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March 15, 2021

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Acquisition of oil production and development asset in Tunisia

Zenith Energy Ltd. ("Zenith" or the "Company") (LSE: ZEN; OSE: ZENA), the listed international oil & gas production company focused on pursuing African development opportunities, is delighted to announce that Zenith Energy Africa Limited ("ZEAL"), its newly incorporated fully owned subsidiary, has entered into a share purchase agreement ("SPA") with Candax Energy Limited ("Candax") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Zarzis Ltd ("EPZ") (the "Acquisition"), which holds a 45% interest in the Ezzaouia Concession ("Ezzaouia").

Terms of the Acquisition

Pursuant to the terms of the SPA, ZEAL has agreed to acquire 100% of the issued share capital of EPZ for the aggregate amount of US\$150,000 payable at completion, as well an additional US\$100,000 to be satisfied by the issue of ordinary shares in the share capital of Zenith to be issued within sixty days of completion ("Consideration Shares") and a royalty payable and calculated as US\$0.35 per each barrel of hydrocarbons produced from the Ezzaouia oilfield and allocable to EPZ, with the royalty not being less than an amount of US\$50,000 per annum for a period of ten years.

Acquisition Highlights

- Ezzaouia is located in onshore Tunisia on the Zarzis peninsula, south of the island of Djerba in the southern Gulf of Gabes.
- First discovered by Marathon Petroleum Corporation in 1986, with production activities starting in 1990 with a peak production being achieved of 35,000 barrels of oil per day in 1991.
- Ezzaouia produces an average of 40 API gravity oil from the Zebbag (Lower Cretaceous) and Mrabatine (Upper Jurassic) formations.
- It is operated by MARETAP, a joint operating company owned in partnership with the national oil company of Tunisia, ETAP (Entreprise Tunisienne d'Activités Pétrolières) on a 50:50 basis, which holds a 55 percent interest in Ezzaouia.
- Currently produces at a rate of approximately of **465** bopd (approximately **210** bopd net to Zenith).
- Approximately 25,000 barrels of oil are currently held in storage with a commercial value of approximately **US\$1,250,000**.

- Zenith will shortly 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 Acquisition.
- Planned field production optimisation and workover activities are expected to increase Ezzaouia gross production to 1,000 bopd (potentially resulting in a production of 450 bopd net to Zenith).
- The Acquisition has certain development obligations during the course of the new 20-year concession including the drilling of a side-track, the drilling of a replacement well and that of a development well.
- On April 19, 2019, the Tunisian State represented by the Ministry of Industry and Small & Medium Enterprises informed ETAP and EPZ that the *Comité Consultatif des Hydrocarbures* ("CCH") had provided a favourable opinion to the application submitted by ETAP and EPZ for a new 20-year concession to be called "Ezzaouia" (the "New Concession").
- A *Convention for the New Concession* (the agreed work programme between ETAP and EPZ) has been signed by both parties.
- The New Concession is currently awaiting parliamentary approval.
- Ezzaouia has modern oil treatment and storage facilities with a total field storage capacity of approximately 20,000 barrels of oil.
- MARETAP, the joint operating company, operates an oil storage terminal, connected to Ezzaouia by way of two pipelines (one for gas and one for oil respectively), at the port of Zarzis, with a storage capacity of approximately 200,000 barrels of oil, from which all oil production from Ezzaouia is exported to the international markets.

Andrea Cattaneo, Chief Executive Officer of Zenith, commented:

"I am delighted to have completed this transaction which reflects the continued successful implementation of our development strategy – that of acquiring prospective oil production and development assets - and delivers immediate daily production revenue to Zenith during a time of material appreciation in the price of oil.

Ezzaouia has significant unexploited potential which we intend to develop progressively via a combination of workover and drilling activities.

By way of this acquisition, we have further reinforced our settlement in Tunisia, enabling a demonstration of our technical and financial capabilities locally.

The Board strongly believes in Zenith's future successful establishment in Tunisia and we intend to capitalise on certain additional acquisition opportunities that may present themselves in the near-term."

Further Information:

Zenith Energy Ltd	
Andrea Cattaneo, Chief Executive Officer	Tel: +1 (587) 315 9031
	E-mail: info@zenithenergy.ca
Allenby Capital Limited - Financial Adviser & Broker	
Nick Harriss	Tel: + 44 (0) 203 328 5656
Nick Athanas	

Notes to Editors:

Zenith Energy Ltd. is an international oil and gas production company, listed on the London Stock Exchange (LSE:ZEN) and the Euronext Growth Market of the Oslo Stock Exchange (OSE:ZENA).

Zenith's development strategy is to identify and rapidly seize value-accretive hydrocarbon production opportunities in the oil & gas sector, specifically in Africa.