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**ZARGON ENERGY TRUST PROVIDES AN OPERATIONAL UPDATE AND RELEASES
2009 YEAR END RESERVES INFORMATION**

CALGARY, ALBERTA – Zargon Energy Trust ("Zargon") is pleased to provide an operational update and release its 2009 year end reserves information. Zargon is planning on releasing its 2009 financial results on March 10, 2010, after market close.

HIGHLIGHTS:

- Fourth quarter 2009 production averaged 10,586 barrels of oil equivalent per day, a five percent gain over the preceding quarter rate of 10,088 barrels of oil equivalent per day and a 12 percent increase over the prior year's fourth quarter rate of 9,410 barrels of oil equivalent per day.
- Fourth quarter 2009 oil and liquids production averaged 5,485 barrels per day, a two percent gain over the preceding quarter rate of 5,382 barrels per day and a 24 percent increase from the prior year's fourth quarter rate of 4,434 barrels per day.
- Natural gas production for the fourth quarter of 2009 averaged 30.60 million cubic feet per day, an eight percent increase from the preceding quarter rate of 28.23 million cubic feet per day and a two percent increase over the prior year's fourth quarter rate of 29.86 million cubic feet per day.
- For calendar 2009, production averaged 9,856 barrels of oil equivalent per day, a seven percent gain over the prior year's average of 9,252 barrels of oil equivalent per day. On a per million trust unit basis, production averaged 412 barrels of oil equivalent per day in 2009, an eight percent decrease from the 446 barrels of oil equivalent per day reported in 2008. Over the year, production increases were primarily derived by the Masters Energy Inc. ("Masters") and Churchill Energy Inc. ("Churchill") corporate acquisitions.
- In 2009, Zargon drilled 25.7 net wells with a 100 percent success ratio, yielding 15.9 net oil wells and 9.8 net natural gas wells. Net exploration, development, corporate and net property acquisition capital expenditures (unaudited) in 2009 were \$103.83 million with \$57.38 million of net corporate and property acquisitions and \$46.45 million for field exploration and development programs.
- Based on an independent reserves evaluation conducted by McDaniel & Associates Consultants Ltd. ("McDaniel"), effective December 31, 2009, Zargon had total proved reserves of 22.73 million barrels of oil equivalent and proved plus probable reserves of 32.24 million barrels of oil equivalent, each an eight percent increase, respectively, from the prior year. On a 6:1 equivalency basis, oil and liquids make up 62 percent of Zargon's total proved and probable reserves.
- In 2009, Zargon's net exploration and development capital program and corporate and property acquisitions delivered 5.28 million barrels of oil equivalent of total proved reserve additions (including revisions) and 6.12 million barrels of oil equivalent of proved and probable reserves (including revisions). These proved additions and proved and probable additions replaced approximately 147 percent and 170 percent of the year's production volumes, respectively. The proved and probable reserve additions (including revisions) were 67 percent oil weighted.
- For the total proved reserve case, Zargon's 2009 capital program delivered an all-in annual finding, development and acquisition ("FD&A") cost of \$19.24 per barrel of oil equivalent including the consideration of changes in future development capital (excluding future Alberta drilling credits). For the proved and probable reserve case, Zargon's 2009 capital program delivered an all-in proved and probable FD&A cost of \$16.45 per barrel of oil equivalent including the consideration of future development capital (excluding future Alberta drilling

credits). Excluding the change in future development costs, the 2009 proved and probable FD&A costs were \$16.97 per barrel of oil equivalent.

- Ninety-four percent of Zargon's total proved reserves are assigned to the proved developed producing category. Eighty-seven percent of Zargon's proved and probable reserves are assigned to the proved and probable producing category. The estimated future capital expenditures (excluding future Alberta drilling credits) required to realize the total proved and the total proved and probable reserves are only \$7.80 and \$24.34 million, respectively.
- Primarily as a result of the Masters and Churchill acquisitions, Zargon's undeveloped land inventory increased 29 percent in 2009 to 540 thousand net acres.
- Zargon's "produce-out" net asset value calculation at a before tax 10 percent discount rate and using forecast prices and costs was \$21.77 per diluted trust unit. This estimate reflects the McDaniel estimate of Zargon properties' future cash flow plus the appraisal of Zargon's undeveloped land less an allowance for the year end bank debt and working capital deficiencies.

OPERATIONAL UPDATE:*

Zargon's fourth quarter 2009 field capital expenditures were \$12.36 million, of which \$5.87 million was allocated to a six gross (5.0 net) well drilling program that resulted in five gross (4.0 net) oil wells and one gross (1.0 net) natural gas well. The fourth quarter program was highlighted by two horizontal wells in the Williston Basin at Steelman, Saskatchewan, two horizontal wells at Taber in the Alberta Plains core area and one Viking natural gas well at Jarrow in the Alberta Plains.

During the first quarter of 2010, we are proceeding with a very active drilling program designed to maximize Zargon's Alberta Crown Royalty drilling incentives. Specifically, in the Alberta Plains we plan on drilling three Taber horizontal oil exploitation wells, a Jarrow horizontal Glauconite oil well and three Bellshill Lake vertical oil exploitation wells. In West Central Alberta, we are planning to drill one Spirit River Gething vertical oil exploitation well. Also, in the first quarter of 2010, oil exploitation activity in the Williston Basin area of Saskatchewan will include two Manor horizontal wells, a Fertile Torquay horizontal well and then two Steelman Frobisher horizontal wells. This first quarter 2010 oil exploitation drilling program will provide support for oil production volumes beginning in the second quarter of the year.

The second quarter capital program will be considerably quieter and will include two Jarrow natural gas exploitation locations, a Highvale Banff oil exploitation location and numerous Viking recompletions in the Alberta Plains Jarrow and Hamilton Lake properties that test the productivity potential of this areally extensive resource. Throughout 2010, our field capital programs will continue to focus on the Williston Basin and Alberta Plains horizontal oil exploitation drilling that provided strong recycle ratios and returns in 2009. For natural gas, we will defer "harvest type" expenditures and concentrate on the "science type" natural gas capital expenditures that set up larger scope and longer term opportunities in the future.

Furthermore, we have continued to advance our detailed technical review of the Little Bow alkaline surfactant polymer ("ASP") tertiary oil recovery initiative. Although our detailed reservoir modeling has provided encouragement, we have elected to delay our final decision regarding project implementation for this Southern Alberta opportunity until the end of the third quarter, at which time we will have performed additional core tests and expect to have obtained improved clarity regarding the Alberta Crown's treatment for tertiary royalty volumes.

GUIDANCE:*

In the November 11, 2009 press release reporting third quarter results, Zargon provided production guidance for the fourth quarter of 2009 at 10,400 barrels of oil equivalent per day. Supported by flush production volumes coming from new horizontal Frobisher producers at Steelman, Saskatchewan and from the recent tie-in of very strong Kakut Doig natural gas wells on the Peace River Arch, Zargon's fourth quarter production exceeded guidance by two percent and averaged 10,586 barrels of oil equivalent per day.

In the same press release, Zargon provided preliminary production guidance for calendar 2010 at 10,400 barrels of oil equivalent per day, which was based on a \$58 million 2010 exploration and development capital program. At this time, Zargon reconfirms this full year guidance and field capital program, which is allocated \$26 million to the Williston Basin, \$21 million to Alberta Plains and \$11 million to West Central Alberta. Reflecting a quiet November 2009 through January 2010 drilling program in conjunction with the high initial production declines from new wells at the Steelman and Kakut properties, we are now predicting a first quarter production rate of 10,100 barrels of oil equivalent per day. Over the remainder of the year, we expect increasing corporate production rates, as wells from our oil exploitation drilling programs are completed and tied-in.

In addition, enabled by our strong balance sheet, we anticipate completing additional exploitation focused corporate and/or property acquisitions throughout the year. These acquisitions can be funded through available credit facilities and, in certain corporate acquisition opportunities, through the issuance of Zargon equity as partial consideration to the vendor.

** Please see comments on "Forward-Looking Statements" on the last page of this report.*

RESERVES:

Reserves included herein are stated on a company working interest basis unless otherwise noted. "Company interest" means, in relation to Zargon's interest in reserves, means its working interest (operating or non-operating) share before deduction of royalties. "Company interest" is not a term defined or recognized under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and does not have a standardized meaning under NI 51-101. Therefore, the "company interest" reserves of Zargon may not be comparable to similar measures presented by other issuers, and investors are cautioned that "company interest" reserves should not be construed as an alternative to "gross" or "net" reserves calculated in accordance with NI 51-101. All reserves information has been prepared in accordance with NI 51-101. In addition to the detailed information disclosed in this press release, more detailed information will be included in Zargon's 2009 Annual Information Form to be filed on SEDAR (www.sedar.com) in March 2010.

Based on an independent reserves evaluation conducted by McDaniel effective December 31, 2009, and prepared in accordance with NI 51-101, Zargon had proved and probable reserves of 32.24 million barrels of oil equivalent. Reserve additions from exploration and development activities (including revisions) and corporate and net property acquisitions were 6.12 million barrels of oil equivalent.

Proved developed producing reserves represent 66 percent of proved and probable reserves (unchanged from the previous year) while total proved reserves account for 71 percent of proved and probable reserves. Approximately 62 percent of the proved and probable reserves are crude oil and liquids and 38 percent are natural gas on a barrel of oil equivalent basis.

Trust Reserves ⁽¹⁾	Oil and Liquids (mmbbl)	Natural Gas (bcf)	Equivalents ⁽²⁾ (mmboe)
At December 31, 2009			
Proved producing	14.28	42.66	21.39
Proved non-producing	0.18	5.26	1.06
Proved undeveloped	0.23	0.32	0.28
Total proved	14.69	48.24	22.73
Probable additional	5.38	24.78	9.51
Total proved and probable	20.07	73.02	32.24
Proved producing reserve life index, years ⁽³⁾	7.1	3.8	5.5
Proved reserve life index, years ⁽³⁾	7.3	4.3	5.9
Proved and probable reserve life index, years ⁽³⁾	10.0	6.5	8.3

1. Trust working interest reserves before royalties, boe (6:1).
2. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
3. Calculated based on the amount for the relevant reserves category divided by production for the fourth of 2009 annualized for an entire year.

A reconciliation of the 2009 year end reserve assignments with the reserves reported in the 2008 year end reserve report is presented below:

	Oil and Liquids (mmbbl)			Natural Gas (bcf)			Equivalents (mmboe)		
	Proved	Probable	Proved & Prob.	Proved	Probable	Proved & Prob.	Proved	Probable	Proved & Prob.
December 31, 2008	12.98	4.83	17.81	48.47	23.01	71.48	21.05	8.67	29.72
Discoveries and extensions	0.67	0.43	1.10	2.20	1.88	4.08	1.04	0.74	1.78
Revisions	0.91	(0.73)	0.18	3.09	(3.42)	(0.33)	1.42	(1.30)	0.12
Acquisitions and dispositions	1.98	0.85	2.83	4.99	3.31	8.30	2.82	1.40	4.22
Production	(1.85)	-	(1.85)	(10.51)	-	(10.51)	(3.60)	-	(3.60)
December 31, 2009	14.69	5.38	20.07	48.24	24.78	73.02	22.73	9.51	32.24

FINDING, DEVELOPMENT AND ACQUISITION COSTS:

For 2009, Zargon's total proved FD&A costs, taking into account reserve revisions and changes in estimated future development capital during the period, were \$19.24 per barrel of oil equivalent. For calculation purposes, the \$103.83 million of 2009 net capital additions was combined with a decrease in estimated future development capital (excluding future Alberta drilling credits) for total proved reserves of \$2.23 million (\$7.80 million at December 31, 2009 compared to \$10.03 million at December 31, 2008). If the change in future development costs is excluded, the 2009 proved FD&A costs, taking into account reserve revisions, were \$19.66 per barrel of oil equivalent.

For 2009, Zargon's proved and probable FD&A costs, taking into account reserve revisions and changes in estimated future development capital during the period, were \$16.45 per barrel of oil equivalent. For the purposes of this calculation, the \$103.83 million of 2009 net capital additions was combined with a decrease in estimated future development capital (excluding future Alberta drilling credits) for proved and probable reserves of \$3.18 million (\$24.34 million at December 31, 2009 compared to \$27.52 million at December 31, 2008). If the change in future development costs is

excluded, the 2009 proved and probable FD&A costs, taking into account reserve revisions, were \$16.97 per barrel of oil equivalent.

Proved and Probable Finding, Development and Acquisition Costs ⁽¹⁾

	2009	2008	2007
Total net capital expenditures (\$ millions)	103.83	119.39	65.40
Total net capital expenditures plus change in forecast future development costs (\$ millions)	100.65	122.49	68.19
Proved and probable reserves (mmboe)			
Open	29.72	26.91	27.46
Discoveries and extensions	1.78	2.48	2.55
Acquisitions and dispositions	4.22	3.54	-
Revisions	0.12	0.18	0.02
Production	(3.60)	(3.39)	(3.12)
Close	32.24	29.72	26.91
Proved and probable FD&A costs (\$/boe) ⁽²⁾	16.45	19.76	26.53
Proved and probable three-year FD&A costs (\$/boe) ⁽²⁾	19.57	21.35	19.58

1. 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.
2. Amounts are calculated including the change in future development costs (excluding future Alberta drilling credits).

Zargon's improved 2009 FD&A costs resulted from the Masters and Churchill corporate acquisitions which collectively provided a total of 4.12 million barrels of oil equivalent proved and probable reserve additions at an average cost of \$14.08 per barrel of equivalent (inclusive of future capital but excluding future Alberta drilling credits). During the year, our Williston Basin and Alberta Plains oil exploitation businesses also provided strong results and returns.

Capital Program Performance

	2009	2008	2007	Three-Year Average (2007 - 2009)
Total Capital Program (including future development costs)				
Total proved FD&A costs (\$/boe) ⁽¹⁾	19.24	20.80	22.11	20.47
Oil weighting of reserve additions (%)	67	55	44	58
Proved and probable FD&A costs (\$/boe) ⁽¹⁾	16.45	19.76	26.53	19.57
Oil weighting of reserve additions (%)	67	60	42	60

1. FD&A costs taking into account reserve revisions during the year on a barrel of oil equivalent basis (6:1).

NET ASSET VALUE:

Zargon's oil, liquids and natural gas reserves were evaluated using McDaniel product price forecasts effective January 1, 2010, prior to provisions for income taxes, interest, debt service charges and general and administrative expenses. **The estimated future net revenue contained in the following table does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the McDaniel reserves evaluation will be attained and variations**

could be material. The recovery and reserve estimates described herein are estimates only. Actual reserves may be greater or less than those calculated.

**Before Tax Present Value of Future Net Revenue
(Forecast Price Case)**

(\$ millions)	Discount Factor			
	0%	5%	10%	15%
Proved producing	700.8	526.9	425.9	361.0
Proved non-producing	22.0	17.3	14.1	11.7
Proved undeveloped	7.5	4.8	3.3	2.4
Total proved	730.3	549.0	443.3	375.1
Probable	373.3	217.5	149.1	112.0
Total proved and probable	1,103.6	766.5	592.4	487.1

The following net asset value table shows what is customarily referred to as a “produce-out” net asset value calculation under which the current value of Zargon’s reserves would be produced at McDaniel forecast future prices and costs. The value is a snapshot in time as of December 31, 2009, and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. In this analysis, the present value of the proved and probable reserves is calculated at a before tax 10 percent discount rate. In the net asset value calculation, Zargon's 540 thousand net acres of land is valued at \$58.80 million based on the independent firm of Seaton-Jordan & Associates Ltd. valuation as at December 31, 2009.

Net Asset Value

As at December 31 (\$ millions)	2009	2008	2007
Proved and probable reserves (PVBT 10%) ^{(1) (2)}	592.4	567.0	470.1
Undeveloped land	58.8	70.4	43.2
Working capital (excluding unrealized risk management assets/ liabilities and future income taxes) – unaudited	(11.4)	(10.1)	(6.9)
Bank debt – unaudited	(76.6)	(77.6)	(56.9)
Proceeds from the exercise of all trust unit rights	41.0	42.3	39.3
Net asset value (including trust unit rights dilution)	604.2	592.0	488.8
Net asset value per unit			
Total (\$/unit)	21.65	25.99	22.75
With full dilution (\$/unit) ⁽³⁾	21.77	25.96	23.00

1. McDaniel’s estimate of future before tax cash flow discounted at PV 10 percent.

2. PVBT represents present value before taxes.

3. Full dilution of units represents the year end units outstanding plus the presumed exercise of all trust unit rights and the conversion of exchangeable shares converted at the exchange ratio at the end of the year. At December 31, 2009, Zargon had 23.097 million trust units, 1.784 million exchangeable shares outstanding and 1.743 million trust unit incentive rights issued and outstanding. Assuming conversion of exchangeable shares at the effective exchange ratio at year end of 1.63709 and the exercise of all trust unit incentive rights, there would be 27.761 million trust units outstanding at this date.

Forward-Looking Statements - This document offers our assessment of Zargon's future plans and operations as at February 23, 2010, and contains forward-looking statements including:

- *our expectations for drilling activity and the results therefrom and our plans for our ASP initiative referred to under “OPERATIONAL UPDATE”;*

- *our expectations for production referred to under the heading "GUIDANCE";*
- *our expectations for capital spending and acquisitions activity referred to under the heading "GUIDANCE";*

In addition, please note that statements relating to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

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). By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, 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 will be 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 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.

Barrels of Oil Equivalent - Barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Based in Calgary, Alberta, Zargon is a sustainable energy trust with oil and natural gas operations in Alberta, Saskatchewan, Manitoba and North Dakota. Zargon’s securities trade on the Toronto Stock Exchange.

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 unitholder presentation, financial reports and historical news releases.

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