

10 April 2024

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

Grant of share options and issue of warrants

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF), the Rocky Mountain oil and gas company focused on responsible resource development from carbon-neutral operations, announces that the Company has granted options over new ordinary shares of 0.1p each in the Company (the "Ordinary Shares") under the Company's share option schemes (the "Options").

A total of 61,503,028 Options, representing approximately 3.65 per cent. of the Company's issued share capital, have been issued to the directors, certain employees, and a consultant of Zephyr either to reflect historic awards under the Company's Long Term Incentive Plan ("LTIP"), bonuses for performances achieved in 2021 and 2022 (the "Bonus Scheme"), to satisfy employee contractual commitments or commitments in lieu of deferred remuneration from 2020 during the COVID-19 pandemic.

Due to the Company's significant corporate activity over the last several years, it has not been possible to issue the Options until now, although the majority of the Options being granted today have been previously disclosed and provided for in the Company's historical financial statements. No bonuses of any kind have been paid to any of the Company's directors in respect of the 2023 financial year.

The Bonus Scheme and the LTIP were created in conjunction with a remuneration study (the "Independent Remuneration Study") commissioned by Zephyr's Remuneration Committee (the "RemCom") in mid-2021. The schemes were further developed by a specialist third party remuneration consulting firm and were designed to establish a remuneration strategy which offers management incentives broadly in line with those of AIM market industry peers

The Company has consulted with its major shareholders who have indicated their support in respect of the grant of the Options.

Where applicable, the Options and warrants being issued today have been done so using existing share authorities granted to Zephyr's board of directors (the "Board") at the Company's annual general meeting held on 26 July 2023.

LTIP Plan

Of the total number of Options granted, 15,667,200 have been issued to the executive directors and a senior employee under the Company's LTIP (the "LTIP Options") in respect of the 2021 and 2022 financial years (and as agreed in principle by RemCom at that time). The LTIP Options have been issued as "nil cost" options exercisable at the nominal value of an Ordinary Share, being 0.1p (the "Nil Cost Options").

The LTIP Options only vest subject to the achievement of agreed corporate targets (including total shareholder return, health and safety, and operational targets) as determined by RemCom. Notwithstanding the LTIP Options being granted today, the LTIP Options were intended to be granted in the first quarter following the end of each financial year and accordingly, vest in three equal tranches on the first, second and third anniversary from the originally intended date of grant.

Given the Company's inability to grant historic options until now, RemCom has been tracking performance and vesting criteria until the LTIP Options could be formally granted. Therefore, 2,000,177 LTIP Options vest on the first, second and third anniversary in respect of the 2021 financial year. 3,222,222 LTIP Options vest on the first, second and third anniversary in respect of the 2022 financial year.

None of the 2021 and 2022 LTIP Options in respect of the 2023 financial year have vested due to the performance related vesting criteria for the period not having been met. In addition, there will be no LTIP Options granted in respect of the 2023 financial year.

Bonus Scheme

10,609,179 Options have been issued as Nil Cost Options in respect of bonuses of executive directors and other employees for the financial years ended 31 December 2021 and 2022, which at a meeting in February 2022, RemCom agreed in principle to pay in equity with the number of Nil Cost Options issued calculated at the respective year end share prices of 6.95p and 6p. These Nil Cost Options were agreed as part of the new remuneration strategy approved by RemCom in September 2021, arising from the Independent Remuneration Study.

783,908 Options have been issued as a sign-on bonus to an employee who joined the Company in 2022 to fulfil contractual obligations under the individual's employment contract.

Reimbursement of deferred salaries from 2020

A further 30,998,645 Nil Cost Options have been granted today as payment in equity in respect of salaries voluntarily deferred by the Board and other employees during the COVID-19 pandemic (the "Deferred Remuneration Options"). A portion or an entirety of the salaries of all directors and certain employees and consultants were deferred from April 2020 to September 2020 to preserve the Company's very limited cash resources at that time during the uncertain conditions caused by the COVID-19 pandemic.

In early October 2020, RemCom agreed to compensate the deferred salaries by the issue of equity, calculated as accruing monthly for each month of deferral at the volume weighted average share price of that month. As stated in the Company's 2020, 2021 and 2022 annual reports, it was intended that these deferred salaries would be paid by way of the issue of Nil

Cost Options and accordingly, the amounts have since accrued in the Company's accounts. However, the issue of the Deferred Remuneration Options has not been possible until now due to ongoing corporate activity.

Payment of third-party legal fees

Finally, a further 3,444,095 Nil Cost Options have been granted today as payment in equity in respect of third-party legal fees incurred by the Company. These Nil Cost Options have been issued to an employee, who was previously a contractor to the Company, in respect of payment for historic work carried out prior to the contractor joining the Company.

All the Nil Cost Options can be exercised for a period of ten years or within three years of an Option holder leaving the Company, unless otherwise agreed by the Company.

Director interests

Of the total Options issued today, 18,760,137 have been issued to employees and consultants of the Company and 42,742,891 have been issued to the directors of the Company as set out below:

Name of Director	Number of Nil Cost Options granted	New Nil Cost Options as percentage of issued share capital	Total number of share options now held	Total number of share options held as percentage of issued share capital
Colin Harrington	26,601,988	1.58%	38,601,988	2.29%
Chris Eadie	10,447,898	0.62%	18,347,898	1.09%
Rick Grant	2,349,545	0.14%	6,702,908	0.40%
Gordon Stein	1,671,730	0.10%	4,217,185	0.25%
Tom Reynolds	1,671,730	0.10%	4,489,911	0.27%

The Options granted today represent approximately 3.65 per cent. of the Company's current issued share capital. In total 106,534,360 options over Ordinary Shares are now outstanding, representing approximately 6.32 per cent. of the Company's current issued share capital.

Issue of warrants

In lieu of services provided, the Company has issued 2,597,143 warrants to a third-party contractor enabling the contractor to acquire up to 2,597,143 new Ordinary Shares in the Company at a price of 4.375p per new Ordinary Share. The warrants can be exercised at any time prior to 12 June 2026.

Extension of warrants

On 29 March 2021, the Company announced, *inter alia*, that it had issued its broker, Turner Pope Investments ("TPI"), 32,500,000 warrants to subscribe for up to 32,500,000 new Ordinary Shares (the "broker warrants"). The broker warrants were issued as part of TPI's fees for work undertaken in relation to the Company's placing of ordinary shares announced at the time. The broker warrants are exercisable at a price of 3p per new Ordinary share and were valid until 15 April 2024. The Board has now agreed to extend the expiry date of these warrants to 15 April 2026.

Contacts:

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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 46,000-acre leaseholding 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.

Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them:

1.	Details of the person discharging managerial responsibilities / person closely associated	
a)	Name	PDMRs:

		<table><tr><td>Colin Harrington</td><td>Chief Executive Officer</td></tr><tr><td>Chris Eadie</td><td>CFO</td></tr><tr><td>Rick Grant</td><td>Non-Executive Chairman</td></tr><tr><td>Gordon Stein</td><td>Non-Executive Director</td></tr><tr><td>Tom Reynolds</td><td>Non-Executive Director</td></tr></table>	Colin Harrington	Chief Executive Officer	Chris Eadie	CFO	Rick Grant	Non-Executive Chairman	Gordon Stein	Non-Executive Director	Tom Reynolds	Non-Executive Director
Colin Harrington	Chief Executive Officer											
Chris Eadie	CFO											
Rick Grant	Non-Executive Chairman											
Gordon Stein	Non-Executive Director											
Tom Reynolds	Non-Executive Director											
2.	Reason for the Notification											
a)	Position/status	See 1 a) above										
b)	Initial notification/Amendment	Initial notification										
3.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor											
a)	Name	Zephyr Energy plc										
b)	LEI	254900TAVH3MBZ1EMC29										
4.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted											
a)	Description of the Financial instrument, type of instrument	Ordinary shares of 0.1p each in Zephyr Energy plc										
	Identification code	GB00BF44KY60										
b)	Nature of the transaction	Grant of Nil Cost Options										
c)	Price(s) and volume(s)	Price: 0.1p										
		Volumes:										
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d)	Aggregated information: ·Aggregated volume ·Price	N/A										
e)	Date of the transaction	10 April 2024										
f)	Place of the transaction	Outside a trading venue										

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