

Extractive Sector Transparency Measures Act Report

Reporting Year From: 01/01/2016 To: 31/12/2016
Reporting Entity Name Zargon Oil & Gas Ltd.
Reporting Entity ESTMA Identification Number E933522
Subsidiary Reporting Entities (if necessary) N/A

Attestation: Please check one of the the boxes below and provide the required information

Attestation (by Reporting Entity)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

*The auditor expressed an unmodified opinion, dated [ENTER DATE: YYYY-MM-DD], on the ESTMA report for the entity(ies) and period listed above.
The independent auditor's report can be found at [INSERT WEBLINK TO AUDIT OPINION POSTED ONLINE – link should be on same page as report link]*

Director or Officer of Reporting Entity Full Name:
Position Title:

William T. Cromb
Interim Chief Financial Officer

Date: 29/05/2017

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year
Reporting Entity Name

From: 01/01/2016 To: 31/12/2016
Zargon Oil & Gas Ltd.

Reporting Entity ESTMA Identification
Number

E933522

Subsidiary Reporting Entities (if
necessary)

N/A

Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Province of Alberta		\$390,000	\$250,000					\$640,000	A portion of the Royalties are paid in-kind and valued as per the noted below Payee includes recipients: Alberta Energy Regulator; Alberta Petroleum Marketing Commission and Minister of Finance Province of Alberta
Canada	Province of Saskatchewan		\$880,000						\$880,000	A portion of the Royalties are paid in-kind and valued as per the noted below Payee includes recipients: Saskatchewan Ministry of the Economy
Canada	Municipal District of Taber	\$810,000							\$810,000	
Canada	R.M. of Cymri	\$200,000							\$200,000	
Canada	Flagstaff County	\$420,000							\$420,000	
Canada	R.M. of Browning	\$190,000							\$190,000	
Canada	R.M. of Griffin	\$110,000							\$110,000	
	Total	\$1,730,000	\$1,270,000	\$250,000					\$3,250,000	

Notes:

All payments were made in Canadian Dollars, therefore no foreign exchange translation required

In-kind royalty payments were determined using the realized sales price

Extractive Sector Transparency Measures Act - Annual Report

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Reporting Entity Name *Zargon Oil & Gas Ltd.*
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Subsidiary Reporting Entities (if necessary) *N/A*

Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Alberta Plains North	\$420,000	\$80,000	\$90,000.00					\$590,000	A portion of the Royalties are paid in-kind and valued as per the noted below
Canada	Alberta Plains South	\$440,000	\$90,000	\$120,000.00					\$650,000	A portion of the Royalties are paid in-kind and valued as per the noted below
Canada	Alkaline Surfactant Polymer	\$370,000	\$210,000	\$50,000.00					\$630,000	A portion of the Royalties are paid in-kind and valued as per the noted below
Canada	Willesden Basin	\$500,000	\$880,000						\$1,380,000	
Total		\$1,730,000	\$1,260,000	\$260,000					\$3,250,000	

Notes:

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In-kind royalty payments were determined using the realized sales price