

GBP
ISIN: XS2478299030
YIELD: 10.5%

EUR
ISIN: XS2478298909
YIELD: 10.125%

USD
ISIN: XS2478299113
YIELD: 10.375%

BUILDING A TRANSFORMATIONAL PORTFOLIO OF PROVEN REVENUE-GENERATING ENERGY ASSETS IN AFRICA AND EUROPE



August 2022 Newsletter to Zenith Energy
Fixed Income Investors

Dear Investor,

I am pleased to report that the first six months of 2022 have been extremely positive for Zenith Energy as we have continued to achieve record revenue generation and associated profitability from our energy production and development portfolio in Italy and Africa. The current energy pricing climate for oil, gas and electricity has created unprecedented cashflow for the Company which it is reinvesting in its Tunisian and Italian portfolios to maximise production, as well as utilising its increased financial resources to reduce its exposure to short-term financial obligations and fully service all its outstanding debt instruments.

The Company has a number of significant 'growth catalysts' between now and the close of 2022 that might bring about a transformational leap forward in its size and revenue generation. This is especially the case in respect of our long-held business development objectives in the Republic of the Congo, where we expect to be awarded a new 25-year licence for the Tilapia oilfield, as well as in other jurisdictions where the Company is reviewing potential acquisition opportunities.

Whilst we have continued to proactively execute our strategy of identifying additional new assets to acquire, our attention has equally been directed towards developing the material unexploited potential of the Company's existing energy production portfolio. It is our expectation that drilling activities to be performed in Tunisia later this year will, if successful, provide substantial additional value. Similarly, the gradual reactivation of our Italian portfolio is also expected to further increase our Italian production revenue and profitability.

In summary, we intend to deliver value to Zenith Energy investors by targeting proven-revenue generating and low-risk assets that have the potential to be successfully developed with systematic technical and financial investment, as well as maximising production from our existing assets.

I thank investors for their continued commitment and support, and we look forward to our future progress with great optimism.



Andrea Cattaneo
Chief Executive Officer

Zenith's overarching strategic objective is to become a mid-tier energy company with a complementary balance of production, development and exploration assets across Africa and Europe.

RECENT CORPORATE & FINANCIAL HIGHLIGHTS OVERVIEW:

1 Record profitability of Italian natural gas and electricity production portfolio



During the month of May 2022, the Company produced a total of approximately 875.6 megawatt hours ("MWh").

Electricity prices during the month of May 2022 averaged approximately EUR 223 per MWh, resulting in net revenues of approximately EUR 195,000. Zenith's current net production costs remain fixed at approximately EUR 35,000 per month.

The Company expects revenue generation to increase during the second part of 2022 following the performance of certain maintenance work, as well as a potential increase in pricing during the summer months.

2 Reactivation of Sant'Andrea Concession in Italy



The Company has adopted a strategy of optimising its Italian portfolio, parts of which have remained dormant for some time, in the context of the increasing necessity for European domestic energy security and a strong pricing climate.

Monthly fixed production costs are expected to be approximately EUR 3,000 with estimated net revenues of approximately EUR 40,000 to EUR 50,000 per month.

3 Development of Robbana Concession



The Company announced the successful conclusion of the Robbana-1 well ("ROB-1") workover.

It also announced that it had selected the well location for the drilling of Robbana-3 ("ROB-3"), a new well that will reach a total target depth of approximately 2,500 metres, following an in-depth geological and reservoir review enhanced by new information obtained during the workover of ROB-1.

Drilling of ROB-3 is expected to commence during November 2022.

4 Lifting of crude oil production from Tunisia - US\$6.4 million



The Company announced during the month of April 2022 that it had sold 62,000 barrels of oil at a price of approximately US\$103 per barrel for production from its 45% interest in the Ezzaouia concession for receivables of approximately US\$6.4 million.

5 Issue of New Series of EMTN 2022-26

Zenith issued a new series of unsecured, multi-currency Euro Medium Term Notes at par value (the "Notes").

The Notes have been issued as part of Zenith's existing EUR 25,000,000 multi-currency Euro Medium Term Notes Programme and will mature on May 9, 2026.

They are governed by Austrian law and are not convertible into equity of the Company.

6 Reduction of Debt

Zenith fully settled its liability resulting from the loan agreements entered into with Winance, announced to the market respectively on May 26, 2021, and December 6, 2021, for a total cumulative amount of EUR 5 million.

LSE:ZEN | OSE:ZENA

Development strategy defined by:

- ▶ Acquiring and developing low-risk assets with untapped reserves and existing production
- ▶ Maximising revenue by implementing low-cost oil production models
- ▶ Ownership of key operational equipment with the objective of reducing costs, third-party delays, and decreasing reliance on third-party oilfield service companies
- ▶ Highly incentivised Board of Directors and Senior Management aligned with shareholder interests to successfully develop assets to their full potential



ZENITH ENERGY