

Stock Data

Share Price:	3.05p
Market Cap.:	£64.07m
Shares in issue:	2,100.72m
52 week high/low:	5.84p/2.30p

Company Profile

Sector:	Oil & Gas
Ticker:	ZPHR, ZOHRF
Exchange:	AIM, OTCQB

Activities

Zephyr Energy plc ("Zephyr", 'the Group') is an independent oil and gas E&P Group with a strategic focus on carbon-neutral hydrocarbon development projects in the Rocky Mountain region of the US.

www.zephyrplc.com

5-year share price performance



Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

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Zephyr Energy plc

Zephyr has released much-anticipated highlights from an updated Competent Person's Report ('CPR') covering its assets in the Paradox Basin, Utah (the 'Paradox Project'). Compiled by Sproule-ERCE International Limited ('Sproule'), a leading independent global energy consultancy, it details transformative and substantial increases in Zephyr's recoverable reserves and resource evaluation; these include no less than a 93-fold increase in Proved Recoverable Reserves from its previous 2022 CPR*, demonstrating the scale and immediate production potential of the Cane Creek reservoir. A 25-fold increase in Proved & Probable Reserves to 35.3m net barrels of oil equivalent ('boe'), highlights maturation from appraisal towards production and wider Cane Creek reservoir field development, which alone produces an NPV-10 in excess of the Group's current enterprise value. Net Prospective Resources (unrisked) now amount to 270m boe, (2022: 203m net boe), encompassing major opportunity within as-yet-untested overlying reservoirs. Significantly, today's CPR assesses only the 20,000 acres (of a total 46,000 acre operated leaseholding) held within the Group's White Sands Unit (the 'WSU') that have been covered by 3D seismic. Having already launched a process to secure partners capable of supporting anticipated funding needs, development and accelerate drilling with a view to maximising value for shareholders, today's data further validates the considerable scale of the Paradox project. With multiple active counterparts already reviewing information contained in the Group's data room, completion of the CPR should now enable more formal discussions to get underway. Successful conclusion will result in a significant acceleration of operational development including multiplication of gas processing capacity, therein advancing future cash flows and substantially enhancing the Paradox Project's NPV-10.

Key highlights of Paradox Basin CPR 2025

- **A 93-fold increase in Proved Recoverable Reserves (1P Reserves)** from the 2022 CPR*, demonstrating the scale and immediate production potential of the Cane Creek reservoir:
 - 14.8 million net boe net proved recoverable reserves, an increase from 0.16 million net boe in the 2022 CPR*
 - Forecast to generate undiscounted cash flows in excess of US\$115 million, with a current NPV-10 of circa US\$36 million (an increase from US\$2.1 million in the 2022 CPR*)
 - 7 well locations granted classification as Proved Recoverable Reserves
- **A 25-fold increase in Proved & Probable Reserves (2P Reserves)** from the 2022 CPR*, highlighting the Paradox project's maturation from appraisal towards production and wider Cane Creek reservoir field development:
 - 35.3m net boe, an increase from 1.4m net boe in the 2022 CPR*
 - Forecast to generate undiscounted cash flows of circa US\$400 million, with a current NPV-10 of circa US\$101 million (an increase from US\$10.8 million in the 2022 CPR*)
 - 12 well locations classified as Proved & Probable Recoverable Reserves
- **A 3.5-fold increase in Total Recoverable Resources, representing full field development of the Cane Creek reservoir within the WSU (see table below), a significant increase in the total net resource estimate, a significant**

* Completed by Sproule-ERCE International Limited

increase in the Cane Creek reservoir full field development net resource estimate:

- 74.2 million net boe, compared with 21.4 million net boe in the 2022 CPR*
- Forecast to generate undiscounted cash flows in excess of US\$880mm, with a current NPV-10 of circa US\$158 million (an increase from circa US\$88 million in the 2022 CPR*)

- **Net Prospective Resources (2U Resources) (unrisked)**

- 270 million net boe, compared with 203 million net boe in the 2022 CPR*, encompassing the as-yet-untested overlying reservoirs. The WSU prospective resources have not been reassessed as part of the CPR, and the increase in 2U resources since the 2022 CPR* reflects Zephyr's increased ownership in the Paradox project since it was completed.

** Completed by Sproule-ERCE International Limited*

Total 2P Proved Reserves NPV-10 estimate c.US\$101 million

Zephyr's WSU updated Proved & Probable ('2P') Reserves have an estimated net present value at a ten per cent discount rate ('NPV-10') of c.US\$101m (up from US\$10.8m ascribed in 2022) with substantial multiples of additional upside potential from success cases related to its contingent and prospective resources.

In determining its NPV-10 calculations, Sproule used the 1 September 2025 strip prices, resulting in average prices of US\$62.50 per barrel of oil and US\$3.50 per MMBTU of gas. This suggests a higher level of prudence has been adopted to reflect current energy pricing compared with its assessment in the 2022 CPR. Back then Sproule projected WTI oil price forecasts of US\$93/bbl for 2022, US\$83/bbl for 2023, and US\$73/bbl for 2024 (with a US\$5 per barrel deduction for price differential). Similarly for gas, Sproule previously used a Henry Hub price of US\$5.00/mmbtu for 2022, US\$4.25/mmbtu for 2023, and US\$3.25/mmbtu for 2024, with a further gas price differential of US\$1.25 per Mscf reduction from Henry Hub, a heating value of 1000 btu per Mscf and a shrinkage of 5% for losses due to surface facilities. Back then its financial model was structured such that prices and costs are escalated at 2.0% per annum until the price doubles and are then held flat.

Sproule audited the crude oil, natural gas, and field condensate reserves and contingent resources and the associated future net revenue attributable to the WSU with an effective date as of 30 September 2025. All estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles as set forth in the Society of Petroleum Engineers ('SPE') Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information.

Across the 20,000 acres of Zephyr's Utah assets considered in the study, Sproule estimates that total unrisked recoverable boe, on a 2P/2C/2U basis net to the Group, is 270 million boe. On a 1P/1C/1U basis, net unrisked recoverable boe is estimated at 77 million boe and on a 3P/3C/3U basis the unrisked recoverable boe is estimated at a quite exceptional 559 million boe, all net to the Group. Note that the evaluation of the WSU Prospective Resources remains unchanged since 2022, but the Group Share has increased from 75% WI to 100% WI by way of acquisition, completed in December 2022.

Zephyr's net reserves and contingent resources and net present value of the Cane Creek reservoir within the WSU, as estimated by Sproule, are summarised in the tables below and overleaf:

Paradox Basin CPR 2025 – Summary of Zephyr's Unrisked Net Prospective Resources

Net Unrisked Prospective Resources			
	1U	2U	3U
Oil (MMBO)	10	62	174
Gas (BCF)	399	1,248	2,311
Equivalents (MMBOE)	77	270	559

Source: Zephyr, [RNS of 6 October 2025](#)

Paradox Basin CPR 2025 – Summary of Net Recoverable Reserves and Net Present Value

	Net Recoverable Reserves		
White Sands Unit, Cane Creek Reservoir	1P	2P	3P
No. of Wells	7	12	16
Net Oil Sales Volume (MBBL)	1,934	4,449	6,342
Net Gas Sales Volume (MMCF)	59,360	142,243	200,516
Net NGL Sales Volume (MBBL)	2,968	7,112	10,026
Net Equivalent (MBOE)	14,795	35,268	49,787
Net Operating Income (\$'m)	182,945	574,360	811,118
0% Discount Cash Flow (\$'m)	117,609	400,575	585,874
10% Discount Cash Flow (\$'m)	36,611	100,703	132,482

Source: Zephyr, [RNS of 6 October 2025](#)

Paradox Basin CPR 2025 – Summary of Net Contingent Resources and Net Present Values

Net Contingent Resources	
White Sands Unit, Cane Creek Reservoir	2C
Wells	7
Net Oil Sales Volume (MBBL)	3,245
Net Gas Sales Volume (MMCF)	97,702
Net NGL Sales Volume (MBBL)	4,885
Net Equivalent (MBOE)	24,414
Net Operating Income (\$'m)	391,270
0% Discount Cash Flow (\$'m)	301,460
10% Discount Cash Flow (\$'m)	25,391

Source: Zephyr, [RNS of 6 October 2025](#)

Paradox Basin CPR 2025 – Combined Net Recoverable Reserves and Contingent Resources

Combined Net Recoverable Reserves and Contingent Resources	
White Sands Unit, Cane Creek Reservoir - Full Field Development	
Wells	23
Net Oil Sales Volume (MBBL)	9,587
Net Gas Sales Volume (MMCF)	298,219
Net NGL Sales Volume (MBBL)	14,911
Net Equivalent (MBOE)	74,201
Net Operating Income (\$'m)	1,202,388
0% Discount Cash Flow (\$'m)	887,335
10% Discount Cash Flow (\$'m)	157,873

Source: Zephyr, [RNS of 6 October 2025](#)

Paradox displays all fundamental elements of a significant oil and gas play

Work performed during H1 2025 reconfirmed the substantial scale and potential value of the Paradox project. Successful drilling of the lateral extension on the State 36-2R well, culminated in a production test which included a peak flow rate of 2,848 barrels of oil equivalent per day ('boepd'); despite being a structurally complex play this was achieved with no material drop in bottom hole pressure with elevated mud gas levels having notable peaks evident throughout the drilling of the Cane Creek reservoir, suggesting that the well ranks in the top 6% of all gas drilled wells across the Lower 48 in the US since 2000 (and achieved without the use of any fracture stimulation). Illustrating the success of the chosen completion strategy (hydra-jet abrasive perforation and matrix acidisation), test results concluded that 10,000-foot lateral wells drilled at the Paradox project could potentially achieve a P50 individual well performance of 3.6m boe, in turn implying a NPV-10 of US\$25.2 million. Fracture stimulation could offer further upside potential for both the well and the broader Paradox project development. Sproule's CPR detailed a 3.5-fold increase in the Cane Creek reservoir full field development net resource (i.e., Recoverable Reserves and Contingent Resources) estimate of 74.2 million net boe, (compared with 21.4 million net boe in 2022), with eight additional overlying reservoirs offering meaningful exploration upside and further resource expansion potential.

To date, Zephyr has drilled two successful, one-mile horizontal wells utilising different completion technologies; both demonstrated strong deliverability and expand its completion design options for the greater field development. In the process, it gathered a substantial amount of data that will help inform future development plans, along with necessary infrastructure to enable the project to be taken into full production including gas gathering lines, plant, permits and future water disposal wells, as well as now being close to securing gas export capacity. This has been achieved at relatively low development cost relative to other new early-stage gas fields of similar size. Taken together, this should enable accelerated project development once a suitable partner has been identified.

The Board's key operational focus for the second half and into the FY2026 is to continue to unlock value. Its goal is to continually build upon the potential of its acreage position, both vertically (through the overlying reservoirs) and horizontally (through the leasing of significant new acreage around our unit and infrastructure). Leased and open acreage without 3D seismic coverage has not been assessed in the CPR, but Zephyr's internal analysis indicates considerable potential immediately surrounding the WSU. To this end, it has nominated a significant amount of contiguous acreage with the Bureau of Land Management for inclusion in future Federal lease sales. On top of the proven Cane Creek reservoir potential, the eight overlying prospective reservoirs all could deliver similar recoverable volumes within the 3D coverage of the WSU and surrounding acreage nominated for inclusion in prospective lease sales, should they prove successful on drilling and testing.

A number of the Paradox project's key deliverables in the coming months should enable Zephyr to move closer towards identification of a suitable partner on route to the commencement of commercial production. Having completed drilling operations of State 36-2R, focus has now shifted to advancing the design, engineering and contractual agreements required to enable access to gas export markets through the nearby Green River pipeline now owned by Enbridge. In parallel, it is advancing structured discussions with potential industry and financial partners to accelerate further drilling activity at the Paradox project. Substantial progress in these two key areas is anticipated, potentially allowing it to unlock considerable value. These now include:

- Structured engagement with potential farm-in, strategic and investment partners to help fund and accelerate a larger scale Paradox project drilling programme;
- Completion of gas marketing agreements and improvements to the gas processing plant infrastructure;
- Completion of contracts with 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;
- 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).

Half year results –Williston supply constraints likely to be resolved shortly, new acquisition adds to 2H volumes

Zephyr's half year results were impacted by slightly lower than expected Williston production, which averaged 684 boepd (H1 2024: 1,240 boepd) for a total of 123,798 boe, net to Zephyr, during the period (H1 2024: 225,622 boe).

This was partly down to an unexpectedly constrained contribution (being a little over 70boepd short of the forecast 214boepd) from Slawson due to various issues, including adverse weather conditions, infrastructure constraints and the Slawson Exploration Company's own discretion based on lower commodity prices. On the positive side, one-month revenues from the recently completed US\$7.3m acquisition ('the Acquisition') of newly added working interests ('WIs') were not included in the data, although the deal became effective on 1 June 2025 and will be added in the full year's numbers. Estimated at c.388 boepd net to Zephyr in its first month and based on 29 May 2025 strip prices, the Acquisition is projected to add operating income of US\$4 million to the Group in the first 12 months of ownership. Assuming Slawson production also comes back on stream, second half production should be quite substantially improved.

Oversubscribed equity placing completed on 25 June 2025

On 25 June 2025, the Group completed an oversubscribed £10.5m (including a £0.7 million proposed Director Subscription) equity Placing. Following shareholder agreement, this new funding was/is being directed as follows: (i) An estimated £3.9 million of incremental near-term capital expenditure ('CAPEX') associated with the Paradox project to provide a path to first production; (ii) Satisfying a US\$7.3m (c.£5.4m) cash consideration for an accretive (both earnings and reserves), off-market acquisition ('the Acquisition') of working interests; and (iii) Supplement the Group's working capital needs .

Adding gross cash of US\$7 million (c.£5.2 million) to the Group's cash-in-hand of US\$5.8m at end-June 2025 and netting this against gross debt of US\$23.4m, based on unchanged monthly burn the Group's net debt is estimated to presently be a little over US\$14m. As expected on 23 September 2025, the Group's debt provider, First International Bank and Trust ("FIBT") completed its valuation of the non-operated portfolio reaffirmed the Group's borrowing base.

Acquisition expected to add operating income of US\$4m in the first 12 months of ownership

Completed in August 2025, the Acquisition comprised working interests in producing assets located across core Rocky Mountain basins. In addition to acquiring an initial c.400 boepd of existing proven, developed & producing ('PDP') production and c.600,000 boe of PDP reserves, the transaction also included additional potential proved undeveloped ('PUD') upside, the capex for which will potentially be funded through Zephyr Hawk LLC, Zephyr's US\$100 million strategic partnership ('the Partnership') with a US-based capital provider. The Acquisition is expected to be accretive to both earnings and reserves, strengthen the Group's balance sheet, provide strategic entry into key areas, and enhance its competitive position in core Rocky Mountain oil and gas producing basins. It is seen adding US\$4m operating income in the first 12 months (based on strip prices on 29 May 2025) of ownership. Management will continue to be opportunistic and strategic in both sourcing and funding further accretive non-operated opportunities that will enable Zephyr to continue to grow its portfolio of related assets.

With several drilling opportunities currently being presented from Zephyr's existing and expected pipeline, one or more funding transaction(s) are expected to be confirmed within the partnership's initial six months term. This can in any case be extended for an additional twelve months upon mutual agreement.

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 term of the agreement from Zephyr's current and expected pipeline.

Financial highlights from Zephyr's H1 2025 results

The half year saw significant resources continuing to be invested into the development of Zephyr's flagship operated Paradox project, primarily through drilling operations on the State 36-2R well. This was supported by a strategy of generating cashflow from its non-operated portfolio in the Williston Basin, North Dakota and Montana, which is intended to fully fund all general and administrative ('G&A') costs and therein permit continued investment in its asset portfolio which remains open to attractive opportunities for acquisitions.

- Revenue for H1 2025 of US\$6.3 million, net to Zephyr, (H1 2024: US\$13.6 million), all being related to the Group's hydrocarbon production from its non-operated Williston project. The decrease in revenue from H1 2024 was primarily due to the following factors:
 - Lower commodity prices in H1 2025 compared to H1 2024. Note that H1 2025 production does not include June production from the Acquisition, which had an effective date of 1 June 2025, and which will be included in the 2025 full year results.
 - Impact of the temporary shut-in of the six wells operated by Slawson Exploration (the 'Slawson wells') during the period; in H1 2025 sales volumes from the Slawson wells averaged 142 boepd compared to a forecast 299 boepd. Note that management believes this sporadic production curtailment due to adverse weather conditions, infrastructure constraints and/or low commodity prices, at the discretion of the Slawson Exploration Company Inc., will be temporary.
 - Standard/expected decline in the non-operated portfolio.
- Revenue in H2 2025 is expected to increase due to the impact of the Acquisition which is expected to add c.US\$4 million of operating income in the first 12 months (following its 1 June 2025 effective date), and with the Slawson wells potentially coming back online.
- H1 2025 gross profit (including operating and transportation expenses, production taxes and realised gains from hedging contracts, and excluding DD&A) was US\$3.1 million (H1 2024: US\$10 million).
- H1 2025 net loss after tax was US\$13 million or a loss of 0.74 cents per Ordinary Share (H1 2024: net loss after tax of US\$3 million or a loss of 0.18 cents per Ordinary Share). Included in the H1 2025 net loss after tax of US\$13 million are the following US\$11.8 million non-cash accounting adjustments:
 - A foreign exchange charge of US\$5.8 million relating to the retranslation of the Group's intercompany loans. The charge arises due to the strengthening of sterling against the US dollar during the period.
 - A DD&A charge of US\$6 million (H1 2024: US\$5.4 million) related to the asset depletion of the Williston project.
- Administrative expenses in H1 2025 were US\$2.9 million (H1 2024: US\$2.9 million). Administrative expenses are in line with those in H1 2024. Costs continue to be closely controlled and monitored regularly by executive management and cash management is a continuing priority of the Board.
- Cash and cash equivalents at 30 June 2025 were US\$5.8 million (30 June 2024: US\$1.1 million). In addition, Zephyr received further gross cash proceeds of US\$7 million (£5.2 million) in July 2025 following the completion of its fundraise.
- Zephyr's gross borrowings on 30 June 2025 were US\$23.4m (30 June 2024: US\$29.2m). During H1 2025 it met all its funding obligations in respect of the outstanding borrowings.

Note that in H1 2025, Zephyr hedged 40,000 barrels of oil. Of this, 34,000 barrels of oil were at a weighted-average price of US\$69.06/bbl and 6,000 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 provide a weighted average floor price of US\$63 per barrel of oil and a weighted average ceiling price of US\$69.92/bbl.

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

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