

November 23, 2018

## **ZENITH ENERGY LTD.**

("Zenith" or the "Company")

### **Operational Update**

Zenith Energy Ltd. ("**Zenith**" or the "**Company**") (LSE: **ZEN**; TSX.V: **ZEE**; OSE: **ZENA-ME**) the listed international oil & gas production company operating the largest onshore oilfield in Azerbaijan, is pleased to provide an update on its ongoing well intervention in the Jafarli Field.

Following the Company's most recent update of November 2, 2018, Zenith can confirm that the primary phase of its well C-37 well intervention has entered the final stage.

### **Operational Progress - Well C-37, Jafarli Field**

As announced on November 2, 2018, the Company's A-80 truck-mounted workover rig has run in hole with a scraper to cleanout the production casing shoe at a depth of 3,904 metres. During the operation an obstruction was encountered at a depth of 1,830 metres. As a result, the Company pulled the scraper out of hole and performed running in hole of 2-7/8" tubing with mule shoe which successfully cleared the obstruction and cleaned out the wellbore to a depth of 3,904 metres.

The Company's field team is currently running in hole with a tri-cone drill bit which has successfully cleared the previously detected obstruction at a depth of 1,830 metres and expects to reach the target depth of 3,904 metres (production casing shoe) during the course of this morning.

Following completion of the aforementioned activity, the Company will pull the tri-cone drill-bit out of hole and subsequently re-run a scraper in hole to perform a final cleanout of the casing to a depth of 3,904 metres.

The Company will begin wireline logging as soon as the scraper has been pulled out of hole following successful cleaning out of the casing to a depth of 3,904 metres. Construction of the drilling pad is expected to commence immediately after the conclusion of wireline logging.

The wellbore will be considered ready for well deepening operations once these activities have successfully been concluded.

In addition, Zenith's operational team is assessing whether to perform a further cleanout of the wellbore in the 3,906-3,987 metres interval followed by a production test to determine the natural productivity of the well from the penetrated depths of the Middle Eocene formation which are plugged with sand-solids.

### **A-100 Truck-Mounted Workover Rig**

The Company confirms that the truck for the A-100 truck-mounted workover rig has been completed by AutoKrAZ in Ukraine following the installation of an enhanced 375hp engine. Zenith's team is now completing the delivery acceptance checks and arranging for transportation of the rig to Azerbaijan where the workover rig structure, including the mast, will be installed. The Company expects the A-100 workover rig to be deployed in operations by the close of 2018.

### **180-Ton Truck-Mounted Drilling Rig**

The Company will provide an update once a 180-ton truck-mounted drilling rig is mobilised to the well location to begin drilling activities after the completion of civil works at the C-37 well location.

### **BD-260 Drilling Rig**

The Company has received confirmation from B Robotics W S.r.l., ("**Robotics**") that the BD-260 drilling rig, purchased by its oilfield service company subsidiary, Zena Drilling Limited, ("**Zena**"), is now undergoing final testing and quality control prior to shipment which is expected to take place during the first fifteen days of December. The testing of the equipment will entail a full rigging up of the BD-260 drilling rig in the Robotics base for inspection by Zenith's technical team.

### **Ion Tica, Zenith Aran's Workover and Drilling Manager, commented:**

"Using the Company's A-80 workover rig for these activities has saved Zenith approximately US\$200,000 in rig rental costs. This is an important saving and validates Zenith's strategy of operating its key operational equipment. We have made good progress and overcome all the challenges so far in the C-37 operation, I look forward to concluding wellbore cleanout activities, which have been intensive as we have reached a depth just short of 4,000 metres, and beginning the drilling phase of the operation."

**Further information:**

**Zenith Energy Ltd.**

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**Notes to Editors:**

Zenith Energy Ltd. is an international oil and gas production company, listed on the TSX Venture Exchange (TSX.V:ZEE) and London Stock Exchange (LSE:ZEN). In addition, the Company's common share capital was admitted to trading on the Merkur Market of the Oslo Børs (ZENA:ME) on November 8, 2018. The Merkur Market is a multilateral trading facility owned and operated by the Oslo Børs.

The Company was assigned a medium to long-term issuer credit rating of "B+ with Positive Outlook" on October 8, 2018 by Arc Ratings, S.A.

The Company operates the largest onshore oilfield in Azerbaijan following the signing of a 25-year REDPSA, (Rehabilitation, Exploration, Development and Production Sharing Agreement), with SOCAR, State Oil Company of the Republic of Azerbaijan, in 2016.

The Company's primary focus is the development of its Azerbaijan operations by leveraging its technical expertise and financial resources to maximise low-cost oil production via a systematic field rehabilitation programme intended to achieve significantly increased revenue. Zenith also operates, or has working interests in, a number of natural gas production concessions in Italy. The Company's Italian operations produce natural gas, condensate and electricity.

Zenith's development strategy is to identify and rapidly seize value-accretive hydrocarbon production opportunities in the onshore oil & gas sector. The Company's Board of Directors and senior management team have the experience and technical expertise to develop the Company successfully.