

# MASTER INVESTOR PRESENTATION

25 March 2017



Acquiring...

Developing...

Enhancing...

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ONSHORE

OPERATOR

PRODUCER

## Dual listed International Oil & Gas Company TSX-V:ZEE | LSE:ZEN

Successful IPO in London – 11 January 2017 at 7p.

Currently Market Capitalization - £12.5M

### Operations

**AZERBAIJAN** 80% interest in the largest onshore oilfield in Azerbaijan. State Oil Company of the Azerbaijan Republic (SOCAR) holds remaining 20%.

**ITALY** various working interests in 6 onshore production projects

*Commenced 2017 with net production of c. 295 BOPD from Azerbaijan and c. 30 BOEPD from its Italian interests generating revenue of £ 6M and an operating profit of £ 3M.*

\* Information derived from the report prepared for the Company by Chapman Petroleum Engineering Ltd., an independent qualified reserves evaluator, and which is attached to the pathfinder prospectus.



# Board of Directors and Senior Management



## **ANDREA CATTANEO, CEO, PRESIDENT AND DIRECTOR**

Oil entrepreneur and government advisor with specific expertise in former Soviet Union Countries. Strong financial background with 30 years of experience in emerging markets as government advisor on financial, industrial and energy related matters.



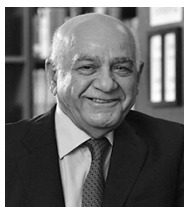
## **ALAN HUME, CFO, UK BASED**

Qualified accountant with 30 years of accounting, business and corporate finance experience in both the energy and construction industries. Has operated in the UK, US, Norway, Turkey and other European countries, as well as in Southern Africa. Admitted as a Fellow of the Chartered Institute of Management Accountants in 1999.



## **DARIO SODERO, NON-EXECUTIVE DIRECTOR**

Experienced energy industry executive with strong geological technical and exploration expertise in regions including North America, North Africa and the Middle East. Head Geologist of Zenith Energy.



## **SAADALLAH AL-FATHI, NON-EXECUTIVE DIRECTOR**

Former Head of the Energy Studies Department OPEC. Award-winning oil and gas industry researcher and columnist. Served as Government and private advisor. Joint winner of the 2016 scientific research award of the Organization of the Arab Petroleum Exporting Countries.



## **JOSE RAMON LOPEZ-PORTILLO, CHAIRMAN AND NON-EXECUTIVE DIRECTOR**

Former Mexican Ambassador to FAO and Minister in Mexican Government. He is also the Former Chairman of the FAO Council. Leading researcher on the energy security of Mexico.



## **LUIGI REGIS MILANO, DIRECTOR, MANAGING DIRECTOR OF ITALIAN OPERATIONS**

35 years of oil industry experience. Served as a Director and owner of large oil refining, processing and trading companies. Currently Director/owner of DP Lubrificanti S.r.l., a bio-diesel refinery based in Italy.



## **ERIK STURE LARRE JR, NON-EXECUTIVE DIRECTOR**

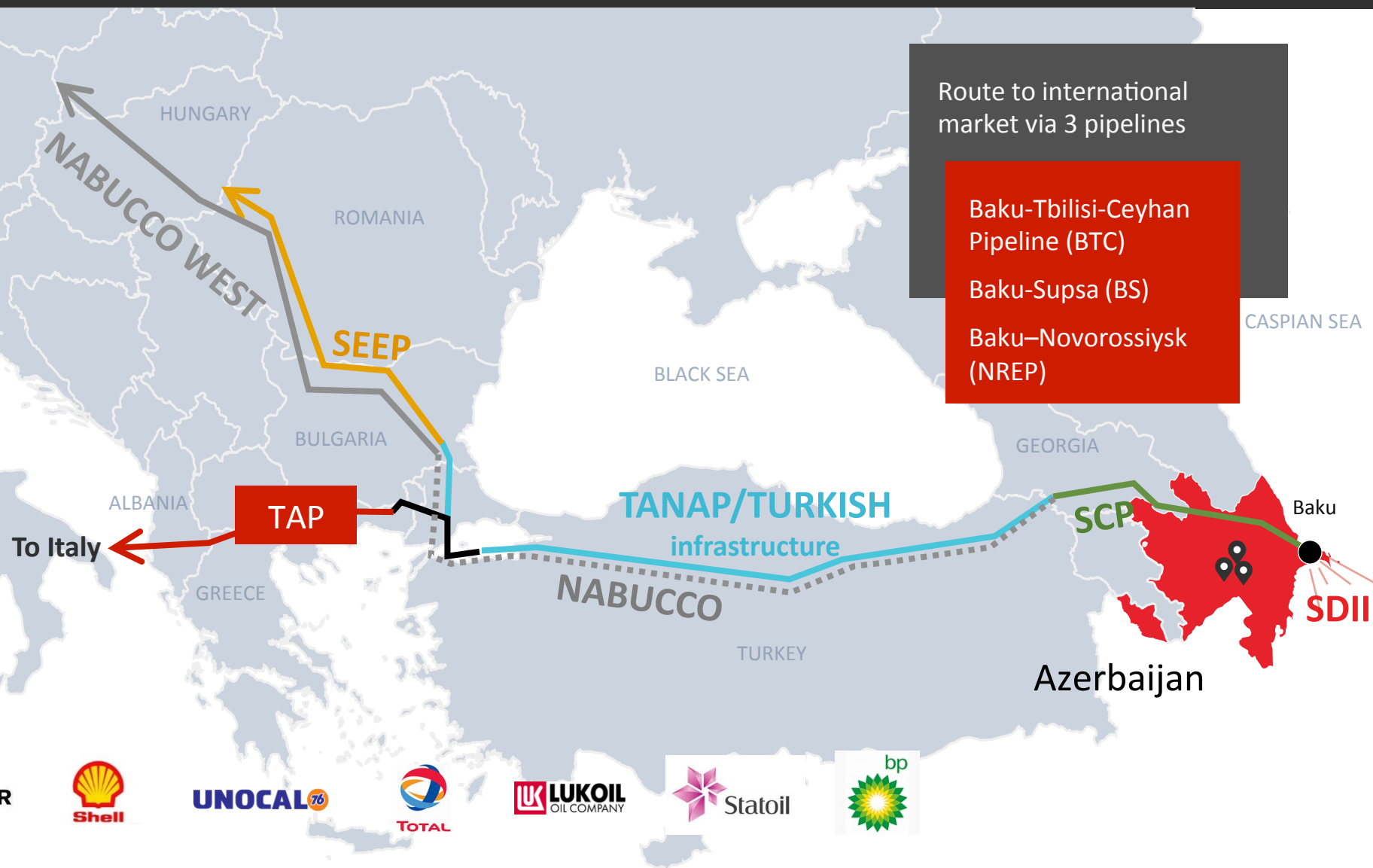
Norwegian national with strong expertise in real estate, banking and financial matters in addition to involvement in the oil & gas industry. Served as Chairman of the Audit Committee of SpareBank 1 Nord-Norge and Deputy Chairman of the Bank.



Total Azeri daily production  
in 2014 was over  
**780,000 BARRELS**

Operators include BP, Total,  
Nobel, Shell and SOCAR (State  
Oil Company of Azerbaijan  
Republic), LUKoil, UNOCAL,  
Statoil\*

FIRST OIL BOOM IN 1871



Route to international  
market via 3 pipelines

Baku-Tbilisi-Ceyhan  
Pipeline (BTC)  
Baku-Supsa (BS)  
Baku-Novorossiysk  
(NREP)



## OPERATING THE LARGEST ONSHORE FIELDS IN THE COUNTRY

- There are 3 fields comprising 642 km<sup>2</sup> (approx. 0.75% Azerbaijan's surface area). Discovered in 1971
- Total oil produced to date in excess of 22,500,000 Bopd
- Wells capable of being reactivated / optimised
- 27° API & Minimal gas production - all gas is used onsite
- Reservoir depth: 3,000-4,500m
- Several under-explored areas with potential undrilled prospects & existing fields not fully developed



**“REDPSA”  
WITH  
SOCAR**

25 year  
duration, 5  
year extension  
possible

**ZENITH 80%  
SOCAR 20%**

MAXIMUM FLOW RATE: APPROX. 15,000 BOPD

CURRENT FLOW RATE: APPROX. 295 BOPD



- Workover operations planned for 39 wells producing at nominal rates
- Workover of well M-195 Muradkhanli field started in February 2017. Results expected shortly
- Workover and reactivation of 5 shut-in wells in the Zardab field
- Improved results are expected from cleaning and dewaxing of tubing and production casing, plus regular field maintenance
- Selection and implementation of improved production techniques is expected to substantially reduce costs and improve productivity
- Cost recovery 100% on OPEX, CAPEX is subsequently recovered from half of remaining production
- Ongoing negotiations for the purchase of a second rig from China

**TARGET OF 1,000 BOPD AT LOW ALL-IN CASH COSTS BY THE END OF MARCH 2018**



## ONLY INDEPENDENT OIL AND GAS PRODUCER IN THE COUNTRY

- Assets valued at approx. £360m NPV at 10% discount for existing 1P and 2P reserves\*
- Post acquisition positive cash-flow - Q3 profit of \$341,000 generated
- Current all-in cash costs of production of approx. USD \$18 per BOE\*
- Benefit from continuing devaluation of local currency
- Development financed from cash-flow and traditional debt structures
- Established transportation infrastructure to international markets
- Experienced management team with operational expertise
- Local skilled personnel with in-depth knowledge of assets
- Technology solutions for enhanced recovery
- Commenced reduction of expenditures and improving efficiency

## UNIQUE ACCESS TO EXTENSIVE AZERBAIJAN OIL & GAS ASSETS



\*Based on a USD to GBP Exchange Rate of 0.80:1 USD/GBP and Statement of Reserves Data and Other Oil and Gas Information which has been prepared by Chapman Petroleum Engineering Ltd., (an independent qualified reserves evaluator) and which is attached to the pathfinder prospectus.



## CASH GENERATIVE PRODUCTION OF ELECTRICITY AND CONDENSATE

- Licenses cover 847 km<sup>2</sup> (209,209 acres)
- Net land holdings of 369 km<sup>2</sup> (91,172 acres)
- 6 operated onshore gas concessions
- 3 additional non-operated gas concessions
- No royalties payable on current Italian production
- Current production of approximately 30 BOEPD
- Electricity produced through fully owned cogeneration plant
- Cash generative

- Owner, operator and developer of producing low cost oil and gas fields
- Only independent operator in Azerbaijan, one of the world's most established energy producers.
- Proven track record as oil & gas producer
- Strategy to growth through international acquisitions
- Know-how and new technologies applied in old and marginal fields
- Attention to environmental and social aspects, employing local personnel in all operations
- Underpinned by a strong, experienced and committed management team
- Ability to capitalise on management's extensive international connections
- Positive cash-flow from operations and significant Azeri production and development upside potential
- Robust operational model in low price environment yielding free cash-flow

**POSITIVE CASH FLOW**

**LOW COST**

**SIGNIFICANT UPSIDE**



# Appendices

	2P Reserves	EV / 2P
<b>ZENITH ENERGY LTD</b>	<b>32.90</b>	<b>0.4</b>
NOSTRA TERRA OIL & GAS CO	1.00	1.3
LGO ENERGY PLC	11.80	1.6
SDX ENERGY INC	12.03	2.6
NORTHERN PETROLEUM PLC	1.90	4.6
RANGE RESOURCES LTD	24.40	2.8
PRESIDENT ENERGY PLC	19.90	3.7
CONDOR PETROLEUM INC	6.80	4.8
HEMISPHERE ENERGY CORP	3.90	5.4
CASPIAN SUNRISE PLC	29.30	3.9
<b>Average</b>		<b>3.4</b>

# Summary of Zenith's Reserves and Economics

	AZERBAIJAN	ARGENTINA	ITALY	ITALY
	OIL (MSTB)	OIL (MSTB)	Gas (MMSCF)	NGLs (Mbbbl)
Total Proved	4,154	33	1,584	9
Total Probable	<u>29,270</u>	<u>414</u>	<u>15,010</u>	<u>100</u>
Total Proved + Probable	<b>33,424</b>	<b>447</b>	<b>16,594</b>	<b>109</b>
	Combined NPV (In Thousand USD), After Tax.*			
Discounted at	0%	10%	15%	20%
Total Proved	114,724	36,421	20,107	10,462
Total Probable	<u>1,921,826</u>	<u>429,861</u>	<u>237,427</u>	<u>142,404</u>
Total Proved + Probable	<b>2,036,550</b>	<b>466,282</b>	<b>257,534</b>	<b>152,866</b>

**Chapman** Petroleum Engineering Ltd.

\* Information in this presentation has been derived from the report prepared for the company by Chapman Petroleum Engineering Ltd., an independent qualified reserves evaluator, and which is attached to the pathfinder prospectus.



RESERVES CATEGORY			
FIELD	Proved	Probable	Proved+Probable
	bbl	bbl	bbl
Muradkhanli	6,036,000	65,702,000	71,738,000
Jafarli	792,000	3,043,000	3,835,000
Zardab	-	396,000	396,000
	<b>6,828,000</b>	<b>69,141,000</b>	<b>75,969,000</b>

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- Alan Hume CFO

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