July 20, 2026

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Acquisition of Italian Biogas Plant

Zenith Energy Ltd (**LSE: ZEN; OSE: ZENA; XSAT: ZENA SDR**), is pleased to announce that it has entered into a binding Letter of Intent and Exclusivity (the "**Contract**") for the acquisition of 100% of the issued share capital of an Italian biogas development company (the "**Target**"), which owns the rights to develop a fully permitted and engineered biogas production facility in Italy, subject to completion of the proposed acquisition (the "**Project**").

The Project is fully permitted, fully engineered and construction-ready, with all material permits, licences and engineering approvals already obtained. Once operational, the Project will produce approximately 3 million cubic metres of methane gas per annum, for injection into the Italian gas network, sold at Italian gas prices and benefiting from 15-year government incentives.

A long-term feedstock supply contract with a major Italian regional authority, comprising approximately 50% municipal waste and 50% agro-industrial waste, significantly mitigates what is widely regarded as the principal operational risk associated with biogas projects. This provides the Project with a stable and secure long-term feedstock supply, supporting predictable operations and facilitating access to project financing.

Project Economics

The Project's projected annual revenues at full operational capacity are estimated at approximately €5 million. The projected annual EBITDA is estimated at approximately €2.5 million; a 50% EBITDA margin that reflects the Project's strong underlying economics and the benefit of long-term, government-backed revenue incentives.

Zenith is providing what the Project has always lacked: the operational expertise required to produce and sell gas into the Italian network, together with the project finance expertise and financing relationships necessary to unlock its full potential. As with the Company's previously announced acquisition and development of its solar portfolio, both the acquisition of the Target and the development of the Project are expected to be funded through non-dilutive green project financing.

Details surrounding the final consideration and the identity of the Target, together with the geographical location of the Project and the identity and location of the vendor, will be disclosed upon completion, as the Company believes that premature disclosure could increase the risk of competing offers for the Project.

Highlights

- The purchase price of the Target is capped at EUR 1.6 million, with the final consideration to be determined following completion of confirmatory due diligence.
- Biogas enjoys exceptional government support in Italy: a 40% capital cost subsidy and a 15-year incentive providing a 20% uplift on methane sales. These mechanisms materially enhance project returns and provide long-term revenue visibility.
- Italy's National Energy and Climate Plan (PNIEC) targets 5.7 billion cubic metres of biomethane production per annum by 2030 - a target that requires national production to roughly double and represents a significant, sustained investment opportunity that Zenith intends to capture.
- Once operational, the Project will produce approximately 3 million cubic metres of methane gas, which will be injected into the Italian gas network “Snam Rete” through which Zenith has produced and sold natural gas since 2013 via its subsidiary Canoel Italia S.p.A.
- Green project financing is targeted by the end of Q3 2026. Completion of the Acquisition is expected during Q4 2026, with construction to commence immediately thereafter and the plant expected to be operational in Q3 2027.
- This Acquisition is the first step in building a diversified Italian biogas and biomethane portfolio alongside Zenith's existing solar development business.

About Biogas in Italy

Italy is one of Europe's largest and most established biogas markets, with approximately 2,400 plants in operation and a combined installed capacity of approximately 1.5 GW, concentrated in the north of the country. The sector was originally built around the production of renewable electricity under long-term feed-in tariffs; it is now undergoing a structural transition towards biomethane - a renewable gas equivalent to natural gas that is injected directly into the national gas network and sold at Italian gas prices.

The policy backdrop is among the most supportive in Europe. Italy's PNIEC targets 5.7 billion cubic metres of biomethane production per annum by 2030, supported by substantial capital grants and long-dated revenue incentives for new biomethane capacity. This combination of a large existing industrial base, binding national targets and generous long-term incentives has attracted significant capital from major international infrastructure investors in recent years - and underpins Zenith's decision to establish biogas and biomethane as its second Italian renewable energy division.

Andrea Cattaneo, Chief Executive Officer, commented:

"The proposed acquisition marks the beginning of Zenith's second Italian renewable energy division and establishes a strong platform from which to build a diversified biogas and biomethane business in Italy.

The Project is fully permitted, fully engineered and supported by long-term waste supply agreements with a group of municipal authorities and leading food and agro-industrial companies. Having already achieved the key permitting, engineering and commercial milestones, the Project is well positioned to advance into construction. Zenith believes it is uniquely positioned to provide the operational expertise, sector experience and project financing capabilities required to unlock the Project's full potential.

The proposed acquisition reflects our Italian renewable energy strategy in action: acquiring high-quality development assets at attractive valuations and creating value by financing, constructing and operating them. We have successfully applied this approach in our solar development business and are now extending it into the rapidly growing Italian biogas sector.

Biogas is a natural extension of our Italian platform. We have operated as a natural gas and electricity producer in Italy since 2013, giving us extensive experience of the Italian energy market, its regulatory framework and the commercialisation of gas production. Combined with a highly supportive policy environment, including government grants covering up to 40% of eligible capital expenditure and 15-year biomethane incentives, we believe the sector offers a highly attractive long-term investment opportunity.

We intend for this proposed acquisition to serve as the foundation for the development of a significant Italian biogas and biomethane portfolio in Italy, and we look forward to completing the transaction during Q4 2026."

Further Information:

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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

Twitter: @zenithenergyltd

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Market Abuse Regulation (MAR) Disclosure

The information included in this announcement is defined as inside information pursuant to MAR article 7 and is publicly disclosed in accordance with MAR article 17 and section 5-12 of the Norwegian Securities Trading Act. The announcement is made by the contact person.