

December 2, 2022

## ZENITH ENERGY LTD.

("Zenith" or the "Company")

### Development of Italian Gas Production Portfolio

Zenith Energy Ltd. (**LSE: ZEN; OSE: ZENA**), the energy company with proven revenue generating production, exploration and development assets in Africa and Europe is pleased to announce its plans to reactivate certain natural gas production concessions within its Italian portfolio.

#### Highlights:

- Initial production at the Masseria Grottavecchia Concession ("**MGC**") is expected to be approximately 5,000-10,000 cubic metres of natural gas per day, with expected monthly production revenues of between approximately EUR 40,000 – EUR 80,000.
- At the San Teodoro Concession ("**STC**"), Zenith intends to re-complete the San Teodoro 1 Dir A ("**ST-1D**") well, to achieve commercial production from two previously identified gas bearing formations. If successful, production of up to 10,000 cubic meters of natural gas is expected, with revenues of approximately EUR 100,000 per month depending on production.
- Production at the Sant'Andrea concession is now expected to commence during Q1 of 2023

The Company is also pleased to announce that the Ministry of Environment and Energy Security (*Ministero dell'ambiente e della sicurezza energetica*) has conducted a comprehensive periodic review of the technical and financial capabilities of Zenith's Italian subsidiary, confirming its status as a company meeting the required standards to operate in Italy.

#### **Masseria Grottavecchia**

The Masseria Grottavecchia Concession covers approximately 53 square kilometres and is located between the Molise and Puglia regions of Southern Italy. The production concession was first granted in 1988 following drilling of a well named 'Traetta' that was successfully drilled in 1986, but never brought into production.

In view of the significantly improved natural gas pricing outlook and the increased revenue generation from its Italian energy production operations, the Company intends to make infrastructural investments for an amount of approximately EUR 900,000 to construct a natural gas treatment plant.

Initial production from MGC, which has never entered commercial production due to the lack of the required infrastructure, is expected to be approximately 5,000 – 10,000 cubic metres of natural gas per day with monthly production revenue expected in the region of approximately EUR 40,000 – EUR 80,000.

Zenith holds a 20% working interest in MGC via its Italian subsidiary and is the operator. In view of the Company's intended investment, all future production revenue to be obtained will be to Zenith's sole entitlement. MGC is scheduled to expire in 2028 with the possibility of an extension being granted.

## **San Teodoro**

The San Teodoro Concession covers approximately 60 square kilometres and is situated in the Basilicata region of Southern Italy. Zenith holds a 100% working interest in STC by way of its Italian subsidiary. It is not producing and is scheduled to expire in 2029 with the possibility of an extension being granted.

The production concession was first granted in 1989 following drilling of a well named San Teodoro 1 (“**ST-1**”) that was drilled in 1988.

A sidetrack to ST-1 was drilled in 2003, named San Teodoro 1 Dir A (“**ST-1D**”), however, the well was not successfully completed and production was not achieved.

Zenith intends to re-complete ST-1D with the goal of achieving commercial production from two previously identified gas bearing formations.

A total of approximately EUR 600,000 has been budgeted to fund the well intervention in STC, as well as to fund the installation of new natural gas treatment infrastructure because of the high methane content of the natural gas produced from STC.

A production of up to 10,000 cubic meters of natural gas is expected in the event of a successful recompletion of ST-1D.

All production from STC will be sold locally, rather than by way of the national pipeline, enabling a higher selling price to be achieved and resulting in an expected monthly revenue of approximately EUR 100,000 depending on the production rate to be achieved.

## **Update on Reactivation of Sant'Andrea concession in Italy**

The Company is still awaiting certain final bureaucratic formalities to be completed prior to production activities being recommenced.

In view of the above, production is now expected to commence during Q1 of 2023.

### **Luca Benedetto, Chief Financial Officer, and Managing Director of Italian operations, commented:**

*"We are very pleased, following a periodic review last performed in 2013, that our Italian subsidiary has received renewed confirmation of its technical and financial capabilities as an operator by the Italian oil and gas authorities.*

*Our Italian energy production portfolio has significant untapped development potential. We look forward with enthusiasm to unlocking this during Q1 and Q2 of 2023 and progressively scaling up our revenue generation in the current favourable energy pricing climate."*

**Further Information:**

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**Notes to Editors:**

Zenith Energy Ltd. is a revenue generating, independent energy company with production, exploration and development assets in Tunisia, Italy and the Republic of the Congo, including electricity generation in Italy. The Company is listed on the London Stock Exchange Main Market (LSE: ZEN) and the Euronext Growth of the Oslo Stock Exchange (OSE: ZENA).

Zenith's strategic focus is on pursuing transformational opportunities in the Middle East, Africa, and Europe through the development of proven revenue generating oil, gas, and electricity production assets, as well as low-risk exploration activities in assets with existing production.

For more information, please visit: [www.zenithenergy.ca](http://www.zenithenergy.ca)

Twitter: @zenithenergyLtd

LinkedIn: <https://bit.ly/3A5PRJb>

**Market Abuse Regulation (MAR) Disclosure**

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.