

August 1, 2017

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Zenith issues equity to fund procurement of oil production materials

Zenith Energy Ltd. ("**Zenith**" or the "**Company**") (LSE: **ZEN**; TSX.V: **ZEE**), the dual listed international oil & gas production company operating the largest onshore oilfield in Azerbaijan, is pleased to announce that the Company has entered into an agreement to proceed with a brokered private placement (the "**Private Placement**") to raise gross proceeds of GBP 200,000 (approximately CDN\$ 328,162) through the issue of 2,666,667 new common shares of no par value in the capital of the Company ("**New Common Shares**") at a price of £0.075 (approximately CDN\$ 0.1230606) per share.

The proceeds of the Private Placement will fund the Company's acquisition of oil production equipment and provide general working capital. The materials procured will include a blowout preventer (BOP), drill pipe to be used as a work string, tubing, as well as an oilfield dog house, lighting equipment and a generator system to allow a workover rig to operate without the need for nearby infrastructure. The procurement of this equipment will enable the Company's personnel to work more efficiently in remote field locations.

The New Common Shares will comprise approximately 2.706% (two point seven zero six per cent) of the Company's enlarged issued share capital at the date of listing on the London Stock Exchange, and are anticipated to be issued as depository interests in CREST in the United Kingdom. An application will be made for the New Common Shares to be admitted to the standard segment of the Financial Conduct Authority Official List and to trading on the Main Market for listed securities of the London Stock Exchange (the "**Admission**"). An application will also be made for the New Common Shares to be listed on the TSX Venture Exchange. It is expected that Admission will become effective and unconditional dealings in the New Common Shares will begin on August 7, 2017.

Following Admission, the Company's issued share capital will comprise 123,796,480 common shares with one voting right per share. No shares are held in Treasury. The total number of voting rights in the Company will therefore be 123,796,480.

This figure of 123,796,480 common shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company.

The transaction is subject to the Approval of the TSXV in Canada and of the Main Market of the London Stock Exchange in the United Kingdom.

Andrea Cattaneo, Chief Executive Officer of Zenith, commented:

“As we increase our operational momentum we are gradually improving the quality of our equipment and replenishing our stock of oil production materials to support Zenith’s activities 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

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