

March 24, 2020

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Renegotiation of Tilapia acquisition

Zenith Energy Ltd., ("Zenith" or the "Company"), (LSE: ZEN; TSX.V: ZEE; OSE: ZENA-ME), the international oil & gas production company, announces that it has entered into a conditional Deed of Variation (the "**Deed of Variation**") to amend the terms of the consideration (the "**Consideration**") payable for the acquisition of an 80 per cent. interest in AAOG's fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U, ("AAOG Congo") which has a 56 per cent. majority interest in, and is the operator of, the Tilapia oilfield in the Republic of the Congo ("Acquisition").

Under the original terms of the Acquisition, Zenith was to pay a consideration of £1 million to AAOG, of which £500,000 was to be satisfied in cash to be paid in six equal monthly instalments with the first instalment due on completion and the last being six months later, and £500,000 was to be satisfied by the issue of ordinary shares in the share capital of Zenith to be issued at the volume weighted average price of a Zenith common share for a period of 14 trading days prior to completion ("**Consideration Shares**").

The Deed of Variation provides that the Consideration shall be decreased by **20 per cent.** to **£800,000** to be paid in cash only and in ten equal monthly instalments with the first payment due on completion of the Acquisition. As a result of this amendment, Zenith will no longer issue any equity as part of the Consideration for the Acquisition.

The aforementioned revision to the amount of the Consideration and the mechanism by which it is to be settled is conditional only on the passing of a resolution (the "**Resolution**") to be put to shareholders of AAOG at a general meeting (the "**GM**"). Otherwise, the terms of the Acquisition, as detailed in Zenith's announcement dated December 27, 2019, remain unchanged.

Completion of the Acquisition ("**Completion**") remains conditional on certain regulatory approvals being obtained in the Republic of the Congo including consent of the Minister of Hydrocarbons which Zenith is expecting to achieve in due course. Completion will therefore occur on the later of satisfaction of these regulatory requirements or completion of the GM

If the Resolution is not passed at the GM, the Deed of Variation will not come into effect. Consequently, the Acquisition will proceed under the original terms of the SPA announced to the market on December 27, 2019.

AAOG has informed Zenith that its largest shareholder, Forum Energy Services Limited, has given an irrevocable undertaking to vote in favour of the Resolution at the GM in respect of its registered holding in the ordinary shares of AAOG amounting in aggregate to 94,041,011 Ordinary Shares, representing 21.87 per cent. of AAOG's ordinary shares in issue on March 23, 2020.

Put and Call Option Agreement

Zenith has terminated the put and call option agreement ("**Put and Call Option Agreement**") entered into with AAOG and announced on January 21, 2020.

Secured Loan Facility

The Company can also confirm that the agreement to provide a secured loan facility (the "Facility") to AAOG for a total amount of £250,000 has been terminated.

Andrea Cattaneo, Chief Executive Officer, commented:

"We are pleased to have successfully renegotiated the terms of the Acquisition with the achievement of a 20 percent reduction and the avoidance of any Zenith equity issuance as part of the Consideration.

Recent world events, specifically the COVID-19 pandemic, have severely impacted international financial markets, and, by consequence, also negatively affected the valuation of our share price.

In view of the above developments, we have decreased the Consideration to reflect an adjusted asset valuation commensurate with the decline in oil prices and to include cash only consideration which shall be funded by means of our publicly announced EUR 25 million EMTN Programme.

I look forward to updating the market in due course regarding Completion."

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.