

**ZENITH ENERGY LTD.
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION
(Form 51-101F1)**

Part 1 – Date of Statement

This statement of reserves data and other oil and gas information is dated June 2, 2016.

The effective date is March 31, 2016.

The preparation date is April 6, 2016.

Part 2 – Disclosure of Reserves Data

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Zenith Energy Ltd. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at March 31, 2016, and dated April 6, 2016 (the "Chapman Report"). Chapman is an independent qualified reserves evaluator and auditor.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

All monetary values presented in this document are expressed in terms of US dollars.

SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2016

ARGENTINA	Company Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
Reserves Category								
PROVED								
Developed Producing ⁽²⁾⁽⁶⁾	114	103	0	0	0	0	0	0
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	114	103	0	0	0	0	0	0
TOTAL PROBABLE⁽³⁾	486	442	0	0	0	0	0	0
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	599	545	0	0	0	0	0	0

AZERBAIJAN	Company Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
Reserves Category								
PROVED								
Developed Producing ⁽²⁾⁽⁶⁾	422	422	0	0	0	0	0	0
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	3,526	3,526	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	3,948	3,948	0	0	0	0	0	0
TOTAL PROBABLE⁽³⁾	28,986	28,986	0	0	0	0	0	0
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	32,934	32,934	0	0	0	0	0	0

ITALY	Company Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Reserves Category	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
PROVED								
Developed Producing ⁽²⁾⁽⁶⁾	0	0	0	0	1,638	1,638	22	22
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	0	0	0	0	1,638	1,638	22	22
TOTAL PROBABLE⁽³⁾	0	0	0	0	14,984	14,984	240	240
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	0	0	0	0	16,622	16,622	261	261

**SUMMARY OF NET PRESENT VALUES
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 31, 2016**

ARGENTINA	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
Reserves Category	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
PROVED										
Developed Producing ⁽²⁾⁽⁶⁾	2,842	2,748	2,654	2,564	2,477	2,842	2,748	2,654	2,564	2,477
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	2,842	2,748	2,654	2,564	2,477	2,842	2,748	2,654	2,564	2,477
TOTAL PROBABLE⁽³⁾	15,747	12,265	9,787	7,977	6,621	15,747	12,265	9,787	7,977	6,621
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	18,589	15,013	12,441	10,541	9,098	18,589	15,013	12,441	10,541	9,098

AZERBAIJAN	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
Reserves Category	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
PROVED										
Developed Producing ⁽²⁾⁽⁶⁾	5,181	3,910	3,027	2,397	1,938	5,181	3,910	3,027	2,397	1,938
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	125,762	66,229	33,614	15,182	4,548	125,762	66,229	33,614	15,182	4,548
TOTAL PROVED⁽²⁾	130,944	70,139	36,641	17,579	6,486	130,944	70,139	36,641	17,579	6,486
TOTAL PROBABLE⁽³⁾	1,806,090	842,452	435,664	245,578	148,346	1,806,090	842,452	435,664	245,578	148,346
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	1,937,033	912,591	472,305	263,157	154,831	1,937,033	912,591	472,305	263,157	154,831

ITALY	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
Reserves Category	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
PROVED										
Developed Producing ⁽²⁾⁽⁶⁾	3,986	3,137	2,556	2,142	1,837	3,986	3,137	2,556	2,142	1,837
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	3,986	3,137	2,556	2,142	1,837	3,986	3,137	2,556	2,142	1,837
TOTAL PROBABLE⁽³⁾	44,462	19,794	10,806	6,730	4,570	44,462	19,794	10,806	6,730	4,570
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	48,448	22,931	13,361	8,871	6,408	48,448	22,931	13,361	8,871	6,408

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 31, 2016**

	Revenue (\$M)	Royalties (\$M)	Operating Costs (\$M)	Development Costs (\$M)	Abandonment and Reclamation Costs (\$M)	Future Net Revenue Before Income Taxes (\$M)	Income Taxes (\$M)	Future Net Revenue After Income Taxes (\$M)
ARGENTINA								
Total Proved ⁽²⁾	6,235	561	1,966	0	866	2,842	0	2,842
Total Proved Plus Probable ⁽²⁾⁽³⁾	32,894	2,960	9,119	566	1,659	18,589	0	18,589
AZERBAIJAN								
Total Proved ⁽²⁾	357,901	0	100,962	125,995	0	130,944	0	130,944
Total Proved Plus Probable ⁽²⁾⁽³⁾	3,286,543	0	626,687	722,823	0	1,937,033	0	1,937,033
ITALY								
Total Proved ⁽²⁾	7,067	0	2,894	0	187	3,986	0	3,986
Total Proved Plus Probable ⁽²⁾⁽³⁾	65,286	0	15,080	1,530	228	48,448	0	48,448

**FUTURE NET REVENUE BY PRODUCT TYPE
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 31, 2016**

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (\$M)
ARGENTINA		
Total Proved ⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	2,564
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products)	10,541
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0
AZERBAIJAN		
Total Proved ⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	36,641
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products)	472,305
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0
ITALY		
Total Proved ⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	2,556
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	13,361

**OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCT TYPE
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 31, 2016**

ARGENTINA	Reserves						Net Present Value (BIT) 10% M\$	Unit Values @ 10%/yr \$
	Oil		Gas ⁽⁹⁾		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl		
Product Type by Reserve Category								
Light and Medium Oil Proved								
Developed Producing	114	103	0	0	0	0	2,654	25.77
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	114	103	0	0	0	0	2,654	25.77
Probable	486	442	0	0	0	0	9,787	22.14
Proved Plus Probable	599	545	0	0	0	0	12,441	22.83

AZERBAIJAN	Reserves						Net Present Value (BIT) 10% M\$	Unit Values @ 10%/yr \$
	Oil		Gas ⁽⁹⁾		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl		
Product Type by Reserve Category								
Light and Medium Oil Proved								
Developed Producing	422	422	0	0	0	0	3,027	7.17
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	3,526	3,526	0	0	0	0	33,614	9.53
Total Proved	3,948	3,948	0	0	0	0	36,641	9.28
Probable	28,986	28,986	0	0	0	0	435,664	15.03
Proved Plus Probable	32,934	32,934	0	0	0	0	472,305	14.34

ITALY	Reserves						Net Present Value (BIT) 10% M\$	Unit Values @ 10%/yr \$
	Oil		Gas ⁽⁹⁾		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl		
Product Type by Reserve Category								
Assoc & Non-Assoc Gas Proved								
Developed Producing	0	0	1,638	1,638	22	22	2,556	1.56
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	0	0	1,638	1,638	22	22	2,556	1.56
Probable	0	0	14,984	14,984	240	240	10,806	0.72
Proved Plus Probable	0	0	16,622	16,622	261	261	13,631	0.80

Notes:

- "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
- "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
- "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.

6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
8. "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
9. Includes associated, non-associated and solution gas where applicable.

Part 3 - Pricing Assumptions

The following tables detail the benchmark reference prices for the regions in which the Company operated, as at March 31, 2016, reflected in the reserves data disclosed above under "Part 2 – Disclosure of Reserves Data". The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. There will be adjustments to field prices from the benchmarks below:

ARGENTINA

**International Price - Crude Oil & Natural Gas
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
April 1, 2016**

Date	WTI [1] \$US/STB	Brent Spot (ICE)[2] \$US/STB	Argentinean Oil [3] \$US/STB
HISTORICAL PRICES			
2004	41.48	38.03	N/A
2005	56.62	55.28	N/A
2006	65.91	66.09	N/A
2007	72.35	72.74	N/A
2008	99.70	98.33	N/A
2009	61.64	62.52	N/A
2010	79.42	80.22	N/A
2011	95.03	109.67	N/A
2012	94.16	108.75	N/A
2013	97.93	108.68	N/A
2014	93.12	99.43	N/A
2015	48.69	53.32	59.64

CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)

	50.18	55.14	54.90
Constant thereafter			

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma. The Brent Spot price is estimated based on historic data.
 - [2] data.
 - [3] Argentinean oil price data provided by client.

AZERBAIJAN

Crude oil
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
April 1, 2016

Date	WTI [1] \$US/STB	Brent Spot (ICE)[2] \$US/STB	Urals Crude Price [3] \$US/STB
HISTORICAL PRICES			
2008	99.67	96.94	93.86
2009	61.95	61.74	59.97
2010	79.48	79.61	77.93
2011	94.88	111.26	109.67
2012	94.05	111.63	110.78
2013	97.98	108.56	108.04
2014	93.12	99.43	N/A
2015	48.69	53.32	N/A
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)			
	50.18	55.14	53.64
FORECAST PRICES			
2016	45.00	49.05	47.55
2017	55.00	59.95	58.45
2018	65.00	70.85	69.35
2019	70.00	76.30	74.80
2020	75.00	81.75	80.25
2021	78.00	85.02	83.52
2022	81.00	88.29	86.79
2023	85.00	92.65	91.15
2024	86.70	94.50	93.00
2025	88.43	96.39	94.89
2026	90.20	98.32	96.82
2027	92.01	100.29	98.79
2028	93.85	102.29	100.79
2029	95.72	104.34	102.84
2030	97.64	106.43	104.93
2031	99.59	108.55	107.05

Constant thereafter

- Notes: [1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.
[2] The Brent Spot price is estimated based on historic data.
[3] Urals Oil is the reference used as a basis for pricing, which historically has averaged Brent less \$1.50/Bbl.

ITALY

International Price - Crude Oil & Natural Gas
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
 April 1, 2016

Date	Canadian NGL [1] C\$/STB	Torrente Cigno Condensate [2] \$/US/STB	Europe Gas Gas[3] \$/US/Mcf	Torrente Cigno Gas[5] \$/US/Mcf	Misano Adriatico Gas[4] \$/US/Mcf	Lucera Gas[4] \$/US/Mcf	San Mauro Gas[4] \$/US/Mcf
HISTORICAL PRICES							
2004	40.52	N/A	4.28	N/A	N/A	N/A	N/A
2005	49.90	N/A	6.33	N/A	N/A	N/A	N/A
2006	53.54	N/A	8.47	N/A	N/A	N/A	N/A
2007	70.45	N/A	8.56	N/A	N/A	N/A	N/A
2008	77.47	N/A	13.41	N/A	N/A	N/A	N/A
2009	50.39	N/A	8.71	N/A	N/A	N/A	N/A
2010	58.41	N/A	8.80	N/A	N/A	N/A	N/A
2011	70.51	N/A	10.42	N/A	N/A	N/A	N/A
2012	67.18	N/A	11.48	N/A	N/A	N/A	N/A
2013	77.68	135.52	11.80	7.10	14.89	11.44	11.44
2014	69.90	97.09	10.10	9.70	10.42	9.70	9.70
2015	31.80	51.50	7.30	2.27	6.73	5.87	5.55
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)							
	51.45	N/A	N/A	N/A	N/A	N/A	N/A
FORECAST PRICE							
2016	31.93	51.63	6.00	1.87	5.53	4.82	4.57
2017	46.89	66.59	6.20	1.93	5.72	4.99	4.72
2018	53.36	73.06	6.40	1.99	5.90	5.15	4.87
2019	56.08	75.78	6.60	2.05	6.09	5.31	5.02
2020	58.68	78.38	6.80	2.11	6.27	5.47	5.17
2021	61.02	80.72	7.00	2.18	6.46	5.63	5.33
2022	63.37	83.07	7.30	2.27	6.73	5.87	5.55
2023	66.50	86.20	7.50	2.33	6.92	6.03	5.71
2024	67.83	87.53	7.70	2.39	7.10	6.19	5.86
2025	69.19	88.89	8.00	2.49	7.38	6.43	6.09
2026	70.57	90.27	8.20	2.55	7.56	6.59	6.24
2027	71.98	91.68	8.40	2.61	7.75	6.75	6.39
2028	73.42	93.12	8.60	2.67	7.93	6.92	6.54
2029	74.89	94.59	8.80	2.74	8.12	7.08	6.70
2030	76.39	96.09	9.00	2.80	8.30	7.24	6.85
2031	77.92	97.62	9.20	2.86	8.49	7.40	7.00

Constant thereafter

- Notes:
- [1] Canadian NGL blended mix price assuming typical liquid composition of 40% propane, 30% butane and 30% pentanes plus.
 - [2] Torrente Cigno Condensate price forecast is based on Chapman Canadian NGL forecast plus difference of actually received in T.C. in 2015.
 - [3] Europe gas price forecast comes from Word Bank Forecast
 - [4] Italy gas price forecast is based on actually received field price compare to European gas price in 2015.
 - [5] Torrente Cigno price reflects the contribution from electrical generation revenue.

The Company's weighted average prices received this fiscal year are: \$5.78/Mscf for natural gas and \$74.32/STB.

Part 4 – Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the changes in the Company's gross reserves as at March 31, 2016 against such reserves as at March 31, 2015 based on the forecast price and cost assumptions:

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2016

ARGENTINA	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At Mar. 31, 2015	224	633	857	0	0	0	0	0	0
Production(Sales)	(54)	0	(54)	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0
Economic Factors	(56)	(147)	(204)	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	0	0	0
At Mar. 31, 2016	114	486	599	0	0	0	0	0	0

AZERBAIJAN

The Azerbaijan property has been acquired since the previous report, therefore no reconciliation is possible.

ITALY	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At Mar. 31, 2015	0	0	0	0	0	0	179	7,331	7,510
Production(Sales)	0	0	0	0	0	0	(105)	0	(105)
Acquisitions	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0
Economic Factors	0	0	0	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	1,564	7,653	9,217
At Mar. 31, 2016	0	0	0	0	0	0	1,638	14,984	16,622

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

PROVED

The following tables set forth the volumes of proved undeveloped net reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time, and the subsequent discussions generally describe the basis on which the Company attributes proved undeveloped reserves and its plans for developing those undeveloped reserves:

ARGENTINA

The Company had no proved undeveloped reserves in Argentina as at March 31, 2016 or in prior years.

AZERBAIJAN	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Aggregate prior to 2014	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	3,526	0	0	0

The proved undeveloped reserves in Azerbaijan are in poorly drained areas of known and mapped producing oil pools. Development of these reserves will begin in 2018 and continue until the pools are fully developed in 2027.

ITALY

The Company had no proved undeveloped reserves in Italy as at March 31, 2016 or in prior years.

PROBABLE

The following tables set forth the volumes of probable undeveloped net reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time and the subsequent discussions generally describe the basis on which the Company attributes probable undeveloped reserves and its plans for developing those undeveloped reserves:

ARGENTINA

The Company had no probable undeveloped reserves in Argentina as at March 31, 2016 or in prior years.

AZERBAIJAN	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Aggregate prior to 2014	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	28,214	0	0	0

The Company's probable undeveloped oil reserves in Azerbaijan are in known pools on a producing accumulation but are in areas some distance from successful producers and can not be considered to be proved. Development of these reserves will begin in 2018 and continue until the pools are fully developed in 2032.

ITALY	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Aggregate prior to 2014	0	0	0	0
2014	0	0	0	0
2015	0	0	7,233	105
2016	0	0	6,180	115

The Company's probable undeveloped non-associated gas reserves in Italy are located in the Torrente Cigno Concession. These reserves will be developed by a horizontal well, offsetting a producing well, scheduled to be drilled in early 2017.

Significant Factors or Uncertainties

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates are based on current production forecast, prices and economic conditions. All of the Company's reserves are evaluated by Chapman Petroleum Engineering Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that reserves estimate are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves the accuracy of the reserve estimate improves.

In Azerbaijan, the Company does not yet have formal control of the evaluated property. Approval of the preliminary agreement was granted by Presidential Decree # 1439 on October 7, 2015. The formal Rehabilitation, Exploration, Development and Production Sharing Agreement (REDPSA) was signed by the Company and SOCAR on March 16, 2016. Parliamentary ratification and presidential confirmation are anticipated within four months of the signing of the agreement between the Company and SOCAR. There are no known cases of a REDPSA not receiving final approval after it has been signed by SOCAR.

Future Development Costs

The following table shows the development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

ARGENTINA	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)
2016	0	0
2017	0	306
2018	0	260
2019	0	0
2020	0	0
Total for five years	0	566
Remainder	0	0
Total for all years	0	566

AZERBAIJAN	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)
	(\$M)	(\$M)
2016	0	1,200
2017	0	2,920
2018	17,200	25,360
2019	28,720	44,400
2020	20,640	43,200
Total for five years	66,560	117,080
Remainder	48,160	486,400
Total for all years	114,720	603,480

ITALY	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)
	(\$M)	(\$M)
2016	0	0
2017	0	1,530
2018	0	0
2019	0	0
2020	0	0
Total for five years	0	1,530
Remainder	0	0
Total for all years	0	1,530

The Company has been successful in raising its required capital through equity financings and plans to continue to do so for the development costs specified above. The effect of the costs of the expected funding would have no impact on the revenues or reserves currently being reported.

Part 6 – Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at March 31, 2016:

	Oil		Natural Gas	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
ARGENTINA				
Producing	16	16	0	0
Non-producing	11	11	0	0
ITALY				
Producing	0	0	7	2.39
Non-producing	0	0	1	0.45

All of the Company's oil wells are located onshore in two oil fields, Alberto and Don Ernesto, Chubut Province of Argentina. There are 16 producing oil wells and 11 currently non-producing wells, for which well workovers are planned.

All of the Company's gas wells are located onshore in six concessions of Italy: Lucera, Masseria Acquasalsa, Misno Adriatico, San Andrea, San Mauro, and Torrente Cigno. Each concession has one producing well except Lucera concession, which has 2 producing wells and 1 suspended well. Masseria Acquasalsa concession has no remaining reserves. There is an additional horizontal location in Torrente Cigno concession, which is expected to be drilled in 2017.

The wells in Azerbaijan have not been included since the Company does not formally have a working interest in these wells at the effective date.

Properties with No Attributed Reserves

The Company holds five additional concessions in Italy to which no reserves have been assigned. The Company also has interests in two exploration permits and two exploration applications in Italy to which no reserves have been assigned.

Forward Contracts

Currently, the Company has no forward contracts.

Tax Horizon

The Company is not expected to become taxable under the proved or the proved plus probable cash flows forecast in this report.

The existing income tax pools in Argentina and Italy are expected to exceed any tax that may become payable.

In Azerbaijan, income tax is incorporated in the terms of the REDPSA; the Company will have no further income tax liability.

Costs Incurred

The following table summarizes the capital expenditures made by the Company on oil and natural gas properties for the year ended March 31, 2016.

ARGENTINA

Property Acquisition Costs (\$M)		Exploration Costs (\$M)	Development Costs (\$M)
Proved Properties	Unproved Properties		
0	0	0	237

AZERBAIJAN

Property Acquisition Costs (\$M)		Exploration Costs (\$M)	Development Costs (\$M)
Proved Properties	Unproved Properties		
0	0	0	0

ITALY

Property Acquisition Costs (\$M)		Exploration Costs (\$M)	Development Costs (\$M)
Proved Properties	Unproved Properties		
0	0	0	182

Exploration and Development Activities

The following tables set forth the number of exploratory and development wells which the Company completed during its 2016 financial year:

	Exploratory Wells		Development Wells	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
ARGENTINA				
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0
AZERBAIJAN				
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0
ITALY				
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0

[1] Total number of wells in which the Company has a working interest.

[2] Total number of wells in which the Company has a working interest multiplied by the Company working interest in each well.

Production Estimates

The following table sets forth the volume of production estimated by Chapman for 2016 (9 mo.):

TOTAL PROVED RESERVES				
AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Argentina	32	0	0	0
Azerbaijan	55	0	0	0
Italy	0	0	138	2
Total for all areas	87	0	138	2
TOTAL PROVED PLUS PROBABLE RESERVES				
AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Argentina	33	0	0	0
Azerbaijan	62	0	0	0
Italy	0	0	139	2
Total for all areas	95	0	139	2

These values are gross to Company's working interest before the deduction of royalties payable to others.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year:

	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015	Three Months Ended March 31, 2016
Average Daily Production				
Light and Medium Oil (Bbl/d)	112	57	3	7
Natural Gas (Mscf/d)	361	379	276	377
Average Daily Sales				
Light and Medium Oil (Bbl/d)	122	54	13	–
Natural Gas (Mscf/d)	361	379	276	377
Average Net Prices Received				
Light and Medium Oil (\$/Bbl)	72.27	80.44	68.10	–
Natural Gas (\$/Mscf)	5.10	4.71	7.37	6.35
Royalties				
Light and Medium Oil (\$/Bbl)	6.50	7.22	6.10	–
Natural Gas (\$/Mscf)	–	–	–	–
Production Costs				
Light and Medium Oil (\$/Bbl)	29.40	69.58	358.64	–
Natural Gas (\$/Mscf)	1.51	4.22	0.82	9.02
Netback Received				
Light and Medium Oil (\$/Bbl)	36.37	3.64	-296.64	–
Natural Gas (\$/Mscf)	3.58	0.49	6.55	-2.66

ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrel	Mscf	thousand standard cubic feet
Bbls	barrels	MMscf	million standard cubic feet
Mbbls	thousand barrels	Mscf/d	thousand standard cubic feet per day
MMbbls	million barrels	MMscf/d	million standard cubic feet per day
MSTB	1,000 stock tank barrels	MMBTU	million British Thermal Units
Bbls/d	barrels per day	Bscf	billion standard cubic feet
NGLs	natural gas liquids	GJ	gigajoule
STB	stock tank barrels of oil		
STB/d	stock tank barrels of oil per day		
Other			
AECO	Niska Gas Storage's natural gas storage facility located at Suffield, Alberta.		
BIT	Before Income Tax		
AIT	After Income Tax		
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mscf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mscf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.		
BOE/d	barrel of oil equivalent per day		
m ³	cubic metres		
\$M	thousands of dollars		
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade		

Chapman Petroleum Engineering Ltd.

1122 - 4th Street S.W., Suite 700, Calgary, Alberta T2R 1M1 • Phone: (403) 266-4141 • Fax: (403) 266-4259 • www.chapeng.ab.ca

June 2, 2016

Zenith Energy Ltd.

Suite 1500, 15th Floor Bankers Court
850 – 2nd Street SW
Calgary, AB T2P 0R8

Attention: Board of Directors

**Re: Report on Reserves Data
by Chapman Petroleum Engineering Ltd. ("Chapman")
Qualified Reserves Evaluators**

To the board of directors of Zenith Energy Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at March 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at March 31, 2016, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount of 10 percent, included in the reserves data of the Company evaluated

for the year ended March 31, 2016, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management and board of directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) - MUS\$			
			Audited	Evaluated	Reviewed	Total
Chapman Petroleum Engineering Ltd.	March 31, 2016	Argentina	-	12,441	-	12,441
		Azerbaijan		472,305		472,305
		Italy		13,361		13,361
Totals			-	498,107	-	498,107

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.
8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Chapman, Calgary, Alberta, Canada, June 2, 2016

[Original Signed By:]

Charles G.K. Moore
Charles G.K. Moore, P. Eng.

cgm/lml/6243

**REPORT OF MANAGEMENT AND DIRECTORS
ON RESERVES DATA AND OTHER INFORMATION**

Management of Zenith Energy Ltd. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, and includes, if disclosed in the statement required by Item 1 of section 2.1 of NI 51-101, other information such as contingent resources data or prospective resources data.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation and, in the event of a proposal to change the independent qualified reserves evaluator, to inquire whether there had been disputes between the previous independent qualified reserves evaluator and management; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data and
- (c) the content and filing of this report.


Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.



Andrea Cattaneo CEO&President 
(signature / name and title of chief executive officer)

Nilesh Jagatia CFO 
(signature / name and title of an officer other than the chief executive officer)

Luigi Regis Milano Director 
(signature/name of a director)

Francesco Salimbeni Director 
(signature/name of a director)

June 9, 2016

xxx/xxx/0000