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Zenith Energy Ltd.

("Zenith" or "the Company")

**Announcement of Publication of Prospectus and
Conditional Placing of 33,322,143 Common Shares**

The Company is pleased to announce that the Prospectus dated 5 January 2017 has been approved by the UK Listing Authority (the "**Prospectus**"). The Prospectus relates to admission of the Company's Common Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market ("**Admission**"). The Company expects that Admission and commencement of dealings in the Company's Common Shares will occur on 11 January 2017.

In connection with Admission, the Company has successfully placed 33,322,143 Common Shares (the "**UK Placing**"). Following its book-building process, in which Common Shares were placed at £0.07 per Common Share, on completion of the UK Placing the gross proceeds available to the Company will be approximately £2,332,550 and the net proceeds will be approximately £2,015,922. The closing of the UK Placing is conditional only on Admission.

Further details of the UK Placing are set out in the Prospectus, which will shortly be available online at www.zenithenergy.ca, www.SEDAR.com and at the offices of Dechert LLP at 160 Queen Victoria Street, London EC4V 4QQ, United Kingdom.

An electronic copy of the Prospectus will be submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM.

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Forward-looking information

This news release contains certain forward-looking information and statements relating but not limited to the proceeds of the UK Placing. Forward-looking information typically contains statements with words such as "anticipate", "plan", "estimate", "expect", "potential", "could", "will" or similar words suggesting future outcomes. The Company cautions readers not to place undue reliance on forward-looking information as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by Zenith. In addition, the forward-looking information is made as of the date hereof, and the Company and Optiva and their respective affiliates expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

Forward-looking information is not based on historical facts but rather on management's current expectations and assumptions regarding, among other things, plans for and results of drilling activity and testing programs, future capital and other expenditures (including the amount, nature and sources of funding thereof), continued political stability and timely receipt of any necessary government or regulatory approvals. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by Zenith including, but not limited to, risks associated with the oil and gas industry (e.g. operational risks in exploration; inherent uncertainties in interpreting geological data; changes in plans with respect to exploration or capital expenditures; interruptions in operations together with any associated insurance proceedings; the uncertainty of estimates and projections in relation to costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments and risk associated with international activity, including the risk of political instability.

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part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore. The UK Placing and the distribution of this announcement and other information in connection with Admission and the UK Placing in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness. The information in this announcement is subject to change.

Optiva, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting exclusively for Zenith and no one else in connection with the UK Placing and will not regard any other person as its client in relation to the UK Placing and will not be responsible to anyone other than Zenith for providing the protections afforded to its clients or for giving advice in relation to the UK Placing or the contents of this announcement or any transaction, arrangement or other matter referred to herein.

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