

January 23, 2019

## **ZENITH ENERGY LTD.**

("Zenith" or the "Company")

### **Purchase of Drilling Equipment**

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 its oilfield service company subsidiary, Zena Drilling Limited, ("**Zena**"), has purchased drilling equipment from B Robotics W S.r.l., ("**Robotics**") for a total amount of approximately EURO 722,000.

The drilling equipment purchased includes the following:

- 3,000 metres of drill pipe
- Power tongs
- Koomey control unit and control panel
- Choke manifold
- Choke manifold control box
- Drill pipe elevators of various specifications
- Drilling jars
- Drill collars
- Safety clamps
- Slips of various specifications
- Fishing equipment
- Pipe Wrenches
- Tool pusher control panel
- BOP system

### **Transportation of the BD-260 Drilling Rig to Azerbaijan**

The Company has agreed with Robotics that approximately 75% of the aforementioned drilling equipment will be transported with the BD-260 drilling rig. This is expected to enable a reduction in transportation costs and a faster deployment of the equipment in operations.

Zenith can also confirm that it has reached an agreement with an international logistics company for the transportation of the BD-260 drilling rig from Italy to Azerbaijan. Shipment is expected to begin on January 28, 2019.

**Andrea Cattaneo, Chief Executive Officer, commented:**

"I am very pleased that the BD-260 drilling rig is now ready for shipment after a full rigging up and rigorous inspection. I look forward to seeing all the components systematically loaded onto the approximately 40 trucks required for its transportation. We are extremely excited to deploy the rig in Azerbaijan.

As will be discernible from the overview of the ancillary drilling equipment we have purchased from Robotics, it consists of important long-term drilling tools we shall use during operations in 2019.

Zenith's strategic preference will always be towards owning the key equipment required for its long-term operational development with the purpose of maximising cost-control and avoiding a dependence on costly third-party service providers. Indeed, at every opportunity we have sought to direct significant quantities of capital raised towards targeted investments in equipment.

I thank Robotics for their support. We are very pleased with our collaboration so far."

*Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of TSXV) accepts responsibility for the adequacy of this release.*

**Further Information:**

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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.