

August 5, 2019

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Update on Debt Financing

Zenith Energy Ltd., ("Zenith" or the "Company"), (LSE: ZEN; TSX.V: ZEE), the international oil & gas production company operating the largest onshore oilfield in Azerbaijan, is pleased to provide an update on its short and long-term debt position.

- On January 11, 2019, the Company announced that it had issued and listed a new EMTN (European Medium-Term Note), on the Third Market (MTF) of the Vienna Stock Exchange, with an interest rate of 8% per annum payable semi-annually, and a final maturity date of December 20, 2021. Zenith is pleased to report that, to date, all interests payable in relation to the aforementioned instrument have been paid.
- On March 11, 2019, the Company reported that it had favourably renegotiated the US\$1,500,000 Convertible Loan facility (the "Convertible Loan") first announced on September 5, 2018, to include the possibility of optional redemptions to be made by the Company in lieu of conversion of the Facility by the Lenders, and had extended the repayment date of the Convertible Loan to May 31, 2020.

The Company can confirm that the outstanding balance of the Convertible Loan is now **US\$770,000**.

- On January 7, 2019, the Company announced that it had entered into a new unsecured convertible loan facility (the "Loan Facility") with a consortium of lenders.

The Loan Facility has an interest rate of 8% per annum, payable quarterly, it is repayable on January 15, 2021 and, to date, the Company has only drawn down **£544,500** in relation to the Loan Facility.

- On March 25, 2019, the Company announced that it had issued unsecured notes (the "Notes") for a total amount of £90k (CAD\$153k) with 900,000 share purchase warrants attached. The payment date of the Notes is September 20, 2019.

- In Switzerland, the Company is pleased to report that the financial debt position of its Swiss registered oil trading subsidiary, Altasol SA, has been brought to zero.
- In Azerbaijan, the two trade finance facilities entered into by the Company's subsidiary have been renewed for a further 12 months, as outlined in the most recent Financial Statements for the three months ended June 30, 2019, with a favourable reduction of the interest rate to 9% per annum being in the course of implementation at present.
- Zenith has been notified that the guarantor of the facility of the value of US\$1,458,000, Mr Andrea Cattaneo, Chief Executive Officer of the Company, has been advised towards initiating a process of litigation as it appears that his guarantee has been obtained unlawfully. The full amount of the principal, and related accrued interest, of the loan are represented and accounted as a liability in the audited Financial Statements of the Company as of March 31, 2019 and in the Q1 Financial Statements as of June 30, 2019. The result of the potential litigation could be a reduction or cancellation of this liability.

The Company has adopted a funding strategy directed towards debt financing in order to minimise equity dilution. To facilitate the securing of debt financing to support Zenith's expansion, on October 10, 2018, the Company announced that ARC Ratings, SA. had assigned the Company a medium to long-term issuer credit rating of "B+" with Positive Outlook.

Andrea Cattaneo, Chief Executive Officer of Zenith, commented:

"As is clear, we are taking important steps to progressively improve the Company's debt position and minimise our reliance on the issue of equity to finance Zenith's development.

We expect the prospective success of our drilling operations during the period ahead to enable us to make further significant improvements to our balance sheet."

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.