ZENITH ENERGY LTD.

UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 AND COMPARATIVE PERIOD (SEPTEMBER 30, 2020).

Management's Responsibility

To the Shareholders of Zenith Energy Ltd.:

The accompanying unaudited condensed interim consolidated financial statements of Zenith Energy Ltd. (the "**Company**" or the "**Group**") as at and for the six months ended September 30, 2021, have been prepared by and are the responsibility of the management of the Company and are approved by the board of directors of the Company. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on currently available information.

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

(signed) "Luca Benedetto"
Chief Financial Officer

November 30, 2021

London, UK

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COMPANY INFORMATION

Directors
Dr. Jose Ramon Lopez-Portillo (Chairman and Non-Executive Director)
Andrea Cattaneo (Chief Executive Officer & President, Executive Director)
Luca Benedetto (Chief Financial Officer & Executive Director)
Dario Ezio Sodero (Non-Executive Director)
Sergey Borovskiy (Non-Executive Director)

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COMPANY INFORMATION (CONTINUED)

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HIGHLIGHTS

Highlights for the six months ended September 30, 2021, include the following:

- The Group generated revenues from oil and natural gas of CAD$6,011k (2020 – CAD$145k).
- During the six months ended September 30, 2021, the Company produced 94,662 barrels of oil from its Tunisian assets
- During the six months ended September 30, 2021, the Company sold 67,916 barrels of oil produced from its Tunisian assets.
- During the six months ended September 30, 2021, the Company sold 2,792 MWh of electricity produced from its Italian assets.
- During the six months ended September 30, 2021, the Company sold 4,742 mcf of natural gas produced from its Italian assets.

8 April 2021 - Extension of SPA for acquisition of SLK from KUFPEC

Zenith Netherlands signed an extension agreement (the "**Extension**") in respect of the conditional sale and purchase agreement ("**SPA**") it signed with KUFPEC (Tunisia) Limited ("**KUFPEC**"), a 100% subsidiary of Kuwait Foreign Petroleum Exploration Company K.S.C.C, a subsidiary of the State of Kuwait's national oil company, for a participation in, inter alia, the North Kairouan permit and the Sidi El Kilani Concession (the "**Tunisian Acquisition**"), which includes the Sidi El Kilani oilfield ("**SLK**"). The SPA was announced to the market on April 20, 2020.

The Extension was granted in view of the difficulties caused by the ongoing COVID-19 pandemic which have not enabled Completion to be achieved. The new Longstop date for Completion of the SPA was June 30, 2021, but this was amended on June 25, 2021, and a new Longstop date of October 31, 2021 was agreed.

23 April 2021 - Debt reduction, amendment of terms and issue of warrants

Zenith announced that it had reduced its liabilities, extended the maturity date of two existing loans and issued share purchase warrants to certain lenders of the Company.

On February 14, 2020, the Company announced that, in relation to its US$2.5 million convertible loan facility (the "**Facility**") it had reduced its liability to US$1.05 million. The Company confirmed that, following recent repayments, the current liability in relation to the Facility stands at US$0.7 million.

The Company confirms that it has amended the terms of the US$2.5 million convertible loan facility and of an existing revolving credit line, extending the current repayment terms. In connection with these loan extensions, Zenith has issued:

- 45,000,000 share purchase warrants exercisable at NOK 0.12 (approximately £0.01) per common share payable in full in cash on subscription, and expiring within six months from the date of issue; and,
- 13,593,113 share purchase warrants to the lenders exercisable at NOK 0.156 (approximately £0.013) per common share payable in full in cash on subscription expiring three years from the date of issue.

30 April 2021 – Acquisition of Robbana and El Bibane in Tunisia

Zenith announced that, following its market announcement dated April 21, 2021, Compagnie Du Desert Ltd ("**CDD**"), its recently incorporated fully owned subsidiary, had entered into a share purchase agreement ("**SPA**") with Candax Energy Limited ("**Candax**") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Tunisia Ltd ("**EPT**") (the "**Acquisitions**"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia.

Pursuant to the terms of the SPA, CDD has agreed to acquire 100% of the issued share capital of EPT for a nominal consideration of US$100 payable at completion, as well as additional consideration of approximately USD$200,000 in the form of assumption of debt payable by the close of May 2021.

The El Bibane concession ("**El Bibane**") is located 16 kilometers offshore from the port of Zarzis in the Gulf of Gabes, covering an area of approximately 228 square kilometers and in approximately 7-8 meters water depth. The field was discovered by Marathon Oil Corporation in 1982. However, it was not developed until 1998. Upon initial development, a peak production of 4,500 bopd was achieved. The reservoir is located in the Cretaceous Zebbag fractured dolomite formation at approximately 2,150 metres below surface. Zenith has acquired a 100% working interest in El Bibane. A total of three wells remain active.

A total of 6 wells plus 4 sidetracks have been drilled. El Bibane expires on December 31, 2033.

The Robbana concession ("**Robbana**"), covering 48 square kilometers and located onshore in the island of Djerba in the southern Gulf of Gabes, was discovered in 1988, achieving a peak production of 500 bopd in 1994.

The ROB-1 well encountered two hydrocarbon-bearing reservoirs in the Cretaceous Upper Meloussi Sandstone formation. Only two wells have been drilled in Robbana since discovery, ROB-1 which is still in production, and ROB-2 which is temporarily abandoned. Robbana expires on November 4, 2034.

30 April 2021 – Exercise of Options

Zenith announced the exercise of warrants to acquire a total of 45,000,000 new Common with an exercise price of NOK 0.12 (approximately £0.01) for a total consideration of 5,400,000 NOK (approximately £450,000).

10 May 2021 - Norwegian institutional investment

Zenith announced that it had secured Norwegian institutional investment in Zenith by way of a private placement in Norway which had also attracted the participation of a high-net-worth private investor (the "**Private Placement**").

The Private Placement has resulted in the issuance of 60 million new common shares in the share capital of the Company (the "**Private Placement Shares**") for a total consideration of NOK 6,000,000 (approximately £522,000 or EUR 600,000).

The subscription price of the Placement Shares was **NOK 0.10** (equivalent to approximately £0.087), a discount of approximately 8.75 percent in respect of the closing price of the Company's common shares admitted to trading on the Euronext Growth of the Oslo Stock Exchange on May 7, 2021.

The Company issued the following share purchase warrants ("**Warrants**") as part of the Private Placement:

- 34,284,000 Warrants with an exercise price of **NOK 0.25** expiring on July 1, 2022
- 25,716,000 Warrants with an exercise price of **NOK 0.325** expiring on July 1, 2023

Each Warrant will provide the investor the right to purchase one new common share in the share capital of Zenith upon exercise.

Proceeds from the Private Placement will be deployed to fund planned field development activities to be performed in the recently acquired Ezzaouia, El Bibane and Robbana concessions in Tunisia, as well as providing additional general working capital to support Zenith's broader development activities in Africa.

26 May 2021 – Loan for Tunisian Development

Zenith announced that it had entered into a loan agreement with Winance, a Dubai registered single-family office (the "**Lender**"), for a total amount of EUR 2.1 million (approximately £1.8 million or approximately NOK 21.4 million) (the "**Loan Agreement**").

The Loan Agreement has a duration of six months, does not attract interest and an upfront arrangement fee, equal to 5 percent of the total drawdown amount, has been paid to the Lender in accordance with the terms of the Loan Agreement.

During each month prior to the maturity date, Zenith shall make repayments in accordance with the Loan Agreement ("**Instalments**"), with the first Instalment being payable during the month of July 2021.

100,000,000 new common shares of no-par value (the "**Reserve Shares**") have been issued to the Lender to be held in a depositary institution designated by the Lender.

Under the terms of the Loan Agreement, Zenith may elect to pay each Instalment either by cash or by utilizing the Reserve Shares, by delivering to the Lender an amount of Reserves Shares equivalent to the quotient obtained by dividing the Instalment Amount by 95 percent of the applicable VWAP (volume weighted average price) for the period of ten business days prior to the due date for each Instalment.

The Company has also issued a total of 8,400,000 new common shares at a price of NOK 0.10 (equivalent to approximately £0.085) to be held in Treasury (the "**Treasury Shares**").

1 June 2021 – Debt Reduction & Issue of Warrants

As announced on January 6, 2021, the Company had an outstanding credit agreement with a financial institution in Azerbaijan for an amount US$54,650.00 plus accrued interest payable by June 30, 2021. This liability was reduced to a total amount of US$25,000.00 as per announcement dated April 23,2021, and on May 31, 2021, the Company announced that it completely repaid this facility.

The Company also announced that, in relation to the loan agreement announced on May 26, 2021, issued 89,053,125 warrants at an exercise price of NOK 0.12 and an expiry date of two years from the issue.

10 June 2021 – Drilling activities in Robbana, onshore Tunisia

The Company announced that it is in the process of finalizing plans to commence drilling activities in the recently acquired Robbana concession ("**Robbana**") in onshore Tunisia.

The Company intends to drill ROB-3, an infill vertical well, in the proximity of the producing Robbana-1 well ("ROB-1"), to a total depth of approximately 2,400 metres.

ROB-3 will target two proven hydrocarbon-bearing reservoirs in the Cretaceous Upper Meloussi sandstone formation, from which successful production has been achieved from Robbana-1 for many years.
A production of approximately 100-150 barrels of oil per day is expected in the event of a successful drilling operation, with a P10 probability of success of approximately 150-170 barrels of oil per day being achieved.

25 June 2021 – Extension of SPA longstop date for acquisition from KUFPEC, Eurobond coupon payments and new appointments to Advisory Committee

On June 25, 2021, the Company announced

- that its wholly owned subsidiary Zenith Energy Netherlands B.V. signed an extension agreement of the longstop date in respect of the conditional sale and purchase agreement it signed with KUFPEC (Tunisia) Limited ("**Kufpec**"), a 100% subsidiary of Kuwait Foreign Petroleum Exploration Company K.S.C.C, a subsidiary of the State of Kuwait's national oil company, for a participation in, inter alia, the North Kairouan permit and the Sidi El Kilani Concession. The new longstop date for Completion of the SPA was October 31, 2021. The Company is seeking to continue negotiations with Kufpec on new terms, having announced completion of the acquisition of CNPC's stake in SLK on November 22, 2021. Further updates will be provided as appropriate.

- The coupon payments, made in full and on time, were in relation to the following bond: Zenith Energy Ltd 8% Dec 2021 AT0000A23S79.

- The settlement of a liability by providing a total of 8,400,000 common shares held in treasury to a creditor wishing to be paid in equity at a price of NOK 0.12 (equivalent to approximately £0.0124).

8 July 2021 - Sale of Tunisian oil production

On July 8, 2021, the Company announced that it has signed an international crude oil lifting agreement, scheduled to take place during the month of July 2021, of approximately 68,000 barrels net to Zenith (including approximately 20,000 barrels of domestic market sales) for total receivables of approximately US$4.5 million.

29 July 2021 – Debt settlement

On July 29, 2021, the Company announced that it had concluded a debt settlement agreement (the "Debt Settlement") in respect of the drawdown of EUR 500,000 (approximately £426k or CAD$742k) (the "Credit Facility") made following the signing of a revolving line of credit agreement with a financial institution announced on February 24, 2021.

The Company has issued a total of 30,422,319 new common shares at a price of NOK 0.1725 (equivalent to approximately £0.01412 or CAD$0.025) to settle the Credit Facility in full.

In connection with the Debt Settlement, the Company has issued the Lender the following Warrants with a duration of two years:

- 20 million Warrants to acquire one common share for each Warrant at an exercise price of NOK 0.16 (equivalent to approximately £0.01310 or CAD$ 0.023).
- 23 million Warrants to acquire one common share for each Warrant at an exercise price of NOK 0.20 (equivalent to approximately £0.01637 or CAD$0.028).

20 August 2021 - Receipt of payment from SNPC subsidiary in Congo

On August 20, 2021, the Company announced that one of its fully owned subsidiaries in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.U. ("**AAOG Congo**"), has received a payment for an amount of approximately US$128,000, in respect of past oil production produced during the now expired Tilapia I licence by AAOG Congo from Congolaise de Raffinage, a subsidiary of the national oil company of the Republic of the Congo, Société Nationale des Pétroles du Congo.

23 August 2021 - Payment of multi-currency bond coupon

On August 23, 2021, the Company announced that it had recently made coupon payments, in full and on time, in respect of its multi-currency Euro Medium Term Notes the Company had issued on the Vienna MTF of the Vienna Stock Exchange.

August 31, 2021 - Exclusivity agreement for OML 141 RSC in Nigeria

On August 31, 2021, the Company announced that it had entered into an exclusivity agreement (the "**Exclusivity**") with Noble Hill-Network Limited ("**NHNL**"), a private Nigerian oil and gas company, that holds 100% of the Risk Service Contract ("**RSC**") for the development of the North-West Corner of OML 141 ("NW OML 141").

NW OML 141 covers an area of approximately 105 square kilometers in the swamp area of the Niger Delta region. The NW OML 141 RSC contains two discovered fields and one prospective field with an estimated 232.7 million barrels of discovered oil (Degeconek 2019 CPR) with the potential to grow to more than 500 million barrels of Contingent and Prospective Resources with several TCF of prospective natural gas and condensate.

The discovered fields include the potentially highly productive Elepa South and Barracuda oilfields, which are both categorized as discoveries under SPE-PRMS rules and are 'drill-ready' with the first well location having already been purchased and the necessary civil works having already been performed. The prospective field, Curlew Channel, is a large multi TCF natural gas and condensate prospect containing the deeper "U" and "X" reservoirs identified both on the Northern boundary of the Risk Service Contract Area ("**RSCA**") in NW OML 141 and the nearby Shell OML 33. NHNL plans to commence drilling activities before the close of 2021 and start production through an Early Production Facility shortly thereafter.

Under the terms of the Exclusivity, Zenith has a period of 90 days during which to conduct due diligence and to evaluate the opportunity to participate in the RSC via the potential purchase of an equity stake in NHNL, the sole holder of the RSC.

The Company underlined that no terms for any possible transaction have been discussed at this point.

September 6, 2021 - Commencement of ROB-1 workover, Tunisia

On September 6, 2021, the Company announced the commencement of workover activities in well Robbana-1 ("**ROB-1**") in the Robbana concession, onshore Tunisia.

Prior to the beginning of workover operations, ROB-1 produced at a stabilized rate of approximately 20 bopd, with the last well intervention having taken place in 2012.

September 9, 2021 - Granting of Stock Options

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

September 14, 2021 - Credit Rating Upgrade

On September 14, 2021, the Company announced that BCRA Credit Rating Agency AD ("**BCRA**") has upgraded Zenith's long-term debt issuer credit rating to 'B- with Positive Outlook'.

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

CEO STATEMENT

During what has been a challenging period for the global markets, I am very pleased with how Zenith has performed. We achieved several key corporate and operational milestones and stand poised to take the business from strength to strength from here. As we sit today, while there continues to be uncertainty surrounding the COVID-19 pandemic, energy prices have rebounded and the demand for hydrocarbons continues to attract investment into the sector.

Zenith maintains its overarching strategic objective of becoming a mid-tier, Africa focused hydrocarbon production and exploration Group, and the Company took important steps towards achieving this ambition during the last six months. We continue to direct our attention towards assets with proven development potential that can deliver further incremental value via development drilling, field rehabilitation, and low-risk exploration activities.

As a leadership team, we want to maximize our development efforts in order to ensure that Zenith becomes a stronger and more attractive entity with significant future development potential, and we believe we are well placed to do this. We will continue to evaluate the acquisition of additional energy production opportunities building on the momentum of our recent progress to further support the Group's expansion.

We believe this strategy has the potential to deliver considerable returns to our stakeholders, for a number of reasons. Firstly, opportunities have arisen for companies like ours to acquire, at commercially advantageous terms, oil and gas production and exploration assets being divested by many oil majors and leading oil and gas companies. But in the right hands and with the right operational upgrades implemented, they still hold considerable value. We see it as an opportunity for businesses such as Zenith to unlock this value.

Moving onto our portfolio, we are very pleased to have successfully concluded the acquisition of a 22.5 percent interest in the North Kairouan permit and the Sidi El Kilani Concession ("SLK") in Tunisia from CNPC. This provides Zenith with immediate additional daily production revenue, alongside the potential for further development of SLK which we believe has significant unexploited potential. In line with our bullish take on the licence, we remain committed to completing negotiations with KUFPEC for the acquisition of an additional 22.5% interest in the SLK and the North Kairouan permit in due course, bringing our interest to a total of 45%.

We are very pleased to have increased our footprint in Tunisia, a country where Zenith now has a well-established position. The country will we believe become increasingly attractive as reforms are implemented and, in line with this, we hope to progressively further increase our footprint in-country.

In the Republic of Congo, Zenith has announced that the Company had presented a comprehensive commercial and technical offer to the Ministry of Hydrocarbons and that we hope to be awarded a new 25-year license for the Tilapia oilfield (which will be named Tilapia II). Zenith remains fully confident to obtain a new 25-year license in due course. At the same time, we are diligently progressing the recovery of the $5.7 million owed by Société Nationale des Pétroles du Congo ("SNPC") and we look forward to keeping our shareholders appraised on developments accordingly.

In closing, I would like to thank our shareholders and wider stakeholders for their loyal support during the period. Following successful completion of the ca. £3 million fundraise we did earlier in November, Zenith has a robust balance sheet and is well funded to progress its current workstreams, pursue new value accretive opportunities and systematically deliver on the objectives we have set for ourselves. We fully believe that our new geographic concentration in Africa will enable the Group to achieve successful development and deliver value to our investors over the coming years. I look forward to updating the market further on our progress as and when appropriate.

Andrea Cattaneo
President, CEO and Director

Tunis, Republic of Tunisia

November 30, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended	
		September 30, 2021	September 30, 2020
Continuing operations	**Note**	**CAD $'000**	**CAD $'000**
Revenue		6,011	145
Cost of sales			
Production costs		(4,825)	(656)
Depletion and depreciation	9	(366)	(198)
Gross profit/(loss)		**820**	**(709)**
Administrative expenses	5	(7,083)	(3,548)
Operating loss		**(6,263)**	**(4,257)**
Gain on business combination		76,579	-
Finance expense	7	(1,505)	(284)
Gain/(loss) for the period before taxation		**68,811**	**(4,541)**
Taxation	8	-	(3)
Gain/(loss) for the period from continuing operations attributable to owners of the parent		**68,811**	**(4,544)**
Profit/(loss) from discontinued operations (attributable to owners of the parent)	19	-	563
Gain/(loss) for the period attributable to owners of the parent		**68,811**	**(3,981)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(911)	314
Other comprehensive income for the period, net of tax		**(911)**	**314**
Total comprehensive income/(loss) for the period attributable to owners of the parent		**67,900**	**(3,667)**
Earnings per share	21	**CAD $**	**CAD $**
Profit/(loss) for the period - basic		0.05	(0.01)
Profit/(loss) for the period – diluted		0.04	(0.01)
From continuing operations - basic		0.05	(0.01)
From continuing operations - diluted		0.04	(0.01)
From discontinued operations - basic and diluted		-	0.001

The notes on pages 18 to 69 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Six months ended	
		September 30, 2021	September 30, 2020
ASSETS	**Note**	**CAD $'000**	**CAD $'000**
Non-current assets			
Property, plant and equipment	9	132,029	33,230
Financial assets at amortised cost	10	64,281	12
		196,310	**33,242**
Current assets			
Inventory	11	1,550	682
Trade and other receivables	12	9,924	15,258
Director's loan account	12	-	136
Cash and cash equivalents		3,024	1,453
		14,498	**17,529**
TOTAL ASSETS		**210,808**	**50,771**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	14	52,039	45,706
Share warrants & option reserve	15	3,952	947
Contributed surplus		4,689	4,431
Retained earnings		36,578	(42,361)
Total equity		**97,258**	**8,723**
Non-current liabilities			
Loans	17	186	1,903
Non-convertible bonds	18	5,374	4,456
Deferred consideration payable	6	62,464	-
Deferred tax liabilities	8	2,398	2,398
Decommissioning provision	20	11,265	13,307
Retirement provision		-	48
Total non-current liabilities		**81,687**	**22,112**
Current Liabilities			
Trade and other payables	16	19,518	17,739
Loans	17	4,341	1,903
Non-convertible bonds	18	4,805	294
Deferred consideration payable	6	3,199	-
Total current liabilities		**31,863**	**19,936**
TOTAL EQUITY AND LIABILITIES		**210,808**	**50,771**

Approved by the Board dated on November 30, 2021
Signed ....
Jose Ramon Lopez-Portillo Chairman
The notes on pages 18 to 69 form part of the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent				
	Share capital	**Share warrants & option reserve**	**Contributed surplus**	**Retained earnings**	**Total**
	CAD $'000	**CAD $'000**	**CAD $'000**	**CAD$'000**	**CAD $'000**
Balance as at April 1, 2020	**40,400**	**1,010**	**4,320**	**(38,694)**	**7,036**
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 recognized directly in equity	5,306	(63)	111	-	5,354
Balance as at September 30, 2020	**45,706**	**947**	**4,431**	**(42,361)**	**8,723**
Balance as at April 1, 2021	**48,017**	**2,465**	**4,643**	**(31,322)**	**23,803**
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 recognized directly in equity	4,022	1,487	46	-	5,555
Balance as at September 30, 2021	**52,039**	**3,952**	**4,689**	**36,578**	**97,258**

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital
Share warrants & option reserve	Relates to increase in equity for services received – equity settled share transactions
Contributed surplus	Expired share options and warrants issued in previous years
Retained earnings	Cumulative net gains and losses recognized in the consolidated statement of comprehensive income.

The notes on pages 18 to 69 form part of the Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended	
		September 30, 2021	September 30, 2020
OPERATING ACTIVITIES	**Note**	**CAD $'000**	**CAD $'000**
Profit/(loss) for the period before taxation		68,811	(3,978)
Foreign exchange		(2,649)	(3,318)
Gain on business combination	6	(76,579)	-
Finance expense	7	1,102	284
Depletion and depreciation	9	366	198
Reversal of impairment		-	(1,128)
Change in working capital	13	3,983	(4,623)
Options/warrants charge	15	1,533	48
Net cash used in operating activities		**(3,433)**	**(12,517)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(44)	(8)
Net cash used in investing activities		**(44)**	**(8)**
FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		1,039	11,739
Proceeds from exercise of options		767	-
Repayments of loans	17	(1,655)	(1,889)
Proceeds from loans	17	2,995	1,091
Interests on loans	17	(228)	-
Proceeds from issue of bonds	18	2,872	1,442
Repayment of bonds	18	(162)	(86)
Interests on bonds	18	(580)	-
Net cash generated from financing activities		**5,048**	**12,297**
Net increase/(decrease) in cash and cash equivalents		1,571	(228)
Cash and cash equivalents at beginning of period		**1,453**	**1,681**
Cash and cash equivalents at end of period		**3,024**	**1,453**

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

Operating activities	-	424
Investing activities	-	-
Net cash generated in discontinued operations	**-**	**424**

Notes to the financial statements

Notes to the financial statements

1. Corporate and Group information

The consolidated financial statements of Zenith Energy Ltd. and its subsidiaries (collectively, the "**Group**") have been prepared on the basis set out below. Zenith Energy Ltd are exempt from preparing separate parent company financial statements for the six months ended 30 September 2021 in line with the Canada Business Corporations Act.

Zenith Energy Ltd. ("**Zenith**" or the "**Group**") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on September 20, 2007, and is domiciled in Canada. The address of the Group's registered office is Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada and its business address is Suite 4000, 421 - 7th Avenue SW, Calgary, T2P 4K9, Alberta, Canada. . The Group's primary business activity is the international development of oil and gas production and development assets. As publicly reported, the Group is currently in the process of seeking to complete a number of acquisitions in Africa.

The Company's website is www.zenithenergy.ca.

Zenith is a public company listed on the Main Market of the London Stock Exchange under the ticker "**ZEN**", and with its entire common share capital admitted to trading on the Euronext Growth Oslo under the ticker "**ZENA**".

2. Basis of preparation

The consolidated financial statements presented in this document have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared under the historical cost convention except for financial instruments which are measured at fair value through profit or loss. The financial statements are presented in Canadian Dollars (CAD$) and have been rounded to the nearest thousand (CAD$'000) except where otherwise indicated.

The Board has reviewed the accounting policies set out below, which have been applied consistently, and considers them to be the most appropriate to the Group's business activities.

Presentation and functional currency

The presentation currency of the Group is the Canadian dollar ("**CAD$**").

Functional currency is the currency of the primary economic environment in which a company operates. The functional currency of the Group's subsidiaries are; United States ("**US$**") dollars for the subsidiaries in Tunisia, Dubai, British Virgin Islands (including Azerbaijan operations) and Republic of the Congo, Euros ("**EUR**") for the subsidiary in Italy, Sterling ("**GBP**") for the subsidiary in the United Kingdom, Swiss Francs ("**CHF**") for the subsidiary in Switzerland and Norwegian Krone ("**NOK**") for the subsidiary in Norway.

The functional currency is determined by the Directors by looking at a number of relevant factors including the currency in which Group entities usually generate and spend cash and in which business transactions are normally denominated.

All of the transactions that are not in the functional currency are treated as foreign and indicate currency transactions.
The factors that have determined the adoption of the CAD$ as presentation currency include:

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

Going concern

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

The Directors have reviewed the cash flow forecasts prepared by management up to and including August 2022, which are prepared on the basis that the Group continues to hold title to the African oil and gas asset and which takes into account the fund raises completed post year end, as well as loan repayments which fall due within 12 months of the date of the signing of the financial statements. The cashflow forecasts also include the investments in respect of well interventions in Tunisia, which the Group believe will be covered by a combination of funding generated by operations, funds raised post year end, funds to be received from the national oil company of the Republic of the Congo (SNPC), as well as further planned fund raises within the going concern period. The Directors believe that the planned fund raises via the various sources of capital available to the Group will be successful. The Group's ability to raise funds has been demonstrated in the year ended March 31, 2021, and in the six months ended September 30, 2021. However, as at the date of approval of the financial statements, these funds have not been secured. At present the Group believes that there should be no significant material disruption to its operations from COVID-19 in the near term, but the Board continues to monitor these risks and the Group's business continuity plans.

Having prepared cash flow forecasts based on current and expected future resources, the Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group will continue to have adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the financial statements. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

The Directors have made reference to going concern, because they consider that there is a material uncertainty, relating to the financing/restructuring of the loan/bond repayment and the financing of the development plans, which may cast significant doubt over the going concern basis of preparation

New standards and interpretations

a. Adoption of new and revised standards

The following IFRSs or IFRIC interpretations are those that were effective for the first time for the financial year beginning April 1, 2021 and relevant to the entity:

<table>
<tr><th>STANDARD</th><th>CHANGE</th></tr>
<tr><td>Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions</td><td>As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.</td></tr>
<tr><td>IFRS 3 Business Combinations</td><td>Definition of Business: The amendments:
confirmed that a business must include inputs and a process, and clarified that:
the process must be substantive; and
the inputs and process must together significantly contribute to creating outputs.
narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.</td></tr>
<tr><td>IFRS 7 Financial Instruments Disclosures, IFRS 9 Financial Instruments &IAS 39 Financial Instruments: Recognition and Measurement</td><td>Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 andIFRS 7 amend requirements for hedge accounting to support the provisionof useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.
The amendments modify some specific hedge accounting requirements to provide relief from potential effects of theuncertainty caused by the IBOR reform.
In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.</td></tr>
<tr><td>IAS 1 Presentation of Financial Statements</td><td>Definition of Material: The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.</td></tr>
</table>

IAS 8 *Accounting Policies, Changes in Accounting Estimatesand Errors*	*Definition of Material:* The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
References to the Conceptual Framework	The revised Conceptual Framework was published in March 2018. Together with the publication, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20,IFRIC 22, and SIC-32.

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

b. New standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standards Issued and Effective on or after 1 January 2022

STANDARD	CHANGE
IFRS 17 *Insurance Contracts*	IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. This standard replaces IFRS 4 – Insurance contracts.The key principles in IFRS 17 are that an entity: a) identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specifieduncertain, future event (the insured event) adversely affects the policyholder. b) separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts. c) divides the contracts into groups it will recognize and measure. d) recognizes and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all the available information about the fulfilment cash flows in a way that is consistent with observable marketinformation plus (if this value is a liability) or minus (if this value is an asset) an amount representing the unearned profit in the group of contracts (the contractual service margin); e) recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk, if a group of contracts is or becomes loss-making, an entity recognizes the loss immediately.

	f) presents separately insurance revenue, insurance service expenses and insurance finance income or expenses. g) discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity. To do this, an entity discloses qualitative and quantitative information about: h) the amounts recognized in its financial statements from insurance contracts. i) the significant judgements, and changes in those judgements, made when applying the Standard; and j) the nature and extent of the risks from contracts within the scope of this Standard.

Narrow Scope Amendments Effective on or after 1 January 2022

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

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Consolidation

The following entities have been consolidated within the Group's financial statements:

Name	*Country of incorporation and place of business*	*Proportion of ownership interest*	*Principal activity*
Canoel Italia S.r.l. (1)	Genova, Italy	98.6%	Gas, electricity and condensate production
Ingenieria Petrolera del Rio de la Plata S.r.l.	Argentina	100%	Not trading
Zenith Aran Oil Company Limited	British Virgin Islands	100%	Not trading
Aran Oil Operating Company Limited	British Virgin Islands	80% owned subsidiary of Zenith Aran Oil Company Limited	Not trading
Zenith Energy (O&G) Ltd	United Kingdom	100%	Administrative services
Zena Drilling Limited	Incorporated in UAE Place of business: Azerbaijan	100%	Oil and gas drilling
Altasol SA	Switzerland	100%	Oil trading
Zenith Norway AS (2)	Norway	100%	Holding Company
Anglo African Oil & Gas Congo S.A.S. (3)	Republic of the Congo	100%	Oil production
Zenith Energy Africa Holdings (4)	United Kingdom	100%	Holding Company
Zenith Energy Africa Ltd (4)	United Kingdom	100% through Zenith Energy Africa Holdings	Holding Company
Compagnie Du Desert Holdings Ltd (5)	United Kingdom	100%	Holding Company

Compagnie Du Desert Ltd (5)	United Kingdom	100% through Compagnie Du Desert Holdings Ltd	Holding Company
Ecumed Petroleum Zarzis Ltd	Tunisia	100% through Zenith Energy Africa Ltd	Oil production
Ecumed Petroleum Tunisia Ltd	Tunisia	100% through Compagnie Du Desert Ltd	Oil production
Zenith Energy Congo SA	Republic of the Congo	100%	Oil & Gas

(1) Zenith Energy Ltd. has 100% control over Canoel Italia S.r.l. The Group granted 1.4% to the Director managing the Italian subsidiary in order to limit the risk of any liability to that entity. Therefore, no non-controlling interest arises from the consolidation of this subsidiary.

(2) On January 30, 2020, the Company announced the establishment of its fully owned Norwegian subsidiary, Zenith Energy AS ("**Zenith Norway**"), to be used as a vehicle for intended participation in future licensing bids to be organized by the Norwegian Ministry of Petroleum and Energy, as well as to actively pursue the potential acquisition of working interests in mature energy production assets across Northern Europe.

(3) On January 13, 2020, the Company announced the passing of a resolution by the shareholders of Anglo African Oil & Gas plc to approve the share purchase agreement, signed between the parties on December 27, 2019, for the acquisition of its fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.S.

(4) On March 15, 2021, the Company announced that Zenith Energy Africa Limited ("**ZEAL**"), its newly incorporated fully owned subsidiary (controlled on behalf of Zenith Energy Africa Holdings Ltd), has entered into a share purchase agreement ("**SPA**") with Candax Energy Limited ("**Candax**") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Zarzis Ltd ("**EPZ**") (the "**Acquisitio**n"), which holds a 45% interest in the Ezzaouia Concession ("**Ezzaouia**").

(5) On April 30, 2021, Zenith announced that, following its market announcement dated April 21, 2021, Compagnie Du Desert Ltd ("**CDD**"), its recently incorporated fully owned subsidiary, has entered into a share purchase agreement ("**SPA**") with Candax Energy Limited ("**Candax**") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Tunisia Ltd ("**EPT**") (the "**Acquisitions**"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Adjustments are made to the results of subsidiaries to bring the accounting policies used by them, with those used by the Group.

Intercompany balances and transactions are eliminated on consolidation, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

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

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

<u>Discontinued operations</u>
A discontinued operation is a component of the entity that represents a separate major line of business or geographical area of operations that has been disposed of, is held for sale or has been abandoned. The Group classifies operations as discontinued based on the criteria within IFRS 5. When an operation is classified as discontinued, the results of discontinued operations are presented separately in the Statement of Comprehensive Income and also reclassifies the equivalent amounts from the comparative amounts in order for the financial statements to be comparable.

<u>Property, plant and equipment</u>
Development and production expenditures
Development and production ("**D&P**") assets include costs incurred in developing commercial reserves and bringing them into production. Items of property and equipment, including D&P assets, are carried at cost less accumulated depletion and depreciation and accumulated impairment losses.

When significant parts of D&P assets have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of D&P assets are determined by comparing the proceeds of disposal with the carrying amount of the item and are recognized in profit or loss.

<u>Business combinations</u>
The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, a bargain purchase gain is recognized immediately in the consolidated statement of comprehensive income.

Transaction costs that are incurred in connection with a business combination other than those associated with the issue of debt or equity instruments are expensed as incurred.

Intercompany balances and transactions are eliminated on consolidation, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Subsequent costs
Costs incurred subsequent to the determination of technical feasibility and commercial viability, costs of replacing parts of property and equipment and work-overs of property and equipment are recognized only if they increase the economic benefits of the assets to which they relate. All other expenditures are recognized in profit or loss when incurred. The carrying amounts of previous inspections or any replaced or sold components are derecognized. The costs of day-to-day servicing of an item of property and equipment are recognized in profit or loss as incurred.

Depletion and depreciation
The net book value of producing assets are depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related proved and probable reserves, as determined by an independent reserve engineer, taking into account estimated future development costs necessary to bring those reserves into production. For purposes of these calculations, relative volumes of natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

Impairment
At the end of each reporting period, the Group reviews the D&P assets for circumstances that indicate the assets may be impaired. Assets are grouped together into cash-generating units ("**CGUs**") for the purpose of impairment testing.

If any such indication of impairment exists, the Group makes an estimate of its recoverable amount. A CGUs recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of future cash flows expected to be derived from the production of proved and probable reserves.

Fair value less costs to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of D&P assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.

These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is allocated on a pro rata basis to the assets within the CGU. The impairment loss is recognized as an expense in profit or loss.

At the end of each subsequent reporting period, these impairments are assessed for indicators of reversal.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss have been recognized for the asset or CGU in prior periods.

A reversal of an impairment loss is recognized in profit or loss.

Decommissioning provision

The Group recognizes a decommissioning obligation in the period in which a well is drilled or acquired and a reasonable estimate of the future costs associated with removal, site restoration and asset retirement can be made. The estimated decommissioning provision is recorded with a corresponding increase in the carrying amount of the related cost center.

Decommissioning provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the unwinding of discount and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the unwinding of discount is recognized as finance expenses. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in bank accounts and cash in hand.

Inventory

Inventory consists of crude oil which is recorded at the lower of cost and net realizable value. The cost of producing crude oil is accounted on a weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the producing cost, including royalties. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost using the effective interest method:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Impairment of financial assets

The Group applies the expected credit loss model to financial assets measured at amortized cost or at fair value through other comprehensive income. There are no financial assets other than trade receivables.

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

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

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

Compound financial instruments
Compound financial instruments include convertible notes which can be converted into a fixed number of common shares for a fixed amount of consideration. The compound financial instrument is bifurcated and recorded with a liability and equity component. The liability component is initially recognized as the fair value of the liability without the conversion feature, which is calculated using inputs that fall within level 1 of the fair value hierarchy of IFRS 13. The equity component is recognized as the difference between the fair value of the convertible debt and the fair value of the liability component.
Transaction costs are proportionately allocated between the components. Subsequently, the liability component is measured at amortized cost using the effective interest method and accretes up to the principal balance at maturity.

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

De-recognition of financial liabilities

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

Amortized cost and effective interest method

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

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.
Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of

the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

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

Share capital

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

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

Share-based payments

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

Earnings per share

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

Revenue from contracts with customers

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

Foreign currency translation

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

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

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

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

Finance expense

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

Taxation

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

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings are initially recognized at fair value, which equates to the value of proceeds received net of any directly attributable arrangement costs. Subsequent to initial recognition these borrowings are stated at amortized cost using the effective interest rate method.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions about the future. The relating accounting estimates will by definition, seldom equal to related achieved result. The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Going concern
Management have prepared the financial statements on a going concern basis of accounting which, as stated in note 2, is dependent on the group being able to raise additional funding as required. This is considered to be a critical accounting judgement.

Property, plant and equipment
Management reviews the Group's property, plant and equipment annually for impairment indicators.

The determination of recoverable amounts in any resulting impairment test requires judgement around key assumptions. Key assumptions in the impairment models include those related to prices that are based on forward curves and long-term corporate assumptions thereafter, discount rates, that are risked to reflect conditions specific to individual assets, future costs, both capital and operating that are based on management's estimates having regard to past experience and the known characteristics of the individual assets, reserves and future production, which are discussed further on note 11. The carrying value of property, plant and equipment as of September 30, 2021, was CAD$132,029k (2020 – CAD $33,230k).

Proved and probable reserves and contingent resources
The volume of proved and probable oil and gas reserves is an estimate that affects the unit of production depreciation of producing oil and gas property, plant and equipment as well as being a significant estimate affecting decommissioning provisions, impairment calculations and the valuation of oil and gas properties in business combinations. Contingent resources affect the valuation of exploration and exploration assets acquired in business combinations and the estimation of the recoverable value of those assets in impairment tests.

Proved and probable reserves and contingent resources are estimated using standard recognized evaluation techniques. Estimates are reviewed at least annually and are regularly estimated by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

The Group's reserves are evaluated and reported on by independent reserve engineers at least annually. The engineers issue a Competent Person's Report ("**CPR**") and the latest version was issued in July 2021 in relation to the Group's Italian and Congolese assets. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgement and interpretation.

Decommissioning costs
Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations.

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed periodically and is based on forecast price levels and technology at the Statement of Financial Position date. Provision is made for the estimated cost at the Statement of Financial Position date, using a discounted cash flow methodology and a risk-free rate of return. Details of the Group's decommissioning costs are disclosed in note 22. The carrying value of the decommissioning costs as of September 30, 2021, is CAD $11,265k (2020 – CAD $13,307k).

Provisional fair values used in business combination accounting
As disclosed in note 6 the Group has applied the provisions within IFRS 3 to use provisional fair values in the business combination accounting in respect of the acquisition of AAOG. Management has elected to recognize the assets and liabilities at their book value, without any adjustment for fair value at the date of acquisition which is considered to be the most prudent approach while an exercise to complete a formal purchase price allocation is undertaken. Once the purchase price allocation has been completed management will update the provisional accounting to their fair values where there are material differences.

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

Equity Sharing Agreement (ESA)

As of March 31, 2020, the Company identified a trade receivable, that could be impaired due to the conditions of the contract.

On February 14, 2020, the Company announced that it has entered into an equity sharing agreement, with a consortium of institutional investors, for a total amount of NOK 9,700k (approximately CAD$1,389k), by a subscription for 50,000,000 new common shares, an issue price of NOK 0.194 per share.

As of March 31, 2020, the current share price was lower than the benchmark price and the Board made calculations to estimate value of the receivable as of March 31, 2020. It resulted in an impairment of the facility of CAD$700k. If the share price continues to remain lower than the benchmark price within the contract, further impairments may arise. As of September 30, 2021, The Company considers the impairment still sufficient to cover the price risk and currently further impairments is not requested.

Congo – receivable from SNPC

As part of the business combination of AAOG, the Group acquired another receivable due from SNPC, of approximately US$5.7 million (equivalent to approximately CAD$8M) as a result of the work conducted to date on the License. Zenith has met with SNPC and expects to obtain the full repayment of the aforementioned amount. In addition, it is expected that the signature bonus of US$2 million that will become payable should the Group be successful in its tender for a new license will be offset from the receivable which would further demonstrate the recoverability of the amount.

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

5. Administrative expenses

During the six months ended September 30, 2021, the Group incurred CAD$ 7,083k (2020 - CAD$ 3,548k) of administrative expenses. Furthermore, during the same period the Group incurred CAD$ 1,829k (2020 - CAD$ 703k) of non-recurring expenses which relate to the cost of raising funds, negotiation costs for the potential acquisition of producing assets and share based payments costs, which is a non-cash item.

The increase in the administrative expenses registered during the six months ended September 30, 2021 when compared to 2020, is due to non-cash items such as the re-translation of the intercompany figures for CAD$ 2,605k, the fair value for the options issued during the period for CAD$1,485, and the increase of the professional fees paid in connection with the acquisition of the assets in Tunisia (+ CAD$1,077k).

	Six months ended September 30,	
	2021	**2020**
	CAD$'000	**CAD$'000**
Auditors remuneration - audit fees Group	**-**	**-**
Accounting and bookkeeping	**39**	**19**
Legal	**-**	**39**
Other professional fees	**1,397**	**320**
Office	**127**	**365**
Administrative expenses	**69**	**178**
Foreign exchange loss	**2,650**	**645**
Other administrative expenses	**87**	**271**
Salaries	**617**	**669**
Travel	**268**	**339**
General and administrative expenses	**5,254**	**2,845**
Non-recurring expenses		
Listing costs	**36**	**524**
Negotiation costs for acquisitions	**115**	**131**
Bond Issue costs	**145**	**-**
Share based payments	**1,533**	**48**
Total non-recurring expenses	**1,829**	**703**
Total general and administrative expenses	**7,083**	**3,548**

6. Business combinations

On April 30, 2021, Zenith announced that, following its market announcement dated April 21, 2021, Compagnie Du Desert Ltd ("**CDD**"), its recently incorporated fully owned subsidiary, has entered into a share purchase agreement ("**SPA**") with Candax Energy Limited ("**Candax**") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Tunisia Ltd ("**EPT**") (the "**Acquisitions**"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia.

Pursuant to the terms of the SPA, CDD has agreed to acquire 100% of the issued share capital of EPT for a nominal consideration of US$100 payable at completion, as well an additional consideration of approximately USD$200,000 in the form of assumption of debt payable by the close of May 2021.

The El Bibane concession ("**El Bibane**") is located 16 kilometers offshore from the port of Zarzis in the Gulf of Gabes, covering an area of approximately 228 square kilometers and in approximately 7-8 meters water depth. The field was discovered by Marathon Oil Corporation in 1982. However, it was not developed until 1998. Upon initial development, a peak production of 4,500 bopd was achieved. The reservoir is located in the Cretaceous Zebbag fractured dolomite formation at approximately 2,150 meters below surface. Zenith has acquired a 100% working interest in El Bibane. A total of three wells remain active. A total of 6 wells plus 4 sidetracks have been drilled. El Bibane expires on December 31, 2033.

The Robbana concession ("**Robbana**"), covering 48 square kilometers and located onshore in the island of Djerba in the southern Gulf of Gabes, was discovered in 1988, achieving a peak production of 500 bopd in 1994.

The ROB-1 well encountered two hydrocarbon-bearing reservoirs in the Cretaceous Upper Meloussi Sandstone formation. Only two wells have been drilled in Robbana since discovery, ROB-1 which is still in production and ROB-2 which is temporarily abandoned. Robbana expires on November 4, 2034.

The fair values of the assets acquired, the liabilities and contingent liabilities assumed are based on the Net Present Value ("NPV") of future cash flows included in the Competent Persons Report prepared on behalf of the Group by Chapman Petroleum Engineering Ltd. ("Chapman"), a registered Professional Engineer in the Province of Alberta (Canada), permit number P 4201 of the association of Professional Engineers and Geoscientist of Alberta (Canada).

There was an effective USD$100.00 (CAD$127 equivalent) acquisition price. The acquisition has been accounted for as a business combination using the acquisition method of accounting and resulted in a bargain purchase as follows:

Fair value of net assets acquired CAD$'000	
Development and production assets (net of taxation and royalties)	41,044
Other assets	69,094
Capital Costs	(23,426)
Decommissioning Obligations	(1,125)
Other liabilities	(111,850)
NPV of the assets	(26,263)
Other assets acquired	102,842
Less: Consideration paid	-
Gain on business combination	76,579

The activity of the newly-acquired Tunisian subsidiaries are included within note 29 'Operating segments'.

Development and production (D&P) assets

The estimated value of the D&P assets acquired was determined using both estimates and an independent reserve evaluation based on oil and gas reserves discounted at 10%.

Decommissioning provisions

The fair value of decommissioning obligations assumed was determined using the timing and estimated costs associated with the abandonment, restoration, and reclamation of the wells and facilities acquired, discounted at a credit adjusted rate.

DEFERRED CONSIDERATION PAYABLE

Capital Costs

According to the CPR Report, the total capital expenditures of USD$ 20 million have been estimated for the overall property.

Operating costs

Operating costs have been estimated to be USD$ 87.3 million based on historical and budget information provided by operator of the property.

DEFERRED CONSIDERATION PAYABLE	September 30, 2021 CAD$'000	September 30, 2020 CAD$'000
Capital costs		
Current portion	3,199	-
Non-Current portion	62,464	-
As of 30 September	**65,663**	**-**
Deferred Consideration payable current	3,199	-
Deferred Consideration payable non-current	62,464	-
Total	**65,663**	-

The deferred consideration liability has been measured at the present value of contracted future cash flows. The value and timing of contracted future cash flows has been included in note 26.

7. Finance expense

	Six months ended September 30,	
	2021	**2020**
	CAD $'000	**CAD $'000**
Effective interest on financial liabilities held at amortised cost	(580)	(284)
Interest expense	(522)	-
Finance expenses	(403)	-
Net finance expense	**(1,505)**	**(284)**

8. Taxation

	Six months ended September 30,	
	2021	**2020**
	CAD $'000	**CAD $'000**
Current tax	**-**	**3**
Deferred tax	**-**	**-**
Total tax charge for the period	**-**	**3**

The tax (credit) / charge for the six months ended September 30, 2021 comprised CAD$ nil (2020 – CAD$ nil) of current tax expense and CAD$ nil deferred tax reduction (2020 – CAD$ nil deferred tax reduction).

As of September 30, 2021, the Group has accumulated non-capital losses in Canada totaling CAD$ 666,287k (2020 - CAD$ 607,273k) which expire in varying amounts between 2022 and 2040 and CAD$ 4,451k (2020 – CAD$ 2,295k) of non-capital losses with no expiry date.

9. Property, plant and equipment

	D&P Assets CAD$'000
Carrying amount at April 1, 2020	**34,305**
Additions	8
Depletion and depreciation	(198)
Foreign exchange differences	(885)
Carrying amount at September 30, 2020	**33,230**
Carrying amount at April 1, 2021	**100,482**
Additions	44
Acquired on business combination (see note 6)	31,903
Depletion and depreciation	(366)
Foreign exchange differences	(34)
Carrying amount at September 30, 2021	**132,029**

Impairment test for property, plant and equipment

As of September 30, 2021, a review was undertaken of the carrying amounts of property, plant and equipment to determine whether there was any indication of a trigger that may have led to these assets suffering an impairment loss.

As there is no readily available market for the Group's oil and gas properties, fair value is derived as the net present value of the estimated future cash flows arising from the continued use of the assets, incorporating assumptions that a typical market participant would take into account. The value in use of an oil and gas property is generally lower than its Fair Value Less Costs of Disposal ('FVLCD') as value in use reflects only those cash flows expected to be derived from the asset in its current condition. FVLCD includes appraisal and development expenditure that a market participant would consider likely to enhance the productive capacity of an asset and optimize future cash flows. Consequently, the Group determines recoverable amount based on FVLCD using a Discounted Cash Flow ('DCF') methodology.

The DCF was derived by estimating discounted after-tax cash flows for each CGU based on estimates that a typical market participant would use in valuing such assets. The impairment tests compared the recoverable amount of the respective CGUs noted below to the respective carrying values of their associated assets. The estimates of FVLCD meet the definition of level three fair value measurements as they are determined from unobservable inputs.

<u>Italian Cash Generating Unit</u>

Key assumptions:

- **Production profiles:** these were based on the latest available information from management.
- **Capital and operating costs:** these were based on the current operating and capital costs in Italy.
- **Gas price:** An average 2021 gas price of $5.366/Mscf based on information from the World Bank European gas price forecast and information provided by management.
- **Discount rate:** The estimated fair value less costs to sell of the Italian CGU was based on 15% (2020 – 15%). This was based on a Weighted Average Cost of Capital analysis consistent with that used in previous impairment reviews.

<u>Congo Cash Generating Unit</u>

The assets in Congo were acquired during the last quarter of the year. The carrying amount is that of the audited financial statements as of September 30, 2021. Management is still waiting to receive news on the renewal of the license. It therefore does not consider that an assessment of impairment losses is required at this time.

The Group controlled the local audit results, the balance sheet amounts and asset register correspondence, checking the historical amounts and the related depreciations, determining the carrying value of the Congolese subsidiary plant and equipment, acquired as a business combination.

During the year ended September 30, 2021, the local Congolese, auditors persisting the non-assignment of the Tilapia licence's renewal, decided to impair the asset in Congo. As a result, an impairment of CAD$18.882M was recognized in the Profit and Loss.

<u>Tunisia Cash Generating Unit</u>

The assets in Tunisia were acquired during the last quarter of the FY year 2021 and in April 2021.

The Group controlled the local audit results, the balance sheet amounts and asset register correspondence, checking the historical amounts and the related depreciation, determining the carrying value of the Congolese subsidiary plant and equipment, acquired as a business combination.

The Group recognized the business acquisition calculation results and it considers that the field infrastructure, geological data and associated equipment that are owned by the Group in Tunisia, as of September 30, 2021, had a fair value amount not less than the carrying amount recoverable at the same date. As a result, no impairment was recognized in the year ended September 30, 2021 (2020 – N/A) in the consolidated statement of comprehensive income.

Further, the Company commissioned a Competent Person's Report ("**CPR**") for the Tunisian licence in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities.* The fair value included in the CPR exceeds the carrying value which also supports the Group's position that no impairment is required. The field estimates of the reserves held can be found at www.zenithenergy.com.

10. Non-current financial assets held at amortized cost

	September 30, 2021 CAD $'000	September 30, 2020 CAD $'000
Other assets	64,281	12
	64,281	**12**

11. Inventory

As of September 30, 2021, inventory consists of CAD$ 1,378 (2020 – CAD $nil) of crude oil that has been produced but not yet sold, and CAD$ 172k of materials (2020 – CAD $682k). The amount of inventory recognized in the statement of comprehensive income is CAD$ nil (2020 - CAD$ nil).

	September 30,2021 CAD $'000	September 30 ,2020 CAD $'000
Congo - materials	-	674
Italy – materials	8	8
Tunisia	1,378	-
Tunisia - materials	164	-
	1,550	**682**

12. Trade and other receivables

	September 30, 2021 CAD $'000	September 30, 2020 CAD $'000
Trade receivables	1,464	1,255
Other receivables	8,460	14,003
Directors loan account	-	136
Total trade and other receivables	9,924	15,394

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The Group's customer base is of a similar bracket and share the same characteristics, as such these have been treated as one population. The Group's customers are all State customers, therefore, the lifetime expected losses are considered to be CAD$ nil.

13. Change in working capital

	September 30, 2021 CAD $'000	September 30, 2020 CAD $'000
Trade and other receivables	(4,732)	11,595
Inventory	868	520
Prepaid expenses	(39)	(40)
Prepaid property and equipment insurance	-	(396)
Trade and other payables	(80)	(7,056)
Total change in working capital	(3,983)	4,623

14. Share Capital

Zenith is authorised to issue an unlimited number of Common Shares, of which 243,822,319 were issued at no par value and fully paid during the six months ended September 30, 2021 (2021 – 465,000,000). All Common Shares have the right to vote and the right to receive dividends. Zenith is authorised to issue an unlimited number of preferred shares, issuable in series, of which none have been issued as of the date of these Financial Statements. The Directors of the Group may by resolution fix the rights, privileges, restrictions and conditions of the preferred shares of each series.

Following the issue of the new Ordinary Shares, the Company had 1,407,711,650 common shares in issue and admitted to trading on the Euronext Growth Oslo, as of September 30, 2021.

As of the same date, Zenith had 313,400,824 common shares in issue and admitted to trading on the Main Market of the London Stock Exchange.

Issued **Description**	**Number of common shares**	**Amount CAD $'000**
Balance – 30 September 2019	**368,122,107**	**33,557**
Settlement of debts (i)	11,421,402	445
Non-brokered unit private placement (ii)	37,000,000	1,857
Finder's fee	-	97
Non-brokered unit private placement (iii)	35,000,000	1,124

Balance – 31 December 2019	**451,543,509**	**36,886**
Non-brokered unit private placement (iv)	55,529,412	1,610
Non-brokered unit private placement (v)	9,000,000	232
Equity sharing agreement (vi)	50,000,000	1,389
Non-brokered unit private placement (vii)	11,000,000	283
Balance – 31 March 2020	**577,072,921**	**40,400**
Non-brokered unit private placement (viii)	75,000,000	907
Finder's fee	-	4
Non-brokered unit private placement (ix)	60,000,000	900
Non-brokered unit private placement (x)	80,000,000	1,339
Balance – 30 June 2020	**792,072,921**	**43,542**
Non-brokered unit private placement (xi)	60,000,000	467
Non-brokered unit private placement (xii)	90,000,000	1,060
Non-brokered unit private placement (xiii)	100,000,000	637
Balance – 30 September 2020	**1,042,072,921**	**45,706**
Balance – 31 December 2020	**1,042,072,921**	**45,706**
Exercise of warrants (xiv)	28,571,429	637
Settlement of debt (xv)	1,816,410	40
Exercise of warrants (xvi)	16,428,571	363
Non-brokered unit private placement (xvii)	75,000,000	1,271
Balance – 31 March 2021	**1,163,889,331**	**48,017**
Exercise of warrants (xviii)	45,000,000	810
Non-brokered unit private placement (xix)	60,000,000	871
Non-brokered unit private placement (xx)	108,400,000	1,574
Balance – 30 June 2021	**1,377,289,331**	**51,272**
Settlement of debt (xxi)	30,422,319	767
Balance – 30 September 2021	**1,407,711,650**	**52,039**

i) On October 24, 2019, the Company announced that It had received three Conversion Notices ("**Conversion**") from the consortium of lenders (the "**Lenders**") for the US$1,500,000 Convertible Loan Facility ("Convertible Loan") announced on September 5, 2018. A total of 11,421,402 Conversion Shares, equivalent to a total amount of US$340,000, were issued.

ii) On November 1, 2019, the Company announced the fully closing of the private placing on the Merkur Market of the Oslo Børs. The aggregate number of common shares issued as part of the private placement was 37,000,000 and the private placement was completed at a subscription price of NOK 0.35 per share (£0.03 or CAD$0.02). The Company also paid Issue costs for CAD$97k.

iii) On December 17, 2019, the Company announced a Private Placement on the Merkur Market of the Oslo Børs. The Company has successfully raised gross proceeds of NOK 7,700,000 (approximately £638,000 or CAD$1,123,430) to subscribe for 35,000,000 common shares of no-par value in the capital of the Company ("New Common Shares") at a price of NOK 0.22 per New Common Share (approximately £0.02 or CAD$0.03)

iv) On January 29, 2020, the Company successfully raised gross proceeds of NOK 11,105,882 (approximately £935,000 or CAD$1,610,000) to subscribe for 55,529,412 common shares of no-par value in the capital of the Company at a price of NOK 0.20 per New Common Share (approximately £0.02 or CAD$0.03)

v) On February 14, 2020, the Company completed an offering in the United Kingdom with a significant existing institutional shareholder, as well as a selection of high net-worth private investors, to issue 9,000,000 new common shares in the capital of the company to raise gross proceeds of £135,000 (approximately CAD$232,000). The issue price of the UK Financing is £0.015, representing a premium of 5.26% over the closing mid-market price of Zenith's common shares admitted to trading on the London Stock Exchange on February 13, 2020.

vi) On February 14, 2020, the Company announced that it had entered into an equity sharing agreement, with a consortium of institutional investors, for a total amount of NOK 9,700,000 (approximately £810,000 or US$1,051,000), by a subscription for 50,000,000 new common shares, an issue price of NOK 0.194 per share, (approximately £0.02 or CAD$0.03)

vii) On February 17, 2020, the Company issued 11,000,000 new common shares in Norway at a price of NOK 0.18. to raise gross proceeds of NOK 1,980,000 (approximately CAD$284,000 or £165,000)

viii) On April 8, 2020, the Company completed an offering in the United Kingdom, and an offering in Norway (the "**Financings**"). Zenith raised an aggregate total amount of approximately £525k or NOK 6,750k or CAD$921k, issuing 75,000,000 new Common shares at a price of £0.007 (0.7 pence), CAD$0.012 or NOK 0.09.

ix) On April 30, 2020, the Company announced the issue of 60,000,000 new common shares, raising gross proceeds of approximately £540k or NOK 6,600k or CAD$900k (the "**Private Placement**"). The issue price of the new common shares issued under the Private Placement is £0.009 (0.90 pence), NOK0.11 or CAD$0.015.

x) On June 9, 2020, the Company announced that it had completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 7,600k (approximately £645k or CAD$1,098k), issuing a total of 80,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.095, equivalent to approximately £0.008 (0.8 pence) or CAD$0.013.

xi) On July 10, 2020, the Company announced that it had completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 3,120k (approximately £260k or CAD$449k), issuing a total of 60,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.08, equivalent to approximately £0.007 (0.7 pence) or CAD$0.012 per share.

xii) On August 6, 2020, the Company announced that it had completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 7,200k (approximately £604k or CAD$1,060k). The issue price of the Financing was NOK 0.08 per common share of no-par value in the capital of the Company (“**Common Shares**”), equivalent to approximately £0.007 (0.7 pence) or CAD$0.012.
Zenith has issued a total of 90,000,000 new Common Share units ("**Units**"). Each Unit comprises 1 Common Share and half a warrant. The Company therefore issued 90,000,000 new Common Shares in connection with the Financing and 45,000,000 Common Share purchase warrants (the "Warrants") exercisable within 12 months at an exercise price of NOK 0.15 (approximately CAD$0.022).

xiii) On September 25, 2020, the Company announced that it had completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 4,520k (approximately

£409k or CAS$ 635k), issuing a total of 100,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.045, equivalent to approximately £0.004 (0.4 pence) or CAD$0.01 per share.

xiv) On January 6, 2021, the Company announced that an investor in the Company had exercised warrants to acquire a total of 28,571,429 new common shares of no-par value (the "Common Shares") in the capital of the Company with an exercise price of NOK 0.15 (equivalent to approximately £0.013) for a total consideration of NOK 4,285k NOK (approximately £371k or CAD$641k).

xv) On February 24, 2021, Zenith issued a total of 1,816,410 new common shares ("Debt Settlement Shares") at a price of NOK 0.145 (equivalent to approximately £0.0124) to settle an amount owed by the Company to a creditor wishing to be paid in equity. The amount settled was NOK 263k (approximately£22k or CAD$39k).

xvi) On March 19, 2021, an investor in the Company exercised warrants to acquire a total of 16,428,571 new common shares of no-par value the capital of the Company with an exercise price of NOK 0.15 (equivalent to approximately £0.013) for a total consideration of 2,464,286 NOK (approximately £209,600 or CAD$362,318)

xvii) On March 22, 2021, the Company announced that it had completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 8,625k (approximately £725k or EUR 846k or CAD$1,258k), issuing a total of 75,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.115, equivalent to approximately £0.01 (1 pence) or CAD$0.02 per share.

xviii) On April 30, 2021, The Company announced that an investor in the Company had exercised warrants to acquire a total of 45,000,000 new common shares of no-par value (the "Warrant Shares") in the capital of the Company with an exercise price of NOK 0.12 (approximately £0.01) for a total consideration of 5,400,000 NOK (approximately £450,000)

xix) On May 10, 2021, the Company announced that it had secured Norwegian institutional investment in Zenith by way of a private placement in Norway which had also attracted the participation of a high-net-worth private investor (the "Private Placement").

The Private Placement has resulted in the issuance of 60 million new common shares in the share capital of the Company, at ac subscription price of the Placement Shares was NOK 0.10 (equivalent to approximately £0.087) (the "Private Placement Shares"), for a total consideration of NOK 6,000,000 (approximately £522,000 or EUR 600,000).

In connection with this private placement the Company issued 60,000,000 share purchase warrants, of which 45 million warrants with an exercise price of NOK 0.25 expiring on 01/07/20222 and 15,000,000 warrants with an exercise price of NOK 0.325 expiring on 07/07/2023.

xx) On May 26, 2021, Zenith announced that it had entered into a loan agreement with Winance, a Dubai registered single-family office (the "Lender"), for a total amount of EUR 2.1 million (approximately £1.8 million or approximately NOK 21.4 million) (the "Loan Agreement").

The Loan Agreement has a duration of six months, does not attract interest and an upfront arrangement fee, equal to 5 percent of the total drawdown amount, has been paid to the Lender in accordance with the terms of the Loan Agreement.

During each month prior to the maturity date, Zenith shall make repayments in accordance with the Loan Agreement ("Instalments"), with the first Instalment being payable during the month of July 2021.

100,000,000 new common shares of no-par value (the "Reserve Shares") have been issued to the Lender to be held in a depositary institution designated by the Lender.

Under the terms of the Loan Agreement, Zenith may elect to pay each Instalment either by cash or by utilizing the Reserve Shares, by delivering to the Lender an amount of Reserves Shares equivalent to the quotient obtained by dividing the Instalment Amount by 95 percent of the applicable VWAP (volume weighted average price) for the period of ten business days prior to the due date for each Instalment.

The Company has also issued a total of 8,400,000 new common shares at a price of NOK 0.10 (equivalent to approximately £0.085) to be held in Treasury (the "Treasury Shares").

xxi) On July 29, 2021, the Company announced that it had concluded a debt settlement agreement (the "Debt Settlement") in respect of the drawdown of EUR 500,000 (approximately £426k or CAD$742k) (the "Credit Facility") made following the signing of a revolving line of credit agreement with a financial institution announced on February 24, 2021.

The Company has issued a total of 30,422,319 new common shares at a price of NOK 0.1725 (equivalent to approximately £0.01412 or CAD$0.025) to settle the Credit Facility in full.

15. Warrants and options

	Number of options	Number of warrants	Weighted average exercise price	Amount CAD$'000
Balance – April 1, 2020	**9,085,225**	**55,663,984**	**0.12**	**1,010**
Warrants issued	-	45,000,000	0.10	(111)
Warrants expired	-	(47,812,500)	0.02	48
Balance – September 30, 2020	**9,085,225**	**52,851,484**	**0.03**	**947**
Balance – April 1, 2021	**94,317,858**	**177,851,484**	**0.03**	**2,465**
Warrants issued	-	250,646,238	0.02	892
Warrants exercised	-	-45,000,000	0.02	(43)
Warrants expired	-	-1,373,750	0.07	(46)
Option Issued	46,453,307	-	0.02	684
Balance –September 30, 2021	**140,771,165**	**382,123,972**	**0.03**	**3,952**

During the six-month period to September 30, 2021, the Company issued 250,646,238 warrants (2020 – 45,000,000), 450,000,000 warrants were exercised (2020 – Nil) and 1,373,750 (2020 - 47,812,500) warrants expired.

As of September 30, 2021, the Group had 382,123,972 warrants (2020 – 52,851,484) warrants outstanding (relating to 382,123,972 shares) and exercisable at a weighted average exercise price of CAD$0.03 per share with a weighted average life remaining of 0.93 years.

There were no options in the money as of September 30, 2021.

The issue of 250,646,238 warrants (2020 – 45,000,000) during the six months ended 30 September 2020, originated a fair value amount of CAD$892k (2019 – CAD$48k) that was debited as share-based payment, non-cash item cost, in the P&L.

The expiry of 45,000,000 (2020 - 47,812,500) warrants during the year was recognized in the contributed surplus amount of Equity section.

Options

Grant Date	September 30, 2021		September 30, 2020		Expiry Date
	Number of options	Exercise price per unit CAD$	Number of options	Exercise price per unit CAD$	
18 November 2016	1,100,000	$0.10	1,100,000	$0.10	18 November 2021
			500,000	$0.18	November 2022
5 April 2018	6,374,511	$0.12	7,485,225	$0.12	5 April 2023
30 December 2020	41,428,572	$0.03			30 December 2025
18 January 2021	45,414,775	$0.03			18 January 2026
13 May 2021	32,571,075	$0.02			13 May 2026
09 September 2021	13,882,232	$0.02			09 September 2026
TOTAL	140,771,165	$0.03	9,085,225	$0.12	

The Group has a stock options plan (the "**Plan**") for its directors, employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued and outstanding common shares at the time of granting options. Granted options are fully vested on the date of grant, at which time all related share-based payment expense is recognized in the consolidated statement of comprehensive income. Share options expire five years from the date of granting.

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

	Number of options
Balance – April 1, 2020	**9,085,225**
Options issued	-
Options exercised	-
Options expired	-
Balance – September 30, 2020	**9,085,225**
Balance – April 1, 2021	**94,317,858**
Options issued	46,453,307
Options exercised	-
Options expired	-
Balance – September 30, 2021	**140,771,165**

As of September 30, 2021, the Group had 140,771,165 (2019 – 9,085,225) stock options outstanding relating to 140,771,165 shares and exercisable at a weighted average exercise price of CAD$ 0.03 (2020 – CAD$ 0.12) per share with a weighted average life remaining of 3.51 years.

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

Risk-free interest rate	0.50% - 0.70%
Expected volatility	100%
Expected life	5 years
Dividends	Nil

Granting of options

- On December 30, 2020, the Board of Directors resolved to grant its directors, certain employees and consultants a total of 50,000,000 stock options (the "Options"), in accordance with the Company's Stock Option Plan. The Options have an exercise price of NOK 0.20 per Option (approximately £0.017 or CAD$0.03), a premium of approximately 30% to December 29, 2020’s, closing price on the Euronext Growth of the Oslo Stock Exchange. The Options are fully vested and have an expiry date of five years from the date of granting.

- On January 18, 2021, the Board of Directors resolved to grant its directors, certain employees and consultants a total of 45,414,775 stock options (the "Options"), in accordance with the Company's Stock Option Plan. The Options have an exercise price of NOK 0.20 per Option (approximately equivalent to £0.017/CAD$0.03), a premium of approximately 47% to the last closing price on the Euronext Growth of the Oslo Stock Exchange (15.01.2021). The Options are fully vested and have an expiry date of five years from the date of granting.

- On May 13, 2021, the Board of Directors resolved to grant its directors, certain employees and consultants a total of 32,571,075 stock options, in accordance with the Company's Stock Option Plan. The Options will have an exercise price of NOK 0.12 per Option (approximately equivalent to £0.01), a premium of approximately 12% in respect of the last closing price on Euronext Growth Oslo (12.05.2021). The Options are fully vested and have the duration of five years from the date of granting.

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

Exercise of options

There was no exercise of options during the period

Expiry of options

There were no options expired during the period

Warrants

Type	Grant Date	Number of Warrants	Price per unit CAD$	Expiry Date
Warrants	April-18	93,750	0.40	May-21
Warrants	June-19	1,280,000	0.07	June-21
Warrants	October-19	6,477,734	0.06	October-22
Warrants	August 20	45,000,000	0.022	August 21
	Total warrants at 30 September 2020	**52,851,484**		

Type	Grant Date	Number of Warrants	Price per unit CAD$	Expiry Date
Warrants	Oct-19	6,477,734	$0.06	Oct-22
Warrants	Feb-21	85,000,000	$0.03	Feb-22
Warrants	Feb-21	85,000,000	$0.04	Feb-22
Warrants	Apr-21	13,593,113	$0.02	Apr-24
Warrants	May-21	34,284,000	$0.04	Jul-22
Warrants	May-21	25,716,000	$0.05	Jul-22
Warrants	May-21	89,053,125	$0.02	May-23
Warrants	Jul-21	20,000,000	$0.02	Jul-23
Warrants	Jul-21	23,000,000	$0.03	Jul-23
	Total warrants at 30 September 2021	**382,123,972**		

As of September 30, 2021 the Group had 382,123,972 (2020 - 52,851,484) warrants outstanding relating to 382,123,972 shares and exercisable at a weighted average exercise price of CAD$0.03 per share with a weighted average life remaining of 0.93 years.

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

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

16. Trade and other payables

	September 30, 2021 CAD $'000	September 30, 2020 CAD $'000
Trade payables	13,774	16,458
Other payables	5,744	1,281
Total trade and other payables	**19,518**	**17,739**

17. Loans

	Six months ended September 30	
	2021	**2020**
	CAD$'000	**CAD$'000**
Loan payable - current	4,341	1,903
Loan payable – non-current	186	1,903
Total	**4,527**	**3,806**

	2021	**2020**
Loans – current	**CAD $'000**	**CAD $'000**
As at 1 April	4,359	2,210
Transfer from non-current	-	73
Repayments	(921)	(408)
Conversion into shares	(2,173)	-
Loan receipt	2,995	-
Interest	76	-
Foreign exchange	5	28
As at September 30	**4,341**	**1,903**

	2021	**2020**
Loans – non current	**CAD $'000**	**CAD $'000**
As at 1 April	920	2,260
Loan receipt	-	(252)
Conversion into shares	-	(19)
Loan repayment	(734)	-
Transfer to current	-	(73)
Foreign exchange	-	(13)
As at September 30	**186**	**1,903**

a) Euro bank debt

On August 6, 2015, the Group obtained a €220k loan (CAD$349k) from the GBM Banca of Rome. The loan is unsecured, bears fixed interest at 7% per annum and the final repayment was due in July 2021, when this loan was totally repaid.

b) USD $200,000 General line of credit agreement

On April 12, 2017, Zenith Aran entered into a general line of credit agreement with Rabitabank up to US$200k (CAD$272k). This Credit Agreement bears interest at a rate of 10% per annum. The loan was granted for one-year period and the principal amount of the loan will be paid at the end of the period. The amount of interest is repayable monthly. The loan is guaranteed by the Group. The repayment of the principal amount was extended during the years and, as at the date of this document this facility was totally repaid, as announced by the Company on June 1, 2021.

c) Swiss loan CHF 837,500

On March 30, 2017, the Group acquired the Swiss based company Altasol SA, and assumed a loan subscribed for the former owner on December 21, 2015, for the initial amount of CHF838k (CAD$1,161k). The loan bears interest at a rate of 2.32% per annum. The loan is repayable in anticipated quarterly tranches of CHF13k (plus accrued interest) (CAD$17k), and the maturity date was July 7, 2022. During the six months ended September 30, 2021, the Company repaid this loan in advance.

d) Convertible loan USD 1,500,000

On 5 September 2018, the Company entered into a US$1,500,000 unsecured convertible loan facility with a term of 18 months starting from August 30, 2018. Zenith shall pay interest on the outstanding amount of the convertible loans at the rate of 0% per annum. The Facility includes an initial immediate advance of US$1,300,000 and a further advance of US$200,000, to be provided at a later time and only at the discretion of the Lenders.

On January 7, 2019, the Company successfully renegotiated the terms of this unsecured Convertible Loan Facility, that now is also repaid in cash.

On September 17, 2019, a Conversion has been made for a total of 5,343,774 common shares (the "Conversion Shares") at a price of £0.021 per Conversion Share equivalent to a total amount of US$140,000.

As announced on April 23, 2021, the Company extended the maturity date for this loan that, now is repayable at the end of the year 2021 and following recent repayments, the current liability in relation to the Facility stands at US$0.4 million.

e) Convertible loan GBP 1,000,000

On January 7, 2019, the Company entered into a new unsecured convertible loan facility, for an aggregate total amount of up to £1 million with a consortium of lenders. The loan facility has a term of 24 months and the Company shall pay interest on the outstanding amount of the loan facility at the rate of 8% per annum. The loan facility was repayable on January 15, 2021. In January 2021, the loan repayment terms were amended and now the loan is repayable on January 15, 2022, and the Company repaid the 50% of the outstanding principal amount for £323,747 (approximately CAD$ 568,000). With certain limitations, the Convertible Loan Notes ("CLNs") will be convertible into Common Shares of the Company. To date, the current liability in relation to the Facility stands at £323,747 (approximately CAD$ 561,000).

f) EUR 1,500,000 Credit Line Agreement & Debt Settlement

On 24 February 2021, the Issuer announced that it has entered into a credit line agreement with a lender, for a period of one year for an amount of up to EUR 1,500,000. The credit line bears interest at a rate of 9 per cent per annum in respect of any amount advanced by the lender.
As announced on July 29, 2021, the Company has issued a total of 30,422,319 new common shares at a price of NOK 0.1725 (equivalent to approximately £0.01412) to settle this Credit Facility in full.

g) Loan in Tunisia

On February 5, 2020, Ecumed Petroleum Zarzis, obtained a (3,700,000 TND) loan (CAD$ 1,787,560 equivalent) from the Union Internationale des Banques "UIB". The loan is unsecured, bears fixed interest at 9.172% per annum and the final repayment was due on September 30, 2021.

The parties agreed to a loan extension, that provided a payment in 10 monthly instalments and as of September 30, 2021, the principal balance of the loan was (3,700,000 TND) (CAD$ 1,787,560 equivalent) (September 30, 2020 - N/A) which is classified (3,700,000 TND) (CAD$ 1,787,560 equivalent) as a current liability and nil classified as a non-current liability. In October 2021 the terms of the loan were amended, and it is now amortized in 10 monthly instalments.

h) SACE/SIMEST Loan in Italy Euro 126,100

On October 13, 2020, the Group obtained a Euro 126,100 loan from SACE/SIMEST, a parastatal organization that support Italian companies, large companies and SMEs, who wish to build a strong and solid presence in the global market. The loan is guaranteed by the Italian State, and bears fixed interest at 0.0085% per annum and the final repayment is due on August 7, 2026.

As of September 30, 2021, the amount of Euro 126k (CAD$187k) (September 30, 2020 – N/A) was classified as a non-current liability.

i) Loan for Tunisian Development

On 26 May 2021 , Zenith announced that it had entered into a loan agreement with Winance, a Dubai registered single-family office (the "**Lender**"), for a total amount of EUR 2.1 million (approximately £1.8 million or approximately NOK 21.4 million) (the "**Loan Agreement**").

The Loan Agreement has a duration of six months, does not attract interest and an upfront arrangement fee, equal to 5 percent of the total drawdown amount, has been paid to the Lender in accordance with the terms of the Loan Agreement.

During each month prior to the maturity date, Zenith shall make repayments in accordance with the Loan Agreement ("**Instalments**"), with the first Instalment was paid during the month of July 2021.

100,000,000 new common shares of no-par value (the "**Reserve Shares**") have been issued to the Lender to be held in a depositary institution designated by the Lender.

Under the terms of the Loan Agreement, Zenith may elect to pay each Instalment either by cash or by utilizing the Reserve Shares, by delivering to the Lender an amount of Reserves Shares equivalent to the quotient obtained by dividing the Instalment Amount by 95 percent of the applicable VWAP (volume weighted average price) for the period of ten business days prior to the due date for each Instalment.

As of September 30, 2021, the outstanding amount of EUR 1 million (September 30, 2020 – N/A) was classified as a current liability

18. Non-convertible bonds

Non-convertible bonds	**September 30, 2021**	**September 30, 2020**
	CAD $'000	**CAD $'000**
Current	4,805	294
Non-current	5,374	4,456
Total	**10,179**	**4,750**

Non-convertible bonds

	CAD $'000
Balance – April 1, 2020	**4,359**
Issue of bonds	477
Payment of interest	(86)
Balance – September 30, 2020	**4,750**
Balance – April 1, 2021	**7,466**
Issue of bonds	2,874
Payment of interest	(161)
Balance – September 30, 2021	**10,179**

Loan Notes

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

a. *Zenith 8% EMTN - ISIN AT0000A23S79*

Commencing 11 January 2019, the Issuer issued Loan Notes with the duration of 2 years. The maturity date of the Notes is 20 December 2021, and they carry an interest charge of 8 per cent per annum, payable semi-annually. As at the date of this document, the Issuer sold an aggregate amount of EUR 2,960,000 (CAD$ 4,572,624) of the loan notes.

The Loan Notes listed on the Third Market (MTF) of the Vienna Stock Exchange ("Wiener Borse AG"). This issuance is part of an approval to list up to EURO 10 million in several tranches. The Notes are governed by Austrian law. The Notes are not convertible into equity of Zenith.

b. *Zenith EMTN Programme up to Euro 25+M*

On January 20, 2020, the Company announced the issuance of the following unsecured, multi-currency Euro Medium Term Notes, governed by Austrian law, at par value (the "**Notes**"):

- EURO 1,000,000 bearing interest of 10.125 per cent per year (the "**EUR-Notes**")
- GBP 1,000,000 bearing interest of 10.50 per cent per year (the "**GBP-Notes**")
- USD 1,000,000 bearing interest of 10.375 per cent per year (the "**USD-Notes**")
- CHF 1,000,000 bearing interest of 10.00 per cent per year (the "**CHF-Notes**")

The Notes were issued, and kept in Treasury, under Zenith's EUR 25,000,000 multi-currency Euro Medium Term Notes Programme, as announced by the Company on November 6, 2019, and will be due on January 27, 2024. The Notes were admitted to trading on the Vienna MTF of the Vienna Stock Exchange ("**Wiener Borse AG**"). As of September 30, 2021, the Company sold Notes for CAD$5.4M equivalent, as follows:

Currency	Quantity	CAD$ equivalent	ISIN	Description
EUR	506,000	729,674	XS2108546735	ZEEX 10.125 01/27/24 MTN
USD	1,954,000	2,194,792	XS2108546651	ZEEX 10.300 01/27/24 MTN
GBP	1,352,000	2,449,313	XS2108546578	ZEEX 10.375 01/27/24 MTN

The issue of the Notes is aligned with the Group's strategy of diversifying its financing towards non-equity dilutive funding to support its successful development.

The EMTN Programme, created with the primary purpose of financing the Company's development activities in Azerbaijan, with the related Prospectus being approved on November 6, 2019. Since its strategic reconfiguration, the Company has been using the EMTN Programme to finance its activities in the Republic of the Congo, Tunisia and Italy. The Company chose the Vienna Stock Exchange as it was viewed as a highly accessible market in terms of simplicity of process and listing costs.

On 25 June 2021, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December 2019 and 2020 respectively.

c. Revolving facility

On October 18, 2019, the Company entered into a credit line facility with Linear Investments Limited, for the amount of Euro 200,000 (CAD$ 294k) for a duration of 18 months. The facility is secured by a corresponding EMTN Zenith 8%, 2021 value, and it was renewed for additional 18 months.
The outstanding amount of this facility as of September 30, 2021, was Euro 140,000 (CAD$ 206k).

19. Loss from discontinued operations

The Group has re-focused the geographic area of its activities. On March 2, 2020, the Company announced that, in view of Zenith's strategic focus on pursuing large-scale oil production and development opportunities in Africa, it would return the Contract Rehabilitation Area to SOCAR.

The handover of the Contract Rehabilitation Area ("**CRA**") was effectively concluded in June 2020. As publicly announced, the Group continued to operate the CRA from March 2020 until June 2020 when the handover of the CRA was completed. The Group achieved a near total reduction of operating expenses in Azerbaijan upon completion of the handover of the Contract Rehabilitation Area.

As per the REDPSA agreement with SOCAR, Zenith does not have to pay any kind of compensation fee as a result of the termination thereof. In addition, there are no decommissioning fees to be borne by Zenith. The Group has received a payment post period end for oil production of approximately US$508,000 from SOCAR corresponding to material revenues for the months of April, May and part of June 2020.

The costs associated with the termination of the Group's operations in Azerbaijan are approximately US$0.5 million which are related to the transportation costs due to the relocation of the rig which was previously installed in Azerbaijan.

As a result of this decision, the results of the subsidiary in Azerbaijan have been included in the loss from discontinued operations in the statement of comprehensive income and they are comprised as follows:

	September 30, 2021 CAD$'000	**September 30, 2020 CAD$000**
Revenue	-	-
Operating expenses	-	(579)
Depletion and depreciation	-	(68)
Administrative expenses	-	(97)
Reversal of impairment from previous period	-	1,326
Finance expenses	-	(19)
Profit/(loss) from operations in the period	-	563

20. Decommissioning provision

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

	September 30, 2021 CAD $'000	**September 30, 2020 CAD $'000**
Balance – April 1	**16,219**	**13,543**
Accretion	-	41
Decrease	(4,991)	-
Foreign currency translation	37	(277)
Balance – September 30	**11,265**	**13,307**

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

Italy	**2021**	**2020**
Undiscounted cash flows – uninflated	CAD $8 million	CAD $8 million
Undiscounted cash flows - inflated	CAD $8 million	CAD $8 million
Risk free rate	3.4%	3.4%
Inflation rate	1.4%	1.4%
Expected timing of cash flows	12.5 years	13.5 years

Congo	**2020**
Undiscounted cash flows – uninflated	CAD $8.5 million
Undiscounted cash flows - inflated	CAD $11.5 million
Risk free rate	3%
Inflation rate	1.5%
Expected timing of cash flows	15 years

Tunisia **2021**

A - <u>Decommissioning provision recalculation</u>

Description	**in USD**	**Comments**
Start current period	01/04/2020	
Anticipated abandonment date	31/12/2033	Minus between, economic and legal end of date (cf. IM.7 impairment test)
Years to abandonment	13.95	
Undiscounted well costs	5,946,000	2019 figures submitted to DGH, while estimation is outdated (2014)
Undiscounted facilities costs	2,050,000	
Total undiscounted obligation	**7,996,000**	
TND inflation rate (as per the Tunisian Central Bank)	5.00%	
USD inflation rate (as per the submitted assumption to DGH)	2.00%	

Inflation Rate	**4.00%**	TND share in MARETAP expenses are higher than USD
Inflated obligation	**13,819,358**	
Discount Rate	2.00%	
Discounted obligation	**10,483,721**	
EPZ Share in the obligation	**4,717,675**	This should be recognized as asset against provision as a 1st time recognition

B - Unwinding interest recalculation

Interest unwind of the obligation for the period	**94,353**

21. Earnings per share

		2021 CAD $'000		2020 CAD $'000
Net profit/(loss) for the period		68,811		(3,981)
Net profit/(loss) from continuing operations		68,811		(4,544)
Net profit/(loss) from discontinued operations		-		563
Basic weighted average number of shares		1,345,881		519,319
Potential dilutive effect on shares issuable under warrants		522,895		n/a
Potential diluted weighted average number of shares		1,868,776		n/a
Net earnings per share – basic (1)	$	0.05	$	(0.01)
Net earnings per share – diluted	$	0.04	$	(0.01)
From continuing operations – basic	$	0.05	$	(0.01)
From continuing operations – diluted	$	0.04	$	(0.01)
From discontinued operations - basic and diluted	$	-	$	0.001

(1) The Group did not have any in-the-money convertible notes, warrants and stock options during the six months ended September 30, 2021 and 2020.

22. Related party transactions

Related party transactions are considered to be in the normal course of operations and are initially recognized at fair value. The related party transactions during the six months ended September 30, 2021 and 2020 not disclosed elsewhere in these consolidated financial statements are as follows:

a) On July 29, 2021, Mr. Andrea Cattaneo, Chief Executive Officer & President of Zenith, purchased a total of 1,954,397 common shares of no-par value ("Common Shares") in the capital of the Company at a price of NOK 0.1535 per Common Share (equivalent to approximately £0.012).

b) Following the aforementioned dealing, Mr. Cattaneo is currently directly beneficially interested in a total of 63,438,512 common shares in the capital of the Company, representing the 4.49 percent of the total issued and outstanding common share capital of the Company admitted to trading on the Euronext Growth Oslo.

c) General Transaction Inc., represented by its Chief Executive Officer and Chairman Mr. Sergey Borovskiy, a Director of the Company, granted Zenith during past years a loan of CAD$127,878. The balance outstanding on September 30, 2021, is CAD$Nil (2020 - AD$28,758).

d) Mr. Erik Larre, a Director of the Company, granted during past year Zenith a loan of Euro 20,000 (CAD$31,598). The principal is repayable upon request and accrued no interest. The balance outstanding on September 30, 2021 is CAD$31,598 (2020 - CAD$31,598).

e) During the period ended September 30, 2021, Zenith granted Leonardo Energy Consulting S.r.l., an entity where Zenith holds a 48% interest on its share capital, a loan of CAD$nil (2020 - CAD$nil), to develop its activities. The loan is unsecured, interest free and repayable on demand. The balance outstanding on September 30, 2021 is CAD$39,690 (2020 – CAD$24,921).

23. Commitments and contingencies

Asset Purchase commitments

The Company acquired the Congolese asset for a consideration of GBP 200,000, that was fully paid in May 2020.

On April 20, 2020, and on September 8, 2020, Zenith entered into two separate conditional acquisitions in Tunisia from KUFPEC and CNPC, two world-renowned oil companies, for their respective working interests in the Sidi El Kilani Concession. Upon completion, conditional upon regulatory approval being granted by the Comité Consultatif des Hydrocarbures ("CCH") of the Republic of Tunisia, it is expected that Zenith will have a daily production ranging between 250-300 barrels of oil per day.

The acquisition from KUFPEC was agreed for a consideration of US$500,000, of which US$250,000 was paid in June 2020, as per the terms of the conditional share purchase agreement in relation to this transaction. The balance of the purchase price is due upon completion of the acquisition, which is expected to be obtained within December 31, 2021.

The acquisition from CNPC was agreed for a consideration of US$300,000, as per the terms of the conditional share purchase agreement in relation to this transaction. The payment of the purchase price is due upon completion of the acquisition.

24. Financial risk management and financial instruments

	September 30, 2021	September 30, 2020
Financial assets at amortized cost	**CAD $'000**	**CAD $'000**
Non-current financial assets at amortized cost	64,281	12
Trade and other receivables	9,924	15,258
Director's loan account	-	136
Cash and cash equivalents	3,024	1,453
Total financial assets	**77,229**	**16,859**

	September 30, 2021	September 30, 2020
Financial liabilities at amortized cost	**CAD $'000**	**CAD $'000**
Trade and other payables	19,518	17,739
Loans	4,527	3,806
Non-convertible bond and notes	10,179	4,750
Deferred consideration	65,663	-
Total financial liabilities	**99,887**	**26,295**

Zenith finances its operations through a mixture of equity, debt and retained earnings. Finance requirements are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

Zenith's policy is to maintain an appropriate financial position to sustain future development of the business. There were no changes to the Group's capital management approach during the six months ended September 30, 2020.

Zenith's treasury functions, which are managed by the board, are responsible for managing fund requirements and investments which include banking, cash flow management, interest and foreign exchange exposure to ensure adequate liquidity to meet cash requirements.

Zenith's principal financial instruments are cash and deposits, and also trade and other receivables. These instruments are used for meeting the Group's requirement for operations.

Zenith's main financial risks are foreign currency risk, liquidity risk, interest rate risk, commodity price risk and credit risks. Set out below are policies that are used to manage such risks:

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counter party to a financial instrument fails to meet its commercial obligations. The Group's maximum credit risk exposure is limited to the carrying amount cash of CAD$ 3,024k (2020 – CAD$ 1,453k) and trade and other receivables of CAD$ 9,924k (2020 – CAD$ 15,258k).

Deposits are, as a general rule, placed with banks and financial institutions that have credit rating of not less than AA or equivalent which are verified before placing the deposits.

The composition of trade and other receivables is summarized in the following table:

	September 30, 2021 CAD $'000	**September 30, 2020 CAD $'000**
Oil and natural gas sales	1,464	1,255
Other	8,460	14,003
	9,924	**15,258**

The receivables related to the sale of oil and natural gas are due from large companies who participate in the oil and natural gas industry in Argentina and Italy. Oil and natural gas sales receivables are typically collected in the month following the sales month. No expected credit losses have been recognized in respect of trade receivables of this nature.

The Group's receivables are aged as follows:

	September 30, 2021 CAD $'000	**September 30, 2020 CAD $'000**
Current	9,924	15,258
90 + days	-	-
	9,924	15,258

b) Liquidity risk

Liquidity risk is the risk that the Group will incur difficulties meeting its financial obligations as they are due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions without incurring unacceptable losses or risking harm to the Group's reputation.

The Directors have considered the recoverability of the outstanding debts of the Group and do not consider there to be any impairment necessary.

As of September 30, 2021, the contractual cash flows, including estimated future interest, of current and non-current financial assets mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 30 September 2022 CAD $'000	Due on or before 30 September 2023 CAD $'000	Due after 30 September 2023 CAD $'000
Non-current financial assets at amortized cost	-	-	-	-	-
Trade and other receivables	9,924	9,924	9,924	-	-
Cash and cash equivalents	3,024	3,024	3,024		
	12,948	**12,948**	**12,948**	-	-

As of September 30, 2021, the contractual cash flows, including estimated future interest, of current and non-current financial liabilities mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 30 September 2022 CAD $'000	Due on or before 30 September 2023 CAD $'000	Due after 30 September 2023 CAD $'000
Trade and other payables	19,518	19,518	19,518	-	-
Loans	4,527	4,542	4,356	-	186
Non-convertible bond	10,179	11,482	5,363	558	5,561
	34,224	**35,542**	**29,237**	**558**	**5,747**

c) Foreign currency risk

Foreign currency exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange rates to Canadian dollars for the noted dates and periods are as follows:

	Closing rate		Average rate	
	2021	**2020**	**2021**	**2020**
US dollars	1.2710	1.3363	1.2438	1.3592
Euro	1.4729	1.5667	1.4820	1.5413
Swiss Franc	1.3611	1.4505	1.3595	1.4429
British Pound	1.7105	1.7199	1.7258	1.7199
Norwegian Crown	0.1450	0.1420	0.1451	0.1421
Tunisian Dinar	0.4504	-	0.4450	-

The following represents the estimated impact on net (loss)/income of a 10% change in the closing rates as of September 30, 2021 and 2020 on foreign denominated financial instruments held by the Group, with other variables such as interest rates and commodity prices held constant:

	September 30, 2021 CAD $'000	**September 30, 2020 CAD $'000**
US dollars	-	91
Euro	19	4
Swiss Franc	-	93
	19	188

d) Commodity price risk

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

As of September 30, 2021, a 5% change in the price of natural gas produced in Italy would represent a change in net result for the six-month ended September 30, 2021 of approximately CAD$ 2k (2020 – CAD$ nil) and a 5% change in the price of electricity produced in Italy would represent a change in net result for the six-month ended September 30, 2021 of approximately CAD$ 23k (2020 – CAD$ nil).

e) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Group has fixed interest on notes payable, loans payable and convertible notes and therefore is not currently exposed to interest rate risk.

25. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to explore and develop its projects to provide returns for shareholders and benefits for other stakeholders. The Group manages its working capital deficiency, long-term debt, and shareholders' equity as capital.

	September 30, 2021 CAD $'000	September 30, 2020 CAD $'000
Working capital	(17,365)	(2,407)
Long-term debt	186	1,903
Shareholders' equity	97,258	8,723

The Group's cash flows from its Italian operations will be needed in the near term to finance the operations and repay vendor loans. If the publicly announced acquisitions in Tunisia will be completed with the receipt of regulatory approval, and a new 25-year license will be received in Congo for the Tilapia oilfield, the revenues generated from these assets will be required to fund the Group's development costs and activities. At this time, Zenith's principal source of funds will therefore remain the issuance of equity. The Group's ability to raise future capital through equity is subject to uncertainty and the inability to raise such capital may have an adverse impact on the Group's ability to continue as a going concern. The Group is not subject to any externally imposed capital requirements.

26. Net debt reconciliation

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

	September 30, 2021 CAD $'000	September 30, 2020 CAD $'000
Cash and cash equivalents	3,024	1,453
Loans – repayable within one year	(4,341)	(1,903)
Loans – repayable after one year	(186)	(1,903)
Non-convertible bond – repayable within one year	(4,805)	(294)
Non-convertible bond – repayable after one year	(5,374)	(4,456)
	(11,682)	(7,103)

	Cash	**Loans due within one year**	**Loans due after one year**	**Non-convertible bond due within one year**	**Non-convertible bond due after one year**	**Total**
Net debt	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**
September 30, 2019	**1,681**	**(1,762)**	**(2,299)**	**(104)**	**(4,759)**	**(7,243)**
Issue of non-convertibles bonds	1,442	-	-	(294)	(1,148)	-
De-recognition of bonds held in treasury	-	-	-	-	1,720	1,720
Repayment of non-convertible bonds	(86)	-	-	86	-	-
Transfer from non-current to current	-	(73)	73	-	-	-
Issue of loans	2,182	(1,255)	(927)	-	-	-
Conversion into shares	-	-	521	-	-	521
Repayment of loans	(1,889)	1,187	702	-	-	-
Foreign exchange	-	-	27	18	(269)	(224)
Net cash flow	(1,877)	-	-	-	-	(1,877)
September 30, 2020	**1,453**	**(1,903)**	**(1,903)**	**(294)**	**(4,456)**	**(7,103)**
Issue of non-convertibles bonds	5,591			(4,673)	(918)	
Repayment of non-convertible bonds	(162)			162		
Transfer from non-current to current		(3,271)	3,271			
Issue of loans	4,549	(2,995)	(1,554)			
Conversion into shares		2,173				2,173
Repayment of loans	(1,655)	1,655				
Net cash flow	(6,752)					(6,752)
September 30, 2021	**3,024**	**(4,341)**	**(186)**	**(4,805)**	**(5,374)**	**(11,682)**

27. Operating segments

The Group's operations are conducted in one business sector, the oil and natural gas industry. Geographical areas are used to identify Group's reportable segments. A geographic segment is considered a reportable segment once its activities are regularly reviewed by the Board of the Directors.

The Group has four reportable segments which are as follows:

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

Azerbaijan, which was acquired during the FY 2017 and divested during FY 2020, is mentioned only for comparative purposes with the past financial year. The results for Azerbaijan as of September 30, 2020, are included in the "Discontinued Operations" (note 21).

PERIOD 2020	**Azerbaijan CAD $000**	**Congo CAD $000**	**Italy CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	-	19,023	8,093	6,114	33,230
Other assets	275	10,172	898	6,195	17,540
Total liabilities	4,580	11,146	12,093	14,228	42,047
Capital Expenditures	-	-	8	-	8
Revenue	-	144	1	-	145
Operating and transportation	-	(93)	(200)	(363)	(656)
General and Administrative	-	(525)	(55)	(2,968)	(3,548)
Depletion and depreciation	-	-	-	(198)	(198)
Loss on discontinued operations	563	-	-	-	563
Finance and other expenses	-	-	8	(292)	(284)
Taxation	-	(3)	-	-	(3)
Segment loss	**563**	**(477)**	**(246)**	**(3,821)**	**(3,981)**

PERIOD 2021	**Congo CAD \$000**	**Italy CAD \$000**	**Tunisia CAD \$000**	**Other CAD \$000**	**Total CAD \$000**
Property and equipment	-	7,386	119,901	4,742	132,029
Other assets	349	888	73,871	3,672	78,780
Total liabilities	50	11,383	79,524	22,593	113,550
Capital Expenditures	-	4	31,903	40	31,947
Revenue	-	511	5,500	-	6,011
Operating and transportation	(81)	(245)	(4,079)	(420)	(4,825)
General and Administrative	18,663	(126)	(1,183)	(24,437)	(7,083)
Depletion and depreciation	-	(56)	-	(310)	(366)
Gain on business combination	-	-	-	76,579	76,579
Finance and other expenses	-	2	(441)	(1,066)	(1,505)
Taxation	-	-	-	-	-
Segment profit/(loss)	**18,582**	**86**	**(203)**	**50,346**	**68,811**

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

		2021 CAD \$000	**2020 CAD \$000**
Customer A		1,833	-
Customer B		466	145

28. Controlling party

At as of September 30, 2021, the Directors do not consider there to be a controlling party.

29. Events subsequent to the period end

October 5, 2021 - Issue of equity in respect of Winance Loan Agreement

On October 5, 2021, the Company issued 3,953,708 new common shares of no par value (the "New Common Shares") at an issue price of NOK 0.1266 (equivalent to approximately £0.011) to Winance in respect of the Loan Agreement announced to the market on May 26, 2021.

October 25, 2021 - Successful workover of ROB-1, onshore Tunisia

On October 25, 2021, the Company announced that the workover of the Robbana-1 well ("ROB-1"), located within the Robbana concession in Tunisia had been successfully completed.

As announced on October 12, 2021, prior to the commencement of workover operations by Zenith, ROB-1 had not undergone any form of work since 2012, at which time an unsuccessful well intervention had been performed and the well was producing approximately 20 BOPD.

During the course of the workover, significant deposits of paraffin and wax were encountered plugging many of the lower perforations. These have now been cleared by way of reverse circulation of fluid.

The wellbore of ROB-1 was cleaned out to the total depth of 2,225 metres and scraping of the casing, which was found to have good integrity, was performed. Once this work was finalized, a new tubing anchor and sucker rod pump supplied by Weatherford were installed. It was discovered that the previous sucker rod pump was functioning at only 20% capacity and that the well did not have a tubing hanger installed, in contradiction of the 2012 well report.

The Company can now confirm that a Weatherford team has successfully installed a new sucker rod pump in ROB-1, which has been tested on surface and adjusted. A period of 36-72 hours is now required to pump out the well killing fluid and water emulsion from the wellbore before oil production will begin to be receive

October 29, 2021 - Significant production uplift from ROB-1

On October 29, 2021, the Company announced that a flow rate of 124 barrels of oil per day has been recorded from well Robbana-1 well ("ROB-1"), located within the Robbana concession in Tunisia, following the completion of a successful workover announced to the market by way of regulatory news on October 25, 2021.

The Company expects a stabilized rate of production of approximately 100 BOPD is to be achieved in the near-term once well production is optimized, representing a 500% increase in production from ROB-1 over the previous daily production rate of 20 BOPD that had been recorded since the last workover performed in 2012.

November 2, 2021 - Successful completion of subscription for new shares

On November 2, 2021, the Company announced that it had successfully completed a subscription (the "Subscription") for new common shares in the share capital of Zenith (the "Subscription Shares") by a selection of existing shareholders, including institutional investors from the United Kingdom and Norway.

As a result of the Subscription, the Company had issued a total of 272,727,273 Subscription Shares at a price of £0.011 (equivalent to approximately NOK 0.13), a discount of approximately 7% to Zenith's London Stock Exchange closing share price on November 1, 2021, to raise gross proceeds of approximately £3 million (equivalent to approximately 34,500,000 NOK or CAD$5,075,000).

The Company intends to use the proceeds of the Subscription as follows:

- £1,300,000 - funding of Zenith's share of work programme costs in respect of the Ezzaouia concession onshore Tunisia. This will include the drilling of two sidetracks in non-producing wells with the objective of achieving a gross production of 1,000 bopd from the Ezzaouia concession.

- £600,000 - expected cost of drilling a new well in the Robbana concession, also onshore Tunisia, where Zenith holds a 100% working interest. Long-lead items required for drilling of two wells already acquired and on location.

- £300,000 - transportation expenses for Zenith's 1,200hp drilling rig to Africa.

- £250,000 - Tilapia II licence, (located onshore Republic of the Congo), development costs, including finalization of licence award process and employment of operational personnel to optimize the planned beginning of drilling operations in well TLP-103C.

- £150,000 - expenses associated with the preparation and publication of a UK Prospectus. See below for more details.

- £400,000 - general working capital.

November 2, 2021 - Credit Rating Upgrade

On November 2, 2021, the Company announced that Rating-Agentur Expert RA ("RAEX") had upgraded its debt issuer credit rating to 'B' with 'Stable Outlook'.

RAEX is an independent European Credit Rating Agency with more than 20 years of experience in the rating industry. It is registered with the European Securities and Markets Authority ("ESMA") and received ECAI status (External Credit Assessment Institution) in 2015.

November 12, 2021 - Publication of UK Prospectus

On November 12, 2021, the Company announced that it had received approval from the UK Financial Conduct Authority ("FCA") for publication of a UK prospectus document (the "Prospectus").

The Prospectus is being filed on the National Storage Mechanism and is available for download on the Company's website (www.zenithenergy.ca).

The Prospectus, which includes full details of the Company's activities and planned near-term development, has been produced to enable admission for a total of 1,467,751,863 common shares of no par value in the capital of the Company ("Common Shares") to the standard segment of the FCA Official List and to trading on the London Stock Exchange ("LSE") Main Market for listed securities ("Admission").

The Admission consists of the following three elements:

- The 272,727,273 new common shares announced on November 2, 2021, from a successful subscription for £3m (the "Subscription Shares").

- 1,086,842,772 common shares (the "Admission Shares"), representing the Company's share capital that had previously been issued and traded on Euronext Growth Market of the Oslo Børs but not admitted for trading on the LSE Main Market for listed securities and on the standard segment of the FCA Official List.

- The Company had also issued a total of 108,181,8181 new Common Shares in settlement of liabilities as set out below (collectively the "Capitalisation Shares").

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

Applications for Admission have been made to both the FCA and LSE and took place at 8:00 AM GMT on November 17, 2021.

Total Voting Rights

The Company wishes to announce, in accordance with the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules, as well as section 3.10 of the Euronext Growth Oslo Rule Book Part II , the following revised Total Voting Rights information from Admission :

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common Shares in issue and admitted to trading on the Main Market of the London Stock Exchange.	1,792,574,449	1	1,792,574,449
Common Shares in issue and admitted to trading on the Euronext Growth Market of the Oslo Børs	1,792,574,449	1	1,792,574,449

November 22, 2021 - Acquisition of SLK from CNPC

On November 22, 2021, the Company announced that Zenith Overseas Assets ("ZOA"), its fully owned subsidiary, had entered into a sale and purchase agreement (“SPA”) for the acquisition of a 100 percent interest of the issued, allotted, outstanding and fully paid-up share capital of Canadian North Africa Oil & Gas Ltd. (“CNAOG”) (previously named CNPC International (Tunisia) Ltd), a 100% subsidiary of CNPC International Ltd.

CNAOG holds an undivided 22.5% interest in the North Kairouan permit and the Sidi El Kilani Concession in Tunisia ("SLK" or the “Concession”), together with 25 Class B shares in Compagnie Tuniso-Koweito-Chinoise de Pétrole (“CTKCP”), the operator of the Concession, representing 25% of the issued share capital of CTKCP.

Pursuant to the terms of the SPA, ZOA had acquired CNAOG for a consideration of US$1,658,680, paid by the Company upon completion (the “Consideration”). As at the Completion date, 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, amounts to approximately thirty thousand (30,000) barrels of crude oil.

November 29, 2021 - Option Agreement for OML 141 RSC in Nigeria

On November 29, 2021, the Company announced that it had entered into an Option Agreement (the "Option") with Noble Hill-Network Limited ("NHNL"), a private Nigerian oil and gas company.

NHNL is the sole, 100% holder of a Risk Service Contract ("RSC") for the development of the North-West Corner of OML 141 in Nigeria, defined as the Risk Service Contract Area ("RSCA"), which covers 105 square kilometers of the Niger Delta region and contains the potentially highly productive Barracuda and Elepa South oilfields, as well one prospective field with an estimated 232.7 million barrels of discovered oil (Degeconek 2019 CPR).

The object of the Option is to provide Zenith with the opportunity to jointly develop the RSCA of OML 141 with NHNL.

Plans have already been finalized to drill, test, and complete the Barracuda 5 well ("B-5"), which is situated between two previously drilled wells that have both encountered significant hydrocarbons. In the event of a successful outcome, production will commence immediately using a barge-mounted Early Production Facility to initially transport the produced oil to a nearby floating storage and offloading vessel for subsequent monetization.

The Option gives Zenith the ability to purchase 42,000,000 (forty-two million) ordinary shares of Naira 1.00 in NHNL that are available and unincumbered for issue to Zenith, representing an interest of 42% (forty-two percent) in the outstanding share capital of NHNL.

The consideration to exercise the Option and thereby acquire a 42% interest in NHNL has been agreed as US$20,000,000 (twenty million United States Dollars) (the "Consideration"), payable in 7 instalments over 270 days each of US$3,000,000, except for the first and the last which will satisfy the remaining Consideration payable.

NHNL will use the Consideration to fund the drilling of B-5. The Company has been informed that the drilling location for B-5 has already been acquired by NHNL and all necessary civil works (including dredging and clearing of the designated well location) have been performed in preparation for the mobilization of a barge-mounted drilling rig.

A suitable and fully inspected drilling rig has been identified and a site visit is planned in mid-December 2021, with the expectation of signing a drilling contract in January 2022 to begin operations during the first quarter of 2022. Production from the Barracuda oilfield is expected to begin during the second quarter of 2022 at a rate of approximately 4,000 barrels of oil per day.

Further development and drilling activities are planned to follow the drilling of B-5, with the locations for Barracuda wells 6,7 and 8 having already been identified. In the event the Option was exercised, and Zenith thereby held 42% of NHNL, it would only be required to fund its share of future development work.

The Option will expire on January 15, 2022.