ZENITH ENERGY LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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COMPANY INFORMATION

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

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COMPANY INFORMATION (CONTINUED)

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Depositary and Registrar
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CHAIRMAN'S STATEMENT

The 2022 financial year has been a significant year of progress for the Group with a growing establishment of its energy production operations in Africa and Europe, specifically in Tunisia with the acquisition of material working interests in the Robbana, El Bibane and in the Sidi El Kilani concessions.
These assets constitute important oilfields in the Republic of Tunisia, and still hold sizeable untapped reserves to be produced.

The Group has continued to implement its African development strategy, focused on the acquisition of prospective energy production and development assets. The notable decline in oil prices registered during 2020 because of the COVID-19 pandemic has had a positive impact on the Group's ability to negotiate favourable commercial terms for the acquisition of new assets.

The Board is fully confident in its view that the Group's expansion will, if successfully executed, enable Zenith to create substantial value for all its stakeholders.

Activities in Tunisia

During the financial year the Group has fully completed the acquisition of a working interest in the producing El Bibane, Robbana and Sidi El Kilani concessions, in fact:

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

   Pursuant to the terms of the SPA, CDD agreed to acquire 100% of the issued share capital of EPT for a nominal consideration of US$100 payable at completion.

   El Bibane Highlights

   - The El Bibane concession ("**El Bibane**") is located 16 kilometres offshore from the port of Zarzis in the Gulf of Gabes, covering an area of approximately 228 square kilometres and in approximately seven to eight meters water depth. The field was discovered by Marathon Oil Corporation in 1982. However, it was not developed until 1998. Upon initial development, a peak production of 4,500 barrels of oil per day ("**BOPD**") was achieved. The reservoir is located in the cretaceous Zebbag fractured dolomite formation at approximately 2,150 metres below surface.
   - Zenith has acquired a 100% working interest in El Bibane.
   - A total of three wells remain active within El Bibane: EBB-5, EBB-4 and EBB-3RE2. A total of 6 wells plus 4 side tracks have been drilled.
   - It is expected that, by utilising new technologies, well EBB-4 may achieve commercial production of natural gas in addition to its current use as an injector well.
   - EBB-3 suffered string damage and has been temporarily shut-in, having previously produced at a rate of between approximately 500 to 600 BOPD (35 API) prior to production being suspended. The low oil price environment during 2020, and the material investment required to restore production from this well have prevented the necessary repair work from being implemented.

- Zenith has already obtained market quotations for the well intervention required to restore production from well EBB-3 for an amount of approximately US$3.5 million.
- In the event of a successful well intervention in EBB-3, the Company expects to produce approximately 500 barrels of oil equivalent per day from El Bibane.
- Candax commissioned an independent reserves evaluation, as of December 31, 2019, for the contingent reserves (1C) of El Bibane which evaluated remaining oil in place 25.7 million standard tank barrels of oil ("**MMSTBO**") and 6.5 billion cubic feet of natural gas.
- Zenith commissioned a new Competent Person's Report, in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, in order to obtain an updated reserves evaluation for the El Bibane concession.
- El Bibane expires on December 31, 2033.

Robbana Highlights

- The Robbana Concession ("Robbana") covers 48 square kilometres and is located onshore on the island of Djerba in the southern Gulf of Gabes. It was discovered in 1988, achieving a peak production of 500 BOPD in 1994. The ROB-1 well encountered two hydrocarbon-bearing reservoirs in the Cretaceous Upper Meloussi Sandstone formation. Only two wells have been drilled in Robbana since discovery, ROB-1 which is still in production, and ROB-2 which is temporarily abandoned.
- Robbana currently produces approximately 30 BOPD from ROB-1.
- Studies have suggested that an infill well, to be drilled in the proximity of well ROB-1, might potentially produce approximately 200 BOPD.
- Candax commissioned an independent reserves evaluation, as of December 31, 2019, for the contingent reserves (1C) of Robbana which evaluated the remaining oil in place as 10.99 MMSTBO. The study noted specifically noted that the "Middle Triassic sandstones of the Ras Hamra formation present a very significant 'high-risk/high reward' exploration objective."
- Zenith has commissioned a new Competent Person's Report, in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, in order to obtain an updated reserves evaluation for Robbana.
- The Group has announced plans to drill a new well, to be named 'ROB-3', that will reach a target depth of approximately 2,500 metres, following an in-depth geological and reservoir review enhanced by new information obtained during the recent workover of ROB-1.Civil works are expected to begin during the month of September 2022, with a commercial tender for the selection of a drilling services contractor to be conducted during the coming months, alongside completion of the necessary local approval process in accordance with applicable Tunisian legislation. Drilling activities are expected to commence in November 2022, following the mobilisation of a drilling to the well location. The necessary long-lead items have already been acquired and are being held in storage by the Company and funding for ROB-3 is expected to be obtained by way of the Company's existing cash reserves.
- Robbana expires on November 4, 2034.

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

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

   Pursuant to the terms of the SPA, ZOA had acquired CNAOG for a consideration of US$1,658,680, paid by the Company upon completion (the "**Consideration**"). As at the Completion date, the volume of crude oil produced from the Concession and allocated to and received by CNAOG, which has not been sold or otherwise disposed of, amounted to approximately thirty thousand (30,000) barrels of crude oil.

The steadily increasing price of oil prices during 2021 has greatly improved the economics of the Group's Tunisian assets since their acquisition, providing clear evidence of the Group's success in identifying and completing value accretive asset acquisitions.

The Group announced on July 8, 2021, that it had agreed an international crude oil lifting for an amount of approximately 68,000 barrels net to Zenith for total receivables of approximately US$4.5M from its recently acquired production and development portfolio, and on April 22, 2022, announced that an international crude lifting of approximately 62,000 barrels of oil had successfully been concluded at a price of approximately US$103 per barrel for production from its 45% interest in the Ezzaouia concession, as well its 100% interest in the El Bibane and Robbana concessions.

In view of the high oil price climate, Zenith wishes to accelerate its field rehabilitation and drilling activities to maximize oil production revenue.

The Group's general production goal from its Tunisia onshore portfolio is to achieve an initial rate of production of approximately 1,000 bopd. The Board views this to be achievable during the next 6 to 8 months if the Group's workover and drilling activities are successful.

Activities in the Republic of the Congo

The Group completed the acquisition of a 100% interest in Anglo African Oil & Gas Congo S.A.U. ("**AAOG Congo**") on May 5, 2020. AAOG Congo formerly operated the Tilapia I licence until its expiry on July 18, 2020. AAOG Congo holds outstanding receivables from Société Nationale des Pétroles du Congo ("**SNPC**"), the national oil company of the Republic of the Congo, totalling $5.7 million, payment of this amount is expected in the near future.

Zenith has established a second fully owned Congolese subsidiary, Zenith Energy Congo SA ("**Zenith Congo**"), at the request of the Ministry of Hydrocarbons of the Republic of the Congo, for the purpose of participating in the bid process for the award of a new 25-year licence to operate the Tilapia oilfield ("**Tilapia II**"). The Company announced that it had submitted a comprehensive commercial and technical offer (the "**Offer**") for the award of Tilapia II on July 20, 2020.

On December 23, 2020, the Company announced that it had received official confirmation from the Ministry of Hydrocarbons of the Republic of the Congo that Zenith Congo had been selected as the successful bidder for the award of Tilapia II.

The Group is currently engaged in the process of negotiating a new production sharing contract ("**PSC**") with the Ministry of Hydrocarbons, which will be subject to final legislative approval once negotiations are concluded. The timing of the PSC ratification remains uncertain and cannot be guaranteed at this point.

In the event that the Group is successful in being awarded the Tilapia II PSC, Zenith will endeavour to commence drilling activities at the earliest opportunity to achieve potentially highly material production from the Mengo and Djeno formations.

Production activities

During the financial year ended March 31, 2022, the Group:

a) The Group generated revenues from oil and natural gas of CAD$8,239k (2021 – CAD$596k)

b) As of March 31, 2022, inventory consists of CAD$5,690k (2021 – 1,057k) related to 116,391 barrels of crude oil that has been produced but not yet sold in Tunisia.

c) The Company sold 131,556 mcf of natural gas from its Italian assets, as compared to 12,713 mcf of natural gas in the 2021 similar period.

Financing

The Company issued equity during the course of the financial year ended March 31, 2022, raising a combined net total of CAD$15.6m (March 31, 2021 - CAD$10.4m) to finance the Group's development strategy in Africa.

During the year, 708,685,118 new common shares were issued, as detailed in the financial statements (note 16).

To fund the acquisition of assets, and their development, to avoid an excessive dilution of its share capital the Company issued unsecured, multi-currency (GBP, Euro, CHF and USD) Euro Medium Term Notes, governed by Austrian law, at par value (the "**Notes**"):

As of March 31, 2022, the Company sold Notes for an aggregate total amount of CAD$ 10,360,396 (March 31, 2021, comparative aggregate amount CAD$ 2,500,658.11).

Financial Results

The Group recorded an after-tax profit of **CAD$64,437k** for the year ended March 31, 2022, compared to an after-tax profit of **CAD$3,525k** for the year ended March 31, 2021. This result was brought about by the gain on business acquisition of **CAD$75,907k** related to the Tunisian assets, negatively impacted by the non-recurrent administrative expenses related to the negotiation for the acquisitions and non-cash items.

The group production costs for the year were CAD$2,217k (2021 - CAD$1,651k).

Finance expense for the year was CAD$2,278k (2021 - CAD$1,451k).

Cash balances of CAD$1,153k (2021 - CAD$1,631k) were held at the end of the financial year.

Total equity attributable to the ordinary shareholders of the Group was CAD$103,090k as of March 31, 2022, (2021 - CAD$23,803k).

Dr. José Ramón López-Portillo
Non- Executive Chairman

August 26, 2022

CEO STATEMENT

Throughout the Financial Year 2022, Zenith Energy ("**Zenith**" or the "**Company**") has continued to capitalise on the significant opportunities which have emerged from oil and gas majors divesting production and exploration assets because of macroeconomic developments caused by the COVID-19 pandemic, as well as the progressive decarbonization commitments undertaken by some of the world's leading energy companies.

As a management team, we proactively seek opportunities to build a balanced portfolio which creates shareholder value. Our strategic focus remains on pursuing transformational energy opportunities in Africa and Europe through the development of proven revenue generating oil, gas and electricity production assets, as well as low-risk exploration activities in assets with existing production.

The results for the year ended 31 March 2022 reflect Zenith's largest revenue generation since its inception, made possible by way of the Company's energy production activities in Tunisia and Italy during the current high energy pricing climate. The exceptional profit generated by our Italian electricity production operations continues to exceed expectations and provides significant increase in cashflow to support the further development of Zenith's Italian portfolio.

In Tunisia, we are very pleased to have acquired a material presence by way of the acquisition from Candax Energy Limited of its entire working interest in the Ezzaouia, El Bibane and Robbana concessions. In addition, we have also acquired CNPC's 22.5% working interest in the Sidi El Kilani Concession and the North Kairouan permit in Tunisia.

Regarding our business development ambitions in the Republic of the Congo, our confidence remains unwavering, and we eagerly anticipate the prospect of being awarded a new 25-year license for the Tilapia oilfield (to be named "**Tilapia II**"). Similarly, we expect to receive full repayment of the approximately US$5.7 million owed to our fully owned subsidiary, AAOG Congo, by SNPC.

We are encouraged by our recent progress in Africa, especially in consideration of our material daily production revenue in Tunisia, which we hope to gradually increase by way of workover and drilling activities across the portfolio, whilst also considering the transformational potential represented by the anticipated award of Tilapia II in the Republic of the Congo.

In addition to our operational achievements, we assisted the local health departments in the vicinity of our Tunisian operations during the COVID-19 pandemic through the donation of ventilators, as well as recently sponsoring a local football team, Esperance Sportive de Zarzis. We are strongly committed to making a meaningful and always positive impact in the regions in which we operate. Our intention is to further strengthen our efforts in this respect as we grow our presence in Africa and Europe.

As always, I am most grateful to our shareholders for their support and belief in the Company's development activities. The Board and the management team are united in their belief that Zenith is extremely well positioned to deliver potentially transformational value to shareholders as it successfully delivers on its ambitions in Africa and Europe.

Sincerely,

Andrea Cattaneo
Chief Executive Officer

August 26, 2022

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

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

Mr. Lopez-Portillo has been managing Director and then Chairman of the Board since 24 September 2007. He is an economist with a large network of business contacts worldwide, and who previously served as a Mexican Permanent Representative in Rome, Italy. Mr. Lopez- Portillo is a leading researcher in the energy security of Mexico and acts as Deputy Minister at Mexico's Planning and Budget Secretariat. Mr. Lopez-Portillo holds a Doctorate degree in Political Science and International Relations from the University of Oxford.

Andrea Cattaneo (*Director, President and CEO*)

Mr. Cattaneo has been a Director of the Company since 9 December 2008 and served as President and CEO of the Group since 2009. He is an energy specialist with a focus on emerging countries and has 30 years' experience in advising government in financial, industrial, and energy-related matters. Mr. Cattaneo has strong expertise and experience in structuring and negotiating contracts in the international markets, specifically the oil industry. He also has significant experience in former socialist countries, having arranged the first US$ loan to Vietnam, the then third poorest country in the world at the time, towards the beginning of his financial career in 1985. Mr. Cattaneo holds an undergraduate degree in Economics from the University of Genoa and a postgraduate degree in Taxation Law from the University of Bologna. He is a former member of the Business Advisory Council to the Great Tumen Initiative, a United Nations project for regional economic cooperation in Northeast Asia. He is one of Zenith's founders.

Luca Benedetto (*Chief Financial Officer & Director*)

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

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

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

Mr. Sodero was appointed to the Board on 24 June 2009. As an experienced energy industry executive with 47 years of experience in North America, the Sub-Arctic, North Africa and the Middle East, Mr. Sodero has strong geological, exploration and technical expertise. Mr. Sodero has formerly acted as director and executive of several other TSX- and TSXV-listed exploration and production companies. Mr. Sodero holds a Doctorate degree in Geology from the University of Turin, Italy.

Sergey Borovskiy (Non-Executive Director)

Sergey is an accomplished executive with a track record in investment banking, M&A projects, cross-border transactions. Sergey offers over 30 years of China and Hong Kong experience in founding and developing companies in a multilingual and multicultural environment. He is fluent in Russian, English and Mandarin. Sergey studied in both China and Russia, he has a degree in Economics and an Executive MBA.
He has served as Non-Executive Director of Zenith Energy since 2017. He has also held, or currently holds, the following roles:

- Since 1993 Chairman of SCHI Group, International trading, investment and manufacturing holding.
- Since 2002 Board Member of National Agency for Direct Investment (NAPI).
- During 2017 – 2019, he was CEO of Sanju Environmental Protection (Hong Kong) Limited, overseeing all international projects of Sanju Group.
- 2017 - 2018 Executive Director at Jutal Offshore Oil Services (public HK company).
- Since 2020 VP of Kaisun Holdings (public HK investment holding).
- Since 2021 Head of ITI Capital Asia, an international investment company offering a variety of investment services, capital market opportunities, including pre-IPO investment and complex financial products.

Directors' Report

The Directors present their Annual Report and Financial Statements of the Group for the year ended March 31, 2022.

In addition to the asset acquisitions, fully disclosed in the Chairman Statement, on November 12, 2021, the Company announced that it had received approval from the UK Financial Conduct Authority ("FCA") for publication of a UK prospectus document (the "**Prospectus**").

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

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

The Admission consisted of the following three elements:

- The 272,727,273 new common shares announced on November 2, 2021, from a successful subscription for £3m (the "Subscription Shares").
- 1,086,842,772 common shares (the "**Admission Shares**"), representing the Company's share capital that had previously been issued and traded on Euronext Growth Market of the Oslo Stock Exchange but not admitted for trading on the LSE Main Market for listed securities and on the standard segment of the FCA Official List.
- The Company also issued a total of 108,181,8181 new Common Shares in settlement of liabilities as set out below (collectively the "**Capitalization Shares**").

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

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

Financial review of activity for the period

The Group issued equity on several occasions during the financial year ended March 31, 2022, raising a combined net total of CAD$7,677m (March 31, 2021 - CAD$7.617m) to finance the Group's reconfigured development strategy in Africa.

During the year, 708,685,118 (March 31, 2021 - 586,816,410) new Ordinary Shares were issued, as detailed in the financial statements (note 16) and as per the following table.

	Number of Shares	Amount CAD$'000
Balance – March 31, 2021	**1,163,889,331**	**48,017**
Unit private placement proceeds	441,127,273	7,523
Units issued in settlement of debt	222,557,845	3,771
Equity sharing agreement	-	-
Exercise of warrants	45,000,000	810
Issue costs	-	-
Total for the year	**708,685,118**	**12,104**
Balance – March 31, 2022	**1,872,574,449**	**60,121**

Following the issue of the new Ordinary Shares, the Company had 1,872,574,449 common shares in issue and admitted to trading on the Euronext Growth of the Oslo Stock Exchange and on the Main Market of the London Stock Exchange, as of March 31, 2022.

Furthermore, to avoid the risk of the excessive dilution of the capital, the Company issued two different sets of EMTN (Bond) accruing interest payable semi-annually and listed on the third Vienna Stock Exchange.

a. Zenith 8% EMTN – ISIN: AT0000A23S79

Commencing 11 January 2019, the Issuer issued Loan Notes with the duration of 2 years. The maturity date of the Notes is 20 December 2021, and they carry an interest charge of 8 per cent per annum, payable semi-annually.

On December 20, 2021, the Company announced that it has made a full repayment upon maturity of the Zenith Energy Ltd 8% Notes - 2021 (ISIN: AT0000A23S79) listed on the Vienna MTF of the Vienna Stock Exchange and the Frankfurt Stock Exchange, for an amount of EUR 2,360,000, as well paying a final coupon payment of EUR 94,400, for a total amount paid of EUR 2,454,400.

b. Zenith EMTN Programme up to Euro 25+M

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

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

The Notes were issued, and kept in Treasury, under Zenith's EUR 25,000,000 multi-currency Euro Medium Term Notes Programme, as announced by the Company on November 6, 2019, and will be due on January 27, 2024. The Notes were admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**"). As of March 31, 2022, the Company sold Notes for CAD$10M equivalent, as follows:

Currency	Quantity	CAD$ equivalent	ISIN	Description
EUR	1,473,000.00	2,114.817.05	XS2108546735	ZEEX 10.125 01/27/24 MTN
USD	4,352,000.00	5,407,662.70	XS2108546651	ZEEX 10.300 01/27/24 MTN
GBP	1,539,000.00	2,512,782.47	XS2108546578	ZEEX 10.375 01/27/24 MTN
CHF	30,000.00	40,944.45	XS2108546818	ZEEX 10.000 01/27/24 MTN

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

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

On January 28, 2022, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December 2019, 2020 and 2021 respectively.

The Group's yearly profit was mostly impacted by the gain on business acquisition related to the Tunisian assets, negatively impacted by the non-recurrent administrative expenses related to the negotiation for the acquisitions.

The Group production costs for the year were CAD$2,217k, compared to CAD$1,651k in 2021 and the General and Administrative costs for the year were CAD$12,526k, compared to CAD $16,201k in 2021.

Cash flow

Cash used in investing activities totalled CAD$2,165k (2021 - CAD$202k). The cash from financing activities in 2022 totalled CAD$14,817k (2021 - CAD$10,426k), due to the share placings, issue of convertible loans and issue of bonds.

Closing cash

As of March 31, 2022, the Group held CAD$1,153k in cash (2021 - CAD$1,631k).

Position of Group's business at the year end

At the year end the Group's Statement of Financial Position shows current assets totaling CAD$28,774k (2021 – CAD$18,942k) and non-current assets totaling CAD$230,526k (2020 – CAD$100,494k).

Business strategy

As of the date of this report the Company's primary activity is that of being an international oil and gas production, development and exploration business.

The Company has a portfolio of oil and gas assets in Italy and Africa. The Group's principal assets are held through:

(i) its wholly owned subsidiary, Zenith Overseas Assets Ltd ("**Zenith Overseas**"), which holds a 22.5% interest in the Sidi El Kilani Concession in Tunisia;
(ii) its wholly owned subsidiary, Zenith Energy Africa Limited ("**Zenith Africa**"), which holds a 45% interest in the Tunisian onshore Ezzaouia Concession ("Ezzaouia");
(iii) its wholly owned subsidiary, Compagnie Du Desert Ltd ("**CDD**"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia;
(iv) its wholly owned subsidiary, Zenith Congo SA ("**Zenith Congo**") which has received confirmation of being the successful applicant (subject to final approval and negotiation of a production sharing agreement) for the award of a new 25-year licence for the Tilapia oilfield in the Republic of the Congo,; and
(v) Canoel Italia S.r.l. (in which the Company has a 98.64% shareholding), which holds various working interests in 13 onshore exploration and production properties in Italy.

The Company is seeking to acquire further oil and gas assets in West Africa to complement its existing assets in Italy, Congo and Tunisia.

The Company's strategy is, among other things, to (i) grow through international acquisitions; (ii) increase the production and reserves from its international inventory of oil and gas assets; (iii) target its operations towards areas with advantageous access points for its exploration activities with a reasonably stable economic and business environment; (iv) develop a balanced portfolio of short, medium and long-term opportunities; (v) seek innovative ways to unlock value; (vi) achieve and maintain a robust, well-funded business with the financial flexibility to fund high-impact exploration, appraisal and development programmes; and (vii) unlock oil and gas reserves still unexploited in old and marginal oil and gas fields through the use of new technology.

Principal risks and uncertainties

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors are of particular relevance to the Group's activities and to any investment in the Group. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. The risk factors are summarized below:

The impact of global oil prices on the Company

Demand for oil and gas is closely related to the health of the world economy while supply is determined more by political matters. The price of oil and gas is set at a global level with small variances for local conditions. Zenith is a very small producer and the price it receives for the oil and gas it produces is determined by global supply and demand factors beyond its control.

Oil and gas prices depend on numerous factors over which the Group does not have any control, including global supply, international economic trends (such as the current downturn caused by COVID-19), currency exchange fluctuations, inflation, consumption patterns and global or regional political events.

The Group's financial performance may therefore be substantially impacted both positively and negatively by factors. Changes in global prices for oil and gas may result in the Group no longer being able to produce oil and/or gas on a profitable basis. Historically, international crude oil and natural gas prices have fluctuated widely. A material decline in the price of crude oil or natural gas would have a material adverse effect on the Group's financial results and reserves estimates.

Risks in connection with the war in Ukraine

The protraction of Russia's military aggression of Ukraine commenced last February has made the outlook for the remainder of 2022 and for the medium term all the more uncertain and unpredictable.

Zenith is exposed to a major systemic risk that a prolonged conflict, an enlargement of military operations, the impacts of the economic sanctions imposed by the international community against Russia. The possible unilateral interruptions of hydrocarbons exports to Europe by Russia as retaliation could dampen investors or consumers' confidence, causing a delay or a halt in spending decisions.

Those developments could trigger a slowdown in the macroeconomic cycle, a stagnation or, under the worst possible outcome, a global recession. Those could negatively and significantly affect demand for hydrocarbons, which is very sensitive to macroeconomic trends, leading to a decline in hydrocarbon prices that are the main driver of the Group's results of operations and cash flow.

In response to Russia's military aggression of Ukraine, the EU, the USA, and the UK have adopted economic and financial sanctions designed to weaken Russia's ability to fund the war operations.

The EU sixth sanction package of restrictive measures against Russia was enacted June 3, 2022 and is particularly relevant to the Oil & Gas sector.

The new sanctions will phase out Russian oil imports to EU in an orderly fashion. For seaborne crude oil, spot market transactions and execution of existing contracts will be permitted for six months after entry into force, while for petroleum products, these will be permitted for eight months after entry into force. A waiver is granted to certain EU Member States who have a particular pipeline dependency on Russia and can continue to receive crude oil delivered by pipeline, until the Council decides otherwise. Finally, after a wind down period of 6 months, EU operators will be prohibited from insuring and financing the transport, particularly through maritime routes, of Russian oil to third countries.

The EU has also adopted the REPowerEU plan to end dependence on Russian fossil fuels as soon as possible and well before 2030 by means of an articulated set of actions and instruments targeting the energy saving, an acceleration in the green transition, a diversification of supplies and leaner procedures to sanction capital investments.

Zenith has no direct or indirect engagement in the Russian upstream sector, being its production located in different parts of the world, so the Group has no exposures towards Russia. In addition, Zenith is currently taking into consideration new opportunities for development, investment, and expansion of its portfolio, taking advantage of possible contingent market situations.

A substantial portion of the Group's assets and operations outside of Europe are exposed to political and economic risks, and future disruptions may have a material adverse effect on THE GROUP's business

A significant portion of the Group's oil and gas assets and of the Group's supply sources is located in countries outside of the European Union – with developing economies or unstable political environments. As a result, a significant portion of the Group's revenue is derived from, or is dependent on, countries in which the Group's operations are exposed to economic and political risks, including expropriation and nationalization of property, civil strife and acts of war or terrorism. In addition, in certain countries in which the Group is active, it may be difficult to repatriate investment and profits. If it is perceived that the Group is not respecting or advancing the economic and social progress of the communities in which it operates, its reputation and shareholder value could be damaged. Any future disruptions may have a material adverse effect on the Group's business, results of operations and financial condition.

Activities in the oil and gas sectors can be dangerous, posing health, safety and environmental risks

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property as well as the environment or personal injury.

In particular, the Group may produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in a liability to the Group.

In accordance with industry practice, the Group is not fully insured against all of these risks, nor are all such risks insurable. Although the Group maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Group could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks relating to the Group's business strategy

The Group is dependent on the ability of the Directors to identify suitable investment opportunities and to implement the Group's strategy. There is no assurance that the Group's activities will be successful in implementing its strategy of acquiring a suitable investment that will ultimately be developed.

Environmental and other regulatory requirements

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board consider these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

Government intervention and regulation may have a material adverse effect on Zenith's business. Zenith might not be able to comply with its obligations under licences.

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

In addition, Zenith has to comply with conditions contained in licenses, such as operating permits. A failure by Zenith to comply with substantial conditions might lead to governmental intervention. Any violations of substantial conditions may therefore have a material adverse effect on Zenith's business, results of operations and financial condition.

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

Lack of diversification of the Company's business activity

The Company is currently only involved in oil production in Africa and natural gas and electricity production in Italy. Therefore, any legal, regulatory or other change of the framework conditions in one of those national industries may have a substantial negative effect on the financial situation of the whole Group, since it will likely not be able to compensate negative effects that appear in one field of business with its business activities in another area of operations.

Financing

The Board are seeking to grow and acknowledge that financing could depend upon the Group's ability to obtain financing primarily through a further raising of new equity capital. The Group's ability to raise further funds may be affected by the success of its investments both in terms of both in terms of acquisitions and developing its asset base. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its operations. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

COVID-19

The recent global health crisis brought about by the COVID-19 pandemic has affected the Group's business operations in a very limited manner. More particularly, only its operations in Italy were affected to a limited degree because third-party employees working on the concessions were working a reduced regime as per government guidelines.

However, it should be underlined that the crisis has proven favourable for the Group's acquisition campaign in Africa. Specifically, the Group has been able to obtain favourable commercial terms in its conditional agreement for the acquisition of onshore production acreages in Tunisia and an acquisition in the Republic of the Congo. The decline in oil prices caused by the COVID-19 pandemic has therefore been beneficial to the Group in pursuing its acquisition activities.

In addition, management has taken significant steps during 2020 to reduce the Group's cost base to help the Group navigate a more challenging macro-economic environment as a result of the COVID-19 pandemic. While significant cost savings have been identified and implemented, additional funds will still need to be raised to enable the Group to remain in operation for the foreseeable future. At the date of preparing these financial statements, this funding has not been secured. This represents a material uncertainty regarding the ability of the Group to continue as a going concern.

Market conditions

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflations rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organizations, some of which may have greater resources or be more established in a particular territory. The Board considers and reviews all market conditions to mitigate any risks that may arise from these.

The protraction of Russia's military aggression of Ukraine commenced last February has made the outlook for the remainder of 2022 and for the medium term all the more uncertain and unpredictable.

Zenith is exposed to a major systemic risk that a prolonged conflict, an enlargement of military operations, the impacts of the economic sanctions imposed by the international community against Russia. The possible unilateral interruptions of hydrocarbons exports to Europe by Russia as retaliation could dampen investors or consumers' confidence, causing a delay or a halt in spending decisions.

Those developments could trigger a slowdown in the macroeconomic cycle, a stagnation or, under the worst possible outcome, a global recession. Those could negatively and significantly affect demand for hydrocarbons, which is very sensitive to macroeconomic trends, leading to a decline in hydrocarbon prices that are the main driver of the Group's results of operations and cash flow.

Zenith has no direct or indirect engagement in the Russian upstream sector, being its production located in different parts of the world, so the Group has no exposures towards Russia. In addition, Zenith is currently taking into consideration new opportunities for development, investment, and expansion of its portfolio, taking advantage of possible contingent market situations.

Substantial shareholders

As of August 25, 2022, the total number of issued Common Shares with voting rights in the Company is:

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common Shares in issue and admitted to trading on the Main Market of the London Stock Exchange	1,872,574,449	1	1,872,574,449
Common Shares in issue and admitted to trading on the Euronext Growth Market of the Oslo Stock Exchange	1,872,574,449	1	1,872,574,449

Directors' interest

This table represents the Directors' interests in the Company, as of the date of publication of this report:

PARTY NAME	2022		2021	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
ANDREA CATTANEO	102,468,240	5.47	63,438,512	4.51
SERGEY BOROWSKIY	3,849,289	0.21	3,849,289	0.27
DARIO SODERO (1)	77,500	0.01	77,500	0.01
JOSE RAMON LOPEZ-PORTILLO	48,000	0.01	48,000	0.01

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

The Company has been notified of the following interests of 3 percent or more in its issued share capital as at the date of approval of this report.

PARTY NAME	2022		2021	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
Nordnet AB	106,392,105	5.68	54,196,155	3.85
ANDREA CATTANEO	102,468,240	5.47	63,438,512	4.51

Dividends

The Directors do not propose a dividend in respect of the year ended March 31, 2022 (March 31, 2021: nil).

Events subsequent to the year end

Details of events subsequent to the year-end are set out in note 30.

Going concern

The Group's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement. In addition, note 26 to the financial statements discloses the Group's financial risk management policy and note 2 details out further considerations made by the Directors in respect of going concern. Their consideration has included a review of forecasts, the repayment and the restructuring of loans, the ability for fund raise and an assessment as to whether the Tilapia Oilfield licence will be granted to the Group.

The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements. Further details on assumptions and conclusions drawn on going concern are included in the statement of going concern included in note 2 to the financial statements.

Auditors

During the current year, Jeffreys Henry LLP were appointed as auditor to the Group. A resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB"). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as issued by the IASB have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Approved by the Board dated on August 26, 2022

Signed ....
Jose Ramon Lopez-Portillo Chairman

GOVERNANCE REPORT

General

As Zenith Energy Ltd has a standard listing within the United Kingdom, it is not required to comply with the Financial Conduct Authority's requirements report on compliance with, and application of, the UK Corporate Governance Code. The disclosures below, however, are required by Disclosure Guidance & Transparency Rules and NI 58-101 Disclosure of Corporate Governance Practices. The board of directors (the "**Board**") of Zenith Energy Ltd. (the "**Company**") has not adopted a Governance Code as the size of the Company and the number of staff at the parent Company does not warrant the adoption of such code, however, the Board recognizes that good corporate governance is of fundamental importance to the success of the Group and procedures are in place in operating entities.

The Group's governance practices are the responsibility of the Board.

Leadership

The Group is headed by an effective Board which is collectively responsible for the long-term success of the Group. The role of the Board is to oversee the activity of management and to decide the strategy going forward. The role of the Non-Executive Directors is to review and monitor the activity of the Directors and managers that are involved in the operations of the Group. Acquisitions and disposals, borrowing facilities, equity issuances and any other major decisions out of the ordinary course of business are specifically reserved for the Board.

The Board is formed by a highly incentivized and committed group of individuals, including founders of the Group with significant interest in the common share capital of the Group, that understand and believe in the Group's strategy, providing their support even without an effective remuneration, waiting for the desired development to lead to financial conditions such that the recognition of a fee does not divert funds from investments.

Mr Borowskiy was unable to attend certain Board meetings due to other professional commitments and time zone differences. However, he has provided consistent support and constant interaction with the Company's management, specifically in relation to the Company's fruitful new relationship with CNPC.

The Directors attendance to meetings up to the date of this report was as follows:

Date of Board Meeting	Jose Ramon Lopez-Portillo	Andrea Cattaneo	Dario Ezio Sodero	Sergey Borowskiy	Luca Benedetto
25/11/2021 (B)	✓	✓	✓	✓	✓
25/11/2021 (AC)	✓	✓	✓	✓	✓
03/03/2022 (B)	✓	-	✓	-	✓

AC: Audit Committee Meeting – B: Board Meeting

The Board

The Board is ultimately responsible for the effectiveness of the Group's system of internal controls. The Board verifies the implementation and effectiveness of the system that the top and middle management have implemented in the Group to prevent losses, fraud, corruption and misuse of assets, human resources and cash. Its key strategy has been to establish financial reporting procedures that provide the Board of Directors with a reasonable basis to make judgements as to the financial position and prospects of the Group.
Executive directors and non-executive directors have been appointed by the Board to assist with the implementation of this strategy and report progress to the Board. All the non-executive directors are considered independent from executive directors and management.

The Group's board of directors consists of five members namely

- Jose Ramon Lopez-Portillo (Chairman and Non-Executive Director)
- Andrea Cattaneo (President, CEO and Director)
- Luca Benedetto (CFO and Director)
- Dario Ezio Sodero (Non-Executive Director)
- Sergey Borowskiy (Non-Executive Director)

As demonstrated by the background of the directors and managers, the Board present a large diversity in citizenship, age, education, profession and religion. The Board is committed to equal opportunities and intends to appoint a female Non-Executive Director in the near future.

Directorships and partnerships

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

Name	Current directorships/partnerships
Jose Ramon Lopez-Portillo	Hybridair Ltd World SkyCat Ltd
Luca Benedetto	Ajax Resources Plc
Andrea Cattaneo	–
Dario Ezio Sodero	Planaval Resources Ltd
Sergey Borovskiy	ITI Capital Asia Kaisun Holdings General Transactions Inc. National Agency for Direct Investment (NAPI). South China Heavy Industries Group

Orientation and continuing education

The Board is responsible for the orientation and education of new members of the board of directors and all new directors are provided with copies of the Group's board and committee mandates and policies, the Group's by-laws, documents from recent Board meetings and other reference materials relating to the duties and obligations of directors, the business and operations of the Group. New directors are also provided with opportunities for meeting and discussions with senior management and other directors.
Prior to joining the board, each new director will meet with the Chief Executive Officer of the Group. Such officer is responsible for outlining the business and prospects of the Group, both positive and negative, with a view to ensuring that the new director is properly informed to commence his duties as a director.

Each new director is also given the opportunity to meet with the auditors and counsel to the Group. As part of the annual Board of Directors' assessment process, the Board of Directors determines whether any additional education and training is required for its members.

Ethical business conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Group has adopted a Code of Conduct which addresses the Group's continuing commitment to integrity and ethical behaviour. The Code of Conduct establishes procedures that allow directors, officers and employees of the Group to confidentially submit their concerns to the Chief Executive Officer or the Chairman of the Board regarding questionable ethical, moral, accounting or auditing matters, without fear of retaliation. To the Group's knowledge there have been no departures from this Code of Conduct that would necessitate the filing of a material change report.

A copy of the Code of Conduct is available to review at the head office of the Group during business hours.

Nomination of Directors

The Board as a whole is responsible for identifying suitable candidates to be recommended for election to the Board by the shareholders of the Group, with the goal of ensuring that the Board consists of an appropriate number of directors who collectively possess the competencies identified as being appropriate to the effectiveness of the Board as a whole.

Remuneration

The Remuneration Committee is responsible for reviewing the Group's overall compensation strategy, as well as being responsible for reviewing and recommending for approval for the salary and compensation of the Group's executive officers.

The Remuneration Committee also reviews the compensation of the outside directors on an annual basis, taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations.

The remuneration for key management personnel, specifically those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, are detailed in the following note 7-(b) Key management compensation

Board Committees

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

(a) Audit Committee

The Audit Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borowskiy and is chaired by Dario Sodero. The Audit Committee meets at least once a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing the effectiveness of the Group's internal control review function and risk management systems, reviewing any changes in accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee has unrestricted access to the Group's external auditors. The ultimate responsibility for reviewing and approving the annual reports and accounts and the interim reports remains with the Board. The Audit Committee gives due consideration to laws and regulations and the requirements of the Listing Rules. The Group has an Audit Committee Charter.

(b) Remuneration Committee

The Remuneration Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borowskiy and is chaired by Sergey Borowskiy. The Remuneration Committee has not met during the year ended 31 March 2022. The Remuneration Committee has responsibility for determining the Group's policy on the remuneration packages of the Group's chief executive, the chairman, the executive and non-executive directors and other senior executives. The Remuneration Committee also has responsibility for (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Group's Shareholders the total individual remuneration package of the chairman, each executive and non-executive director and the chief executive officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Group's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or manager may be involved in any discussions as to their own remuneration.

(c) Corporate Governance Committee

The Corporate Governance Committee comprises Sergey Borovskiy, Dario Sodero and Jose Ramon Lopez-Portillo and is chaired by Jose Ramon Lopez-Portillo. The Corporate Governance Committee has not met during the year ended 31 March 2022. The Corporate Governance Committee ensures that the Group has in place sufficient procedures, resources and controls to enable it to comply with its continuing obligations as a company admitted to the Standard Segment of the Official List. The Corporate Governance Committee also monitors the Group's procedures to approve (a) announcements to ensure that the information disclosed by the Group is timely, accurate, comprehensive and relevant to the business of the Group and (b) any share dealings by directors or employees or announcements made by the Group to ensure compliance with the Group's policies, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and such other regulations to which the Group is subject from time to time.

Assessments

The Remuneration Committee is responsible for developing an annual assessment of the overall performance of the Board and its committees.

The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. To date, the Remuneration Committee and the Board have not put into place a formal process for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Group's size, its stage of development and the number of individuals on the Board of Directors, the Remuneration Committee and the Board consider a formal assessment process to be inappropriate at this time. The Remuneration Committee and the Board plan to continue evaluating the Board's effectiveness on an ad hoc basis.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENITH ENERGY LIMITED FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Zenith Energy Ltd (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of income and other comprehensive income, the consolidated statement of financial position, , the consolidated statements of changes in equity, the consolidated statements of cash flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (IASB), as applied in accordance with the provisions of the British Columbia Business Corporations Act.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the IASB as applied in accordance with the provisions of the British Columbia Business Corporations Act;
- the financial statements have been prepared in accordance with the requirements of the British Columbia Business Corporations Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of future forecasts and assessing the assumptions utilised by management in preparing the forecast. These assumptions were further assessed along with those used in the prior year to determine reasonability. We have reviewed the cash held at year end up to the date of signing of this report and have further taken into account management's previous ability to raise equity funding when required in order to maintain operations.

We have evaluated the suitability of management's model for the forecast. The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period and ensuring that all key matters are correctly disclosed in the going concern disclosures.

Specifically, we obtained, challenged and assessed management's going concern forecast and performed procedures including:

- Verifying the consistency of key inputs and fund raisers relating to future costs to other financial and operational information obtained during the audit.
- Assessed the reasonableness of expenses and costs established.
- Corroborated with management relating to future cash inflows.
- We reviewed the latest management accounts to gauge the financial position.
- We performed stress tests.
- Considered the Group's historic ability to raise funds, and
- Reviewed the financing options available to the Group to evaluate the ability of the Group to pay their debts as they become due.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Evaluation of management's assessment of the going concern basis (see *Conclusion relating to going concern* section)
- Business combination and fair value accounting (see below)
- Carrying value of property, plant and equipment (see below)

Key audit matter	How our audit addressed the key audit matter
Business combination and fair value accounting During the period under review management undertook a material transaction in respect of the acquisition of EPT Tunisia and CNAOG Tunisia. It was reported that the management have used provisional values to account for the transactions at the end of the reporting period 31st March 2022. Management have used their estimation and judgement in accounting for the above stated transactions in line with IFRS 3 Business combinations including their provisional assessment of the fair values of the net assets acquired. We consider the business combination accounting to be a key audit matter.	Our work in this area included: • Obtaining and reviewing the terms within the acquisition agreement and assessing them in accordance with the control criteria in IFRS 3 to ascertain if a business combination had taken place; • Critically reviewing Management's assessment of the timing that the business combination took place; • Reviewing management's assessment of fair value and challenging all judgements and estimations within that assessment; and • Reviewing the work performed by the component auditors and requesting additional procedures where required. Our opinion is not modified in this respect.

Carrying value of Property Plant and Equipment (PPE)	Our work in this area included:
The carrying value of PPE in the financial statements is CAD$230m which represents 88% of the Group's total assets. Included within PPE is CAD$42m and CAD$1.3m of assets which were acquired in the business combination of EPT and CNAOG. The group carrying value also includes CAD$10.7m of PPE in respect of the group's producing assets in Italy and Dubai. Management are required to use their estimation and judgement in assessing the carrying value of PPE for impairment and for this reason, we consider the carrying value of PPE to be a key audit matter. In addition, the following external indications of impairment existed at 31 March 2022: • The carrying amount of the Group's net assets exceed the market capitalisation; and • Global oil and gas prices have been impacted as a result of COVID-19 as well as other factors and these will directly impact the value in use calculation.	• Obtaining the board approved impairment assessment paper and challenging the key assumptions and estimations therein; • Reviewing management's assessment of recoverable amount (likely a VIU calculation) and critically assessing all inputs; • Reviewing the underlying economic models used in the Competent Persons Report ("CPR") from which the valuation arises and challenging the key assumptions therein including: • Ensuring that the Competent Person had the relevant expertise to perform their work to the appropriate level of skill; • Comparing commodity price assumptions to future prices; • Challenging key inputs into the models including the discount rates used and benchmarking them where appropriate; • Reviewing the CPR for mathematical accuracy and performing sensitivity analysis of the various underlying assumptions; • Assessing the carrying value by considering the range of valuations indicated by the differing scenarios; • Considering the ability of the group to perform the required site development to ensure the site can meet production levels included in and underlying the CPR valuation and to have access to the capital resources required to develop projects successfully; • A review of historical forecasts/budgets against actual to assess the ability of management and their experts to accurately forecast; and • Reviewing the work performed by the component auditors and requesting additional procedures where required. Our opinion is not modified in this respect.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements
Overall materiality	CAD$ 1,388,008 (2021: CAD$ 1,210,000)
How we determined it	1% of gross assets
Rationale for benchmark applied	We believe that gross assets is a primary measure used by shareholders in assessing the performance of the Group as the group continues to focus on their new geographical strategy.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between CAD$ 126,000 and CAD$ 273,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above CAD$ 69,400 (Group audit) (2021: CAD$ 60,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 10 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Zenith Energy Ltd (the parent), Canoel Italia S.r.l. and Zena Drilling Limited, which were individually financially significant. Two additional reporting units, Canadian North African Oil & Gas Ltd, Ecumed Petroleum Zarzis Ltd Limited and Ecumed Petroleum Tunisia Ltd were also individually financially significant and were audited by local component auditors. The sum of these significant entities accounted for 100% of the Group's revenue and 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over account balances and transaction classes that we regarded as material to the Group at all reporting units.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on pages 22 and 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 4 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- Obtaining confirmation of compliance from the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group and the parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of this report

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jeffreys Henry LLP

Jeffreys Henry LLP
Registered Auditors
Finsgate
5-7 Cranwood Street
London EC1V 9EE
26 August 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Financial year ended	
		March 31, 2022	March 31, 2021
Continuing operations	**Note**	**CAD $'000**	**CAD $'000**
Revenue		8,239	596
Cost of sales			
Production costs		(2,217)	(1,651)
Depletion and depreciation	11	(2,242)	(790)
Gross profit/(loss)		**3,780**	**(1,845)**
Administrative expenses	5	(12,526)	(16,201)
Operating (loss)		**(8,746)**	**(18,046)**
Gain on business combination	6	75,907	36,491
Other gains and losses	8	(145)	(13,466)
Finance expense	9	(2,278)	(1,451)
Profit for the year before taxation		**64,738**	**3,528**
Taxation	10	(301)	(3)
Profit for the year from continuing operations attributable to owners of the parent		**64,437**	**3,525**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(183)	1,054
Other comprehensive income for the year, net of tax		**(183)**	**1,054**
Total comprehensive income for the year attributable to owners of the parent		**64,254**	**4,579**
Earnings per share	22	**CAD $**	**CAD $**
Profit/(loss) for the year - basic		0.03	0.004
Profit/(loss) for the year – diluted		0.02	0.003

The notes on pages 38 to 91 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Financial year ended March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	229,774	100,482
Financial assets at amortised cost	12	752	12
		230,526	**100,494**
Current assets			
Inventory	13	8,446	2,669
Trade and other receivables	14	19,175	14,642
Cash and cash equivalents		1,153	1,631
		28,774	**18,942**
TOTAL ASSETS		**259,300**	**119,436**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	16	60,121	48,017
Share warrants & option reserve	17	5,284	2,465
Contributed surplus		4,753	4,643
Retained earnings		32,932	(31,322)
Total equity		**103,090**	**23,803**
Non-current liabilities			
Loans	19	1,442	920
Non-convertible bonds	20	10,076	2,500
Deferred consideration payable	6	67,372	42,238
Deferred tax liabilities	10	14,231	2,398
Decommissioning provision	21	30,901	16,219
Provision		585	1,005
Total non-current liabilities		**124,607**	**65,280**
Current Liabilities			
Trade and other payables	18	22,074	21,028
Loans	19	6,533	4,359
Non-convertible bonds	20	284	4,966
Deferred consideration payable	6	2,712	-
Total current liabilities		**31,603**	**30,353**
TOTAL EQUITY AND LIABILITIES		**259,300**	**119,436**

Approved by the Board on August 26, 2022

Signed ......Andrea Cattaneo......

Andrea Cattaneo – Chief Executive Officer

The notes on pages 38 to 91 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent				
	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
	CAD $'000	CAD $'000	CAD $'000	CAD$'000	CAD $'000
Balance as at April 1, 2020	**40,400**	**1,010**	**4,320**	**(35,901)**	**9,829**
Profit for the year	-	-	-	3,525	3,525
Other comprehensive income	-	-	-	1,054	1,054
Total comprehensive income	-	-	-	4,579	4,579
Share issue net of costs – debt settlement	40	-	-	-	40
Share issue net of costs - private placement	6,577	-	-	-	6,577
Value of warrants issued	-	480	-	-	480
Value of options issued	-	1,349	(51)	-	1,298
Exercise of warrants	1,000	(48)	48	-	1,000
Fair value of options expired	-	(215)	215	-	-
Warrants expired	-	(111)	111	-	-
Total transactions with owners recognised directly in equity	7,617	1,455	323	-	9,395
Balance as at March 31, 2021	**48,017**	**2,465**	**4,643**	**(31,322)**	**23,803**
Profit for the year	-	-	-	64,437	64,437
Other comprehensive income	-	-	-	(183)	(183)
Total comprehensive income	-	-	-	64,254	64,254
Share issue net of costs – debt settlement	3,771	-	-	-	3,771
Share issue net of costs - private placement	7,523	-	-	-	7,523
Value of warrants issued	-	1,544	-	-	1,544
Value of options issued	-	1,385	-	-	1,385
Exercise of warrants	810	-	-	-	810
Fair value of options expired	-	(64)	64	-	-
Warrants expired	-	(46)	46	-	-
Total transactions with owners recognised directly in equity	12,104	2,819	110	-	15,033
Balance as at March 31, 2022	**60,121**	**5,284**	**4,753**	**32,932**	**103,090**

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

The notes on pages 39 to 92 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Financial year ended	
		March 31, 2022	March 31, 2021
OPERATING ACTIVITIES	**Note**	**CAD $'000**	**CAD $'000**
Profit for the year before taxation		64,738	3,528
Options/warrants charge	17	2,929	1,778
Foreign exchange		(1,002)	260
Gain on business combination		(75,907)	(36,491)
Depletion and depreciation	11	2,242	790
Impairment of property, plant and equipment	11	140	18,822
Impairment of inventory		5	-
Decommissioning provision reversed	21	-	(5,189)
Deferred Tax liability	10	-	2,398
Finance expense	9	1,929	1,451
Change in working capital	15	(8,204)	2,840
Net cash used in operating activities		**(13,130)**	**(9,813)**
INVESTING ACTIVITIES			
Consideration paid on business combination (net of cash acquired)	6	(2,109)	(150)
Purchase of property, plant and equipment	11	(56)	(52)
Disposal of property, plant and equipment	11	-	-
Net cash used in investing activities		**(2,165)**	**(202)**
FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		5,443	6,617
Proceeds from exercise of warrants and options		810	1,000
Finance Expense	9	(1,659)	(982)
Repayments of loans	19	(3,322)	(1,847)
Proceeds from loans	19	10,322	2,631
Proceeds from issue of bonds	20	7,860	3,154
Repayment of bonds	20	(4,637)	(147)
Net cash generated from financing activities		**14,817**	**10,426**
Net increase in cash and cash equivalents		(478)	411
Cash and cash equivalents at beginning of year		**1,631**	**1,220**
Cash and cash equivalents at end of year		**1,153**	**1,631**

Notes to the financial statements

1. Corporate and Group information

The consolidated financial statements of Zenith Energy Ltd. and its subsidiaries (collectively, the "**Group**") have been prepared on the basis set out below. Zenith Energy Ltd are exempt from the preparation of separate parent company financial statements for the year ended 31 March 2022 in line with the Canada Business Corporations Act.

Zenith Energy Ltd. ("**Zenith**" or the "**Group**") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on September 20, 2007 and is domiciled in Canada. The address of the Group's registered office is 20th Floor, 250 Howe Street, Vancouver, BC. VC6 3R8, Canada and its business address is 15th Floor, 850 - 2nd Street S.W., Calgary, Alberta T2P 0R8, Canada. The Group's primary business activity is the international development of oil and gas production and development assets. As publicly reported, the Group is currently in the process of seeking to complete a number of acquisitions in Africa.

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

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

2. Basis of preparation

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

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

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

Presentation and functional currency

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

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

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

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

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

Going concern

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

The Directors have reviewed the cash flow forecasts prepared by management up to and including August 2023, which are prepared on the basis that the Group continues to hold title to the African oil and gas asset and which takes into account the fund raises completed post year end, as well as loan repayments which fall due within 12 months of the date of the signing of the financial statements. The cashflow forecasts also include the investments in respect of well interventions in Tunisia, which the Group believe will be covered by a combination of funding generated by operations, funds raised post year end, funds to be received from the national oil company of the Republic of the Congo (SNPC), as well as further planned fund raises within the going concern period. The Directors believe that the planned fund raises via the various sources of capital available to the Group will be successful. The Group's ability to raise funds has been demonstrated in the year ended March 31, 2022. However, as at the date of approval of the financial statements, these funds have not been secured. At present the Group believes that there should be no significant material disruption to its operations from COVID-19 in the near term, but the Board continues to monitor these risks and the Group's business continuity plans.

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months. The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

New standards and interpretations

a. Adoption of new and revised standards

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

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

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

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

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

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

Standards Issued and Effective on or after 1 January 2023

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

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

Narrow Scope Amendments Effective on or after 1 January 2023

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

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

3. Significant accounting policies

Consolidation

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

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

Compagnie du Desert Holdings Ltd (5)	United Kingdom	100%	Holding Company
Compagnie du Desert Ltd (5)	United Kingdom	100% on behalf of Compagnie du Desert Holdings Ltd	Holding Company
Ecumed Petroleum Tunisia Ltd	Tunisia	100% on behalf of Compagnie du Desert Ltd	Oil production
Zenith Overseas Assets Holdings Ltd (5)	United Kingdom	100%	Holding Company
Zenith Overseas Assets Ltd (6)	United Kingdom	100% on behalf of Zenith Overseas Assets Holdings Ltd	Holding Company
Canadian North Africa Oil&Gas Ltd	Tunisia	100% on behalf of Zenith Overseas Assets Ltd	Oil production
Zenith Energy Congo SA	Republic of the Congo	100%	Oil production

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

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

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

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

(5) On April 30, 2021, the Company announced that Compagnie Du Desert Ltd ("CDD"), its recently incorporated fully owned subsidiary, has entered into a share purchase agreement ("SPA") with

Candax Energy Limited ("Candax") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Tunisia Ltd ("EPT") (the "Acquisitions"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia.

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

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

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

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

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

Property, plant and equipment

Development and production expenditures

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

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

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

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

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

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

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

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

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

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

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

Fair value less costs to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of

D&P assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.
These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is allocated on a pro rata basis to the assets within the CGU. The impairment loss is recognised as an expense in profit or loss.

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

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

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

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

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

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

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

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

Financial assets

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

Classification of financial assets

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

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

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

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

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

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

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

Impairment of financial assets

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

De-recognition of financial assets

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

Financial liabilities and equity

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

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

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

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

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

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

De-recognition of financial liabilities

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

Amortized cost and effective interest method

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

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.
Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

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

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

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

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

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

Revenue from contracts with customers

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

Foreign currency translation

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

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

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

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

Finance expense

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

Taxation

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

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

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

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

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

Interest-Bearing Loans and Borrowings

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

4. Critical accounting estimates and judgements

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

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

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

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

The determination of recoverable amounts in any resulting impairment test requires judgement around key assumptions. Key assumptions in the impairment models include those related to prices that are based on forward curves and long-term corporate assumptions thereafter, discount rates, that are risked to reflect conditions specific to individual assets, future costs, both capital and operating that are based on management's estimates having regard to past experience and the known characteristics of the individual assets, reserves and future production, which are discussed further on note 11. The carrying value of property, plant and equipment as of March 31, 2022, was CAD$229,774k (2021 – CAD$100,482k).

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

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

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

Decommissioning costs

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

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed periodically and is based on forecast price levels and technology at the Statement of Financial Position date. Provision is made for the estimated cost at the Statement of Financial Position date, using a discounted cash flow methodology and a risk-free rate of return. Details of the Group's decommissioning costs are disclosed in note 22. The carrying value of the decommissioning costs as of March 31, 2022, is CAD $30,901k (2021 – CAD $16,219k).

Provisional fair values used in business combination accounting

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

Recoverability of other receivables

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

Equity Sharing Agreement (ESA)

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

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

As of March 31, 2022, the facility was completely settled, and no additional provision is required.

Congo – receivable from SNPC

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

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

5. Administrative expenses

During the year ended March 31, 2022, the General and Administrative costs amounted to CAD$12,526k, compared to CAD $16,201k in 2021. Furthermore, during the same period the Group incurred CAD$4,463k (2021 - CAD$ 6,374k) of non-recurring expenses which relate to the, negotiation costs for the potential acquisition of producing assets, and share based payments costs, a non-cash item that relates to the fair value of the share options issued during the year.

	Year ended	
	March 31, 2022	March 31, 2021
	CAD$'000	CAD$'000
Auditors' remuneration - audit fees Group	105	94
Accounting and bookkeeping	79	23
Consultancy fees	3,028	611
Legal	-	67
Office	1,016	471
Administrative expenses	1,213	1,845
Foreign exchange (gain)/ loss	392	4,095
Salaries	1,613	2,415
Travel	617	206
General and administrative expenses	**8,063**	**9,827**
Non-recurring expenses		
Bond issue costs	262	145
Listing costs (Norway and UK)	817	704
Negotiation costs for acquisitions	451	1,023
Reversal of impairment	4	2,724
Share based payments (see note 17)	2,929	1,778
Total non-recurring expenses	**4,463**	**6,374**
Total general and administrative expenses	**12,526**	**16,201**

The increase in the consultancy fees is due to the two assets acquisition in Tunisia related professional expenses.

6. Business combinations

a) Ecumed Petroleum Tunisia acquisition

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

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

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

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

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

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

b) Canadian North Africa Oil & Gas Ltd

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

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

Pursuant to the terms of the SPA, ZOA had acquired CNAOG for a consideration of US$1,658,680, paid by the Company upon completion (the "Consideration"). As at the Completion date, the volume of crude oil produced from the Concession and allocated to and received by CNAOG, which has not been sold or otherwise disposed of, amounts to approximately thirty thousand (30,000) barrels of crude oil.

c) There was an effective USD$100 (CAD$126 equivalent) acquisition price for Ecumed Petroleum Tunisia and USD$1,690k (CAD$2,109k equivalent) for Canadian North Africa Oil & Gas Ltd. The acquisitions have been accounted for as a business combination using the acquisition method of accounting and resulted in a bargain purchase as follows:

Fair value of net assets acquired CAD$'000

	El Bibane	Side el Kilani
Development and production assets (net of taxation and royalties)	26,092	17,950
Capital Costs	(15,626)	(12,220)
Decommissioning Obligations	(1,172)	(1,861)
NPV of the assets	9,294	3,869
Other liabilities acquired	(69,682)	(4,138)
Novation of debt	138,673	-
Less: Consideration paid	-	(2,109)
Gain/(loss) on business combination	78,285	(2,378)

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

Development and production (D&P) assets

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

Decommissioning provisions

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

DEFERRED CONSIDERATION PAYABLE

Capital Costs

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

Operating costs

Operating costs have been estimated to be USD$ 72.4 million based on historical and budget information provided by operator of the property.

DEFERRED CONSIDERATION PAYABLE	March 31, 2022 CAD$'000	March 31, 2021 CAD$'000
Capital costs		
Current portion	2,712	2,006
Non-Current portion	67,372	40,232
As of 31 March	**70,084**	**42,238**
Deferred Consideration payable current	2,712	2,006
Deferred Consideration payable non-current	67,372	40,232
Total	**70,084**	**42,238**

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

7. Staff cost

(a) *Employee compensation cost*

During the year the Group had an average of 37 (2021: 59) full time employees based in its offices in London in the UK, Lugano in Switzerland, Pointe Noire in Congo, Tunis in Tunisia and Genoa in Italy.

The following table details the amounts of total employee compensation included in the consolidated statement of comprehensive income:

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Operating	4,385	161
General and administrative	1,613	2,415
Share based payments	2,929	1,778
Total employee compensation cost	8,927	4,354

(b) *Key management compensation*

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of an entity, either directly or indirectly. The following table summarizes annual compensation and long-term compensation of the Group's "Named Executive Officers" for the two most recently completed financial years that ended on March 31, 2021. The named executive officers equate to key management personnel:

Name	Year[2]	Short term employee benefit CAD $'000	Other short-term benefits CAD $'000	Other long-term benefits CAD $'000	Other benefits CAD $'000	Total CAD $'000
Andrea Cattaneo [1]	2021	564	-	-	130	694
	2022	560	-	-	43	603
Jose Ramon Lopez-Portillo	2021	-	-	-	-	-
	2022	-	-	-	-	-
Dario Ezio Sodero	2021	3	-	-	-	3
	2022	-	-	-	-	-
Sergey Borovskiy	2021	-	-	-	-	-
	2022	-	-	-	-	-
Luca [2] Benedetto	2021	228	-	-	4	232
	2022	267	-	-	2	269

Notes:

1. Andrea Cattaneo was appointed President and Chief Executive Officer effective 01 January 2009. As proposed by the Compensation Committee, Mr. Cattaneo's annual consulting fee payment is approximately £210k (CAD $360k), payable in equal monthly instalments, plus an annual bonus compensation of CAD$200k from the parent Company.

   In addition, Andrea Cattaneo also received other benefits for the year ended March 31, 2022, of CAD$43k for health insurance.

2. Mr. Luca Benedetto was appointed as Chief Financial Officer from April 2017 and received compensation of CAD$179k from the parent Company and CAD$88k from subsidiary undertakings, and other benefits for CAD$2k for health insurance, during the year ended March 31, 2022.

c. *Key management non-cash compensation*

During the financial year ended March 31, 2022, the Company has granted some stock options to certain Directors, Advisory Committee members and employees of the Company in accordance with the Company's Stock Option Plan.

The cost is based on the fair values of the options, which is determined using the Black Scholes method. The value of the charge is adjusted to reflect expected and actual level of vesting. Charges are not adjusted for market related conditions that are not achieved.

The following table resumes the fair value of the options issued to the management, clarifying that it relates to non-cash amounts and not cash amounts.

Name	Year(2)	Options granted	Share based payments (Fair value cost) CAD $'000	Total CAD $'000
Andrea Cattaneo	2021	-	-	-
	2022	41,200,844	607	607
Jose Ramon Lopez-Portillo	2021	-	-	-
	2022	4,791,838	71	71
Dario Ezio Sodero	2021	-	-	-
	2022	4,791,838	71	71
Sergey Borovskiy	2021	-	-	-
	2022	4,791,838	71	71
Luca Benedetto	2021	-	-	-
	2022	17,380,329	256	256
Annar Bjorn Ursin-Holm (Advisory Committee member)	2021	n/a	n/a	n/a
	2022	3,500,000	51	51
Jacky Flschen (Advisory Committee member)	2021	n/a	n/a	n/a
	2022	3,500,000	51	51

Mr. Annar Bjorn Ursin-Holm and Mr. Jacky Flschen were appointed as members of the Advisory Committee, during the financial year ended March 31, 2022.

8. Other gains and losses

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Impairment of property, plant and equipment	(140)	(18,655)
Impairment of inventory	(5)	-
Decommissioning provision written back	-	5,189
	(145)	(13,466)

9. Finance expense

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Interest expense	1,929	1,082
Accretion of decommissioning provision	349	369
	2,278	**1,451**

10. Taxation

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

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

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense (recovery) in the consolidated income statement.

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

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

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

Income tax expense is comprised of the following:	**2022** **CAD $'000**	**2021** **CAD $'000**
Current tax	(301)	(3)
Deferred tax	-	-
Total tax charge for the year	(301)	(3)

The provision for income taxes differs from the expense that would be obtained by applying the Canadian statutory income tax rate. The difference between tax expense for the year and expected income taxes based on the statutory tax rate arises as follows:

	2022 CAD $'000	2021 CAD $'000
(Loss) / Profit before taxation	(10,412)	3,525
Expected tax at 27%	(2,811)	952
Differences on tax rates attributable to other jurisdictions	490	(2,869)
Non-deductible expenses	376	(7,782)
Changes in enacted rates and other	-	237
Temporary differences	96	7,356
Tax assets carried forward	1,548	2,103
Tax charge	(301)	(3)

The tax charge for the year ended March 31, 2022, comprised CAD $301k (2021 – CAD $3k) of current tax expense and CAD $Nil deferred tax expense (2021 – CAD $Nil deferred tax expense).

Recognised deferred tax liabilities are attributable to the following:

	2022 CAD $'000	2021 CAD $'000
Property and equipment	(14,211)	(14,211)
Decommissioning obligations	3,649	3,649
Non-capital loss carried forward	10,562	10,562
Acquisition of Canoel Italia S.r.l.	(2,398)	(2,398)
Acquisition of Tunisia	(11,833)	-
Recognised deferred tax liabilities	(14,231)	(2,398)

Deferred tax assets have not been recognised in respect of the following temporary differences as it is not considered probable that sufficient taxable income will allow the deferred tax assets to be utilised and recovered:

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Property and equipment	15,204	10,393
Non-capital loss carried forward	752,148	670,725
Share issuance costs	-	836
Financial assets at amortised cost	16,570	-
Decommissioning obligations	-	2,395
Capital losses	868	2,391
Other	-	76
Unrecognised deferred tax assets	784,790	686,816

11. Property, plant and equipment

	D&P Assets CAD $'000
Carrying amount at April 01, 2020	**34,305**
Additions	52
Acquired on business combination (see note 6)	88,007
Depletion and depreciation	(790)
Impairment	(18,822)
Foreign exchange differences	(2,270)
Carrying amount at March 31, 2021	**100,482**
Additions	56
Acquired on business combination (see note 6)	132,385
Depletion and depreciation	(2,242)
Disposals	(820)
Depletion and depreciation on disposals	400
Impairment	(140)
Foreign exchange differences	(347)
Carrying amount at March 31, 2022	**229,774**

Impairment test for property, plant and equipment

As of March 31, 2022, a review was undertaken of the carrying amounts of property, plant and equipment to determine whether there was any indication of a trigger that may have led to these assets suffering an impairment loss.

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

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

Italian Cash Generating Unit

Key assumptions:

- **Production profiles:** these were based on the latest available information from management.
- **Capital and operating costs:** these were based on the current operating and capital costs in Italy.
- **Gas price:** An average 2022 gas price of $32.63/Mscf based on information from the World Bank European gas price forecast and information provided by management.
- **Discount rate:** The estimated fair value less costs to sell of the Italian CGU was based on 15%

(2021 – 15%). This was based on a Weighted Average Cost of Capital analysis consistent with that used in previous impairment reviews.

Tunisia Cash Generating Unit

Two assets in Tunisia were acquired during the year. The carrying amount is that of the audited financial statements as of March 31, 2022.

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

The Group recognised the business acquisition calculation result, and it considers that the field infrastructure, geological data and associated equipment that are owned by the Group in Tunisia, as of March 31, 2022, had a fair value amount not less than the carrying amount recoverable at the same date. As a result, no impairment was recognised in the year ended March 31, 2022 (2021 - N/A) in the consolidated statement of comprehensive income.

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

Sidi El Kilani asset evaluation

On November 22, 2021, the Company acquired a 22.5% working interest in the Sidi El Kilani concession ("**SLK**"), as detailed in the business combination (note 6 of this document).
The license for this concession will expire December 2022, however, the Company started the renewal process in good time.
The Board is confident to achieve a positive outcome in respect of the renewal, based on historical precedent, namely that concession renewals have always been granted to existing operator applicants.
In accordance with this factually substantiated position, the Board has decided to include the NPV of this asset acquired in in the carrying amount of its assets as at March 31, 2022, with the intention that in the unlikely event of a negative conclusion of the renewal process, and in any case in the 12 months following the closing date of this financial year, this value will be totally removed from its assets.

12. Non-current financial assets held at amortised cost

	March 31, 2022 CAD $'000	**March 31, 2021 CAD $'000**
Other assets acquired on business combination	752	12
	752	**12**

13. Inventory

As of March 31, 2022, inventory consists of CAD $5,690k (2021 – CAD $1,057k) in relation to 116,391 barrels of crude oil that has been produced but not yet sold, and CAD $2,756k of materials (2021 – CAD $1,612k) .

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Italy – materials	-	8
Tunisia	5,690	1,057
Tunisia - materials	2,756	1,604
	8,446	**2,669**

14. Trade and other receivables

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Trade receivables	4,436	1,803
Other receivables	14,739	12,839
Total trade and other receivables	19,175	14,642

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

In respect of other receivables, the Group has recognised an expected credit loss of CAD$ Nil (2021: CAD$ Nil) on a specific contract known as an equity sharing agreement.

15. Change in working capital

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Trade and other receivables	(2,622)	57
Inventory	(5,777)	791
Prepaid expenses	(253)	48
Trade and other payables	448	1,944
Total change in working capital	(8,204)	2,840

16. Share Capital

Zenith is authorised to issue an unlimited number of Common Shares, of which 708,685,118 were issued at no par value and fully paid during the FY ended March 31, 2022 (2021 – 586,816,410). All Common Shares have the right to vote and the right to receive dividends. Zenith is authorised to issue an unlimited number of preferred shares, issuable in series, of which none have been issued as of the date of these Financial Statements. The Directors of the Group may by resolution fix the rights, privileges, restrictions and conditions of the preferred shares of each series.

Following the issue of the new Ordinary Shares, the Company had 1,163,889,331 common shares in issue and admitted to trading on the Merkur Market of the Oslo Stock Exchange and on the Main Market of the London Stock Exchange, as of March 31, 2022.

Issued	**Number of**	**Amount**
Description	**common shares**	**CAD $'000**
Balance – 01 April 2020	**577,072,921**	**40,400**
Non-brokered unit private placement (i)	75,000,000	907
Finder's fee		(4)
Non-brokered unit private placement (ii)	60,000,000	900
Non-brokered unit private placement (iii)	80,000,000	1,339
Balance – 30 June 2020	**792,072,921**	**43,542**
Non-brokered unit private placement (iv)	60,000,000	467
Non-brokered unit private placement (v)	90,000,000	1,060
Non-brokered unit private placement (vi)	100,000,000	637
Balance – 30 September 2020	**1,042,072,921**	**45,706**
Balance – 31 December 2020	**1,042,072,921**	**45,706**
Exercise of warrants (vii)	28,571,429	637
Settlement of debt (viii)	1,816,410	40
Exercise of warrants (ix)	16,428,571	363
Non-brokered unit private placement (x)	75,000,000	1,271
Balance – 31 March 2021	**1,163,889,331**	**48,017**
Exercise of warrants (xi)	45,000,000	810
Non-brokered unit private placement (xii)	60,000,000	871
Non-brokered unit private placement (xiii)	108,400,000	1,574
Balance – 30 June 2021	**1,377,289,331**	**51,272**
Settlement of debt (xiv)	30,422,319	767
Balance – 30 September 2021	**1,407,711,650**	**52,039**
Settlement of debt (xv)	3,953,708	73
Non-brokered unit private placement (xvi)	272,727,273	5,078
Settlement of debt (xvi)	108,181,818	1,591
Settlement of debt (xvii)	80,000,000	1,340
Balance – 31 December 2021	**1,872,574,449**	**60,121**
Balance – 31 March 2022	**1,872,574,449**	**60,121**

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

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

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

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

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

vi) On September 25, 2020, the Company announced that it has completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 4,520k (approximately £409k or CAD$ 635k), issuing a total of 100,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.045, equivalent to approximately £0.004 (0.4 pence) or CAD$0.01 per share.

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

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

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

x) On March 22, 2021, the Company announced that it has completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 8,625k (approximately

£725k or EUR 846k or CAD$1,258k), issuing a total of 75,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.115, equivalent to approximately £0.01 (1 pence) or CAD$0.02 per share.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In connection with the Prospectus, the Company issued:

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

- 108,181,8181 new Common Shares in settlement of liabilities as set out below (collectively the "**Capitalization Shares**").

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

xvii) On December 6, 2021, the Company issued 80,000,000 (eighty million) new common shares of no-par value (the "**Reserve Shares**") to the Winance at a price of NOK 0.12 (equivalent to approximately £0.01) to be held in a depositary institution designated by the Lender, in relation to the supplementary loan agreement announced on that date.

17. Warrants and options

	Number of options	Number of warrants	Weighted average exercise price	Amount CAD$'000
Balance – April 1, 2020	**9,085,225**	**55,663,984**	**0.12**	**1,010**
Warrants issued	-	215,000,000	0.03	480
Warrants exercised	-	-45,000,000	0.02	(49)
Warrants expired	-	-47,812,500	0.10	(111)
Option Issued	95,414,775	-	0.03	1,298
Options fair value	-	-	-	52
Options expired	- 10,182,142	-	0.04	(215)
Balance – March 31, 2021	**94,317,858**	**177,851,484**	**0.03**	**2,465**
Warrants issued	-	397,917,596	0.03	1,588
Warrants exercised	-	-45,000,000	0.02	-43
Warrants expired	-	-1,373,750	0.07	-46
Option Issued	94,039,587	-	0.02	1,385
Options expired	-1,100,000	-	0.10	-64
Balance – March 31, 2022	**187,257,445**	**529,395,330**	**0.03**	**5,284**

WARRANTS

During the year ended March 31, 2022, the Company issued 397,917,596 warrants (2021 – 215,000,000), and 1,373,750 (2021 - 47,812,500) warrants expired.

The issue of 397,917,596 warrants (2021 – 215,000,000) warrants during the year, originated a fair value amount of CAD$1,588k (2021 – CAD$480k) that was debited as share-based payment, non-cash item cost, in the P&L.

The expiry of 1,373,750 warrants (2021 – 47,812,500) warrants during the year was recognised in the contributed surplus amount of Equity section.

In the financial year ended March 31, 2022, some investors excercised warrants for a total amount of 45,000,000 (2021 – 45,000,000).

As of March 31, 2022, the Group had 529,395,330 (2021 – 177,851,484) warrants outstanding (relating to 529,395,330 shares) and exercisable at a weighted average exercise price of CAD$0.03 per share with a weighted average life remaining of 0.74 years.

There were no warrants in the money as of March 31, 2022.

OPTIONS

Grant Date	March 31, 2022		March 31, 2021		
	Number of options	Exercise price per unit CAD$	Number of options	Exercise price per unit CAD$	Expiry Date
November 2016	-	-	1,100,000	0.10	November 2021
April 2018	6,374,511	0.12	6,374,511	0.12	April 2023
December 2020	41,428,572	0.03	41,428,572	0.03	December 2025
January 2021	45,414,775	0.03	45,414,775	0.03	January 2026
13 May 2021	32,571,075	0.02			May 2026
06 September 2021	13,882,232	0.02			September 2026
31 January 2022	47,586,280	0.02			January 2027
TOTAL	**187,257,445**	**0.03**	**94,317,858**	**0.04**	

During the year ended March 31, 2022, the Company issued 94,039,587 stock options (2021 – 95,414,775), the options exercised were Nil (2021 - Nil) and 1,100,000 (2021 - 10,182,142) stock options expired.

As of March 31, 2022, the Group had 187,257,445 (2021 – 94,317,858) stock options outstanding (relating to 187,257,445shares).

There were no options in the money as of March 31, 2022.

STOCK OPTIONS

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

The table below represent the movement of the options during the FY 2022, and the comparative period 2021.

	Number of options
Balance – April 1, 2020	**9,085,225**
Options issued	95,414,775
Options expired	(10,182,142)
Balance – March 31, 2021	**94,317,858**
Options issued	94,039,587
Options expired	(1,100,000)
Balance – March 31, 2022	**187,257,445**

As of March 31, 2022, the Group had 187,257,445 (2021 – 94,317,858) stock options outstanding (relating to 187,257,445 shares) and exercisable at a weighted average exercise price of CAD$ 0.03 (2021 – CAD$ 0.12) per share with a weighted average life remaining of 3.46 years.

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

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

Granting of options

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

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

- On January 31, 2022, the Company granted a total of 47,586,280 stock options (the "Options") to certain Directors, Advisory Committee members and employees of the Company in accordance with the Company's Stock Option Plan. The Options have an exercise price of NOK 0.11 per Option (approximately equivalent to £0.009), are fully vested, and have the duration of five years from the date of granting.

Expiry of options
During the year ended March 31, 2022, 1,100,000 (2021 - 10,182,142) stock options expired.

WARRANTS

Type	Grant Date	Number of Warrants	Price per unit CAD$	Expiry Date
Warrants	June 18	1,000,000	0.07	June 21
Warrants	June 18	280,000	0.07	June 21
Warrants	April 18	93,750	0.40	May 21
Warrants	October 19	6,477,734	0.06	October 22
Warrants	February 21	85,000,000	0.03	February 22
Warrants	February 21	85,000,000	0.04	February 22
	Total warrants as of 31 March 2021	**177,851,484**		
Warrants	11-Oct-19	6,477,734	$0.06	11-Oct-22
Warrants	24-Feb-21	85,000,000	$0.03	24-Feb-22
Warrants	24-Feb-21	85,000,000	$0.04	24-Feb-22
Warrants	23-Apr-21	13,593,113	$0.02	23-Apr-24
Warrants	10-May-21	34,284,000	$0.04	01-Jul-22
Warrants	10-May-21	25,716,000	$0.05	01-Jul-22
Warrants	21-May-21	89,053,125	$0.02	21-May-23
Warrants	29-Jul-21	20,000,000	$0.02	29-Jul-23
Warrants	29-Jul-21	23,000,000	$0.03	29-Jul-23
Warrants	06-Dec-21	55,176,667	$0.02	06-Dec-23
Warrants	17-Mar-22	92,094,691	$0.02	17-Mar-24
	Total warrants as of 31 March 2022	**529,395,330**		

As of March 31, 2022, the Group had 529,395,330 (2021 – 177,851,484) warrants outstanding (relating to 529,395,330 shares) and exercisable at a weighted average exercise price of CAD$0.03 per share with a weighted average life remaining of 0.74 years.

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

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

18. Trade and other payables

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Trade payables	13,721	15,129
Other payables	8,353	5,899
Total trade and other payables	22,074	21,028

19. Loans

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Loan payable - current	6,533	4,359
Loan payable – non-current	1,442	920
Total	**7,975**	**5,279**

Loans – current	**2022 CAD $'000**	**2021 CAD $'000**
As at 1 April	4,359	2,210
Transfer from non-current	-	1,033
Loan receipt	9,055	2,445
Conversion to shares	(4,427)	-
Repayments	(2,588)	(1,418)
Foreign Exchange	134	89
As at 31 March	**6,533**	**4,359**

Loans – non current	**2022 CAD $'000**	**2021 CAD $'000**
As at 1 April	920	2,260
Repayments	(734)	(380)
Conversion to shares	-	(19)
Loan receipt	1,267	186
Transfer to current	-	(1,033)
Foreign Exchange	(11)	(94)
As at 31 March	**1,442**	**920**

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

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

This facility was totally repaid in March 2022.

b) **Convertible loan GBP 1,000,000**
On January 7, 2019, the Company entered into a new unsecured convertible loan facility, for an aggregate total amount of up to GBP one million with a consortium of lenders. The loan facility has a term of 24 months, and the Company shall pay interest on the outstanding amount of the loan facility at the rate of 8% per annum. The loan facility was totally repaid in the financial years ended March 31, 2022.

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

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

d) **Loan in Tunisia TND 3,700,000**

On February 5, 2020, Ecumed Petroleum Zarzis, obtained a 3,700,000 TND loan (CAD$ 1,787,560 equivalent) from the Union Internationale des Banques "UIB". The loan is unsecured, bears fixed interest at 9.172% per annum. This facility was totally repaid in January 2022.

e) **Loan in Tunisia TND 3,500,000**
On November 24, 2021, Ecumed Petroleum Zarzis, obtained a 3,500.000 TND loan (CAD$ 1,690,000 equivalent) from Banque Internationale Arabe de Tunisie "BIAT". The loan is unsecured, bears fixed interest at 10.5% per annum, and the scheduled repayment date is January 4, 2023.

f) **Loan in Tunisia TND 3,500,000**
On January 18, 2022, Canadian North Africa Oil & Gas Ltd obtained a 2,400.000 USD loan (CAD$ 2,995,000 equivalent) from the Union Internationale des Banques "UIB". The loan is unsecured, bears fixed interest at Libor +2.5% per annum, and the scheduled repayment date is July 2, 2022.

g) **SACE/SIMEST Loan in Italy Euro 126,100**

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

As of March 31, 2022, the amount of Euro 126k (CAD$187k) (March 31, 2021 – CAD$187k) was classified as a non-current liability.

h) **Loan for Tunisian Development**

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

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

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

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

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

On December 6, 2021, the Company announced that it had entered into a supplementary loan agreement with Winance, for an additional amount of EUR 3 million (approximately £2.55 million or approximately NOK 31 million) (the "**Loan Agreement**").

The Loan Agreement has a duration of eight months and does not attract interest.

An upfront arrangement fee, equal to 5 percent of the total drawdown amount, was paid to the Lender in accordance with the terms of the Loan Agreement.

The Company confirmed that it had made a drawdown of EUR 1 million, 80,000,000 (eighty million) new Reserve Shares have been issued to the Lender at a price of NOK 0.12 (equivalent to approximately £0.01) to be held in a depositary institution designated by the Lender and in connection with the drawdown made under the Loan Agreement, the Company issued the Lender 55,176,667 million Warrants to acquire one common share for each Warrant at an exercise price of NOK 0.14 (equivalent to approximately £0.013), with a duration of two years.

No additional drawdowns were made, and the entire facility was repaid as announced by the Company on May 3, 2022.

i) US$6,000,000 unsecured convertible loan facility

On March 17, 2022, the Company announced that it has entered into a US$6,000,000 unsecured convertible loan facility (the "**Facility**") with a consortium of institutional lenders (the "**Lenders**"), to provide additional funding for the Company's field development operations in Tunisia and potential near-term business development in the Republic of the Congo.

The Facility includes an initial immediate advance of US$2,000,000 (the "**Drawdown**").

Under the terms of the Facility, the Company issued the Lenders with 92,094,691 share purchase warrants (the "Warrants") to subscribe for the equivalent number of common shares of no par value in the share capital of Zenith ("Common Shares") at a price of NOK 0.1458 per Common Share (equivalent to approximately £0.012) for subscription at any time, with a 24-month term from the date of issuance, and subject to the articles of the Company and the terms and conditions of the Facility.

During the term of the Note, the Lenders may, from time to time, elect to convert varying amounts of

Principal and Interest of the Facility. Half of each Drawdown may be converted at 130% of the relevant Reference Price, and half at 150% of the relevant Reference Price, the Reference Price being the average of the 15 daily VWAPs, on the Euronext Growth Oslo, preceding each Drawdown. The Lenders have trading restrictions meaning they cannot sell more than 15% of monthly volume for the duration of the Facility.

No conversions will take place for the first 2 months following each relevant drawdown. Conversions are restricted to no more than 30% of each Drawdown for the first 4 months.

In accordance with the terms of the Facility, repayment of each Drawdown can be made in cash ("Cash Repayment") for a charge of 2.5% of the relevant Drawdown amount outstanding.

The Facility agreement includes normal warranties and default clauses.

The Chief Executive Officer & President of the Company, Mr. Andrea Cattaneo, has agreed to act as a third-party guarantor in support of the Company, in connection with the Facility. On March 16, 2022, Mr. Cattaneo pledged a total of 11,228,022 common shares in the capital of the Company, in which he has a direct beneficial interest.

As of March 31, 2022, the outstanding amount of this facility was USD 2M (CAD$2.5M) (March 31, 2021 – n/a) of which 50% was classified as a current liability, and 50% as non-current liability.

20. Non-convertible bonds

Non-convertible bonds	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Current	284	4,966
Non-current	10,076	2,500
Total	**10,360**	**7,466**

Non-convertible bonds	CAD $'000
Balance – April 1, 2020	**4,359**
Loan notes	3,154
Interest	100
Repayment of bonds	(147)
Foreign exchange	-
Balance – March 31, 2021	**7,466**
Loan notes	7,860
Interest	136
Repayment of bonds	(4,637)
Foreign exchange	(465)
Balance – March 31, 2022	**10,360**

Loan Notes

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

a. *Zenith 8% EMTN - ISIN AT0000A23S79*

Commencing 11 January 2019, the Issuer issued Loan Notes with the duration of 2 years. The maturity date of the Notes is 20 December 2021, and they carry an interest charge of 8 per cent per annum, payable semi-annually.

On December 20, 2021, the Company announced that it has made a full repayment upon maturity of the Zenith Energy Ltd 8% Notes - 2021 (ISIN: AT0000A23S79) listed on the Vienna MTF of the Vienna Stock Exchange and the Frankfurt Stock Exchange, for an amount of EUR 2,360,000, as well paying a final coupon payment of EUR 94,400, for a total amount paid of EUR 2,454,400.

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

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

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

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

The Notes were issued, and kept in Treasury, under Zenith's EUR 25,000,000 multi-currency Euro Medium Term Notes Programme, as announced by the Company on November 6, 2019, and will be due on January 27, 2024. The Notes were admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**"). As of March 31, 2022, the Company sold Notes for CAD$10M equivalent, as follows:

Currency	Quantity	CAD$ equivalent	ISIN	Description
EUR	1,473,000.00	2,114.817.05	XS2108546735	ZEEX 10.125 01/27/24 MTN
USD	4,352,000.00	5,407,662.70	XS2108546651	ZEEX 10.300 01/27/24 MTN
GBP	1,539,000.00	2,512,782.47	XS2108546578	ZEEX 10.375 01/27/24 MTN
CHF	30,000.00	40,944.45	XS2108546818	ZEEX 10.000 01/27/24 MTN

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

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

On January 28, 2022, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December 2019, 2020, and 2021 respectively.

c. *Revolving facility*

On February 2022, the Company entered into a credit line facility with Linear Investments Limited, for the amount of Euro 200,000 (CAD$ 273k) for a duration of 18 months. As at the date of this document this facility was outstanding for Euro 85,000 (CAD$116k).

21. Decommissioning provision

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

	2022	2021
	CAD $'000	CAD $'000
Balance – beginning of year	**16,219**	**13,543**
Accretion	349	369
On acquisition of subsidiary (note 6)	14,814	8,304
Provision written back	-	(5,189)
Foreign currency translation	(481)	(808)
Balance – end of year	**30,901**	**16,219**

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

Italy	2022	2021
Undiscounted cash flows – uninflated	CAD $8,000	CAD $8,000
Undiscounted cash flows - inflated	CAD $8,000	CAD $8,000
Risk free rate	CAD $8,000	CAD $8,000
Inflation rate	1.4%	1.4%
Expected timing of cash flows	11.5 years	12.5 years

Tunisia **2022**

A - **Decommissioning provision recalculation**

Description	in USD	Comments
Start current period	01/04/2021	
Anticipated abandonment date	31/12/2033	Minus between, economic and legal end of date (cf. IM.7 impairment test)
Years to abandonment	12,94	
Undiscounted well costs	5.946.000	2019 figures submitted to DGH, while estimation is outdated (2014)
Undiscounted facilities costs	2.050.000	
Total undiscounted obligation	**7.996.000**	
TND inflation rate (as per the Tunisian Central Bank)	5,00%	
USD inflation rate (as per the submitted assumption to DGH)	2,00%	
Inflation Rate	**4,00%**	TND share in MARETAP expenses are higher than USD
Inflated obligation	**13.280.608**	
Discount Rate	2,00%	
Discounted obligation	**10.279.339**	
EPZ Share in the obligation	**4.625.702**	This should be recognised as asset against provision as a 1st time recognition

B - Unwinding interest recalculation

Interest unwind of the obligation for the period	**92.514**

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

22. Earnings per share

		March 31,2022 CAD $'000		March 31,2021 CAD $'000
Net profit from continuing operations		64,437		3,525
Basic weighted average number of shares		1,599,111		983,195
Potential dilutive effect on shares issuable under warrants		n/a		n/a
Potential diluted weighted average number of shares		n/a		n/a
Net earnings per share – basic (1)	$	0.03	$	0.004
Net earnings per share – diluted (1)	$	0.02	$	0.004

(1) The Group did not have any in-the-money convertible notes, warrants and stock options during the years ended March 31, 2022, and 2021.

23. Related party transactions

Related party transactions are considered to be in the normal course of operations and are initially recognized at fair value. The related party transactions during the Financial Year ended March 31, 2022, and 2021 not disclosed elsewhere in these consolidated financial statements are as follows:

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

b) On January 31, 2022, Mr. Andrea Cattaneo, Chief Executive Officer & President of Zenith, purchased a total of 39,029,728 common shares of no-par value ("Common Shares") in the capital of the Company at a price of £0.00825 per Common Share (equivalent to approximately NOK 0.10).

c) In relation with the US$6M facility, detailed in the note 19 of this document, the Chief Executive Officer & President of the Company, Mr. Andrea Cattaneo, has agreed to act as a third-party guarantor in support of the Company, in connection with the Facility. On March 16, 2022, Mr. Cattaneo pledged a total of 11,228,022 common shares in the capital of the Company, in which he has a direct beneficial interest.

d) Following these dealings, Mr. Cattaneo is directly beneficially interested in a total of 102,468,240 common shares in the capital of the Company, representing 5.47 percent of the total issued and outstanding common share capital of the Company.

e) During this financial year the Company totally repaid the loan that General Transaction Inc., represented by its Chief Executive Officer and Chairman Mr. Sergey Borovskiy, a Director of the Company, granted Zenith during past years a loan for CAD$127,878. The balance outstanding on March 31, 2022, is CAD$Nil (2021 - CAD$12,768).

f) During this financial year the Company totally repaid the loan that Mr. Erik Larre, a Director of the Company, granted during past year Zenith for Euro 20,000 (CAD$31,598). The balance outstanding on March 31, 2022, is CAD$Nil (2021 - CAD$31,598).

g) During the Financial Year ended March 31, 2022, Zenith granted Leonardo Energy Consulting

S.r.l., an entity where Zenith holds a 48% interest on its share capital, a loan of CAD$nil (2020 - CAD$nil), to develop its activities. The loan is unsecured, interest free and repayable on demand. The balance outstanding on March 31, 2022, is CAD$39,690 (2021 – CAD$39,690).

24. Financial risk management and financial instruments

Financial assets at amortised cost	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
Trade and other receivables (b)	19,175	14,627
Cash and cash equivalents (b)	1,153	1,631
Total financial assets	20,328	16,258

Financial liabilities at amortised cost	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
Trade and other payables	22,074	21,028
Loans	7,975	5,279
Non-convertible bond and notes	10,360	7,466
Deferred consideration	70,084	42,238
Total financial liabilities	110,493	76,011

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

Zenith's policy is to maintain an appropriate financial position to sustain future development of the business. There were no changes to the Group's capital management approach during the year ended March 31, 2022.

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

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

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

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counter party to a financial instrument fails to meet its commercial obligations. The Group's maximum credit risk exposure is limited to the carrying amount cash of CAD $1,153k (2021 – CAD $1,631k) and trade and other receivables of CAD $17,250k (2021 – CAD $14,627k).

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

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

	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
Oil and natural gas sales	4,436	1,803
Other	12,814	12,824
	17,250	14,627

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

The Group's receivables are aged as follows:

	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
Current	4,436	1,803
90 + days	-	-
	4,436	1,803

b) Liquidity risk

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

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

As of March 31, 2022, the contractual cash flows, including estimated future interest, of current and non-current financial assets mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 31 March 2023 CAD $'000	Due on or before 31 March 2024 CAD $'000	Due after 31 March 2024 CAD $'000
Trade and other receivables	17,250	17,250	17,250	-	-
Cash and cash equivalents	1,153	1,153	1,153	-	-
	18,403	18,403	18,403	-	-

As of March 31, 2022, the contractual cash flows, including estimated future interest, of current and non-current financial liabilities mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 31 March 2023 CAD $'000	Due on or before 31 March 2024 CAD $'000	Due after 31 March 2024 CAD $'000
Trade and other payables	22,074	22,074	22,074	-	-
Loans	7,975	7,975	6,537	1,267	176
Non-convertible bond	10,360	12,275	1,327	10,948	-
	40,409	42,324	29,938	12,215	176

c) Foreign currency risk

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

	Closing rate		Average rate	
	2022	2021	2022	2021
US Dollars	1.2505	1.2591	1.2537	1.3221
Euro	1.3898	1.4766	1.4571	1.5407
Swiss Franc	1.3540	1.3347	1.3643	1.4318
British Pound	1.6422	1.7332	1.7124	1.7264
Norwegian Crown	0.1436	0.1474	0.1444	0.1442
Tunisian Dinar	0.4247	n/a	0.4416	n/a

The following represents the estimated impact on net (loss)/income of a 10% change in the closing rates as of March 31, 2022, and 2021 on foreign denominated financial instruments held by the Group, with other variables such as interest rates and commodity prices held constant:

	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
US dollars	-	198
Euro	18	20
Swiss Franc	-	80
Tunisian Dinar	454	-
	472	298

*d) **Commodity price risk***

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

As of March 31, 2022, a 5% change in the price of natural gas produced in Italy would represent a change in net profit for the year ended March 31, 2022, of approximately CAD $4k (2021 – CAD $2k) and a 5% change in the price of electricity produced in Italy would represent a change in net loss for the year ended March 31, 2022, of approximately CAD $114k (2021 – CAD $2k). A 5% change in the price of oil produced in Tunisia would represent a change in net profit for the year ended March 31, 2022, of approximately CAD $292k (2021 – CAD $3k)

*e) **Interest rate risk***

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

25. Capital management

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

	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
Working capital	(8,204)	2,840
Long-term debt	1,442	920
Shareholders' equity	103,090	23,803

The Group's cash flows from its Italian operations will be needed in the near term to finance the operations and repay vendor loans. Once the acquisition in Tunisia will be completed and the license in Congo will be renewed, it will be required to match the same goals. Zenith's principal source of funds will therefore remain the issuance of equity. The Group's ability to raise future capital through equity is subject to uncertainty and the inability to raise such capital may have an adverse impact on the Group's ability to continue as a going concern. The Group is not subject to any externally imposed capital requirements.

26. Net debt reconciliation

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

	March 31, 2022 CAD $'000	March 31, 2021 CAD $'000
Cash and cash equivalents	1,153	1,631
Loans – repayable within one year	(6,533)	(4,359)
Loans – repayable after one year	(1,442)	(920)
Non-convertible bond – repayable within one year	(284)	(4,966)
Non-convertible bond – repayable after one year	(10,076)	(2,500)
	(17,182)	(11,114)

	Cash	Loans due within one year	Loans due after one year	Non-convertible bond due within one year	Non-convertible bond due after one year	Total
Net debt	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**
April 1, 2020	**1,220**	**(2,210)**	**(2,260)**	**(86)**	**(4,273)**	**(7,609)**
Issue of non-convertibles bonds	3,155	-	-	-	(3,155)	-
Interest on non-convertible bonds	-	-	-	(100)	-	(100)
Repayment of non-convertible bonds	(148)	-	-	86	62	-
Transfer from non-current to current	-	(1,033)	1,033	(4,866)	4,866	-
Issue of loans	-	(2,445)	(186)	-	-	(2,631)
Repayment of loans	(1,828)	1,448	380	-	-	-
Loan converted into shares	-	-	19	-	-	19
Foreign exchange	-	(119)	94	-	-	(25)
Net cash flow	(768)	-	-	-	-	(768)
March 31, 2021	**1,631**	**(4,359)**	**(920)**	**(4,966)**	**(2,500)**	**(11,114)**

March 31, 2021	**1,631**	**(4,359)**	**(920)**	**(4,966)**	**(2,500)**	**(11,114)**
Issue of non-convertibles bonds	7,860			(284)	(7,576)	
Interest on non-convertible bonds				(136)		(136)
Repayment of non-convertible bonds	(4,637)			4,637		
Issue of loans		(9,189)	(1,267)			(10,456)
Repayment of loans	(3,322)	2,588	734			
Loan converted into shares		4,427				4,427
Foreign exchange			11	465		476
Net cash flow	(379)					(379)
March 31, 2022	**1,153**	**(6,533)**	**(1,442)**	**(284)**	**(10,076)**	**(17,182)**

27. Operating segments

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

The Group has four reportable segments which are as follows:

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

YEAR 2021	**Congo CAD $000**	**Italy CAD $000**	**Tunisia CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	14	7,458	87,998	5,012	100,482
Other assets	9,229	1,400	4,777	3,548	18,954
Total liabilities	7,325	11,409	56,003	20,896	95,633
Capital Expenditures	-	36	87,998	16	88,050
Revenue	456	85	55	-	596
Operating and transportation	(689)	(237)	17	(742)	(1,651)
General and Administrative	(5,208)	(240)	(101)	(10,652)	(16,201)
Depletion and depreciation	16	(184)	(9)	(613)	(790)
Gain on business combination	-	-	36,003	488	36,491
Finance and other expenses	(13,640)	(391)	26	(912)	(14,917)
Taxation	(3)	-	-	-	(3)
Segment profit/(loss)	**(19,068)**	**(967)**	**35,991**	**(12,431)**	**3,525**

YEAR 2022	**Congo CAD $000**	**Italy CAD $000**	**Tunisia CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	10	6,495	219,399	3,870	229,774
Other assets	9,329	1,742	15,522	2,933	29,526
Total liabilities	7,353	10,980	115,257	22,620	156,210
Capital Expenditures		5	133,331	51	133,387
Revenue	1	2,366	5,872	-	8,239
Operating and transportation	(5)	(556)	(1,101)	(555)	(2,217)
General and Administrative	(926)	(190)	(2,167)	(9,243)	(12,526)
Depletion and depreciation	(14)	(531)	(1,077)	(620)	(2,242)
Gain on business combination	-		(62,766)	138,673	75,907
Finance and other expenses	-	(359)	509	(2,573)	(2,423)
Taxation	-		(301)	-	(301)
Segment (loss)/ income	**(944)**	**730**	**(61,031)**	**125,682**	**64,437**

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

		2022	**2021**
		CAD $000	**CAD $000**
Customer A		2,281	36

28. Controlling party

At as of the end of the financial year ending March 31, 2022, the Directors do not consider there to be a controlling party.

29. Events subsequent to the year end

On April 22, 2022, the Company announced that an international crude lifting of approximately 62,000 barrels of oil has successfully been concluded at a price of approximately US$103 per barrel for production from its 45% interest in the Ezzaouia concession, as well its 100% interest in the El Bibane and Robbana concessions.

Total receivables from the sale are expected to be approximately US$6.4 million and are to be paid during the year 2022.

A second international crude lifting for a quantity of at least approximately 52,000 barrels of oil produced from the Company's 22.5% working interest in the Sidi El Kilani concession (onshore Tunisia) is expected to take place in the year 2022.

On May 3, 2022, the Company announced that that it had fully settled

- its liability resulting from the loan agreements entered into with Winance, announced to the market respectively on May 26, 2021, and December 6, 2021 (collectively the "**Loan Agreements**").

  The Company has made repayments for a total of EUR 650,000 in cash, with the balance having been paid by way of the Reserve Shares issued in connection with the Loan Agreements.

- the liability in respect of the existing Convertible Loan, having made repayments for a total of US$0.6 million.

On May 10, 2022, the Company announced:

1. Signing of a non-convertible loan agreement (the "**Loan**") with a financial institution for a total amount of EUR 1.3 million (equivalent to approximately 13.1 million NOK or £1,111,800).

   The Loan has a duration of ten months, attracts an interest of 5% per annum and includes normal warranties and default clauses.

   In connection with the Loan Agreement, the Company issued the following share purchase warrants (the "**Warrants**"):

   - 85 million Warrants to acquire one common share for each Warrant at an exercise price of **NOK 0.20** (equivalent to approximately £0.017).
   - 85 million Warrants to acquire one common share for each Warrant at an exercise price of **NOK 0.25** (equivalent to approximately £0.021).

   The Warrants have a duration of ten months from the date of issue.

   The Company plans to use the funds received in connection with the Loan to provide additional financial support for the achievement of its business development objectives in the Republic of the Congo, as well as for general working capital purposes.

2. It had agreed to dispose of the A-100 workover rig (the "**Rig**") that it had previously acquired in Azerbaijan during 2018 by way of its fully owned subsidiary, Zena Drilling Limited.

   The expected lack of spare parts and technical support for the Rig, a rig type widely used in the oil industry of the Russian Federation and post-Soviet Republics, as well as the estimated high transportation costs of the Rig from Azerbaijan to the Company's oil and gas portfolio in Africa, were the reasons for the sale.

On May 16, 2022, the Company announced that it had issued a new series of unsecured, multi-currency Euro Medium Term Notes at par value (the "**Notes**").

The Notes have been issued as part of Zenith's existing EUR 25,000,000 multi-currency Euro Medium Term Notes Programme.

The following Notes have been issued:
- Series No.5: EUR 2,000,000 bearing an interest of 10.125 per cent per year. ISIN: **XS2478298909**
- Series No.6: GBP 2,000,000 bearing an interest of 10.50 per cent per year. ISIN: **XS2478299030**
- Series No.7: USD 2,000,000 bearing an interest of 10.375 per cent per year. ISIN: **XS2478299113**

The Notes will mature on May 9, 2026, are governed by Austrian law and are not convertible into equity of the Company.

On July 27, 2022, the Company announced that coupon payments had been made, in full and on time, in respect of the following multi-currency Euro Medium Term Notes, listed on the Vienna MTF of the Vienna Stock Exchange:

- ZEEX 10.000 01/27/24 MTN XS2108546818 CHF
- ZEEX 10.125 01/27/24 MTN XS2108546735 EUR
- ZEEX 10.300 01/27/24 MTN XS2108546651 USD
- ZEEX 10.375 01/27/24 MTN XS2108546578 GB