ZENITH ENERGY LTD.

(Formerly CANOEL INTERNATIONAL ENERGY LTD.)

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED MARCH 31, 2015

September 11, 2015

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ABBREVIATIONS

In this Annual Information Form, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		**Natural Gas**	
bbls	barrels of crude oil	Mcf	thousand cubic feet of natural gas
bbls/d	barrels per day	MMcf	million cubic feet of natural gas
boe	barrels of oil equivalent	Bcf	billion cubic feet of natural gas
boe/d	barrels of oil equivalent per day	Mcf/d	thousand cubic feet per day
Mbbl	thousands of barrels	Mcfe	thousand cubic feet of gas equivalent
MSTB	thousand stock tank barrels	MMbtu	million British Thermal Units
NGL	natural gas liquids	MMcf	million cubic feet

Other

AECO	a natural gas storage facility	Km	Kilometres
	located at Suffield, Alberta	km^2	square kilometres
AFE	authorization for expenditure	m^3	cubic metres
API	American Petroleum Institute	2D	two dimensional
	the measure of the density or	3D	three dimensional
	gravity of liquid petroleum	US$	United States dollars
	products derived from a specific	$	Canadian dollars
	gravity	M$	thousands of dollars

Conversion

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
acres	hectares	0.405
hectares	acres	2.471
gigajoules	MMbtu	0.950
MMbtu	gigajoules	1.0526

In this Annual Information Form, calculations of barrels of oil equivalent (boe) and thousand cubic feet of gas equivalent (Mcfe) are based on the standard of 6 Mcf: 1 bbl when converting natural gas to oil and 1 bbl: 6 Mcf when converting oil to natural gas. Boe and Mcfe may be misleading, particularly

if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl or a Mcfe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVENTIONS

Certain terms used herein are defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**") or the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101 or the COGE Handbook.

CURRENCY

In this AIF, all dollar amounts are expressed in Canadian currency, unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. In particular, this Annual Information Form contains forward-looking statements pertaining to the following:

- **the quantity of reserves or resources;**
- **the performance characteristics of the Corporation's oil and gas properties;**
- **oil and natural gas production levels;**
- **capital expenditure programs;**
- **future development and exploration activities and the timing thereof;**
- **future land expiries;**
- **estimated future contractual obligations and the amount expected to be incurred under our farm-in commitments;**
- **future liquidity and financial capacity;**

- **projections of market prices and costs;**
- **supply and demand for oil and natural gas;**
- **expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;**
- **expectations for the Corporation's growth;**
- **expectations relating to the award of exploration permits by governmental authorities; and**
- **treatment under government regulatory and taxation regimes.**

With respect to forward looking statements contained in this Annual Information Form, the Corporation has made assumptions regarding:

- **oil and natural gas production levels;**
- **commodity prices;**
- **availability of labour and drilling equipment;**
- **ability of the Corporation to continue to raise the capital;**
- **general economic and financial market conditions; and**
- **government regulation in the areas of taxation, royalty rates and environmental protection.**

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- **volatility in market prices for oil and natural gas;**
- **liabilities and risks inherent in oil and natural gas operations;**
- **uncertainties associated with estimating oil and gas reserves;**
- **competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;**
- **ability of the Corporation to raise the capital;**
- **incorrect assessments of the value of acquisitions;**
- **geological, technical, drilling and processing problems;**

- **fluctuations in foreign exchange or interest rates and stock market volatility;**
- **changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;**
- **failure to realize the anticipated benefits of acquisitions; and**
- **the other factors discussed under "Risk Factors".**

These factors should not be considered exhaustive. Statements relating to "**reserves**" or "**resources**" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Zenith does not undertake any obligation to publicly update or revise any forward-looking statements except as required by securities laws.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this Annual Information Form has been prepared and presented in accordance with NI 51-101. The actual oil and gas reserves and future production will be greater than or less than the estimates provided herein. The estimated value of future net revenue from the production of the disclosed oil and gas reserves does not represent the fair market value of these reserves. There is no assurance that the forecast prices and costs or other assumptions made in connection with the reserves disclosed herein will be attained and variances could be material.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of revenue and future net revenue for all properties, due to the effects of aggregation.

CORPORATE STRUCTURE

Name, Address and Incorporation

Zenith Energy Ltd. ("**Zenith**" or the "**Corporation**" or the "**Company**") was incorporated, as Canoel International Energy Ltd, under the Business Corporations Act (British Columbia) ("**BCBCA**") on September 20, 2007, and changed its name to Zenith Energy Ltd. on September 30, 2014. The registered Corporation number is BC0803216. The Company's head office is located at 15th Floor, Bankers Court, 850 -2nd Street S.W., Calgary, Alberta T2P 0R8, Canada, being also the mailing address of the Company.

The Company's website is www.zenithenergy.org.

The Company was listed on the TSX Venture Exchange Inc ("**TSXV**") as a capital pool company on April 10, 2008. On November 21, 2008, the Company completed a Short Form Offering to the public and a non-brokered private placement, which allowed the Company to complete its

Qualifying Transaction in accordance with the applicable policies of the TSXV on December 8, 2008. The Company is a Tier 2 listed Issuer on the TSXV. The Company is a development stage entity as defined by the Canadian Institute of Chartered Accountants ("**CICA**") Accounting Guideline 11.

The Company's articles of association and any amendments made thereof are available at the Company's registered address.

Inter-corporate Relationships

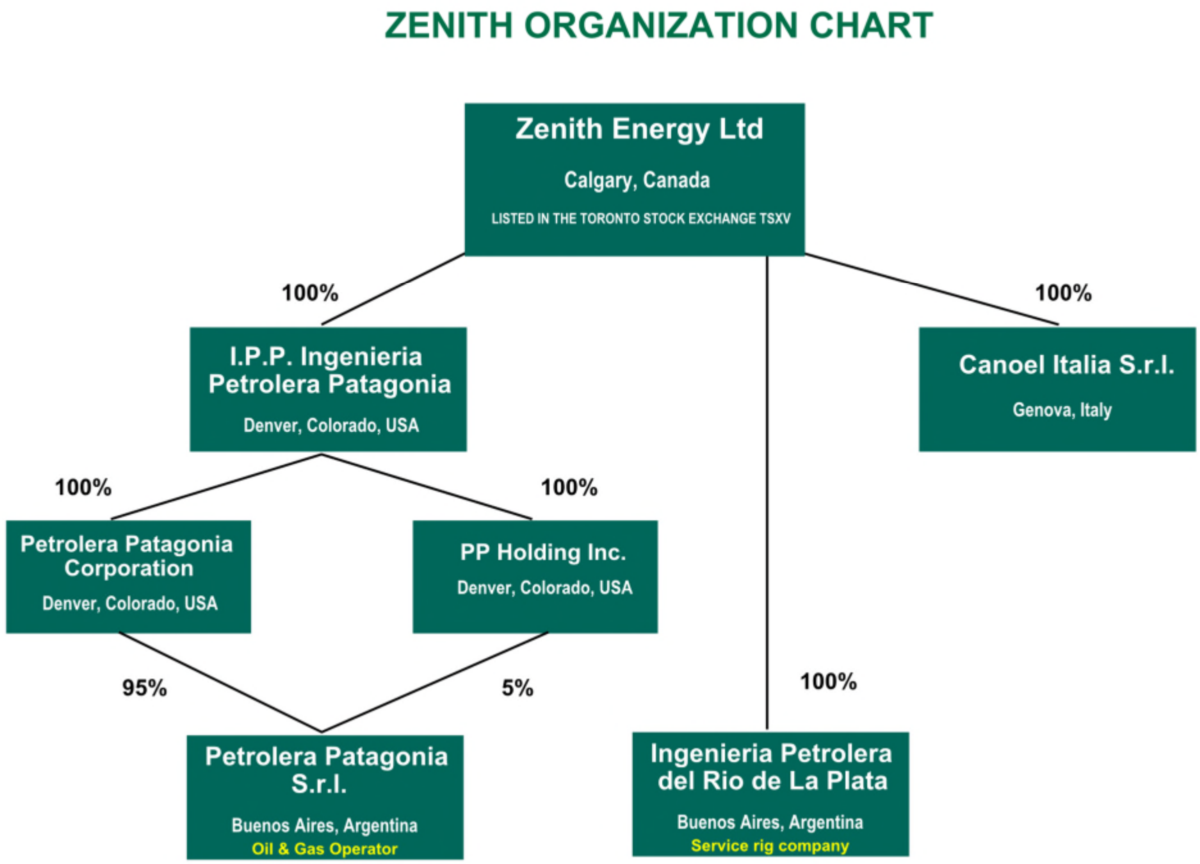
The Corporation owns all of the outstanding shares of Ingenieria Petrolera del Rio de la Plata S.R.L. ("**IPRP**"), a company incorporated in Buenos Aires, Argentina, on March 10, 2010. The Company owns 95% of the shares of IPRP directly and the remaining 5% of the shares through Petrolera Patagonia Srl. IPRP was initially established to negotiate management agreements to operate existing producing properties. However, as described in following paragraphs, management saw no immediate needs for IPRP and the company was kept in a dormant state and held in trust by Zenith's trustees in Argentina until late 2011.

On July 20, 2010 Zenith incorporated a wholly owned US subsidiary, Ingenieria Petrolera Patagonia Ltd. ("**IPP**"), to act as the potential acquirer of two US based companies controlling Central Patagonia Srl, the owner of two producing oil fields in the Chubut Province in Argentina.

On July 22, 2010, Zenith acquired two US based companies, namely Central Patagonia Corporation (renamed Petrolera Patagonia Corporation, or "**PPC**") and CPC Holding (renamed PP Holding, or "**PPH**") owning respectively 95% and 5% of Central Patagonia S.R.L (renamed Petrolera Patagonia S.R.L, or "**PPS**"), thereby acquiring two adjacent oil producing properties in Argentina (the "**Argentina Acquisition**").

On March 23, 2011, Zenith established Canoel Italia Srl ("**Italia S.r.l.**") a wholly owned Italian subsidiary of the Company, so that it would have an operating entity if the Company was awarded certain oil and gas properties posted for auction by the Ministry of Economic Development.

In October 2011, Zenith recognized the opportunity to implement its own completion operations and consequently decided to use the dormant company IPRP for these operations. Management commenced the process to transfer the shares of IPRP from Zenith's trustees to Petrolera Patagonia Corporation (95%) and to Petrolera Patagonia Srl (5%). This process was completed in May 2012.



GENERAL DEVELOPMENT OF THE BUSINESS

General

Zenith is an international oil and gas exploration and production company based in Calgary, Alberta, Canada. The Corporation has an active inventory of international oil and gas opportunities in Argentina and Italy. Zenith has crude oil production from the Don Alberto and Don Ernesto fields, located in the province of Chubut, Argentina. The Corporation also operates several natural gas and condensate producing properties in Italy.

Corporate Strategy

Zenith's business plan is to grow through international acquisitions and exploration and to increase the production and reserves from its international inventory of oil and gas projects. The Corporation's operations are targeted to areas that have good access for exploration activities, with stable economic and business environments, and where there is a favourable legal system. Zenith's primary operations are in Argentina, where the Corporation owns a 100% interest in two producing oil fields and in Italy where the Corporation owns various working interests in 13 onshore exploration and production assets, and two gas permits currently shut-in.

Zenith plans to develop a balanced portfolio of short, medium and long-term opportunities. To accomplish this objective, Zenith intends to seek innovative ways to unlock value by leveraging its assets and subsidiaries, build strong partnerships, participate in bid rounds to gain low cost exposure to high impact opportunities, execute accretive mergers and acquisitions to further strengthen its short and near-term portfolio, focus on growth in value and reserves potential, leverage its management team's international oil and gas expertise to add accretive production and reserves, and develop and build on strategic alliances with national oil companies and large proven operators.

In reviewing potential drilling or acquisition opportunities, Zenith considers the following criteria: (i) risk capital to secure or evaluate the opportunity; (ii) the potential return of the project, if successful; (iii) the likelihood of success; and, (iv) the risked return versus cost of capital.

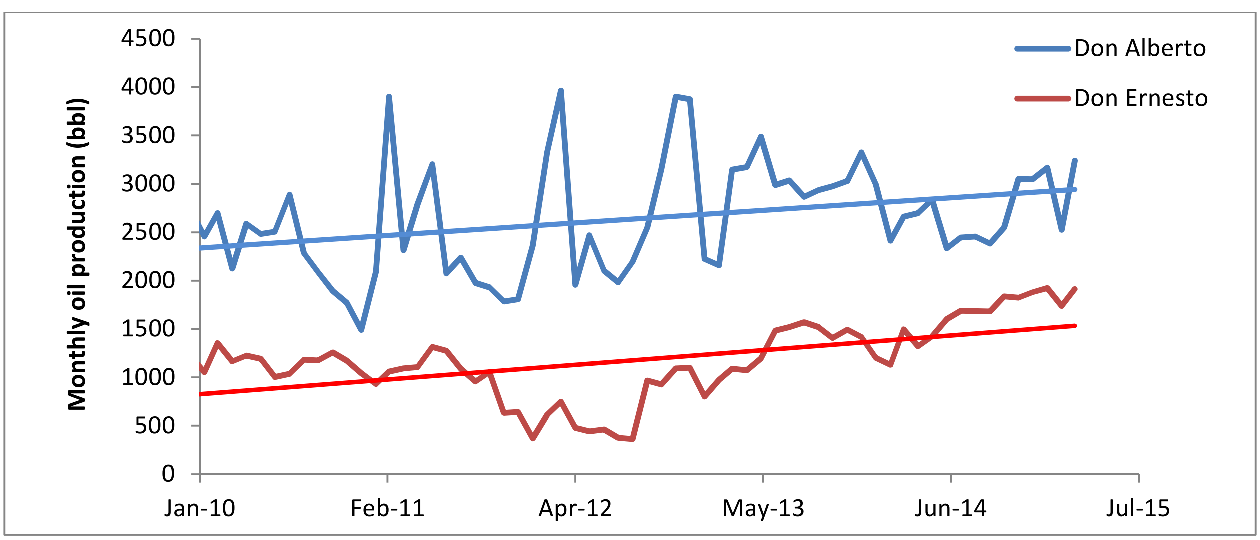
Principal assets of the Corporation

Argentina

In Argentina, the Corporation owns a 100 percent working interest in two oil fields, Don Alberto and Don Ernesto, covering approximately 3.0 square kilometres (approximately 740 contiguous acres). These fields are located onshore in the Chubut Province of Argentina, about 12 miles west of Comodoro Rivadavia and 1,000 miles south of Buenos Aires.

Recent oil production averaged approximately 174 STB/d, or 11.6 STB/d for each producing well.

Since mid 2010, when Zenith acquired the two fields, production has increased by approximately 20% in the Don Alberto and 25% in the Don Ernesto field. After several workovers and modernization of facilities in the last two years, production has improved in a more consistent way.



Italy

In Italy, the Corporation owns various working interests in 13 onshore exploration and production properties, and two gas concessions currently shut-in. These two gas concessions (Canaldente and Torrente Vulgano) were assigned to Canoel Italia S.r.l. from the Ministry of Economic Development in 2011; the other onshore exploration and production properties were acquired from Medoilgas Italia S.P.A. and Medoilgas Civita Limited, each a subsidiary of Mediterranean Oil and Gas Plc (collectively, '**MOG**") in June 2013.

The concessions have various expiration dates.

The production and exploration properties comprise:

- 6 operated onshore gas production concessions:
    - Masseria Grottavecchia (20% working interest)
    - San Teodoro (100% working interest)
    - Torrente Cigno (45% working interest)
    - Misano Adriatico (100% working interest)
    - Sant'Andrea (40% working interest)
    - Masseria Petrilli (50% working interest)
- 3 non-operated onshore gas production concessions:
    - Masseria Acquasalsa (8.8% working interest)
    - Lucera (13.6% working interest)
    - San Mauro (18% working interest)
- 1 operated exploration permit:
    - Montalbano (57.15% working interest)
- and 3 exploration applications:
    - Serra dei Gatti (100% working interest)
    - Villa Carbone (50% working interest)
    - Colle dei Nidi (25% working interest)

Masseria Grottavecchia concession

Description	The Corporation owns 20% working interest in the Masseria Grottavecchia gas concession covering approximately 13,160 acres and located onshore

	southern Italy, along the Adriatic coast. This concession is not currently producing, but development plans are in progress.
Expiry date	This concession is scheduled to expire in 2018, with the intention to be renewed to align with the Company's future development plans.

San Teodoro concession

Description	The Corporation owns 100% working interest in the San Teodoro gas concession covering approximately 14,640 acres and located onshore southern Italy, along the Adriatic coast. This concession is not currently producing, but development plans are in progress.
Expiry date	This concession is scheduled to expire in 2019, with the intention that it be renewed to align with the Company's future development plans.

Torrente Cigno concession

Description	The Corporation owns 45% working interest in the Torrente Cigno gas and condensate concession covering approximately 38,163 acres and located onshore southern Italy, along the Adriatic coast. At Torrente Cigno, current production from one well is approximately 470 MCF/D.
Expiry date	This concession is scheduled to expire in 2019, with the intention that it be renewed to align with the Company's additional development plans.

Misano concession

Description	The Corporation owns 100% working interest in the Misano Adriatico gas concession covering approximately 18,610 acres and located onshore central Italy, along the Adriatic coast. Current production from one well is approximately 50 MCF/D.
Expiry date	This concession is scheduled to expire in 2020.

Sant'Andrea concession

Description	The Corporation owns 40% working interest in the Sant'Andrea gas concession covering approximately 40,605 acres and located onshore northern Italy, along the Adriatic coast. Current production from one well is approximately 45 MCF/D.
Expiry date	This concession is scheduled to expire in 2022.

Masseria Petrilli concession

Description	The Corporation owns 50% working interest in the Masseria Petrilli gas concession covering approximately 29,227 acres and is located onshore southern Italy, along the Adriatic coast. Current production from one well, Torrente Salsola 3, is approximately 20 MCF/D, with Zenith's working interest of 100%.
Expiry date	This concession is scheduled to expire in 2020.

Masseria Acquasalsa concession

Description	The Corporation owns 8.8% working interest in the Masseria Acquasalsa gas concession covering approximately 10,200 acres and located onshore southern Italy, along the Adriatic coast. Current production from one well is approximately 42 MCF/D.
Expiry date	This concession was due to expire during 2014 but the Corporation has requested an additional ten year extension which is currently being evaluated by the competent authorities.

Lucera Concession

Description	The Corporation owns 13.6% working interest in the Lucera gas concession covering approximately 38,514 acres and located onshore southern Italy, along the Adriatic coast. At Lucera, current production from 3 wells is approximately 540 MCF/D.

Expiry date	This concession is scheduled to expire on 2017, but the Operator will apply for an additional ten year extension in view of the remaining recoverable reserves.

San Mauro concession

Description	The Corporation owns 18% working interest in the San Mauro gas concession covering approximately 6,257 acres and located onshore southern Italy, along the Adriatic coast. Current production from one well is approximately 200 MCF/D.
Expiry date	This concession is scheduled to expire in 2020.

Decommissioning obligation

The Company recognizes a decommissioning obligation in the period in which a well is drilled or acquired and a reasonable estimate of the future costs associated with removal, site restoration and asset retirement can be made. The estimated decommissioning obligation is recorded with a corresponding increase in the carrying amount of the related cost centre.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. In a cautionary way the carrying amount of the obligation associated with the reclamation and abandonment of the Company's oil and gas properties is indicated in the Audited Consolidated Financial Statements. The amount as at March 31, 2015 is CAD $5,779,799.

THREE YEAR HISTORY

April 1, 2012 to March 31, 2013

Corporate

On June 28, 2012, the Company issued 5,250,000 units at a price of $0.06 per unit, for aggregate cash proceeds of $315,000. Each unit consists of one common share and one warrant exercisable at $0.10 per share until June 27, 2013. In addition, the Company paid a finder's fee of 244,000 warrants with the same terms as the unit warrants.

On July 11, 2012, the Company issued 2,358,334 units at $0.06 per unit for aggregate cash proceeds of $141,500. Each unit consists of one common share and one warrant exercisable at $0.10 per share until July 11, 2013. In addition, the Company paid a finder's fee of $13,080 cash and 218,000 warrants with the same terms as the unit warrants.

On August 6, 2012, the Company issued 2,166,666 units at $0.06 per unit for aggregate cash proceeds of $130,000. Each unit consists of one common share and one warrant exercisable at $0.10 per share until August 6, 2013. Of the total units issued, 1,000,000 units were purchased by a corporation whose owner is a director of the Company.

On November 15, 2012, the Company issued 2,948,999 units at $0.06 per unit for aggregate cash proceeds of $176,940. Each unit consists of one common share and one warrant exercisable at $0.10 per share until November 15, 2014. Of the total units issued, 833,333 units were purchased by a corporation whose owner is a director of the Company.

On December 7, 2012, the Company issued 3,333,000 units at $0.06 per unit for aggregate cash proceeds of $199,980. Each unit consists of one common share and one warrant exercisable at $0.10 per share until December 7, 2014. In addition, the Company paid a finder's fee of $10,024.

On February 15, 2013, the Company issued 7,610,000 units at $0.06 per unit for aggregate cash proceeds of $456,600. Each unit consists of one common share and one warrant exercisable at $0.10 until February 15, 2015. Of the total units issued, 1,833,333 units were purchased by the President and CEO of the Company.

On March 4, 2013, the Company issued 3,566,666 units at $0.06 per unit for aggregate cash proceeds of $214,000. Each unit consists of one common share and one warrant exercisable at $0.10 until March 4, 2015.

April 1, 2013 to March 31, 2014

Corporate

On June 1, 2013, Zenith and a third party lender amended the terms of a USD $2,000,000 loan payable. The Company obtained this loan on January 20, 2011, from a private lender. The loan payable is secured by the shares of its wholly owned subsidiary, IPP, and bears fixed interest at a rate of 10% per annum.

On September 6, 2013, the Company's shareholders approved a 10 for 1 share consolidation of the Company's equity instruments comprised of common shares, warrants and stock options. All equity instrument figures presented herein are on a post-consolidated basis. On September 20, 2013, the Company completed the private placement of 750,000 units at $0.20 per unit for gross proceeds of $150,000. Each unit is comprised of one common share and one warrant exercisable at $0.25 until September 20, 2015. In connection with the unit private placement, the Company paid a finder's fee of $15,471 and incurred $17,181 of additional share issue costs.

On October 3, 2013, Zenith announced that it had taken all the appropriate steps to be included in the list of recognized traders of crude oil with the Libyan National Oil Company ("**NOC**"). Negotiations with NOC were focused on two opportunities: 1) the potential inclusion on the list of the recognized traders of crude oil with the NOC, and 2) the application to get access to producing fields that were temporarily shut-in. In terms of the second opportunity, Zenith saw a good opportunity in Libya since oil production had diminished considerably due to the poor upkeep of oil fields and the state of disarray in the country. Most exports to foreign countries have been temporarily suspended due to lower output and Zenith still intends to concentrate its efforts toward the acquisition and advancement of early stage exploratory acreage as well as the resumption of operations of temporarily suspended fields. The Company has continued negotiation with the NOC and has applied again to be included in the yearly list of recognized oil traders for 2014.

In November 2013, the Company received $100,000 proceeds in respect of a non-brokered private placement for which the shares were issued upon receipt of approval from the TSX Venture Exchange in February 2014. Pursuant to this private placement, 400,000 common shares at $0.25 per share were issued to an insider of the Company.

On December 18, 2013, Zenith announced that it had entered into a financial advisory agreement with Somerley Limited ("**Somerley**") to assist the Company with raising approximately USD $9.0 million. Somerley is a specialized financial services company based in Hong Kong and one of the leading financial advisors on public and private transactions in Hong Kong. The terms of the capital raise were not determined, but in general, the agreement provided for the payment of a fee on the successful completion of a transaction, and a one-time mobilization work fee in shares. In accordance with the terms of the agreement, the Company agreed to issue 313,610 common shares to Somerley for advisory services already rendered totaling USD $50,000 in accordance with the agreement, such shares being issued at the market price of the Company's common shares. Somerley was unsuccessful in raising funds at this time and thus the agreement was terminated.

On February 19, 2014, the Company issued 313,610 common shares as payment for services valued at $59,586 based on the $0.19 market price of the Company's shares on the date of issuance.

On March 7, 2014, the Company issued 1,600,000 common shares to Global Resources Investment Trust plc ("**GRIT**"), an unrelated party, in exchange for 222,000 GRIT shares. The share exchange was recognized at the £1.00 quoted market price of the GRIT shares on the date of issuance, being £222,000 (CAD $411,699). The GRIT shares have been listed for trading on the London Stock Exchange.

Italy

On June 6, 2013, the Company completed the acquisition of various working interests in 13 Italian producing and exploration properties (the "Assets") from MOG (the "**MOG Transaction**") after receiving the final approval from the Italian Ministry of Economic Development to the change of ownership.

Upon completion of the MOG Transaction the Company (i) paid MOG the sum of €100 as consideration for the acquisition of MOG's working interests in the Assets; (ii) assumed the liability for all future plug-in and abandonment of wells plus site remediation costs associated with the Assets; (iii) received €1,250,000 (approximately CAD $1,701,250) as a partial contribution towards the future plug-in and abandonment of wells plus site remediation costs for the Assets; and (iv) an initial advance of €104,000 ($142,200), for a portion of the revenue MOG received from the Assets during the period between the August 24, 2012 effective date of the acquisition and the June 6, 2013 closing date, net of allowable operating costs, agreed capital expenditure associated with the Assets and certain deposits for future capital expenditures.

The Assets are comprised of (i) 6 operated onshore gas production concessions, (ii) 3 non-operated onshore gas production concessions: Masseria Acquasalsa and San Mauro (18% working interest) (collectively, the "**Gas Licenses**"); (iii) an operated exploration permit: Montalbano (the "**Exploration Permit**"); and (iv) 3 exploration permit applications: Serra dei Gatti, Villa Carbone and Colle dei Nidi (the "**Exploration Applications**").

The current average daily gas production from the Gas Licences is approximately 487 MCF per day (13,800 m3/day).

Most of the Gas Licenses are located in the southern part of continental Italy in the Regions of Puglia, Basilicata, Molise, Abruzzo and Marche. This is the same area where Zenith was awarded 2 gas producing concessions by the Italian Ministry of Economic Development. These concessions, Torrente Vulgano and Canaldente, are respectively located in the Regions of Puglia and Basilicata.

The Exploration Permit and Exploration Applications acquired are located in the south of Italy and encompass approximately 1,285.41 square kilometres.

Italy ranks as the 8th largest producer of oil & gas in Europe with 8,400 billion m3 (296,646 Bcf) of annual natural gas production. Current European pricing metrics offer a premium to North American commodity prices, with current cost per MCF of approximately CAD $9.91, compared to North American pricing of approximately CAD $4.10 (*National Energy Board*).

RESTATEMENT OF MARCH 31, 2014 CONSOLIDATED FINANCIAL STATEMENTS

Management identified the following errors related to the March 31, 2014 consolidated financial statements which were ultimately corrected in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors":

(a) The Company used a spot-rate rather than a credit-adjusted rate in the calculation of the fair value of the decommissioning obligation of the Company's Italian assets on the acquisition date. The restatement of the Company's March 31, 2014 consolidated financial statements for this error resulted in a $918,361 increase in property and equipment, a $7,580,941 reduction in decommissioning obligation, a $2,337,308 increase in deferred tax liability, a $326,502 reduction in accumulated other comprehensive loss and a $5,835,492 reduction of deficit related to a corresponding increase in the gain recognized on the acquisition.

(b) The Company did not include certain pre-acquisition capital expenditures related to the Italian assets in the business combination. The inclusion of these pre-acquisition capital expenditures in the business combination resulted in a $390,354 decrease in property and equipment ($23,545 relates to foreign currency translation), a $96,837 decrease in deferred tax liability, a $28,224 increase in accumulated other comprehensive loss and a $265,293 increase in deficit related to a $4,679 decrease in depletion expense, a $265,936 decrease in the gain recognized on the acquisition and a $4,036 reduction in the recovery of income taxes.

(c) Based on a change in the discount rate used in the fair value measurement of the decommissioning obligation on the date of acquisition to a long-term risk-free rate based on the expected timing of cash flows of the decommissioning obligation under IAS 37, there was a $4,814,501 increase in the decommissioning obligation associated with the acquired assets (comprised of a $4,621,935 measurement adjustment and $192,566 of foreign exchange) and a $1,271,032 decrease in the deferred tax liability offset by the recognition of a corresponding $4,621,935 measurement adjustment, a $1,271,032 increase in the deferred tax recovery and $192,566 decrease in exchange differences on translation of foreign operations in the consolidated statements of income (loss) and comprehensive income (loss).

(d) The Company miscalculated the year end decommissioning obligation which, combined with the impact a revision to the long-term risk free rate, resulted in a $2,211,931 reduction in property and equipment, a $3,348,815 reduction in decommissioning obligation, a $122,060 increase in deferred tax liability, a $1,124,846 reduction in accumulated other comprehensive loss and a $110,022 increase in deficit related to corresponding changes in depletion, accretion and deferred tax expense.

Notes 8, 9, 15, 16, 20, 21 and 28 of the March 31, 2015 consolidated financial statements were restated to reflect the adjustments described above.

April 1, 2014 to March 31, 2015

Corporate

On July 30, 2014, the maturity date of the USD $2,050,000 loan payable was amended to June 1, 2016 and the repayment terms were amended to require all accrued and unpaid interest up to June 1, 2015 paid in full by June 1, 2015, then equal monthly installments of principal and interest until June 1, 2016. The Company also pledged the shares of its wholly owned subsidiary, IPP, as security for the loan payable.

During the year ended March 31, 2015, the Company issued a total of 15,529,984 units at $0.15 per unit for gross proceeds of $2,329,498. Each unit is comprised of one common share and one warrant exercisable at $0.25 per share for a period of 36 months from the date of issuance. In connection with the unit private placement, the Company incurred $45,850 of issuance costs, paid finder's fees of $135,940 and issued a total of 873,868 finder's warrants exercisable at $0.25 for a period of 36 months from the date of issuance. Officers and directors of the Company subscribed for an aggregate of 1,716,665 units for gross proceeds of $257,500.

On September 12, 2014, the Company announced the completion of the Replacement and Conversion Agreement which was entered into between Zenith and each of the holders of the Company's outstanding 9% unsecured convertible notes (principal amount $1,080,000 Swiss Francs) dated January 11, 2012 (the "**Notes**"). Pursuant to the terms of the Replacement and Conversion Agreement, the holders of the Notes agreed to cancel their Notes in exchange for the issuance by Zenith of replacement notes, which are convertible into common shares at a deemed price of $0.215 per share (the "**Replacement Notes**"). In accordance with the terms of the Replacement and Conversion Agreement, the holders of approximately 42% (principal amount $460,000 Swiss Francs) of the Replacement Notes converted the principal amount of such Replacement Notes into common shares of Zenith, resulting in the issuance of an aggregate of 2,510,058 common shares of Zenith.

On December 12, 2014, the Company extended the maturity date of the remaining$620,000 Swiss Francs of unsecured convertible notes to January 11, 2016. On March 30, 2015, the Company further extended the maturity date of the convertible notes to January 11, 2017.

During the year ended March 31, 2015, the Company sold a total of 105,087 (2014 – nil) GRIT shares for proceeds of $55,981.

RECENT DEVELOPMENTS

Corporate

In May 2015, subject to regulatory approval, the Company completed a non-brokered private placement of 225,000 units at a price of GBP 1.00 per unit (approximately $1.84 per unit) for gross proceeds of GBP 225,000 (approximately $414,000). Each unit consists of one GBP 1.00

secured bond and six common share purchase warrants. Each common share purchase warrant entitles the holder thereof to purchase, subject to adjustment, one additional common share at an exercise price of $0.25 per share for a period of 36 months from the date of issuance. In connection with the private placement, the Company paid finder's fees of GBP 11,250 and granted 67,500 finder's warrants, exercisable at $0.25 for a period of 36 months from the date of issuance.

In May 2015, the Company repaid the $200,499 note payable including accrued interest with proceeds from the redemption of bonds acquired earlier in fiscal 2015.

In May 2015, the Company amended the loan payable repayment schedule and extended the maturity date from June 1, 2016 to August 30, 2016. Pursuant to the amended agreement, the Company will make repayments of principal and interest in the amount of USD $17,200 per month from June 1, 2015 to August 30, 2016, a USD $700,000 payment on November 30, 2015, a USD $1,000,000 payment on April 15, 2016 and a final payment of USD $389,597 on August 30, 2016.

In July 2015, the Company entered into an agreement to amend the terms of its unsecured convertible notes. Pursuant to the terms of the agreement, the conversion price was reduced from $0.215 per share to $0.125 per share and the rate of interest was reduced from 9% to 5%. The amended conversion price is based on the July 7, 2015 closing market price of the Company's shares. Furthermore, in July 2015, the Company sold USD $84,000 of Boden 2015 bonds at a market price conversion of USD $13.43 to Pesos.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Reference is made to the Corporation's Statement of Reserves Data and Other Oil & Gas Information dated effective March 31, 2015, the Report on Reserves Data by Qualified Reserves Evaluator dated April 1, 2015, prepared by Chapman Petroleum Engineering Ltd., independent petroleum reservoir engineers and the Report of Management and Directors dated July 20, 2015, all of which were prepared pursuant to NI 51-101 and filed on SEDAR on July 27, 2015. These documents are available on the SEDAR website at www.sedar.com and are incorporated by reference herein.

All of the Corporation's oil and gas reserves as at March 31, 2015 are attributable to the Don Alberto and Don Ernesto fields in Argentina and to the producing and non-producing gas fields in Italy.

The following tables summarize the Corporation's reserves at March 31, 2015.

SUMMARY OF OIL AND GAS RESERVES AS OF MARCH 31, 2015
(Forecast Prices & Costs)

	COMPANY RESERVES							
	Light and Medium Oil		Heavy Oil		Natural Gas (1)		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Reserves Category	MSTB	MSTB	MSTB	MSTB	MSTB	MSTB	MSTB	MSTB
PROVED								
Developed Producing (Argentina)	224	204	0	0	0	0	0	0
Developed Producing (Italy)	0	0	0	0	179	179	1	1
Developed Non-Producing	0	0	0	0	0	0	0	0
Undeloped	0	0	0	0	0	0	0	0
TOTAL PROVED	**224**	**204**	**0**	**0**	**179**	**179**	**1**	**1**
PROBABLE (Argentina)	633	576	0	0	0	0	0	0
PROBABLE (Italy)	0	0	0	0	7.331	7.331	102	102
TOTAL PROVED PLUS PROBABLE	**857**	**780**	**0**	**0**	**7.510**	**7.510**	**103**	**103**

Reference: Item 2.1 (1) Form 51-101F1
Columns may not add precisely due to accumulative rounding of values throughout the report.
Note: 1 Includes associated, non-associated and solution gas where applicable.

SUMMARY OF NET PRESENT VALUES AS OF MARCH 31, 2015
(Forecast Prices & Costs)

BEFORE INCOME TAX

	Net Present Values of Future Net Revenue				
	0% yr.	5% yr.	10% yr.	15% yr.	20% yr.
Reserves Category	M$	M$	M$	M$	M$
PROVED					
Developed Producing (Argentina)	8.056	7.375	6.793	6.294	5.863
Developed Producing (Italy)	859	821	786	756	728
Developed Non-Producing	-	-	-	-	-
Undeloped	-	-	-	-	-
TOTAL PROVED	**8.915**	**8.196**	**7.580**	**7.050**	**6.591**
PROBABLE (Argentina)	23.773	17.509	13.360	10.504	8.467
PROBABLE (Italy)	72.624	32.664	18.802	12.578	9.209
TOTAL PROVED PLUS PROBABLE	**105.313**	**58.367**	**39.741**	**30.132**	**24.267**

AFTER INCOME TAX (1)

Reference Item 2.1 Form 51-101F1 M$ means thousand of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report

Notes (1) Company has sufficient tax pools to offset tax burdens

INDUSTRY CONDITIONS

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the various levels of governments, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect the operations of Zenith in a manner materially different than they would affect other oil and gas issuers of similar size. All current legislation is a matter of public record and Zenith is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements applicable to Zenith's oil and gas activities.

The company operates two oil fields in Argentina and also operates several producing natural gas and condensate fields in Italy. Both crude oil and natural gas are transported by pipeline to collection centers from which the hydrocarbons are transferred to purchasing companies. The condensate produced in Italy is transported by tanker trucks to purchasing companies' terminals.

In past years, Zenith's only customer has been ESSO Petrolera Argentina S.r.l., the fully-owned fuel distribution and retailer subsidiary of US oil major Exxon Mobil Corp.; this company was sold one year ago to Axion Energy Argentina SRL (Axion), a company owned by Bridas Corporation (an independent oil and gas company based in Argentina) and the China National Offshore Oil Corporation (CNOOC). Currently Zenith sells its oil to Axion.

In Italy, the Company has signed contracts with several purchasers of natural gas and condensate.

Between 2011 and 2012, 100% of Zenith's product was represented by crude oil; in subsequent years, gas and condensate production was also added.

In 2012, the Company acquired two shut-in gas properties in Italy, which are expected to commence production in the 2016 fiscal year. Additional environmental filings have been prepared and submitted to the local authorities in order to obtain permission to place these wells back on production.

In 2013, the Company acquired 9 onshore gas production concessions, 1 exploration permit and 3 exploration permit applications in Italy.

Between 2013 and 2015, the Company has further developed the Argentinean properties by way of workovers and development drilling activities and has commenced natural gas/condensate production in Italy.

Pricing and Marketing - Oil and Natural Gas

In general, the market determines the price of oil. The price depends in part on oil type and quality, price of competing fuels, distance to market, the value of refined products, supply/demand balance and other contractual terms.

In Argentina, crude oil is sold throughout the country at various market hubs that are connected to pipelines. From certain terminals crude is then sold to local markets or loaded onto oil tankers contracted by third parties and sold on the world market.

Zenith currently operates all the assets in which the Company has an interest. As a result, Zenith does not depend on other operators, other than its own contractors, for the operations of those assets.

The Brent price of crude oil (commonly considered the global benchmark price) starting in late 2014 experienced a sustained decline that rivalled some of the most dramatic oil price declines to date. When oil prices first started to fall, OPEC members had the opportunity to cut country production to support prices. However, members rejected that idea during their regularly scheduled meeting in November 2014, leaving OPEC's official crude production target unchanged at 30 MMbbl/day. In light of the news, the market responded with an immediate 10 percent decline in the price of WTI crude. The price drop put severe economic stress on oil producers around the world and has called into question the sustainability of alternative forms of energy production. There is growing concern that further steep declines in the price of oil may threaten the economic and political stability of certain oil-producing countries, but there is also hope that lower oil prices will add much needed strength to the global economy.

Should prices fall below the fiscal breakeven cost, oil-exporting countries will have to make up the shortfall by drawing on cash reserves or reducing expenditures. The collapse in oil prices may place certain producing countries under financial pressure and also potentially threaten the stability of their governments.

The oil price received by Zenith in Argentina is the result of complicated formulas that are set by refineries based on instructions or decrees from the government as crude oil and petroleum products prices in Argentina are capped by the government. The price for the oil produced in the Chubut province, called Escalante, has gradually increased from USD $42.00 per bbl in early 2010 to USD $63.00 per bbl in December 2013, followed by an increase to USD $67.00 per bbl for the majority of 2014. During the last several years, Argentina's domestic oil price remained significantly below the Brent and WTI crude oil benchmark prices. During 2014, the oil price for Escalante was set at USD $67 per barrel, while the Brent oil price sharply declined from approximately USD $110 per barrel to USD $49 per barrel. It is important to note that Argentina's regulators have set a floor of USD $60 per barrel for Escalante crude for 2015. This USD $60 pricing currently represents a premium when compared to recent WTI prices which fell below USD $40 a barrel in late August 2015. Zenith cautions investors that the oil price in Escalante is not guaranteed for 2016.

In Italy, the gas and condensate selling price is determined by a formula that currently uses the Platts posted prices for petroleum products as a reference point. This method of calculation is used for each individual contract and a contract is signed for each concession.

ROYALTIES, TAXES AND INCENTIVES

Argentina

Petrolera Patagonia SRL, has a concession over two fields, DON ALBERTO and DON ERNESTO that are registered in the Chubut's Mine Registrar as file 835-22 and 836-22. As both fields received governmental approval in 1919 and were notarized in 1922, they now enjoy the benefits of these legal terms, which allow more extensive and beneficial exploitation rights in perpetuity. Thanks to this, the company only pays royalties of 9% on production, while most companies that obtained subsequent concessions pay a royalty of 12% according to the regulation by article 59 of Hydrocarbons law 17.319.

Zenith is also exempt from paying additional taxes that directly affect companies in Argentina such as a 35% income tax (Law 20.628), and the local turnover tax, according to article 31 of the Appendix related to the oil regulation of the mine code law, that establishes that the companies that produce oil do not pay any other national, provincial or local tax other than royalties (decree 496/97).

The only taxes owed by the Company are the withholding taxes which are levied on behalf of Company employees for income taxes, social security and various other contributions.

Italy

In Italy, for onshore permits, the state royalty for both oil and gas is a maximum of 10%, with a provision that no royalties will be paid on yearly production less than 125,000 bbls of oil and 700 MMcf of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d). For offshore exploration permits, the state royalty on oil production is 4% with a provision that no royalties are paid on the first 300,000 bbls of oil production per year, per field. This represents a royalty-free production on the first 822 bbls of oil per day, per field. Offshore gas production is subject to a 7% royalty, but the first 1,750 MMcf per year, per field, or approximately 4.8 MMcf per day are also royalty-free *(Art.19 of Italian Legislative Decree 25 November 1996, n. 625).* In Italy, the corporate tax is a maximum of 32% and there are no restrictions on repatriation of profits *(Decree of the President of the Republic n. 917/1986).*

LAND TENURE

Argentina

Argentina offers a relatively stable political environment and an attractive investment climate for petroleum exploration. It should be noted that, in past years, the Argentinean government has set an objective to reindustrialize the country, restore the balance of payments, reduce inflation, and above all regain self-sufficiency for its oil and natural gas requirements. Until the early 1990s, Argentina was a net exporter of hydrocarbons and has since gradually become a net importer.

In April 2012, Argentinean President, Cristina Fernandez de Kirchner, introduced a bill that allowed the government to seize 51% share in the national oil company (YPF), which had been previously acquired by the Spanish oil company Repsol. In April 2015, the Argentine congress gave final approval to pay $5 billion (£3 billion) in compensation for Repsol's stake in YPF. This course of action has underlined the need for improvements to be made with respect to investment protection standards and thus a new attractive investment climate for investors has been implemented by the government. Both the federal government and the provinces encourage foreign participation in oil and gas exploration and production. Exploration permits are obtained through an application process which usually involves a multi-year program of seismic and drilling commitments, but does not require payment of signature bonuses or competitive bidding processes.

Italy

In Italy a permit for the exploration for oil and gas may be issued for the exploration of an area not exceeding 75,000 hectares. Applicants may obtain more than one permit to the extent that an aggregate permitted zone does not exceed 1,000,000 hectares.

A permit is granted for a period of six years and under certain conditions may be extended for two further periods of three years each. Upon the expiration of a permit's initial period, the permit area has to be reduced by 25% and, upon the expiration of the first renewed period, by a further 25%. Should the permit area be less than 30,000 hectares, these reductions do not apply.

A permit may be extended beyond twelve years if further time is required to complete the work obligations (and the delays have not been due to inactivity, carelessness or incapacity of the entity granted the permit). Such further extension is limited to one period with a term of one year. In case of expiration, waiver or loss of the permit, the holder will be entitled to apply for a new permit over the same zone only four years after the termination of the original permit.

Impact of Environmental Protection Regulations

The Corporation is subject to significant environmental and other regulations in respect of its operational activities in all jurisdictions and seeks to conduct its operations in an environmentally responsible manner and to maintain compliance with relevant regulations.

All elements of the oil and natural gas industry are associated with environmental risks and hazards that are subject to various environmental regulations pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation typically addresses, amongst other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. Legislation also typically requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation has been evolving in a manner that is expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

Given the evolving nature of climate change action and regulation, it is not possible to predict the nature of future legislation with respect to climate change or the impact on the Corporation, its operations and financial condition at this time.

Compliance with such legislation may require significant expenditures and a failure to comply may result in the issuance of "clean-up" orders or the imposition of fines and penalties, some of which may be material. It is possible that the costs of complying with environmental regulations in the future will have a material adverse effect on the Corporation's financial condition or results of operations. The Corporation may incur liabilities that could be material or require the Corporation to cease production on properties if environmental damage occurs.

Argentina

Environmental legislation in the Province of Chubut, Argentina, is governed by the Provincial Secretary for the Environment. The Corporation takes such steps as required to ensure compliance with the regulations of the province in which it operates.

Zenith is unable to predict the total impact of the potential regulations upon its business as different federal and regional programs may be implemented in the future.

Rehabilitation of individual field projects is completed progressively to ensure necessary rehabilitation restoration is kept to a minimum at any particular time.

Italy

A Legislative Decree setting forth amendments and additions to Legislative Decree No. 152 of April 3, 2006, which contained regulations governing environmental issues, pursuant to Article 12 of Law No. 69 of June 18, 2009 was published on August 11, 2010 in Issue No. 186 of the Official Gazette of the Italian Republic. These amendments included significant changes to Part II of Legislative Decree No. 152/2006, which dealt with the Environmental Impact Assessment procedure and the Integrated Environmental Authorization procedure respectively, as well as air quality protection regulations.

Part II of Legislative Decree 152/06 regarded the EIA (Environmental Impact Assessment) procedure. This amendment included all legislation relating to the procedures for requesting and release of the Integrated Environmental Authorization (AIA, LD 59/05 and subsequent amendments and additions). This has led to some changes in the existing text, including some variations of timing approval for the EIA. Great importance was given to monitoring, even after successful authorization. This amendment could prove quite negative, even with the introduction of additional mitigation conditions, as the governing authorities could order suspension of work or authorized activities, pending further determinations.

Specialized skills and Knowledge

Argentina

Since the acquisition of Don Alberto and Don Ernesto in Comodoro Rivadavia, the Company has established a team of local professionals specialized in crude oil production enhancement in mature fields.

Italy

Since having been assigned two shut-in properties in Italy, the company has established a team of local professionals specialized in natural gas production and environmental protection. With the acquisition of additional gas properties in Italy, the Company has recently expanded and enhanced its team of professionals to oversee this larger portfolio of properties.

Competitive Conditions

Argentina

Since 2013, Argentina has lost its energy self-sufficiency and it is now expected that unless extraordinary political and economic changes occur, the price of energy may increase.

Italy

The demand for natural gas in Italy is relatively constant; this situation allows the existence of a large spectrum of various sized operators to trade in normal conditions. Zenith will compete with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Zenith's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Zenith's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources. Zenith believes its competitive position is equivalent to that of other oil and gas companies of similar size and at a similar stage of development.

Cycles

During the last 50 years, demand for energy has been influenced by economic factors, with oil and gas prices varying markedly during this time.

Personnel

As at March 31, 2015, Zenith and its subsidiaries had 23 full time employees and 15 part time employees or consultants based in its offices in Buenos Aires and Comodoro Rivadavia, Argentina, and in Genoa, Italy.

The daily operations and maintenance of producing fields in Italy are managed, on behalf of Canoel Italia S.r.l., by a leading service company that employs more than 12 work units for the management of the wells. These numbers are not included in the roster of Zenith's employees.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in Zenith's other public filings before making an investment decision. If any of the following risks or other risks occur, Zenith's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted.

Operational Risks

Oil and natural gas development involves risk that even with a combination of experience, knowledge and evaluation, Zenith may not be able to overcome. The long-term commercial success of Zenith depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Zenith may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Zenith's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Zenith will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of Zenith may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations unfeasible. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Zenith.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit. Completion of a well does not assure a profit or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property as well as the environment or personal injury. In particular, Zenith may produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to Zenith. In accordance with industry practice, Zenith is not fully insured against all of these risks, nor are all such risks insurable. Although Zenith maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Zenith could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 and continued in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various governmental actions, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Although economic conditions improved towards the latter portion of 2009 and in 2010, the recovery from the recession has been slow in various jurisdictions and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and result in high volatility in stock markets.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by Zenith is and will continue to be affected by numerous factors beyond its control. Zenith's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Zenith may also be affected by uncertainty of deliverability, as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of Zenith's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of Zenith's reserves. Zenith might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Zenith's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of Zenith. These factors include economic conditions in the United States and Canada, the actions of OPEC, governmental regulation, political stability in the Middle East, the foreign supply of oil and gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on Zenith's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Zenith's current crude oil production in Argentina is subject to the pricing provisions set by the Argentine government, which provides for sales into the Argentine domestic market at rates which vary from those in the international market. While Zenith sells its oil to arm's length purchasers priced on a sale by sale basis, a portion of the oil produced by Zenith is required to be sold domestically in Argentina at rates that do not reflect the international spot market.

In recent years, the Argentinean Government has fixed the price for various grades of crude oil sold to the domestic market. As a producer, Zenith, through its wholly owned operating subsidiary Petrolera Patagonia srl, supplies crude oil, called Escalante, from its facilities at Don Alberto and Don Ernesto in the province of Chubut. During the last several years, Argentina's domestic oil prices remained significantly below the Brent and WTI crude oil benchmark prices. During 2014, the oil price for Escalante was set at USD $67 per barrel, while Brent oil prices have sharply declined from approximately USD $110 per barrel to USD $49 per barrel. In January 2015, Argentina's regulators set a floor price of USD $60 per barrel for Escalante crude for 2015. This USD $60 pricing currently represents a premium when compared to recent WTI prices which fell below USD $40 a barrel in late August 2015.

As mentioned in several news releases, Petrolera Patagonia is free from any contractual or regulatory obligations in Argentina and, despite recent changes in commodity prices, Zenith reiterates that it will stay the course with its budgeted capital expenditures within Argentina.

Today, with approximately 60% of the Company's current energy production selling at prices substantially higher than WTI or Brent crude, Zenith remains well positioned in the South American business community and continues to advance near term international opportunities to acquire additional production. Zenith's management and Board of Directors will continue to monitor the economic and political developments in Argentina in tandem with the current commodity prices, so as to maximize the Company's opportunities to develop its two 100% owned oil fields, which are exempt from corporate taxes.

Petroleum prices are expected to remain volatile in the near future as a result of market uncertainties over supply and demand. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank lending to Zenith may, in part, be determined by Zenith's borrowing base. A sustained material decline in prices could reduce Zenith's borrowing base, therefore reducing the bank credit available to Zenith which could require that a portion, or all, of Zenith's bank debt be repaid.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "**Industry Conditions**". Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase Zenith's costs, any of which may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, Zenith will require licenses from various governmental authorities. There can be no assurance that Zenith will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Environmental Concerns

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Zenith to incur costs to remedy such discharge. Although Zenith believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Argentina and Italy are signatories to the United Nations Framework Convention on Climate Change. Both countries have ratified the Kyoto Protocol and are thereby required to establish legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other "greenhouse gases". The Corporation may be subject to legislation in Argentina and Italy regulating emissions of greenhouse gases. The direct and indirect costs of complying with these emissions regulations may adversely affect the business of the Corporation. See "Industry Conditions– Impact of Environmental Protection Regulations".

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate. Many of the operational and other expenses incurred by Zenith are paid in US dollars, Argentine peso or Euros in Italy, the local currency of the country, where Zenith's foreign operations are performed. In recent years, the Canadian dollar has fluctuated materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact Zenith's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of Zenith's reserves as determined by independent evaluators.

To the extent that Zenith engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Zenith may contract. An increase in interest rates could result in a significant increase in the amount Zenith pays to service debt.

Substantial Capital Requirements

Zenith will require additional capital to fund the acquisition, exploration, development and production of oil and natural gas reserves in the future. Zenith's management will continue to consider various means of obtaining additional capital, within the context of existing market conditions (equity financings, debt, sale of assets, joint venture agreements or other) to further the exploration and development of the Company's properties and to provide sufficient working capital. The Corporation may not have access to the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. There is also no assurance that farmout or asset sales can be arranged. Moreover, future activities may require Zenith to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations and prospects.

Additional Funding Requirement

Zenith's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, Zenith may require additional financing in order to carry out its oil and gas acquisition, exploration, and development activities. Failure to obtain such financing on a timely basis could cause Zenith to forfeit its interest in certain properties, acquisition opportunities and reduce or termination operations. If Zenith's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, Zenith' ability to expend the necessary capital to replace its reserves or to maintain its production will be affected. If Zenith's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to Zenith. Continued uncertainty in domestic and international credit markets could materially affect Zenith's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on Zenith's ability to execute its business strategy and carry on its business, financial condition, results of operations and prospects.

Leverage and Restrictive Covenants

The ability of Zenith to make payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of Zenith. The degree to which Zenith is leveraged could have important consequences for shareholders including: (i) Zenith's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) all or part of Zenith's cash flow from operations may be dedicated to the payment of the principal of and interest on Zenith's indebtedness, thereby reducing funds available for future operations; (iii) Zenith's borrowings may be at variable rates of interest, which would expose Zenith to the risk of increased interest rates; and (iv) Zenith may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors could have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Issuance of Debt

From time to time Zenith may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase Zenith's debt obligations above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, Zenith may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither Zenith's articles nor its by-laws limit the amount of debt that Zenith may incur. But level of Zenith's debt obligations from time to time, could impair Zenith's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time Zenith may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Zenith will not benefit from such increases and Zenith may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time Zenith may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, Zenith will not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties). Demand for such limited equipment or access restrictions may affect the availability of such equipment to Zenith and may delay exploration and development activities.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat Zenith's claim which may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For these reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. Zenith's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, Zenith's independent reserves evaluators have used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flow derived from Zenith's oil and gas reserves will vary from the estimates contained in the reserve evaluations, and such variations may be material. The reserve evaluations are based in part on the assumed success of activities Zenith intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluations will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluations. The reserve evaluations are effective as of a specific effective date and have not been updated and thus do not reflect changes in Zenith's reserves since that date.

Insurance

Zenith's involvement in the exploration for and development of oil and natural gas properties may result in Zenith becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although Zenith maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, Zenith may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to Zenith. The occurrence of a significant event that Zenith is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Management of Growth

Zenith may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Zenith to manage growth effectively will require it to continue to implement and improve its operational financial systems and to expand, train and manage its employee's. The inability of Zenith to deal with this growth may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects.

Third Party Credit Risk

Zenith may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. If entities fail to meet their contractual obligations to Zenith, this may have a material adverse effect on Zenith's business, financial condition, and operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Zenith's ongoing capital program, potentially delaying the program and the results of such program until Zenith finds a suitable alternative partner.

Conflicts of Interest

Certain directors of Zenith are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the BCBCA – See "Directors and Executive Officers — Conflicts of Interest".

Reliance on Key Personnel

Zenith's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on Zenith's business, financial condition, results of operations and prospects. Zenith does not have any key person insurance in effect. The contributions of the existing management team to the immediate and near term operations of Zenith are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Zenith will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Zenith.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on Zenith's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found under the heading "Forward-Looking Statements" of this Annual Information Form.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings. In order to mitigate these risks, the Corporation has qualified technical and financial personnel, with experience in Argentina and Italy. Further, the Corporation has focused its foreign operations, and plans to target future foreign operations, in known and prospective hydrocarbon basins in jurisdictions that have previously established long-term oil and gas ventures with foreign oil and gas companies, and that have stable political and favourable fiscal environments. Additional risks and uncertainties not currently known to the management of the Corporation may also have an adverse effect on Zenith's business and the information set out below does not purport to be an exhaustive summary of the risks affecting Zenith.

Operational Risks

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Corporation.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

To the extent the Corporation is not the operator of its oil and gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent.

Zenith's success depends in large measure on the performance of its management and key personnel. The loss of the services of such key personnel or the inability to attract suitably qualified personnel in the future could have a material adverse effect on the Corporation's business. Difficulties may also be experienced in certain jurisdictions in employing and retaining qualified personnel who are willing to work in such jurisdictions.

The Corporation's ability to market oil and natural gas from its wells also depends upon numerous factors beyond its control, including, among other things, the availability of natural gas processing and storage capacity, the availability of pipeline capacity, the price of oilfield services and the effects of inclement weather. Zenith may be unable to market some or all of the oil and natural gas it produces or to obtain favourable prices for the oil and natural gas produced.

Competition

The petroleum industry is competitive. Zenith will compete with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Zenith's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Zenith's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources. Zenith believes its competitive position is equivalent to that of other oil and gas companies of similar size and at a similar stage of development.

Seasonality

The level of activity in the international jurisdictions where the Corporation is or is intending to be active is influenced by seasonal weather patterns. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines may delay the Corporation's activities and/or affect the prices for the Corporation's sales.

Risks Associated with Foreign Operations

International operations are subject to political, economic and other uncertainties, including, among others, risk of war, risk of terrorist activities, border disputes, expropriation, renegotiations or modification of existing contracts, restrictions on repatriation of funds, import, export and transportation regulations and tariffs, taxation policies including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes, sudden changes in laws, government control over domestic oil and gas pricing, and other uncertainties arising out of foreign government sovereignty over the Corporation's international operations. With respect to taxation matters, the governments and other regulatory agencies in the foreign jurisdictions in which Zenith operates and intends to operate in future may make sudden changes in laws relating to royalties or taxation or impose higher tax rates which may affect Zenith's operations in a significant manner. These governments and agencies may not allow certain deductions in calculating tax payable that Zenith believes should be deductible under applicable laws or may have differing views as to values of transferred properties. This can result in significantly higher tax payable than initially anticipated by Zenith. In many circumstances, re-adjustments to tax payable imposed by these governments and agencies may occur years after the initial tax amounts were paid by Zenith, which can result in the Corporation having to pay significant penalties and fines. Furthermore, in the event of a dispute arising from international operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Corporation operates in such a manner as to minimize and mitigate its exposure to these risks; however, there can be no assurance that Zenith will be successful in protecting itself from the impact of all these risks.

Foreign oil and gas operations involve substantial costs and are subject to certain risks owing to the underdeveloped nature of the oil and gas industry in such countries. The oil and gas industry in various countries is not as developed as the oil and gas industry in Canada and the United States. As a result, drilling and development operations may take longer to complete and may cost more than similar operations in Canada and the United States. The availability of technical expertise, specific equipment and supplies is more limited in various countries than in Canada and the United States. Such factors may subject oil and gas operations in other countries to economic and operating risks not experienced in Canada and the United States.

Variation in Foreign Exchange Rates and Interest

The Corporation's expenses on Canadian operations are denominated in Canadian dollars and a significant portion of the Company's international activities are conducted in Euros in Italy and in US dollars and Argentine Pesos in Argentina where the Company is exposed to changes in foreign exchange rates as operating expenses, capital expenditures, and financial instruments fluctuate due to changes in exchange rates. The Company does not use derivative instruments to hedge its exposure to foreign exchange risks.

Reserve Replacement

Zenith's future oil and gas reserves, production, and cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Existing reserves and production will decline over time without the continual addition of new reserves. A future increase in reserves will depend on Zenith's ability to develop any properties it may have from time to time and its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Zenith's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Economic Conditions

Unfavourable economic conditions may adversely affect the Corporation's development and exploration activities and can also increase the Corporation's financing costs, decrease revenues, limit access to capital markets and negatively impact any of the availability of credit facilities to the Corporation.

Possible Failure to Realize Anticipated Benefits of Future Acquisitions and Dispositions

Zenith may make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of any future acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that my adversely affect Zenith's ability to achieve the anticipated benefits of these and future acquisitions. Non-core assets may be periodically disposed of, so that Zenith can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, could be expected to realize less than their carrying value on Zenith's financial statements.

Environmental Concerns

The oil and natural gas industry is subject to environmental regulations pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or other penalties. Should the Corporation be unable to fully fund the cost of remedying an environmental problem, the Corporation might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

Abandonment and Reclamation Costs

Zenith will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and reclamation costs may be substantial. A breach of environmental legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

Geo-Political Risks

The marketability and price of oil and natural gas that may be acquired or discovered by Zenith is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle-East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Corporation's net production revenue.

In addition, Zenith's oil and natural gas properties, wells and facilities may be subject to a terrorist attack. If any of the Corporation's properties, wells or facilities are the subject of a terrorist attack it could have a material adverse effect on Zenith. The Corporation does not have insurance to protect against the risk from terrorism.

Dilution

Zenith may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive. Zenith may also issue additional Common Shares from time to time as the Board may determine pursuant to its stock option plan.

Expiration of Permits, Licenses and Leases

Zenith's properties are held in the form of permits, licenses, leases and working interests in permits, licenses and leases. If the Corporation or the holder of the permit, license or lease fails to meet the specific requirement of a permit, license or lease, the permit, license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each permit, license or lease will be met. The termination or expiration of the Corporation's permits, licenses or leases or the working interests relating to a permit, license or lease may have a material adverse effect on the Corporation's results of operations and business.

Price Volatility of Publicly Traded Securities

In recent years the securities markets in Canada and the United States have experienced a high level of volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in share price which has not necessarily been related to the operation performance of, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of the Corporation.

Delay in Cash Receipts

In addition to the expected time-lags in payment by producers of oil and natural gas to the operators of Zenith's properties, and by the operators to Zenith, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of Zenith's properties or the establishment by the operator of reserves for such expense.

Net Asset Value

Zenith's net asset value will vary dependent upon a number of factors beyond the control of Zenith management, including oil and natural gas prices. The trading prices of Common Shares are also determined by a number of factors which are beyond the control of management and such trading prices may be greater than or less than the net asset value of the Company.

Impact of Future Expenditures

The reserve values of Zenith's properties, as estimated by independent engineering consultants, are based in part on cash flows to be generated in future years as a result of future capital expenditures. The reserve values of Zenith's properties, as estimated by independent engineering consultants, will be reduced to the extent that such capital expenditures on such properties do not achieve the level of success assumed in such engineering reports.

Structure of Zenith

From time to time Zenith may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of Zenith and its subsidiaries. If the manner in which Zenith structures its affairs is successfully challenged by a tax or other authority, Zenith may be adversely affected.

Changes in Legislation

It is possible that the Canadian and international governments and provincial/state or regulatory authorities may choose to change the income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect Zenith and the market value of its Common Shares. In addition it is also possible that changes to legislation, which could adversely affect the market value of Zenith could occur in other jurisdictions where Zenith operates.

Additional Risks Relating to Argentinean Operations

Political Risks

Between 2010 and 2011, in the Province of Chubut where Zenith has its oil operations, there were isolated incidents where sporadic peaceful demonstrations targeting improved labour conditions disrupted day to day operations. Should such disruptions occur again, they could potentially have an impact on the cost or completion of Zenith's operations. Zenith has security protocols and policies in place to manage the eventualities possible. Zenith regularly assesses the situation in the context of what its plans are and how those plans may be impacted by the local and national conditions at that time. Although at present, Zenith is proceeding normally with its operational plans in the Don Alberto and Don Ernesto fields, it is possible that more disruptions may occur in the future.

Zenith's oil and gas operations in Argentina are subject to political, economic and other uncertainties. Those uncertainties include: (i) the risk of war, revolution, border disputes, expropriation, renegotiation or modification of existing contracts, import, export, and transportation regulations and tariffs resulting in loss of revenue, property and equipment; (ii) nationalization of assets by the Argentine government; (iii) taxation policies, including royalty and tax increases and retroactive tax claims; (iv) exchange controls, currency fluctuations and other uncertainties arising out of the Argentine government sovereignty over oil and gas properties; (v) laws and policies of Canada affecting foreign trade, taxation and investment; and (vi) the possibility of being subjected to the jurisdiction of Argentinean courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of the courts of Canada, all of which could adversely affect the outcome of a legal dispute. Political instability in Argentina could result in a new government or the adoption of new policies, laws or regulations that might exhibit a substantially more hostile attitude toward foreign investment in general or Zenith in particular. In an extreme case, such change could result in termination of contract rights (including, without cause) and expropriation or nationalization of assets owned by foreign entities. Any such activity could result in significant loss to Zenith. In addition, Zenith may be at a disadvantage in that it may be required to compete against corporations or other entities from countries that are not subject to Canadian laws and regulations, including the Corruption of Foreign Public Officials Act (or similar legislation of other jurisdictions, including the United States Foreign Corrupt Practices Act).

Furthermore, international oil and gas operations in Argentina involve substantial costs and are subject to certain risks. The availability of technical expertise, specific equipment and supplies is more limited in Argentina than in Canada. Such factors may subject oil and gas operations in Argentina to economic and operating risks not experienced in Canada.

Requirements for Permits and Licenses

The operations of Zenith in Argentina require licenses, permits and in some cases renewals of existing licenses and permits from the Government of Argentina. Zenith believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities, which it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licenses and permits. However, the ability of Zenith to obtain, sustain or renew such licenses or permits on acceptable terms is subject to change in regulations and policies and to the discretion of the government.

Argentinean Legal System

Argentina has a legal system slightly different from the Canadian system. This may result in risks such as: (i) effective legal redress in the courts of such jurisdiction, whether in respect of a breach of law or regulation, or, in an ownership dispute, being difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders or resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

In addition, the commitment of local businesspeople, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for businesses. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance the joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of an enforcement of such arrangements in Argentina cannot be assured. As a result of the local infrastructure present in Argentina, the land titles systems are not developed to the extent found in other nations. Although Zenith believes that it has good title to its oil and gas properties, there is little it can do to mitigate this risk.

Tax Risks Related to Argentinean Operations

Zenith pays relatively low taxes or royalties on production from the Don Alberto and Don Ernesto fields. Going forward, potential changes in the tax and/or royalty system could have a significant impact on the tax payable by Zenith.

Additional Risks Relating to Italian Operations

Political Risks

Geologically, all the concessions are located in secure locations. In recent years, there has been no event, except for the earthquake of 2012 in Emilia Romagna, which did not, however, affect the concession of Misano Adriatico.

Zenith's condensate and gas operations in Italy are subject to political, economic and other uncertainties. Those uncertainties include: (i) the risk of war, revolution, border disputes, expropriation, renegotiation or modification of existing contracts, import, export, and transportation regulations and tariffs resulting in loss of revenue, property and equipment; taxation policies, including royalty and tax increases and retroactive tax claims; (ii) exchange controls, currency fluctuations and other uncertainties arising out of the Italian government sovereignty over oil and gas properties; (iii) laws and policies of Canada affecting foreign trade, taxation and investment; and (iv) the possibility of being subjected to the jurisdiction of Italian courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of the courts of Canada, all of which could adversely affect the outcome of a legal dispute. The political situation in Italy is stable and at the moment any risk that might exhibit a substantially more hostile attitude toward foreign investment in general, or Zenith in particular, it is unlikely.

Requirements for Permits and Licenses

The operations of Zenith in Italy require licenses, permits and in some cases renewals of existing licenses and permits from the Government of Italy. Zenith believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities, which it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licenses and permits. However, the ability of Zenith to obtain, sustain or renew such licenses or permits on acceptable terms is subject to change in regulations and policies and to the discretion of the government.

Italian Legal System

Italy has a legal system which is similar to the Canadian system.

There are however some possible risks, such as inconsistencies or conflicts between and within various laws, regulations, decrees, orders or resolutions. Although Zenith believes that it has good title to its gas properties, there is little it can do to control this risk.

Tax Risks Related to Italian Operations

In Italy, for onshore permits, the state royalty on production of both oil and gas is a maximum of 10%, with a provision that no royalties are paid on yearly production less than 125,000 bbls of oil and 700 MMcf of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d). At the present time, Zenith does not pay any state royalties since all its producing fields fall below the minimum royalty threshold. The corporate tax is a maximum of 32% and there are no restrictions on repatriation of profits.

DIVIDENDS OR DISTRIBUTIONS

Zenith has not declared or paid any cash dividends or distributions to shareholders in the past three years. The future payment of dividends or distributions will be dependent upon the financial condition of the Corporation and other factors which the Board of Directors may consider appropriate in the circumstances.

DESCRIPTION OF SHARE CAPITAL

Zenith is authorized to issue an unlimited number of Common Shares, of which 29,292,081 were issued and outstanding as of March 31, 2015 and for the same amount are issued and outstanding as at the date hereof. Zenith is authorized to issue an unlimited number of preferred shares, issuable in series, of which none have been issued as of the date of this Annual Information Form.

Common Shares

The holders of Common Shares are entitled to receive notice of, to attend and vote at any meetings of the Shareholders, to receive such dividends declared by Zenith and to receive the remaining property of Zenith on dissolution after creditors of Zenith and holders of the preferred shares outstanding at the time have been satisfied.

Preferred Shares

Zenith is authorized to issue an unlimited number of preferred shares issuable in series, each series consisting of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. With respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of Zenith, the preferred shares are entitled to preference over the Common Shares and any other shares ranking junior to the preferred shares and may also be given such other preferences over the Common Shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of each series.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX Venture Exchange ("**Exchange**") under the symbol, "ZEE".

The following table sets out the price range for, and trading volume of, the Common Shares as reported by the Exchange for each month during the year ended March 31, 2015:

Price Range (March 2015 to April 2014)
High Low Volume
(Canadian Dollars)

2015		High	Low	Volume
	August	0.095	0.09	22,345
	July	0.125	0.095	99,670
	June	0.14	0.12	426,250
	May	0.135	0.095	350,500
	April	0.14	0.09	425,900
	March	0.14	0.12	540,524
	February	0.15	0.11	348,300
	January	0.15	0.14	85,984

Price Range (March 2015 to April 2014)
High Low Volume
(Canadian Dollars)

2014		High	Low	Volume
	December	0.16	0.12	720,150
	November	0.15	0.12	656,395
	October	0.15	0.125	335,500
	September	0.27	0.145	544,17
	August	0.28	0.24	26,200
	July	0.35	0.25	206,650
	June	0.30	0.22	180,645
	May	0.22	0.18	66,700
	April	0.245	0.20	125,550

PRIOR SALES

The following table summarizes each class of securities of the Corporation's outstanding as of March 31, 2015, but not listed or quoted on a marketplace and that were issued in the most recently completed financial year, the price at which the securities were issued, the number and description of the securities issued and the dates such securities were issued.

	Registration	Number of Warrants	Price per warrant	(CAD$)	Expiry Date
Warrants	September-13	825,000	0.25	206,250	September-15
Warrants	April-14	103,466	0.25	25,867	April-17
Warrants	May-14	5,613,035	0.25	1,403,259	May-17
Warrants	June-14	1,817,332	0.25	454,333	June-17
Warrants	July-14	1,293,334	0.25	323,334	July-17
Warrants	December-14	2,822,426	0.25	705,607	December-17
Warrants	January-15	1,629,859	0.25	407,465	January-18
Warrants	February-15	3,124,400	0.25	781,100	February-18
TOTAL WARRANTS		**17,228,852**		**4,307,213**	

SECURITIES

(a) GRIT shares

As of March 31, 2015, the Company held 116,913 GRIT shares with a fair value of £18,122 (CAD $34,130) (2014 –222,000 GRIT shares with a fair value of £205,350 (CAD $378,460)). During 2015, the Company recognized a $135,910 loss (2014 - $nil) on the sale of marketable securities, a $161,560 loss (2014 – $30,686 loss) on the fair value of the marketable securities and a $9,121 gain (2014 – $2,553 loss) on foreign exchange in the consolidated statements of income (loss) and comprehensive income (loss).

(b) Bonds

During the year ended March 31, 2015, the Company acquired USD $160,000 (CAD $202,863) of government issued bonds in Argentina. The bonds bear interest at a fixed rate of 7% per annum payable semi-annually, calculated on the basis of a 360 day year, and mature on October 3, 2015 with early redemption permitted at the option of the holder. The Company redeemed a portion of the bonds in May 2015 and used the related proceeds to repay notes payable.

NOTES PAYABLE

As at March 31, 2014, the Company had USD $340,000 of notes payable outstanding secured by a mortgage on the oil and natural gas properties in Argentina and bearing interest at a fixed rate of 11%. The notes were to mature at various dates between October 2013 and October 2014, at which time accrued interest also became payable.

During the year ended March 31, 2015, the Company repaid USD $241,330 (CAD $274,642) (of notes payable plus related accrued interest (2014 – USD $60,000 (CAD $87,004)).

As at March 31, 2015, the Company had USD $98,670 (CAD $125,143) of notes payable outstanding and the balance of the note payable is $200,499 including accrued interest (2014 – $374,068). The Company repaid the balance of the note payable including accrued interest in May 2015 with proceeds from the redemption of bonds.

LOAN PAYABLE

As at March 31, 2015, the Company had a USD $2,050,000 loan payable outstanding bearing interest at 10% per annum and maturing on June 1, 2016. Based on the terms of the loan payable in effect on March 31, 2015, $2,166,679 (2014 – $1,888,221) of principal is classified as a current liability; $433,336 (2014 – $377,644) of principal is classified as long-term and $166,641 (2014 – $131,285) of accrued interest is included in traded and other payables. In May 2015, the terms of the loan payable were further amended to extend the maturity date to August 30, 2016 and revise the repayment schedule

SWISS FRANC NOTES

On March 30, 2015, the Company extended the maturity date of its Swiss Franc convertible notes to January 11, 2017. As at March 31, 2015, the Company held $620,000 Swiss Francs (CAD $809,505) of unsecured convertible notes bearing interest at 9% per annum, convertible at $0.215 per share and maturing on January 11, 2017.

In July 2015, subject to approval by the TSX Venture Exchange, the Company entered into an agreement to reduce the conversion price from $0.215 per share to $0.125 per share (based on the July 7, 2015 closing market price of the Company's shares) and reduce the rate of interest from 9% to 5% per annum.

WARRANTS

	Number of warrants	Weighted average exercise price
Balance – March 31, 2013	3,955,870	$ 1.11
Unit private placements	750,000	0.25
Finder's fees	75,000	0.25
Expired	(2,152,503)	(1.03)
Balance – March 31, 2014	2,628,367	$ 0.85
Unit private placements	15,529,984	0.25
Finder's fees	873,868	0.25
Expired	(1,803,367)	(1.13)
Balance – March 31, 2015	17,228,852	$ 0.25

As at March 31, 2015, the Company had 17,228,852 warrants outstanding and exercisable at a weighted average exercise price of $0.25 per share with a weighted average life remaining of 2.36 years.

STOCK OPTIONS

The Company has a stock option plan (the "**Plan**") for the benefit of directors, employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued and outstanding common shares at the time of granting options. Granted options are fully vested on the date of grant, at which time all related share-based payment expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss). Stock options expire five years from the date of granting.

	Number of options	Weighted average exercise price
Balance – March 31, 2013	280,000	$ 1.11
Expired	(66,000)	(1.00)
Balance – March 31, 2014	214,000	1.14
Expired	(39,000)	(1.77)
Balance – March 31, 2015	175,000	$ 1.00

As at March 31, 2015, the Company had a 175,000 stock options outstanding and exercisable at a weighted average exercise price of $1.00 per share with a weighted average life remaining of 0.7 years.

DIRECTORS AND OFFICERS

The following table sets forth the name, residence, position with Zenith, time served as a director (if applicable) and the principal occupation during the last five years of each director and officer of Zenith. Directors are elected at the annual meetings of shareholders and serve until the next annual meeting or until a successor is elected or appointed. The board of directors presently consists of six directors.

Name, Residence and Position with the Corporation	Director Since	Principal Occupation	No. of Common Shares owned or controlled
Jose Ramon Lopez-Portillo (1) (2) Oxford, England Chairman and Director	September 24, 2008	Past Ambassador and Minister of Mexico, Mr. Lopez-Portillo has been the Chairman of the United Nations Food and Agricultural Organisation (FAO) for two terms. Founder and Coordinator of the Centre for Mexican Studies at Oxford University since 2002. Organizer of an annual conference and seminar on energy security in Mexico at Oxford. Mr. Lopez-Portillo holds a Doctorate degree in Political Sciences and International Relations from Oxford University.	48,000 direct ownership
Luigi (Gino) Regis Milano (2) (3) Genoa, Italy Director and Interim CFO	September 24, 2008	Mr. Regis Milano has been a director and part owner of D.P.L. S.r.l. an Italian oil refinery, since 2000. Mr. Regis Milano has a background in petroleum chemistry. In the 80's and the 90's he has been the executive director of a large trading company, specializing in crude oil and petroleum products, and the executive director of a large European refinery.	419,166 indirect ownership through an affiliated entity, Pole Position S.r.l.
Andrea Cattaneo (3) London, England Director, President and CEO	December 9, 2008	Mr Cattaneo began his career in trading with Comecon; subsequently moved into banking where he specialized in sovereign loans, capital markets, and trade finance with western and emerging countries, principally socialist countries in Africa, Eastern Europe and Asia. In 1986, he organised the first loan to	1,402,210 direct ownership

		Vietnam completed after the war. After that, he moved to petroleum trading and exploration. He had experience in stock-broking and manufacturing. He has thirty years of experience in advising governments in financial and energy related matters. He has been a Member of the Business Advisory Council to the Great Tumen Initiative, a project, sponsored by the United Nations Development Program, involving China, Mongolia, Russia, North Korea and South Korea. In a non-business capacity, in 2007, he organized in Genoa the first worldwide exhibition of artists from North Korea. He is a director of the Calgary International Film Festival. He is partner of the Bolsa de Comercio de Buenos Aires (BCBA), the Buenos Aires Stock Exchange. Since 2009 he has been the President & CEO of the Company.	
Dario E. Sodero (1) (3) Calgary, Alberta, Canada Director	June 24, 2009	President of Planaval Resources Ltd., a private consulting company, Mr. Sodero holds a Doctorate degree in Geology from the University of Turin, Italy. He has held management positions with several public companies listed on the TSX, TSX-V and Alberta Stock Exchange since the early 1980's. President of CYGAM Energy Inc. until April 2011. Director of CYGAM Energy Inc. from October 2005 to September 2012. Director of RockBridge Resources Inc., a publicly traded oil and natural gas company from January 2011 to present.	61,000 indirect ownership through an affiliated entity, Planaval Resources Ltd.
Francesco Zofrea (1)(2) Rome, Italy	June 24, 2009	Mr. Zofrea is an engineer with an outstanding career in the ENI	Nil

Director		Group, the major state controlled Italian oil company. Up to 2011, he was the Chairman of Enipower Spa, the electricity generating company of the group. Prior to this, he was for 12 years the Managing Director of Agip Petroli Spa, the ENI arm for downstream activities and for 10 years the President and CEO of ENI Technologie Spa, the ENI holding company for technical research.	
Erik Larre, (1) Oslo, Norway Director	March 22, 2011	Mr. Larre holds a Master degree in Civil Engineering from the Polytechnic University of Milan, Italy. He specializes in real estate, banking and finance, and has experience in oil and gas. He has a wide geographical experience in many countries in East Europe, Southern Europe and the Middle East.	4,918 direct ownership and 2,136,295 indirect ownership through an affiliated entity, Tonsenhagen Forretningssentrum AS

Notes:
(1) Audit Committee member.
(2) Remuneration Committee member.
(3) Corporate Governance Committee member.

As of the date hereof, the directors and officers of the Corporation, as a group, own or control, directly or indirectly 4,068,589 Common Shares representing approximately 13.89% of the issued and outstanding Common Shares. The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers of the Corporation individually.

Corporate Cease Trade Orders

To the knowledge of management, none of the directors or officers, is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, including the Corporation, that was subject to a cease trading order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of management, no director or executive officer or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (i) is, as the date of this AIF, or has been within the past 10 years, a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of management, none of the Corporation's directors or executive officers, nor any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

LEGAL PROCEEDINGS

Management of the Corporation is not aware of any existing or contemplated legal proceedings to which Zenith or its subsidiaries is or was a party to, or that any of the Corporation's property is or was the subject of, during the most recently completed financial year, that were or are material to the Corporation.

CONFLICTS OF INTERESTS

There are potential conflicts of interest to which the directors and officers of Zenith will be subject in connection with the operations of Zenith. In particular, certain directors and officers of Zenith are involved in managerial or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of Zenith or with entities which may, provide financing to, or make equity investments in, competitors of Zenith – See "Directors and Officers". Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein or as previously disclosed by the Corporation, the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's outstanding securities or an associate or affiliate of any of the foregoing, in any transaction within the three most recently completed financial years or the during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The Corporation's auditors are MNP LLP ("**MNP**"), Chartered Accountants, of Calgary, Alberta.

COMPUTERSHARE LTD ("**COMPUTERSHARE**"), at its principal offices in Calgary, Halifax, Montreal, Richmond Hill, Vancouver and Toronto, Ontario, is the transfer agent and registrar of the Common Shares.

MATERIAL CONTRACTS

There are no contracts entered into by the Corporation in the last financial year or prior to that, which are still in effect and could reasonably be regarded as presently material to the Corporation, except for contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by us during, or related to, the Corporation's most recently completed financial year other than Chapman Petroleum Engineering Ltd, independent engineering evaluators engaged by the Corporation and MNP, auditors of the Corporation. None of the designated professionals of Chapman Petroleum Engineering Ltd has any registered or beneficial interests, direct or indirect, in any securities or other property of Zenith.

MNP has advised that it is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to Zenith is available on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's comparative consolidated financial statements for its financial year ended March 31, 2015, together with the accompanying report of the auditor and management's discussion & analysis filed on SEDAR.

APPENDIX A
Form 51-101F1

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 24, 2015.

The effective date is March 31, 2015.

The preparation date is July 24, 2015.

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, 2015, and dated July 24, 2015 (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, 2015

	Company Reserves[1]							
	Light and Medium Oil		Heavy Oil		Natural Gas[9]		Natural Gas Liquids	
Argentina Reserves Category	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
PROVED								
Developed Producing[2][6]	224	204	0	0	0	0	0	0
Developed Non-Producing[2][7]	0	0	0	0	0	0	0	0
Undeveloped[2][8]	0	0	0	0	0	0	0	0
TOTAL PROVED[2]	**224**	**204**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL PROBABLE[3]	633	576	0	0	0	0	0	0
TOTAL PROVED + PROBABLE[2][3]	**857**	**780**	**0**	**0**	**0**	**0**	**0**	**0**

	Company Reserves[1]							
	Light and Medium Oil		Heavy Oil		Natural Gas[9]		Natural Gas Liquids	
Italy Reserves Category	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
PROVED								
Developed Producing	0	0	0	0	179	179	1	1
Developed Non-Producing[2][7]	0	0	0	0	0	0	0	0
Undeveloped[2][8]	0	0	0	0	0	0	0	0
TOTAL PROVED[2]	**0**	**0**	**0**	**0**	**179**	**179**	**1**	**1**
TOTAL PROBABLE[3]	0	0	0	0	7,331	7,331	102	102
TOTAL PROVED + PROBABLE[2][3]	**0**	**0**	**0**	**0**	**7,510**	**7,510**	**103**	**103**

SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2015

Argentina

	Net Present Values of Future Net Revenue									
	Before Income Tax Discounted at					After Income Tax Discounted at				
Reserves Category	0%/yr $M	5%/yr. $M	10%/yr. $M	15%/yr. $M	20%/yr. $M	0%/yr $M	5%/yr. $M	10%/yr. $M	15%/yr. $M	20%/yr. $M
PROVED										
Developed Producing(2)(6)	8,056	7,375	6,793	6,294	5,863	8,056	7,375	6,793	6,294	5,863
Developed Non-Producing(2)(7)	0	0	0	0	0	0	0	0	0	0
Undeveloped(2)(8)	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED(2)	**8,056**	**7,375**	**6,793**	**6,294**	**5,863**	**8,056**	**7,375**	**6,793**	**6,294**	**5,863**
TOTAL PROBABLE(3)	23,773	17,509	13,360	10,504	8,467	23,773	17,509	13,360	10,504	8,467
TOTAL PROVED + PROBABLE(2)(3)	**31,829**	**24,884**	**20,153**	**16,798**	**14,330**	**31,829**	**24,884**	**20,153**	**16,798**	**14,330**

Italy

	Net Present Values of Future Net Revenue									
	Before Income Tax Discounted at					After Income Tax Discounted at				
Reserves Category	0%/yr $M	5%/yr. $M	10%/yr. $M	15%/yr. $M	20%/yr. $M	0%/yr $M	5%/yr. $M	10%/yr. $M	15%/yr. $M	20%/yr. $M
PROVED										
Developed Producing(2)(6)	859	821	786	756	728	859	821	786	756	728
Developed Non-Producing(2)(7)	0	0	0	0	0	0	0	0	0	0
Undeveloped(2)(8)	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED(2)	**859**	**821**	**786**	**756**	**728**	**859**	**821**	**786**	**756**	**728**
TOTAL PROBABLE(3)	72,624	32,664	18,802	12,578	9,209	72,624	32,664	18,802	12,578	9,209
TOTAL PROVED + PROBABLE(2)(3)	**73,483**	**33,485**	**19,588**	**13,334**	**9,937**	**73,483**	**33,485**	**19,588**	**13,334**	**9,937**

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2015

Argentina

	Revenue ($M)	Royalties ($M)	Operating Costs ($M)	Development Costs ($M)	Abandonment and Reclamation Costs ($M)	Future Net Revenue Before Income Taxes ($M)	Income Taxes ($M)	Futur e Net Revenue After Income Taxes ($M)
Total Proved(2)	13,647	1,228	3,444	0	919	8,056	0	8,056
Total Proved Plus Probable(2)(3)	52,276	4,705	13,440	566	1,735	31,829	0	31,829

Italy

	Revenue ($M)	Royalties ($M)	Operating Costs ($M)	Development Costs ($M)	Abandonment and Reclamation Costs ($M)	Future Net Revenue Before Income Taxes ($M)	Income Taxes ($M)	Futur e Net Revenue After Income Taxes ($M)
Total Proved(2)	1,709	0	726	0	124	859	0	859
Total Proved Plus Probable(2)(3)	94,050	0	18,877	1,530	160	73,483	0	73,483

OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 31, 2015

Argentina Reserve Group by Category	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr
	Oil		Gas[9]		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M$	
Light and Medium Oil								
Proved								
Developed Producing	224	204	0	0	0	0	6,793	33.30
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**224**	**204**	**0**	**0**	**0**	**0**	**6,793**	**33.30**
Probable	633	576	0	0	0	0	13,360	23.19
Proved Plus Probable	**857**	**780**	**0**	**0**	**0**	**0**	**20,154**	**25.84**

Italy Reserve Group by Category	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr
	Oil		Gas[9]		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M$	
Assoc & Non-Assoc Gas								
Proved								
Developed Producing	0	0	179	179	1	1	786	4.39
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**0**	**0**	**179**	**179**	**1**	**1**	**786**	**4.39**
Probable	0	0	7,331	7,331	102	102	18,802	2.56
Proved Plus Probable	**0**	**0**	**7,510**	**7,510**	**103**	**103**	**19,587**	**2.61**

FUTURE NET REVENUE BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 31, 2015

Argentina **Reserve Category**	**Production Group**	**Future Net Revenue Before Income Taxes (Discounted at 10%/Year) ($M)**
Total Proved[2]	Light and Medium Oil (including solution gas and other by-products)	6,793
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable[2][3]	Light and Medium Oil (including solution gas and other by-products)	20,154
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0

Italy **Reserve Category**	**Production Group**	**Future Net Revenue Before Income Taxes (Discounted at 10%/Year) ($M)**
Total Proved[2]	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	786
Total Proved Plus Probable[2][3]	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	19,587

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, 2015, 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

CHAPMAN PETROLEUM ENGINEERING LTD.

International Price - Crude Oil & Natural Gas

HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

April 1, 2015

Date		WTI [1] $US/STB	Brent Spot (ICE)[2] $US/STB	Argentinean Oil [3] $US/STB
HISTORICAL PRICES				
2004		41.48	38.03	N/A
2005		56.62	55.28	N/A
2006		65.91	66.09	N/A
2007		72.35	72.74	N/A
2008		99.70	98.33	N/A
2009		61.64	62.52	N/A
2010		79.42	80.22	N/A
2011		95.03	109.67	N/A
2012		94.16	108.75	N/A
2013		97.93	108.68	N/A
2014		93.12	99.43	N/A
2015	3 mos	45.58	54.08	59.64
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)				
		82.27	88.40	**61.00**
Constant thereafter				

Notes: [1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.

[2] The Brent Spot price is estimated based on historic data.

[3] Argentinean oil price data was provided by client.

CHAPMAN PETROLEUM ENGINEERING LTD.

International Price - Crude Oil & Natural Gas

HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

April 1, 2015

Date		Canadian NGL [1] C$/STB	Torrente Cigno NGL [2] $US/STB	Henry Hub Gas[3] $US/Mcf	Torrente Cigno Gas[5] $US/Mcf	Misano Adriatico Gas[4] $US/Mcf	Masseria Acquasalsa Gas[4] $US/Mcf	Lucera Gas[4] $US/Mcf	San Mauro Gas[4] $US/Mcf	San Andrea Gas[4] $US/Mcf
HISTORICAL PRICES										
2004		40.52	N/A	5.91	N/A	N/A	N/A	N/A	N/A	N/A
2005		49.90	N/A	8.92	N/A	N/A	N/A	N/A	N/A	N/A
2006		53.54	N/A	6.75	N/A	N/A	N/A	N/A	N/A	N/A
2007		70.45	N/A	6.97	N/A	N/A	N/A	N/A	N/A	N/A
2008		77.47	N/A	8.98	N/A	N/A	N/A	N/A	N/A	N/A
2009		50.39	N/A	3.94	N/A	N/A	N/A	N/A	N/A	N/A
2010		58.41	N/A	4.39	N/A	N/A	N/A	N/A	N/A	N/A
2011		70.51	N/A	3.99	N/A	N/A	N/A	N/A	N/A	N/A
2012		67.18	N/A	2.70	N/A	N/A	N/A	N/A	N/A	N/A
2013		77.68	135.52	3.84	7.10	14.89	11.44	11.44	11.44	13.68
2014		69.90	97.09	4.36	9.70	10.42	9.70	9.70	9.70	12.07
2015	3 mos	31.80	N/A	3.56	9.58	8.47	9.58	9.58	9.58	10.93
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)										
		51.45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FORECAST PRICE										
2015	9 mos	**40.98**	84.49	**2.84**	8.52	9.24	8.52	8.52	8.52	10.89
2016		**50.66**	94.17	**3.34**	9.02	9.74	9.02	9.02	9.02	11.39
2017		**55.13**	98.64	**3.64**	9.32	10.04	9.32	9.32	9.32	11.69
2018		**58.86**	102.37	**3.94**	9.62	10.34	9.62	9.62	9.62	11.99
2019		**61.09**	104.60	**4.24**	9.92	10.64	9.92	9.92	9.92	12.29
2020		**64.07**	107.58	**4.44**	10.12	10.84	10.12	10.12	10.12	12.49
2021		**67.05**	110.56	**4.64**	10.32	11.04	10.32	10.32	10.32	12.69
2022		**67.80**	111.31	**4.84**	10.52	11.24	10.52	10.52	10.52	12.89
2023		**69.15**	112.66	**5.04**	10.72	11.44	10.72	10.72	10.72	13.09
2024		**70.53**	114.04	**5.09**	10.77	11.49	10.77	10.77	10.77	13.14
2025		**71.94**	115.45	**5.20**	10.88	11.60	10.88	10.88	10.88	13.25
2026		**73.38**	116.89	**5.30**	10.98	11.70	10.98	10.98	10.98	13.35
2027		**74.85**	118.36	**5.41**	11.09	11.81	11.09	11.09	11.09	13.46
2028		**76.35**	119.86	**5.52**	11.20	11.92	11.20	11.20	11.20	13.57
2029		**77.88**	121.39	**5.64**	11.32	12.04	11.32	11.32	11.32	13.69
2030		**79.43**	122.94	**5.75**	11.43	12.15	11.43	11.43	11.43	13.80

Constant thereafter

Notes:

[1] Canadian NGL blended mix price assuming typical liquid composition of 40% propane, 30% butane and 30% pentanes plus.

[2] Torrente Cigno NGL price forecast is based on Chapman Canadian NGL forecast plus difference of actually received in T.C. in 2013.

[3] Henry Hub is natural gas futures contracts traded on the New York Mercantile Exchange (NYMEX).

[4] Italy gas price forecast is based on Chapman Henry Hub forecast plus difference of actually received in Italy field in 2013.

[5] Torrente Cigno price reflects an estimate of contribution from electrical generation revenue.

The Company's weighted average prices received this fiscal year are: $12.58/Mscf for natural gas and $59.64/STB for condensate.

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, 2015 against such reserves as at March 31, 2014 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, 2015

Argentina	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At March 31, 2014	**187**	**619**	**806**	**0**	**0**	**0**	**0**	**0**	**0**
Production(Sales)	(53)	0	(53)	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0
Economic Factors	90	14	104	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	0	0	0
At March31, 2015	**224**	**633**	**857**	**0**	**0**	**0**	**0**	**0**	**0**

Italy	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At March 31, 2013	**0**	**0**	**0**	**0**	**0**	**0**	**374**	**7,287**	**7,661**
Production(Sales)	0	0	0	0	0	0	(150)	0	(150)
Acquisitions	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0
Economic Factors	0	0	0	0	0	0	(40)	41	1
Technical Revisions	0	0	0	0	0	0	(5)	3	(2)
At March31, 2014	**0**	**0**	**0**	**0**	**0**	**0**	**179**	**7331**	**7510**

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

The Company had no proved undeveloped reserve as at March 31, 2015 or in prior years.

The following table sets 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:

Argentina	**Light and Medium Oil (Mbbl)**	**Heavy Oil (Mbbl)**	**Natural Gas (MMscf)**	**Natural Gas Liquids (Mbbl)**
Aggregate prior to 2013	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0

Italy	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Aggregate prior to 2013	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	7,233	102

The following discussion generally describes the basis on which the Company attributes probable and possible undeveloped reserves and its plans for developing those undeveloped reserves.

Probable Undeveloped Reserves

The Company's probable undeveloped reserves are 7,233 MMscf natural gas in Torente Cigno Gas Concession is expected to be drilled in 2016 as a horizontal well in location Masseria Vincelli 2 and it is expected to produce at a much higher rate of 2,000 Mscf/D.

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 are 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.

Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks include, but are not limited to: the risks associated with the oil and gas industry, commodity prices and exchange rates; industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. Competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources are additional risks the Company faces in this market. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward looking statements and accordingly, no assurance can be given that any events anticipated by the forward looking statements will transpire or occur, if any of them do, what benefits the Company can derive from. The reader is cautioned not to place undue reliance on this forward looking information.

Future Development Costs

The following table shows the 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.

Argentina	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) ($M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) ($M)
2015	0	0
2016	0	306
2017	0	260
2018	0	0
2019	0	0
Total for five years	0	566
Remainder	0	0
Total for all years	0	566

Italy	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) ($M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) ($M)
2015	0	0
2016	0	1,530
2017	0	0
2018	0	0
2019	0	0
Total for five years	0	1,530
Remainder	0	0
Total for all years	0	1,530

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, 2015:

	Oil		Natural Gas	
	Gross[1]	Net[1]	Gross[1]	Net[1]
Argentina				
Producing	12	12	0	0
Non-producing	15	15	0	0
Italy				
Producing	0	0	7	2.39
Non-producing	0	0	1	0.45

All of the Company's oil wells are located onshore in two oil fields, Alberto and Don Ernesto, Chubut Province of Argentina. There are 12 producing oil wells and 15 currently suspended wells, for which well workovers are planned.

All of the Company's gas wells are located onshore in six concession(s) of Italy: Lucera, Masseria Acquasalsa, Misno Adriatico, San Andrea, San Mauro, and Torrente Cigno. Each concession has one producing well except Lucera concession, which has 2 producing well and 1 suspended well. Masseria Acquasalsa concession has no remaining reserves. There is an additional horizontal location in Torrente Cigno concession, which is expected to be drilled in 2016.

Properties with No Attributed Reserves

The Company has no properties with no attributed reserves.

Forward Contracts

Currently, the Company has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The estimated abandonment and restoration costs used by Chapman are based on the AER Directive 11, which details the typical costs of abandonment and reclamation by well type in each specific geographic region. The Company expects to have costs relating to 29.84 net wells, including the location to be drilled. All costs have been included in the Chapman report.

FUTURE ABANDONMENT AND RESTORATION COSTS

Argentina	**Total Proved Estimated Using Forecast Prices and Costs (Undiscounted)** ($M)	**Total Proved Estimated Using Forecast Prices and Costs (10% Discounted)** ($M)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)** ($M)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs (10% Discounted)** ($M)
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
Total for three years	0	0	0	0
Remainder	919	460	1735	429
Total for all years	919	460	1735	429

Italy	**Total Proved Estimated Using Forecast Prices and Costs (Undiscounted)** ($M)	**Total Proved Estimated Using Forecast Prices and Costs (10% Discounted)** ($M)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)** ($M)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs (10% Discounted)** ($M)
2015	0	0	0	0
2016	26	23	0	0
2017	0	0	27	22
Total for three years	26	23	27	22
Remainder	98	67	133	64
Total for all years	124	90	160	86

Tax Horizon

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

Costs Incurred

The following table summarizes the capital expenditures made by the Company on oil and natural gas properties for the year ended March 31, 2015.

Argentina

Property Acquisition Costs ($M)		Exploration Costs ($M)	Development Costs ($M)
Proved Properties	Unproved Properties		
0	0	0	929

Italy

Property Acquisition Costs ($M)		Exploration Costs ($M)	Development Costs ($M)
Proved Properties	Unproved Properties		
0	0	0	241

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells which the Company completed during its 2015 financial year:

Argentina	Exploratory Wells		DevelopmentWells	Gross[1]
	Net[1]	Gross[1]	Net[1]	
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[1]
	Net[1]	Gross[1]	Net[1]	
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

The Company did not drill or develop any additional reserves in the fiscal year.

Production Estimates

The following table sets forth the volume of production estimated by Chapman for 2015 (9 mos.):

Argentina

TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Alberto and Don Ernesto field	43	0	0	0
Total for all areas	**43**	**0**	**0**	**0**

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Alberto and Don Ernesto field	44	0	0	0
Total for all areas	**44**	**0**	**0**	**0**

Italy

TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Lucera Concession	0	0	16	0
Misano Adriatico Concession	0	0	9	0
San Mauro Concession	0	0	9	0
Torrente Cigno Concession	0	0	40	0.1
Total for all areas	**0**	**0**	**74**	**0.1**

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Lucera Concession	0	0	16	0
Misano Adriatico Concession	0	0	9	0
San Mauro Concession	0	0	9	0
Torrente Cigno Concession	0	0	46	0.1
Total for all areas	**0**	**0**	**80**	**0.1**

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

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, 2014	Three Months Ended September 30, 2014	Three Months Ended December 31, 2014	Three Months Ended March 31, 2015
Average Daily Production				
Light and Medium Oil (Bbl/d)	141	108	174	123
Natural Gas (Mscf/d)	410	423	386	401
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	73.08	74.47	74.91	74.66
Natural Gas ($/boe)	6.88	7.80	7.99	6.46
Royalties				
Light and Medium Oil ($/Bbl)	6.00	7.71	7.29	6.72
Natural Gas ($/boe)	-	-	-	-
Production Costs				
Light and Medium Oil ($/Bbl)	32.29	41.73	26.67	16.36
Natural Gas ($/boe)	3.46	2.70	1.97	1.97
Netback Received				
Light and Medium Oil ($/Bbl)	34.79	25.03	40.95	51.58
Natural Gas ($/boe)	3.42	5.10	6.02	4.49

ABBREVIATIONS AND CONVERSION

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

Oil and Natural Gas Liquids		Natural Gas	
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		

Other

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 burnertip and does not represent a value equivalency at the wellhead.
BOE/d	barrel of oil equivalent per day
m^3	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

APPENDIX B
Form 51-101F2

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 24, 2015

Zenith Energy Ltd.
207, 525 - 11th Avenue SW
Calgary, AB
T2R 0C9

Attention: Board of Directors

Re: Report on Reserves Data
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 as at March 31, 2015. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at March 31, 2015, estimated using forecast prices and costs

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook') prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated 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

by us for the year ended March 31, 2015, 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	Description & Preparation 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	Reserve and Economic Evaluation July 24, 2015	Argentina	-	20,153	-	20,153
		Italy	-	19,588	-	19,588
Totals			-	39,741	-	39,741

5. In our opinion, the reserves 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.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves 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:

[Original Signed By:]

Chapman, Calgary, Alberta, Canada, July 24, 2015

C. W. Chapman
C. W. Chapman, P. Eng.

jdb/lml/6121

APPENDIX C
Form 51-101F3

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, which are estimates of proved reserves and probable reserves and related future net revenue as at March 31, 2015, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of 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 Reserves Committee of 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, on the recommendation of the Reserves Committee, 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. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

"Andrea Cattaneo"
Andrea Cattaneo
President and Chief Executive Officer

"Luigi Regis Milano"
Luigi Regis Milano Chief
Financial Officer

"Dario Sodero"
Dario Sodero
Director

"Erik Larre"
Erik Larre
Director

Dated the 24th day of July, 2015

APPENDIX D
Definitions Used for Contingent Resource Categories

The following definitions form the basis of the classification of reserves and values presented in the Chapman Petroleum Engineering Ltd. report. They have been prepared by the Standing Committee on Reserves Definitions of the Petroleum Society of the CIM incorporated in the Society of Petroleum Evaluation Engineers Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and specified by National Instrument 51-101 ("**NI 51-101**").

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
- a remaining reserve life of 50 years.

Reserves are classified according to the degree of certainty associated with the estimates.

1. Proved Reserves

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.

2. Probable Reserves

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 + probable reserves.

3. Possible Reserves

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 + probable + possible reserves. Possible reserves have not been considered in the Chapman Petroleum Engineering Ltd. Report.

Other criteria that must also be met for categorization of reserves are provided in Section 5.5 of the COGE Handbook.

Each of the reserves categories (proved, probable, and possible) may be divided into developed and undeveloped categories.

4. Developed Reserves

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. The developed category may be subdivided into producing and non-producing.

5. Developed Producing Reserves

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.

6. Developed Non-Producing Reserves

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.

7. Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., 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.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves what will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

8. Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Section 5.4.1 Reserves Categories above are applicable to individual reserves entities, which refer to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities should target the following levels of certainty under a specific set of economic conditions:

(a) There is a 90% probability that at least the estimated proved reserves will be recovered.

(b) There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.

(c) There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgment as to what are reasonable estimates.

9. **Pipeline Gas Reserves** are gas reserves remaining after deducting surface losses due to process shrinkage and raw gas used as lease fuel.

10. **Remaining Recoverable Reserves** are the total remaining recoverable reserves associated with the acreage in which the Company has an interest.

11. **Company Gross Reserves** are the Company's working interest share of the remaining reserves, before deduction of any royalties.

12. **Company Net Reserves** are the gross remaining reserves of the properties in which the Company has an interest, less all Crown, freehold, and overriding royalties and interest owned by others.

13. **Net Production Revenue** is income derived from the sale of net reserves of oil, pipeline gas, and gas by-products, less all capital and operating costs.

14. **Fair Market Value** is defined as the price at which a purchaser seeking an economic and commercial return on investment would be willing to buy, and a vendor would be willing to sell, where neither is under compulsion to buy or sell and both are competent and have reasonable knowledge of the facts.

15. **Barrels of Oil Equivalent (BOE) Reserves** - BOE are the sum of the oil reserves, plus the gas reserves divided by a factor of 6, plus the natural gas liquid reserves, all expressed in barrels or thousands of barrels.