

November 4, 2019

## **ZENITH ENERGY LTD.**

**("Zenith" or the "Company")**

### **Proposed acquisition of Norwegian oil & gas company**

Zenith Energy Ltd., ("**Zenith**" or the "**Company**"), (LSE: **ZEN**; TSX.V: **ZEE**; OSE: **ZENA-ME**), the international oil & gas production company, is pleased to announce that it has formalised an offer to acquire a Norwegian oil & gas company, Nordic Petroleum AS ("**Nordic**"), by way of an exchange of equity.

The proposed acquisition is structured to be for a minimum of 90 percent of the outstanding shares in Nordic with a proposed equity exchange of 100 Nordic common shares for 1 Zenith common share ("**Proposed Terms**").

The amount of outstanding fully diluted shares in Nordic is 905,045,166 common shares (nine hundred five million forty-five thousand one hundred sixty-six). Zenith will issue up to 9,050,452 common shares of no par value under the Proposed Terms.

Nordic was founded in Norway in 1996, where its shares are traded on the Norwegian OTC market, and has around 1,100 shareholders. Its primary activities have been in heavy oils in Alberta, Canada. In addition, it has significant tax credits in Norway, as well as an ongoing legal claim against a UK party. Zenith has agreed to withdraw itself from any positive or negative obligations in relation to this claim meaning that any potential benefit or negative liability resulting from the legal claim will rest solely with Nordic shareholders. Nordic currently generates no revenue.

The unaudited net value of Nordic's equity presently stands at NOK 8,800,000 (equivalent to approximately CAD\$1,270,000 or £750,000).

Nordic's Board of Directors has decided to recommend the Proposed Terms to its shareholders for approval provided certain conditions and practicalities in the Proposed Terms be resolved prior to the Formal Offer being submitted to shareholders.

Upon completion of the proposed acquisition of Nordic, Zenith intends to use Nordic as a vehicle to pursue the acquisition of mature energy production assets, as well as for potential participation in future licensing bids organised by the Norwegian Ministry of Petroleum and Energy.

The transaction further cements the Company's Norwegian presence in anticipation of attracting additional support from long-term Norwegian institutional investors.

Zenith and Nordic will provide further updates as appropriate.

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

"The Board of Directors views Norway as an ideal environment for the development of junior energy companies such as Zenith on account of its highly specialised investor community and the country's long history of successful energy production.

The primary benefits of the Norwegian subsidiary acquisition include establishing a presence in Norway which will enable us to significantly enhance our market exposure and attract further support from long-term Norwegian institutional investors, as well as the ability to participate in Norwegian energy projects via our subsidiary. This is in keeping with our stated strategy of targeting additional brown field sites as we look to enhance our portfolio of producing assets.

I look forward to updating investors in due course on progress."

**Per Gunnar Løge, Chairman of Nordic Petroleum AS, commented:**

"The offer from Zenith represents an opportunity for our shareholders. While Nordic has struggled with a position in a cumbersome heavy oil segment of the industry, Zenith has established a growing business in conventional petroleum segments.

Hence, we believe that this transaction will give our shareholders a more interesting future, and a future with upside potential. Furthermore, potential rewards from our claims towards a UK entity in London will be channelled to our present shareholders."

**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.