2025-05-22

Zenith Energy

Foundation for Favorable Outcomes in Arbitrations and Expansion

Zenith Energy ("Zenith" or "the Company") has a long history of well-timed acquisitions at attractive valuations, demonstrated by acquisitions of oil assets in Tunisia during COVID-19. The Company relies on two key pillars: electricity production in Italy, a country with favorable high energy prices due to its high dependence on imports, benefiting Zenith as a domestic producer with scale-up potential. Secondly, ongoing claims in two separate arbitrations at ICC and ICSID, related to the Company's Tunisian operations during 2021–2022, where statistical analysis of past arbitration outcomes supports a strong probability of success. With an estimated cash injection of USD 143.7m in year 2026, based on a probability-weighted approach, and core operations valued at USD 12.3m applying a DCF methodology, this justifies a potential present value of NOK 3.4 per share in a Base scenario.

- **High Probability of Favorable Ruling in ICC and ICSID**

Analyst Group estimates a 71% probability of a favorable outcome for Zenith in the ongoing ICC and ICSID arbitrations, whether through direct victory or settlement. This assessment is supported by the strength of Zenith's case, with an already secured favorable arbitration court ruling under the International Chamber of Commerce ("ICC") [1] in 2024, which presents clear evidence of obstructive treatment, and statistical data on arbitration outcomes in Africa for arbitration court cases. Based on these factors, Analyst Group anticipates that Zenith could recover up to USD 143.7m by 2026 after tax, potentially enabling the Company to distribute an extraordinary dividend to its shareholders and expand its core operations.

- **Exposure to Italian Electricity Market**

Zenith capitalizes on Italy's elevated domestic electricity prices through two cash-generative segments, gas-to-electricity and solar, expected to deliver an estimated free cash flow (FCF) of USD 2.3m in 2028. Italy's reliance on natural gas for ~44% of electricity generation, coupled with a surge in its domestic consumption-to-domestic production ratio from 9x to 21x between 2013 and 2023, has amplified local electricity prices. The situation was further intensified after Russia's invasion of Ukraine, which forced Italy to shift to longer, costlier import routes, such as via Qatar, benefiting domestic producers like Zenith.

- **Leadership With Proven Track Record**

Zenith's leadership has consistently demonstrated exceptional timing in acquisitions, securing Tunisian assets during the COVID-19 period when oil prices were low, with acquisitions made at a fraction of its subsequent valuation by third-party experts. Similarly, the Company acquired gas assets in Italy ahead of the energy crisis, which later drove up electricity prices. This strong track record is expected to fuel future growth by expanding existing profitable gas- and solar operations in Italy and exploring new high-return opportunities, supported by anticipated funds from the arbitration outcome.

Valuation Range

Bear	Base	Bull
NOK 1.1	NOK 3.4	NOK 7.3

Key Information

Share Price (2025-05-21) NOK	1.69
Shares Outstanding	477 270 954
Market Cap (NOKm)	806
Net cash(-)/debt(+) (NOKm)	584
Enterprise Value (NOKm)	1390
List	Main Market London Stock Exchange, Euronext Oslo Børs
Annual Report 2025 FY	2025-08-03

Share Price Development

Management and Board	Role
Andrea Cattaneo	CEO
Luca Benedetto	CFO
Dr. José Ramón López-Portillo	Chairman
Dr. Dario E. Sodero	Board member
Sergey Borovskiy	Board member

[1]: *Defined by Zenith as "ICC-1"*

Introduction

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About the Company

Zenith Energy, founded in 2007, and listed in Canada in the year 2008 on the Toronto Stock Exchange, has a history of acquisitions within the energy production sector. The Company's core business is within three distinct segments: gas-to-electricity and solar in Italy, and oil operations in the U.S. The Company is currently involved in two separate arbitrations against the Tunisian Government. The first concerns contractual disputes and is brought under the International Chamber of Commerce ("ICC") in Paris. The second arbitration is brought under the International Centre for Settlement of Investment Disputes ("ICSID") in Washington and addresses broader claims of treaty violations.

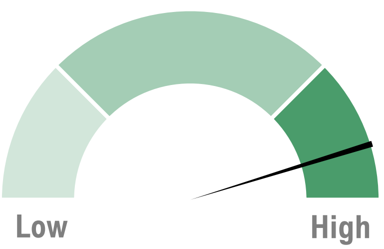
CEO, CFO and Chairman

CEO	Andrea Cattaneo
CFO	Luca Benedetto
Chairman	Dr. José Ramón López-Portillo

Analyst

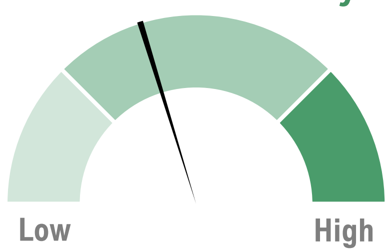
Name	Henrik Guditz
E-mail	henrik.guditz@analystgroup.se

Value Drivers



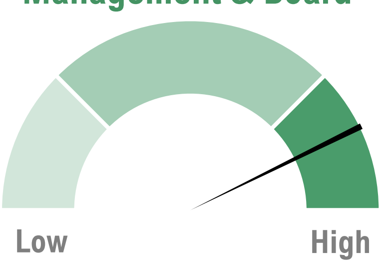
Zenith has an estimated 71% probability of a favorable outcome in both ICC-2 and ICSID. Future recovery of the expected awards amounts of USD 143.7m net to Zenith, enabling expansion in core business of gas-to-electricity and solar operations in Italy. The combination of the anticipated funds received from arbitration with expected successful reinvestment and expansion of the core operations is a strong foundation for future growth.

Historical Profitability



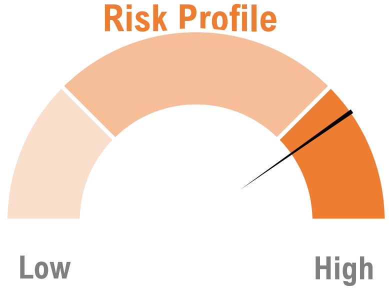
The Company has been under severe operational strain due to the alleged sequestration performed by the Republic of Tunisia and the non-payment of oil. This has hindered many aspects of Zenith's core operations, preventing profitability that would otherwise have been realized. However, the Company's gas-to-electricity segment has delivered profitability during recent years, and Zenith's latest expansion into solar is expected to also deliver profitability. The rating is based on historical profitability.

Management & Board



Management was instrumental in acquiring Tunisian assets during COVID-19 at a fraction of the later valuation, substantiated by third-party experts. The board together demonstrates conviction in Zenith by owning 14.51% of the outstanding shares. The combination of a successful track record with strong ownership instills confidence in creating further shareholder-friendly actions going forward.

Risk Profile



Analyst Group estimates the Company has a 6.25% risk of losing entirely in both ICC-2 and ICSID. Although unlikely, such an outcome would present a challenge for the Company. However, Zenith still has 9.7m to be collected from ICC-1 and a cashflow positive core business in gas-to-electricity, solar and oil operations in the U.S. The risk profile takes into consideration the binary nature of arbitral outcomes.

Investment Thesis

Italian Electricity Market Benefits Zenith

Two Cash-Generative Segments

The European energy markets, particularly in Italy, experienced significant disruptions following Russia's invasion of Ukraine. Stable natural gas consumption for electricity generation, coupled with declining domestic production, drove Italy's consumption-to-production ratio from 9x in 2013 to 21x in 2023. Previously reliant on Russian pipeline gas, Italy shifted to liquefied natural gas (LNG) imports, with Qatar supplying 41% of total imports in 2023. The long transportation distance from Qatar has contributed to driving up electricity prices, which, despite moderating from 2022 peaks, remain higher than pre-2021 levels. Given ongoing supply challenges, elevated prices are expected to persist until at least 2028. This environment benefits Zenith Energy, which is strategically positioned through two cash-generative segments: gas-to-electricity generation and solar energy production. With positive outcomes in arbitrations anticipated, funds for additional acquisitions of solar assets and scale-up of current operations is expected.

Overview of the two Separate and Ongoing Arbitrations With High Probability of a Favorable Outcome

Total Claim Value of USD 633m

Zenith is currently pursuing two high-stakes arbitrations totaling approximately USD 633m in claims, following a successful ruling in a third arbitration (ICC-1) worth USD 9.7m in December 2024. The first of the two ongoing cases is an arbitration case brought under the International Chamber of Commerce in Paris, defined as ICC-2 by Zenith. It presents claims of USD 130m, stemming from Tunisia's arbitrary refusal to allow Zenith to benefit from its legal acquisition of 100% of the shares in CNPCIT[1]. The second arbitration case brought under ICSID is a USD 503m claim filed under the United Kingdom-Tunisia bilateral investment treaty, following a series of unreasonable and obstructive actions by the Tunisian Government that materially harmed the Company. Both arbitrations are driven by the same core issue: Tunisia's obstructive conduct and denial of Zenith's rights as a legitimate investor. Notably, the same legal team that secured victory in ICC-1 is representing Zenith in the ongoing proceedings. This legal consistency, combined with the endorsement of the Tier-One Seller of acquired assets, CNPC, validates Zenith's financial and operational credibility. Analyst Group estimates a 71% probability of favorable outcomes in both cases, based on statistical outcomes. Expected awards have been adjusted for historical "haircuts," with an anticipated recovery of USD 66.9m via ICC and USD 274.6m via ICSID. Adjusted for collection risks, the projected recovery is USD 191.5m[2], estimated at USD 143.7m after taxes.

Expansion Potential in Core Operations Driven by Expected Arbitration Proceeds

Alongside the ongoing arbitrations, Zenith's core operations in Italy provide a stable, cash-generative foundation. The Company's gas-to-electricity and solar assets benefit from Italy's elevated electricity prices, with gas consistently delivering strong cash flows and solar poised to contribute once operational. Zenith is actively expanding its gas-to-electricity segment, seeking approval for an additional concession, potentially increasing annual electricity generation from 12 000 MWh to 24 000 MWh, driving FCF from an estimated EUR 1m in 2025 to EUR 2.3m in 2028. In parallel, Zenith has acquired solar farms with a combined capacity of 3.79 MW, expected to produce 6 400 MWh annually. The Company aims to scale this to 20 MW, leveraging its track record of well-timed acquisitions. These operations offer clear growth potential beyond arbitration recoveries. With a proven acquisition strategy, strong legal standing, and a direct reinvestment pathway, Zenith is well-positioned to drive superior returns and strengthen its financial foundation.

Financial Forecast

NOK 3.4 Base scenario

Based on Analyst Group's estimated 71% probability win in the arbitrations valued at USD 143.7m, combined with cash-generative core businesses valued at USD 12.3m, a sum of the parts value of USD 156m is derived, corresponding to a potential price per share of NOK 3.4 in a Base scenario.

Risks

Although Analyst Group estimates the probability of a complete loss in both the ICC and ICSID arbitrations at 6.25%, arbitration outcomes are inherently binary—either a favorable ruling or a complete defeat. Furthermore, there is also a risk in receiving significantly lower awards than claimed. Such an outcome would severely impact the Company's financial position, hindering its ability to pursue expansion plans and secure financing. However, Analyst Group believes the Company's core business, centered on gas-to-electricity and solar operations in Italy, would provide resilience even in a worst-case scenario. These assets are expected to continue generating positive cash flow, partially offsetting the financial strain of negative arbitration outcomes and offering a foundation for relative stability.

[1]: China National Petroleum Corporation International Tunisia – A 100% Subsidiary of CNPC of Beijing, the largest Oil & Gas State Owned company of China. This Company held 22.5% of the Sidi El Kilani Concession.

[2] Including ICC-1 win

Company Description

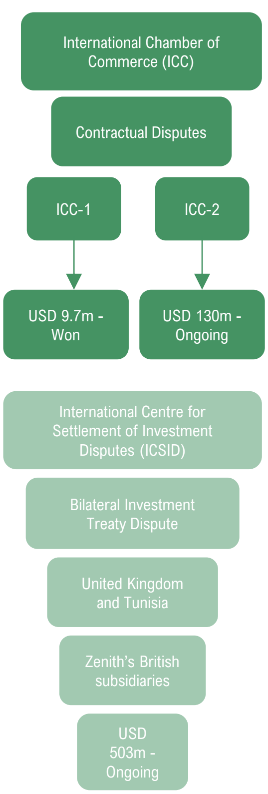
Long Experience in the Energy Sector

Zenith Energy, founded in 2007, and listed on the Toronto Stock Exchange in 2008, has a history of well-timed and opportunistic acquisitions within the energy production sector. From the beginning, Zenith's strategy has focused on acquiring and optimizing producing fields, often stepping into situations where larger operators, typically Majors, or large state-owned companies wish to exit operating the oil & gas field, due to economic or strategic shifts. The high management and personnel costs of a major entity discourage the historical operator from continuing when total revenues fall below a certain threshold. In this case, smaller entities, defined in the market as Junior oil & gas companies, are invited to take control of the operations, as they have access to personnel and management better fitted to operate fields of smaller size but with the same competence. Often, the management of the Junior companies gained their qualifications through previous work in Majors. Since 2020, the Company has been involved in oil production in Tunisia, gas production in Italy and expanded its presence in Italy by acquiring solar assets.

Long Experience in Different Geographical Regions

Led by an experienced management team, Zenith has repeatedly demonstrated the ability to operate in jurisdictions known for regulatory complexity and bureaucratic challenges. Despite these conditions, the Company has maintained consistent production over the years, generating revenue which fluctuated between approximately USD 4m and 13m during 2017-2023, with the exception of 2020-2021 due to COVID-19. The business model is well-suited for second-tier producing fields, producing ~300-3 000 barrels of oil per day, enabling more efficient cost allocation and flexibility in field development, particularly where fixed costs are lower, and some part of the field presents underexploited oil & gas reserves potential. Zenith owns its drilling equipment, called ZEN-260, purchased through its subsidiary Zena Drilling. This equipment is permitted to perform drilling of new fields 4 000 meters in depth underground.

Zenith's track record of acquisition spans several high-risk and frontier markets, including Argentina (prior to the latest administration), Azerbaijan, Congo Brazzaville, and more recently Tunisia. Over time, however, the Company has made a deliberate shift toward more stable jurisdictions. This has included purchasing the entire operation in Italy of Mediterranean Oil & Gas (MEDOIL) PLC, a publicly listed company in London in 2012. Subsequently, Zenith has transformed one of its many gas fields in Italy into a gas-to-power operation by purchasing electricity generators and thereby scaling up profitable electricity production in Italy. Furthermore, the Company has acquired solar assets in Italy with the ambition of acquiring more assets in the short term. Lastly, Zenith has acquired 99% of a company listed in the OTC Markets, called Leopard Energy Inc., an oil & gas company in Texas, currently holding a 5% royalty interest in seven producing wells located in the Eagle Ford Shale formation in Texas, USA.



Well-timed Execution in Tunisia but Disputes Arising

The entry into Tunisia, conducted in 2020-2021 during COVID-19, coincided with low point in the oil price cycle. This timing initially appeared advantageous, as many competitors either went bankrupt or scaled down operations. However, soon after the invasion of Ukraine by Russia in February 2022, the price of oil reversed and reached highs above USD 110, highlighting the well-timed execution. The investments in Tunisia have since been marked by a series of arbitrary and obstructive actions undertaken by the Tunisian Government, as well as by the national oil enterprise, Enterprise Tunisienne d'Activités Pétrolières ("ETAP"), ultimately leading to the initiation of multiple international legal disputes.

To date, three separate arbitration proceedings have been launched. Two of the arbitrations concern contractual disputes arising from commercial obligations under the relevant agreements and are brought under the International Chamber of Commerce ("ICC"), named ("ICC-1" and "ICC-2"). The third arbitration is brought under the International Centre for Settlement of Investment Disputes ("ICSID") and addresses broader claims of treaty violations by the Tunisian state against the Company under applicable bilateral investment treaties. It specifically relates to the Bilateral Investment Treaty ("BIT") between the United Kingdom and Tunisia, under which all related subsidiaries of Zenith were established at the outset of the Tunisian investment journey, having British jurisdiction. The first arbitration, ICC-1, resulted in a favorable award of USD 9.7m. The claim under ICC-2 amounts to USD 130m and concerns a contractual dispute regarding the purchase of all shares of the company CNPCIT, containing 22.5% of the Sidi El Kilani oil concession. The arbitration court case under ICSID has received claims from Zenith Group of USD 503m and arises from a violation of a bilateral investment treaty between the United Kingdom and Tunisia. The dispute relates to all the Company's British subsidiaries and its operations in Tunisia. The total combined value of claims across these two remaining proceedings amounts to approximately USD 633m.

Combined Value of Claims Amounts to USD 633m

Company Description

Italian Gas- and Electricity Production

Working interest in the Oil & Gas industry

A working interest is a type of ownership in an oil or gas lease that gives the holder the right to explore, drill, and produce, while also bearing a proportional share of the operational and development costs.

Ranging between 20% to 100% of Zenith's Italian gas concessions

In 2012, Zenith Energy acquired working interests ranging from 20% to 100% across a diversified portfolio of Italian onshore energy assets focused on electricity production started in 2012. While historically a smaller segment within the Company's portfolio, electricity production has emerged as Zenith's most profitable and strategically relevant business line in recent years – driven by low-cost inputs and surging electricity prices. This is particularly notable given that legal constraints in Tunisia have paused upstream activities. In 2023, the Italian segment generated USD 4.4m in revenue, and USD 1.78m in 2024, reflecting the volatility of Italian electricity prices in the last years.

The Company's flagship asset in Italy is Torrente Cigno, which was acquired in 2012 and is a site that produces low-grade natural gas to generate approximately 900-1 000 MWh of electricity per month, yielding approximately USD 1.2m in revenue on an annual basis with today's electricity prices. Torrente Cigno combines a 45% working interest in the gas production facility with 100% ownership of 4 gas-powered electricity generation units installed onsite. The gas produced from this concession is entirely used for electricity generation and accounted for almost 100% of Zenith's total revenue in 2024, a significant shift from previous years when Italian operations made up a smaller, less strategic, portion of the group's revenue mix.

Shifted Sentiment

Torrente Cigno

Gas is produced from the concession and is used to generate electricity production amounting to ~12 000 MWh annually.

Before 2022, gas-fired electricity was widely regarded as a declining source of energy across Europe. Investment appetite was low, particularly in mature markets like Italy. Russia's invasion of Ukraine in early 2022 represented a shift in European energy markets – causing electricity and gas prices to soar and highlighting the vulnerabilities of external supply dependencies. In this context, Zenith's ability to produce and sell power domestically has gained strategic relevance. The Company now plays a role, however modest, in supporting European energy security through localized and flexible electricity generation. Italy remains a core operating region for Zenith, not only due to the Company's producing assets but also because of the country's stable and transparent legal framework, as well as strong infrastructure and deep history in hydrocarbon development. As the home base to the oil and gas giant ENI, and a country with decades of onshore and offshore oil and gas activity, Italy offers a unique combination of regulatory certainty and technical capacity that is rare among mature energy jurisdictions. While Torrente Cigno is the only actively monetized asset today, the Company aims to reactivate the Sant'Andrea concession with a potential added revenue stream of ~USD 600k annually. The remaining concessions can be viewed as an optionality within the portfolio, gas assets that could be scaled up or reactivated to generate electricity in response to future market dislocations, potentially speeding up bureaucratic handling for production rights. This positions Zenith to potentially ramp up production quickly if the pricing environment becomes favorable, without requiring large upfront investments.

Ambition to reactive Sant'Andrea Concession

Zenith's Italian gas business currently includes six operated onshore concessions:

Torrente Cigno– 45% working interest (Monetized)	San Teodoro – 100% working interest	Misano Adriatico – 100% working interest
Sant' Andrea – 50% working interest	Masseria Grottavecchia – 20% working interest	Masseria Petrilli – 50% working interest

Zenith Enters the U.S. Oil & Gas Market

In the summer of 2023, Zenith Energy acquired a controlling interest in Cyber Apps World, Inc. (CYAP), listed on the OTC Markets. This company was later rebranded as Leopard Energy Inc., aligning with a new strategic focus on oil and gas assets in the United States. Leopard Energy Inc. is listed on the Pink Open Market segment of US OTC Markets under the ticker LEEN. At the beginning of 2024, Leopard Energy's subsidiary, CYAP Oil, LLC, was established to drive operations in this sector, ensuring rigorous quality assurance and quality control (QA/QC) standards across all activities. At the beginning of 2024, CYAP Oil, LLC, acquired a 5% royalty interest in seven producing wells located in Lavaca County, Texas, within the prolific Eagle Ford Shale formation. This marked Zenith's first transaction in the U.S. energy market and highlighted the Company's strategic shift into more politically stable regions. These assets generate approximately USD 0.2m on an annual basis. However, with the Company structure in place and a presence in the United States, Zenith has flexibility in scaling operations if new attractive opportunities are identified.

Presence in the U.S. Ready to be Scaled up if Opportunities Arise

Company Description

Zenith's Solar Pivot: Clean Power with Strong Margins

In a strategic move that reflects a long-term vision, Zenith Energy has formally entered the renewable energy space with the Company's first solar project acquisitions in Italy, the Vittoria Project and the Ligurian Project. Through the newly established subsidiary, WESOLAR S.R.L., Zenith is leveraging its local experience in Italy to build a recurring, high-margin revenue stream within the clean energy sector.

The Vittoria Project in Sicily is a ready-to-build 3.29 MW solar plant situated in one of Europe's highest-irradiation zones, the key yield determinant in the photovoltaic industry. With a total capital outlay of EUR 2.4m and annual revenue projections near EUR 800k, based on today's electricity prices, the project is expected to achieve a payback in three years. The economics are compelling: low operational costs, self-owned land, and reliable sun exposure, create a solid foundation for consistent cash flow.

The Vittoria Project is capital-intensive upfront but highly cash-generative over the long term, which is a characterization of the solar business in general. Free cash flow margins above 90% are realistic under current power prices, which remain elevated in Italy following the energy market realignments after Russia's invasion of Ukraine.

The Ligurian Project complements the Vittoria Project, a smaller asset currently producing 0.2 MW and set for expansion to 0.5 MW. Though modest in scale, the site benefits from existing infrastructure and cost-efficient scalability, with annual revenue projected at EUR 60k.

Scale-up Potential

Looking ahead, Zenith targets 20 MW of installed solar capacity by the end of 2025. Based on current benchmarks, this would translate to annual revenue of EUR 4.8-5.6m and free cash flow margins of ≈90%, corresponding to USD 4.5m. From oil and gas and now to solar – Zenith is transforming into a diversified energy producer.

Non-Arbitration Court Case Against SMP

Zenith Energy Ltd has brought a legal claim before the Paris Commercial Court by its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U, which operated the Company's business in Congo Brazzaville, before exiting the country in 2020. The claim is against SMP Energies, the rig contractor that performed drilling services in the subsidiary's wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019.

The claim is in consideration of the significant commercial damages suffered by AAOGC, specifically the impossibility, as a direct result, of beginning production activities from the Tilapia oilfield. The value of the claim is USD 9m and the final pleadings of the case will take place on May 30th, 2025.

Strategic Outlook

Zenith has a diversified portfolio of electricity-producing gas and solar operations in Italy as well as an oil & gas portfolio in the United States, all of which can be scaled into larger operations, where Zenith aims to leverage the management's long experience in acquiring cash-generative assets at opportunistic pricings. Looking ahead, Zenith's future will ultimately be highly dependent on the outcomes of ICC-2 and ICSID, with the outcome for ICC-2 expected by the summer of 2025, while the outcome in ICSID is expected in Q2 2026. Also, the outcome from the litigation against Congo Brazzaville, while a potential win would result in a sum that is minuscule compared to ICC-2 and ICSID, can be viewed as an additional optionality. Although the outcomes from the arbitrations could transform the Company with a cash injection, representing 10x the current market cap, the Company's ambition is to stand on solid ground, regardless of ICC-2 and ICSID. This is being demonstrated by the latest actions undertaken to diversify operations from higher risk jurisdiction into lower risk jurisdiction such as the gas and solar operations in Italy and the oil operation in the United States. However the outcome from ICC-2 and ICSID turns out, Zenith's core operations are expected to remain resilient, benefiting from high Italian electricity prices, maintaining positive cash flow.

Acquisitions in Tunisia – Timeline 2020-2023

~Production Outlook amounted to **650 boe/d**

Challenging Climate During COVID-19

Summary of Zenith's Tunisian Acquisitions

Through a series of transactions, Zenith strategically expanded the Company's operations in Tunisia through the following acquisitions:

- Ezzaouia Oil Concession: Secured a 45% interest via the acquisition of Candax Energy's subsidiary, Ecumed Petroleum Zarzis Ltd. (EPZ). The concession carried a 20-year license term and development obligations, including drilling new wells.
- Robbana and El Bibane Concessions: Obtained a 100% working interest in both fields by acquiring Ecumed Petroleum Tunisia Ltd. (EPT) from Candax Energy, thereby gaining full operational control.
- Acquired 100% of the shares in CNPCIT, CNPC's subsidiary for Tunisia, which contained 22.5% of the oil concession in the Sidi El Kilani oil field. To avoid any confusion surrounding the use of a Chinese state-owned entity's name in a context unrelated to Chinese interests, the acquired company name was changed to Canadian North African Oil & Gas ("CNAOG"). The completion of this transaction enabled an immediate equity stake in Sidi El Kilani amounting to 22.5%.

Zenith's consolidated production outlook included:

•**125 boe/d** from Robbana and El Bibane (post-repair and enhancement),

•**210 boe/d** from the Ezzaouia concession

•**315 boe/d** from Zenith's proposed 45% working interest in the Sidi El Kilani field.

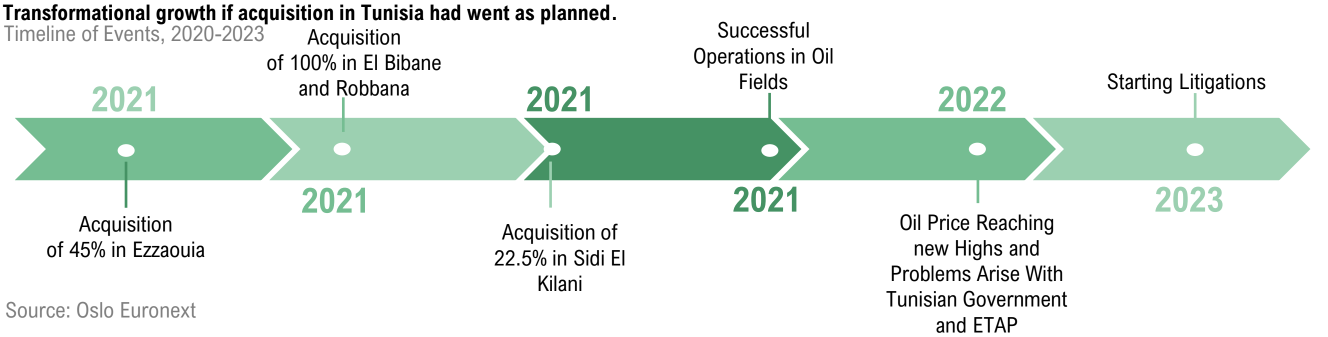
This yields a total near-term production profile of ~650 boe/d, equaling ~USD 24m in annual revenue with the year 2022 pricing of USD 100/bbl, with an identified roadmap to exceed 1 000 boe/d (~USD 36.5m in annual revenue) through incremental capex such as drilling new sidetracks and optimizing production.

These assets had been acquired at attractive prices as a function of the general challenges during the time, such as lower oil prices because of COVID-19 in combination with restrictions and instability associated with the pandemic. This affected several aspects such as enlarged responsibility for employee's health and safety to slower bureaucratic processes, together acting as a hurdle for every operator in the country.

Furthermore, this was before Russia's invasion of Ukraine, and the sentiment at the time was negative towards oil, due to the fact that very few oil Majors, except for state-owned entities of Saudi Arabia and Russia, were profitable at such low market prices. The challenging climate in the field put many smaller oil players out of business or at least forced them to downsize operations in order to pay down debt. The larger players slimmed down operations and many refocused to primary locations. Hence, the low acquisition prices should be viewed through the anti-oil sentiment present at the time as well as with the COVID-19 context in mind.

At the beginning of 2022, the oil price had risen to USD 80 before reaching a top of USD 130 in March 2022. This had the potential to generate approximately USD 24m in annual revenue for Zenith, with potential to expand this level even further. Such a climate would have generated a considerable free cash flow for the Company, which could have been reinvested to expand production even further as well as to find new attractive deals inside or outside of Tunisia.

Transformational growth if acquisition in Tunisia had went as planned.
Timeline of Events, 2020-2023



Source: Oslo Euronext

Acquisitions in Tunisia – Timeline 2020-2023

Terminology

Bopd – Barrels of Oil Per Day

Boe - Barrels of Oil Equivalents - a standardized unit that measures production of all oil and gas products converted to the energy equivalent of barrels of crude oil.

6MCF = 6 000 Standard Cubic Feet of Natural Gas = 1 Boe

Challenging Climate During COVID-19 Explain the Low Acquisition Prices

Acquiring EPZ (Ezzaouia concession)

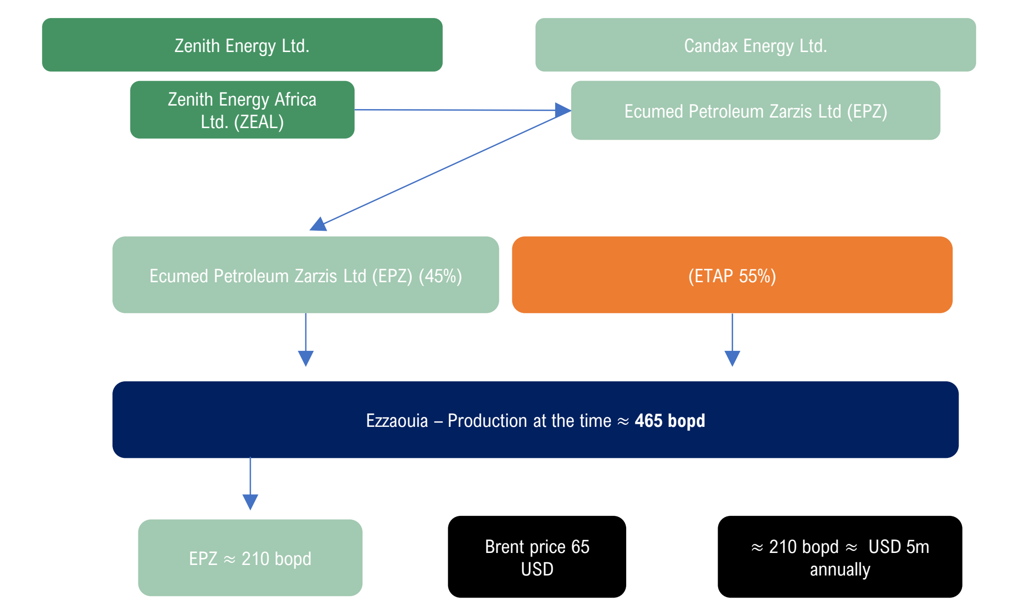
March 15, 2021 – Acquisition of a New Oil Field Concession - Ezzaouia

On March 15, 2021, Zenith, through the fully owned British subsidiary Zenith Energy Africa Limited ("ZEAL"), entered into a share purchase agreement with Candax Energy Limited ("Candax") for the acquisition of a 100% interest in Candax's fully owned subsidiary, Ecumed Petroleum Zarzis Ltd ("EPZ"), which held a 45% working interest in the Ezzaouia Concession, alongside ETAP which held a 55% working interest.

By March 24, 2021, the deal was completed with a payment of USD 150k settled at that date and an additional USD 100k for an aggregate amount of USD 250k. Furthermore, the deal contained a royalty towards Candax amounting to USD 0.35 per each barrel of oil equivalent produced, with the royalty not being less than USD 50k per annum for a period of ten years. In summary, this reflected an upfront cost of USD 250k and an additional sum of at least USD 500k in ten years, depending on production levels. At the time of the transaction, the Ezzaouia field was producing at a rate of approximately 465 bopd, of which 45% belonged to Zenith, netting approximately 210 bopd, equaling ≈USD 5m annually to the Company. Furthermore, approximately 25 000 barrels of oil were held in storage with a commercial value of approximately USD 1.25m at the time.

At the time, a convention for a new 20-year concession had been signed by EPZ and ETAP, and the new concession was awaiting parliamentary approval. The acquisition had certain development obligations during the new 20-year concession, including the drilling of a side-track, which is standard when acquiring oil assets. These field-production optimization and workover activities were expected to increase Ezzaouia gross production from 465 bopd to 1 000 bopd (potentially resulting in a production of 450 bopd net to Zenith). At the time of the signing, oil prices were trading at 65 USD, 210 bopd would therefore correspond to an annual revenue of ≈USD 5m. The purchase price in relation to the revenue potential reflects the type of transactions that were possible at the time, due to the financial pressure imposed on many producers during COVID-19.

#1 Transaction in Tunisia



Acquisitions in Tunisia – Timeline 2020-2023

Terminology

1

Boe/d – Barrels of Oil Equivalents Per Day

2

Condensate Oil ("Condensates") - Light hydrocarbon liquid that is separated from natural gas when it is produced from the reservoir and brought to the surface

Acquiring EPT (El Bibane & Robbana Concessions)

Zenith Energy's Expansion in Tunisia: Acquisition of El Bibane & Robbana Concessions

On April 21, 2021, just a little more than a month after the Ezzaouia acquisition, Zenith announced a binding offer to acquire a 100% working interest in two new oil concessions, El Bibane and Robbana, through the wholly owned British subsidiary, Compagnie Du Desert Ltd. ("CDD"). The offer, submitted to Candax Energy Limited, outlined the acquisition of Candax's subsidiary Ecumed Petroleum Tunisia Ltd. ("EPT"), not to be confused with Ecumed Petroleum Zarzis ("EPZ"), which was the acquired subsidiary in relation to Ezzaouia. Ecumed Petroleum Tunisia Ltd. held 100% of the working interest in the two oil concessions El Bibane and Robbana. The total consideration consisted of a nominal cash payment of USD 100, complemented by the assumption of USD 200k in outstanding debt.

This transaction moved swiftly from offer to execution:

- April 21, 2021: Binding offer submitted and accepted
- April 30, 2021: CDD entered into a share purchase agreement with Candax Energy for the acquisition of EPT.
- May 12, 2021: The transaction reached completion, with full transfer of ownership to Zenith finalized. Coincidentally, as by Tunisian law, notification to ministry were duly sent.

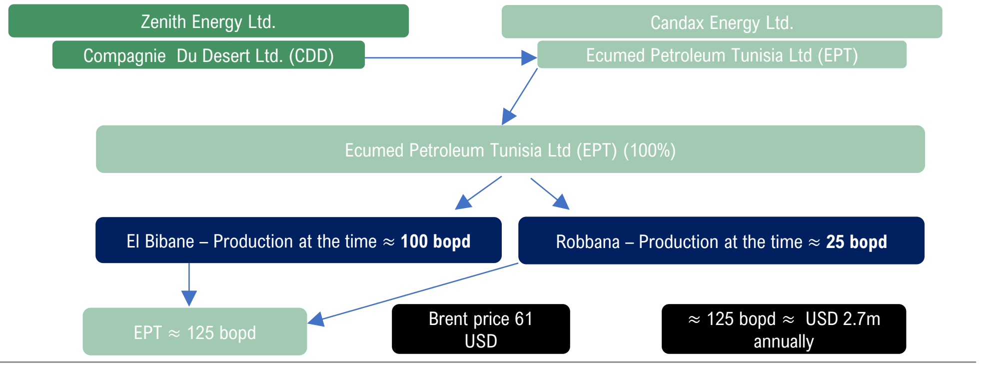
At the acquisition, the El Bibane and Robbana concessions were producing a combined total of approximately 125 barrels of oil equivalent per day (~USD 2.7m annually), broken down as follows:

- El Bibane was producing 80-100 barrels of condensate per day (~USD 2.2m annually), along with 5.5-6 million standard cubic feet (MMSCF) of natural gas, which was being re-injected into the reservoir, and therefore not monetized.
- Robbana was producing approximately 25 bopd (~USD 550k annually), having been temporarily shut in due to tubing string damage. Prior to the shut-in, this field had a stabilized production rate of 500-600 bopd. The Company had intentions to drill an infill vertical well, called ROB-3, with an expected production of 100-150 barrels of oil in the event of a successful drilling operation.

Importantly, an independent study commissioned by the seller in 2020, covering production feasibility, economics, and reinvestment potential, concluded that production from the underperforming Robbana field could feasibly be restored from 25 bopd (~USD 550k annually) to ~200 bopd (~USD 4.4m annually) through targeted drilling at an estimated cost of USD 2m. This was not implemented by the seller due to the oil price collapse during 2020 and financial constraints that followed this development. Hence, the new concessions were expected to produce ~125 boe/d (~USD 2.7m annually) and potentially reach ~350 boe/d (100 boe/d from El Bibane and 150 boe/d from Robbana), corresponding to an annual revenue stream of USD 7.8m in the near term through targeted drilling.

The acquisition of 100% of the shares in EPZ and EPT were notified by Zenith to the Tunisian governing authorities.

#2 Transaction in Tunisia



Acquisitions in Tunisia – Timeline 2020-2023

Reminder

1

Acquiring EPZ (Ezzaouia concession)

2

Acquiring EPT (El Bibane & Robbana Concessions)

3

Acquiring CNAOG (SLK Concession)

New Acquisition to Obtain 22.5% Control of Sidi El Kilani

On November 22, 2021, Zenith announced that the fully owned British subsidiary, Zenith Overseas Assets Holding Ltd. ("ZOA"), had entered into a share purchase agreement for the acquisition of Canadian North Africa Oil & Gas Ltd. ("CNAOG"), until that day called CNPCIT (China National Petroleum Corporation International Tunisia LTD, which was a 100% subsidiary of CNPC International Ltd., which held the 22.5% working interest in the Sidi El Kilani, not beholden to KUFPEC or ETAP.

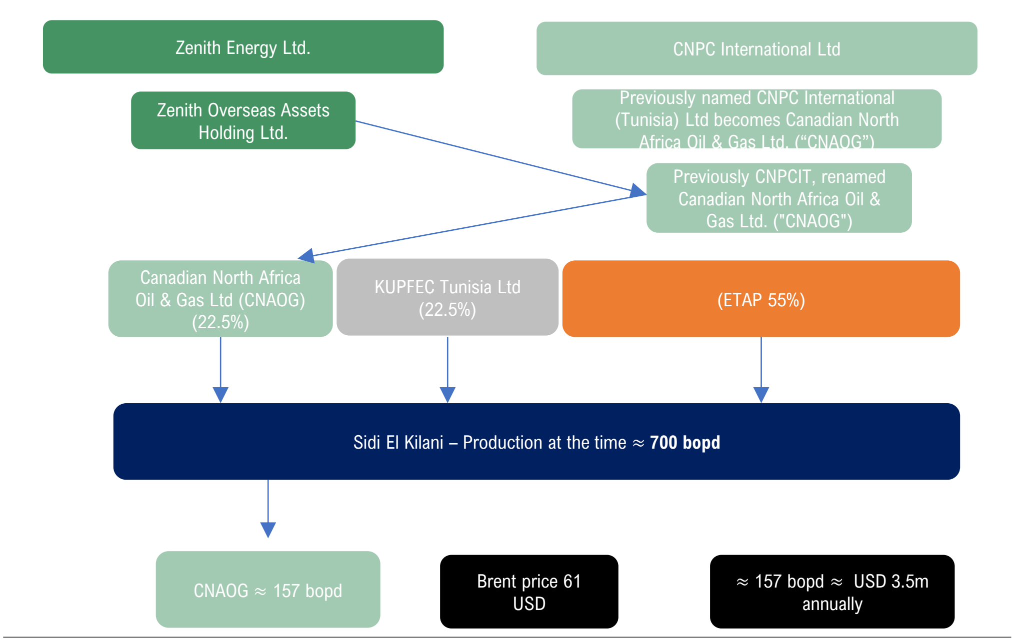
The remaining balance of ownership in the SLK concession was held by two state-aligned entities:

- KUFPEC Tunisia Limited, a subsidiary of Kuwait Foreign Petroleum Exploration Company (KUFPEC): 22.5% working interest
- Enterprise Tunisienne d'Activités Pétrolières (ETAP): 55% working interest

To avoid any confusion surrounding the use of a Chinese state-owned entity's name in a context unrelated to Chinese interests, the acquired company's name was changed to Canadian North African Oil & Gas ("CNAOG"). The completion of this transaction enabled an immediate equity stake in Sidi El Kilani amounting to 22.5%, while expectations for an additional 22.5% from the KUFPEC stake were expected in the near term under CNAOG preferential rights. The structure for this transaction was identical to the one used to obtain both the Ezzaouia as well as the Robbana and El Bibane concessions, namely acquiring the legal entity holding the concession rights, thereby automatically gaining the relevant licenses and approvals.

The consideration for CNAOG amounted to USD 1.65m and settled the consideration payable for this acquisition immediately. At this date, crude oil produced from the concession, and allocated to CNAOG, which had not been sold at the time, amounted to approximately 30 000 barrels of oil, equaling ≈USD 2.3m.

#3 Transaction in Tunisia –



Arbitrations

ICC-1 is a Useful **Precedent** for the Remaining Arbitrations

Reminder

45% working interest in the Ezzaouia concession was gained by acquiring Candax's subsidiary Ecumed Petroleum Zarzis (EPZ), which held the concession rights before being acquired.

Tunisia's and ETAP's Arbitrary Obstacles Correlate With **Increasing** Oil Price

The Alleged Sequestrations and the Following Arbitrations

By acquiring CNAOG, Zenith gained the right to 22.5% of SLK immediately, it also gained the preferential right to KUFPEC's 22.5% stake – if this entity were to withdraw from Tunisia. Soon after acquiring CNAOG, KUFPEC in fact decided to withdraw from Tunisia, thereby triggering Zenith's preferential right to the additional 22.5% of SLK. However, final signoff was never granted by the Ministry of Hydrocarbon or ETAP. The reasons remain unclear, but speculative interpretations include the rising global oil price, domestic inflation, and Tunisia's strained fiscal position, which is deemed to have made the government reluctant to transfer valuable upstream rights at a low entry cost.

The SLK concession was set to expire in December 2022, meaning that even if the signoff had been granted, an extension of the concession term would still be required. An extension is always automatic, and in 2023 the SLK license has been duly received but with 100% of the license being given to ETAP. In 2022, in parallel with this, ETAP, which was the co-operator in the Ezzaouia concession, never paid for oil sold by EPZ. The contract agreement stated that Zenith would sell its share of the oil production to ETAP, which would in turn be sold by ETAP to the international market, in this case to a Swiss counterparty. The actions taken together can thus be seen as arbitrary measures intended to deliberately weaken the concession co-operator, thereby providing a pretext to deny concession rights. The non-payment of oil triggered the arbitration process.

ETAP, which also held the majority stake in the Sidi El Kilani (SLK) concession, appears to have engaged in a broader pattern of systemic actions undertaken against Zenith. However, EPZ's victory in ICC-1 arbitration later confirmed two key points: first, that EPZ was entitled to payment for oil produced from the Ezzaouia concession; and second, that its method of acquiring the Ezzaouia concession, by acquiring Candax's subsidiary (EPZ) which held the rights, was legally valid. This arbitral award set an important precedent relevant to the dispute regarding the SLK concession, where Zenith similarly acquired concession rights of SLK through the purchase of CNAOG.

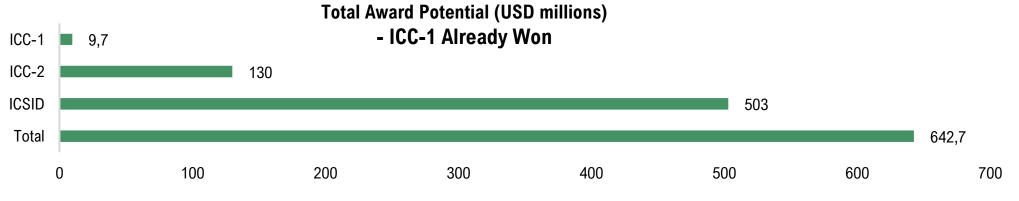
The timing of all these actions is revealing. When Zenith entered Tunisia in 2020, oil prices traded at a cyclical low, and no regulatory friction was encountered. But beginning in 2021 and accelerating into 2022, as prices rebounded sharply, a sudden and sustained wave of bureaucratic obstacles emerged. The pattern raises questions about the government's underlying motivations and the consistency of treatment.

Three Legal Proceedings – All Rooted in Governmental Obstruction

To recover financial losses, Zenith's subsidiaries launched three distinct but interconnected arbitration cases, each linked to obstructive actions by Tunisian state entities:

- ICC-1: Focused on non-payment for lifted crude from the Ezzaouia concession, resulting in a USD 9.7m award in favor of EPZ, officially delivered in late December 2024.
- ICC-2: CNAOG seeks USD 130m in damages related to the SLK concession, covering lost revenue, undelivered oil, and blocked renewal rights.
- ICSID Arbitration: A treaty-based claim filed under the UK-Tunisia BIT, seeking USD 503m in cumulative damages across all Tunisian assets, citing violations of fair and equitable treatment, unlawful expropriation, and systemic obstruction of investment.

The claims have been calculated by two internationally recognized firms: Orginasation Conseil Audit (OCA) and Chapman Hydrogen and Petroleum Engineering Ltd. (Chapman). OCA is a leading accountancy firm specializing in quantum analysis for arbitration proceedings. OCA has been tasked with providing a precise assessment of the financial damages incurred. Chapman has conducted a detailed review of the technical and operational aspects of the concessions. The firm is a Calgary-based engineering and reserves evaluation firm with over 50 years of expertise in the oil and gas sector.



Arbitrations

USD **9.7m** Awarded to EPZ in ICC-1

Interest Accrual Increased Principal Amount by Approximately **44%**

Final Award Approximately **58%** Higher Than Principal Amount

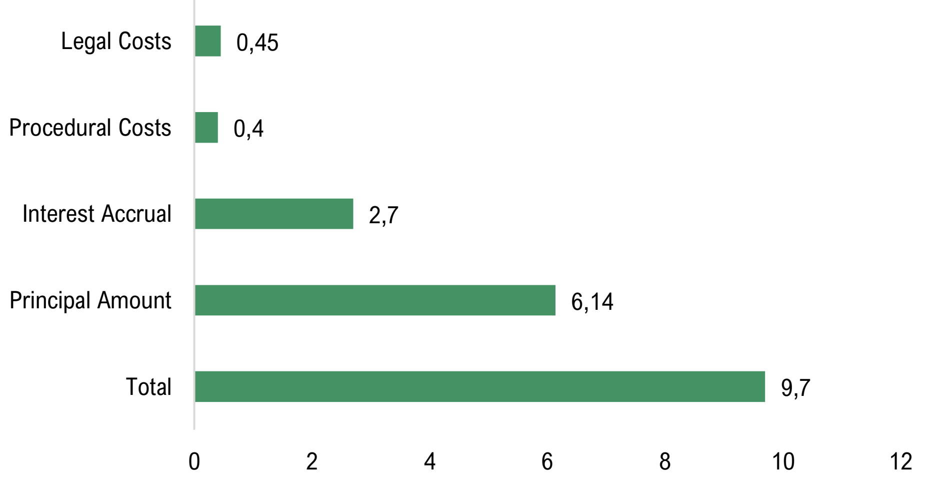
ICC-1 Arbitration: Payment Default Under Crude Sales Agreement

Zenith Energy initiated the first arbitration under the ICC (International Chamber of Commerce) framework, following a contractual dispute involving its Tunisian subsidiary, Ecumed Petroleum Zarzis Ltd. (EPZ), holding 45% working interest in the Ezzaouia concession. The case arose from Entreprise Tunisienne d'Activités Pétrolières (ETAP's) failure to pay for crude oil volumes produced and delivered by EPZ under the terms of an existing offtake agreement.

This breach occurred despite the oil having been lifted - meaning it was physically transferred and sold under agreed commercial terms. ETAP's failure to settle these invoices triggered the arbitration, which centered on non-payment for production already delivered.

On December 19, 2024, a favorable ruling was announced. The arbitral tribunal awarded Zenith USD 9.7m, including a principal amount of 6.14m, accrued interest on delayed payments, and reimbursement for procedural costs as well as legal costs, amounting to USD 845k. The award highlighted how contractual non-compliance, even on finalized deliveries, can escalate due to time-sensitive interest accrual, in this case amounting to 44% of the principal claim, while reimbursement for procedural costs and legal costs associated with the arbitration represented 13.7% (unrelated to the 44%) of the principal claim.

Composition of ICC-1 Award (USD millions)



Critically, the tribunal upheld not only Zenith's right to payment, but also affirmed the Company's legal interest in the Ezzaouia oil concession, a point of strategic importance in the context of the other ongoing arbitrations, where the validity or enforceability of Zenith's ownership rights may be contested, despite having been acquired in the same lawful method as in the Ezzaouia case, now validated by ICC.

The ICC-1 ruling, issued under Article 35.6 of the ICC Rules, is final, binding, and non-appealable on a de novo basis. It is immediately enforceable and may be recognized and executed by competent courts internationally. In practice, this means Zenith can pursue enforcement against ETAP assets or secure recognition of the award in jurisdictions where ETAP holds financial or operational interests.

Arbitrations

ICC-2 Claim Amounts to USD **130m**

ICC-2 Arbitration: Broader Claims Arising From Contractual Breaches in the SLK Concession

Under the International Chamber of Commerce (ICC), a second arbitration case was initiated to hear Zenith's second claim under its framework, defined as ICC-2, where the total value of the claim is USD 130m. The arbitration was initiated by Canadian North African Oil & Gas (CNAOG), then a wholly owned subsidiary of Zenith Energy, being simply a new name of CNPC Tunisia, holding 22.5% in the Sidi El Kilani (SLK) oil concession.

This arbitration underscores CNAOG's broader allegation that Tunisian authorities engaged in arbitrary and obstructive conduct, preventing lawful operation and value realization from SLK. The final hearing has taken place, and a decision is expected in the summer of 2025.

The claim includes:

- Loss of production revenues and profits: CNAOG seeks compensation for foregone revenue from the SLK field between the acquisition date and concession expiry in December 2022, during a period of elevated oil prices.

- Crude allocations denied: Oil volumes owned by CNPCIT (now renamed CNAOG post-acquisition), were allegedly sequestrated, and hence never delivered or monetized.

- Unpaid oil invoices (SLK-specific): As per the crude oil in the port tanks, invoices for oil sold domestically (called DMO) were never paid.

- Loss of right to renew SLK: CNAOG also asserts that it was unlawfully denied the right to renew the SLK concession after 2022. This claim includes the projected future value of a 45% interest (combining the CNPC and KUFPEC stakes) in a renewed SLK license.

Arbitrations

ICSID Claim Amounts to USD **503m**

Bilateral Investment Treaty between the United Kingdom and Tunisia

ICSID Arbitration: Treaty-Based Investment Claim Against Tunisia

The third and most extensive legal action initiated by Zenith's subsidiaries is a treaty-based arbitration filed under the International Centre for Settlement of Investment Disputes (ICSID), headquartered in Washington, D.C. Unlike the prior ICC arbitrations, which focus on commercial contract breaches, this proceeding arises under public international law and is based on Article 8 of the Bilateral Investment Treaty (BIT) between the United Kingdom and Tunisia, which governs the promotion and protection of foreign investments.

The claim is filed by Zenith UK-registered subsidiaries, including Zenith Africa Ltd. (ZEAL), Zenith Overseas Assets Ltd. (ZOAL), and Compagnie du Désert Ltd. (CDD), all fully owned subsidiaries of Zenith, and seeks USD 503m in cumulative damages. This amount reflects both historical losses and the loss of expected future value from Zenith's Tunisian investments across multiple oil concessions, including Sidi El Kilani (SLK) and Ezzaouia.

Given the scale of losses, Zenith determined arbitration was the only available recourse to protect its legal rights and recover damages under the BIT. The ICSID process involves formal registration in Washington, appointment of an arbitral tribunal, and compliance with the ICSID Convention, to which both the UK and Tunisia are parties.

Zenith alleges that the Tunisian government engaged in a pattern of arbitrary and obstructive conduct that undermined the commercial viability of its operations, including:

- Unreasonable interference in field operations and development across SLK and Ezzaouia, delaying or halting planned technical activities;
- Systematic failure to process regulatory approvals, blocking field workovers, production optimization, and even basic operational continuity;
- Obstruction of crude oil sales, including delayed or denied authorizations to lift and sell oil that had already been produced. These acts, individually and cumulatively, are alleged to breach Tunisia's treaty obligations, including:
- **Fair and Equitable Treatment (FET)** – requiring a predictable and transparent regulatory environment;
- **Protection against expropriation –** safeguarding assets from state interference without prompt and adequate compensation;
- **Full protection and security**, and the obligation not to impair investment with arbitrary or discriminatory measures.

Conclusion of Tunisian Operations

The Tunisian operations, though originally intended to be part of Zenith's core portfolio, have been severely impaired by the ongoing litigations. What should have been stable cash-generating assets, acquired opportunistically during COVID-19, have instead turned into a protracted legal conflict. This divergence has significantly impacted revenue recognition and segment-level profitability. Under normalized conditions, the financial performance in the recent years would have been the best in the Company's history. However, legal and operational disruptions in Tunisia have led to material fluctuations in reported results.

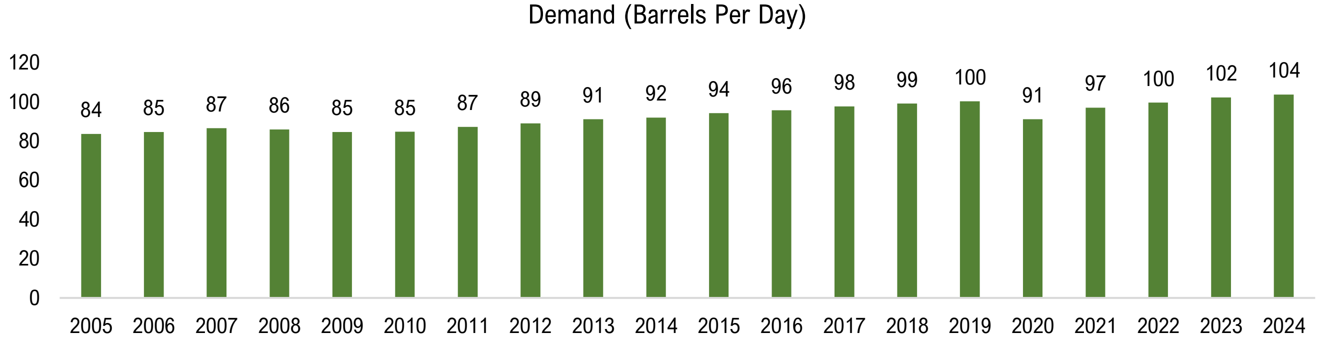
Crude Oil: Historical Volatility and Market Fundamentals

Estimating oil prices is inherently challenging - if not impossible. This has been underscored by extreme recent developments: a brief plunge into negative territory during COVID-19 (on certain U.S. futures contracts), followed by a surge to over USD 129 per barrel in the wake of Russia's invasion of Ukraine. These episodes illustrate that while long-term supply and demand ultimately determine price, short-term market drivers, including financial shocks, geopolitical conflict, refining constraints, and surprise discoveries, can overwhelm normalized fundamentals.

Over the long term, demand is shaped primarily by global economic growth, while substitutes like electrification and renewables gradually reduce reliance on hydrocarbons. On the supply side, key factors include new discoveries, decline rates, recovery efficiency, and the price itself, which dictates what reserves are economically viable. One more hard-to-project variable is OPEC (the Organization of the Petroleum Exporting Countries), sometimes defined as OPEC+ with further members. Member states and their production quotas are sometimes determined by economic fundamentals, such as increasing profitability, while at other times driven by efforts to gain market share or penalize non-producing states for geopolitical reasons.

Oil Demand

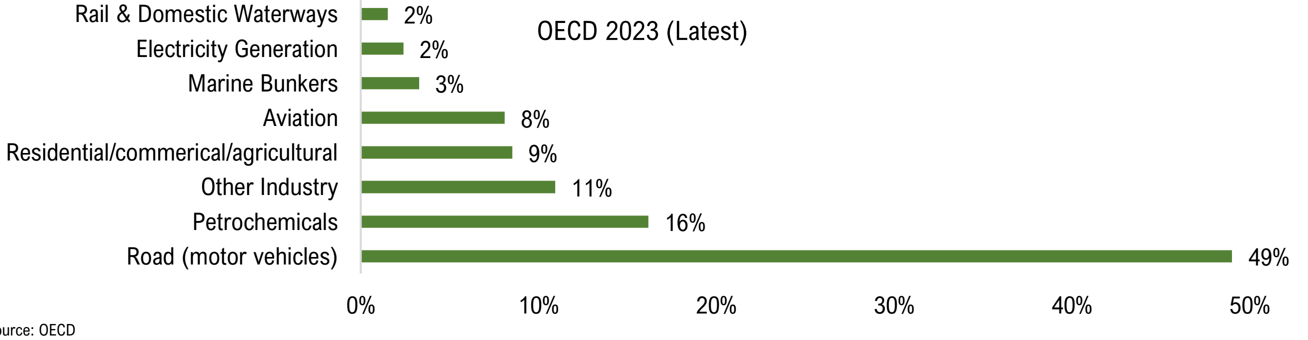
Since 2005, demand has increased every year with the exception for 2008, 2009, 2010, 2020, and 2021, highlighting the extraordinary decreased demand during the financial crisis in 2008 and the COVID-19 pandemic in 2020-2021. With a normalized demand, excluding those years, the demand has increased at an average rate of 1.9% per annum until 2024.



Source: Statista

Demand Composition

The demand composition in 2023, which was the last report published by the OECD, is still dominated by transportation fuel, while petrochemicals and other industry together represent more than 25% of total demand. The use of oil for electricity generation has declined significantly over the past century, as substitutes such as natural gas, coal, nuclear, and renewables have taken over.



Source: OECD

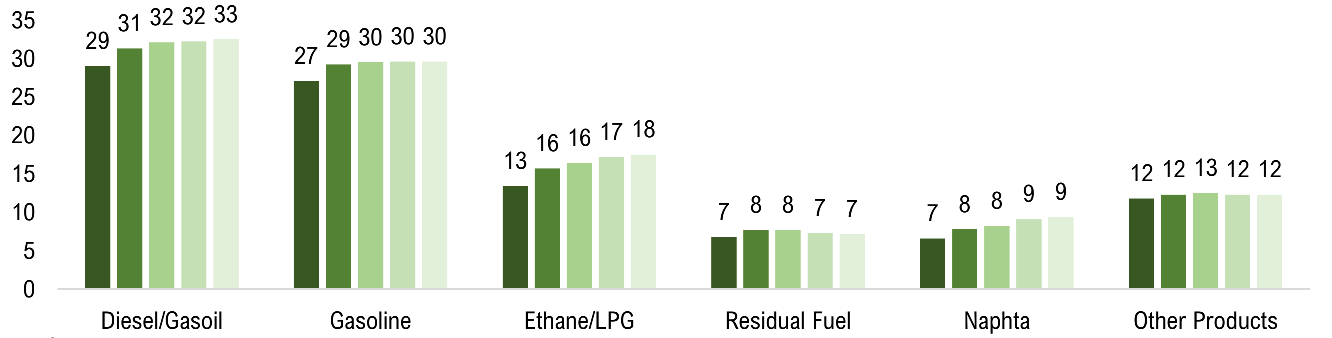
Market Analysis

Refineries process crude oil into refined products such as fuels, petrochemical feedstocks, and industrial materials. The main oil products that satisfy the demand composition are listed in the table below:

Product	Main Use
Diesel/Gasoil	Transportation fuel for trucks, buses, trains, and ships (depending on quality)
Gasoline	Transportation fuel for passenger cars and light vehicles
Ethane/LPG	Petrochemical feedstocks for plastics and chemicals (LPG also used for heating and cooking)
Residual Fuel	Heavy fuel mainly for marine transports (ships) and power generation
Naphta	Petrochemical feedstock (ethylene, propylene production) and some gasoline blending
Other Products	Heavy oils, asphalt, petroleum coke, sulfur - used for power generation, construction, fertilizers, and industrial processes

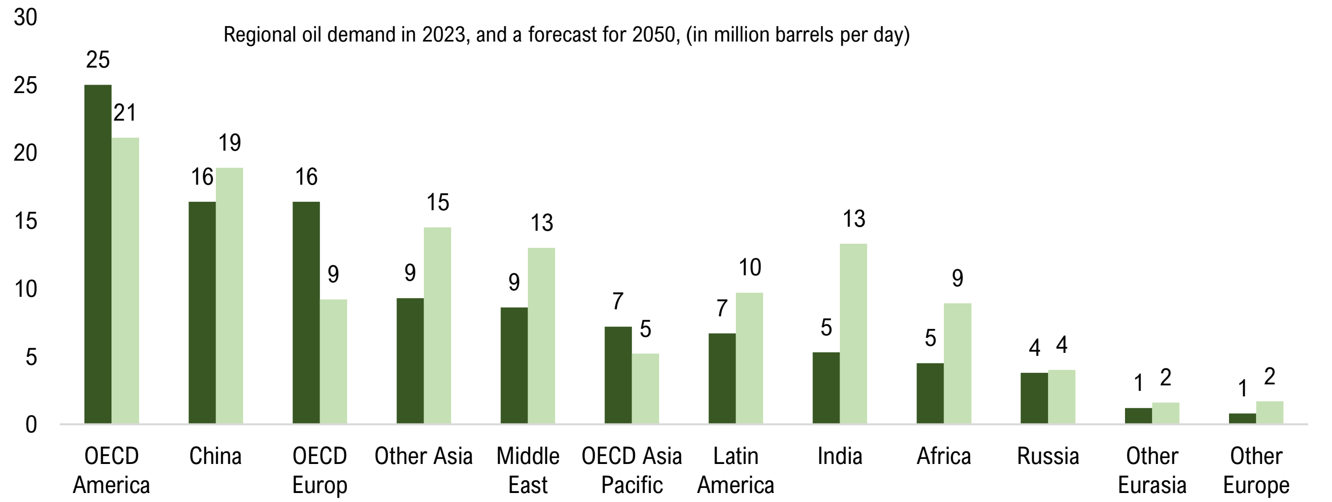
Demand for the different product types varies. While diesel/gasoil and gasoline represent the largest portion of the demand today, growth is projected to flatten out by 2030 and onwards, explained by the higher utilization of Hybrid vehicles and electric vehicles. Meanwhile, demand for products used as petrochemical feedstocks such as Ethane and Naphtha, as well as Liquefied Petroleum Gas (LPG), is projected to increase until 2050.

Demand Composition (million barrels per day)



Source: Statista

In total crude oil terms, the United States represents the largest portion of oil demand, while China is number two and Europe follows closely. Looking ahead, demand is projected to be reduced on a net basis in the United States and Europe, while it is projected to increase in China and India, as well as regions such as the Middle East, Latin America, and Africa. Although electric vehicle adoption is expected to increase across all regions, rising incomes and improved living standards in countries such as China and India are projected to continue driving oil demand in the future.



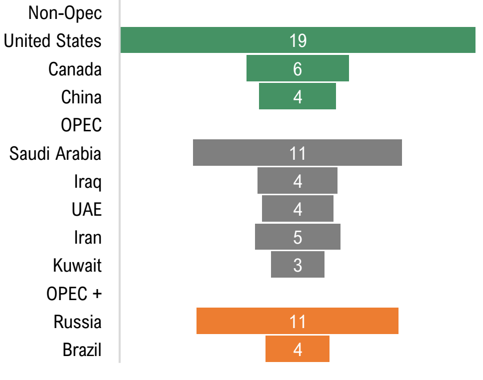
Source: Statista

Oil Supply

History of Volatile Oilprice

As mentioned earlier, the price of oil is determined not only by demand but also by supply – as is the case with every commodity. Theoretically, the long-term demand of oil could decrease while the price of oil increases, which would be a function of supply decreasing even faster than demand. Effects of supply disruptions were most recently seen with Russia's invasion of Ukraine. Another famous example was in the 70's when OPEC reduced production severely in a response to the West's support of Israel during the Yom Kippur war, which was one of the main reasons behind a 1,000% increase in the price of oil between 1971-1980, as well as the high global inflation during the 1970's - highlighting both the power of OPEC and how it is hard to project its actions, as well as oil's importance as an input cost and therefore its impact on economic activity and inflation. The member states are the following: Algeria, Republic of Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates and Venezuela. In the OPEC+ definition, notable countries as Russia, Kazakhstan and Brazil are included. While OPEC+ power is undeniable, accounting for approximately 60% of global oil production, its level of cooperation can be volatile, due to different production requirements to meet state budgets and further underscored by the two large producer's, Saudi Arabia and Iran's, and their sour relationship towards each other. Due to the proliferation of the shale technology, the U.S. has emerged as the number one oil producer in the world, challenging OPEC+'s power.

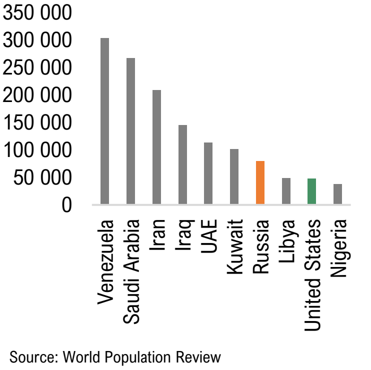
Top 10 producers Crude Oil and Condensate million barrels per day



Production Capacity ≠ Estimated Reserves

While non-OPEC states are large producers today, with the United States currently being the largest in the world, the majority of oil reserves are held by OPEC and OPEC+ states. According to current estimates, 79.1% of the world's proven crude oil reserves are located in OPEC Member States. While Venezuela has the largest proven reserves, almost all the country's oil is heavy sour, which requires more complex refining - increasing the production breakeven price drastically. Meanwhile, Saudi Arabia mostly has light-to-medium sweet oil, reducing production costs, making it a swing producer, enabling production flexibility.

Oil Reserves Estimate 2023 (million Barrels)



Source: World Population Review

One noteworthy anomaly is that ExxonMobil discovered major offshore oil reserves of ≈ 11.6 billion barrels of oil equivalent in Guyana in 2015 - the first significant discovery globally in many years.

Different regions have different economics. The United States can produce high quantities profitably as long as prices remain above ≈USD 46-67/b while Saudi Arabia can produce at ≈USD 5-10/b. Furthermore, different regions have different decline rates in their fields, meaning the fields are depleted at different time intervals. While the United States is currently the largest producer, the production is relatively fragile both in terms of economics, where the shale technology requires a higher price, but also due to the fact that the majority of oil is produced in the Permian Basin, Texas, where a shale well can decline by 60-70% after just one year. This is contrasted to a conventional Saudi oil well that historically have shown decline rates of 2-5% per year. This dynamic has the potential to tilt power toward OPEC+ even further in the long-term. Also, the oil crash in 2014 forced oil producers in general, and oil majors in particular, to reduce structural capex investments and show financial discipline. This situation has reduced the five Majors (ExxonMobil, Chevron, Shell, BP, TotalEnergies) development capex-investments by an estimated 12.5% since 2006 and 55% since 2014, making new large discoveries less likely and increasing the risk of a supply disruption and higher oil price in the future.

Zenith Energy's Tunisian oil is light-to-medium sweet oil, lowering extraction costs and pricing it at a premium - therefore increasing claimable sum against the Tunisian government.

Not all oil is created equal. Crude oil types differ in value depending on API gravity (density) and sulfur content. Tunisia produces medium-light sweet crude, a high-value grade with lower refining complexity and therefore most of the time priced at a premium compared to the other kinds. As mentioned above, light sweet oil also has better production economics, increasing margins for the producer. This makes Zenith's Tunisian assets especially valuable in a market increasingly sensitive to climate policy and emissions intensity, where refineries favor lighter, cleaner inputs. The same logic applies to condensates, which are often used to blend heavier grades and to produce naphtha or petrochemical feedstock.

Type	Density	Sulfur Content	Value Implicaction
Light Sweet	Low Density	Low Sulfur	Highly Desirable - Low Refining Cost
Light Sour	Low Density	High Sulfur	Mid-value - Requires Desulfurization
Heavy Sweet	High Density	Low Sulfur	Specialty - Less Versatile
Heavy Sour	High Density	High Sulfur	Least Desirable - Complex Refining Needed

Common Unit Definitions

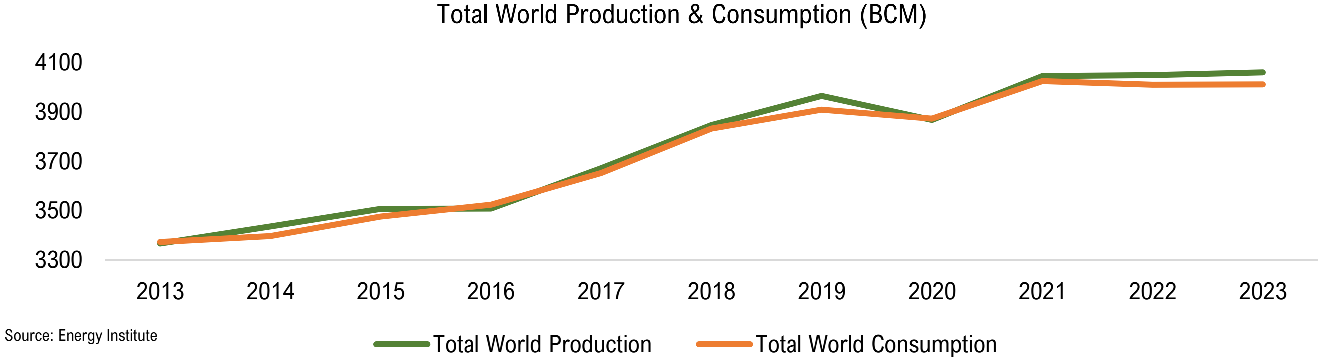
1. 1BCM (Billion Cubic Meters) ≈ 35.3 BCF (Billion Cubic Feet)
2. 1 BCF (Billion Cubic Feet) = 1 000 MMscf (Million Cubic Feet)
3. 1 Mscf (Thousand Cubic Feet) ≈ 1.037 MMBTU (Million British Thermal Units)
4. **Common Conversion:** 1 MMscf (Million Standard Cubic Feet) ≈ 1 037 MMBTU (Million British Thermal Units)

Natural Gas: A Transitional Asset with Strategic Value but With Complex Transportation Routes

Gas has emerged as a bridge fuel, especially in power generation, offering lower emissions than coal and greater load stability than solar or wind. Most natural gas is produced as a byproduct of oil extraction, with LNG imports from Qatar and the United States filling gaps in the European supply. However, Russia's declining role as a pipeline provider has shifted strategic attention to domestic or near-shore production.

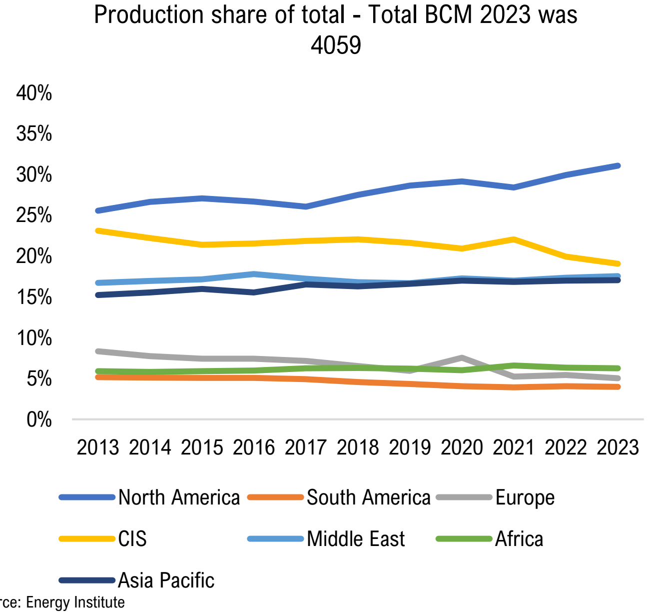
With the exception of the pandemic year, 2020, global gas consumption increased every year between 2013-2021. During 2022-2023, consumption decreased marginally ~0.4%, highlighting demand inelasticity due to the world's high dependence on gas for electricity generation and security reasons. Preliminary data from the IEA indicate an increased consumption of 2.7% in 2024, while gas demand for electricity generation grew by ~2.8%, demonstrating a continued structural demand.

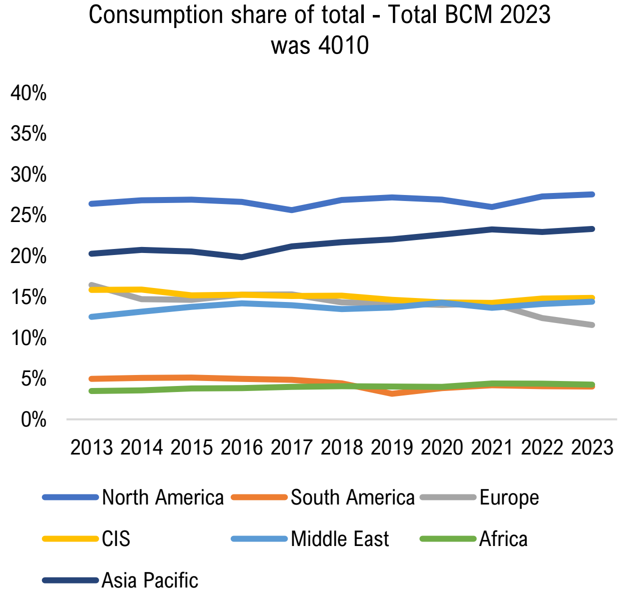
During this period, production has remained sufficient, always meeting demand – explained by the shale gas boom in the United States and Canada, revolutionizing the gas industry in North America and increasing the region's production by ~52% since 2013. Besides North America, the largest producers in the world are Russia, Iran, China, Qatar, Australia, Norway, Saudi Arabia and Algeria, in that order.



Source: Energy Institute

Despite production matching consumption on a global scale, this dynamic does not paint the full picture, since regional differences between supply capacity and structural demand can vary heavily, in large part due to the economic viability of extraction as well as political incentives.

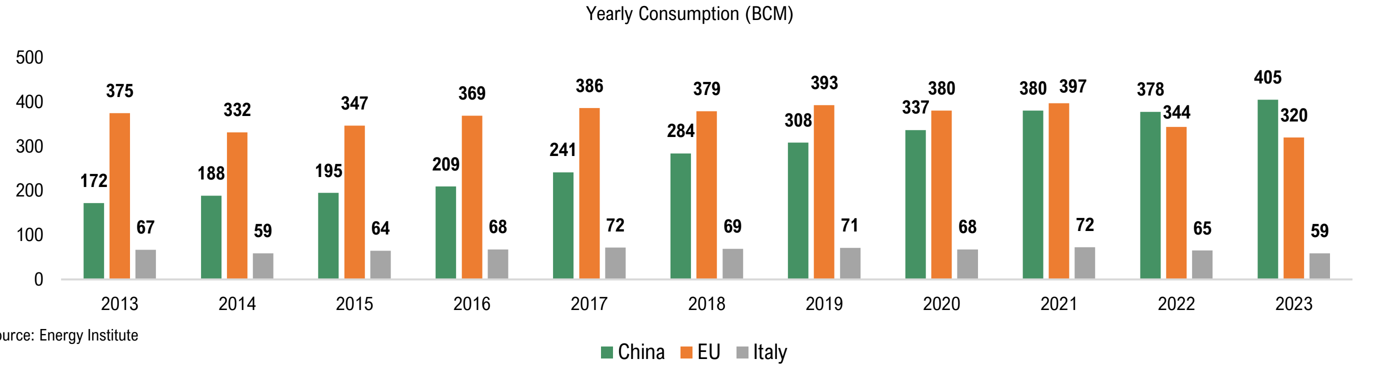




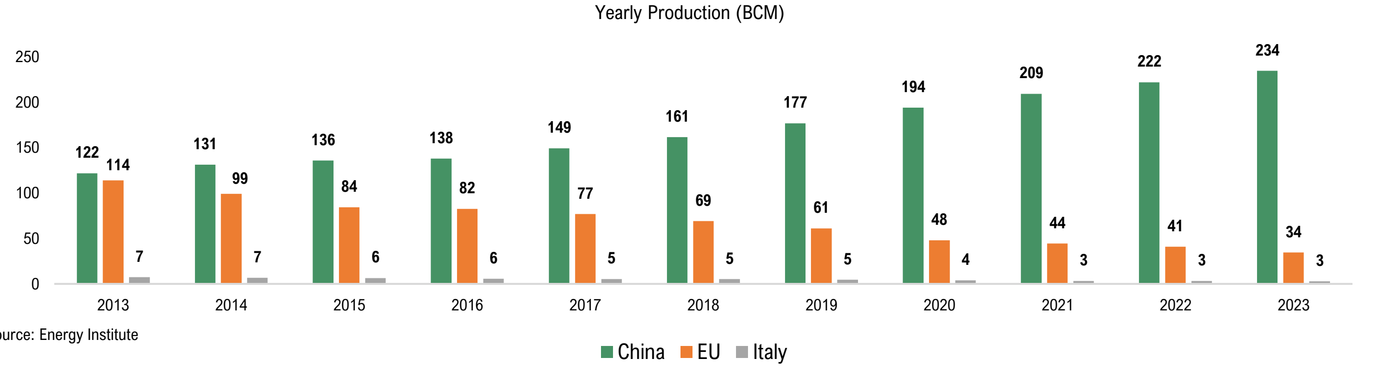
Source: Energy Institute

While North American consumption represents the largest portion of global consumption, it is also the largest producer, thereby securing self-sufficiency and an energy independence with a structurally lower price compared to most other regions in the world.

The two largest net importers, the EU and China, have shown a divergent strategic shift since 2013. While the EU's consumption remains at a structural level similar to ten years ago, regional production has decreased dramatically. During the same period, China has met structurally higher consumption by ramping up domestic production. Italy, where Zenith is operating, has followed a trend similar to Europe, although production was already at a low level in 2013.

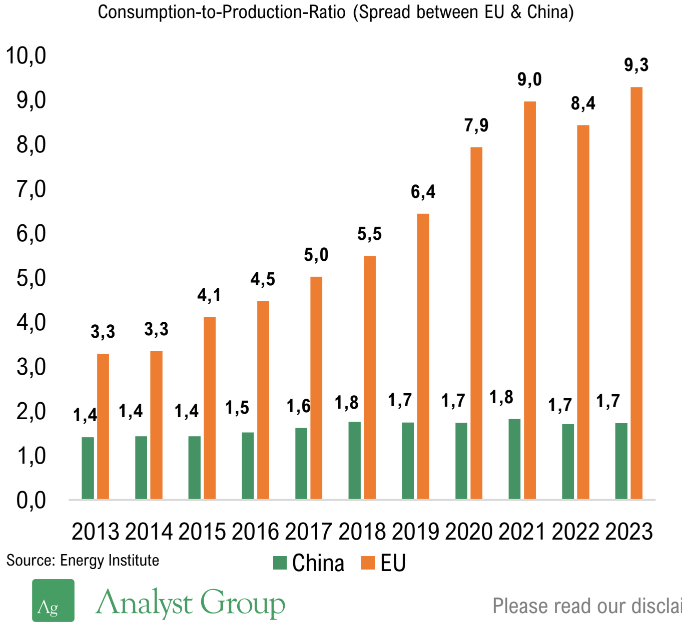


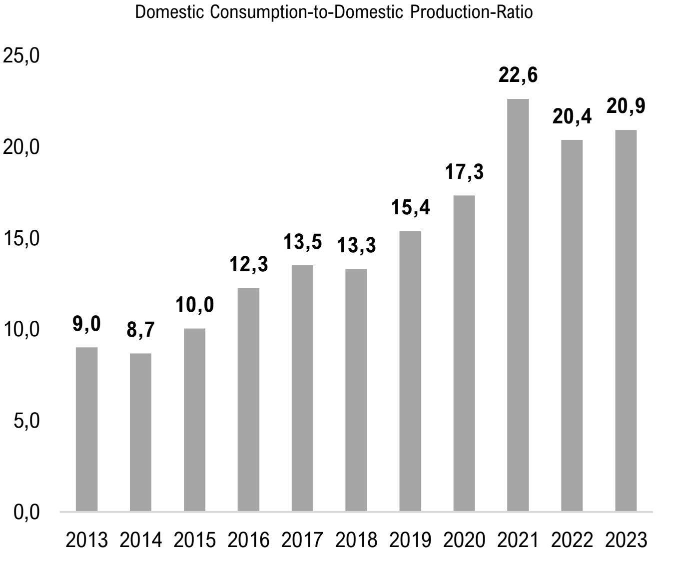
Source: Energy Institute



Source: Energy Institute

This dynamic is further illustrated by studying the historical consumption-to-production ratios of the two largest consumers. China's ratio has remained relatively stable compared to EU's since 2013, and on an absolute level since 2017, while the EU's ratio has increased 180% since 2013. The difference, of course, is a function of China ramping up production, while the EU has reduced it. Italy's ratio has increased to an even more extreme level, emphasizing the country's dependence on imports and highlighting an opportunity for Zenith to contribute, albeit marginally, to improving the domestic production.



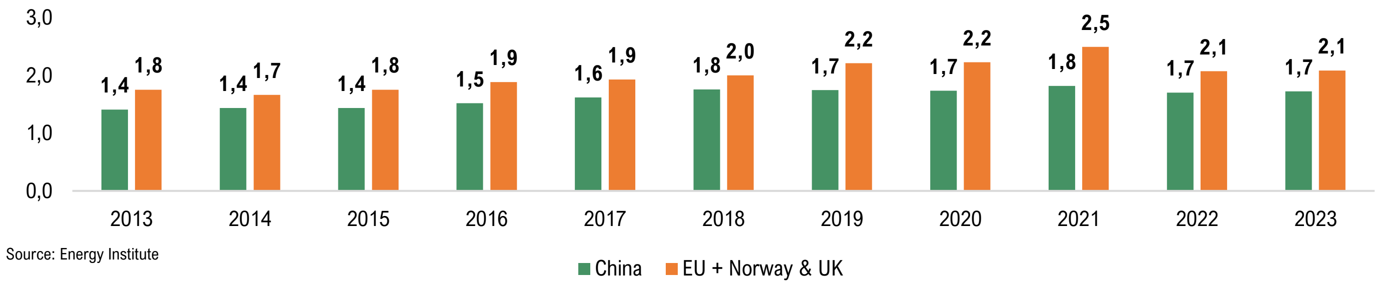


Source: Energy Institute

Market Analysis

When including Norway and the UK, Europe's two largest gas producers, not counting Russia, the ratio looks less extreme, but still shows an increase since 2017, compared to China. Until 2022, the majority of the EU's imports came from Russia through well-established pipeline routes.

Spread Ratio - Consumption vs Production



Source: Energy Institute

LNG (Liquefied Natural Gas) - Steps

1

Extract: Natural gas is pumped from underground reservoirs via drilling.

2

Liquefy: The gas is cooled to -162°C at liquefaction terminals, becoming LNG for easier transport.

3

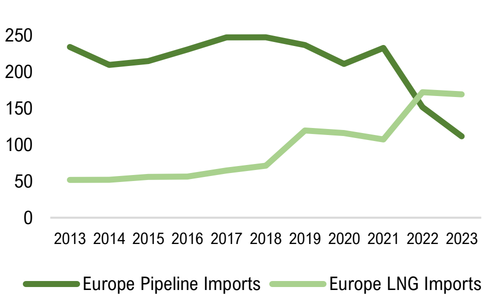
Transport & Store Regasify: LNG is shipped in tankers to import terminals, where it is warmed and turned back into gas. Often handled in one step through floating storage and regasification units (FSRUs)

4

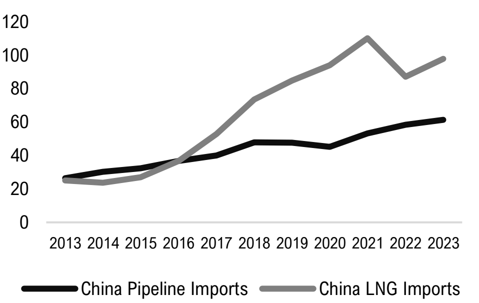
Distribute: The regasified gas is sent through pipelines to power plants, industries, and homes.

This European situation looked seemingly sustainable until Russia invaded Ukraine, forcing the EU to reduce dependence on Russian pipeline imports, and instead increasing liquefied natural gas ("LNG") imports. Although this trend was set in motion even before the invasion, it accelerated profoundly in 2022. The problem with the new strategy of LNG imports was threefold: the first being that the LNG imports entail longer routes compared to pipelines; the second is that LNG requires liquefaction terminals for the exporter and regasification terminals for the importer – both of which were in short supply; and the third was that China had made a similar shift from pipeline imports to LNG imports, albeit for structural demand reasons and not because of Russia, thereby competing with Europe for routes. All these factors taken together drove up the import price.

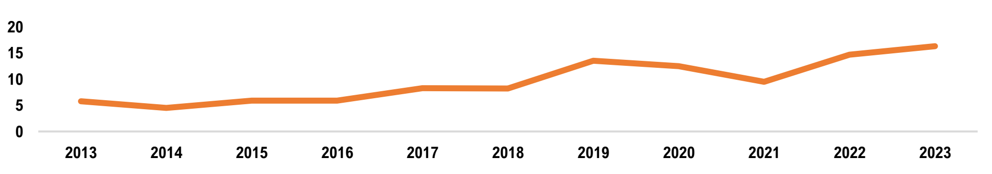
European Pipeline Imports vs LNG Imports (BCM)



Chinese Pipeline Imports vs LNG Imports (BCM)

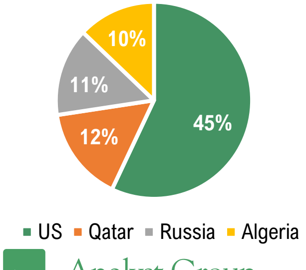


Italy LNG Imports (BCM)

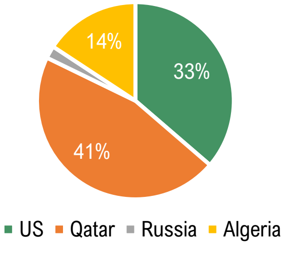


As shown above, Italy has increased LNG imports as well. However, as highlighted below, the difference is that the country is more dependent on longer routes compared to Europe as a whole. Unfortunately for Italy, a larger share comes from Qatar, which not only competes with Chinese routes, but is also a longer route than US imports, ~12,000km vs ~8,000km, as well as having to pass the Suez Canal. With all the tension occurring there, this contributes to a higher structural import price for Italy compared to both the rest of Europe and China.

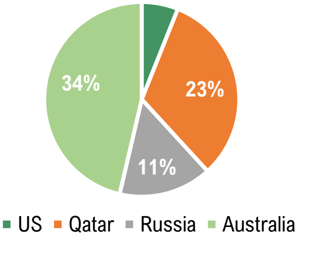
Majority of LNG Flow to Europe 2023



Majority of LNG Flow to Italy 2023



Majority of LNG Flow to China 2023



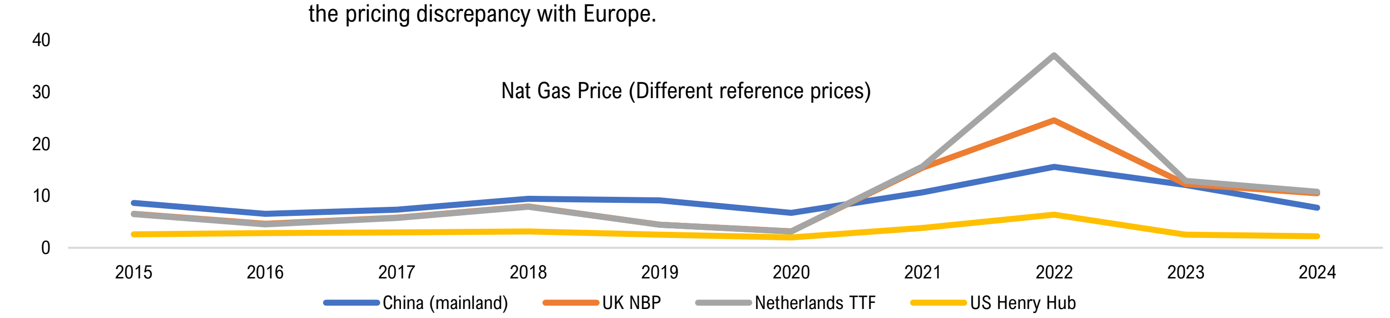
Source: Energy Institute

Market Analysis

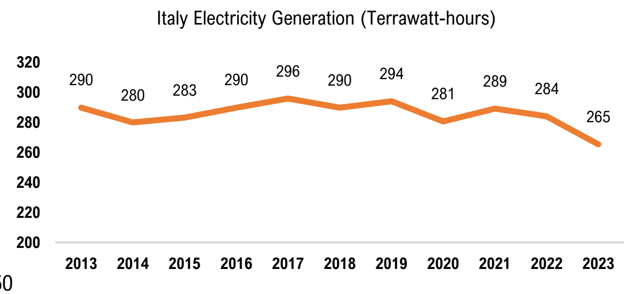
For the reasons already mentioned, natural gas prices increased dramatically for the net importing countries, as well as on a global scale, with the difference being a much smaller increase on an absolute level for energy independent regions. Prices have since decreased in Europe, primarily due to:

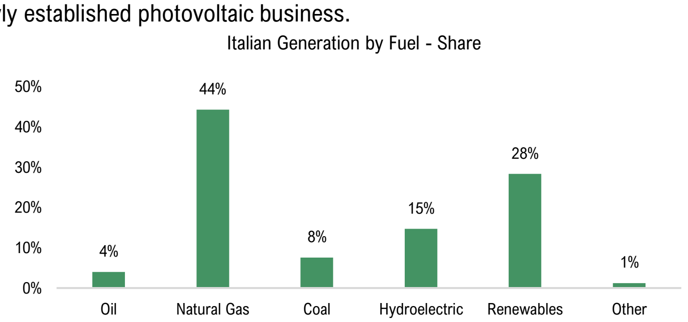
1. increased LNG imports and necessary buildout of infrastructure for handling the flows through floating storage and regasification units (FSRUs).
2. Europe experienced warmer-than-average winters in 2022-2024, reducing heating demand.
3. Industrial demand destruction in energy-intensive industries, whereby output were cut or shut down.
4. Behavioral and Policy changes with Gas-saving campaigns.
5. EU gas storage has stayed well above seasonal averages, thanks to aggressive filing – reducing spot market buying.
6. Wind and solar output improved, reducing reliance on gas-fired power, while nuclear capacity (especially in France) returned.

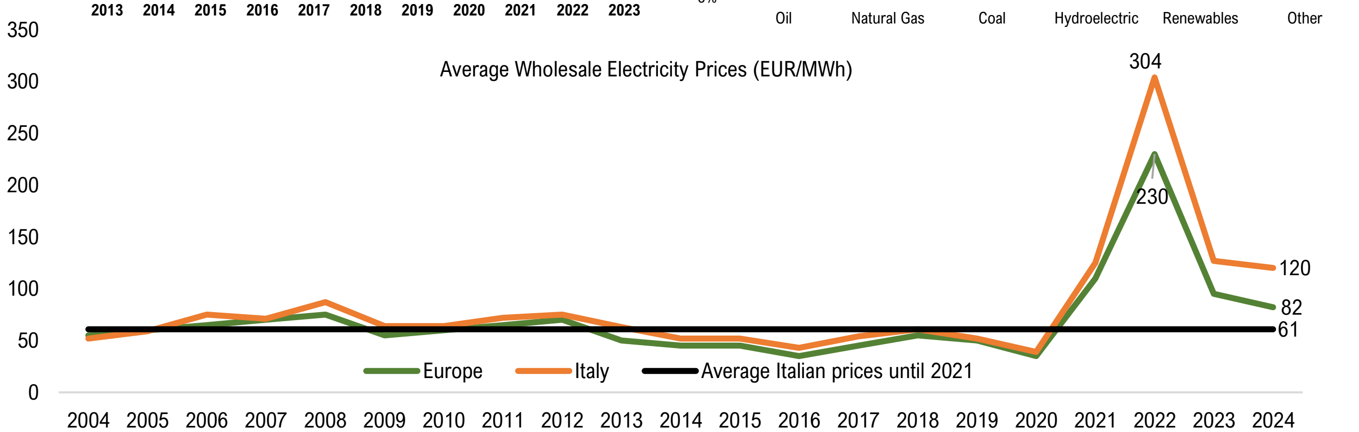
While this has been beneficial for obvious reasons, the situation remains fragile; especially points 2-4 are unsustainable over the long term, and point 5 was dependent on points 2-4. Therefore, despite prices decreasing, they are still well above historical averages. While that is the case for China as well, the country has increased its share of pipeline imports from Russia, thereby reducing the average price, and explaining the pricing discrepancy with Europe.



Unfortunately for Italy - but beneficially for Zenith - the country's main source of energy is from natural gas, representing 44% in 2023 according to *the Statistical Review of World Energy*. While Italy's electricity generation has been stable since 2013, the country's high dependence on natural gas imports, with the added burden of a higher share of imports coming through the longer Qatar route which also passes through the geopolitically unstable Suez Canal, has contributed to a higher price. Italian wholesale electricity prices have traded above its historical average as well as above average prices for Europe as a whole. Another factor contributing to Italy's higher-than-average price is the electricity market structure, in which the country's marginal pricing system is set up so that expensive gas-fired power often sets the electricity price, even when renewables are present. This dynamic benefits Zenith Energy, both through the Company's gas operations and its newly established photovoltaic business.







Source: IMARC Group, CME Group, MacroMicro, EIA

Solar: A Strategic Fit in a Country in Need of Alternatives

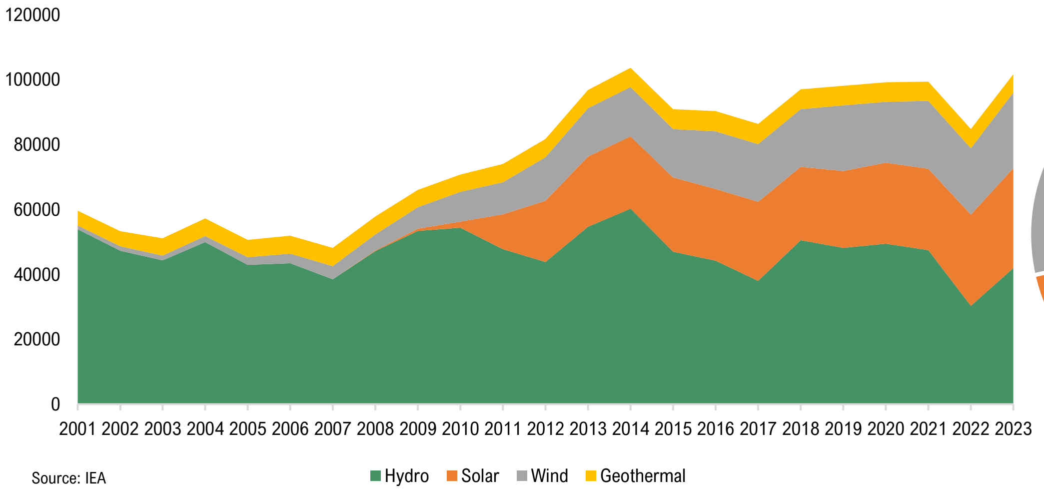
Photovoltaic (PV) = Solar electricity

As Italian wholesale electricity prices remain elevated, Zenith benefits through the Company's gas-exposure. Furthermore, the Company recently acquired photovoltaic assets, thereby gaining more exposure to the Italian energy market. The expansion into solar energy is equally timely. Driven by ESG mandates, subsidy frameworks, and heightened awareness of energy security, capital allocation toward renewables has surged.

Sicily, one of Europe's sunniest regions, offers ideal conditions for stable and efficient solar generation. Zenith's investments in this region not only generate local power but also support the EU's goals to reduce energy dependence on autocratic regimes.

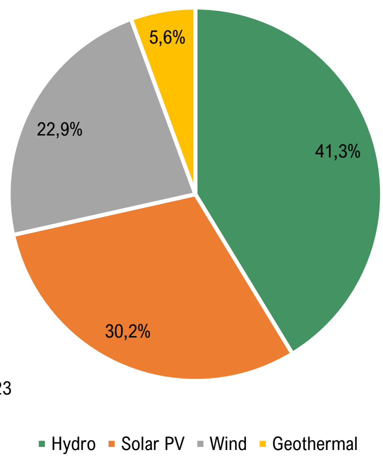
Although gas is the main source for electricity generation in Italy, renewables are increasing its share, representing 28% as of 2023. Solar in particular is a strong option due to high irradiation zones in general, and in Sicily in particular, thereby helping to bridge the dependence on gas. In 2023, Solar PV represented 30.2% of non-combustible renewable electricity in Italy, according to the IEA. The normalized share is even higher but declined in the short-term due to extraordinary measures during the energy crises, whereby hydro generation was scaled up.

Renewable electricity generation by source (non-combustible) in Italy (GW)



Source: IEA

Largest sources of noni-combustible renewable electricity in Italy, 2023 (GWh)



Solar installation has increased rapidly and is estimated to continue increasing, partly due to the general energy situation and partly due to governmental subsidies. As of 2024-2025, the Italian government has increased incentives for PV projects using EU-made solar modules under the "Transizione 5.0 tax credit scheme", a fiscal program aimed at transitioning industrial processes to renewable energy. If a company invests in eligible solar modules, it can claim a tax credit worth up to 35% of the investment value. Continued ESG initiatives are expected in the future, facilitating ease in solar installation to increase the installed base even further.

Summary

To summarize, Zenith's Tunisian assets are premium-grade, light sweet oil, increasing the claimable amount. The Company's gas-assets are strategically aligned with Italy's needs, due to a high dependence on gas and low domestic production, guaranteeing demand while prices are expected to remain elevated – above historical averages in the future as well. To increase the exposure to the Italian energy situation further, Zenith Energy has made a strategic entry into the solar industry, acquiring assets with a short-term ambition of reaching 3.79 MW production capacity, and by the end of 2025 an ambition of acquiring assets capable of producing 20 MW. The combination of highly desirable light sweet oil in Tunisia, increasing the claimable amount, while already being positioned to capitalize on an Italian gas-market in disruption provides a strong foundation. As Zenith gains further exposure by acquiring solar assets, the Company is positioned to further capitalize on the special situation in Italy - partly by realizing high electricity prices and partly through governmental subsidies, expected to increase in the future.

Financial Forecast: Impact of ICC-2 and ICSID Arbitrations on Zenith Energy

Estimating Zenith's financial future rests on two parts: the outcomes in the Company's remaining arbitrations and the development of Zenith's Italian energy assets. Even though Analyst Group considers the Italian assets to be of high strategic value with a bright future in their current form, the level of potential scale-up in this segment is estimated to be a function of the outcome in ICC-2 and ICSID. This makes future estimates particularly reliant on extraordinary factors. As the outcomes in ICC-2 and ICSID represent the largest potential cash injection relative to the Company's operations in total, the financial forecast will begin by analyzing this aspect of the business before turning to core operations — namely the gas-to-electricity and solar segments. Analyst Group considers Zenith Energy's case against the Tunisian government to be a strong case — whether viewed in isolation or factoring in statistical analysis from other arbitrations. The factors Analyst Group will take into account when determining a final estimated enforceable sum received from the arbitrations are the following:

1. Key case-specific factors increasing the probability of success in ICC-2 and ICSID

2. Statistics in ICSID and ICC – with more focus on ICSID due to the nature of public procedure of this type of arbitration

3. Analyzing Zenith's claimed sum - how much the Company is reasonably expected to win and later enforce

By definition, all of this taken together relies on several assumptions. Therefore, an inherent uncertainty remains, regardless of the method used to project the above-mentioned factors.

1. Key Case-Specific Factors Increasing the Probability of Success in ICC-2 and ICSID

Several elements strengthen Zenith Energy's case:

- **Consistent transaction structures**: The transactions and investment structures were consistent across concessions. Some were approved, others arbitrarily denied - despite being functionally identical. The structure of the disputed SLK transaction mirrors that of Ezzaouia, Robbana, and El Bibane, which was initially accepted by Tunisian authorities, exposing arbitrary and inconsistent treatment.

- **Correlation with rising oil prices**: Tunisia's obstructive actions coincided with the surge in global oil prices following Russia's invasion of Ukraine, suggesting an economic motivation for denying asset access.

- Favorable ICC-1: The win in ICC-1 not only set a financial precedent but also validated Zenith's legal interest in Tunisian assets by affirming its rightful ownership – thereby providing legal grounding for ICC-2 and ICSID, especially considering that Zenith is using the same legal team for ICC-2 and ICSID, as was used for ICC-1.

- Acquisitions from Tier-One Sellers: Assets were acquired from CNPC, one of the world's largest state-owned oil companies. Their involvement and due diligence reinforce Zenith's technical and financial credibility.

- Completion of payments: Zenith paid for its acquired working interests in both the SLK and Ezzaouia concessions, confirming contractual intent and value transfer - a critical factor when assessing claims of wrongful expropriation.

- Continued investment: Zenith made repeated operational and financial commitments to the concessions, demonstrating its intent to operate as a responsible, long-term investor.

2. Statistics Regarding the ICSID and ICC – More Focus on ICSID due to a Higher Level of Transparency

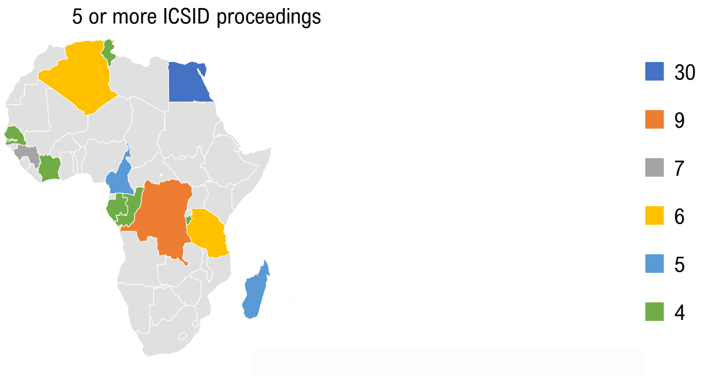
ICSID is a World Bank institution that resolves disputes between foreign investors and states through arbitration or conciliation. A Bilateral Investment Treaty (BIT) is an agreement between two countries that sets rules for protecting and promoting foreign investments. It is supposed to give investors certain rights, such as protection against expropriation, fair and equitable treatment, and access to international arbitration. For ICSID to hear a case, it must have jurisdiction, meaning:

There is a legal dispute; Between a foreign investor and a host state; arising directly out of an investment; both the investor's home country and the host state are ICSID members and consented, often via a BIT.

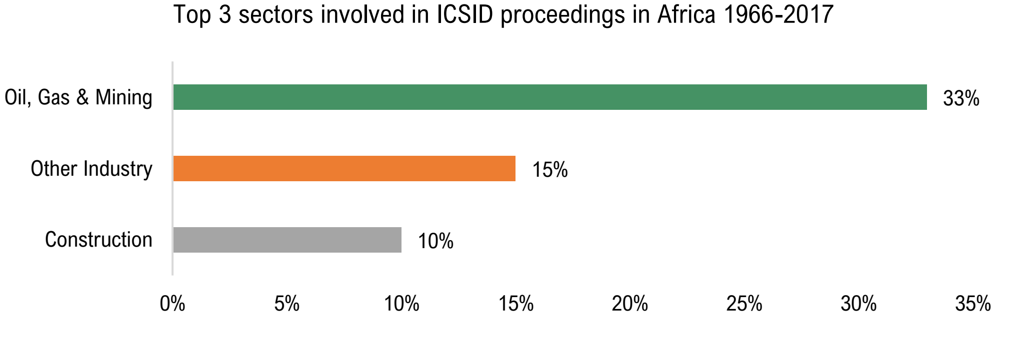
Studying "Foundation and Innovation: The Participation of African States in the ICSID Dispute Resolution System", authored by Paul-Jean Le Cannu and published in the ICSID Review – Foreign Investment Law Journal, Volume 33, Issue 2, in 2018, historical data relating to ICSID can be found for the period 1966–2017, which, by Analyst Group's account, is a suitable timeline from which to draw conclusions based on the statistics.

As of January 11, 2018, ICSID had 153 Member States, of which 45 were African states — a clear majority of the continent's 54 states. Tunisia was the first state to sign the Convention, on May 5, 1965, highlighting the country's long history of drawing interest from international investors.

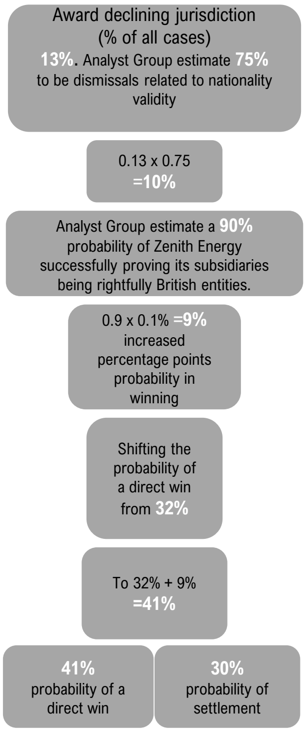
Between 1966–2017, 36 individual African states have participated in ICSID proceedings, with the total number of proceedings amounting to 144 — of which 65 were BIT-based, as is the case with Zenith. The following nations had participated in 5 proceedings or more during the timeline:



The figure above shows no regional pattern in Africa; the nations are spread out across the continent. As seen in the map, Tunisia was involved in 4 proceedings, above the mean for the continent, but significantly below Egypt, thereby showing no clear pattern. However, regarding sectors registered under ICSID, a clear pattern can be found: 33% of all cases on the continent belonged to Oil, Gas & Mining, while the second-largest category, Other Industry, represented 15%. This is likely explained by the continent's resource abundance combined with the large investments associated with the sector.



Financial Forecast

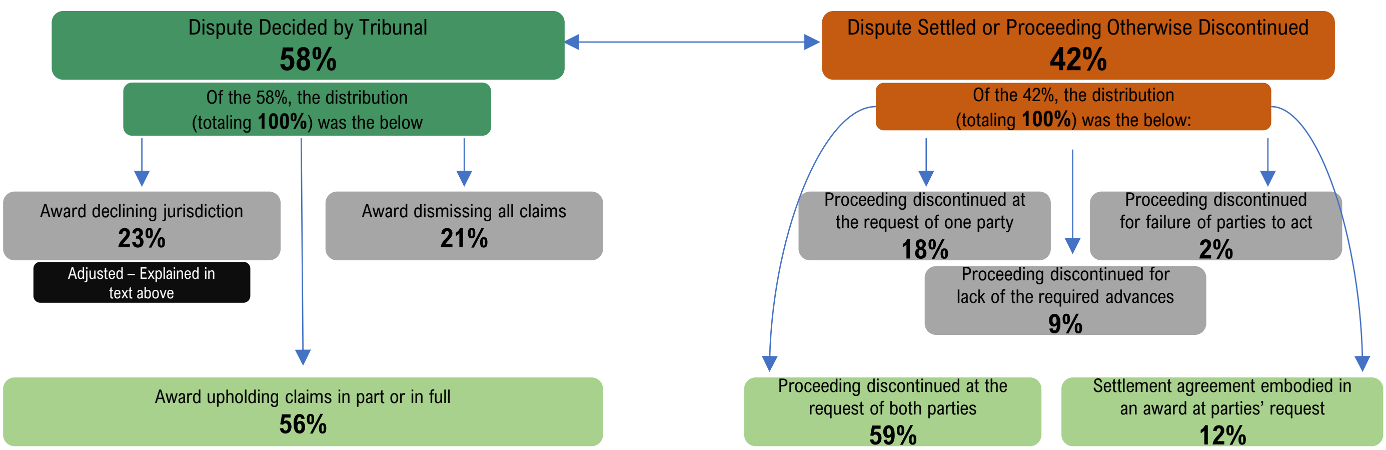


Of the total 144 cases, the claimant won 32%, while 30% (5% + 25%) were settled, assuming "proceeding discontinued at the request of both parties" is a credible proxy for settlement. Taken together, 62% of final outcomes were in favor of the claimant. Using a pure volume-based analysis, Zenith stands a 62% chance of a favorable outcome in the ICSID arbitration. However, Analyst Group considers one additional factor to tweak the probability in favor of the Company — namely the "award declining jurisdiction," which amounts to 23% of "Disputes Decided by Tribunal" and 13% of all cases (23% x 58% = 13%).

At ICSID in Zenith's case, a decisive threshold issue lies in establishing jurisdiction under the UK–Tunisia Bilateral Investment Treaty (BIT). In other cases, tribunals have dismissed claims on the basis of "nationality shopping," where companies restructure solely to benefit from treaty protection. In Zenith's case, this would mean that the tribunal would dismiss Zenith Energy's subsidiaries as rightful British entities and thereby decline the Company's right to the UK–Tunisia BIT. Assuming that most of the 23% jurisdictional dismissals (estimated ~75%) relate to Bilateral Investment Treaty (BIT) nationality validity, if Zenith and its subsidiaries can prove this nationality validity, the odds would increase in the Company's favor. Analyst Group argues that the Company has a 90% probability of substantiating this by considering the following points:

- The Company has had offices in London since 2010, is listed on the main market in the London Stock Exchange since 2016 and has raised capital in the UK, reinforcing its genuine economic link to the jurisdiction.
- All UK-registered subsidiaries (e.g., Zenith Africa Ltd. etcetera) were established at the start of the Tunisian campaign, well before the disputes arose.

Adjusting for the above-mentioned, the breakdown changes the probability of a direct win from 32% to 41%, and the probability of a direct win or settlement from 62% to 71%. The breakdown of the changed probability is found on the bars to the left.



Breakdown of 58% "Decided by Tribunal"	% of Tribunal Decided	% of All Cases
Award declining jurisidiction	23%	13%
Award dismissing all claims	21%	12%
Award upholding claims in part or in full	56%	**32%**

Breakdown of the 42% "Discontined Cases"	% of Discontinued	% of All Cases
Proceeding discontinued at the request of one party	18%	8%
Proceeding discontinued for failure of parties to act	2%	1%
Proceeding discontinued for lack of the required advances	9%	4%
Settlement agreement embodied in an award at parties' request	12%	**5%**
Proceeding discontinued at the request of both parties	59%	**25%**

=71% probability of a favorable outcome

As mentioned, there is more transparency found in ICSID than in ICC; extensive data cannot be found for ICC. However, the same probability will be used for ICC-2 as for ICSID. This is motivated by the fact that the Company already won in ICC-1.

4. Analyzing Zenith's Claims – Figure of Viable and Defensible Damages

The total claim amounts to USD 633m, of which USD 130m is related to ICC-2 and USD 503m is related to ICSID, and as ICC-1 showed, the total amount is subject to a potential increase through interest accrual. However, by Analyst Group's estimate, securing 100% of the claimed amount is unlikely. Therefore, Analyst Group will estimate a reasonable sum that Zenith Energy is projected to win. This will amount to two scenarios: in the first, Zenith wins the calculated sum directly; in the second, Zenith settles. As previously explained, Analyst Group estimates a 71% probability of a favorable outcome and estimates the enforceable sum to reach 75% of awarded claim, regardless of whether a direct win occurs or if Zenith settles. The reasoning behind this follows:

If Zenith wins directly, the Company has in Analyst Group's opinion two options:

1. Wait several years for payment or engage in a new, prolonged process in enforcing the money. In either case, the money would have to be discounted to reflect its delayed collection.

2. Sell the awarded claim to a third party, such as a hedge fund that specializes in distressed assets. The claim would likely be priced to reflect its present value, similar to scenario 1, meaning the expected future recovery, discounted over the time it would take to enforce and collect the money.

Analyst Group does not expect Zenith to win 100% of the claimed sum in either ICC-2 or ICSID. Furthermore, for reasons outlined in points (1)–(2), Analyst Group does not anticipate that the Company will collect 100% payment of any awarded sum in either ICC-2 or ICSID. Therefore, Analyst Group assumes the Company will ultimately realize 75% of an awarded claim — whether by waiting for payment, selling the claim to a third party, or reaching a settlement with the Tunisian government. This 25% haircut reflects a 7-year collection period, with the value discounted at 10% annually to account for the time value of money. These alternatives are expected to result in approximately the same financial outcome, as Zenith is likely to pursue whichever option offers the most favorable return.

Applying this logic, the expected collectible amount for Zenith is calculated by multiplying three factors:

1. The estimated probability of winning either ICC-2 or ICSID (71%),

2. The percentage of an awarded sum that is realistically collectible (75%), and

3. The reasonable amount Zenith is expected to be awarded

Using Analyst Group's assumptions, this results in 0.71 x 0.75 x estimated award, reflecting a 71% probability of a favorable outcome and a 75% recovery rate of the awarded amount. A favorable outcome in ICC-2 would increase the probability of a win in ICSID even further. However, as of today the probability is estimated at 71% in both instances separately.

The probability of a win in ICC-2 and ICSID =71%

✖

The percentage of an awarded claim expected to be collectible =75%

✖

The estimated sum Zenith Energy is expected to be awarded in ICC-2 and ICSID

ICC-2 only concerns the Sidi El Kilani oil concession, while ICSID concerns all operations in Tunisia — which explains the difference in the claimed sum between ICC-2 and ICSID.

Financial Forecast

Expected sum to be Awarded in ICC-2

Zenith's total value of the claim in ICC-2 is USD 130m. The arbitration was initiated by Canadian North African Oil & Gas (CNAOG), a wholly owned subsidiary of the Zenith Group which is simply a new name of CNPC Tunisia, through which CNAOG secured a 22.5% interest in the Sidi El Kilani (SLK) oil concession.

Unlike ICC-1, which focused narrowly on unpaid crude from the Ezzaouia, ICC-2 covers a broader scope of contractual and operational grievances, substantiated by third-party valuation experts.

The claim includes:

- Loss of production revenues and profits: CNAOG seeks compensation for foregone revenue from the SLK field between the acquisition date and concession expiry in December 2022, during a period of elevated oil prices.
- Crude allocations denied: Oil volumes owned by CNPCIT (now renamed CNAOG post-acquisition), were allegedly sequestrated, and hence never delivered or monetized.
- Unpaid oil invoices (SLK-specific): As per the crude oil in the port tanks, invoices for oil sold domestically (called DMO) were never paid.
- Loss of right to renew SLK: CNAOG also asserts that it was unlawfully denied the right to renew the SLK concession after 2022. This claim includes the projected future value of a 45% interest (combining the CNPC and KUFPEC stakes) in a renewed SLK license.

In 2020, PWC published "Damages Awards in International Commercial Arbitration", a research report on historical damages awards in ICC arbitration. The study analyzed 180 confidential arbitral awards, ranging from zero to USD 1.8b, with a median average award of USD 21.4m. The data revealed the amount awarded averaged 53% of the amount claimed by claimants. However, this percentage is skewed due to the frequent use of the sunk cost method, a document-driven approach focused on irreversible expenses already, excluding potential future profits, lost revenues, or speculative gains. Another factor contributing to the skewness is the use of the market approach, which values claims by comparing the business, asset, or a good or service being valued to similar businesses, assets, or goods or services in question with similar counterparts in the market, known as comparables.

According to the study of 180 confidential awards, the amount awarded by tribunals as a percentage of the amount claimed was 55% for the sunk cost method and 59% for the market approach. However, Analyst Group estimate that the majority of Zenith's claim falls under a third category - the income approach. This category includes claims for lost profits and lost value assessed using the discounted cashflow (DCF) methodology. Under this approach, the amount awarded by tribunals as a percentage of the amount claimed was 44%.

Of the claims included by Zenith, Analyst Group estimates that "Loss of Production, Revenues and Profits" and "Loss of Right to Renew SLK" fall under the income approach, representing 90% of the total claim. Meanwhile, "Crude Allocations Denied" and "Unpaid Oil" are estimated to fall under the market approach and, accounting for the remaining 10%.

Therefore, of the total USD 130m claimed, Analyst Group estimates that 10% (USD 13m) refers to the market approach, where awards as a percentage of claims average 59%. Applying this percentage to the USD 13m results in an expected award of USD 7.67m.

This calculation is privileged to Analyst Group and are our best assumption.

The remaining 90% (USD 117m) is estimated to be attributable to the income approach, where awards average 44% of the claim. Applying this rate leads to an expected award of USD 51.5m. Taken together, Analyst Group estimates Zenith's award to amount to USD 59m in ICC-2. Finally, an interest accrual of two years is applied (SOFR + 2%), adding 13% to the principal amount. In summary, Analyst Group estimates Zenith's award in ICC-2 at approximately **USD 66.9m**.

(0.59 x 13m) = 7.67m + **(0.44 x 117m) = 51.5m** = **USD 66.9m (including interest) estimated to be awarded in ICC-2**

Expected Sum to be Awarded in ICSID

Through ICSID, Zenith Energy is seeking USD 503m in compensation for damages across all Tunisian assets. The value of the claims in the ICSID covers the damages for all harm done to all Zenith assets by the Tunisian government over the last four years. This includes:

- The value of oil produced by Zenith's subsidiaries and currently sequestered in port.
- The value of all oil delivered as DMO [1] and not paid for.
- The value of all outstanding unpaid invoices.
- The value of assets that have been confiscated.
- The value of the 20-year licenses for Ezzaouia and Sidi El Kilani which have been allegedly sequestrated.

In 2015, PWC published "2015 – International Arbitration Damages Research", a report primarily focused on damages awarded in ICSID arbitrations, which accounted for 74% (70 of the 95 analyzed cases). The data revealed that, on average, the amount awarded was 37% of the claim.

However, as was the case with ICC arbitration data, the income approach in this ICSID sample resulted in an average award of 44% of the claimed amount. PWC attributed the higher overall percentage in ICC cases (53% compared to 37% in ICSID) to the greater use of the sunk cost methodology in ICC arbitration. While the report did not provide specific data for other valuation methods, such as market approach, Analyst Group assumes that the market approach in ICSID follows the same proportion as in ICC (59%), given the consistency observed with regards to the income approach.

Analyst Group assumes that 90% of the claimed damage in this case falls under the income approach, while 10% is estimated to be attributable to the market approach.

Of the total amount, 10% (USD 50.3m) is estimated to relate to the market approach, where awards as a percentage of claims is estimated to average 59%. Applying this rate to the USD 50.3m results in an expected award of USD 29.7m.

This calculation is privileged to Analyst Group and are our best assumption.

The remaining 90% (USD 452.7m) is estimated to be associated with the income approach, where awards as a percentage of claims average 44%. Applying this rate leads to an expected award of USD 199.2m. Finally, an interest accrual of three years is applied (SOFR + 2%), adding 20% to the principal amount. In summary, Analyst Group estimates Zenith's total award in ICSID at approximately **USD 274.6m**.

(0.59 x 50.3m) =29.7m + **(0.44 x 452.7m) = 199.2m** = **USD 274.6m (including interest) estimated to be awarded in ICSID**

[1]: *Domestic Market Obligation*

Financial Forecast

Net Cash expected to be collected by Q1 2026

ICC-1

Already won and payment expected at latest by 2026, probably earlier → = USD 9.7m

+

ICC-2

The probability of a win in ICC-2 =71% × The percentage of a win in ICC-2, expected to be collected =75% × USD 66,9m expected to be awarded in ICC-2 = = USD 35.6m

+

ICSID

The probability of a win in ICSID =71% × The percentage of a win in ICSID, expected to be collected =75% × USD 274.6m expected to be awarded in ICSID = = USD 146.2m

=

= USD 191.5m

This calculation is privileged to Analyst Group and are our best assumption.

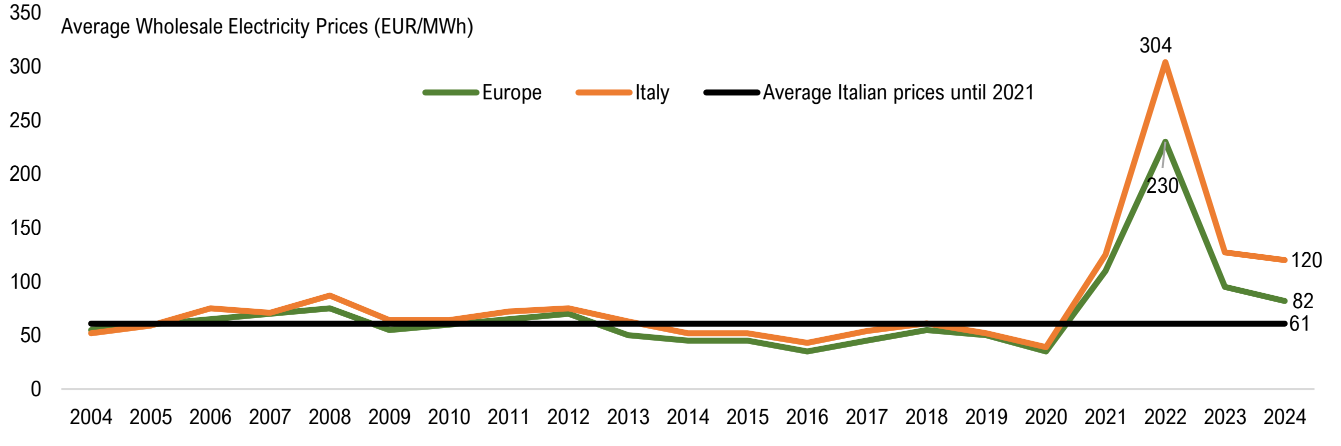
Financial Forecast: Core Business

With consideration to the ongoing litigations in Tunisia, Analyst Group excludes El Bibane and Robbana from the operational valuation. Although these concessions are technically active, the government's obstructive action has disincentivized necessary reinvestment, rendering them economically unviable under current conditions. They are fully captured in the litigation claims on page 32.

As of now, Zenith is operating via three segments:

1. Italian Gas-to-Electricity Operations – Cash Generative Core

The gas industry in Italy has gained significant relevance since 2022, driven by the structural shifts triggered by the geopolitical crisis, which led to a surge in electricity prices. This crisis highlighted Italy's heavy dependence on gas imports; a topic thoroughly analyzed in the "Market Analysis" section (pages 19–22). However, for local producers, this situation has presented an opportunity, particularly through improved gas-to-electricity conversion margins. While production costs remain relatively low, the selling price of electricity has risen, presenting an opportunity. Despite a decline in gas and electricity prices from their 2022 peak, prices remain structurally higher than pre-2022 levels. Analyst Group expects this elevated pricing environment in Italy to persist until at least 2028, regardless of the chosen solution to handle the problem, whether through increased LNG imports from the U.S. and Qatar, nuclear energy development, or a combination of options. Price volatility is anticipated in the short term, but even if prices decline, Analyst Group estimates an average price of EUR 120/MWh for the next decade, primarily due to a high import dependence of natural gas from long routes such as Qatar, driving up transportation costs.



Zenith is uniquely positioned to benefit from this environment due to the Company's cost structure. The Company's production costs are largely fixed, while it enjoys an uncapped upside from higher electricity prices, driven by the alternative cost of importing LNG from the U.S. or Qatar. Zenith's Torrente Cigno site is currently the Company's only producing asset, where it holds a 45% working interest in gas production and 100% ownership of on-site power generation. This arrangement allows Zenith to benefit directly from electricity sales, as all electricity revenues accrue to the Company, while gas is extracted under shared-cost conditions. Analyst Group estimates that Torrente Cigno will achieve an annual production of 12,000 MWh from 2025, maintaining this level until 2035, consistent with past performance. The site is expected to generate EUR 1.44m in annual revenue from 2025.

Zenith aims to reactivate the Sant'Andrea Concession, where it holds a 50% working interest and has installed electricity production plants. However, production remains pending final bureaucratic approvals. Analyst Group expects production to begin in 2026, with an annual output of 5 000 MWh until 2035. Sant'Andrea is projected to generate EUR 0.6m in annual revenue from 2026. Combined, the two concessions, Torrente Cigno and Sant'Andrea, are projected to produce 17 000 MWh annually, generating a combined annual revenue of approximately EUR 2m (EUR 1.44m from Torrente and EUR 0.6m from Sant'Andrea).

Financial Forecast

Reserves Definition

1

1P (Proven Reserves): The volume of oil or natural gas that is recoverable with a high degree of certainty (90% probability) under existing economic and operating conditions.

2

2P (Proven + Probable Reserves): The sum of 1P and additional reserves with a 50% probability of being technically and economically recoverable.

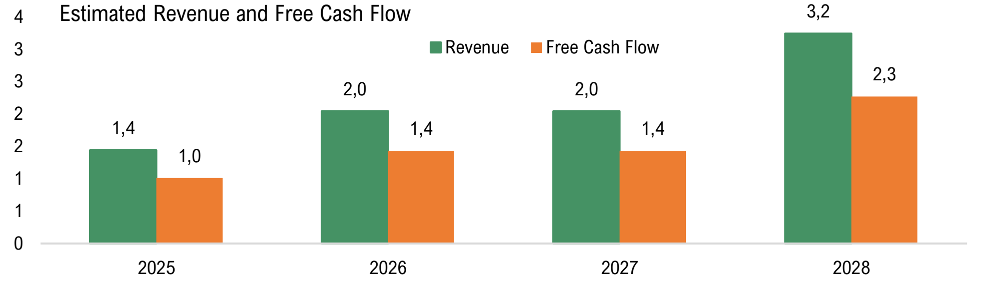
3

3P (Proven + Probable + Possible Reserves): The sum of 2P and additional reserves with a 10% probability of being technically and economically recoverable.

Analyst Group estimates that operational expenses (OPEX) for the gas-to-electricity operations will amount to 30% of revenue, driven by low production costs. These costs include depreciation and upgrades, salaries for operational and administrative staff, maintenance expenses for facilities and equipment, and leasing costs. Increased production does not require increased costs for facilities, equipment and leasing at the same rate, representing operational leverage. Given the low and stable nature of these costs, Zenith is well-positioned to benefit from operational leverage, where any further surge in electricity prices would directly enhance profitability. The profitability is further underpinned by the Company's cost-efficient operational structure, where fixed costs do not significantly increase, allowing for strong margins even in volatile price environments. However, although Analyst Group considers a situation of dramatically decreased electricity prices unlikely, such an outcome would have a negative impact on margins as the fixed costs would remain.

Beyond the Company's two active concessions, Zenith has the potential to expand production. Regulatory developments in Italy are expected to facilitate the reactivation of additional gas concessions. Analyst Group projects that Zenith could activate an additional concession by 2028, with an estimated annual production of 10,000 MWh, mirroring Torrente Cigno's production profile. Given the low fixed costs for domestic producers, historically having represented 30% of revenue for Zenith, a high free cash flow margin of 70% is estimated for the new concession as well. Additional concessions beyond 2028 are not included in the base case projection but are viewed as valuable options. Should gas and electricity prices surge, Italy would be forced to focus on reducing the country's energy dependence which would drive broader acceptance of domestic gas production and accelerate permitting processes. With 2P reserves of 15.5 Bcf, Zenith has sufficient resources to scale production.

However, the base case valuation focuses solely on the two active concessions, Torrente Cigno and Sant'Andrea, and one additional concession estimated by 2028. Therefore, revenue is estimated at EUR 1.4m in 2025 with a free cash flow margin of 70%, resulting in an FCF of EUR 1m. By 2026, Sant'Andrea is expected to be up and running, increasing the total revenue to EUR 2m and free cash flow to EUR 1.4m. By 2028 an additional 10 000 MWh is estimated to be added through a third approved concession, enhancing annual revenue to EUR 3.2m in total and annual Free Cash Flow to EUR 2.3m, thereafter maintaining a steady state of production until 2035. Based on these projections, the gas-to-electricity operations are expected to generate a total free cash flow of USD 16.7m over the operating period.



Decommissioning costs are currently booked at undiscounted CAD 8m (EUR 5.1m) in the Company's balance sheet with an expected timing of cash outflow in 10.5 years. This provision has been calculated using current prices and existing technology. However, Analyst Group views this provision primarily as an accounting formality rather than an accurate reflection of future expenditure. While specific cost reduction percentages for Italian gas assets are not publicly disclosed, industry trends indicate that technological advancements, such as more efficient plugging and abandonment techniques and improved project management, are driving down decommissioning costs globally. A clear example of this trend can be seen in the UK, where the North Sea Transition Authority (NSTA), which oversees oil and gas operations, reported a 25% reduction in decommissioning costs on the UK Continental Shelf between 2017 and 2022, as outlined in their "UKCS Decommissioning Cost Estimate 2022" report. Applying this trend as a basis for future expectations, Analyst Group extrapolates that decommissioning costs could decline by 44% over the next 10.5 years. This projection is based on a compounding effect, where a 25% reduction over the first five years is followed by an additional 25% reduction over the next five years, resulting in a cumulative cost reduction of 44%. Accordingly, Analyst Group has applied this 44% cost reduction to the current decommissioning provision, resulting in a revised estimated cash outflow of EUR 2.9m in 2035. This approach aligns with observed industry trends and provides a more realistic estimate of future decommissioning expenses.

2. Italian Solar Assets – Margin-Rich and ESG-Aligned

Revenues

In April 2025, Zenith made a strategic entry into the solar energy sector by acquiring two solar production assets in Italy, located in the regions of Sicily and Liguria. The primary asset, known as the Vittoria Project in Sicily, was acquired for EUR 700k and includes 5.5 hectares of land. This is a ready-to-build 3.29 MW solar farm, expected to become operational by the end of 2025, pending the necessary permitting approvals from local authorities. Analyst Group considers the likelihood of obtaining these permits to be nearly 100%, reflecting Italy's focus on energy independence and the EU's strong commitment to green energy. In contrast, the Ligurian asset was acquired for EUR 110k and is an existing solar facility with a capacity of 0.2 MW. Zenith plans to expand this capacity to 0.5 MW through the installation of additional photovoltaic panels.

These acquisitions represent a strategic pivot for Zenith towards high-irradiation, low-maintenance renewable energy assets. Similar to the gas-to-electricity operations, the solar segment is well-positioned to benefit from favorable electricity prices, with further upside potential if market prices rise. The Vittoria Project is strategically located in an area with an average solar irradiation of 2 775 kWh/m², among the highest in Europe, making it highly efficient for solar energy generation. In contrast, the Ligurian asset is situated in a region with an average solar irradiation value of 1 753 kWh/m², providing moderate energy generation potential.

Electricity generated from the solar projects can be sold under different pricing structures, commonly through Power Purchase Agreements (PPAs), which can vary as follows:

Fixed-Price PPAs: These agreements lock in a set price for electricity over the contract duration, providing revenue certainty but no benefit from rising market prices.

Market-Linked PPAs: Some PPAs tie the electricity price to market rates, allowing producers to benefit from price increases but also exposing them to potential declines.

Hybrid PPAs: These may include mechanisms like price caps and floors, offering a balance between stability and market exposure.

Regardless of the chosen PPA structure, Analyst Group estimates an average electricity selling price of EUR 120/MWh for both projects. However, the financial profiles of the two solar assets differ due to variations in solar irradiation and capacity. The Vittoria Project, benefiting from high irradiation and a capacity of 3.29 MW, is expected to achieve a capacity factor of 20%, which is the ratio of actual energy produced by a solar plant over a period to the maximum possible energy it could produce operating at full capacity. This results in an estimated annual revenue of EUR 690k. The Ligurian Project, with moderate irradiation and a planned capacity of 0.5 MW, is expected to achieve a capacity factor of 15%, generating an estimated annual revenue of EUR 80k.

Costs

The solar industry is characterized by high initial capital expenditure (CAPEX), but low ongoing operating expenses (OPEX) due to the inherently low-maintenance nature of solar assets. Capital expenditure for the Vittoria Project, covering solar panels and equipment, is estimated at EUR 1.7m. This contrasts with gas assets, which require ongoing maintenance of turbines and generators, regulatory compliance, and a larger operational workforce. For the solar assets, OPEX primarily includes maintenance, insurance, and administration costs. Notably, there are no land lease expenses for the Vittoria Project, as the acquisition includes land ownership. OPEX is expected to differ between the two projects. The Vittoria Project, with higher production spread across a larger revenue base, is estimated to maintain OPEX at just 10% of revenue, benefiting from economies of scale and land ownership. In contrast, the Ligurian Project, with lower capacity and moderate irradiation, is estimated to have OPEX of 15% of revenue, reflecting a higher relative cost base. Both projects also benefit from Italy's "Transizione 5.0 Tax Credit," which provides tax incentives for solar installations using EU-made solar modules with efficiencies of 20% or higher (not to be confused with capacity factor). This tax credit covers up to 35% of eligible CAPEX, with tax savings calculated using Italy's corporate tax rate of 24%. For Zenith, this is expected to generate tax savings of approximately EUR 140k, a marginal but beneficial impact on project profitability.

In summary, based on the reasoning above, the Italian solar operation is projected to generate total annual revenue of EUR 770k, resulting in an annual free cash flow of EUR 690k. The expected operational lifespan of the solar assets is 20 years. Zenith has also outlined plans to expand its solar capacity to 20 MW, a target that Analyst Group views as credible given the Company's historical execution speed. However, for valuation purposes, the analysis focuses solely on the existing assets, treating potential expansions as an optional upside.

3. U.S. Oil & Gas Operations – Strategic Optionality

Leopard Energy Inc. (symbol: LEEN), 99.87% owned by Zenith, holds a 5% royalty interest in a group of producing wells within the Eagle Ford Shale, Texas, currently generating an estimated 10 barrels of oil per day. Although this asset makes a modest contribution to current cash flow, it provides a scalable foundation for future U.S. expansion. If oil prices increase, particularly under the new U.S. administration's deregulation policies, Zenith could rapidly enhance its royalty-based revenue by acquiring additional interests through the existing corporate structure. This approach would allow Zenith to efficiently increase cash flow without assuming the operational risks associated with production.

At the current oil price of USD 60 per barrel, the estimated annual revenue from the royalty interest is USD 220k, which also represents free cash flow, as all operating costs are borne by the operator. This structure ensures that Zenith's royalty revenue is effectively pure profit, unaffected by the production costs, maintenance, or regulatory expenses faced by the operator. However, the current size of this operation reflects a temporary impact from lower oil and gas prices. As prices recover, the company is well-positioned to leverage its existing assets and pursue additional strategic acquisitions, driving substantial growth and scaling up its oil and gas segment.

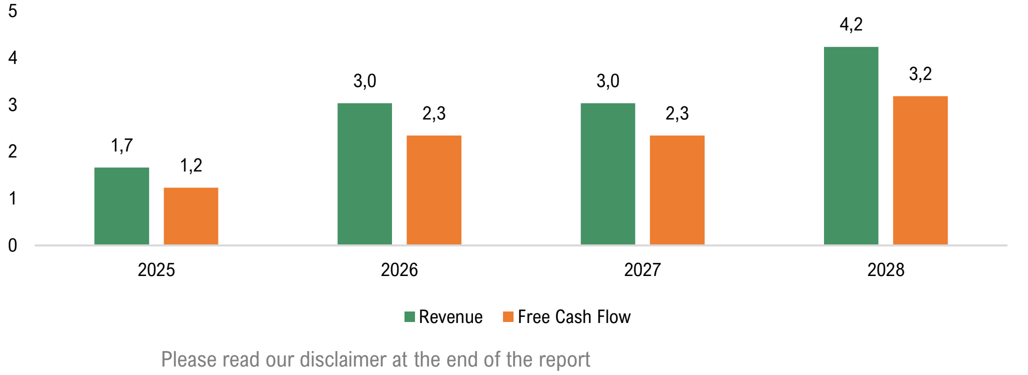
Summary Core operations

Zenith's three core operations—gas-to-electricity, solar, and U.S. oil & gas operations—each demonstrate distinct financial profiles, yet all share a common characteristic: high-margin, cash-generative performance. The Company's projected revenue from core operations, excluding potential acquisitions, is estimated at EUR 1.7m in 2025, primarily driven by the gas-to-electricity and royalty segments. This figure is expected to rise to EUR 3m in 2026 as one of the plants in the solar segments becomes operational. By 2028, annual revenue is projected to reach EUR 4.2m, supported by increased electricity production from the Company's gas assets.

Across these three business segments, operating expenses (OPEX) are estimated at 25% of revenue annually, reflecting the Company's high-margin profile. As a result, FCF is expected to reach EUR 1.23m in 2025, growing to EUR 3.2m by 2028. This robust profitability is largely due to Zenith's exposure to favorable electricity prices in Italy, which provide a strong revenue base for the gas-to-electricity and solar operations. The Company also benefits from the potential upside of rising electricity prices, which could further enhance profitability.

Furthermore, Zenith maintains strategic flexibility across its three core segments, allowing it to scale operations in response to market conditions. The Company's adaptive approach means that capital can be allocated to the segment offering the highest return at any given time. This flexibility is further enhanced by the potential for favorable outcomes in ongoing arbitrations, which could provide additional capital for expansion.

Estimated Revenue and Free Cash Flow for Core Business



Valuation

In a Base scenario, the valuation of Zenith Energy is based on two key components: (1) the probability-weighted outcome of the ICC-2 and ICSID arbitration cases, including the expected recovery rate of any awarded claims, and (2) the valuation of the Company's core operating business. These two components require distinct valuation methodologies but collectively form a sum-of-the-parts valuation approach. While a favorable outcome in ICC-2 and ICSID could provide Zenith with an opportunity to scale its gas-to-electricity and solar operations in Italy, forecasting the future allocation of funds derived from arbitration awards is considered too speculative in a Base scenario. As a result, the core business is analyzed independently, assuming no additional funds from arbitrations are received or reinvested.

Analyst Group has conducted a detailed evaluation of Zenith's arbitration cases, analyzing them in isolation. This assessment is further supported by an extensive statistical analysis of the outcomes of 144 arbitration cases across Africa, ensuring that the evaluation is firmly grounded in both qualitative insights and quantitative data.

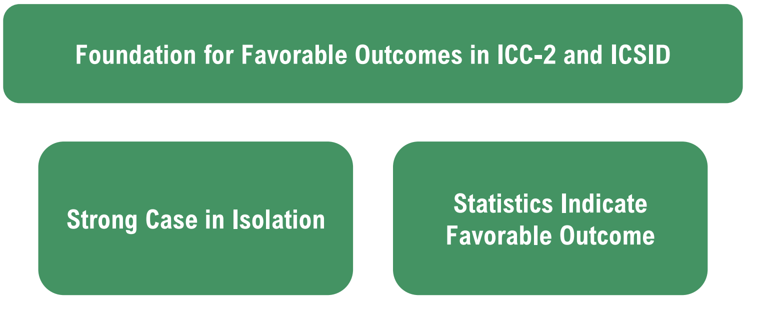
Valuation: Arbitrations

Starting with Zenith's arbitral case, when considered in isolation, the Company has already secured a victory in the first arbitration (ICC-1). This outcome establishes a clear precedent for the remaining arbitrations (ICC-2 and ICSID), as all cases revolve around a common issue: the obstructive and arbitrary actions undertaken by the Tunisian Government and its state-owned oil enterprise, ETAP. Notably, the same legal team that achieved success in ICC-1 is representing Zenith in the ongoing ICC-2 and ICSID proceedings. Furthermore, Zenith's financial and technical credibility as an oil operator has been validated through due diligence conducted by the Tier-One Seller of the acquired resources: CNPC. CNPC's endorsement reinforces Zenith's legitimacy and effectively counters any potential arguments from the Tunisian Government that Zenith does not meet the necessary operational or financial requirements. These points are merely a brief overview of the arguments extensively analyzed, alongside numerous other detailed in the analysis.

Estimated 71% Probability of Favorable Outcomes in ICC-2 and ICSID

Statistical analysis provides strong support for a favorable outcome in Zenith's case. Analyst Group conducted a detailed review of 144 arbitration cases in Africa, finding that approximately 62% of these cases resulted in a favorable outcome for the claimant, either through a direct win or a settlement. However, Analyst Group has chosen to make a specific adjustment to this statistic, which is thoroughly explained on page 26 of the analysis. This adjustment concerns the factor of "award declining jurisdiction," where Analyst Group argues that Zenith has a strong case to avoid such a scenario. Given Zenith's circumstances, the adjusted probability of a favorable outcome increases from 62% to 71%.

Weighing the factors discussed above, Analyst Group estimates a 71% probability of a favorable outcome for Zenith in both the ICC and ICSID arbitration cases.



Valuation

66.9m in ICC-2 and **274.6m** in ICSID Claim Expected

Analyzing historical data on arbitration cases reveals that awarded claims are often reduced, a practice commonly known as "haircuts." In the context of Zenith's arbitration cases, historical data indicates that haircuts typically amount to an average of 47% in ICC cases and 63% in ICSID cases. Analyst Group has carefully accounted for these patterns while adjusting the expected awards for Zenith's claims, considering both the specific nature of the claims and the accrual of interest. For the ICC arbitration, Analyst Group estimates an expected award of USD 66.9m. This calculation incorporates the average haircut observed in ICC cases, adjusted for the specific circumstances of Zenith's case and the inclusion of interest. Regarding the ICSID arbitration, Analyst Group estimates an award of USD 274.6m.

Recovering the estimated award presents a significant challenge, as demonstrated by numerous historical examples. In light of this, Analyst Group adopts a conservative approach, assuming that the Company will collect 75% of the awarded claim. This additional 25% haircut accounts for the complexities and delays associated with the collection process, reflecting a projected seven-year collection period. The value is adjusted using a 10% annual discount rate to account for the time value of money. However, there are alternative methods through which the Company may recover the funds earlier. One option is to sell the claims to a third party, such as a specialized hedge fund, while another is to settle directly with the Tunisian Government. In both cases, the expected recovery would be priced at the same 25% haircut, maintaining consistency with the conservative approach.

Valuation of Arbitrations: USD **143.7m**

Factoring all these considerations together, Analyst Group estimates a total collection of USD 191.5m, including the award from ICC-1. The final aspect to account for is the taxation on the collected award. Analyst Group expects that the collected sum, rather than the full awarded sum, will be booked as income. This approach minimizes the risk of incurring a higher tax liability than necessary. Applying an estimated tax rate of 25% on the collected sum, this results in a net amount of USD 143.7m for Zenith, which is the basis for the valuation of the arbitrations in the sum of the parts valuation.

Additional Upside Potential

The International court case in Paris involving Anglo African Oil & Gas Congo S.A.U in Congo Brazzaville is less relevant to the core analysis because, despite the claim amount of EUR 9m, the case is characterized by a prolonged and uncertain timeline, making it difficult to factor into near-term financial forecasts. Instead, it can be viewed as an optionality, where any positive outcome could be treated as a potential upside without being integral to the core valuation.

Valuation

Valuation: Core Operations

Moving on to the core business, Zenith Energy's operations are built on three main pillars: the Italian gas-to-electricity business, solar operations, and oil & gas operations in the United States. Although the expected recovery of funds from ICC-1, ICC-2 and ICSID could potentially be reinvested into these ongoing and successful operations, Analyst Group considers it too speculative to project the specific allocation of these funds or the potential returns they might generate. As a result, in a Base scenario, the core operations are analyzed as they currently stand, without any assumed impact from reinvested arbitration proceeds. However, it is important to emphasize that the possibility of successful reinvestments and subsequent scaling of operations remains a clear and valuable option for Zenith.

Gas-to-Electricity Value at USD 8.3m

For the gas-to-electricity operations, a DCF-methodology has been applied, where Analyst Group has evaluated Zenith's gas operations with the assumption that they will continue until 2035, at which point the Company will be required to undertake decommissioning of the assets. The analysis begins by examining the current gas-to-electricity production rate, which is expected to increase from approximately 12,000 MWh to 27,000 MWh by 2028, thereafter maintaining a steady state of production until 2035. Based on these projections, the gas operations are expected to generate a total free cash flow of USD 16.7m over the operating period. Applying a 10% discount rate to this estimated cash flow results in a present value of USD 9.3m. Furthermore, the analysis accounts for decommissioning costs, which Analyst Group estimates to be lower than the currently booked value, a conclusion that is thoroughly explained on page 35. After adjusting for these reduced decommissioning costs, the net present value (NPV) of Zenith's Italian gas operations is calculated at USD 8.3m.

Solar Operations Valuation: USD 3m

For the solar operations, Analyst Group has conducted an analysis of Zenith's recently acquired solar assets, which consist of two separate projects expected to become fully operational by early 2026. These projects require an estimated upfront CAPEX investment of USD 1.73m. Once operational, they are projected to generate a free cash flow of USD 0.67m in 2026, benefiting from a one-time tax subsidy. Beyond this initial year, the projects are expected to produce an average annual free cash flow of USD 0.52m over a 20-year lifetime. Cumulatively, the two solar projects are projected to generate a total free cash flow of USD 13.8m between 2026 and 2045. However, when applying a discount rate of 8%, which reflects the low-risk nature of the solar operations, the present value of these future cash flows is estimated at USD 3m.

Importantly, this valuation is based solely on the Company's existing solar assets and does not account for potential future acquisitions. However, for context, Analyst Group has calculated that if Zenith were to achieve its communicated target of 20 MW in solar capacity, with an economic profile similar to the two existing projects, the present value of this expanded solar portfolio could reach USD 12m, using a similar discounted cash flow (DCF) methodology. This demonstrates a clear growth opportunity for Zenith Energy.

Royalty Operations: Valuation: USD 1m

Lastly, Zenith's U.S. oil and gas operations, while relatively small at present, also present a potential opportunity for future scale-up. In their current form, these operations are expected to generate an annual free cash flow of USD 0.22m. Applying a discount rate of 8%, which reflects the low-risk nature of the business, Analyst Group calculates a justified value of USD 1m for this segment. This valuation is based solely on the existing royalty operations and does not account for any potential expansion, which remains a clear growth opportunity for the Company. However, the current valuation reflects a temporary impact from lower oil and gas prices, which has constrained Zenith's current operations. Nevertheless, as prices recover, the company is well-positioned to leverage its existing assets and pursue additional strategic acquisitions, driving substantial growth and scaling up its oil and gas segment.

Valuation: Summary

Base Scenario NOK 3.4

Through the reasoning above, Analyst Group values Zenith's core operations at USD 12.3m. When this is combined with the estimated net recovered sum of USD 143.7m from the arbitration cases, including the ICC-1 win, this results in a combined motivated value of USD 156m.

Based on a high probability win in the arbitrations valued at USD 143.7m, combined with cash-generative core businesses valued at USD 12.3m, a sum of the parts value of USD 156m is derived, corresponding to a potential price per share of NOK 3.4 in a Base scenario.

Bull Scenario

In a Bull scenario, Analyst Group assumes a higher reward and a more straightforward recovery process. Specifically, ICC is expected to award 75% of the claimed amount, resulting in an award of USD 97.5m. In the ICSID case, the same 75% ratio is applied, leading to an award of USD 377m. The total award from ICC and ICSID is estimated to reach USD 474.8m. This scenario further assumes that Tunisia seeks a swift resolution to preserve its investment climate, leading to a settlement where 90% of the awarded sum is paid in 2026, immediately after the ICSID outcome is finalized. Based on this approach, the probability-weighted recovery is estimated at USD 427.3m. After including the ICC-1 win in the calculation and applying a 25% tax rate, net proceeds to Zenith are projected at USD 327.7m.

This scenario provides significant financial flexibility, enabling reinvestment and expansion of Zenith's Italian operations. The primary focus would be on expanding the solar segment, which requires less governmental approval compared to gas assets. With available capital, Zenith could scale its current solar capacity from 3.79 MW to over 100 MW, transforming itself into a large-scale producer. At this scale, and assuming a similar financial profile to existing assets, the expanded solar operation could potentially generate an annual free cash flow of approximately USD 16m. Furthermore, funds would still remain for an extraordinary dividend.

Bull scenario

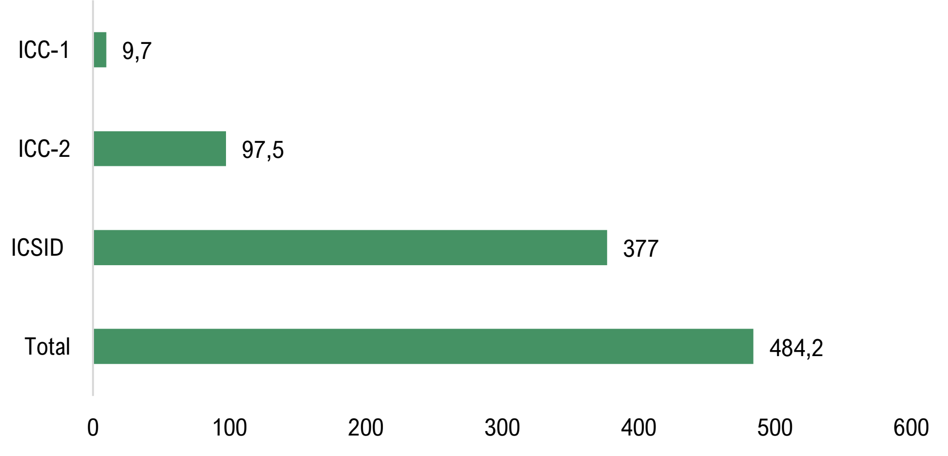
Potential Present Value per Share

7.3

Coupled with both an extraordinary dividend and a substantial expansion of the solar segment, Analyst Group estimates that Zenith would still have sufficient funds amounting to approximately USD 50m to enhance its presence in the U.S. or acquire new assets in other jurisdictions. This financial flexibility allows the Company to remain opportunistic, adapting to favorable timing and selecting industries with strong potential. Given the leadership's proven track record of acquiring assets at attractive valuations, Analyst Group expects that additional funds will be strategically deployed to achieve high returns on investment.

By applying an expected net recovery of USD 327.7m from the remaining arbitrations, combined with a DCF valuation of USD 12.3m for the core business, a total valuation of USD 340m is derived. With a share count of 477m, this is corresponding to a potential price per share of NOK 7.3.

Bull Scenario: Estimated Potential Awards in ICC and ICSID Before Collection and Taxes (USD millions)



Bull & Bear

Bear Scenario

In a Bear scenario, the probability of a favorable outcome drops to 60%, with both ICC and ICSID awarding the Company only for the "market approach" valuation methodology, covering aspects of the claims such as "Crude Allocations Denied Oil" and "Unpaid Oil" which are estimated to account for 10% of total claim value. This results in a 90% reduction of the award relative to the total claim. An additional 25% reduction is applied, accounting for the challenges of recovering awarded proceeds.

Bear scenario

Potential Present Value per Share

1.1

The Bear scenario also considers the risk of a complete loss, with a 25% probability, which would present a significant challenge to the Company's operations. Even with a 75% chance of avoiding this outcome, the net proceeds after taxes is estimated to reach USD 23m, barely covering legal costs and the time value of money since arbitration began. Although Analyst Group estimates this scenario as a low probability event, historical cases can be found where claimants asserting strong legal positions still have faced partial or full rejection by tribunals. Despite these risks, Zenith's core operations are expected to remain resilient, benefiting from high Italian electricity prices, maintaining positive cash flow.

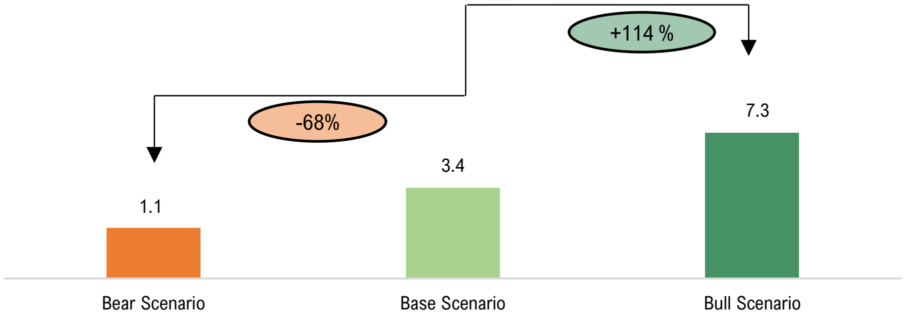
By applying an expected net recovery of USD 23m from ICC-2 and ICSID, combined with USD 9.7m from ICC-1 already awarded, combined with a DCF valuation of USD 12.3m of core business, a sum of the parts value of USD 50m is derived, corresponding with a share price of NOK 1.1 in a Bear scenario.

Summary

Ultimately, the Bull and Bear scenarios capture the binary nature of outcomes regarding the arbitrations. The Bull scenario provides room for significant operational expansion while still rewarding shareholders with an extraordinary dividend. In contrast, the Bear scenario forces the Company to maintain its current state, with limited resources for growth. According to Analyst Group's estimates, Zenith would survive as a going concern but in a much smaller form compared to the Base and Bull scenarios.

Illustration of Potential Valuation in a Bull and Bear Scenario.

Potential Value per Share, Bull and Bear Scenario

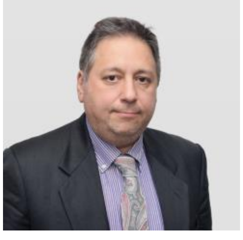


Source: Analyst Groups Estimates

Management & Board

Andrea Cattaneo

Founder, CEO & President, Andrea Cattaneo, is a proven dealmaker and government advisor with specific expertise in developing economies. Andrea has more than 30 years of financial experience in capital markets and oil & gas exploration and production. He arranged the first US Dollar-denominated loan in the history of Vietnam, then the third poorest country in the world. Andrea holds an undergraduate degree in Economics from the University of Genoa and a postgraduate degree in Taxation Law from the University of Bologna.



Luca Benedetto

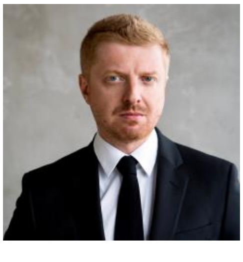
Chief Financial Officer and Executive Director, Luca Benedetto, joined Zenith in 2013 and was subsequently appointed to the position of Group Financial Controller. He was appointed to the position of Chief Financial Officer of the Company in 2017. Luca is trained in Italy as a registered accountant with further education in IFRS accounting and consolidation at IPSOA Milan. He has more than twenty-five years of experience.

Dr. José Ramón López-Portillo

Chairman and Non-Executive Director, Dr. José Ramón López-Portillo is an economist by background. José served as minister in the Mexican Federal Government and is a former independent Chairman of the UN Food and Agricultural Organization (FAO) Council in Rome. José Ramón studied economics at Universidad Anahuac and has a doctorate in political science and international relations from the University of Oxford. He holds dual Mexican and British nationality.

Dr. Dario E. Sodero

Board Member, Dr. Dario E. Sodero has 35 years of operational experience in North America, the Sub-Arctic, North Africa and the Middle East. Dario has served as an executive director in several TSX listed oil and gas exploration and production companies. Dario holds a doctorate in Geological Sciences from the University of Turin, Italy.



Sergey Borovskiy

Board Member, Sergey Borovskiy has over 25 years of experience in business management in China and Hong Kong. He has lived and worked in China since 1991 and is fluent in Russian, English and Mandarin. Sergey is CEO of Sanju Environmental Protection (Hong Kong) Limited, overseeing the international projects of controlling shareholder Sanju Group, a company specialized in energy purification and environmental protection technologies listed on the Shenzhen Stock Exchange. He is CEO and Chairman of General Transactions Inc., an oil & gas consulting, engineering, trading, seismic research and exploration services company. Sergey also serves as Chairman of the Board of Directors at Petro Chemical Solutions and South China Heavy Industries Group. Sergey studied in both China and Russia. He holds a degree in economics.

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