



## TO WHOM MAY CONCERN

February 1st, 2024

### ZENITH ENERGY LTD

#### Clarification's note regarding Bond Exchange Offer

Zenith Energy Ltd. is an oil & gas company that has grown well with its investment in Tunisia, started in 2020, when the management of the company travelled to Tunisia despite COVID.

A very important year has been 2021, when Zenith acquired, after one year of negotiations, 3 companies, containing 4 oil producing fields.

At the end of December 2021, Zenith has reached a very nice level of oil production in Tunisia.

In February 2022, Russia invaded Ukraine and oil & gas and electricity price skyrocketed.

Indeed, a barrel of West Texas Intermediate Oil was 13.78 USD on the 22 April 2020 and instead raised to 119.40 USD on the 7<sup>th</sup> of March 2022.

So, what Zenith had bought very cheaply during COVID became extremely valuable, and Zenith made a great profit.

Zenith stock of oil and invoices for oil sold reached at that moment the amount of 30 Mio USD. In addition, in the original transaction, Zenith had acquired producing fields and technical installations and spare parts.

Unfortunately, starting from the second part of the year 2022, the Tunisian authorities expropriated most of the assets of Zenith.

Zenith had obviously to respond preparing its legal defence.

During 2023, Zenith has initiated and brought well forward 3 Arbitration procedures, 2 in Paris under International Chamber of Commerce and 1 headquartered in Washington, a very powerful organisation, called ICSID The International Centre for Settlement of Investment Disputes, c/o The World bank.

This last arbitration is very powerful, as the development of each case is monitored by the international top lending authorities, like the IMF.

The law firm that we use, a leading international law firm, well respected for arbitration work, has confirmed that our legal case is very strong.

These 3 Arbitrations will permit probably to encash part of the compensation money within two years, and another larger sum in the following years.

The amount of our claims is reaching presently an amount of 140.3 Mio USD, but is due to grow.

In the meantime, Zenith has developed a more prudent portfolio of oil fields in Texas, USA and in Kazakhstan, a great oil producing country with a very positive attitude versus foreign investors.

Zenith is recreating its ability to serve its debt through new production of revenues from hydrocarbons and electricity.

In the meantime, to favour this recovery, Zenith has decided to offer a new bond with 24 months total duration, but with a partial reimbursement of 50% of the capital after one year, and of the remaining 50% of the capital at the end of the 24 month.

This delivery of new Bonds (the **Exchange**) will be in lieu of the payment of the bond maturing on January 2024

Taking in consideration the present high inflation situation, the interests offered in the new bond are now above 14.5%, an increase of more than 4 points in respect to the bonds ending in January 2024. These interests are paid semi-annually starting from the end of June 2024.

This proves the intention of Zenith to treat well its investors.

We invite you to contact the Official brokers for this Exchange, so to give your old bonds and receive the new ones.

We count in your loyalty and approval to this well thought plan, which is compensating you for the choice of continuing investing in Zenith.



All the above information has been given in the last 4 years through the announcements in the Stock Exchange and in the various Bonds Prospectus that you that company has regularly produced, available always on our web site:

[www.zenithenergy.ca](http://www.zenithenergy.ca)

For your precise information:

The new bonds are:

- Euro 14.625 % Notes due on 2 January 2026 (XS2736390472) (the "**New EUR Notes**")
- USD 14.800 % Notes due on 2 January 2026 (XS2736390712) (the "**New USD Notes**")
- GBP 14.875 % Notes due on 2 January 2026 (XS2736390985) (the "**New GBP Notes**")

Investors in the Existing Notes maturing in January 2024 may obtain the relevant Exchange Offer documents by contacting the Company using the following e-mail address: [info@zenithenergy.ca](mailto:info@zenithenergy.ca)

**Zenith Energy Ltd.**