

CALGARY, ALBERTA--(Marketwire - Jun 22, 2015) - Zargon Oil & Gas Ltd. (TSX:ZAR)(TSX:ZAR.DB) ("Zargon" or the "Company") announces the renewal of its credit facilities, a reduced dividend of \$0.01 per common share per month and provides a Little Bow ASP Project Update.

Renewal of Credit Facilities

Zargon has renewed and extended its committed syndicated credit facilities and the lenders thereunder have confirmed a borrowing base of \$110 million, down from \$130 million. This reduced borrowing base compares with our outstanding bank debt of \$49.91 million at March 31, 2015. The credit facilities are now fully revolving until June 22, 2016, with the provision for an annual extension at the option of the lenders and upon request from Zargon.

Monthly Dividend Cut from \$0.03 per common share to \$0.01 per common share

In 2015, Zargon has been paying a monthly dividend of \$0.03 per common share (\$0.36 per common share annualized), for a total of approximately \$11 million annually, based on 30.3 million common shares outstanding. These dividends were supported in part by 1,400 barrels of per day of H1 2015 oil hedges at an average price of \$93.68 US per barrel (WTI) of oil. With the expiry of these hedges the Company believes, given current oil commodity prices, that it is prudent to lower the monthly dividend to \$0.01 per common share (\$0.12 per common share annualized) beginning with the July 2015 dividend, payable in August 2015.

Over the past two years, the Company has successfully refocused its business on long-life low-decline waterflood and waterdrive properties while developing a long-life large-reserve tertiary Alkaline Surfactant Polymer ("ASP") project located at Little Bow, Alberta. These initiatives were completed in conjunction with the reduction of our overall cost footprint through legacy lower-margin property dispositions. The combination of these initiatives, the arrival of material ASP oil production volumes and ultimately higher oil prices will provide the basis for increasing dividends in the future. For further information regarding 2015 projected volumes and costs, please refer to the updated corporate presentation available on the Company's website.

Little Bow ASP Project Update:

In March 2014, Zargon commenced injection of large volumes of dilute chemical solution into the partially depleted Little Bow Mannville I pool to recover substantial incremental oil reserves. To date, 4.7 million barrels of ASP solution has been injected into the first phase of the project. This injection volume represents 21 percent of the total chemical bank (ASP and polymer only) scheduled to be injected in the phase 1 operation.

Although the production ramp-up has been slower than anticipated, we continue to be encouraged by the flood's production response, which shows improving oil cuts and definitive oil banking in all areas of the project. The following figure provides the recent production data and demonstrates the improvement in the project oil cut from 1.3 to more than 2.5 percent.

To view Figure 1, please visit the following link: <http://media3.marketwire.com/docs/zar0622fig1.pdf>.

In order to accelerate production volumes from these developing oil banks Zargon is proceeding this summer with the drilling of two producers and one injector, the conversion of one producer and one flank injector into ASP injectors and six workovers at ASP injectors/producers. The budgeted cost for these exploitation activities is \$5 million. For further information regarding the ASP project performance and optimization programs, please refer to the updated corporate presentation available on the Company's website.

Zargon's independent reserves evaluator McDaniel & Associates Consultants Ltd. ("McDaniel") has assigned 4.48 million barrels of proved and probable (non-producing and undeveloped) oil and liquids reserves to the Little Bow ASP project in their 2014 year end reserve appraisal.

Based in Calgary, Alberta, Zargon's securities trade on the Toronto Stock Exchange and there are currently 30.281 million common shares outstanding.

FORWARD-LOOKING STATEMENTS

This press release offers our assessment of Zargon's future plans and operations as at June 22, 2015, and contains forward-looking statements. All statements other than statements of historical fact may be 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 press release contains forward-looking statements pertaining to the following:

- *our credit facilities, borrowing base, and debt levels;*

- our oil price hedges, budgets, and price forecasts;
- our dividend policy and the expected sources of funds for our dividends; and
- our plans and capital budgets pertaining to our Little Bow ASP project, and the anticipated results from this project, including the resulting ASP reserves.

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 and at www.sedar.com.

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 document 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.

FURTHER INFORMATION

Zargon Oil & Gas Ltd. is a Calgary based oil and natural gas company working in the Western Canadian and Williston sedimentary basins and is focused on oil exploitation projects (waterfloods and recently tertiary ASP) that profitably increase oil production and recovery factors from existing oil reservoirs. Ultimately, these projects will provide a long-life low-decline oil production that will support many years of stable dividends in the future.

In order to learn more about Zargon, we encourage you to visit Zargon's website at www.zargon.ca where you will find a current shareholder presentation, financial reports and historical news releases.

Contact

Zargon Oil & Gas Ltd.
 C.H. Hansen
 President and Chief Executive Officer
 403-264-9992
 Zargon Oil & Gas Ltd.
 J.N. Post
 Chief Financial Officer
 403-264-9992
zargon@zargon.ca
www.zargon.ca