Zargon Overview
(As at August 7, 2013 unless otherwise stated)

Capitalization & Returns
- Toronto Stock Exchange: Symbols: ZAR; ZAR.DB
- Common Shares Outstanding: 30.04 million (basic)
- Market Capitalization: $193 million ($6.41 per share)
- Enterprise Value: $304 million
- Returns in dividends and distributions: $330 million ($16.88 per share) since inception

Dividend & Yield
- Annualized Current Dividend: $0.72 per share
- Yield at current share price: 11.2% (1)
- Q2 2013 DRIP Participation Rate: 7%

Q2 2013 Production Highlights
- Equivalent: 7,392 boe/d
- Oil: 4,930 bbl/d (67% of production)
- Gas: 14.77 mmcf/d

2012 Year End Reserves – (Low-decline, long-life producing oil)
- 2P Equivalent Reserves: 31.2 million boe (RLI: 11.0 years)
- 2P Oil Reserves: 23.1 million bbl (RLI: 12.4 years)
- 2PDP Oil Reserves: 17.3 million bbl (RLI: 9.3 years)
- PDP Oil Reserves: 12.7 million bbl (RLI: 6.9 years)

(1) Based on a monthly dividend rate of $0.06/share and using the August 7, 2013 closing share price of $6.41.
Q2 2013 Financial Highlights

• Financially Strong
  – $165.0 million bank line with $42.1 million drawn at June 30, 2013. During June 2013, these committed bank facilities were renewed and extended, with the borrowing base remaining unchanged at $165 million.
  – $57.5 million Convertible Debenture maturing in 2017, yielding 6% annually.
  – Net debt at June 30, 2013 (including bank debt, debentures and working capital deficiency) is $111.3 million; leaving over $110 million of available credit.

• Q2 2013 Results
  – Funds Flow from Operations, $0.53 per basic share.
    • $16.0 million
  – Dividends Paid, $0.18 per basic share ($0.06 per month).
    • $5.0 million (after DRIP)
  – Payout ratio of 31% based on Q2 funds flow; (34% before DRIP).

• Q2 2013 Capital Program
  – Conventional Spending (includes nil Q2 net wells), $6.7 million.
  – Little Bow ASP Spending, $7.3 million.
  – Capital expenditures were more than offset by a net $11.5 million of property sales.
Oil Exploitation (increasing reservoir oil recovery factors)

- Increase oil production, reserves and ultimate recoveries from existing oil pools using Alkaline Surfactant Polymer ("ASP") tertiary recovery technology, waterfloods, development drilling and other production optimization methods.

Long-Life, Low-Decline Oil Assets

- Long-life, low-decline oil exploitation (pressure supported) assets provide free cash flow that underpins our long term dividend strategy.

Risk Management

- Protect investor’s underlying asset base with conservative hedging, debt and financing practices.

Dividend Policy

- Zargon is committed to deliver steady and supportable dividends.
- Commencing with the September 2013 dividend the dilutive DRIP program has been suspended.
2013 Key Objectives

Build Little Bow ASP facility on time and on budget; deliver first chemical injections in January 2014.
  - Project is proceeding smoothly.

Maintain current $0.06 per share monthly dividend.

Augment funds through property dispositions.
  - Raises money.
  - Improves focus and operational footprint.

Maintain a strong balance sheet during ASP “heavy spend” period.
  - Sell assets.
  - Hedge oil volumes.
  - Defer conventional drilling programs if necessary.
Oil Exploitation Properties
(Conventional Oil Exploitation Projects)
Low-Decline, Long-Life Oil Production Base

- Vintage Zargon operated production plot highlights Zargon’s low-decline oil production.
- Current oil production base decline is only 14%.
- These low declines require an annual oil exploitation capital budget of $20 million per year (excludes drilling new wells, but includes waterfloods modifications, pumping upgrades, reactivations, etc.).
## Conventional Oil Exploitation Projects (Drilling Inventory)

<table>
<thead>
<tr>
<th>Alberta Plains</th>
<th>Project</th>
<th>Net Locations</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton Lake</td>
<td>Multi-frac horizontals</td>
<td>35+</td>
<td>Will require waterflood re-implementation, large upside</td>
</tr>
<tr>
<td>Bellshill Lake</td>
<td>Increase fluid withdrawal</td>
<td>5</td>
<td>Facility optimization; infills and step-outs</td>
</tr>
<tr>
<td>Killam Glaucnite</td>
<td>Develop new pool</td>
<td>10</td>
<td>Implement waterflood concurrently with development</td>
</tr>
<tr>
<td>Taber South</td>
<td>Expand &amp; enhance waterflood</td>
<td>10</td>
<td>Expand waterflood; includes Taber Southeast pool</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Williston Basin</th>
<th>Project</th>
<th>Net Locations</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midale Drainage</td>
<td>Elswick, Midale, Weyburn, Ralph, Steelman</td>
<td>20+</td>
<td>Horizontal drainage wells in tight reservoirs; pressure support required in some cases</td>
</tr>
<tr>
<td>Frobisher Structure</td>
<td>Weyburn, Steelman, Mackobee</td>
<td>5+</td>
<td>Undrained seismically defined horizontal targets</td>
</tr>
</tbody>
</table>

**Total Available**: 85+ Large inventory of oil exploitation opportunities

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5.1 net mostly Midale drainage type wells were drilled in H1 2013.

Due to the large 2013 ASP project expenditures, the 2013 million conventional capital budget has been high-graded to include only our lowest risk locations.

The remaining 2013 Q3-Q4 drilling program entails 3 Taber, 4 Bellshill Lake and 3 Little Bow drainage net locations. Williston Basin drilling has been deferred to Q1 2014.
Hamilton Lake Viking Oil Unit
Horizontal Drilling - Large oil resource opportunity

- Waterflood was prematurely suspended in the 1980's (160 mbbl DPIP 31 API crude)
- Initially drilled 5 multi-frac horizontal wells with encouraging results
- Q4 2012 program was not successful
- Technical review underway to unlock potential
2012 Activities
- Expanded horizontal waterflood
  - Improved injectivity of existing wells
  - Converted one additional injector
- In Q4 drilled 2 horizontal oil wells

Forecast 2013 Activities
- Drill 3 additional horizontal wells
- Convert 2 additional wells to water injection
- Increase water handling capacity at 14-11 battery
Little Bow Alkaline Surfactant Polymer ("ASP") Project
Enhanced Oil Recovery Using Proven Technology

EOR in a mature, southern Alberta Waterflood Project

- Project Capital: $60 Million (Excludes Chemical)
  - $18.8 million incurred to date (From 2012/01)
  - $30 million in H2 2013 to Phase 1 Startup
  - 2014 & 2015: $12 million (Phase 2)

Current Little Bow Oil: 400 bbl/d
First ASP Injection: January 2014

Zargon Forecast Incremental Oil Rate:
- 2014 Exit: 500 bbl/d
- 2016 avg: 1,350 bbl/d
- 2018 avg: 1,600 bbl/d

Zargon Forecast Incremental Oil Recovery: 4.9 Million Barrels (12% DPIIP)
Little Bow ASP Project Status

- Regulatory scheme approval received
- Field pipelines installed in Q1 2013
- Well workover program near completion
- Civil construction commenced May 2013
- Earthworks and Piling completed by the end of July 2013
- Mechanical/electrical contractor mobilized mid-July 2013
- Tanks and pre-fabricated modules are being constructed for site delivery through the summer of 2013
- Ongoing ASP construction, battery modifications and other field upgrades through the fall of 2013

Zargon Little Bow ASP Facility
16-31-014-18W4
Little Bow ASP
ASP Chemical Flooding Recovers Bypassed Oil

**A dilute chemical blend (Alkali, Surfactant and Polymer)** added to an existing waterflood to “scrub” out oil that waterflooding alone cannot recover

- Contact more reservoir, and get more oil from reservoir that is contacted.

  - Surfactants (Detergent): mobilizes trapped oil
  - Alkali: Increases effectiveness of the surfactant
  - Polymer: Thickener. Thickened water is able to contact more reservoir

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Contact more reservoir, and get more oil from reservoir that is contacted.

- Surfactants (Detergent): mobilizes trapped oil
- Alkali: Increases effectiveness of the surfactant
- Polymer: Thickener. Thickened water is able to contact more reservoir
Little Bow ASP
ASP Chemical Flooding – Injection Sequence

1 – ASP Injection
A Blend of Alkali, Surfactant & Polymer mobilizes trapped oil

2 - Polymer “Push”
Polymer displaces mobilized oil to producing wells

3- Terminal Waterflood
Completes the Displacement

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</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>ASP</td>
<td>Polymer</td>
<td>Waterflood</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Phase 2</td>
<td>ASP</td>
<td>Polymer</td>
<td>Waterflood</td>
<td></td>
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</tbody>
</table>
8 Canadian ASP Projects in Operation

5 additional projects have regulatory approval

Major operators: Husky, CNRL, Cenovus

Significant implementation in Saskatchewan: favorable EOR royalty treatment

Technology utilized in Asia since 1980’s
Little Bow ASP
Analog ASP Project: Husky Taber Mannville “B”

Taber Mannville “B” ASP Flood

- Most mature Canadian ASP Flood
- Operator: Husky
- Geological and production analog to Little Bow
- First ASP Injection: 2006

Taber Mannville “B” Pool

- Little Bow Mannville “I” and “P” Pools (Zargon)

- Taber Mannville “B” Pool (Husky)

Taber Mannville “B” ASP Project: Sustained Oil Production

- Peak Oil Cut: 13%
- Initial Oil Cut: 2%
- Peak Oil: 1814 bbl/d
- Initial Oil: 300 bbl/d

Taber Mannville “B” ASP Project: Recovery Factor

- ERCB Assigned DPIIP: 43.1 MMBbl
- 12% DPIIP
- ASP Flood Decline
- Base Waterflood Decline
- Cumulative Oil Produced (% DPIIP)
Little Bow ASP
Analog ASP Project: Husky Taber Mannville “B”

Taber Production History

<table>
<thead>
<tr>
<th>Month</th>
<th>Oil Cut (%)</th>
<th>Oil Production (bbl/d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-05</td>
<td>1%</td>
<td>10,000</td>
</tr>
<tr>
<td>Sep-06</td>
<td>10%</td>
<td>1,000</td>
</tr>
<tr>
<td>Sep-07</td>
<td>100%</td>
<td>100</td>
</tr>
<tr>
<td>Sep-08</td>
<td>1000%</td>
<td>10</td>
</tr>
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</table>

ERCB DPIIP = 43.1 mmbbl

<table>
<thead>
<tr>
<th>ASP Recovery</th>
<th>Ult. Recovery *</th>
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</thead>
<tbody>
<tr>
<td>% mmbbl</td>
<td>mmbbl</td>
</tr>
<tr>
<td>8</td>
<td>3.4</td>
</tr>
<tr>
<td>10</td>
<td>4.3</td>
</tr>
<tr>
<td>12</td>
<td>5.2</td>
</tr>
<tr>
<td>14</td>
<td>6.0</td>
</tr>
<tr>
<td>16</td>
<td>6.9</td>
</tr>
</tbody>
</table>

* Ultimate Recovery where ASP flood returns to pre-ASP levels

Data to Jan-2013

ZARGON
Little Bow ASP
Development Optimization Study

- Multiple flood scenarios:
  - ASP chemical formulation
  - Drilling & workover locations
  - Pattern design

- Study nearing completion
- Predicts up to 7 million barrels incremental ASP oil recovery.

1,276 cases run

Oil Recovery (%)

Waterflood Simulation Recovery: 36%

ASP Incremental Oil Recovery (% DPIIP)

- Updated reservoir simulation model used to optimize ASP flood design

ASP Recovery Factor
12% Zargon Evaluation
10% McDaniel Recognized

Zargon
Little Bow ASP
Phases 1 & 2 Project Economics (BTax)

<table>
<thead>
<tr>
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<tr>
<td>IRR (%)</td>
<td>18.5</td>
</tr>
<tr>
<td>PV_{10} ($ millions)</td>
<td>36.1</td>
</tr>
<tr>
<td>PI_{10}*</td>
<td>0.34</td>
</tr>
<tr>
<td>F&amp;D ($/bbl)*</td>
<td>25.9</td>
</tr>
<tr>
<td>Netback ($/bbl)*</td>
<td>52.2</td>
</tr>
<tr>
<td>Recycle Ratio</td>
<td>2.0</td>
</tr>
<tr>
<td>Payout (yr)</td>
<td>7.2</td>
</tr>
<tr>
<td>Reserves (mbbl)</td>
<td>4,874</td>
</tr>
<tr>
<td>Capital ($ millions)</td>
<td>59.8</td>
</tr>
<tr>
<td>Chemical ($ millions)</td>
<td>66.6</td>
</tr>
</tbody>
</table>

$ 85 Flat Edmonton Pricing

* Chemical booked as Capital
  (Chemical as Opex: PI10 = 0.62, Recycle Ratio = 3.2)
Little Bow ASP
Phases 1 & 2 Price Sensitivity: BTax IRR

Little Bow Field Realization = Edmonton Light less $17/bbl
**Little Bow ASP**

**Follow-up Development: Phases 3 & 4**

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<td></td>
<td></td>
</tr>
<tr>
<td>Phase 2</td>
<td>ASP</td>
<td>Polymer</td>
<td>Waterflood</td>
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</tr>
<tr>
<td>Phase 3</td>
<td>ASP</td>
<td>Polymer</td>
<td>Waterflood</td>
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<tr>
<td>Phase 4</td>
<td>ASP</td>
<td>Polymer</td>
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</tbody>
</table>

**Little Bow Phase 1 - 4 Injection Schedule**

- **2013 - 2015**: ASP Polymer Waterflood
- **2016 - 2018**: ASP Polymer Waterflood
- **2019 - 2020**: ASP Polymer Waterflood
- **2021 - 2023**: ASP Polymer

**ZAR W.I. (%)**

<table>
<thead>
<tr>
<th>Phases 1 &amp; 2</th>
<th>ZAR W.I. (%)</th>
<th>W.I. DPIIP* (mmbbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LB “I” Pool</td>
<td>100</td>
<td>31</td>
</tr>
<tr>
<td>LB “P” Pool</td>
<td>100</td>
<td>8</td>
</tr>
</tbody>
</table>

**Followup**

<table>
<thead>
<tr>
<th>Unit</th>
<th>ZAR W.I. (%)</th>
<th>W.I. DPIIP* (mmbbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U&amp;W Unit</td>
<td>68</td>
<td>19</td>
</tr>
<tr>
<td>MM Unit</td>
<td>100</td>
<td>5</td>
</tr>
<tr>
<td>C8C / X8X</td>
<td>81</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td></td>
</tr>
</tbody>
</table>

* ERCB DPIIP Data
Little Bow ASP
Phases 1-4 Internal Project Economics (B Tax)

**Little Bow ASP: Project Economics**

<table>
<thead>
<tr>
<th></th>
<th>Phase 1&amp;2</th>
<th>Phase 1-4</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRR (%)</td>
<td>18.5</td>
<td>21.1</td>
</tr>
<tr>
<td>PV$_{10}$ ($ millions)</td>
<td>36.1</td>
<td>67.0</td>
</tr>
<tr>
<td>PI$_{10}^*$</td>
<td>0.34</td>
<td>0.46</td>
</tr>
<tr>
<td>F&amp;D ($/bbl)*</td>
<td>25.9</td>
<td>23.8</td>
</tr>
<tr>
<td>Netback ($/bbl)*</td>
<td>52.2</td>
<td>53.0</td>
</tr>
<tr>
<td>Recycle Ratio*</td>
<td>2.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Payout (yr)</td>
<td>7.2</td>
<td>7.9</td>
</tr>
<tr>
<td>Reserves (mbbl)</td>
<td>4,874</td>
<td>8,189</td>
</tr>
</tbody>
</table>

* Injectant booked as Capital EDM Flat 85 Pricing Zargon Net W.I.

**Working Interest Capital and Chemical Costs ($ Millions)**

<table>
<thead>
<tr>
<th></th>
<th>Phase 1&amp;2</th>
<th>Phase 3&amp;4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>59.8</td>
<td>15.6</td>
</tr>
<tr>
<td>Chemical</td>
<td>66.6</td>
<td>53.4</td>
</tr>
</tbody>
</table>

**ASP Development Forecast - Phase 1-4**

- **Base W.F.**
- **Phase 1**
- **Phase 2**
- **Phase 3**
- **Phase 4**

- Zargon W.I. Production
- Phase 1&2
  - 12% Recovery
- Phase 3&4
  - 11% Recovery

- BOPD
- PV$_{10}$
- PI$_{10}$
- F&D
- Netback
- Recycle Ratio
- Payout
- Reserves

ZARGON
Little Bow ASP
Upside Potential

Little Bow ASP
Undiscounted Cash Flow
(Net Zargon WI - Before Tax)

-100 -50 0 50 100 150 200 250 300 350 400 450 500 550

Millions of Dollars

Little Bow ASP Upside
Phases 3&4 Development
+2% DPIIP Recovery
+$10/bbl Edmonton Price
Sask EOR Royalty

Little Bow ASP Phase 1&2

ZARGON
2013 Conventional and ASP Capital Funding Considerations

- **2013 Capital Budget**
  - $40 million for conventional capital programs.
  - $42 million for ASP project.

- **2013 Cash Flows, Dividends and Conventional Capital are roughly balanced**
  
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualized H1 2013 Cash Flow</td>
<td>$60 million</td>
</tr>
<tr>
<td>Dividends after DRIP</td>
<td>($20 million)</td>
</tr>
<tr>
<td>Conventional Capital</td>
<td>($40 million)</td>
</tr>
</tbody>
</table>
  
  - Conventional capital program may be scaled back to match cash flow, if necessary.

- **2013 ASP Funding: Property Sales and Additional Debt**
  
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Sales</td>
<td>$20 million (minimum)</td>
</tr>
<tr>
<td>Additional Debt</td>
<td>$22 million (maximum)</td>
</tr>
<tr>
<td>ASP Capital</td>
<td>($42 million)</td>
</tr>
</tbody>
</table>
  
  - More than $110 million of unused borrowing capacity at June 30, 2013.
  - Net debt is forecast to increase $22 million in 2013. This debt is being used to fund the Little Bow ASP infrastructure that will provide low cost reserve and production additions for the next decade.
Objective: Sell a minimum of $20 million of non-strategic properties:

- Completed property sales:
  - $3.5 million in Q1 for Karr, Alberta undeveloped land (1,100 acres).
  - $4.3 million in Q2 for Workman, Saskatchewan (40 bbl/d).
  - $7.3 million in Q2 for Elswick, Saskatchewan (91 bbl/d).
- In aggregate, at the end of the second quarter have sold 131 bbl/d for $15.1 million.
- Intend to sell an additional $4.9 million of producing oil properties by the end of the year.
- Additional properties may be marketed and/or sold throughout the year in excess of our $20 million target; with a key consideration being to improve our organizational focus and reduce our operational footprint.
Production Guidance (August 2013 Update)

- **Capital Program Assumptions:**
  - Capital: $40 million (excluding ASP capital)
    - $42 million (for ASP project – provides no production volumes in 2013)
  - Property Sales: $20 million

- **Oil and liquids guidance:**
  - Q1 2013: 5,150 barrels per day (5,113 bbl/d reported)
  - Q2 2013: 4,800 barrels per day (4,930 bb/d reported)
  - Q3 2013: 4,650 barrels per day (includes completed property sales)
  - 2013 Avg.: 4,750-4,850 barrels per day (depending on magnitude and timing of sales)

- **Natural gas guidance:**
  - Q1 2013: 15.6 million cubic feet per day (15.2 mmcf/d reported)
  - Q2 2013: 15.0 million cubic feet per day (14.8 mmcf/d reported)
  - Q3 2013: 14.7 million cubic feet per day
  - 2013 Avg.: 14.7-14.9 million cubic feet per day (assuming property sales are oil only)

- **2013 Cost Assumptions:**
  - Operating: approximately $18.00 per boe (includes transportation costs)
  - G&A: less than $4.50 per boe
### NAV Calculation (Dec 31, 2012)

**Proved + Prob. McDaniel Est. (PVBT 10%)**

<table>
<thead>
<tr>
<th></th>
<th>$473 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undeveloped Land</td>
<td>$22 million</td>
</tr>
<tr>
<td><strong>Net Asset Value</strong></td>
<td>$382 million</td>
</tr>
</tbody>
</table>

### Zargon Proved + Prob. Net Asset Value

<table>
<thead>
<tr>
<th>Reserve Category</th>
<th>McDaniel PVBT 10% ($ million)</th>
<th>Net Asset Value ($ million)</th>
<th>Net Asset Value ($/basic share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDP</td>
<td>323</td>
<td>232</td>
<td>7.75</td>
</tr>
<tr>
<td>Total Proved</td>
<td>338</td>
<td>246</td>
<td>8.25</td>
</tr>
<tr>
<td>P+PDP</td>
<td>409</td>
<td>318</td>
<td>10.64</td>
</tr>
<tr>
<td>Proved &amp; Prob.</td>
<td>473</td>
<td>382</td>
<td>12.79</td>
</tr>
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</table>

(McDaniel January 1, 2013 price forecast and 29.87 million basic Zargon shares as of December 31, 2012)


**Zargon (July 26 Close)**

- **$6.25/share**

- **$12.79 per basic share**
Low Corporate Decline Rate and High PDP Reserves Allocation

• Zargon uses hedges to help fund dividends and capital programs during periods of lower commodity prices. Our policies allow for the forward sale of:
  – up to a 70 percent maximum of estimated oil production volumes for the next 12 months. Then 60 percent for the next 12 months and 50 percent for the final 6 month period.
  – not to exceed a 30-month period.

• Current Forward Oil Sales:
  – Q3 2013: 3,000 bbl/d at $97.06 US/bbl (WTI)
  – Q4 2013: 3,000 bbl/d at $97.06 US/bbl (WTI)
  – Q1 2014: 3,000 bbl/d at $93.22 US/bbl (WTI)
  – Q2 2014: 3,000 bbl/d at $92.61 US/bbl (WTI)
  – Q3 2014: 2,200 bbl/d at $90.51 US/bbl (WTI)
  – Q4 2014: 2,200 bbl/d at $90.51 US/bbl (WTI)
  – Q1 2015: 400 bbl/d at $91.73 US/bbl (WTI)
Key Takeaways at Current Share Price
(August 7, 2013)

• **Zargon is committed to the current $0.06 per share monthly dividend.**
  
  – Current 11.2 percent dividend yield is protected by oil hedges, low payout ratios and a strong balance sheet.

  – During the 2013 “ASP heavy spend period”, Zargon will bridge the spending gap between cash flows and capital expenditures with property sales and if necessary drilling program deferrals.

• **The Little Bow ASP project will provide significant oil production per share growth for the 2014-2017 period.**
  
  – Little Bow phase 1-2 production rates are forecast to peak in 2018. Phases 1-4 peak rates are in 2020. ASP project success will lead to significant follow-on projects at Little Bow and other Southern Alberta properties.

• **Zargon shares represent good value at the current share price of $6.41 per share.**
  
  – Investors buy Zargon at a discount to the **proved developed producing year end 2012 “blowdown” net asset value of $7.75 per share (basic).**

  – Compared to many of our peers on a net asset value basis, Zargon is inexpensive.
Advisory – Forward-Looking Information

Forward-Looking Statements - This presentation offers our assessment of Zargon’s future plans and operations as at August 8, 2013, and contains forward-looking statements. Such statements are generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "plan", "intend", "believe" and similar expressions (including the negatives thereof). In particular, this presentation contains forward-looking information as to Zargon’s corporate strategy and business plans, Zargon’s exploration project inventory and development plans, Zargon’s dividend policy and the amount of future dividends, future commodity prices, Zargon’s expectation for uses of funds from financing, Zargon’s capital expenditure program and the allocation and the sources of funding thereof, Zargon’s cash flow and dividend model and the assumptions contained therein and the results there from, anticipated payout rates, 2013 and beyond production and other guidance and the assumptions contained therein, estimated tax pools, Zargon’s reserve estimates, Zargon’s hedging policies, Zargon’s drilling, development and exploitation plans and projects and the results there from and Zargon’s ASP project plans 2013 and beyond, plans to sell un-strategic assets, the source of funding for our 2013 capital program including ASP, capital expenditures, costs and the results therefrom. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including such as those relating to results of operations and financial condition, general economic conditions, industry conditions, changes in regulatory and taxation regimes, volatility of commodity prices, escalation of operating and capital costs, currency fluctuations, the availability of services, imprecision of reserve estimates, geological, technical, drilling and processing problems, environmental risks, weather, the lack of availability of qualified personnel or management, stock market volatility, the ability to access sufficient capital from internal and external sources and competition from other industry participants for, among other things, capital, services, acquisitions of reserves, undeveloped lands and skilled personnel. Risks are described in more detail in our Annual Information Form, which is available on our website. Forward-looking statements are provided to allow investors to have a greater understanding of our business.

You are cautioned that the assumptions, including, among other things, future oil and natural gas prices; future capital expenditure levels; future production levels; future exchange rates; the cost of developing and expanding our assets; our ability to obtain equipment in a timely manner to carry out development activities; our ability to market our oil and natural gas successfully to current and new customers; the impact of increasing competition; our ability to obtain financing on acceptable terms; and our ability to add production and reserves through our development and acquisition activities used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement. Our policy for updating forward-looking statements is that Zargon disclaims, except as required by law, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Barrels of Oil Equivalent - Natural gas is converted to a barrel of oil equivalent (“Boe”) using six thousand cubic feet of gas to one barrel of oil. In certain circumstances, natural gas liquid volumes have been converted to a thousand cubic feet equivalent (“Mcf”) on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and Mcfes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Estimated reserve values disclosed in this presentation do not represent fair market value. Discovered Petroleum Initially-In-Place (“DPIIP”) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.

The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.