

ZENITH ENERGY LTD

NEWS RELEASE

ZENITH RECEIVES THE APPROVAL OF AZERBAIJAN'S CABINET OF MINISTERS FOR ITS REDPSA

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FOR IMMEDIATE RELEASE

(TSX.V: ZEE)

Calgary, Alberta / TheNewswire / May 10, 2016 / Zenith Energy Ltd. ("Zenith" or the "Company") (TSX VENTURE: ZEE) is pleased to announce that the Cabinet of Ministers of Azerbaijan, by Decree №173, has officially approved the contract of REDPSA (Rehabilitation, Exploration, Development and Production Sharing Agreement) for the oil fields "Muradkhanli", "Jafarli" and "Zardab", signed between SOCAR (State Oil Company of Azerbaijan Republic) and Zenith Aran Oil Company Limited ("Zenith Aran"), a 100% subsidiary of Zenith Energy Ltd.

As previously disclosed, SOCAR and Zenith Aran signed the REDPSA Agreement on March 16th, 2016 after concluding extensive negotiations for the acquisition of onshore production and development acreage. The deal had also previously been sanctioned by Presidential Decree on October 8th, 2015 by the President of the Republic of Azerbaijan, which authorized SOCAR to negotiate a REDPSA with the Zenith Energy Group.

The final bureaucratic step now remaining prior to officially transferring the concessions to Zenith Aran is Parliamentary ratification. Zenith Energy Ltd has also been advised that the official transfer of production shall reasonably occur prior to the end of the second quarter of Calendar 2016.

By sanctioning the contract through Government Decree №173, the Azerbaijan Cabinet has now provided a national guarantee to the REDPSA. Under Azerbaijani law, a REDPSA is a law that is inserted in the Commercial Code, and similar to any other proposed law, final formal Parliamentary ratification is required to transform the REDPSA into a common law of the country.

Zenith Energy Ltd's three petroleum fields have a compounded acreage of 642.2 square kilometres and currently produce ~350 barrels of crude oil per day at present, although they have produced much larger daily quantities historically (source SOCAR). Gas is also produced, but in low quantity, and is used onsite. Zenith will be the operator of the concession and will have an 80% interest, while SOCAR will retain 20% stake. The license will have an initial duration of 25 years, with a potential extension of 5 years

Andrea Cattaneo, President and CEO of Zenith Energy Ltd, comments: "Our Board has been pleased with the ongoing developments within Azerbaijan, particularly with respect to the clarity and fairness in the process. It has confirmed the high regard that management held for the Republic of Azerbaijan at the onset of our negotiations. Zenith looks forward to working with SOCAR, and bringing the qualities of an independent oil company based in Calgary (Canada), one of the largest and most articulate petroleum centers in the world. By means of innovation, including new technologies and different production protocols, management is committed to enhancing the productivity of its Azerbaijan fields. We are optimistic that our investment in Azerbaijan will be a long lasting one, yet our commitment is not only to increase oil production, but maintain employment and respect the local environment."

About Zenith Energy Ltd.

Zenith focuses on the acquisition and further development of proven onshore oil and gas fields where production has declined over time, but which are capable of increased productivity following an injection of capital and optimization through its corporate engineering and technical expertise. To maximize shareholder value, Zenith targets acquisitions of production opportunities that offer strong logistics and close proximity to

refineries and pipelines. Zenith's management and directors have extensive international and governmental experience and possess the technical knowledge to execute this strategy.

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.

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this news release contains forward-looking statements and information concerning (i) the current and future production potential of the properties, (ii) the revenue associated with production and (iii) the pricing and profitability of oil and gas production. The forward-looking statements and information are based on certain key expectations and assumptions made by Zenith, including the ability to execute its strategy and realize its growth opportunities including its ability to finance and execute its plans. Although Zenith believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because Zenith can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties, include, but are not limited to, Zenith being unable to finance or realize growth opportunities. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. Zenith undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

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