

Zion Oil & Gas Update – Video of Well Interview

- Video footage of wells – Worker says there isn't oil there at MJ #1 Well
- Chairman of Corporate Governance Committee Resigns.
- Running out of Cash within the next 2 months.

We received a copy of the Video of Zion Oil & Gas MJ #1 Well visit mentioned in the Financial Times report. Two Hebrew speakers translated the video for us and the English translation of their interview with the guard on site is below. Importantly, it confirms the translation that appeared in last week's FT that the **MJ #1's on-site staff DO NOT think that there is any oil there.**

English Translation of Video:

Israeli Stock Analyst: Is there a lot of work going on?

Guard: No one really knows... they're checking.

Israeli Stock Analyst: But are they really checking? Every day?

Analyst 2: Checking what?

Israeli Stock Analyst: Do you think there's even oil here?

Guard: I don't think so.

Israeli Stock Analyst: You don't think so?

Guard: Not in my opinion.

Israeli Stock Analyst: **And why do you think there isn't oil here?**

Guard: **Because that's what they're saying...**

Israeli Stock Analyst: Oh they're saying that?

Guard: Yeah, those workers...

Guard: But they're trying until they can conclude for sure that there isn't.

Israeli Stock Analyst: Ah. Well thanks very much.

(Note - we were told the words "checking" & "testing" are interchangeable; but the more exact translation is "checking")

Full Video Link is here:

<https://youtu.be/8yXDzZdqorM>

Board Member Resignation - Negative sign –

Board member, Justin Furnace, has been the Chairman of Zion's Corporate Governance Committee. The recent 10-Q contained the added surprise that despite his young age (40) and great annual package (worth \$~73,000) that Justin will be resigned from Zion's board on August 8th effective the day they are announcing results on August 13th? ([Item 5, pg 32](#)).

ITEM 5. OTHER INFORMATION:

On August 8, 2018, the Company received notice from Justin Furnace of his resignation as a Director effective August 13, 2018.

Justin is a lawyer by training so there must be some reason that he is giving up receiving ~\$73,000 a year in extra income to resign from Zion's Board at this time before his term as a director was up (it expires in 2019).

Zion Runs out of cash within 1.5 months.

Based on Zion's own estimated cash burn it appears they will finally run out of cash at the end of September. If you assume that some of the warrants are exercised causing additional dilution then our analysis matches with Zion's own legal disclosure that they should be able to make it at least through September 2018.

Estimating Zion Oil & Gas's Day of Reckoning	
Q2 Cash + bank deposits	\$ 6,458
Est Monthly burn (according to 10-Q)	\$ 2,200
Daily Cash Burn Rate	\$ 73.3
Days of Cash remaining from June 30th	88
Cash Balance at \$0	26-Sep-18

We expect to incur additional significant expenditures to further our exploration and development programs. We estimate that, when we are not actively drilling a well, our expenditures are approximately \$600,000 per month excluding exploratory operational activities. However, when we are actively drilling, testing or completing a well, we estimate an additional minimum expenditure of approximately \$1,600,000 per month. The above estimates are subject to change. Management believes that our existing cash balance, coupled with anticipated proceeds under the DSPP, will be sufficient to finance our plan of operations, through September 2018.

We will need to raise funds in order to drill our next exploratory well to the desired depth and to conduct any post drilling testing that may be required.

Reference is made to the discussion above under **Capital Resources Highlights** for information relating to working capital that we raised through June 30, 2018.

(Source – [2018 10-Q pg 29](#)).

If the security guard knew there was no oil on July 28th, 2018 then that brings up a lot of questions that require answers:

- When did Zion Management know or suspect that was the case?
- Why have they waited to update shareholders?
- Why has the CEO been “gifting” shares (that were likely sold) before announcing the results & before disclosing an SEC Investigation?

Other Photos of Zion's well:





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