

July 3, 2023

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Court rejects SMP's request for stay of proceedings and awards damages

Zenith Energy Ltd. (**LSE: ZEN; OSE: ZENA**), the international energy production and development company, is pleased to announce that its fully owned subsidiary, *Anglo African Oil & Gas Congo S.A.U* ("AAOGC"), has been awarded a payment of compensatory damages by the Paris Commercial Court (the "Court") in its claim against SMP Energies (hereafter "**SMP**", formerly Société de Maintenance Pétrolière – SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019.

In the decision, the Court rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of the Congo, stating that SMP's request contained "*all the characteristics of a dilatory request*", and ordered it to pay an amount of EUR 30,000 to AAOGC by way of compensatory damages. The Court decision is immediately enforceable.

The Court has scheduled the next procedural date as September 29, 2023.

Background

On July 15, 2019, AIM quoted Anglo African Oil & Gas ("AAOG"), the previous owner of AAOGC prior to its acquisition by Zenith, announced that AAOGC had initiated a legal claim (the "Claim") in the Paris Commercial Court against SMP following a series of significant performance failures by the SMP 102 rig (the "Rig") during drilling activities in wells TLP-103 and TLP-103C, and the refusal of SMP to engage in negotiations to cover the significant cost overruns that had been incurred by AAOGC as a result.

On February 17, 2023, Zenith announced that it had increased the claimed amount for SMP's failures during drilling activities to US\$9 million in consideration of the significant commercial damages suffered by AAOGC, specifically the impossibility to begin production activities from the Tilapia oilfield, as a direct result.

The Company believes that the Claim launched by AAOGC has merit, especially because of the significant evidence collected at the time to substantiate its position and has since intensified its legal activities in support of the Claim by commissioning third-party expert reports.

A final decision in respect of the Claim is expected prior to the close of Zenith's next financial year, March 31, 2024.

Andrea Cattaneo, Chief Executive of Zenith, commented:

"We are pleased that the Court has rejected the latest attempt by SMP to delay proceedings.

AAOGC has submitted third-party expert reports for consideration by the Court which have, to date, not been engaged with or countered by SMP.

The Court's decision has symbolic value for Zenith insofar as it suggests that our steady and resilient approach to our African operations eventually does bear fruit.

We are aware that the significant delays incurred by some of our initiatives in Africa have demoralised some of our investors.

However, as a management team, our confidence in Zenith's strategy remains unchanged and we are fully committed to achieving the Company's successful development."

Further Information:

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Notes to Editors:

Zenith Energy Ltd. is a revenue generating, independent energy company with production, exploration and development assets in Africa, the Middle East and Europe, including electricity generation in Italy. The Company is listed on the London Stock Exchange Main Market (LSE: ZEN) and the Euronext Growth of the Oslo Stock Exchange (OSE: ZENA).

Zenith's strategic focus is on pursuing development opportunities through the development of proven revenue generating energy production assets, as well as low-risk exploration activities in assets with existing production.

For more information, please visit: www.zenithenergy.ca

Twitter: @zenithenergyltd

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Market Abuse Regulation (MAR) Disclosure

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.