

April 20, 2020

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Acquisition of Sidi El Kilani from KUFPEC

Zenith Energy Ltd. ("Zenith" or the "Company") (LSE: ZEN; TSX.V: ZEE; OSE: ZENA-ME), the listed international oil & gas production company focused on pursuing African development opportunities, is pleased to announce that its newly created wholly owned subsidiary Zenith Energy Netherlands B.V. ("**Zenith Netherlands**") has signed a conditional sale and purchase agreement ("**SPA**") with KUFPEC (Tunisia) Limited ("**Seller**"), a 100% subsidiary of Kuwait Foreign Petroleum Exploration Company K.S.C.C, a subsidiary of the State of Kuwait's national oil company, for the acquisition of a working interest in, inter alia, the North Kairouan permit and the Sidi El Kilani Concession (the "**Tunisian Acquisition**"), which contains the Sidi El Kilani oilfield ("**SLK**").

The Seller holds an undivided 22.5% interest in the Tunisian Acquisition, together with 25 Class B shares in Compagnie Tuniso-Koweïto-Chinoise de Pétrole (CTKCP), the operator, representing 22.5% of the issued share capital of the company.

Zenith's partners in the Tunisian Acquisition will include the national oil company of Tunisia, Entreprise Tunisienne d'Activités Pétrolières (ETAP) with a 55% interest and CNPC, China National Petroleum Corporation with a 22.5 % interest.

The Seller has agreed to sell, assign and transfer to Zenith Netherlands the Tunisian Acquisition on the terms and subject to the conditions set out in the SPA.

The consideration payable by Zenith Netherlands under the SPA is US\$500,000.

Completion of the Tunisian Acquisition is conditional on approval being granted by the *Comité Consultatif des Hydrocarbures* of the Republic of Tunisia in respect of the transfer of the Seller's right, title and interest in and under the SLK Concession to Zenith Netherlands.

As first announced on March 2, 2020, Zenith is currently in negotiations with an international oil major to sign an offtake agreement for the asset's future oil production in order to fund the Tunisian Acquisition and its development post-completion.

Tunisian Acquisition Highlights

- First discovered in 1989 by KUFPEC with commercial production commencing in 1993 and reported to be the second largest oilfield discovered in Tunisia since 1989.
- SLK reached a peak production of c. 20,000 boepd in 1995.
- Covers an area of 204 square kilometres, located onshore, in the Pelagian Basin, Eastern Tunisia.

- SLK is one of the most productive fields in onshore Tunisia and currently produces, natural flow, at a rate of approximately **700 bopd**.
- Generates gross annual revenues of approximately US\$15 million.
- SLK produces 39 API gravity oil from a fractured carbonate reservoir (Abiod Formation), at a depth of c. 1,600 metres. The reservoir characteristics are enhanced by natural fractures and locally by dolomitisation.
- SLK Facilities include a permanent Gas Oil Separation Plant (GOSP) and a Pipeline of 125 km x 8" diameter, 22,000 bpd capacity from the field to La Skhira terminal.

Zenith expects to soon commission a new Competent Person's Report in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*, in order to obtain an updated reserves evaluation for the Tunisian Acquisition.

Andrea Cattaneo, Chief Executive Officer, commented:

"We are delighted to have executed the SPA with regards to the interest in the Sidi El Kilani Concession, a highly productive Tunisian onshore oil production and development asset, which has consistently outperformed even the most optimistic production forecasts since commercial production commenced in 1993.

The Board views Tunisia as a safe, democratic jurisdiction with a well-established history of successful oil and gas production activities for junior, independent companies such as Zenith.

Upon completion of this deal, Zenith will have material production revenue for reinvestment in field development activities.

Our strategic outlook is that oil prices will progressively strengthen in line with a gradual worldwide recovery in financial and industrial activity following the progressive alleviation of the devastating COVID-19 pandemic.

The current low oil price environment provides an unprecedented opportunity for companies wishing to expand countercyclically by securing large, revenue generating oil and gas production assets at advantageous terms.

I am also delighted to have initiated a fruitful relationship with KUFPEC, a highly respected subsidiary of Kuwait's State Oil Company with operations across the world including Norway, and I look forward to exploring further cooperation opportunities in the future."

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. Zenith's development strategy is to identify and rapidly seize value-accretive hydrocarbon production opportunities in the onshore oil & gas sector, specifically in Africa. The Company's board of directors and senior management team have the experience and technical expertise to develop the Company successfully.