

October 24, 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 with a specific focus on the elimination of all short-term debt positions.

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

The Company can today confirm that it has repaid the first tranche of the settlement of this liability.

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

On October 1, 2019, the Company announced that, following negotiations with the lender, it had successfully agreed to settle the aforementioned liability for a total amount of US\$1,000,000, representing a profit of US\$1,080,523.

#### **Unsecured notes for £90,000 and accrued interest**

On March 25, 2019, Zenith issued unsecured notes for a total amount of £90,000.

The Company can today confirm that it successfully repaid the unsecured notes for £90,000, with related accrued interest.

#### **Conversions under Convertible Loan Facility**

The Company has received three Conversion Notices ("**Conversion**") from the consortium of lenders (the "**Lenders**") for the US\$1,500,000 Convertible Loan Facility ("**Convertible Loan**") announced on September 5, 2018.

The Conversion has been made in three different tranches during the months of September 2019 and October 2019:

1. 2,666,935 common shares ("**Conversion Shares**") at a price of £0.0305 per Conversion Share;
2. 3,702,263 Conversion Shares at a price of £0.0221 per Conversion Share; and
3. 5,055,204 Conversion Shares at a price of £0.0221 per Conversion Share,

for a total of 11,421,402 Conversion Shares, equivalent to a total amount of US\$340,000.

The total outstanding liability in relation to the Convertible Loan will now stand at US\$420,000 following the completion of the Convertible Loan Facility and the Conversion.

On March 11, 2019, the Company announced that it had favourably renegotiated the Convertible Loan to include a fixed conversion price of £0.0505 ("**Fixed Conversion Price**") for the Convertible Loan Facility which expired on September 1, 2019.

The Company also announced that it had agreed with the Lenders to amend the terms of the Convertible Loan to include the possibility of optional redemptions (the "Optional Redemption") to be made by the Company in lieu of conversion of the Convertible Loan by the Lenders for set redemption amounts (the "**Redemption Amounts**") amortised across the duration of the Facility.

Zenith has paid a total of US\$600,000 in Optional Redemptions to reduce the total outstanding liability in relation to the Convertible since the aforementioned revised terms were agreed.

### **Admission of Conversion Shares**

An application will be made for 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 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 30, 2019.

## Total Voting Rights

The Company wishes to announce, in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the information set out below following the completion of a Private Placement in Norway last announced on October 22, 2019 and the aforementioned Conversions.

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common Shares in issue and admitted to trading on the Main Market of the London Stock Exchange	277,403,856	1	277,403,856
Common Shares in issue and admitted to trading on the TSXV	407,566,366	1	407,566,366
Common Shares in issue and admitted to trading on the Merkur Market of the Oslo Børs	407,566,366	1	407,566,366

No Common Shares are held in treasury. The above figure for total number of Common Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

### **Andrea Cattaneo, Chief Executive Officer of Zenith, commented:**

"In line with our key strategy of further strengthening our financial position we have taken targeted steps to significantly improve our balance sheet in recent months

It is important to underline that the Company made an exceptional profit of US\$1,080,523 from the successful settlement at a sizeable discount of a Loan Facility.

We look forward to building upon this progress in due course in order to support Zenith's successful development."

#### **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 9, 2019 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.