AUCTUS ADVISORS

# ZEPHYR ENERGY PLC (AIM: ZPHR)

Share price: £0.03

October 01, 2025 **Target: £0.15**

## All eyes on upcoming CPR for the Paradox

- 2Q25 sales (excluding NGLs) averaged 632 boe/d, reflecting continued operator-imposed constraints on the six Slawson wells due to prevailing low commodity prices. Aggregate production from these wells in 1H25 was 141 boe/d, below management's forecast of 214 boe/d. Importantly, there are no reservoir integrity concerns. With the recent completion of a production acquisition which has added approximately 380 moe/d from June, and the potential for the Slawson wells to come back online, we believe production in 2H25 will be significantly improved.
- We identify two near-term catalysts that could drive a share price re-rating. First, Zephyr is expected to publish a Competent Person's Report (CPR) for the Paradox project imminently. This report is anticipated to include a material resource upgrade and greater clarity on the forward development plan.
- Second, we expect imminent approval by Zephyr's funding partner for several drilling opportunities across the non-operated Rockies portfolio. Up to 18 locations are under consideration, with funding potentially sourced from Zephyr's US$100 mm strategic partnership facility.
- Ahead of the Paradox CPR release, we reiterate our target price of £0.15 per share.

| **Rating & target** | | **Old** | **New** |
|---|---|---|---|
| Target | | £0.15 | n.c. |
| Yield | | | 0% |
| Implied total return | | | 400% |
| **Share data** | **2024** | **2025e** | **2026e** |
| Shares dil., mm | 1,996 | 2,366 | 2,366 |
| Mkt cap, US$mm | $78 | $96 | $92 |
| EV, US$mm | $103 | $119 | $122 |
| **Financial Data** | **2024** | **2025e** | **2026e** |
| Gas, mmcf/d** | 1.1 | 0.9 | 8.8 |
| Liquids, bbl/d** | 961 | 775 | 1,971 |
| Total boe/d (6:1)** | 1,149 | 922 | 3,432 |
| CFO, US$mm | $9 | $5 | $35 |
| Net capex, US$mm | $5 | $12 | $41 |
| Net debt, US$mm* | $26 | $23 | $29 |
| CFPS dil., US$/shr | $0.01 | $0.00 | $0.02 |
| EPS dil., US$/shr | ($0.02) | ($0.01) | ($0.01) |
| **Valuation** | **2024** | **2025e** | **2026e** |
| Share price, £/shr | £0.03 | £0.03 | £0.03 |
| EV/DACF | 9.8x | 21.5x | 3.2x |
| EV per boe/d (US$) | $90,050 | $128,807 | $35,427 |
| **Net asset value** | | | |
| CNAV, £/shr | | | £0.04 |
| RENAV, £/shr | | | £0.14 |
| Unrisked NAV, £/shr | | | £0.80 |
| P/CNAV | | | 0.8x |
| P/RENAV | | | 0.2x |
| P/ unrisked NAV | | | 0.0x |

*All figures in US$ unless otherwise noted*
** based on working capital rather than cash*
*** based on net production (NRI)*

### Path forward for the Paradox

Following the imminent publication of the CPR, Zephyr will look for a farm-in or investment partner to accelerate and scale-up the development of the Paradox. The company also needs to improve the gas processing infrastructure and complete the gas marketing agreements. The contracts with the owner of the nearby 16-inch pipeline need to be also completed. Operationally, Zephyr plans to undertake workovers on the legacy 28-11 and 16-2 wells to bring additional volumes online. Beyond the core Cane Creek reservoir, the company is targeting the overlying formations, which hold an estimated 270 mmboe of prospective resources—representing significant upside potential pending successful appraisal.

### Valuation

Our Core NAV is unchanged at £0.04 per share with a ReNAV of £0.14 per share. Our total unrisked NAV, including the shallower reservoir overlying the Cane Creek in the Paradox, is ~£0.80/sh.


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# Figure 1. Financial & operating information

| Zephyr Energy Plc (ZPHR LN) | | Historical & Auctus Outlook | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Financial & Operating Information** | | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **2028e** | **2029e** |
| **Commodity Prices** | | | | | | | | |
| WTI | US$/bbl | $80.43 | $77.48 | $66.22 | $67.00 | $67.00 | $67.00 | $67.00 |
| Henry Hub | US$/mcf | $2.80 | $2.35 | $4.18 | $4.50 | $4.50 | $4.50 | $4.50 |
| USD/CAD | US$/C$ | $0.78 | $0.75 | $0.75 | $0.75 | $0.75 | $0.75 | $0.75 |
| USD / GBP | US$/£ | $1.24 | $1.25 | $1.35 | $1.30 | $1.30 | $1.30 | $1.30 |
| **Production** | | | | | | | | |
| Oil and Liquids | bbl/d | 952 | 961 | 775 | 1,971 | 2,935 | 3,369 | 3,814 |
| Natural Gas | mmcf/d | 1.0 | 1.1 | 0.9 | 8.8 | 18.1 | 26.2 | 31.1 |
| Total (6 mcf = 1 boe) | boe/d | 1,116 | 1,149 | 922 | 3,432 | 5,944 | 7,733 | 8,992 |
| % Oil and Liquids | % | 85% | 84% | 84% | 57% | 49% | 44% | 42% |
| **Netbacks** | | | | | | | | |
| Realized Price | US$/boe | $62 | $58 | $50 | $44 | $41 | $40 | $39 |
| Royalties | US$/boe | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Opex and production tax | US$/boe | $22 | $19 | $19 | $11 | $10 | $10 | $9 |
| Operating Netback | US$/boe | $41 | $39 | $30 | $33 | $31 | $30 | $30 |
| Taxes | US$/boe | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Cash Flow Netback | US$/boe | $27 | $25 | $16 | $30 | $29 | $29 | $29 |
| Government Take | % | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| **Financials** | | | | | | | | |
| Cash Flow (CFO) | US$mm | $9 | $9 | $5 | $35 | $60 | $78 | $92 |
| CFPS - diluted | US$/shr | $0.01 | $0.01 | $0.00 | $0.02 | $0.04 | $0.05 | $0.06 |
| EBITDAX a | US$mm | $11 | $6 | $5 | $38 | $63 | $81 | $94 |
| E&D Capex | US$mm | $32 | $5 | $6 | $41 | $42 | $42 | $42 |
| A&D Capex, Net | US$mm | ($4) | $0 | $7 | $0 | $0 | $0 | $0 |
| Total Net Capex | US$mm | $28 | $5 | $12 | $41 | $42 | $42 | $42 |
| Total Net Capex/CFO | x | -2.9x | -0.6x | -2.4x | -1.2x | -0.7x | -0.5x | -0.5x |
| **Leverage** | | | | | | | | |
| Net Debt | US$mm | $31 | $26 | $23 | $29 | $11 | ($25) | ($75) |
| Net debt/CFO (Trailing) | x | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Entry Net Debt/CFO | x | 2.4x | 3.4x | 5.0x | 0.7x | 0.5x | 0.1x | n.a. |
| **Capital Structure** | | | | | | | | |
| Basic Shares o/s @ YE | mm | 1687 | 1751 | 2101 | 2101 | 2101 | 2101 | 2101 |
| Diluted Shares o/s @ YE | mm | 1864 | 1996 | 2366 | 2366 | 2366 | 2366 | 2366 |
| Market Capitalization | US$mm | $64 | $78 | $96 | $92 | $92 | $92 | $92 |
| Enterprise Value | US$mm | $94 | $103 | $119 | $122 | $104 | $67 | $18 |
| **Dividends & Sustainability** | | | | | | | | |
| Dividends | US$mm | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Dividends | $/shr | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Dividend Yield | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Free Cash Flow | US$mm | ($22) | $4 | ($1) | ($6) | $18 | $36 | $50 |
| Cash Use/CFO | % | -291% | -60% | -241% | -118% | -70% | -54% | -46% |
| **Performance** | | | | | | | | |
| Prod. Per Shr Growth (Y/Y) - dil | % | -34% | -2% | -28% | 241% | 73% | 30% | 16% |
| PPS Growth (Y/Y) DDA - dil. b | % | -43% | -2% | -22% | 239% | 83% | 77% | 172% |
| CFPS Growth (Y/Y) - dil. | % | -68% | -6% | -51% | 525% | 67% | 29% | 16% |
| CFPS Growth (Y/Y) DDA - dil. b | % | -75% | -11% | -53% | 470% | 76% | 76% | 171% |
| ROCE | % | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Net Asset Value** c | | | | | | | | |
| CNAV (Atax) - diluted | £/shr | £0.04 | | | | | | |
| RENAV (Atax) - diluted | £/shr | £0.14 | | | | | | |
| Unrisked NAV (Atax) - diluted | £/shr | £0.80 | | | | | | |
| P/CNAV | x | 0.8x | | | | | | |
| P/RENAV | x | 0.2x | | | | | | |
| P/Unrisked NAV | x | 0.0x | | | | | | |
| **Valuation** | | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **2028e** | **2029e** |
| Share Price, YE/Current | £/shr | £0.03 | £0.03 | £0.03 | £0.03 | £0.03 | £0.03 | £0.03 |
| P/CF | x | 4.2x | 5.1x | 10.9x | 1.7x | 1.0x | 0.8x | 0.7x |
| EV/DACF | x | 8.7x | 9.8x | 21.5x | 3.2x | 1.7x | 0.8x | 0.2x |
| Target EV/DACF | x | 12.1x | 34.8x | 85.2x | 12.2x | 7.0x | 5.0x | 3.8x |
| EV per boe/d | $/boepd | $84,370 | $90,050 | $128,807 | $35,427 | $17,449 | $8,699 | $1,976 |
| Proved plus probable | | 9 | 8 | 8 | 7 | 4 | 2 | 2 |
| EV per 2P boe | US$/boe | $10.94 | $12.64 | $15.14 | $18.43 | $23.43 | $41.93 | ($10.59) |
| EV per 2P boe, with FDC | US$/boe | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

a) EBITDAX = Pre-Int. & Pre-Tax Cash Flow; b) DDA = Debt-and-Dividend-Adjusted
c) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside
d) NRI Production, reserves and resources
Source: Auctus Advisors, Company Disclosures **Futures strip as of 30-Sep-25

## Figure 2. NAV Table

| Asset Valuation | 2P/2C/P50 (mmboe) | CoS (%) | Unrisked (US$ mm) | EMV (US$ mm) | Risked £/Share | Unrisked £/Share | % Total |
|---|---|---|---|---|---|---|---|
| Net Cash (YE25) | | | -17 | -17 | -0.01 | -0.01 | -4% |
| G&A | | | -24 | -24 | -0.01 | -0.01 | -5% |
| Williston Basin 2P Reserves | 3.78 | 100% | 49 | 49 | 0.02 | 0.02 | 11% |
| Paradox Basin 2P Reserves (CPR) | 2.57 | 100% | 60 | 60 | 0.02 | 0.02 | 13% |
| Paradox Basin Well 36-2 Reserves estimate | 2.00 | 100% | 47 | 47 | 0.01 | 0.01 | 10% |
| **Total Core NAV** | | | **114** | **114** | **0.04** | **0.04** | **26%** |
| Paradox Basin 2C Resources | 58 | 75% | 417 | 313 | 0.10 | 0.13 | 70% |
| Paradox Basin Prospective Resources - C9 Reservoir | 34 | 45% | 244 | 98 | 0.00 | 0.08 | 0% |
| Paradox Basin Prospective Resources - Other overlying Reservoirs | 236 | 27% | 1709 | 0 | 0.00 | 0.53 | 0% |
| Paradox Salt Wash helium (bcf) | 0.3 | 25% | 80 | 20 | 0.01 | 0.03 | 4% |
| **Total Risked Exploration** | | | **2450** | **431** | **0.10** | **0.77** | **74%** |
| **Total NAV** | | | **2565** | **545** | **0.14** | **0.80** | **100%** |
| **P/Core NAV** | | | | **84%** | | | |
| **P/NAV** | | | | **21%** | | | |
| **P/Unrisked NAV** | | | | **4%** | | | |

Note: NRI reserves and resources

Source: Auctus Advisors, Company Disclosures

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