

August 3, 2023

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Third Acquisition in USA

Zenith Energy Ltd. (**LSE: ZEN; OSE: ZENA**), the international energy production and development company, is pleased to announce that it has signed a binding memorandum of understanding ("**MOU**") with Jala Capital Investments, LLC, a company incorporated in the State of Texas ("**Seller**").

Highlights

- Seller owns a 100% Gross Working Interest ("**GW**I") and a 75% Net Revenue Interest ("**NR**I") in approximately 320 acres of oil and gas lease from surface down to a depth of approximately 800 metres, located in the East Half of section 14, Block 50, University Lands, Crockett County, Texas (the "**Property**").
- Geologically, the Property is situated in the southern section of the Midland Basin, a subbasin of the Permian Basin. The Property will give Zenith the opportunity to develop production from the San Andres formation, a prolific carbonate formation in the Permian Basin in Texas and New Mexico.
- The Property is situated in the southern section of the Farmer Field which has produced over 34 million barrels of oil since 1950 from approximately 1,000 wells drilled in leases adjoining the Property.
- Zenith has confirmed its intention to operate the Property and conduct oil and gas extraction and exploration activities.
- Subject to completion of satisfactory due diligence by Zenith, the Seller agrees to execute, convey, and assign to the Company a GWI of 90%, with a NRI of 67.5%.
- The Consideration for the MOU is US\$50,000, which includes the sale oil surface equipment such as a battery of oil tanks and oil separation equipment.
- The Seller will retain a carried GWI of 10% in respect of all drilling and completion work necessary for the first two wells to be drilled. The Seller has agreed to pay its proportionate share of all subsequent drilling and completion work to be performed, as well as its share of ongoing operating costs, including workovers.
- Zenith has an obligation to notify the Seller at least 24 hours prior to spudding a well on the Property.
- Prior to commencement of drilling the first well, Zenith and the Seller will formalise a Joint Operating Agreement to govern all aspects of the relationship between the parties in respect of the Property.
- Zenith intends to use a highly experienced third-party local drilling contractor to conduct drilling activities.

- The drilling and completion of each well is expected to require a total budget of approximately US\$500,000, with an estimated potential production output of approx. 60 barrels of oil per day for each well.
- Nine wells have historically been drilled in the Property, with neighbouring properties recording sustained material production.
- 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 Property.
- The first well is planned to be drilled by the close of 2023. Drilling and cementing activities are expected to take less than seven days, with subsequent potential stimulation and testing work to be performed, as well as the installation of any required infrastructure to manage potential production from the wellsite.

Andrea Cattaneo, Chief Executive Officer, commented:

"We are pleased to be gaining increasing momentum in our USA acquisition campaign. The goal is to complete acquisitions with significant production upside potential, having performed a comprehensive due diligence exercise, to maximise our development as a successful revenue generating energy production business.

The USA is proving a highly attractive jurisdiction for Zenith in view of the lack of bureaucracy and other factors that have historically delayed our progress elsewhere.

The acquisition of the Property in Texas should enable Zenith to achieve material additional daily production revenue in an exponential manner by way of drilling activities on very advantageous terms.

We look forward with enthusiasm to consolidating our recent business development as soon as possible."

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.

