

December 20, 2023

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Acquisition of Devonian Petroleum Limited

Zenith Energy Ltd. (LSE: ZEN; OSE: ZENA; OTCQB: ZENAF), the listed international energy production and development company with a focus on opportunities in Central Asia and the USA, is pleased to announce the conditional acquisition of an initial 50% of the shares and voting rights in Devonian Petroleum Limited ("Devonian"), a private oil company registered in the United Kingdom, for a total investment in cash and in kind presently assessed at approximately 5 million USD (the "Conditional Acquisition").

Conditional Acquisition Highlights

- In 2019, Devonian was awarded the Akkudukski exploration block (the "Akkudukski Block") of approximately 1,094 km² in the Precaspian Basin, Kazakhstan, in a competitive bid round. Devonian has the hydrocarbon exploration rights to the basement, with the exception of the 2.9 km² Akkuduk Jurassic oilfield, owned and operated by EmbaMinaGas, a subsidiary of KazMuniGaz, the Kazakh national oil company.
- 3-D seismic presently covers approximately 70% of the Akkudukski Block.
- The current Akkudukski Block Competent Person's Report ("CPR") assigns P50 resources of 120 million barrels above the salt and 400 million barrels below the salt.
- The Akkudukski Block is located in the Embinsky district of the Atyrau Region in the North Caspian Basin, on the eastern coast of the Caspian Sea, about 250 kilometres southeast of Atyrau the regional oil capital.
- In supra-salt reservoirs above the Kungurian Evaporate regional seal, an undeveloped Middle Triassic oilfield in sandstones underlies the Akkuduk Jurassic oilfield. This was identified in the AK-20 well, drilled in 2016, which recovered low sulphur light oil at 2,660m in an MDT test on Wireline in addition to seeing gas in the Jurassic at 1,913m. There are, additionally, at least 6 mid-Triassic seismic prospects and at least 1 more Jurassic seismic lead. Jurassic well KM-1 encountered more than 30m of oil-bearing sands in 2008 from 1,680 to 1,720m. In sub-salt reservoirs, a potential super-giant gas-condensate seismic prospect named 'Zholdaskali', geologically analogous to both the super-giant Tengiz oilfield operated by Chevron with approximately 25 billion barrels recoverable oil, located circa 60 km to the southwest, and to the adjoining Ansagan field, with approximately 400 million barrels of oil equivalent recoverable reserves, has been identified. The Akkudukski Block also contains potential reservoirs in 4-way closures, identified on seismic, in Lower Permian and Carboniferous sands.
- The Akkuduk producing Jurassic oilfield was discovered in 1981 with production in two Callovian sandstone horizons in a fault block with 4-way closure over a Kungurian evaporite diapir. The Jurassic oilfield has produced just over 6 MM bbls light oil on primary recovery to date. The Zholdaskali lead has been mapped on seismic in 2019 with 2-D and 3D seismic covering most of the lead. Devonian has subsequently identified Jurassic and deeper Permo-

carboniferous sandstone seismic prospects. A deep parametric well, AKK-1P, was drilled in Soviet times to investigate a 45x10 km seismic feature seen (in low resolution 2D seismic) in the Devonian at circa 7,000m but drilling was suspended at 6,290m because of high pressure gas being encountered and tested.

- Devonian was the first UK company to be awarded a block of oilfields following a competitive government bid round, in accordance with the new code of the Republic of Kazakhstan 'On Subsoil and Subsoil Use' ("**SSU Code**"), by way of its local subsidiary, DP Energy LLP ("**DP Energy**") in which Devonian has a 99% interest.
- DP Energy holds a joint exploration and production contract for a term of six years from July 2019, to be followed by a production licence for a duration of 25 years subject to certain conditions being satisfied, primarily seismic reprocessing and the drilling of one new well.
- Under the terms of the Conditional Acquisition, Zenith has paid Devonian an initial deposit in the amount of US\$200,000 (the "**Deposit**").
- A second tranche in the amount of US\$1.8 million will be payable on the completion of a satisfactory legal and technical due diligence by Zenith 60 days from the date of signing the Conditional Acquisition (the "**Exclusivity**"), and the receipt of all necessary regulatory approvals in the Republic of Kazakhstan ("**Completion**").
- The Exclusivity will govern the commercial finalisation of the final terms and deal structure for the acquisition of the remaining 50% of DP to be paid in Zenith equity (the "**Final Contract**").
- If the Conditional Acquisition is not completed, Devonian will repay Zenith by set-off and will issue Zenith ordinary shares in the capital of DP representing 3% of its fully diluted share capital.
- The total amount of US\$2 million, having been paid upon Completion, will be complemented by an additional consideration estimated in the amount of approximately US\$3 million to cover the costs for the drilling and testing of a new well, to a maximum depth of 3,000 metres, in the Akkudukski Block (the "**First Well**"). This First Well will target either Triassic sandstone reservoirs at Akkuduk or Jurassic sandstone reservoirs at Kamen. The selection of the drilling location for the First Well will be mutually agreed.
- The Company has agreed to transport its drilling rig, a 1,200hp 260-ton onshore drilling rig ("**ZEN-260**"), to the Republic of Kazakhstan from Georgia, where it has been stored in recent years, for the purpose of drilling the First Well. Zenith will initiate the necessary importation formalities and obtain the required approvals and certifications for mobilisation of the ZEN-260 and ancillary drilling equipment to the chosen well location.

Zenith confirms that following the signing of the Conditional Acquisition, it has now discontinued all other negotiations in respect of potential acquisitions in the Republic of Kazakhstan. The Conditional Acquisition will be its sole focus.

Andrea Cattaneo, Chief Executive Officer of Zenith Energy, commented:

"We are delighted to have agreed terms for the acquisition of Devonian Petroleum, representing our first acquisition in the Republic of Kazakhstan.

The Company's management has been able to appreciate the significant development potential of the Akkudukski Block, specifically the highly material recoverable reserves contained therein.

The ownership of our drilling equipment, when viewed in consideration of the size and range of geological opportunities to be found within the Akkudukski Block, presents an attractive opportunity to drill "in succession" with the objective of maximising production revenue and profitability during a time of favourable energy prices.

We look forward to benefitting from the technical knowledge and geological expertise of the Devonian Petroleum team in respect of the Akkudukski Block and to commencing our operational journey in Kazakhstan."

Alastair Murray, Chief Executive Officer of Devonian Petroleum, commented:

"The deal with Zenith Energy is of great importance because it should enable the successful migration through to production of the potentially transformational reserves contained within the Akkudukski Block.

We identified the unexploited value potential of the Akkudukski Block from as early as 2017, following significant geological investigation, and we were successfully awarded our current licence following a highly competitive bid round involving more than ten other companies in 2018/19.

Our first phase of technical work will be the selection of a low-risk drilling location in one of the already discovered structures, as well as remapping the Jurassic discovery in the south of the Akkudukski Block, targeting approximately 40-80 million barrels in recoverable oil reserves.

We expect this technical work will be completed by summer 2024, creating an exciting 'drilling pipeline' for the ZEN-260 rig being mobilised from Georgia as part of what we expect to be a long-term and mutually successful partnership between Zenith Energy and Devonian Petroleum."

Joint comment by Andrea Cattaneo and Alastair Murray:

"Andrea and I are fully aligned in our belief that this acquisition will prove beneficial, not only to the respective stakeholders of Zenith and Devonian, but also, more broadly, to the Republic of Kazakhstan. This is because it will demonstrate that successful Foreign Direct Investment (FDI) in the Kazakh SME (small and medium sized enterprise) oil and gas sector can be successfully delivered, in this case by a listed international energy company, and that new jobs and a range of positive commercial opportunities will be brought about."

Notes to Editors:

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

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.