

CALGARY, ALBERTA--(Marketwired - Apr 3, 2017) - Zargon Oil & Gas Ltd. ("Zargon" or the "Company") (TSX:ZAR)(TSX:ZAR.DB) announces that it has taken up \$15.56 million aggregate principal amount of its 6.00% convertible unsecured subordinated debentures (the "Debentures") at tender prices ranging from \$890 to \$1,000 per \$1,000 principal amount of Debentures, for a total cash consideration of \$14.84 million, which is equivalent to an average cost of \$954 per debenture. The redemption of the Debentures was completed pursuant to the Company's previously announced redemption of up to \$19 million aggregate principal amount of Debentures at cash prices determined by a "Dutch auction" process (the "Redemption Auction").

Holders of the Debentures ("Debentureholders") had the opportunity under the Redemption Auction to tender their Debentures until 5:00 p.m. (Eastern Time) on March 31, 2017. A total of \$15.56 million aggregate principal amount of Debentures were properly tendered and not withdrawn under the Redemption Auction, all of which was taken up at the respective tender price for such Debentures. Payment of the redemption price for Debentures being redeemed will be in cash and will be made promptly in accordance with the terms of the indenture governing the Debentures.

As of April 1, 2017, changes to the Debentures took effect, which are more particularly described in the Company's information circular dated January 16, 2017 (the "Information Circular") and as approved by the Debentureholders at a meeting held February 14, 2017. Debentures that were not tendered and were not redeemed pursuant to the Redemption Auction (the "Amended Debentures") now have an annual interest rate of 8.00%, a maturity date of December 31, 2019 and are subject to other changes as further described in the Information Circular (available on the Company's SEDAR profile at www.sedar.com).

The Amended Debentures will commence trading on the Toronto Stock Exchange under the new symbol "ZAR.DB.A" at the open of markets on April 3, 2017. After giving effect to the Redemption Auction, there is approximately \$41.94 million aggregate principal amount of the Amended Debentures outstanding.

ADVISORS

Macquarie Capital Markets Canada Ltd. acted as exclusive financial advisor to Zargon for this component of its strategic alternatives process.

FURTHER INFORMATION

Zargon 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 tertiary ASP) that profitably increase oil production and recovery factors from existing oil reservoirs.

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.

ADVISORY ON FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. More particularly, this press release contains statements concerning, but not limited to: the Redemption Auction; the expected time of payment for redeemed Debentures; and other matters regarding the Redemption Auction. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies. As a consequence, actual results may differ materially from those anticipated in the forward looking statements. These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Zargon's control, and many factors could cause Zargon's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company, including, but not limited to: the Company and its financial position, liquidity and outlook; and other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by the Company. Readers are cautioned that the foregoing list of important factors is not exhaustive.

Such forward-looking statements are based on certain assumptions made by Zargon in light of its experience and perception of current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but are not limited to: that Zargon will have the financial ability to satisfy its obligations; and other matters.

The forward-looking statements contained in this press release are made as of the date hereof and Zargon undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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