RNS Number : 8646O
Zephyr Energy PLC
30 June 2025

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.

30 June 2025

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

Full Year Results for the year ended 31 December 2024
Notice of AGM

The Board of Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF) is pleased to announce the Group's audited results for the year ended 31 December 2024.

Rick Grant, Zephyr's Non-Executive Chairman, said:

"On behalf of the Company's Board of Directors, I am pleased to share the Company's results for the 2024 financial year, a period of continued progress as the Company works to unlock what we believe to be the next prolific onshore oil and gas play in the U.S. The results reflect the ongoing efforts and commitment of the Zephyr team, who are working to build a Company of which all stakeholders can be proud.

"During the period we have continued to deliver on our dual-strategy of building an income-generating non-operated asset portfolio in the Williston Basin, U.S. (the "Williston project") in parallel with the pursuit of increased value through our development of the project in the Paradox basin, Utah, U.S. (the "Paradox project").

"This is a pivotal time in the evolution of the Paradox project, and we believe that the fundamental pieces are in place to drive the project forward to first gas and commercial production. The Paradox project is on the cusp of realising its potential as a project of substantial scale, and we will be working tirelessly to deliver this value over the next period.

"On the Williston project, our recent fundraise will enable us to complete our proposed acquisition which is expected to be accretive to both earnings and reserves, as well as provide strategic entry into key areas and enhance our competitive position in core Rocky Mountain oil and gas producing basins.

"It is anticipated that there will be considerable newsflow as we progress through the next phase in our development and we look forward to keeping Shareholders updated on our progress.

"I would like to express my appreciation to our team for their dedication in helping us deliver on our vision. My thanks also go to my fellow Board members, the leadership team, our advisers, and, above all, our shareholders for their continued trust and support.

"The Board looks forward to the coming months with confidence, as we continue to open up the next prolific oil and gas basin in the U.S."

Notice of AGM and posting of annual report

The Annual General Meeting of the Company (the "AGM") will be held at 11 a.m. on 30 July 2025 at the offices of Haynes and Boone CDG LLP, 1 New Fetter Lane, London, EC4A 1AN.

A copy of the Company's annual report and accounts, and the notice of AGM, will shortly be available on Zephyr's website, http://www.zephyrplc.com, and will be posted to Zephyr's shareholders today.

Contacts

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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.

Notes to Editors
Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF) is a technology-led oil and gas company focused on responsible resource development 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. 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.

CHAIRMAN'S STATEMENT

OVERVIEW

On behalf of the Company's Board of Directors (the "Board"), I am pleased to share the Company's results for the 2024 financial year, a period of continued progress as the Company moves ever closer to unlocking what we believe to be the next prolific onshore oil and gas play in the U.S. The results reflect the ongoing efforts and commitment of the Zephyr team who have been working to build a Company of which all stakeholders can be proud.

Over the last five years, the Company has grown from a circa US 2 million market capitalisation using a dual strategy of:

1. Acquisitions: We built an income-generating non-operated asset portfolio in the Williston Basin, U.S. (the "Williston project") to drive long-term value and capital growth. To date, we have completed 14 acquisitions, are expecting to close on the next acquisition in the near term, and have moved from zero production to approximately 1.5 million net barrels of oil equivalent ("boe") produced from 2021 to 2024; and
2. Value creation via drilling activity: We reinvested capital from our non-operated assets to advance the Company's flagship project in the Paradox Basin, Utah, U.S. (the "Paradox project"). The Paradox project is an underexplored basin where modern oil and gas technology has yet to be fully applied. To date, we have drilled three wells with significant hydrocarbon presence, demonstrated strong test results, secured a large contiguous acreage position, and acquired critical data and infrastructure to support the full development of the Paradox project.

During the period under review, we continued to deliver on this dual strategy, and will continue building on this solid platform by growing both our non-operated portfolio and utilising the resulting cashflow and our partnerships to deliver first gas and commercial production from the Paradox project.

We are supported by a capable team and strong partnerships, and I remain confident that this foundation allows us to execute our strategy and deliver sustainable growth and value for our Shareholders.

The health, safety, and wellbeing of our team and contractors continues to be a core priority. We maintain a zero-harm safety culture, with a strong focus on continuous improvement to ensure a safe and injury-free workplace. The Board is pleased to note that there were no Lost Time Injuries ("LTIs") recorded during the period.

The Board remains committed to aligning its actions and investment decisions with our core values -namely, acting as responsible stewards of both Shareholder capital and of the environment. This includes a continued focus on minimising our environmental footprint through proactive measures and safeguarding the ecosystems in which we operate.

OPERATIONAL ACTIVITY

Paradox project

Zephyr has made excellent progress in driving the Paradox project forward, culminating in the recent production test on the State 36-2 LNW-CC-R well (the "State 36-2R well").

The test achieved a peak flow rate of 2,848 boe with no material drop in bottom hole pressure, and without the use of any fracture stimulation, suggesting that the well ranks in the top 6% of gas wells across the Lower 48 (the U.S. excluding Alaska and Hawaii), and further demonstrating the potential of the Paradox project.

The test results indicate that 10,000-foot lateral wells drilled on the Paradox project could achieve a P50 individual well performance of 3.6 million boe, affirming that the Cane Creek reservoir is a highly productive and valuable asset, on par with some of the leading oil and gas plays in the U.S.

If these single-well metrics are applied across a potential 20 well programme, the Company estimates potential P50 recoverable resources of circa 72.5 million boe across the Cane Creek reservoir alone. Furthermore, it is worth noting that there are eight additional overlying reservoirs offering exploration upside and further resource expansion potential.

In summary, the Paradox project is on the cusp of realising its potential as a project of substantial scale, and we will work to deliver this value over the next period.

Our next steps include commissioning an updated Competent Person's Report ("CPR"), continuing to engage with farm-in and strategic partners to help in the funding for the large-scale development of the project, finalising the gas marketing agreements and completing the build out of our gas processing plant infrastructure.

In parallel, we will also be looking at opportunities to continue to expand the Paradox project through additional lease acquisitions or by further delineating the additional potentially productive zones overlying the Cane Creek reservoir.

This is an exciting time in the evolution of the Paradox project, and the Board believes that the fundamental pieces are in place to drive the Paradox project forward to first gas and commercial production - and in doing so, to further unlock the value of the project for our Shareholders.

Williston project

Our cash generative non-operated asset portfolio with low operating risk continues to perform in line with our expectations, enabling us to proceed with our ongoing Paradox project development.

We continue to appraise, acquire and manage high-return non-operated assets in core Rocky Mountain basins, U.S., resulting in a growing and diverse base of assets with low maintenance capital expenditure ("CAPEX"), significant free cashflow and plenty of potential future drilling upside.

The non-operated portfolio is currently made up of over 200 developed producing wells. In 2024, the wells produced 1,052 barrels of oil equivalent per day ("boepd ") with associated revenues of over US 24 million, net to Zephyr, and a net revenue interest average of 5.1 per cent.

We continue to look at a number of opportunities to increase the scale of our Williston project and are excited by two recent developments that will potentially have a substantive impact to the portfolio.

In May 2025, we announced our US 100 million strategic partnership with a major U.S.-based capital provider focused on the energy sector (the "investor"). The combination of Zephyr's regional expertise and the investor's financial strength is designed to accelerate the Company's non-operated growth, enhance consolidated cashflow, and drive attractive project returns.

Under the terms of the partnership, the investor will provide up to US 100 million to fund 100% of the CAPEX related to the drilling, completing, and equipping of newly acquired assets. Zephyr will be responsible for any acquisition costs and will retain a right (but not an obligation) to co-fund up to 33% of pro rata CAPEX to maximise returns. We will utilise Zephyr Hawk LLC, a subsidiary company of Zephyr, to serve as the acquisition vehicle for the purposes of the partnership.

We also announced the proposed acquisition of accretive, mature non-operated production assets located across core Rocky Mountain basins, and on attractive financial terms. For an acquisition price of US 7.3 million, Zephyr will acquire circa 400 boepd of existing production. The proposed acquisition also offers significant further drilling opportunities, including up to 13 new wells to be drilled with CAPEX envisioned to be funded by our strategic partnership.

Following the announcement of the result of the Company's oversubscribed placing on 25 June 2025, the proposed acquisition is expected to complete by the end of July 2025, with an effective date of 1 June 2025, and is forecast to add operating income of US 4 million over the next 12 months (based on strip prices at 29 May 2025) and add approximately 600,000 boe of producing well ("PDP") reserves along with the potential proved but undeveloped well ("PUD") upside.

Overall, the proposed acquisition is expected to be accretive to both earnings and reserves, strengthen the balance sheet, provide strategic entry into key areas, and enhance our competitive position in core Rocky Mountain oil and gas producing basins.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Followers of Zephyr will be familiar with our commitment to stewardship of both the natural environment and of shareholder capital. Prudent cash management and careful development of the asset base were key operating principles throughout the period

We believe good environmental and operational performance, supported by the appropriate levels of governance, is the optimal way to drive superior investor returns.

As Zephyr continues to grow, we remain committed to fostering a safe working environment and maintaining strong engagement with the communities in which we operate. Supporting these communities through responsible environmental practices, social engagement, and sound corporate governance is a natural extension of our mission and reflects our commitment to making a lasting, positive impact.

There are many stakeholders who work alongside our people and support the Company. Sturdy relationships, formed over the years of working with multiple state and federal regulators, proved of great benefit during our recent drilling programme on the State 36-2R well.

Our relationship and knowledge-sharing partnership with the U.S. Department of Energy and the University of Utah continues to benefit all parties.

I am also pleased to report the continued progress in our pursuit of carbon-neutral status as an oil and gas producer. Through our Verified Emission Reduction credits ("VERs") programme - administered by Prax Group, a leading UK-based energy trading firm - we aim to offset all Scope 1 carbon emissions from both our operated and non-operated assets.

FINANCIAL

For the 2024 financial year, the Group reported revenues of US 24.3 million (2023: US 25.2 million), a gross profit of US 7.2 million (2023: US 7.2 million), and a net loss after taxation of US 19.6 million (2023: US 3.5 million). The net loss after taxation includes a US 14.5 million non-cash, accounting impairment charge in respect of the Williston project, which is primarily as a result of lower commodity prices at 31 December 2024 compared to the prior year.

These results were in line with our forecasts and reflect the lower oil price environment over the period.

The Group reported Adjusted EBITDA of US 10.9 million for the year ending 31 December 2024 (2023: US 11.8 million). (Adjusted EBITDA represents loss before tax adjusted for DD&A, ECL, impairment, share-based payments, unrealised foreign exchange gains/losses, net finance costs and unrealised losses on derivative contracts).

Production increased over the year, which was the result of the Group's wells operated by Slawson Exploration Company ("Slawson") being online for much of the financial year ended 31 December 2024 ("FY 2024"), offset by the natural decline of the portfolio.

The 2024 financial year was a tumultuous time geopolitically, with significant volatility in global commodity prices. These events have carried over into 2025 with continued oil price volatility due to ongoing geopolitical tensions. We expect this volatility to continue over the coming months, and we continually review how fluctuating commodity prices could potentially impact our operations. To mitigate this, over the last few years we have managed a hedging programme to protect the Group against potential downside risks. This hedging programme is a key tool in helping the Group meet its ongoing funding obligations. The Group has a policy of layering on hedges to take advantage of spikes in the oil price and has a broad policy of looking to hedge a significant portion of its forward non-operated production.

In December 2024, the Group announced that it had secured US 7.5 million to fund all expected drilling and completion costs for the drilling of the lateral extension on the State 36-2R well. The funding was provided by a U.S. based industry investor in exchange for a 50% non-operated working interest in the 36-2R well.

investor in exchange for a 50% non-operated working-interest in the 36-2R well.

On 25 June 2025, the Company announced that it has raised approximately US 13.5 million (£9.8 million) (before expenses) through the placing of 326,666,667 new Ordinary Shares of 0.1 pence each in the Company to new and existing institutional and professional investors at an issue price of 3 pence per new Ordinary Share (the "issue price"). In addition, certain Directors, management and their affiliates intend to subscribe for 23,333,333 new Ordinary Shares at the issue price raising a further US 0.9 million (£0.7 million) for the Company, after publication of the Company's audited results for the year ended 31 December 2024, subject to the passing of certain resolutions to be put to Shareholders at a general meeting of the Company to be held on 14 July 2025.

CONCLUSION

I would like to express my appreciation to our team and contractors for their dedication in helping us deliver our vision. My thanks also go to my fellow Board members, the leadership team, our advisors, and, above all, our Shareholders for their continued trust and support.

The Board looks forward to the coming months with confidence, as we continue to progress the opening-up of the next prolific oil and gas basin in the U.S.

RL Grant
Chairman

27 June 2025

CHIEF EXECUTIVE OFFICER'S REPORT AND OPERATING REVIEW

PRINCIPAL OBJECTIVES AND STRATEGIES

Zephyr Energy plc is an oil and gas exploration and production group operating in the Rocky Mountain region of the U.S. The Group's mission is to unlock the next prolific onshore U.S. oil and gas play through the development of our flagship Paradox project. Zephyr is committed to being a responsible steward of both investors' capital and the environment.

To achieve this mission, the Group continues to prioritise:

- Building and strengthening a high-calibre team with significant U.S. oil and gas sector expertise, particularly in operations, development, governance, finance, M&A, and turnarounds. Following several key hires and internal promotions during 2024, Zephyr entered the new financial year ending 31 December 2025 with an enhanced operational platform to support delivery in 2025 and beyond;
- Maintaining a clear and disciplined strategic focus on responsible exploration and production within the Rocky Mountain region;
- Developing a cash-generative, non-operated portfolio to provide capital for reinvestment into the Paradox project, reinforcing the Group's self-sustaining dual strategy;
- Embedding ESG at the core of operations, including robust corporate governance practices, a commitment to operational carbon neutrality, and ongoing, proactive engagement with the local communities;
- Leveraging strategic partnerships (such as the U.S. Department of Energy, regional operators, debt providers, asset level investors and Shareholders) to support long-term value creation;
- Advancing a technology-driven acquisition framework to enable the rapid assessment and execution of new opportunities, whether through acquisition, farm-in agreements, or joint ventures; and
- Maintaining rigorous financial discipline and prudent cash management to ensure capital efficiency across the business.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Overview

The 2024 financial year, and the period since, were dominated by the ongoing operational activity at the Paradox project and, in particular, operations on the State 36-2R well.

The period began with the planning and preparations for the State 36-2R well, which was then successfully drilled along with the subsequent lateral extension, and culminated in the recent production test on the State 36-2R well, which included a peak flow rate of 2,848 boe (achieved with no material drop in bottom hole pressure and without fracture stimulation) and which suggests that that the well ranks in the top 6% of gas wells across the Lower 48 in the U.S.

The test results suggest that 10,000-foot lateral wells drilled at the Paradox project could potentially achieve a P50 individual well performance of 3.6 million boe. The Group's P50 estimate of gross ultimate recoverable resources in the Cane Creek reservoir is 72.5 million boe, with eight additional overlying reservoirs offering meaningful exploration upside and further resource expansion potential.

In summary, our recent work has confirmed the substantial scale and potential value of the Paradox project and our key operational focus for the next period is to begin to unlock this value for our Shareholders.

Our income generating non-operated Williston assets continue to deliver strong cashflows, enabling us to progress ongoing development at the Paradox project.

Over the last four years we have built a highly experienced operations team which is well positioned to appraise, acquire and manage high-return non-operated assets in core Rocky Mountain basins, resulting in a growing and diverse base of assets with low maintenance CAPEX, significant free cashflow and plenty of potential future drilling upside. The portfolio is currently made up of over 200 developed producing wells.

In addition to our existing production, two recent developments will potentially make a meaningful impact to the future growth of the Williston project.

Firstly, we have entered into a US 100 million strategic partnership with a major U.S.-based capital provider focused on the energy sector to help us drive forward the Williston project. The combination of Zephyr's regional expertise and the investor's financial strength will accelerate the Group's non-operated growth, enhance consolidated cashflow, and drive attractive project returns. Under the terms of the partnership, the investor will provide up to US 100 million to be used to fund 100% of the CAPEX related to the drilling, completing and equipping of newly acquired assets.

Secondly, and following the announcement of our fundraise in June 2025, we are proposing to complete an acquisition of mature non-operated production assets located across core Rocky Mountain basins on attractive financial terms. For an acquisition price of US 7.3 million, Zephyr will acquire circa 400 boepd of existing PDP production and further potential PUD upside. We will soon receive 13 AFEs to be drilled with CAPEX envisioned to funded by our strategic partnership.

The proposed acquisition is expected to complete by the end of July 2025, with an effective date of 1 June 2025, and is forecast to add operating income of US 4 million over the next 12 months (based on strip prices at 29 May 2025) and will add approximately 600,000 boe of PDP reserves (along with the significant PUD upside previously mentioned).

Paradox project - operated asset

Background

Zephyr holds operated leases over more than 46,000 gross acres in the Paradox Basin. Of this acreage, 25,000 acres are contiguous and largely covered by modern 3D seismic data - these acres have previously been assessed by third-party consultant Sproule International ("Sproule") to contain, net to Zephyr, 2P reserves of 2.6 million barrels of oil equivalent ("mmboe"), 2C contingent resources of 34 mmboe, and net unrisked 2U prospective resources of 270 mmboe.

Following the successful recent drilling programme, and subsequent production test, on the State 36-2R well, a revised CPR will be prepared for the Paradox project in the second half of 2025 and the Group expects to see a significant rise in potential recoverable resources from the Paradox project, above and beyond the previous Sproule CPR.

The Group's proactive land management strategy has resulted in a robust and expanding acreage position - one which the Board believes is increasingly difficult to replicate given today's evolving regulatory and political landscape.

State 36-2R well

In February 2024, the Group announced that it had received the regulatory approvals and permits required to proceed with the drilling of the State 36-2R well and in March 2024, Zephyr announced that it had signed a rig contract with Helmerich & Payne to drill the State 36-2R well.

The key objectives of the State 36-2R well were:

- To successfully complete drilling operations to total depth safely and without harm to people, the environment or equipment;
- To successfully twin the previously drilled State 36-2 LNW-CC well (the "State 36-2 well") and intersect the same Cane Creek reservoir natural fracture system identified by it;
- To confirm the presence of hydrocarbons as found by the State 36-2 well, and further appraise the Cane Creek reservoir at Zephyr's federal White Sands Unit ("WSU"); and
- Should the original well result be replicated, to assess the reservoir productivity by flow testing the new well.

In April 2024, the Group announced that full drilling operations had commenced and, in June 2024, Zephyr announced that the State 36-2R well had been completed safely and successfully, with the State 36-2R well drilled to a total depth of 10,290 feet (measured depth) where it intersected the same Cane Creek reservoir within 15 feet of the State 36-2R well.

Analysis from the drilling indicated that the State 36-2R well, like the State 36-2 well, penetrated a folded and naturally fractured section of the Cane Creek reservoir. The well encountered drilling mud gas shows of a similar magnitude to the State 36-2 well and pore pressure analysis suggested formation pressures estimated at approximately 9,300 pounds per square inch (which is broadly consistent with previously drilled offset wells).

The State 36-2R well further confirmed the presence of hydrocarbons within a structural compartment, within Zephyr's acreage and 3D seismic coverage.

Following the successful drilling operation, Zephyr proceeded with the production tests on the State 36-2R well to determine reservoir pressure, fluid composition, well flow rate, bulk reservoir permeability and deliver an early estimate of the overall potential recoverable resources.

It is worth noting that the Group recovered substantially all costs associated with the drill under the well control insurance policy it had in place following the well control issue on the State 36-2 well. In total, the Group received US 19.3 million under the State 36-2 well control insurance policy.

State 36-2R initial production tests and decision to proceed with the extended lateral

In July 2024, the Group announced that it had successfully completed the initial phase of the well production test on the State 36-2R well, in which the State 36-2R well was tested at multiple rates and choke settings to ascertain its production potential. Initial production test observations were encouraging, including:

- High reservoir deliverability and high initial reservoir pressures;
- Peak production rates achieved during the production test were 1,350 boepd, at which level the well was still choked back and constrained; and
- Significantly higher condensate-yield than Zephyr's previously drilled Paradox project well (with more than a three-fold increase in condensate rate versus that from the State 16-2LN-CC well).
    - Condensate yield peaked at over 600 barrels of condensate per day. Condensate produced had an average American Petroleum Institute gravity of 58 degrees, making it a highly desirable barrel for Utah's refinery market. The condensate produced from the well to date was sold to a Utah refinery at a price close to current WTI crude oil prices (inclusive of trucking costs).
    - The elevated liquid yield had potential to be a significant driver of improved project economics.
    - Almost zero evidence of water production, another potential boost to the well's economics by reducing the need for water disposal.

While the initial test was successful on multiple fronts, there was also evidence that the natural fracture network was partly disconnected from the greater reservoir at this well location. A decision was therefore made to acidise the well to further remove any drilling mud emulsions from the natural fracture network and maximise the well's connectivity with the larger reservoir.

In September 2024, following the completion of the acidisation process and the follow up testing, the Group announced the following results from the second production test:

- Peak production rates achieved during the second test were over 2,100 boepd, a significant production rate for an onshore U.S. well with only 130 feet of completed reservoir interval;
- The acidisation operation successfully removed any remaining near-wellbore formation damage and generated very high reservoir deliverability, with a notable improvement to near-wellbore reservoir permeability after each

very high reservoir deliverability, with a notable improvement to near-wellbore reservoir permeability after each acid treatment. As such, the operation not only removed damage but also enhanced reservoir productivity;

- This was the first known example of acidisation stimulation in the Paradox Basin, and the result was highly positive for the development of the Paradox project, with the potential for substantially reduced reservoir risk and removal of the need for costly hydraulic stimulation as used in other U.S. onshore resource plays; and
- Continued evidence of almost zero water production, another potential boost to the well's economics by material reducing the need for expensive water disposal.

Results from the second test had multiple positive implications. In addition to cleaning up any remaining formation damage, the acidisation appeared to have had the unanticipated benefit of significantly enhancing near-wellbore reservoir quality (by dissolving calcite and dolomite minerals known to exist in the reservoir, creating higher porosity and permeability where those minerals have been dissolved away). The Group had previously observed widespread minor fracturing in the reservoir cores of the State 16-2 well and other Cane Creek wells. The analysis suggested that acidisation could materially enhance the permeability of the overall reservoir matrix, including the minor fracturing (which may be present across the Group's entire Paradox project acreage position) as well as any major fracture networks encountered.

This implied that acidisation, when utilised across a longer lateral, may offer a cost-effective completion technique compared to the hydraulic stimulation operation used in other U.S. resource plays and that this alternative completion technique could also offer a broader and lower risk method for the long-term development of the Paradox project versus solely targeting major natural fracture networks (the historical development approach in this part of the Paradox Basin).

Following the production test, the well was temporarily shut in for a brief period of time while all the information gathered from the production tests was evaluated.

In October 2024, following a detailed assessment process, the Board approved the drilling of an extended lateral on the well.

This decision was based on the following two key factors:

- Estimated Ultimate Recoveries ("EURs") from the well were expected to be substantively higher once the proposed extended lateral was completed; and
- The acidisation process used in the well production tests was extremely effective and had the benefit of significantly enhancing near-wellbore productivity. The Board believed that the combination of a longer completed interval and subsequent acidisation could potentially be one of the key factors in the successful long-term development of the Paradox project, reducing costs and improving EURs from the well. This could result in significantly reduced project risk and enhanced project economics.

Drilling of the extended lateral on the State 36-2R well

In December 2024, the Group announced that it had secured US 7.5 million to fund all expected drilling and completion costs from a U.S. based industry investor in exchange for a 50% non-operated working-interest in the single well, and on 23 December 2024, Zephyr announced that it had signed a rig contract with Nabors Drilling USA ("Nabors") to drill the extended lateral.

Drilling operations commenced in January 2025 targeting an additional 5,500 feet of the Cane Creek reservoir. Exactly 30 days later, on 20 February 2025, drilling operations were concluded safely and successfully. The well trajectory of the extended lateral section was drilled as planned and correlated with the existing 3D seismic data. 97% of the lateral was drilled within the Cane Creek reservoir section demonstrating the ability to accurately steer within the reservoir across a structurally complex play. Encouragingly, elevated mud gas levels with notable peaks were evident throughout the drilling of the Cane Creek reservoir.

Production testing on State 36-2R well following the completion of the extended lateral

During the production test, which commenced in April 2025, the well was tested at multiple flow rates in order to gather data to determine the flow capacity of the well, to provide an early estimate of potential resource volumes, and to obtain high quality fluid samples. The production test successfully delivered on all its objectives and delivered results that were at the top end of management expectations.

In summary, the test included a peak flow rate of 2,848 boepd, achieved with no material drop in bottom hole pressure and suggested that the well ranks in the top 6% of gas wells across the Lower 48 (despite not using any fracture stimulation) - further demonstrating the potential of the Paradox project. Well test data and interpretation suggest that there is more than sufficient well deliverability for a commercial well.

The well test results suggest that the chosen completion strategy (hydra-jet abrasive perforation and matrix acidisation) was highly successful, and it should be noted that no fracture stimulation was performed to achieve this excellent well deliverability result. Management believes that fracture stimulation could offer further upside potential for both the well, and for the broader Paradox project development.

As a result of a successful production test from the State 36-2R well, the Group will work to finalise gas processing and related infrastructure requirements for the project, to tie in both the Federal 28-11 well and the State 16-2 LN-CC well as soon as practicable.

Potential Paradox development plan

Following the analysis of the well test data, management applied the results to a conceptual full field development plan to better understand the potential resource range of the Cane Creek reservoir (under the current 3D seismic coverage).

This conceptual development plan suggests the potential for a further twenty Cane Creek reservoir horizontal wells (plus the previously drilled State 16-2 LN-CC and State 36-2 wells), with preliminary management estimates of gross ultimate recoverable gas in a low-mid-high scenario range of recoverable condensate as set out in the table below.

Estimated Ultimate Recovery	LOW	MID	HIGH
Gross Recoverable Gas (BCF)	174.0	341.0	501.0
Gross Recoverable Condensate (MMBC)	3.5	15.7	29.0
Total Gross equivalent (MMBOE)	32.5	72.5	112.5

Initial management estimates of ultimate recoverable resources, net to Zephyr are set out in the table below.

Estimated Ultimate Recovery	LOW	MID	HIGH
Net Recoverable Gas (BCF)	137.0	271.0	399.0
Net Recoverable Condensate (MMBC)	2.7	12.5	23.1
Total Net equivalent (MMBOE)	25.6	57.7	89.5

The test results infer that 10,000-foot lateral wells drilled on the Paradox project could achieve a P50 individual well performance of circa 3.6 million boe an NPV-10 of US 25.2 million.

In summary, the evaluation of the production test confirmed that the Cane Creek reservoir is highly productive and potentially ranks alongside some of the most productive oil and gas plays in the U.S. The results also suggest that there may be a considerable increase in the project's recoverable resources.

Next steps

The Board believes that the fundamental pieces of a significant oil and gas play are present. Over the coming months, there are a number of key deliverables that will enable the Group to move towards the commencement of commercial production from the Paradox project. The next tasks include:

- A new CPR to be commissioned in the second half of 2025;
- Completion of gas marketing agreements and build out of gas processing plant infrastructure;
- Completion of contracts with Enbridge Gas Utah, the owner of the operational 16-inch pipeline which runs adjacent to our gas plant, regarding the terms and timetable for the transportation of gas produced from the Paradox project;
- Structured engagement with potential farm-in, strategic and investment partners to help fund and accelerate a larger scale Paradox project drilling programme;
- Continued leasing of additional nearby acreage;
- Acceleration of legacy workovers on existing 28-11 and 16-2 wells to bring online additional production at

reduced cost; and

- Testing of overlying reservoirs (potentially using an existing vertical wellbore).

Williston project - non-operated asset

Overview

Zephyr continues to develop a portfolio of working interest positions in accretive, high-quality, high-margin production assets with significant near-term growth potential in the Williston Basin.

Following 14 discrete acquisitions, the Williston project has generated strong cashflows for the Group, moving from zero production to over 1.5 million boe produced from 2021 to 2024.

Over the last four years we built a highly experienced operations team to appraise, acquire and manage high-return non-operated assets in core Rocky Mountain basins, resulting in a growing and diverse base of assets with low maintenance CAPEX, significant free cashflow and plenty of potential future drilling upside.

The 2024 financial year was another solid year for the Williston project, with operational performance in line with management expectations. The historical investment in the portfolio continues to compound cashflow which enables Zephyr to pursue the potential of the Paradox project.

The financial performance of the Williston portfolio is exposed to fluctuations in commodity prices, albeit the Group's hedging strategy aims to alleviate this exposure. Nonetheless, and primarily as a result of lower commodity prices at 31 December 2024 compared to the prior year, the Directors have recognised a non-cash, accounting impairment provision of US 14.5 million (2023: nil). See note 4. It should be noted that recent rebound in commodity prices have resulted in a rebound in the overall valuation of the Williston project.

At 31 December 2024, 229 wells in Zephyr's portfolio were available for production. Net working interests across the Williston Basin non-operated portfolio average 7% per well, equivalent to 16 net wells to Zephyr.

2024 sales volumes and production summary

FY 2024 sales volumes averaged 1,149 boepd or 420,724 boe for the year, an increase over FY 2023 sales volumes of 1,116 boepd or 407,340 boe for the year.

Of the total revenue in FY 2024, 90% comprised crude oil sales, 4% natural gas sales and 6% from natural gas liquid sales.

FY 2024 revenues from the portfolio were US 24.3 million, versus FY 2023 revenues of US 25.2 million. The 3.6% year-on-year decline in revenues, despite increased sales and production in FY 2024, was primarily the result of lower commodity prices in FY 2024 compared to the prior year.

2024 production from the non-operated portfolio averaged circa 1,052 boepd versus FY 2023 production of 1,040 boepd. The increase in production year-on-year was the result of the Group's wells operated by Slawson being online for much of FY 2024, offset by the natural decline of the portfolio.

Hedging

In FY 2024 the Group hedged 103,000 barrels of oil.

- 67,500 barrels of oil were hedged at a weighted-average price of US 81.43 per barrel of oil.
- 35,500 barrels of oil were hedged by way of financial collar options which enabled the Group to lock-in a minimum price for these barrels of oil. These collar options gave the Group a weighted average floor price of US 72.73 per barrel of oil and a weighted average ceiling price of US 84.31 per barrel of oil.

The Group continues to evaluate its commodity price risk management strategy on a regular basis.

Business development

There have been two recent developments that will potentially provide significant upside to the Williston project.

Strategic partnership

In May 2025, Zephyr announced a new US 100 million strategic partnership with a major U.S.-based capital provider focused on the energy sector. The partnership, which will utilise a combination of Zephyr's regional expertise and the investor's financial strength, is designed to accelerate Zephyr's non-operated growth, enhance consolidated cashflow, and drive attractive returns. The Board view this partnership as an excellent way to utilise experienced industry capital to further grow the Group's cash generating foundation.

Under the terms of the partnership, the investor will provide up to US 100 million to be used to fund 100% of the CAPEX related to the drilling, completing and equipping of newly acquired assets, which will be contained within a defined geographical area (the "Programme Area").

The Programme 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 cashflows generated by its pro rata working interest in each well until an agreed upon initial hurdle rate is met.

The partnership 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 fully expects that it will be in a position to present a number of opportunities to the Investor over the initial six months from its current and expected pipeline.

Proposed acquisition

We were also delighted to be able to announce the proposed acquisition of mature non-operated production assets located across core Rocky Mountain basins. For an acquisition price of US 7.3 million, Zephyr will acquire circa 400 boepd of existing production. The proposed acquisition also offers significant further drilling opportunities, with up to 13 new wells to be drilled with CAPEX to be potentially funded by our strategic partnership.

Following the announcement of the Company's fundraise in June 2025, the proposed acquisition is expected to complete by the end of July 2025, with an effective date of 1 June 2025, and is forecast to add operating income of US 4 million over the next 12 months (based on strip prices at 29 May 2025) and adds approximately 600,000 boe of PDP reserves (along with the PUD upside previously mentioned).

Overall, the proposed acquisition is accretive on both an earnings and reserve basis, will strengthen the balance sheet, offers the Group strategic entry into key areas of interest and enhances our competitive position within core Rocky Mountain basins.

Corporate

Health and safety of our people remains at the top of our priorities, and the Group is pleased to report that no health or safety incidents occurred during FY 2024.

In April 2024, the Company granted a total of 61,503,028 share options to Directors, certain employees and consultants to the Company, to reflect awards under the Company's Long-Term Incentive Plan, discretionary bonuses for performance achieved in 2021 and 2022, and discretionary awards in lieu of deferred remuneration and fees from 2020, during the COVID-19 pandemic. See note 27.

In May 2024, the Group announced that it had been awarded an additional US 0.25 million of grant funding from the U.S. Department of Energy ("DOE") for operations on the State 36-2R well. This brings the total DOE grant funding made available to the Group to over US 2.7 million in recent years.

In May 2024, the Company retired US 3.88 million of existing debt through the issuance of US 3.88 million of equity comprised of 64,045,768 new Ordinary Shares at a price of 4.85 pence per new Ordinary Share. The issue price of the new Ordinary Shares was the undiscounted mid-market closing price of the Company's Ordinary Shares on 2 May 2024. The new Ordinary Shares were issued to SGR Investments LLC ("SGRI"), a US-based institutional investor to repay a portion of the debt SGRI provided to fund the Group's acquisition of the Slawson wells in December 2022.

In June 2024, the Group announced a new US 5.6 million term loan. The new term loan amortises monthly over four years and has an interest rate of 10% per annum. Proceeds from the new term loan were used to repay the balance due to SGRI in respect of the Slawson acquisition credit facility, which has now been fully repaid.

Outlook

2024 was another year of strong progress for the Group, and we continue to build on this momentum into 2025.

In recent months we have delivered on both components of our stated dual strategy with operational successes on the Paradox project, our exciting strategic partnership and the proposed acquisition on the Williston project.

With our balanced portfolio geared for substantial growth, we are looking forward to the year ahead with confidence.

The Directors' statement in respect of going concern can be found in the Directors' Report and Note 3 to the consolidated financial statements.

JC Harrington
Chief Executive Officer

27 June 2025

FINANCIAL REVIEW

The 2024 financial year was characterised by further investment in the Paradox project, and particularly the ongoing activity on the State 36-2R well.

The Williston project continued to deliver in line with expectations albeit against a backdrop of lower commodity prices in 2024 compared to the prior year.

INCOME STATEMENT

During the year ended 31 December 2024, the Group generated revenue of US 24.3 million (2023: US 25.2 million) and reported a gross profit of US 7.2 million (2023: US 7.2 million).

The Group reported Adjusted EBITDA of US 10.9 million for the year ending 31 December 2024 (2023: US 11.8 million). (Adjusted EBITDA represents loss before tax adjusted for DD&A, ECL, impairment, share-based payments, unrealised foreign exchange gains/losses, net finance costs and unrealised losses on derivative contracts).

Administrative expenses for the year were US 6 million, in line with the prior year (2023: US 6 million).

The Group has reported an allowance for expected credit losses of US 1.2 million in accordance with IFRS 9 *Financial instruments*. See note 16.

At 31 December 2024, the Directors identified indicators of impairment in its proved oil and gas properties and carried out an impairment test in accordance with IAS 36 *Impairment of assets*. The results of the test indicated that a non-cash, accounting impairment charge of US 14.5 million should be recognised (2023: nil). See notes 4 and 14.

The Group reports foreign exchange gains of US 1 million for the year (2023: loss of US 2.8 million).

Finance charges of US 3.3 million (2023: US 3.5 million) have been charged in respect of interest and associated costs relating to the Group's borrowings and unwinding of discount on decommissioning. See note 7.

During the year ended 31 December 2024, the Group has recognised a deferred tax credit, and a corresponding reduction in its net deferred tax liability of US 0.4 million relating to unrelieved tax losses and temporary timing differences arising in the U.S. businesses (2023: US 1.6 million).

The Group reports a net loss after tax of US 19.6 million or a loss of 1.13 cents per Ordinary Share for the year ended 31 December 2024 (2023: net loss US 3.5 million or a loss of 0.21 cents per Ordinary Share). The increase in the loss from the prior year is largely the result of the US 14.5 million impairment charge.

BALANCE SHEET

BALANCE SHEET

Total investment in the Group's exploration and evaluation assets as at 31 December 2024 was US 53.2 million (2023: US 50 million) reflecting the ongoing investment in the Paradox project.

Total investment in property and equipment as at 31 December 2024 was US 41.8 million (2023: US 50.8 million) reflecting depreciation, depletion and amortisation, decommissioning obligations and a working-interest disposal on the non-operated asset portfolio.

The carrying value of the Group's property and equipment, at 31 December 2024, net of the US 14.5m non-cash, accounting impairment provision is US 27.3 million (2023: US 50.8 million).

Trade and other receivables decreased by US 5.2 million during the year under review. The decrease is primarily due to a provision at 31 December 2023 of US 2.9 million in respect of insurance recoveries that was settled during the year, together with a provision for expected credit losses of US 1.2 million (2023: nil). See note 16.

Cash and cash equivalents as at 31 December 2024 were US 10.3 million (2023: US 3.6 million). Included within cash and cash equivalents is the sum of US 7.4 million (2023: nil) received in exchange for a 50% non-operated working-interest in the State 36-2R well. Use of these funds is restricted to the funding of drilling, completion and production testing costs for the State 36-2R well. See notes 13 and 17.

At 31 December 2024, the Group recognised a current liability of US 7.4 million in respect of the advance from our joint partner in respect of its 50% non-operated working-interest in the State 36-2R well. This liability will reduce as the funds are utilised to develop the well.

The Group's borrowings as at 31 December 2024 were US 26.3 million (2023: US 35.4 million).

In April 2024, the Company granted a total of 61,503,028 share options to Directors, certain employees and consultants to the Company, to reflect awards under the Company's Long-Term Incentive Plan, discretionary bonuses for performance achieved in 2021 and 2022, and discretionary awards in lieu of deferred remuneration and fees from 2020, during the COVID-10 pandemic. See note 27.

In May 2024, the Company settled US 3.88 million of existing debt through the issuance of US 3.88 million of equity comprised of 64,045,768 new Ordinary Shares in the Company at a price of 4.85 pence per new Ordinary Share. The issue price of the Ordinary Shares was the undiscounted mid-market closing price of the Company's Ordinary Shares on 2 May 2024.

In June 2024, the Group announced that it had fully repaid the remaining US 6 million of the loan that it had with SGRI. This was achieved largely through utilising proceeds from a new US 5.6 million amortising term loan with First International Bank & Trust ("FIBT").

GOING CONCERN

The Directors' statement in respect of going concern can be found in the Directors' Report and Note 3 to the consolidated financial statements.

SUBSEQUENT DEVELOPMENTS

In May 2025, the Group announced that it had entered into an agreement with a U.S. based capital provider focused on the energy sector to fund growth in the Williston project. Under the terms of the agreement, Zephyr will be responsible for acquiring non-operated assets and the investor will make available up to US 100 million to fund 100% of CAPEX related to the drilling, completing and equipping of those non-operated assets, which will be contained within a defined geographical area.

In June 2025, the Group announced the proposed acquisition of mature non-operated production assets located across core Rocky Mountain basins. For an acquisition price of US 7.3 million, Zephyr will acquire circa 400 boepd of existing production. The proposed acquisition also offers significant further drilling opportunities, with up to 13 new wells to be drilled with CAPEX to be potentially funded by our strategic partnership. The proposed acquisition is accretive on both an earnings and reserve basis, will strengthen the balance sheet and offers the Group strategic entry into key areas of interest and enhances our competitive position within core Rocky Mountain basins.

On 25 June 2025, the Company announced that it has raised approximately US 13.5 million (£9.8 million) (before expenses) through the placing of 326,666,667 new Ordinary Shares of 0.1 pence each in the Company to new and existing institutional and professional investors at an issue price of 3 pence per new Ordinary Share (the "issue price"). In addition, certain Directors, management and their affiliates intend to subscribe for 23,333,333 new Ordinary Shares at the issue price raising a further US 0.9 million (£0.7 million) for the Company, after publication of the Company's audited results for the year ended 31 December 2024, subject to the passing of certain resolutions to be put to Shareholders at a general meeting of the Company to be held on 14 July 2025.

KEY PERFORMANCE INDICATORS

As part of Zephyr's ongoing development of the Paradox project and the build-out of the non-operated portfolio in the Williston Basin, the Board tracks its performance against indicators that reflect the strategic, operational and financial progress, as well as our impact on society and the environment. These indicators allow the Board, management and stakeholders to compare Zephyr's performance to its goals.

Safety performance	**Why we measure** • The Group has a zero-harm safety culture focused on continuous improvement to achieve an injury-free and safe work environment • We require employees and contractors to work in a safe and responsible manner and provide them with the training and equipment to do so	**Performance** • There were no reported LTIs during the 2024 financial year (2023: nil)
Adjusted EBITDA Loss before tax adjusted for DD&A, ECL, impairments, share-based payments, unrealised foreign exchange gains / losses, net finance costs and unrealised losses on derivative contracts	**Why we measure** • Indicator of the Group's cash generation to fund expenditures and/or return capital to Shareholders	**Performance** • 2024 Adjusted EBITDA was US 10.9 million • 2023 Adjusted EBITDA was US 11.8 million • The difference between the Adjusted EBITDA for 2024 and the prior year was primarily the result of lower commodity prices in 2024
Net sales volumes	**Why we measure** • Indicator of revenue generation potential • Measure of progress towards achieving production forecasts and driving profitable production growth	**Performance** • FY 2024 sales volumes of 420,724 boe • 3% increase in sales from FY 2023 sales volumes of 407,340 boe • Increase primarily the result of a full-year of production from the six Slawson wells, offset by standard production decline of the non-operated asset portfolio
Growth of Paradox project reserves / resources	**Why we measure** • Indicator of economic viability and long-term production potential of projects	**Performance** • At 31 December 2024, the Group had Paradox Basin 2P reserves of 2.6 mmboe, 2C resources of circa 34 mmboe and 2U resources of 270 mmboe • It is expected that a revised Competent Persons Report on the Paradox project will be prepared in the second half of 2025 following the successful production test of the State 36-2R well
Carbon emissions	**Why we measure** • Zephyr Energy is committed to	**Performance** • Pursued Scope 1 carbon-neutrality from both

	sustainable and responsible oil and gas production	operated and non-operated assets • VERs credit partnership with Prax

CJ Eadie

Group Finance Director

27 June 2025

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2024

	Notes	2024 US '000	2023 US '000
Revenue	6	24,279	25,225
Operating and transportation expenses		(5,809)	(6,964)
Production taxes		(2,046)	(1,878)
Depreciation, depletion and amortisation	14	(9,241)	(9,607)
Gain on derivative contracts	18	14	412
Gross profit		7,197	7,188
Administrative expenses		(5,976)	(5,997)
Allowance for expected credit losses	16	(1,226)	-
Impairment of property and equipment	14	(14,541)	-
Share-based payments	27	(3,129)	(6)
Foreign exchange gains/(losses)		1,007	(2,776)
Finance income		2	-
Finance costs	7	(3,303)	(3,472)
Loss on ordinary activities before taxation	8	(19,969)	(5,063)
Taxation credit	11	395	1,560
Loss for the year attributable to owners of the parent company		(19,574)	(3,503)
Loss per Ordinary Share			
Basic and diluted, cents per share	12	(1.13)	(0.21)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	2024 US '000	2023 US '000
Loss for the year attributable to owners of the parent company	(19,574)	(3,503)
Other comprehensive (loss)/income		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(1,007)	2,772
Total comprehensive loss for the year attributable to owners of the parent company	(20,581)	(731)

CONSOLIDATED BALANCE SHEET
As at 31 December 2024

	Notes	2024 US '000	2023 US '000
Non-current assets			
Exploration and evaluation assets	13	53,236	49,941
Property and equipment	14	27,292	50,840
		80,528	100,781
Current assets			
Trade and other receivables	16	2,676	7,897
Cash and cash equivalents	17	10,267	3,611
Derivative contracts	18	3	278
		12,946	11,786
Total assets		93,474	112,567

	Note		
Current liabilities			
Trade and other payables	19	(4,383)	(6,983)
Advance from joint operator	20	(7,394)	-
Borrowings	21	(20,933)	(28,950)
Lease liabilities		(31)	(39)
Derivative contracts	18	(86)	-
Provisions	23	(549)	-
		(33,376)	(35,972)
Non-current liabilities			
Borrowings	21	(5,384)	(6,401)
Lease liabilities		(17)	(31)
Deferred tax	22	-	(395)
Provisions	23	(3,560)	(5,067)
		(8,961)	(11,894)
Total liabilities		(42,337)	(47,866)
Net assets		51,137	64,701
Equity			
Share capital	24	42,649	42,568
Share premium account	26	74,792	71,735
Warrant reserve	25	1,887	1,557
Share-based payment reserve	26	5,665	3,270
Cumulative translation reserve	26	(14,219)	(13,212)
Accumulated deficit	26	(59,637)	(41,217)
Equity attributable to owners of the parent company		51,137	64,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital US '000	Share premium account US '000	Shares to be issued US '000	Warrant reserve US '000	Share-based payment reserve US '000	Cumulative translation reserve US '000	Accumulated deficit US '000	Tot US '00
As at 1 January 2023	42,412	66,847	539	1,557	3,284	(15,984)	(37,929)	60,72
Transactions with owners in their capacity as owners:								
Issue of equity shares	156	5,318	-	-	-	-	-	5,47
Exercise of warrants	-	-	(539)	-	-	-	-	(539
Expenses of issue of equity shares	-	(430)	-	-	195	-	-	(235
Share-based payments	-	-	-	-	6	-	-	(
Transfer to accumulated deficit in respect of expired options	-	-	-	-	(215)	-	215	
Total transactions with owners in their capacity as owners	156	4,888	(539)	-	(14)	-	215	4,70
Loss for the year	-	-	-	-	-	-	(3,503)	(3,503
Other comprehensive income:								
Currency translation differences	-	-	-	-	-	2,772	-	2,77
Total other comprehensive income for the year	-	-	-	-	-	2,772	-	2,77
Total comprehensive loss for the year	-	-	-	-	-	2,772	(3,503)	(731
As at 31 December 2023	42,568	71,735	-	1,557	3,270	(13,212)	(41,217)	64,70
Transactions with owners in their capacity as owners:								
Issue of equity shares	81	3,816	-	-	-	-	-	3,89
Grant of warrants	-	(49)	-	-	49	-	-	
Exercise of warrants	-	-	-	-	(3)	-	3	
Expenses of issue of equity shares	-	(380)	-	-	371	-	-	(9
Warrant exercise extension	-	(330)	-	330	-	-	-	
Share-based payments	-	-	-	-	3,129	-	-	3,12
Transfer to accumulated deficit in respect of expired and lapsed options	-	-	-	-	(1,151)	-	1,151	
Total transactions with owners in their capacity as owners	81	3,057	-	330	2,395	-	1,154	7,01
Loss for the year	-	-	-	-	-	-	(19,574)	(19,574
Other comprehensive loss:								

Currency translation differences	-	-	-	-	-	(1,007)	-	(1,007
Total other comprehensive loss for the year	-	-	-	-	-	(1,007)	-	(1,007
Total comprehensive loss for the year	-	-	-	-	-	(1,007)	(19,574)	(20,581
As at 31 December 2024	42,649	74,792	-	1,887	5,665	(14,219)	(59,637)	51,13

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

	Notes	2024 US '000	2023 US '000
Operating activities			
Loss for the year before taxation		(19,969)	(5,063)
Adjustments for:			
Allowance for expected credit losses		1,226	-
Impairment of property and equipment		14,541	-
Finance income		(2)	-
Finance costs		3,303	3,472
Depreciation and depletion of property and equipment		9,292	9,630
Share-based payments		3,129	6
Unrealised foreign exchange (gains)/losses		(1,006)	2,772
Operating cash inflow before movements in working capital		10,514	10,817
Decrease/(increase) in trade and other receivables		1,315	(403)
Unrealised loss on derivative contracts		362	1,029
Increase in trade and other payables		788	191
Cash generated from operations		12,979	11,634
Income tax paid		-	-
Net cash generated from operating activities		12,979	11,634
Investing activities			
Additions to exploration and evaluations assets		(12,768)	(21,643)
Additions to oil and gas properties		(962)	(10,467)
Decrease in capital expenditures related payables		(3,367)	(5,754)
Proceeds on disposal of oil and gas properties		-	2,262
Insurance proceeds received in respect of exploration and evaluation assets		11,420	7,712
Grant funds received in respect of exploration and evaluation assets		250	302
Interest received		2	-
Net cash used in investing activities		(5,425)	(27,588)
Financing activities			
Net proceeds from issue of shares		1	3,700
Net advance from joint operator		7,394	-
Proceeds from borrowings		5,600	13,260
Repayment of borrowings		(9,958)	(4,244)
Repayment of lease liabilities		(65)	(7)
Interest and fees paid on borrowings		(3,868)	(2,140)
Interest paid on leases		(2)	-
Net cash (used in)/generated from financing activities		(898)	10,569
Net increase/(decrease) in cash and cash equivalents		6,656	(5,385)
Cash and cash equivalents at beginning of year		3,611	8,996
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at end of year	17	10,267	3,611

SELECTED NOTES TO THE FINANCIAL STATEMENTS (the full set of notes are available in the annual report and accounts)

For the year ended 31 December 2024

2. ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS ADOPTED DURING THE YEAR

The Group has adopted all of the new or amended Accounting Standards and interpretations issued by the International Accounting Standards Board ("IASB") that are mandatory and relevant to the Group's activities for the current reporting period.

The following new and revised Standards have been adopted but have not had any material impact on the amounts reported in these financial statements:

- Amendments to IAS 1 - *Classification of liabilities as current or non-current*
- Amendments to IFRS 16 - *Lease liability in a sale and leaseback*
- Amendments to IAS 1 - *Non-current liabilities with covenants*
- Amendments to IAS 7 and IFRS 7 - *Supplier finance arrangements*

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Any new or amended Accounting Standards or interpretations that are not yet mandatory (and in some cases, had not yet been endorsed by the UK Endorsement Board) have not been early adopted by the Group for the year ended 31 December 2024. They are as follows:

- Amendments to IAS 21 - *Lack of exchangeability*
- Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 18 - *Presentation and disclosures in financial statements*
- IFRS 19 - *Subsidiaries without public accountability: disclosures*
- Amendments to the SASB standards to enhance their international applicability
- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments
- Annual improvements to IFRS accounting standards - Volume 11
- IFRS S1 - *General requirements for disclosure of sustainability - related financial information*
- IFRS S2 - *Climate-related disclosures*

The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Company or the Group.

3. MATERIAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, other than certain financial assets and liabilities, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated and the Company financial statements are presented in United States dollars ("US "). All amounts have been rounded to the nearest thousand unless otherwise indicated.

The functional currency of the Company is pounds sterling ("£") and that of the U.S. subsidiaries is US .

As described below, the Directors continue to adopt the going concern basis in preparing the consolidated and the Company financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of the financial statements in compliance with UK-adopted international accounting standards requires management to make estimates and the Directors to exercise judgement in applying the Group's accounting policies. The significant judgments made by the Directors in the application of these accounting policies that have significant impact on the financial statements and the key sources of estimation uncertainty are disclosed in note 4.

GOING CONCERN

The Directors have prepared cashflow forecasts for the Group and Parent Company for the period to 31 December 2026 based on their assessment of both the discretionary and the non-discretionary cash requirements of the Group during this period. The Directors have also considered the impact of certain sensitivity scenarios on the cashflow forecasts.

These cashflow forecasts include the forecast revenues from, and the operating costs of, the Group's operations, together with all financing costs, committed development expenditure and operational cashflows. The Company announced a US 14.4 million equity placing on 25 June 2025, for which all proceeds are expected to be received by mid-July 2025.

The Group and the Parent Company have existing borrowings, as disclosed in note 21, including a revolving credit facility with FIBI that is due for renewal in December 2025. To meet this obligation, the Group and the Parent Company will require debt refinancing of these borrowings or raising of new funding to repay the obligation. The facility has been renewed in each of the previous three years, and the Directors are confident that this will be the case in 2025.

As such, the Group and the Parent Company's ability to continue as going concerns is dependent on debt refinancing of existing borrowings or alternatively raising new funding, which is not guaranteed. This indicates the existence of a material uncertainty which may cast significant doubt over the Group and the Parent Company's ability to continue as going concerns, and therefore, the Group and the Parent Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors have a high degree of confidence that the Group and the Parent Company will be able to refinance their existing borrowings and will have sufficient funds to enable the Group and the Parent Company to continue in operation for at least the next 12 months from the date of approval of the financial statements.

In addition, the Directors have extensive experience in raising capital for projects and ventures and remain confident in the Group and the Parent Company's ability to raise the capital necessary to maintain and deliver on its commitments and continue as a going concern.

The Directors continue to adopt the going concern basis in preparing the consolidated financial statements. The financial statements do not include any adjustments that would be required should the going concern basis of preparation no longer be appropriate.

5. SEGMENTAL INFORMATION

When considering the requirements of IFRS 8*Operating segments*, the Board of Directors have determined that the Group has one main operating segment, the exploration, development and production of oil and gas resources based in the U.S. As a result, no segmental information is presented.

6. REVENUE

Petroleum and natural gas revenue earned by the Group in the U.S. is disaggregated by commodity, as follows:

	2024 US '000	2023 US '000
Crude oil	21,782	22,609
Natural gas liquids	1,594	1,657
Natural gas	903	959
	24,279	25,225

7. FINANCE COSTS

	2024 US '000	2023 US '000
Loan interest and fees	2,916	2,888
Lease interest	2	-
Other interest charges	21	-
Amortisation of debt costs	130	215
Unwinding of discount on decommissioning	234	369
	3,303	3,472

8. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss before taxation for the year has been arrived at after (crediting)/charging:

	2024 US '000	2023 US '000
Gains on derivative contracts	(14)	(412)
Depreciation and depletion of property and equipment	9,292	9,630
Staff costs excluding share-based payments	3,113	2,664
Allowance for expected credit losses	1,226	-
Impairment of property and equipment	14,541	-
Share-based payments	3,129	6
Expense relating to short-term leases	-	30
Foreign exchange (gains)/losses[1]	(1,007)	2,776

[1] Foreign exchange (gains)/losses include a gain of US 1.0 million (2023: loss US 2.7 million) in respect of the translation of GBP designated loans between the Company and its U.S. subsidiary entities at 31 December 2024.

12. LOSS PER ORDINARY SHARE

Basic loss per Ordinary Share is calculated by dividing the net loss for the year by the weighted average number of Ordinary Shares in issue during the year. Diluted loss per Ordinary Share is calculated by dividing the net loss for the year by the weighted average number of Ordinary Shares in issue during the year adjusted for the dilutive effect of potential Ordinary Shares arising from the Company's share options and warrants.

The calculation of the basic and diluted loss per Ordinary Share is based on the following data:

	2024 US '000	2023 US '000
Losses		
Losses for the purpose of basic and diluted loss per Ordinary Share being net loss for the year	(19,574)	(3,503)
	2024 Number '000	**2023 Number '000**
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per Ordinary Share	1,728,196	1,644,490
	2024 US '000	**2023 US '000**
Loss per Ordinary Share		
Basic and diluted, cents per share	(1.13)	(0.21)

The Company has options issued over 102,238,428 (2023: 44,764,000) Ordinary Shares, and warrants issued over 134,730,952 (2023: 132,305,238) Ordinary Shares that are potentially dilutive. See notes 25 and 27.

Due to the losses incurred from continuing operations in the years presented, there is no dilutive effect from the existing share options or warrants.

13. EXPLORATION AND EVALUATION ASSETS

	US '000
Cost	
At 1 January 2023	37,986
Additions	22,643
Decommissioning - additions and change in estimates	177
Insurance proceeds	(10,563)
Funds received in lieu of grants	(302)
At 1 January 2024	49,941
Additions	12,768
Decommissioning - additions and change in estimates	(472)
Insurance proceeds	(8,751)
Grant funds	(250)
At 31 December 2024	53,236

PARADOX ACQUISITION

On 10 February 2023, the Group completed the acquisition of the remaining 25% working interest in the WSU in the Paradox Basin, Utah from Rockies Standard Oil Company LLC ("RSOC").

Under the term of the acquisition agreement, total consideration of up to US 3 million is payable by the issue of up to 40,449,284 new Ordinary Shares of 0.1 pence each in Zephyr Energy plc, at a price of 6.05 pence per new Ordinary Share.

The new Ordinary Shares would be issued in two tranches:

- A first tranche of 13,483,095 new Ordinary Shares to be issued in settlement of loan notes of US 1 million, on completion of the acquisition.
- A second tranche of 26,966,189 new Ordinary Shares to be issued in settlement of loan notes of US 2 million, upon Zephyr's final investment decision with respect to the commencement of operations at the Powerline Road gas processing plant which was acquired in August 2022. If the final investment

decision is not made by 1 January 2029 the Group has no further obligation to issue the second tranche.

On 10 February 2023, the Group issued 13,483,095 new Ordinary Shares of 0.1 pence each in Zephyr Energy plc, at a price of 6.05 pence per new Ordinary Share, in respect of the first tranche. The second tranche has not yet met the criteria for issue. See note 24.

STATE 36-2 WELL CONTROL INCIDENT

On 7 April 2023, as workover operations were being completed on State 36-2, the well experienced a significant control issue. All relevant authorities were notified, a specialist well control team recommended by the Group's insurers was deployed to bring the well under control as quickly as possible, and remediation and clean-up operations were successfully completed in accordance with the State of Utah's Division of Oil, Gas and Mining requirements. A third-party confirmatory environmental survey found no evidence of lingering environmental impact.

The Group has comprehensive well control insurance coverage and has recovered substantially all costs associated with the incident. The Group's policy covers expenses up to the policy limit of US 20 million for clean-up, remediation, plugging and abandonment of the original well, and the cost of a new well of similar design up to the point at which the incident occurred.

On 6 June 2024, the Group announced that it had completed drilling operations in respect of the redrill of the State 36-2 well, the State 36-2R LNW-CC well. At 31 December 2024, a total of US 19.3 million had been recovered from the Group's insurer in final settlement of the claim. A receivable of US 0.2 million has been recognised in respect of expenditure not yet recovered at 31 December 2024, which has been recovered in full since the year end. See note 16.

STATE 36-2R WELL JOINT OPERATION

On 17 December 2024, the Group entered into an agreement with a U.S. based industry investor to fund all expected drilling, completion and operating costs of the State 36-2R well.

Under the terms of the agreement, the investor is obligated to pay 100% of the drilling and completion costs up to US 7.5 million for the lateral extension of the well in exchange for an immediate 50% non-operated working interest in the State 36-2R well.

The Group entered into a Joint Operating Agreement ("JOA") to govern operations for the project and the well. The Group remains the operator and if costs on the project exceed US 7.5 million, the expense will be met by the parties in accordance with their working interest.

The Group has retained a right of first refusal to repurchase the working interest at a discount to fair market value in the event the investor chooses to sell its interest in the future.

The Group has classified its interest as a joint operation and will account for its interest by recognising its share of assets and liabilities, and revenue and expense in accordance with its contractually conferred rights and obligations.

At 31 December 2024, the Group had received the total contribution of US 7.5 million of which US 0.1 million had been utilised on initial costs of the project. See note 20.

SALT WASH PROJECT

On 18 October 2023, the Group announced a proposed farm-in to a minimum 75% 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 the Group's WSU.

The key terms of the farm-in which completed on 6 September 2023, were as follows:

- An initial payment of US 0.3 million due within 30 days of the transaction completing;
- A second payment of US 0.3 million due within 60 days of the transaction completing;
- The Group is committed to drill, log and case one vertical delineation well, with spudding prior to 30 June 2024 to obtain a 100% share in the leasehold; and
- The seller has the option to back-in to the lease holding 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. Thereafter, the seller would become a fully paying 25% working interest partner.

The total consideration of US 0.6 million was treated as an acquisition of assets at 31 December 2023.

In June 2024, the Group announced that the drilling deadline had been extended to 1 September 2024 and in July 2024, the State of Utah's Department of Natural Resources approved the Application for Permit to Drill ("APD").

In August 2024, the Group received confirmation from the mineral owners that the initial work to be undertaken by the Group would satisfy the requirements of the lease agreements, despite the fact that drilling was not expected to commence until 2025.

U.S. DEPARTMENT OF ENERGY FUNDING

On 29 May 2024, the Group announced that it had secured an incremental US 250,000 research grant from the University of Utah's Energy and Geoscience Institute ("EGI"), to support well testing activity on the State 36-2R well. The carrying value of the Group's exploration and evaluation assets have been presented net of the funds received.

IMPAIRMENT

The Directors assessed the indicators of impairment as set out in IFRS 6 and no indicators or impairment were identified. On this basis the Directors have satisfied themselves that there was no requirement to perform an impairment test at 31 December 2024 and, as a result, no provision for impairment has been made in respect of these assets at 31 December 2024 (2023: nil).

14. PROPERTY AND EQUIPMENT

	Group				Company		
	Oil and gas properties US '000	Office equipment US '000	Right-of-use assets US '000	Total US '000	Office equipment US '000	Right-of-use assets US '000	Total US '00
Cost							
At 1 January 2023	66,220	24	-	66,244	24	-	24
Additions	10,468	-	77	10,545	-	77	77
Disposals	(2,792)	-	-	(2,792)	-	-	-
Decommissioning - additions and change in estimates	463	-	-	463	-	-	-
Exchange differences	-	1	-	1	1	-	1
At 1 January 2024	74,359	25	77	74,461	25	77	102
Additions	1,336	-	43	1,379	-	-	-
Disposals	(612)	-	-	(612)	-	-	-
Decommissioning - additions and change in estimates	(715)	-	-	(715)	-	-	-
Exchange differences	-	-	(1)	(1)	-	(1)	(1)
At 31 December 2024	74,368	25	119	74,512	25	76	101
Accumulated depreciation							
At 1 January 2023	14,421	18	-	14,439	18	-	18
Charge for the year	9,607	2	21	9,630	2	21	23
Disposals	(449)	-	-	(449)	-	-	-
Exchange differences	-	1	-	1	1	-	1
At 1 January 2024	23,579	21	21	23,621	21	21	42
Charge for the year	9,241	2	49	9,292	2	39	41
Disposals	(233)	-	-	(233)	-	-	-
Exchange differences	-	-	(1)	(1)	-	(1)	(1)
At 31 December 2024	32,587	23	69	32,679	23	59	82
Impairment							
At 1 January 2023 and 2024	-	-	-	-	-	-	-
Charge for the year	14,541	-	-	14,541	-	-	-
At 31 December 2024	14,541	-	-	14,541	-	-	-
Carrying amount							
At 31 December 2024	27,240	2	50	27,292	2	17	19
At 31 December 2023	50,780	4	56	50,840	4	56	60
At 1 January 2023	51,799	6	-	51,805	6	-	6

The Group depreciation and depletion charge has been allocated to the income statement as follows:

	2024 US '000	2023 US '000
Depreciation, depletion and amortisation	9,241	9,607
Administrative expenses	51	23
	9,292	9,630

IMPAIRMENT

At 31 December 2024, the Directors identified depressed commodity prices as an indicator of impairment in its proved oil and gas properties. The Directors consider that its proved oil and gas assets represent the smallest identifiable group of assets whose output has an active market and which generate largely independent cashflows, and therefore consider the assets to be a single CGU.

The recoverable amount of the CGU was determined based on fair value less costs of disposal and calculated based on the discounted future cashflows of the proved plus probable reserves as at 31 December 2024 using forward prices and cost estimates, prepared by the Company's independent competent person.

The measurement of fair value less costs of disposal has been categorised as Level 3 in the fair value hierarchy as the valuation is reliant on management's assumptions and models, rather than readily available market data.

The evaluation of discounted future cashflows was performed using a post-tax discount rate of 11% (pre-tax rate of 15.8%).

At 31 December 2024, the impairment test prepared by the Directors indicated a recoverable amount based on fair value less costs of disposal of US 27.3 million compared with a CGU carrying amount of US 41.8 million. The Directors determined, therefore, that the fair value less costs of disposal is less than the carrying amount of the CGU and have accordingly recognised an impairment provision of US 14.5 million (2023: nil).

Sensitivity

The key assumptions within the cashflow relate to commodity prices and the discount rate which are inherently difficult to forecast. The Directors assessed the sensitivity of the impairment analysis based on potential fluctuations in these assumptions.

These changes in estimates were calculated to have the following impact on the impairment charge:

- A 10% decrease in commodity prices would result in an additional impairment charge of US 5.4 million.
- A 10% increase in commodity prices would result in a reduction in the impairment charge of US 5.4 million.
- A 20% decrease in commodity prices would result in an additional impairment charge of US 11.0 million.
- A 20% increase in commodity prices would result in a reduction in the impairment charge of US 10.7 million.
- A 1% decrease in the discount rate would result in a reduction in the impairment charge of US 1.1 million.
- A 1% increase in the discount rate would result in an additional impairment charge of US 1.0 million.
- A 2% decrease in the discount rate would result in a reduction in the impairment charge of US 2.3 million
- A 2% increase in the discount rate would result in an additional impairment charge of US 2.0 million.

18. DERIVATIVE CONTRACTS

The Group faces volatility in market prices affecting the predictability of its cashflows from commodity sales.

To manage this risk the Group utilises derivative financial instruments. At 31 December 2024, these instruments included collars (put and call options) and swaps:

- Collars - Arrangements that include a fixed floor price (purchased put option) and a fixed ceiling price (sold call option) based on an index price have no net costs overall. At the contract settlement date, (i) when the index price is higher than the ceiling price, the Group pays the counterparty the difference between the index price and ceiling price, (ii) when the index price is between the floor and ceiling prices, no payments are due from either party ;and (iii) when the index price is below the floor price, the Group will receive the difference between the floor price and the index price.
- Swaps - When the Group sells a swap, it agrees to receive a fixed price for the contract while paying a floating market price to the counterparty.

At 31 December 2024, the fair values of the Group's derivative financial instruments were:

Oil Contracts	Volume Bbl	Pricing point	Strike price per bbl US	Term	Fair valu 31 December 2024 US
Swap	4,000	WTI NYMEX	67.00	1 January 2025 to 28 February 2025	(17,336
Swap	2,000	WTI NYMEX	66.68	1 January 2025 to 28 February 2025	(7,786
Call	4,000	WTI NYMEX	70.00	1 January 2025 to 28 February 2025	(10,661
Put	4,000	WTI NYMEX	63.00	1 January 2025 to 28 February 2025	58
Call	2,000	WTI NYMEX	69.75	1 March 2025 to 30 April 2025	(8,497
Put	2,000	WTI NYMEX	63.00	1 March 2025 to 30 April 2025	2,20
Swap	18,000	WTI NYMEX	68.27	1 January 2025 to 30 June 2025	(41,966

The fair value of the outstanding contracts at 31 December 2024 has been recognised as follows:

	2024 US '000	2023 US '000
Current assets	3	278
Current liabilities	(86)	-
	(83)	278

The fair value measurement of derivative contracts has been categorised as Level 2 in the fair value hierarchy as they are valued using inputs and outputs other than quoted prices that are observable for the assets and liabilities.

The recognised gain on derivative contracts was as follows:

	2024 US '000	2023 US '000
Realised gain	376	1,441
Change in fair value	(362)	(1,029)
	14	412

21. BORROWINGS

	Group 2024 US '000	2023 US '000
FIBT facility		
First term loan	6,467	10,943
Second term loan	5,013	-
Revolving credit	15,000	15,000
	26,480	25,943
Capitalised debt issue costs	(163)	(119)
	26,317	25,824
SGRI		
Revolving credit	-	9,494
Capitalised debt issue costs	-	(56)
	-	9,438
Promissory note		
Loan	-	89
Total borrowings	26,317	35,351

Current borrowings	20,933	28,950
Non-current borrowings	5,384	6,401
	26,317	35,351

REMAINING CONTRACTUAL MATURITY ANALYSIS

The following table details the Group's remaining maturity for its borrowings. The table has been drawn up based on the undiscounted cashflows based on the earliest date on which the borrowings are required to be paid. The table includes both principal and interest cashflows.

	Group	
	2024	2023
	US '000	US '000
Maturity analysis		
Less than 6 months	4,151	13,109
6 months to 1 year	19,148	18,103
1 year to 2 years	3,403	5,086
2 years to 5 years	2,563	1,699
	29,265	37,997

FIRST INTERNATIONAL BANK & TRUST ("FIBT")

On 16 February 2022, the Group entered into credit facility agreements with FIBT through its U.S. subsidiaries. Under the terms of the agreements the Group received a term loan ("first term loan") of US 18 million, and a 12-month revolving credit facility of US 10 million.

FIBT has a lien on the assets of the Group's U.S. subsidiaries, Zephyr Bakken LLC and Rose Petroleum (Utah) LLC.

Term loans

The first term loan is repayable by 48 monthly instalments and incurs interest at a rate of 6.74% per annum

On 19 June 2024, the Group entered into a new facility agreement with FIBT. Under the terms of the agreement, the Group received a new term loan ("second term loan"), of US 5.6 million. Thesecond term loan is repayable by 48 monthly instalments and carries interest at a fixed rate of 10% per annum.

Revolving credit facility

The revolving credit facility has a standard redetermination every six months.

In October 2023, the repayment term of the revolving credit facility was extended to 16 October 2024, and the interest charge was adjusted to a variable rate equal to the Wall Street Prime Rate plus 2.5% subject to a minimum rate of 6.74% per annum.

On 21 December 2023, the revolving credit facility was increased to a commitment of up to US 15.2 million with the same repayment and interest terms.

In October 2024, the repayment term of the revolving credit facility was extended to 16 December 2025, and the interest charge was adjusted to a fixed rate of 10% per annum.

At 31 December 2024, the Group had drawn US 15 million in respect of the facility.

Under the terms of the FIBT agreements, the credit facilities are subject to a financial covenant which is a debt service coverage ("DSC") ratio, measured annually as of 31 December. The Group has always been compliant with the DSC covenant.

SGRI

On 19 December 2022, the Group entered into a loan agreement under the terms of which the Group received a 12-month revolving credit facility of up to US 8 million incurring interest at a rate 12% per annum.

On 13 October 2023, the revolving credit facility was increased to US 8.6 million and the repayment term was extended to 19 March 2024, on which date, it was further extended to 30 April 2024.

On 30 April 2024, the repayment term of the revolving credit facility was further extended to 31 May 2024, on which date, it was further extended to 30 June 2024.

Interest and fees have been added to the loan and are due for repayment on the same terms as the facility.

On 3 May 2024, the Group announced that it had settled US 3.88 million of the credit facility through the issuance of US 3.88 million of equity comprised of 64,045,768 new Ordinary Shares of 0.1 pence each in Zephyr Energy plc at a price of 4.85 pence per new Ordinary Share. See notes 24 and 27.

In June 2024, the Group repaid the remaining US 6 million of the credit facility in full.

PROMISSORY NOTE

On 1 August 2023, the Group entered into an agreement for a principal sum of US 160,000 repayable in six monthly instalments of US 16,500 and a final payment of US 75,000 due in February 2024. The note was repaid in full during the year.

The movement in total borrowings during the year was:

	2024	2023
	US '000	US '000
At 1 January	35,351	25,393
Net cashflows - financing activities - net (repayment of)/additions to borrowings	(4,358)	9,016
Non-cash movements - movement in capitalised interest and loan costs	(789)	942
Non-cash movements - share-based payment	(3,887)	-
At 31 December	26,317	35,351

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