



ZENITH DIVESTS OF ARGENTINE OPERATIONS

Calgary, Alberta, February 20, 2017, Zenith Energy Ltd. ("**Zenith**" or the "**Company**") (LSE: **ZEN**; TSX.V: **ZEE**) the dual listed international oil & gas production company is pleased to announce the sale of its operations in Argentina to a group of local energy investors.

The Company acquired the Don Ernesto and Don Alberto fields in July 2010 and, following a systematic program of operational improvements and cost reductions, was successful in achieving substantial increases in oil production and profitability. Zenith also demonstrated that there was significant potential for further field development.

Unfortunately in August 2015, due to a series of circumstances beyond the Company's control, production at Zenith's Argentine operations was suspended. This was caused by the collapse of a major storage tank owned by Yacimientos Petrolíferos Fiscales ("**YPF**"), Argentina's national oil company. This meant that Zenith's production of oil could no longer be transported through YPF pipelines, resulting in the suspension of production in the Comodoro Rivadavia area where these fields are located.

To date, the issues affecting the transportation of oil have not been fully resolved and a persisting uncertainty on the recommencement of operations has led Zenith to reconsider its operational involvement in Argentina.

The sale of the Company's Argentina subsidiary has been fixed at a nominal sum in recognition of the costs the new owner is expected to incur to return these fields to production. In addition, Zenith will no longer be liable for any environmental responsibilities or future well abandonment obligations for the Don Alberto and Don Ernesto fields.

Termination of activities in Argentina will enable Zenith's management to more effectively direct its focus on its Italian operations and especially towards Azerbaijan, where the Company's most important assets are located, and where a systematic programme of field rehabilitation has begun. This re-alignment reflects the Board's aversion to operational overstretch and the Company's preference for a strong, concentrated focus towards the achievement of its production objectives in Azerbaijan.

Andrea Cattaneo, Zenith CEO, commented:

"The disposal of our activities in Argentina is a strategic move. This will enable the Company to positively recalibrate its operational footprint in a way that coherently reaffirms our Italian energy production interests and specifically the primary importance of our transformational opportunity in Azerbaijan. The risk of overstretching where the management team is active on too many fronts is now reduced.

The Board of Directors and the management team will now be in a position to direct undistracted attention to the Company's primary objectives of achieving incremental production increases in Azerbaijan and continuing stable energy production activities in Italy.

Zenith will also be able to evaluate the acquisition of additional production opportunities in the European and Caspian region, building on the momentum of its recent progress to further support the Company's continued expansion."

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

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About Zenith Energy Ltd.

Zenith Energy Ltd. is an international oil and gas production company, incorporated in Canada, listed on the London Stock Exchange (ZEN) and the Toronto Stock Exchange Venture (ZEE).

The main focus of the Company is the acquisition of large onshore oil & gas fields in countries that offer strong asset protection and a business atmosphere conducive to stable and profitable production activities.

Zenith operates the largest onshore oilfield of Azerbaijan through its fully owned subsidiary and has gas fields in Italy. The Company's Italian operations also include the production of electricity and condensate.

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. The forward-looking statements and information are based on certain key expectations and assumptions made by Zenith. 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. 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.