

July 2, 2019

**ZENITH ENERGY LTD.**

("Zenith" or the "Company")

**Filing of Audited Annual Results and 2019 CPR**

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 announce that, in accordance with Canadian securities laws, the Company filed its annual audited financial results for the financial year ended March 31, 2018 on SEDAR ([www.sedar.com](http://www.sedar.com)) and that it has filed its year-end independent evaluation of reserves for the year ending March 31, 2019 (the "**2019 CPR**"), prepared in accordance with National Instrument 51-101: Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**"), on SEDAR. Additional information regarding the Company will be included in Zenith's Annual Information Form and annual financial statements.

**Audited annual results for the financial year ended March 31, 2019**

Filing of the aforementioned results on SEDAR took place on June 28, 2019. A copy of these documents will shortly be available for review on the Company's website: [www.zenithenergy.ca](http://www.zenithenergy.ca).

**Filing of 2019 CPR**

The 2019 CPR has assessed Zenith's proved plus probable ("**2P**") reserves in Azerbaijan, for the duration of the 25-year Rehabilitation, Exploration, Development and Production Sharing Agreement ("**REDPSA**") effective from August 11, 2016, as approximately 30.6 million barrels of oil, decreasing from approximately 31.7 million as at March 31, 2018.

Italian natural gas 2P reserves have been reassessed in the 2019 CPR, decreasing to 16.3 BCF from approximately 16.4 BCF as at March 31, 2018.

All assumptions and qualifications relating to costs and other matters are included in the Chapman Report (as defined below). The recovery and reserves estimates on the Company's assets described herein are estimates only. The actual reserves in the Company's assets may be greater or smaller than those calculated.

The following is a summary of the oil and natural gas reserves and the value of future net revenue of the Company, as evaluated by Chapman Petroleum Engineering Ltd., Calgary, Alberta, as at March 31, 2019, and dated April 1, 2019 (the "**Chapman Report**"). Chapman Petroleum Engineering Ltd. is an independent qualified reserves evaluator and auditor. The Chapman Report has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("**COGEH**") reserves definitions that are consistent with NI 51-101.

**SUMMARY OF OIL AND GAS RESERVES  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31, 2019**

| <b>AZERBAIJAN</b>                               | Company Reserves <sup>(1)</sup> |               |           |          |                            |          |                     |          |
|---|---------------------------------|---------------|-----------|----------|----------------------------|----------|---------------------|----------|
|   | Light and Medium Oil            |               | Heavy Oil |          | Conventional               |          |                     |          |
|   |                                 |               |           |          | Natural Gas <sup>(9)</sup> |          | Natural Gas Liquids |          |
|   | Gross                           | Net           | Gross     | Net      | Gross                      | Net      | Gross               | Net      |
| Reserves Category                               | MSTB                            | MSTB          | MSTB      | MSTB     | MMscf                      | MMscf    | Mbbl                | Mbbl     |
| <b>PROVED</b>                                   |                                 |               |           |          |                            |          |                     |          |
| Developed Producing <sup>(2)(6)</sup>           | 465                             | 465           | 0         | 0        | 0                          | 0        | 0                   | 0        |
| Developed Non-Producing <sup>(2)(7)</sup>       | 0                               | 0             | 0         | 0        | 0                          | 0        | 0                   | 0        |
| Undeveloped <sup>(2)(8)</sup>                   | 3,483                           | 3,483         | 0         | 0        | 0                          | 0        | 0                   | 0        |
| <b>TOTAL PROVED<sup>(2)</sup></b>               | <b>3,948</b>                    | <b>3,948</b>  | <b>0</b>  | <b>0</b> | <b>0</b>                   | <b>0</b> | <b>0</b>            | <b>0</b> |
| <b>TOTAL PROBABLE<sup>(3)</sup></b>             | <b>26,617</b>                   | <b>26,617</b> | <b>0</b>  | <b>0</b> | <b>0</b>                   | <b>0</b> | <b>0</b>            | <b>0</b> |
| <b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b> | <b>30,564</b>                   | <b>30,564</b> | <b>0</b>  | <b>0</b> | <b>0</b>                   | <b>0</b> | <b>0</b>            | <b>0</b> |

| <b>ITALY</b>                                    | Company Reserves <sup>(1)</sup> |          |           |          |                            |               |                     |            |
|---|---------------------------------|----------|-----------|----------|----------------------------|---------------|---------------------|------------|
|   | Light and Medium Oil            |          | Heavy Oil |          | Conventional               |               |                     |            |
|   |                                 |          |           |          | Natural Gas <sup>(9)</sup> |               | Natural Gas Liquids |            |
|   | Gross                           | Net      | Gross     | Net      | Gross                      | Net           | Gross               | Net        |
| Reserves Category                               | MSTB                            | MSTB     | MSTB      | MSTB     | MMscf                      | MMscf         | Mbbl                | Mbbl       |
| <b>PROVED</b>                                   |                                 |          |           |          |                            |               |                     |            |
| Developed Producing <sup>(2)(6)</sup>           | 0                               | 0        | 0         | 0        | 1,064                      | 1,064         | 13                  | 13         |
| Developed Non-Producing <sup>(2)(7)</sup>       | 0                               | 0        | 0         | 0        | 230                        | 230           | 0                   | 0          |
| Undeveloped <sup>(2)(8)</sup>                   | 0                               | 0        | 0         | 0        | 0                          | 0             | 0                   | 0          |
| <b>TOTAL PROVED<sup>(2)</sup></b>               | <b>0</b>                        | <b>0</b> | <b>0</b>  | <b>0</b> | <b>1,294</b>               | <b>1,294</b>  | <b>13</b>           | <b>13</b>  |
| <b>TOTAL PROBABLE<sup>(3)</sup></b>             | <b>0</b>                        | <b>0</b> | <b>0</b>  | <b>0</b> | <b>14,987</b>              | <b>14,987</b> | <b>242</b>          | <b>242</b> |
| <b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b> | <b>0</b>                        | <b>0</b> | <b>0</b>  | <b>0</b> | <b>16,280</b>              | <b>16,280</b> | <b>255</b>          | <b>255</b> |

The tables above are summaries of the reserves of Zenith as evaluated in the Chapman Report. As the tables summarise the data contained in the Chapman Report, they may contain slightly different numbers due to rounding. As such, the numbers in each column may not exactly add up. Please also review all of the advisories and definitions below in tandem with the above tables.

**Oil and Natural Gas Reserves**

The disclosure in this news release summarises certain information contained in the Chapman Report but represents only a portion of the disclosure required under NI 51-101. Full disclosure with respect to the Company's reserves as at March 31, 2018 have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on May 18, 2018. The reserves definitions used in this evaluation are the standards defined by COGEH reserve definitions and consistent with NI 51-101 and used by Chapman Petroleum Engineering Ltd. The oil reserves are presented in thousands of barrels, at stock tank conditions.

**Reserves Categories**

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

**Notes:**

1. "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "Proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Proved reserves should have at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves
3. "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 plus probable reserves. Probable reserves should have at least 50 per cent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.
4. "Possible reserves" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves should have at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.
5. "Developed reserves" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
6. "Developed producing reserves" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed non-producing reserves" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
8. "Undeveloped reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
9. Includes associated, non-associated and solution gas where applicable.

The 2019 CPR documents can be viewed online at [www.sedar.com](http://www.sedar.com) and will shortly also be available for review on the Company website: [www.zenithenergy.ca](http://www.zenithenergy.ca).

**Further information:**

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| Graham Herring                                      |                            |
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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.