

January 6, 2020

ZENITH ENERGY LTD.

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

Loan to Anglo African Oil & Gas plc

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 reached an agreement to provide a secured loan facility (the "**Facility**") to Anglo African Oil & Gas plc ("**AAOG**") for a total amount of £250,000.

The purpose of the Facility is to assist AAOG in addressing its immediate working capital requirements following the signing of a conditional share purchase agreement for Zenith's acquisition of an 80 percent interest in AAOG's fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.U ("**AAOG Congo**") ("**Acquisition**").

The Facility will be available, *inter alia*, subject to AAOG shareholder approval of the conditional SPA announced on December 27, 2019, on 25 January 2020 regardless of whether all the conditions for completion of the Acquisition have taken place.

The Facility will for an initial period of 6 months from January 25, 2020 and may be extended by a further 3 months if completion of the Acquisition (which following the approval the General Meeting would be conditional, *inter alia*, upon Ministerial consent in the Republic of Congo) has not occurred.

The Facility will be repayable at any time by AAOG with no early repayment penalties and will have an interest rate of 5 percent per annum which will be payable on final repayment.

Zenith shall set off sums payable by it to AAOG pursuant to the SPA against the Facility, which means the Facility is essentially an advance on sums payable by Zenith to AAOG pursuant to the SPA. The Facility will be secured on the shares in AAOG Congo.

Andrea Cattaneo, Chief Executive Officer, commented:

"We have a bona fide intention to assist AAOG and its shareholders. As announced on December 27, 2019, we believe the Tilapia asset has potentially transformational productivity and we look forward to completing the deal in order to begin preparations for drilling activities in TLP-103C as soon as we assume operational control of the asset.

Indeed, I am pleased to state that we have received initial indications, which shall require further confirmation in due course, that a suitable drilling rig may shortly become available in a neighbouring country."

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. On November 18, 2019, the Company was assigned a "B+" with Stable Outlook debt issuer credit rating by Rating-Agentur Expert RA.

The Company operates the largest onshore oilfield in Azerbaijan by cumulative acreage 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.