

August 22, 2017

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Zenith completes ESP installation at well M-45 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 a latest generation Schlumberger electrical submersible pump (ESP) has successfully been installed in well M-45. Current production is 49 BOPD.

Zenith is confident that oil production at well M-45 could increase as technical adjustments are made and optimum production parameters are achieved.

The advanced technology of the ESP installed in well M-45 enables the Company's field personnel to monitor flow rates and temperature as well as to input reservoir pressure and electrical parameters to optimise production. It should be noted that this is the first ESP of this sophistication to be installed in the Company's field in Azerbaijan.

The Company has identified a further 11 wells with obsolete and unreliable existing ESP technology which are deemed capable of significant increases in production following the installation of the latest generation electrical submersible pumps. The new ESPs have been ordered from Schlumberger and Baker Hughes and designed in accordance with the specifications of each well.

Procuring the ESPs from two of the world's most renowned oilfield technology companies will enable Zenith's operational team to comparatively assess the respective advantages of both types of latest generation ESP, and will also mitigate the risk of possible delays in production and transportation.

Zenith's operational team expects the ESP replacement activities undertaken across the 11 wells will generate a total increase of 219 BOPD over existing production.

The Company is also evaluating other wells across the Company's 642.4 km² field area where the installation of an ESP would significantly increase production.

Mike Palmer, Chief Operating Officer, Zenith Aran, the Company's Azerbaijan-based fully owned subsidiary, commented:

"The latest generation ESP technology allows Zenith's operational team to precisely control the downhole input pressure and optimise production. We no longer rely on determining fluid levels from the surface. We can determine the input pressure down to two decimal places and can control the speed of the pump to exactly hold the input pressure at our optimal rate.

We can also predict problems by monitoring the electrical input and temperature of the motor. All such parameters can be monitored remotely using any portable device, even a smartphone. All of our ESP installations will gradually be equipped with this technology."

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

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Disclaimer – Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Company or its officers with respect to the potential to significantly increase oil production using latest generation ESP technology, anticipated production increases of up to 219 BOPD and plans to enhance oil production from existing wells in the Company's REDPSA field area in Azerbaijan. When used in this document, the words "expects," "deems," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements including risks and uncertainties with respect to the potential of each well.

No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company or any other entity and shareholders of the Company are cautioned not to place undue reliance on the forward-looking statements. Save as required by applicable law, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.