

November 29, 2021

ZENITH ENERGY LTD.

("Zenith" or the "Company")

Option Agreement for OML 141 RSC in Nigeria

Zenith Energy Ltd. ("Zenith" or the "Company") (LSE: ZEN; OSE: ZENA), the Africa focused production and development energy company, is pleased to announce that it has entered into an Option Agreement (the "Option") with Noble Hill-Network Limited ("NHNL"), a private Nigerian oil and gas company.

NHNL is the sole, 100% holder of a Risk Service Contract ("RSC") for the development of the North-West Corner of OML 141 in Nigeria, defined as the Risk Service Contract Area ("RSCA"), which covers 105 square kilometres of the Niger Delta region and contains the potentially highly productive Barracuda and Elepa South oilfields, as well one prospective field with an estimated 232.7 million barrels of discovered oil (Degeconek 2019 CPR).

Terms of the Option

The object of the Option is to provide Zenith with the opportunity to jointly develop the RSCA of OML 141 with NHNL.

Plans have already been finalised to drill, test, and complete the Barracuda 5 well ("B-5"), which is situated between two previously drilled wells that have both encountered significant hydrocarbons. In the event of a successful outcome, production will commence immediately using a barge-mounted Early Production Facility to initially transport the produced oil to a nearby floating storage and offloading vessel for subsequent monetisation.

The Option gives Zenith the ability to purchase 42,000,000 (forty-two million) ordinary shares of Naira 1.00 in NHNL that are available and unincumbered for issue to Zenith, representing an interest of 42% (forty-two percent) in the outstanding share capital of NHNL.

The consideration to exercise the Option and thereby acquire a 42% interest in NHNL has been agreed as US\$20,000,000 (twenty million United States Dollars) (the "Consideration"), payable in 7 instalments over 270 days each of US\$3,000,000, except for the first and the last which will satisfy the remaining Consideration payable.

NHNL will use the Consideration to fund the drilling of B-5. The Company has been informed that the drilling location for B-5 has already been acquired by NHNL and all necessary civil works (including dredging and clearing of the designated well location) have been performed in preparation for the mobilisation of a barge-mounted drilling rig.

A suitable and fully inspected drilling rig has been identified and a site visit is planned in mid-December 2021, with the expectation of signing a drilling contract in January 2022 to begin operations during the first quarter of 2022. Production from the Barracuda oilfield is expected to begin during the second quarter of 2022 at a rate of approximately 4,000 barrels of oil per day.

Further development and drilling activities are planned to follow the drilling of B-5, with the locations for Barracuda wells 6,7 and 8 having already been identified. In the event the Option was exercised,

and Zenith thereby held 42% of NHNL, it would only be required to fund its share of future development work.

The Option will expire on January 15, 2022.

Andrea Cattaneo, Chief Executive Officer of Zenith, commented:

“We are delighted to have signed an Option to acquire an exclusive material interest in NHNL, the sole holder of the RSC for OML 141, containing the Barracuda and Elepa South Oilfields, following our ongoing due diligence exercise.

The near-term drilling of B-5 is an opportunity for Zenith to rapidly achieve a material progression in its development by exploiting the considerable production potential of the Barracuda oilfield. We view the risk profile of drilling B-5 as low to medium primarily, amongst other factors, due to the strongly confirmed presence of hydrocarbons in nearby wells accessing the same formations.

Further, it should be noted that the Option, and its potential exercise, are not subject to external approvals or other bureaucratic procedures resulting in delays, meaning that Zenith and NHNL can speedily progress in executing operational activities.

We are confident in our ability to finance the Option by using multiple sources of funding, specifically funding from pan-African financial institutions.

Finally, while this transaction would represent the largest single investment in Zenith’s history, it will in no way divert attention away from our development in Tunisia, and especially in the Republic of the Congo, where we expect to finally achieve significant progress in due course.”

The information included in this announcement is defined as inside information pursuant to MAR article 7 and is publicly disclosed in accordance with MAR article 17 and section 5 -12 of the Norwegian Securities Trading Act. The announcement is made by the contact person.

Further Information:

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Notes to Editors:

Zenith Energy Ltd. is an international oil and gas production company, listed on the London Stock Exchange (LSE:ZEN) and the Euronext Growth Market of the Oslo Stock Exchange (OSE:ZENA).

Zenith's development strategy is to identify and rapidly complete value-accretive hydrocarbon production opportunities in the oil & gas sector, specifically in Africa.