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13 May 2025

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

New strategic partnership to provide up to US 100m
Formation of Zephyr Hawk LLC

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF) is pleased to announce it has entered into an agreement ("Agreement") with a U.S.-based capital provider focused in the energy sector (the "Investor") to fund growth in the Company's non-operated asset portfolio in the Williston Basin in North Dakota and Montana, U.S. ("Transaction"). As part of the Transaction, Zephyr also announces the formation of an acquisition vehicle, Zephyr Hawk LLC, a subsidiary of Zephyr which will hold the Company's non-operated working interests acquired pursuant to the Agreement.

Under the terms of the Agreement, Zephyr will be responsible for acquiring non-operated assets ("Non-Op Assets") and the Investor will make available up to US 100 million to fund 100% of capital expenditures ("CAPEX") related to the drilling, completing and equipping of those Non-Op Assets, which will be contained within a defined geographical area (the "Program Area"). The Program Area consists of counties located in the Williston Basin, although both parties may consider opportunities in other Rocky Mountain basins upon mutual consent. The Investor may elect to participate in opportunities at its discretion, on a case-by-case basis, after conducting its own financial and technical verification. Zephyr retains the right (but not the obligation) to fund up to 33% of pro rata CAPEX. The Investor will earn a majority of the cash flows generated by its pro rata working interest in each well until an agreed upon initial hurdle rate is met.

The Agreement is for an initial term of six months. Whilst there can be no guarantee that appropriate opportunities will be forthcoming or lead to funding, Zephyr expects that it will be in a position to present a number of opportunities to the Investor over the initial six months of the Agreement from its current and expected pipeline.

Since 2021, Zephyr has completed 14 discrete acquisitions in the Williston Basin and built a highly experienced team which previously managed over 4,000 non-operated wells throughout the region. Zephyr's current Williston Basin investments have become a successful cash-generating engine for the Company, funding all corporate costs and the Company's ongoing investment in its operated asset in the Paradox Basin, Utah.

The Transaction contemplated by the Agreement positions Zephyr to capitalise on a robust pipeline of opportunities across the Williston Basin. The combination of Zephyr's deep regional expertise with the Investor's financial strength is designed to accelerate the Company's non-operated growth, enhance consolidated cash flow, and drive attractive returns for all stakeholders.

Seaport Global Securities LLC served as advisor to Zephyr in connection with the Agreement.

Colin Harrington, Zephyr's Chief Executive, said:

"We are delighted to announce the entry into this strategic Agreement with a highly respected energy-sector investor and the formation of Zephyr Hawk LLC. Zephyr's management and deal sourcing capabilities should allow for significant new growth in our non-operated portfolio.

We view this new Agreement as an excellent way to utilise experienced industry capital to further grow our cash flow foundation."

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.

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