

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Operational update on wells M-195 and M-45

Calgary, Alberta, June 23, 2017, Zenith Energy Ltd. ("**Zenith**" or the "**Company**") (LSE: **ZEN**; TSX.V: **ZEE**), the dual listed international oil & gas production company, is pleased to provide an update on operations at wells M-195 and M-45 in the Muradkhanli field.

Well M-195

Well M-195 has 8m of permeable hydrocarbon pay which has now been confirmed by a recently completed Pulsed Neutron Log and subsequent quantitative interpretation of this data by a third party log analysis company. This has further been supported by the historical pre-sidetrack production rates.

On June 5, 2017, the Company announced that initial flow rates of 149 barrels of fluid per day had been recorded at this well after the success of sidetrack operations. Following this announcement well flow had to be cut off in order to pull out the drill string. After this interruption the well did not resume flow because the wellbore could only be cleaned out to the top of the liner with the pulling unit due to liner internal diameter restrictions. It has become apparent that a coiled tubing unit is required to circulate the mud out of the open hole and remove the mud cake from the borehole walls.

It is worth noting that the mud weight used to drill the sidetrack had a specific gravity of 1.2 (10.0 ppg) and no losses were observed during the drilling. This would confirm that the reservoir pressure is at or near virgin reservoir pressure due to an active underlying aquifer.

The Company is pleased to announce that an internationally recognised Italian coiled tubing company, Smape Srl, has now been contracted to perform several well interventions in the Muradkhanli, Jafarli and Zardab fields, the first of which will be well M-195. A coiled tubing unit (CTU) operated by Smape is scheduled to arrive on June 24, 2017, to begin work and restore production at this well.

The arrival of the CTU will result in the creation of a third team, named 'Team C', which will operate this unit and complement the field rehabilitation activities of Teams A and B.

Team C is expected to play a particularly important role in the rehabilitation of wells in the Zardab field, many of which are plugged with sand from the reservoir. Three wells in particular, one of which will initially be chosen for a workover in 2017, produced in excess of 500 BOPD for a short time before they became plugged-up with sand.

The use of a CTU offers a number of advantages over a conventional workover rig. These include:

- Ability to use continuous tubing instead of jointed tubing.
- Capacity to circulate fluid and gas in the well whilst moving the tubing string up and down the well for cleaning, drilling, and stimulating wells.
- Removes the need to stop in order to make and break tubing connections, thereby significantly increasing the speed of operations; this is a particularly important advantage with wells in the Muradkhanli field which have a depth of over 3000m.
- Ability to workover wells that have high pressure and flow without killing the well. A workover rig would require the interruption of well flow prior to performing any well intervention work by introducing high-density fluid in the wellbore and risk damaging the well.

It should also be underlined that whilst a CTU is valued for the speed and operational flexibility it can offer; there are certain interventions which only a workover rig can perform such as running and pulling artificial lift equipment in a well.

Zenith's field management will therefore determine where best to use Team C's CTU and where to employ the workover rigs of Teams A and B.

The Company is also pleased to report that the design of the Schlumberger Electric Submersible Pump (ESP) scheduled for installation at well M-195 has now been completed. This is expected to optimize production and reserves recovery. A service contract between Zenith's subsidiary in Azerbaijan and

Schlumberger is being finalized and delivery of the ESP is expected by mid-July 2017.

Well M-45

Zenith is pleased to announce that it has signed a framework contract with Baker Hughes Services International LLC, one of the world's largest oil & gas service companies, for the provision of fishing equipment. This equipment is significantly more modern and advanced than the fishing tools previously used onsite. This technology is expected to substantially increase the speed of operations at well M-45. Delivery of this equipment has taken place and the Company can confirm that fishing operations utilizing these tools have already commenced.

The Company can also confirm that the more powerful workover rig operated by the external drilling company, given the name of 'Team B' and employed for the sidetrack of well M-195, is now fully operational at the well M-45 location.

Mike Palmer, Chief Operating Officer, Zenith Aran, commented:

"I am very excited about the progress we have made in the past month. Compared to the other rehabilitation projects I have worked on, we are ahead in almost every area and are certainly going in the right direction. We are bringing in specialists with whom I have worked before and who have a proven track record of operational success. Our plans for the remainder of 2017 are very exciting and I very much look forward to delivering some big results to showcase what Zenith is doing in Azerbaijan."

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

Zenith Energy Ltd.

José Ramón López-Portillo

Chairman

Andrea Cattaneo

CEO & President

Email: info@zenithenergy.ca

Telephone: +1 (587) 315 9031

Telefax: +1 (403) 775-4474

Allenby Capital Limited - (Joint Broker)

Nick Harriss

Nick Athanas

Richard Short

Telephone: + 44 (0) 203 328 5656

Optiva Securities - (Joint Broker)

Christian Dennis

Telephone: + 44 (0) 203 137 1903

