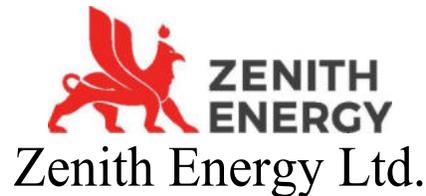


**Prospectus dated 4 March 2022**

*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)**

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***Euro 25,000,000***

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

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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**"), 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.

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.**

## TABLE OF CONTENTS

<b>I.</b>	<b>ABBREVIATIONS AND DEFINITIONS .....</b>	<b>III</b>
<b>II.</b>	<b>IMPORTANT NOTICE.....</b>	<b>1</b>
<b>III.</b>	<b>GENERAL DESCRIPTION OF THE PROGRAMME.....</b>	<b>7</b>
<b>IV.</b>	<b>RISK FACTORS .....</b>	<b>13</b>
1.	RISKS RELATED TO ZENITH'S FINANCIAL SITUATION .....	13
2.	RISKS RELATED TO ZENITH'S BUSINESS ACTIVITIES AND INDUSTRY .....	17
3.	COUNTRY-SPECIFIC RISKS .....	24
4.	HEALTH AND SAFETY, ENVIRONMENTAL AND GOVERNANCE RISKS .....	27
5.	RISK FACTORS REGARDING THE NOTES .....	29
<b>V.</b>	<b>INFORMATION INCORPORATED BY REFERENCE.....</b>	<b>31</b>
<b>VI.</b>	<b>REGISTRATION DOCUMENT FOR RETAIL NON-EQUITY SECURITIES .....</b>	<b>32</b>
1.	PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL.....	32
2.	STATUTORY AUDITORS .....	34
3.	RISK FACTORS .....	34
4.	INFORMATION ABOUT THE ISSUER .....	35
5.	BUSINESS OVERVIEW .....	43
6.	ORGANISATIONAL STRUCTURE.....	58
7.	TREND INFORMATION .....	59
8.	PROFIT FORECASTS OR ESTIMATES .....	61
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES .....	61
10.	MAJOR SHAREHOLDERS .....	65
11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES .....	65
12.	ADDITIONAL INFORMATION.....	74
13.	MATERIAL CONTRACTS.....	76
14.	DOCUMENTS AVAILABLE.....	78
15.	PROVEN RESERVES IN ITALY .....	78
16.	PROVEN RESERVES IN THE REPUBLIC OF THE CONGO .....	81
17.	PROVEN RESERVES IN THE REPUBLIC OF TUNISIA (El Bibane, Ezzaouia, Robbana) .....	84
18.	PROVEN RESERVES IN THE REPUBLIC OF TUNISIA (Sidi El Kilani).....	89

<b>VII. SECURITIES NOTE FOR RETAIL NON-EQUITY SECURITIES .....</b>	<b>93</b>
1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL.....	93
2. RISK FACTORS .....	94
3. ESSENTIAL INFORMATION .....	94
4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED TO THE PUBLIC/ADMITTED TO TRADING.....	95
5. TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC .....	99
6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS .....	102
7. ADDITIONAL INFORMATION.....	102
<b>VIII. TERMS AND CONDITIONS OF THE NOTES AND RELATED INFORMATION .....</b>	<b>104</b>
1. TERMS AND CONDITIONS OF THE NOTES .....	105
2. FORM OF FINAL TERMS.....	130

**ANNEXES**

**Annex 1: The Chapman Report 2021 – Italy**

**Annex 2: The Chapman Report 2021 – Congo**

**Annex 3: The Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana)**

**Annex 4: The Chapman Report 2021 – Tunisia (Sidi El Kilani)**

## 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
bb1(s)	barrel(s)
BCBCA	British Columbia 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> )
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
Candax	Candax Energy Limited, a company established under the laws of British Columbia (Canada) with its seat in Toronto, Canada
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
CDD	Compagnie Du Desert Ltd., a company established under the laws of the United Kingdom, with its corporate seat in London, United Kingdom
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 2021 – Congo	competent persons report, reserve and economic evaluation of Zenith Energy Ltd. regarding the Tilapia License in the Republic of the Congo as evaluated by Chapman Petroleum Engineering Ltd. as of 30 September 2021, and dated 7 October 2021; Annex 2 to this Prospectus
Chapman Report 2021 – Italy	competent persons report, reserve and economic evaluation of Zenith Energy Ltd. regarding its Italy concessions as evaluated by Chapman Petroleum Engineering Ltd. as of 30 September 2021, and dated 7 October 2021; Annex 1 to this Prospectus
Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana)	competent persons report, evaluation of reserves and resources other than reserves of Zenith Energy Ltd. Regarding the Tunisia properties (El Bibane, Ezzaouia, Robbana) as evaluated by Chapman Petroleum Engineering Ltd. as of 30 September 2021, and dated 7 October 2021; Annex 3 to this Prospectus
Chapman Report 2021 – Tunisia (Sidi El Kilani)	reserve and economic evaluation of Zenith Energy Ltd. regarding the Sidi El Kilani concession in Tunisia as evaluated by Chapman Petroleum Engineering Ltd. as of 30 September 2021, and dated 7 October 2021; Annex 4 to this Prospectus
Chapman Reports 2021	the Chapman Report 2021 – Italy, the Chapman Report 2021 – Congo, the Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana) and the Chapman Report 2021 – Tunisia (Sidi El Kilani)
CHF	Swiss Franc
CNAOG	Canadian North Africa Oil & Gas Ltd with its seat in Tunis Ville, Tunisia
CNPCI	China National Petroleum Corporation International Ltd.
Common Shares	1,872,574,449 common shares issued by Zenith, that are all fully paid-in, and admitted to trading on the Euronext Growth Market of the Oslo and 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 – Koweito Chinoise de Petrole is located in Tunisia and is operating the Sidi El Kilani concession.
D&P	Delivery and Processing
date of this Prospectus	4 March 2022
Dealer	each financial intermediary who has been or will be appointed by the Issuer under the Programme
Deed Poll	contractual obligation under der 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
EEA	European Economic Area
EESI	Environmental and Energy Study Institute
EIA	Environmental Impact Assessment
EMTN	Euro Medium Term Notes
EPT	Ecumed Petroleum Tunisia Ltd, a company established under the laws of Barbados with its corporate seat in Barbados
EPZ	Ecumed Petroleum Zarzis Ltd, a company established under the laws of Barbados with its corporate seat in Barbados
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
Euronext Growth Market of the Oslo Børs	Euronext Growth Market is a Multilateral trading facility (MTF) operated by the Oslo Børs, Norway
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 2020	the audited financial statements of the Issuer in respect of the financial year ending 31 March 2020

Financial Statements 2021	the audited financial statements of the Issuer in respect of the financial year ending 31 March 2021
Interim Financial Statements 2021/2022	the unaudited interim financial statements for the six months period ended 30 September 2021
Financial Year 2019	financial year of the issuer ending 31 March 2019
Financial Year 2020	financial year of the issuer ending 31 March 2020
Financial Year 2021	financial year of the issuer ending 31 March 2021
Financial Year 2022	financial year of the issuer ending 31 March 2022
FMA	Austrian Financial Market Authority ( <i>Finanzmarktaufsichtsbehörde</i> )
FSMA	Financial Services and Markets Act 2000
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
FY 2021	Financial Year 2021; financial year of the Issuer ending 31 March 2021
FY 2022	Financial Year 2022; financial year of the Issuer ending 31 March 2022
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 <sup>2</sup>	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
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)
MMscf	million standard cubic feet, common measure for volume of gas
Mscf/d	thousand standard cubic feet per day
MSTB	thousand stock tank barrels
MTF	Multilateral Trading Facility
MWh	Megawatt-hour(s)
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(s)	note(s) 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 2022
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
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 the Sidi El Kilani concession
Tunisian Acquisition Part I	acquisition of a working interest of 22.5 per cent in the Sidi El Kilani concession from KUFPEC (Tunisia)
Tunisian Acquisition Part II	acquisition of a 100 % interest in the issued, allotted, outstanding and fully paid-up share capital of CNAOG (100 % subsidiary of CNPCI), which holds a 22.5 % interest in the Sidi El Kilani concession; Tunisian Acquisition Part II is completed
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
Zena	Zena Drilling Limited, a company established under the laws of the United Arab Emirates. It has registered a branch in Baku, Azerbaijan
Zenith Africa	Zenith Energy Africa Limited, a company established under the laws of the United Kingdom, with its corporate seat in London, United Kingdom
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 with its corporate seat in Amsterdam, Netherlands
Zenith Overseas	Zenith Overseas Assets Holding Ltd., a company established under the laws of the United Kingdom, with its corporate seat in London, United Kingdom

## II. IMPORTANT NOTICE

### **Responsibility for this Prospectus**

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

Zenith in its role as the issuer hereby declares that, to the best of his knowledge, the information contained in the Prospectus 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 10-12.

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 – next to the Republic of Austria – also be given 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.

The consent by the Issuer is subject to each financial intermediary 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, 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 any financial intermediary.

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery.

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 depository 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/waehrungsrechner/>; 4 March 2022).

#### US Dollar (USD):

01.04.2019 <i>(first day of FY 2020)</i>	1 USD	0.8925 EUR
31.03.2020 <i>(last day of FY 2020)</i>	1 USD	0.9070 EUR
01.04.2020 <i>(first day of FY 2021)</i>	1 USD	0.9130 EUR
31.03.2021 <i>(last day of FY 2021)</i>	1 USD	0.8529 EUR
01.04.2021 <i>(first day of FY 2022)</i>	1 USD	0.8491 EUR
30.09.2021 <i>(last day of the first half of FY 2022)</i>	1 USD	0.8641 EUR
03.03.2022 <i>(last closing price before this Prospectus)</i>	1 USD	0.9037 EUR

#### Canadian Dollar (CAD):

01.04.2019 <i>(first day of FY 2020)</i>	1 CAD	0.6703 EUR
31.03.2020 <i>(last day of FY 2020)</i>	1 CAD	0.6442 EUR
01.04.2020 <i>(first day of FY 2021)</i>	1 CA	0.6452 EUR
31.03.2021 <i>(first day of FY 2021)</i>	1 CAD	0.6787 EUR
01.04.2021 <i>(first day of FY 2022)</i>	1 CAD	0.6768 EUR
30.09.2021 <i>(last day of the first half of FY 2022)</i>	1 CAD	0.6812 EUR
03.03.2022 <i>(last closing price before this Prospectus)</i>	1 CAD	0.7133 EUR

#### Pound Sterling (GBP):

01.04.2019 <i>(first day of FY 2020)</i>	1 GBP	1.1661 EUR
31.03.2020 <i>(last day of FY 2020)</i>	1 GBP	1.1250 EUR
01.04.2020 <i>(first day of FY 2021)</i>	1 GBP	1.1302 EUR
31.03.2021 <i>(last day of FY 2021)</i>	1 GBP	1.1753 EUR
01.04.2021 <i>(first day of FY 2022)</i>	1 GBP	1.1746 EUR
30.09.2021 <i>(last day of the first half of FY 2022)</i>	1 GBP	1.1635 EUR
03.03.2022 <i>(last closing price before this Prospectus)</i>	1 GBP	1.2064 EUR

#### Swiss Franc (CHF):

01.04.2019 <i>(first day of FY 2020)</i>	1 CHF	0.8925 EUR
31.03.2020 <i>(last day of FY 2020)</i>	1 CHF	0.9426 EUR
01.04.2020 <i>(first day of FY 2021)</i>	1 CHF	0.9443 EUR
31.03.2021 <i>(last day of FY 2021)</i>	1 CHF	0.9029 EUR
01.04.2021 <i>(first day of FY 2022)</i>	1 CHF	0.9007 EUR
30.09.2021 <i>(last day of the first half of FY 2022)</i>	1 CHF	0.9260 EUR
03.03.2022 <i>(last closing price before this Prospectus)</i>	1 CHF	0.9839 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 and Paying Agent*

The Fiscal and Paying Agent of any issuance under this Programme will be specified in the respective Final Terms.

#### *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 year ending on 31 March 2021: <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2021/08/31090954/Zenith-Energy-Ltd-31.3.21-Signed-accounts.pdf> ; also available on the website of the London Stock Exchange: [http://www.rns-pdf.londonstockexchange.com/rns/1150K\\_1-2021-8-30.pdf](http://www.rns-pdf.londonstockexchange.com/rns/1150K_1-2021-8-30.pdf);
3. the annual report containing the audited consolidated financial information of the Issuer in respect of the fiscal year 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 the website of the London Stock Exchange: [http://www.rns-pdf.londonstockexchange.com/rns/5456D\\_1-2020-10-28.pdf](http://www.rns-pdf.londonstockexchange.com/rns/5456D_1-2020-10-28.pdf);

4. the unaudited interim financial statements 2021/2022 for the six months period ending on 30 September 2021: <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2021/12/Zenith-Financial-Statements-30-September-2021.pdf>; also available on the website of the London Stock Exchange: [http://www.rns-pdf.londonstockexchange.com/rns/1236U\\_1-2021-11-30.pdf](http://www.rns-pdf.londonstockexchange.com/rns/1236U_1-2021-11-30.pdf).

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 2021 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, i.e. within 12 months of the date of signing of the Financial Statements 2021, being 27 August 2021. This going concern period ends on 27 August 2022.

Furthermore, in order to operate at the production levels stated in the Chapman Reports 2021, 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. A failure to secure such funds, for example, due to a repeated fall in the oil price caused by deterioration of the COVID-19 situation (e.g. due to new variants of the viruses) or other negative impacts on the global economy, indicates 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. Breaches 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 sufficient funds to both continue developing its oil and gas projects and to simultaneously satisfy loan repayments throughout the financial year 2022.

***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 company credit rating of "B with a Stable Outlook" on 1 November 2021 by Rating-Agentur Expert RA GmbH, a European credit rating agency, registered with the European Securities and Markets Authority ("ESMA").

The Issuer was assigned a long-term issuer credit rating of "B- with a Positive Outlook" in September 2021 by BCRA - Credit Rating Agency AD, a European credit rating agency, registered with the ESMA.

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 or prolonged licenses in relation to the oil and gas assets already owned by the Issuer.

If the Congo License II 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. The same is true for the SLK oilfield in Tunisia, for which the Issuer has as of the date of this Prospectus only secured a 22.5 per cent out of the targeted 45 per cent working interest.

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 and 2021, 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 acquisition of an additional 22.5 per cent interest in the Sidi El Kilani concession depends on the approval to be granted by the Comité Consultatif des Hydrocarbures of the Republic of Tunisia.

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 (Congo Licence II). On 23 December 2020, 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 Congo Licence II 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 has received formal confirmation regarding the successful completion of the inquiry of public utility. However, the final award of the license is still subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield. Therefore, it is still not certain that the Issuer will be able to produce under the Congo Licence II in the near future or at all. 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 a holding company that has no significant assets other than its investments and participations in group companies. 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 on the earnings of its subsidiaries. As of the date of this Prospectus, the Issuer is highly dependent on the sales and earnings of its Italian subsidiary, Canoel Italia S.r.l., and its

Tunisian operations that are held through the subsidiaries Zenith Energy Netherlands B.V ("**Zenith Netherlands**"), Zenith Overseas Assets Holding Ltd. ("**Zenith Overseas**"), Zenith Energy Africa Limited ("**Zenith Africa**") and Compagnie Du Desert Ltd. ("**CDD**"). As of the date of this Prospectus, the Issuer has no earnings in the Republic of the Congo.

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, Zenith expect time-lags in payment by producers of oil and natural gas to the operators (company that is liable for the oil production in a concession and then distributes the oil/gains to other holders of working interest) of the Group's properties, and by the operators to the Group. Payments between those parties may also be delayed by restrictions imposed by lenders or government, that require advance payment.

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 may also delay payments.

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 5.7 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 approximately USD 5.7 million by SNPC may limit the Issuer's ability to meet its payment obligations and hinder its expansion plans in the Republic of the Congo.

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 a Stable Outlook " and "B- with a Positive Outlook" as well as the fact that Zenith relies on raising equity and or debt 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 costs for the decommissioning of the oil fields are dependent on political, environmental, public and safety expectations so that the cost estimates are subject to uncertainty.***

Decommissioning costs are all reasonable costs and expenses incurred in connection with the removal of a well, the site restoration or asset retirement. The estimated cost of decommissioning at the end of the producing lives of a well is reviewed periodically by the Issuer and is always based on forecast price levels,

available technology and specific regulations on the decommissioning process such as environmental measures or safety standards currently in place. As most of the planned decommissioning events of the Issuer's sites lie far in the future and the relevant technologies and regulations are constantly changing, the costs associated with decommissioning are difficult to estimate and substantially marked by uncertainties.

***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 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 Congo Licence I, which was 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 Congo Licence II. On 23 December 2020, Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II oilfield (Congo Licence II). In accordance with Congolese procedures for the award of new hydrocarbon licenses, the award of the 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 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 (Congo Licence II) and has not yet been achieved.

If the Congo Licence II 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 Africa.

The non-extension of an already existing concession or the loss in a bidding process in any of the countries the Issuer is operating in, would delay expansion plans of the Issuer and make the investments the Issuer already made in believe of the extension or 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 the (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 or Tunisia would affect the financial situation of the whole Group substantially given that the natural gas and electricity production in Italy and the oil production in Tunisia are 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 successfully completed the inquiry of public utility. The final award of the Congo Licence II 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 and it is not guarantee that the Congo Licence II will be granted. The Issuer is still expanding its oil production in Tunisia and next to two concession with little production (El Bibane and Robbana) the Group mainly relies on revenues generated by the SLK and Ezzaouia concessions. Therefore, the Group's production is mainly driven by the Italian operations and the SLK and Ezzaouia concessions in Tunisia.

***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 2021 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 proven 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. Any downward adjustment could lead to lower future production and higher depreciation charges, and thus adversely affect Zenith's results of operations, financial condition and future prospects.

Even if the reserve estimates turn out to be correct, the Issuer may not be able to reach the production capacities as mentioned in the Chapman Reports 2021. 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 2021. 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. In addition, any malfunction of the BD-260 drilling rig will delay the exploration Zenith's concession, that are not yet producing at their full capacity.

***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. Throughout the year 2021 the oil price was able to climb back to regions above USD 80 especially in October and November 2021. New fears of a new COVID-19 variant led to a significant drop of the oil price in the end of November 2021 to a level of as low as USD 66.18. Since then, the oil prices have risen sharply to over USD 100 in February 2022 following strong economic recovery post-lockdowns as well as geopolitical tensions involving oil producing countries. The escalation of the Russia-Ukraine conflict in the end of February 2022 further amplified this development (*Source*: <https://www.macrotrends.net/2516/wti-crude-oil-prices-10-year-daily-chart>).

Due to the ongoing COVID-19 pandemic and the potential development of the virus, it is however possible that a new and more contagious variant of the virus will arise, which would lead (again) to lockdowns and a material decline in the price of crude oil or natural gas and would also 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 again will 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 favour competitors that are able to produce at lower costs than the Issuer. A sharp decline in the oil price due to fears of a new and more contagious COVID-19 variant took place in the end of November 2021, to approximately USD 66.18 on 30 November 2021, constituting a new low since the mid of August 2021. (*Source*: <https://www.macrotrends.net/2516/wti-crude-oil-prices-10-year-daily-chart>). After this brief shock, the oil prices have recovered to approximately USD 109 at the date of this Prospectus. (*Source*: <https://oilprice.com/oil-price-charts/#WTI-Crude>).

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.

Even though the situation has improved due to the availability of vaccines, there is still a risk that 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. This risk has materialized in the last two months of 2021 in Europe. 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 and accepted around the world. Such 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. Even though the length of the COVID-19 pandemic cannot reasonably be predicted at this stage, the introduction of vaccines has helped to reduce the spread of the virus and businesses around the world have adjusted to the revised circumstances; the Issuer has experienced far fewer issues in the second and third waves of the virus than it did in the first. However, 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. In the end of November 2021 news about a new – more contagious and resilient variant caused such a decline of oil prices.

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 of less than 125,000 bbls of oil and approximately 700 MMscf of gas, per field (or approximately 340 bbls/d and 1.9 MMscf/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 amounts to 28 per cent and there are no restrictions on the repatriation of profits. There is a 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.

### 3. COUNTRY-SPECIFIC RISKS

#### 3.1. Italy

*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 opinion that these concessions were extended and are scheduled to expire in 2028, 2029 or 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 2021 – Italy (per 30 September 2021, 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 the majority (about 90 per cent) of the Group's natural gas production in Italy.

#### 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 (the "Congo Licence I") 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 (the "Congo Licence II"). On 23 December 2020, Zenith Congo has been selected as the successful bidder for the award of a new 25-year license to operate the Tilapia II concession. In accordance with Congolese procedures for the award of new hydrocarbon licenses, the award of the Congo Licence II 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 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 Congo Licence II, Zenith will lose its investments made in the Republic of the Congo and the probable reserves mentioned in the Chapman Report 2021 – Congo will not be accessible for the Group. The non-acquisition of the Congo Licence II 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 2021 – 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 2021 – 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 2021 – 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 2021 – 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, 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 2020 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 an additional 22.5 per cent (out of targeted 45 percent) working interest in the Sidi El Kilani concession might not be granted.***

Zenith Netherlands has signed two conditional sale and purchase agreements with KUFPEC (the "**Tunisian Acquisition Part I**") and CNPCI (now replaced by the Tunisian Acquisition Part II) respectively as sellers for the acquisition of their working interest of each 22.5 per cent in the Sidi El Kilani concession.

In November 2021, the agreement with CNPCI was fully replaced by a new share and purchase agreement concluded between Zenith Overseas and CNPCI. Under this agreement the Group purchased shares in CNAOG instead of a working interest in the Sidi El Kilani concession (the "**Tunisian Acquisition Part II**"). Thus, the Issuer now holds a 22.5 per cent working interest through its newly acquired subsidiary CNAOG.

The completion of the Tunisian Acquisition with KUFPEC (the "**Tunisian Acquisition Part I**") 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 I to Zenith Netherlands. The Issuer remains committed to completing negotiations with KUFPEC for the Tunisian Acquisition I in due course, to bring its working interest in SLK to a total of 45 percent. In the case that the Comité Consultatif des Hydrocarbures of the Republic of Tunisia will deny the approval of this acquisition, Zenith will partly lose its investments made in Tunisia and the probable reserves mentioned in the Chapman Report 2021 – Tunisia (Sidi El Kilani) will be attributable to the Group to a lesser extent (only 22.5 per cent instead of 45 per cent of the totally produced oil).

***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. 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 country's economy.

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 nationwide state of emergency was declared after a series of terrorist attacks in 2015, which was extended in July 2021 and remains in effect until January 2022.

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 Shiba-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. On 6 September 2020, two officers of Tunisia's National Guard were attacked by three assailants in Sousse. Security forces later killed all three attackers and on 6 March 2020, a suicide bombing targeting a police patrol near the US Embassy in Tunis killed one police officer and injured four more, as well as a civilian.

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 Issuer significantly.

#### **4. 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 accordance with industry practice, Zenith is not fully insured against all of these risks, nor are all such risks insurable. Although Zenith maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Zenith could incur significant costs. In such 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.

This is most likely to impact on Zenith's operations in Italy where it is engaged in domestic energy production as the political environment to reduce carbon emissions is greatest in Western Europe.

***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, , and may be particularly severe in the case of offshore drilling. 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.

## **5. RISK FACTORS REGARDING THE NOTES**

### ***There may be no active trading market for the Notes.***

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

risers, 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.

***The Notes will be governed by the laws of the Federal Republic of Germany. Rights resulting from notes governed by the laws of the Federal Republic of Germany may differ from rights resulting from notes governed by the laws of other jurisdictions.***

The Notes, as to form and content, and the rights and obligations of the holders and the Issuer will be governed by the laws of the Federal Republic of Germany. Therefore, there is a risk that potential investors are not familiar with the provisions of German law, which might be significantly different from the legal provisions of other jurisdictions. Hence, it is strongly recommended that potential investors obtain legal advice regarding the consequences of an investment in notes issued under this Programme governed by German law.

## 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 2021 (set out on pages 27 to 96, of the 31 March 2021 annual report of the Issuer) which can be viewed online at <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2021/08/31090954/Zenith-Energy-Ltd-31.3.21-Signed-accounts.pdf>; also available on the website of the London Stock Exchange: [http://www.rns-pdf.londonstockexchange.com/rns/1150K\\_1-2021-8-30.pdf](http://www.rns-pdf.londonstockexchange.com/rns/1150K_1-2021-8-30.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>; also available on the website of the London Stock Exchange: [http://www.rns-pdf.londonstockexchange.com/rns/5456D\\_1-2020-10-28.pdf](http://www.rns-pdf.londonstockexchange.com/rns/5456D_1-2020-10-28.pdf);
3. the unaudited interim financial statements 2021/2022 for the six months period ended 30 September 2021, which can be viewed online at <https://wp-zenith-2020.s3.eu-west-2.amazonaws.com/media/2021/12/Zenith-Financial-Statements-30-September-2021.pdf>; also available on the website of the London Stock Exchange: [http://www.rns-pdf.londonstockexchange.com/rns/1236U\\_1-2021-11-30.pdf](http://www.rns-pdf.londonstockexchange.com/rns/1236U_1-2021-11-30.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

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

- 1.1. **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.**

ZENITH ENERGY LTD, with its registered office at 20<sup>th</sup> 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.**

Reference is made to the information provided in section "II. IMPORTANT NOTICE", subsection "Responsibility for this Prospectus" on page 1.

- 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 in Italy as evaluated by Chapman Petroleum Engineering Ltd. ("**Chapman**") as of 30 September 2021 and dated 7 October 2021 (the "**Chapman Report 2021 – 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 30 September 2021 and dated 7 October 2021 (the "**Chapman Report 2021 – Congo**") was concluded by Chapman.

The report regarding the oil and natural gas reserves and the value of future net revenue of the Issuer linked to the El Bibane, Ezzaouia and Robbana concessions in Tunisia as evaluated by Chapman as of 30 September 2021 and dated 7 October 2021 (the "**Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana)**") was concluded by Chapman.

The report regarding the oil and natural gas reserves and the value of future net revenue of the Issuer linked to the Sid El Kilani ("**SLK**") concession in Tunisia as evaluated by Chapman as of 30 September 2021 and

dated 7 October 2021 (the "**Chapman Report 2021 – Tunisia (Sidi El Kilani)**") was concluded by Chapman.

Chapman has no material interest in the Issuer. The Chapman Report 2021 – Italy, the Chapman Report 2021 – Congo, the Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana) and the Chapman Report 2021 – Tunisia (Sidi El Kilani) (together the "**Chapman Reports 2021**") are included to this Prospectus respectively as Annex 1, Annex 2, Annex 3 and Annex 4 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 Reports 2021 being 7 October 2021.

**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.**

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 Administration<sup>1</sup>, the database of CEI Data,<sup>2</sup> the database of EAI International<sup>3</sup>, the EESI report on Fossil Fuels<sup>4</sup>, the report on Oil legislation in the Republic of the Congo<sup>5</sup>, a report about the Republic of Congo<sup>6</sup>, the Statistical Review of World Energy 2021<sup>7</sup>, the IEA Oil 2021 – Analysis and forecast to 2026<sup>8</sup>, the IEA Oil Market Report – October 2021<sup>9</sup> and the IEA Oil Market Report – November 2021<sup>10</sup> 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.

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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.eaiinternational.org/en/publications/taxes-in-africa-2021>.

4 Available at: <https://www.eesi.org/topics/fossil-fuels/description>.

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

6 Available at: [https://mirandalawfirm.com/download/1201/90c08f33c509f8ad99b81f09d0333a23/petroleumafrika\\_app\\_hom.pdf](https://mirandalawfirm.com/download/1201/90c08f33c509f8ad99b81f09d0333a23/petroleumafrika_app_hom.pdf).

7 Available at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>.

8 Available at: [https://iea.blob.core.windows.net/assets/1fa45234-bac5-4d89-a532-768960f99d07/Oil\\_2021-PDF.pdf](https://iea.blob.core.windows.net/assets/1fa45234-bac5-4d89-a532-768960f99d07/Oil_2021-PDF.pdf).

9 Available at: <https://www.iea.org/reports/oil-market-report-october-2021>.

10 Available at: <https://www.iea.org/reports/oil-market-report-november-2021>.

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

## **2. STATUTORY AUDITORS**

### **2.1. 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).**

The Financial Statements 2020 have been audited by PKF Littlejohn LLP, as set forth in their report included therein. PKF Littlejohn LLP with registration number OC342572 in England & Wales is a registered auditor and is regulated in the conduct of its services by the Institute of Chartered Accountants in England & Wales (ICAEW).

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 and until 18 December 2021.

The Financial Statements 2021 have been audited by Jeffreys Henry LLP, as set forth in their report included therein. Jeffreys Henry LLP with registration number C001108797 in England & Wales is a registered auditor and is regulated in the conduct of its services by the Institute of Chartered Accountants in England & Wales (ICAEW).

The address of Jeffreys Henry LLP is 5 7 Cranwood Street, London EC1V 9EE, United Kingdom. Jeffreys Henry LLP was appointed as the Issuer's statutory auditor on 18 December 2021.

For the Financial Statements 2021 and 2020 the respective independent auditor has confirmed that the group's financial statements give a true and fair view of the state of the group's affairs at the balance sheet date and of its loss or profit for the year then ended. The independent auditors also confirmed that the Financial Statements 2021 and 2020 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 2021/2022 for the six months period ending on 30 September 2021 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.**

Following a competitive tender process, the Issuer has appointed Jeffreys Henry LLP as its new independent external auditor with effect as of 18 December 2020. PKF Littlejohn LLP submitted a letter of resignation to the management of the Issuer on 18 December 2020 and has confirmed that there are no reasons or matters connected with them ceasing to hold office as auditors which they consider should be brought to the attention of Zenith's shareholders or creditors.

## **3. RISK FACTORS**

For a detailed list of risk factors concerning the Issuer see section IV. RISK FACTORS, subsections 1. to 4. (pages 13-28).

## 4. INFORMATION ABOUT THE ISSUER

### 4.1. 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 continue 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, electricity and condensate 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 oilfield named Tilapia II (the Congo Licence II). The offer for the granting of such license was submitted on 20 July 2020. On 23 December 2020, the Issuer 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. On 10 February 2021, the Issuer 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 (Congo Licence I). The other 44 per cent were held through Société Nationale des Pétroles du Congo ("**SNPC**"). Despite a payment amounting to USD 128,000 from SNPC to AAOG Congo in August 2021, SNPC still owes the Issuer total receivables in the amount of approximately USD 5.7 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 Congo Licence I from AAOG Congo to a subsidiary of SNPC. AAOG Congo is no longer operational. After collecting the amount of USD 5.7 million and after the settlement of the ongoing lawsuit described in section VI.11.4 (see page 73) AAOG Congo will be liquidated.

In expectation of a new 25-year license for the operations regarding the Tilapia II oilfield (Congo Licence II) – the Issuer has already established a new operating entity under Congolese law for any further business activities to be conducted in the Republic of the Congo.

#### Zenith Energy Netherlands B.V. and Zenith Overseas Assets Holdings Ltd.

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.

On 20 April 2020 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 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. The Tunisian Acquisition Part I was to be completed as of 31 October 2021. It was not possible to obtain the required regulatory approvals within that timescale. Therefore, the parties to the Tunisian Acquisition Part I are currently in discussion regarding restructuring the nature of the transaction; however there is no guarantee that this can be completed successfully. The revised agreement may or may not include the accumulated oil production since the original agreement was agreed.

On 8 September 2020, Zenith Netherlands has signed a conditional sale and purchase agreement with the China National Petroleum Corporation ("**CNPCI**") as seller for the acquisition of its working interest of 22.5 per cent in 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 Part I 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 Part I to Zenith Netherlands. Despite the pending approval, Zenith Netherlands has already the right to exploit the Tunisian assets.

On 22 November 2021 Zenith Overseas Assets Holding Ltd. ("**Zenith Overseas**") acquired a 100 percent interest in the share capital of Canadian North Africa Oil & Gas Ltd ("**CNAOG**") from China National Petroleum Corporation ("**CNPCI**").

As a result of the agreement, Zenith Overseas holds through CNAOG an undivided 22.5% interest in the Sidi El Kilani Concession in Tunisia (the "**Tunisian Acquisition Part II**", together with the Tunisian Acquisition Part I "**Tunisian Acquisition**"). This agreement fully and finally replaced the terms previously outlined in a conditional agreement between CNPCI and Zenith Netherland dated 8 September 2020, according to which Zenith Netherlands was to acquire CNPCI's working interest in SLK. By purchasing shares in CNAOG rather than its working interest in SLK, the Group was able to acquire a stake in the SLK concession without further need for a regulatory permission.

In summary, the Group holds – subject to final regulatory approval of the Tunisian Acquisition Part I – a 45 percent working interest in the Sidi El Kilani oilfield, covering an area of circa 204 square kilometres, located onshore in the Pelagian Basin in Eastern Tunisia, which is operated by CTKCP. At the date of this Prospectus the Issuer holds a 22.5 per cent working interest in the SLK oilfield, acquired through Tunisian Acquisition Part II.

#### 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.

#### Zenith Energy Africa Limited

On 15 March 2021, Zenith Energy Africa Limited ("**Zenith Africa**"), which was incorporated in March 2021 as a fully owned subsidiary by the Issuer, has entered into a share purchase agreement with Candax Energy Limited ("**Candax**"). This share purchase of a 100 per cent interest in Candax's subsidiary Ecumed Petroleum Zarzis Ltd ("**EPZ**") was completed on 12 May 2021. EPZ holds a 45 per cent interest in the Ezzaouia Concession in Tunisia. As a result, the Issuer now holds a total of 45 % working interest in the Ezzaouia concession.

### Compagnie Du Desert Ltd.

On 15 March 2021, Compagnie Du Desert Ltd. ("**CDD**"), which was incorporated in April 2021 as a fully owned subsidiary by the Issuer, has entered into a share purchase agreement with Candax for the acquisition of 100 per cent of the shares of Candax's subsidiary Ecumed Petroleum Tunisia Ltd ("**EPT**"). The acquisition was completed on 24 March 2021. EPT holds a 100 per cent interest in the El Bibane and Robbana concessions in Tunisia. As a result, the Issuer now holds a 100 per cent working interest in the El Bibane and Robbana concessions.

### 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 Euronext Growth Market (at that time called the Merkur Market) of the Oslo Børs. The Euronext Growth 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, 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 Euronext Growth Market of the Oslo Børs.

During Spring 2021 the Issuer expanded its activities in Tunisia by acquiring a 100 per cent working interest in the Robbana and the El Bibane concessions as well as a 45 per cent working interest in the Ezzaouia concession.

On 22 November 2021, the Group acquired a 22.5. per cent working interest in SLK (Tunisian Acquisition Part II). The acquisition of an additional 22.5. per cent working interest in SLK is pending and still subject to a regulatory approval (Tunisian Acquisition Part I).

#### **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 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.

**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 2021 and the date of this Prospectus the Issuer increased its share capital several times by issuing a total of 628,685,118 common shares of no-par value and raised an amount of approx. EUR 8,500,000 (see in more detail section VI.4.1.7, pages 40-41).

*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 and since then it has continuously extended its production in this country. Between March 2021 and date of this Prospectus the Issuer has acquired a 45 per cent interest in the Ezzaouia concession, a 100 per cent working interest in the Robbana and El Bibane concessions as well a 22.5 per cent working interest in the Sidi El Kilani oilfield by acquiring a 100 per cent interest in CNAOG (Tunisian Acquisition II). The sale and purchase agreement for the acquisition of a working interest of another 22.5 per cent in the Sidi El Kilani concession (Tunisian Acquisition I) is pending approval to the date of this Prospectus (see section VI.5.1.2.3. pages 49-51). The Issuer expects the Tunisian Acquisition II to be awarded until the end of the year 2022.

*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 Issuer further established Zenith Congo to receive a new 25-year license for the Tilapia oilfield to be named Tilapia II (Congo Licence II). On 23 December 2020, the Issuer 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 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 Congo License II is subject to the finalization and ratification of a production contract to operate the Tilapia II oilfield (see section VI.5.1.2.2. on pages 47-49).

**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 September 2021, BCRA Credit Rating Agency AD (BCRA Ratings) upgraded the long-term debt issuer credit rating of Zenith from "B- with Stable Outlook" to "B- with Positive Outlook", based on the change in its business strategy by terminating its unsuccessful business in Azerbaijan and transferring its oil production activities to West Africa. According to BCRA Ratings, the positive rating outlook reflects the progress the group has achieved during the Financial Year 2021 in building a well-balanced portfolio of production and development assets in Africa.

On 1 November 2021, Rating-Agentur Expert RA GmbH upgraded the debt issuer credit rating of Zenith from "B- with a Developing Outlook" to "B with a Stable Outlook", based on the complete change in strategy by expanding its production in Tunisia through different subsidiaries and concessions.

Both BCRA Ratings and Rating-Agentur Expert RA GmbH are European credit rating agencies, registered with the European Securities and Markets Authority ("ESMA").

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 14.

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

- a) On 30 April 2021, an investor has exercised warrants to acquire a total of 45,000,000 new common shares of no-par value with an exercise price of NOK 0.12 per share and gross proceeds of NOK 5,400,000 (equalling EUR 543,681).
- b) On 10 May 2021, the Issuer issued 60 million new common shares of no-par value at a price of NOK 0.10 per share and raised gross proceeds of NOK 6,000,000 (equalling EUR 600,000).
- c) On 25 June 2021, the Issuer issued 8,400,000 new common shares at a price of NOK 0.10, which were held in treasury. These treasury shares were used to settle a liability by providing the shares to a creditor wishing to be paid in equity at a price of NOK 0.12 per share on 25 June 2021 (equalling EUR 99.169,6).
- d) On 29 July 2021, the Issuer issued 30,422,319 new common shares of no-par value at a price of NOK 0.1725 to settle a debt amounting to EUR 500,000 from a revolving line of credit agreement with a financial institution.
- e) On 26 May 2021, the Issuer entered into a loan agreement with a duration of six months with Winance, a Dubai registered single-family office, for a total of EUR 2.1 million. On 5 October 2021, the Issuer issued 3,953,708 new common shares of no-par value at a price of NOK 0.1266 and allotted them to Winance. In November 2021, the Issuer issued another 100,000,000 new common shares of no-par value for a full and final settlement with Winance in regard of the outstanding debt in the amount of EUR 1,000,000.
- f) On 2 November 2021, the Issuer issued a total of 272,727,273 subscription shares at a price of GBP 0.011 to existing shareholders and raised gross proceeds of approximately GBP 3 million (equalling EUR 3.504.130).

- g) On 12 November 2021, the Issuer has issued a total of 108,181,818 new common shares in settlement of liabilities
- 8,181,818 new common shares at a price of GBP 0.011 (equalling to NOK 0.13) were issued in full and final settlement on a liability amounting to GBP 90,000 (equalling to EUR 105.124) and
  - 100,000,000 new common shares at a price of at an issue price of EUR 0.01 to Winance in full and final settlement of the outstanding EUR 1 million in respect of the loan agreement announced of 26 May 2021.

Considering the aforementioned capital increases, the Issuer has now 1,872,574,449 common shares in issue and admitted to trading as follows:

<b>Class of share</b>	<b>Total number of shares</b>	<b>Number of voting rights per share</b>	<b>Total number of voting rights per class of share</b>
Common shares in issue and admitted to trading on the Euronext Growth Market of the Oslo Børs – representing the total outstanding share capital of the Issuer	1,872,574,449	1	1,872,574,449
Common shares in issue and admitted to trading on the Main Market of the London Stock Exchange	1,872,574,449	1	1,872,574,449

#### **4.1.8. Description of the expected financing of the Issuer’s activities**

The Issuer is required to raise additional funds continuously to continue developing its oil and gas projects predominantly in Africa, to monetize assets as stated in the Chapman Reports 2021. The funding can be realized by equity or by issuance of third-party debt.

To reach the production capacities as listed in the Chapman Reports 2021, 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 2021:

##### Action required in the Republic of the Congo:

1. Collection of the outstanding amount of USD 5.7 million from SNPC by AAOG Congo. The Issuer and SNPC are in discussions in order to settle this issue and all capital expenditure will be deferred until the proceeds are received.
2. Upon the award of the Congo Licence II: 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, i.e. a total of USD 7.2 Million. This expenditure is at the discretion of the Group, is not contracted, and will be conditional on receipt of the receivable set out in item 1 above.

3. The net requirement is therefore approximately USD 1.9 million. An initial GBP 250,000 of which has been allocated from the subscription of new common shares issued on 2 November 2021.
4. The Issuer estimates that the production from the developed well will stand at 2,000 to 2,500 barrels of oil per day.

Action required in Tunisia:

1. Completion of the regulatory approval regarding the acquisition of the additional 22.5 per cent interest in the Sidi El Kilani concession (Tunisian Acquisition I). The completion of Tunisian Acquisition I 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 timing of this approval is currently uncertain and alternative ways for completing the acquisition are currently under discussion.
2. Producing operations under the Ezzaouia concession, acquired on 15 March 2021, are expected to require an aggregate amount of GBP 1,300,000 for three workover interventions and two sidetracks in non-producing wells over the next 18 months. These workovers will be financed by the Group's working capital resulting from local production and the subscription of new shares.
3. Producing from the Robbana and El Bibane concessions, acquired on 29 April 2021, will continue during the next 18 months without capital expenditure interventions.

For the planned drilling of the Robbana-3 well in the Robbana concession the Issuer plans to spend GBP 600,000, plus another GBP 300,000 for the cost of transporting the Company's drilling rig to Africa. This amount will be financed from the subscription of new shares.

To restore production from well EBB-3 in the El Bibane concession an amount of approximately USD 3.5 million will be necessary.

Action required in Italy:

The Issuer does not expect to make any material capital expenditure in Italy until the end of 2022.

1. The Issuer plans to drill an offset horizontal well (Masseria Vincelli 2) under the Torrente Cigno concession in the year 2023, when the Issuer expects current production to have fallen to uneconomic levels. The drilling will require four 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 Issuer should amount to approx. EUR 2.5 million, and a decision as to how to fund this will be made closer to the time – but will likely be financed from the proceeds for Notes issued under this Programme.
2. The Lucera gas concession is currently not producing, because of issues with the gas treatment plant. Production is expected to resume in May 2022.
3. The Masseria Vincelli 2 well (part of the Torrente Cigno concession) is expected to produce at a rate of approximately 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 production licenses and their development (see section VI. 4.1.7., pages 40-41).

#### 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 2021, 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). As of the date of this Prospectus the Issuer has issued the following Notes:

<b>Currency</b>	<b>Quantity</b>	<b>EUR equivalent as of 3 March 2022 <i>(last closing price before this Prospectus)</i></b>	<b>ISIN</b>
EUR	2,000,000	-	XS2108546735
GBP	2,000,000	2,412,800	XS2108546578
USD	2,000,000	1,807,338	XS2108546651
CHF	1,000,000	983,900	XS2108546818

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

As of the date of this Prospectus the Issuer has sold notes in the nominal amount of approx. EUR 5,460,000.

## **5. BUSINESS OVERVIEW**

### **5.1. Principal activities**

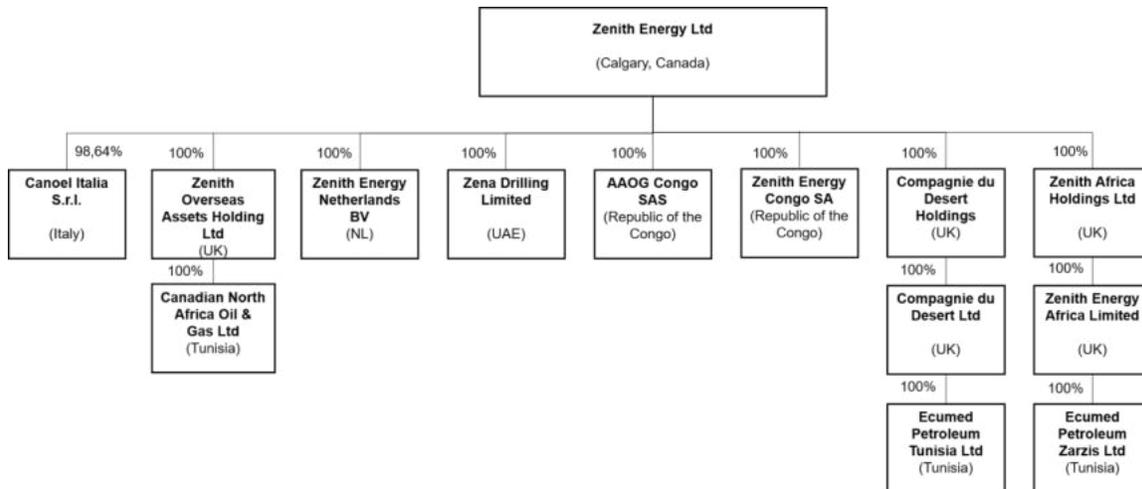
The Issuer is a holding company with a number of subsidiary companies which include a variety of different projects in Italy, the Republic of the Congo (since spring 2020) and Tunisia (since spring 2020). Until the end of June 2020, the Issuer was also invested in Azerbaijan. The business of the Issuer 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 an organization chart of the Group is shown, which includes the main subsidiaries relevant for its operations:



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

## 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 subsection “History” in section VI.4.1. pages 37-38). 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 2020, the Italian natural gas production amounted to 3.9 billion cubic metres (*Source: bp Statistical Review of World Energy 2021, page 36*)<sup>11</sup>. 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 Canoe Italia S.r.l..

As of the date 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

<sup>11</sup> Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>.

and maintenance operations, assuming the risks and paying all the related costs, which will be reimbursed by the partners according to their working interest.

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. At the end of November 2021, 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. There is an additional horizontal location in Torrente Cigno concession, which is expected to be drilled in 2023.

2. *Misano Adriatico*: The Issuer owns a 100 per cent working interest in the Misano Adriatico gas concession covering approximately 642 acres. As of the end of November 2021, production at Misano Adriatico (from one well) was at approximately 35 Mscf/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. Recently, Zenith submitted a development plan regarding the exploitation of the Traetta 1 well in the Masseria Grottavecchia to the ministry in Italy for its review and approval. The Issuer estimates that approval should be received until the fourth quarter of the year 2022.

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**"). The joint venture is currently not producing and does currently not have a concession to produce natural gas in the Masseria Petrilli field, because in 2019 the joint venture decided to return the concession and to stop operations.

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

1. *San Mauro*: The Issuer owns an 18 per cent working interest in the San Mauro gas concession covering approximately 6,257 acres. As of the end of November 2021, the San Mauro site was producing approximately 198 Mscf/d. (5,600 stmc/d). According to the Chapman Report 2021 – 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 2021 – 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 has 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 venture.<sup>12</sup> This concession is not producing anymore, because the joint venture decided in 2018 to return the concession and to stop operations.
2. *Lucera*: The Issuer owns a 13.6 per cent working interest in the Lucera gas concession covering approximately 13,361 acres. This concession is not currently producing, because there are problems with the gas treatment plant. Production is expected to resume in May 2022. 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 but an extension is expected to be granted based on the remaining reserves.

(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

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<sup>12</sup> The Issuer holds an interest of 8.8 per cent in the joint venture; Gas Plus holds an interest of 46.03 per cent and acted as operator; Edison Italia S.r.L. holds the remaining 45.17 per cent.

of production, it must be developed which means that significant expenditures (exceeding the cost of drilling wells) are required.

(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 15,912 million of standard cubic feet ("MMmscf") as of 30 September 2021. (*Source*: Chapman Report 2021 – Italy, page 26).

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 MMscf of gas, per field (or approximately 340 bbls/d and 1.9 MMscf/d) (*Art.19 of Italian Legislative Decree 25 November 1996, n. 625*). In Italy, the corporate tax is a maximum of 28 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 the Republic of the Congo**

The Republic of the Congo is a producer of mineral commodities such as crude oil, which represents around 90 per cent of the exports of the country, 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 acquired a 100 per cent interest in AAOG Congo from the AIM<sup>13</sup> listed Anglo African Oil & Gas PLC. The total consideration paid to Anglo African Oil & Gas PLC amounted to GBP 200,000. 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 the Tilapia oilfield in the Republic of the Congo and was its operator (Congo License I). The remaining 44 per cent were held by the national oil company, SNPC. The Congo License I was 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 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

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

from the nearest refinery.

The Congo License I in the Tilapia oilfield expired on 18 July 2020. SNPC owes AAOG Congo approximately USD 5.7 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.

In August 2020, AAOG Congo returned the operatorship of the Tilapia oilfield license to a subsidiary of SNPC. After receiving the USD 5.7 million and after the settlement of the ongoing lawsuit described in section VI.11.4 (page 73), 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" (Congo License II). Zenith expects to obtain the full repayment of the amount and, upon repayment, will use this amount to perform drilling operations in order to progressively increase production under 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 (Congo Licence 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 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. 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.

The Issuer is currently not producing in the Republic of the Congo because the Congo License I expired in July 2020 and the Congo License II has not yet been granted.

#### 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 basis of the income of the year at the rate defined in the oil agreement, but the rate may not be below the corporation tax for ordinary companies.<sup>14</sup>

The rate of the proportional mining royalty is set at 15 per cent for liquid hydrocarbons and 5 per cent for natural gas and solid hydrocarbons. As for the maximum cap for cost oil, it is 50 per cent of net production, although in specific situations (e.g. deep-water projects or recourse to very expensive technology) said cap may be raised up to 70 per cent.<sup>15</sup>

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14 Source: EAI International, Taxes in Africa – Republic of the Congo, 2021, page 309 (available at [https://www.eaiinternational.org/public\\_files/prodyn\\_img/congo-1.pdf](https://www.eaiinternational.org/public_files/prodyn_img/congo-1.pdf)).

15 Available at: [https://mirandalawfirm.com/download/1201/90c08f33c509f8ad99b81f09d0333a23/petroleumafrica\\_app\\_hom.pdf](https://mirandalawfirm.com/download/1201/90c08f33c509f8ad99b81f09d0333a23/petroleumafrica_app_hom.pdf).

According to the Hydrocarbons Act 2016 the profit oil for each exploitation licence is shared between the Republic of the Congo and the contractor according to the terms agreed in the PSA. However, the share in the profit oil for a calendar year to which the Republic of the Congo has a right may not under any circumstances be less than 35 per cent of the profit oil for that calendar year.

#### 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>).*

### **5.1.2.3. Group operations in Tunisia**

#### SLK concession

Zenith has entered into two separate transactions in relation to an onshore oil production asset in Tunisia, through which the Issuer has – in parts conditionally – acquired a cumulative 45 per cent working interest the Sidi El Kilani ("**SLK**") concession.

On 20 April 2020 Zenith Netherlands 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 the Sidi El Kilani concession ("**Tunisian Acquisition Part I**"), which contains the Sidi El Kilani oilfield 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 completion of the Tunisian Acquisition Part I 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.

On 25 June 2021 Zenith Netherlands signed an extension agreement with KUFPEC with a new longstop date for the completion of the share purchase agreement on 31 October 2021. It has now proved impossible to obtain the required regulatory approvals within that timescale. The parties are currently in discussion regarding restructuring the nature of the transaction, however it cannot be guaranteed that this will be successfully completed.

On 8 September 2020, Zenith Netherlands signed an agreement with CNPCI to acquire its working interest of 22.5 per cent in the Sidi El Kilani concession for a total consideration of USD 350,000.

On 22 November 2021, this agreement was fully replaced by another share purchase agreement between Zenith Overseas and CNPCI. According to this agreement, Zenith Overseas acquired a 100 per cent interest in the share capital of CNAOG, which holds a 22.5 per cent working interest in the Sidi El Kilani concession ("**Tunisian Acquisition Part II**").

The total consideration for the Tunisian Acquisition Part II amounted to USD 1.658.680. Together with the ownership over CNAOG, Zenith also took over crude oil produced from the concession and allocated to and received by CNAOG in the amount of approximately 30,000 barrels.

The completed acquisition of an equity stake in the SLK concession provides Zenith with immediate additional daily production revenue in Tunisia. As of now the Group is holding a 22.5 per cent working interest in the SLK concession. Upon completion of the Tunisian Acquisition Part I, the Issuer's working interest in the SLK concession will amount to 45 per cent.

The current production from the SLK concession as a whole is averaging 500 STB/d from nine wells. This amounts to a production of approximately 112.5 STB/d attributable to the Issuer's 22.5 per cent working interest. Once Tunisian Acquisition Part I will be concluded the share of produced oil attributable to the Issuer will increase to 225 STB/d.

#### Ezzaouia concession

On 24 March 2021, Zenith acquired through its fully owned subsidiary Zenith Energy Africa Limited 100 per cent of the issued share capital of Ecumed Petroleum Zarzis Ltd ("**EPZ**") from Candax Energy Ltd. EPZ holds a 45 per cent interest in the Ezzaouia concession.

The amount paid by Zenith amounted to USD 150,000. In addition, a royalty of USD 0.35 per each barrel of hydrocarbons produced, with the royalty not to be less than USD 50,000 per year is payable by EPZ over a period of 10 years.

The Ezzaouia concession is comprised of 9,884 acres of land and is located at the Zarzis peninsula, south of the island of Djerba in the southern Gulf of Gabes and is operated by MARETAP, a joint operating company owned in partnership with the national oil company of Tunisia called ETAP. ETAP holds the remaining 55 per cent interest in Ezzaouia.

The current production from the Ezzaouia concession as a whole is averaging 454 STB/d from nine wells. This amounts to a production of approximately 204 STB/d attributable to the Issuer's 45 per cent working interest.

#### Robbana and El Bibane concessions

In May 2021, Zenith completed another acquisition in Tunisia. Through its fully owned subsidiary Compagnie Du Desert Ltd, Zenith acquired a 100 per cent interest in the fully owned subsidiary of Candax called Ecumed Petroleum Tunisia Ltd ("**EPT**"). As a result, the Issuer now holds a 100 per cent working interest in the El Bibane and Robbana concessions. The terms of the acquisition included a total consideration of approximately USD 200,000 in the form of assumption of debt.

The **El Bibane** concession is located 16 kilometres offshore from the port of Zarzis in the Gulf of Gabes and covers an area of approximately 228 square kilometres in approximately 7 to 8 metres water depth. The reservoir is located in the Cretaceous Zebbag fractured dolomite formation at approximately 2,150 meters below surface.

A total of three wells are active, of which EBB-5 is the only one currently producing at a rate of 80 to 100 STB/d with 5.5 to 6 MMScf/d of natural gas, which is being processed for the recovery of 77 to 84 barrels of condensate per day (14 barrels/MMScf). The processed natural gas is re-injected into the formation via well EBB-4.

A well intervention is being studied in well EBB-3, with the objective of restoring production for the El Bibane at a rate of a total of 500 bbl/d. To restore production from well EBB-3 an amount of approximately USD 3.5 million will be necessary.

The El Bibane concession is scheduled to expire on 31 December 2033.

The **Robbana** concession is located onshore on the island of Djerba in the southern Gulf of Gabes and covers 48 square kilometres. Zenith has successfully completed the workover of ROB-1. Zenith expects to begin

drilling activities in Robbana during the first quarter of 2022. The Robbana concession is scheduled to expire on 4 November 2034.

The Issuer currently produces a net amount of up to 425 STB/d and about 75 barrels and condensate per day 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.
- 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 about 80 per cent of the world's

energy<sup>16</sup> of which 31,2 per cent is oil, according to the bp Statistical Review of World Energy 2021 in July 2021. In 2020 oil remains the most used in the energy mix. (*Source*: bp Statistical Review of World Energy 2021, page 12)<sup>17</sup>

The world consumption of primary energy – including oil, natural gas, coal, hydroelectricity, nuclear and other renewable energy – decreased by 4.5 per cent in 2020, according to the bp Statistical Review of World Energy 2021<sup>18</sup>. This is the first decline in energy consumption since 2009.

### 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 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 IEA-report "OIL 2021", the world oil demand and supply stood at 91.0 mb/d in 2020.<sup>19</sup>

The global economy and oil markets are currently recovering from the historic collapse in demand caused by the COVID-19 pandemic in 2020. The staggering inventory surplus that built up last year is being worked off and global oil stocks, excluding strategic reserves, are expected return to pre-pandemic levels in 2021. However, the expansion of the world's oil production capacity is expected to slow in the medium term in the wake of the Covid-induced demand shock and a shift towards clean energy.

In 2020, operators spent one third less than planned at the start of the year, in 2021, total upstream investment is expected to rise only marginally. Those sharp spending cuts and project delays are already constraining supply growth across the globe, with world oil production capacity now set to increase by 5 mb/d by 2026. In the absence of stronger policy action, global oil production would need to rise 10.2 mb/d by 2026 to meet the expected rebound in demand. Producers from the Middle East are expected to provide half of the increase, largely from existing shut-in capacity. If Iran remains under sanctions, keeping the world oil market in balance may require Saudi Arabia, Iraq, the UAE and Kuwait – with their surplus capacity – to pump at or near record highs. (*Source*: OIL 2021 – Analysis and forecast to 2026, page 5)<sup>20</sup>

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.

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16 See EESI Report on Fossil Fuels (available at: <https://www.eesi.org/topics/fossil-fuels/description>).

17 Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>.

18 Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>.

19 Available at [https://iea.blob.core.windows.net/assets/1fa45234-bac5-4d89-a532-768960f99d07/Oil\\_2021-PDF.pdf](https://iea.blob.core.windows.net/assets/1fa45234-bac5-4d89-a532-768960f99d07/Oil_2021-PDF.pdf).

20 Available at [https://iea.blob.core.windows.net/assets/1fa45234-bac5-4d89-a532-768960f99d07/Oil\\_2021-PDF.pdf](https://iea.blob.core.windows.net/assets/1fa45234-bac5-4d89-a532-768960f99d07/Oil_2021-PDF.pdf).

Due to the current energy crises the crude oil prices hit a seven-year high in early October 2021 boosted by energy supply concern and continued oil stock draw. During November 2021 the situation improved again, so that benchmark crude prices are easing as a result. Brent crude futures were trading around USD 81/bbl, down from a high of more than USD 86/bbl in October. On physical markets, North Sea Dated prices rose in October by USD 9.15/bbl m-o-m to USD 83.54/bbl and West Texas Intermediate WTI at Cushing by USD 9.79/bbl to \$81.96/bbl.<sup>21</sup>

On 26 November 2021 oil prices suffered one of the largest ever one-day plunges, crashing more than 11 per cent as a new coronavirus strain sparked fears that renewed lockdowns will hurt global demand. The Brent crude settled down USD 9.50 to USD 72.72 a barrel, corresponding to a weekly decline of more than 8 per cent. The U.S. West Texas Intermediate (WTI) crude settled down USD 10.24 at USD 68.15 a barrel, declining more than 10.4 per cent.<sup>22</sup>

Since the beginning of 2022, oil prices have increased sharply. Driven by an economic growth increasing demand for oil, geopolitical tensions between Russia and the Ukraine and increased instability in the Middle East as well as limited oil supply<sup>23</sup>, the oil prices have risen in 2022. The escalation of the Russia-Ukraine conflict in the end of February 2022 amplified this development and resulted in a jump of the oil price to more than USD 110 a barrel. From 1 January 2022 to the date of this Prospectus the oil price increased by approximately 50 per cent.

### **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 MMscf of gas, per field (or approximately 340 bbls/d and 1.9 MMscf/d). At the present time, the Group does not pay any state royalties since all its producing fields fall below the minimum royalty threshold.

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21 Available at <https://www.iea.org/reports/oil-market-report-november-2021> and <https://www.iea.org/reports/oil-market-report-october-2021>.

22 Available at <https://www.reuters.com/markets/commodities/oil-skids-concerns-rising-surplus-q1-2021-11-26/> and <https://tradingeconomics.com/commodity/crude-oil>.

23 <https://www.weforum.org/agenda/2022/02/why-oil-prices-matter-to-global-economy-expert-explains/>.

#### 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 12 May 2021, and can be reviewed on the EIA website<sup>24</sup>. 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, gold, copper and iron. 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 permits are governed by production sharing agreements or services agreements. 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 Qatar Petroleum or Lukoil, that participate in the oil and gas industries, but major IOCs operating in the country are Chevron, Perenco and Eni.

##### *Exports*

The Republic of the Congo's exports were reported at approx. 282.17 bbl/d in December 2020. This records a decrease from the previous year's number of approx. 309.36 bbl/d in December 2019. 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, iron, gold, diamond, phosphate, potash and magnesium. An important share of its mining resources is unexploited for now due to a lack of transportation infrastructure and difficulty to raise funds. The mining sector is thus still under development phase. (*Source*: <https://eiti.org/republic-of-congo>)

##### *Oil Reserves in the Republic of the Congo*

The Republic of the Congo holds 2.9 thousand million barrels of proven oil reserves as of 2020 and is accounting for about 0.2 per cent of the world's total oil reserves of 1,732.4 thousand million barrels. (*Source*:

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24 [https://www.eia.gov/international/content/analysis/countries\\_long/CongoBrazzaville/CongoCAXS\\_2021.pdf](https://www.eia.gov/international/content/analysis/countries_long/CongoBrazzaville/CongoCAXS_2021.pdf).

bp Statistical Review of World Energy 2021, page 16)<sup>25</sup>

### 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 36,000 bbl/d in 2020. (*Source*: bp Statistical Review of World Energy 2021, page 18)<sup>26</sup>

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

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25 Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>.

26 Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-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 2020 and is accounting for less than 0.05 per cent of the world's total oil reserves of 1,732.4 trillion. (*Source*: bp Statistical Review of World Energy 2021, page 16)<sup>27</sup>

#### **5.1.4. 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 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. This approach is also followed for new operations in Tunisia and the Republic of the Congo.

#### **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.

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<sup>27</sup> Available at <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>.

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.

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**

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. ORGANISATIONAL STRUCTURE**

### **6.1. 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.**

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 35-38, and section VI.5.1.1., pages 43-44).

**6.2. 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.

**7. TREND INFORMATION**

**7.1. 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**

Since the end of the Financial Year 2021 the significant change in the financial position of the Group were the following:

- In May 2021 the Issuer completed the acquisitions of EPT from Candax Energy Limited. EPT holds a 100 per cent working interest in the El Bibane and Robbana concessions (see details in section VI.5.1.2.3, pages 49-51).
- The Issuer extended its agreement with KUFPEC with a new longstop date on 31 October 2021. Currently, the parties are in discussion regarding a possible restructuring of the transaction (see details in section VI.5.1.2.3, pages 49-51).
- Due to a new share purchase agreement with CNPCI, the Issuer was able to acquire 100 per cent of a subsidiary of CNPCI and therefore now holds a 22.5 interest in the SLK concession (see details in section VI.5.1.2.3, pages 49-51).
- Between 1 April 2021 and 30 September 2021, the Issuer
  - o produced 94,662 barrels of oil from its Tunisian assets,
  - o sold 67,916 barrels of oil produced from its Tunisian assets,
  - o sold 2,792 MWh of electricity produced from its Italian asset and
  - o sold 4,742 Mcf of natural gas produced from its Italian assets.
- On 20 December 2021, the Issuer fully redeemed on the scheduled maturity date the Zenith Energy Ltd 8% Notes - 2021 (ISIN AT0000A23S79) in the nominal amount of EUR 2,360,000 together with a final coupon payment of EUR 94,400.
- The independent auditor stated in the Financial Statements 2021 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, being the period of 12 months as of the date of signing of the Financial Statements 2021 (27 August 2021). 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 2021 and 2022**

*Coronavirus clouds oil outlook*

In 2021, world oil markets have rebounded from the massive demand shock triggered by COVID-19 but still face a high degree of uncertainty. (*Source*: IEA (2021), *Oil 2021 – Analysis and forecast to 2026*, IEA, Paris)

The ongoing energy crisis has prompted a switch to oil that could boost demand by 500 kb/d compared with normal conditions. This contributed to an upward revision to our 2021 and 2022 forecast, by 170 kb/d and 210 kb/d respectively. Global oil demand is now forecast to rise by 5.5 mb/d in 2021 and 3.3 mb/d in 2022 when it reaches 99.6 mb/d, slightly above pre-Covid levels.

World oil supply has resumed its uptrend as OPEC+ continues to unwind cuts, the US bounces back from Hurricane Ida and maintenance winds down. From September through end-2021, global output is set to rise 2.7 mb/d with OPEC+ accounting for 1.5 mb/d and non-OPEC+ pumping the rest. Total oil output fell 260 kb/d in September to 96 mb/d, led by steeper US hurricane losses.

Global refinery activity in the third quarter 2021 continued to disappoint, with lower throughputs in China and India in August only partially offset by a stronger performance in OECD Asia and Europe. Implied third quarter 2021 refined product balances show the largest draw in eight years, which explains the strong increase in refinery margins in September despite significantly higher crude prices.

In August 2021, OECD total industry stocks declined by 28 million barrels to 2.824 billion barrels at the end of August 2021, 162 million barrels below the pre-Covid five-year average. Preliminary September data for the US, Europe and Japan show on-land industry stocks fell by a further 23 million barrels. Crude oil held in floating storage decreased by 8.5 million barrels to 98 million barrels in August 2021.

Crude oil prices hit a seven-year high in early October boosted by energy supply concerns and continued oil stock draws. North Sea Dated prices rose by USD 3.65/bbl on average in September to USD 74.40/bbl and WTI at Cushing USD 3.84/bbl to USD 71.56/bbl. Strong backwardation restrained crude price differentials to marker crudes over the month.

A sharp decline in the oil price due to fears of a new and more contagious COVID-19 variant took place in the end of November 2021, with approximately USD 66.18 on 30 November 2021, constituting a new low since the mid of August 2021 (*Source*: <https://www.macrotrends.net/2516/wti-crude-oil-prices-10-year-daily-chart>).

After this brief drop in the oil price in November 2021, the oil prices rose again and increased by more than 15 % in January 2022 and exceeded the USD 90/bbl threshold for the first time in more than seven years.

(*Source*: IEA (2022), *Oil Market Report - February 2022*, IEA, Paris).<sup>28</sup>

## 8. PROFIT FORECASTS OR ESTIMATES

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

## 9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

**9.1. 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.**

### 9.1.1. 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 Borovskiy	21 November 1972 St. Petersburg (Russia)	Non-Executive Director	24/07/2017	30/6/2023

<sup>28</sup> Available at: <https://www.iea.org/reports/oil-market-report-february-2022>.

Luca Benedetto	7 April 1971 Genova (Italy)	CFO and Executive Director	07/12/2020	30/6/2023
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***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, 15<sup>th</sup> Floor, Bankers Court, 850-2<sup>nd</sup> 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, 15<sup>th</sup> Floor, Bankers Court, 850-2<sup>nd</sup> 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, 15<sup>th</sup> Floor, Bankers Court, 850-2<sup>nd</sup> 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, 15<sup>th</sup> Floor, Bankers Court, 850-2<sup>nd</sup> 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 this Prospectus.

Name	Number of ordinary shares	% of share capital
Andrea Cattaneo	102,468,240	5.47
Sergey Borovskiy	3,849,289	0.27
Dario Sodero <sup>(1)</sup>	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 2021, 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 four committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee.

#### ***Audit Committee***

The Audit Committee comprises José Ramón López-Portillo and Dario Sodero. The Audit Committee is chaired by Dario Sodero and meets at least four times a year and at such other times 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 in place.

#### ***Remuneration Committee***

The Remuneration Committee comprises José Ramón López-Portillo, Dario Sodero and Sergey Borovskiy and is chaired by José Ramón López-Portillo. It is expected to meet not less than twice a year and at such other times as required. 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.

#### ***Nomination Committee***

The Nomination Committee will determine the composition of the Issuer's Board of Directors and appointment of senior management positions. It will develop succession plans as necessary and report to the executive directors of the Issuer. The Nomination Committee is comprised by Andrea Cattaneo, José Ramón López-Portillo and Luca Benedetto. The Committee is chaired by Luca Benedetto.

#### ***Corporate Governance Committee***

The Corporate Governance Committee comprises Sergey Borovskiy, Dario E.Sodero and José Ramón López-Portillo. The Committee is chaired by Sergey Borovskiy and meets not less than once a year. 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 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 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.

## 10. MAJOR SHAREHOLDERS

### 10.1. 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.

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:

Name	Number of ordinary shares	% of share capital
Andrea Cattaneo	102,468,240	5.47
Nordnet AB <sup>1</sup> (through subsidiaries)	54,196,155	3.02

<sup>1</sup> Nordnet AB holds the shares via its wholly owned subsidiaries Nordnet Pensionsförsäkring AB and Nordnet Livsförsäkring AS.  
*Source: Internal information of the Issuer as of the date of this Prospectus.*

### 10.2. 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.

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 for the fiscal years ended 31 March 2021 ("**Financial Statements**

2021") and 31 March 2020 ("Financial Statements 2020") respectively. The Financial Statements 2021 as well as the Financial Statements 2020 have been prepared in compliance with IFRS as issued by the IASB.

The Financial Statements 2021 and the Financial Statements 2021, together with the reports of the Issuer's auditors and the respective notes to the financial statement, as well as the unaudited Interim Financial Statements 2021/2022 for the six months ending on 30 September 2021, 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 2021 that the Group is dependent upon additional fund raises within the going concern period – being the period of 12 months as of the date of signing of the Financial Statements 2021 (27 August 2021) – in order to continue developing its oil and gas projects and to simultaneously satisfy loan repayments which are due within this going concern period. At the date of this Prospectus, the Group has not secured these funds.**

At the date of this Prospectus, the Group has secured additional funds from the subscription of 272,727,273 shares for a total of GBP 3,000,000 completed on 2 November 2021, which combined with the improved prices being received for oil, gas and electricity, the management of the Issuer believes will be sufficient to meet all its contracted requirements during the forthcoming 12 months. In Addition, due to the COVID-19 pandemic, it remains difficult to assess reliably whether there will be any material disruption in the future which could adversely impact the Group's forecast. 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.

<b>Balance Sheet</b>	<b>Six months ended</b>	<b>Year ended</b>	<b>Six months ended</b>	<b>Year ended</b>
(in CAD '000)*	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March 2020<sup>3</sup></b>
	<b>2021<sup>1</sup></b>	<b>2021<sup>2</sup></b>	<b>2020<sup>1</sup></b>	
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
<b>Assets</b>				
<b>Non-current assets</b>	<b>196,310</b>	<b>100,494</b>	<b>33,242</b>	<b>34,318</b>
Property, plant and equipment	132,029	100,482	33,230	34,305
Financial assets at amortised cost	64,281	12	12	13
<b>Current assets</b>	<b>14,498</b>	<b>18,942</b>	<b>17,529</b>	<b>16,765</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>97,258</b>	<b>23,803</b>	<b>8,723</b>	<b>9,829</b>
Share capital	52,039	48,017	45,706	40,400
Share warrants & option reserve	3,952	2,465	947	1,010
Contributed surplus	4,689	4,643	4,431	4,320
Retained earnings	36,578	(31,322)	(42,361)	(35,901)
<b>Non-current liabilities</b>	<b>81,687</b>	<b>65,280</b>	<b>22,112</b>	<b>20,126</b>
Loans	186	920	1,903	2,260
Non-convertible bond and notes	5,374	2,500	4,456	4,273
Deferred consideration payable	62,464	42,238	-	-
Decommissioning provision	11,265	16,219	13,307	13,543
Deferred tax liabilities	2,398	2,398	2,398	-
Retirement provision	-	1,005	48	50
<b>Current liabilities</b>	<b>31,863</b>	<b>30,353</b>	<b>19,936</b>	<b>21,128</b>
<b>Total assets/equity and liabilities</b>	<b>210,808</b>	<b>119,436</b>	<b>50,771</b>	<b>51,083</b>

<sup>1</sup> Source: Interim Financial Statements 2021/2022.

<sup>2</sup> Source: Financial Statements 2021.

<sup>3</sup> Source: Financial Statements 2020.

## Consolidated Statement of Comprehensive Income

(in CAD '000)	Six months ended 30 September 2021 <sup>1</sup> <i>(unaudited)</i>	Year ended March 31,2021 <sup>2</sup> <i>(audited)</i>	Six months ended 30 September 2020 <sup>1</sup> <i>(unaudited)</i>	Year ended 31 March 2020 <sup>3</sup> <i>(audited)</i>
Revenue	6,011	596	145	735
<b>Cost of sales</b>				
Production costs	(4,825)	(1,651)	(656)	(2,364)
Depletion and depreciation	(366)	(790)	(198)	(846)
<b>Gross (loss)/profit</b>	<b>820</b>	<b>(1,845)</b>	<b>(709)</b>	<b>(2,475)</b>
Administrative expenses	(7,083)	(16,201)	(3,548)	(6,991)
<b>Operating (loss)/profit</b>	<b>(6,263)</b>	<b>(18,046)</b>	<b>(4,257)</b>	<b>(9,466)</b>
Gain on business combination	76,576	36,491	-	20,111
Other gains and losses	-	13,466	-	1,425
Finance Income	-	-	-	-
Finance expense	(1,505)	(1,451)	(284)	(1,742)
<b>Profit/(Loss) for the year before taxation</b>	<b>68,811</b>	<b>3,528</b>	<b>(4,541)</b>	<b>10,328</b>
Taxation	-	(3)	(3)	(4)
<b>Profit/(Loss) for the year from continuing operations attributable to owners of the parent</b>	<b>68,811</b>	<b>3,525</b>	<b>(4,544)</b>	<b>10,324</b>
Loss from discontinued operations	-	-	563	(580,633)
<b>Profit/(Loss) for the year attributable to owners of the parent</b>	<b>68,811</b>	<b>3,525</b>	<b>(3,981)</b>	<b>(570,309)</b>
<b>Other comprehensive income</b>				
Items that may be subsequently reclassified to profit or loss: Exchange differences on translating foreign operations, net of tax	(911)	1,054	314	(651)
Other comprehensive income for the year, net of tax	<b>(911)</b>	<b>1,054</b>	<b>314</b>	<b>(651)</b>
<b>Total comprehensive income</b>	<b>67,900</b>	<b>4,579</b>	<b>(3,667)</b>	<b>(570,960)</b>

<sup>1</sup> Source: Interim Financial Statements 2021/2022

<sup>2</sup> Source: Financial Statements 2021; the consolidated statement of comprehensive income in the Financial Statement 2021 only takes into consideration the continued operation.

<sup>3</sup> Source: Financial Statements 2020; the consolidated statement of comprehensive income in the Financial Statement 2020 only takes into consideration the continued operation.

## Consolidated Statement of Changes in Equity

(in CAD '000)	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
Financial Year 2020 and 2021	6				
<b>Balance as at 1 April 2019</b>	<b>28,866</b>	<b>1,147</b>	<b>4,125</b>	<b>534,943</b>	<b>569,081</b>
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
<b>Balance as at 31 March 2020</b>	<b>40,400</b>	<b>1,010</b>	<b>4,320</b>	<b>(35,901)</b>	<b>9,829</b>
Loss for the year	-	-	-	3,525	3,525
Other comprehensive income	-	-	-	1,054	1,054
Total comprehensive income	-	-	-	4,579	4,579
Total transactions with owners recognised directly in equity	7,617	1,455	323	-	9,395
<b>Balance as at 31 March 2021</b>	<b>48,017</b>	<b>2,465</b>	<b>4,643</b>	<b>(31,322)</b>	<b>23,803</b>

\* For an overview of conversion rates please see page 6.  
Source: Financial Statements 2021 and 2020.

## Consolidated Statement of Changes in Equity

(in CAD '000)

First half of Financial Year 2020 and 2021

	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
<b>Balance as at 1 April 2020</b>	<b>40,400</b>	<b>1,010</b>	<b>4,320</b>	<b>(38,694)</b>	<b>7,036</b>
Loss for the period	-	-	-	(3,981)	(3,981)
Other comprehensive income	-	-	-	314	314
Total comprehensive income	-	-	-	(3,667)	(3,667)
Share issue net of costs – debt settlement	-	-	-	-	-
Share issue net of costs - private placement	5,306	-	-	-	5,306
Value of warrants issued	-	48	-	-	48
Warrants expired	-	(111)	111	-	-
Total transactions with owners recognised directly in equity	5,306	(63)	111	-	5,354
<b>Balance as at 30 September 2020</b>	<b>45,706</b>	<b>947</b>	<b>4,431</b>	<b>(42,361)</b>	<b>8,723</b>
<b>Balance as at 1 April 2021</b>	<b>48,017</b>	<b>2,465</b>	<b>4,643</b>	<b>(31,322)</b>	<b>23,803</b>
Profit for the period	-	-	-	(68,811)	(68,811)
Other comprehensive income	-	-	-	(911)	(911)
Total comprehensive income	-	-	-	67,900	67,900
Share issue net of costs – debt settlement	767	-	-	-	767
Share issue net of costs - private placement	2,445	-	-	-	2,445
Value of warrants issued	-	1,576	-	-	1,576
Exercise of warrants	810	(43)	-	-	767
Fair value of options expired	-	(46)	46	-	-
Total transactions with owners recognised directly in equity	4,022	1,487	46	-	5,555
<b>Balance as at 30 September 2020</b>	<b>52,039</b>	<b>3,952</b>	<b>4,689</b>	<b>36,578</b>	<b>97,258</b>

\* For an overview of conversion rates please see page 6.  
Source: Interim Financial Statements 2021/2022.

## Consolidated Statement of Cash Flows

(in CAD '000)\*

	Six months ended September 30, 2021 <sup>1</sup>	Year ended March 31 2021 <sup>2</sup>	Six months ended September 30, 2020 <sup>1</sup>	Year ended March 31 2020 <sup>3</sup>
	(unaudited)	(audited)	(unaudited)	(audited)
<b>OPERATING ACTIVITIES</b>				
Profit/(Loss) for the year before taxation	68,811	3,528	(3,978)	(570,305)
Options/warrants charge	1,533	1,778	48	174
Foreign exchange	(2,649)	260	(3,318)	(1,266)
Gain on business combination	(76,579)	(36,491)	-	(20,111)
Depletion and depreciation	366	790	198	846
Reversal of Impairment	-	18,822	(1,128)	-
Discontinued operations	-	-	-	578,104
Decommissioning provision reversed	-	(5,189)	-	-
Deferred Tax liability	-	2,398	-	-
Other gains and losses	-	-	-	(1,425)
Finance expense	1,102	1,451	284	1,742
Change in working capital	3,983	2,840	(4,623)	180
<b>Net cash used in operating activities</b>	<b>(3,433)</b>	<b>(9,813)</b>	<b>(12,517)</b>	<b>(12,061)</b>
<b>INVESTING ACTIVITIES</b>				
Cash acquired on business combination	-	-	-	105
Consideration paid on business combination	-	(150)	-	-
Purchase of property, plant and equipment	(44)	(52)	(8)	(1,347)
<b>Net cash used in investing activities</b>	<b>(44)</b>	<b>(202)</b>	<b>(8)</b>	<b>(1,242)</b>

<b>FINANCING ACTIVITIES</b>				
Proceeds from issue of shares, net of transaction costs	1,039	6,617	11,739	10,689
Proceeds from exercise of warrants and options	767	1,000	-	158
Finance Expense		(982)	-	(830)
Repayments of loans	(1,655)	(1,847)	(1,889)	(3,420)
Proceeds from loans	2,995	2,631	1,091	2,004
Interests on loans	(228)	-	-	-
Proceeds from issue of bonds	2,872	3,154	1,442	3,058
Repayment of bonds	(162)	(147)	(86)	(194)
Interests on bonds	(580)	-	-	-
<b>Net cash generated from financing activities</b>	<b>5,048</b>	<b>10,426</b>	<b>12,297</b>	<b>11,465</b>
Net (decrease)/increase in cash and cash equivalents	1,571	411	(228)	(1,838)
<b>Cash and cash equivalents at beginning of year</b>	<b>1,453</b>	<b>1,220</b>	<b>1,681</b>	<b>3,058</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,024</b>	<b>1,631</b>	<b>1,453</b>	<b>1,220</b>

The cash transactions from discontinued operations included above are as follows:

Operating activities	-	-		(2,528)
Investing activities	-	-		(696)
Financing activities	-	-		-
<b>Net cash used in discontinued operations</b>	<b>-</b>	<b>-</b>		<b>(3,224)</b>

\* For an overview of conversion rates please see page 6.

<sup>1</sup> Source: Interim Financial Statements 2021/2022.

<sup>2</sup> Source: Financial Statements 2021.

<sup>3</sup> Source: Financial Statements 2020.

## Development of the Oil Price

The following chart shows the development of monthly average West Texas Intermediate (WTI) crude oil prices for the Financial Years 2020, 2021 and 2022:

### Oil selling prices in (USD)\*

April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
<b>63.86</b>	<b>60.83</b>	<b>54.66</b>	<b>57.35</b>	<b>54.81</b>	<b>56.95</b>
October 2019	November 2019	December 2019	January 2020	February 2020	March 2020
<b>53.96</b>	<b>57.03</b>	<b>59.88</b>	<b>57.52</b>	<b>50.54</b>	<b>29.21</b>
April 2020	May 2020	June 2020	July 2020	August 2020	September 2020
<b>16.55</b>	<b>28.56</b>	<b>38.31</b>	<b>40.71</b>	<b>42.34</b>	<b>39.63</b>
October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
<b>39.40</b>	<b>40.94</b>	<b>47.02</b>	<b>52.00</b>	<b>59.04</b>	<b>62.33</b>
April 2021	May 2021	June 2021	July 2021	August 2021	September 2021
<b>61.72</b>	<b>65.17</b>	<b>71.38</b>	<b>72.49</b>	<b>67.73</b>	<b>71.65</b>
October 2021	November 2021	December 2021	January 2022	February 2022	
<b>81.48</b>	<b>79.15</b>	<b>71.71</b>	<b>83.22</b>	<b>91.64</b>	

\* For an overview of conversion rates please see page 6.

Source: [https://www.eia.gov/dnav/pet/pet\\_pri\\_spt\\_s1\\_m.htm](https://www.eia.gov/dnav/pet/pet_pri_spt_s1_m.htm).

## 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, 2021	Year ended 31 March 2021	Six months ended September 30, 2020	Year ended 31 March 2020
<b>Balance – beginning of year</b>	<b>16,219</b>	<b>13,543</b>	<b>13,543</b>	<b>9,089</b>
Accretion	-	369	41	714
On acquisition of subsidiary	-	8,304	-	5,561
Eliminated on discontinued operations	-	-	-	(1,790)
Provision written back	-	(5,189)	-	-
Decrease	(4,991)	-	-	-
Foreign currency translation	37	(808)	(277)	(31)
<b>Balance – end of year</b>	<b>11,265</b>	<b>16,219</b>	<b>13,307</b>	<b>13,543</b>

\* For an overview of conversion rates please see page 6.

Source: Financial Statements 2021 and 2020 and the Interim Financial Statements 2021/2022.

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

<b>Italy</b>	<b>FY 2021</b>	<b>FY 2020</b>
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	12.5 years	13.5 years
<b>Congo</b>	<b>FY 2021</b>	<b>FY 2020</b>
Undiscounted cash flows – uninflated*	n/a	CAD 8,500,000
Undiscounted cash flows – inflated*	n/a	CAD 11,500,000
Risk free rate	n/a	3%
Inflation rate	n/a	1.5%
Expected timing of cash flows	n/a	15 years

<b>Tunisia – decommissioning provision recalculation</b>	<b>FY 2021</b>	<b>FY 2020</b>
Start current period	01.04.2020	n/a
Anticipated abandonment date	31.12.2033	n/a
Years to abandonment	13.95	n/a
Undiscounted well costs	USD 5,946,000	n/a
Undiscounted facilities costs	USD 2,050,000	n/a
<b>Total undiscounted obligation</b>	<b>USD 7,996,000</b>	n/a
TND inflation rate (as per the Tunisian Central Bank)	5 %	n/a
USD inflation rate (as per the submitted assumption to DGH)	2 %	n/a
<b>Inflation Rate</b>	<b>4 %</b>	n/a
<b>Inflated obligation</b>	<b>USD 13,819,358</b>	n/a
Discount Rate	2 %	n/a
<b>Discounted obligation</b>	<b>USD 10,483,721</b>	n/a
<b>EPZ Share in the obligation</b>	<b>USD 4,717,675</b>	n/a
<u>Unwinding interest recalculation</u>		
<b>Interest unwind of the obligation for the period</b>	<b>USD 94,353</b>	n/a

*For an overview of conversion rates please see page 6.  
Source: Financial Statements 2021.*

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 Financial Statements 2021 as well as the Financial Statements 2020 and the Interim Financial Statements 2021/2022 have been prepared in compliance with IFRS as adopted by the IASB.

According to the independent auditor's report in the Financial Statements 2021, the Issuer is dependent upon additional fund raises within the going concern period, being the period of 12 months as of the date of signing of the Financial Statements 2021 (27 August 2021), in order to continue developing its oil and gas projects and to simultaneously satisfy loan repayments which are due within this going concern period. As of 27 August 2021, the date of the auditor's report to the Financial Statements 2021, the Issuer has not secured these funds (see in more detail section VI.11.1.1, pages 65-66).

#### **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 2021, containing comparative information for the previous year, has been prepared in compliance with IFRS 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 2021 and 31 March 2020 and the Interim Financial Statements 2021/2022 are included in this Prospectus by incorporation.

#### **11.1.7. Age of financial information**

The Financial Statements 2021, which are included in this Prospectus by incorporation, are not older than 18 months from the date of this Prospectus.

#### **11.2. Interim and other financial information**

Since the date of the last audited financial statements (31 March 2021) the Issuer has published unaudited interim financial information (the Interim Financial Statements 2021/2022) 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 year ended 31 March 2020 have been audited by PKF Littlejohn LLP, the Financial Statements as of and for the fiscal year ended 30 March 2021 have been audited by Jeffrey's Henry LLP, as set forth in their reports included therein. The audited consolidated financial statements of Zenith as of and for the fiscal years ended 31 March 2021 and 2020 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.

**11.4. 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.**

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 obtained 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 date of this Prospectus, the lawsuit is still ongoing. The Issuer and SNPC are in discussions in order to settle this issue, and all capital expenditure will be deferred until the proceeds are received. 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 2021. Since that date no significant change in the financial position of the Group has occurred.

## 12. ADDITIONAL INFORMATION

### 12.1. 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 1,872,574,449. The Issuer currently has 1,872,574,449 issued common shares, all fully paid-in, and admitted to trading on the Euronext Growth Market of Oslo Børs (ticker "ZENA") as well as 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 Issuer 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.

### 13. MATERIAL CONTRACTS

**13.1. 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.**

#### 13.1.1. 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. Convertible USD 2,500,000 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. The Issuer successfully renegotiated the loan facility on 11 March 2019 and agreed with its lenders to include the possibility of optional redemptions for set redemption amounts amortised across the duration of the loan facility to be made by the Issuer instead of the conversion of the loan facility by the lenders.

On 17 September 2019, a conversion has been made for a total of 5,343,774 common shares to a total amount of USD 140,000. At the same time the Issuer paid a total of USD 600,000 in optional redemptions to reduce the total outstanding liability.

On 1 November 2019, the Issuer and the lender agreed to increase the amount under the loan agreement by an additional USD 1,000,000 from USD 1,500,000 to USD 2,500,000, while retaining the renegotiated terms of the agreement. On 23 April 2021, the Issuer extended the maturity date for this loan, that is now repayable in April 2022 and following recent repayments, the outstanding balance amounts to currently USD 267,000.

#### **13.1.4. Share Purchase Agreement with Candax Energy Limited for the acquisition of Ecumed Petroleum Zarzis Ltd in Tunisia**

On 15 March 2021 Zenith Energy Africa Limited entered into a share purchase agreement with Candax for the acquisition of a 100 percent interest in Candax's subsidiary EPZ, which holds a 45 per cent interest in the Ezzaouia Concession. This acquisition was completed on 12 May 2021.

In total the Issuer paid USD 150,000 in cash and a further USD 100,000 in newly issued ordinary shares of the Issuers. In addition, a royalty is payable to Candax in the amount of USD 0.35 per each barrel of hydrocarbons produced from the Ezzaouia Concession oilfield and allocable to EPZ, with the royalty not being less than an amount of USD 50,000 per annum for a period of ten years.

### **13.1.5. Share Purchase Agreement with Candax Energy Limited for the acquisition of Ecumed Petroleum Tunisia Ltd in Tunisia**

On 30 April 2021, CDD, a fully owned subsidiary of the Issuer, has entered into a share purchase agreement with Candax to acquire a 100 percent interest in Candax's subsidiary EPT, which holds a 100 per cent interest in the El Bibane and Robbana concessions in Tunisia.

Pursuant to the terms of this agreement, CDD has acquired 100 per cent of the issued share capital of EPT for a nominal consideration of USD 100, as well an additional consideration of approximately USD 200,000 in the form of assumption of debt. This acquisition was completed by the end of May 2021.

### **13.1.6. Share Purchase Agreement with China National Petroleum Corporation International Ltd. for the acquisition of Canadian North Africa Oil & Gas Ltd**

On 22 November 2021, Zenith Overseas Assets Holdings Ltd has entered into a share purchase agreement with China National Petroleum Corporation International Ltd. ("CNPCI") for the acquisition of a 100 percent interest in CNAOG (Tunisian Acquisition Part II).

CNAOG holds an additional 22.5 per cent interest in the Sidi El Kilani concession together with 25 Class B (equals 25 per cent of the share capital) shares in Compagnie Tuniso-Koweito-Chinoise de Pétrole, the operator of this concession.

Pursuant to the terms of this agreement, Zenith Overseas has acquired CNAOG for a consideration of USD 1,658,680, paid by the Issuer upon completion. Up until the completion of this transaction the volume of crude oil produced from the concession and allocated to and received by CNAOG, which has not been sold or otherwise disposed of, will amount to approximately 30,000 barrels of crude oil.

The terms of this agreement constitute a new transaction and are in full and final replacement of the terms previously outlined in the share purchase agreement dated 8 September 2020.

## **14. DOCUMENTS AVAILABLE**

See section III. "GENERAL DESCRIPTION OF THE PROGRAMME" under "Documents on Display" (pages 8-9).

## **15. 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 2021 – Italy, for an effective date of 30 September 2021. The following information is based on the calculations of the Chapman Report 2021 – Italy.

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 2021 – 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 2021 – 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.

### 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 30 September 2021 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.

<b>ITALY</b>	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
<b>PROVED</b>		
Developed Producing <sup>(1)</sup>	876	11
Developed Non-Producing <sup>(2)</sup>	115	0
Undeveloped <sup>(3)</sup>	0	0
<b>TOTAL PROVED</b>	<b>991</b>	<b>11</b>
<b>TOTAL PROBABLE</b>	<b>14,921</b>	<b>241</b>
<b>TOTAL PROVED + PROBABLE</b>	<b>15,912</b>	<b>252</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 2021 – Italy, page 26.*

### Future revenues

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

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 <sup>(1)</sup>	4,931	0	2,127	0	125	2,679	0	2,679
Total Proved Plus Probable <sup>(1)</sup> <sup>(2)</sup>	101,139	0	34,199	1,530	214	65,196	0	65,196

\* For an overview of conversion rates please see page 6.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Italy, pages 27-29.

The following table shows a summary of net present values of future net revenues based on forecast prices and costs as of 30 September 2021 under consideration of the Issuer's working interest ownings of the different concessions:

ITALY Reserves Category	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
<b>PROVED<sup>(1)</sup></b>					
Developed Producing <sup>(2)</sup>	2,436	2,169	1,943	1,755	1,597
Developed Non-Producing <sup>(3)</sup>	243	212	188	167	151
Undeveloped <sup>(4)</sup>	0	0	0	0	0
<b>TOTAL PROVED<sup>(1)</sup></b>	<b>2,679</b>	<b>2,381</b>	<b>2,131</b>	<b>1,922</b>	<b>1,748</b>
<b>TOTAL PROBABLE<sup>(5)</sup></b>	62,157	22,910	12,062	7,682	5,410
<b>TOTAL PROVED PROBABLE<sup>(1)(5)</sup></b> +	<b>65,196</b>	<b>25,291</b>	<b>14,193</b>	<b>9,604</b>	<b>7,158</b>

\* For an overview of conversion rates please see page 6.

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> Additional reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Italy, pages 27-29.

The following table sets forth the future net revenues by product type based on forecast prices and costs as of 30 September 2021:

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)*
<b>ITALY</b>		
Total Proved <sup>(1)</sup>	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)	2,131
Total Proved Plus Probable <sup>(1)(2)</sup>	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)	14,193

\* For an overview of conversion rates please see page 6.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Italy, page 26.

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 30 September 2021:

Product Type by Reserve Category	Gas Reserves		NGL Reserves		Net Present Value (BIT)
	Gross	Net	Gross	Net	10%
	MMscf	MMscf	Mbbbl	Mbbbl	M\$*
<b>Proved<sup>(1)</sup></b>					
Developed Producing <sup>(2)</sup>	876	876	11	11	1,943
Developed Non-Producing <sup>(3)</sup>	115	115	0	0	188
Undeveloped <sup>(4)</sup>	0	0	0	0	0
<b>Total Proved<sup>(1)</sup></b>	<b>991</b>	<b>991</b>	<b>11</b>	<b>11</b>	<b>2,131</b>
Probable <sup>(5)</sup>	14,921	14,920	241	241	12,062
<b>Proved Plus Probable<sup>(1)(5)</sup></b>	<b>15,912</b>	<b>15,912</b>	<b>252</b>	<b>252</b>	<b>14,193</b>

\* For an overview of conversion rates please see page 6.

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> Additional reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Italy, page 26.

## 16. PROVEN RESERVES IN THE REPUBLIC OF THE CONGO

The following section is a summary of the Chapman Report 2021 – Congo (Annex 2 to this Prospectus) and is based on the calculation made therein.

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 2021 – 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 2021 – 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

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 30 September 2021 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.

<b>REPUBLIC OF THE CONGO</b>	Light and Medium Oil MSTB
<b>PROVED</b>	
Developed Producing <sup>(1)</sup>	0
Developed Non-Producing <sup>(2)</sup>	0
Undeveloped <sup>(3)</sup>	0
<b>TOTAL PROVED</b>	<b>0</b>
<b>TOTAL PROBABLE</b>	5,959
<b>TOTAL PROVED + PROBABLE</b>	<b>5,959</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 2021 – Congo, page 45.*

### Future revenues

The following table shows the undiscounted total future net revenue based on the assumption that the Tilapia II concession will be granted and forecast prices and costs, the values below refer to the Issuer's share:

<b>REPUBLIC OF THE CONGO</b>	<b>Revenue (M\$)*</b>	<b>Royalties (M\$)*</b>	<b>Total Operating Costs (M\$)*</b>	<b>Exploration and Development Costs (M\$)*</b>	<b>Abandonment and Reclamation Costs (M\$)*</b>	<b>Future Net Revenue (M\$)*</b>
Total Proved <sup>(1)</sup>	0	N/A	0	0	0	0
Total Proved Plus Probable <sup>(1)(2)</sup>	360,778	35,049	71,011	36,400	0	182,372

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Congo, page 43, page 45, pages 47-49.

The following table shows a summary of net present values of future net revenues based on forecast prices and costs as of 30 September 2021:

<b>REPUBLIC OF THE CONGO</b>	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
Reserves Category					
<b>PROVED<sup>(1)</sup></b>					
Developed Producing <sup>(2)</sup>	0	0	0	0	0
Developed Non-Producing <sup>(3)</sup>	0	0	0	0	0
Undeveloped <sup>(4)</sup>	0	0	0	0	0
<b>TOTAL PROVED<sup>(1)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROBABLE<sup>(5)</sup></b>	<b>360,778</b>	<b>231,792</b>	<b>161,249</b>	<b>119,129</b>	<b>91,799</b>
<b>TOTAL PROVED + PROBABLE<sup>(1)(5)</sup></b>	<b>360,778</b>	<b>231,792</b>	<b>161,249</b>	<b>119,129</b>	<b>91,799</b>

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> Additional reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Congo, page 45.

The following table sets forth the future net revenues by product type based on forecast prices and costs as of 30 September 2021:

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)*
<b>REPUBLIC OF THE CONGO</b>		
Total Proved <sup>(1)</sup>	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 <sup>(1)(2)</sup>	Light and Medium Oil (including solution gas and other by-products)	161,249
	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 page 6 of this Prospectus.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

*Source: Chapman Report 2021 – Congo, page 45.*

## 17. PROVEN RESERVES IN THE REPUBLIC OF TUNISIA (El Bibane, Ezzaouia, Robbana)

The following section is a summary of the Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), 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 2021 – Tunisia (El Bibane, Ezzaouia, Robbana) will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana). 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

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 of 30 September 2021 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. 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 and possible reserves.

TUNISIA	Light and Medium Oil		Conventional Natural Gas (MMscf)		Natural Gas Liquids (Mbbbl)	
	Gross MSTB	Net MSTB	gross	net	gross	net
<b>PROVED</b>						
Developed Producing <sup>(1)</sup>	234	218	5,866	5,454	129	120
Developed Non-Producing <sup>(2)</sup>	227	205	0	0	0	0
Undeveloped <sup>(3)</sup>	0	0	0	0	0	0
<b>TOTAL PROVED</b>	<b>234</b>	<b>218</b>	<b>5,866</b>	<b>5,454</b>	<b>129</b>	<b>120</b>
<b>TOTAL PROBABLE</b>	<b>3,828</b>	<b>3,507</b>	<b>5,515</b>	<b>5,112</b>	<b>86</b>	<b>79</b>
<b>TOTAL PROVED + PROBABLE</b>	<b>4,062</b>	<b>3,725</b>	<b>11,381</b>	<b>10,565</b>	<b>215</b>	<b>200</b>
<b>TOTAL POSSIBLE</b>	<b>281</b>	<b>264</b>	<b>5,690</b>	<b>5,205</b>	<b>89</b>	<b>81</b>
<b>TOTAL PROVED + PROBABLE + POSSIBLE</b>	<b>4,343</b>	<b>3,989</b>	<b>17,071</b>	<b>15,770</b>	<b>304</b>	<b>281</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), page 25 (“Summary of Company Reserves and Economics Before Income Tax”).*

### Summary of Gross reserves

The following table refers to the total gross reserves of the El Bibane license, Tunisia. At the date of this Prospectus, the issuer has a working interest in El Bibane in the amount of 100 per cent.

#### Summary of Gross Reserves 30 September 2021 El Bibane license, Tunisia

LIGHT & MEDIUM OIL	Current or initial rate (STB/d)	Ultimate reserves (MSTB)	Cumulative Production (MSTB)	Reserves (MSTB)
<u>Proved developed producing</u>				
1 producing well	80	3,137	3,115	22

*Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), page 35.*

<b>NATURAL GAS</b>	<b>Predicted Initial Rate (Mscf/d)</b>	<b>Raw Gas (MMscf)</b>	<b>Sales Gas (MMscf)</b>	<b>NGL (MBbls)</b>
<u>Proved developed producing</u>				
1 producing well	3,000	6,517	5,866	130
<u>Probable (incremental)</u>				
1 producing well	3,000	6,128	5,515	86
<u>Possible (incremental)</u>				
1 producing well	3,000	6,322	5,690	89

*Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), page 36.*

The following table refers to the total gross reserves of the Ezzaouia license, Tunisia. At the date of this Prospectus, the issuer has a working interest in Ezzaouia in the amount of 45 per cent:

**Summary of Gross Reserves  
30 September 2021  
Ezsaouia license, Tunisia**

<b>LIGHT &amp; MEDIUM OIL</b>	<b>Current or initial rate (STB/d)</b>	<b>Ultimate reserves (MSTB)</b>	<b>Cumulative Production (MSTB)</b>	<b>Reserves (MSTB)</b>
<u>Proved developed producing</u>				
4 producing wells	403	12,862	12,390	472
<u>Probable developed producing</u>				
5 developing wells		505	0	505
<u>Probable undeveloped</u>				
3 developing wells	0	6,352	0	6,352
<b>Total proved plus probable</b>		<b>19,214</b>	<b>12,390</b>	<b>7,328</b>

*Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), page 64.*

The following table refers to the total gross reserves of the Robbana license, Tunisia. At the date of this Prospectus, the issuer has a working interest in Robbana in the amount of 100 per cent:

**Summary of Gross Reserves  
30 September 2021  
Robbana license, Tunisia**

<b>LIGHT &amp; MEDIUM OIL</b>	<b>Current or initial rate (STB/d)</b>	<b>Ultimate reserves (MSTB)</b>	<b>Cumulative Production (MSTB)</b>	<b>Reserves (MSTB)</b>
<u>Proved developed producing</u>				
1 producing wells	< 20	510	510	0
<u>Probable developed producing</u>				
1 developing wells	<20	47	5	42
<u>Probable undeveloped</u>				
2 developing wells	275	700	0	700
<b>Total proved plus probable</b>		<b>1,210</b>	<b>510</b>	<b>742</b>

*Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), page 98.*

## Future revenues

The following table shows the undiscounted total future net revenue based on forecast prices and costs of El Bibane as of 30 September 2021:

<b>TUNISIA El Bibane</b>	<b>Revenue (MS)*</b>	<b>Royalties (MS)*</b>	<b>Operating Costs (MS)*</b>	<b>Other Costs (MS) <sup>(4)</sup> *</b>	<b>Future Net Revenue before Income Taxes (MS)*</b>	<b>Income Taxes (MS)*</b>	<b>Future Net Revenue after Income Taxes (MS)*</b>
Total Proved <sup>(1)</sup>	45,682	2,753	21,113	10,117	11,699	5,850	5,850
Total Proved Plus Probable <sup>(1)(2)</sup>	84,101	5,184	24,460	10,501	43,956	21,978	21,978
Total Proved Plus Probable Plus Possible <sup>(1)(2)(3)</sup>	123,223	8,154	27,919	10,892	76,257	38,128	38,128

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

<sup>(3)</sup> Reserves that are less certain to be recovered than proved reserves.

<sup>(4)</sup> Other costs are Export Payment, Net Capital, Abandon & Reclaim.

Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), pages 41-55.

The following table shows the undiscounted total future net revenue based on forecast prices and costs of Ezzaouia as of 30 September 2021, under consideration of the Issuer's Working Interest amounting to 45 per cent:

<b>TUNISIA Ezzaouia</b>	<b>Revenue (MS)*</b>	<b>Royalties (MS)*</b>	<b>Operating Costs (MS)*</b>	<b>Other Costs (MS) <sup>(3)</sup> *</b>	<b>Future Net Revenue before Income Taxes (MS)*</b>	<b>Income Taxes (MS)*</b>	<b>Future Net Revenue after Income Taxes (MS)*</b>
Total Proved <sup>(1)</sup>	14,732	1,031	9,449	3,747	505	252	252
Total Proved Plus Probable Producing <sup>(1)(2)</sup>	30,539	2,559	14,997	3,905	8,627	4,313	4,313
Total Proved Plus Probable <sup>(1)(2)</sup>	242,425	22,755	62,975	18,369	138,276	69,138	69,138

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

<sup>(3)</sup> Other costs are Export Payment, Net Capital, Abandon & Reclaim.

Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), pages 78-88.

The following table shows the undiscounted total future net revenue based on forecast prices and costs of Robbana as of 30 September 2021:

<b>TUNISIA Robbana</b>	<b>Revenue (M\$)*</b>	<b>Royalties (M\$)*</b>	<b>Operating Costs (M\$)*</b>	<b>Other Costs (M\$) <sup>(3)*</sup></b>	<b>Future Net Revenue Before Income Taxes (M\$)*</b>	<b>Income Taxes (M\$)*</b>	<b>Future Net Revenue After Income Taxes (M\$)*</b>
Total Proved <sup>(1)</sup>	0	0	0	0	0	0	0
Total Proved Plus Probable <sup>(1)(2)</sup>	51,264	1,798	11,173	14,723	23,661	11,830	11,830
Total Proved Plus Probable Plus Possible <sup>(1)(2)(3)</sup>	71,449	2,991	14,238	14,834	39,386	19,693	19,693

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

<sup>(3)</sup> Other costs are Export Payment, Abandon & Reclaim.

Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), pages 104-111.

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 30 September 2021:

<b>TUNISIA El Bibane</b>	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
Reserves Category					
<b>TOTAL PROVED<sup>(1)</sup></b>	5,850	3,950	2,555	1,520	743
<b>TOTAL PROBABLE<sup>(2)</sup></b>	16,128	12,816	10,367	8,516	7,094
<b>TOTAL PROVED PROBABLE<sup>(1)(2)</sup></b> +	21,978	16,766	12,922	10,036	7,837
<b>TOTAL POSSIBLE<sup>(3)</sup></b>	16,150	12,796	10,322	8,462	7,034
<b>TOTAL PROVED PROBABLE + TOTAL POSSIBLE<sup>(1)(2)(3)</sup></b>	38,128	29,562	23,244	18,498	14,871

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Additional reserves that are less certain to be recovered than proved reserves.

<sup>(3)</sup> Reserves that are less certain to be recovered than proved reserves.

Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), pages 41-55.

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 30 September 2021:

TUNISIA Ezzaouia	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
Reserves Category					
<b>PROVED<sup>(1)</sup></b>	252	416	529	606	657
<b>TOTAL PROBABLE<sup>(2)</sup></b>	4,061	3,415	2,896	2,475	2,131
<b>TOTAL PROVED + PROBABLE PRODUCING<sup>(1)(2)</sup></b>	<b>4,313</b>	<b>3,831</b>	<b>3,425</b>	<b>3,081</b>	<b>2,788</b>
<b>TOTAL PROBABLE NON- PRODUCING<sup>(3)</sup></b>	<b>64,824</b>	<b>44,363</b>	<b>31,646</b>	<b>23,355</b>	<b>17,723</b>
<b>TOTAL PROVED + PROBABLE<sup>(1)(2)(3)</sup></b>	<b>69,137</b>	<b>48,194</b>	<b>35,071</b>	<b>26,436</b>	<b>20,511</b>

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Additional reserves that are less certain to be recovered than proved reserves.

<sup>(3)</sup> 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.

Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), pages 78-88.

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 30 September 2021:

TUNISIA Robbana	Discounted at				
	0%/yr M\$*	5%/yr. M\$*	10%/yr. M\$*	15%/yr. M\$*	20%/yr. M\$*
Reserves Category					
<b>TOTAL PROVED<sup>(1)</sup></b>	0	0	0	0	0
<b>TOTAL PROBABLE<sup>(2)</sup></b>	<b>11,830</b>	<b>8,103</b>	<b>5,456</b>	<b>3,578</b>	<b>2,155</b>
<b>TOTAL POSSIBLE<sup>(5)</sup></b>	7,863	5,696	4,256	3,237	2,568
<b>TOTAL PROVED + PROBABLE + TOTAL POSSIBLE<sup>(1)(5)</sup></b>	<b>19,693</b>	<b>13,799</b>	<b>9,712</b>	<b>6,815</b>	<b>4,723</b>

\* For an overview of conversion rates please see page 6 of this Prospectus.

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

<sup>(2)</sup> Reserves that are less certain to be recovered than proved reserves.

<sup>(5)</sup> Other costs are Export Payment, Abandon & Reclaim.

Source: Chapman Report 2021 – Tunisia (El Bibane, Ezzaouia, Robbana), pages 104-111.

## 18. PROVEN RESERVES IN THE REPUBLIC OF TUNISIA (Sidi El Kilani)

The following section is a summary of the Chapman Report 2021 – Tunisia (Sidi El Kilani), Annex 4 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 fore 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 2021 – Tunisia (Sidi El Kilani) will be attained and variances could be

material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report 2021 – Tunisia (Sidi El Kilani). 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

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 30 September 2021 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.

This following tables only considers the 45 per cent working interest in Sidi El Kilani of the Issuer:

<b>TUNISIA (Sidi El Kilani)</b>	<b>Light and Medium Oil</b>	
	<b>Gross MSTB</b>	<b>Net MSTB</b>
<b>PROVED</b>		
Developed Producing <sup>(1)</sup>	737	648
Developed Non-Producing <sup>(2)</sup>	0	0
Undeveloped <sup>(3)</sup>	0	0
<b>TOTAL PROVED</b>	<b>737</b>	<b>648</b>
<b>TOTAL PROBABLE</b>	<b>1,634</b>	<b>1,438</b>
<b>TOTAL PROVED + PROBABLE</b>	<b>2,371</b>	<b>2,086</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 2021 – Tunisia (Sidi El Kilani), page 47.*