

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

17 September 2020

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

Interim Results for the six months ended 30 June 2020

Zephyr Energy plc (AIM: ZPHR), the Rocky Mountain oil and gas company focused on responsible resource development, is pleased to announce its unaudited interim results for the six months ending 30 June 2020.

A copy of the interim results report will shortly be available on the Company's website <http://www.zephyrplc.com>.

Colin Harrington, Chief Executive Officer, said:

"In the Company's recent Annual Report, we outlined that following the completion of its restructuring, Zephyr is a clean, low-overhead, unlevered and value-focused vehicle from which to build, with a strategy and value set designed to deliver responsible growth for all stakeholders.

"Over the coming months, we expect to see further exciting developments on our existing project in the Paradox Basin, Utah (the "Paradox project") as well as the expansion of the Group's asset portfolio through acquisitions or partnerships.

"I would like to thank our shareholders and advisers for their continued support at this pivotal time for the Company."

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ZEPHYR ENERGY PLC

INTERIM REPORT FOR THE SIX MONTHS TO 30 JUNE 2020

The Board of Zephyr Energy plc (“Zephyr”, the “Company” or the “Group”) is pleased to present its unaudited interim report for the six-month period to 30 June 2020.

CHIEF EXECUTIVE’S STATEMENT

OVERVIEW AND OUTLOOK

As we all know, the first six months of 2020 were extraordinarily turbulent on both a global and sector basis which resulted in extreme volatility in the oil and gas markets.

As Zephyr’s CEO, I am proud of the steps the Company has taken over the last twelve months, which have enabled us to weather these storms and to emerge well positioned for the future. The restructuring of both the Group’s legacy asset base and our Paradox project have, in particular, been critical steps in helping us achieve this. In addition, the willingness of our Board, management and select partners to sacrifice compensation in order to provide the Company with financial flexibility, has demonstrated the team’s alignment with the broader shareholder base and signifies a unified belief in the growth potential of the Zephyr platform.

We know there are significant challenges ahead, but with no debt, very low fixed costs and overheads, the untapped potential of the Paradox project and our exciting potential growth opportunities in the Rocky Mountain region, we are optimistic about our future prospects.

Our continued focus has remained the same since my tenure began last year. Every action and investment decision is weighed up against our core values – we always strive to be responsible stewards of both our investors’ capital and of the environment and communities in which we work. This includes the following points of focus:

- We will continue to protect the Group, safeguard its existing asset base and to position it for attractive growth opportunities;
- We will continue to seek creative and beneficial funding opportunities in an effort to unlock value from the current Paradox Basin asset, as evidenced by the recent selection of our acreage for a U.S. Government funded research well;
- We will continue to adopt a disciplined focus on growth via the acquisition of producing or near-term development opportunities in the Rocky Mountain region. Even in this challenging environment we believe that attractive, value-additive acquisitions are available and may be acquired using non-traditional funding structures;
- We will continue with our programme of tight financial control and cash preservation which will enable the Group to continue trading effectively; and
- We will continue to ensure management and the Board are aligned with shareholders through significant ownership of shares – the Board currently controls over 25% of the Company’s issued share capital.

As we recently announced, I am delighted by the current progress on the Paradox project and excited at the prospect of spudding a research focused well before the end of this calendar year. We are working with our partners on the project to ensure that this initial well can be planned to maximise value to all stakeholders, and I believe this activity will act as a catalyst for the long-awaited unlocking of value from the project.

Over the last few weeks, we have also completed the rebranding of the Company, capped by the change of Company name from Rose Petroleum plc to Zephyr Energy plc. However, the rebranding is about very much more than just a change of name - I want Zephyr to be a Company of which all its stakeholders can be proud, one focused on delivering strong economic returns as well as being a responsible steward of its surrounding environment. I want Zephyr to stand for excellence not only in its operations but also in its pursuit of responsible growth.

ACQUISITION RATIONALE AND CRITERIA

The Board believes that strong financial returns can be generated from the highly fragmented smaller end of the U.S.A. oil exploration and production sector, and we have restructured the Group so that it can be a stable public growth vehicle targeting this part of the market. The Board also believes that the construction of a balanced portfolio, exhibiting both free cash flow and long-term development opportunities, is core to successful growth.

The Board's vision for a balanced portfolio includes:

- production assets acquired at compelling valuations using non-traditional funding structures;
- near-term, lower-risk yet highly economic development opportunities located in core acreage positions in established basins. In particular, we will target infill horizontal development drilling opportunities in basins long established through vertical production; and
- longer-term, high-potential appraisal and exploration projects designed to add significant scale.

The Board believes that the Group already has significant long-term appraisal and exploration exposure through its restructured Paradox Basin asset, and as such we are focusing our acquisition efforts on near-term development and production opportunities. We continue to appraise a number of potential opportunities with our high-level methodology based on the following factors, and all acquisitions will need to be consistent with the criteria listed below:

Geographic criteria:	Utah, Colorado or Wyoming (the "Rocky Mountain Region")
Portfolio criteria:	Near-term development ("PUD") or accretive producing ("PDP") opportunities
Expertise criteria:	Prior management experience of operating such an asset or similar assets
Cash flow criteria:	Cash flow generative within 12 months of acquisition
Entry criteria:	Proprietary acquisition angle (such as via land strategy, relationship, or unique view on upside opportunity) or uncommonly good value
Partner validation:	Strategic financial or industry partner validation
Running room:	Growth potential for future development on the asset acquired or via options for additional acreage acquisition

In addition to this screening criteria, and in an effort to build increased predictability, accuracy and efficiency into our project screening and valuation process, management has developed a series of proprietary tools for use in evaluating assets in our region of focus.

Led by the Group's technical team, and building from datasets compiled by independent analytics providers, we are creating a comprehensive geological basin model which allows the Group to quickly review and rank operators, locations and wells in order to focus on targets perceived as having the highest value. This technology-led strategy has already proven useful, both as a deal identification and rapid screening tool, and in demonstrating the value which the Group brings to potential investor and industry partnerships. It is an initiative that will add significant value to the Group as we move forward.

The Board also believes that this technology-led approach gives the Group an advantage over other local market participants, and we have already seen the benefits while appraising new opportunities. Our technological edge, combined with the network and experience of the Board, has allowed us to find and screen many potential investment opportunities in a highly efficient manner. Our combined technology and relationship approach are encompassed within the proposed investment in the McCoy project.

McCOY UPDATE

In November 2019, the Group announced that it had entered into a Letter of Intent ("LOI") with Captiva Energy Holdings II, LLC ("CEH") for the proposed acquisition of an initial 10% of CEH's 89.5% net working interest in the 317-acre McCoy lease located in the Denver-Julesburg Basin ("DJ Basin") in Weld County, Colorado, U.S.A. In

addition, the Group has an option to acquire, at its sole discretion, up to a further 80% of CEH's 89.5% working interest in the McCoy lease ("Option"). This Option will expire at the end of December 2020.

Our proposed McCoy acquisition will provide the Group with near-term, low-risk horizontal development drilling exposure in the prolific Niobrara shale play, and on acreage contiguous to other major DJ Basin operators including Occidental Petroleum Corporation, Great Western Operating Company LLC, (a subsidiary of Great Western Petroleum), and Crestone Peak Resources. The DJ Basin is a mature oil basin currently undergoing a resurgence as vertical production is replaced with successful one and two-mile horizontal well developments. The McCoy lease is located in an active part of the DJ Basin and a horizontal redevelopment of the existing productive lease is proposed.

Due to the economic crisis related to coronavirus and the associated downturn in the oil price since the Group signed the McCoy deal, the McCoy project was not drilled in the first half of 2020 as originally planned. However, the Board has been able to extend the Group's Option to proceed with the acquisition until the end of December 2020. This is expected to give time for a recovery in the oil price and in market sentiment. In addition, capital costs to drill two-mile wells in the DJ Basin have been reduced by over 30% over the last three months, significantly lowering break even prices on horizontal developments. The Group believes that in the current market with lowered capital costs, the breakeven oil price at McCoy will be below US\$30 per barrel of oil equivalent ("BOE").

The current expectation is a forecast drilling commencement date in the first half of 2021, for an initial 12 well drilling programme with two-mile long laterals.

PARADOX UPDATE

Over the last twelve months, the Board completed a comprehensive review of the Paradox project and elected to pursue a strategy for the Paradox which included the following steps:

- Focusing on the most prospective acreage (as identified by the 3D seismic acquisition undertaken by the Group and from the subsequent verification work carried out by Schlumberger);
- Releasing acreage that the Group believes to be non-prospective or on too short a lease to merit further exploration work and / or expenditure; and
- Actively acquiring further contiguous acreage in areas we consider most prospective.

Investors should expect a continued reshaping of the Paradox position as the Company remains an active manager of its leasehold position, and the work to secure longer lease terms and contiguous acreage in areas we consider most prospective remains ongoing.

This 'high-grading' process has enabled Zephyr to secure the project for the long-term while at the same time reducing carrying costs while a farm-in partner is sought. The Board believes that a concentrated focus on the most highly prospective acreage will increase the appeal of the project to potential funding partners.

In the Board's view, the high-grading of the Paradox project acreage will create a long-term sustainable future for the project, one which meets the Board's selection criteria and which will positively complement the Group's future balanced asset portfolio.

The positive recent news that a research well will be drilled on the Paradox project acreage before the end of the year is an extremely exciting development for the Group, and one which will hopefully act as a catalyst for the Group to be able to unlock the value from the Paradox project while minimising asset level and corporate level dilution.

Paradox research well

As announced on 2 September 2020, the Company has been working with a project team led by the University of Utah's Energy & Geoscience Institute ("EGI") in collaboration with the Utah Geological Survey (the "UGS") and other

Utah-based partners. The project is entitled “Improving Production in Utah’s Emerging Northern Paradox Unconventional Oil Play” and its goal is to assess and perform optimisation analyses for more focused, efficient and less environmentally-impactful oil production strategies in the northern Paradox Basin, particularly in the Pennsylvanian Paradox Formation’s Cane Creek shale and adjacent clastic zones. This project is sponsored by the U.S. Department of Energy and its National Energy Technology Laboratory (the “DOE”).

As part of this study, the EGI and UGS are planning to drill a vertical stratigraphic test well to gather data to improve the understanding of the Paradox Basin play. The proposed well would target the Cane Creek and potentially the C18/19 reservoirs, acquiring both core data and a comprehensive well log suite in order to provide valuable new basin data.

Over a period of several months, the project team has analysed multiple potential well locations across the Paradox Basin and the Group is delighted that, subject to negotiation of final funding terms and permitting, the EGI and UGS have selected the Group’s leased acreage on which to drill the well. The Company’s location was selected for a number of reasons, including the quality of the Group’s underlying 3D seismic data (which can be tied into the well results to build a stronger integrated predictive model) as well as a favourable surface location which will be sited on a pre-existing pad.

It is proposed that the test well will be spudded before the end of this year and be funded by the existing DOE grant to EGI.

The spudding of this test well will provide multiple benefits to the Group. Not only will the Group be able to utilise valuable data acquired from the test well, but the Board believes that data gained from the well would be highly beneficial to the Group’s continuing farm-in and institutional funding discussions regarding its Paradox acreage.

FINANCIAL REVIEW

The financial information is reported in United States Dollars (“US\$”).

Income Statement

The Group reports a net profit after tax from continuing operations of US\$0.9 million or a profit of 0.32 US cents per share for the six months ended 30 June 2020 (30 June 2019: net loss after tax from continuing operations of US\$0.8 million or a loss of 0.56 US cents per share).

The profit for the period, when compared to the prior year comparative period, is primarily the result of unrealised foreign exchange differences that arise on the restatement of the Company’s loans to its subsidiaries. These foreign exchange differences resulted in an unrealised gain of US\$1.6 million for the six months ended 30 June 2020 (30 June 2019: unrealised gain of US\$0.1 million). The unrealised gain in this period is the result of the strengthening of the US dollar against sterling.

Administrative expenses for the period were lower than those incurred over the same period in the prior year at US\$0.6 million (30 June 2019: US\$0.8 million). The reduction was primarily the result of reduced staff and employee costs due to the Group’s recent cost reduction programme.

Balance Sheet

Intangible assets at 30 June 2020 were US\$13.6 million (30 June 2019: US\$13.3 million). The primary reason for the increase was the ongoing investment into the Paradox project.

Cash and cash equivalents at 30 June 2020 were US\$0.4 million (30 June 2019: US\$0.5 million). Cash conservation remains a key priority of the Board.

CONCLUSION

In the Company's recent Annual Report, we outlined that following the completion of its restructuring, Zephyr is a clean, low-overhead, unlevered and value-focused vehicle from which to build and with a strategy and value set designed to deliver responsible growth for all stakeholders.

Over the next period we expect to see further exciting developments on our existing project in the Paradox Basin as well as the expansion of the Group's asset portfolio through acquisitions or partnerships.

I'd like to thank our shareholders and advisers for their continued support at this pivotal time for the Company.

Colin Harrington
Chief Executive Officer

16 September 2020

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 20

		Unaudited six months ended 30 June 2020 US\$'000	Restated unaudited six months ended 30 June 2019 US\$'000	Audited year ended 31 December 2019 US\$'000
	Notes			
Continuing operations				
Administrative expenses		(613)	(806)	(1,785)
Development expenses		(104)	(146)	(206)
Foreign exchange gains/(losses)		1,623	126	(819)
		<u>906</u>	<u>(826)</u>	<u>(2,810)</u>
Operating profit/(loss)				
Impairment of financial assets		-	-	(201)
		<u>906</u>	<u>(826)</u>	<u>(3,011)</u>
Profit/(loss) on ordinary activities before taxation				
Taxation charge		-	-	-
		<u>906</u>	<u>(826)</u>	<u>(3,011)</u>
Profit/(loss) for the period from continuing operations				
Discontinued operations				
Profit from discontinued operations, net of tax		-	9	1,987
		<u>906</u>	<u>(817)</u>	<u>(1,024)</u>
Profit/(loss) for the period attributable to owners of the parent company				
Profit/(loss) per Ordinary Share				
From continuing operations				
Basic and diluted, cents per share	3	<u>0.32</u>	<u>(0.56)</u>	<u>(1.74)</u>
From continuing and discontinued operations				
Basic and diluted, cents per share	3	<u>0.32</u>	<u>(0.55)</u>	<u>(0.59)</u>

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Unaudited six months ended 30 June 2020 US\$'000	Unaudited six months ended 30 June 2019 US\$'000	Audited year ended 31 December 2019 US\$'000
Profit/(loss) for the period attributable to owners of the parent company	906	(817)	(1,024)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss, net of tax</i>			
Foreign currency translation differences on foreign operations	3,223	217	(1,669)
Total comprehensive income for the period attributable to owners of the parent company	<u>4,129</u>	<u>(600)</u>	<u>(2,693)</u>

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2020

	Notes	Unaudited as at 30 June 2020 US\$'000	Unaudited as at 30 June 2019 US\$'000	Audited as at 31 December 2019 US\$'000
Non-current assets				
Intangible assets	4	13,586	13,326	13,549
Property, plant and equipment		44	19	77
		<u>13,630</u>	<u>13,345</u>	<u>13,626</u>
Current assets				
Trade and other receivables		88	398	112
Cash and cash equivalents		350	461	1,084
		<u>438</u>	<u>859</u>	<u>1,196</u>
Total assets		<u><u>14,068</u></u>	<u><u>14,204</u></u>	<u><u>14,822</u></u>
Current liabilities				
Trade and other payables		(411)	(406)	(442)
Lease liabilities		(23)	-	(45)
		<u>(434)</u>	<u>(406)</u>	<u>(487)</u>
Non-current liabilities				
Lease liabilities		-	-	(8)
Provisions		(57)	-	(57)
		<u>(57)</u>	<u>-</u>	<u>(65)</u>
Total liabilities		<u><u>(491)</u></u>	<u><u>(406)</u></u>	<u><u>(552)</u></u>
Net assets		<u><u>13,577</u></u>	<u><u>13,798</u></u>	<u><u>14,270</u></u>
Equity				
Share capital	5	40,688	40,536	40,688
Share premium account		37,975	36,796	37,975
Warrant reserve		227	341	568
Share-based payment reserve		3,341	3,702	3,748
Cumulative translation reserves		(11,612)	(8,996)	(9,972)
Retained deficit		(57,042)	(58,581)	(58,737)
Equity attributable to owners of the parent company		<u><u>13,577</u></u>	<u><u>13,798</u></u>	<u><u>14,270</u></u>

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2020 (Unaudited)

	Share capital US\$'000	Share premium account US\$'000	Warrant reserve US\$'000	Share- based payment reserve US\$'000	Cumulative translation reserve US\$'000	Retained deficit US\$'000	Total US\$'000
As at 1 January 2020	40,688	37,975	568	3,748	(9,972)	(58,737)	14,270
<i>Transactions with owners in their capacity as owners:</i>							
Transfer to retained deficit in respect of lapsed warrants/options	-	-	(341)	(448)	-	789	-
Share-based payments	-	-	-	42	-	-	42
Effect of foreign exchange rates	-	-	-	(1)	-	-	(1)
Total transactions with owners in their capacity as owners	-	-	(341)	(407)	-	789	41
Profit for the period	-	-	-	-	-	906	906
<i>Other comprehensive income:</i>							
Currency translation differences	-	-	-	-	3,223	-	3,223
Total other comprehensive income for the period	-	-	-	-	3,223	-	3,223
Total comprehensive income for the period	-	-	-	-	3,223	906	4,129
Currency translation differences on equity at historical rates	-	-	-	-	(4,863)	-	(4,863)
As at 30 June 2020	40,688	37,975	227	3,341	(11,612)	(57,042)	13,577

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019 (Audited)

	Share capital US\$'000	Share premium account US\$'000	Warrant reserve US\$'000	Share- based payment reserve US\$'000	Cumulative translation reserve US\$'000	Retained deficit US\$'000	Total US\$'000
As at 1 January 2019	40,504	36,472	341	3,645	(8,909)	(57,764)	14,289
<i>Transactions with owners in their capacity as owners:</i>							
Issue of equity shares	184	1,851	-	-	-	-	2,035
Expenses of issue of equity shares	-	(121)	-	46	-	-	(75)
Transfer to warrant reserve	-	(227)	227	-	-	-	-
Share-based payments	-	-	-	100	-	-	100
Transfer to retained deficit in respect of lapsed warrants	-	-	-	(51)	-	51	-
Effect of foreign exchange rates	-	-	-	8	-	-	8
Total transactions with owners in their capacity as owners	184	1,503	227	103	-	51	2,068
Loss for the period	-	-	-	-	-	(1,024)	(1,024)
<i>Other comprehensive income:</i>							
Currency translation differences	-	-	-	-	(1,669)	-	(1,669)
Total other comprehensive income for the period	-	-	-	-	(1,669)	-	(1,669)
Total comprehensive income for the period	-	-	-	-	(1,669)	(1,024)	(2,693)
Currency translation differences on equity at historical rates	-	-	-	-	2,515	-	2,515
Recycled foreign currency translations differences on discontinued operations	-	-	-	-	(1,909)	-	(1,909)
As at 31 December 2019	40,688	37,975	568	3,748	(9,972)	(58,737)	14,270

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2019 (Unaudited)

	Share capital US\$'000	Share premium account US\$'000	Warrant reserve US\$'000	Share- based payment reserve US\$'000	Cumulative translation reserve US\$'000	Retained deficit US\$'000	Total US\$'000
As at 1 January 2019	40,504	36,472	341	3,645	(8,909)	(57,764)	14,289
<i>Transactions with owners in their capacity as owners:</i>							
Issue of equity shares	32	347	-	-	-	-	379
Expenses of issue of equity shares	-	(23)	-	-	-	-	(23)
Transfer to warrant reserve	-	-	-	-	-	-	-
Share-based payments	-	-	-	58	-	-	58
Effect of foreign exchange rates	-	-	-	(1)	-	-	(1)
Total transactions with owners in their capacity as owners	32	324	-	57	-	-	413
Loss for the period	-	-	-	-	-	(817)	(817)
<i>Other comprehensive income:</i>							
Currency translation differences	-	-	-	-	217	-	217
Total other comprehensive income for the period	-	-	-	-	217	-	217
Total comprehensive income for the period	-	-	-	-	217	(817)	(600)
Currency translation differences on equity at historical rates	-	-	-	-	(304)	-	(304)
As at 30 June 2019	40,536	36,796	341	3,702	(8,996)	(58,581)	13,798

ZEPHYR ENERGY PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2020

	Appendices	Unaudited six months ended 30 June 2020 US\$'000	Unaudited six months ended 30 June 2019 US\$'000	Audited year ended 31 December 2019 US\$'000
Net cash used in operating activities	a	(661)	(789)	(1,657)
Net cash (used in)/from investing activities	b	(38)	279	201
Net cash (used in)/from financing activities	c	(26)	356	1,922
Net (decrease)/increase in cash and cash equivalents		<u>(725)</u>	<u>(154)</u>	<u>466</u>
Cash and cash equivalents at beginning of period		1,084	616	616
Effect of foreign exchange rate changes		(9)	(1)	2
Cash and cash equivalents at end of period		<u>350</u>	<u>461</u>	<u>1,084</u>

ZEPHYR ENERGY PLC
APPENDICES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2020

	Unaudited six months ended 30 June 2020 US\$'000	Restated Unaudited six months ended 30 June 2019 US\$'000	Audited year ended 31 December 2019 US\$'000
a Operating activities			
Profit/(loss) before taxation from continuing operations	906	(826)	(3,011)
Profit before taxation from discontinued operations	-	9	1,987
	<u>906</u>	<u>(817)</u>	<u>(1,024)</u>
Fair value gain on investments	-	(27)	(27)
Adjustments for:			
Depreciation of property, plant and equipment	29	3	35
Gain on disposal of property, plant and equipment	-	-	(5)
Gain on disposal of intangible exploration and evaluation assets	-	-	(122)
Impairment of financial assets	-	-	201
Share-based payments	5	58	100
Unrealised foreign exchange gain	(1,631)	(100)	(1,076)
	<u>(691)</u>	<u>(883)</u>	<u>(1,918)</u>
Decrease in trade and other receivables	24	29	119
Increase in trade and other payables	6	65	142
	<u>6</u>	<u>65</u>	<u>142</u>
Net cash used in operating activities	<u><u>(661)</u></u>	<u><u>(789)</u></u>	<u><u>(1,657)</u></u>
b Investing activities			
Purchase of intangible exploration and evaluation assets	(38)	(223)	(428)
Proceeds on disposal of property, plant and equipment	-	-	5
Proceeds on disposal of intangible exploration and evaluation assets	-	-	122
Proceeds on disposal of investments	-	502	502
	<u>6</u>	<u>502</u>	<u>502</u>
Net cash (used in)/from investing activities	<u><u>(38)</u></u>	<u><u>279</u></u>	<u><u>201</u></u>
c Financing activities			
Proceeds from issue of shares	-	379	2,035
Expenses of issue of shares	-	(23)	(75)
Repayment of lease liabilities	(26)	-	(38)
	<u>(26)</u>	<u>-</u>	<u>(38)</u>
Net cash (used in)/from financing activities	<u><u>(26)</u></u>	<u><u>356</u></u>	<u><u>1,922</u></u>

ZEPHYR ENERGY PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2020

1. ACCOUNTING POLICIES

Basis of preparation

This report was approved by the Directors on 16 September 2020.

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs')

The condensed consolidated interim financial statements are presented in United States Dollar ('US\$') as the Group's trading operations, and the majority of its assets are primarily represented in US\$.

The Company is domiciled in the United Kingdom. The Company's shares are admitted to trading on the AIM market.

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 2019, and with those expected to be adopted in the Group's financial statements for the year ended 31 December 2020. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the comparative income statement for the six months ended 30 June 2019 has been re-presented so that the disclosures in relation to discontinued operations relate to all operations that had been discontinued by the Balance Sheet date.

Comparative figures for the year ended 31 December 2019 have been extracted from the statutory financial statements for that period which carried an unqualified audit report which included an emphasis of matter in respect of going concern, 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 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 2019. 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, and following detailed conversations with the Company's brokers and major shareholders, 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. PROFIT/(LOSS) PER ORDINARY SHARE

Basic profit/(loss) per Ordinary Share is calculated by dividing the net profit/(loss) for the period attributable to owners of the parent company by the weighted average number of Ordinary Shares outstanding during the period. The calculation of the basic and diluted profit/(loss) per Ordinary Share is based on the following data:

	Continuing operations unaudited six months ended 30 June 2020 US\$'000	Restated continuing operations unaudited six months ended 30 June 2019 US\$'000	Restated continuing and discontinued operations unaudited six months ended 30 June 2019 US\$'000	Continuing operations audited year ended 31 December 2019 US\$'000	Continuing and discontinued operations audited year ended 31 December 2019 US\$'000
Profits/(losses) Profits/(losses) for the purpose of basic profit/(loss) per Ordinary Share being net profit/(loss) attributable to owners of the parent company	906	(826)	(817)	(3,011)	(1,024)
	Number '000	Number '000	Number '000	Number '000	Number '000
Number of shares Weighted average number of shares for the purpose of basic profit/(loss) per Ordinary Share	287,111	147,834	147,834	172,550	172,550
Profit/(loss) per Ordinary Share Basic and diluted, cents per share	0.32	(0.56)	(0.55)	(1.74)	(0.59)

Due to the losses incurred, there is no dilutive effect from the existing share options, share based compensation plan or warrants.

4. INTANGIBLE ASSETS

	Exploration and evaluation assets US\$'000
Cost	
At 1 January 2019	18,918
Additions	178
Exchange differences	7
	<hr/>
At 30 June 2019	19,103
Additions	223
Disposals - discontinued operations	(5,770)
Exchange differences	(7)
	<hr/>
At 31 December 2019	13,549
Additions	37
	<hr/>
At 30 June 2020	13,586
	<hr/>
Impairment	
At 1 January 2019	5,770
Exchange differences	7
	<hr/>
At 30 June 2019	5,777
Disposals - discontinued operations	(5,770)
Exchange differences	(7)
	<hr/>
At 31 December 2019 and 30 June 2020	-
	<hr/>
Carrying amount	
At 30 June 2020	13,586
	<hr/>
At 30 June 2019	13,326
	<hr/>
At 31 December 2019	13,549
	<hr/>

5. SHARE CAPITAL

	Unaudited as at 30 June 2020 Number '000	Unaudited as at 30 June 2019 Number '000	Audited as at 31 December 2019 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
	<hr/> 8,007,050	<hr/> 8,007,050	<hr/> 8,007,050
	Unaudited as at 30 June 2020 US\$'000	Unaudited as at 30 June 2019 US\$'000	Audited as at 31 December 2019 US\$'000
Allotted, issued and fully paid			
287,111,606 Ordinary Shares of 0.1p each (30 June 2019: 168,413,940: 31 December 2019 287,111,606)	383	231	383
227,752,817 Deferred Shares of 9.9p each	40,305	40,305	40,305
	<hr/> 40,688	<hr/> 40,536	<hr/> 40,688

The Deferred Shares are not listed on AIM, 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 30 May 2019, the Company issued 25,000,000 Ordinary Shares of 0.1p each at a price of 1.2p per share, raising gross proceeds of US\$0.4 million (£0.3 million).

On 28 August 2019, the Company issued 2,500,000 Ordinary Shares of 0.1p each at a price of 0.6p per share, raising gross proceeds of US\$0.018 million (£0.015 million).

On 8 November 2019, the Company issued 31,182,780 Ordinary Shares of 0.1p each at a price of 1.1p per share, raising gross proceeds of US\$0.4 million (£0.35 million).

On 22 November 2019, the Company issued 82,453,584 Ordinary Shares of 0.1p each at a price of 1.1p per share, raising gross proceeds of US\$1.2 million (£0.9 million).

On 22 November 2019, the Company issued 1,325,757 Ordinary Shares of 0.1p each at a price of 1.1p per share, raising gross proceeds of US\$0.019 million (£0.015 million).

On 9 December 2019, the Company issued 1,235,545 Ordinary Shares of 0.1p each at a price of 1.1p per share, raising gross proceeds of US\$0.018 million (£0.014 million).

In November 2019, the Company undertook a fundraise which resulted in the issue of 31,182,780 Ordinary Shares of 0.1p each on 8 November, followed by a further 82,453,584 Ordinary Shares of 0.1p each on 22 November 2019, resulting in the total issue of 113,636,364 Ordinary Shares. In respect of these particular share issues, subscribers were also issued warrants to subscribe for 56,818,182 new Ordinary Shares, representing one warrant for every

two placing shares. The warrants are exercisable at a price of 2 pence per Ordinary Share for a period of two years from the date of issue.

	Ordinary Shares Number '000	Deferred Shares Number '000
At 1 January 2019	143,414	227,753
Allotment of shares	25,000	-
At 30 June 2019	168,414	227,753
Allotment of shares	118,698	-
At 31 December 2019 and 30 June 2020	287,112	227,753

6. POST BALANCE SHEET EVENTS

At the Company's Annual General Meeting, held on 29 July 2020, the Shareholders approved the change of the Company's name from Rose Petroleum plc to Zephyr Energy plc.

All other matters relating to events occurring since the period end are reported in the Chief Executive Statement.