

## **ZENITH ENERGY LTD.**

("Zenith" or the "Company")

### **Success of sidetrack operations at well M-195**

Calgary, Alberta, June 5, 2017, Zenith Energy Ltd. ("**Zenith**" or the "**Company**") (LSE: **ZEN**; TSX.V: **ZEE**), the dual listed international oil & gas production company, is pleased to announce successful drilling to a depth of 3,050 meters at well M-195. A Neutron Log has subsequently been run which has confirmed a net oil payzone of 8 metres. Initial flow rates of 149 barrels of fluid per day have been recorded at this well. A steady and increased rate of production is expected to be achieved over the next few weeks and the Company will provide a revised production rate announcement as soon as this has been determined.

Zenith is very pleased with the successful progress at well M-195. Workover operations at M-195, as previously announced, had been assigned to an external drilling company, given the name of 'Team B', operating its own workover rig. This team has performed well and the decision to perform a sidetrack has clearly now shown to be correct. The prompt well flow encountered evidences the superior integrity of the reservoir in the area surrounding the original well location. The Company intends to install an Electric Submersible Pump ("ESP") to further improve production at M-195 which is solely flowing with natural reservoir pressure; flow rates can be further increased with the use of nitrogen.

#### **Zenith CEO, Andrea Cattaneo, commented:**

"This favorable result clearly displays Zenith's transformational opportunity in Azerbaijan and confirms the validity of the decision to perform a sidetrack after the initial difficulties encountered at well M-195. Team B has done well and I commend them as well as Zenith's technical team for the success we have achieved at M-195.

This result is just the beginning and, I am confident in saying, the first of many incremental production increases that will be achieved through our systematic field rehabilitation programme. It should be underlined that our target remains to achieve 1,000 BOPD by March 31, 2018. Zenith has very sizeable oil reserves, especially relative to its market capitalisation, and the challenge lies in finding the most efficient and cost-effective equation to achieve successful production increases with various workovers and other CAPEX activities.

Zenith is an energy company with a systematic CAPEX programme rather than an explorer focusing on the success of any individual CAPEX operation for continuity. The Company's performance at well M-195, whilst with an initial unforeseen delay, proves that we have found this balance by achieving success with very contained expenditure, especially when considered in relation to the significant revenue increase that will be obtained.

Mike Palmer's arrival as COO will certainly enhance the process, increasing our technical skillset and improving our operational speed and quality of execution. Mike is currently assembling a team of highly experienced engineers who have excelled in Azerbaijan with onshore field rehabilitation operations very similar to Zenith's. It should also be added that Mike Palmer plans to revise the choice of wells included in the workover programme and modernise the technology employed."

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