

June 12, 2026

ZENITH ENERGY LTD.

("Zenith" or the "Company")

European Commission approves €23 billion Italian renewable energy support scheme

Zenith Energy Ltd. (LSE: ZEN; OSE: ZENA; XSAT: ZENA SDR), the international energy production and development company, is pleased to note the European Commission's approval, announced on June 8, 2026, of a €23 billion Italian State aid scheme to support electricity production from renewable energy sources (the "Scheme"), a development the Company believes carries significant positive implications for its 188.5 MWp Italian solar development portfolio, held through its wholly-owned Italian solar subsidiary, WESOLAR S.R.L. ("WESOLAR").

Highlights

- The European Commission has approved a €23 billion Italian State aid scheme under the Clean Industrial Deal State Aid Framework ("CISAF") to support new renewable electricity generation in Italy, including solar power, onshore wind, hydropower and sewage gas.
- The Scheme is expected to support the addition of approximately 37.15 GW (Gigawatt) of new renewable electricity capacity in Italy, equivalent to approximately 48% of the country's current installed renewable capacity.
- Support will be provided through two-way Contracts for Difference ("CfDs") with a duration of 20 years, providing producers with long-term revenue visibility based on a defined strike price for each kWh of electricity produced and fed into the grid.

In practical terms, the two-way CfD operates through a symmetrical adjustment mechanism. If the reference market price of electricity falls below the agreed strike price, the Italian State pays the producer the difference. Conversely, if the reference market price rises above the strike price, the producer returns the excess amount to the State. This mechanism effectively stabilises the revenue received for each eligible kWh at the strike price throughout the 20-year term, reducing exposure to market volatility while preventing windfall gains when electricity prices are unusually high.

- Solar and wind projects with a capacity above 1 MWp will be awarded CfDs through a transparent competitive bidding procedure, where applicants will be required to satisfy pre-selection criteria under the Net Zero Industry Act.
- Renewable energy installations with a capacity below 1 MWp are eligible to access the scheme directly, with the applicable strike price determined administratively by the Italian energy regulator, ARERA (Autorità di Regolazione per Energia Reti e Ambiente).
- WESOLAR expects to qualify for the Scheme and intends to participate with its projects in the forthcoming competitive procedures, subject to the completion of a project-by-project assessment, with a view to securing long-term contracted revenues across the Company's 188.5 MWp Italian solar development pipeline.
- WESOLAR has several projects with individual capacities below the 1 MWp threshold,

allowing them to benefit from the particularly favorable conditions available under the scheme.

Relevance for Zenith's Solar Strategy

The award of 20-year Contracts for Difference under the Scheme would fundamentally transform the investment profile of WESOLAR's project portfolio, delivering two distinct and material benefits for Zenith:

- a significantly enhanced access to construction financing, and
- a substantially stronger market for asset disposals.

On financing, the CfDs converts what are currently development-stage assets into long-term, predictable income streams backed by the Italian State. For lenders and infrastructure debt providers, sovereign-guaranteed revenue removes price risk, which is the single greatest barrier to project financing. The result is a materially more bankable portfolio, with access to deeper pools of capital on more favorable terms.

On asset sales, the same sovereign-backed contracted revenues that attract lenders also transforms WESOLAR's completed projects into compelling acquisition targets for institutional investors including pension funds, sovereign wealth funds, and infrastructure allocators that deploy long-term capital into this type of asset. CfD-backed solar projects command premium valuations and are significantly more liquid than standard assets, giving Zenith a clear and accelerated access to capital.

These two benefits directly underpin Zenith's growth strategy: use financing to build, then sell a part of the completed assets at strong valuations and redeploy that capital into the next phase of pipeline development.

Furthermore, Zenith's strategy to develop a portfolio predominantly comprising projects below the 10 MWp threshold, located in areas classified as suitable for renewable energy development, including under the Italian Government's most recent decree-law, is contributing to significantly faster grid-connection procedures and permitting processes.

The Company's first operational asset cluster, comprising three solar plants in Puglia with a combined capacity of 7 MWp, is expected to commence construction in July 2026, with commissioning targeted for Q4 2026.

Andrea Cattaneo, Chief Executive Officer, commented:

"The European Commission's approval of this €23 billion scheme marks a major milestone for the Italian renewable energy sector and creates a highly supportive environment for solar project development. For Zenith, the introduction of 20-year Contracts for Difference has the potential to significantly enhance the attractiveness of our Italian solar portfolio by providing long-term revenue visibility and strengthening access to both project financing and institutional capital. We believe the scheme further reinforces the value of our development pipeline and positions the Company favourably as Italy accelerates its transition towards renewable energy."

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Notes to Editors:

Zenith Energy Ltd. is a revenue generating, independent energy company with energy production, exploration and development assets in North Africa, the US and Europe. The Company is listed on the London Stock Exchange Main Market (LSE: ZEN), the Euronext Growth of the Oslo Stock Exchange (OSE: ZENA) and on the Spotlight Stock Market in Sweden (XSAT: ZENA SDR).

Zenith's strategic focus is on pursuing development opportunities through the development of proven revenue generating energy production assets, as well as low-risk exploration activities in assets with existing production.

For more information, please visit: www.zenithenergy.ca

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