

July 5, 2023

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Second acquisition in USA

Zenith Energy Ltd. (**LSE: ZEN; OSE: ZENA**), the international energy production and development company, is pleased to announce that its newly incorporated fully owned subsidiary in the State of Texas, Zena Oil & Gas LLC, has conditionally agreed to fully acquire a portfolio of mineral leases and oil and gas wells in the State of Texas, United States of America (the "**Acquisition**") from the wholly owned subsidiaries of Beam Earth Group Ltd. (the "**Seller**").

Terms of the Acquisition

The Company has conditionally agreed to fully acquire, subject to a definitive purchase and sale agreement ("**Completion**") certain oil, gas, and mineral leases and oil and gas wells for a total amount of US\$1,027,500 (the "**Consideration**").

The Consideration will be payable 60% in cash, representing the amount of US\$616,500, and the balance of 40% will be satisfied by the issuance of equity to the Seller to be admitted to trading on the Euronext Growth of the Oslo Stock Exchange, priced at the average closing price of the last 5 trading days prior to the achievement of Completion (the "**Equity Consideration**"). Admission will also be sought within 12 months of any issue under the Equity Consideration to the Main Market of the London Stock Exchange and the Standard Segment of the UK Official List.

The Seller has agreed to retain the Equity Consideration for a minimum of three months from the date of Completion. Zenith will hold the right of first refusal in the event of a possible disposal of the Equity Consideration, subject to the terms to be agreed at Completion in the definitive purchase and sale agreement.

Acquisition Highlights

- The Acquisition comprises of 155 oil and gas wells located in the vicinity of Midland (TX) across licences named Corsicana, Powell, BrookLaw and Sun Valley.
- 47 wells are currently active with a daily production of approximately 60 barrels of oil per day ("**BOPD**").
- It is expected that production can be increased to an average rate of 100 BOPD with light workover and field rehabilitation activities within six months from Completion.
- Located in the State of Texas, a prolific oil and gas petroleum system with favourable fiscal terms, relatively low production costs and the ready availability of technical expertise and equipment.
- Zenith will commission a 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* - to obtain an updated reserves evaluation for the Acquisition.

Andrea Cattaneo, Chief Executive Officer, commented:

"We are pleased to have conditionally agreed our second acquisition in the USA.

Texas is a favourable oil and gas jurisdiction with many attractive qualities for junior operators such as Zenith, specifically with regards to fiscal terms and the availability of equipment and technical expertise.

We look forward with enthusiasm to commencing our activities in the State of Texas, one of the areas in the world most synonymous with hydrocarbon production activities.

It is our expectation that we shall soon achieve 'critical mass' by way of additional acquisitions, selected following a rigorous due diligence process, to successfully achieve Zenith's growth objectives."

About the Seller:

Beam is currently selling O&G assets to focus on service activities with a strong impact on GHG emissions control and reporting (<https://www.beam.earth>).

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

LinkedIn: <https://bit.ly/3A5PRJb>

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.