ZENITH ENERGY LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016

This management's discussion and analysis (the “MD&A”) dated November 29, 2016 of Zenith Energy Ltd. (“Zenith” or the “Company”, is presented in Canadian dollars and should be read in conjunction with the September 30, 2016 unaudited condensed interim consolidated financial statements as well as the March 31, 2016 audited consolidated financial statements of Zenith, together with the accompanying notes.

The consolidated financial statements have been prepared by management and approved by Zenith’s Board of Directors on the recommendation of the Audit Committee. These statements are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may differ materially. The financial data included in this MD&A is in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are effective as at April 1, 2015. The Company has presented its financial statements on a going concern assumption, which assumes that the Company will be able to continue to finance its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Refer to the Business Risks and Uncertainties section of this MD&A for additional information related to identified risks, estimates and uncertainties.

The functional currency of the Company is the Canadian dollar (“CAD”); the functional currency Company’s Argentine subsidiaries is the Argentine Peso; the functional currency of the Company’s Italian subsidiary is the Euro; the functional currency of the Company’s Azerbaijan subsidiary is the Manat; and the functional currency of the Company’s United States subsidiaries is the United States dollar. The Company’s presentation currency is the CAD. In this MD&A, unless otherwise noted, all dollar amounts are expressed in CAD. References to “US$” are to United States dollars, references to "GBP" are to Great Britain Pounds, references to “AZN” are to Azerbaijan Manat.

Additional information related to the Company's business and activities can be found on SEDAR at www.sedar.com.

BOE Presentation – Production information is commonly reported in units of barrels of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet ("mcf") to one barrel of oil ("bbl"). This conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Such disclosure of boe may be misleading, particularly if used in isolation. Readers should be aware that historical results are not necessarily indicative of future performance.

Special Note Regarding Non-IFRS Measures – This MD&A may include references to certain financial measures, as described below, which do not have standardized meanings prescribed by IFRS, however, as these measures are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors and they are measures that the Company uses to evaluate its performance. Investors are cautioned that these non-IFRS measures should not be construed as an alternative to the measures calculated in accordance with IFRS, given their non-standardized meanings; they may not be comparable to similar measures presented by other issuers. The term “field netback” is defined as petroleum and natural gas sales less royalties and less operating and transportation costs. The term “funds from (used in) operations”, defined as the cash flow from operating activities, before the change in non-cash working capital and abandonment expenditures, should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net income (loss) as determined in accordance with IFRS as an indicator of performance. The Company’s determination of funds from operations may not be comparable to that reported by other companies.

Cautionary Statement regarding Forward-Looking Information

Certain information in this MD&A is forward-looking and related to anticipated financial performance, events and strategies. When used in this context, words such as “will”, “anticipate”, “believe”, “plan”, “intend”, “target” and “expect” or similar words suggest future outcomes. By their nature, such statements are subject to significant risks, assumptions and uncertainties, which could cause the Company’s actual results and experience to be materially different than the anticipated results. In particular, forward-looking information and statements include, but are not limited to: (i) expectations related to the two properties producing oil in the Patagonia region of Southern Argentina, owned by Petrolera Patagonia Srl; (ii) expectations related to crude oil and petroleum products prices and demand; (iii) the state of capital markets; (iv) expectations related to operating costs in Argentina and Italy; (v) variations in the Peso, US dollar, Euro, Manat, and Canadian dollar exchange rates; (vi) expectations related to security granted over oil and gas assets in Argentina pursuant to a loan agreement; (vii) expectations related to regulatory approvals; (viii) management’s analysis of applicable tax legislation; (ix) expectations that the currently applicable and proposed tax laws will not change and will be implemented; (x) expectation that management will continue to focus its efforts towards acquiring large exploration permits, which offer high exploration potential and the opportunity to act as operator at least for the initial exploration period; (xi) expectation that management will consider acquiring additional producing assets; (xii) the capital expenditures required in order to re-commence production on both the Torrente Vulgano and Canaldente properties; (xiii) the ability of the Company to re-commence production on both the Torrente Vulgano and Canaldente properties by late 2017; (xiv) the price of natural gas in Italy; (xv) the ability of the Company to comply with certain regulatory requirements in Italy; (xvi) the Company's ability to increase its oil and gas production by early 2017; (xvii) expectations related to the properties producing oil in Azerbaijan named Muradkanly, Yafarli and Zardob, owned by Zenith Aran Oil Company and (xviii) business strategy and outlook.

These statements are based on certain assumptions and analysis made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements include, but are not limited to: (i) pricing of crude oil and petroleum products set by the government of Argentina; (ii) increased competition; (iii) assumption that operating costs in Argentina, Azerbaijan and Italy may be reduced in future months and that the oil price in Argentina and international markets will continue to improve; (iv) additional financing of the Company is subject to the global financial markets and economic conditions; (v) the Company will evaluate certain properties located within Argentina and will focus on managing the properties acquired in 2010 with the intention to increase production and cash flows; (vi) the Company will evaluate certain properties located within Azerbaijan and will focus on managing the properties acquired in 2016 with the intention to increase production and cash flows; (vii) assumptions related to international oil and natural gas prices; (viii) ability to obtain regulatory approvals; (ix) costs of exploration and development; (x) availability and cost of labour and management resources; (xi) performance of contractors and suppliers; (xii) availability and cost of financing; and (xiii) the Company's business strategy and outlook.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from the Company's expectations. Such risks and uncertainties include, but are not limited to risks and uncertainties relating to: (i) volatility of and assumptions regarding commodity prices; (ii) product supply and demand; (iii) market competition; (iv) risks inherent in the Company's operations; (v) potential disruption or unexpected technical difficulties in developing or maintaining facilities; (vi) risks associated with technology; (vii) Company's ability to generate sufficient cash flow from operations to meet its current and future obligations; (viii) the Company's ability to secure external sources of debt and equity as needed; (ix) changes in royalty, tax, environmental, greenhouse gas, carbon, accounting and other laws or regulations or the interpretation of such laws or regulations; (x) political and economic conditions in the countries in which the Company operates; (xi) terrorist threats; (xii) risks associated with potential future lawsuits and regulatory actions made against the Company; (xiii) the performance of counterparties in meeting their obligations under agreements; (xiv) economic conditions; (xv) equipment and labour shortages and inflationary costs; (xvi) fluctuations in foreign exchange rates; (xvii) the effect of weather conditions on operations and facilities; and (xviii) stock market volatility.

Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Except as required by law, the Company disclaims any intention and assumes no obligation to update any forward-looking statement.

Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related achieved amounts. The estimates and assumptions that have significant risk of causing material adjustments and assumptions to the carrying amounts of assets and liabilities are disclosed below.

Valuation of the assets and liabilities associated with the Azerbaijan acquisition this assessment involves:

- Future revenues and estimated development and exploration costs;
- The discount rate to be applied for the purposes of deriving a recoverable value;
- The expected tax rate; and
- The expected oil price.

During the six months ended September 30, 2016 the Company recognised a value of assets and associated liabilities for its Azerbaijan Assets acquired, including the payments due in respect of the acquisition relating to royalties, work and exploration programmes and taxation. The valuations of the assets and of the liabilities have been based on the Net Present Value ("NPV") of future cash flows included in the Competent Persons Report prepared on behalf of the Company by Chapman Petroleum Engineering Ltd. ("Chapman") and published on 15 June 2016 ("Original CPR"). The NPV of future cashflows was discounted at a rate of 10%. The Board considers 10% an appropriate rate of discount for the following reasons:

- The Asset has a verified producing history as well as current production;
- The asset is production & development with 2P reserves (made by way of a National Instrument 51-101) based over an acreage of 642 square kilometres comprised of different structures;
- The Asset is low cost and onshore presenting a low operational risk;
- Azerbaijan has one of the world's oldest established Oil & Gas industries;
- Azerbaijan has a stable political environment with a government that has guaranteed and supported the licence rights of companies operating in the Oil & Gas industry since its independence in 1992
- Crude oil is exported via two different pipelines, one delivering oil to the Mediterranean Sea and the other to the Black Sea, thereby derisking routes to market from both a political and logistical perspective.

Any changes to the estimates may result in a material impact to the carrying value of both the assets and liabilities, arising in respect of the acquisition.

NATURE OF OPERATIONS, ACQUISITON AND EXPLORATION ACTIVITIES

The Company was incorporated under the Business Corporations Act (British Columbia) ("BCBCA") on September 20, 2007. The registered business address is 15th Floor, Bankers Court, 850 - 2nd Street S.W., Calgary, Alberta T2P 0R8, Canada. Zenith's website is www.zenithenergy.org. The Company is involved in the exploration for, development of and production of petroleum and natural gas in Argentina, Azerbaijan and Italy and exploration for oil & gas in central Asia and Africa.

On March 10, 2010, Zenith formed Ingenieria Petrolera del Rio de la Plata S.r.l. ("IPRP"), a wholly owned subsidiary of Zenith. IPRP was initially incorporated in Buenos Aires, Argentina, to negotiate management agreements to operate existing producing properties. However, as described in following paragraphs, after Petrolera Patagonia S.r.l. was acquired, management saw no immediate needs for IPRP and the company was kept in a dormant state and held in trust by Zenith's trustees in Argentina until late 2011.

On July 20, 2010, Zenith incorporated a wholly owned US subsidiary, Ingenieria Petrolera Patagonia Ltd. ("IPP"), to act as the potential acquirer of two US based companies controlling Central Patagonia S.r.l., the owner of two producing oil fields in the Chubut Province in Argentina.

On July 22, 2010, Zenith acquired two US based companies, namely Central Patagonia Corporation (renamed Petrolera Patagonia Corporation or "PPC") and CPC Holdings (renamed PP Holdings Inc. or "PPH") owning respectively 95% and 5% of Central Patagonia S.r.l. (renamed Petrolera Patagonia S.r.l. or "PPS"), thereby acquiring two adjacent oil producing properties in Argentina.

On March 23, 2011, Zenith established Canoel Italia S.r.l. ("Italia Srl"), a wholly owned subsidiary of the Company, so that it would have an operating entity if the Company was awarded the oil and gas properties being posted for auction by the Ministry of Economic Development.

On August 27, 2011, Italia Srl was awarded two gas properties, which were previously on production but currently shut-in, at the auction. Zenith's bid was accepted on the basis of its technical presentation and proposed program to place the properties back on stream. The properties are Torrente Vulgano, located in the Puglia region, and Canaldente, located in the Basilicata region. Both regions are located in southern Italy, which is where the majority of hydrocarbons are produced.

In October 2011, Zenith recognized the opportunity to implement its own completion operations and consequently decided to use the dormant company IPRP for these operations. Management commenced the process to transfer the shares of IPRP from Zenith's trustees to PPC (95%) and to PPS (5%). This process was completed in May 2012.

In mid-2012, in line with the Company's strategy to increase its involvement in Italy through its Italian subsidiary, Zenith commenced negotiations to purchase producing and exploratory permits from a well-established gas producing company, Mediterranean Oil & Gas Plc, a British company with activities in Italy, France and Malta whose shares trade on the London AIM Stock Exchange.

On June 6, 2013, the Company completed the acquisition of various working interests in 13 Italian producing and exploration properties (the "Assets") from Medoilgas Italia S.P.A. and Medoilgas Civita Limited, each a subsidiary of Mediterranean Oil and Gas Plc (collectively, "MOG") after receiving the final approval from the Italian Ministry of Economic Development to the change of ownership. The Assets are comprised of (i) 6 operated onshore gas production concessions: Masseria Grottavecchia (20% working interest), San Teodoro (100% working interest), Torrente Cigno (45% working interest), Misano Adriatico (100% working interest), Sant'Andrea (40% working interest) and Masseria Petrilli (50% working interest); (ii) 3 non-operated onshore gas production concessions: Masseria Acquasalsa (8.8% working interest), Lucera (13.6% working interest) and San Mauro (18% working interest) (collectively, the "Gas Licenses"); (iii) an operated exploration permit: Montalbano (57.15% working interest) (the "Exploration Permit"); and (iv) 3 exploration permit applications: Serra dei Gatti (100% working interest), Villa Carbone (50% working interest) and Colle dei Nidi (25% working interest) (the "Exploration Applications").

Most of the Gas Licenses are located onshore in southern Italy, in the Regions of Puglia, Basilicata, Molise, Abruzzo and Marche. The Exploration Permit and Exploration Applications are located in southern Italy and cover an area of 1,285 square kilometres.

On October 1, 2015, the Company acquired co-generation equipment and facilities from the owner of the plant that treats gas from the Masseria Vincelli 1 well in the Torrente Cigno concession in Italy. The acquisition will enable the company to produce electricity from the gas produced by the Masseria Vincelli 1 well and sell it directly into the national energy grid.

In September 2015, the Company opened an office in Baku, the capital of Azerbaijan. In October 2015, the Republic of Azerbaijan issued a Presidential Decree which authorized the State Oil Company of the Republic of Azerbaijan ("SOCAR") to negotiate a Rehabilitation, Exploration, Development and Production Sharing Agreement ("REDPSA") with Zenith pursuant to which Zenith would receive the rights and obligations to an 80% participating interest in current and future production from three producing onshore oil fields named Muradkhanli, Jafarli and Zardab, known as the Muradkhanli Block (the "Block"), covering an area of 642.4 square kilometres.

On June 24, 2016 the President of the Republic of Azerbaijan signed the REDPSA into law, after the approval by Parliament on the 14th of June 2016.

On August 11, 2016 the handover of the Azerbaijan assets, phisically completed in June 2016, was formally completed with the necessary signatures on related documents and the Company commenced crude oil production of approximately 275 barrels of oil per day in Azerbaijan under Zenith's ownership.

See Operational Update – Azerbaijan for further details.

The Company conducted the following development and exploration activities in Argentina, Azerbaijan and Italy as noted below:

	Six months ended September 30	
Capital additions	**2016**	2015
Argentina	**$ -**	$ 206,309
Azerbaijan	**-**	-
Italy	**31,024**	53,208
	$31,024	$ 259,517

Highlights for the six months ended September 30, 2016 include the following:

Operational:

- During the six months ended September 30, 2016, the Company sold 15,867 mcf of natural gas and 459 bbls of condensate from its Italian properties as compared to 64,541 mcf of natural gas and 530 bbls of condensate in the 2015 comparative period, a decrease of 75% and 13% respectively. The predominant reason for the decrease is a change in classification from gas to electricity from the Torrente Cigno concession. Prior to October 1, 2015, the Company sold its 45% share of this gas to the previous electricity producer and included such sales in oil and gas revenues. Following the Company's acquisition of co-generation equipment and facilities on October 1, 2015, the Company became the new electricity producer and now classifies its 45% share of Torrente Cigno gas production as gas sales volumes for electricity.
- During the six months ended September 30, 2016, the Company sold 5,338.42 MWh of electricity from its Italian properties. This data is not comparable to the past year.
- On August 11, 2016 the handover of the Azerbaijan assets, phisically completed in June 2016, was formally completed with the necessary signatures on related documents and the Company commenced crude oil production of approximately 275 barrels of oil per day in Azerbaijan under Zenith's ownership. During the period from August 11 to September 30, 2016, the Company sold 11,806 bbls of oil from its Azerbaijan properties. This data is not comparable to the past year.

  The acquistition of the assets in Azerbaijan was reflected in an immediate accretion of the gross revenues of CAD$659,000 for the period from August 11 to September 30, 2016.

Financial:

- The Company generated oil and natural gas revenue, net of royalties, of $776,839 and $282,661 of electricity revenue in the six months ended September 30, 2016 versus $1,424,023 and $nil, respectively, in the comparative period.
- The Company incurred $31,024 of capital expenditures in the six months ended September 30, 2016.
- In July 2016, the Company sold 116,913 shares of GRIT for gross cash proceeds of CAD $10,818.
- On June 14, 2016, the Company received notice that the Parliament of the Republic of Azerbaijan ratified the

Rehabilitation, Exploration, Development and Production Sharing Agreement ("REDPSA") for certain blocks of Azerbaijan oil fields in which the Company holds an 80% participating interest in current and future production.

- In June 2016, the Company started the operation to establish Aran Oil Operating Company Ltd., an 80% owned subsidiary of Zenith Aran, to serve as operator of the REDPSA.

- On August 11, 2016 the handover of the Azerbaijan technical assets of the three fields, Muradkhanli, Jafarli and Zardab, phisically completed in June 2016, was formally completed. The delivery of the capital assets previously used in respect of the petroleum operations at the Azerbaijani Operations, from the previous operating company to Aran Oil, officially completed on that date. Aran Oil now has operational control of the Azerbaijani Operations. The transfer of operational control did not involve any interruption of petroleum production operations at the Azerbaijani Operations.

  As a part of the Handover, an inventory of equipment and material was prepared and the volumes of oil in the pipelines and tanks were recorded. Any revenues related to the existing oil as at the date of Handover were allocated to SOCAR. At the time of the formal finalitazion of the transaction the production in Azerbaijan was about 275 barrels per day of oil, they have generated revenues for the Company since the completion of the transfer to Aran Oil.

  The Handover involved the transfer of certain individuals employed by the current operator of the Azerbaijani Operations to Aran Oil. In accordance with the laws of Azerbaijan, the transfer process involved the relevant employees being dismissed by their previous employer (the outgoing operator of the Azerbaijani Operations) and entering into new employment contracts with Aran Oil. Any payments to the relevant employees arising as a result of their dismissal by the previous operating company were for the account of the previous operating company. In accordance with the laws of Azerbaijan, the relevant employees have been employed by Aran Oil with effect from the Effective Date. The form of employment agreement follows the template prescribed by the Azerbaijani labour code.

  The capital assets which transferred to Aran Oil as part of the Handover include production equipment, vehicles, wells, pumps, storage facilities, tools, generators, compressors, pipelines, offices, warehouses, buildings, rigs, yards, roads, infrastructure, radios, tubular goods, supplies, materials and facilities. The Company appointed a consultant in Azerbaijan to review and report on the availability and the state of the assets prior to Handover.

  The term of the Contract Exploration Area portion of the REDPSA is 25 years from the date of SOCAR's approval of the contractor's development program. The term of each Area may be extended by an additional five years at SOCAR's discretion.

  The valuations of the Asset and of the liabilities have been based on the Net Present Value ("NPV") of future cash flows included in the Competent Persons Report prepared on behalf of the Company by Chapman Petroleum Engineering Ltd. ("Chapman") and published on 15 June 2016 ("Original CPR"), and in particular the financial and economic data from page 93 to page 128.

  The amount, stated as a liability, reflects this part of production that has to be delivered to Socar, valued at the estimated production price of US$20 per barrel.

  The acquisition of Assets has been brought to account as a business combination using the acquisition method of accounting and resulted in a bargain purchase arising as follows:

Fair value of net assets acquired CAD$	
D&P assets	1,052,765,084
Compensatory Oil*	(1,997,357)
Capital Costs*	(285,548,895)
Foreign Currency Translation	7,913,703
Decommissioning Obligations*	(1,943,339)
Gain on business combination	**771,189,197**
Taxation	(153,043,767)
Net NPV of the assets	618,145,430

  Amounts required to be paid under the terms of the REDPSA ("Rehabilitation, Exploration, Development and Production Sharing Agreement") and therefore in accordance with FRS3 ("Business Combinations") form part of the acquisition amount.

D&P assets

The estimated value of the D&P assets acquired was determined using both estimates and an independent reserve evaluation based on oil and gas reserves discounted at 10%.

Decommissioning provisions

The fair value of decommissioning obligation assumed was determined using the timing and estimated costs associated with the abandonment, restoration, and reclamation of the wells and facilities acquired, discounted at a credit adjusted rate.
On June 15, 2016, the day immediately following the acquisition date, the decommissioning obligation assumed was remeasured using a long term risk free rate based on the expected timing of cash flows, in accordance with IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets"). The result was a CAD $1,943,339 increase in the decommissioning obligation associated with the acquired assets and the net result of the acquisition and recognition of decommissioning liability recognition being a gain of CAD $711,189,197 measurement adjustment in the first quarter of year 2017 consolidated statement of income and comprehensive income using prevailing exchange rates.

Compensatory oil

The Company have an obligation, as per the REDPSA, to:

1. within one year following the Effective Date, deliver at no charge to SOCAR 5% of the total production of petroleum produced from the contract rehabilitation area in each calendar quarter; and
2. commencing on the first anniversary of the Effective Date, start delivering, at no charge to SOCAR, 15% of the total production of petroleum produced from the contract rehabilitation area in each calendar quarter, until the amount delivered is the equivalent of 45,000 tons of "compensatory" crude oil to SOCAR.

The amount, stated as a liability, reflects this part of production that has to be delivered to Socar, valued at the estimated production price of US$20 per barrel.

Capital Costs

Between 2017 and 2019, the Company plans to workover a total of 44 existing wells in Azerbaijan which are currently inactive or produce at low rates (< 5 STB/d) to bring rates up to 10 to 15 STB/d per well using improved technology, non damaging fluids and optimised treatments. It is estimated that 10 wells will be worked over in 2017, 16 wells in 2018 and 18 wells in 2019. This programme has commenced using the existing workover rig in the field and the Company intends to purchase an additional modern workover rig to optimise the workover of the wells, within the next four years.

In addition to the marginal producing wells, five non-producing wells in the Maykop zone in the Zardab field in Azerbaijan are expected to be worked over in 2017 and to be returned to production once the existing wellbore and sand production issues have been resolved.

The Company intends to acquire one modern drilling rig capable of drilling 4,500m to carry out a fifteen year drilling programme. It is anticipated that five new wells will be drilled in 2018 and ten wells in each year thereafter until the anticipated drilling programme is complete in 2032.

During the first four years of the REDPSA it is estimated that US$2,500,000 will be spent upgrading the gathering system and central facilities in Azerbaijan to improve safety, efficiency and handle higher production rates. During the same period, 39 active wells currently producing at marginal rates will be worked over at an estimated cost averaging $50,000 per well, using the existing workover rig.

It is anticipated that in 2017 five shut-in wells completed in the Maykop formation will be worked over to control sand production, at an estimated cost of US$100,000 per well, and returning to an increase of production at a total of 200STBl/d.

It is envisaged that development drilling will commence in 2018 and continue until 2032. It has been estimated that each well with proved reserves will cost approximately US$4,000,000. This cost will include the direct cost of materials, fuel, salaries, etc. to drill the well and an allocation for the purchase of one drilling rig, well completion and tie-in.

Proved reserves are those reserves that can be estimated, by a competent professional, with a high degree of certainty to be recoverable. The estimate of the reserves are related to a given date, based on analysis of drilling, geological, geophysical and engineering data; the use of established technology, and; specified economic conditions, which are generally accepted and being reasonable, and shall be disclosed.

Each well in the proved plus probable category is expected to cost approximately US$5,000,000. This category of reserves includes those additional reserves that are less certain to be recovered than proved reserves.

In addition to the costs anticipated for the wells with proved reserve, wells in the proved plus probable category have an additional allocation for the purchase and maintenance of a second drilling rig and expansion and modernisation of the field facilities.

In all 145 wells are expected to be drilled over 16 years, of which 58 of these are anticipated to be horizontal wells.

- On July 16, 2016, the Company's wholly owned subsidiary in Argentina, Petrolera Patagonia S.r.l. ("PPSRL"), entered into a loan agreement with Arpenta Sociedad de Bolsa S.A. ("Arpenta"), pursuant to which PPSRL borrowed USD $154,000 (CAD$191,183) of Bonar 2017 Argentine sovereign bonds (the "Bonds") (the "Arpenta Bond Loan"). PPSRL subsequently sold the Bonds in the market (for Argentine pesos) to address cashflow requirements. Interest is payable on the Arpenta Bond Loan at a rate of 4% per annum. The Arpenta Bond Loan has a bullet repayment date of 15 December 2016, although management at PPSRL has taken steps for the Arpenta Bond Loan to be rolled-over (in whole or in part) for an additional 180 day period, if required. Repayment of the Arpenta Bond Loan is required to be made to Arpenta in the same Bonar 2017 Argentine sovereign bonds as were borrowed.

- On August 29, 2016, the Company amended the terms of repayment of the USD loan such that a USD $700,000 payment is payable on 15 October 2016 and a final payment of approximately USD $1,485,337 is due on 31 March 2018.

- On August 9, 2016, the Company's wholly-owned subsidiary, Zenith Aran, entered into a loan agreement. called "Azerbaijan loan One" with Rabitabank Open Joint Stock Company in Baku for the amount of USD $320,000. The loan was able to be drawn down in tranches and as at 30 September 2016 Loan One was fully drawn down. The loan is secured against the REDPSA and has interest at a rate of 12% per annum accrued monthly. The principal amount of the loan and accrued interest was initially repayable in two tranches; 50% repayable on 16 November 2016 and the remaining 50% repayable on 16 February 2017. On the 3rd of November the "loan One" has been amended ("The first Loan amendment") as follow: the principal amount of the loan and accrued interest is initially payable in two tranches: the first of USD$50,000 payable on the 16th of November 2016 and the remainder USD$270,000 on the16th of February 2017.

- On 16 September 2016, the Company closed a non-brokered private placement of 1,906,050 Common Shares at a price of CAD $0.10 per unit for aggregate gross proceeds of CAD $190,605. Each unit is comprised of one Common Share and one-half of one common share purchase warrant. Each Warrant will be exercisable for one Common Share at a price of CAD $0.20 per share for a period of 24 months from the date of closing of the offering.

- On 16 September 2016, the Company issued 724,535 Common Shares at a deemed price of CAD $0.085 per Common Share to certain debtholders and creditors of the Company to settle debts owing by the Company, representing an aggregate of CAD $61,585.48.

- On 29 September 2016, the Company's wholly-owned subsidiary, Zenith Aran, entered into a loan agreement capable of being drawn down in tranches called "Azerbaijan loan Two" with Rabitabank Open Joint Stock Company in Baku for the amount of USD $200,000. The principal amount of the "Loan Two" and accrued interest is payable in two tranches: the first of USD$100,000 payable on the 5th of January 2017 and the remainder USD$100,000 on the on the 5th of April 2017.

Corporate and Administrative:

- The Company continues to improve its accounting and administrative functions within the organization.
- In November 2016 the Company hired Mr. Alan Hume as its new CFO.

Subsequent event highlights:

- In November 2016 the Company amended the repayment of the USD 700,000 of the USD loan to December 20, 2016.
- On the November 3, 2016 the "Azerbaijan loan One" has been amended ("The first Loan amendment") as follow: The principal amount of the loan and accrued interest is initially payable in two tranches: the first of USD $50,000 payable on the 16th of November 2016 and the remaining USD $270,000 together with accrued interest on the16th of February 2017. The first repayment has been made.

- On November 7, 2016, the Company completed a non-brokered private placement of 2,745,062 units of the Company at a price of $0.12 per Unit for aggregate gross proceeds of $329,407.44. Insiders of the Company subscribed for an aggregate of 2,195,475 Units for aggregate subscription proceeds of $263,457. Each Unit is comprised of one common share in the capital of Zenith and one Common Share purchase warrant. Each Warrant will be exercisable for one Common Share at a price of $0.20 per share for a period of 24 months from the date of closing of the offering.

- On November 21, 2016 the Company granted Options to to certain of its Directors and employees to acquire a total of 6,000,000 Common Shares pursuant to its Stock Option Plan. Each Option granted entitles the relevant holder to acquire one Common Share for an exercise price of CAD $0.10 per Common Share. The expiry date of the Options is the date falling five years from the date of grant, being 21 November 2021.

- On November 22, 2016, Gunsynd Plc ("Gunsynd") a company listed on the London Stock Exchange's AIM market for listed securities, invested £100,000 by way of subscription for convertible unsecured loan notes bearing interest of 3% per annum. Interest on the New Convertible Notes is payable in arrears in quarterly instalments. At the option of Gunsynd, the principal of the New Convertible Notes may be converted into Common Shares of the Company at any time prior to the expiry of 36 months from issuance at a price equal to CAD $0.10 per Common Share (or the initial listing price of the Common Shares if the Company is listed on another senior stock exchange at the time of such conversion). Subject to the New Convertible Notes not having been converted, the New Convertible Notes mature 36 months from the date of issuance. Unless permitted under Canadian securities legislation, the New Convertible Notes cannot be traded before the date that is four months and a day after the date of issuance. This operation is subject to TSXV approval.

- On November 23, 2016, the Company issued 150,000 Common Shares to a certain debtholder of the Company to settle debts owing by the Company (based on a price of CAD$ $0.08 per share Common Share) in settlement of a debt of GBP £7,000 (inclusive of accrued interest) owed by the Company in respect of services provided by the debtholder.

- On November 28, 2016, the Company formalized the previously reached agreement for the amendments of the terms of its 5% convertible unsecured debenture (convertible notes). The proposed amendments to the Debenture will include an extension of two years to the maturity date from January 11, 2017 to January 11, 2019, a reduction to the conversion price from $0.125 per common share to $0.11 per common shares and a reduction to the interest rate payable by the Company from 5% to 1% for the remainder of the term. The proposed extension to the Debenture, and the reduction in the conversion price and interest rate remains subject to approval of the TSX Venture Exchange.

OPERATIONAL UPDATE

ARGENTINA

The main assets of PPS on which the Company has focused its development efforts, are two producing fields, Alberto and Don Ernesto, (the "Producing Fields"). The two Producing Fields are located in the Patagonia region of Southern Argentina, and specifically in the San Jorge basin, Chubut Province, within the area of Comodoro Rivadavia. The ownership of these two fields were granted to PPS under old mining codes (the "Mining Codes") under which the licenses do not have an expiry date. The wells on the Producing Fields are connected to battery tanks through existing infrastructure, which is now partially owned by PPS.

The Company's share of estimated total proved plus probable oil net reserves were assessed at 545,000 bbls as of March 31, 2016.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

Oil prices in Argentina were the results of complicated formulas that are set by refineries based on instructions or decrees from the government as crude oil and petroleum products prices in Argentina are set by the Government at variable levels. The price for the oil produced in the Chubut province, called Escalante, which represents the largest quantity of oil produced in Argentina, has gradually increased from US$42.00 per bbl in early 2010 to US$63.00 per bbl in December 2013 followed by an increase to US$67.00 per bbl for the majority of 2014 and a decrease to an average of US$60.00 per bbl in 2015. In December 2015 through March 2016, Escalante crude was set at US$59 per bbl. From April 2016 oil prices in Argentina are set by the international market, with certain variation for logistical problems and delivery date.

ITALY

In August 2009, the Italian Ministry of Economic Development posted an invitation for bidding on three previously producing gas properties owned and operated by Eni, the Italian multinational oil and gas company. Zenith's wholly owned subsidiary, Canoel Italia Srl ("Canoel Italia"), participated in the bidding process for two properties and was later selected as one of the finalists for both.

On August 30, 2011, the Company announced that the Italian "Ministero per lo Sviluppo Economico" (the Ministry of Economic Development) confirmed in writing that Zenith's technical submission and proposal to re-establish production from the two properties was successful.

These two natural gas properties are in proximity to each other and are located in southern Italy, an area which is currently producing a large portion of Italian hydrocarbons. The first property, named "Torrente Vulgano", is located in the Puglia Region, while the second one, named "Canaldente", and is located in the Basilicata Region. Both properties are already connected to the Italian national gas distribution grid; therefore, there is no need to install new gas pipelines.

The Torrente Vulgano and Canaldente properties were previously produced by Eni. Before the agreement to return the field to the Ministry of Economic Development, in the last 4 years of production (1997-2000), the Torrente Vulgano property was producing an average of 7,900 standard cubic meters (m3) per day (278,949 standard cubic feet (mcf) per day, using a conversion rate of 1 m3 = 35.31 mcf).

Canoel Italia will have to comply with certain Italian regulatory obligations before field start-up. Production will commence after all the necessary approvals have been received, which the Company expects to occur by late 2016. However, there are no assurances that production of the Torrente Vulgano and Canaldente properties will be at the same levels that they were previously producing. It is worth noting that the Canaldente reservoir appears to be a good candidate for gas storage when the well will be eventually shut-in at the end of commercial production.

On August 27, 2011, Canoel Italia was approved in its role as operator by the Italian relevant authorities and is currently submitting environmental reports and conducting the final assessment of on-site equipment.

On June 6, 2013, the Company completed the acquisition of various working interests in 13 Italian producing and exploration properties from Medoilgas Italia S.P.A. and Medoilgas Civita Limited, each a subsidiary of Mediterranean Oil and Gas Plc after receiving the final approval from the Italian Ministry of Economic Development to the change of ownership.

electricity from the gas produced by the Masseria Vincelli 1 well and sell it directly into the national energy grid.

The Company's share of estimated total proved plus probable natural gas net reserves were assessed at 16,622 Mmscf and condensate net reserves were assessed at 261 Mbbls as of March 31, 2016.

AZERBAIJAN

On June 8, 2015, the Company and SOCAR (State Oil Company of Azerbaijan Republic) executed a confidential memorandum of understanding ("MOU") regarding the Muradhanli Block. Formal approval of the MOU and permission to disclose was subsequently granted by the President of Azerbaijan through Decree No. 1439 dated October 7, 2015 ("Presidential Decree") which authorised SOCAR to prepare and execute a Rehabilitation, Exploration, Development and Production Sharing Agreement ("REDPSA") for the Muradhanli Block between the Company and SOCAR on behalf of the Republic of Azerbaijan.

The REDPSA was executed on March 16, 2016 between SOCAR, Zenith Aran and SOCAR Oil Affiliate ("SOA"), a 100% owned subsidiary of SOCAR. The REDPSA became effective on June 20, 2016, upon ratification by the Parliament of the Republic of Azerbaijan whereby the REDPSA and the Company's rights and obligations under the REDPSA became binding in law in Azerbaijan.

The REDPSA covers approximately 642 square kilometres (or 248 square miles) and include the active Muradkhanli, Jafarli and Zardab oil fields located in the Lower Kura Region, about 300 kilometres inland from the city of Baku, Azerbaijan. Pursuant to the REDPSA, the Company holds an 80% participating interest both the Contract Rehabilitation Area and the Contract Exploration Area; SOA holds the remaining 20% participating interest. Together, the Company and SOA will form the contractor group.

The term of the Contract Rehabilitation Area portion of the REDPSA is 25 years from the date of SOCAR's approval of the contractor's rehabilitation and production program which occurred in August 2016. The term of the Contract Exploration Area portion of the REDPSA is 25 years from the date of SOCAR's approval of the contractor's development program. The term of each Area may be extended by an additional five years at the option of SOCAR

On June 14, 2016 the Agreement on the Rehabilitation, Exploration, Development and Production Sharing ("REDPSA") for the Block Including the Muradkhanly, Yafarli and Zardob Oil Fields in the Republic of Azerbaijan has been ratified by the Azerbaijan Parliament.

In June 2016, the Company started the operation to establish Aran Oil Operating Company Ltd., an 80% owned subsidiary of Zenith Aran, to serve as operator of the REDPSA.

On June 24, 2016 the President of the Republic of Azerbaijan signed the REDPSA into law, after the approval by Parliament on the 14th of June 2016.

On August 11, 2016 the handover of the Azerbaijan assets, phisically completed in June 2016, formally completed with the necessary signatures on related documents.

On August 11, 2016 the Company commenced crude oil production of approximately 275 barrels of oil per day in Azerbaijan under Zenith's ownership.

OTHER ACTIVITIES

In addition to its activities discussed above, the Company is constatively rewieving opportunities for potential acquisition of other oil and gas producing properties, in estabilished oil production environments in order to provide cash flow to fund its operations, exploration prospects elsewhere in the world and financing for future acquisitions.

FINANCIAL PERFORMANCE

The following table summarizes key financial indicators for the three and six months ended September 30:

	Three months ended September 30		Six months ended September 30	
	2016	2015	**2016**	2015
Oil and gas revenue, net of royalties ($)	**709,190**	524,996	**820,087**	1,424,023
Oil and gas revenue, net of royalties – per boe ($)	**46.22**	48.90	**44.86**	52.10
Total daily oil and gas sales volumes per boe	**169**	117	**100**	149
Electricity revenue($)	**108,806**	n.a.	**239,413**	n.a.
Electricity gas sales volumes per mcf ($)	**6.00**	n.a.	**5.98**	n.a.
Net income (loss) ($)	**(1,150,014)**	(868,697)	**616,268,972**	(1,216,712)
Net income (loss) per share – basic ($)	**(0.02)**	(0.03)	**10.39**	(0.04)
Net income (loss) per share – diluted ($)	**(0.02)**	(0.03)	**6.23**	(0.04)
Capital expenditures ($)	**11,235**	147,615	**31,024**	259,517
Weighted average number of shares – basic	**59,284,067**	29,644,255	**56,372,843**	29,469,130
Weighted average number of shares – diluted	**101,755,384**	29,644,255	**98,844,160**	29,469,130

Production

	Three months ended September 30		Six months ended September 30	
	2016	2015	**2016**	2015
Total volumes				
Oil (bbls) (1)	**14,018**	4,928	**15,179**	16,047
Condensate (bbls) (2)	**275**	236	**459**	530
Gas (mcf) (2)	**6,307**	33,422	**15,867**	64,541
Total oil and gas sales volumes (boe)	**15,344**	10,735	**18,283**	27,334
Electricity (gas) sales volumes (mcf)	**18,416**	n.a.	**36,752**	n.a.
Total sales volumes (boe)	**18,413**	10,735	**24,408**	27,334
Daily volumes				
Oil (bbls/day) (1)	**154**	54	**83**	88
Condensate (bbls/day)	**3**	3	**3**	3
Gas (mcf/day)	**69**	363	**87**	353
Total daily oil and gas sales volumes	**168**	117	**100**	149
Daily gas sales volumes for electricity	**201**	n.a.	**202**	n.a.
Total daily sales volumes (boe/day)	**190**	117	**134**	149

(1) At the end of September 2016, there were 2,462 bbls of unsold oil production in Argentina held in inventory. The oil held in inventory at the end of the period correspond to the same existing quantity as of 30 June 2016, due to the lack of production of this quarter. The average daily production rate for the three and six months ended September 30, 2015 was 57 bbls and 84

bbls of oil per day, respectively.

At the end of September 2016, there were 1,591 bbls of unsold oil production in Azerbaijan held in inventory which were sold in subsequent months. Total oil sales, transfers of produced volumes to Termap Oil Storage and oil held in inventory at the end of the period correspond to an average daily production rate for the three months ended September 30, 2016 of 154 bbls of oil per day. The average daily production rate is not comparable with past year.

Please note that, in this table, the oil production of Azerbaijan is divided respectively for 180 and 90 days, while the production started only on August 11, 2016.

Argentina Oil production

The decrease in oil sales in the three and six months ended September 30, 2016 was due to some technical problem in the well fields and related facilities, as well Argentine industry-wide reduction in oil exports as well as lower domestic consumption in the period.Management is trying to improve oil production following the consequences of the ecological disaster that occurred in 2015. The oil production in Argentina is expected to restart before the end of this year.

Azerbaijan Oil production

On March 16, 2016, the Company's wholly-owned subsidiary, Zenith Aran, entered into the REDPSA with SOCAR and SOA. The REDPSA covers 642 square kilometres which include the active Muradkhanli, Jafarli and Zardab oil fields located in the Lower Kura Region, about 300 kilometres inland from the city of Baku, in Azerbaijan (the "Azerbaijani Operations").

The delivery of the capital assets previously used in respect of the petroleum operations at the Azerbaijani Operations, from the previous operating company to Aran Oil, officially completed on August 11, 2016, and the production started under Zenit's ownership.. The Company now has operational control of the Azerbaijani Operations. The transfer of operational control did not involve any interruption of petroleum production operations at the Azerbaijani Operations.

Following successful handover on 11 August 2016 production under Zenith ownership commenced at the Azeri operations. Production has been relatively consistent at an average of about 275 barrels per day resulting in 14,010 bbls for the period and gross revenue of CAD $659,000.

During the period from August 11 to September 30, 2016 the Company achieved a production of about 275 barrels of oil per day, although they have produced much larger quantities previously (Source: SOCAR). Gas is also produced, but in low quantities and is used at the sites.

The Company, which is free to sell/export oil without restrictions, sells its oil through the Marketing and Operations Department of SOCAR ("SOCARMO"). A commission of 1% of total sales is payable to SOCARMO.

In the subsequent months the Company has achieved an increase of production. The current production from the assets in Azerbaijan is about 295 barrels of oil per day.

Italy Gas Production

Gas sales volumes decreased by approximately 81% from 33,422 mcf in the second quarter ended September 30, 2015 to 6,307 mcf in the second quarter ended September 30, 2016. The predominant reason for the decrease is a change in classification from gas to electricity from the Torrente Cigno concession. Prior to October 1, 2015, the Company sold its 45% share of this gas to the previous electricity producer and included such sales in oil and gas revenues. Following the Company's acquisition of co-generation equipment and facilities on October 1, 2015, the Company became the new electricity producer and now classifies its 45% share of Torrente Cigno gas production as gas sales volumes for electricity.

Gas sales volumes decreased by approximately 75% from 64,541 mcf for the six months ended September 30, 2015 to 15,867 mcf for the six months ended September 30, 2016 primarily due to the reclassification as stated above.

Daily gas sales volumes for electricity from Torrente Cigno were 201 mcf per day for three months, and 202 mcf for the six months ended September 30, 2016.

Italy Condensate Production

Condensate sales volumes increased by approximately 16% from 236 bbls in the second quarter ended September 30, 2015 to

275 bbls in the second quarter ended September 30, 2016 and decreased by approximately 13% in the six months ended September 30, 2016 from 530 bbls in the 2015 six-month period to 459 bbls in the 2016 six-month period.

Italy Electricity production

Prior to October 1, 2015, the Company sold its gas volumes from the Torrente Cigno area in Italy for approximately $1.44/mcf to the previous owner of the co-generation plant who then converted the gas to electricity and as a result earned a much higher rate. The Company acquired this plant on October 1, 2015 to improve revenue generation and margins. Although the Company continues to supply its Torrente Cigno gas volumes to the co-generation plant, as plant owner, the Company now earns higher revenues on those gas volumes.
The Electricity production remained steady for all the quarters since the cogeneration plant acquisition, as detailed in the following table.

Italy Electricity Production	Production MWh
IV quarter 2016	2,636.07
I quarter 2017	2,718.46
II quarter 2017	2,619.96

Revenues

	Three months ended September 30		Six months ended September 30	
	2016	2015	**2016**	2015
Commodity Prices				
Oil and gas prices				
Oil (Argentina $/bbl)	**-**	80.44	**63.08**	74.78
Oil (Azerbainan $/bbl)	**47.03**	n.a.	**47.03**	n.a.
Condensate ($/bbl)	**53.63**	68.90	**54.22**	75.16
Gas ($/mcf)	**5.73**	4.42	**5.35**	4.52
Total oil and gas ($/boe)	**46.22**	52.22	**44.86**	56.04
Electricity ($/mcf)	**6.00**	n.a.	**5.98**	n.a.
Revenues (CAD$)				
Oil and gas revenue				
Oil (Argentina)	**-**	396,459	**77,636**	1,200,036
Oil (Azerbainan)	**659,213**	n.a.	**659,213**	n.a.
Condensate (Italy)	**14,548**	16,284	**24,548**	39,851
Gas (Italy)	**35,429**	147,818	**65,901**	292,023
Total oil and gas (CAD$)	**709,190**	560,561	**827,298**	1,531,910
Electricity (CAD$)	**108,806**	n.a	**239,413**	n.a
Total (CAD$)	**817,996**	560,561	**1,066,711**	1,531,910

Oil Revenue

Gross oil revenue earned in Argentina was $nil for the three months ended September 30, 2016 versus $396,459 in the comparative three-month 2015 period and $77,636 for the six months ended September 30, 2016 versus $1,200,036 for the comparative six-month 2015 period. The decrease in oil revenue in the 2016 period is due to an Argentine industry-wide reduction in oil exports as well as lower domestic consumption in the period.

Gross oil revenue earned in Azerbaijan was $659,213 for the three months ended September 30, 2016. This period is not comparable with past year comparative three and six months with production in Azerbaijan commencing on 11 August 2016.

Condensate Revenue

The price per bbl received for condensate during the three and six months ended September 30, 2016 was $54.22 per bbl and

$53.63 per bbl, respectively, as compared to $68.90 per bbl and $75.16 per bbl earned on condensate sales during the three and six months ended September 30, 2015, respectively. The condensate price per bbl is lower in the 2016 periods due to a decrease in the base price of Brent crude which is used in the formulas to establish the price of condensate.

Gas Revenue

The price per mcf received for natural gas is higher in the three and six months ended September 30, 2016 as compared to the three and six months ended September 30, 2015 due primarily to the effect of gas sales volumes from the Torrente Cigno area being reclassified to the electricity market .

In general, gas prices are also impacted by fluctuations in the base price of Europens gas rates which is used in the formulas to establish the price of natural gas.

Electricity Revenue

The difference in the gross revenues achieved is only for the electricity selling price that is determed by the market.

Italy Electricity Production	Production MWh	Gross Revenues	Average Price Euro/MWH
IV quarter 2016	2,636.07	$ 137,204	$ 52.05
I quarter 2017	2,718.46	$ 140,813	$ 51.80
II quarter 2017	2,619.96	$ 141,848	$ 54.14

In the third quarter 2017 the selling price is higher than the previous quarters, and the production remained steady.

Royalties and Operating Expenses

	Three months ended September 30		**Six months ended September 30**	
	2016	2015	**2016**	2015
Royalties ($)	**n.a.**	35,565	**7,211**	107,887
% of Argentine revenues (1)	**n.a.**	9%	**9%**	9%
$/bbl of oil	**n.a.**	7.22	**0.50**	6.72
$/boe (total Company)	**n.a.**	3.31	**0.30**	3.95
Operating and transportation ($)				
Argentina	**111,623**	342,908	**268,729**	669,835
Azerbaijan	**261,011**	n.a.	**371,067**	n.a.
Italy	**104,295**	147,127	**146,461**	196,984
Total	**476,929**	490,035	**786,257**	866,819
Argentina $/bbl	**n.a.**	69.58	**231.40**	41.74
Azerbaijan $/bbl	**18.62**	n.a.	**26.47**	n.a.
Italy $/boe	**23.73**	25.34	**15.87**	17.45
Total $/boe	**25.90**	45.65	**32.21**	31.71

(1) Royalties are charged on Argentine oil revenues only.

Royalties

Royalties in the three and six months ended September 30, 2016 are not comparable to the three and six months ended September 30, 2015 due to the lack of sales during the quarter in Argentina.

No royalties are charged on the Azerbaijan oil production and on the Italian productions.

Operating and transportation costs

Argentina operating costs per bbl are lower in the three and six months ended September 30, 2016 due primarily to the decrease in sales volumes resulting from a temporary shut-down of production.

Operating costs per boe for the six months ended September 30, 2016 are lower than the six months ended September 30, 2015 due a decrease in joint venture concession expense as a result of operational efficiencies and continued monitoring of operations.

Netbacks

	Three months ended September 30		Six months ended September 30	
	2016	2015	**2016**	2015
Argentina ($/bbl)				
Revenue	**n.a.**	80.44	**66.85**	74.78
Royalties	**n.a.**	(7.22)	**(0.50)**	(6.72)
Operating expenses	**n.a.**	(69.58)	**(231.40)**	(41.74)
Field netback	**n.a.**	3.64	**(165.20)**	26.32
Azerbaijan ($/bbl)				
Revenue	**47.03**	n.a.	**47.03**	n.a.
Operating expenses	**(18.62)**	n.a.	**(26.47)**	n.a.
Field netback	**28.41**	n.a.	**20.56**	n.a.
Italy ($/boe)				
Revenue	**36.13**	28.26	**35.74**	29.40
Operating expenses	**(23.73)**	(25.34)	**(15.87)**	(17.45)
Field netback	**12.40**	2.92	**19.87**	11.95
Total Company ($/boe)				
Revenue	**44.44**	52.22	**43.70**	56.04
Royalties	**n.a.**	(3.31)	**(0.30)**	(3.95)
Operating expenses	**(25.90)**	(45.65)	**(32.21)**	(31.71)
Field netback	**18.54**	3.26	**11.19**	20.38

General and Administrative Expenses (“G&A”)

General and administrative expenses for the three and six months ended September 30 are composed of the following:

	Three months ended September 30		Six months ended September 30	
	2016	2015	**2016**	2015
Professional fees	**759,440**	156,928	**817,932**	309,754
Office	**177,060**	184,641	**280,274**	357,762
Administrative	**126,486**	106,048	**191,138**	204,588
Salaries and benefits	**124,940**	82,373	**298,537**	244,907
Travel	**4,105**	119,211	**207,642**	223,752
	1,192,031	649,201	**1,795,523**	1,340,763

G&A expenses increased by 83.6% in the three months ended September 30, 2016 versus the 2015 comparative period and increased by 33.9% in the six months ended September 30, 2016 versus the 2015 comparative period.

Professional fees were higher in the three and six months ended September 30, 2016 due to business development and fundraising activities. Office expenses are higher in the three and six months ended September 30, 2016 than the 2015 comparative periods due to an increase in Canadian, Azerbaijan and Argentine office costs associated with the increase in corporate activities and to costs associated with the establishment of an office in Azerbaijan during the 2016 three-months period. Administrative expenses were higher in the three and six months ended September 30, 2015 due to administrator fees charged in Italy for which there are no charges in the 2016 periods. Salaries and benefits are higher in the three months ended September 30, 2016 than the comparative 2015 period due to an increase in senior executive salaries. Salaries and benefits are lower in the six months ended September 30, 2016 as the increase in salaries was offset by the lack of bonuses in the 2016 period. Travel costs are higher in the three and six months ended September 30, 2016 due to an increase in travel activities, particularly in relation to negotiations in

Azerbaijan and the establishment of an Azerbaijan office.

No general and administrative expenses were capitalized in the six months ended September 30, 2016 and 2015.

Depletion and depreciation

	Three months ended September 30		Six months ended September 30	
	2016	2015	**2016**	2015
Argentina	**2,739**	20,526	**10,198**	56,879
Azerbaijan	**109,545**	n.a.	**109,545**	n.a.
Italy	**38,221**	72,437	**84,072**	136,725
Total	**150,505**	92,963	**203,815**	193,604
Argentina $/bbl	**n.a.**	4.16	**8.78**	3.54
Azerbaijan $/bbl	**8.64**	n.a.	**8.64**	n.a.
Italy $/boe	**8.70**	12.47	**9.11**	12.11
Total $/boe	**8.80**	8.66	**8.83**	7.08

The depletion rate for Argentine properties in the six months ended September 30, 2016 is lower than the comparative 2015 period due to the decrease in oil production in the 2016 period.

The depletion rate for the Italian properties in the six months ended September 30, 2016 is lower than comparative 2015 period due to the impairment of the Italian assets calculated in the year 2016.

Oil production commenced in Azerbaijan during the period. There is no 2015 comparative.

The Company did not identify any indicators of impairment with respect to its Italian or Argentine CGUs as at September 30, 2016.

Net loss

The Company reported net loss of ($1,150,014) and net income of $616,268,972 for the three and six months ended September 30, 2016 versus net losses of ($1,007,949) and ($1,355,964) for the three and six months ended September 30, 2015.

SUMMARY OF QUARTERLY INFORMATION

The following is a summary of selected financial information for the Company for the past eight quarters.

	Net revenue $	Net income (loss) $	Per share * $
2017			
Second quarter ended September 30, 2016	817,996	($1,150,014)	(0.02)
First quarter ended June 30, 2016	241,215	617,418,986	0.11
2016			
Fourth quarter ended March 31, 2016	251,319	(5,568,266)	(0.14)
Third quarter ended December 31, 2015	284,408	(889,470)	(0.03)
Second quarter ended September 30, 2015	524,996	(868,697)	(0.03)
First quarter ended June 30, 2015	899,027	(348,015)	(0.01)
2015			
Fourth quarter ended March 31, 2015	987,353	(984,864)	(0.04)
Third quarter ended December 31, 2014	1,369,251	(179,532)	(0.01)

The sum of quarterly amounts per share may not add to the year-to-date figure due to rounding.

- In the second quarter 2017, following successful handover on August 11, 2016 production under Zenith ownership commenced at the Azeri operations. Production has been relatively consistent at circa 275 barrels per day resulting in bbls for the period 14,010 and gross revenue of CAD $659,000

- Net revenues decreased in the first quarter 2017 due to a lack of oil sales. Net loss excluding Gain on business combination increased due to the decrease in net revenues combined with an increase in general and administrative expenses.
- Net revenue decreased in the fourth quarter 2016 due to a lack of oil sales offset by an increase in electricity revenue. Net loss increased due primarily to an increase in G&A expenses and inventory impairment and $5,025,000 of impairment related to the Company's Italian properties.
- Net revenue decreased in the third quarter ended December 31, 2015 due to a decrease in sales volumes, primarily oil sales volumes, combined with a decrease in the price earned for oil. Net loss increased due to the decrease in net revenues combined with an increase general and administrative expenses.
- Net revenue decreased in the second quarter ended September 30, 2015 due to a decrease in sales volumes and in commodity prices for natural gas and NGLs. Net loss increased due to the decrease in net revenues combined with an increase in operating costs.
- Net revenue decreased in the first quarter ended June 30, 2015 due to a decrease in both sales volumes and commodity prices. Net loss decreased as compared to the previous quarter due a decrease in general and administrative expenses and a net foreign exchange gain in the quarter.
- Net revenue decreased in the fourth quarter ended March 31, 2015 due to a decrease in oil sales volumes. Net loss increased due to the decrease in net revenue combined with increases in general and administrative expenses, unrealized loss on foreign exchange and finance expenses.
- Net revenue increased and net loss decreased in the third quarter ended December 31, 2014 due primarily to an increase in oil sales volumes in Argentina.

LIQUIDITY RISK AND CAPITAL RESOURCES

As at September 30, 2016 the Company has a working capital deficit of $5,345,971 (March 31, 2016 – $6,709,115), negative cash flows from operating activities of $1,534,604 (March 31, 206 - $2,473,757) and an accumulated surplus of $602,623,046 (March 31, 2016 deficit – ($13,645,926)). During the three and six months ended September 30, 2016, the Company incurred $31,024 and $290,541 on capital expenditures.

As at September 30, 2016, the Company had $7,688,612 (March 31, 2016 – $8,201,167) of current liabilities for which the Company's $125,717 (March 31, 2016 – $137,982) cash balance is insufficient to settle the current liabilities.

As of September 30, 2016, the contractual cash flows, including estimated future interest, of current and non-current financial liabilities mature as follows:

		Carrying amount	Contractual cash flows	Due on or before June 30 2017	Due on or before June 30 2018	Due between July 2018 and August 2020
Trade and other payables	$	4,032,971	4,032,971	4,032,971	–	–
Oil share agreeme		1,039,070	1,039,070	1,039,070	–	–
Loans payable		4,168,165	4,168,165	1,723,562	2,313,668	130,935
Convertible notes		419,772	422,960	422,960	–	–
Notes payable		192,090	192,090	192,090	–	–
Bonds payable		554,004	608,996	59,889	549,107	-
	$	10,406,072	10,464,252	7,470,542	2,313,668	130,935

Note: the deferred consideration payable related to opportunities of development in Azerbaijan for the Company, but they are not commitments.

SUBSEQUENT EVENTS

- In November 2016 the Company amended the repayment of the USD 700,000 of the USD loan to December 20, 2016.
- In November 2016 the Company hired Mr. Alan Hume as its new CFO.
- On the November 3, 2016 the "Azerbaijan loan One" has been amended ("The first Loan amendment") as follow: The principal amount of the loan and accrued interest is initially payable in two tranches: the first of USD $50,000 payable on the November 16, 2016 and the remaining USD $270,000 together with accrued interest on the February 16, 2017. The first repayment has been made.

- On November 7, 2016, the Company completed a non-brokered private placement of 2,745,062 units of the Company at a price of $0.12 per Unit for aggregate gross proceeds of $329,407.44. Insiders of the Company subscribed for an aggregate of 2,195,475 Units for aggregate subscription proceeds of $263,457. Each Unit is comprised of one common share in the capital of Zenith and one Common Share purchase warrant. Each Warrant will be exercisable for one Common Share at a price of $0.20 per share for a period of 24 months from the date of closing of the offering.

- On November 21, 2016 the Company granted Options to to certain of its Directors and employees to acquire a total of 6,000,000 Common Shares pursuant to its Stock Option Plan. Each Option granted entitles the relevant holder to acquire one Common Share for an exercise price of CAD $0.10 per Common Share. The expiry date of the Options is the date falling five years from the date of grant, being 21 November 2021.

- On November 22, 2016, Gunsynd Plc ("Gunsynd") a company listed on the London Stock Exchange's AIM market for listed securities, invested £100,000 by way of subscription for convertible unsecured loan notes bearing interest of 3% per annum. Interest on the new Convertible Notes is payable in arrears in quarterly instalments. At the option of Gunsynd, the principal of the New Convertible Notes may be converted into Common Shares of the Company at any time prior to the expiry of 36 months from issuance at a price equal to CAD $0.10 per Common Share (or the initial listing price of the Common Shares if the Company is listed on another senior stock exchange at the time of such conversion). Subject to the New Convertible Notes not having been converted, the New Convertible Notes mature 36 months from the date of issuance. Unless permitted under Canadian securities legislation, the New Convertible Notes cannot be traded before the date that is four months and a day after the date of issuance.

- On November 23, 2016, the Company issued 150,000 Common Shares to a certain debtholder of the Company to settle debts owing by the Company (based on a price of CAD$ $0.08 per share Common Share) in settlement of a debt of GBP £7,000 (inclusive of accrued interest) owed by the Company in respect of services provided by the debtholder.

- On November 28, 2016, the Company formalized the previously reached agreement for the amendments of the terms of its 5% convertible unsecured debenture (convertible notes). The proposed amendments to the Debenture will include an extension of two years to the maturity date from January 11, 2017 to January 11, 2019, a reduction to the conversion price from $0.125 per common share to $0.11 per common shares and a reduction to the interest rate payable by the Company from 5% to 1% for the remainder of the term. The proposed extension to the Debenture, and the reduction in the conversion price and interest rate remains subject to approval of the TSX Venture Exchange.

GOING CONCERN

As at September 30, 2016, the Company has a working capital deficit and an accumulated deficit, and may incur future losses in the development of its business. Current cash resources will not be sufficient to continue development activities. These matters raise significant doubt about the ability of the Company to continue to meet its obligations as they become due. It is expected that further debt and equity financings will be required in order to settle existing current liabilities, continue development of the Company's assets and meet future obligations. Additional financing is subject to the global financial markets and economic conditions, and volatility in the debt and equity markets. These factors have made, and will likely continue to make it challenging to obtain cost effective funding. There is no assurance this capital will be available and if it is not, the Company may be forced to curtail or suspend planned activity.

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and meet its obligations and continue its operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and the consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for the consolidated financial statements, then the adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

SHARES AND CONVERTIBLE, EXERCISABLE AND EXCHANGEABLE SECURITIES

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable in series.

As at September 30, 2016 and the date of this MD&A, the Company's issued share capital and the outstanding securities that are convertible or exercisable for any voting or equity securities of the Company are as follows:

	Number of common shares	**Number of warrants**	**Number of stock options**

Balance – March 31, 2016	43,594,406	29,638,898	–
Issued	17,759,985	13,544,637	–
Expired	–	–	–
Balance – September 30, 2016	61,354,091	43,183,535	–
Issued	4,717,280	4,651,112	6,000,000
Expired	–	–	–
Balance – Date of MD&A	64,424,153	46,881,622	6,000,000

On November 21, 2016 the Company granted Options to to certain of its Directors and employees to acquire a total of 6,000,000 Common Shares pursuant to its Stock Option Plan. Each Option granted entitles the relevant holder to acquire one Common Share for an exercise price of CAD $0.10 per Common Share. The expiry date of the Options is the date falling five years from the date of grant, being 21 November 2021.

RELATED PARTY TRANSACTIONS

Related party transactions during the three and six months ended September 30, 2016 and 2015 not disclosed elsewhere in this MD&A are as follows:

a) Included in general and administrative expenses for the three and six months ended September 30, 2016 is $40,680 and $153,077 (three and six months ended September 30, 2015 – $55,449 and $112,743), respectively, charged by a company controlled by an officer and director of the Company for office rent and administrative services. As at September 30, 2016, $nil (March 31, 2016 – $nil) was included in trade and other payables in respect of these charges.
b) Included in trade and other payables is $nil (March 31, 2016 – 8,966) due to officers and directors of the Company in respect of general and administrative expenditures made on behalf of the Company for which the officers and directors will be reimbursed.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet financing arrangements.

OUTLOOK

As noted earlier, the Company's cash and cash equivalent balance is not sufficient to meet the Company's obligations and additional funds will have to be raised through the issuance of debt and equity financing. There is no assurance that such additional funds can be raised on reasonable terms, or at all.

The Company plans to continue to focus on both international oil and natural gas exploration opportunities as well as continuing its search for smaller producing assets in North America, Italy, Argentina and Azerbaijan. Management intends to focus its efforts toward acquiring large exploration permits, which offer high exploration potential and the opportunity to act as operator.

The Company's plans for fiscal 2017 include:

(a) Italy: After the acquisition of 9 producing licenses and 4 exploration applications from Mediterranean Oil & Gas Plc., Zenith has evaluated drilling opportunities on these permits and will formalize plans to either participate directly in such potential operations or farm-out its interest to third parties. The company's technical team has conducted in depth geological, geophysical and engineering evaluations on all these properties. Natural gas from two properties which is not suitable for transportation in the national pipeline grid will now be produced to generate electricity with the use of gas turbines. New seismic data has defined a very interesting structure on the Macchia Nuova property and plans are being made to drill this prospect in the future. Drilling plans for side-track drilling operations at the Masseria Petrilli property and drilling of a new well at the San Teodoro field are also being evaluated. These activities are expected to increase Zenith's gas production in Italy.

Submission of extensive environmental reports relating to the commencement of production of the Torrente Vulgano and Canaldente gas properties has been completed and preliminary approval has been received. The Company is now looking forward to finally place on production these wells after the final approval is received. Production of natural gas from the Torrente Vulgano and Canaldente properties is now expected to commence in late 2017.

Improvements of facilities at San Teodoro will be completed by the tie-in of new dehydration equipment. While the field has been capable of production, a lack of regional infrastructure had limited additional expansion in the past. In December 2014, Zenith reached an agreement with Basengas S.r.l., a successful retail marketer of natural gas within Italy, to handle forthcoming production from this 100% owned field, which is anticipated to restart production in March 2017. Production from the existing wellbore is expected to commence at 3,000 cubic meters/day (106 mcf/d or 18 boed), increasing Zenith's current daily production in Italy by 25%, to over 100 boepd. Costs of the refurbishment and commencing production are anticipated at €300,000 and will be paid through an equipment leasing facility.

Zenith is also evaluating the possibility of drilling a deviated well into the crestal area of the Torrente Salsola structure, where the Company has a 100% working interest, in order to unlock residual reserves. The Company has an ambitious program to enhance the Italian daily gas production rate in the Puglia Region by 100% through a technical program employing additional workovers.

Zenith is planning to implement an innovative plan for the exploitation of the Traetta 1 well in the Masseria Grottavecchia concession (20% working interest) through the sweetening of the produced gas so that it can be sold through the national pipeline grid. This development plan will be submitted to the Ministry, for its analysis and required prior approval. Approval is expected to be received in March 2017.

(b) **Argentina:** The Company will continue to focus on the recompletion program on select wells from the properties acquired in 2010 with the intention to increase production and cash flows. The Company is evaluating drilling operation on different formations similar to the presently producing ones. The Company is also evaluating the potential of deeper horizons which are rumoured to have been drilled very successfully by other operators in close proximity to the Alberto and Don Ernesto fields.

From April 2016 oil prices in Argentina are set by the international market, with certain variation for logistical problems and delivery date. Management believes that Petrolera Patagonia will continue to benefit from the government's capacity to provide pricing stability as the energy industry continues to rebuild under the new regime.

In light of changes to the commodity price environment, Zenith's wholly-owned subsidiary, Petrolera Patagonia, will continue with its budgeted capital expenditures within Argentina, which is free from any contractual or regulatory obligations, as mentioned in several public news updates.

Zenith management also believes it will be able to maximize value from its wholly-owned Argentinean operations through the recent devaluation of the Argentinean Peso. On December 10, 2015, the date the new President, Mauricio Marcì was sworn into office, 1 Peso traded at the equivalent of US$0.1027. As of July 15, 2016, 1 Peso traded at the equivalent of US$0.06778, representing a 34% decline. In Argentina revenues are earned in US Dollars and collected in Pesos; expenses paid in Pesos. This situation has allowed Zenith to moderate the effects of the expected oil price contraction on the Argentinean market with savings resulting from the peso devaluation.

(c) **Azerbaijan:** On June 20, 2016, the REDPSA ("Rehabilitation, Exploration, Development and Production Sharing Agreement") for the Block in the Republic of Azerbaijan was ratified by the Parliament of the Republic of Azerbaijan and converted into an official law of the country signed by the President of the Republic of Azerbijan. The Block covers an area of 642.4 square kilometres, and at the time of the formal finalitazion of the transaction the production in Azerbaijan was about 275 barrels per day of oil, having however produced significantly larger quantities in previous years. Minor quantities of natural gas are also produced and used at the site. In the subsequent months the Company has achieved an increase of production. The current production from the assets in Azerbaijan is about 295 barrels of oil per day.

The term of the Contract Rehabilitation Area portion of the REDPSA is 25 years from the date of SOCAR's approval of the contractor's rehabilitation and production program which is anticipated to occur in late 2016. The term of the Contract Exploration Area portion of the REDPSA is 25 years from the date of SOCAR's approval of the contractor's development program. The term of each Area may be extended by an additional five years at the option of SOCAR.

Zenith's corporate office in Baku, the capital of Azerbaijan, is a two and a half hour drive from the operational office presently used to manage the producing fields, which are in the southern region of Azerbaijan. Azeri management familiar with the properties will initially be supplemented by new technical and operational personnel from Zenith, however the Company will also begin to actively identify international management and specialists willing to relocate to Azerbaijan as part of its strategy to grow production from the Block. Zenith Aran, the Company's wholly-owned subsidiary, will act as the operating entity for the management of the Azerbaijan oil properties.

On August 11, 2016 the handover of the Azerbaijan assets, phisically completed in June 2016, was formally completed with the necessary signatures on related documents and the Company commenced crude oil production of approximately 275 barrels of oil per day in Azerbaijan under Zenith's ownership. The Company plans to evaluate the performance of key wells and will then implement a program of work-overs and facilities improvements.

The Company, which is free to sell/export oil without restrictions, sells its oil through the Marketing and Operations Department of SOCAR ("SOCARMO"). A related commission of 1% of total sales is payable to SOCARMO.

Between 2017 and 2019, the Company plans to workover a total of 44 existing wells in Azerbaijan which are currently inactive or produce at low rates (< 5 STB/d) to bring rates up to 10 to 15 STB/d per well using improved technology, non damaging fluids and optimised treatments. It is estimated that 10 wells will be worked over in 2017, 16 wells in 2018 and 18 wells in 2019. This programme has commenced using the existing workover rig in the field and the Company intends to purchase an additional modern workover rig to optimise the workover of the wells, within the next four years.

In addition to the marginal producing wells, five non-producing wells in the Maykop zone in the Zardab field in Azerbaijan are expected to be worked over in 2017 and to be returned to production once the existing wellbore and sand production issues have been resolved.

The Company intends to acquire one modern drilling rig capable of drilling 4,500m to carry out a fifteen year drilling programme. It is anticipated that five new wells will be drilled in 2018 and ten wells in each year thereafter until the anticipated drilling programme is complete in 2032.

During the first four years of the REDPSA it is estimated that US$2,500,000 will be spent upgrading the gathering system and central facilities in Azerbaijan to improve safety, efficiency and handle higher production rates. During the same period, 39 active wells currently producing at marginal rates will be worked over at an estimated cost averaging $50,000 per well, using the existing workover rig.

It is anticipated that in 2017 five shut-in wells completed in the Maykop formation will be worked over to control sand production, at an estimated cost of US$100,000 per well, and returning to an increase of production at a total of 200STBl/d.

It is envisaged that development drilling will commence in 2018 and continue until 2032. It has been estimated that each well with proved reserves will cost approximately US$4,000,000. This cost will include the direct cost of materials, fuel, salaries, etc. to drill the well and an allocation for the purchase of one drilling rig, well completion and tie-in.

Proved reserves are those reserves that can be estimated, by competent professional, with a high degree of certainty to be recoverable. The estimate of the reserves are related to a given date, based on analysis of drilling, geological, geophysical and engineering data; the use of established technology, and; specified economic conditions, which are generally accepted and being reasonable, and shall be disclosed.

Each well in the proved plus probable category is expected to cost approximately US$5,000,000. This category of reserves includes those additional reserves that are less certain to be recovered than proved reserves.

In addition to the costs anticipated for the wells with proved reserve, wells in the proved plus probable category have an additional allocation for the purchase and maintenance of a second drilling rig and expansion and modernisation of the field facilities.

In all 145 wells are expected to be drilled over 16 years, of which 58 of these are anticipated to be horizontal wells

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In the ordinary course of business, the Company and its subsidiaries may enter into contracts which contain indemnification provisions, such as service agreements, leasing agreements, asset purchase and sale agreements, joint venture agreements, operating agreements, and land use agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

The Company subleases premises in London, UK, under an operating lease on a month to month basis which requires payments of approximately $50,000 per annum.

BUSINESS RISKS AND UNCERTAINTIES

The Company has production operations in Argentina, Azerbaijan and Italy, and focuses the majority of its activities on exploration in these countries. Some of the Company's operations and related assets are located in countries which carry a higher degree of political and economic risk.

Zenith's current oil production in Argentina is not receiving WTI equivalent prices as the selling price of oil in Argentina is fixed by the Government and is subject to minor price fluctuations. Oil and natural gas are commodities whose prices have fluctuated widely in recent years and are determined based on world demand, supply and other factors, all of which are beyond the control of the Company.

The Company operates in the petroleum and natural gas industry which is subject to numerous risks that can affect the amount of cash flow from operating activities and the ability to grow. These risks include but are not limited to:

- Global economic uncertainty;
- Risks associated with operating in foreign jurisdictions;
- Competition with more established companies and the availability of services;
- Volatility in commodity pricing, exchange and interest rates;
- Government and regulatory risk with respect to royalty and income tax regimes;
- Operation risks that may affect the quality and recoverability of reserves;
- Geological risks associated with accessing and recovering new quantities of reserves;
- Ability to capitalize on farm-in and farm-out opportunities as they arise;
- Production risks associated with the ability to extract commercial quantities of petroleum and natural gas;
- Transportation risk with respect to the ability to transport petroleum and natural gas to market;
- Third party credit risk and the resulting ability to collect amounts owed;
- Capital markets risk and the ability to finance future growth;
- Uncertainty as to the nature of evolving environmental legislation that is likely to result in stricter standards and enforcement ; and
- Environmental risk with respect to the ability to remedy spills, releases or emissions of various substances produced in association with petroleum and natural gas operations.

The Company will seek to minimize these business risks by:

- Employing management, technical staff and consultants with extensive industry experience;
- Maintaining a low cost structure;
- Maintaining prudent financial practices;
- Controlling timing and magnitude of operating and capital costs;
- Working with established industry partners; and
- Maintaining insurance in accordance with industry standards to address the risk of liability for pollution, blow-outs, property damage, personal injury and other hazards.

OTHER

Additional information related to the Company's business and activities can be found on SEDAR at **www.sedar.com**.