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15 December 2023

Zephyr Energy plc
("Zephyr" or the "Company")

Operational update

***Initial production from Slawson operated wells exceeds expectations;
significant uplift to Q4 production; and
Paradox project update***

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF), the Rocky Mountain oil and gas company focused on responsible resource development from carbon-neutral operations, is pleased to report that initial flow rates from the six wells operated by Slawson Exploration Company in which the Company has working-interests ("the Slawson wells") have exceeded the Company's expectations. The acquisition of the Slawson wells was announced on 21 December 2022.

Following the flowback of completion fluids in early November 2023, the Slawson wells were sequentially brought into regular production over the course of last month. While it is still early in the life-cycle of the Slawson wells, with a varying number of days on production for each well, production data adjusted for uptime shows an average flow rate of 897 barrels of oil equivalent per day ("boepd") net to Zephyr since inception.

As a result of the initial encouraging performance of the Slawson wells, the Company's board of directors (the "Board") forecasts that the year-end production run rate from its non-operated asset portfolio in the Williston Basin, North Dakota, U.S. (which includes the Slawson wells) will be between 1,450 and 1,700 boepd, a mid-range increase of 51% versus sales volumes in the third quarter of 2023 of 1,043 boepd, and a 43% increase over the 2022 year-end production rate of 1,103 boepd.

Zephyr's working interests in the six Slawson wells ranges from 11% to 32% and the Company estimates the Slawson wells to contain 2P reserves, net to Zephyr, of circa 550,000 barrels of oil equivalent.

Paradox project update

Zephyr's operations team continues to progress planning for the "twinning" redrill of the State 36-2 well (the "State 36-2R well"). Over the last 45 days, Zephyr's team has engaged in detailed internal well-planning activity, a process which has included relevant input from specialised third-party service providers in addition to extensive ongoing interaction with Zephyr's well control insurance providers. As previously announced, the substantial majority of the cost of the redrill is expected to be funded by Zephyr's comprehensive well control insurance policy.

At the well site, all equipment (including the work-over rig) relating to the State 36-2 well operations was mobilised off location in October / November 2023. More recent operational work has included:

- the completion of a full site clean-up and soil testing (pending approval from the State of Utah);
- the completion of a regrade of the drill site, with surveying and staking for the State 36-2R underway;
- completion of drilling, directional and casing design;
- commencement of independent, third-party consultation of drilling plans and procedures; and
- advancing gas marketing and infrastructure partnerships negotiations.

Next steps will include the submission of a final drilling plan to the State of Utah and the U.S. Bureau of Land Management as part of a sundry notice amendment to the existing State 36-3 LN-C9 well drilling permit. Rig sourcing, selection and contracting workstreams are also underway, as is the planning to select other major service providers.

Colin Harrington, Zephyr's CEO commented:

"We are extremely pleased to report the strong initial production rates from the Slawson wells, which now form a significant portion of our non-operated Williston Basin portfolio. The new volumes will provide a significant boost to our Q4 2023 sales and provide additional cash flows to the Company in line with our stated strategy of leveraging non-operated investments to fund the ongoing development of the Paradox project.

"As 2023 draws towards an end, this positive development will result in Zephyr ending the year at a higher production run rate than last year. Over the last 12 months, the Company has continued to make significant progress with the Paradox project, including but not limited to, the discovery of a major and productive natural fracture network at the site of the State 36-2 well and the proposed State 36-2R well, completion of the Dominion Energy pipeline which allows for gas sales and export from our acreage, the expansion of our footprint in the Paradox Basin (including a farm in agreement for the proven Salt Wash Field which contains both oil, gas and helium), and detailed flow assurance work on the State 16-2 well which give us confidence that future production rates will meet expectations when the well is tied in. In addition, the team has made great progress developing potential gas marketing and gas processing partnerships, and we look forward to providing updates when agreements are executed.

"We have grounds for considerable optimism as we look towards 2024, which is set to be extremely active and characterised by substantial news flow. In particular, we continue to prepare for the exciting State 36-2R well redrill, for which we believe substantially all costs will be covered through insurance, and after which we hope to

utilise the same rig for a second well. In addition to further delineating the extent of the Paradox project with the drill bit, we also look forward to delivering first regular cash flows from the Paradox project as we progress from exploration to production in the area.

"I would like to thank all of our stakeholders for their ongoing support and wish everyone a safe and peaceful festive period."

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Qualified Person

Dr Gregor Maxwell, BSc Hons. Geology and Petroleum Geology, PhD, Technical Adviser to the Board of Zephyr Energy plc, who meets the criteria of a qualified person under the AIM Note for Mining and Oil & Gas Companies -June 2009, has reviewed and approved the technical information contained within this announcement.

*Estimates of resources and reserves contained within this announcement have been prepared according to the standards of the Society of Petroleum Engineers. All estimates are internally generated and subject to third party review and verification.

Notes to Editors

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF) is a technology-led oil and gas company focused on responsible resource development from carbon-neutral operations in the Rocky Mountain region of the United States. The Company's mission is rooted in two core values: to be responsible stewards of its investors' capital, and to be responsible stewards of the environment in which it works.

Zephyr's flagship asset is an operated lease holding of over 46,000 gross acres located in the Paradox Basin, Utah, 25,000 acres of which has been assessed to hold, net to Zephyr, 2P reserves of 2.6 million barrels of oil equivalent ("mmboe"), 2C resources of 34 mmboe and 2U resources 270 mmboe.

In addition to its operated assets, the Company owns working interests in a broad portfolio of non-operated producing wells across the Williston Basin in North Dakota and Montana. Cash flow from the Williston production will be used to fund the planned Paradox Basin development. In addition, the Board will consider further opportunistic value-accretive acquisitions.

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