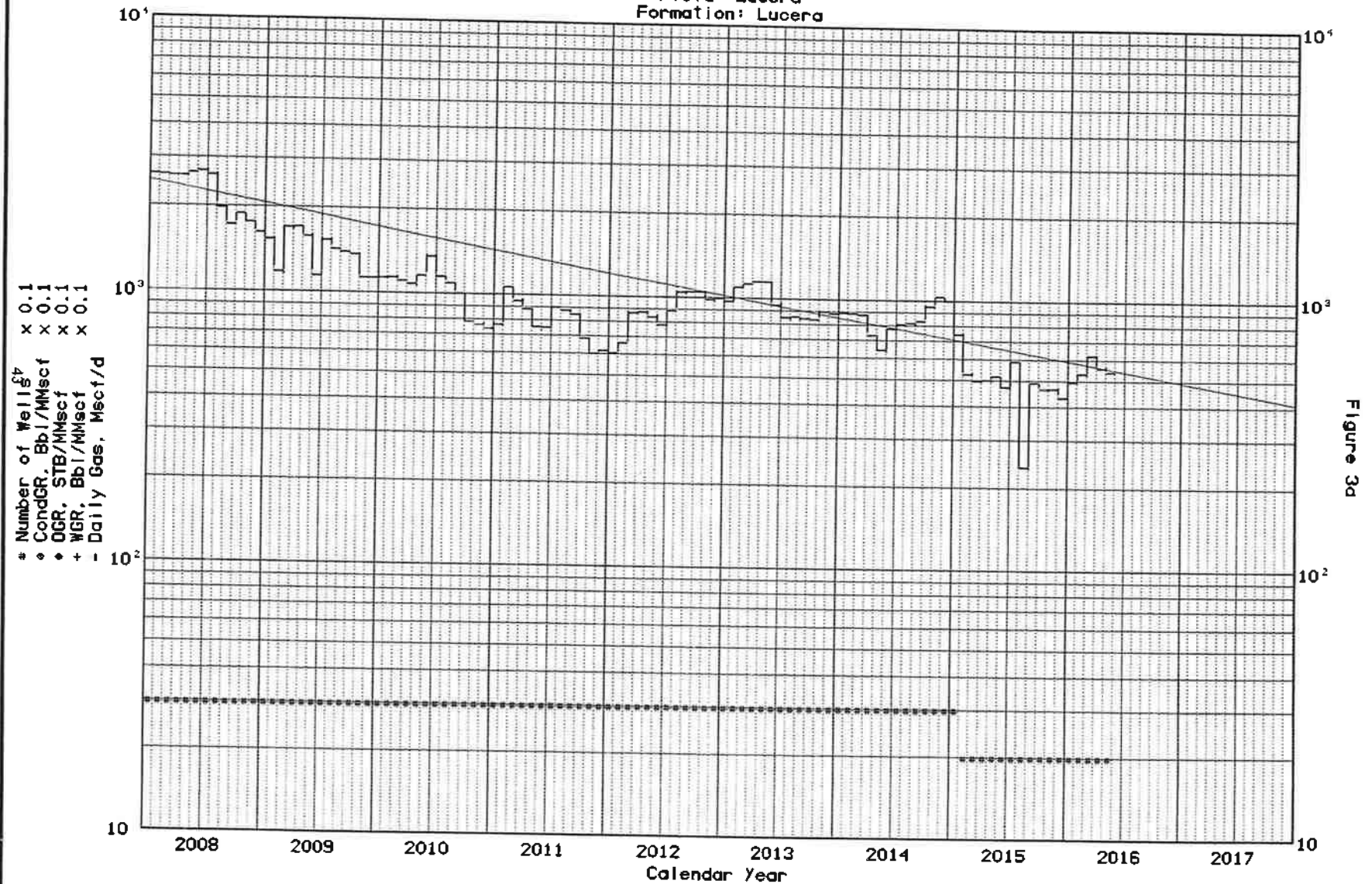
		Current or Initial Rate	Ultimate RGIP	Cumulative Production	Remaining RGIP (raw)	Remaining RGIP (sales)	Remaining NGLs	Reference
Description		Mscf/d	(MMscf)	(MMscf)	(MMscf)	(MMscf)	(MBbls)	
<u>Proved Developed Non-Producing</u>								
Lucera Concession	2 Lucera wells	538	5,986	5,059	927	879	0	Fig 3a
Total Proved Developed Non-Producing		538	5,986	5,059	927	879	0	
<u>Probable Developed Non-Producing</u>								
Lucera Concession	2 Lucera wells (Incr.)	0	271	0	271	256	0	Fig 4a
Total Probable Developed Non-Producing		0	271	0	271	256	0	
Total Proved Plus Probable Developed Non-Producing		538	6,257	5,059	1,198	1,137	0	

PRODUCTION HISTORY

Proved Developed Producing

"Lucera Field, Italy"

Field: Lucera
Formation: Lucera



PRODUCTION HISTORY

Proved Plus Probable

"Lucera Field, Italy"

Field: Lucera
Formation: Lucera

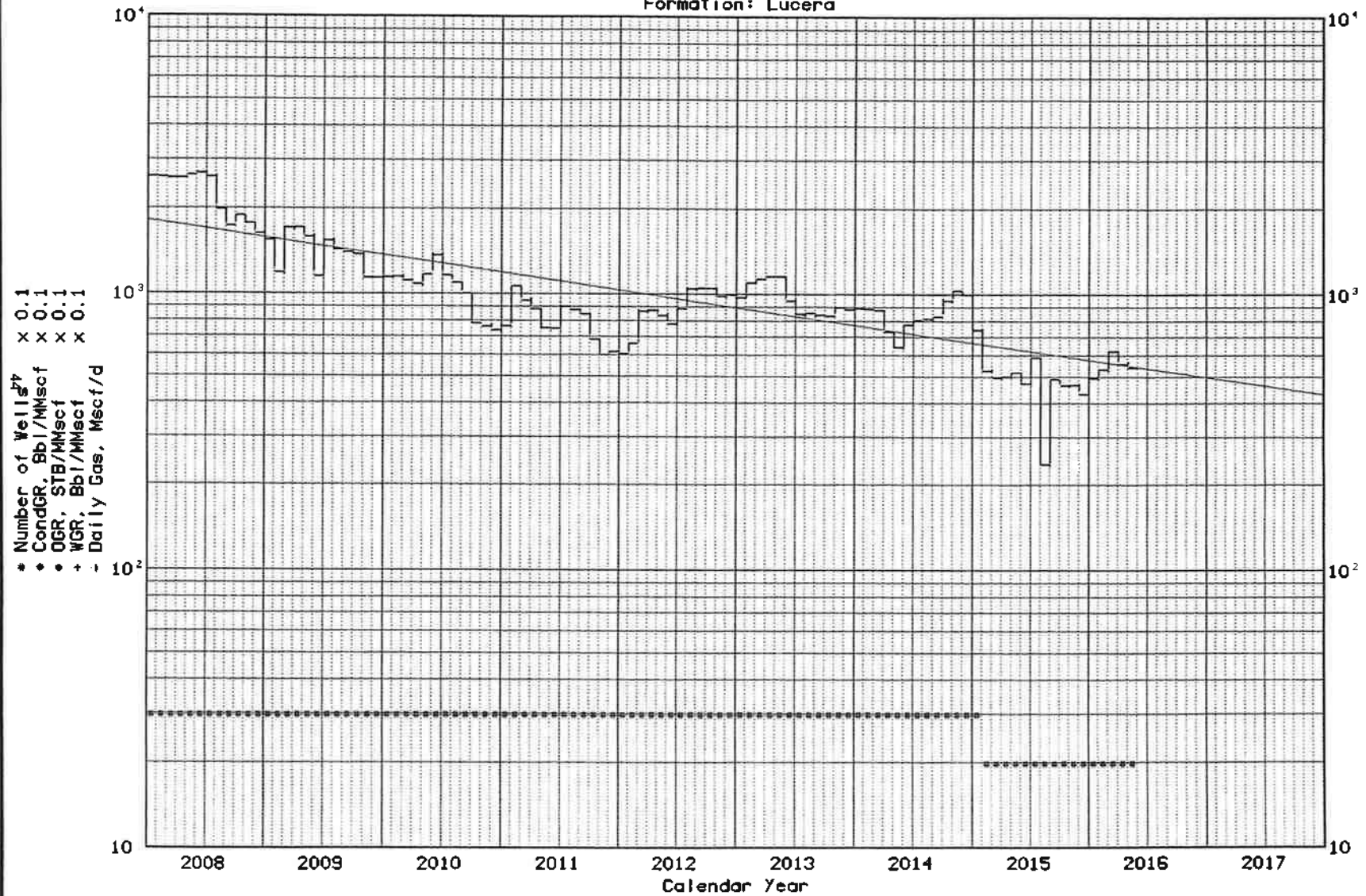


Figure 4a

Table 3a

**Summary of Anticipated Capital Expenditures
Development**

April 1, 2020

Zenith Energy Ltd.

Lucera Concession, Onshore Italy

Description	Date	Operation	Capital Interest %	Gross Capital M\$	Net Capital M\$
--------------------	-------------	------------------	-----------------------------------	----------------------------------	--------------------------------

No anticipated capital expenditures.

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

April 1, 2020

Zenith Energy Ltd.

Lucera Concession, Onshore Italy

Description	Well Parameters	Capital Interest %	Gross Capital M\$	Net Capital M\$
Lucera Concession	Abandon 2 gas wells, reclaim the land	13.6000	114	16

Note: **M\$** means thousands of dollars.

The above capital values are expressed in terms of current dollar values without escalation.

Table 4
Summary of Company Reserves and Economics
Before Income Tax
April 1, 2020

Forecast Prices & Costs

Zenith Energy Ltd.
Lucera Concession, Italy

Description		Net To Appraised Interest											
		Reserves						Cumulative Cash Flow (BIT) - MU\$					
		Light and Medium Oil MSTB		Conventional Natural gas MMscf		NGL Mbbbls		Discounted at:					
		Gross	Net	Gross	Net	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year	
Proved Developed Non-Producing													
Bastia-1, Reggente 6, S. Caterina 2		0	0	120	120	0	0	160	134	113	97	84	
Total Proved Developed Non-Producing		0	0	120	120	0	0	160	134	113	97	84	
Probable													
Probable Developed Non-Producing													
Bastia-1, Reggente 6, S. Caterina 2		Incr.	0	0	35	35	0	0	87	59	41	29	21
Total Probable Developed Non-Producing			0	0	35	35	0	0	87	59	41	29	21
Total Proved Plus Probable			0	0	155	155	0	0	248	193	154	126	105

MU\$ means thousands of United States dollars.

Gross reserves are the total of the Company's working interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 4a

EVALUATION OF: Lucera Concession, Onshore Italy - Proved Developed Non-Producing

 BRGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 6680
 EFF:01-APR-2020 DISC:01-APR-2020 PROD:01-MAY-2021
 RUN DATE: 22-SEP-2020 TIME: 0:04
 FILE: glcpml.dax

 WELL/LOCATION - Lucera Wells
 EVALUATED BY -
 COMPANY EVALUATED - Zenith Energy Ltd.
 APPRAISAL FOR -
 PROJECT - FORECAST PRICES & COSTS

 TRACT FACTOR - 100.0000 %
 ULT POOL RESERVES - 927 MMCF
 PRODUCTION TO DATE - N/A
 DECLINE INDICATOR - EXPONENTIAL

 TOTAL ABANDONMENT - 141745 -\$/- (2032)
 NOTE: ECONOMIC LIMIT OCCURS IN 2032

INTEREST

AVG WI 13.6000t

ROYALTIES/TAXES

STATS

Year	# of Wells	Price \$/MCF	Sales Gas MMCF			
			Pool		Company Share	
			MCF/D	Vol	Gross	Net
2020	0	3.15	.0	0	0	0
2021	2	4.17	462.4	115	16	16
2022	2	4.47	417.3	146	20	20
2023	2	4.66	350.6	124	17	17
2024	2	4.98	294.6	105	14	14
2025	2	5.29	247.5	86	12	12
2026	2	5.65	207.9	74	10	10
2027	2	6.02	174.7	62	8	8
2028	2	6.39	146.7	52	7	7
2029	2	6.75	123.3	44	6	6
2030	2	7.12	103.6	37	5	5
2031	2	7.49	87.0	31	4	4
SUB				879	120	120
REM				0	0	0
TOT				879	120	120

P/T

COMPANY SHARE FUTURE NET REVENUE

Year	Capital Expend Costs -M\$-	Future Revenue (PR)				Royalties				Operating Costs			PR After Roy&Oper -M\$-	Net back \$/MCF	Procc Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	Sales& Gas -M\$-	Products -M\$-	Total -M\$-	State -M\$-	Other -M\$-	Mineral -M\$-	%	Fixed -M\$-	Variable -M\$-	\$/MCF						Updisc -M\$-	10.0% -M\$-
2020	0	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	0	0	0	0
2021	0	0	65	0	65	0	0	0	.0	11	32	2.71	23	1.46	0	0	0	23	20
2022	0	0	90	0	90	0	0	0	.0	16	42	2.87	32	1.60	0	0	0	32	26
2023	0	0	79	0	79	0	0	0	.0	17	36	3.09	27	1.59	0	0	0	27	20
2024	0	0	71	0	71	0	0	0	.0	17	31	3.34	23	1.65	0	0	0	23	16
2025	0	0	63	0	63	0	0	0	.0	17	26	3.63	20	1.65	0	0	0	20	12
2026	0	0	57	0	57	0	0	0	.0	18	22	3.99	17	1.67	0	0	0	17	9
2027	0	0	51	0	51	0	0	0	.0	18	19	4.40	14	1.62	0	0	0	14	7
2028	0	0	45	0	45	0	0	0	.0	18	17	4.90	11	1.48	0	0	0	11	5
2029	0	0	40	0	40	0	0	0	.0	19	14	5.50	7	1.25	0	0	0	7	3
2030	0	0	16	0	16	0	0	0	.0	19	12	6.22	5	.90	0	0	0	5	2
2031	142	0	31	0	11	0	0	0	.0	19	10	7.08	2	.41	0	0	19	-18	-6
SUB	142	0	629	0	629	0	0	0	.0	188	261		140		0	0	19	160	113
REM	0	0	0	0	0	0	0	0	.0	0	0		0		0	0	0	0	0
TOT	142	0	629	0	629	0	0	0	.0	188	261		140		0	0	19	160	113

NET PRESENT VALUE (-\$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
PR After Roy & Oper	179727	145052	129001	119807	111613	100903	86396
Procc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	19277	11133	8108	6595	5185	3999	2477
Future Net Revenue	160450	133920	120895	113212	106228	96904	83919

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	PR After Oper Costs	Capital Costs	Future NetRev
% Interest	13.6	13.6					
% of Future Revenue			.0	71.4	28.6	.0	25.5

PROFITABILITY

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	n/a
Profit Index (undisc.)	n/a
(disc. @ 10.0%)	n/a
(disc. @ 5.0%)	n/a
First Payout (years)	n/a
Total Payout (years)	n/a
Cost of Finding (\$/BOE)	n/a
NPV @ 10.0% (\$/MCF)	.95
NPV @ 5.0% (\$/MCF)	1.12

Table 4b

EVALUATION OF: Lucera Concession, Onshore Italy - Proved Plus Probable Developed Non-Product

 BRGG v7.43 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 6688
 BFF:01-APR-2020 DISC:01-APR-2020 PROD:01-MAY-2021
 RUN DATE: 22-SEP-2020 TIME: 01:07
 FILE: G1CRB1.DAX

 WELL/LOCATION : Lucera Wells
 EVALUATED BY :
 COMPANY EVALUATED : Zenith Energy Ltd.
 APPRAISAL FOR :
 PROJECT : FORECAST PRICES & COSTS

 TRACT FACTOR : 100.0000 %
 ULT POOL RESERVES : 1198 MMCF
 PRODUCTION TO DATE : N/A
 DECLINE INDICATOR : EXPONENTIAL

 TOTAL ABANDONMENT : 153429 \$- (2036)
 NOTE: ECONOMIC LIMIT OCCURS IN 2036

INTEREST

ROYALTIES/TAXES

AVG WI 13.6000%

STATE

Year	# of Wells	Price \$/MCF	Sales Gas MMCF		Pool		Company Share	
			MCF/D	Vol	Gross	Net	Gross	Net
2020	0	3.15	.0	0	0	0	0	0
2021	2	4.17	480.0	116	16	16	16	16
2022	2	4.47	434.8	154	21	21	21	21
2023	2	4.68	378.5	134	18	18	18	18
2024	2	4.98	329.4	117	16	16	16	16
2025	2	5.29	286.7	102	14	14	14	14
2026	2	5.65	249.6	89	12	12	12	12
2027	2	6.02	217.2	77	10	10	10	10
2028	2	6.39	189.1	67	9	9	9	9
2029	2	6.75	164.6	58	8	8	8	8
2030	2	7.12	143.2	51	7	7	7	7
2031	2	7.49	124.7	44	6	6	6	6
2032	2	7.95	108.5	39	5	5	5	5
2033	2	8.45	94.4	34	5	5	5	5
2034	2	8.99	82.2	29	4	4	4	4
SUB				1111	151	151		
RBM				25	3	3		
TOT				1137	155	155		

* P/T = COMPANY SHARE FUTURE NET REVENUE

Year	Capital Expend Costs -M\$-	Future Revenue (FR)				Royalties				Operating Costs			PR After Roy&Oper -M\$-	Net back \$/MCP	Procs Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	SalesGas -M\$-	Products -M\$-	Total -M\$-	State -M\$-	Other -M\$-	Mineral -M\$-	-M\$-	Fixed -M\$-	Variable -M\$-	\$/MCF						Undisc -M\$-	10.0% -M\$-
		-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-						-M\$-	-M\$-
2020	0	0	0	0	0	0	0	0	.0	0	0	.06	0	.00	0	0	0	0	0
2021	0	0	66	0	66	0	0	0	.0	11	32	2.70	23	1.47	0	0	0	23	21
2022	0	0	94	0	94	0	0	0	.0	16	43	2.84	34	1.63	0	0	0	34	28
2023	0	0	85	0	85	0	0	0	.0	17	39	3.01	30	1.66	0	0	0	30	22
2024	0	0	79	0	79	0	0	0	.0	17	34	3.21	28	1.77	0	0	0	28	19
2025	0	0	73	0	73	0	0	0	.0	17	30	3.44	26	1.85	0	0	0	26	16
2026	0	0	68	0	68	0	0	0	.0	18	27	3.69	24	1.96	0	0	0	24	13
2027	0	0	63	0	63	0	0	0	.0	18	24	3.99	21	2.03	0	0	0	21	11
2028	0	0	58	0	58	0	0	0	.0	18	21	4.33	19	2.06	0	0	0	19	9
2029	0	0	54	0	54	0	0	0	.0	19	19	4.72	16	2.04	0	0	0	16	7
2030	0	0	49	0	49	0	0	0	.0	19	17	5.17	13	1.95	0	0	0	13	5
2031	0	0	45	0	45	0	0	0	.0	19	15	5.69	11	1.80	0	0	0	11	4
2032	0	0	42	0	42	0	0	0	.0	20	13	6.29	9	1.66	0	0	0	9	3
2033	0	0	39	0	39	0	0	0	.0	20	12	6.99	7	1.46	0	0	0	7	2
2034	0	0	36	0	36	0	0	0	.0	21	10	7.80	5	1.19	0	0	0	5	1
SUB	0	0	851	0	851	0	0	0	.0	248	337		266		0	0	0	266	158
RBM	153	0	33	0	33	0	0	0	.0	21	9		3		0	0	21	-18	-4
TOT	153	0	884	0	884	0	0	0	.0	269	346		269		0	0	21	248	154

NET PRESENT VALUE (-\$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	268810	202829	174566	159033	145602	128634	106708
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	20846	9914	6451	4876	3704	2475	1293
Future Net Revenue	247943	192915	168115	154157	141898	126159	105415

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	FR After Roy & Oper	Capital Costs	Future Net Rev
% Interest	13.6	13.6					
% of Future Revenue			.0	69.6	30.4	.0	28.0

PROFITABILITY

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	n/a
Profit Index (undisc.)	n/a
(disc. @ 10.0%)	n/a
(disc. @ 5.0%)	n/a
First Payout (years)	n/a
Total Payout (years)	n/a
Cost of Finding (\$/BOE)	n/a
NPV @ 10.0% (\$/MCF)	1.00
NPV @ 5.0% (\$/MCF)	1.25

MISANO ADRIATICO GAS CONCESSION
ONSHORE, ITALY
INDEX

Discussion

Property Description
Geology
Reserves
Production
Product Prices
Capital Expenditures
Operating Costs
Economics

Attachments

Figure 1: Misano Adriatico Gas Concessions – Land Map

Table 1: Schedule of Lands, Interests and Royalty Burdens

Figure 2: a) Regional Geology
b) Stratigraphic Chart

Table 2: Summary of Reserves

Figure 3: Production History Graph – Proved Developed Producing
a) Misano Adriatico, Production and Forecast Plot (Summary of Decline Analysis)

Figure 4: Production History Graph – Proved Plus Probable Developed Producing
a) Misano Adriatico, Production and Forecast Plot (Summary of Decline Analysis)

Table 3: Summary of Anticipated Capital Expenditures
a) Development
b) Abandonment and Restoration

Table 4: Summary of Company Reserves and Economics

Consolidated Cash Flows

a) Total Proved Developed Producing
b) Total Proved Plus Probable Developed Producing

**MISANO ADRIATICO GAS CONCESSION
ONSHORE ITALY
DISCUSSION**

Property Description

The Company owns 100% working interest in the Misano Adriatico gas concession covering approximately 642 acres, and located onshore Italy along the Adriatic coast. This concession was scheduled to expire in 2020 but an extension has been granted based on the remaining reserves.

A map showing the Misano Adriatico concession location is presented in Figure 1a, and a description of the ownership is presented in Table 1.

Geology

The regional geology of Italy as shown in Fig 2a places the company's properties in the on-land shallow depths of the Apenninic Foredeep basin.

The Apennines are the consequences of the subduction of three types of lithosphere with different characteristics, but pertaining to the same Adriatic plate.¹

1. In the north central Apennines, thin continental lithosphere at the surface in the foreland, and probably thinner at depth, occurs
2. In the southern Apennines, thick continental lithosphere occurs in the foreland, whereas probably old oceanic lithosphere constitutes the slab at depth to the west (northern prologation of the Ionian Mesozoic basin)
3. In the southern sector, offshore Calabria, old oceanic Ionian lithosphere occurs both in the foreland and at depth.

The Misano Adriatico exploration play has gas resources in the Cenozoic Upper Tertiary Pliocene sand levels as represented in the Stratigraphic Column of Fig 2b.

¹ 'An Introduction To The Italian Geology' – Carlo Doglioni and Giovanni Flores, 1997

Reserves

Total gross proved developed producing conventional non-associated marketable gas reserves of 93 MMscf have been estimated for the one producing gas well. This estimate is based on a conservative production decline analysis as presented in Figure 3a.

Gross probable additional developed producing conventional non-associated marketable gas reserves of 46 MMscf have been estimated for the same well based on the best fit production decline analysis, as presented in Figure 4a.

Production

The Misano Adriatico gas concession is being produced from well Misano 2 which is currently producing 36 Mscf/d.

Product Prices

An average 2020 gas price of \$4.15/Mscf has been used for this area based on information provided by the Company, which reflects a correlation to World Bank European posted gas prices.

Capital Expenditures

There are no forecasted capital expenditures as presented in Table 3a.

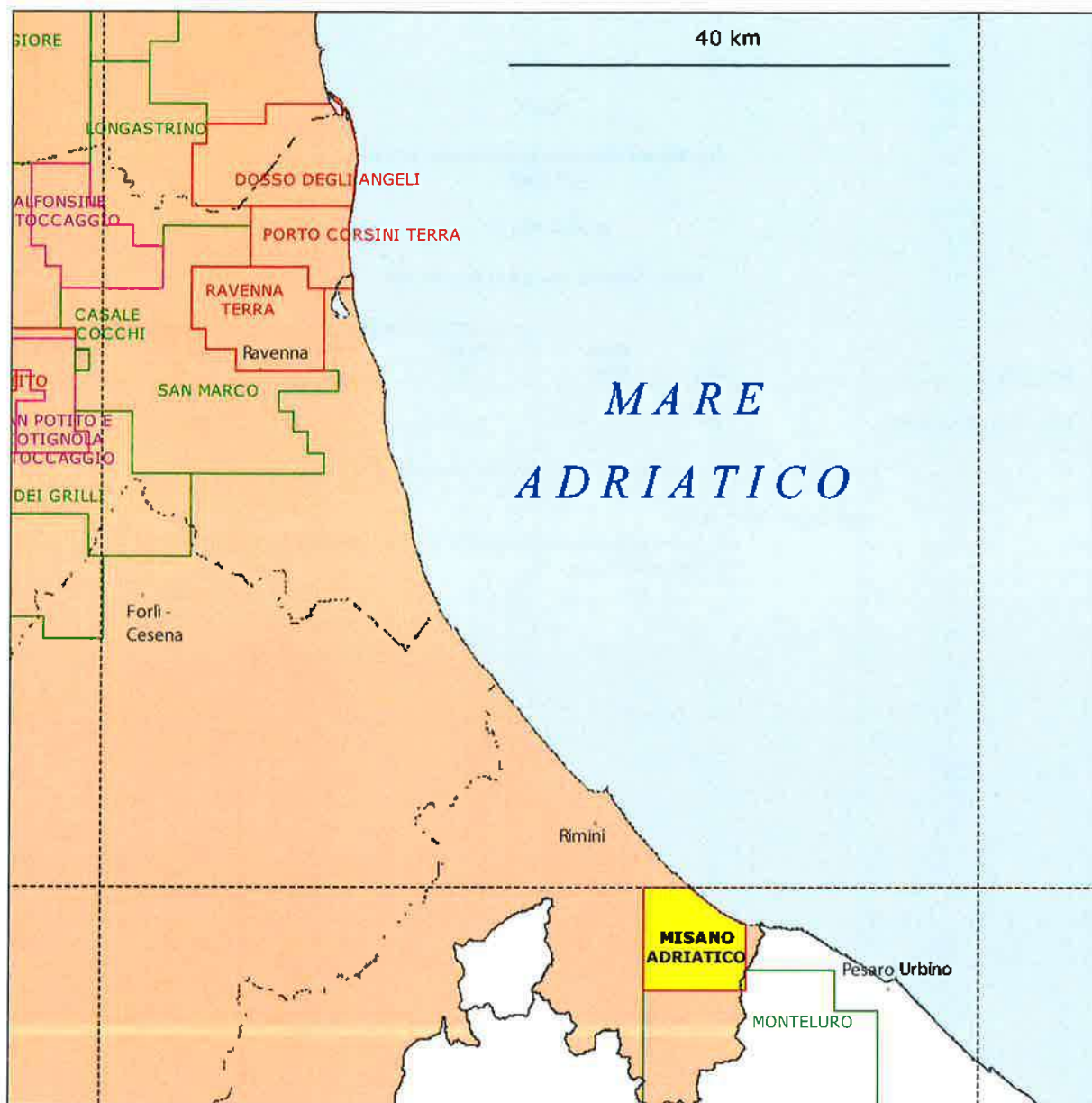
Total abandonment and reclamation liabilities of \$57,000 (\$57,000 net to the Company) have been estimated based on a reasonable expectation for these types of wells. The abandonment and site reclamation costs are presented in Table 3b.

Operating Costs

Operating costs for this area have been estimated to be \$706 per well per month plus \$1.95/Mscf, based on information provided by the Company.

Economics

An economic summary is presented on Table 4 and the results of our economic analysis are presented on Tables 4a and 4b.



ZENITH ENERGY LTD.

**MISANO ADRIATICO
CONCESSION**

**EMILIA ROMAGNA REGION, ITALY
LAND MAP**

APR. 2020

JOB No. 6688

FIGURE No. 1

Table 1

Schedule of Lands, Interests and Royalty Burdens
April 1, 2020

Zenith Energy Ltd.

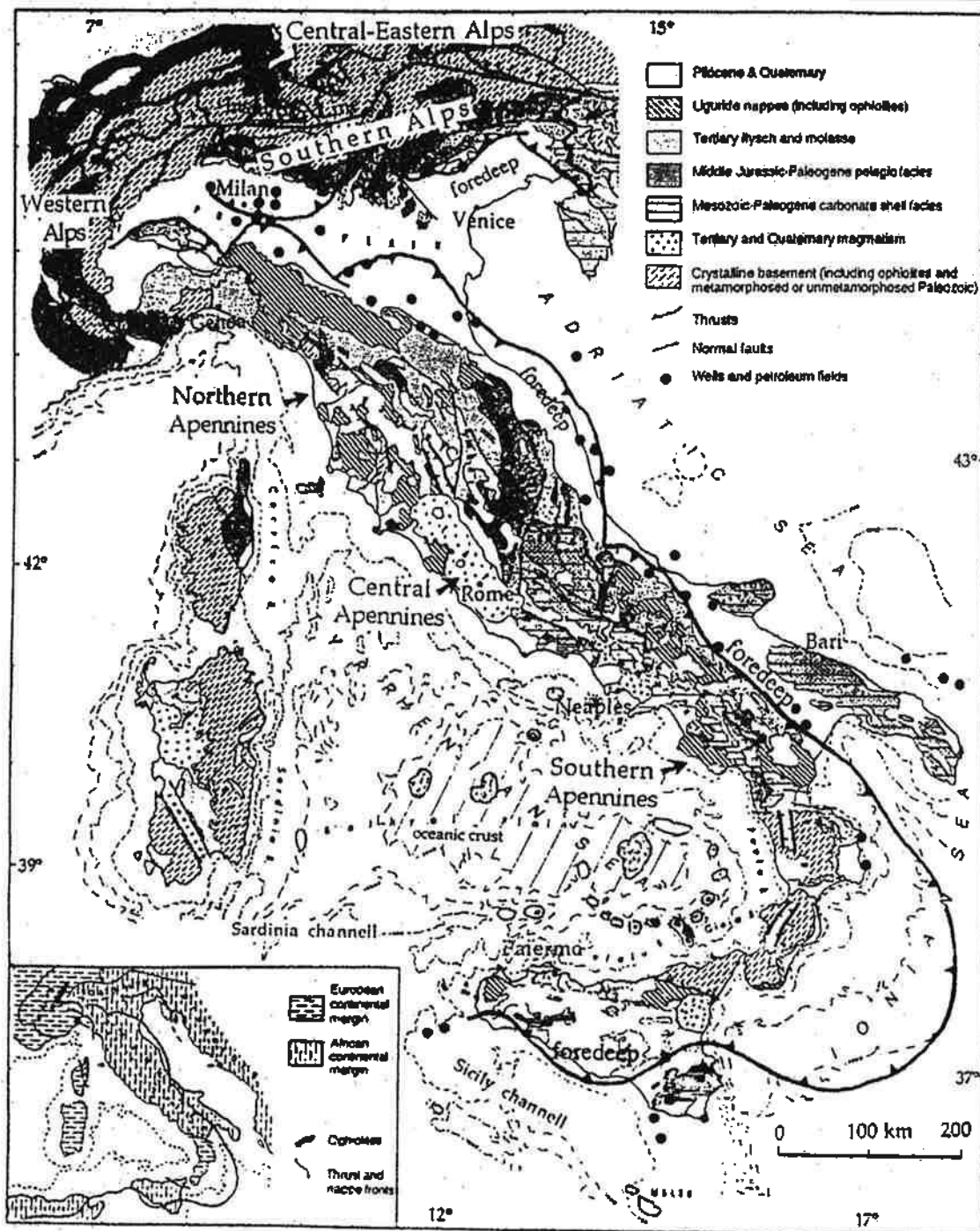
Misano Adriatico Concession, Onshore Italy

Description	Rights Owned	Gross Acres	Appraised Interest		Royalty Burdens	
			Working %	Royalty %	Basic %	Overriding %
Misano Adriatico Concession	[A]	642	100.0000	-	7.0000	[1]

General Notes : [1] Only if over 25 million cubic meters annually (892.9 MMCF), 0% at forecast rates.

Rights Owned : [A] All P&NG.

This Concession is scheduled to expire in 2020 but an extension is expected to be granted based on the remaining reserves.



Source: Doglioni and Flores, *An Introduction to the Italian Geology*, 1997

ZENITH ENERGY LTD.

**ITALY
REGIONAL GEOLOGY**

APR. 2020 JOB No. 6688 FIGURE No. 2a

System	Series	Stage	Age (Ma)
Quaternary	Pleistocene	Gelasian	younger
Neogene	Pliocene	Piacenzian	2.588–3.600
		Zanclean	3.600–5.332
	Miocene	Messinian	5.332–7.246
		Tortonian	7.246–11.608
		Serravallian	11.608–13.65
		Langhian	13.65–15.97
		Burdigalian	15.97–20.43
		Aquitania	20.43–23.03
Paleogene	Oligocene	Chattian	older

ZONES OF INTEREST



← GAS ZONE

← GAS ZONE

← GAS ZONE

ZENITH ENERGY LTD.

ITALY

STRATIGRAPHIC CHART

APR. 2020

JOB No. 6688

FIGURE No. 2b

Table 2

Summary of Gross Reserves
April 1, 2020

Zenith Energy Ltd.

Misano Adriatico Concession, Onshore Italy

Description		Current or Initial Rate <i>(Mscf/d)</i>	Ultimate RGIP <i>(MMscf)</i>	Cumulative Production <i>(MMscf)</i>	Remaining RGIP (raw) <i>(MMscf)</i>	Remaining RGIP (sales) <i>(MMscf)</i>	Remaining NGLs <i>(MMbbls)</i>	Reference
<u>Proved Developed Producing</u>								
Misano Adriatico Concession	Misano 2	36	537	439	98	93	0	Fig 3a
	Total Proved	36	537	439	98	93	0	
<u>Probable Incremental</u>								
Misano Adriatico Concession	Misano 2 (Incr.)	0	48	0	48	46	0	Fig 4a
	Total Probable	0	48	0	48	46	0	
	Total Proved Plus Probable	36	585	439	146	139	0	

PRODUCTION HISTORY

Proved Developed Producing

Misano-Adriatico

Field: Misano-Adriatico
Formation: Misano-Adriatico

* Number of Wells^{BS}
• CondGR, Bbl/MMscf x 0.1
• OGR, STB/MMscf x 0.1
+ WGR, Bbl/MMscf x 0.1
- Daily Gas, Mscf/d



Figure 3a

PRODUCTION HISTORY

Proved Plus Probable

Misano-Adriatico

Field: Misano-Adriatico
Formation: Misano-Adriatico

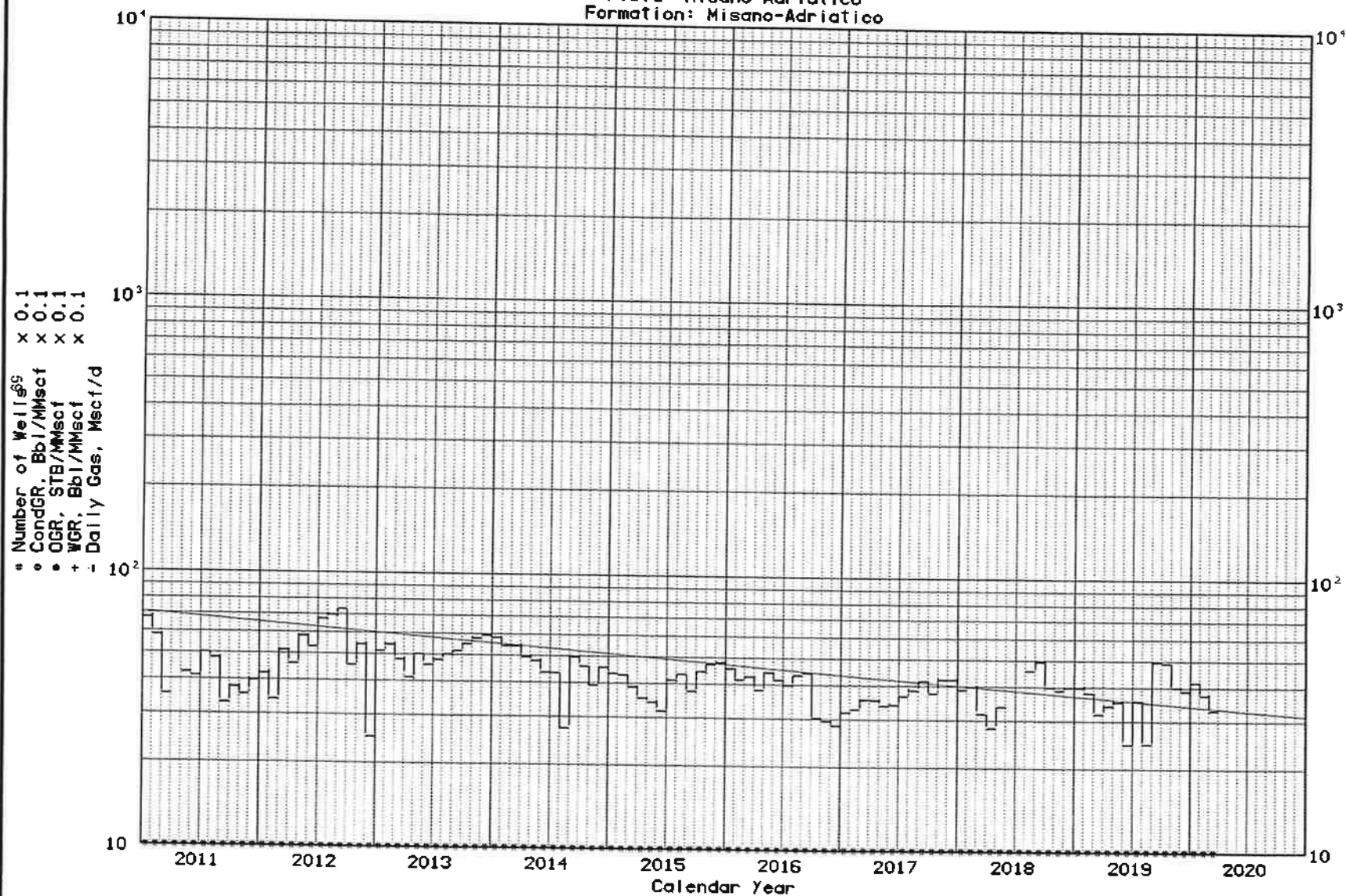


Figure 4a

Table 3a

**Summary of Anticipated Capital Expenditures
Development**

April 1, 2020

Zenith Energy Ltd.

Misano Adriatico Concession, Onshore Italy

Description	Date	Operation	Capital Interest %	Gross Capital M\$	Net Capital M\$
No anticipated capital expenditures.					

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

April 1, 2020

Zenith Energy Ltd.

Misano Adriatico Concession, Onshore Italy

<u>Description</u>	<u>Well Parameters</u>	<u>Capital Interest %</u>	<u>Gross Capital M\$</u>	<u>Net Capital M\$</u>
Misano Adriatico Concession	Abandon 1 gas well, reclaim the land	100.0000	57	57
	Total Abandonment and Restoration		57	57

Note: M\$ means thousands of dollars.

The above capital values are expressed in terms of current dollar values without escalation.

Table 4
Summary of Company Reserves and Economics
Before Income Tax
April 1, 2020

Forecast Prices & Costs

Zenith Energy Ltd.
Misano Adriatico Concession, Italy

		Net To Appraised Interest											
		Reserves						Cumulative Cash Flow (BIT) - MUSS					
		Light and Medium Oil		Conventional Natural gas		NGL		Discounted at:					
		MSTB		MMscf		Mbbbls							
		Gross	Net	Gross	Net	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year	
Description													
Proved Developed Producing													
Misano-2		Incr.	0	0	93	93	0	0	211	181	151	126	107
Total Proved Developed Producing			0	0	93	93	0	0	211	181	151	126	107
Probable													
Probable Developed Producing													
Misano-2		Incr.	0	0	46	46	0	0	257	146	84	52	35
Total Probable Developed Producing			0	0	46	46	0	0	257	146	84	52	35
Total Proved Plus Probable			0	0	139	139	0	0	468	327	235	178	142

MUS\$ means thousands of United States dollars.

Gross reserves are the total of the Company's working interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 4a

EVALUATION OF: Misano Adriatico Concession, Onshore Italy - Proved Developed Producing

 BRGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 6688
 EFF:01-APR-2020 DISC:01-APR-2020 PROD:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 0:12
 FILE: Gmippi1.DAT

 WELL/LOCATION - Misano-2
 EVALUATED BY -
 COMPANY EVALUATED - Zenith Energy Ltd.
 APPRAISAL FOR -
 PROJECT - FORECAST PRICES & COSTS

 TRACT FACTOR - 100.0000 %
 UPL POOL RESERVES - 98 MMCF
 PRODUCTION TO DATE - N/A
 DECLINE INDICATOR - EXPONENTIAL

 TOTAL ABANDONMENT - 83038 - \$ (2040)
 NOTE: ECONOMIC LIMIT OCCURS IN 2040

INTEREST

AVG MI 100.0000%

ROYALTIES/TAXES

STATE

Sales Gas						
MMCF						
Pool Company Share						
Year	# of Wells	Price \$/MCF	MCF/D	Vol	Gross	Net
2020	1	4.15	32.3	9	9	9
2021	1	5.49	29.1	10	10	10
2022	1	5.49	25.9	9	9	9
2023	1	6.16	23.1	8	8	8
2024	1	6.56	20.5	7	7	7
2025	1	6.96	18.2	7	7	7
2026	1	7.44	16.2	6	6	6
2027	1	7.93	14.4	5	5	5
2028	1	8.41	12.8	5	5	5
2029	1	8.89	11.4	4	4	4
2030	1	9.37	10.2	4	4	4
2031	1	9.86	9.0	3	3	3
2032	1	10.47	8.0	3	3	3
2033	1	11.13	7.1	3	3	3
2034	1	11.84	6.4	2	2	2
SUB				85	85	85
REM				8	8	8
TOT				93	93	93

P/T =

COMPANY SHARE FUTURE NET REVENUE

Year	Capital & Aband Costs - \$	Future Revenue (FR)				Royalties			Operating Costs			FR After Roy & Oper - \$	Net back \$/MCF	Procc Other Income - \$	Cap'l Costs - \$	Aband Costs - \$	Future Net Rev	
		Oil - \$	Sale Gas - \$	Products - \$	Total - \$	State - \$	Other - \$	Mineral - \$	Fixed - \$	Variable - \$	\$/MCF						Undisc - \$	10.0% - \$
2020	0	0	36312	0	36312	0	0	0	0	6290	17957	2.77	12066	1.38	0	0	12066	11640
2021	0	0	57587	0	57587	0	0	0	0	8523	21962	2.91	27102	2.58	0	0	27102	24050
2022	0	0	54969	0	54969	0	0	0	0	8694	19925	3.07	26350	2.82	0	0	26350	21257
2023	0	0	51114	0	51114	0	0	0	0	8867	18076	3.25	24170	2.91	0	0	24170	17726
2024	0	0	48428	0	48428	0	0	0	0	9045	16400	3.45	22984	3.11	0	0	22984	15324
2025	0	0	45711	0	45711	0	0	0	0	9226	14878	3.67	21607	3.29	0	0	21607	13096
2026	0	0	43472	0	43472	0	0	0	0	9410	13498	3.92	20564	3.52	0	0	20564	11331
2027	0	0	41170	0	41170	0	0	0	0	9598	12246	4.21	19326	3.72	0	0	19326	9681
2028	0	0	38845	0	38845	0	0	0	0	9790	11110	4.52	17945	3.88	0	0	17945	8172
2029	0	0	36531	0	36531	0	0	0	0	9986	10079	4.88	16466	4.01	0	0	16466	6817
2030	0	0	34254	0	34254	0	0	0	0	10186	9144	5.29	14924	4.08	0	0	14924	5617
2031	0	0	32034	0	32034	0	0	0	0	10390	8296	5.75	13349	4.11	0	0	13349	4567
2032	0	0	30274	0	30274	0	0	0	0	10597	7526	6.27	12150	4.20	0	0	12150	3779
2033	0	0	28614	0	28614	0	0	0	0	10809	6628	6.86	10976	4.27	0	0	10976	3104
2034	0	0	27074	0	27074	0	0	0	0	11025	6195	7.53	9853	4.31	0	0	9853	2533
SUB	0	0	606391	0	606391	0	0	0	0	142437	194120		269833	0	0	0	269833	158692
REM	83038	0	106267	0	106267	0	0	0	0	58525	23349		24394	0	0	83038	-58645	-8158
TOT	83038	0	712658	0	712658	0	0	0	0	300962	217469		294227	0	0	83038	211188	150534

NET PRESENT VALUE (-\$)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	294227	213201	180899	163787	149366	131643	109555
Procc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	83038	32457	18869	13253	9360	5632	2482
Future Net Revenue	211188	180744	162029	150534	139298	126011	107073

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	FR After Roy & Oper	Capital Costs	Future Net Rev
% Interest	100.0	100.0					
% of Future Revenue			0	58.7	41.3	0	29.6

PROFITABILITY

COMPANY SHARE BASIS		Before Tax
Rate of Return (%)		n/a
Profit Index (undisc.)		n/a
(disc. @ 10.0%)		n/a
(disc. @ 5.0%)		n/a
First Payout (years)		n/a
Total Payout (years)		n/a
Cost of Finding (\$/BOE)		n/a
NPV @ 10.0% (\$/MCF)		1.61
NPV @ 5.0% (\$/MCF)		1.94

Table 4b

EVALUATION OF: Misano Adriatico Concession, Onshore Italy - Proved Plus Probable Developed F

 ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 5688
 BPP:01-APR-2020 DISC:01-APR-2020 PROD:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 0:13
 FILE: GMRAL.DAT

 WELL/LOCATION : Misano-2
 EVALUATED BY :
 COMPANY EVALUATED : Zenith Energy Ltd.
 APPRAISAL FOR :
 PROJECT : FORECAST PRICES & COSTS

 TRACT FACTOR : 100.0000 %
 UPL POOL RESERVES : 146 MMCF
 PRODUCTION TO DATE : N/A
 DECLINE INDICATOR : EXPONENTIAL

 TOTAL ABANDONMENT : 101 -M\$- (2050)
 NOTE: ECONOMIC LIMIT OCCURS IN 2050

INTEREST

AVG MI 100.0000%

ROYALTIES/TAXES

STATE

Year	# of Wells	Price \$/MCP	Salon Gas		Company Share	
			MMCF		Gross	
			MCF/D	Vol	Gross	Net
2020	1	4.15	32.7	9	9	9
2021	1	5.49	30.6	11	11	11
2022	1	5.89	28.2	10	10	10
2023	1	6.16	26.1	9	9	9
2024	1	6.56	24.1	9	9	9
2025	1	6.96	22.3	8	8	8
2026	1	7.44	20.6	7	7	7
2027	1	7.93	19.0	7	7	7
2028	1	8.41	17.6	6	6	6
2029	1	8.89	16.2	5	5	5
2030	1	9.37	15.0	5	5	5
2031	1	9.86	13.9	5	5	5
2032	1	10.47	12.8	5	5	5
2033	1	11.13	11.8	4	4	4
2034	1	11.84	10.9	4	4	4
SUB				106	106	106
RBM				33	33	33
TOT				139	139	139

P/T - COMPANY SHARE FUTURE NET REVENUE

Year	Capital & Aband Costs -M\$-	Future Revenue (PR)				Royalties				Operating Costs			PR After Roy & Oper -M\$-	Net back -M\$-	Proc'd Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	Sale Gas -M\$-	Products -M\$-	Total -M\$-	State -M\$-	Other -M\$-	Mineral -M\$-	-M\$-	Fixed -M\$-	Variable -M\$-	\$/MCF						Undisc -M\$-	10.0% -M\$-
2020	0	0	37	0	37	0	0	0	0	6	18	2.76	12	1.39	0	0	0	12	12
2021	0	0	60	0	60	0	0	0	0	9	23	2.87	29	2.62	0	0	0	29	26
2022	0	0	60	0	60	0	0	0	0	9	22	2.99	29	2.90	0	0	0	29	24
2023	0	0	58	0	58	0	0	0	0	9	20	3.12	29	3.04	0	0	0	29	21
2024	0	0	57	0	57	0	0	0	0	9	19	3.26	29	3.30	0	0	0	29	19
2025	0	0	56	0	56	0	0	0	0	9	18	3.42	28	3.55	0	0	0	28	17
2026	0	0	55	0	55	0	0	0	0	9	17	3.58	29	3.86	0	0	0	29	16
2027	0	0	54	0	54	0	0	0	0	10	16	3.76	29	4.17	0	0	0	29	14
2028	0	0	53	0	53	0	0	0	0	10	15	3.95	28	4.46	0	0	0	28	13
2029	0	0	52	0	52	0	0	0	0	10	14	4.16	28	4.73	0	0	0	28	11
2030	0	0	51	0	51	0	0	0	0	10	14	4.39	27	4.98	0	0	0	27	10
2031	0	0	49	0	49	0	0	0	0	10	13	4.63	26	5.22	0	0	0	26	9
2032	0	0	48	0	48	0	0	0	0	11	12	4.90	26	5.57	0	0	0	26	8
2033	0	0	47	0	47	0	0	0	0	11	11	5.19	25	5.93	0	0	0	25	7
2034	0	0	47	0	47	0	0	0	0	11	11	5.51	25	6.33	0	0	0	25	6
SUB	0	0	784	0	784	0	0	0	0	142	244		398		0	0	0	398	213
RBM	101	0	468	0	468	0	0	0	0	194	103		171		0	0	101	70	22
TOT	101	0	1253	0	1253	0	0	0	0	337	347		569		0	0	101	468	235

NET PRESENT VALUE (-M\$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
PR After Roy & Oper.	569	351	277	241	213	180	142
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	101	24	11	6	4	2	0
Future Net Revenue	468	327	267	235	209	178	142

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	PR After Roy & Oper	Capital Costs	Future Net Rev
% Interest	100.0	100.0	0	54.6	45.4	0	37.3
% of Future Revenue							

PROFITABILITY

COMPANY SHARE BASIS		Before Tax
Rate of Return (%)		n/a
Profit Index (undisc.)		n/a
(disc. @ 10.0%)		n/a
(disc. @ 5.0%)		n/a
First Payout (years)		n/a
Total Payout (years)		n/a
Cost of Finding (\$/BOB)		n/a
NPV @ 10.0% (\$/MCF)		1.69
NPV @ 5.0% (\$/MCF)		2.35

TORRENTE CIGNO GAS CONCESSION
ONSHORE, ITALY
INDEX

Discussion

Property Description
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Reserves
Production
Product Prices
Capital Expenditures
Operating Costs
Economics

Attachments

Figure 1: Torrente Cigno Gas Concession – Land and Well Map

Table 1: Schedule of Lands, Interests and Royalty Burdens

Figure 2: a) Regional Geology
b) Stratigraphic Chart
c) Masseria Vincelli Structure

Table 2: Summary of Reserves

Proved and Proved Plus Probable Developed Producing

a) MV 1, Appulian Carbonates

Proved Plus Probable

b) MV 1 and MV 2, Appulian Carbonates

Figure 3: Production History Graph – Proved Developed Producing

a) Masseria Vincelli 1, Production and Forecast Plot (Summary of Decline Analysis)

Figure 4: Production History Graph – Proved Developed Producing

a) Masseria Vincelli 1, Production and Forecast Plot (Summary of Decline Analysis)

Table 3: Summary of Anticipated Capital Expenditures

a) Development
b) Abandonment and Restoration

Table 4: Summary of Company Reserves and Economics

Consolidated Cash Flows

a) Masseria Vincelli 1 – Proved Developed Producing
b) Total Proved Plus Probable

Individual Cash Flows

- c) Masseria Vincelli 1 – Proved Plus Probable Developed Producing
- d) Hz Loc. Masseria Vincelli 2 – Probable Undeveloped

**TORRENTE CIGNO GAS CONCESSION
ONSHORE ITALY
DISCUSSION**

Property Description

The Company owns 45% working interest in the Torrente Cigno gas concession covering approximately 2,545 acres, and located onshore Italy along the Adriatic coast. The Company owns a 100% working interest in an electrical generation facility which utilizes gas from wells in this concession. The partner's raw gas, including condensate, is purchased at the facility intake. This concession expires in 2029, but can be extended, in order to align with the Company's additional development plans.

A map showing the Torrente Cigno concession location is presented in Figure 1a, and a description of the ownership is presented in Table 1.

Geology

The regional geology of Italy as shown in Figure 2a places the company's properties in the on-land shallow depths of the Apenninic Foredeep basin.

The Apennines are the consequences of the subduction of three types of lithosphere with different characteristics, but pertaining to the same Adriatic plate.¹

1. In the north central Apennines, thin continental lithosphere at the surface in the foreland, and probably thinner at depth, occurs
2. In the southern Apennines, thick continental lithosphere occurs in the foreland, whereas probably old oceanic lithosphere constitutes the slab at depth to the west (northern prologation of the Ionian Mesozoic basin)
3. In the southern sector, offshore Calabria, old oceanic Ionian lithosphere occurs both in the foreland and at depth.

¹ 'An Introduction To The Italian Geology' – Carlo Doglioni and Giovanni Flores, 1997

The Torrente Cigno exploration play has gas resources from a subcropping sequence of carbonates beneath a significant unconformity below the base Pliocene, as represented in the Stratigraphic Column of Figure 2b and as seen in the structure of Figure 2c.

Reserves

Total gross proved developed producing conventional non-associated marketable gas reserves of 788 MMscf and 11.0 Mbbl of condensate have been estimated for the one producing gas well Masseria Vincelli 1. These estimates are based on volumetric analyses as presented in Table 2a.

Gross probable additional developed producing conventional non-associated marketable gas reserves of 1,439 MMscf and 26 Mbbl of condensate have been estimated for the same MV1 well based on a volumetric analysis assuming an improved drainage area and slightly higher condensate/gas ratio, as presented in Table 2a.

Probable undeveloped gas reserves of 13,413 MMscf and 216 Mbbl of condensate have been estimated for an offset horizontal well location (Masseria Vincelli 2) based on volumetric analysis based on reservoir parameters as shown in Table 2b. (This table reflects the reserves of the total accumulation.)

Production

The Masseria Vincelli 1 well is located in the southern part of Torrente Cigno concession. The MV1 well is producing from the top of the Apulian platform carbonates belonging to or oligo-Miocene transgressive deposits. The well came into production during the month of October 2002.

The well Masseria Vincelli 1 is currently producing at a fairly constant rate of 458 Mscf/d into the Company's electrical generation facility. This production rate is predicted to be constant for the next six years to maintain operation of a single 1.4 MWh unit before commencing a decline.

The offset probable horizontal well location Masseria Vincelli 2 is expected to be drilled in 2021 and produce at a rate of 1,000 Mscf/d which will maintain the operation of the other three 1.4 MWh units at the electrical generation facility for a number of years. Later in life, as the well declines, non utilized units will be taken off line.

Product Prices

A net effective gas price for 2020 of \$3.43/Mscf has been established for this property based on the revenues generated from the electricity generation facility and correlated to the World Bank European gas price forecast. This price accounts for a deduction of \$1.58/Mscf off the total sales volume to account for the purchase of the partner's 55% share of the gas.

Condensate is sold for \$64.57/Bbl.

Capital Expenditures

Total capital expenditures of \$3,333,000 (\$1,500,000 net to the Company) have been estimated for the drilling, testing, completion, and tie-in of one new well, as presented in Table 3a.

Total abandonment liabilities of \$114,000 (\$51,300 net to the Company) have been estimated based on a reasonable expectation for these types of wells. The abandonment and site reclamation costs are presented in Table 3b.

Operating Costs

Operating costs for the wells and facility combined have been estimated to be \$9,887 per month, plus \$0.79/Mscf net to the Company, based on revenue and expense statements provided. These costs account for the reimbursement of well and gas handling costs from the 55% WI partner and costs relating to condensate production and sales.

Economics

An economic summary is presented on Table 4 and the results of our economic analysis are presented on Tables 4a through 4d.

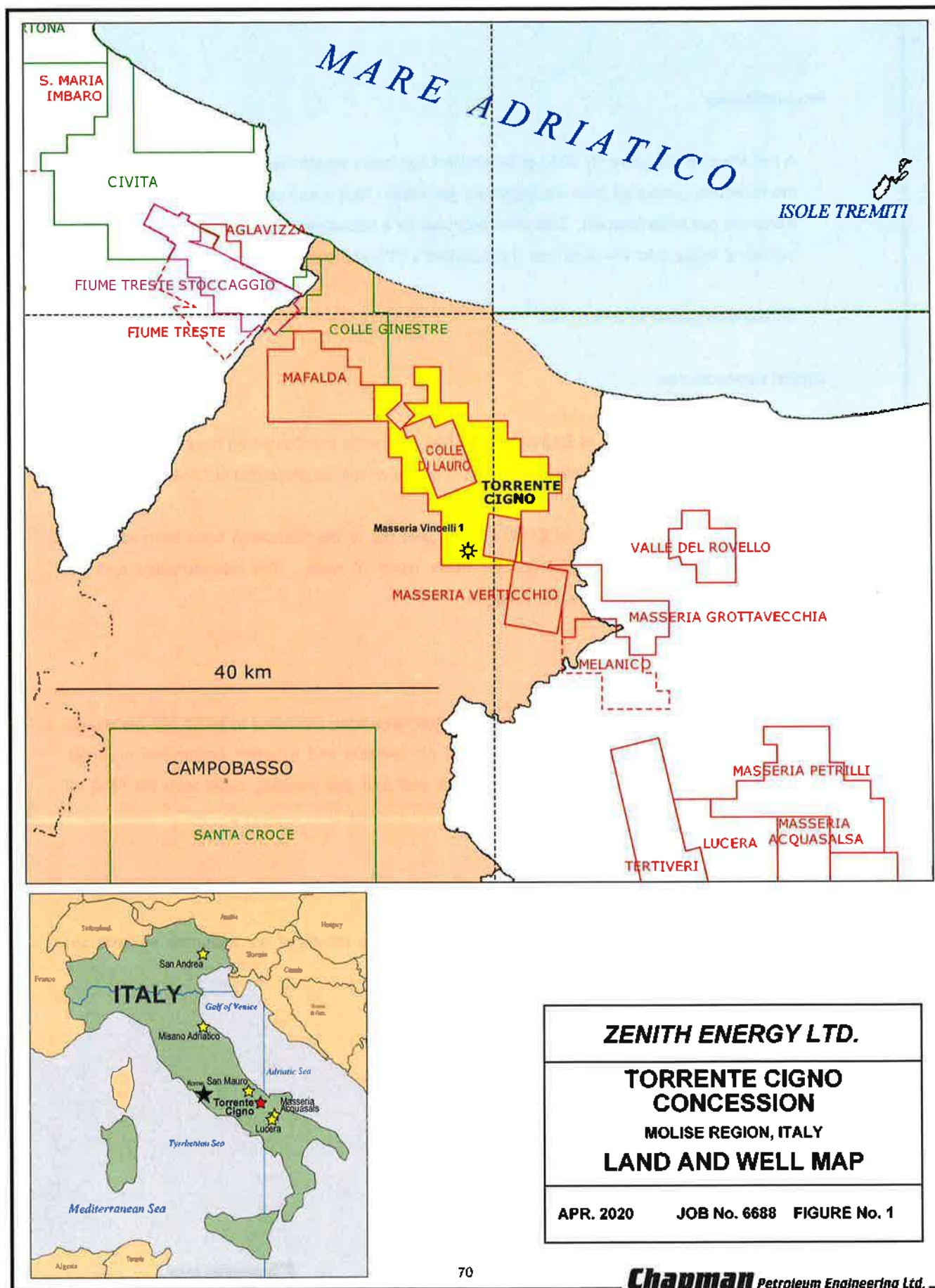


Table 1

Schedule of Lands, Interests and Royalty Burdens
April 1, 2020

Zenith Energy Ltd.

Torrenta Cigno Concession, Onshore Italy

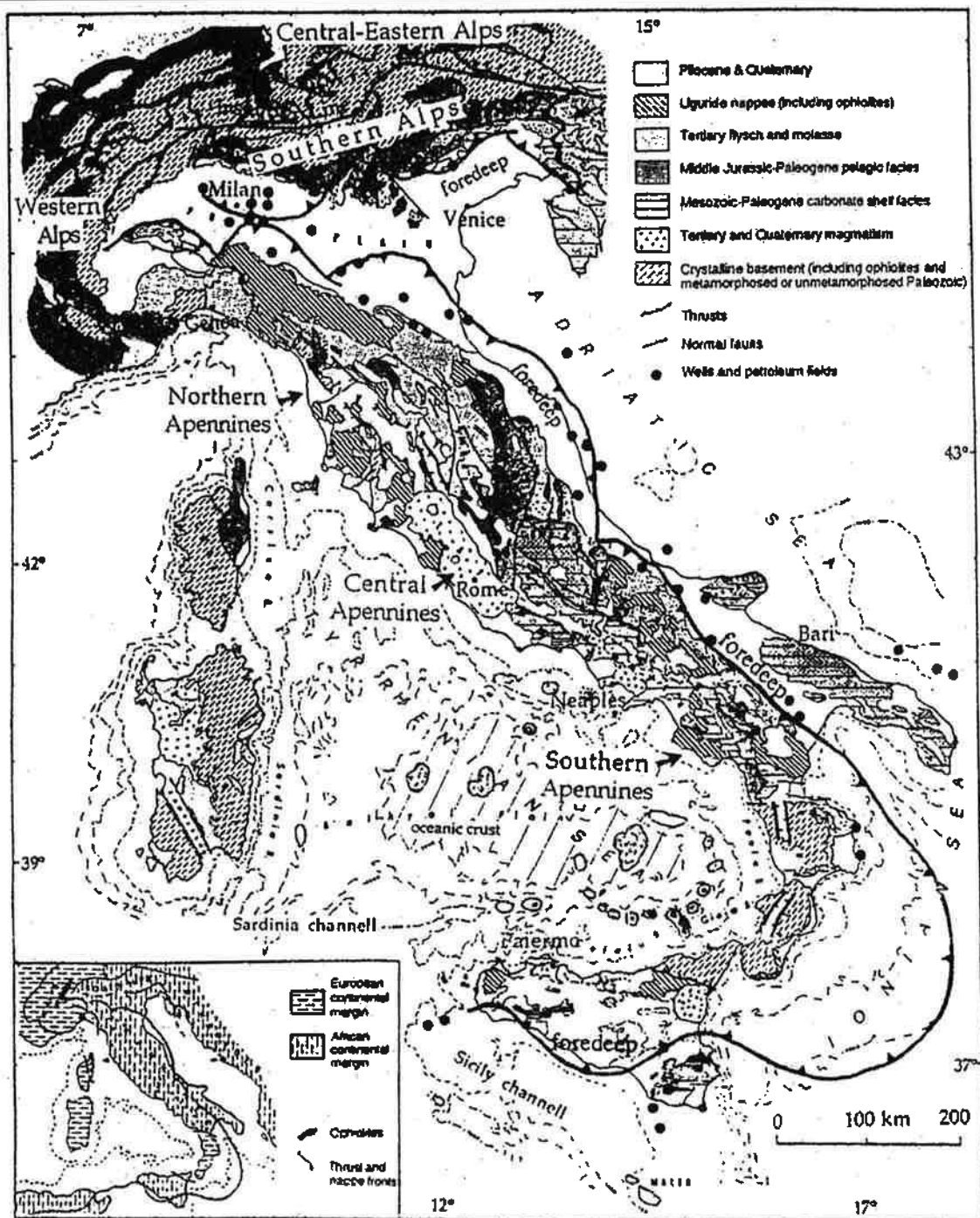
<u>Description</u>	<u>Rights Owned</u>	<u>Gross Acres</u>	<u>Appraised Interest</u>		<u>Royalty Burdens</u>	
			<u>Working %</u>	<u>Royalty %</u>	<u>Basic %</u>	<u>Overriding %</u>
Masseria Vincelli 1	[A]	2,545	45.0000	-	7.0000	[1]
Masseria Vincelli 2 (Location)						

General Notes : [1] If over 25 million cubic meters annually (882.9 MMCF)

[2] This gas is used for electrical generation from the Company's 100% owned facility and revenue from electricity sales is realized by the Company at 100%.

Rights Owned : [A] All P&NG.

This concession is scheduled to expire in 2019. An extension is expected to be granted to align with the Company's additional development plans.



Source: Doglioni and Flores, *An Introduction to the Italian Geology*, 1997

ZENITH ENERGY LTD.

ITALY
REGIONAL GEOLOGY

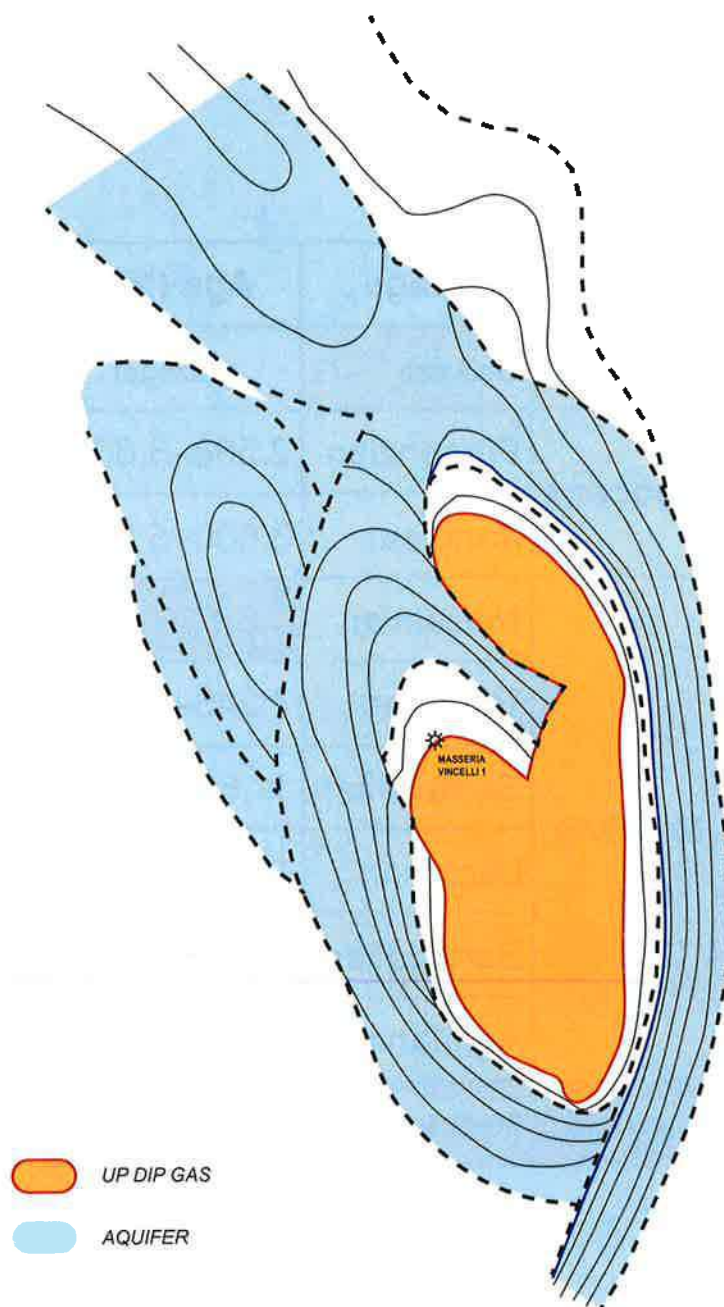
APR. 2020 JOB No. 6688 FIGURE No. 2a

System	Series	Stage	Age (Ma)	
Quaternary	Pleistocene	Gelasian	younger	
Neogene	Pliocene	Piacenzian	2.588–3.600	← GAS ZONE
		Zanclean	3.600–5.332	← GAS ZONE
	Miocene	Messinian	5.332–7.246	← GAS ZONE
		Tortonian	7.246–11.608	↑ ZONE OF INTEREST
		Serravallian	11.608–13.65	
		Langhian	13.65–15.97	
		Burdigalian	15.97–20.43	
		Aquitania	20.43–23.03	
Paleogene	Oligocene	Chattian	older	

ZENITH ENERGY LTD.

ITALY
STRATIGRAPHIC CHART

APR. 2020 JOB No. 6688 FIGURE No. 2b



 UP DIP GAS
 AQUIFER

ZENITH ENERGY LTD.

**TORRENTE CIGNO
CONCESSION**

MOLISE REGION, ITALY

MASSERIA VINCELLI STRUCTURE

APR. 2020

JOB No. 6688

FIGURE No. 2c

Table 2

Summary of Gross Reserves
April 1, 2020

Zenith Energy Ltd.

Torrente Cigno Concession, Onashore Italy

Description		Current or Initial Rate	Ultimate RGIP	Cumulative Production	Remaining RGIP (raw)	Remaining RGIP (sales)	Remaining NGLs	Reference
		Mscf/d	(MMscf)	(MMscf)	(MMscf)	(MMscf)	(MMbbls)	
<u>Proved Developed Producing</u>								
Torrente Cigno Concession	Masseria Vincelli 1	458	3,100	2,253	847	788	11	Fig 3a & Table 2a
Total Proved			3,100	2,253	847	788	11	
<u>Probable Developed Producing</u>								
Torrente Cigno Concession	Masseria Vincelli 1 (incr.)		1,547	0	1,547	1,439	26	Fig 4a & Table 2a
<u>Probable Undeveloped</u>								
Torrente Cigno Concession	HZ Loc. Masseria Vincelli 2	1,000	Mar 21 14,423	0	14,423	13,413	216	Table 2b
Total Probable			15,970	0	15,970	14,852	242	
Total Proved Plus Probable			19,070	2,253	16,817	16,640	253	

Table 2a

SUMMARY OF GROSS RESERVES AND RESERVOIR PARAMETERS
April 1, 2020

Torrente Cigno, Italy

	MV-1	
	Apulian Carbonates (1)	
	Proved	Proved
PRODUCT TYPE	Developed Producing	Plus Probable
Non-Associated Gas		
RESERVOIR PARAMETERS		
Reservoir Pressure, psia	2,946	2,946
Reservoir Temperature, deg F	134	134
Average Porosity, %	15.0	15.0
Average Water Saturation, %	30.0	30.0
Compressibility Factor, Z	0.798	0.798
Petroleum Initially-in-Place, Mscf/ac.ft	1009.0	1008.5
Reservoir Loss, %	40.0	40.0
Surface Loss, %	7.0	7.0
RESERVES		
Net Pay, feet	32.0	32.0
Area, acres	160	240
Petroleum Initially-in-Place, MMscf	5,166	7,745
Reserves Initially-in-Place, MMscf	3,100	4,647
Cumulative Production, MMscf	2,253	2,253
Remaining Raw Reserves, MMscf	847	2,394
Remaining Marketable Reserves, MMscf	788	2,226
NGL's Recovery, bbl/MMscf	15	15
Remaining NGL's, bbls	12,705	35,910

Note: (1) Interval 2240.0 - 2255.0 m KB.

Table 2b

SUMMARY OF GROSS RESERVES AND RESERVOIR PARAMETERS
April 1, 2020

Torrente Cigno, Italy

	Total Proved plus Probable MV1 & MV2 Apulian Carbonate (1)
<hr/>	
PRODUCT TYPE	
Non-Associated Gas	
RESERVOIR PARAMETERS	
Reservoir Pressure, psia	2,946
Reservoir Temperature, deg F	134
Average Porosity, %	15.0
Average Water Saturation, %	30.0
Compressibility Factor, Z	0.798
Petroleum Initially-in-Place, Mscf/ac.ft	1009.0
Reservoir Loss, %	40.0
Surface Loss, %	7.0
RESERVES	
Net Pay, feet	70.0
Area, acres	450
Petroleum Initially-in-Place, MMscf	31,784
Reserves Initially-in-Place, MMscf	19,070
Cumulative Production, MMscf	2,253
Remaining Raw Reserves, MMscf	16,817
Remaining Marketable Reserves, MMscf	15,640
NGL's Recovery, bbl/MMscf	15
Remaining NGL's, bbls	252,255

Note: (1) Interval 2240.0 - 2255.0 m KB.

PRODUCTION HISTORY

Proved Developed Producing

Torrente Cigno

Field: Torrente Cigno
Formation: Torrente Cigno

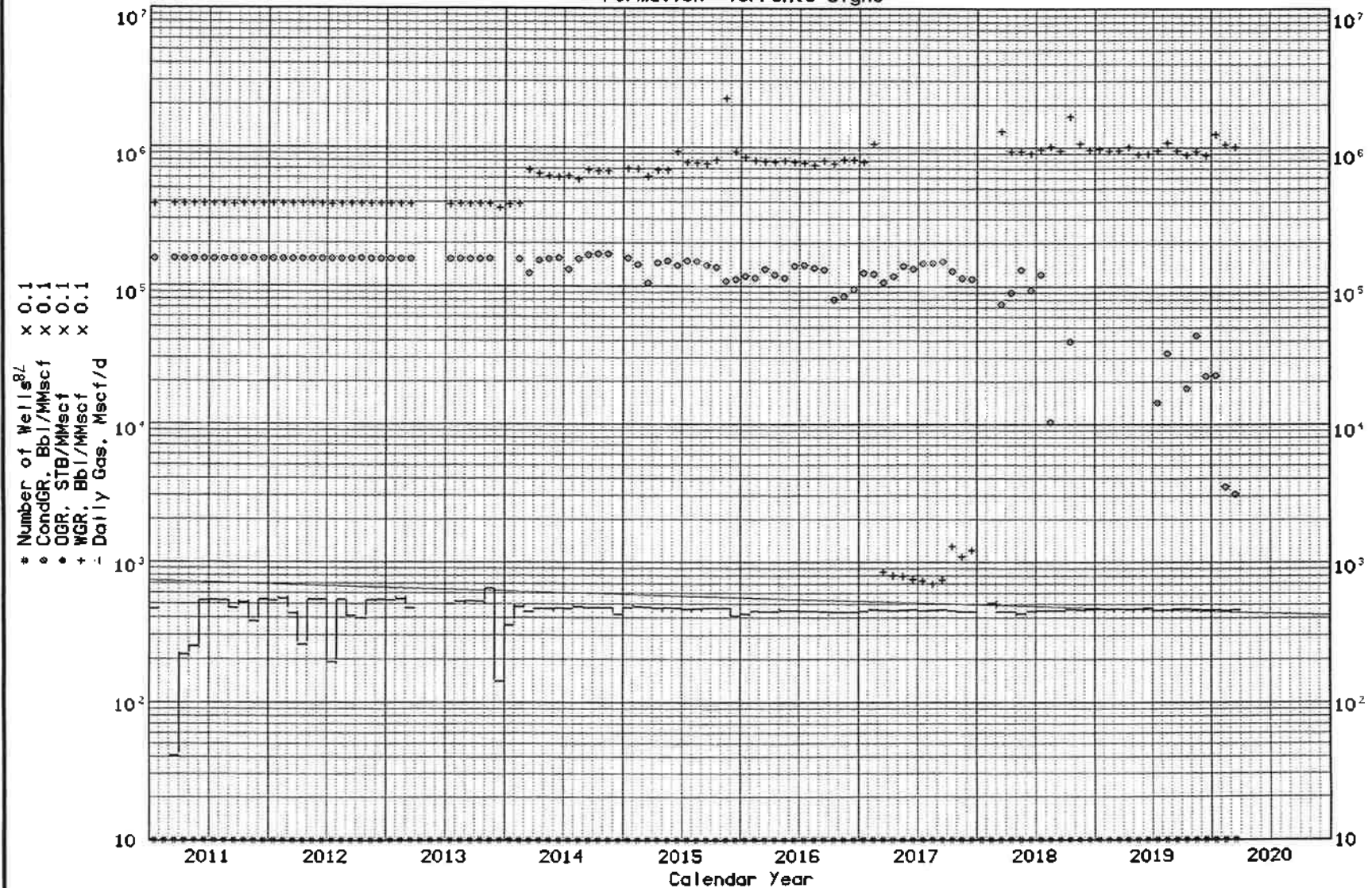


Figure 3a

PRODUCTION HISTORY

Proved Plus Probable

Torrente Cigno

Field: Torrente Cigno
Formation: Torrente Cigno

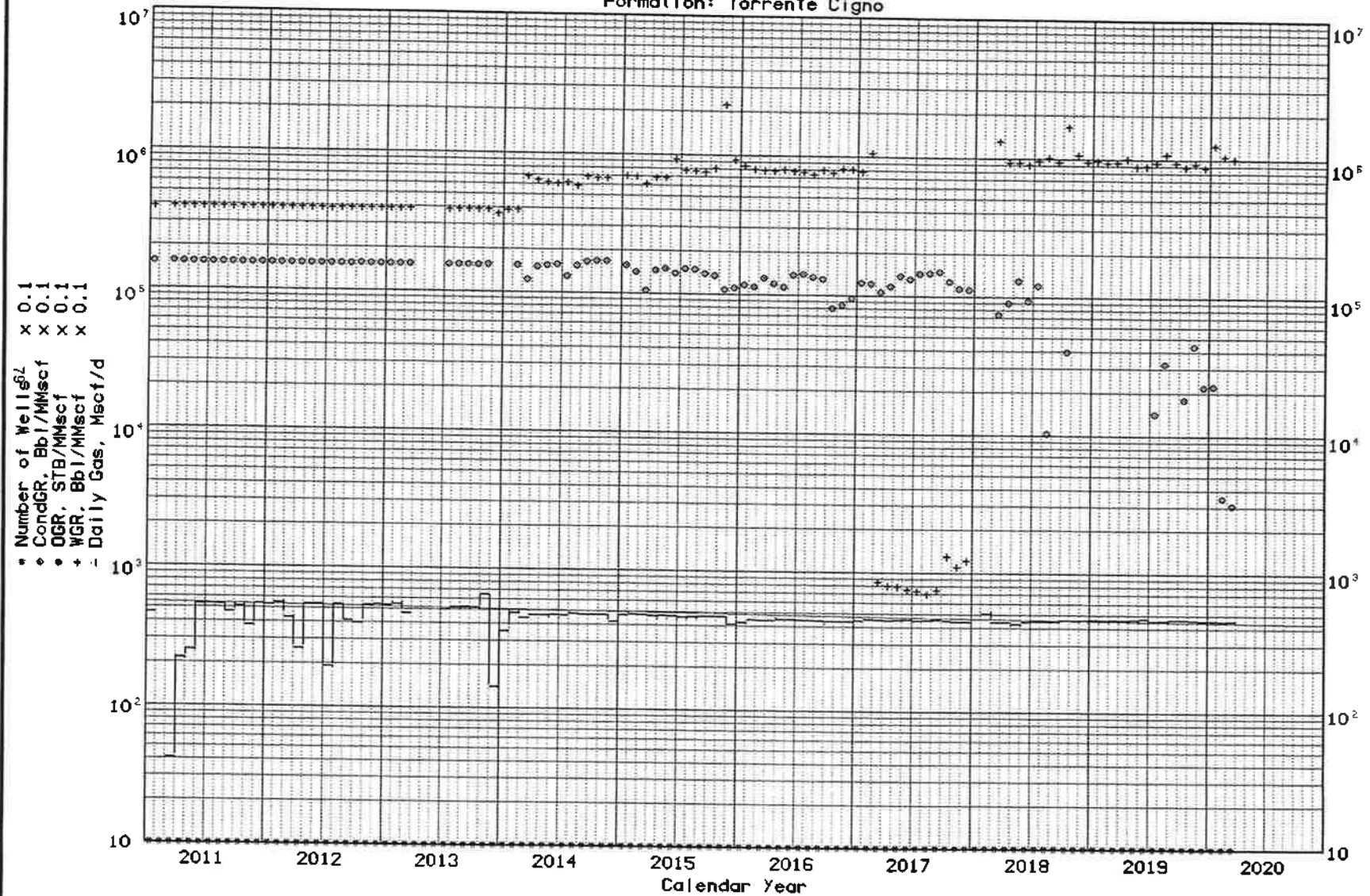


Figure 4a

Table 3a

**Summary of Anticipated Capital Expenditures
Development**

April 1, 2020

Zenith Energy Ltd.

Torrente Cigno Concession, Onshore Italy

<u>Description</u>	<u>Date</u>	<u>Operation</u>	<u>Capital Interest %</u>	<u>Gross Capital M\$</u>	<u>Net Capital M\$</u>
<u>Probable</u>					
Loc. Masseria Vincelli 2	March -21	Horizontal drilling, testing, completion, and tie-in	45.0000	3,333	1,500
Total Probable				3,333	1,500

Note: **M\$ means thousands of dollars.**

The above capital values are expressed in terms of current dollar values without escalation.

Unless details are known, drilling costs have been split 70% Intangible and 30% Tangible for tax purposes

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

April 1, 2020

Zenith Energy Ltd.

Torrente Cigno Concession, Onshore Italy

Description	Well Parameters	Capital Interest %	Gross Capital M\$	Net Capital M\$
Torrente Cigno Field	Abandon 1 gas well MV1, reclaim the land	45.0000	57	26
Torrente Cigno Field	Abandon 1 gas well MV2, reclaim the land	45.0000	57	26
Total Abandonment and Restoration			114	51

Note: M\$ means thousands of dollars.
The above capital values are expressed in terms of current dollar values without escalation.

Table 4
Summary of Company Reserves and Economics
Before Income Tax
April 1, 2020

Forecast Prices & Costs

Zenith Energy Ltd.

Torrente Cigno Concession, Italy

Description			Net To Appraised Interest											
			Reserves						Cumulative Cash Flow (BIT) - MUS\$					
			Light and Medium Oil		Conventional Natural gas		NGL		Discounted at:					
			MSTB		MMscf		Mbbbls							
			Gross	Net	Gross	Net	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year	
Proved Developed Producing														
Masseria Vincelli-1	Apullian Carbonate		0	0	788	788	11	11	2,325	2,040	1,809	1,620	1,463	
Total Proved Developed Producing			0	0	788	788	11	11	2,325	2,040	1,809	1,620	1,463	
Probable														
Probable Developed Producing														
Masseria Vincelli-1	Apullian Carbonate	Incr	0	0	1,438	1,438	25	25	7,453	4,542	2,902	1,932	1,333	
Total Probable Developed Producing			0	0	1,438	1,438	25	25	7,453	4,542	2,902	1,932	1,333	
Probable Undeveloped														
Masseria Vincelli-2	Apullian Carbonate		0	0	13,413	13,413	216	216	119,536	36,785	16,589	9,422	6,105	
Total Probable Undeveloped			0	0	13,413	13,413	216	216	119,536	36,785	16,589	9,422	6,105	
Total Probable			0	0	14,852	14,852	241	241	126,989	41,327	19,491	11,354	7,438	
Total Proved Plus Probable			0	0	15,640	15,640	252	252	129,314	43,367	21,300	12,974	8,901	

MUS\$ means thousands of United States dollars.

Gross reserves are the total of the Company's working interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 4a

EVALUATION OF: Torrente Cigno Concession - Proved Developed Producing

ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 6688
 BPF:01-APR-2020 DISC:01-APR-2020 PROD:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 0:16
 FILE: Gtccp1.DAX

WELL/LOCATION - Maesseria Vincelli-1
 EVALUATED BY -
 COMPANY EVALUATED - Zenith Energy Ltd.
 APPRAISAL FOR -
 PROJECT - FORECAST PRICES & COSTS

TRACT FACTOR - 100.0000 %
 ULT POOL RESERVES - 847 MMCF
 PRODUCTION TO DATE - N/A
 DECLINE INDICATOR - EXPONENTIAL

TOTAL ABANDONMENT - 28 -M\$- (2025)

INTEREST

AVG WI 100.0000%

ROYALTIES/TAXES

STATE

Year	# of Wells	Price \$/MCF	Sales Gas M\$CF			Condensate BBL		
			Pool		Company Share	Co.		Gross
			MCF/D	Vol		Price \$/BBL	Share	
2020	1	3.43	425.9	117	117	35.62	1637	
2021	1	3.65	425.9	155	155	46.72	2173	
2022	1	3.87	425.9	155	155	52.27	2173	
2023	1	4.12	425.9	155	155	56.16	2173	
2024	1	4.38	425.9	155	155	58.38	2173	
2025	1	4.65	133.4	49	49	60.60	681	
SUB				788	788		11011	
REM				0	0		0	
TOT				788	788		11011	

- P/T - COMPANY SHARE FUTURE NET REVENUE

Year	Capital \$/Aband Costs -M\$-	Future Revenue (FR)				Royalties				Operating Costs			FR After Roy&Oper -M\$-	Net back \$/MCF	Proc& Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	Sales Gas -M\$-	Products -M\$-	Total -M\$-	State -M\$-	Other -M\$-	Mineral -M\$-	-M\$-	Fixed -M\$-	Variable -M\$-	\$/MCF						Undisc -M\$-	10.0% -M\$-
2020	0	0	402	58	460	0	0	0	0	89	100	1.61	271	2.32	0	0	0	271	262
2021	0	0	567	102	669	0	0	0	0	121	135	1.64	413	2.66	0	0	0	413	367
2022	0	0	602	114	715	0	0	0	0	123	137	1.68	454	2.92	0	0	0	454	367
2023	0	0	641	122	763	0	0	0	0	126	140	1.71	497	3.19	0	0	0	497	364
2024	0	0	681	127	808	0	0	0	0	128	143	1.75	536	3.45	0	0	0	536	358
2025	28	0	226	41	266	0	0	0	0	41	46	1.78	181	3.72	0	0	28	153	93
SUB	28	0	3119	564	3682	0	0	0	0	629	700		2353		0	0	28	2325	1809
REM	0	0	0	0	0	0	0	0	0	0	0		0		0	0	0	0	0
TOT	28	0	3119	564	3682	0	0	0	0	629	700		2353		0	0	28	2325	1809

NET PRESENT VALUE (-M\$-) =====

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	2353	2062	1915	1826	1745	1634	1474
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	28	22	19	17	16	14	11
Future Net Revenue	2325	2040	1896	1809	1729	1620	1463

===== COMPANY SHARE =====

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future Net Rev
% Interest	100.0	100.0					
% of Future Revenue			0	36.1	63.9	0	63.1

===== PROFITABILITY =====

COMPANY SHARE BASIS

	Before Tax
Rate of Return (%)	n/a
Profit Index (undisc.)	n/a
(disc. @ 10.0%)	n/a
(disc. @ 5.0%)	n/a
First Payout (years)	n/a
Total Payout (years)	n/a
Cost of Finding (\$/BOE)	n/a
NPV @ 10.0% (\$/MCF)	2.30
NPV @ 5.0% (\$/MCF)	2.59

Table 4b

EVALUATION OF: Torrente Cigno Concession, Italy
 ----- Total Proved Plus Probable cons.

BROD v7.43 P2 ENERGY SOLUTIONS TOTAL
 GLOBAL : 20-SEP-2020 6688
 RFF:01-APR-2020 DISC:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 0:20
 FILE:

EVALUATED BY :
 COMPANY EVALUATED : Senith Energy Ltd.
 APPRAISAL FOR :
 PROJECT : FORECAST PRICES & COSTS

TOTAL CAPITAL COSTS - 1530 -M\$-
 TOTAL ABANDONMENT - 104 -M\$-

Year	# of Wells	Price \$/MCF	Sales Gas		Pool		Company Share		Condensate	
			MMCF		MCF/D		Vol		BBL	
							Gross	Net	Price \$/BBL	Co. Share Gross
2020	1	3.43	425.9	117	117	117	117	117	35.62	1089
2021	2	3.65	1205.6	440	440	440	440	440	46.72	7098
2022	2	3.87	1355.9	495	495	495	495	495	52.27	7983
2023	2	4.12	1355.9	495	495	495	495	495	56.16	7983
2024	2	4.38	1355.9	495	495	495	495	495	58.30	7983
2025	2	4.65	1355.9	495	495	495	495	495	60.60	7983
2026	2	4.94	1355.9	495	495	495	495	495	61.07	7983
2027	2	5.25	1355.9	495	495	495	495	495	63.17	7983
2028	2	5.59	1355.9	495	495	495	495	495	64.50	7983
2029	2	5.94	1355.9	495	495	495	495	495	65.06	7983
2030	2	6.31	1325.6	484	484	484	484	484	67.24	7804
2031	2	6.71	1270.6	464	464	464	464	464	68.65	7480
2032	2	7.13	1223.3	447	447	447	447	447	70.08	7202
2033	2	7.57	1182.5	432	432	432	432	432	71.55	6952
2034	2	8.05	1147.4	419	419	419	419	419	73.05	6755
SUB				6761	6761	6761			109050	
RM				8879	8879	8879			143205	
TOT				15640	15640	15640			252255	

P/T ----- COMPANY SHARE FUTURE NET REVENUE -----

Year	Capital & Aband Costs -M\$-	Future Revenue (FR)				Royalties			Operating Costs			PR After Roy & Oper -M\$-	Net back \$/BOE	Proc & Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev		
		Oil -M\$-	Sales Gas -M\$-	Products -M\$-	Total -M\$-	Crown -M\$-	Other -M\$-	Mineral -M\$-	-M\$-	Fixed -M\$-	Variable -M\$-						\$/BOE	Undisc -M\$-	10.0% -M\$-
2020	0	0	402	67	469	0	0	0	0	89	100	8.82	280	13.09	0	0	0	280	270
2021	1530	0	1606	332	1938	0	0	0	0	222	381	7.51	1334	16.58	0	1530	0	-196	-174
2022	0	0	1925	417	2333	0	0	0	0	247	437	7.56	1648	18.22	0	0	0	1648	1330
2023	0	0	2039	448	2487	0	0	0	0	252	446	7.71	1789	19.78	0	0	0	1789	1312
2024	0	0	2160	466	2634	0	0	0	0	257	455	7.87	1922	21.24	0	0	0	1922	1281
2025	0	0	2301	484	2785	0	0	0	0	262	464	8.03	2059	22.76	0	0	0	2059	1248
2026	0	0	2445	494	2939	0	0	0	0	267	473	8.19	2198	24.30	0	0	0	2198	1211
2027	0	0	2598	504	3103	0	0	0	0	273	483	8.35	2347	25.94	0	0	0	2347	1176
2028	0	0	2767	515	3281	0	0	0	0	278	493	8.52	2511	27.75	0	0	0	2511	1143
2029	0	0	2940	526	3466	0	0	0	0	284	502	8.69	2680	29.62	0	0	0	2680	1109
2030	0	0	3053	535	3578	0	0	0	0	289	501	8.94	2788	31.52	0	0	0	2788	1049
2031	0	0	3112	514	3625	0	0	0	0	295	490	9.26	2841	33.51	0	0	0	2841	972
2032	0	0	3184	505	3688	0	0	0	0	301	481	9.58	2906	35.61	0	0	0	2906	904
2033	0	0	3267	498	3765	0	0	0	0	307	474	9.90	2984	37.82	0	0	0	2984	844
2034	0	0	3371	493	3865	0	0	0	0	313	469	10.22	3082	40.26	0	0	0	3082	792
SUB	1530	0	37168	6787	43956	0	0	0	0	3936	6651		32369		0	1530	0	31839	14468
RM	104	0	105214	14783	119997	0	0	0	0	8366	14052		97578		0	0	104	97475	6832
TOT	1633	0	142382	21571	163953	0	0	0	0	12302	20703		130948		0	1530	104	129314	21300

NET PRESENT VALUE (-M\$-) -----

Discount Rate	0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
PR After Roy & Oper	130948	44828	28768	22665	16474	14262	10120
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	1530	1439	1389	1358	1327	1284	1217
Abandonment Costs	104	22	11	8	5	3	2
Future Net Revenue	129314	43367	27368	21300	17142	12974	8901

COMPANY SHARE -----

	1st Year	Average	Royalties	Oper Costs	PR After Roy & Oper	Capital Costs	Future Net Rev
% Interest	100.0	100.0					
% of Future Revenue			0	20.1	79.9	9	78.9

PROFITABILITY -----

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	99.9
Profit Index (undisc.)	79.2
(disc. @ 10.0%)	15.6
(disc. @ 5.0%)	29.7
First Payout (years)	1.6
Total Payout (years)	1.8
Cost of Finding (\$/BOE)	5.7
NPV @ 10.0% (\$/BOE)	7.45
NPV @ 5.0% (\$/BOE)	15.17

Table 4c

EVALUATION OF: Torrente Cigno Concession - Proved Plus Probable Developed Producing

 ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 6608
 RPT:01-APR-2020 DISC:01-APR-2020 PROD:01-APR-2020
 RUN DATE: 22-SEP-2020 TIME: 0:17
 FILE: GTCRA1.DAX

 WELL/LOCATION - Maeseria Vincelli-1
 EVALUATED BY -
 COMPANY EVALUATED - Zenith Energy Ltd.
 APPRAISAL FOR -
 PROJECT - FORECAST PRICES & COSTS

 TRACT FACTOR - 100.0000 %
 ULT POOL RESERVES - 2394 MMCF
 PRODUCTION TO DATE - N/A
 DECLINE INDICATOR - EXPONENTIAL
 TOTAL ABANDONMENT - 36 -M\$- (2037)

INTEREST

AVG WI 100.0000%

ROYALTIES/TAXES

STATE

Year	# of Wells	Price \$/MCF	Sales Gas MMCF			Condensate BBL		
			Pool			Company Share		
			Price	MCF/D	Vol	Gross	Net	Co. Share Gross
2020	1	3.43	425.9	117	117	117	117	1889
2021	1	3.65	425.9	155	155	155	155	2508
2022	1	3.87	425.9	155	155	155	155	2508
2023	1	4.12	425.9	155	155	155	155	2508
2024	1	4.38	425.9	155	155	155	155	2508
2025	1	4.65	425.9	155	155	155	155	2508
2026	1	4.94	425.9	155	155	155	155	2508
2027	1	5.25	425.9	155	155	155	155	2508
2028	1	5.59	425.9	155	155	155	155	2508
2029	1	5.94	425.9	155	155	155	155	2508
2030	1	6.31	395.6	144	144	144	144	2329
2031	1	6.71	340.6	124	124	124	124	2005
2032	1	7.13	293.3	107	107	107	107	1727
2033	1	7.57	252.5	92	92	92	92	1487
2034	1	8.05	217.4	79	79	79	79	1280
SUB				2064	2064	2064		33285
REM				163	163	163		2625
TOT				2226	2226	2226		35910

P/T

COMPANY SHARE FUTURE NET REVENUE

Year	Future Revenue (FR)					Royalties			Operating Costs			FR After Roy & Oper	Net back	Proc & Other Income	Cap'l Costs	Aband Costs	Future Net Rev	
	Capital & Aband Costs	Oil	Sale Gas	Products	Total	State	Other	Mineral	Fixed	Variable	\$/MCF						Undisc	10.0%
	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-
2020	0	0	402	67	469	0	0	0	0	89	100	1.61	280	2.39	0	0	280	270
2021	0	0	567	117	685	0	0	0	0	121	135	1.64	429	2.76	0	0	429	381
2022	0	0	602	131	733	0	0	0	0	123	137	1.68	472	3.04	0	0	472	381
2023	0	0	641	141	781	0	0	0	0	126	140	1.71	515	3.31	0	0	515	378
2024	0	0	681	146	827	0	0	0	0	128	143	1.75	556	3.58	0	0	556	371
2025	0	0	723	152	875	0	0	0	0	131	146	1.78	598	3.85	0	0	598	362
2026	0	0	768	155	923	0	0	0	0	134	149	1.82	641	4.12	0	0	641	353
2027	0	0	816	158	975	0	0	0	0	136	152	1.85	687	4.42	0	0	687	344
2028	0	0	869	162	1031	0	0	0	0	139	155	1.89	737	4.74	0	0	737	336
2029	0	0	923	165	1089	0	0	0	0	142	158	1.93	789	5.08	0	0	789	327
2030	0	0	911	137	1065	0	0	0	0	145	150	2.04	774	5.36	0	0	774	291
2031	0	0	834	138	972	0	0	0	0	148	131	2.24	693	5.57	0	0	693	237
2032	0	0	763	121	884	0	0	0	0	150	115	2.48	618	5.78	0	0	618	192
2033	0	0	598	106	804	0	0	0	0	153	101	2.76	549	5.96	0	0	549	155
2034	0	0	639	94	732	0	0	0	0	157	89	3.09	487	6.13	0	0	487	125
SUB	0	0	10837	2010	12848	0	0	0	0	2023	2000		8825	0	0	0	8825	4503
REM	36	0	1416	199	1615	0	0	0	0	437	189		989	0	0	36	953	208
TOT	36	0	12253	2209	14462	0	0	0	0	2459	2189		9814	0	0	36	9778	4711

NET PRESENT VALUE (-M\$-)

Discount Rate	0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	9814	6598	5359	4718	4183	3555	2797
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs	36	15	10	7	5	3	2
Future Net Revenue	9778	6582	5349	4711	4184	3552	2796
COMPANY SHARE							
1st Year Average							
Interest	100.0	100.0					
% of Future Revenue			0	32.1	67.9	0	67.6

PROFITABILITY

COMPANY SHARE BASIS		Before Tax
Rate of Return (%)		n/a
Profit Index (undisc.)		n/a
(disc. @ 10.0%)		n/a
(disc. @ 5.0%)		n/a
First Payout (years)		n/a
Total Payout (years)		n/a
Cost of Finding (\$/BOB)		n/a
NPV @ 10.0% (\$/MCF)		2.12
NPV @ 5.0% (\$/MCF)		2.96

Table 4d

EVALUATION OF: Torrente Cigno Concession - Probable Undeveloped

 MRGO v7.41 P2 ENERGY SOLUTIONS PAGE 1
 GLOBAL : 20-SEP-2020 6588
 RPT:01-APR-2020 DISC:01-APR-2020 PROD:01-MAR-2021
 RUN DATE: 22-SEP-2020 TIME: 0:18
 FILE: GTCR2.DAX

 WELL/LOCATION - MZ Loc. Mauseria Vincelli-2 (Apulian Carbonate)
 EVALUATED BY - Zenith Energy Ltd.
 APPRAISAL FOR PROJECT - FORECAST PRICES & COSTS

 TRACT FACTOR - 100,000 %
 U/L POOL RESERVES - 14423 MMCF
 PRODUCTION TO DATE - N/A
 DECLINE INDICATOR - EXPONENTIAL
 TOTAL CAPITAL COSTS - 1530 -M\$-
 TOTAL ABANDONMENT - 68 -M\$- (2069)

INTEREST

AVG MT 100.0000%

ROYALTIES/TAXES

STATE

Year	# of Wells	Price \$/MCF	Sales Gas MMCF		Pool		Company Share		Condensate BBL	
			MCF/D	Vol	Gross	Net	Gross	Net	Price \$/BBL	Co. Share Gross
2020	0	3.43	.0	0	0	0	0	0	35.62	0
2021	1	3.65	930.0	285	285	285	46.72	4590		
2022	1	3.87	930.0	339	339	339	52.27	5475		
2023	1	4.12	930.0	339	339	339	56.16	5475		
2024	1	4.38	930.0	339	339	339	58.38	5475		
2025	1	4.65	930.0	339	339	339	60.60	5475		
2026	1	4.94	930.0	339	339	339	61.87	5475		
2027	1	5.25	930.0	339	339	339	63.17	5475		
2028	1	5.59	930.0	339	339	339	64.50	5475		
2029	1	5.94	930.0	339	339	339	65.86	5475		
2030	1	6.31	930.0	339	339	339	67.24	5475		
2031	1	6.71	930.0	339	339	339	68.65	5475		
2032	1	7.13	930.0	339	339	339	70.08	5475		
2033	1	7.57	930.0	339	339	339	71.55	5475		
2034	1	8.05	930.0	339	339	339	72.05	5475		
SUB				4697	4697	4697		75785		
RAM				8716	8716	8716		140580		
TOT				13413	13413	13413		216145		

P/T - COMPANY SHARE FUTURE NET REVENUE

Year	Capital & Aband Costs -M\$-	Future Revenue (PR)				Royalties			Operating Costs			PR After Roy & Oper -M\$-	Net back \$/MCF	Proc & Other Income -M\$-	Cap'l Costs -M\$-	Aband Costs -M\$-	Future Net Rev	
		Oil -M\$-	Sale Gas -M\$-	Products -M\$-	Total -M\$-	State -M\$-	Other -M\$-	Mineral -M\$-	Fixed -M\$-	Variable -M\$-	\$/MCF						Undisc -M\$-	10.0% -M\$-
2020	0	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0	0	0	0
2021	1530	0	1039	214	1253	0	0	0	0	101	247	1.22	905	3.18	0	1530	0	-525
2022	0	0	1314	285	1600	0	0	0	0	123	300	1.25	1176	3.47	0	0	0	1176
2023	0	0	1399	307	1706	0	0	0	0	126	306	1.27	1274	3.75	0	0	0	1274
2024	0	0	1487	320	1806	0	0	0	0	128	312	1.30	1366	4.02	0	0	0	1366
2025	0	0	1578	332	1910	0	0	0	0	131	318	1.32	1461	4.30	0	0	0	1461
2026	0	0	1677	339	2016	0	0	0	0	134	325	1.35	1557	4.59	0	0	0	1557
2027	0	0	1782	346	2128	0	0	0	0	136	331	1.38	1660	4.89	0	0	0	1660
2028	0	0	1898	353	2251	0	0	0	0	139	338	1.40	1774	5.23	0	0	0	1774
2029	0	0	2016	361	2377	0	0	0	0	142	345	1.43	1891	5.57	0	0	0	1891
2030	0	0	2142	368	2510	0	0	0	0	145	351	1.46	2014	5.93	0	0	0	2014
2031	0	0	2276	376	2654	0	0	0	0	148	359	1.49	2148	6.33	0	0	0	2148
2032	0	0	2420	384	2804	0	0	0	0	150	366	1.52	2288	6.74	0	0	0	2288
2033	0	0	2570	392	2961	0	0	0	0	153	373	1.55	2435	7.17	0	0	0	2435
2034	0	0	2733	400	3133	0	0	0	0	157	380	1.58	2596	7.65	0	0	0	2596
SUB	1530	0	26331	4777	31108	0	0	0	0	1914	4651		24544	0	1530	0	23014	9965
RAM	68	0	103798	14584	118383	0	0	0	0	7930	13863		96590	0	0	68	96522	6623
TOT	1598	0	130129	19362	149491	0	0	0	0	9843	18514		121134	0	1530	68	119536	16589

NET PRESENT VALUE (-M\$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
PR After Roy & Oper	121134	38230	23409	17947	14285	10707	7323
Proc & Other Income	0	0	0	0	0	0	0
Capital Costs	1530	1439	1389	1358	1327	1284	1217
Abandonment Costs	68	6	2	1	0	0	0
Future Net Revenue	119536	16785	22018	16589	12958	9422	6105

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	PR After Roy & Oper	Capital Costs	Future Net Rev
% Interest	100.0	100.0					
% of Future Revenue			0	19.0	81.0	1.0	80.0

PROFITABILITY

COMPANY SHARE BASIS		Before Tax
Rate of Return (%)		196.2
Profit Index (undisc.)		74.0
(disc. @ 10.0%)		12.2
(disc. @ 5.0%)		25.5
First Payout (years)		2.3
Total Payout (years)		2.3
Cost of Finding (\$/BOE)		.65
NPV @ 10.0% (\$/MCF)		1.24
NPV @ 5.0% (\$/MCF)		2.74

**GLOSSARY OF TERMS
(Abbreviations & Definitions)**

General

BIT	- Before Income Tax
AIT	- After Income Tax
M\$	- Thousands of Dollars
Effective Date	- The date for which the Present Value of the future cash flows and reserve categories are established
\$US	- United States Dollars
WTI	- West Texas Intermediate – the common reference for crude oil used for oil price comparisons
ARTC	- Alberta Royalty Tax Credit
GRP	- Gas Reference Price

Interests and Royalties

BPO	- Before Payout
APD	- After Payout
APPO	- After Project Payout
Payout	- The point at which a participant's original capital investment is recovered from its net revenue
GORR	- Gross Overriding Royalty – percentage of revenue on gross revenue earned (can be an interest or a burden)
NC	- New Crown – crown royalty on petroleum and natural gas discovered after April 30, 1974
SS 1/150 (5%-15%) Oil	- Sliding Scale Royalty – a varying gross overriding royalty based on monthly production. Percentage is calculated as 1-150 th of monthly production with a minimum percentage of 5% and a maximum of 15%
FH	- Freehold Royalty
P&NG	- Petroleum and Natural Gas
Twp	- Township
Rge	- Range
Sec	- Section

Technical Data

psia	- Pounds per square inch absolute
MSTB	- Thousands of Stock Tank Barrels of oil (oil volume at 60 F and 14.65 psia)
MMscf	- Millions of standard cubic feet of gas (gas volume at 60 F and 14.65 psia)
Bbls	- Barrels
Mbbls	- Thousands of barrels
MMBTU	- Millions of British Thermal Units – heating value of natural gas
STB/d	- Stock Tank Barrels of oil per day – oil production rate
Mscf/d	- Thousands of standard cubic feet of gas per day – gas production rate
GOR (scf/STB)	- Gas-Oil Ratio (standard cubic feet of solution gas per stock tank barrel of oil)
mKB	- Metres Kelly Bushing – depth of well in relation to the Kelly Bushing which is located on the floor of the drilling rig. The Kelly Bushing is the usual reference for all depth measurements during drilling operations.
EOR	- Enhanced Oil Recovery
GJ	- Gigajoules
Marketable or Sales Natural Gas	- Natural gas that meets specifications for its sale, whether it occurs naturally or results from the processing of raw natural gas. Field and plant fuel and losses to the point of the sale must be excluded from the marketable quantity. The heating value of marketable natural gas may vary considerably, depending on its composition; therefore, quantities are usually expressed not only in volumes but also in terms of energy content. Reserves are always reported as marketable quantities.
NGLs	- Natural Gas Liquids – Those hydrocarbon components that can be recovered from natural gas as liquids, including but not limited to ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.
Raw Gas	- Natural gas as it is produced from the reservoir prior to processing. It is gaseous at the conditions under which its Volume is measured or estimated and may include varying amounts of heavier hydrocarbons (that may liquefy at atmospheric conditions) and water vapour; may also contain sulphur and other non-hydrocarbon compounds. Raw natural gas is generally not suitable for end use.
EUR	- Estimated Ultimate Recovery



September 22, 2020

Chapman Petroleum Engineering Ltd.

700, 1122 – 4th Street SW

Calgary, AB

T2R 1M1

Dear Sir:

Re: Company Representation Letter

Regarding the evaluation of our Company's oil and gas reserves and independent appraisal of the economic value of these reserves for the year ended March 31, 2020, (the effective date), we herein confirm to the best of our knowledge and belief as of the effective date of the reserves evaluation, and as applicable, as of today, the following representations and information made available to you during the conduct of the evaluation:

1. We, Zenith Energy Ltd., (the Client) have made available to you, Chapman Petroleum Engineering Ltd. (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, complete and accurate as of the effective date of the reserves evaluation, including the following:
 - Accounting, financial, tax and contractual data
 - Asset ownership and related encumbrance information;
 - Details concerning product marketing, transportation and processing arrangements;
 - All technical information including geological, engineering and production and test data;
 - Estimates of future abandonment and reclamation costs.

2. We confirm that all financial and accounting information provided to you is, to the best of our knowledge, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.
3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.
4. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes, terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's reserves and future net revenues.
5. With the possible exception of items of an immaterial nature, we confirm the following as of the effective date of the evaluation:
 - For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
 - All regulatory, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
 - Except as disclosed to you, the producing trend and status of each evaluated well or entity in effect throughout the three-month period preceding the effective date of the evaluation are consistent with those that existed for the same well or entity immediately prior to this three-month period.
 - Except as disclosed to you, we have no plans or intentions related to the ownership, development or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of reserves from the evaluated properties.

Zenith Energy Ltd., Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.
E-mail: info@zenithenergy.ca
Tel: +1 (587) 315 9031
Website: www.zenithenergy.ca
Twitter: <https://twitter.com/zenithenergyld>

- If material changes of an adverse nature occur in the Company's operating performance subsequent to the effective date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of reserves information.

6. We hereby confirm that our Company is in material compliance with all Environmental Laws and does not have any Environmental Claims pending.

Between the effective date of the report and the date of this letter, nothing has come to our attention that has materially affected or could affect our reserves and economic value of these reserves that has not been disclosed to you.

Yours very truly,



President and Chief Executive Officer



Chief Financial Officer

Zenith Energy Ltd., Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.
E-mail: info@zenithenergy.ca
Tel: +1 (587) 315 9031
Website: www.zenithenergy.ca
Twitter: <https://twitter.com/zenithenergyltd>

ANNEX 2

The Chapman Report 2020 – Congo

RESERVE AND ECONOMIC EVALUATION OIL PROPERTY

**TILAPIA LICENSE
REPUBLIC OF THE CONGO**

**Prepared for
ZENITH ENERGY LTD.**

**March 31, 2020
(April 1, 2020)**

Chapman Petroleum Engineering Ltd.

1122 - 4th Street S.W., Suite 700, Calgary, Alberta T2R 1M1 • Phone: (403) 266-4141 • Fax: (403) 266-4259 • www.chapeng.ab.ca

March 17, 2020

Zenith Energy Ltd.

Suite 1500, 15th Floor Bankers Court
850 - 2nd Street SW
Calgary AB Canada T2P 0R8

Attention: Mr. Andrea Cattaneo

Dear Sir:

**Re: Reserve and Economic Evaluation – Zenith Energy Ltd.
Tilapia License, Republic of the Congo – March 31, 2020**

In accordance with your authorization we have prepared a reserve and economic analysis of an oil property located in the Tilapia License, Republic of the Congo, prepared for Zenith Energy Ltd. (the "Company") for an effective date of March 31, 2020 (April 1, 2020).

This evaluation has been carried out in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH"), compliant with the NI 51-101 standards and the professional practice standard under our Permit to Practice with APEGA. The report has been prepared and/or supervised by a "Qualified Reserves Evaluator" as demonstrated on the accompanying Certificate of Qualification of the author(s).

The INTRODUCTION contains the authorization and purpose of the report and describes the methodology and economic parameters used in the preparation of this report.

The EXECUTIVE SUMMARY contains the results of this reserve and economic evaluation presented in a form consistent with the requirements of Form 51-101 F1 Part 2, Item 2.1 (Forecast Prices and Costs). The Forecast Prices of our benchmark products are also presented. For the purpose of this report the "After Tax" analysis was not relevant.

The SUMMARY OF RESERVES AND ECONOMICS complements the Executive Summary, including values at the property level and the consolidated cash flows for each accumulating reserve category. The net present values presented in this report do not necessarily represent the fair market value of the reserves evaluated in this report. All monetary values presented in this report are expressed in terms of US dollars.

The DISCUSSION contains a description of the interests and burdens, reserves and geology, production forecasts, product prices, capital and operating costs and a map of each major property. The economic results and cash flow forecasts (before income tax) are also presented.

A REPRESENTATION LETTER from the Company confirming that to the best of their knowledge all the information they provided for our use in the preparation of this report was complete and accurate as of the effective date, is enclosed following the Glossary.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be significant. We have no responsibility to update our report for events and circumstances which may have occurred since the preparation date of this report.

Prior to public disclosure of information derived from this report, or our name as author, our written consent must be obtained, as to the information being disclosed and the manner in which it is presented. This report may not be reproduced, distributed or made available for use by any other party without our written consent and may not be reproduced for distribution at any time without the complete context of the report, unless otherwise reviewed and approved by us.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, by the Company.

It has been a pleasure to prepare this report and the opportunity to have been of service is appreciated.

Yours very truly,
Chapman Petroleum Engineering Ltd.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
April 22, 2020
C. W. Chapman, P. Eng.,
President

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
April 22, 2020
Khaled (Kal) A. Latif, P.Geol.
Senior Associate

cwc/ml/6630

PERMIT TO PRACTICE	
CHAPMAN PETROLEUM ENGINEERING LTD.	
	[Original Signed By:]
Signature	<u>C.W. Chapman</u>
Date	<u>April 22, 2020</u>
PERMIT NUMBER: P 4201	
The Association of Professional Engineers and Geoscientists of Alberta	

CERTIFICATE OF QUALIFICATION

I, C. W. CHAPMAN, P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta and a member of the Australasian Institute of Mining and Metallurgy.
2. THAT I graduated from the University of Alberta with a Bachelor of Science degree in Mechanical Engineering in 1971.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 40 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated March 17, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
April 22, 2020
C.W. Chapman, P.Eng.
President

PERMIT TO PRACTICE	
CHAPMAN PETROLEUM ENGINEERING LTD.	
[Original Signed By:]	
Signature	<u>C.W. Chapman</u>
Date	<u>April 22, 2020</u>
PERMIT NUMBER: P 4201	
The Association of Professional Engineers and Geoscientists of Alberta	

CERTIFICATE OF QUALIFICATION

I, KHALED (KAL) A. LATIF, P. Geol., Professional Geologist of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Geologist in the Province of Alberta.
2. THAT I graduated from the University of Alexandria with a Bachelor of Science degree in Geology in 1979.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in geology, geophysics, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 35 years of experience in the conduct of evaluation and geological studies relating to oil and gas fields in Canada and internationally.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated March 17, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]

[Signature], [Licensed Professional's Stamp]

April 22, 2020

Khaled (Kal) A. Latif, P.Geol.

Senior Associate

CERTIFICATE OF QUALIFICATION

I, REBECCA J. HOWE, of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a Certified Petroleum Geologist as recognized by the Division of Professional Affairs of the American Association of Petroleum Geologists and a member of the Canadian Society of Petroleum Geologists.
2. THAT I graduated from Brandon University, Manitoba with a Bachelor of Science degree in Geology in 2007.
3. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated March 17, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
4. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
5. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
6. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]

[Signature], [AAPG Membership Stamp]

April 22, 2020

Rebecca J. Howe, B.Sc.

Associate

**RESERVE AND ECONOMIC EVALUATION
OIL PROPERTY**

**TILAPIA LICENSE
REPUBLIC OF THE CONGO**

**Prepared for
ZENITH ENERGY LTD.**

**March 31, 2020
(April 1, 2020)**

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Attachments

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INTRODUCTION

1. AUTHORIZATION

This evaluation has been authorized by Mr. Andrea Cattaneo, on behalf of Zenith Energy Ltd. The engineering analysis has been performed during the month of February 2020.

2. PURPOSE OF THE REPORT

The purpose of this report was to prepare a third party independent appraisal of the oil reserves being acquired by Zenith Energy Ltd. for the Company's financial planning.

The values in this report do not include the value of the Company's undeveloped land holdings nor the tangible value of their interest in associated plant and well site facilities they may own.

3. USE OF THE REPORT

The report is intended to support a filing on the TSX for transaction approval.

4. SCOPE OF THE REPORT

4.1 Methodology

The evaluation of the reserves and resources of these properties included in the report has been conducted under a discounted cash flow analysis of estimated future net revenue, which is the principal tool for estimating oil and gas property values and supporting capital investment decisions.

4.2 Land Survey System

This property and its boundaries are governed by a Production Sharing Contract.

4.3 Economics

The economics presentation and methodology is presented in the Discussion of the report.

4.4 **Barrels of Oil Equivalent**

If at any time in this report reference is made to "Barrels of Oil Equivalent" (BOE), the conversion used is 6 Mscf : 1 STB (6 Mcf : 1 bbl).

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

4.5 **Environmental Liabilities**

We have been advised by the Company that they are in material compliance with all Environmental Laws and do not have any Environmental Claims pending, as demonstrated in the Representation Letter attached.

5. **BASIS OF REPORT**

5.1 **Sources of Information**

Sources of the data used in the preparation of this report are as follows:

- i) Basic information regarding the property was derived from a Corporate presentation, previous competent persons' reports and our independent research from published information;
- ii) The ownership terms were determined from the original Production Sharing Agreement currently in place;
- iii) Capital expenditures, operating costs and product prices were based on discussions with the staff in Brazzaville and our experience and judgment.

5.2 **Product Prices**

Chapman Petroleum Engineering Ltd. conducts continual surveillance and monitoring on a number of Benchmark product prices both locally and internationally. Based on historical data, current conditions and our view of the relevant political and economic trends, we independently prepare oil, gas and by-product price forecasts including predictions for the near term (first few years) with 2 percent escalation thereafter.

In establishing our forecasts we also consider input from operating companies, consulting firms, oil & gas marketing companies and financial institutions. Our forecasts are updated quarterly and the latest one prior to the effective date would generally be used. The forecast used for this report is presented in Table 5 in the Executive Summary.

The Benchmark Oil Price used in this evaluation is Brent crude, which closely correlates to crude prices in this region of Africa.

Any prices quoted in the property discussions reflect fully adjusted prices for crude quality, transportation, gas heating value and specific contractual arrangements. In the case of delayed production the equivalent 2020 price for that production has been quoted.

5.3 **Product Sales Arrangement**

The Company does not have any "hedge" contracts in place at this time.

5.4 **Royalties**

There is a 15 percent royalty to the Republic of the Congo which is deducted prior to the application of the cost oil and profit oil allocation.

5.5 **Capital Expenditures and Operating Costs**

Operating costs and capital expenditures have been based on historical experience and analogy where necessary and are expressed in current year dollars but for economic purposes are escalated at 2% per year after the current year.

5.6 **Income Tax Parameters**

Net cash flows after consideration of corporate income tax have not been included in this report, due to the current terms of ownership of the reserves.

5.7 **Abandonment and Restoration**

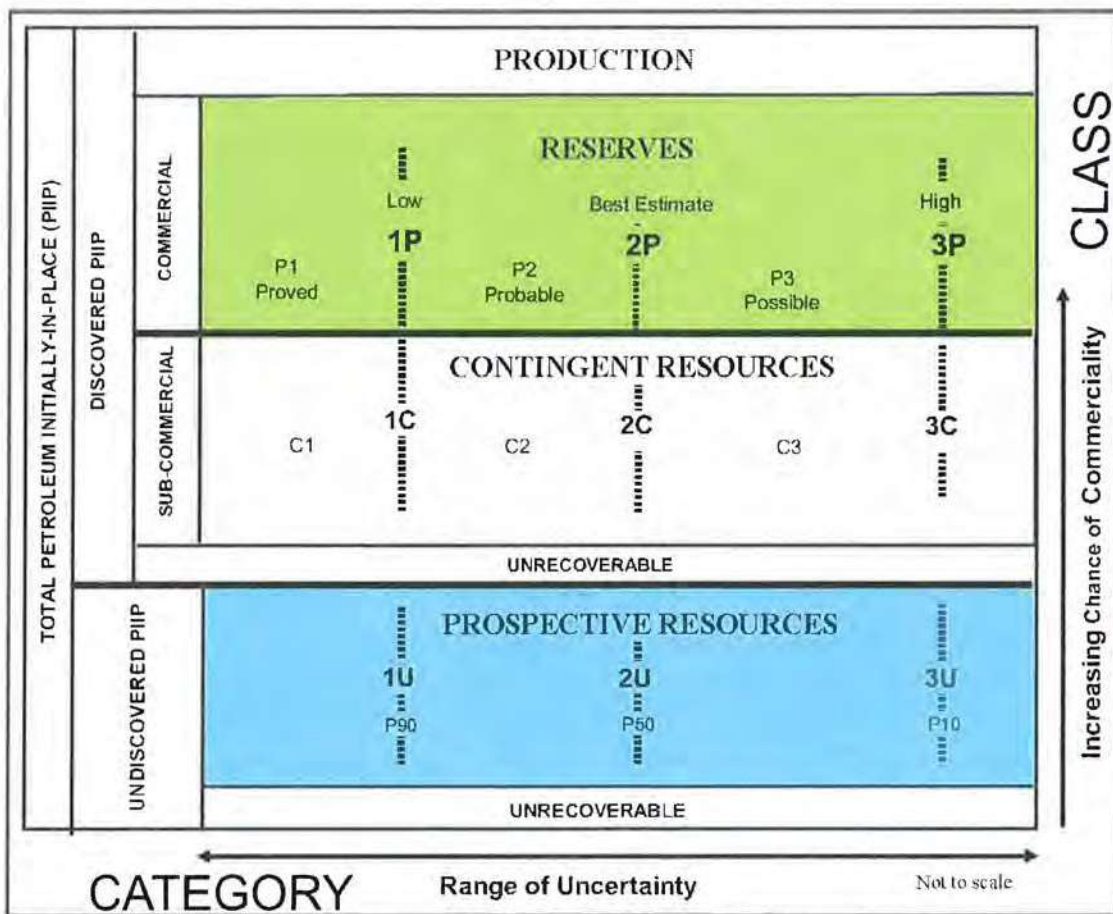
Abandonment and restoration costs are the responsibility of the government.

6. EVALUATION STANDARD USED

6.1 General

This evaluation and report preparation have been carried out in accordance with standards set out in the APEGA professional practice standard "The Canadian Oil and Gas Evaluation Handbook", 3rd Edition December 2018 ("COGEH"), prepared by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE).

COGEH uses the SPE-PRMS (2018 Update) resource classification system shown in the below diagram.



By way of explanation, 'CLASS' forms the vertical axis of the PRMS diagram and represents the range of Chance of Commerciality. Likewise, 'CATEGORY' forms the horizontal axis and provides a measure of the uncertainty in estimates of the Resource Class.

Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations with reference to the above diagram and is potentially producible. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

Discovered PIIP (equivalent to "discovered resources") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The Discovered PIIP includes production, Reserves, and Contingent Resources; the remainder is unrecoverable.

Undiscovered PIIP (equivalent to "undiscovered resources") is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "Prospective Resources", the remainder as "unrecoverable".

Unrecoverable is that portion of Discovered or Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

6.2 **Resource Definitions**

The following definitions have been extracted from COGEH and represent an overview of the resource definitions and evaluation criteria required for compliance with the Canadian Securities National Instrument 51-101. These definitions are considered to be compliant with the PRMS - 2018, in that they use the same primary nomenclature, principles and concepts.

6.2.1 **Reserves**

The following Reserves definitions and guidelines are designed to assist evaluators in making Reserves estimates on a reasonably consistent basis and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

The guidelines outline

- general criteria for classifying reserves,
- procedures and methods for estimating reserves,
- confidence levels of individual entity and aggregate reserves estimates,
- verification and testing of Reserves estimates.

The following definitions apply to both estimates of individual Reserves Entities and the aggregate of reserves for multiple entities.

RESERVES CATEGORIES

Reserves are categorized according to the probability that at least a specific volume will be produced. In a broad sense, Reserves categories reflect the following expectations regarding the associated estimates:

<u>Reserves Category</u>	<u>Confidence Characterization</u>
Proved (1P)	Low Estimate, Conservative
Proved + Probable (2P)	Best Estimate
Proved +Probable +Possible (3P)	High Estimate, Optimistic

- Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves.
- Probable Reserves are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved + Probable Reserves.

- c. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved + Probable + Possible Reserves.

DEVELOPMENT AND PRODUCTION STATUS

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

- a. Developed Reserves are those Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the Reserves on production. The developed category may be subdivided into producing and non-producing.
 - i. Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - ii. Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in and the date of resumption of production is unknown.
- b. Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the Reserves classification (Proved, Probable, Possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool Reserves between the Developed and Undeveloped categories or to sub-divide the Developed Reserves for the pool between Developed Producing and Developed Non-Producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

LEVELS OF CERTAINTY FOR REPORTED RESERVES

The qualitative certainty levels contained in the definitions are applicable to "individual Reserves entities," which refers to the lowest level at which Reserves calculations are performed, and to "Reported Reserves," which refers to the highest level sum of individual entity estimates for which Reserves estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves,
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable reserves,
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable + Possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various Reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of Reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with Reserves estimates and the effect of aggregation is provided in Section 5.7.1.6, The Portfolio Effect, of COGEH.

6.2.2 Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development (TUD), but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Contingencies may include economic, environmental, social and political factors, regulatory matters, a lack of markets or prolonged timetable for development. Contingent Resources have a Chance of Development that is less than certain.

Contingent resources are further categorized according to their level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Project Maturity Sub-Classes are: Development Pending, Development on Hold, Development Unclassified and Development Not Viable, as demonstrated in the chart below (Section 6.3).

Reports on Contingent Resources must specify the level of maturity and usually include 1C, 2C and 3C estimates.

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

6.2.3 Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated Chance of Discovery and a Chance of Development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The project maturity subclasses describe the stage of exploration and broadly correspond to chance of commerciality from in increasing order from "play" to "lead" to "prospect" as demonstrated in the chart below (Section 6.3).

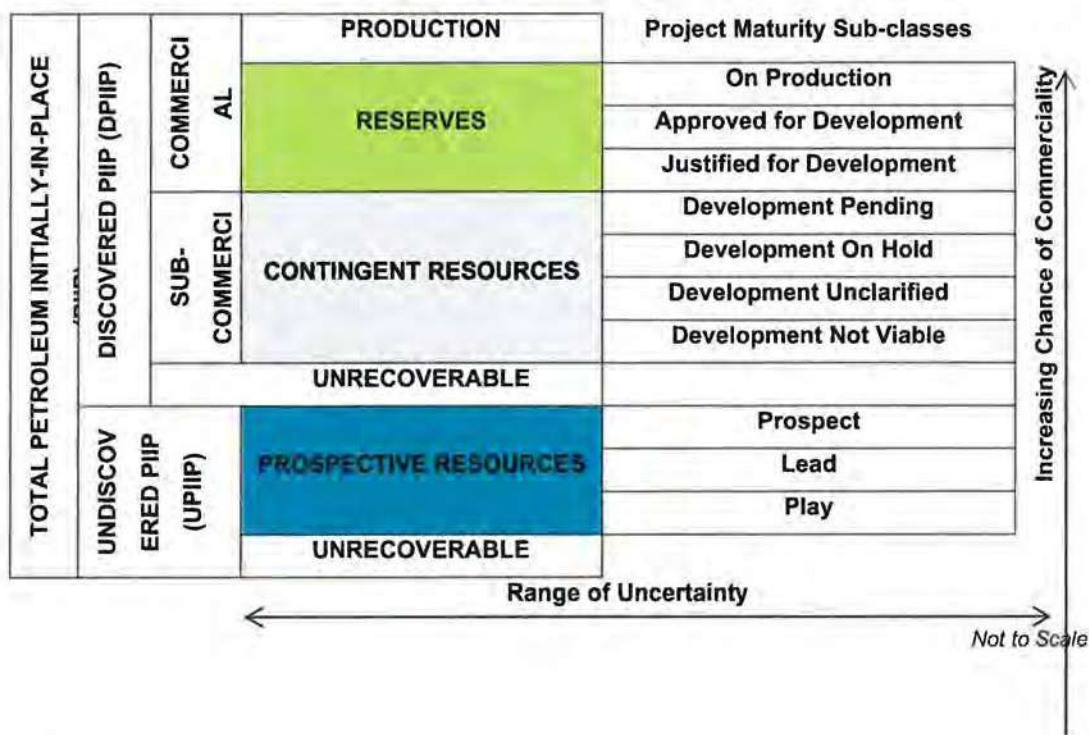
A "play" is a family of geologically similar fields, discoveries, prospects and leads. It would have the lowest chance of commerciality in these project maturity subclasses.

A "lead" is a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect.

A "prospect" is a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "prospect" would have the highest chance of commerciality.

There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

6.3 Project Maturity Sub-Classes



7. SITE VISIT

A personal field examination of these properties was not considered to be necessary because the data available from the Company's records and public sources were satisfactory for our purposes. However, a video conference was conducted with the Company's representatives in Brazzaville.



Source: Google Maps



- International Boundary
- - - - - Regional Boundaries
- Major Roads

ZENITH ENERGY LTD.

TILAPIA LICENCE
 REPUBLIC OF THE CONGO
ORIENTATION MAP

FEB. 2020

JOB No. 6630

EXECUTIVE SUMMARY

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Forecast Prices and Costs

Table 1: Summary of Oil & Gas Reserves

Table 2: Summary of Net Present Values

Table 3: Total Future Net Revenue (Undiscounted)

Table 4: Future Net Revenue – By Production Group

Table 4A: Reserves and Net Present Values – By Production Group

Table 5: Product Price Forecasts

Table 1
Zenith Energy Ltd
Summary of Oil and Gas Reserves
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

Reserves Category	Company Reserves							
	Light and Medium Oil		Heavy Oil		Conventional Natural Gas		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
PROVED								
Developed Producing	0	0	0	0	0	0	0	0
Developed Non-Producing	0	0	0	0	0	0	0	0
Undeveloped	0	0	0	0	0	0	0	0
TOTAL PROVED	0	0	0	0	0	0	0	0
PROBABLE	5,033	5,033	0	0	0	0	0	0
TOTAL PROVED PLUS PROBABLE	5,033	5,033	0	0	0	0	0	0

Reference: Item 2.1 (1) Form 51-101F1

Table 2
Zenith Energy Ltd
Summary of Net Present Values
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

Before Income Tax

Reserves Category	Net Present Values of Future Net Revenue				
	Discounted at				
	0 %/yr. M\$	5 %/yr. M\$	10 %/yr. M\$	15 %/yr. M\$	20 %/yr. M\$
PROVED					
Developed Producing	0	0	0	0	0
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	0	0	0	0	0
PROBABLE	250,334	160,998	112,135	82,739	63,650
TOTAL PROVED PLUS PROBABLE	250,334	160,998	112,135	82,739	63,650

After Income Tax [1]

Reference: Item 2.1 (2) Form 51-101F1

M\$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Notes: [1] Income Tax is not applicable due to the current terms of the ownership on the license.

Table 3
Zenith Energy Ltd
Total Future Net Revenue (Undiscounted)
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

Reserve Category	Revenue M\$	Royalties M\$	Operating Costs M\$	Development Costs M\$	Well Abandonment Costs [1] M\$	Future Net Revenues BIT M\$	Income Taxes [2] M\$	Future Net Revenues AIT M\$
Total Proved	0	N/A	0	0	0	0	0	0
Proved Plus Probable	337,765	N/A	56,150	31,281	0	250,334	0	250,334

Reference: Item 2.1 (3)(b) NI 51-101F1

M\$ means thousands of dollars

Notes: [1] The abandonment costs are the government responsibility.
[2] Income Tax is not applicable due to the current terms of the ownership on the license.

Table 4
Zenith Energy Ltd
Future Net Revenue
By Product Type
April 1, 2020
(as of March 31, 2020)
Forecast Prices and Costs

		Future Net Revenue Before Income Taxes Discounted at 10%/yr.
Reserve Category	Product Type	M\$
Total Proved	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0
Proved Plus Probable	Light and Medium Oil (including solution gas and other by-products)	112,135
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0

Reference: Item 2.1 (3)(c) NI 51-101F1

M\$ means thousands of dollars

Table 5
CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

April 1, 2020

Date	WTI [1] \$US/STB	Brent Spot (ICE)[2] \$US/STB	AB Synthetic Crude Price [3] \$CDN/STB	Western Canada Select [4] \$CDN/STB	Exchange Rate \$US/\$CDN
HISTORICAL PRICES					
2010	79.48	79.61	80.56	66.58	0.97
2011	94.88	111.26	102.45	77.43	1.01
2012	94.05	111.63	92.56	71.70	1.00
2013	97.98	108.56	100.17	75.76	0.97
2014	93.12	99.43	101.07	82.07	0.91
2015	48.69	53.32	62.17	46.23	0.78
2016	43.17	45.06	57.98	38.90	0.76
2017	50.86	54.75	67.75	49.63	0.77
2018	64.92	71.64	75.06	50.17	0.77
2019	57.00	64.11	75.28	57.86	0.75
2020 3 mos.	46.92	51.81	59.41	38.74	0.75
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)					
	55.79	61.40	73.41	54.04	0.75
FORECAST PRICES					
2020	35.00	38.85	45.65	32.87	0.75
2021	45.00	49.95	58.98	42.47	0.75
2022	50.00	55.50	65.21	46.95	0.76
2023	53.50	59.39	69.84	50.29	0.76
2024	55.50	61.61	72.49	52.19	0.76
2025	57.50	63.83	75.14	54.10	0.76
2026	58.65	65.10	76.66	55.20	0.76
2027	59.82	66.40	78.22	56.32	0.76
2028	61.02	67.73	79.80	57.46	0.76
2029	62.24	69.09	81.42	58.62	0.76
2030	63.48	70.47	83.07	59.81	0.76
2031	64.75	71.88	84.75	61.02	0.76
2032	66.05	73.31	86.46	62.25	0.76
2033	67.37	74.78	88.21	63.51	0.76
2034	68.72	76.28	90.00	64.80	0.76
2035	70.09	77.80	91.82	66.11	0.76

Escalated 2% thereafter

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.
 - [2] The Brent Spot price is estimated based on historic data.
 - [3] Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude landed in Edmonton.
 - [4] Western Canada Select (20.5API), spot price for B.C., Alberta, Saskatchewan, and Manitoba.

SUMMARY OF COMPANY RESERVES AND ECONOMICS

INDEX

Forecast Prices and Costs

Table 1: Summary of Company Reserves and Economics

Table 1a: Total Probable Cash Flow Analysis

Table 1
Summary of Company Reserves and Economics
Before Income Tax

April 1, 2020
(as of March 31, 2020)

Zenith Energy Ltd.
Tilapia License, Republic of the Congo

Description	Net Reserves	Cumulative Cash Flow (BIT) - M\$				
	Oil MSTB	Discounted at:				
	Company Net	Undisc.	5%/year	10%/year	15%/year	20%/year
Probable Undeveloped Reserves						
Djeno/Tilapia Ten Well Development	5,033	250,334	160,998	112,135	82,739	63,650

M\$ means thousands of dollars

Net resources are the total of the Company's working interest share after deducting the amounts attributable to royalties and profit oil owned by the government

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Zenith Energy Ltd
Tilapia Exploration Permit

April 1, 2020

Production and Capital Forecast - Probable Reserves

Single Well Production Profile							Development Program - Gross Production - STB/yr				Total Oil Production		Cumulative Production	Gross Capital Expenditures - \$M				
Year	Djeno STB/d	Tilapia STB/d	Days On	Djeno STB/yr	Tilapia STB/yr	Well Count	# Wells	# Wells	# Wells	# Wells	STB/yr.	STB/d	MSTB	Exploration	Drilling & Completion	Well Fac. & Tie-ins	Central Facilities	Total Capital (Escalated)
2020	1406		90	126,563		1.0	126,563	-	-	-	126,563	0	0		5000	250		5,250
2021	813	360	350	284,375	126,000	4.0	284,375	379,688	-	-	664,063	1897	664		15000	750	2,500	18,615
2022	623	216	350	218,171	75,600	7.0	218,171	853,125	379,688	-	1,450,984	4146	2,115		15000	750	2,500	18,987
2023	520	130	350	182,040	45,360	10.0	182,040	654,513	853,125	379,688	2,069,366	5912	4,184		15000	750		16,714
2024	434	116	350	151,892	40,533	10.0	151,892	546,119	654,513	853,125	2,205,650	6302	6,390		0	0		0
2025	362	103	350	126,737	36,220	10.0	126,737	455,677	546,119	654,513	1,783,047	5094	8,173		0	0		0
2026	302	92	350	105,748	32,366	10.0	105,748	380,212	455,677	546,119	1,487,756	4251	9,661		0	0		0
2027	252	83	350	88,235	28,921	10.0	88,235	317,245	380,212	455,677	1,241,369	3547	10,902		0	0		0
2028	210	0	350	73,623	0	10.0	73,623	264,706	317,245	380,212	1,035,786	2959	11,938		0	0		0
2029	176	0	350	61,430	0	10.0	61,430	220,868	264,706	317,245	864,250	2469	12,802		0	0		0
2030	146	0	350	51,257	0	10.0	51,257	184,290	220,868	264,706	721,121	2060	13,523		0	0		0
2031	122	0	350	42,768	0	10.0	42,768	153,770	184,290	220,868	601,697	1719	14,125		0	0		0
2032	102	0	350	35,685	0	10.0	35,685	128,304	153,770	184,290	502,050	1434	14,627		0	0		0
2033	85	0	350	29,775	0	10.0	29,775	107,056	128,304	153,770	418,905	1197	15,046		0	0		0
2034	0	0	350	0	0	10.0	126,000	89,326	107,056	128,304	450,686	1288	15,497		750	0		990
2035	0	0	350	0	0	10.0	75,600	378,000	89,326	107,056	649,982	1857	16,147		2250	0		3,028
2036	0	0	350	0	0	10.0	45,360	226,800	378,000	89,326	739,486	2113	16,886		2250	0		3,089
2037	0	0	350	0	0	10.0	40,533	136,080	226,800	378,000	781,413	2233	17,668		2250	0		3,151
2038	0	0	350	0	0	10.0	36,220	121,599	136,080	226,800	520,699	1488	18,188		0	0		0
2039	0	0	350	0	0	10.0	32,366	108,660	121,599	136,080	398,704	1139	18,587		0	0		0
2040	0	0	350	0	0	10.0	28,921	97,097	108,660	121,599	356,277	1018	18,943		0	0		0
2041	0	0	350	0	0	9.0	0	86,764	97,097	108,660	292,521	836	19,236		0	0		0
2042	0	0	350	0	0	6.0	0	0	86,764	97,097	183,861	525	19,420		0	0		0
2043	0	0	350	0	0	3.0	0	0	0	86,764	86,764	248	19,506		0	0		0
Total							1,963,300	5,889,900	5,889,900	5,889,900	19,633,000			0	57,500	2,500	5,000	69,823
														D&C	5000	250		

Initial Decline % =	50%	40%
Mid Decline % =	30%	40%
Final Decline % =	17%	11%
Initial rate	1500	450

Djeno Production
Tilapia Production

2020	1	1
2021	3	3
2022	3	3
2023	3	3
2024	0	0
2025	0	0
2026		
Recompletions	750	
2034	1	
2035	3	
2036	3	
2037	3	

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Zenith Energy Ltd
Tilapia Explortion Permit

Production Revenue and Costs- Probable Reserves (Gross Lease)

	Gross Production	Cumulative Production	Oil Price	Gross Revenue	Royalty	Operating Costs - \$/yr.			
Year	STB/yr.	MSTB	\$/STB	\$/yr.	\$/yr.	Fixed	Variable	Transportation	Total (Escalated)
2020	126,563	0	\$68.93	\$8,723,953	\$1,308,593	120,000	253,125	253,125	626,250
2021	664,063	664	\$71.19	\$47,274,609	\$7,091,191	480,000	1,328,125	1,328,125	3,198,975
2022	1,450,984	2,115	\$74.58	\$108,214,356	\$16,232,153	840,000	2,901,967	2,901,967	6,912,349
2023	2,069,366	4,184	\$76.07	\$157,419,951	\$23,612,993	1,200,000	4,138,731	4,138,731	10,057,559
2024	2,205,650	6,390	\$77.59	\$171,143,062	\$25,671,459	1,200,000	4,411,300	4,411,300	10,848,784
2025	1,783,047	8,173	\$79.14	\$141,119,037	\$21,167,855	1,200,000	3,566,093	3,566,093	9,199,407
2026	1,487,756	9,661	\$80.73	\$120,103,294	\$18,015,494	1,200,000	2,975,513	2,975,513	8,053,217
2027	1,241,369	10,902	\$82.34	\$102,217,260	\$15,332,589	1,200,000	2,482,739	2,482,739	7,082,195
2028	1,035,786	11,938	\$83.99	\$86,994,851	\$13,049,228	1,200,000	2,071,572	2,071,572	6,260,346
2029	864,250	12,802	\$85.67	\$74,039,396	\$11,105,909	1,200,000	1,728,500	1,728,500	5,565,545
2030	721,121	13,523	\$87.38	\$63,013,294	\$9,451,994	1,200,000	1,442,243	1,442,243	4,978,966
2031	601,697	14,125	\$89.13	\$53,629,222	\$8,044,383	1,200,000	1,203,393	1,203,393	4,484,586
2032	502,050	14,627	\$90.91	\$45,642,646	\$6,846,397	1,200,000	1,004,099	1,004,099	4,068,772
2033	418,905	15,046	\$92.73	\$38,845,448	\$5,826,817	1,200,000	837,811	837,811	3,719,923
2034	450,686	15,497	\$94.59	\$42,628,361	\$6,394,254	1,200,000	901,372	901,372	3,962,058
2035	649,982	16,147	\$96.48	\$62,708,429	\$9,406,264	1,200,000	1,299,964	1,299,964	5,114,203
2036	739,486	16,886	\$98.41	\$72,770,420	\$10,915,563	1,200,000	1,478,972	1,478,972	5,707,967
2037	781,413	17,668	\$100.37	\$78,434,231	\$11,765,135	1,200,000	1,562,826	1,562,826	6,056,958
2038	520,699	18,188	\$102.38	\$53,310,408	\$7,996,561	1,200,000	1,041,398	1,041,398	4,688,642
2039	398,704	18,587	\$104.43	\$41,636,707	\$6,245,506	1,200,000	797,409	797,409	4,071,522
2040	356,277	18,943	\$106.52	\$37,950,137	\$5,692,521	1,200,000	712,554	712,554	3,900,773
2041	292,521	19,236	\$108.65	\$31,782,074	\$4,767,311	1,080,000	585,041	585,041	3,410,375
2042	183,861	19,420	\$110.82	\$20,375,852	\$3,056,378	720,000	367,722	367,722	2,250,088
2043	86,764	19,506	\$113.04	\$9,807,707	\$1,471,156	360,000	173,529	173,529	1,114,959
	19,633,000			\$1,669,784,706	\$250,467,706	\$25,200,000	\$39,266,000	\$39,266,000	\$125,334,416
					15%	120,000	\$2.00	\$2.00	Cost Oil %
						\$/yr/well	\$/STB	\$/STB	

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Zenith Energy Ltd

Tilapia Exploration Permit

Production Splits -Cost Oil & Profit Oil - Probable Reserves (Gross Lease)

Year	Cost Recovery						Total Daily Production		Contractors Share			Total Contractors Profit Oil		Total Government Profit Oil	
	Available Cost Oil	Cost Oil Revenue Ceiling	Annual Costs For Recovery	Cumulative Outstanding Costs	Annual Cost Recovery	Cost Oil									
	STB/yr.	\$/yr	\$/yr.	\$/yr.	\$/yr.	STB/yr.	STB/yr.	STB/d	STB/yr.	STB/yr.	STB/yr.	STB/yr.	STB/yr.	STB/yr.	STB/yr.
2020	64,547	4,449,216	5,876,250	5,876,250	4,449,216	64,547	43,031	0	25,819	0	0	25,819	17,213		
2021	338,672	24,110,051	21,813,975	23,241,009	23,241,009	326,465	237,989	680	142,793	0	0	142,793	95,195		
2022	740,002	55,189,322	25,899,649	25,899,649	25,899,649	347,273	886,063	2532	531,638	0	0	531,638	354,425		
2023	1,055,376	80,284,175	26,771,585	26,771,585	26,771,585	351,926	1,407,035	4020	844,221	0	0	844,221	562,814		
2024	1,124,881	87,282,962	10,848,784	10,848,784	10,848,784	139,816	1,734,986	4957	1,040,992	0	0	1,040,992	693,994		
2025	909,354	71,970,709	9,199,407	9,199,407	9,199,407	116,235	1,399,355	3998	839,613	0	0	839,613	559,742		
2026	758,756	61,252,680	8,053,217	8,053,217	8,053,217	99,758	1,164,835	3328	698,901	0	0	698,901	465,934		
2027	633,098	52,130,803	7,082,195	7,082,195	7,082,195	86,009	969,155	2769	581,493	0	0	581,493	387,662		
2028	528,251	44,367,374	6,260,346	6,260,346	6,260,346	74,538	805,881	2303	483,528	0	0	483,528	322,352		
2029	440,767	37,760,092	5,565,545	5,565,545	5,565,545	64,966	669,647	1913	401,788	0	0	401,788	267,859		
2030	367,772	32,136,780	4,978,966	4,978,966	4,978,966	56,979	555,974	1588	333,585	0	0	333,585	222,390		
2031	306,865	27,350,903	4,484,586	4,484,586	4,484,586	50,315	461,127	1318	276,676	0	0	276,676	184,451		
2032	256,045	23,277,750	4,068,772	4,068,772	4,068,772	44,755	381,987	1091	229,192	0	0	229,192	152,795		
2033	213,642	19,811,178	3,719,923	3,719,923	3,719,923	40,115	315,954	903	189,573	0	0	189,573	126,382		
2034	229,850	21,740,464	4,951,667	4,951,667	4,951,667	52,351	330,732	945	198,439	0	0	198,439	132,293		
2035	331,491	31,981,299	8,142,406	8,142,406	8,142,406	84,397	468,087	1337	280,852	0	0	280,852	187,235		
2036	377,138	37,112,914	8,796,735	8,796,735	8,796,735	89,392	539,172	1540	323,503	0	0	323,503	215,669		
2037	398,521	40,001,458	9,207,501	9,207,501	9,207,501	91,731	572,470	1636	343,482	0	0	343,482	228,988		
2038	265,557	27,188,308	4,688,642	4,688,642	4,688,642	45,795	396,799	1134	238,079	0	0	238,079	158,720		
2039	203,339	21,234,721	4,071,522	4,071,522	4,071,522	38,988	299,911	857	179,946	0	0	179,946	119,964		
2040	181,701	19,354,570	3,900,773	3,900,773	3,900,773	36,621	266,215	761	159,729	0	0	159,729	106,486		
2041	149,186	16,208,858	3,410,375	3,410,375	3,410,375	31,389	217,254	621	130,352	0	0	130,352	86,901		
2042	93,769	10,391,684	2,250,088	2,250,088	2,250,088	20,304	135,978	389	81,587	0	0	81,587	54,391		
2043	44,250	5,001,931	1,114,959	1,114,959	1,114,959	9,864	63,886	183	38,332	0	0	38,332	25,554		
									60%	55%	50%	8,594,113	5,729,409		
									0 to <25MM	25MM to 100MM	>100MM				
									60%	55%	50%				

Table 1a, Page 4
Zenith Energy Ltd
Tilapia Exploration Permit
April 1, 2020

Production Streams, Revenues and Cash Flows - Probable Reserves

Year	Cost Oil STB/yr.	Net Profit Oil STB/yr.	Total Net Oil STB/yr.	Oil Price \$/STB	Contractor's Total Revenue (Operating Cash Flow) \$/yr.	Cost Schedule Total Operating Costs \$/yr.	Net Operating Income \$/yr.	Total Capital Costs \$/yr.	Contractor's Undiscounted Net Cash Flow (Profit) \$/yr.	Company's Share Undiscounted Net Cash Flow (Profit) \$/yr.	Company Share Discounted @			
											5%	10%	15%	20%
											\$	\$	\$	\$
2020	64,547	25,819	90,366	\$68.93	6,228,903	626,250	5,602,653	5,250,000	352,653	157,986	155,124	152,441	149,921	147,548
2021	326,465	142,793	469,258	\$71.19	33,406,454	3,198,975	30,207,479	18,615,000	11,592,479	5,193,431	4,856,452	4,555,535	4,285,434	4,041,849
2022	347,273	531,638	878,911	\$74.58	65,549,181	6,912,349	58,636,832	18,987,300	39,649,532	17,762,990	15,819,454	14,164,735	12,745,554	11,520,216
2023	351,926	844,221	1,196,147	\$76.07	90,992,809	10,057,559	80,935,250	16,714,026	64,221,224	28,771,108	24,402,971	20,857,213	17,951,526	15,549,624
2024	139,816	1,040,992	1,180,808	\$77.59	91,622,475	10,848,784	80,773,691	0	80,773,691	36,186,614	29,231,073	23,848,164	19,633,372	16,297,838
2025	116,235	839,613	955,848	\$79.14	75,650,472	9,199,407	66,451,064	0	66,451,064	29,770,077	22,902,742	17,835,869	14,045,237	11,173,282
2026	99,758	698,901	798,659	\$80.73	64,473,967	8,053,217	56,420,750	0	56,420,750	25,276,496	18,519,749	13,766,974	10,369,746	7,905,629
2027	86,009	581,493	667,502	\$82.34	54,963,681	7,082,195	47,881,485	0	47,881,485	21,450,905	14,968,371	10,621,224	7,652,425	5,590,929
2028	74,538	483,528	558,066	\$83.99	46,871,513	6,260,346	40,611,167	0	40,611,167	18,193,803	12,091,024	8,189,544	5,643,897	3,951,669
2029	64,966	401,788	466,754	\$85.67	39,986,310	5,565,545	34,420,765	0	34,420,765	15,420,503	9,759,978	6,310,185	4,159,645	2,791,093
2030	56,979	333,585	390,564	\$87.38	34,128,366	4,978,966	29,149,401	0	29,149,401	13,058,931	7,871,702	4,858,011	3,083,145	1,969,710
2031	50,315	276,676	326,991	\$89.13	29,144,738	4,484,586	24,660,152	0	24,660,152	11,047,748	6,342,281	3,736,216	2,253,387	1,388,632
2032	44,755	229,192	273,947	\$90.91	24,905,258	4,068,772	20,836,486	0	20,836,486	9,334,746	5,103,698	2,869,908	1,655,643	977,765
2033	40,115	189,573	229,688	\$92.73	21,299,147	3,719,923	17,579,225	0	17,579,225	7,875,493	4,100,821	2,201,155	1,214,630	687,430
2034	52,351	198,439	250,790	\$94.59	23,721,131	3,962,058	19,759,073	989,609	18,769,464	8,408,720	4,169,978	2,136,535	1,127,713	611,645
2035	84,397	280,852	365,250	\$96.48	35,238,261	5,114,203	30,124,059	3,028,204	27,095,855	12,138,943	5,733,178	2,803,938	1,415,636	735,816
2036	89,392	323,503	412,895	\$98.41	40,631,608	5,707,967	34,923,641	3,088,768	31,834,873	14,262,023	6,415,143	2,994,856	1,446,285	720,424
2037	91,731	343,482	435,213	\$100.37	43,684,458	6,056,958	37,627,501	3,150,543	34,476,957	15,445,677	6,616,722	2,948,554	1,362,015	650,179
2038	45,795	238,079	283,875	\$102.38	29,063,765	4,688,642	24,375,123	0	24,375,123	10,920,055	4,455,244	1,895,109	837,340	383,062
2039	38,988	179,946	218,934	\$104.43	22,863,329	4,071,522	18,791,808	0	18,791,808	8,418,730	3,271,176	1,328,199	561,340	246,099
2040	36,621	159,729	196,350	\$106.52	20,914,879	3,900,773	17,014,106	0	17,014,106	7,622,320	2,820,689	1,093,229	441,945	185,682
2041	31,389	130,352	161,741	\$108.65	17,573,008	3,410,375	14,162,633	0	14,162,633	6,344,860	2,236,149	827,282	319,894	128,802
2042	20,304	81,587	101,891	\$110.82	11,291,719	2,250,088	9,041,632	0	9,041,632	4,050,651	1,359,610	480,135	177,587	68,524
2043	9,864	38,332	48,195	\$113.04	5,447,914	1,114,959	4,332,956	0	4,332,956	1,941,164	620,529	209,174	74,003	27,365
Totals	2,364,528	8,594,113	10,958,641		929,653,346	125,334,416	804,318,930	69,823,450	734,495,480	329,053,975	213,823,858	150,684,187	112,587,321	87,750,812
Company Share	1,059,309	3,850,163	4,909,471		416,484,699	56,149,818	360,334,881	31,280,906	329,053,975	44.8%				

**TILAPIA LICENSE
REPUBLIC OF THE CONGO
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**TILAPIA LICENSE
REPUBLIC OF THE CONGO
DISCUSSION**

Property Description

The Company has entered into a share purchase agreement with Anglo African Oil & Gas plc ("AAOG") for the acquisition of 80 percent interest in AAOG's wholly owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.U ("AAOG Congo")

AAOG Congo holds a 56 percent working interest and is the operator of the Tilapia License in the Republic of the Congo. With the completion of this arrangement the Company will hold, effectively, a 44.8 percent position on the Tilapia License. This License is located on the coast, covering an area of 50 square kilometers (12,355 acres), mostly offshore in water depths of less than 10 meters.

The License is approaching its expiry during 2020 and the Company is engaged in negotiations for a new 25-year license term, which is anticipated to be accepted. The Tilapia field contains seven wells all with the surface onshore, five of which have been directionally drilled offshore. This report is focused on the Djeno formation, which is the main target in the License area and producing from surrounding fields. The Tilapia zone, which has produced from this license, is also of interest of a secondary nature.

The property is governed by a Production Sharing Agreement (PSA), the terms of which are shown on Table 1. A map of the Tilapia field is presented on Figure 1

Geology

Basin Geology and Petroleum System

The Lower Congo Basin lies offshore of the west coast of Africa, covering 115,000 square kilometers from the Republic of the Congo to central Angola, in water depths extending to over 3500 meters. As shown in Figure 2a, it lies between the Gabon Basin to the north, and the Kwanza Basin to the south. The transition from the Congo Basin to the Kwanza Basin lies along the Ambriz spur, a NE-SW trend, located to the north of Luanda, the capital of Angola. The Congo Basin is one of the largest intra-cratonic basins in the world where more than 295 oil and gas fields exist in the basin, as seen in Figure 2b.

The major tectonic development of the basin along the coast of West Africa commenced in the Late Mesozoic due to rifting and the separation of South American and African continental masses during the opening of the South Atlantic Ocean. Transverse fracture zones of the Mid-Atlantic rift segmented the rifted continental crust into a series of sub-basins. The Congo Basin is one of these sub-basins.

The tectonic history of the Congo Basin can be divided into three main stages:

1. Rift stage, with lacustrine and alluvial deposition within graben and half-graben structures (Neocomian to mid-Aptian).
2. Evaporite deposition stage, developed during the transition from active rifting to thermally-induced crustal subsidence (Aptian).
3. Subsidence stage, with regional marine deposition and active extension with salt tectonics (Albian to Recent).

The main stratigraphic sequences in the basin, as illustrated in Figures 2c and 2d, were lacustrine silt and shale deposits of the Bucomazi Formation (Neocomian to mid-Aptian). By the end of the Barremian, the rift activity on the Mid-Atlantic ridge had progressed to the west, reducing the tectonic activities along the African passive margin. Final uplift and erosion produced a regional unconformity where the Chela formation sandstone and shales were deposited on this unconformity during early-Aptian. The onset of marine deposition in the Congo Basin is denoted by deposition of the Aptian Loeme Salt Formation. The Loeme Salt involved in diapir features and complex compressional structures in the deep water portion in the western half of the basin and extensional faulting all along the eastern half. Open marine conditions continued with deposition of the Pinda Formation during Albian, which consists of a sequence of continental shelf clastics, limestone and dolomite. Then the shelf collapsed westward into a series of faulted blocks leading to the development of regional west-dip of the shelf. During the Cenomanian time the deposited sequences changed from mostly carbonate-clastics of the Pinda Formation to mainly siliciclastics of the Iabe Formation. Depositional patterns varied laterally from non-marine to the east, nearshore and shoreface environments; and shale with silts in the western portion of the basin. Subsidence of West Africa passive margin in the Congo Basin continued through the Late Cretaceous-Eocene, with marine deposition of the Landana Formation, which may have turbidite sediments in the deepwater area. A major unconformity at the base of the Oligocene marks the beginning of a period of marine deposition which continues to present day, providing a large volume of Tertiary sediments. Throughout the Miocene time; the Congo River spread turbidite deposits in a channel-dominated submarine fan system where the Malembo Formation shale forms the vertical and lateral seals of sand-filled channels.

The Lower Congo petroleum system, as shown in Figure 2e, contains numerous source rocks such as the Cretaceous: Pointe Noire Marl (Bucomazi-equivalent) and Iabe Formation, and the Tertiary Landana and Malembo Formations. Such vertically stacked source rocks provide the world-class petroleum system that created a large volume of hydrocarbons in the basin. Anoxic conditions during the Neocomian-Barremian time resulted in the deposition of a widespread organic-rich lacustrine shale and marl of the Pointe Noire Marl Formation that is the primary source rock in the basin. This interval contains Type I and Type II Saprolitic Kerogen with Total Organic Carbon (TOC) contents ranges from 1 to 5 with a maximum of 20%. The Cenomanian-Maastrichtian Iabe Formation provides an additional source rock and it has mostly Type II, and sometime Type I Kerogen that contain TOC of 3 to 5%. The shales of the Paleocene-Eocene Landana Formation and the Olig-Micene Malembo Formation also considered as source rocks that contains Type II and III Kerogen with TOC of 3-5% and 1-5 respectively.

The pervasive extensional and compressional tectonics that took place in the Lower Congo Basin created a large number of structural traps with a component of stratigraphic trapping that in general, dominate in the basin. These traps are associated with rollover into extensional faults, channel truncation against updip faults, compaction closures over deeper Cretaceous structures, and salt-related traps such as thrust folds, and turtle structures.

The hydrocarbon generation began between Late Cretaceous to Miocene time and continued to present. The network of faults that occur throughout the basin facilitates the hydrocarbon migration into the relevant reservoirs, in addition to the direct migration from the source rock shales into the overlying and underlying reservoir beds. The seal is provided by the Cretaceous: Loeme Salt, Pointe Noire Marl, Pointe Indienne Shale, and the Tertiary Malembo shales, in addition to intra-formational clays.

The Lower Congo Basin contains multiple existing reservoirs ranging from Pre-Salt to Post-Salt and Tertiary reservoirs. The Early Cretaceous, Neocomian-Barremian Djeno reservoir, which is the main focus of this evaluation, consists of lacustrine turbidite sandstone with shale interbeds.

Prospect and Reservoir Geology

Seven wells were drilled in Tilapia licence, as seen in Figure 1, where numerous reservoirs were penetrated, such as the Aptian Chela Formation reservoir and the Barremian Tilapia Formation, which is the main producing reservoir in this property. There is also the Barremian Mengo Formation which was penetrated in 2 wells and it demonstrated hydrocarbon indications but it is tight lacustrine sandstone that would require fracturing and possibly a horizontal application.

Additionally, there is the Neocomian-Barremian Djeno Formation, which is the main reservoir of focus in this evaluation and it is producing from several fields in the region. Djeno was penetrated in only one well in this property and it is divided into three main zones, where only the top part was penetrated, as shown in Figure 2f. There are indications from the logs that Djeno is hydrocarbon-bearing reservoir, however there is no test to confirm it. As illustrated in Figure 2g, the mapped Djeno reservoir shows that it has a 4-way dip structural closure, however the seismic quality is relatively poor. This reservoir thickens towards the offshore area where it reached 1000 meter thick, while in this area it can be up to 500 meters gross thickness.

The Djeno reservoir is lacustrine, turbiditic sandstone with shale interbeds, and it has high clay content, as shown in the log interpretation. The reservoir occurred between 2400 and 2600 meters in the well, with a porosity range from 10 to 16%, water saturation of 30-45%, net thickness of about 40-80 meters (for full hydrocarbon column), net pay of 10-35 meter net oil where the rest is gas cap.

Reserves

Total probable Undeveloped Reserves of 19,633 MSTB have been estimated for the Tilapia license. Of these, 15,783 MSTB have been estimated for the Djeno Formation based on a Monte Carlo simulation, P50 results, with input data derived from Company presentations and a previous Competent Person's Report, both of which incorporated information from surrounding producing Djeno pools.

Additional Probable Reserves of 3850 MSTB have been estimated for the Tilapia zone based on analogy to the producing Tilapia well TLP 101 ST, R2 formation.

The Probable Reserves case involves a development with 10 wells, initially producing from the deeper Djeno formation until depletion and then recompleted in the shallower Tilapia zone.

A summary of the Reserves is presented on Table 2 and the statistical input parameters for the Monte Carlo are presented on Table 2a.

Productivity Estimates

A production forecast has been developed for the Djeno completions on a conservative basis for a with initial rates per well of 1500 STB/d. The forecasts include steep declines initially with a stable exponential decline after the first two years, resulting in a rational schedule for depletion of the

reserves assigned. It has been reported that initial production rates have reached as high as 5000 STB/d in other Djeno pools in the area.

The production forecast for the typical Tilapia completions has been developed from the profile of production from the R2 zone in the analog well.

The forecast for the anticipated field development is presented on Page 1 of the economic analysis, Table 4a.

Product Prices

The Djeno production is expected to attract an oil price, which is equivalent to Brent crude, based on a comparison of Brent posted prices to an average of prices posted for production from Nigeria and Angola. The price forecast is shown on the economic analysis.

Operating Environment

The Tilapia license is located in a region of active oil and gas development. Although the Djeno prospective reservoir is mostly located offshore, the surface locations and facilities will be located onshore at the coastline. The Tilapia license contains wells that have produced oil previously from the shallower Tilapia reservoir and therefore, the gathering infrastructure is in place. With the anticipated production rates, there will be a need to expand the oil handling facilities, which has been included in the economic analysis.

Capital Expenditures

The cost to drill, complete and tie-in for production has been estimated to be \$5,000,000 per directional well and \$250,000 per well for surface facilities and local tie-ins. An additional cost for the expansion of the oil handling facility has been estimated to be another \$5,000,000 spread over two years.

It has been estimated that the recompletions to the Tilapia would cost \$750,000 each.

Under the PSA the abandonment of the wells is the responsibility of the government.

The capital expenditures scheduled for each case are presented in Table 3a and on Page 1 of each of the economic analysis cases.

Operating Costs

Operating costs have been estimated to be \$10,000/well/month (fixed), \$2.00/STB (variable) plus \$2.00/STB for transportation, based on our experience and reasonable judgement.

Economics

The results of the economic analysis, before income tax are summarized in Table 4, and the detailed, analysis are presented in Table 4a.

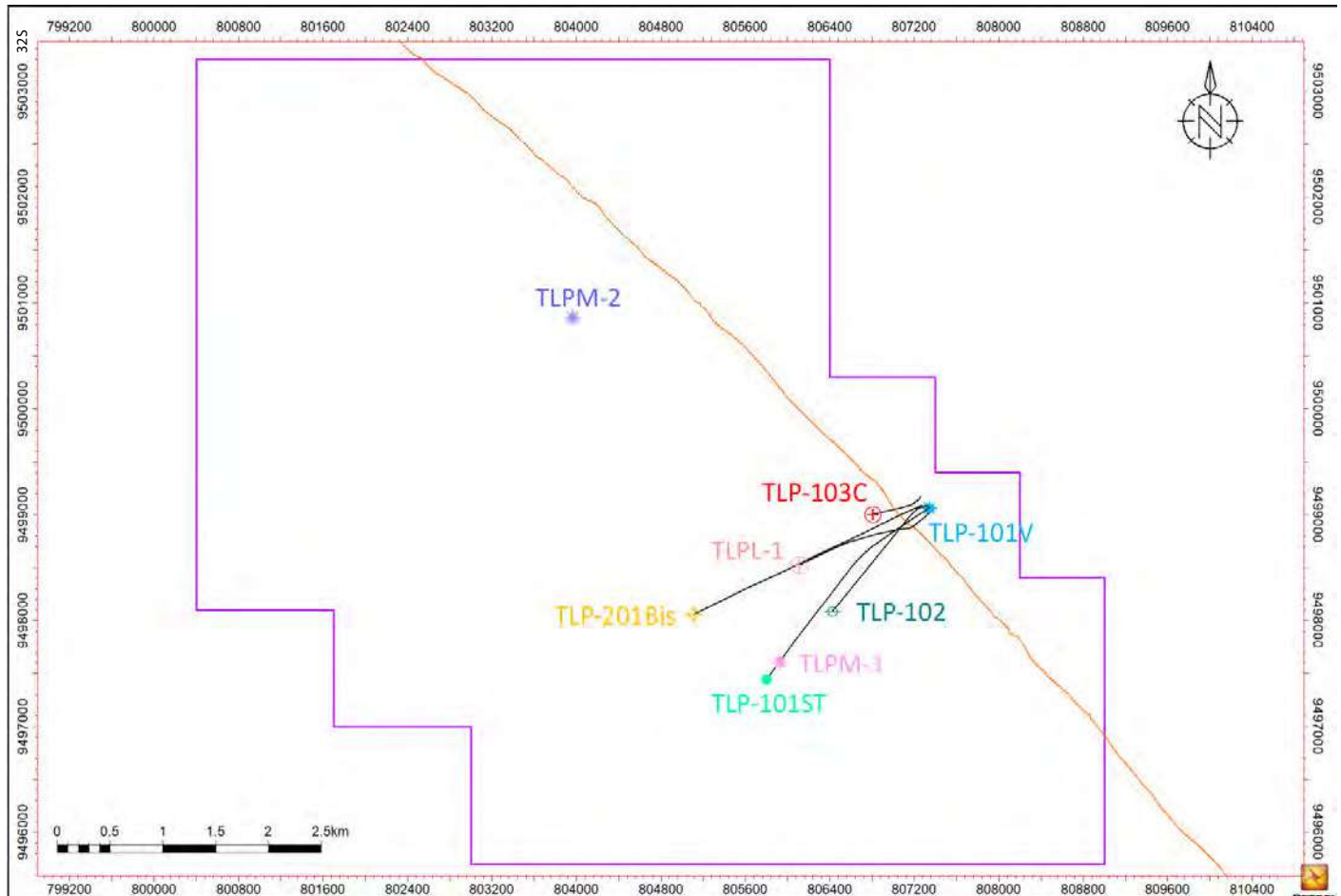
In order to properly account for the cost recovery and profit splits under the PSA terms, the economic analysis is conducted for all production from the license and for accumulating reserve categories.

The evaluation for each reserve category consists of four pages. Page 1 presents the production rates for each well or group of wells for each year of the forecast. The daily rates are then multiplied by the active days per year to obtain an annual production volume. The well count, total daily rate and capital expenditures are shown on the right hand side of the page.

Page 2 presents the gross annual production in barrels and shows the conversion to gross revenue by applying the oil price. The 15% royalty is deducted. Fixed and variable operating costs are shown and escalated at 2 percent per year in all years.

Pages 3 applies the conditions of the Production Sharing Agreement governing Cost Recovery and the sharing of Profit Oil. See the Property Description and Table 1 for an explanation of the terms of the PSA.

Page 4 is the cash flow analysis, initially for the full Contractor group position and finally the undiscounted and discounted values represent the Company's net position, which in this case is 44.8% of the contractor group. Values are shown before income tax (tax not applicable), at discount rates of 0, 5, 10, 15 and 20 percent. The Company Net Oil Reserves are also shown on this page.



Source: Anglo African Oil & Gas PLC, 2020, Slide 17

ZENITH ENERGY LTD.

TILAPIA LICENCE
REPUBLIC OF THE CONGO
LAND AND WELL MAP

FEB. 2020

JOB No. 6630 FIGURE No. 1

Table 1

Schedule of Lands, Interests and Royalty Burdens
April 1, 2020

Zenith Energy Ltd.

Tilapia License, Republic of the Congo

<u>Description</u>	<u>Rights Owned</u>	<u>Gross Acres</u>	<u>Appraised Interest</u>		<u>Royalty Burdens</u>	
			<u>Working %</u>	<u>Royalty %</u>	<u>Basic %</u>	<u>Overriding %</u>
Tilapia License	All P& NG	12,355	44.8000	-	15.0000	-
Total		12,355				

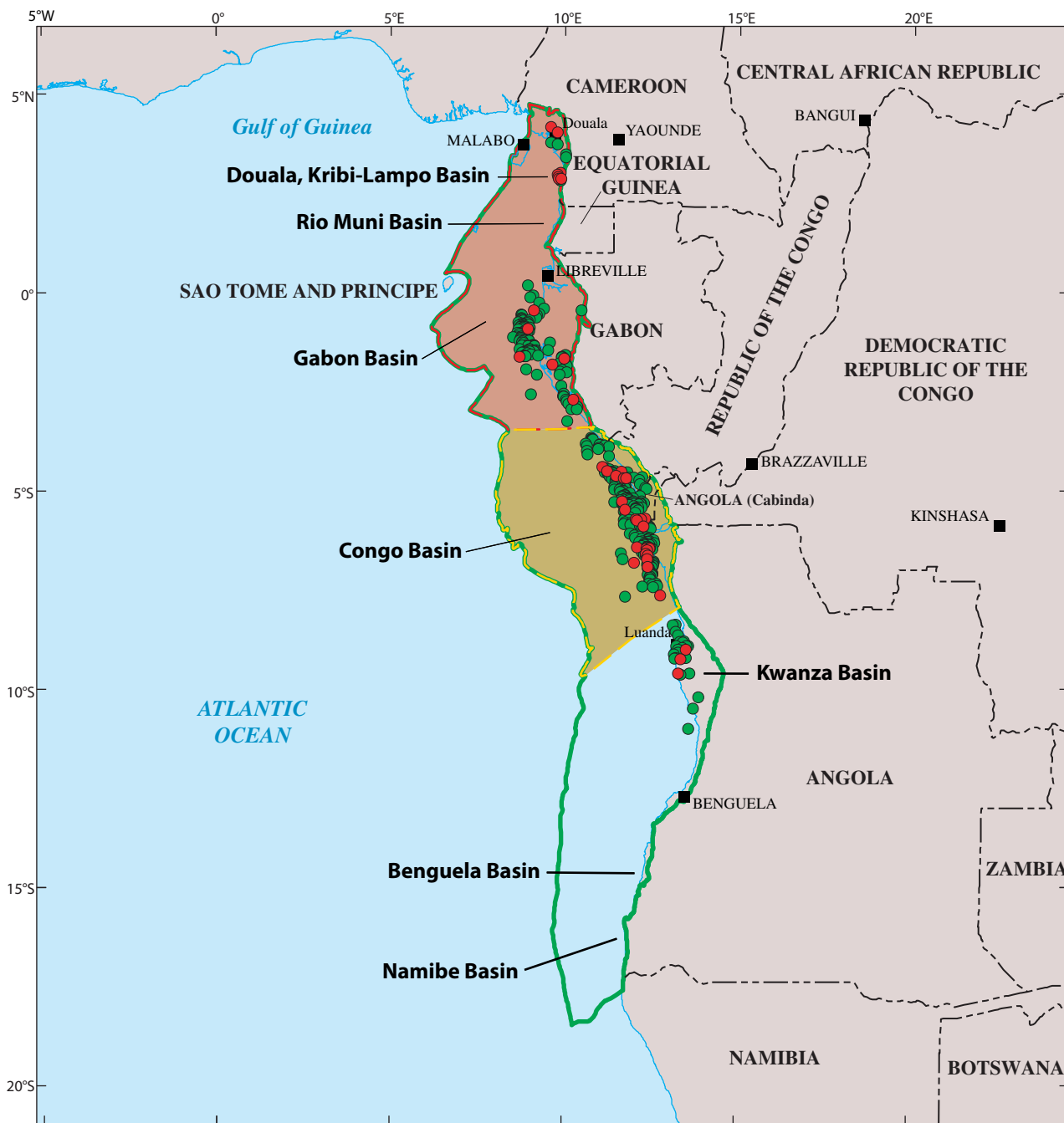
General Notes : [1] Production Sharing Agreement - Cost Oil and Profit Oil are a function of Cumulative Production

[2] Cost Oil Schedule

<u>Cumulative Production MMSTB</u>	<u>Cost Oil Allocation</u>
0<25	60%
25 to 100	55%
>100	50%

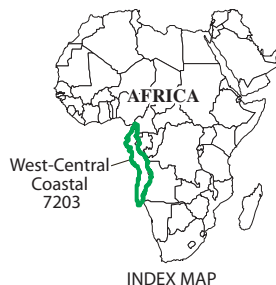
[3] Profit Oil Schedule

<u>Cumulative Production MMSTB</u>	<u>Contractor</u>	<u>Government</u>
0<25	60%	40%
25 to 100	55%	45%
>100	50%	50%



Base from U.S. Geological Survey digital data, 2002
World Geodetic System 1984 (WGS 84)
Prime Meridian, Greenwich, 0

0 100 200 300 400 KILOMETERS
0 100 200 300 400 MILES



- Melania-Gamba Total Petroleum System (720301)
- Congo Delta Composite Total Petroleum System (720303)
- West-Central Coastal Province boundary
- Gabon Subsalt Assessment Unit (72030101) boundary
- Central Congo Delta and Carbonate Platform Assessment Unit (72030301) boundary
- Center point of oil field
- Center point of gas field

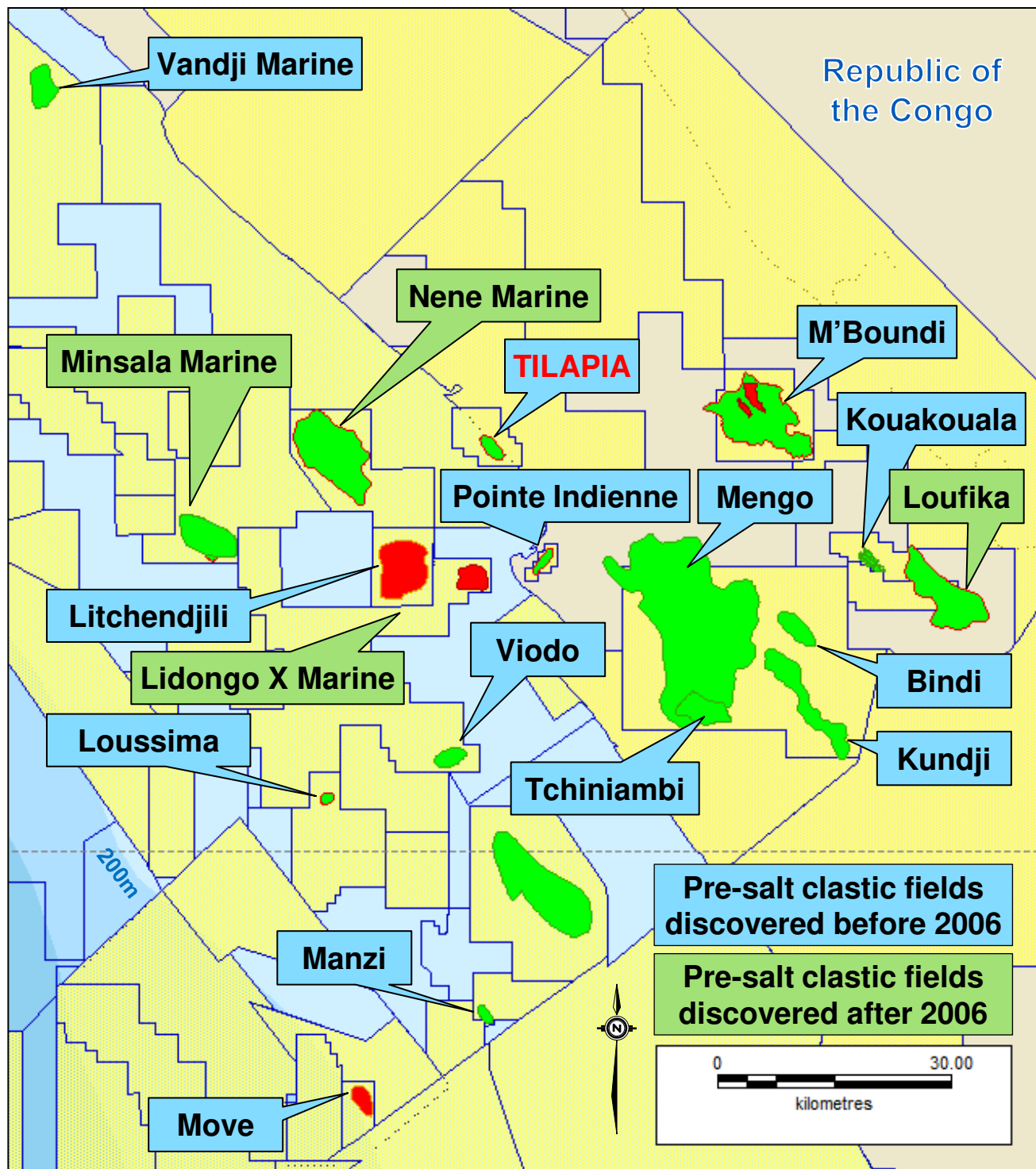
ZENITH ENERGY LTD.

**WEST AFRICA
SEDIMENTARY BASINS AND
HYDROCARBON OCCURRENCES
MAP**

FEB. 2020

JOB No. 6630 FIGURE No. 2a

Source: Brownfield, M.E., *Assessment of Undiscovered Oil and Gas Resources of the West-Central Coastal Province, West Africa*, 2016, p.4



Source: Gaffney, Cline & Associates, 2015, Slide 11

ZENITH ENERGY LTD.

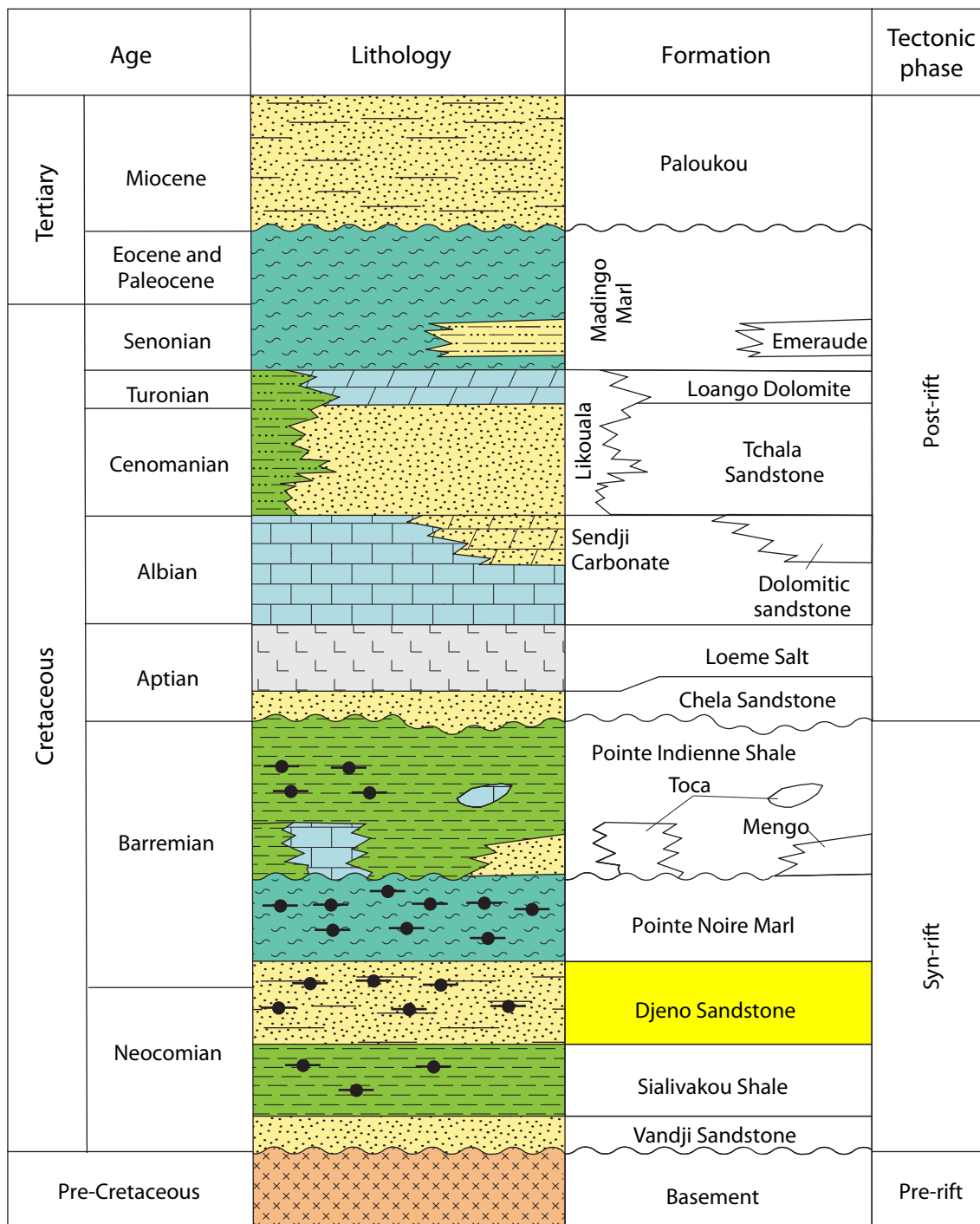
CONGO BASIN

REPUBLIC OF THE CONGO

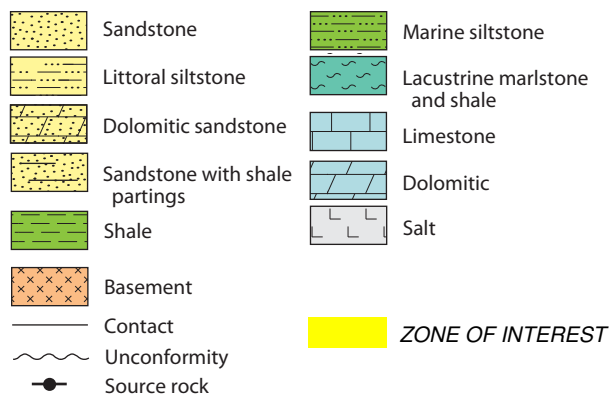
PRE-SALT CLASTIC PLAYS

FEB. 2020

JOB No. 6630 FIGURE No. 2b



Source: Brownfield, M.E., Assessment of Undiscovered Oil and Gas Resources of the West-Central Coastal Province, West Africa, 2016, p. 16



ZENITH ENERGY LTD.

CONGO BASIN

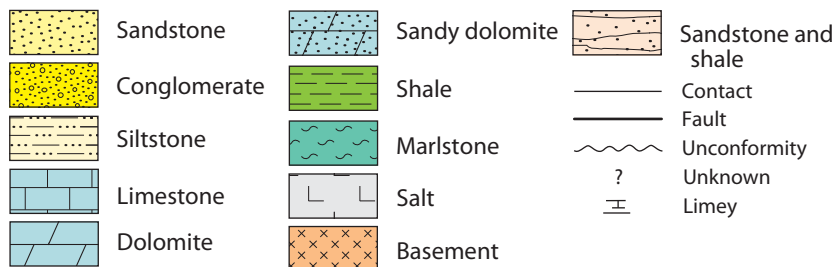
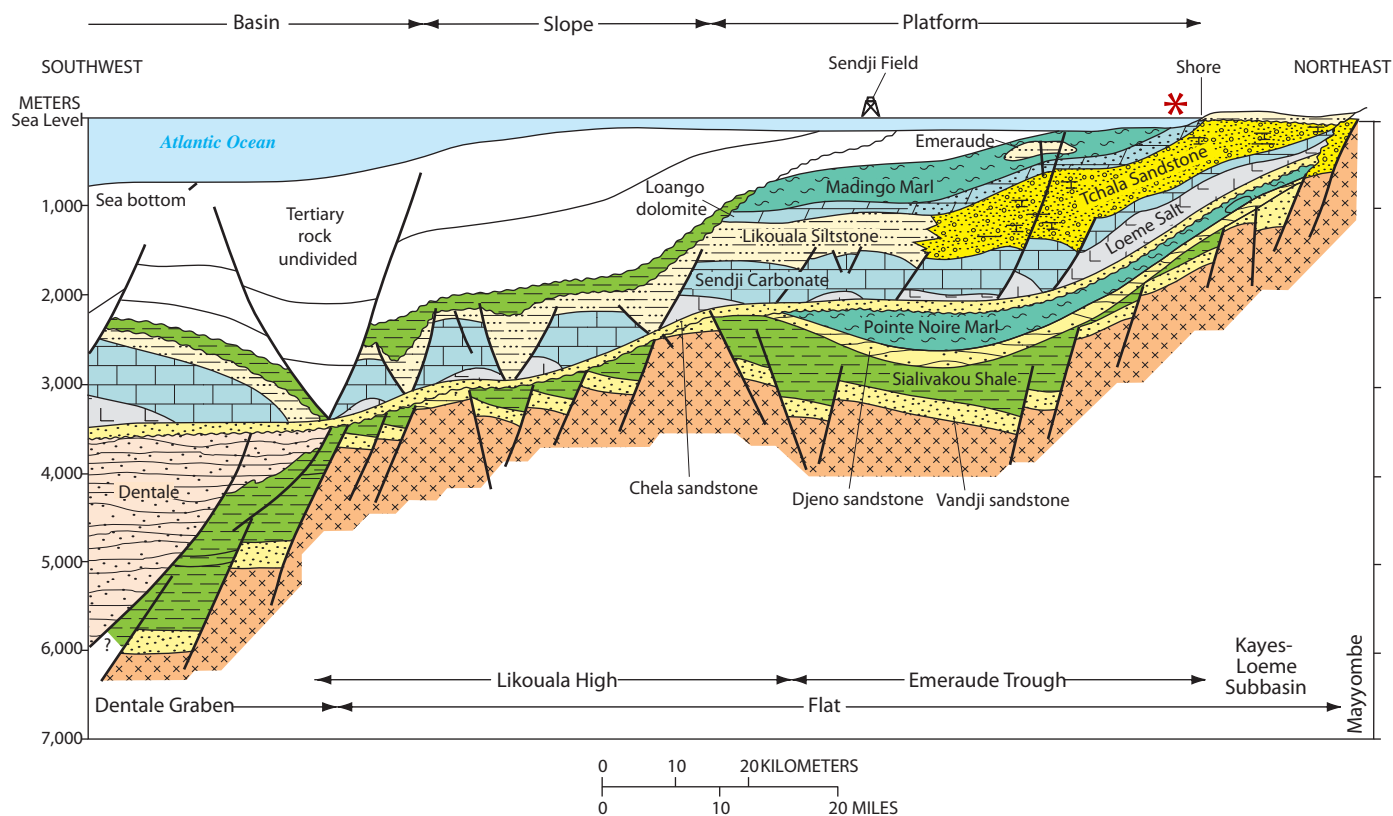
REPUBLIC OF THE CONGO

STRATIGRAPHIC COLUMN

FEB. 2020

JOB No. 6630 FIGURE No. 2c

Source: Brownfield, M.E., Assessment of Undiscovered Oil and Gas Resources of the West-Central Coastal Province, West Africa, 2016, p.17



* Approximate Location of the Tilapia Licence

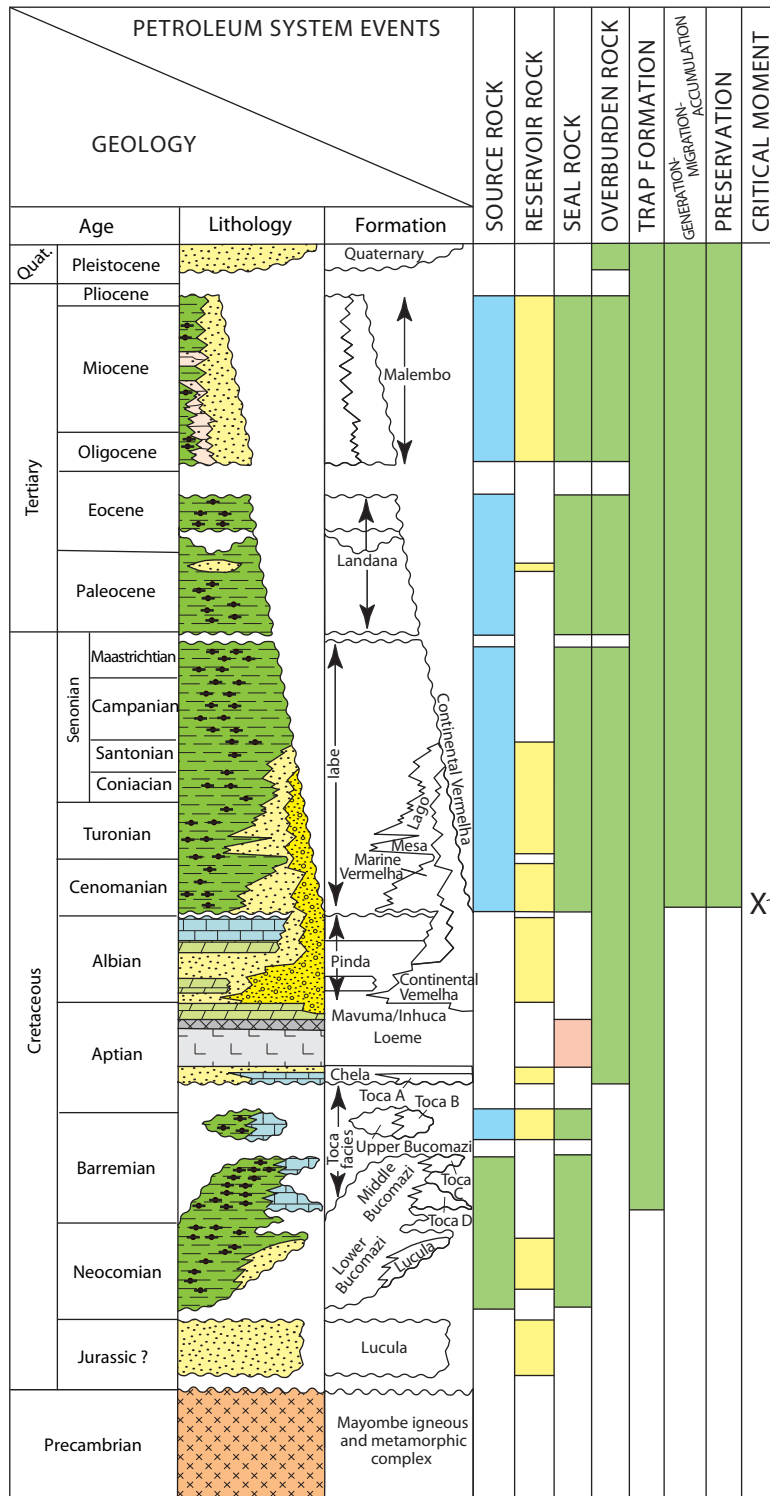


ZENITH ENERGY LTD.

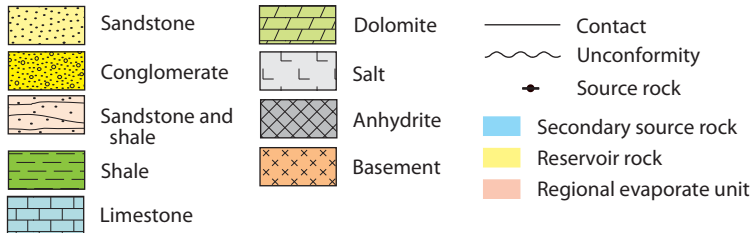
CONGO BASIN
WEST AFRICA
**SW-NE REGIONAL
CROSS SECTION**

FEB. 2020

JOB No. 6630 FIGURE No. 2d



X Location of critical moment (major unconformity)



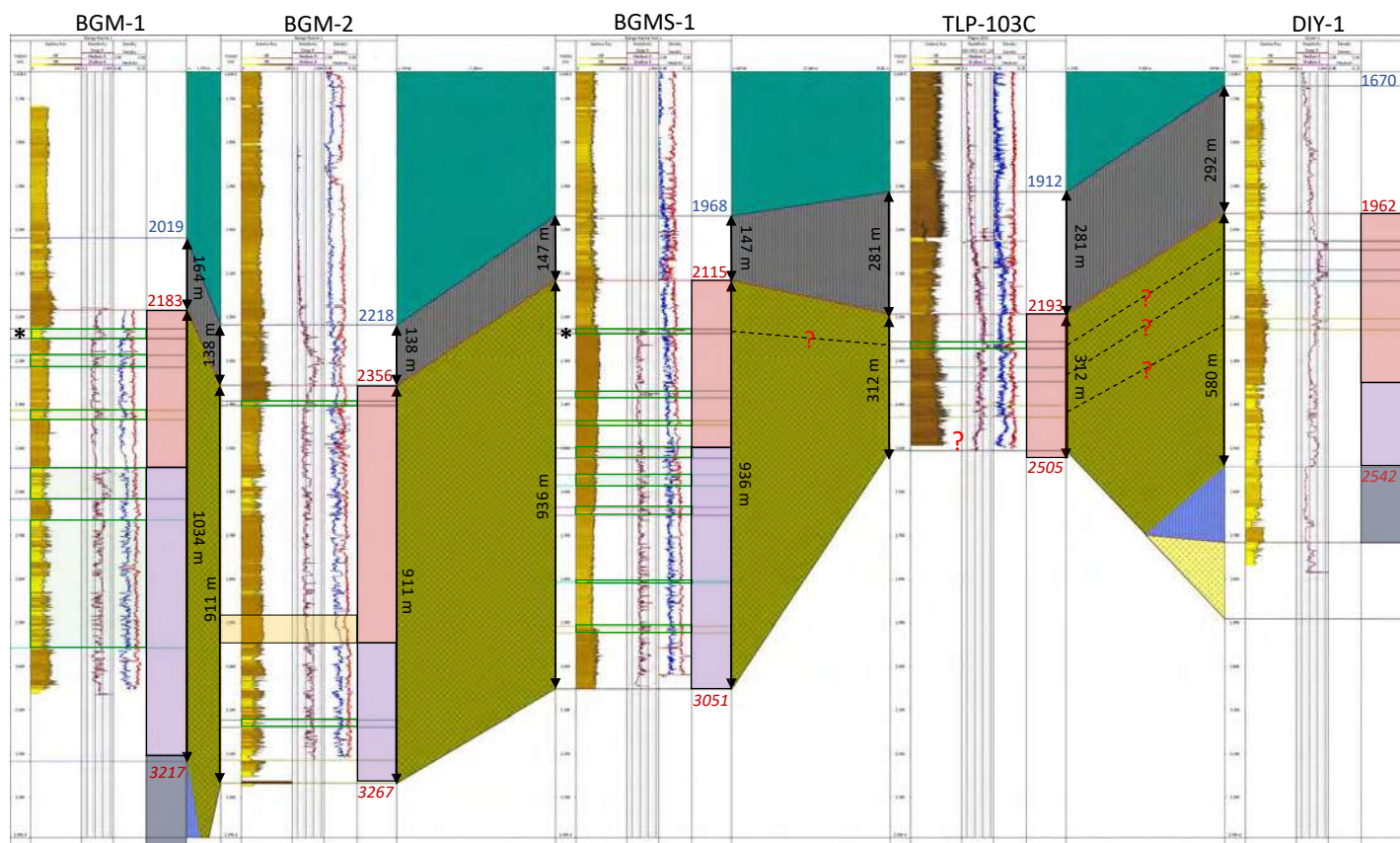
Source: Brownfield, M.E., Assessment of Undiscovered Oil and Gas Resources of the West-Central Coastal Province, West Africa, 2016, p.35

ZENITH ENERGY LTD.

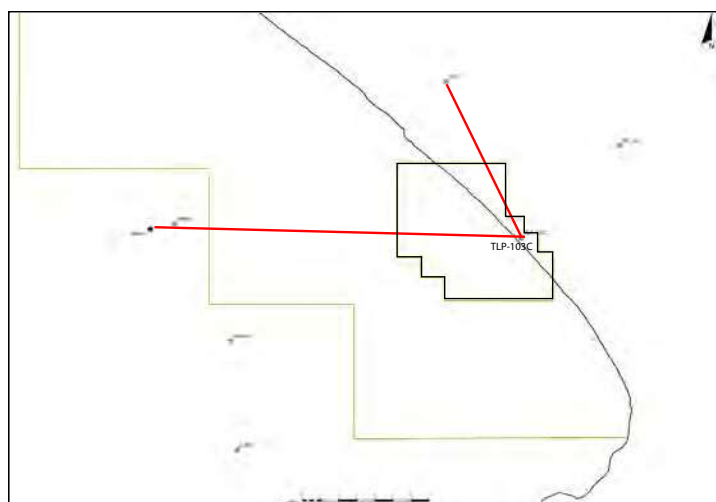
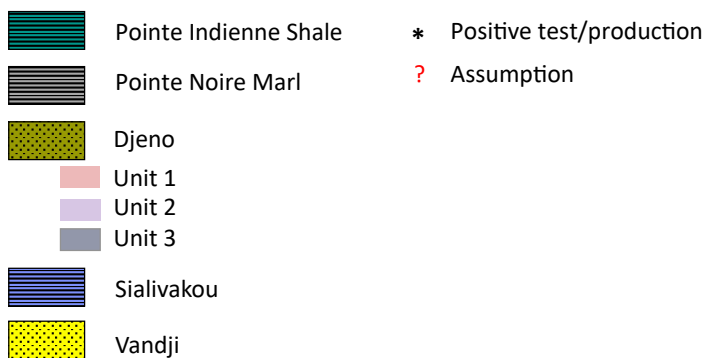
REPUBLIC OF THE CONGO
WEST AFRICA

ELEMENTS OF CONGO
DELTA COMPOSITE
TOTAL PETROLEUM SYSTEM

FEB. 2020 JOB No. 6630 FIGURE No. 2e



Source: Anglo African Oil & Gas PLC, 2020, Slide 26

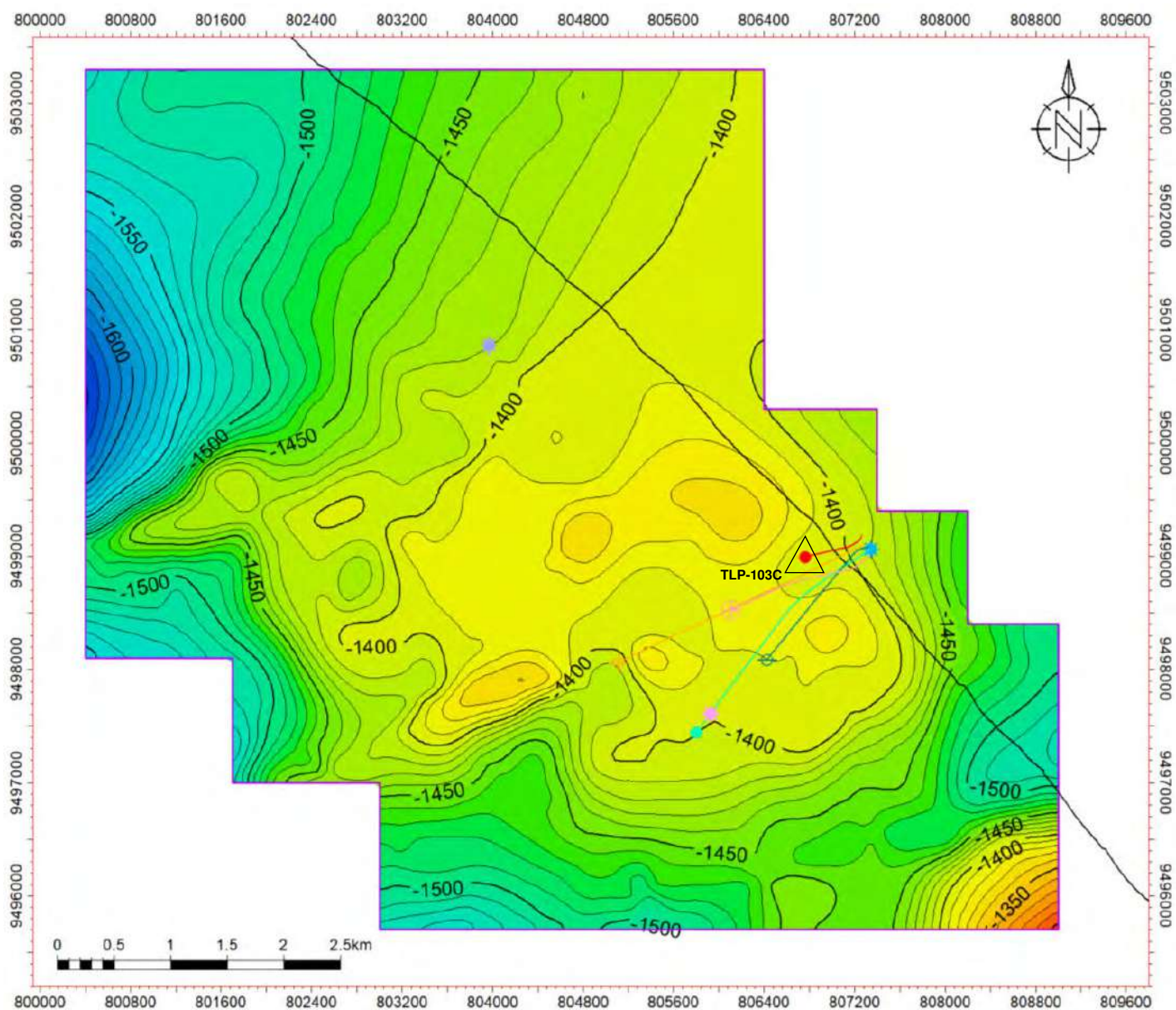


ZENITH ENERGY LTD.

TILAPIA LICENCE
 REPUBLIC OF THE CONGO
STRATIGRAPHIC
CROSS SECTION OF THE
DJENO SANDSTONE

FEB. 2020

JOB No. 6630 FIGURE No. 2f



Source: Anglo African Oil & Gas PLC, 2020, Slide 12

△ Company's Djeno Sandstone Well

ZENITH ENERGY LTD.

TILAPIA LICENCE
 REPUBLIC OF THE CONGO
DJENO SANDSTONE
TIME STRUCTURE MAP
 C.I. = 10 ms

FEB. 2020

JOB No. 6630 FIGURE No. 2g

Table 2

**Summary of Gross Reserves
April 1, 2020**

Tilapia License, Republic of the Congo

<u>Description</u>		<u>Current or Initial Rate STB/d/well</u>	<u>API Gravity (Deg)</u>	<u>Ultimate Reserves (MSTB)</u>	<u>Cumulative Production (MSTB)</u>	<u>Reserves (MSTB)</u>	<u>Reference</u>
<u>LIGHT & MEDIUM OIL</u>							
<u>Probable Undeveloped</u>							
Ten Well Development	Djeno	1,500	40	15,783	0	15,783	Monte Carlo - P50
Recompletions (same wells)	Tilapia	450	40	3,850	0	3,850	Analog
Total Probable				19,633	0	19,633	

Table 2a

MONTE CARLO RESERVE ANALYSIS
Zenith Energy Ltd.
Lower Congo Basin - Tilapia Licence
Djeno Fm.

PAY PARAMETERS :

	Values	Units	Description
P90 gross	33	ft	Low Estimate Gross Pay
P10 gross	115	ft	High Estimate Gross Pay
N/G ratio	0.50	Dimensionless	Net to Gross Ratio
GCF	0.90	Dimensionless	Geometric Correction Factor

NET PAY :

	Values	Units	Description
P90	15	ft	Low Estimate
P10	52	ft	High Estimate
P50	28	ft	Best Estimate
P99	9	ft	Minimum Estimate
P1	86	ft	Maximum Estimate
Mean	31	ft	Most Likely Estimate

AREA :

	Values	Units	Description
P90	3,300	ac	Low Estimate
P10	8,400	ac	High Estimate
P50	5,265	ac	Best Estimate
P99	2,255	ac	Minimum Estimate
P1	12,294	ac	Maximum Estimate
Mean	5,596	ac	Most Likely Estimate

YIELD :

	Values	Units	Description
P90	53	bbls/ac-ft	Low Estimate
P10	217	bbls/ac-ft	High Estimate
P50	108	bbls/ac-ft	Best Estimate
P99	30	bbls/ac-ft	Minimum Estimate
P1	385	bbls/ac-ft	Maximum Estimate
Mean	123	bbls/ac-ft	Most Likely Estimate

RESERVOIR PARAMETERS :

	Low Estimate	High Estimate	
Porosity	10%	16%	P75 & P25 values
SW	45%	30%	P75 & P25 values
FVF	0.80	0.80	P75 & P25 values
RF	10%	20%	P75 & P25 values

MINIMUM ECONOMIC FIELD SIZE :

	Values	Units
MEFS	1,500	Mstb

Table 2a (cont'd)

MONTE CARLO RESERVE ANALYSIS
Zenith Energy Ltd.
Lower Congo Basin - Tilapia Licence
Djeno Fm.

PROSPECTIVE RESOURCES :

	Geological (Mstb)	Commercial (Mstb)	
P90	5,691	5,733	Low Estimate
P10	43,545	43,449	High Estimate
P50	15,742	15,783	Best Estimate
Mean	20,946	20,945	Most Likely Estimate

Table 3a

**Summary of Anticipated Capital Expenditures
Exploration & Development**

April 1, 2020

Zenith Energy Ltd.

Tilapia License, Republic of the Congo

Description	Date	Operation	Capital Interest %	Gross Capital M\$	Net Capital M\$
Probable Undeveloped Reserves					
Tilapia Field, Djeno well	2020	Drill, Complete, and Equip one well	44.8000	5,250	2,352
Tilapia Field, Djeno wells	2021	Drill, Complete, and Equip three wells	44.8000	15,750	7,056
Tilapia Field	2021	Central Oil Handling Facility	44.8000	2,500	1,120
Tilapia Field, Djeno wells	2022	Drill, Complete, and Equip three wells	44.8000	15,750	7,056
Tilapia Field	2022	Central Oil Handling Facility	44.8000	2,500	1,120
Tilapia Field, Djeno wells	2023	Drill, Complete, and Equip three wells	44.8000	15,750	7,056
Tilapia Field, Tilapia wells	2034	Recompletion in Tilapia zone, one well	44.8000	750	336
Tilapia Field, Tilapia wells	2035	Recompletion in Tilapia zone, three wells	44.8000	2,250	1,008
Tilapia Field, Tilapia wells	2036	Recompletion in Tilapia zone, three wells	44.8000	2,250	1,008
Tilapia Field, Tilapia wells	2037	Recompletion in Tilapia zone, three wells	44.8000	2,250	1,008
Total Probable				65,000	29,120

Note: **M\$ means thousands of dollars.**

The above capital values are expressed in terms of current dollar values without escalation.

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

April 1, 2020

Zenith Energy Ltd.

Tilapia License, Republic of the Congo

Description	Well Parameters	Capital Interest %	Gross Capital M\$	Net Capital M\$
Tilapia Field	Abandonment Costs are the responsibility of the Government	0.0000	0	0

Table 4
Summary of Company Reserves and Economics
Before Income Tax
April 1, 2020
(as of March 31, 2020)

Zenith Energy Ltd.
Tilapia License, Republic of the Congo

Description	Net Reserves	Cumulative Cash Flow (BIT) - M\$				
	Oil MSTB	Discounted at:				
	Company Net	Undisc.	5%/year	10%/year	15%/year	20%/year
Probable Undeveloped Reserves						
Djeno/Tilapia Ten Well Development	5,033	250,334	160,898	112,135	82,739	63,650

M\$ means thousands of dollars

Net resources are the total of the Company's working interest share after deducting the amounts attributable to royalties and profit oil owned by the government

Table 4a, Page 1

Zenith Energy Ltd
Tilapia Exploration Permit

April 1, 2020

Production and Capital Forecast - Probable Reserves

Single Well Production Profile							Development Program - Gross Production - STB/yr				Cumulative Production		Gross Capital Expenditures - \$M					
	Djeno STB/d	Tilapia STB/d	Days On	Djeno STB/yr	Tilapia STB/yr.	Well Count	# Wells	# Wells	# Wells	# Wells	Total Oil Production							
Year							1	2	3	4	STB/yr.	STB/d	MSTB	Exploration	Drilling & Completion	Well Fac. & Tie-ins	Central Facilities	Total Capital (Escalated)
2020	1406	-	90	126,563		1.0	126,563	-	-	-	126,563	1406	127		5000	250		5,250
2021	813	360	350	284,375	126,000	4.0	284,375	379,688	-	-	664,063	1897	791		15000	750	2,500	18,615
2022	623	216	350	218,171	75,600	7.0	218,171	853,125	379,688	-	1,450,984	4146	2,242		15000	750	2,500	18,987
2023	520	130	350	182,040	45,360	10.0	182,040	654,513	853,125	379,688	2,069,366	5912	4,311		15000	750		16,714
2024	434	116	350	151,892	40,533	10.0	151,892	546,119	654,513	853,125	2,205,650	6302	6,517		0	0		0
2025	362	103	350	126,737	36,220	10.0	126,737	455,677	546,119	654,513	1,783,047	5094	8,300		0	0		0
2026	302	92	350	105,748	32,366	10.0	105,748	380,212	455,677	546,119	1,487,756	4251	9,787		0	0		0
2027	252	83	350	88,235	28,921	10.0	88,235	317,245	380,212	455,677	1,241,369	3547	11,029		0	0		0
2028	210	0	350	73,623	0	10.0	73,623	264,706	317,245	380,212	1,035,786	2959	12,065		0	0		0
2029	176	0	350	61,430	0	10.0	61,430	220,868	264,706	317,245	864,250	2469	12,929		0	0		0
2030	146	0	350	51,257	0	10.0	51,257	184,290	220,868	264,706	721,121	2060	13,650		0	0		0
2031	122	0	350	42,768	0	10.0	42,768	153,770	184,290	220,868	601,697	1719	14,252		0	0		0
2032	102	0	350	35,685	0	10.0	35,685	128,304	153,770	184,290	502,050	1434	14,754		0	0		0
2033	85	0	350	29,775	0	10.0	29,775	107,056	128,304	153,770	418,905	1197	15,173		0	0		0
2034	0	0	350	0	0	10.0	126,000	89,326	107,056	128,304	450,686	1288	15,623		750	0		990
2035	0	0	350	0	0	10.0	75,600	378,000	89,326	107,056	649,982	1857	16,273		2250	0		3,028
2036	0	0	350	0	0	10.0	45,360	226,800	378,000	89,326	739,486	2113	17,013		2250	0		3,089
2037	0	0	350	0	0	10.0	40,533	136,080	226,800	378,000	781,413	2233	17,794		2250	0		3,151
2038	0	0	350	0	0	10.0	36,220	121,599	136,080	226,800	520,699	1488	18,315		0	0		0
2039	0	0	350	0	0	10.0	32,366	108,660	121,599	136,080	398,704	1139	18,714		0	0		0
2040	0	0	350	0	0	10.0	28,921	97,097	108,660	121,599	356,277	1018	19,070		0	0		0
2041	0	0	350	0	0	9.0	0	86,764	97,097	108,660	292,521	836	19,362		0	0		0
2042	0	0	350	0	0	6.0	0	0	86,764	97,097	183,861	525	19,546		0	0		0
2043	0	0	350	0	0	3.0	0	0	0	86,764	86,764	248	19,633		0	0		0
Total				1,578,300	385,000		1,963,300	5,889,900	5,889,900	5,889,900	19,633,000			0	57,500	2,500	5,000	69,823

Initial Decline % =	50%	40%
Mid Decline % =	30%	40%
Final Decline % =	17%	11%
Initial rate	1500	450

Djeno Production
Tilapia Production

2020	1	1
2021	3	3
2022	3	3
2023	3	3
2024	0	0
2025	0	0
2026		
Recompletions	750	
2034	1	
2035	3	
2036	3	
2037	3	

Table 4a, Page 2
Zenith Energy Ltd
Tilapia Exploration Permit

Production Revenue and Costs- Probable Reserves (Gross Lease)

	Gross Production	Cumulative Production	Oil Price	Gross Revenue	Royalty	Operating Costs – \$/yr.			
Year	STB/yr.	MSTB	\$/STB	\$/yr.	\$/yr.	Fixed	Variable	Transportation	Total (Escalated)
2020	126,563	127	38.85	\$4,916,953	\$737,543	120,000	253,125	253,125	626,250
2021	664,063	791	49.95	\$33,169,922	\$4,975,488	480,000	1,328,125	1,328,125	3,198,975
2022	1,450,984	2,242	55.50	\$80,529,589	\$12,079,438	840,000	2,901,967	2,901,967	6,912,349
2023	2,069,366	4,311	59.39	\$122,889,275	\$18,433,391	1,200,000	4,138,731	4,138,731	10,057,559
2024	2,205,650	6,517	61.61	\$135,879,061	\$20,381,859	1,200,000	4,411,300	4,411,300	10,848,784
2025	1,783,047	8,300	63.83	\$113,802,953	\$17,070,443	1,200,000	3,566,093	3,566,093	9,199,407
2026	1,487,756	9,787	65.10	\$96,855,179	\$14,528,277	1,200,000	2,975,513	2,975,513	8,053,217
2027	1,241,369	11,029	66.40	\$82,431,303	\$12,364,695	1,200,000	2,482,739	2,482,739	7,082,195
2028	1,035,786	12,065	67.73	\$70,155,461	\$10,523,319	1,200,000	2,071,572	2,071,572	6,260,346
2029	864,250	12,929	69.09	\$59,707,762	\$8,956,164	1,200,000	1,728,500	1,728,500	5,565,545
2030	721,121	13,650	70.47	\$50,815,957	\$7,622,394	1,200,000	1,442,243	1,442,243	4,978,966
2031	601,697	14,252	71.88	\$43,248,339	\$6,487,251	1,200,000	1,203,393	1,203,393	4,484,586
2032	502,050	14,754	73.31	\$36,807,705	\$5,521,156	1,200,000	1,004,099	1,004,099	4,068,772
2033	418,905	15,173	74.78	\$31,326,225	\$4,698,934	1,200,000	837,811	837,811	3,719,923
2034	450,686	15,623	76.28	\$34,376,888	\$5,156,533	1,200,000	901,372	901,372	3,962,058
2035	649,982	16,273	77.80	\$50,570,104	\$7,585,516	1,200,000	1,299,964	1,299,964	5,114,203
2036	739,486	17,013	79.28	\$58,628,894	\$8,794,334	1,200,000	1,478,972	1,478,972	5,707,967
2037	781,413	17,794	80.78	\$63,121,830	\$9,468,275	1,200,000	1,562,826	1,562,826	6,056,958
2038	520,699	18,315	82.27	\$42,840,459	\$6,426,069	1,200,000	1,041,398	1,041,398	4,688,642
2039	398,704	18,714	83.77	\$33,399,741	\$5,009,961	1,200,000	797,409	797,409	4,071,522
2040	356,277	19,070	85.27	\$30,378,491	\$4,556,774	1,200,000	712,554	712,554	3,900,773
2041	292,521	19,362	86.76	\$25,379,761	\$3,806,964	1,080,000	585,041	585,041	3,410,375
2042	183,861	19,546	88.26	\$16,227,230	\$2,434,085	720,000	367,722	367,722	2,250,088
2043	86,764	19,633	89.75	\$7,787,440	\$1,168,116	360,000	173,529	173,529	1,114,959
	19,633,000			\$1,325,246,524	\$198,786,979	\$25,200,000	\$39,266,000	\$39,266,000	\$125,334,416
					15%	120,000	\$2.00	\$2.00	Cost Oil %
						\$/yr/well	\$/STB	\$/STB	

Table 4a, Page 3
Zenith Energy Ltd
Tilapia Exploration Permit

Production Splits -Cost Oil & Profit Oil - Probable Reserves (Gross Lease)

Year	Available Cost Oil STB/yr.	Cost Oil Revenue Ceiling \$/yr	Annual Costs For Recovery \$/yr.	Cost Recovery		Cost Oil STB/yr.	Total Profit Oil STB/yr.	Total Daily Production STB/d	Contractors Share			Total Contractors Profit Oil STB/yr.	Total Government Profit Oil STB/yr.
				Cumulative Outstanding Costs \$/yr.	Annual Cost Recovery \$/yr.				STB/yr.	STB/yr.	STB/yr.		
2020	64,547	2,507,646	5,876,250	5,876,250	2,507,646	64,547	43,031	0	25,819	0	0	25,819	17,213
2021	338,672	16,916,660	21,813,975	25,182,579	16,916,660	338,672	225,781	645	135,469	0	0	135,469	90,313
2022	740,002	41,070,091	25,899,649	34,165,568	34,165,568	615,596	617,740	1765	370,644	0	0	370,644	247,096
2023	1,055,376	62,673,530	26,771,585	26,771,585	26,771,585	450,814	1,308,147	3738	784,888	0	0	784,888	523,259
2024	1,124,881	69,298,321	10,848,784	10,848,784	10,848,784	176,102	1,698,700	4853	1,019,220	0	0	1,019,220	679,480
2025	909,354	58,039,506	9,199,407	9,199,407	9,199,407	144,135	1,371,455	3918	822,873	0	0	822,873	548,582
2026	758,756	49,396,141	8,053,217	8,053,217	8,053,217	123,702	1,140,891	3260	684,534	0	0	684,534	456,356
2027	633,098	42,039,964	7,082,195	7,082,195	7,082,195	106,654	948,510	2710	569,106	0	0	569,106	379,404
2028	528,251	35,779,285	6,260,346	6,260,346	6,260,346	92,429	787,990	2251	472,794	0	0	472,794	315,196
2029	440,767	30,450,959	5,565,545	5,565,545	5,565,545	80,559	654,053	1869	392,432	0	0	392,432	261,621
2030	367,772	25,916,138	4,978,966	4,978,966	4,978,966	70,656	542,298	1549	325,379	0	0	325,379	216,919
2031	306,865	22,056,653	4,484,586	4,484,586	4,484,586	62,392	449,050	1283	269,430	0	0	269,430	179,620
2032	256,045	18,771,930	4,068,772	4,068,772	4,068,772	55,497	371,245	1061	222,747	0	0	222,747	148,498
2033	213,642	15,976,375	3,719,923	3,719,923	3,719,923	49,744	306,325	875	183,795	0	0	183,795	122,530
2034	229,850	17,532,213	4,951,667	4,951,667	4,951,667	64,917	318,166	909	190,900	0	0	190,900	127,266
2035	331,491	25,790,753	8,142,406	8,142,406	8,142,406	104,655	447,830	1280	268,698	0	0	268,698	179,132
2036	377,138	29,900,736	8,796,735	8,796,735	8,796,735	110,953	517,610	1479	310,566	0	0	310,566	207,044
2037	398,521	32,192,133	9,207,501	9,207,501	9,207,501	113,984	550,217	1572	330,130	0	0	330,130	220,087
2038	265,557	21,848,634	4,688,642	4,688,642	4,688,642	56,988	385,607	1102	231,364	0	0	231,364	154,243
2039	203,339	17,033,868	4,071,522	4,071,522	4,071,522	48,603	290,296	829	174,177	0	0	174,177	116,118
2040	181,701	15,493,030	3,900,773	3,900,773	3,900,773	45,748	257,087	735	154,252	0	0	154,252	102,835
2041	149,186	12,943,678	3,410,375	3,410,375	3,410,375	39,307	209,335	598	125,601	0	0	125,601	83,734
2042	93,769	8,275,887	2,250,088	2,250,088	2,250,088	25,494	130,788	374	78,473	0	0	78,473	52,315
2043	44,250	3,971,594	1,114,959	1,114,959	1,114,959	12,422	61,327	175	36,796	0	0	36,796	24,531
									60%	55%	50%	8,180,087	5,453,391
									0 to <25MM	25MM to 100MM	>100MM		
									60%	55%	50%		
									55%				
									50%				

Table 4a, Page 4
Zenith Energy Ltd
Tilapia Exploration Permit
April 1, 2020

Production Streams, Revenues and Cash Flows - Probable Reserves

Year	Cost Oil STB/yr.	Net Profit Oil STB/yr.	Total Net Oil STB/yr.	Oil Price \$/STB	Contractor's Total Revenue (Operating Cash Flow) \$/yr.	Cost Schedule	Net Operating Income \$/yr.	Total Capital Costs \$/yr.	Contractor's Undiscounted Net Cash Flow (Profit) \$/yr.	Company's Share Undiscounted Net Cash Flow (Profit) \$/yr.	Company Share Discounted @			
						Total Operating Costs \$/yr.					5%	10%	15%	20%
											\$	\$	\$	\$
2020	64,547	25,819	90,366	\$38.85	3,510,705	626,250	2,884,455	5,250,000	-2,365,545	-1,059,764	-1,040,551	-1,022,556	-1,005,652	-989,729
2021	338,672	135,469	474,141	\$49.95	23,683,324	3,198,975	20,484,349	18,615,000	1,869,349	837,468	783,129	734,604	691,049	651,770
2022	615,596	370,644	986,240	\$55.50	54,736,318	6,912,349	47,823,969	18,987,300	28,836,669	12,918,827	11,505,315	10,301,856	9,269,701	8,378,526
2023	450,814	784,888	1,235,702	\$59.39	73,382,164	10,057,559	63,324,605	16,714,026	46,610,579	20,861,540	17,711,226	15,137,780	13,028,887	11,285,630
2024	176,102	1,019,220	1,195,322	\$61.61	73,637,835	10,848,784	62,789,051	0	62,789,051	28,129,495	22,722,638	18,538,259	15,261,910	12,669,048
2025	144,135	822,873	967,008	\$63.83	61,719,269	9,199,407	52,519,862	0	52,519,862	23,528,898	18,101,272	14,096,650	11,100,708	8,830,848
2026	123,702	684,534	808,237	\$65.10	52,617,428	8,053,217	44,564,211	0	44,564,211	19,964,767	14,627,916	10,873,913	8,190,596	6,244,301
2027	106,654	569,106	675,760	\$66.40	44,872,843	7,082,195	37,790,647	0	37,790,647	16,930,210	11,813,845	8,382,842	6,039,706	4,412,662
2028	92,429	472,794	565,222	\$67.73	38,283,423	6,260,346	32,023,077	0	32,023,077	14,346,339	9,534,122	6,457,692	4,450,376	3,116,005
2029	80,559	392,432	472,991	\$69.09	32,677,177	5,565,545	27,111,632	0	27,111,632	12,146,011	7,687,480	4,970,239	3,276,359	2,198,414
2030	70,656	325,379	396,034	\$70.47	27,907,724	4,978,966	22,928,759	0	22,928,759	10,272,084	6,191,838	3,821,285	2,409,453	1,549,363
2031	62,392	269,430	331,822	\$71.88	23,850,487	4,484,586	19,365,901	0	19,365,901	8,675,924	4,980,666	2,934,093	1,769,611	1,090,508
2032	55,497	222,747	278,244	\$73.31	20,399,439	4,068,772	16,330,667	0	16,330,667	7,316,139	4,000,040	2,249,300	1,297,616	766,327
2033	49,744	183,795	233,539	\$74.78	17,464,344	3,719,923	13,744,421	0	13,744,421	6,157,501	3,206,252	1,720,986	949,666	537,471
2034	64,917	190,900	255,817	\$76.28	19,512,880	3,962,058	15,550,822	989,609	14,561,213	6,523,423	3,235,038	1,657,508	874,871	474,510
2035	104,655	268,698	373,353	\$77.80	29,047,716	5,114,203	23,933,513	3,028,204	20,905,309	9,365,579	4,423,328	2,163,327	1,092,208	567,705
2036	110,953	310,566	421,519	\$79.28	33,419,430	5,707,967	27,711,463	3,088,768	24,622,695	11,030,967	4,961,795	2,316,372	1,118,630	557,212
2037	113,984	330,130	444,114	\$80.78	35,875,134	6,056,958	29,818,176	3,150,543	26,667,633	11,947,100	5,117,978	2,280,681	1,053,507	502,908
2038	56,988	231,364	288,352	\$82.27	23,724,091	4,688,642	19,035,449	0	19,035,449	8,527,881	3,479,267	1,479,962	653,911	299,148
2039	48,603	174,177	222,781	\$83.77	18,662,477	4,071,522	14,590,955	0	14,590,955	6,536,748	2,539,914	1,031,284	435,854	191,084
2040	45,748	154,252	200,001	\$85.27	17,053,339	3,900,773	13,152,566	0	13,152,566	5,892,350	2,180,502	845,109	341,641	143,539
2041	39,307	125,601	164,908	\$86.76	14,307,828	3,410,375	10,897,453	0	10,897,453	4,882,059	1,720,607	636,553	246,143	99,107
2042	25,494	78,473	103,967	\$88.26	9,175,923	2,250,088	6,925,835	0	6,925,835	3,102,774	1,041,453	367,781	136,030	52,489
2043	12,422	36,796	49,219	\$89.75	4,417,578	1,114,959	3,302,619	0	3,302,619	1,479,573	472,973	159,435	56,406	20,858
Totals	3,054,571	8,180,087	11,234,659		753,938,873	125,334,416	628,604,457	69,823,450	558,781,007	250,333,891	160,998,044	112,134,956	82,739,185	63,649,704
Company Share	1,368,448	3,664,679	5,033,127		337,764,615	56,149,818	281,614,797	31,280,906	250,333,891	44.8%				

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GLOSSARY OF TERMS (Abbreviations & Definitions)

General

BIT	- Before Income Tax
AIT	- After Income Tax
M\$	- Thousands of Dollars
Effective Date	- The date for which the Present Value of the future cash flows and reserve categories are established
\$US	- United States Dollars
WTI	- West Texas Intermediate – the common reference for crude oil used for oil price comparisons
ARTC	- Alberta Royalty Tax Credit
GRP	- Gas Reference Price

Interests and Royalties

BPO	- Before Payout
APO	- After Payout
APPO	- After Project Payout
Payout	- The point at which a participant's original capital investment is recovered from its net revenue
GORR	- Gross Overriding Royalty – percentage of revenue on gross revenue earned (can be an interest or a burden)
NC	- New Crown – crown royalty on petroleum and natural gas discovered after April 30, 1974
SS 1/150 (5%-15%) Oil	- Sliding Scale Royalty – a varying gross overriding royalty based on monthly production. Percentage is calculated as 1-150 th of monthly production with a minimum percentage of 5% and a maximum of 15%
FH	- Freehold Royalty
P&NG	- Petroleum and Natural Gas
Twp	- Township
Rge	- Range
Sec	- Section

Technical Data

psia	- Pounds per square inch absolute
MSTB	- Thousands of Stock Tank Barrels of oil (oil volume at 60 F and 14.65 psia)
MMscf	- Millions of standard cubic feet of gas (gas volume at 60 F and 14.65 psia)
Bbls	- Barrels
Mbbbls	- Thousands of barrels
MMBTU	- Millions of British Thermal Units – heating value of natural gas
STB/d	- Stock Tank Barrels of oil per day – oil production rate
Mscf/d	- Thousands of standard cubic feet of gas per day – gas production rate
GOR (scf/STB)	- Gas-Oil Ratio (standard cubic feet of solution gas per stock tank barrel of oil)
mKB	- Metres Kelly Bushing – depth of well in relation to the Kelly Bushing which is located on the floor of the drilling rig. The Kelly Bushing is the usual reference for all depth measurements during drilling operations.
EOR	- Enhanced Oil Recovery
GJ	- Gigajoules
Marketable or Sales Natural Gas	- Natural gas that meets specifications for its sale, whether it occurs naturally or results from the processing of raw natural gas. Field and plant fuel and losses to the point of the sale must be excluded from the marketable quantity. The heating value of marketable natural gas may vary considerably, depending on its composition; therefore, quantities are usually expressed not only in volumes but also in terms of energy content. Reserves are always reported as marketable quantities.
NGLs	- Natural Gas Liquids – Those hydrocarbon components that can be recovered from natural gas as liquids, including but not limited to ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.
Raw Gas	- Natural gas as it is produced from the reservoir prior to processing. It is gaseous at the conditions under which its Volume is measured or estimated and may include varying amounts of heavier hydrocarbons (that may liquefy at atmospheric conditions) and water vapour; may also contain sulphur and other non-hydrocarbon compounds. Raw natural gas is generally not suitable for end use.
EUR	- Estimated Ultimate Recovery



March 16, 2020

Chapman Petroleum Engineering Ltd.

700, 1122 – 4th Street SW

Calgary, AB

T2R 1M1

Dear Sir:

Re: Company Representation Letter

Regarding the reserve and economic evaluation of the Tilapia License in the republic of the Congo, prepared for Zenith Energy Ltd for an effective date of March 31, 2020, we herein confirm to the best of our knowledge and belief as of the effective date of the reserves evaluation, and as applicable, as of today, the following representations and information made available to you during the conduct of the evaluation:

1. We, Zenith Energy Ltd., (the Client) have made available to you, Chapman Petroleum Engineering Ltd. (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, complete and accurate as of the effective date of the reserves evaluation, including the following:
 - Accounting, financial, tax and contractual data
 - Asset ownership and related encumbrance information;
 - Details concerning product marketing, transportation and processing arrangements;
 - All technical information including geological, engineering and production and test data;
 - Estimates of future abandonment and reclamation costs.
2. We confirm that all financial and accounting information provided to you is, to the best of our knowledge, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.

3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.
4. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes, terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's reserves and future net revenues.
5. With the possible exception of items of an immaterial nature, we confirm the following as of the effective date of the evaluation:
 - For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
 - All regulatory, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
 - Except as disclosed to you, the producing trend and status of each evaluated well or entity in effect throughout the three-month period preceding the effective date of the evaluation are consistent with those that existed for the same well or entity immediately prior to this three-month period.
 - Except as disclosed to you, we have no plans or intentions related to the ownership, development or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of reserves from the evaluated properties.
 - If material changes of an adverse nature occur in the Company's operating performance subsequent to the effective date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of reserves information.
6. We hereby confirm that our Company is in material compliance with all Environmental Laws and does not have any Environmental Claims pending.

Between the effective date of the report and the date of this letter, nothing has come to our attention that has materially affected or could affect our reserves and economic value of these reserves that has not been disclosed to you.

Yours very truly,



President and Chief Executive Officer



Chief Financial Officer

ANNEX 3

The Chapman Report 2020 – Tunisia

**RESERVE AND ECONOMIC EVALUATION
OIL PROPERTY**

**SIDI EL KILANI (SLK) CONCESSION
TUNISIA**

**Owned by
ZENITH ENERGY LTD.**

**August 31, 2020
(September 1, 2020)**

September 2, 2020

Zenith Energy Ltd.

Suite 1500, 15th Floor Bankers Court
850 - 2nd Street SW
Calgary AB Canada T2P 0R8

Attention: Mr. Andrea Cattaneo

Dear Sir:

Re: Reserve and Economic Evaluation – Zenith Energy Ltd.
Sidi El Kilani (SLK) Concession, Tunisia – March 31, 2020

In accordance with your authorization we have performed a reserve and economic evaluation of the Sidi El Kilani (SLK) Concession located in the Pelagian Basin, onshore Tunisia, owned by Zenith Energy Ltd. (the "Company") for an effective date of August 31, 2020 (September 1, 2020).

This evaluation has been carried out in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH"), compliant with the NI 51-101 standards and the professional practice standard under our Permit to Practice with APEGA. The report has been prepared and/or supervised by a "Qualified Reserves Evaluator" as demonstrated on the accompanying Certificate of Qualification of the author(s).

The INTRODUCTION contains the authorization and purpose of the report and describes the methodology and economic parameters used in the preparation of this report.

The EXECUTIVE SUMMARY contains the results of this reserve and economic evaluation presented in a form consistent with the requirements of Form 51-101 F1 Part 2, Item 2.1 (Forecast Prices and Costs). The Forecast Prices of our benchmark products are also presented.

The SUMMARY OF RESERVES AND ECONOMICS complements the Executive Summary, including values at the reserve category level. The cash flows for each accumulating reserve category can be found in Table 4 and 4T in the body of the report. The net present values presented in this report do not necessarily represent the fair market value of the reserves evaluated in this report. All monetary values presented in this report are expressed in terms of US dollars.

The DISCUSSION contains a description of the interests and burdens, reserves and geology, production forecasts, product prices, capital and operating costs and a map of the property. The economic results and cash flow forecasts (before and after income tax) are also presented.

A REPRESENTATION LETTER from the Company confirming that to the best of their knowledge all the information they provided for our use in the preparation of this report was complete and accurate as of the effective date, is enclosed following the Glossary.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be significant. We have no responsibility to update our report for events and circumstances which may have occurred since the preparation date of this report.

Prior to public disclosure of information derived from this report, or our name as author, our written consent must be obtained, as to the information being disclosed and the manner in which it is presented. This report may not be reproduced, distributed or made available for use by any other party without our written consent and may not be reproduced for distribution at any time without the complete context of the report, unless otherwise reviewed and approved by us.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, by the Company.

It has been a pleasure to prepare this report and the opportunity to have been of service is appreciated.

Yours very truly,

Chapman Petroleum Engineering Ltd.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
September 2, 2020
C. W. Chapman, P. Eng.,
President

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
September 2, 2020
Khaled (Kal) A. Latif, P.Geol.
Senior Associate

cwc/ml/6644

PERMIT TO PRACTICE	
CHAPMAN PETROLEUM ENGINEERING LTD.	
[Original Signed By:]	
Signature	<u>C.W. Chapman</u>
Date	<u>September 2, 2020</u>
PERMIT NUMBER: P 4201	
The Association of Professional Engineers and Geoscientists of Alberta	

CERTIFICATE OF QUALIFICATION

I, C. W. CHAPMAN, P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta and a member of the Australasian Institute of Mining and Metallurgy.
2. THAT I graduated from the University of Alberta with a Bachelor of Science degree in Mechanical Engineering in 1971.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 40 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated September 2, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
September 2, 2020
C.W. Chapman, P.Eng.
President

PERMIT TO PRACTICE	
CHAPMAN PETROLEUM ENGINEERING LTD.	
[Original Signed By:]	
Signature	<u>C.W. Chapman</u>
Date	<u>September 2, 2020</u>
PERMIT NUMBER: P 4201	
The Association of Professional Engineers and Geoscientists of Alberta	

CERTIFICATE OF QUALIFICATION

I, KHALED (KAL) A. LATIF, P. Geol., Professional Geologist of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Geologist in the Province of Alberta.
2. THAT I graduated from the University of Alexandria with a Bachelor of Science degree in Geology in 1979.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in geology, geophysics, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 35 years of experience in the conduct of evaluation and geological studies relating to oil and gas fields in Canada and internationally.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated September 2, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
September 2, 2020
Khaled (Kal) A. Latif, P.Geol.
Senior Associate

CERTIFICATE OF QUALIFICATION

I, KONSTANTIN ZAITSEV, of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a Certified Technician in the Province of Alberta.
2. THAT I graduated from the Kazak National Technical University, Kazakhstan, Almaty with a Bachelor of Science degree in Mechanical Engineering in 1996.
3. THAT I graduated from the South Alberta Institute of Technology, Calgary, Canada with a Bachelor of Applied Petroleum Engineering Technology degree in 2010.
4. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Zenith Energy Ltd., dated September 2, 2020 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
5. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Zenith Energy Ltd., its participants or any affiliate thereof.
6. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
7. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature]
Konstantin Zaitsev, C.Tech.
Oil and Gas Reserves Evaluator

**RESERVE AND ECONOMIC EVALUATION
OIL PROPERTY**

**SIDI EL KILANI (SLK) CONCESSION
TUNISIA**

Owned by

ZENITH ENERGY LTD.

August 31, 2020
(September 1, 2020)

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INTRODUCTION

1. AUTHORIZATION

This evaluation has been authorized by Mr. Andrea Cattaneo, on behalf of Zenith Energy Ltd. The engineering analysis has been performed during the month of August 2020.

2. PURPOSE OF THE REPORT

The purpose of this report was to prepare a third party independent appraisal of the oil reserves in the Sidi El Kilani (SLK) Concession, Tunisia, owned by Zenith Energy Ltd. for the Company's financial planning.

3. USE OF THE REPORT

The report is intended to support a filing on a selected Stock Exchange and with the governing Securities administrator.

4. SCOPE OF THE REPORT

4.1 Methodology

The evaluation of the reserves and resources of these properties included in the report has been conducted under a discounted cash flow analysis of estimated future net revenue, which is the principal tool for estimating oil and gas property values and supporting capital investment decisions.

4.2 Land Survey System

This property and its boundaries are governed by a Concession agreement.

4.3 Economics

The economics presentation and methodology is presented in the Discussion of the report.

4.4 Barrels of Oil Equivalent

If at any time in this report reference is made to "Barrels of Oil Equivalent" (BOE), the conversion used is 6 Mscf : 1 STB (6 Mcf : 1 bbl).

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

4.5 Environmental Liabilities

We have been advised by the Company that they are in material compliance with all Environmental Laws and do not have any Environmental Claims pending, as demonstrated in the Representation Letter attached.

5. BASIS OF REPORT

5.1 Sources of Information

Sources of the data used in the preparation of this report are as follows:

- i) Basic information regarding the property was derived from a series of Corporate presentations of the previous owner of the property, and our independent research from published information;
- ii) The ownership terms were determined as above;
- iii) Capital expenditures, operating costs and product prices were based on budget material generated by the operator

5.2 Product Prices

Chapman Petroleum Engineering Ltd. conducts continual surveillance and monitoring on a number of Benchmark product prices both locally and internationally. Based on historical data, current conditions and our view of the relevant political and economic trends, we independently prepare oil, gas and by-product price forecasts including predictions for the near term (first few years) with 2 percent escalation thereafter.

In establishing our forecasts we also consider input from operating companies, consulting firms, oil & gas marketing companies and financial institutions. Our forecasts are updated quarterly and the latest one prior to the effective date would generally be used. The forecast used for this report is presented in Table 5 in the Executive Summary.

The Benchmark Oil Price used in this evaluation is Brent crude, which closely correlates to crude prices in this region of Africa.

5.3 Product Sales Arrangement

The Company does not have any "hedge" contracts in place at this time.

5.4 Royalties

Royalties paid to the government from revenues on this concession are variable based on an "R" Factor, as discussed in the body of the report.

5.5 Capital Expenditures and Operating Costs

Operating costs and capital expenditures have been based on historical experience and analogy where necessary and are expressed in current year dollars but for economic purposes are escalated at 2% per year after the current year.

5.6 Income Tax Parameters

The income tax rate on this concession is based on an "R" Factor as follows:

<u>R</u>	<u>Tax %</u>
≤1.5	50
1.5 – 2	55
2 – 2.5	60
2.5 – 3	65
3 – 3.5	70
>3.5	75

5.8 Abandonment and Restoration

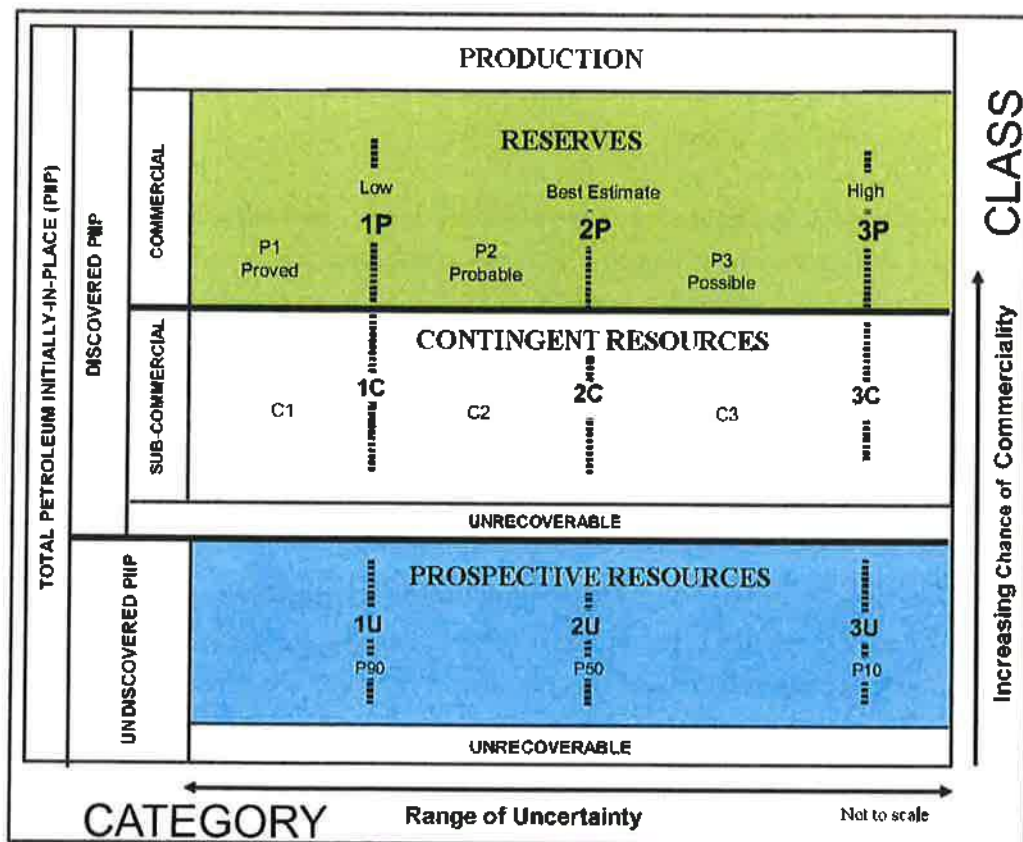
Abandonment and restoration costs are scheduled in the cash flow analysis.

6. EVALUATION STANDARD USED

6.1 General

This evaluation and report preparation have been carried out in accordance with standards set out in the APEGA professional practice standard "The Canadian Oil and Gas Evaluation Handbook", 3rd Edition December 2018 ("COGEH"), prepared by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE).

COGEH uses the SPE-PRMS (2018 Update) resource classification system shown in the below diagram.



By way of explanation, 'CLASS' forms the vertical axis of the PRMS diagram and represents the range of Chance of Commerciality. Likewise, 'CATEGORY' forms the horizontal axis and provides a measure of the uncertainty in estimates of the Resource Class.

Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations with reference to the above diagram and is potentially producible. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

Discovered PIIP (equivalent to "discovered resources") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The Discovered PIIP includes production, Reserves, and Contingent Resources; the remainder is unrecoverable.

Undiscovered PIIP (equivalent to "undiscovered resources") is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "Prospective Resources", the remainder as "unrecoverable".

Unrecoverable is that portion of Discovered or Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

6.2 Resource Definitions

The following definitions have been extracted from COGEH and represent an overview of the resource definitions and evaluation criteria required for compliance with the Canadian Securities National Instrument 51-101. These definitions are considered to be compliant with the PRMS - 2018, in that they use the same primary nomenclature, principles and concepts.

6.2.1 Reserves

The following Reserves definitions and guidelines are designed to assist evaluators in making Reserves estimates on a reasonably consistent basis and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

The guidelines outline

- general criteria for classifying reserves,
- procedures and methods for estimating reserves,
- confidence levels of individual entity and aggregate reserves estimates,
- verification and testing of Reserves estimates.

The following definitions apply to both estimates of individual Reserves Entities and the aggregate of reserves for multiple entities.

RESERVES CATEGORIES

Reserves are categorized according to the probability that at least a specific volume will be produced. In a broad sense, Reserves categories reflect the following expectations regarding the associated estimates:

<u>Reserves Category</u>	<u>Confidence Characterization</u>
Proved (1P)	Low Estimate, Conservative
Proved + Probable (2P)	Best Estimate
Proved + Probable + Possible (3P)	High Estimate, Optimistic

- Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves.
- Probable Reserves are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved + Probable Reserves.

- c. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved + Probable + Possible Reserves.

DEVELOPMENT AND PRODUCTION STATUS

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

- a. Developed Reserves are those Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the Reserves on production. The developed category may be subdivided into producing and non-producing.
 - i. Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - ii. Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in and the date of resumption of production is unknown.
- b. Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the Reserves classification (Proved, Probable, Possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool Reserves between the Developed and Undeveloped categories or to sub-divide the Developed Reserves for the pool between Developed Producing and Developed Non-Producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

LEVELS OF CERTAINTY FOR REPORTED RESERVES

The qualitative certainty levels contained in the definitions are applicable to "individual Reserves entities," which refers to the lowest level at which Reserves calculations are performed, and to "Reported Reserves," which refers to the highest level sum of individual entity estimates for which Reserves estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves,
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable reserves,
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable + Possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various Reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of Reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with Reserves estimates and the effect of aggregation is provided in Section 5.7.1.6, The Portfolio Effect, of COGEH.

6.2.2 Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development (TUD), but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Contingencies may include economic, environmental, social and political factors, regulatory matters, a lack of markets or prolonged timetable for development. Contingent Resources have a Chance of Development that is less than certain.

Contingent resources are further categorized according to their level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Project Maturity Sub-Classes are: Development Pending, Development on Hold, Development Unclassified and Development Not Viable, as demonstrated in the chart below (Section 6.3).

Reports on Contingent Resources must specify the level of maturity and usually include 1C, 2C and 3C estimates.

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

6.2.3 Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated Chance of Discovery and a Chance of Development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The project maturity subclasses describe the stage of exploration and broadly correspond to chance of commerciality from in increasing order from "play" to "lead" to "prospect" as demonstrated in the chart below (Section 6.3).

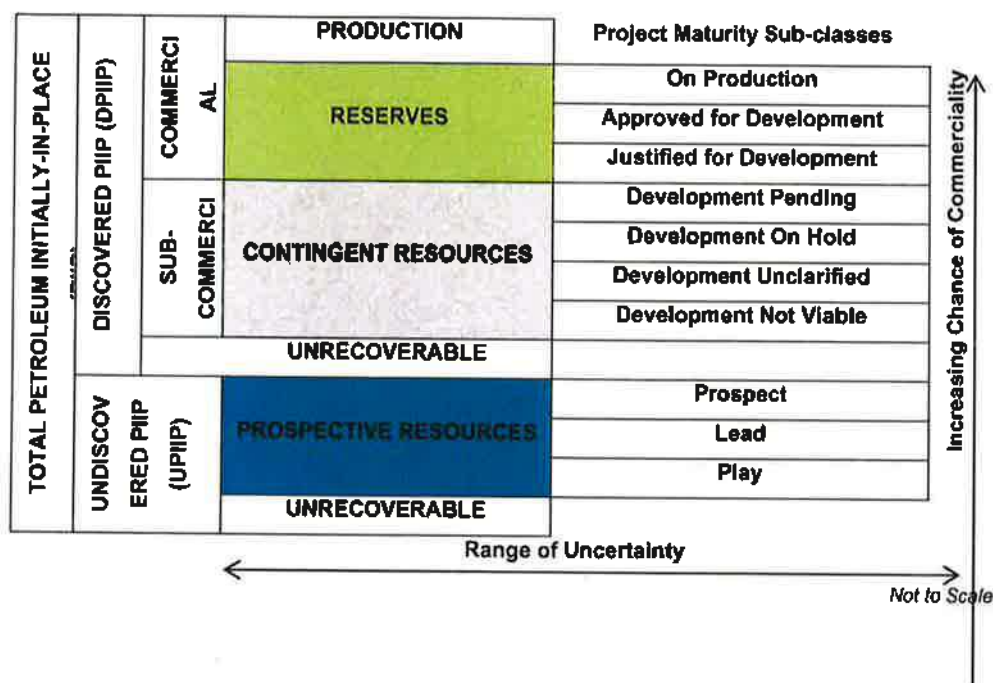
A "play" is a family of geologically similar fields, discoveries, prospects and leads. It would have the lowest chance of commerciality in these project maturity subclasses.

A "lead" is a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect.

A "prospect" is a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "prospect" would have the highest chance of commerciality.

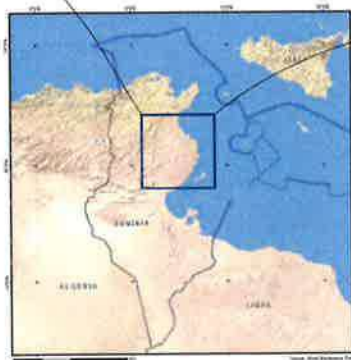
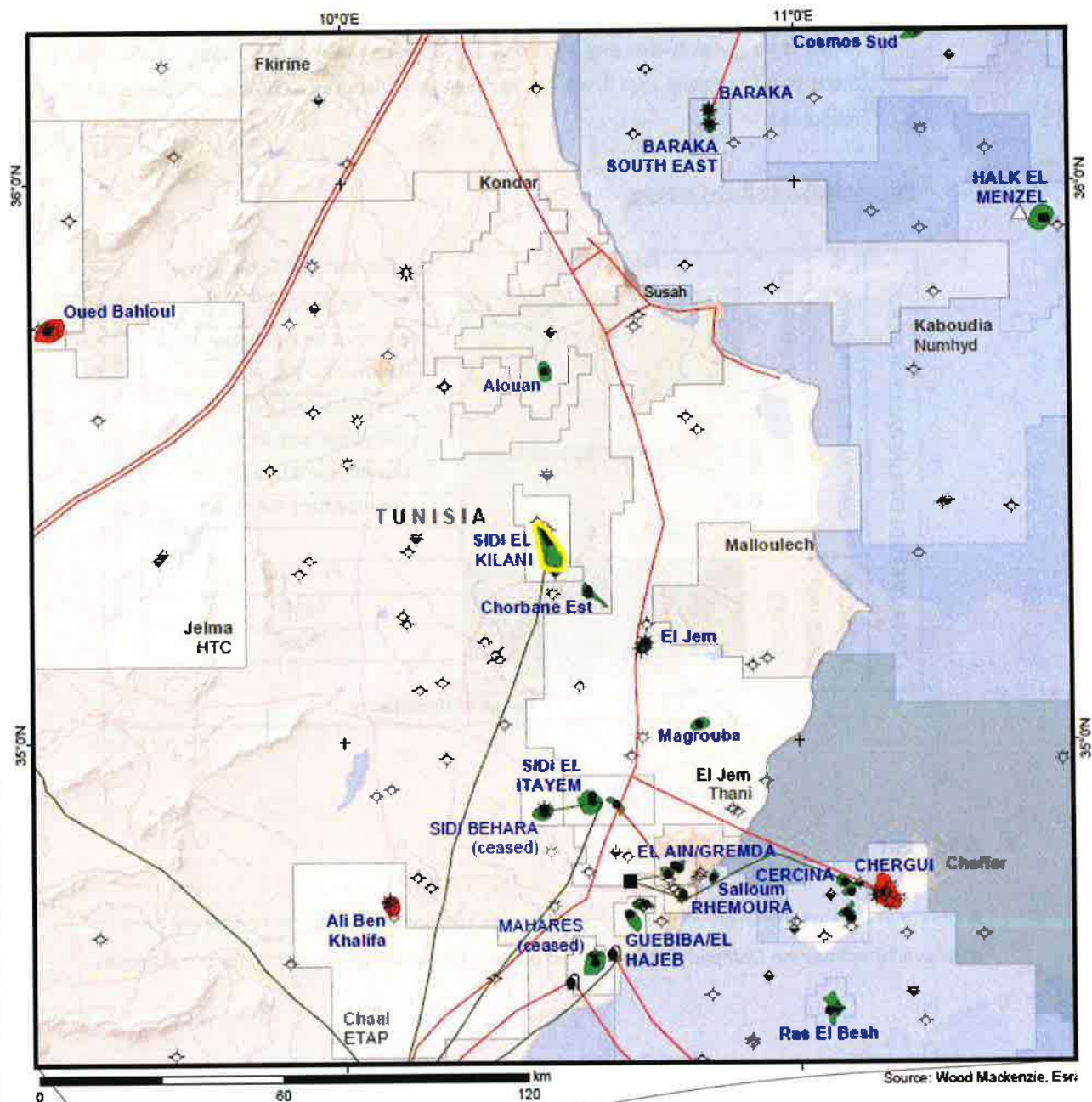
There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

6.3 Project Maturity Sub-Classes



7. SITE VISIT

A personal field examination of these properties was not considered to be necessary because the data available from the Company's records and public sources were satisfactory for our purposes.



ZENITH ENERGY LTD.

SIDI EL KILANI CONCESSION
PELAGIAN PROVINCE, TUNISIA
ORIENTATION MAP

APR. 2020

JOB No. 6644

EXECUTIVE SUMMARY

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Forecast Prices and Costs

Table 1: Summary of Oil & Gas Reserves

Table 2: Summary of Net Present Values

Table 3: Total Future Net Revenue (Undiscounted)

Table 4: Future Net Revenue – By Production Group

Table 4A: Reserves and Net Present Values – By Production Group

Table 5: Product Price Forecasts

Table 1

Zenith Energy Ltd

Summary of Oil and Gas Reserves

September 1, 2020
(as of August 31, 2020)

Forecast Prices and Costs

Reserves Category	Company Reserves							
	Light and Medium Oil		Heavy Oil		Conventional Natural Gas		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
PROVED								
Developed Producing	608	537	0	0	0	0	0	0
Developed Non-Producing	0	0	0	0	0	0	0	0
Undeveloped	0	0	0	0	0	0	0	0
TOTAL PROVED	608	537	0	0	0	0	0	0
PROBABLE	675	595	0	0	0	0	0	0
TOTAL PROVED PLUS PROBABLE	1,283	1,132	0	0	0	0	0	0

Reference: Item 2.1 (1) Form 51-101F1

Table 2
Zenith Energy Ltd
Summary of Net Present Values
September 1, 2020
(as of August 31, 2020)

Forecast Prices and Costs

Before Income Tax

Reserves Category	Net Present Values of Future Net Revenue				
	Discounted at				
	0 %/yr. M\$	5 %/yr. M\$	10 %/yr. M\$	15 %/yr. M\$	20 %/yr. M\$
PROVED					
Developed Producing	12,591	10,249	8,277	6,811	5,739
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	12,591	10,249	8,277	6,811	5,739
PROBABLE	35,918	24,066	17,070	12,656	9,713
TOTAL PROVED PLUS PROBABLE	48,509	34,316	25,347	19,467	15,452

After Income Tax

Reserves Category	Net Present Values of Future Net Revenue				
	Discounted at				
	0 %/yr. M\$	5 %/yr. M\$	10 %/yr. M\$	15 %/yr. M\$	20 %/yr. M\$
PROVED					
Developed Producing	5,560	4,581	3,716	3,062	2,582
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	5,560	4,581	3,716	3,062	2,582
PROBABLE	16,602	11,073	7,815	5,757	4,381
TOTAL PROVED PLUS PROBABLE	22,162	15,654	11,530	8,819	6,963

Reference: Item 2.1 (2) Form S1-101F1

M\$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 3
Zenith Energy Ltd
Total Future Net Revenue (Undiscounted)
September 1, 2020
(as of August 31, 2020)
Forecast Prices and Costs

Reserve Category	Revenue M\$	Royalties M\$	Operating Costs [1] M\$	Development Costs M\$	Well Abandonment Costs [1] M\$	Future Net Revenues BIT M\$	Income Taxes [2] M\$	Future Net Revenues AIT M\$
Total Proved	40,891	5,169	19,306	0	3,825	12,591	7,031	5,560
Proved Plus Probable	86,071	10,990	20,247	1,825	4,500	48,509	26,347	22,162

Reference: Item 2.1 (3)(b) NI 51-101F1

M\$ means thousands of dollars

Note [1] Includes Export Payment

Table 4
Zenith Energy Ltd
Future Net Revenue
By Product Type
September 1, 2020
(as of August 31, 2020)
Forecast Prices and Costs

Reserve Category	Product Type	Future Net Revenue Before Income Taxes Discounted at 10%/yr.
		M\$
Total Proved	Light and Medium Oil (including solution gas and other by-products)	8,277
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0
Proved Plus Probable	Light and Medium Oil (including solution gas and other by-products)	25,347
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0

Reference: Item 2.1 (3)(c) NI 51-101F1

M\$ means thousands of dollars

Table 4A

Zenith Energy Ltd

**Oil and Gas Reserves and Net Present Values
by Product Type
September 1, 2020
(as of August 31, 2020)**

Forecast Prices and Costs

Product Type by Reserve Category	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr.
	Oil		Gas		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl		
							10% M\$	\$/STB
Light and Medium Oil [1]								
Proved								
Developed Producing	608	537	0	0	0	0	8,277	15.41
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	608	537	0	0	0	0	8,277	N/A
Probable	675	595	0	0	0	0	17,070	28.69
Proved Plus Probable	1,283	1,132	0	0	0	0	25,347	22.39

Reference: Item 2.1 (3)(c) NI 51-101F1

M\$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 5
CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

September 1, 2020

Date	WTI [1] \$US/STB	Brent Spot (ICE)[2] \$US/STB	AB Synthetic Crude Price [3] \$CDN/STB	Western Canada Select [4] \$CDN/STB	Exchange Rate \$US/\$CDN
HISTORICAL PRICES					
2010	79.48	79.61	80.56	66.58	0.97
2011	94.88	111.26	102.45	77.43	1.01
2012	94.05	111.63	92.56	71.70	1.00
2013	97.98	108.56	100.17	75.76	0.97
2014	93.12	99.43	101.07	82.07	0.91
2015	48.69	53.32	62.17	46.23	0.78
2016	43.17	45.06	57.98	38.90	0.76
2017	50.86	54.75	67.75	49.63	0.77
2018	64.92	71.64	75.06	50.17	0.77
2019	57.00	64.11	75.28	57.86	0.75
2020 7 mos.	37.79	42.67	47.36	32.87	0.74
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)					
	45.66	50.51	58.28	41.94	0.74
FORECAST PRICES					
2020	40.00	44.40	51.58	37.14	0.74
2021	45.00	49.95	57.53	41.42	0.75
2022	50.00	55.50	63.76	45.90	0.76
2023	53.50	59.39	68.39	49.24	0.76
2024	55.50	61.61	71.04	51.15	0.76
2025	57.50	63.83	73.69	53.06	0.76
2026	58.65	65.10	75.21	54.15	0.76
2027	59.82	66.40	76.77	55.27	0.76
2028	61.02	67.73	78.35	56.41	0.76
2029	62.24	69.09	79.97	57.58	0.76
2030	63.48	70.47	81.62	58.76	0.76
2031	64.75	71.88	83.30	59.97	0.76
2032	66.05	73.31	85.01	61.21	0.76
2033	67.37	74.78	86.76	62.47	0.76
2034	68.72	76.28	88.55	63.75	0.76
2035	70.09	77.80	90.37	65.06	0.76

Escalated 2% thereafter

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.
 - [2] The Brent Spot price is estimated based on historic data.
 - [3] Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude landed in Edmonton.
 - [4] Western Canada Select (20.5API), spot price for B.C., Alberta, Saskatchewan, and Manitoba.

SUMMARY OF COMPANY RESERVES AND ECONOMICS

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Forecast Prices and Costs

Table 1: Summary of Company Reserves and Economics – Before Tax

Table 1T: Summary of Company Reserves and Economics – After Tax

Table 1
Summary of Company Reserves and Economics
Before Income Tax
September 1, 2020
(as of August 31, 2020)

Zenith Energy Ltd.

Sidi El Kilani (SLK) Concession, Tunisia

Description	Company Reserves		Cumulative Cash Flow (BIT) - M\$				
	Oil - MSTB		Discounted at:				
	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
<u>Proved Developed Producing</u>							
Ten Producing Wells	608	537	12,591	10,249	8,277	6,811	5,739
Total Proved	608	537	12,591	10,249	8,277	6,811	5,739
<u>Probable Undeveloped</u>							
Development wells (3)	875	595	35,918	24,066	17,070	12,656	9,713
Total Probable	875	595	35,918	24,066	17,070	12,656	9,713
Total Proved Plus Probable	1,283	1,132	48,509	34,316	25,347	19,467	15,452

M\$ means thousands of dollars

Net resources are the total of the Company's working interest share after deducting the amounts attributable to royalties and profit oil owned by the government.

Table 1T
Summary of Company Reserves and Economics
After Income Tax
September 1, 2020
(as of August 31, 2020)

Zenith Energy Ltd.

Sidi El Kilani (SLK) Concession, Tunisia

Description	Company Reserves		Cumulative Cash Flow (BIT) - M\$				
	Oil - MSTB		Discounted at:				
	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
Proved Developed Producing							
Ten Producing Wells	608	537	5,560	4,581	3,716	3,062	2,582
Total Proved	608	537	5,560	4,581	3,716	3,062	2,582
Probable Undeveloped							
Development wells (3)	675	595	16,602	11,073	7,815	5,757	4,381
Total Probable	675	595	16,602	11,073	7,815	5,757	4,381
Total Proved Plus Probable	1,283	1,132	22,162	15,654	11,530	8,819	6,963

M\$ means thousands of dollars

Net resources are the total of the Company's working interest share after deducting the amounts attributable to royalties and profit oil owned by the government.

**SIDI EL KILANI CONCESSION
TUNISIA
INDEX**

Discussion

Property Description
Geology
Reserves
Production
Product Prices
Capital Expenditures
Operating Costs
Economics and Tax

Attachments

Figure 1: Land and Well Map

Table 1: Schedule of Lands, Interests and Royalty Burdens

Figure 2: Geological Maps and Figures

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- b) Stratigraphic Column
- c) E-W Regional Cross Section
- d) Pelagian Province Petroleum System-1
- e) Pelagian Province Petroleum System-2
- f) Top Abiod Formation Depth Structure Map

Table 2: Summary of Reserves

Figure 3: Production History Profile

Figure 4: Development Locations Map

Table 3: Summary of Anticipated Capital Expenditures

- a) Development
- b) Abandonment and Reclamation

Table 4: Summary of Company Reserves and Economics

- a) Proved Developed Producing
- b) Proved Plus Probable Developed

**SIDI EL KILANI CONCESSION
TUNISIA
DISCUSSION**

Property Description

The Company has acquired a 22.5 percent working interest in the Sidi El Kilani (SLK) Concession, Tunisia, which is located onshore in the Pelagian Basin, around 190 Km south of Tunis. The concession covers approximately 50,409 acres (204 square kilometers) and contains ten oil producers, two disposal wells and one well which was dry and abandoned. Two of the wells have been sidetracked as horizontal wells.

Production is subject to a graduated royalty, based on an "R" factor, to the government, and an Export Payment, which is one percent of gross revenues.

The details of the ownership and burdens are presented in Table 1 and a map of the producing field is presented on Figure 1.

Geology

Basin Geology

The Sidi EL Kilani Field Area is located onshore Tunisia in the Pelagian Basin. The Pelagian Province, as shown in Figure 2a, extends from the offshore shelf area of Tunisia and northern Libya to the east, and bound from the west by a north-south basement-related structural feature separating the Pelagian Province in eastern Tunisia from the Mesozoic Basin farther west (Bobier and others, 1991). The United States Geological Survey estimated the mean risked recoverable oil reserves of 1230 MMbbl within the Mesozoic combined reservoirs and 785 MMbbl in all Tertiary reservoirs, in addition to significant gas and NGL reserves (ref. USGS-2019).

As illustrated in Figures 2b and 2c; during Late Carboniferous and Permian, several rift basins and grabens formed along the northern margin of the African plate by extension as a result of the initial breakup of Gondwana and the opening of the Tethyan seaway. In Middle-Late Jurassic time, the central Atlantic Ocean opened between Laurasia and Africa, developing a rift zone between Africa and Europe. The shelf carbonates were deposited in the Pelagian Province at this time. Faults associated with the opening and rifting controlled the sedimentation from the Middle

Jurassic to the present time (Morgan and others, 1998). Extension, subsidence and post-rift thermal sag continued into the Triassic and Early Jurassic where north-south faults and east-west transfer faults developed at this time in eastern Tunisia. Clastic and carbonate sediments as well as evaporites were deposited during the Triassic. During the Early Jurassic, shelf turbidites and pelagic carbonates were deposited. Rifting and subsidence continued during the Early Cretaceous along the northern margin of the African plate, where the faults associated with rifting continued to control the sedimentation. Clastic alluvial sediments and, open-marine clastic and carbonate sediments were deposited in the southern and northern portions of the basin, respectively. The African plate began to drift northward during the early Late Cretaceous, and this movement has continued to the present. Rifting occurred along the northern margin of the African plate as a result of dextral shearing between the African and European plates, developing a complex northwest-southeast trending of horst and graben system. In the Late-Cretaceous-Santonian time; structural inversion, reverse-thrust faulting, and folding occurred (Guiraud, 1998; Morgan and others, 1998). Gentle uplift occurred during the latest Cretaceous to Paleocene (Burollet, 1967a). In the early Eocene, transfer faults were reactivated leading to sedimentation control. Tectonic activity during the Late Oligocene to Miocene time resulted in non-deposition or erosion over much of the area. Magmatic activity has occurred throughout the area in the Aptian to Paleocene due to rifting on the Pelagian Shelf and in the Neogene to Quaternary due to Alpine collision and west Mediterranean opening.

Petroleum System

There are two main petroleum systems in the Pelagian Basin; the Jurassic-Cretaceous and Bou Dabbous Cenozoic petroleum systems, shown in Figures 2d and 2e respectively.

The hydrocarbon of the Jurassic-Cretaceous petroleum system was sourced from the deep-marine shales of Cretaceous: Bahloul, Lower Fahdene, and M'Cherga Formations; and Jurassic Nara Formation. The peak of hydrocarbon generation occurred during the Paleogene-Neogene (Hassan and Kendall, 2014). The hydrocarbons later migrated into the Jurassic-Cretaceous shallow marine Carbonates and Upper Cretaceous fractured deep-water chalks. The seals are provided by the shales and evaporites of Jurassic and Cretaceous age.

The Cenozoic Bou Dabbous petroleum system contains the organic-rich shale of the Eocene, Bou Dabbous Formation as a robust source rock. The hydrocarbon generation peaked during the Miocene-Pliocene time and then migrated into the Lower-Middle Eocene shallow-water Limestone reservoirs that are sealed by the overlying shales and marls.

The existing traps in the basin are of structural and stratigraphical types; such as fault blocks, low-amplitude anticlines, high-amplitude anticlines associated with reverse faults, wrench fault structures. The extent of gas occurrence appears to be more extensive offshore compared to the onshore parts of the basin.

Field and Reservoir Description

The Sidi EL Kilani Field Area is located 190 km south-southeastern of Tunis City, Tunisia in the Pelagian Basin. The field, as illustrated in Figure 2f, is a four-way dip closed structure bisected by a major wrench fault. The main producing reservoir is the Upper Cretaceous-Abiod Formation carbonates, which is Type-1 fractured carbonates reservoir. The Abiod thickness in the field is up to 550 m thick and contains predominantly massive, micritic and chalky white limestone with some dolomitized and bioclastic zones. The deposition is primarily in a pelagic marine environment. Based on clay content, the Abiod has been subdivided into 3 members: the Lower Limestone Member which contains relatively clean limestone intercalated with shales and mudstones. The Middle Limestone Member is more clay-rich with occasional shale interbeds while the Upper Limestone Member is generally clean and massively bedded with few shale bands. The cleanest limestone levels within the Abiod Formation commonly show matrix porosity in excess of 20%. The matrix permeability is very low ($< 1\text{mD}$) due to narrow pore throat size. The flow capacity is mainly dependent on the fracturing regime of the reservoir and the well location within this regime, with zero or minor contribution from the matrix. Fractures have been interpreted to exist as swarms in damage zones related to systems of tensional or wrench faults. While some of the encountered fractures in well bores are closed with calcite cement, however the open fractures regularly contain oil and provide excellent flow capabilities. El Haria Formation shales form the principal seal for the Abiod reservoir in Sidi El Kilani.

In this province, there are additional reservoirs; Douleb, Bireno, Guettar Formations of the Upper Cretaceous, and Zebbag, Serdj Formations of the Lower Cretaceous. Moreover, there are the Nara, Meloussi and M'Rabrine Formations of the Jurassic age, El Garia and Bou Dabbous Formations of the Tertiary, Eocene. The aforesaid potential reservoirs are the main producing oil and gas horizons in known existing fields in the Pelagian Basin. Such fields are: Bouri and Garia Fields (from Bou Dabbous reservoir), Bouri has known recoverable reserves of 4.5 MMbbl of oil and 3.5 TCF of gas. Other fields are Miskar (with 0.7 TCF of gas) and El Jem Fields (from Douleb), El Ain, Gremda and Guebiba Fields (Bireno Fm), El Biban (from Zebbag) and Ezzaouia Fields (from El Garia, Zebbag and Nara Fm). The above-mentioned reservoirs were not tested inside the Client's land; however they are most likely to exist.

Reserves

Proved Developed Producing Reserves of 2,700 MSTB have been estimated for ten wells producing from the Cretaceous Aboid formation, based on decline curve analysis of the historical production from the field.

Probable Undeveloped Reserves of 3,000 MSTB have been estimated for three Aboid infill locations to be drilled at selected locations where there is a reasonable likelihood of encountering undrained reservoir. These reserves have been based on a conservative assessment of the average recovery from the wells in the field, excluding the two main producers which were drilled on the crest of the structure.

A summary of the reserves is presented on Table 2.

Production

Current production from the SLK Concession is averaging 600 STB/d of 39° API oil from ten wells. The majority of the production is from two crestal wells producing 200 to 300 STB/d each. The lesser producers are being operating intermittently. The wells are still operating under natural flowing conditions. Opportunities exist for artificial lift and well bore stimulations, which have not been considered for this evaluation.

For the Probable development locations we have conservatively estimated initial rates per well of 500 STB/d with a steep initial year decline and then a stable lesser decline for the remaining life, as is typical for production from a fractured carbonate reservoir.

Production from this field commenced in 1991 with continuous development up to about 2000. Production rates peaked in about 1995 at close to 20,000 STB/d. After about ten years of high rate production the rates decreased to about 2500 STB/d and for the past ten years the rates have been less than 1000 STB/d but with a very low decline rate averaging about 6 percent per year. A graphic presentation of the field's production history is presented on Figure 3.

The production forecasts for the existing wells and the development wells can be seen on page one of each economic analysis file.

Product Prices

The SLK oil production is expected to attract an oil price, which is a \$1.00/STB lower differential to Brent crude posted price based on information in the seller's corporate presentation. The price forecast used in the evaluation follows the Brent price profile and can be seen on Page 2 of the economic analysis.

Capital Expenditures

The total capital expenditure for this property for the Probable development schedules is \$7,950 (\$1,789 net to the Company). The capital expenditure anticipated for the drilling of each development well has been estimated to be \$2,500,000 with an additional \$150,000 for equipping and tie-in to the infrastructure.

Abandonment costs have been estimated by the operator to be about \$17,000 (3,825 net to the Company), which we applied to the Proved producing case. An additional \$1,000,000 per well was added for the Proved Plus Probable case.

The capital expenditures are summarized on Table 3 and can be found on Page one of the economic analysis. Abandonment costs are presented on Table 3b.

Operating Costs

Operating costs for the SLK field has been estimated to be \$3,000,000/yr. of fixed costs covering the operation plus \$1.20/STB of variable costs based on the budget presentation of the field operator.

Economics and Tax

The results of the economic analysis, before and after taxes are summarized in Table 4 and 4T, respectively and the detailed, analysis are presented in Table 4a and 4b for the Proved Developed Producing and Proved Plus Probable cases, respectively.

The evaluation consists of four pages. Page 1 presents the production forecast for the existing wells and for the type well and development program depending on the case. The daily rates are

then multiplied by the active days per year to obtain an annual production volume. The forecast capital expenditures are shown on the right-hand side of the page.

Page 2 presents the gross annual production in barrels and shows the conversion to gross revenue by applying the oil price. The Government royalties are deducted. Fixed and variable operating costs are shown and escalated at 2 percent per year in all years. This results in the before tax cash flow analysis, initially for the gross position and finally the undiscounted and discounted values represent the Company's net position, which in this case is 22.5% of the gross group. Values are shown before income tax at discount rates of 0, 5, 10, 15 and 20 percent. The Company Gross and Net share of Oil Reserves are also shown on this page.

Page 3 presents the after income tax cash flow analysis.

Page 4 is the calculation of the "R" Factor and the resulting Royalty and Tax rates.

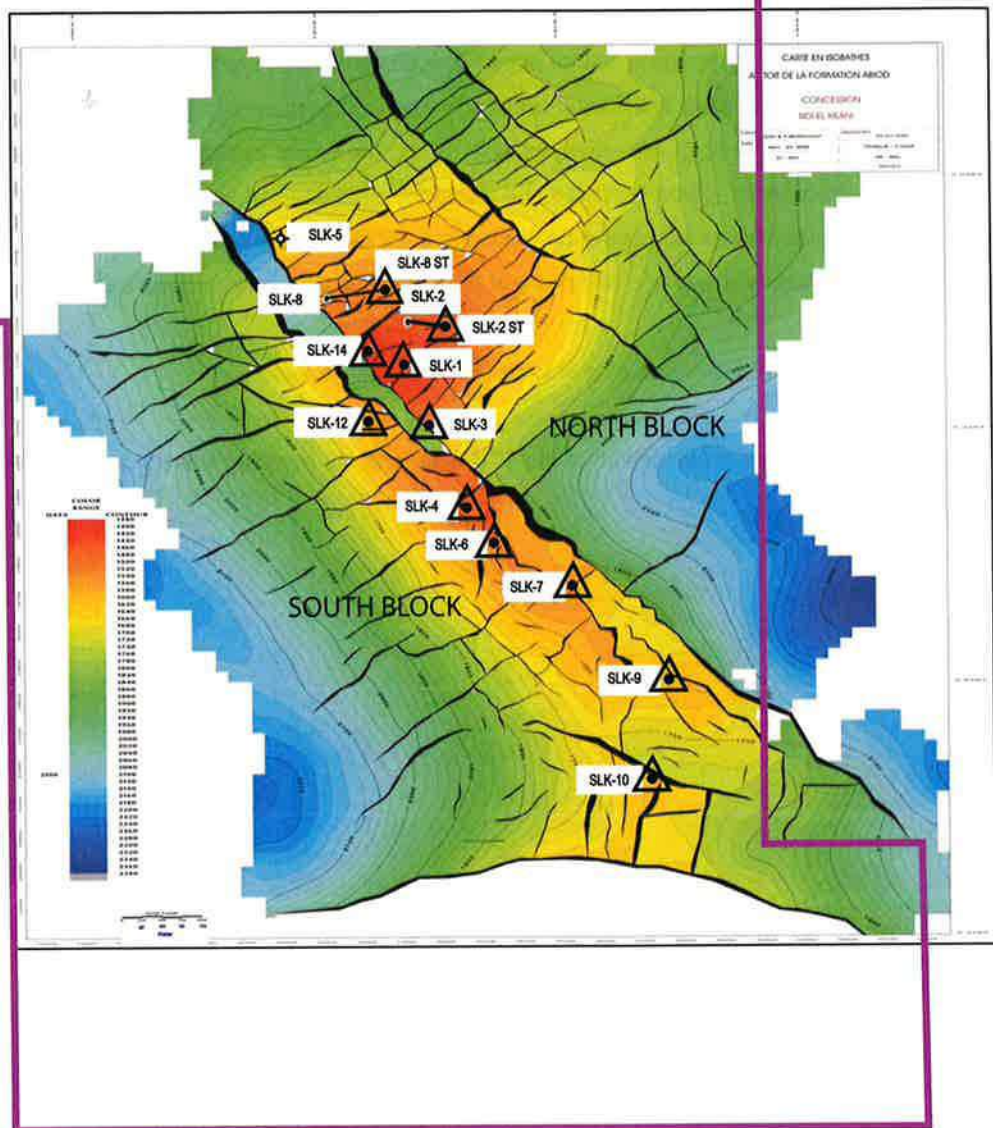


Table 1

**Schedule of Lands, Interests and Royalty Burdens
September 1, 2020**

Zenith Energy Ltd.

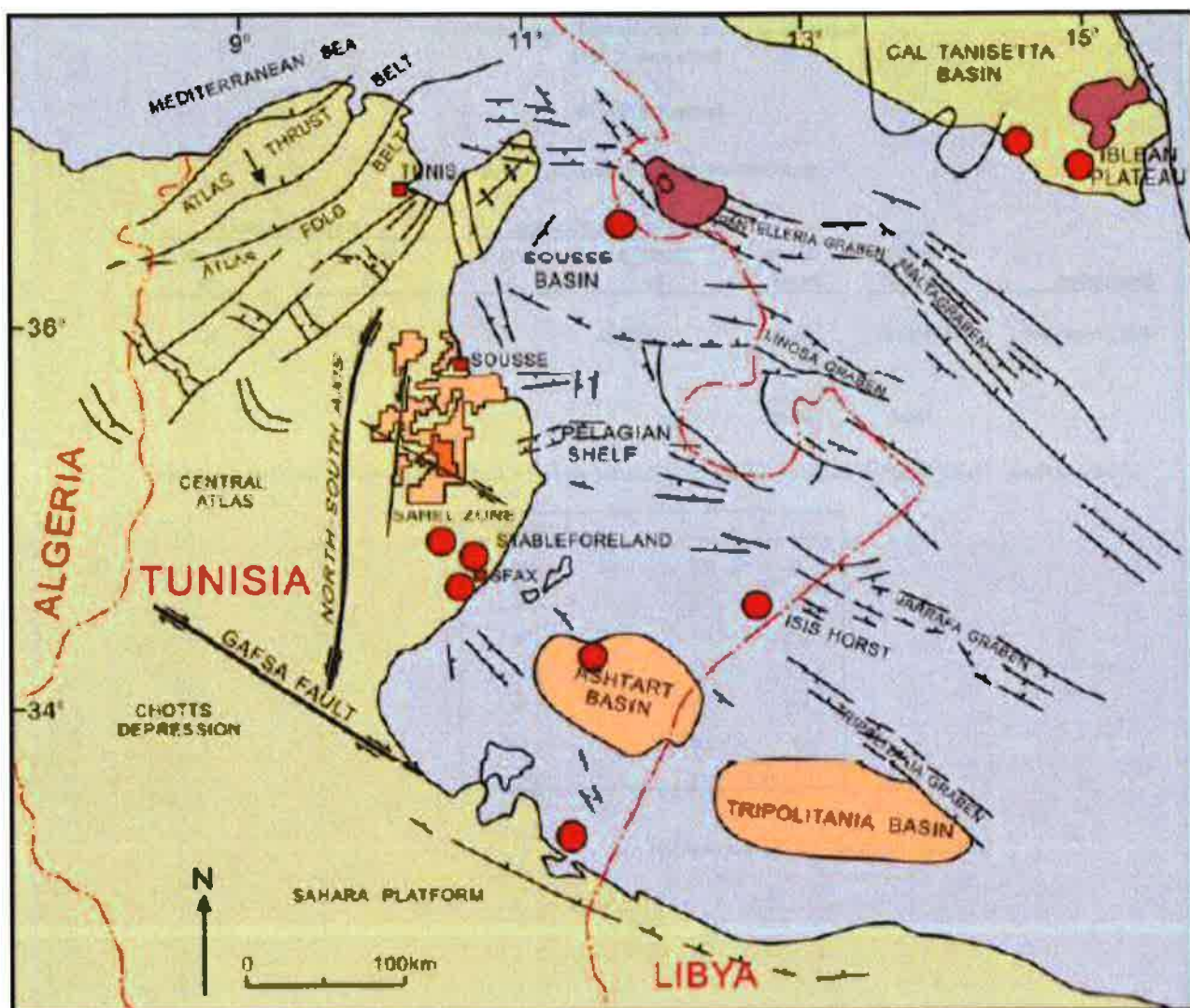
Sidi El Kilani (SLK) Concession, Tunisia

<u>Description</u>	<u>Rights Owned</u>	<u>Gross Acres</u>	<u>Appraised Interest</u>		<u>Royalty Burdens</u>	
			<u>Working %</u>	<u>Royalty %</u>	<u>Basic %</u>	<u>Overriding %</u>
SLK Concession	All P & NG	50,409	22.5000	-	[1]	[2]
Total		50,409				

General Notes : [1] Oil Royalty is based on a sliding scale R factor where $R = \text{Cum net revenues less tax} / \text{Cum Investment}$

<u>R</u>		<u>Royalty</u>
0	≥ 0.5	2%
0.5	- 0.8	5%
0.8	- 1.1	7%
1.1	- 1.5	10%
1.5	- 2.0	12%
2	- 2.5	14%
>2.5		15%

[2] Export Payment - 1% of gross revenues



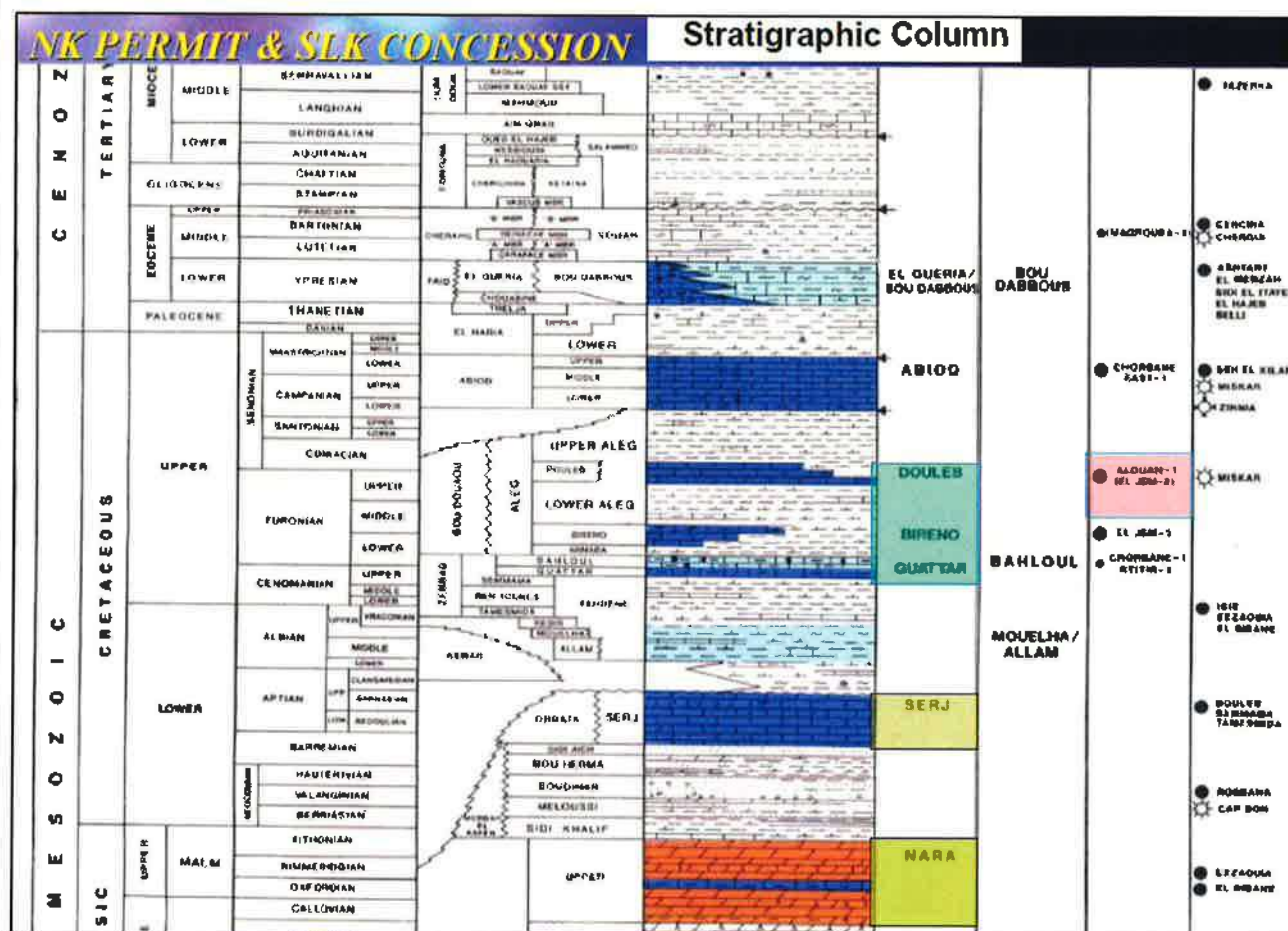
Source: KUFPEC, Sidi El Kilani (SLK) Concession, Tunisia - July 2019 Asset Presentation, Page 17

ZENITH ENERGY LTD.

TUNISIA
PELAGIAN STRUCTURAL
FRAMEWORK

APR. 2020

JOB No. 6644 FIGURE No. 2a



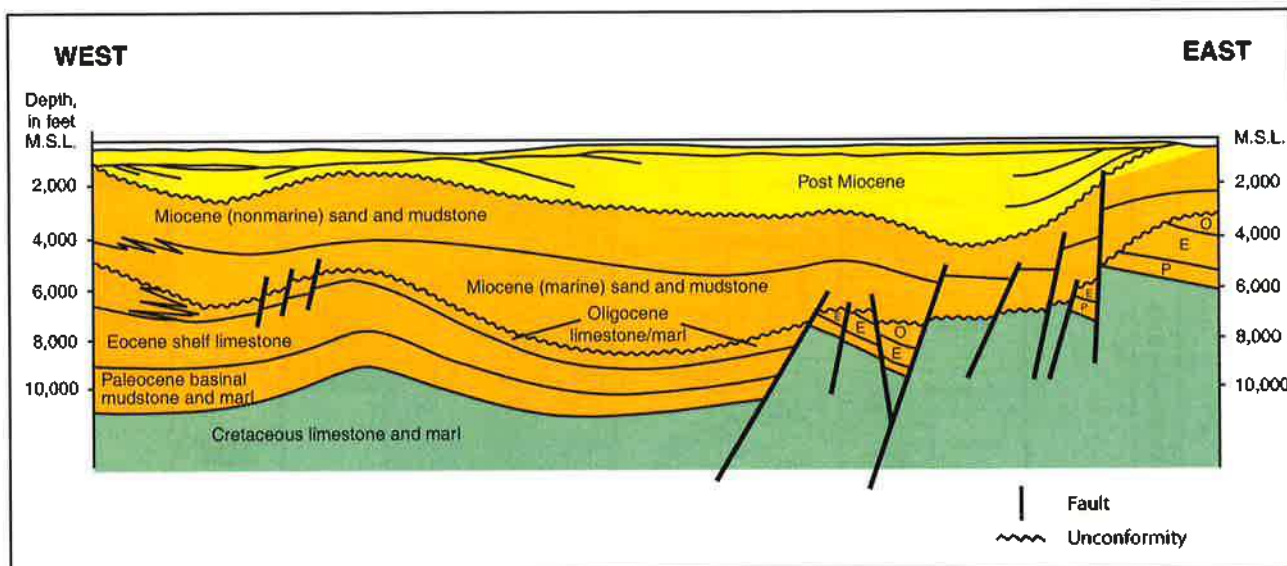
Source: KUFPEC, Sidi El Kilani (SLK) Concession, Tunisia - July 2019 Asset Presentation, Page 20

ZENITH ENERGY LTD.

TUNISIA

STRATIGRAPHIC COLUMN

APR. 2020 JOB No. 6644 FIGURE No. 2b



Source: T.R. Klett, *Total Petroleum Systems of the Pelagian Province, Tunisia, Libya, Italy, and Malta—The Bou Dabbous—Tertiary and Jurassic-Cretaceous Composite*, U.S. Geological Survey Bulletin 2202-D, 2001, Page 10

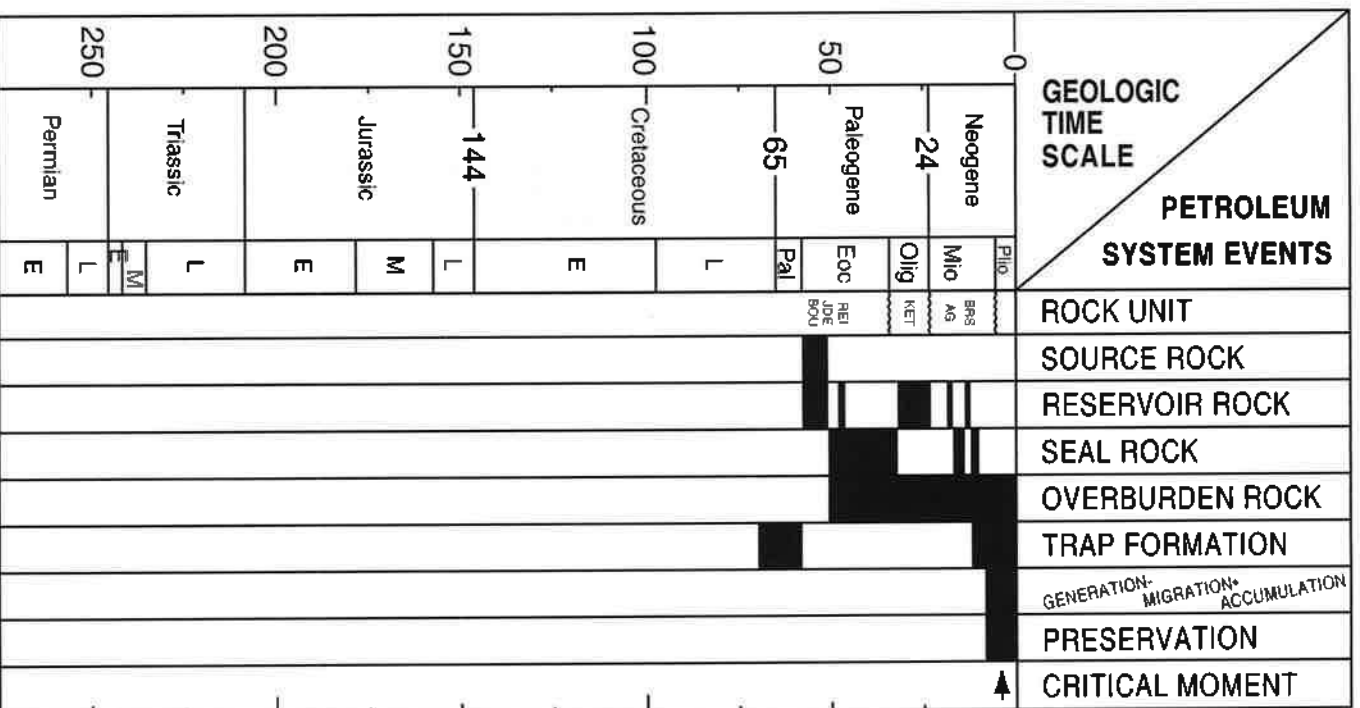
ZENITH ENERGY LTD.

GULF OF HAMMAMET
PELAGIAN PROVINCE, TUNISIA
EAST-WEST REGIONAL
CROSS SECTION

APR. 2020

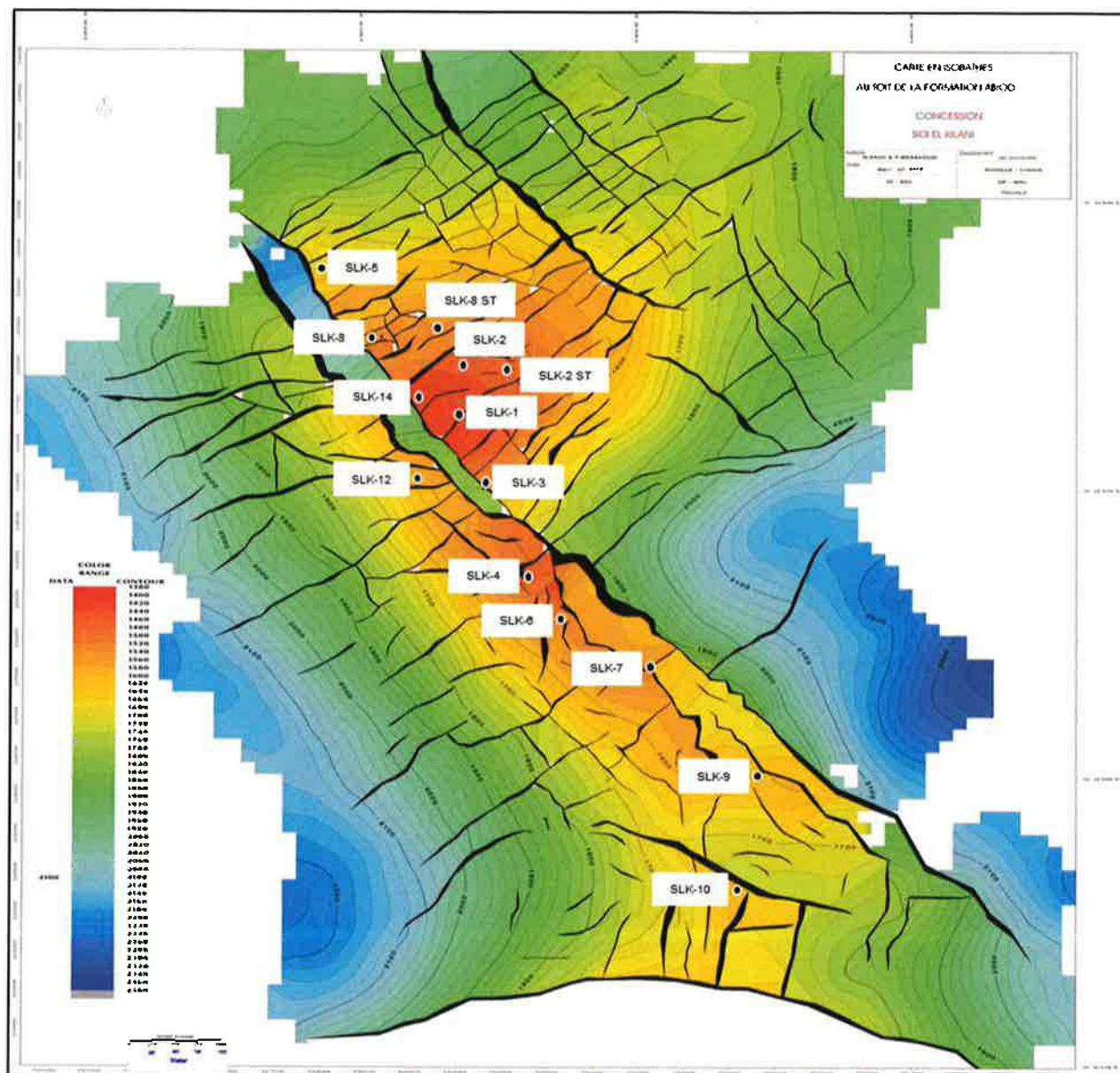
JOB No. 6644

FIGURE No. 2c



Source: T.R. Klett, Total Petroleum Systems of the Pelagian Province, Tunisia, Libya, Italy, and Malta—The Bou Dabbous-Tertiary and Jurassic-Cretaceous Composite, U.S. Geological Survey Bulletin 2202-D, 2001, Page 14

ZENITH ENERGY LTD.
PELAGIAN PROVINCE
TUNISIA
PETROLEUM SYSTEM-2
APR. 2020 JOB No. 6644 FIGURE No. 2e



Source: KUFPEC, Sidi El Kilani (SLK) Concession, Tunisia - July 2019 Asset Presentation, Page 23

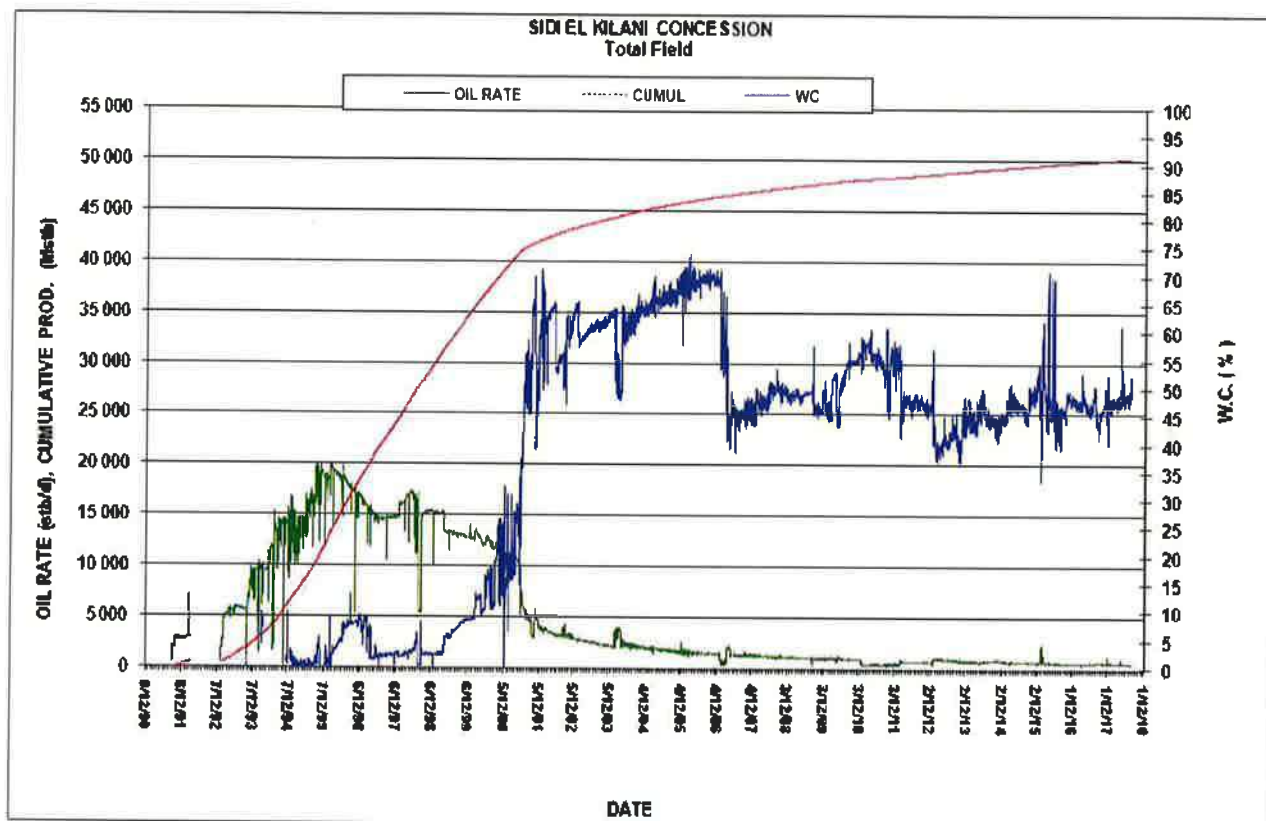
ZENITH ENERGY LTD.		
SIDI EL KILANI CONCESSION		
PELAGIAN PROVINCE, TUNISIA		
TOP ABIOD FORMATION DEPTH STRUCTURE MAP		
APR. 2020	JOB No. 6644	FIGURE No. 2f

Table 2

**Summary of Gross Reserves
September 1, 2020**

Tilapia License, Republic of the Congo

Description		Current or Initial Rate STB/d	API Gravity (Deg)	Ultimate Reserves (MSTB)	Cumulative Production (MSTB)	Reserves (MSTB)	Reference
LIGHT & MEDIUM OIL							
Proved Developed Producing							
Ten Producing Wells	Ablod	600	39	<u>52,998</u>	<u>50,298</u>	<u>2,700</u>	Decline Profile
Total Proved				<u>52,998</u>	<u>50,298</u>	<u>2,700</u>	
Probable Undeveloped		STB/d/well					
Development wells (3)	Ablod	500	39	<u>3,000</u>	<u>0</u>	<u>3,000</u>	Analog
Total Probable				<u>3,000</u>	<u>0</u>	<u>3,000</u>	
Total Proved Plus Probable				<u>55,998</u>	<u>50,298</u>	<u>5,700</u>	



Source: KUFPEC, Sidi El Kilani (SLK) Concession, Tunisia - July 2019 Asset Presentation, Page 24

ZENITH ENERGY LTD.

SIDI EL KILANI CONCESSION
PELAGIAN PROVINCE, TUNISIA
PRODUCTION HISTORY PROFILE

APR. 2020 JOB No. 6644 FIGURE No. 3

Table 3a

**Summary of Anticipated Capital Expenditures
Exploration & Development**

September 1, 2020

Zenith Energy Ltd.

Sidi El Kilani (SLK) Concession, Tunisia

<u>Description</u>	<u>Date</u>	<u>Operation</u>	<u>Capital Interest %</u>	<u>Gross Capital M\$</u>	<u>Net Capital M\$</u>
<u>Probable Undeveloped Reserves</u>					
One Infill Well - Aboid	2021	Drill, Complete, and Equip one well	22.5000	2,650	596
One Infill Well - Aboid	2022	Drill, Complete, and Equip one well	22.5000	2,850	596
One Infill Well - Aboid	2023	Drill, Complete, and Equip one well	22.5000	2,650	596
Total Probable				7,950	1,789

Note: M\$ means thousands of dollars.

The above capital values are expressed in terms of current dollar values without escalation.

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

September 1, 2020

Zenith Energy Ltd.

Sidi El Kilani (SLK) Concession, Tunisia

Description	Well Parameters	Capital Interest %	Gross Capital M\$	Net Capital M\$
Proved Producing				
SLK Wells and Facilities	Thirteen Wells and production facilities	22.5000	17,000	3,825
Probable Undeveloped				
SLK wells	Three wells	22.5000	3,000	675
Total Proved Plus Probable			20,000	4,500

Table 4
Summary of Company Reserves and Economics
Before Income Tax
September 1, 2020
(as of August 31, 2020)

Zenith Energy Ltd.

Sidi El Kilani (SLK) Concession, Tunisia

Description	Company Reserves		Cumulative Cash Flow (BIT) - M\$				
	Oil - MSTB		Discounted at:				
	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
Proved Developed Producing							
Ten Producing Wells	608	537	12,591	10,249	8,277	6,811	5,739
Total Proved	608	537	12,591	10,249	8,277	6,811	5,739
Probable Undeveloped							
Development wells (3)	675	595	35,918	24,066	17,070	12,656	9,713
Total Probable	675	595	35,918	24,066	17,070	12,656	9,713
Total Proved Plus Probable	1,283	1,132	48,509	34,316	25,347	19,467	15,452

M\$ means thousands of dollars

Net resources are the total of the Company's working interest share after deducting the amounts attributable to royalties and profit oil owned by the government.

Table 4T
Summary of Company Reserves and Economics
After Income Tax
September 1, 2020
(as of August 31, 2020)

Zenith Energy Ltd.

Sidi El Kilani (SLK) Concession, Tunisia

Description	Company Reserves		Cumulative Cash Flow (BIT) - M\$				
	Oil - MSTB		Discounted at:				
	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
Proved Developed Producing							
Ten Producing Wells	608	537	5,560	4,581	3,716	3,062	2,582
Total Proved	608	537	5,560	4,581	3,716	3,062	2,582
Probable Undeveloped							
Development wells (3)	675	595	16,602	11,073	7,815	5,757	4,381
Total Probable	675	595	16,602	11,073	7,815	5,757	4,381
Total Proved Plus Probable	1,283	1,132	22,162	15,654	11,530	8,819	6,963

M\$ means thousands of dollars

Net resources are the total of the Company's working interest share after deducting the amounts attributable to royalties and profit oil owned by the government.

Table 4a, Page 1

Zanith Energy Ltd

Sidi El Kilani

September 1, 2020

Production and Capital Forecast - Proved Producing Reserves

Year	Days On	Existing Production		Development Program - Gross Production - STB/yr				Total Oil Production		Drilling & Completion	Well Fac. & Tie-ins	Total Capital (Escalated)
		STB/d	STB/yr	# Wells	# Wells	# Wells	# Wells	STB/yr.	STB/d			
2020	120	591	70,963	0	0	0	0	70,963	591	0	0	0
2021	365	557	203,413					203,413	557	0	0	0
2022	365	525	191,695					191,695	525	0	0	0
2023	365	495	180,653					180,653	495	0	0	0
2024	365	466	170,246					170,246	466	0	0	0
2025	365	440	160,439					160,439	440	0	0	0
2026	365	414	151,197					151,197	414	0	0	0
2027	365	390	142,488					142,488	390	0	0	0
2028	365	368	134,280					134,280	368	0	0	0
2029	365	347	126,545					126,545	347	0	0	0
2030	365	327	119,255					119,255	327	0	0	0
2031	365	308	112,386					112,386	308	0	0	0
2032	365	290	105,912					105,912	290	0	0	0
2033	365	273	99,811					99,811	273	0	0	0
2034	365	258	94,061					94,061	258	0	0	0
2035	365	243	88,643					88,643	243	0	0	0
2036	365	229	83,537					83,537	229	0	0	0
2037	365	216	78,725					78,725	216	0	0	0
2038	365	203	74,190					74,190	203	0	0	0
2039	365	192	69,916					69,916	192	0	0	0
2040	365	181	65,889					65,889	181	0	0	0
2041	365	170	62,093					62,093	170	0	0	0
2042	365	160	58,516					58,516	160	0	0	0
2043	365	151	55,146					55,146	151	0	0	0
Total		7,794	2,700,000	0	0	0	0	2,700,000		0	0	0
										Unit Cost	2500	150
										Decline/yr.	5%	
										Initial production	600	
										2020	0	0
										2021	0	0
										2022	0	0
										2023	0	0
										2024	0	0
										2025	0	0
										2026	0	0

Table 4a, Page 2

Zenith Energy Ltd

Sidi El Kilani

September 1, 2020

Production Streams, Revenues and Cash Flows - Proved Producing Reserves

Before Income Tax

															Company's 22.5% Share Undiscounted		Company 22.5% Share Discounted @			
	Gross Production	Oil Price	Gross Revenue	Royalty Rate	Royalty	Export Payment	Operating Costs - \$/yr.			Project Total Revenue	Total Capital Costs	Abandon & Reclaim	Net Cash Flow (Profit)	Net Cash Flow (Profit)	5%	10%	15%	20%		
Year	STB/yr.	\$/STB	\$/yr.	%	\$/yr.	\$/yr.	Fixed	Variable	Total (Escalated)	(Operating Cash Flow) \$/yr.	\$/yr.	\$/yr.	\$/yr.	\$/yr.	\$	\$	\$	\$		
2020	70,863	\$43.50	\$3,086,896	12%	\$370,428	\$30,865	1,000,000	85,156	1,085,156	1,600,444	0	0	1,600,444	360,100	357,393	354,650	352,137	349,747		
2021	203,413	\$48.95	\$9,957,044	12%	\$1,194,845	\$99,570	3,000,000	244,095	3,244,095	5,418,533	0	0	5,418,533	1,219,170	1,170,614	1,126,119	1,085,183	1,047,385		
2022	191,695	\$54.50	\$10,447,384	12%	\$1,253,686	\$104,474	3,000,000	230,034	3,234,635	5,794,590	0	0	5,794,590	1,303,783	1,192,244	1,094,794	1,009,128	933,396		
2023	180,653	\$58.39	\$10,547,407	12%	\$1,265,689	\$105,474	3,000,000	216,783	3,246,741	5,829,503	0	0	5,829,503	1,311,638	1,142,312	1,001,264	882,788	782,517		
2024	170,246	\$60.61	\$10,317,780	12%	\$1,238,134	\$103,178	3,000,000	204,296	3,400,424	5,576,044	0	0	5,576,044	1,254,610	1,040,613	870,864	734,267	623,745		
2025	160,439	\$62.83	\$10,079,608	12%	\$1,209,553	\$100,796	3,000,000	192,527	3,455,694	5,313,565	0	0	5,313,565	1,195,552	944,410	734,254	606,437	495,320		
2026	151,197	\$64.10	\$9,691,984	12%	\$1,163,038	\$96,320	3,000,000	181,437	3,512,563	4,919,463	0	0	4,919,463	1,106,879	832,726	634,829	489,835	382,152		
2027	142,488	\$65.40	\$9,379,209	12%	\$1,118,305	\$93,192	3,000,000	170,985	3,571,045	4,536,668	0	0	4,536,668	1,020,750	737,363	532,210	392,800	293,660		
2028	134,280	\$66.73	\$8,960,717	12%	\$1,075,286	\$89,607	3,000,000	161,136	3,631,152	4,164,673	0	0	4,164,673	937,051	639,422	444,155	313,958	224,666		
2029	126,545	\$68.09	\$8,615,965	12%	\$1,033,916	\$86,160	3,000,000	151,854	3,692,899	3,802,990	0	0	3,802,990	855,673	556,067	388,711	248,960	170,962		
2030	119,255	\$69.47	\$8,284,427	12%	\$994,131	\$82,844	3,000,000	143,106	3,756,303	3,451,149	0	0	3,451,149	776,508	490,609	304,181	196,474	129,268		
2031	112,386	\$70.88	\$7,965,602	12%	\$955,872	\$79,656	3,000,000	134,863	3,821,380	3,108,693	0	0	3,108,693	699,456	412,303	249,088	153,894	97,049		
2032	105,912	\$72.31	\$7,659,003	12%	\$919,080	\$76,590	3,000,000	127,094	3,888,149	2,775,184	0	0	2,775,184	624,416	350,543	202,150	119,464	72,196		
2033	99,811	\$73.78	\$7,364,165	12%	\$883,700	\$73,642	3,000,000	119,773	3,956,627	2,450,197	0	0	2,450,197	551,294	294,755	162,252	91,717	53,119		
2034	94,061	\$75.28	\$7,080,639	12%	\$849,677	\$70,806	3,000,000	112,874	4,026,834	2,133,322	0	0	2,133,322	479,997	244,415	128,426	69,439	38,541		
2035	88,643	\$76.80	\$6,807,993	12%	\$816,953	\$68,080	3,000,000	106,372	4,098,791	1,824,162	0	0	1,824,162	410,437	199,042	99,832	51,632	27,463		
2036	83,537	\$78.31	\$6,541,597	12%	\$784,992	\$65,416	3,000,000	100,244	4,172,521	1,518,669	0	0	1,518,669	341,700	157,818	75,557	37,378	19,053		
2037	78,725	\$79.82	\$6,283,694	12%	\$754,043	\$62,837	3,000,000	94,470	4,248,044	1,218,770	0	0	1,218,770	274,223	120,621	55,124	26,084	12,742		
2038	74,190	\$81.33	\$6,033,797	10%	\$603,380	\$60,338	3,000,000	89,028	4,325,385	1,044,694	0	0	1,044,694	235,056	98,470	42,953	19,442	9,102		
2039	69,916	\$82.84	\$5,791,839	10%	\$579,184	\$57,918	2,250,000	83,900	4,333,383	1,821,353	0	0	1,821,353	409,805	163,500	66,081	29,475	13,224		
2040	65,889	\$84.35	\$5,557,735	10%	\$555,774	\$55,577	2,250,000	79,067	4,393,010	1,553,374	0	0	1,553,374	349,509	132,804	52,786	21,653	9,198		
2041	62,093	\$85.86	\$5,331,383	10%	\$533,138	\$53,314	2,250,000	74,512	4,454,103	1,290,829	0	0	1,290,829	290,436	105,103	39,877	15,735	6,508		
2042	58,516	\$87.37	\$5,112,667	10%	\$511,267	\$51,127	2,250,000	70,220	4,516,679	1,033,595	0	0	1,033,595	232,559	80,151	29,027	10,999	4,343		
2043	55,146	\$88.88	\$4,901,458	10%	\$490,146	\$49,015	2,250,000	66,175	4,580,759	781,539	0	17,000,000	-16,218,461	-3,649,154	-1,197,785	-414,069	-130,065	-56,787		
Totals	2,700,000		\$181,799,995		\$21,154,222	\$1,817,400	\$66,250,000	\$9,240,000	\$85,806,372	72,962,002	0	17,000,000	55,962,002	12,591,450	10,249,449	6,276,318	6,810,699	5,738,810		
Company Share			\$40,891,499		\$4,759,700	\$408,915			\$19,306,434	16,416,450	0	3,825,000	12,591,450	22.5%						
Gross	607,500	\$1.00		10%	1%	3,000,000	\$1.20													
Net	536,788	Price Differential		Royalty Rate		\$/yr	\$/STB													

Table 4a, Page 3
Zenith Energy Ltd
Sidi El Kilani
September 1, 2020

Production Streams, Revenues and Cash Flows - Proved Producing Reserves

After Income tax

After Income tax																
Company Working Interest		22.5%														
	Net operating Income	Net Capital	Abandon & Reclaim	Capital Depreciation - Straight Line - 20%			Capital Deduction	Net Taxable income	Tax Rate	Tax Payable	After Tax Cash flow	Company 22.5% Share Discounted @				
Year	\$/yr.	\$/yr.	\$/yr.	\$/yr.	\$/yr.	\$/yr.	\$	\$/yr.	%	\$/yr.	\$/yr.	t	\$	\$	\$	\$
2020	360,100	\$0	\$0	\$0			\$0	\$360,100	55%	\$198,055	\$162,045	0.16	160,785	159,593	158,462	157,386
2021	1,219,170	\$0	\$0	\$0	\$0		\$0	\$1,219,170	55%	\$670,543	\$548,626	0.83	526,776	506,753	488,332	471,323
2022	1,303,783	\$0	\$0	\$0	\$0	\$0	\$0	\$1,303,783	55%	\$717,080	\$586,702	1.83	536,510	492,657	454,107	420,028
2023	1,311,638	\$0	\$0	\$0	\$0	\$0	\$0	\$1,311,638	55%	\$721,401	\$590,237	2.83	514,040	450,569	397,255	352,132
2024	1,254,610	\$0	\$0	\$0	\$0	\$0	\$0	\$1,254,610	55%	\$690,035	\$564,574	3.83	468,277	391,799	330,420	280,685
2025	1,195,552	\$0	\$0		\$0	\$0	\$0	\$1,195,552	55%	\$657,554	\$537,998	4.83	424,985	339,414	273,797	222,894
2026	1,106,879	\$0	\$0			\$0	\$0	\$1,106,879	55%	\$608,784	\$498,096	5.83	374,727	285,673	220,426	171,968
2027	1,020,750	\$0	\$0				\$0	\$1,020,750	55%	\$561,413	\$459,338	6.83	329,113	239,495	176,760	132,156
2028	937,051	\$0	\$0				\$0	\$937,051	55%	\$515,378	\$421,673	7.83	287,740	199,870	141,101	101,100
2029	855,673	\$0	\$0				\$0	\$855,673	55%	\$470,620	\$385,053	8.83	250,299	165,920	112,041	76,833
2030	776,508	\$0	\$0				\$0	\$776,508	55%	\$427,080	\$349,429	9.83	216,274	136,881	86,413	58,179
2031	699,456	\$0	\$0				\$0	\$699,456	55%	\$384,701	\$314,755	10.83	185,536	112,090	69,252	43,672
2032	624,416	\$0	\$0				\$0	\$624,416	55%	\$343,429	\$280,987	11.83	157,744	90,968	53,759	32,488
2033	551,294	\$0	\$0				\$0	\$551,294	55%	\$303,212	\$248,082	12.83	132,640	73,014	41,272	23,904
2034	479,997	\$0	\$0				\$0	\$479,997	55%	\$263,999	\$215,999	13.83	109,987	57,792	31,248	17,344
2035	410,437	\$0	\$0				\$0	\$410,437	55%	\$225,740	\$184,696	14.83	89,569	44,924	23,234	12,358
2036	341,700	\$0	\$0				\$0	\$341,700	55%	\$187,935	\$153,765	15.83	71,018	34,001	16,820	8,574
2037	274,223	\$0	\$0				\$0	\$274,223	55%	\$150,823	\$123,400	16.83	54,280	24,806	11,738	5,734
2038	235,056	\$0	\$0				\$0	\$235,056	50%	\$117,528	\$117,528	17.83	49,235	21,478	9,721	4,551
2039	409,805	\$0	\$0				\$0	\$409,805	50%	\$204,902	\$204,902	18.83	81,750	34,041	14,738	6,612
2040	349,509	\$0	\$0				\$0	\$349,509	50%	\$174,755	\$174,755	19.83	66,402	26,393	10,930	4,699
2041	290,436	\$0	\$0				\$0	\$290,436	50%	\$145,218	\$145,218	20.83	52,551	19,938	7,898	3,254
2042	232,559	\$0	\$0				\$0	\$232,559	50%	\$116,279	\$116,279	21.83	40,075	14,514	5,499	2,171
2043	175,846	\$0	\$3,825,000				\$0	(\$3,649,154)	50%	(\$1,824,577)	(\$1,824,577)	22.83	(\$98,890)	(\$207,035)	(\$75,032)	(\$28,393)
Totals	16,416,450	0	3,825,000	0	0	0	0	12,591,450		7,031,887	5,559,563	272	4,581,364	3,715,546	3,062,190	2,581,754

Table 4a, Page 4

Zenith Energy Ltd

Sidi El Kilani

September 1, 2020

R Factor - Royalty Rate - Tax Rate - Depreciation, Proved Producing Reserves

Year	Gross Revenue \$/yr.	Royalty \$/yr.	Corp Tax (Grossed Up) \$/yr.	Net Revenue \$/yr.	Cumulative Net Revenue \$	Operating Costs \$/yr.	Capital Costs \$/yr.	Total Expenditures \$/yr.	Cumulative Expenditures \$	R Factor #	Royalty Rate %	Tax Rate %
2020	\$3,086,896	\$370,428	\$880,244	\$1,836,224	\$752,836,224	1,085,156	0	1,085,156	\$501,085,156	1.50	12%	55%
2021	\$9,957,044	\$1,194,845	\$2,980,193	\$5,782,005	\$758,618,230	3,244,095	0	3,244,095	\$504,329,251	1.50	12%	55%
2022	\$10,447,384	\$1,253,686	\$3,187,024	\$6,006,674	\$764,624,904	3,294,635	0	3,294,635	\$507,623,886	1.51	12%	55%
2023	\$10,547,407	\$1,265,689	\$3,206,227	\$6,075,492	\$770,700,395	3,346,741	0	3,346,741	\$510,970,627	1.51	12%	55%
2024	\$10,317,780	\$1,238,134	\$3,066,824	\$6,012,822	\$776,713,217	3,400,424	0	3,400,424	\$514,371,051	1.51	12%	55%
2025	\$10,079,608	\$1,209,553	\$2,922,461	\$5,947,595	\$782,660,812	3,455,694	0	3,455,694	\$517,826,745	1.51	12%	55%
2026	\$9,691,984	\$1,163,038	\$2,705,705	\$5,823,242	\$788,484,054	3,512,563	0	3,512,563	\$521,339,309	1.51	12%	55%
2027	\$9,319,209	\$1,118,305	\$2,495,167	\$5,705,737	\$794,189,791	3,571,045	0	3,571,045	\$524,910,353	1.51	12%	55%
2028	\$8,960,717	\$1,075,286	\$2,290,570	\$5,594,861	\$799,784,652	3,631,152	0	3,631,152	\$528,541,505	1.51	12%	55%
2029	\$8,615,965	\$1,033,916	\$2,091,645	\$5,490,404	\$805,275,056	3,692,899	0	3,692,899	\$532,234,404	1.51	12%	55%
2030	\$8,284,427	\$994,131	\$1,898,132	\$5,392,164	\$810,667,221	3,756,303	0	3,756,303	\$535,990,707	1.51	12%	55%
2031	\$7,965,602	\$955,872	\$1,709,781	\$5,299,948	\$815,967,169	3,821,380	0	3,821,380	\$539,812,088	1.51	12%	55%
2032	\$7,659,003	\$919,080	\$1,526,351	\$5,213,572	\$821,180,741	3,888,149	0	3,888,149	\$543,700,236	1.51	12%	55%
2033	\$7,364,165	\$883,700	\$1,347,608	\$5,132,857	\$826,313,598	3,956,627	0	3,956,627	\$547,656,863	1.51	12%	55%
2034	\$7,080,639	\$849,677	\$1,173,327	\$5,057,635	\$831,371,233	4,026,834	0	4,026,834	\$551,683,697	1.51	12%	55%
2035	\$6,807,993	\$816,959	\$1,003,289	\$4,987,744	\$836,358,977	4,098,791	0	4,098,791	\$555,782,488	1.50	12%	55%
2036	\$6,541,597	\$784,992	\$835,268	\$4,921,337	\$841,280,315	4,172,521	0	4,172,521	\$559,955,009	1.50	12%	55%
2037	\$6,283,694	\$754,043	\$670,323	\$4,859,327	\$846,139,642	4,248,044	0	4,248,044	\$564,203,053	1.50	10%	50%
2038	\$6,033,797	\$603,380	\$522,347	\$4,908,070	\$851,047,712	4,325,385	0	4,325,385	\$568,528,438	1.50	10%	50%
2039	\$5,791,839	\$579,184	\$910,677	\$4,301,978	\$855,349,690	3,333,383	0	3,333,383	\$571,861,821	1.50	10%	50%
2040	\$5,557,735	\$555,774	\$776,687	\$4,225,275	\$859,574,965	3,393,010	0	3,393,010	\$575,254,831	1.49	10%	50%
2041	\$5,331,383	\$533,138	\$645,414	\$4,152,831	\$863,727,795	3,454,103	0	3,454,103	\$578,708,934	1.49	10%	50%
2042	\$5,112,667	\$511,267	\$516,797	\$4,084,603	\$867,812,399	3,516,679	0	3,516,679	\$582,225,613	1.49	10%	50%
2043	\$4,901,458	\$490,146	(\$8,109,231)	\$12,520,542	\$880,332,942	3,580,759	0	3,580,759	\$585,806,372	1.50	12%	55%
Totals	\$178,653,099	\$20,783,794	\$31,252,832	\$129,332,942		\$85,806,372	\$0	\$85,806,372		1.50	12%	55%
			0.225		\$751,000,000				\$500,000,000			
			Wt Factor		Opening Balance				Opening Balance			Applies Subsequent Year

Table 4b, Page 1

Zenith Energy Ltd

Sidi El Kilani

September 1, 2020

Production and Capital Forecast - Proved Plus Probable Reserves

Year	Days On	Existing Production		Development Type Well		Development Program - Gross Production - S			Total Oil Production		Drilling & Completion	Well Fac. & Tie-ins	Total Capital (Escalated)
		STB/d	STB/yr	STB/d	STB/yr	# Wells	# Wells	# Wells	STB/yr.	STB/d			
2020	120	591	70,963						70,963	591	0	0	0
2021	365	557	203,413						203,413	557	2500	150	2650
2022	365	525	191,695	400	146,000	146,000			337,695	925	2500	150	2703
2023	365	495	180,653	320	116,800	116,800	146,000		443,453	1215	2500	150	2757
2024	365	466	170,246	280	102,293	102,293	116,800	146,000	535,340	1467	0	0	0
2025	365	440	160,439	245	89,589	89,589	102,293	116,800	469,122	1285	0	0	0
2026	365	414	151,197	215	78,462	78,462	89,589	102,293	421,541	1155	0	0	0
2027	365	390	142,488	188	68,717	68,717	78,462	89,589	379,255	1039	0	0	0
2028	365	368	134,280	165	60,182	60,182	68,717	78,462	341,641	936	0	0	0
2029	365	347	126,545	144	52,708	52,708	60,182	68,717	308,151	844	0	0	0
2030	365	327	119,255	126	46,161	46,161	52,708	60,182	278,306	762	0	0	0
2031	365	308	112,386	111	40,428	40,428	46,161	52,708	251,683	690	0	0	0
2032	365	290	105,912	97	35,407	35,407	40,428	46,161	227,908	624	0	0	0
2033	365	273	99,811	85	31,009	31,009	35,407	40,428	206,655	566	0	0	0
2034	365	258	94,061	74	27,158	27,158	31,009	35,407	187,636	514	0	0	0
2035	365	243	88,643	65	23,785	23,785	27,158	31,009	170,595	467	0	0	0
2036	365	229	83,537	57	20,831	20,831	23,785	27,158	155,311	426	0	0	0
2037	365	216	78,725	50	18,244	18,244	20,831	23,785	141,584	388	0	0	0
2038	365	203	74,190	44	15,978	15,978	18,244	20,831	129,242	354	0	0	0
2039	365	192	69,916	38	13,993	13,993	15,978	18,244	118,131	324	0	0	0
2040	365	181	65,889	34	12,255	12,255	13,993	15,978	108,115	296	0	0	0
2041	365	170	62,093	0	0	0	12,255	13,993	88,342	242	0	0	0
2042	365	160	58,516	0	0	0	0	12,255	70,772	194	0	0	0
2043	365	151	55,146	0	0	0	0	0	55,146	151	0	0	0
Total			2,700,000		1,000,000	1,000,000	1,000,000	1,000,000	5,700,000		7,500	450	8,110
Initial Decline/yr.				40%						Unit Cost	2500	150	
Terminal Decline/yr.		6%		12%									
Initial production		600		500									

2020
2021
2022
2023
2024
2025
2026

0
1
1
1
0
0
0

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Zenith Energy Ltd

Sidi El Kilani

September 1, 2020

Production Streams, Revenues and Cash Flows - Proved Plus Probable Reserves

Before Income Tax

														Project Undiscounted	Company's 22.5% Share Undiscounted	Company 22.5% Share Discounted @			
	Gross Production	Oil Price	Gross Revenue	Royalty Rate	Royalty	Export Payment	Operating Costs - \$/yr.			Project Total Revenue (Operating Cash Flow) \$/yr	Total Capital Costs	Abandon & Reclaim	Net Cash Flow (Profit)	Net Cash Flow (Profit)	5%	10%	15%	20%	
Year	STB/yr.	\$/STB	\$/yr.	%	\$/yr.	\$/yr.	Fixed	Variable	Total (Escalated)		\$/yr.	\$/yr.	\$/yr.	\$/yr.	\$	\$	\$	\$	
2020	70,963	\$43.50	\$3,086,896	12%	\$370,428	\$30,869	1,000,000	85,156	1,085,156	1,600,444	0	0	1,600,444	360,100	357,300	354,650	352,137	349,747	
2021	203,413	\$48.95	\$9,957,044	12%	\$1,194,845	\$99,570	3,000,000	244,095	3,244,095	5,418,533	2,650,000	0	2,768,533	622,920	598,198	575,541	554,693	535,441	
2022	337,695	\$54.50	\$18,404,384	10%	\$1,840,438	\$184,044	3,000,000	405,234	3,473,339	12,906,563	2,703,000	0	10,203,563	2,295,802	2,099,703	1,928,350	1,777,695	1,644,496	
2023	443,453	\$58.39	\$25,890,985	10%	\$2,589,099	\$258,910	3,000,000	532,143	3,674,842	19,368,135	2,757,060	0	16,611,075	3,737,492	3,255,476	2,853,901	2,516,549	2,230,989	
2024	535,340	\$60.61	\$32,444,268	12%	\$3,893,312	\$324,443	3,000,000	642,408	3,865,352	24,367,161	0	0	24,367,161	5,481,261	4,547,006	3,804,929	3,209,281	2,726,568	
2025	469,122	\$62.83	\$29,472,559	12%	\$3,536,707	\$294,726	3,000,000	562,946	3,856,647	21,784,479	0	0	21,784,479	4,961,508	3,872,446	3,093,165	2,485,509	2,037,816	
2026	421,541	\$64.10	\$27,021,427	12%	\$3,242,571	\$270,214	3,000,000	505,850	3,870,741	19,637,900	0	0	19,637,900	4,418,526	3,524,635	2,534,685	1,956,182	1,526,339	
2027	379,255	\$65.40	\$24,804,614	12%	\$2,976,554	\$248,046	3,000,000	455,106	3,891,011	17,689,004	0	0	17,689,004	3,980,026	2,852,088	2,075,744	1,582,215	1,145,719	
2028	341,641	\$66.73	\$22,798,226	12%	\$2,735,787	\$227,982	3,000,000	409,969	3,916,982	15,917,475	0	0	15,917,475	3,581,432	2,444,244	1,698,056	1,198,927	859,147	
2029	308,151	\$68.09	\$20,980,866	12%	\$2,517,704	\$209,809	3,000,000	369,782	3,948,236	14,305,117	0	0	14,305,117	3,218,651	2,092,052	1,367,320	936,940	643,423	
2030	278,306	\$69.47	\$19,333,374	12%	\$2,320,005	\$193,334	3,000,000	333,968	3,984,400	12,835,635	0	0	12,835,635	2,886,018	1,787,759	1,131,644	731,039	481,714	
2031	251,683	\$70.88	\$17,838,590	12%	\$2,140,631	\$178,386	3,000,000	302,019	4,025,143	11,494,430	0	0	11,494,430	2,566,247	1,524,719	921,271	569,262	359,035	
2032	227,908	\$72.31	\$16,481,142	12%	\$1,977,737	\$164,811	3,000,000	273,490	4,070,173	10,268,421	0	0	10,268,421	2,310,395	1,297,249	748,188	442,212	267,283	
2033	206,655	\$73.78	\$15,247,261	12%	\$1,829,671	\$152,473	3,000,000	247,986	4,119,232	9,145,885	0	0	9,145,885	2,057,824	1,100,397	605,815	342,496	196,387	
2034	187,636	\$75.28	\$14,124,607	12%	\$1,694,953	\$141,246	3,000,000	225,163	4,172,092	8,116,316	0	0	8,116,316	1,826,171	930,023	488,743	264,296	146,712	
2035	170,595	\$76.80	\$13,102,122	12%	\$1,572,255	\$131,021	3,000,000	204,714	4,228,553	7,170,293	0	0	7,170,293	1,613,316	782,496	392,524	203,035	108,009	
2036	155,311	\$78.31	\$12,162,058	12%	\$1,459,447	\$121,621	3,000,000	186,373	4,288,438	6,292,552	0	0	6,292,552	1,415,824	654,008	313,158	154,940	78,990	
2037	141,584	\$79.82	\$11,301,048	12%	\$1,356,126	\$113,010	3,000,000	169,901	4,351,595	5,480,317	0	0	5,480,317	1,253,071	542,466	247,842	117,339	57,326	
2038	129,242	\$81.33	\$10,511,157	12%	\$1,261,339	\$105,112	3,000,000	155,091	4,417,889	4,726,818	0	0	4,726,818	1,063,534	445,601	194,411	88,005	41,205	
2039	118,131	\$82.84	\$9,785,944	12%	\$1,174,313	\$97,859	2,250,000	141,757	3,416,019	5,097,753	0	0	5,097,753	1,146,994	457,888	190,606	82,532	37,032	
2040	108,115	\$84.35	\$9,119,560	12%	\$1,094,347	\$91,196	2,250,000	129,738	3,466,830	4,467,187	0	0	4,467,187	1,005,117	381,373	151,845	62,890	27,043	
2041	88,342	\$85.86	\$7,585,126	12%	\$910,215	\$75,851	2,250,000	106,011	3,500,968	3,098,151	0	0	3,098,151	697,084	252,297	95,736	37,927	15,629	
2042	70,772	\$87.37	\$6,183,439	12%	\$742,013	\$61,834	2,250,000	84,326	3,538,969	1,840,623	0	0	1,840,623	414,140	142,753	51,706	19,584	7,738	
2043	55,146	\$88.88	\$4,901,458	12%	\$588,175	\$49,015	2,250,000	66,175	3,580,759	683,510	0	20,000,000	18,316,490	-4,346,210	-1,426,787	-493,305	-178,805	-67,871	
Totals	5,700,000		\$382,538,157		\$45,018,671	\$3,825,382	\$66,250,000	\$6,840,000	\$89,987,400	243,706,704	8,110,060	20,000,000	215,596,644	48,509,245	34,315,768	25,346,822	19,466,888	15,451,528	
Company Share	\$96,071,085				\$10,129,201	\$860,711	\$20,247,165			\$4,834,008	1,824,764	4,500,000	48,509,245	22.5%					
Gross	1,282,500	\$1.00			10%	1%	3,000,000	\$1.20											
Net	1,131,570	Price Differential			Royalty Rate Export Payment		\$/yr	\$/STB											

Table 4b, Page 3
Zenith Energy Ltd
Sidi El Kilani
September 1, 2020

Production Streams, Revenues and Cash Flows - Proved Plus Probable Reserves

After Income Tax

Company Working Interest 22.5%

Company 22.5% Share Discounted @

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Year	Net operating Income \$/yr.	Net Capital \$/yr.	Abandon and Reclaim \$/yr.	Capital Depreciation - Straight Line - 20% \$/yr.			Capital Deduction \$	Net Taxable income \$/yr.	Tax Rate %	Tax Payable \$/yr.	After Tax Cash flow \$/yr.	5% \$	10% \$	15% \$	20% \$
2020	360,100	\$0	\$0	\$0	\$0	\$0	\$0	\$360,100	55%	\$198,055	\$162,045	160,785	159,593	158,462	157,386
2021	1,219,170	\$596,250	\$0	\$119,250	\$0	\$0	\$119,250	\$1,099,920	55%	\$604,956	\$17,964	17,251	16,598	15,996	15,441
2022	2,903,977	\$608,175	\$0	\$119,250	\$121,635	\$0	\$240,885	\$2,663,092	50%	\$1,331,546	\$964,256	881,893	809,923	746,647	690,702
2023	4,357,830	\$620,339	\$0	\$119,250	\$121,635	\$124,068	\$364,953	\$3,992,878	50%	\$1,996,439	\$1,741,053	1,516,514	1,329,446	1,172,296	1,039,272
2024	5,481,261	\$0	\$0	\$119,250	\$121,635	\$124,068	\$364,953	\$5,116,309	55%	\$2,813,970	\$2,667,292	2,212,664	1,851,555	1,561,701	1,326,603
2025	4,901,508	\$0	\$0	\$119,250	\$121,635	\$124,068	\$364,953	\$4,536,555	55%	\$2,495,105	\$2,406,403	1,901,183	1,518,594	1,225,174	997,523
2026	4,418,528	\$0	\$0	\$119,250	\$121,635	\$124,068	\$245,703	\$4,172,825	55%	\$2,295,054	\$2,123,474	1,597,766	1,218,225	940,110	733,534
2027	3,980,026	\$0	\$0	\$119,250	\$121,635	\$124,068	\$124,068	\$3,855,958	55%	\$2,120,777	\$1,859,249	1,332,339	969,673	715,766	535,217
2028	3,581,432	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$3,581,432	55%	\$1,969,787	\$1,611,644	1,099,910	764,125	539,517	386,616
2029	3,218,651	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$3,218,651	55%	\$1,770,258	\$1,448,393	941,423	624,294	421,623	289,545
2030	2,888,018	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$2,888,018	55%	\$1,588,410	\$1,299,608	804,492	509,240	328,967	216,501
2031	2,586,247	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$2,586,247	55%	\$1,422,436	\$1,163,811	686,124	414,572	256,168	161,566
2032	2,310,395	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$2,310,395	55%	\$1,270,717	\$1,039,678	583,753	336,685	198,995	120,278
2033	2,057,824	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$2,057,824	55%	\$1,131,803	\$926,021	495,179	272,617	154,123	89,274
2034	1,826,171	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,826,171	55%	\$1,004,394	\$821,777	418,510	219,934	118,933	66,020
2035	1,613,316	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,613,316	55%	\$887,324	\$725,992	352,123	176,636	91,366	48,604
2036	1,415,824	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,415,824	55%	\$778,703	\$637,121	294,303	140,921	69,723	35,545
2037	1,233,071	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,233,071	55%	\$678,189	\$554,882	244,110	111,574	52,803	25,798
2038	1,063,534	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,063,534	55%	\$584,944	\$478,590	200,520	87,465	39,602	18,542
2039	1,146,994	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,146,994	55%	\$630,847	\$516,147	205,958	85,773	37,139	16,664
2040	1,005,117	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$1,005,117	55%	\$552,814	\$452,303	171,888	68,330	28,300	12,169
2041	697,084	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$697,084	55%	\$383,296	\$313,688	113,534	43,081	17,067	7,033
2042	414,140	\$0	\$0	\$119,250	\$121,635	\$124,068	\$0	\$414,140	55%	\$227,777	\$186,363	64,239	23,268	8,817	3,482
2043	153,790	\$0	\$4,500,000	\$119,250	\$121,635	\$124,068	\$0	(\$4,346,210)	55%	(\$2,390,418)	(\$1,955,795)	(\$42,034)	(\$21,987)	(\$8,462)	(\$3,452)
Totals	\$4,834,008	1,824,764	4,500,000	596,250	608,175	620,339	1,824,764	48,509,245		26,347,286	22,161,959	15,654,406	11,530,152	8,018,033	6,963,064

Table 4b, Page 4

Zenith Energy Ltd

Sidi El Kilani

September 1, 2020

R Factor - Royalty Rate - Tax Rate - Depreciation, Proved Plus Probable Reserves

Year	Gross Revenue \$/yr.	Royalty \$/yr.	Corp Tax (Grossed Up) \$/yr.	Net Revenue \$/yr.	Cumulative Net Revenue \$	Operating Costs \$/yr.	Capital Costs \$/yr.	Total Expenditures \$/yr.	Cumulative Expenditures \$	R Factor #	Royalty Rate %	Tax Rate %
2020	\$3,086,896	\$370,428	\$880,244	\$1,836,224	\$752,836,224	1,085,156	0	1,085,156	\$501,085,156	1.50	12%	55%
2021	\$9,957,044	\$1,194,845	\$2,688,692	\$6,073,505	\$758,909,730	3,244,095	2,650,000	5,894,095	\$506,979,251	1.50	10%	50%
2022	\$18,404,384	\$1,840,438	\$5,917,982	\$10,645,964	\$769,555,694	3,473,339	2,703,000	6,176,339	\$513,155,590	1.50	10%	50%
2023	\$25,890,985	\$2,589,099	\$8,873,062	\$14,428,825	\$783,984,519	3,674,842	2,757,060	6,431,902	\$519,587,491	1.51	12%	55%
2024	\$32,444,268	\$3,893,312	\$12,506,532	\$16,044,424	\$800,028,943	3,865,352	0	3,865,352	\$523,452,844	1.53	12%	55%
2025	\$29,472,559	\$3,536,707	\$11,089,357	\$14,846,495	\$814,875,438	3,856,647	0	3,856,647	\$527,309,491	1.55	12%	55%
2026	\$27,021,427	\$3,242,571	\$10,200,238	\$13,578,617	\$828,454,055	3,870,741	0	3,870,741	\$531,180,232	1.56	12%	55%
2027	\$24,804,614	\$2,976,554	\$9,425,676	\$12,402,385	\$840,856,440	3,891,011	0	3,891,011	\$535,071,242	1.57	12%	55%
2028	\$22,798,226	\$2,735,787	\$8,754,611	\$11,307,828	\$852,164,268	3,916,982	0	3,916,982	\$538,988,225	1.58	12%	55%
2029	\$20,980,866	\$2,517,704	\$7,867,815	\$10,595,348	\$862,759,616	3,948,236	0	3,948,236	\$542,936,461	1.59	12%	55%
2030	\$19,333,374	\$2,320,005	\$7,059,600	\$9,953,770	\$872,713,386	3,984,400	0	3,984,400	\$546,920,861	1.60	12%	55%
2031	\$17,838,590	\$2,140,631	\$6,321,937	\$9,376,022	\$882,089,408	4,025,143	0	4,025,143	\$550,946,004	1.60	12%	55%
2032	\$16,481,142	\$1,977,737	\$5,647,631	\$8,855,774	\$890,945,182	4,070,173	0	4,070,173	\$555,016,177	1.61	12%	55%
2033	\$15,247,261	\$1,829,671	\$5,030,237	\$8,387,353	\$899,332,535	4,119,232	0	4,119,232	\$559,135,409	1.61	12%	55%
2034	\$14,124,607	\$1,694,953	\$4,463,974	\$7,965,680	\$907,298,215	4,172,092	0	4,172,092	\$563,307,501	1.61	12%	55%
2035	\$13,102,122	\$1,572,255	\$3,943,661	\$7,586,206	\$914,884,421	4,228,553	0	4,228,553	\$567,536,053	1.61	12%	55%
2036	\$12,162,058	\$1,459,447	\$3,460,904	\$7,241,707	\$922,126,128	4,288,438	0	4,288,438	\$571,824,492	1.61	12%	55%
2037	\$11,301,048	\$1,356,126	\$3,014,174	\$6,930,748	\$929,056,877	4,351,595	0	4,351,595	\$576,176,087	1.61	12%	55%
2038	\$10,511,157	\$1,261,339	\$2,599,750	\$6,650,069	\$935,706,945	4,417,889	0	4,417,889	\$580,593,976	1.61	12%	55%
2039	\$9,785,944	\$1,174,313	\$2,203,764	\$5,807,867	\$941,514,812	3,416,019	0	3,416,019	\$584,009,994	1.61	12%	55%
2040	\$9,119,560	\$1,094,347	\$2,456,953	\$5,566,260	\$947,083,071	3,466,830	0	3,466,830	\$587,476,824	1.61	12%	55%
2041	\$7,585,126	\$910,215	\$1,703,983	\$4,970,927	\$952,053,999	3,500,908	0	3,500,908	\$590,977,731	1.61	12%	55%
2042	\$6,183,439	\$742,013	\$1,012,343	\$4,429,084	\$956,483,083	3,538,969	0	3,538,969	\$594,516,701	1.61	12%	55%
2043	\$4,901,458	\$588,175	(\$10,624,070)	\$14,937,353	\$971,420,436	3,580,759	0	3,580,759	\$598,097,460	1.62	12%	55%
Totals	\$379,451,261	\$44,648,244	\$117,099,050	\$220,420,436		\$89,987,400	\$8,110,060	\$98,097,460		1.50	12%	55%
			0.225		\$751,000,000				\$500,000,000			
			WI Factor		Opening Balance				Opening Balance			Applies Subsequent Year

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- The Upper Cretaceous Carbonatic Facies in Central Eastern Tunisia: Electrofacies, Sedimentary Characters and Economic Impactations, Fethia Lansari et al, ETAP Memoir-26, 2006

GLOSSARY OF TERMS (Abbreviations & Definitions)

General

BIT	- Before Income Tax
AIT	- After Income Tax
M\$	- Thousands of Dollars
Effective Date	- The date for which the Present Value of the future cash flows and reserve categories are established
\$US	- United States Dollars
WTI	- West Texas Intermediate – the common reference for crude oil used for oil price comparisons
ARTC	- Alberta Royalty Tax Credit
GRP	- Gas Reference Price

Interests and Royalties

BPO	- Before Payout
APO	- After Payout
APPO	- After Project Payout
Payout	- The point at which a participant's original capital investment is recovered from its net revenue
GORR	- Gross Overriding Royalty – percentage of revenue on gross revenue earned (can be an interest or a burden)
NC	- New Crown – crown royalty on petroleum and natural gas discovered after April 30, 1974
SS 1/150 (5%-15%) Oil	- Sliding Scale Royalty – a varying gross overriding royalty based on monthly production. Percentage is calculated as 1-150 th of monthly production with a minimum percentage of 5% and a maximum of 15%
FH	- Freehold Royalty
P&NG	- Petroleum and Natural Gas
Twp	- Township
Rge	- Range
Sec	- Section

Technical Data

psia	- Pounds per square inch absolute
MSTB	- Thousands of Stock Tank Barrels of oil (oil volume at 60 F and 14.65 psia)
MMscf	- Millions of standard cubic feet of gas (gas volume at 60 F and 14.65 psia)
Bbls	- Barrels
Mbbbls	- Thousands of barrels
MMBTU	- Millions of British Thermal Units – heating value of natural gas
STB/d	- Stock Tank Barrels of oil per day – oil production rate
Mscf/d	- Thousands of standard cubic feet of gas per day – gas production rate
GOR (scf/STB)	- Gas-Oil Ratio (standard cubic feet of solution gas per stock tank barrel of oil)
mKB	- Metres Kelly Bushing – depth of well in relation to the Kelly Bushing which is located on the floor of the drilling rig. The Kelly Bushing is the usual reference for all depth measurements during drilling operations.
EOR	- Enhanced Oil Recovery
GJ	- Gigajoules
Marketable or Sales Natural Gas	- Natural gas that meets specifications for its sale, whether it occurs naturally or results from the processing of raw natural gas. Field and plant fuel and losses to the point of the sale must be excluded from the marketable quantity. The heating value of marketable natural gas may vary considerably, depending on its composition; therefore, quantities are usually expressed not only in volumes but also in terms of energy content. Reserves are always reported as marketable quantities.
NGLs	- Natural Gas Liquids – Those hydrocarbon components that can be recovered from natural gas as liquids, including but not limited to ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.
Raw Gas	- Natural gas as it is produced from the reservoir prior to processing. It is gaseous at the conditions under which its Volume is measured or estimated and may include varying amounts of heavier hydrocarbons (that may liquefy at atmospheric conditions) and water vapour; may also contain sulphur and other non-hydrocarbon compounds. Raw natural gas is generally not suitable for end use.
EUR	- Estimated Ultimate Recovery



September 25, 2020

Chapman Petroleum Engineering Ltd.

700, 1122 – 4th Street SW

Calgary, AB

T2R 1M1

Dear Sir:

Re: Company Representation Letter

Regarding the reserve and economic evaluation of our Company's Sidi El Kilani (SLK) oil property in Tunisia, for an effective date of August 31, 2020 (September 1, 2020), we herein confirm to the best of our knowledge and belief as of the effective date of the reserves evaluation, and as applicable, as of today, the following representations and information made available to you during the conduct of the evaluation:

1. We, Zenith Energy Ltd., (the Client) have made available to you, Chapman Petroleum Engineering Ltd. (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, complete and accurate as of the effective date of the reserves evaluation, including the following:
 - Accounting, financial, tax and contractual data
 - Asset ownership and related encumbrance information;
 - Details concerning product marketing, transportation and processing arrangements;
 - All technical information including geological, engineering and production and test data;
 - Estimates of future abandonment and reclamation costs.

2. We confirm that all financial and accounting information provided to you is, to the best of our knowledge, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.
3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.
4. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes, terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's reserves and future net revenues.
5. With the possible exception of items of an immaterial nature, we confirm the following as of the effective date of the evaluation:
 - For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
 - All regulatory, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
 - Except as disclosed to you, the producing trend and status of each evaluated well or entity in effect throughout the three-month period preceding the effective date of the evaluation are consistent with those that existed for the same well or entity immediately prior to this three-month period.
 - Except as disclosed to you, we have no plans or intentions related to the ownership, development or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of reserves from the evaluated properties.

Zenith Energy Ltd., Suite 1500, 15th Floor, Bankers Court, 850-2nd St, SW Calgary, Alberta, T2P 0R8, Canada.

E-mail: info@zenithenergy.ca

Tel: +1 (587) 315 9031

Website: www.zenithenergy.ca

Twitter: <https://twitter.com/zenithenergyld>

- If material changes of an adverse nature occur in the Company's operating performance subsequent to the effective date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of reserves information.

6. We hereby confirm that our Company is in material compliance with all Environmental Laws and does not have any Environmental Claims pending.

Between the effective date of the report and the date of this letter, nothing has come to our attention that has materially affected or could affect our reserves and economic value of these reserves that has not been disclosed to you.


Yours very truly,



President and Chief Executive Officer



Chief Financial Officer

Signaturwert	HQMkYozwwjzFD82T001ppr7ULkxbx8751tKte7G8qs5+EkMsiwHFTLgAZ/MW42oNHqCADK+wzXSdYVltuBhkumil1ISzkjLTqi/vajF/rsRkAychJtLsX0dMX/X46xQ1CEL6ACZJ2ULUuUVp40MPWIfrZoBhMxu/Wch9WWwGmoaDsAw+ApjnubB6L7a/grn4KDRL1vW3GW35cE/55saNYmovLAt1b78k/bVV5MK/LTnseZSWu8+E40elINNGzKHzRoK+FeuLQTrpxzIyVMOV0q1T/36Hv5C6Ks/dcPvAak11XkDkUzoDuUAlOXOMeu0AHRaxHpt7mdBE0ka/2kunppA==	
	Unterzeichner	Österreichische Finanzmarktaufsichtsbehörde
	Datum/Zeit-UTC	2021-03-04T09:30:56Z
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT
	Serien-Nr.	532114608
	Methode	urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0
Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: http://www.signaturpruefung.gv.at	
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