

February 18, 2019

**ZENITH ENERGY LTD.**  
(**"Zenith"** or the **"Company"**)

**Filing of Quarterly Results and Operational Update**

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 the filing of its consolidated quarterly results for the nine months ended December 31, 2018 on SEDAR ([www.sedar.com](http://www.sedar.com)).

In accordance with Canadian securities laws, filing of the Company's quarterly results was performed on February 14, 2019. A copy of these documents will shortly be available for review on the Company's website: [www.zenithenergy.ca](http://www.zenithenergy.ca).

**Highlights for the nine months ended December 31, 2018 include the following:**

- The Group generated revenues from oil and natural gas of CAD\$5,205k and CAD\$478k from electricity in the nine months ended December 31, 2018, representing an increase of **30%** in consolidated total revenues over the corresponding period of 2017.
- During the three and nine months ended December 31, 2018, the Company sold 21,043 and 64,611 bbls of oil from its assets in Azerbaijan.
- During three and nine months ended December 31, 2018, the Company sold 3,615 and 7,593 Mcf of natural gas from its Italian assets.
- During the three and nine months ended December 31, 2018, the Company sold 18 and 628 bbls of condensate from its Italian assets.
- During the three and nine months ended December 31, 2018, the Company sold 2,114 and 6,680 MWh of electricity from its Italian electricity production assets.
- On October 10, 2018, ARC Ratings, SA. (**"ARC Ratings"**) assigned the Company a medium to long-term issuer credit rating of "B+ with Positive Outlook".
- On October 22, 2018, the Company announced that additional geological and reservoir investigations had enabled the Company to identify a new, highly prospective structure in the Middle Eocene and Upper Cretaceous formations of the Jafarli Field.
- On November 7, 2018 the Company announced that it had received approval for admission to trading of its entire common share capital on the Merkur Market of the Oslo Børs (the **"Merkur Market"**). In order to satisfy the Merkur Market admission requirements the Company completed a private placement with Norwegian investors (the **"Private Placement"**). The Private Placement successfully raised gross proceeds of NOK 7,274k (approximately £668k or CAD\$1,142k) through the placement of 20,782,429 common shares of no par value (the **"Placement Shares"**) at a subscription price of NOK 0.35 per Placement Share.

- On November 12, 2018, the Company successfully completed a private placement on the Merkur Market of the Oslo Børs with Norwegian investors raising gross proceeds of NOK 1,000k (approximately £92k or CAD\$157k) through the placement of 2,857,143 common shares of no par value (the “**Placement Shares**”) at a subscription price of NOK 0.35 per Placement Share.

## **Operational Update**

The Company is pleased to confirm that preparation activities for well deepening operations in well C-30 of the Jafarli Field have been completed successfully.

As announced on February 8, 2019, Zenith’s operational team had mobilised the Company’s A-80 truck-mounted workover rig to well C-30 in order to perform cleanout operations and determine the integrity of the wellbore for well deepening operations. These operations have been completed without incident, and well C-30 has been determined to be technically suitable for well deepening operations.

C-30 is an adjacent well to C-37 in the Jafarli Field, intersecting the Middle Eocene and Upper Cretaceous formations of the same unexploited structure identified as the target zone for well deepening operations in well C-37. In the event of successful well deepening results in well C-37, the Company intends to mobilise a drilling rig to well C-30 to perform well deepening activities.

The Company’s A-80 workover rig is being mobilised to the Muradkhanli Field in order to perform workover activities. Zenith will provide updates as appropriate on the progress of these activities.

## **Civil Works in the Jafarli Field**

The Company can confirm that civil works are in progress in the Jafarli Field. Construction of a drilling rig platform on the C-37 well location is expected to begin immediately after the conclusion of the first phase of civil works on the road leading to the well location. Video updates regarding the progress of this work will be disseminated via the Company’s corporate website and social media channels.

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

“The Board of Directors is pleased with the 30 percent increase in revenues registered in this set of financial results. This clearly evidences the very favourable impact of resurgent energy prices during the period and the financial value of our existing production. Indeed, if possible, this further strengthens our intention to materially increase our production activities in the near-term, which we believe will be achievable through the success of our well deepening programme in the Jafarli Field. A clear victory in the aforementioned operations will be transformational for the Company and is our primary objective at this time.”

## **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 Azerbaijan Republic, 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.

## **Forward-looking statements**

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information concerning well deepening operations on certain of the Company's wells, as well as other operational activities. The forward-looking statements and information are based on certain key expectations and assumptions made by Zenith, including the ability to execute its strategy and realise its growth opportunities including its ability to finance and execute its plans. Although Zenith believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct. All timing given in this announcement, unless stated otherwise is indicative and while the Company endeavours to provide accurate timing to the market, it cautions that due to the nature of its operations and reliance on third parties this is subject to change often at little or no notice. By its nature, such forward-looking information is subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, Zenith being unable to finance or realise growth opportunities. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. Zenith undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained herein is expressly qualified by this cautionary statement.