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Zenith Energy Ltd
13 March 2025

March 13, 2025

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Final Hearing for legal claim against SMP

Zenith Energy Ltd. ("Zenith" or the "Company") (LSE: ZEN; OSE: ZENA; PINK MARKET: ZENAF), the listed international energy production and development company, is pleased to confirm that the Final Hearing in respect of the legal claim (the "Claim") brought before the Paris Commercial Court (the "Court") by its fully owned subsidiary, *Anglo African Oil & Gas Congo S.A.U* ("AAOGC") against SMP Energies (hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019, is due to take place on Friday March 14, 2025.

Background

On July 15, 2019, formerly AIM quoted Anglo African Oil & Gas plc ("AAOG"), the previous owner of AAOGC prior to its acquisition by Zenith in May 2020, made an announcement confirming that AAOGC had initiated a claim against SMP following poor performance in drilling wells TLP-103 and TLP-103C, and the refusal by SMP to engage in negotiations to cover the significant cost overruns that had been incurred by AAOGC as a direct consequence.

The Claim was initially launched in Court against SMP to recover costs of **US\$3.1** million relating to SMP's unsatisfactory performance.

In taking the decision to launch the Claim for costs against SMP the following reasons were considered significant at the time:

- AAOGC had maintained extensive, contemporaneous technical records of the failures of the Rig and the losses and delays that were caused as a result;

- SMP had not put forward evidence, of any kind, to suggest that Rig performance was not the cause for cost overruns; and
- Advice from International counsel in London, Paris and the Republic of the Congo was that the Claim had merit.

Under the rules and conventions of the Court, mediation between the parties engaged in a dispute is a recommended course of action. As a result, a supervised mediation meeting took place during the Autumn of 2019.

On December 11, 2019, AAOG announced that mediation efforts had proven unsuccessful and that, as a result, AAOGC would continue to pursue the Claim.

On November 11, 2020, Zenith provided an update on the Claim announcing that SMP had retaliated to the Claim by obtaining a number of unjustified seizure orders over the fixed assets of AAOGC in the Republic of the Congo, as well as over its local bank accounts, and that whilst the initial granting of these orders had no bearing on the Claim launched in the Paris Commercial Court, it had been successful in fully revoking all of the wrongful seizure orders initially obtained in the Republic of the Congo.

On February 17, 2023, Zenith announced that it AAOGC had increased the amount of the Claim for SMP's failures during drilling activities to US\$9 million, in consideration of the significant commercial damages suffered by AAOGC, specifically the impossibility, as a direct result, to begin production activities from the Tilapia oilfield.

Further, Zenith announced that AAOGC had intensified its legal activities in support of the Claim by commissioning third-party reports from leading experts.

On July 3, 2023, the Company announced that the Court had rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of Congo, stating that SMP's request contained "*all the characteristics of a dilatory request*", and ordered SMP to pay an amount of EUR 30,000 to AAOGC as initial procedural costs (the "**Initial Procedural Costs**").

SMP unsuccessfully appealed this intermediate decision of the Court, resulting in the Paris Court of Appeal upholding the decision of the Paris Commercial Court and AAOGC receiving Procedural Costs in the amount of approximately EUR 30,000.

On October 4, 2024, the Company announced that it had appointed Charles Russell Speechlys France as new legal counsel before the Court in connection with the legal claim against SMP.

Procedural Timeline

The Court is expected to reach its final decision within approximately three months of the Final Hearing.

Andrea Cattaneo, Chief Executive Officer, commented:

"AAOGC has been pursuing the Claim for a period of approximately 5 years.

During the period, affected in part by the COVID-19 pandemic, SMP has sought in every possible way to delay proceedings, specifically by initiating vexatious and misguided actions in the Republic of the Congo, all of which have been subsequently dismissed.

This conduct has been recognised by the Court and has resulted in payment of Initial Procedural Costs to AAOGC by SMP.

Having examined the case upon acquiring AAOGC, we are confident that the Claim has merit and that AAOGC should be compensated for the significant damages it was caused by SMP. More specifically, SMP has primary responsibility for the failure of wells TLP-103 and TLP-103C.

It should be underlined for the sake of historical record that the fate of AAOG, a company once commanding a market valuation of circa £30 million and having AAOGC as its sole asset, was impacted in a determining way by these failures.

We are hopeful that the Court will recognise the scale of the damages suffered by AAOGC".

Further Information:

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Notes to Editors:

Zenith Energy Ltd. is a revenue generating, independent energy company with energy production, exploration and development assets in North Africa, the US and Europe. The Company is listed on the London Stock Exchange Main Market (LSE: ZEN), the Euronext Growth of the Oslo Stock Exchange (OSE: ZENA) and the Pink Markets of the OTC (OTC PINK: ZENAF).

Zenith's strategic focus is on pursuing development opportunities through the development of proven revenue generating energy production assets, as well as low-risk exploration activities in assets with existing production.

For more information, please visit: www.zenithenergy.ca

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