

May 10, 2022

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Update on Electricity Production & Financing

Zenith Energy Ltd. ("Zenith" or the "Company") (LSE: ZEN; OSE: ZENA), the listed international energy production and development company, is pleased to provide an update on its electricity production operations at the Torrente Cigno concession in Italy during the month of April 2022.

During the month of April 2022, the Company produced a total of approximately 974.4 MWh.

Electricity prices during the month of April 2022 averaged approximately EUR 236 per MWh, resulting in net revenues of approximately **EUR 230,000**. Zenith's current net production costs remain fixed at approximately EUR 35,000 per month.

Non-convertible Loan Agreement for EUR 1.3 million

The Company has entered into a non-convertible loan agreement (the "Loan") with a financial institution for a total amount of EUR 1.3 million (equivalent to approximately 13.1 million NOK or £1,111,800).

The Loan has a duration of ten months, attracts an interest of 5% per annum and includes normal warranties and default clauses.

In connection with the Loan Agreement, the Company has issued the following share purchase warrants (the "Warrants"):

- 85 million Warrants to acquire one common share for each Warrant at an exercise price of **NOK 0.20** (equivalent to approximately £0.017).
- 85 million Warrants to acquire one common share for each Warrant at an exercise price of **NOK 0.25** (equivalent to approximately £0.021).

The Warrants have a duration of ten months from the date of issue.

Use of proceeds from Loan

The Company plans to use the funds received in connection with the Loan to provide additional financial support for the achievement of its business development objectives in the Republic of the Congo, as well as for general working capital purposes.

Sale of A-100 Workover Rig

The Company has agreed to dispose of the A-100 workover rig (the “**Rig**”) that it had previously acquired in Azerbaijan during 2018 by way of its fully owned subsidiary, Zena Drilling Limited.

The expected lack of spare parts and technical support for the Rig, a rig type widely used in the oil industry of the Russian Federation and post-Soviet Republics, as well as the estimated high transportation costs of the Rig from Azerbaijan to the Company’s oil and gas portfolio in Africa, were the reasons for the sale.

Zenith confirms that it has not recorded a loss, on an amortised basis, in respect of the consideration originally paid to the manufacturer in 2018 for the purchase of the Rig.

Further Information:

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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.

Notes to Editors:

Zenith Energy Ltd. is an international oil and gas production company, listed on the London Stock Exchange Main Market (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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