ZARGON OIL & GAS LTD.

Corporate Presentation

January 24, 2019

Forward Looking-Advisory

ZARGON

Forward-Looking Statements - This presentation offers our assessment of Zargon's future plans and operations as at January 24, 2019, 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: the benefits of the proposal and the impact of the proposal on the Company; Zargon's common share interests assuming the completion of the proposal; Zargon's ability to implement its plans relating to the proposal; Zargon's corporate strategy and business plans; Zargon's oil exploration project inventory and development plans; 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 model and the assumptions contained therein and the results there from; 2019 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 2019 and beyond; strategic alternatives review process; the source of funding for our 2019 and beyond 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 are 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 ("Mcfe") 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.

Corporate Update
(January 24, 2019)

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Challenges

- Over the last few quarters, Zargon has struggled to meet its financial obligations and has eliminated discretionary capital programs and deferred field work-overs in order to conserve cash.
- November/December 2018 were particularly challenging as Zargon's Alberta field price averaged less than $12 Cdn. per barrel, due to a record high WTI – WCS differentials of more than $44 US/bbl.
- Consequently, Zargon's Q4 2018 production averaged 1,786 barrels of oil equivalent per day (1,575 bbl/d and 1.27 mmcf/d), a 9 % drop from the preceding quarter, due to the impact of restricted capital programs and the shut-in of uneconomic oil and natural gas properties.

Zargon's Response

- To mitigate these challenges, Zargon obtained a $3.5 US million property loan in early November 2018 that is secured by Zargon's North Dakota assets.
- Furthermore in early January 2019, Zargon obtained approval to convert the outstanding $41.9 million of convertible debentures into common share equity, thereby eliminating $4.20 million of debenture interest payments that were due and payable in 2019.
- With the debentures converted into equity, year end net debt is approximately $3 million.

Outlook

- Zargon's outlook has materially improved with January's Alberta field price averaging over $45 Cdn./bbl.
- With the corporate restructuring completed, Zargon can now seek a business combination without the overhang and uncertainties pertaining to the convertible debenture principal repayment.
- McDaniel YE 2018 reserves have been reported and show PDP reserves of 5.9 mmboe (PVBT 10% - $50 million), 1P reserves of 6.7 mmboe (PVBT 10% - $57 million) and 2P reserves 9.1 mmboe (PVBT 10% - $83 million); levels significantly higher than the current market capitalization.

Debenture Restructuring Proposal Approved
(Special Meeting: Jan. 10, 2019)

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At a January 10, 2019 special meeting of Zargon's 8.00% Convertible Unsecured Subordinated Debentures, the Debentureholders voted on a proposal whereby the Debenture's principal and accrued interest were settled with the issuance of Zargon common shares. At this meeting, the proposed resolution was passed by 83% of the votes cast. On January 11, 2019, Zargon completed the debenture settlement transaction. The terms of this transaction are summarized below:

Summary

- The outstanding $41.94 million of Debentures due December 31, 2019 and all outstanding accrued and unpaid interest, were settled in exchange for 428.9 million Zargon common shares, representing approximately 93.3% of the pro forma common shares outstanding.
- Zargon's total common shares were increased to 459.8 million.
- Zargon's overall debt was reduced by $41.94 million.
- Zargon's debenture interest cash payments for the 15 month period ending December 31, 2019 of approximately $4.20 million were eliminated.

Zargon Key Investment Highlights

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Zargon is a Alberta and North Dakota medium gravity oil gas producer with exceptional torque to oil prices, in addition to offering development oil exploitation opportunities through development horizontal wells and a long term Southern Alberta tertiary recovery project.

Oil Exploitation Focus	• Zargon is an oil-weighted company focused on the exploitation of mature oil properties. • Following 2012-16 divestment programs, Zargon's remaining operated oil reservoirs continue to be characterized by significant oil-in-place, low recovery factors and low oil production declines. • Over its history, Zargon has raised $210 million of equity capital and paid out $367 million in dividends and distributions.
Low Decline Oil Production	• Zargon's a historically low corporate oil decline of less than 10% per year has been enabled by reservoir pressure support from natural aquifers, waterfloods and tertiary floods. Recent funding restrictions have resulted in production losses due to deferred workovers and delayed discretionary capital programs.
Oil Exploitation Opportunities	• Zargon's properties provide waterflood optimization opportunities plus exploitation drilling opportunities that enable improved reservoir recovery factors in existing pools. • The 2018 year-end McDaniel reserve report books 15 P+P exploitation locations with average per well parameters of 64 Mbbl oil reserves, 48 bbl/d initial rate and $1.03 MM all-in costs.
Control of Properties & Key Infrastructure	• Very high working interest and operatorship across core operating areas, batteries and facilities. • Majority of batteries and facilities have been upgraded in the last five years. • An actively managed abandonment and reclamation program. Zargon's Alberta LMR is 1.15 (January 2019).
Little Bow ASP Project	• At higher oil prices, the existing ASP infrastructure can be utilized to resume AS injections in high-graded areas and for multiple other ASP phases and Polymer only projects seeking a 10 percent incremental oil recovery on over 80 million barrels of working interest oil-in-place.
Other Corporate Attributes	• Zargon holds ~$200 million of high quality tax pools (Sept. 30, 2018), includes $156 million of non-capital losses. • Zargon has retained a TSX listing, plus strong operating, accounting, land and finance capabilities, and can readily manage additional assets with minimal additional costs.

Key Considerations

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Exceptional Torque to Oil Prices

- Zargon's long-life oil reserves provide investors exceptional torque to oil prices:
  - Operational – Zargon's production tends to be from mature low-decline, low-rate wells with relatively higher operating costs. Small changes in oil prices have a significant impact on cash flows.
  - Exploitation – The economics of Zargon's ASP exploitation project and the North Dakota, Taber and Bellshill Lake undeveloped oil locations are also very sensitive to the field oil prices that Zargon receives.

Other Attributes

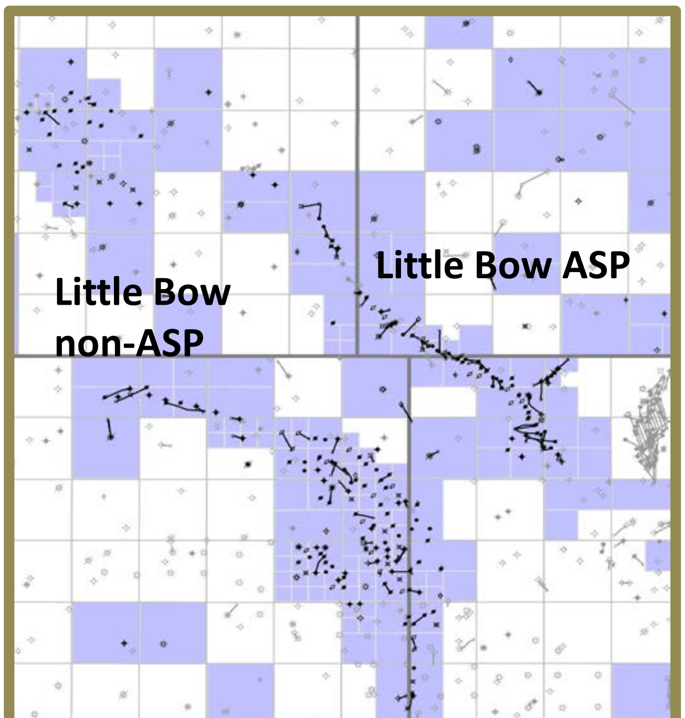
- Zargon's base oil production has historically been about 10% per year, provided that funds are available to fund routine well maintenance workovers.
- Based on the McDaniel 2018 year end reserve report, Zargon's proved developed producing net asset value was $0.11 per share.
- Zargon has 10 "drill ready" undeveloped locations at higher oil prices and if capital is available.
- Zargon brings $156 million of valuable non-capital tax losses and a TSX listing.

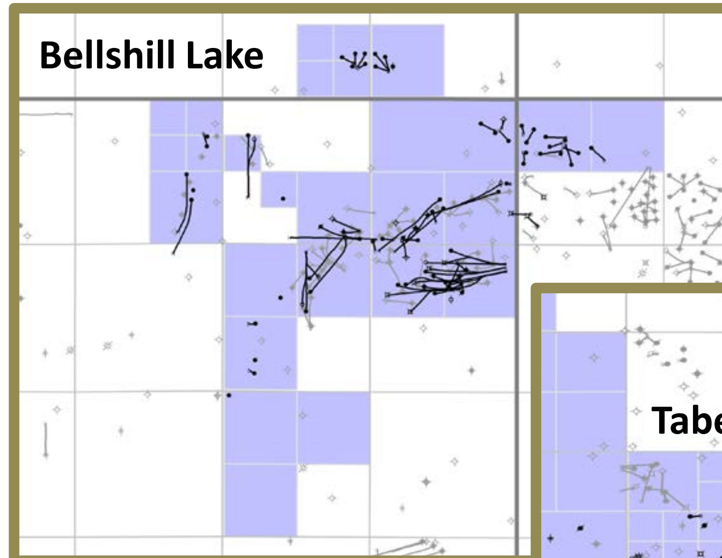
Strategic Process

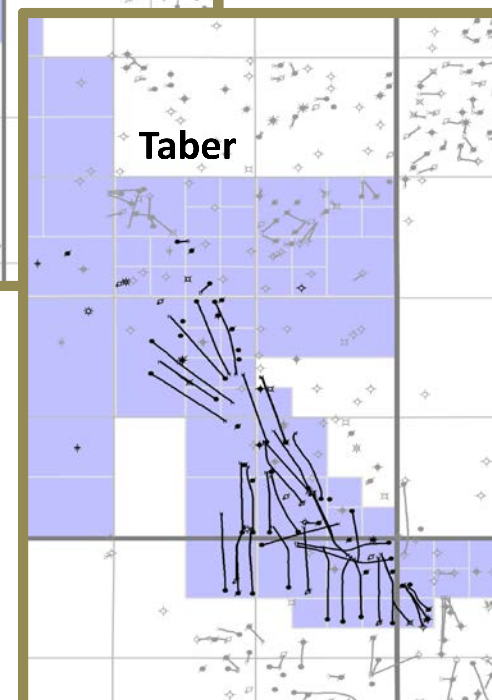
- Zargon's Board and management recognize that Zargon is a suboptimal size to operate as a public oil and gas company. Consequently, Zargon has engaged Macquarie Capital Markets Canada Ltd. to explore strategic alternatives that include mergers, sales and/or restructuring options, that will ultimately allow Zargon to continue as a part of a larger better capitalized entity.
- With the January 2019 conversion of Zargon's outstanding convertible debentures into equity, Zargon's capital structure is significantly improved and excessive debt levels are no longer resulting in a significant impediment to a potential sale or merger.

Alberta Exploitation Core Areas

- For 2017 and Q1 2018, annual oil production declines of about 10 percent were offset by oil exploitation projects (waterfloods, reactivations, and facility modifications).
- Subsequent to Q1 2018, a shortage of corporate funds has caused the deferral of minor oil exploitation projects and routine well workovers, which has resulted in reduced production volumes.







Excluding the Little Bow ASP project, the Alberta core areas are mature operated oil properties, with low decline rates and waterflood and pressure supported exploitation opportunities. Taber and Bellshill Lake also provide undeveloped oil exploitation locations.

North Dakota Properties

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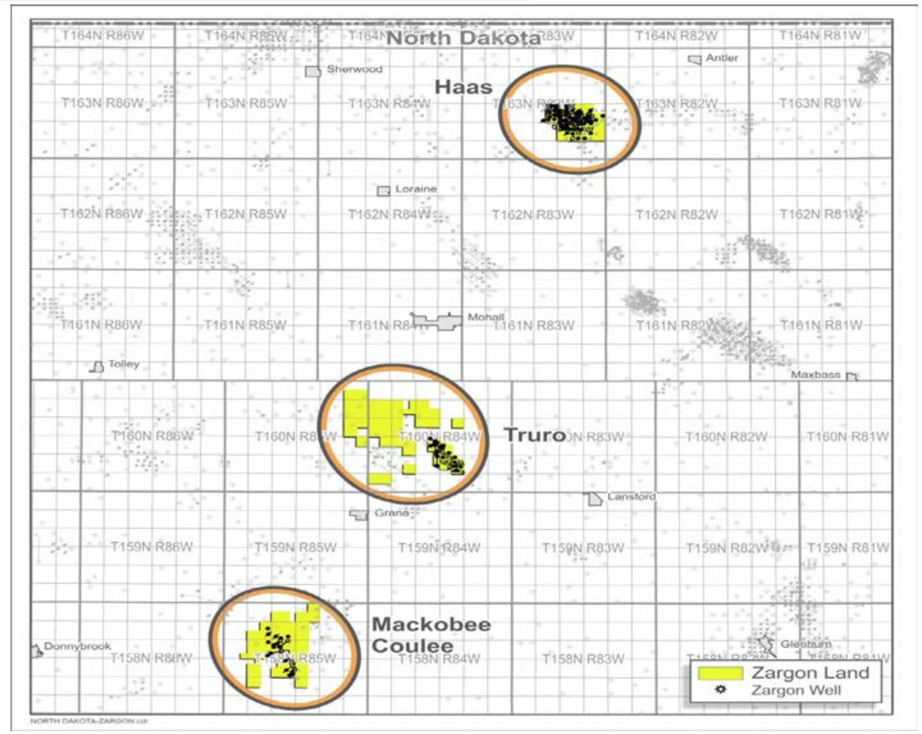
- Long life conventional oil properties, average of 27 API gravity oil
  - Stable production, large OOIP, more than 15 MMbbl oil produced.
  - Infrastructure and water disposal in place.
  - Infill drilling potential at each property (very low drilling density).
  - Oil price is based LSB stream, a significant premium to WCS crude.
- Established waterflood and unitized production
  - Ongoing waterflood modifications and reactivations are increasing production.
  - Two "drill ready" locations ready for funding (Truro and Mackobee Frobisher)
- North Dakota Williston Basin geology is very analogous to the offsetting Southeast Sask. geology. Yet, compared to Sask., there has been limited development.



	Q2 2018 Production *(boe/d)*	OOIP *(MMbbl)*	Recovery to Date *(%)*	Decline *(%)*	Gross Undeveloped Locations *McDaniel*	*Additional*
Haas	200	51	23%	4%	1	5+
Mackobee Coulee	83	17	12%	11%	3	7
Truro	127	30	4%	7%	1	2
Total	**410**	**98**	**15%**	**6%**	**5**	**14+**

Little Bow ASP

EOR in a mature Southern Alberta Waterflood

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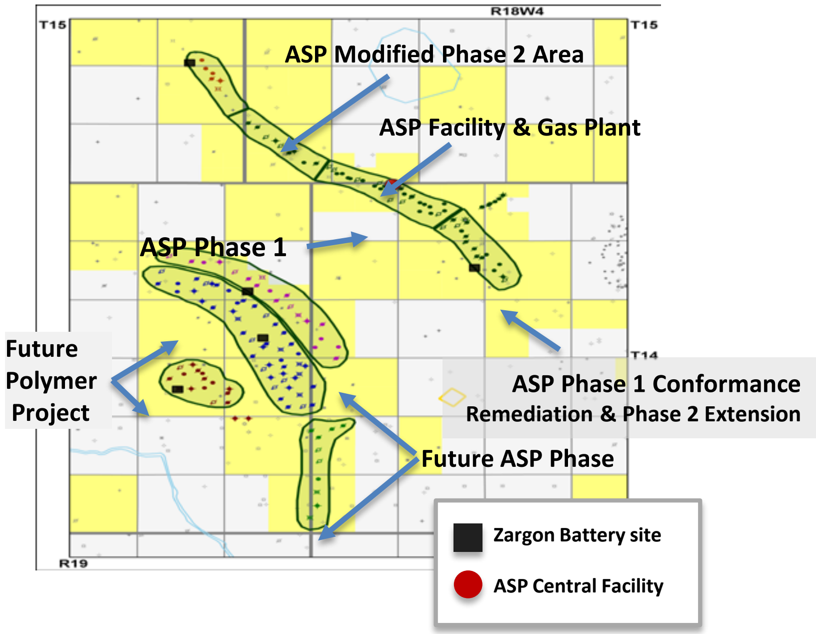
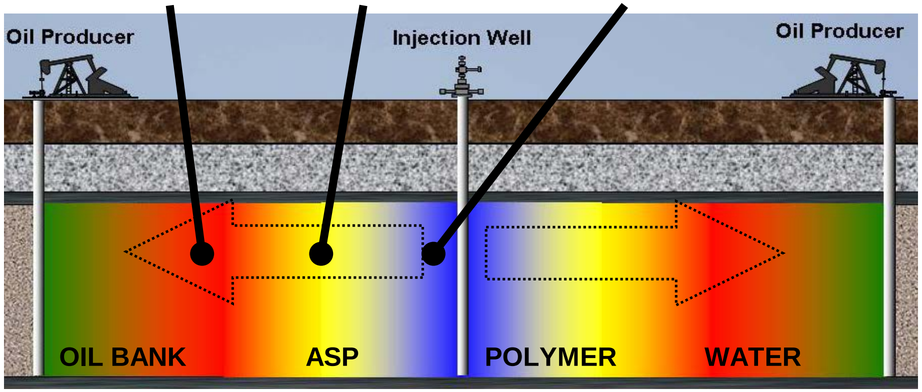


1) ASP Injection
A blend of Alkali, Surfactant & Polymer mobilizes trapped oil

2) Polymer "Push"
Polymer displaces mobilized oil to producing wells

3) Terminal Waterflood
Return to waterflood to complete oil displacement



Zargon constructed an Alkaline Surfactant Polymer ("ASP") facility at Little Bow, Alberta, which enables the injection of dilute chemicals in a water solution to flush out undrained oil in existing reservoirs.

At higher oil prices, the existing ASP infrastructure can be utilized for multiple ASP and Polymer only projects seeking a 10 percent incremental oil recovery on over 80 million barrels of working interest oil-in-place.

Zargon Statistical Overview (Q3 18 Results)

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Capitalization[1]

Share Price (Jan. 24, 2019)	$0.035
Basic Shares Outstanding	460
Market Capitalization	$16
Approx. Net Debt[2]	$3
Option Proceeds	-
Entity Value	$19
52-Week High	$0.55
52-Week Low	$0.03

Net Debt Summary[2]

Bank Debt	$nil
Convertible Debs (Jan. 24, 2019)	$nil
Working Capital	$2
US Term Debt	($5)
Net Debt	($3)

Other Company Details

Employees	12 Office 4 Field
Head Office	Calgary, Alberta, Canada
Primary Exchange Listing	TSE
Reserve Evaluators	McDaniel

(1) All numbers in $millions except per share values

(2) Net debt calculated after convertible debentures have been converted into common shares

Zargon Production and Financial Statistics (trailing six quarters)

Quarterly Comparisons	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Oil Prod. (bbl/d)	1,921	2,037	1,924	1,949	1,805	1,679
Gas Prod. (mmcf/d)	3.47	3.55	2.95	2.87	1.88	1.64
Equiv. Prod. (boe/d)	**2,500**	**2,628**	**2,416**	**2,427**	**2,118**	**1,953**
Revenue & Hedges ($ million)	9.37	9.51	9.69	8.86	9.28	10.17
Royalties ($ million)	1.11	1.13	1.19	1.28	1.57	1.54
Op. Costs ($ million)	5.12	4.88	5.03	6.01	5.25	4.88
Property Cash Flow ($ million)	**3.14**	**3.50**	**3.47**	**1.57**	**2.46**	**3.75**
G&A Costs ($million)	1.11	0.89	1.00	0.97	0.96	0.87
Interest & Other ($ million)	0.89	0.85	0.88	0.90	0.92	0.95
Corp. Funds Flow ($ million)	**1.14**	**1.76**	**1.59**	**(0.30)**	**0.58**	**1.93**
Capital ($ million)	2.13	1.77	2.45	1.50	1.19	0.92
Abd. & Reclaim ($million)	0.55	0.55	0.87	0.61	0.24	0.24
Impact of Hedges ($million)	(0.03)	0.23	(0.61)	(0.85)	(1.56)	(0.00)

In Q3 2016, Zargon sold significant (Saskatchewan) assets in order to eliminate bank debt. For the following five quarters, production and financial results were relatively steady. Since Q1 2018, Zargon's production volumes have declined due to the impact of our restricted capital programs and the deferral of regular well maintenance, caused by our lack of funds.

Alberta "Drill Ready" Locations

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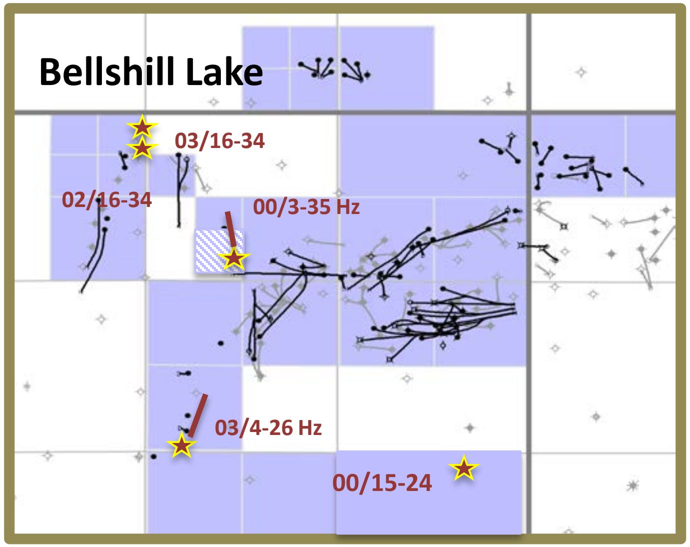
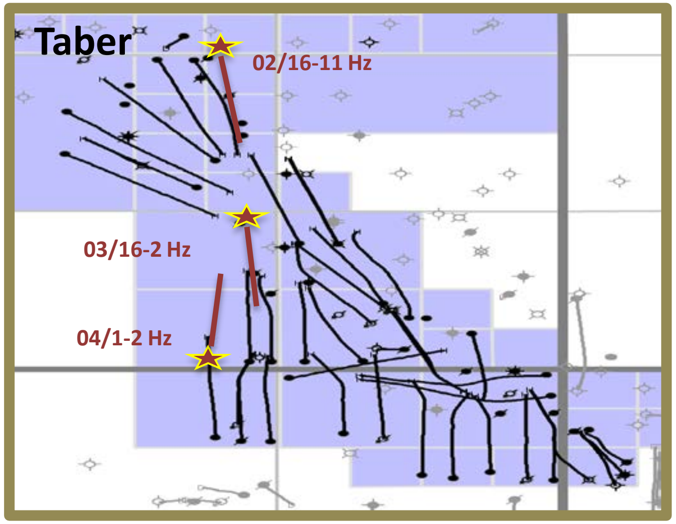
Drill Ready Location	Target	Cost ($million)	Prob. Of Success (%)	Risked Prod (bbl/d)	Risked Reserves (mbbl)
(02) 16-34 Vertical	Dina attic	0.60	85	43	**34**
(03) 16-34 Vertical	Dina attic	0.60	85	43	**34**
(00) 15-25 Vertical	Dina new closure	0.90	60	48	**54**
(03) 4-26 Horizontal	Dina drainage	0.95	75	38	**56**
(00) 3-35 Horizontal	Dina drainage	0.95	75	38	**56**
Total Bellshill Lake		**4.00**		**210**	**234**
(04) 1-2 Horizontal	Sunburst drainage	0.95	90	36	**68**
(03) 16-2 Horizontal	Sunburst drainage	0.95	90	36	**68**
(02) 16-11 Horizontal	Sunburst drainage	0.95	80	40	**68**
Total Taber		**2.85**		**112**	**204**
Total Alberta		**6.85**		**322**	**438**

Zargon has advanced eight of its Alberta undeveloped locations to a "drill ready" status. These locations can be drilled once funding is available. With the recent improvement in oil prices, the program's risked returns are strong.

2019 Field Price ($Cdn./bbl)	Time to Payout (years)	Rate of Return (percent)	Profitability Index @ PV 10%
$45	2.7	30	0.53
$55	2.0	48	0.95
$65	1.6	68	1.37





H1 2019 Cash Flow Parameter Estimates

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Zargon's field, corporate and total cash flows have been exceptionally sensitive to the recent variations in Zargon's field prices that were caused by volatile WTI pricing and WTI-WCS differentials. This parameter sheet (for H1 2019 only) permits the reader to make their own estimates of WTI, WCS and LSB (Sask.) prices and then calculate field cash flows, corporate cash flows and total cash flows (after all capital and liability retirement costs).

Production

- Oil — 1,585 bbl/d
- Gas — 1.30 mmcf/d
- Equiv. — 1,800 boe/d (88% oil and liquids)

Other Parameters

- AB Diffs — Assume Alberta field prices are $1 Cdn./bbl higher than WCS pricing
- ND Diffs — Assume North Dakota field price are $10 Cdn./bbl less than LSB (Sask.) pricing
- Royalties — 9% Alberta, 24% North Dakota (includes state and severance taxes)
- G&A Costs — $1.6 million – H1 2019
- Interest — $0.3 million – North Dakota term debt; debentures are retired (H1 2019)

Costs & Capital H1 2019

- Operating — $10.0 million
- Abd. & Reclam. — $1.0 million (when annualized, exceeds AER's 2019 Area Based Closure obligation)
- US Taxes — $ nil
- Total Capital — $2.0 million (some workovers and reactivations, includes polymer and other non-discretionary costs)

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Appendix

McDaniel YE 2018 Reserve Appraisal

McDaniel YE 2018 Reserves Review
Company Reserves by Category

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Company Reserves At December 31, 2018	**Oil and Liquids (mmbbl)**	**Natural Gas (bcf)**	**BOE (mmboe)**
Proved Producing	5.26	3.59	5.86
Proved Non-Producing	0.39	0.48	0.47
Proved Undeveloped	0.35	-	0.35
Total Proved	**6.00**	**4.07**	**6.68**
Probable Additional Producing	1.37	0.89	1.52
Probable Non-Producing & Undeveloped	0.87	0.45	0.94
Total Probable Additional	**2.24**	**1.34**	**2.46**
Total Proved & Probable Producing	**6.63**	**4.48**	**7.38**
Total Proved & Probable	**8.24**	**5.41**	**9.14**

Company Reserves are Working Interest/Gross Reserves before deductions of Royalties
BOE Conversion – 6 mcf : 1 bbl

McDaniel YE 2018 Reserves Review
Net Present Value (Forecast Prices and Costs)

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Before Tax Present Value of Future Net Revenue
(Forecast Prices and Costs)
($ millions)

	Discount Factor			
	0%	**5%**	**10%**	**15%**
Proved Producing	74.7	60.7	49.6	41.7
Proved Non-Producing	8.3	6.4	5.1	4.2
Proved Undeveloped	5.1	3.3	2.0	1.0
Total Proved	**88.1**	**70.4**	**56.7**	**46.9**
Probable Additional Producing	42.8	24.1	15.3	10.7
Probable Non-Producing & Undeveloped	22.1	15.3	10.9	8.0
Total Probable Additional	**64.9**	**39.4**	**26.2**	**18.7**
Total Proved & Probable Producing	**117.5**	**84.8**	**64.9**	**52.4**
Total Proved & Probable	**153.0**	**109.8**	**82.9**	**65.6**

These net asset value estimates do not include ongoing operating costs or site reclamation and abandonment costs for wells that are not assigned reserves.

McDaniel YE 2018 Price Forecasts

Comparison of Oil/Gas History & Forecast

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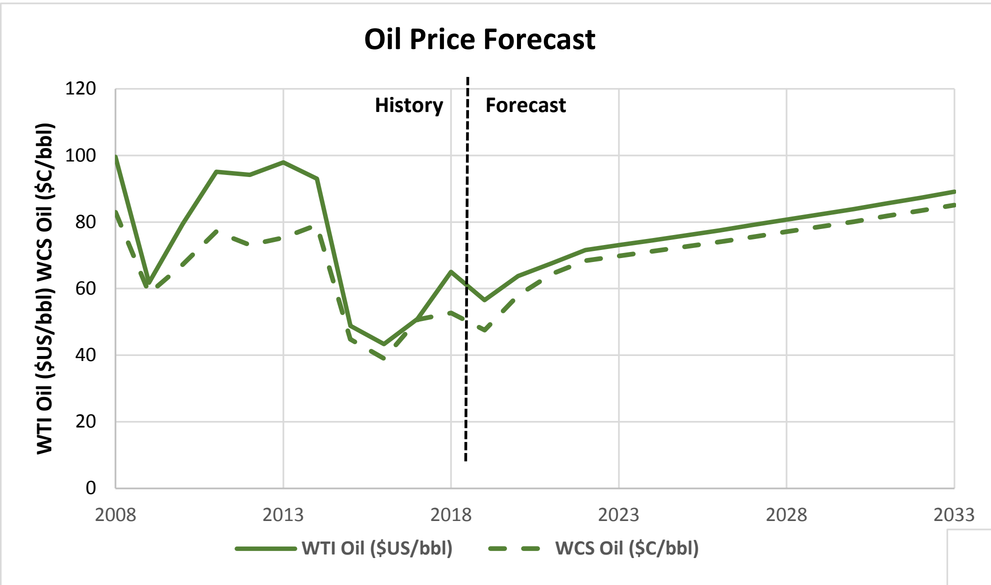
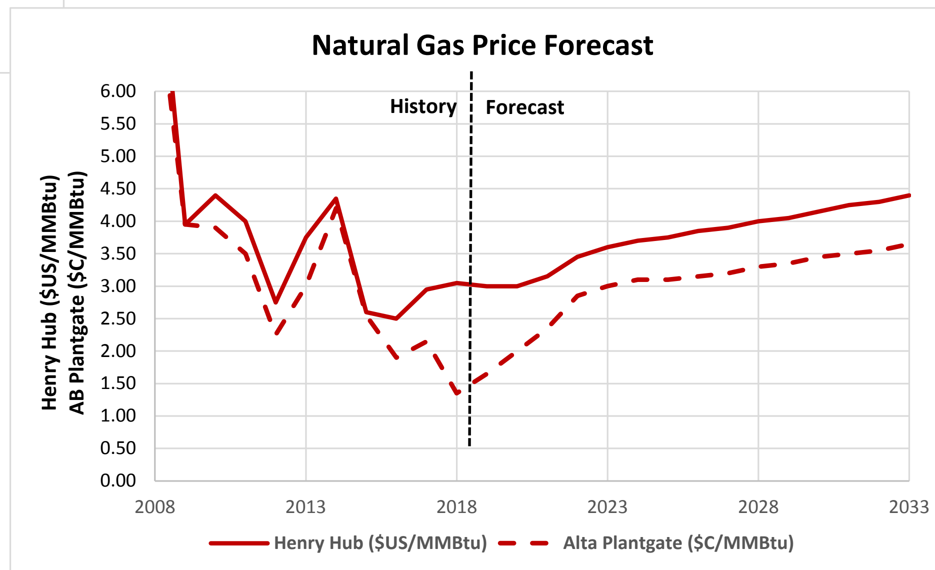




McDaniel YE 2018 Reserves Review
Oil Production (PDP & P+PDP)

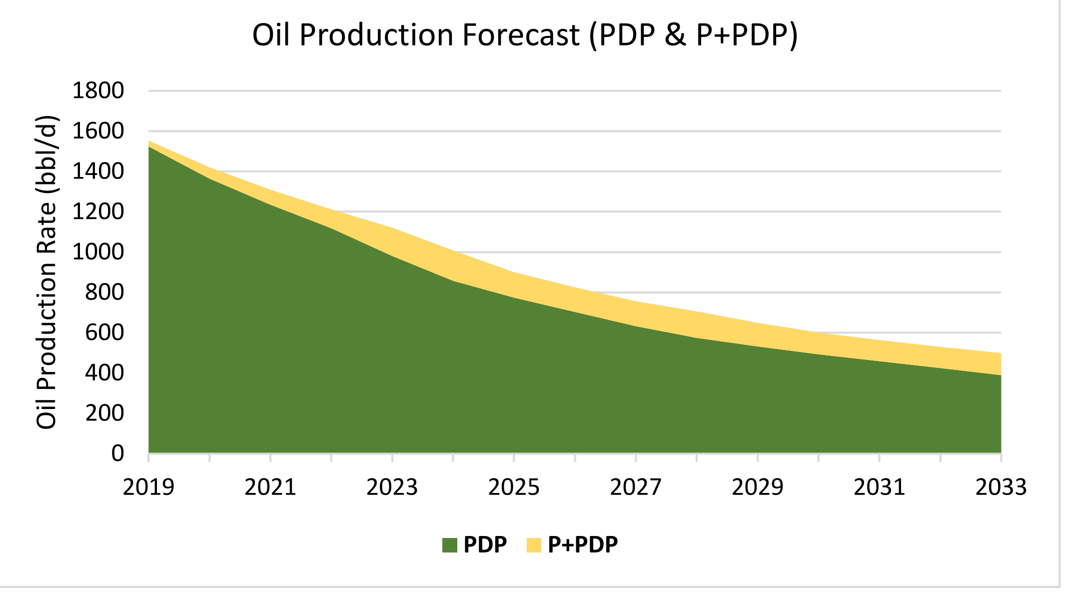
McDaniel Oil Reserves & Production Characteristics

RLI (yrs) & 2019 Decline Rate (%/yr)

Team	PDP * RLI (yrs)	PDP Decline	P+PDP RLI (yrs)	P+PDP * Decline
Alberta	7.9	11.4 %	10.1	9.2 %
North Dakota	12.9	6.7 %	15.9	5.5 %
Zargon	**9.1**	**10.2 %**	**11.5**	**8.3 %**

**** Note: RLI based on annualized Q4 2018 oil production***

- 2019 P+PDP oil production is 1,553 bbl/d; compares to Q4 2018 actuals of 1,575 bbl/d.



McDaniel YE 2018 Reserves Review
Oil Development Forecasts

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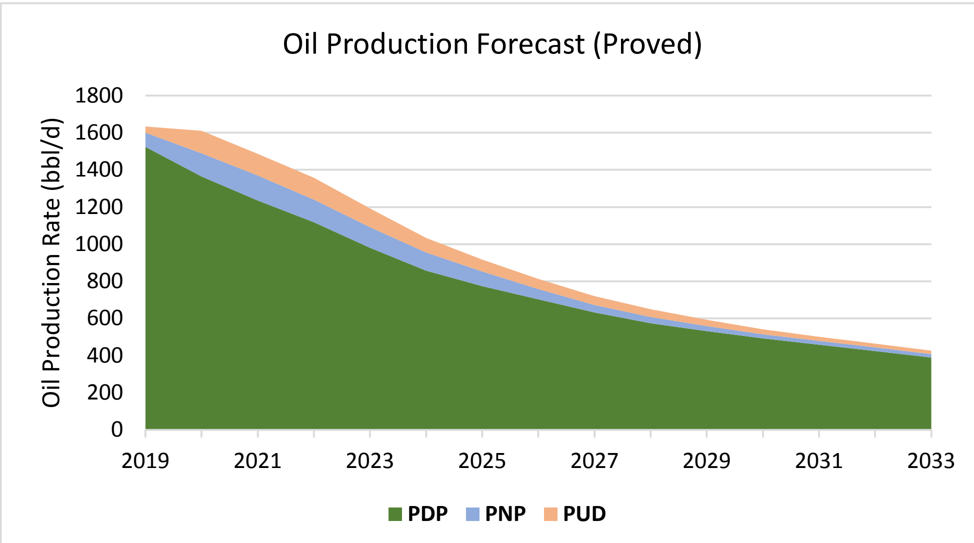
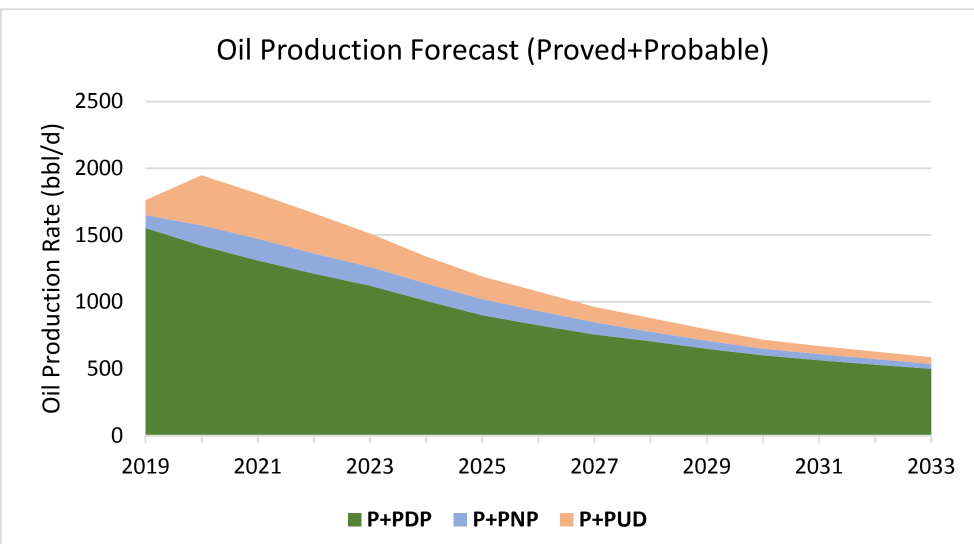


- Proved Non-Producing development includes repairs/reactivations in Bellshill Lake and Little Bow deferred from 2018 as well as reactivations in the ASP project following Polymer injection.
- Proved Undeveloped drilling includes 2 locations in Taber and 4 locations in North Dakota.



- P+PNP development is similar to what is outlined above (better rates forecasted).
- P+PUD includes the 6 Proved drilling locations above, plus 1 additional location in Taber, 5 locations in Bellshill Lake and 3 additional locations in North Dakota. An oilwell reactivation in Carrot Creek is also included

Net Asset Value Comparison McDaniel Year End 2018 Pricing

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NAV Calculation (Dec 31, 2018 Reserves)

Proved + Prob. McDaniel Est. (BT DCF 10%)	$ 83 million
Undeveloped Land (internal evaluation)	$ 2 million
Deduct Net Working Capital & Bank Debt	- $ 3 million
Net Asset Value	**$ 82 million**
Zargon Proved + Prob. Net Asset Value	**$0.18 per share**

(459.80 million shares at Jan 11, 2019)

Reserve Category	McDaniel PVBT 10% ($ million)	Net Asset Value ($ million)	Net Asset Value ($/share)
PDP	50	49	**0.11**
Total Proved	57	56	**0.12**
P+PDP	65	64	**0.14**
Proved & Prob.	83	82	**0.18**

These net asset value estimates do not include ongoing operating costs or site reclamation and abandonment costs for wells that are not assigned reserves.

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