

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement, this information is now considered to be in the public domain.

27 March 2024

The following announcement replaces the "Salt Wash helium project update" announcement released on 27 March 2024 at 0700 under RNS No 42041. In the third paragraph the definition of "mscf" has been changed from "million square cubic feet" to "thousand standard cubic feet". All other details remain unchanged. The full amended text is shown below.

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

Salt Wash helium 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 provide an update on the Company's proposed farm-in to a minimum 75 per cent working interest in a 1,047-acre leasehold position in the Salt Wash Field, a previously producing asset with proven oil, gas and helium reserves located three miles to the south of Zephyr's Paradox project in Utah, U.S. (the "Salt Wash project").

As announced on 18 October 2023, the Salt Wash Field has a thin (15 feet) oil rim, above which is an inert gas cap (approximately 500 feet of gas column) which consists of approximately 72% nitrogen 22% hydrocarbon gases, and 1.4% to 1.7% helium content. The field historically produced 1.65 million barrels of oil and 11.7 billion cubic feet ("BCF") of gas prior to its abandonment in 2014, at which time the oil rim was largely produced and the market for natural gas and helium was not supportive of continued development.

The decision to farm-in to the Salt Wash Field was undertaken to increase the Company's oil and gas resource potential, and to achieve exposure to the U.S. industrial helium market (which has seen recent helium prices rising up to US\$1,000 per thousand standard cubic feet ("mscf")). The field has an already discovered, proven helium resource in the Leadville Formation, with further opportunity for upside through three deeper helium exploration targets which have been successfully proven in other nearby fields in the Paradox Basin. The Company's board of directors (the "Board") notes recent market interest in helium-related companies and believes that the economics for the Salt Wash project are attractive for the helium content alone, notwithstanding further upside from oil and gas development.

The Company's management forecasts the Salt Wash project to include:

- Net helium discovered resource potential of 0.07 to 0.19 BCF (Leadville Formation only)
- Net helium un-risked, prospective resource of a further 0.04 to 0.66 BCF (including exploration targets)
- An estimated net present value at a ten per cent discount rate ("NPV-10") of circa US\$58m with the risked upside case having an NPV-10 of circa US\$120m (using \$650/mscf and \$750/mscf pricing, respectively)

As per the terms of the farm-in agreement (the "Agreement"), the Company confirms that the two initial payments of US\$300,000 each (totaling US\$600,000) were made to the incumbent leaseholder (the "seller") and that it is the Company's intention that the dual-purpose Leadville Formation delineation well (the "Commitment Well") will be drilled. The Commitment Well would also test the three additional helium exploration targets and other potential hydrocarbon bearing reservoirs.

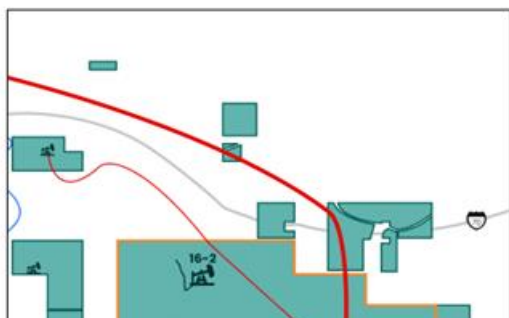
The Agreement includes a provision that the Commitment Well is to be spudded before 30 June 2024. The Board believes the Company can begin initial drilling operations to fulfil this timing obligation, and alternatives to extend the deadline may also exist. To date, the Company has received multiple informal proposals regarding potential funding for 100% of the drill at the asset level, and the Board is currently considering the best alternatives to maximise the value from this exciting opportunity for Zephyr's Shareholders.

The Company will provide an update on the above matters in due course.

Colin Harrington, Zephyr's CEO commented: "We are excited about the potential of the Salt Wash project and are appraising several funding options to maximise value for our Shareholders.

"While helium is a new addition to our resource exposure, many nearby Paradox Basin oil and gas operators are already producing co-mingled helium in commercial quantities, and there is an active local offtake market for produced helium. While Zephyr is not looking for helium to become our primary focus, we do believe that the Salt Wash project has significant and currently unrecognised potential value for our Shareholders and can further utilise our team's significant experience in the Paradox Basin. We look forward to keeping the market updated on our progress."

Further Information



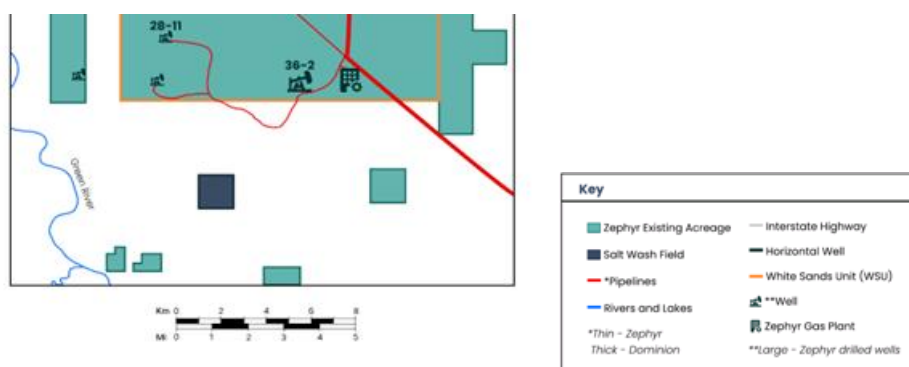


Figure 1: Zephyr acreage in the Paradox Basin including the new Salt Wash Field

The Salt Wash Field was discovered in 1961 and consists of a four-way dipping anticline within the Leadville Formation. The field was subsequently shut-in having only been partially developed, as the oil rim was produced and the market for natural gas and helium was not supportive of further development at the time.

Salt Wash Field highlights include:

- Demonstrable oil and gas potential in the Cane Creek reservoir (the same formation which underlies the WSU).
- Secondary oil and gas potential within the Upper Leadville Formation.
- Proven helium discovered resource with deep exploration prospective resource opportunities:
 - Net helium discovered resource potential: 0.07 to 0.19 BCF (Company estimate*).
 - Net helium un-risked, prospective resource of a further 0.04 to 0.66 BCF (Company estimate*).
 - 1.4% to 1.7% helium content.
- Close proximity to Zephyr's other Paradox acreage and surface infrastructure.
- Historical production of 1.65 million barrels of oil and 11.7BCF of gas in total (8.26 BCF from the Lower Leadville reservoir) prior to being shut in.

The key terms of the farm-in are as follows:

- Initial payment of US\$600,000 (fully paid in FY 2023)
- Zephyr to drill, log and case one vertical delineation well (the "Commitment well"), with spudding prior to 30 June 2024, to top basement rock (circa 11,000ft measured depth) to obtain a one hundred per cent share in the leasehold.
- The incumbent leaseholder (the "seller") will have the option to back-in to the leaseholding at a 25% working interest, with no historic cost exposure, once the delineation well is drilled and a field development plan has been proposed by Zephyr. From that point forward, the seller would become a fully paying 25% working interest partner.
- Zephyr has begun the work to integrate the well planning for the Commitment well within its wider Paradox project development. Should the Company not meet its condition to drill the Commitment well during H1 2024, it could lose its rights to the leaseholding.

The farm-in enables Zephyr to increase its footprint across its primary play, the Cane Creek reservoir, in a location close to existing operations. It also grants access to the increasingly active helium play that spans south-east Utah, northern Arizona and western Colorado, which can supply the growing U.S. industrial demand for helium. This industrial helium supply requirement has resulted in recent helium prices rising up to US\$1,000/mscf. As such, this farm-in fits well with Zephyr's strategy in the area, capitalises on the Company's regional basin knowledge, and opens a series of possible future opportunities in a region becoming more active with drilling and merger and acquisitions activity.

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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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