

March 16, 2022

**ZENITH ENERGY LTD.**

("Zenith" or the "Company")

**Financing Update**

Zenith Energy Ltd. ("Zenith" or the "Company") (LSE: ZEN; OSE: ZENA), the listed international energy production and development company, is pleased to announce that it has entered into a US\$6,000,000 unsecured convertible loan facility (the "Facility") with a consortium of institutional lenders (the "Lenders"), to provide additional funding for the Company's field development operations in Tunisia and potential near-term business development in the Republic of the Congo.

**Highlights**

The Facility includes an initial immediate advance of US\$2,000,000 (the "Drawdown"). The Company has the right to draw down up to a total capital exposure of US\$2,000,000 every 4 months from the Lenders.

Each Drawdown has a repayment term of 15 months, of which the first three months of repayment holiday, and the remaining twelve of equal principal instalments.

Zenith shall pay interest on the outstanding amount of the Facility at the rate of 9% per annum (the "Interest Rate").

Under the terms of the Facility, the Company has issued the Lenders with 92,094,691 share purchase warrants (the "Warrants") to subscribe for the equivalent number of common shares of no par value in the share capital of Zenith ("Common Shares") at a price of **NOK 0.1458** per Common Share (equivalent to approximately £0.012) for subscription at any time, with a 24-month term from the date of issuance, and subject to the articles of the Company and the terms and conditions of the Facility.

During the term of the Note, the Lenders may, from time to time, elect to convert varying amounts of Principal and Interest of the Facility. Half of each Drawdown may be converted at 130% of the relevant Reference Price, and half at 150% of the relevant Reference Price, the Reference Price being the average of the 15 daily VWAPs, on the Euronext Growth Oslo, preceding each Drawdown. The Lenders have trading restrictions meaning they cannot sell more than 15% of monthly volume for the duration of the Facility.

No conversions will take place for the first 2 months following each relevant drawdown. Conversions are restricted to no more than 30% of each Drawdown for the first 4 months.

An application will be made for any Common Shares issued and allotted on exercise of the Warrants or Conversion to be admitted to the standard segment of the Financial Conduct Authority UK Official List and to trading on the Main Market for listed securities of the London Stock Exchange (the "Admission") and the Euronext Growth Oslo. The new Common Shares will rank pari passu in all respects with the existing common shares of the Company.

In accordance with the terms of the Facility, repayment of each Drawdown can be made in cash ("Cash Repayment") for a charge of 2.5% of the relevant Drawdown amount outstanding.

The Facility agreement includes normal warranties and default clauses.

#### **Pledging of shares by CEO as third-party guarantor**

The Chief Executive Officer & President of the Company, Mr. Andrea Cattaneo, has agreed to act as a third-party guarantor in support of the Company, in connection with the Facility. On March 16, 2022, Mr. Cattaneo pledged a total of **11,228,022** common shares in the capital of the Company, in which he has a direct beneficial interest.

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

*"We are pleased to have concluded this financing to further reinforce our working capital position at a time of great activity on a number of fronts for the Company, both in terms of asset development and potential near-term asset acquisition.*

*In view of Zenith's upcoming planned sale of oil production in Tunisia, as well as other potential share price catalysts, we shall seek to avoid dilution taking place by repaying the Drawdown by way of cash payments, as well as settling other outstanding loan facilities in such a way that Zenith can continue to maximise the benefits of the current energy pricing climate to significantly improve its balance sheet.*

*I look forward to reporting on our progress in due course."*

#### **Further Information:**

Zenith Energy Ltd	
Andrea Cattaneo, Chief Executive Officer	Tel: +1 (587) 315 9031  E: <a href="mailto:info@zenithenergy.ca">info@zenithenergy.ca</a>
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#### **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 complete value-accretive hydrocarbon production opportunities in the oil & gas sector, specifically in Africa.

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The information included in this announcement is defined as inside information pursuant to MAR article 7 and is publicly disclosed in accordance with MAR article 17 and section 5-12 of the Norwegian Securities Trading Act. The announcement is made by the contact person.

**NOTIFICATION AND PUBLIC DISCLOSURE OF TRANSACTIONS BY PERSONS DISCHARGING  
MANAGERIAL RESPONSIBILITIES AND PERSONS CLOSELY ASSOCIATED WITH THEM**

<b>1</b>	<b>Details of the person discharging managerial responsibilities / person closely associated</b>	
a)	Name	Andrea Cattaneo
<b>2</b>	<b>Reason for the notification</b>	
a)	Position/status	Chief Executive Officer
b)	Initial notification/Amendment	Initial Notification
<b>3</b>	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Zenith Energy Ltd.
b)	LEI	213800AYTYOYD61S4569
<b>4</b>	<b>Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted</b>	
a)	Description of the financial instrument, type of instrument	Common Shares
	Identification code	CA98936C1068
b)	Nature of the transaction	Pledging of common shares, in the capacity of third-party guarantor, as collateral for convertible loan facility signed by the Company on March 16, 2022.

c)	Price(s) and volumes(s)	Price(s)	Volume(s)
		n/a	11,228,022
d)	Aggregated information		
	Aggregated volume	11,228,022	
	Aggregated price	n/a	
e)	Date of the transaction(s)	March 16, 2022	
f)	Place of the transaction	Off Market	