

October 1, 2019

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Further Reduction of Debt

Zenith Energy Ltd., ("**Zenith**" or the "**Company**"), (LSE: **ZEN**; TSX.V: **ZEE**; OSE: **ZENA-ME**), the international oil & gas production company operating the largest onshore oilfield in Azerbaijan, is pleased to announce that it has successfully further reduced its debt position.

Loan Facility for US\$1,485,000 and accrued interest

As announced on August 5, 2019, the Company was notified by the guarantor of the facility, Mr. Andrea Cattaneo, Chief Executive Officer of Zenith, that he had received legal advice towards initiating a process of litigation against the lender in view of the fact that his guarantee may have been obtained unlawfully.

The full amount of the principal, and related accrued interest, of the Loan Facility is represented and accounted as a liability in the audited Annual Financial Report of the Company as of March 31, 2019, and most recently in the unaudited Q1 Financial Statements as of June 30, 2019 for a total amount of US\$2,080,523.

As announced on September 17, 2019, the Company entered negotiations with the lender to settle the liability at a significant discount.

The Company can today confirm that, following negotiations with the lender, it has successfully agreed to settle the aforementioned liability for a total amount of US\$1,000,000, representing a reduction of US\$1,080,523.

Admission of Debt Settlement Shares & Conversion Shares

On September 17, 2019, the Company announced the issue of 923,323 common shares ("**Settlement Shares**") following a Debt Settlement Agreement, as well as the issue of common shares following the receipt of a Conversion Notice for 5,343,774 common shares ("**Conversion Shares**") from the lenders of the US\$1,500,000 Convertible Loan Facility.

The Company can confirm that an application has been made for both the Settlement Shares and the Conversion Shares to be admitted to the standard segment of the Financial Conduct Authority Official List and to trading on the Main Market for listed securities of the London Stock Exchange ("**Admission**").

The Settlement Shares and Conversion Shares will rank *pari passu* in all respects with the Company's existing common shares, and it is expected that Admission will become effective on October 3, 2019.

Andrea Cattaneo, Chief Executive Officer of Zenith, commented:

"The Board is delighted that, following these negotiations, we have successfully reduced our debt position by in excess of 1 million USD. This further enhances our financial position and builds on the positive progress reported during recent weeks."

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.