

**ZENITH ENERGY LTD.  
STATEMENT OF RESERVES DATA  
AND OTHER OIL AND GAS INFORMATION  
(Form 51-101F1)**

***Part 1 – Date of Statement***

This statement of reserves data and other oil and gas information is dated July 21, 2021.

The effective date is March 31, 2021.

The preparation date is July 21, 2021.

## Part 2 – Disclosure of Reserves Data

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Zenith Energy Ltd. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at March 31, 2021, and dated May 31, 2021 (the "Chapman Report"). Chapman is an independent qualified reserves evaluator and auditor.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

All monetary values presented in this document are expressed in terms of US dollars.

### SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2021

	Company Reserves <sup>(1)</sup>							
ITALY	Light and Medium Oil		Heavy Oil		Conventional Natural Gas <sup>(9)</sup>		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Reserves Category	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
<b>PROVED</b>								
Developed Producing <sup>(2)(6)</sup>	-	-	-	-	876	876	11	11
Developed Non-Producing <sup>(2)(7)</sup>	-	-	-	-	115	115	-	-
Undeveloped <sup>(2)(8)</sup>	-	-	-	-	-	-	-	-
<b>TOTAL PROVED<sup>(2)</sup></b>	-	-	-	-	<b>991</b>	<b>991</b>	<b>11</b>	<b>11</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	-	-	-	-	14,921	14,921	241	241
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	-	-	-	-	<b>15,912</b>	<b>15,912</b>	<b>252</b>	<b>252</b>

	Company Reserves <sup>(1)</sup>							
TUNISIA	Light and Medium Oil		Heavy Oil		Conventional Natural Gas <sup>(9)</sup>		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
<b>PROVED</b>								
Developed Producing <sup>(2)(6)</sup>	260	242	-	-	-	-	-	-
Developed Non-Producing <sup>(2)(7)</sup>	-	-	-	-	-	-	-	-
Undeveloped <sup>(2)(8)</sup>	-	-	-	-	-	-	-	-
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>260</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>3,110</b>	<b>2,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>3,370</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SUMMARY OF NET PRESENT VALUES  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31, 2021**

ITALY	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
Reserves Category	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
<b>PROVED</b>										
Developed Producing <sup>(2)(6)</sup>	2,280	2,006	1,777	1,587	1,430	2,280	2,006	1,777	1,587	1,430
Developed Non-Producing <sup>(2)(7)</sup>	243	207	179	156	138	243	207	179	156	138
Undeveloped <sup>(2)(8)</sup>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>2,523</b>	<b>2,214</b>	<b>1,956</b>	<b>1,744</b>	<b>1,567</b>	<b>2,523</b>	<b>2,214</b>	<b>1,956</b>	<b>1,744</b>	<b>1,567</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>58,754</b>	<b>21,173</b>	<b>10,953</b>	<b>6,839</b>	<b>4,712</b>	<b>58,754</b>	<b>21,173</b>	<b>10,953</b>	<b>6,839</b>	<b>4,712</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>61,277</b>	<b>23,287</b>	<b>12,910</b>	<b>8,582</b>	<b>6,280</b>	<b>61,277</b>	<b>23,287</b>	<b>12,910</b>	<b>8,582</b>	<b>6,280</b>

TUNISIA	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
Reserves Category	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
<b>PROVED</b>										
Developed Producing <sup>(2)(6)</sup>	52	486	817	1,071	1,266	26	247	408	524	609
Developed Non-Producing <sup>(2)(7)</sup>	-	-	-	-	-	-	-	-	-	-
Undeveloped <sup>(2)(8)</sup>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>52</b>	<b>486</b>	<b>817</b>	<b>1,071</b>	<b>1,266</b>	<b>26</b>	<b>247</b>	<b>408</b>	<b>524</b>	<b>609</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>116,392</b>	<b>84,147</b>	<b>63,303</b>	<b>49,218</b>	<b>39,321</b>	<b>4,712</b>	<b>4,712</b>	<b>4,712</b>	<b>4,712</b>	<b>4,712</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>116,444</b>	<b>84,633</b>	<b>64,120</b>	<b>50,289</b>	<b>40,587</b>	<b>4,738</b>	<b>4,959</b>	<b>5,120</b>	<b>5,236</b>	<b>5,321</b>

**TOTAL FUTURE NET REVENUE  
(UNDISCOUNTED)  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31, 2021**

ITALY	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Total Proved <sup>(2)</sup>	4,771	-	2,123	-	125	2,523	-	2,523
Total Proved Plus Probable <sup>(2)(3)</sup>	97,167	-	34,146	1,530	214	61,277	-	61,277

TUNISIA	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Total Proved <sup>(2)</sup>	15,515	1,086	10,777	-	3,600	52	26	26
Total Proved Plus Probable <sup>(2)(3)</sup>	219,460	20,570	2,194	64,708	15,545	116,443	58,222	58,222

**FUTURE NET REVENUE BY PRODUCT TYPE  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31, 2021**

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year)
		(M\$)
<b>ITALY</b>		
Total Proved <sup>(2)</sup>	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	1,956
Total Proved Plus Probable <sup>(2)(3)</sup>	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	10,953

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year)
		(M\$)
<b>TUNISIA</b>		
Total Proved <sup>(2)</sup>	Light and Medium Oil (including solution gas and other by-products)	242
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable <sup>(2)(3)</sup>	Light and Medium Oil (including solution gas and other by-products)	2,593
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0

**OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCT TYPE  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31, 2021**

ITALY	Reserves						Net Present	Unit Values
	Oil		Gas <sup>(9)</sup>		NGL		Value (BIT)	@ 10%/yr
	Gross	Net	Gross	Net	Gross	Net	10%	
Product Type by Reserve	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl	M\$	\$/Mscf
<b>Conventional Natural Gas (Assoc &amp; Non-Assoc)</b>								
<b>Proved</b>								
Developed Producing	0	0	876	876	11	11	1,777	2.03
Developed Non-Producing	0	0	115	115	-	-	179	1.56
Undeveloped	0	0	-	-	-	-	-	N/A
<b>Total Proved</b>	<b>0</b>	<b>0</b>	<b>991</b>	<b>991</b>	<b>11</b>	<b>11</b>	<b>1,956</b>	<b>1.97</b>
Probable	0	0	14,921	14,921	241	241	10,953	0.73
<b>Proved Plus Probable</b>	<b>0</b>	<b>0</b>	<b>15,912</b>	<b>15,912</b>	<b>252</b>	<b>252</b>	<b>12,909</b>	<b>0.81</b>

TUNISIA	Reserves						Net Present	Unit Values
	Oil		Gas <sup>(9)</sup>		NGL		Value (BIT)	@ 10%/yr
	Gross	Net	Gross	Net	Gross	Net	10%	
Product Type by Reserve	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl	M\$	\$/bbl
<b>Conventional Natural Gas (Assoc &amp; Non-Assoc)</b>								
<b>Proved</b>								
Developed Producing	260	242	-	-	-	-	817	3.38
Developed Non-Producing	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-
<b>Total Proved</b>	<b>260</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>817</b>	<b>3.38</b>
Probable	3,110	2,593	-	-	-	-	63,303	24.41
<b>Proved Plus Probable</b>	<b>3,370</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,120</b>	<b>22.62</b>

**Notes:**

1. "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
3. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
4. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
5. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
8. "Undeveloped" reserves are those reserves expected to be recovered from know accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
9. Includes associated, non-associated and solution gas where applicable.

### Part 3 - Pricing Assumptions

The following tables detail the benchmark reference prices for the regions in which the Company operated, as at March 31, 2021, reflected in the reserves data disclosed above under “Part 2 – Disclosure of Reserves Data”. The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. There will be adjustments to field prices from the benchmarks below:

ITALY

April 1, 2021

Date	Brent Spot	Torrente Cigno	Europe Gas	Torrente Cigno	Misano Adriatico	Lucera
	(ICE)[1] \$US/STB	Condensate [2] \$US/STB	Gas[3] \$US/Mcf	Gas[5] \$US/Mcf	Gas[4] \$US/Mcf	Gas[4] \$US/Mcf
<b>HISTORICAL PRICES</b>						
2008	96.94	N/A	13.41	N/A	N/A	N/A
2009	61.74	N/A	8.71	N/A	N/A	N/A
2010	79.61	N/A	8.80	N/A	N/A	N/A
2011	111.26	N/A	10.42	N/A	N/A	N/A
2012	111.63	N/A	11.48	N/A	N/A	N/A
2013	108.56	135.52	11.80	7.10	14.89	11.44
2014	99.43	97.09	10.10	9.70	10.42	9.70
2015	53.32	51.50	7.30	2.27	6.73	5.87
2016	45.06	69.26	4.56	4.24	5.12	4.47
2017	54.75	54.28	6.01	5.45	6.13	5.45
2018	71.64	62.99	7.65	5.22	N/A	N/A
2019	64.11	64.77	6.15	5.59	N/A	N/A
2020	43.40	40.17	3.09	4.29	N/A	N/A
2021	3 months	60.54	4.10	N/A	N/A	N/A
<b>CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)</b>						
	43.44	N/A	N/A	N/A	N/A	N/A
<b>FORECAST PRICE</b>						
2021	61.00	57.77	5.50	3.43	7.36	5.59
2022	59.00	55.77	5.60	3.47	7.50	5.69
2023	57.00	53.77	5.60	3.51	7.50	5.69
2024	58.14	54.91	5.70	3.54	7.63	5.80
2025	59.30	56.07	5.80	3.58	7.77	5.90
2026	60.49	57.26	5.86	3.62	7.85	5.96
2027	61.70	58.47	5.92	3.66	7.93	6.02
2028	62.93	59.70	5.98	3.70	8.01	6.08
2029	64.19	60.96	6.04	3.74	8.09	6.14
2030	65.48	62.25	6.10	3.78	8.17	6.20
2031	66.78	63.55	6.18	3.82	8.27	6.28
2032	68.12	64.89	6.26	3.86	8.38	6.36
2033	69.48	66.25	6.34	3.91	8.49	6.45
2034	70.87	67.64	6.42	3.95	8.60	6.53
2035	72.29	69.06	6.50	3.99	8.70	6.61
2036	73.74	70.51	6.58	4.03	8.81	6.69

Escalated 2% thereafter

- Notes:
- [1] The Brent Spot price is estimated based on historic data.
  - [2] Torrente Cigno Condensate price forecast is based on Chapman price forecast plus difference of actually received in T.C. in 2018/10-2019/09.
  - [3] Europe gas price forecast comes from Wood Mackenzie Forecast (Annual prices and Price Forecasts)
  - [4] Italy gas price forecast is based on actually received field price compared to European gas price in 2019/04 - 2019/09.
  - [5] Torrente Cigno price reflects the net price from electrical generation revenue escalated 1.063% per year (after consideration of electricity from the other owner).

Date	WTI [1] \$US/STB	Brent Spot (ICE)[2] \$US/STB	Europe Natural Gas[3] \$US/MMBTU	Exchange Rate \$US/\$CDN
<b>HISTORICAL PRICES</b>				
2012	94.05	111.63	11.47	1.00
2013	97.98	108.56	11.79	0.97
2014	93.12	99.43	10.05	0.91
2015	48.69	63.32	6.82	0.78
2016	43.17	45.06	4.56	0.76
2017	50.86	54.75	5.72	0.77
2018	64.92	71.64	7.68	0.77
2019	57.00	64.11	4.80	0.75
2020	39.54	43.40	3.24	0.75
2021 3 mths.	57.71	60.54	6.52	0.79
<b>CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)</b>				
	<b>40.21</b>	<b>43.44</b>	<b>N/A</b>	<b>0.75</b>
<b>FORECAST PRICES</b>				
2021	61.00	65.88	5.50	0.79
2022	59.00	63.72	5.60	0.78
2023	57.00	61.56	5.60	0.77
2024	58.14	62.79	5.70	0.78
2025	59.30	64.05	5.80	0.79
2026	60.49	65.33	5.86	0.79
2027	61.70	66.63	5.92	0.79
2028	62.93	67.97	5.98	0.79
2029	64.19	69.33	6.04	0.79
2030	65.48	70.71	6.10	0.79
2031	66.78	72.13	6.18	0.79
2032	68.12	73.57	6.26	0.79
2033	69.48	75.04	6.34	0.79
2034	70.87	76.54	6.42	0.79
2035	72.29	78.07	6.50	0.79
2036	73.74	79.63	6.58	0.79

**Escalated 2% thereafter**

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma (Competitive WTI future oil prices are: \$US69.38/STB in 2021; \$US66.61/STB in 2022 and \$US64.10/STB in 2023)
  - [2] The Brent Spot price is estimated based on historic data.
  - [3] World Bank Commodities Price Forecast (nominal US dollars)



The Company's weighted average prices received this fiscal year are: 5.50\$/Mscf for natural gas.

#### **Part 4 – Reconciliation of Changes in Reserves**

The following table sets forth a reconciliation of the changes in the Company's gross reserves as at March 31, 2021 against such reserves as at March 31, 2020 based on the forecast price and cost assumptions:

#### **RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2021**

<b>ITALY</b>	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved	Probable	Proved Plus Probable	Proved	Probable	Proved Plus Probable	Proved	Probable	Proved Plus Probable
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(MMscf)	(MMscf)	(MMscf)
At Mar. 31, 2020	-	-	-	-	-	-	<b>1,001</b>	<b>14,632</b>	<b>15,633</b>
Production(Sales)	-	-	-	-	-	-	58	-	58
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Extensions & Improved	-	-	-	-	-	-	-	-	-
Recovery	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	48	289	337
At Mar. 31, 2021	-	-	-	-	-	-	<b>991</b>	<b>14,921</b>	<b>15,912</b>

Note: Columns may not add precisely due to accumulative rounding of values.

#### **Part 5 – Additional Information Relating to Reserves Data**

##### **Undeveloped Reserves**

##### PROVED

The following tables set forth the volumes of proved undeveloped net reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time, and the subsequent discussions generally describe the basis on which the Company attributes proved undeveloped reserves and its plans for developing those undeveloped reserves:

The Company had no proved undeveloped reserves in Italy and Tunisia and as at March 31, 2021 or in prior years.

##### PROBABLE

The following tables set forth the volumes of probable undeveloped net reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time and the subsequent discussions generally describe the basis on which the Company attributes probable undeveloped reserves and its plans for developing those undeveloped reserves:

<b>ITALY</b>	<b>Light and Medium Oil (Mbbbl)</b>	<b>Heavy Oil (Mbbbl)</b>	<b>Natural Gas (MMscf)</b>	<b>Natural Gas Liquids (Mbbbl)</b>
Aggregate prior to 2018	0	0	13,413	220
2019	0	0	0	0
2020	0	0	0	0
2021	0	0	0	0

The Company's probable undeveloped non-associated gas reserves in Italy are located in the Torrente Cigno Concession. These reserves will be developed by a horizontal well, offsetting a producing well, scheduled to be drilled in late 2022.

<b>TUNISIA</b>	<b>Light and Medium Oil (Mbbbl)</b>	<b>Heavy Oil (Mbbbl)</b>	<b>Natural Gas (MMscf)</b>	<b>Natural Gas Liquids (Mbbbl)</b>
2021	2,374	0	0	0

### ***Significant Factors or Uncertainties***

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates are based on current production forecast, prices and economic conditions. All of the Company's reserves are evaluated by Chapman Petroleum Engineering Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that reserves estimate is accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves the accuracy of the reserve estimate improves.

On 2 March 2020, the Company announced that, in view of Zenith's strategic focus on pursuing large-scale oil production and development opportunities in Africa, it will hand over the Contract Rehabilitation Area to SOCAR. Zenith continued to operate the Contract Rehabilitation Area until the handover of the Contract Rehabilitation Area which was completed during the month of June 2020.

In the year 2020 Zenith entered the markets of Africa. Terminating the activities of the Company in Azerbaijan had set free financial and operative resources to develop the activities in the new markets in Africa.

On March 15, 2021, the Company announced that Zenith Energy Africa Limited ("ZEAL"), its newly incorporated fully owned subsidiary, has entered into a share purchase agreement ("SPA") with Candax Energy Limited ("Candax") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Zarzis Ltd ("EPZ") (the "Acquisition"), which holds a 45% interest in the Ezzaouia Concession ("Ezzaouia").

Pursuant to the terms of the SPA, ZEAL has agreed to acquire 100% of the issued share capital of EPZ for the aggregate amount of US\$150,000, paid by the Company at completion, as well an additional US\$100,000 to be satisfied by the issue of ordinary shares in the share capital of Zenith to be issued within sixty days of completion ("Consideration Shares") and a royalty payable and calculated as US\$0.35 per each barrel of hydrocarbons produced from the Ezzaouia oilfield and allocable to EPZ, with the royalty not being less than an amount of US\$50,000 per annum for a period of ten years.

#### **Acquisition Highlights**

- Ezzaouia is located in onshore Tunisia on the Zarzis peninsula, south of the island of Djerba in the southern Gulf of Gabes.

- First discovered by Marathon Petroleum Corporation in 1986, with production activities starting in 1990 with a peak production being achieved of 35,000 barrels of oil per day in 1991.
- Ezzaouia produces an average of 40 API gravity oil from the Zebbag (Lower Cretaceous) and Mrabatine (Upper Jurassic) formations.
- It is operated by MARETAP, a joint operating company owned in partnership with the national oil company of Tunisia, ETAP (Entreprise Tunisienne d'Activités Pétrolières) on a 50:50 basis, which holds a 55 percent interest in Ezzaouia.
- It produced at a rate of approximately of 551 bopd (approximately 248 bopd net to Zenith) during March 2021
- Approximately 25,000 barrels of oil were held in storage at the acquisition date, with a commercial value of approximately US\$1,250,000.
- Planned field production optimisation and workover activities are expected to increase Ezzaouia gross production to 1,000 bopd (potentially resulting in a production of 450 bopd net to Zenith).
- The Acquisition has certain development obligations during the course of the new 20-year concession including the drilling of a side-track, the drilling of a replacement well and that of a development well.
- On April 19, 2019, the Tunisian State represented by the Ministry of Industry and Small & Medium Enterprises informed ETAP and EPZ that the Comité Consultatif des Hydrocarbures ("CCH") had provided a favourable opinion to the application submitted by ETAP and EPZ for a new 20-year concession to be called "Ezzaouia" (the "New Concession").
- A Convention for the New Concession (the agreed work programme between ETAP and EPZ) has been signed by both parties.
- The New Concession is currently awaiting parliamentary approval.
- Ezzaouia has modern oil treatment and storage facilities with a total field storage capacity of approximately 20,000 barrels of oil.
- MARETAP, the joint operating company, operates an oil storage terminal, connected to Ezzaouia by way of two pipelines (one for gas and one for oil respectively), at the port of Zarzis, with a storage capacity of approximately 200,000 barrels of oil, from which all oil production from Ezzaouia is exported to the international markets.

### Future Development Costs

The following tables show the gross development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

ITALY	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (M\$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (M\$)
	2021	11
2022	0	1,530
2023	0	
2024	0	
2025	0	
Total for five years	11	1,541
Remainder	0	0
Total for all years	11	1,541

TUNISIA	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (M\$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (M\$)
	2021	1,000
2022	0	0
2023	0	0
2024	0	0

TUNISIA	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (M\$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (M\$)
2025	0	0
Total for five years	1,000	1,000
Remainder	0	0
Total for all years	1,000	1,000

The Company has been successful in raising its required capital through equity financings and plans to continue to do so for the development costs specified above. The effect of the costs of the expected funding would have no impact on the revenues or reserves currently being reported.

## Part 6 – Other Oil and Gas Information

### Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at March 31, 2020:

	Oil		Natural Gas	
	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
<b>ITALY</b>				
Producing	0	0	2	1.45
Non-producing	0	0	3	0.45

All of the Company's gas wells are located onshore in four concessions of Italy: Lucera, Misano Adriatico, San Mauro, and Torrente Cigno. Misano, San Mauro and Torrente Cigno concessions have one producing well. Lucera concession had some problems with gas treatment plant and the production is temporarily suspended. Production in Lucera is expected to resume in 2022. There is an additional horizontal location in Torrente Cigno concession, which is expected to be drilled in 2022.

	Oil		Natural Gas	
	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
<b>TUNISIA</b>				
Producing	4	4	0	0
Non-producing	9	9	0	0

### Properties with No Attributed Reserves

The Company holds five additional concessions in Italy to which no reserves have been assigned. There are no current plans for any capital expenditures on these properties. The Company also has interests in two exploration permits and two exploration applications in Italy to which no reserves have been assigned.

### Forward Contracts

Currently, the Company has no forward contracts.

### Tax Horizon

The Company is not expected to become taxable under the proved or the proved plus probable cash flows forecast in this report.

The existing income tax pools in the properties are expected to exceed any tax that may become payable.

### Costs Incurred

The following tables summarize the capital expenditures made by the Company on oil and natural gas properties for the year ended March 31, 2021.

#### ITALY

Property Acquisition Costs (M\$)		Exploration Costs (M\$)	Development Costs (M\$)
Proved Properties	Unproved Properties		
0	0	0	46

### Exploration and Development Activities

The following tables set forth the number of exploratory and development wells which the Company completed during its 2021 financial year:

#### TUNISIA

	Exploratory Wells		Development Wells	
	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0

#### ITALY

	Exploratory Wells		Development Wells	
	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0

[1] Total number of wells in which the Company has a working interest.

[2] Total number of wells in which the Company has a working interest multiplied by the Company working interest in each well.

### Production Estimates

The following table sets forth the volume of production estimated by Chapman for 2021 (9 mos.):

#### TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Italy	0	0	129	1
Tunisia	113	0	0	0
<b>Total for all areas</b>	<b>113</b>	<b>0</b>	<b>129</b>	<b>1</b>

#### TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Italy	0	0	129	1
Tunisia	113	0	0	0
<b>Total for all areas</b>	<b>113</b>	<b>0</b>	<b>129</b>	<b>1</b>

These values are gross to Company's working interest before the deduction of royalties payable to others.

### **Production History**

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year:

	Three Months Ended June 30, 2020	Three Months Ended September 30, 2020	Three Months Ended December 31, 2020	Three Months Ended March 31, 2021
<b>Average Daily Production</b>				
Light and Medium Oil (Bbl/d)	175	-	-	-
Natural Gas (Mscf/d)	46	4	4	44
<b>Average Daily Sales</b>				
Light and Medium Oil (Bbl/d)	175	-	-	-
Natural Gas (Mscf/d)	46	4	4	44
<b>Average Net Prices Received</b>				
Light and Medium Oil (\$/Bbl)	41.84			
Natural Gas (\$/boe)	6.88	6.55	6.31	6.00
<b>Royalties</b>				
Light and Medium Oil (\$/Bbl)	-	-	-	-
Natural Gas (\$/boe)	-	-	-	-
<b>Production Costs</b>				
Light and Medium Oil (\$/Bbl)	22.26	-	-	-
Natural Gas (\$/boe)	3.25	3.18	3.95	2.88
<b>Netback Received</b>				
Light and Medium Oil (\$/Bbl)	19.58	-	-	-
Natural Gas (\$/boe)	3.63	3.37	2.36	3.12

### **PRODUCTION VOLUMES IN 2020**

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Azerbaijan	16	0	0	0
Tunisia	0	0	0	0
Italy	0	0	58	0
<b>Total for all areas</b>	<b>16</b>	<b>0</b>	<b>58</b>	<b>0</b>

## ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

<b>Oil and Natural Gas Liquids</b>		<b>Natural Gas</b>	
Bbl	barrel	Mscf	thousand standard cubic feet
Bbls	barrels	MMscf	million standard cubic feet
Mbbls	thousand barrels	Mscf/d	thousand standard cubic feet per day
MMbbls	million barrels	MMscf/d	million standard cubic feet per day
MSTB	1,000 stock tank barrels	MMBTU	million British Thermal Units
Bbls/d	barrels per day	Bscf	billion standard cubic feet
NGLs	natural gas liquids	GJ	gigajoule
STB	stock tank barrels of oil		
STB/d	stock tank barrels of oil per day		
<b>Other</b>			
AECO	Niska Gas Storage's natural gas storage facility located at Suffield, Alberta.		
BIT	Before Income Tax		
AIT	After Income Tax		
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mscf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mscf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.		
BOE/d	barrel of oil equivalent per day		
m <sup>3</sup>	cubic metres		
\$M	thousands of dollars		
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade		

# **Chapman** Petroleum Engineering Ltd.

1122 - 4th Street S.W., Suite 700, Calgary, Alberta T2R 1M1 • Phone: (403) 266-4141 • Fax: (403) 266-4259 • www.chapeng.ab.ca

July 14, 2021

**Zenith Energy Ltd.**

Suite 1500, 15th Floor Bankers Court  
850 - 2nd Street SW  
Calgary AB Canada T2P 0R8

**Attention: Board of Directors**

**Re: Report on Reserves Data and Prospective Resources Data ("F2")  
by Chapman Petroleum Engineering Ltd. ("Chapman")  
Qualified Reserves Evaluators**

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To the board of directors of Zenith Energy Ltd. (the "Company");

1. We have evaluated the Company's reserves data for the Ezzaouia Concession in Tunisia as at March 31, 2021. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at March 31, 2021, estimated using forecast prices and costs. The prospective resources data are risked estimates of the volume of prospective resources.
2. The reserves data and prospective resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves and resources data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data and prospective resources data are free of material misstatement. An evaluation also includes assessing whether the reserves data and prospective resources data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount of 10 percent, included in the reserves data of the Company evaluated for the year ended March 31, 2021, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management and board of directors:



Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) - M\$			
			Audited	Evaluated	Reviewed	Total
Chapman Petroleum Engineering Ltd.	March 31, 2021	Ezzaouia Concession, The Republic of Tunisia	-	64,120	-	64,120
Totals			-	64,120	-	64,120

The following table sets forth the risked volume of prospective resources included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the prospective resources data that we have evaluated and reported on to the Company's board of directors:

Classification	Independent Qualified Reserves Evaluator	Effective date of Evaluation Report	Location of Resources Other than Reserves	Risked Gross Volume MMscf
Prospective Resources	Chapman Petroleum Engineering Ltd.	March 31, 2021	Ezzaouia Concession, The Republic of Tunisia	32,282

6. In our opinion, the reserves data and prospective resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after March 31, 2021.
8. Because the reserves data and prospective resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Chapman, Calgary, Alberta, Canada, July 12, 2021

[Original Signed By:]  
 [Signature], [Licensed Professional's Stamp]  
 [Membership ID Number]  
 July 14, 2021  
 C. W. Chapman, P. Eng.,  
 President

cwc/lm/6746

<b>PERMIT TO PRACTICE</b>	
<b>CHAPMAN PETROLEUM ENGINEERING LTD.</b>	
[Original Signed By:]	Signature _____
	<i>C.W. Chapman</i>
Date _____	<i>July 14, 2021</i>
<b>PERMIT NUMBER: P 4201</b>	
The Association of Professional Engineers and Geoscientists of Alberta	

[APEGA ID Number]

# **Chapman** Petroleum Engineering Ltd.

1122 - 4th Street S.W., Suite 700, Calgary, Alberta T2R 1M1 • Phone: (403) 266-4141 • Fax: (403) 266-4259 • www.chapeng.ab.ca

July 12, 2021

**Zenith Energy Ltd.**

Suite 1500, 15th Floor Bankers Court  
850 - 2nd Street SW  
Calgary AB Canada T2P 0R8

**Attention: Board of Directors**

**Re: Report on Reserves Data and Prospective Resources Data ("F2")  
by Chapman Petroleum Engineering Ltd. ("Chapman")  
Qualified Reserves Evaluators**

---

To the board of directors of Zenith Energy Ltd. (the "Company"):

1. We have evaluated the Company's reserves data for properties in Italy as at March 31, 2021. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at March 31, 2021, estimated using forecast prices and costs. The prospective resources data are risked estimates of the volume of prospective resources.
2. The reserves data and prospective resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves and resources data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data and prospective resources data are free of material misstatement. An evaluation also includes assessing whether the reserves data and prospective resources data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and

calculated using a discount of 10 percent, included in the reserves data of the Company evaluated for the year ended March 31, 2021, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management and board of directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) - M\$			
			Audited	Evaluated	Reviewed	Total
Chapman Petroleum Engineering Ltd.	March 31, 2021	Italy	-	12,910	-	12,910
Totals			-	12,910	-	12,910

6. In our opinion, the reserves data and prospective resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after March 31, 2021.
8. Because the reserves data and prospective resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Chapman, Calgary, Alberta, Canada, July 12, 2021

[Original Signed By:]  
 [Signature], [Licensed Professional's Stamp]  
 [Membership ID Number]  
 July 13, 2021  
 C. W. Chapman, P. Eng.,  
 President

<b>PERMIT TO PRACTICE</b>	
<b>CHAPMAN PETROLEUM ENGINEERING LTD.</b>	
[Original Signed By:]	
Signature	<u>C.W. Chapman</u>
Date	<u>July 13, 2021</u>
<b>PERMIT NUMBER: P 4201</b>	
The Association of Professional Engineers and Geoscientists of Alberta	

[APEGA ID Number]

cwc/lml/6746

## **REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION**

Management of Zenith Energy Ltd. (the “Company”) are responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, and includes, if disclosed in the statement required by Item 1 of section 2.1 of NI 51-101, other information such as contingent resources data or prospective resources data.

An independent qualified reserves evaluator has evaluated the Company’s reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has

- (a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation and, in the event of a proposal to change the independent qualified reserves evaluator, to inquire whether there had been disputes between the previous independent qualified reserves evaluator and management; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management.

The board of directors has approved

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data and
- (c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

ANDREA CATTANEO - President and Chief Executive Officer  
(signature / name and title of chief executive officer)

LUCA BENEDETTO – Chief Financial Officer  
(signature / name and title of an officer other than the chief executive officer)

JOSE RAMON LOPEZ-PORTILLO - Director  
(signature/name of a director)

DARIO SODERO - Director -  
(signature/name of a director)

Dated the 21<sup>st</sup> day of July, 2021