

August 11, 2017

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Production increased at well M-66 in Azerbaijan

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 production at well M-66 in the Muradkhanli field has been increased to 50 BOPD.

The Company announced on July 27, 2017 that Well M-66 had been returned to production after being cleaned out to a depth of 3011 meters with a coiled tubing unit (CTU) using nitrogen. A production of 15 BOPD was achieved and 150 barrels of oil, which had accumulated in the wellbore, were also recovered during the well intervention. Well M-66 had been shut-in since 1999.

After conducting post-workover analysis, it was noticed that the clean out exposed a pay zone that had not been perforated. As a result, an additional 6 meters of pay were perforated between the depth of 2970 and 2986 meters, specifically between 2970-2972, 2977.5-2979.5 and, finally, 2984-2986 meters. After these perforations were completed, a coiled tubing unit (CTU) using nitrogen was again employed to stimulate the well. Following this secondary well intervention, M-66 is now flowing at a rate of 50 BOPD.

Zenith is systematically reviewing each well across its 642.4 km² contract area to achieve an increase in production. The use of a CTU has enabled the Company to expose productive zones that have not produced for many years. Zenith's operational team is reviewing many Soviet era logs, which form the majority of the Company's well data, and is comparatively analysing this material with cased hole logging data collected in new well interventions. This is the most economical and effective way of identifying new, untouched areas of the wellbore reservoir.

The Company has identified an additional 5 wells that hold high potential for production maximization.

Well M-45 Update

Zenith is also pleased to confirm that the new Schlumberger electrical submersible pump (ESP) has cleared customs and is currently being transported to well M-45. The Company will release an announcement when the installation is completed and flow rates have been determined following installation.

Well M-195 Update

The Company is awaiting delivery of the ESP from Schlumberger, which is custom-built according to the specifications of well M-195. Delivery is expected in September.

Zenith Chief Executive Officer, Andrea Cattaneo, commented:

"I am pleased with this result. It is clear that Zenith is gradually reaping the rewards of its increased investment in equipment and the strengthening of its operational team. Our targeted and carefully considered investments in machinery and personnel will ensure a progressive increase in our field production without the dangers presented by imprudent expenditure.

There are many wells across our field that hold potential for similar success as that achieved at M-66. I look forward to reporting on the stabilised flow rates following the completion of the Schlumberger ESP installation at well M-45. It should also be underlined that the ESP installed at M-45 will be significantly more advanced than any other ESP we have in the field. Indeed, if we are satisfied with the benefits of this new pump, we shall look to install similar Schlumberger pumps at a number of other wells. The Company's operational team is confident that the new ESP, custom-built to the specifications of well M-45, will increase Zenith's production."

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