RNS Number : 3768B
Zephyr Energy PLC
30 September 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 September 2025

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

Interim results for the six months ended 30 June 2025

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF) reports its unaudited interim results for the six months ended 30 June 2025 ("H1 2025").

Colin Harrington, Chief Executive of Zephyr, said:

"During H1 2025, and in the period since, we have continued to invest significant resources into the development of our flagship operated project in the Paradox Basin, Utah, U.S. (the "Paradox project") primarily through drilling operations on the State 36-2 LNW-CC-R well (the "State 36-2R well") which were successfully delivered and without any health, safety or environmental issues. The production test demonstrated the considerable scale and potential of the Paradox project and reaffirmed that the Cane Creek reservoir can be developed in a highly productive manner, on par with some of the leading oil and gas plays in the U.S.

"Since the completion of drilling operations, as we move closer towards first commercial production from the Paradox project, our focus has shifted to advancing the design, engineering and contractual agreements required to enable access to gas export markets through the nearby third-party pipeline. In parallel, we are advancing structured discussions with potential industry and financial partners to accelerate further drilling activity at the Paradox project. We expect substantial progress in these two key areas in the coming months, allowing the Company to unlock the considerable potential value of the Paradox project.

"Our investment in the Paradox project is supported by our strategy of generating cashflow from our non-operated portfolio in the Williston Basin, North Dakota and Montana, U.S. (the "Williston project"), which is intended to fully fund all general and administrative ("G&A") costs, and which allows for continued investment in our asset portfolio.

"We also remain focused on opportunistically growing our non-operated portfolio, and I was delighted that we recently completed the acquisition of working interests in accretive, mature proved developed producing ("PDP") assets in core Rocky Mountain basins, U.S. (the "Acquisition"). In addition to the PDP assets, the Acquisition included attractive near-term proven undeveloped ("PUD") upside and additional acreage with longer-term potential for future development, providing us with the opportunity to execute the first transactions through Zephyr Hawk LLC, our US$100 million strategic partnership with a U.S based capital provider.

"Our progress would not be possible without the support of our stakeholders. I would like to thank our shareholders for their continued trust in the Company and their support in the equity raise that was announced in June 2025. I would also like to extend my sincere thanks to our debt provider, First International Bank and Trust ("FIBT"), with which we continue to have an excellent working relationship, and which has just completed its valuation of the Company's non-operated portfolio reaffirming our current borrowing base.

"We look forward to the coming months with confidence as we continue to open-up the next prolific oil and gas basin in the U.S., and we look forward to providing regular updates as we advance through the next phase of our development including the imminent publication of an updated third-party Competent Persons Report ("CPR") on the Paradox project."

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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 U.S. 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. Cashflow 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.

ZEPHYR ENERGY PLC
INTERIM REPORT FOR THE SIX MONTHS TO 30 JUNE 2025

The Board is pleased to present Zephyr's unaudited interim report for the six-month period to 30 June 2025.

REVIEW OF ACTIVITIES

OVERVIEW

H1 2025 was dominated by ongoing operational activity at the Paradox project and, in particular, operations on the State 36-2R well. The drilling operations carried out during H1 2025 were delivered without any health and safety or environmental issues.

The period began with the successful drilling of the lateral extension on the State 36-2R well, and culminated in the production test on the well, which included a peak flow rate of 2,848 barrels of oil equivalent per day ("boepd"), which was achieved with no material drop in bottom hole pressure, suggesting that the well ranks in the top 6% of all gas drilled wells across the Lower 48 in the U.S. since 2000 (and achieved without the use of any fracture stimulation).

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 barrels of oil equivalent ("boe"). The Company'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, work performed during H1 2025 reconfirmed the substantial scale and potential value of the Paradox project and our key operational focus for the next period is to continue the work to unlock this value for our shareholders.

The income generating non-operated Williston project assets continue to deliver monthly cashflow, enabling us to progress ongoing development at the Paradox project and to cover the Company's G&A costs in both the U.K. and the U.S.

Over the last four years, Zephyr has built a highly experienced management 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 capital expenditure ("CAPEX"), significant free cashflow, and considerable potential future drilling upside.

In addition to the existing production, two key recent developments are expected to have a meaningful impact on the future growth of the Williston project.

Firstly, the Company, through Zephyr Hawk LLC, entered 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 "partnership"). The combination of Zephyr's regional expertise and the investor's financial strength will allow us to 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, the Company recently completed its US$7.3 million acquisition of working interests in producing assets located across core Rocky Mountain basins. In addition to acquiring an initial circa 400 boepd of existing PDP production, circa 600,000 boe of PDP reserves, the Acquisition also includes further potential PUD upside, the CAPEX for which will potentially be funded through the partnership. The 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. The Acquisition is anticipated to add operating income of US$4 million in the first 12 months (based on strip prices on 29 May 2025).
Management will continue to be opportunistic and strategic in both sourcing and funding further accretive non-operated opportunities that will enable the Company to continue to grow its non-operated asset portfolio.

PARADOX PROJECT

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 been previously assessed by third-party consultant Sproule-ERCE International ("Sproule"), in its 2022 CPR, 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 production test on the State 36-2R well the Company commissioned Sproule to produce a revised CPR on the Paradox project, the results of which are expected imminently.

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

Following the completion of the drilling and initial production tests on the State 36-2R well, the decision was made in 2024 to proceed with the drilling of an extended lateral on the well (the "extended lateral").

Drilling operations for the extended lateral 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 Company's existing 3D seismic data. Circa 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 subsequent production test on the State 36-2R well, which commenced in April 2025, the well was tested at multiple flow rates to gather data to determine the flow rate capacity, to provide an early estimate of potential resource volumes, and to obtain 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 all horizontal resource play gas wells drilled across the Lower 48 since 2000 (despite not using any fracture stimulation). 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 that fracture stimulation could offer further upside potential for both the well and the broader Paradox project development.

As a result of the successful production test from the State 36-2R well, work commenced to finalise gas processing and related infrastructure requirements for the project, and 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 data from the State 36-2R well production test, 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 20 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 imply that each 10,000-foot lateral well drilled on the Paradox project could achieve a P50 individual well performance of circa 3.6 million boe and a 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 within the Paradox project and 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 ongoing work includes:

- A new CPR to be delivered by Sproule imminently;
- 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).

WILLISTON PROJECT

Overview

Zephyr's non-operated Williston project was established in 2021 and today, following multiple discrete acquisitions, Zephyr continues to deliver on its strategy to acquire low-risk working interest positions in value accretive, high-quality, high-margin production assets with significant near-term growth potential.

The Group's non-operated portfolio continues to deliver strong returns, and cashflows generated from the portfolio continue to be recycled into the Paradox project development programme and into additional Williston Basin drilling opportunities, in addition to covering Zephyr's G&A costs.

At 30 June 2025, Zephyr had working interests in 228 wells that were available for production. Net working interests across the Company's portfolio now average 7% per well, equivalent to 16 gross wells in total, all of which utilise horizontal drilling and modern, hydraulically stimulated completions. The majority of the wells are operated by leading Williston Basin producers.

The Company will continue to develop and grow its non-operated portfolio through accretive and opportunistic acquisitions and where the potential to add additional commercial value arises.

H1 2025 performance

- H1 2025 revenue, net to Zephyr, totalled US$6.3 million (H1 2024: US$13.6 million). The decline in revenue compared to H1 2024 was primarily due to the following factors;
  - Lower commodity prices in H1 2025 compared to H1 2024.
  - 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 299 boepd in H1 2024. Management believes that the production impacts on the Slawson wells will be temporary and that the overall performance from the wells will meet expectations over the long-term (see further information below).
  - Standard / expected decline in the non-operated portfolio.
  - H1 2025 revenue does not include June revenue from the Acquisition, which had an effective date of 1 June 2025, and which will be included in the 2025 full year results.
- H1 2025 sales volumes 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);
  - Production in the second quarter of 2025 ("Q2") averaged 632 boepd, net to Zephyr, versus an average production in the first quarter of 2025 ("Q1") of 755 boepd, net to Zephyr.
  - 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.
- 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.
- Revenue and production are expected to increase in the second half of 2025 ("H2 2025") due to the impact of the Acquisition and due to the Slawson wells potentially coming back online.

Slawson wells

In December 2022, Zephyr announced the acquisition of working interests in six Slawson wells (equivalent to 1.1 total wells). Zephyr's working interest in the six Slawson wells ranges from 11% to 32% and management estimates 2P Reserves acquired were circa 550,000 boe, net to Zephyr.

The wells initially came online in November 2023, although production from the Slawson wells has been sporadically curtailed at various times due to adverse weather conditions, infrastructure constraints and / or low commodity prices.

During Q2 2025, production from the Slawson wells continued to be constrained, at the discretion of Slawson, due to low commodity prices. Overall production from the Slawson wells in H1 2025 was 141 boepd versus management's forecast of 214 boepd.

While the limited production from the Slawson wells did impact sales volumes in H1 2025, management believes that the production impacts will be temporary and that the overall performance from the wells will meet expectations over the long-term.

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 views 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 the 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.

Completed acquisition

In August 2025, the Company completed the US$7.3 million acquisition of working interests in accretive production assets located across core Rocky Mountain basins. Under the terms of the Acquisition, Zephyr acquired circa 400 boepd of existing production, 600,000 boe of PDP reserves, and the Acquisition also offers significant further drilling opportunities to be potentially funded through our joint venture.

The Acquisition had an effective completion date of 1 June 2025 and is forecast to add operating income of US$4 million over the first 12 months of Zephyr's ownership (based on strip prices at 29 May 2025). As part of the Acquisition, and as announced on 17 July 2025, Zephyr applied for regulatory approval to become an operator of record in the states of Colorado and North Dakota.

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

Hedging

In H1 2025 the Company hedged 40,000 barrels of oil.

- 34,000 barrels of oil were hedged at a weighted-average price of US$69.06 per barrel of oil.
- 6,000 barrels of oil were hedged by way of financial collar options which enabled the Company to lock-in a minimum price for these barrels of oil. These collar options gave the Company a weighted average floor price of US$63 per barrel of oil and a weighted average ceiling price of US$69.92 per barrel of oil.

The Company will continue to evaluate its commodity price risk management strategy on a regular basis.

a regular basis.

FINANCIAL REVIEW

The unaudited financial information is reported in United States Dollars ("US$").

Income Statement

- The Company reports revenue for H1 2025 of US$6.3 million, net to Zephyr, (H1 2024: US$13.6 million). Revenue relates to the Company's hydrocarbon production from the 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.
  - 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 299 boepd in H1 2024.
  - 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 circa 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 Company'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.

Balance Sheet

- Exploration and evaluation assets at 30 June 2025 were US$56.5 million (30 June 2024: US$52.2 million) reflecting the Company's ongoing investment into the Paradox project.
- Property and equipment assets at 30 June 2025 were US$21.3 million (30 June 2024: US$45.8 million) which reflects the Company's ongoing investment in its non-operated portfolio of oil and gas properties offset by non-cash impairment and depletion charges. The Company recognised a non-cash IAS 36 accounting impairment of US$14.5 million on the non-operated portfolio at 31 December 2024.
- Cash and cash equivalents at 30 June 2025 were US$5.8 million (30 June 2024: US$1.1 million). In addition, the Company received further gross cash proceeds of US$7 million (£5.2 million) in July 2025 following the completion of its fundraise (as outlined below).
- The Company's gross borrowings on 30 June 2025 were US$23.4 million (30 June 2024: US$29.2 million). During H1 2025 the Company met all its funding obligations in respect of the outstanding borrowings.
- On 23 September 2025, the Group's debt provider, First International Bank and Trust ("FIBT") completed its valuation of the Company's non-operated portfolio which reaffirmed the Group's borrowing base of US$22.1 million.

CORPORATE

- 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

(£9.8 million) (before expenses) through the placing of 326,666,667 new ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") 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 subscribed for 23,333,333 new Ordinary Shares at the issue price raising a further approximately US$0.9 million (£0.7 million) for the Company.

- On 27 June 2025, the Company issued 175,071,902 new Ordinary Shares at a price of 3 pence per new Ordinary Share, raising gross proceeds of approximately US$7.2 million (£5.3 million).
- The remaining 174,928,098 new Ordinary Shares (including those subscribed for by Directors, management and their affiliates) were issued by the Company on 15 July 2025 at a price of 3 pence per new Ordinary Share, raising gross proceeds of approximately US$7 million (£5.2 million).

OUTLOOK

The Board looks forward the to the coming months with confidence and excitement as the Company continues in its quest to open-up the next prolific oil and gas basin in the U.S. It is anticipated that there will be considerable news flow as Zephyr progresses to the next phase in its development.

I would like to extend my appreciation to the Zephyr team and our contractors for their ongoing work, and I would also like to extend my gratitude to my fellow Board members, leadership team, advisors and most importantly, our shareholders for their continued support.

We have an exciting period ahead of us, and I believe, more than ever, that we have the pieces in place to enable us to successfully achieve our strategic objectives.

Colin Harrington
Chief Executive Officer
30 September 2025

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2025

	Notes	Unaudited six months ended 30 June 2025 US$'000	Unaudited six months ended 30 June 2024 US$'000	Audited year ended 31 December 2024 US$'000
Revenue		6,255	13,591	24,279
Operating and transportation expenses		(2,685)	(2,622)	(5,809)
Production taxes		(477)	(1,110)	(2,046)
Depreciation, depletion and amortisation		(6,016)	(5,364)	(9,241)
Gain/(loss) on derivative contracts	3	215	(101)	14
Gross (loss)/profit		(2,708)	4,394	7,197
Administrative expenses		(2,919)	(2,897)	(5,976)
Allowance for expected credit losses		-	-	(1,226)
Impairment of property and equipment		-	-	(14,541)
Share-based payments		(243)	(3,157)	(3,129)
Foreign exchange (losses)/gains		(5,803)	360	1,007
Finance income		3	1	2
Finance costs		(1,338)	(1,764)	(3,303)
Loss on ordinary activities before taxation		(13,008)	(3,063)	(19,969)
Taxation credit		-	51	395
Loss for the period attributable to owners of the parent company		(13,008)	(3,012)	(19,574)
Loss per Ordinary Share				
Basic and diluted, cents per share	4	(0.74)	(0.18)	(1.13)

ZEPHYR ENERGY PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited six months ended 30 June 2025 US$'000	Unaudited six months ended 30 June 2024 US$'000	Audited year ended 31 December 2024 US$'000
Loss for the period attributable to owners of the parent company	(13,008)	(3,012)	(19,574)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences on foreign operations	5,739	(358)	(1,007)
Total comprehensive loss for the period attributable to owners of the parent company	(7,269)	(3,370)	(20,581)

ZEPHYR ENERGY PLC

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2025

	Notes	Unaudited as at 30 June 2025 US$'000	Unaudited as at 30 June 2024 US$'000	Audited as at 31 December 2024 US$'000
Non-current assets				
Exploration and evaluation assets	5	56,538	52,189	53,236
Property and equipment	6	21,306	45,790	27,292
		77,844	97,979	80,528
Current assets				
Trade and other receivables		1,860	11,507	2,676
Cash and cash equivalents		5,814	1,093	10,267
Derivative contracts		97	83	3
		7,771	12,683	12,946
Total assets		85,615	110,662	93,474
Current liabilities				
Trade and other payables		(7,236)	(7,576)	(4,383)
Advance from joint operator		-	-	(7,394)
Borrowings	7	(20,357)	(20,709)	(20,933)
Lease liabilities		(24)	(39)	(31)
Derivative contracts		-	(54)	(86)
Provisions		(562)	-	(549)
		(28,179)	(28,378)	(33,376)
Non-current liabilities				
Borrowings	7	(3,054)	(8,460)	(5,384)
Lease liabilities		(4)	(11)	(17)
Deferred tax		-	(344)	(395)
Provisions		(3,511)	(5,084)	(3,560)
		(6,569)	(13,899)	(8,961)
Total liabilities		(34,748)	(42,277)	(42,337)
Net assets		50,867	68,385	51,137
Equity				
Share capital	8	42,889	42,648	42,649
Share premium account		81,308	75,292	74,792
Warrant reserve		1,887	1,557	1,887
Share-based payment reserve		5,710	6,489	5,665
Cumulative translation reserves		(8,480)	(13,570)	(14,219)
Accumulated deficit		(72,447)	(44,031)	(59,637)
Equity attributable to owners of the parent company		50,867	68,385	51,137

ZEPHYR ENERGY PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 (Unaudited)

	Share capital	**Share premium account**	**Warrant reserve**	**Share-based payment reserve**	**Cumulative translation reserve**	**Accumulated deficit**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
As at 1 January 2025	42,649	74,792	1,887	5,665	(14,219)	(59,637)	51,137
Transactions with owners in their capacity as owners:							
Issue of equity shares	240	6,959	-	-	-	-	7,199
Expenses of issue of equity shares	-	(443)	-	-	-	-	(443)
Share-based payments	-	-	-	243	-	-	243
Transfer to accumulated deficit in respect of expired options	-	-	-	(198)	-	198	-
Total transactions with owners in their capacity as owners	240	6,516	-	45	-	198	6,999
Loss for the period	-	-	-	-	-	(13,008)	(13,008)
Other comprehensive income:							
Currency translation differences	-	-	-	-	5,739	-	5,739
Total other comprehensive income for the period	-	-	-	-	5,739	-	5,739
Total comprehensive loss for the period	-	-	-	-	5,739	(13,008)	(7,269)
As at 30 June 2025	42,889	81,308	1,887	5,710	(8,480)	(72,447)	50,867

ZEPHYR ENERGY PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024 (Audited)

	Share capital	**Share premium account**	**Warrant reserve**	**Share-based payment reserve**	**Cumulative translation reserve**	**Accumulated deficit**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
As at 1 January 2024	42,568	71,735	1,557	3,270	(13,212)	(41,217)	64,701
Transactions with owners in their capacity as owners:							
Issue of equity shares	81	3,816	-	-	-	-	3,897

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	-	-	3,129
Transfer to accumulated deficit in respect of expired options	-	-	-	(1,151)	-	1,151	-
Total transactions with owners in their capacity as owners	81	3,057	330	2,395	-	1,154	7,017
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)	51,137

ZEPHYR ENERGY PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 (Unaudited)

	Share capital	**Share premium account**	**Warrant reserve**	**Share-based payment reserve**	**Cumulative translation reserve**	**Accumulated deficit**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
As at 1 January 2024	42,568	71,735	3,270	(13,212)	(13,212)	(41,217)	64,701
Transactions with owners in their capacity as owners:							
Issue of equity shares	80	3,817	-	-	-	-	3,897
Expenses of issue of equity shares	-	(49)	-	49	-	-	-
Warrant exercise extension	-	(211)	-	211	-	-	-
Share-based payments	-	-	-	3,157	-	-	3,157
Transfer to accumulated deficit in respect of lapsed options	-	-	-	(88)	-	88	-
Transfer to accumulated deficit in respect of expired options	-	-	-	(107)	-	107	-

options							
Transfer to accumulated deficit in respect of exercised warrants	-	-	-	(3)	-	3	-
Total transactions with owners in their capacity as owners	80	3,557	-	3,219	-	198	7,054
Loss for the period	-	-	-	-	-	(3,012)	(3,012)
Other comprehensive loss:							
Currency translation differences	-	-	-	-	(358)	-	(358)
Total other comprehensive loss for the period	-	-	-	-	(358)	-	(358)
Total comprehensive loss for the period	-	-	-	-	(358)	(3,012)	(3,370)
As at 30 June 2024	42,648	75,292	1,557	6,489	(13,570)	(44,031)	68,385

ZEPHYR ENERGY PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025

	Unaudited six months ended 30 June 2025 US$'000	**Unaudited six months ended 30 June 2024 US$'000**	**Audited year ended 31 December 2024 US$'000**
Operating activities			
Loss on ordinary activities before taxation	(13,008)	(3,063)	(19,969)
Adjustments for:			
Allowance for expected credit losses	-	-	1,226
Impairment of property and equipment	-	-	14,541
Finance income	(3)	(1)	(2)
Finance costs	1,338	1,764	3,303
Depreciation and depletion of property and equipment	6,045	5,384	9,292
Share-based payments	243	3,157	3,129
Unrealised foreign exchange losses/(gains)	5,744	(358)	(1,006)
Operating cash inflow before movements in working capital	359	6,883	10,514
Decrease/(increase) in trade and other receivables	633	(633)	1,315
Unrealised (gain)/loss on derivative contracts	(180)	249	362
Increase/(decrease) in trade and other payables	1,361	(356)	788
Cash generated from operations	2,173	6,143	12,979
Income tax paid	-	-	-
Net cash generated from operating activities	2,173	6,143	12,979
Investing activities			
Additions to exploration and evaluation assets	(440)	(9,525)	(12,768)
Additions to oil and gas properties	(1,552)	(389)	(962)
Increase/(decrease) in capital expenditure related payables	2	966	(3,367)
Insurance proceeds received in respect of exploration and evaluation assets	182	4,256	11,420
Grant funds received in respect of exploration and evaluation assets	-	-	250
Interest received	3	1	2
Net cash used in investing activities	(1,805)	(4,691)	(5,425)
Financing activities			

Net proceeds from issue of shares	6,756	10	1
Net (use of advance)/advance from joint operator	(7,394)	-	7,394
Proceeds from borrowings	-	5,600	5,600
Repayment of borrowings	(2,970)	(7,915)	(9,958)
Repayment of lease liabilities	(19)	(17)	(65)
Interest and fees paid on borrowings	(1,185)	(1,646)	(3,868)
Interest paid on leases	(3)	(2)	(2)
Net cash used in financing activities	(4,815)	(3,970)	(898)
Net (decrease)/increase in cash and cash equivalents	(4,447)	(2,518)	6,656
Cash and cash equivalents at beginning of period	10,267	3,611	3,611
Effect of foreign exchange rate changes	(6)	-	-
Cash and cash equivalents at end of period	5,814	1,093	10,267

ZEPHYR ENERGY PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. ACCOUNTING POLICIES

Basis of preparation

This report was approved by the Directors on 29 September 2025.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34 *Interim financial reporting* and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The condensed consolidated interim financial statements are presented in United States Dollar ("US$"). All amounts have been rounded to the nearest thousand unless otherwise indicated.

The Company is domiciled and incorporated in England and Wales under the Companies Act 2006. The Company's shares are admitted to trading on the AIM market in the UK and the OTCQB Venture Market ("OTCQB") in the U.S.

The current and comparative periods to June have been prepared using the accounting policies and practices consistent with those adopted in the annual financial statements for the year ended 31 December 2024, and with those expected to be adopted in the Group's financial statements for the year ending 31 December 2025.

Comparative figures for the year ended 31 December 2024 have been extracted from the statutory financial statements for that period which carried an unqualified audit report, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

The financial information contained in this report is unaudited and does not constitute statutory financial statements as defined by section 434 of the Companies Act 2006, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2024. This report has not been audited or reviewed by the Group's auditors.

During the first six months of the current financial year there have been no related party transactions that materially affect the financial position or performance of the Group and there have been no changes in the related party transactions described in the last annual financial report.

Having considered the Group's current cash forecast and projections, the Directors have a reasonable expectation that the Company and the Group have, or have access to, sufficient resources to continue operating for at least the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The principal risks and uncertainties of the Group have not changed since the publication of the last annual financial report where a detailed explanation of such risks and uncertainties can be found.

2. DIVIDENDS

The Directors do not recommend the payment of a dividend for the period.

3. GAIN/(LOSS) ON DERIVATIVE CONTRACTS

During the period, the Group entered into hedging transactions to mitigate its exposure to fluctuations in commodity prices. The net change in these contracts resulted in a realised net gain of US$0.03 million (30 June 2024: net gain of US$0.1 million, 31 December 2024: net gain of US$0.4 million) and an unrealised net gain of US$0.2 million (30 June 2024: net loss of US$0.2 million, 31 December 2024: net loss of US$0.4 million) for the period to 30 June 2025.

4. LOSS PER ORDINARY SHARE

Basic loss per Ordinary Share is calculated by dividing the net loss for the period by the

Basic loss per Ordinary Share is calculated by dividing the net loss for the period by the weighted average number of Ordinary Shares in issue during the period. Diluted loss per Ordinary Share is calculated by dividing the net loss for the period by the weighted average number of Ordinary Shares in issue during the period, 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:

	Unaudited six months ended 30 June 2025 US$'000	**Unaudited six months ended 30 June 2024 US$'000**	**Audited year ended 31 December 2024 US$'000**
Losses			
Losses for the purpose of basic and diluted loss per Ordinary Share being net loss for the period	(13,008)	(3,012)	(19,574)
	Number '000	**Number '000**	**Number '000**
Number of shares			
Weighted average number of shares for the purpose of basic and diluted loss per Ordinary Share	1,754,588	1,705,299	1,728,196
Loss per Ordinary Share			
Basic and diluted, cents per share	(0.74)	(0.18)	(1.13)

Due to the losses incurred in the periods reported there is no dilutive effect from the existing share options or warrants.

5. EXPLORATION AND EVALUATION ASSETS

	US$'000
Cost	
At 1 January 2024	49,941
Additions	12,768
Decommissioning - change in estimates	(472)
Insurance proceeds	(8,751)
Grant funds	(250)
At 31 December 2024	53,236
Additions	3,385
Decommissioning - change in estimates	(83)
At 30 June 2025	56,538
Carrying amount	
At 30 June 2025	56,538
At 31 December 2024	53,236

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 advance from the investor of US$7.5 million was fully utilised for the lateral extension of the well during the period to 30 June 2025.

6. PROPERTY AND EQUIPMENT

	Oil and gas properties US$'000	**Office equipment US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
Cost				

Cost				
At 1 January 2024	74,359	25	77	74,461
Additions	1,336	-	43	1,379
Disposals	(612)	-	-	(612)
Decommissioning - change in estimates	(715)	-	-	(715)
Exchange differences	-	-	(1)	(1)
At 31 December 2024	74,368	25	119	74,512
Additions	111	-	-	111
Decommissioning - change in estimates	(53)	-	-	(53)
Exchange differences	-	2	7	9
At 30 June 2025	74,426	27	126	74,579
Accumulated depreciation, depletion and amortisation				
At 1 January 2024	23,579	21	21	23,621
Charge for the period	9,241	2	49	9,292
Disposals	(233)	-	-	(233)
Exchange differences	-	-	(1)	(1)
At 31 December 2024	32,587	23	69	32,679
Charge for the period	6,016	1	28	6,045
Exchange differences	-	2	6	8
At 30 June 2025	38,603	26	103	38,732
Impairment				
At 1 January 2024	-	-	-	-
Charge for the period	14,541	-	-	14,541
At 31 December 2024	14,541	-	-	14,541
Charge for the period	-	-	-	-
At 30 June 2025	14,541	-	-	14,541
Carrying amount				
At 30 June 2025	21,282	1	23	21,306
At 31 December 2024	27,240	2	50	27,292

7. BORROWINGS

	Unaudited six months ended 30 June 2025 US$'000	Unaudited six months ended 30 June 2024 US$'000	Audited year ended 31 December 2024 US$'000
Term loans	8,411	14,187	11,317
Revolving credit	15,000	14,981	15,000
	23,411	29,168	26,317
Maturity analysis			
Less than 6 months	19,160	18,954	4,151
6 months to 1 year	2,550	3,397	19,148
1 year to 2 years	1,709	5,953	3,403
2 years to 5 years	1,709	3,418	2,563
	25,128	31,722	29,265

FIRST INTERNATIONAL BANK AND 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. The second 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.

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

At 30 June 2025, 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.

In September 2025, FIBT completed its valuation of the Group's non-operated portfolio which reaffirmed the Group's current borrowing base.

8. SHARE CAPITAL

	Unaudited as at 30 June 2025 Number '000	Unaudited as at 30 June 2024 Number '000	Audited as at 31 December 2024 Number '000
Authorised			
Ordinary Shares of 0.1p each	7,779,297	7,779,297	7,779,297
Deferred Shares of 9.9p each	227,753	227,753	227,753
	8,007,050	8,007,050	8,007,050

	Unaudited as at 30 June 2025 US$'000	Unaudited as at 30 June 2024 US$'000	Audited as at 31 December 2024 US$'000
Allotted, issued and fully paid			
1,925,790,921 Ordinary Shares of 0.1p each (30 June 2024: 1,750,719,019: 31 December 2024: 1,750,719,019)	2,584	2,343	2,344
227,752,817 Deferred Shares of 9.9p each	40,305	40,305	40,305
	42,889	42,648	42,649

The Deferred Shares are not listed on the AIM Market, do not give the holders any right to receive notice of, or to attend or vote at, any General Meetings, have no entitlement to receive a dividend or other distribution or any entitlement to receive a repayment of nominal amount paid up on a return of assets on winding up nor to receive or participate in any property or assets of the Company. The Company may, at its option, at any time redeem all of the Deferred Shares then in issue at a price not exceeding £0.01 from all shareholders upon giving not less than 28 days' notice in writing.

ISSUED ORDINARY SHARE CAPITAL

On 9 May 2024, the Company issued 64,045,768 Ordinary Shares of 0.1 pence each at a price of 4.85 pence per Ordinary Share, in settlement of US$3.88 million of its outstanding loan facility with SGRI. See note 7.

On 16 May 2024, the Company issued 171,429 Ordinary Shares of 0.1 pence each in respect of the exercise of warrants, at a price of 4.375 pence per Ordinary Share, raising gross proceeds of US$9,506 (£7,500).

On 27 June 2025, the Company issued 175,071,902 Ordinary Shares of 0.1 pence each at a price of 3 pence per Ordinary Share, raising gross proceeds of US$7.2 million (£5.3 million).

	Ordinary Shares Number '000	**Deferred Shares Number '000**
At 1 January 2024	1,686,502	227,753
Allotment of shares	64,217	-
At 31 December 2024	1,750,719	227,753
Allotment of shares	175,072	-
At 30 June 2025	1,925,791	227,753

9. POST BALANCE SHEET EVENTS

All matters relating to events occurring since the period end are reported in the review of activities.

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