

### 2001 SECOND QUARTER REPORT

Zargon showed strong performance for the first half of 2001. An outstanding first quarter, bolstered by the mid-winter gas price spike, was followed by solid second quarter gains in production. The result was record financial and operating results for the first six months.

#### CORPORATE HIGHLIGHTS

Year over year comparisons for the 2001 first half results show substantial growth:

- natural gas production increased by 50 percent;
- oil and liquids production increased by 15 percent;
- revenue increased by 92 percent;
- cash flow increased by 104 percent;
- earnings increased by 142 percent;

Financial comparisons on a per share basis show equally strong growth. Cash flow of \$1.28 per diluted share in first half 2001 increased 100 percent and earnings of \$0.58 per diluted share were 132 percent better than the prior year's comparative period.

Zargon drilled 23.3 net (29 gross) wells in first half of 2001 as compared to 14.5 net wells in the prior year's first half. Net capital expenditures were \$16.08 million, also a new record, and high cash flows maintained a strong balance sheet. An issue of two million special warrants at \$7.05 per share was closed on June 26 raising gross proceeds of \$14.10 million. Subsequent to quarter end, Zargon acquired all the outstanding shares and net debt of the private company, Herc Oil Corp. for a total consideration of approximately \$25 million.

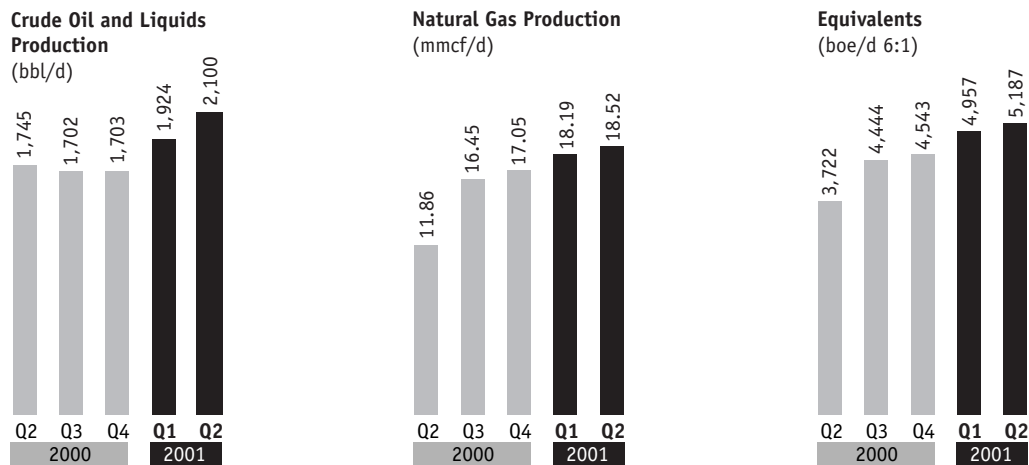
(unaudited)	Three Months Ended			Six Months Ended		
	June 30, 2001	June 30, 2000	Percent Change	June 30, 2001	June 30, 2000	Percent Change
<b>FINANCIAL</b>						
<b>Income and Investments (\$ million)</b>						
Production revenue	16.90	10.62	59	37.94	19.75	92
Cash flow from operations	8.59	5.03	71	19.20	9.40	104
Earnings	3.49	1.85	89	8.77	3.62	142
Net capital expenditures	7.85	6.35	24	16.08	14.07	14
<b>Per Common Share, Diluted</b>						
Cash flow from operations (\$/share)	0.57	0.35	63	1.28	0.64	200
Earnings (\$/share)	0.22	0.13	69	0.58	0.25	132
<b>Balance Sheet at Period End (\$ million)</b>						
Property and equipment				85.88	62.07	38
Long-term debt				13.19	19.44	(32)
Shareholders' equity				*65.55	35.51	85
<b>Shares Outstanding at Period End (\$ million)</b>						
Basic				14.59	14.47	1
Fully diluted				17.85	15.71	14
<b>OPERATING</b>						
<b>Average Daily Production</b>						
Crude oil and liquids (bbl/d)	2,100	1,745	20	2,013	1,748	15
Natural gas (mmcf/d)	18.52	11.86	56	18.37	12.21	50
Equivalents (boe/d 6:1)	5,187	3,722	39	5,074	3,783	34
Equivalents (boe/d 10:1)	3,952	2,931	35	3,850	2,969	30
<b>Average Selling Price</b>						
Crude oil and liquids (\$/bbl)	36.40	39.59	(8)	36.65	38.34	(4)
Natural gas (\$/mcf)	5.92	4.02	47	7.40	3.40	118
<b>Wells Drilled, Net</b>	<b>3.7</b>	<b>6.8</b>	<b>(46)</b>	<b>23.3</b>	<b>14.5</b>	<b>61</b>
<b>Undeveloped Land at Period End (thousand net acres)</b>						
				218	185	18

\* Includes \$14.1 million held in trust as proceeds from the special warrants offering.

## PRODUCTION

Production of both oil and liquids and natural gas in the first six months of 2001 showed significant increases from the prior year first half. Strong gains in oil and liquids in the 2001 first half came from successful horizontal development wells at Weyburn and Frys in Southeast Saskatchewan and exploration and exploitation wells at Taber. Oil and liquids production averaged 2,013 bbl/d for the six months ended June 30, 2001, a 15 percent improvement on the 1,748 bbl/d reported in the first half of 2000. Second quarter 2001 production of 2,100 bbl/d increased nine percent from 1,924 bbl/d in the first quarter as new wells were completed and connected. Production of natural gas averaged 18.37 mmcf/d in first half 2001 as drilling in our major gas property at Jarrow continued to show good results. This production level represents a substantial increase of 50 percent from 12.21 mmcf/d reported in the first six months of the prior year.

On an equivalent basis, production in first half 2001 of 5,074 boe/d (6:1) or 3,850 boe/d (10:1) increased more than thirty percent over the first half 2000 production volumes. Second quarter production of 5,187 boe/d (6:1) or 3,952 boe/d (10:1) increased 35 percent over the prior year period and 5 percent over the first quarter. Subsequent to the quarter end on July 10, 2001, Zargon acquired 100 percent of Herc Oil Corp., a private company with production of approximately 1,000 boe/d. Over 97 percent of the Herc production relates to oil pools located in the Williston Basin in either Southeast Saskatchewan or in the adjacent counties of North Dakota in the United States.



## EXPLORATION AND EXPLOITATION

In first half 2001, Zargon continued to focus on achieving growth through field activities. In the 2001 period, 23.3 net wells (29 gross) were drilled compared to 14.5 net wells in first half 2000. Following a very active first quarter with 19.6 net wells, a further 3.7 net wells were drilled in the second quarter. The first half drilling program included 14.5 net exploratory locations and yielded 9.8 net gas wells, 8.6 net oil wells and 4.9 net dry holes for a 79 percent success ratio.

The drilling program was concentrated on Zargon's three core areas of Jarrow in East Central Alberta, Taber in Southern Alberta and Southeast Saskatchewan with 14 gross, 6 gross and 5 gross wells respectively. The remaining 4 gross wells were drilled to test various shallow gas targets in West Central Alberta. The Jarrow drilling program resulted in 9 gross (6.7 net) gas wells. Further gas drilling, tie-ins and facility expansions are anticipated for the 125,700 net acre Jarrow property over the next 18 months.

Southeast Saskatchewan has historically been the primary source of Zargon's oil production and is providing a stable low-decline production base of 1,105 bbl/d in the first half of 2001. Whenever opportunity has presented, additional assets and undeveloped lands have been acquired to provide a substantial inventory of drilling prospects and reservoir engineering enhancement projects. In first half 2001 three gross (2.5 net) successful development oil wells were drilled on Zargon operated properties and minor interests were maintained in two additional oil wells drilled on a fourth non-operated property. The July 2001 acquisition of Herc Oil Corp. has added approximately 1,000 bbl/d of production averaging 31 degrees API, located in Southeast Saskatchewan and immediately across the Canadian - United States border in North Dakota. The acquired properties provide significant oil development opportunities that will be exploited using our area specific seismic and reservoir engineering skills.

Zargon's holdings at Taber were initiated with a purchase in mid-1998 of a group of exploitable interests from a private company. Since then the property has been expanded significantly through additional property acquisitions and by Crown land sales. Based on 3D seismic surveys, 6 wells have been drilled in the 2001 program, resulting in 6 net oil wells including a new pool discovery with extension prospects. With a first half 2001 production rate averaging 392 bbl/d, Taber has become an important core area for Zargon with significant exploration and exploitation growth potential ahead. The oil discovered is a medium gravity crude, varying in density from 19 to 26 degrees API.

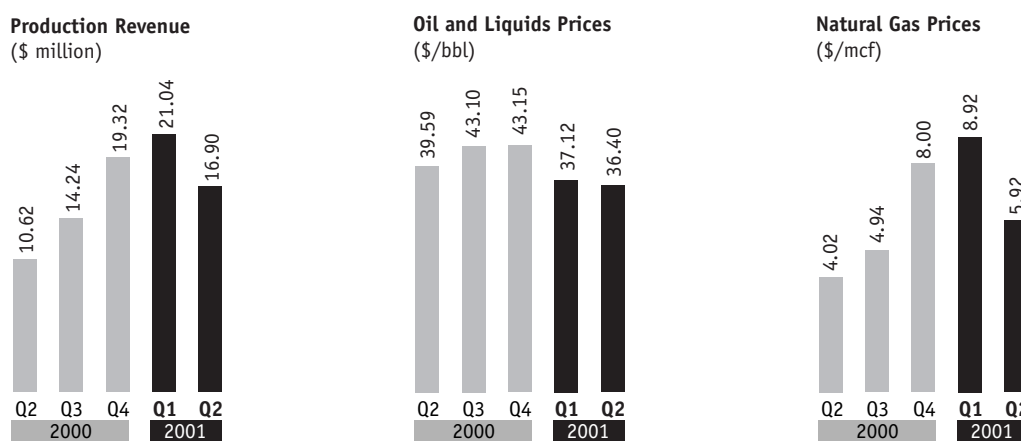
At June 30, 2001, Zargon's undeveloped lands totaled 218,500 net acres, an 18 percent increase over the prior year's inventory. During the 2001 first half Zargon focused on field related activities spending \$16.43 million on drilling, seismic, land acquisitions and facilities with 55 percent of the total expenditures allocated to the drilling and completion of wells. Excluding the Herc acquisition which was concluded subsequent to the reporting period, Zargon spent \$1.65 million on oil exploitation property acquisitions, that were more than offset by \$2.00 million of non-strategic non-operated gas property dispositions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*Management's discussion and analysis (MD&A) should be read in conjunction with the unaudited interim financial statements for the six months ended June 30, 2001 and the audited financial statements and MD&A for the year ended December 31, 2000.*

### FINANCIAL ANALYSIS

Higher production rates and strong commodity prices provided Zargon with record first half 2001 revenue of \$37.94 million, an increase of 92 percent over first half 2000. Zargon's field gas price averaged \$7.40 per thousand cubic feet (\$7.02 after hedges) over the six months and was 118 percent higher than the same period in 2000. While gas prices have subsequently declined sharply, the mid-winter gas price spike provided a very high beginning and a strong gas price average for the half. Zargon's oil and liquid price of \$36.65 per barrel (\$35.76 after hedges) for first half 2001 was 4 percent below the prior year period average of \$38.34 per barrel.



Royalties, inclusive of Alberta royalty tax credit and Saskatchewan resource surcharge, were \$8.47 million in the first half of 2001, up 139 percent from \$3.96 million in 2000 with the primary source being the large increase in revenues. As a percentage of gross revenue, first half 2001 royalties were 22.3 percent of revenue, up moderately from the 20.1 percent reported for first half 2000.

Operating costs to June 30, 2001 were \$5.21 million, a 38 percent increase from \$3.77 million reported for the same period in 2000. Production expenses for natural gas remained steady at \$0.62 per thousand cubic feet in first half 2001. On a comparative basis, the benefit of increased Jarrow gas volumes were offset by higher compression leasing costs and third party gas processing charges. Production expenses for crude oil of \$8.66 per barrel in first half 2001 were 15 percent higher than the prior year period's costs of \$7.51 per barrel. Higher cost pressures relating to third party services including electrical power were an important component of the increase.

## Operating Netbacks

Six months ended June 30	2001		2000	
	Oil and Liquids \$/bbl	Natural Gas \$/mcf	Oil and Liquids \$/bbl	Natural Gas \$/mcf
Revenue	36.65	7.40	38.34	3.40
Hedging	(0.89)	(0.38)	(2.32)	(0.11)
Royalties	(7.24)	(1.75)	(7.84)	(0.66)
Operating costs	(8.66)	(0.62)	(7.51)	(0.62)
Operating netbacks	19.86	4.65	20.67	2.01

General and administrative expenses were \$1.48 million in first half 2001 compared to \$1.02 million or in first half 2000. The increased costs reflect expanded staffing, office space, and increased salaries in 2001. Reflecting lower interest rates and debt levels, interest expense of \$0.41 million in first half 2001 declined 31 percent from \$0.60 million in the 2000 period.

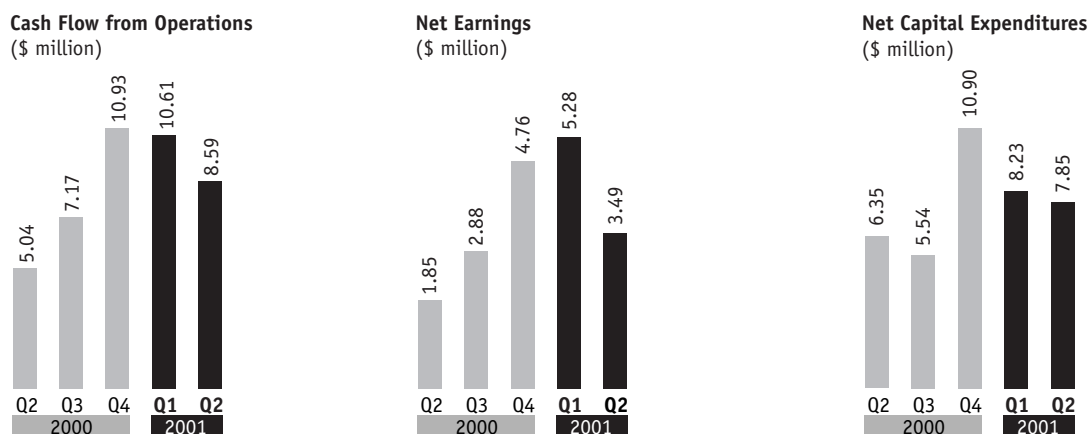
## Corporate Netbacks

Six months ended June 30	2001		2000	
	(\$/boe)		(\$/boe)	
	(10:1)	(6:1)	(10:1)	(6:1)
Revenue	54.45	41.33	36.55	28.69
Hedging	(2.28)	(1.72)	(1.78)	(1.39)
Royalties	(12.16)	(9.22)	(7.33)	(5.75)
Operating costs	(7.48)	(5.68)	(6.97)	(5.47)
Operating netbacks	32.53	24.71	20.47	16.08
General and administration	(2.13)	(1.62)	(1.89)	(1.49)
Financing charges	(0.59)	(0.45)	(1.10)	(0.87)
Capital and current income taxes	(2.25)	(1.72)	(0.09)	(0.07)
Cash flow netbacks	27.56	20.92	17.39	13.65
Depletion and depreciation	(6.60)	(5.01)	(4.96)	(3.89)
Site restoration and reclamation	(0.62)	(0.47)	(0.62)	(0.49)
Future income taxes	(7.76)	(5.89)	(5.12)	(4.02)
Net earnings	12.58	9.55	6.69	5.25

Depletion and depreciation expense for first half 2001 was \$4.60 million, compared with \$2.68 million in the first half of 2000. The higher charges reflect increased production volumes and higher per unit charges relating to both Zargon's and the industry's current trend towards higher finding and development costs.

Zargon's first half 2001 cash flow of \$19.20 million increased 104 percent over the same period in 2000. The 2001 cash flow is after provision of \$1.58 million for current taxes compared to a provision of \$.05 million in the corresponding 2000 period. The second quarter 2001 provision for current taxes declined to \$.08 million from the \$1.50 million booked in the first quarter. This lower provision takes into account the impact of the Herc transaction and a related corporate reorganization to a partnership.

Earnings for first half 2001 were \$8.77 million, an increase of 142 percent over earnings of \$3.62 million in the first half of 2000. Zargon's after tax annualized return on book equity in the six months ended June 30, 2001 was a very strong 32 percent.



## Capital Expenditures

Six months ended June 30 (\$ million)	2001	2000
Undeveloped land	2.83	1.82
Geological and geophysical (seismic)	2.16	1.08
Drilling and completion of wells	9.05	4.21
Well equipment and facilities	2.39	1.41
Exploration and development	16.43	8.52
Property acquisitions	1.65	6.38
Property dispositions	(2.00)	(0.83)
Net property acquisitions	(0.35)	5.55
Total capital expenditures (net)	16.08	14.07

## LIQUIDITY AND CAPITAL RESOURCES

Zargon's record \$16.08 million net capital expenditure program for first half 2001 was readily funded by cash flows from operations of \$19.20 million. On May 11, 2001 Zargon announced the acquisition of the private company Herc Oil Corp. The transaction was closed on July 10, 2001 for an aggregate cash consideration of \$19.83 million for the acquisition of the outstanding common shares plus the assumption of \$5.02 million of debt (net of working capital). On June 11, 2001 Zargon announced a new equity financing of 2 million special warrants which was closed on June 26, 2001 with gross proceeds of \$14.10 million held in trust pending the August 20, 2001 receipt for the final prospectus. The effect of these actions is that at June 30, 2001 Zargon's long term debt less working capital was only \$1.57 million. The subsequent purchase of Herc Oil Corp. was funded completely with a new charge of \$24.85 million against Zargon's authorized credit facilities of \$56.90 million. The corporation maintains a strong balance sheet, that provides the flexibility to deal with new opportunities when and as presented.

As at August 16, 2001, there were 14,590,000 common shares outstanding. Provision for conversion of the 2,000,000 special warrants and the exercise of granted stock options results in a fully diluted total of 17,845,000 common shares.

## Capital Sources

Six months ended June 30 (\$ million)	2001	2000
Cash flow from operations	19.20	9.39
Changes in working capital	(14.32)	(0.52)
Bank debt	(2.72)	5.32
Issuance (buyback) of common shares	13.92	(0.12)
<b>Total capital sources</b>	<b>16.08</b>	14.07

## OUTLOOK

Zargon enters the second half of 2001 with a 25 percent expansion in production levels and a positive outlook. Including the acquisition of Herc Oil Corp., Zargon expended or committed \$41 million of capital expenditures in the first half of 2001. A further budget of \$15 million has been allocated for the second half, primarily to promising gas exploration and oil exploitation opportunities. Strong cash flows and moderate debt levels will permit Zargon to aggressively pursue new acquisition opportunities where acceptable values are realizable. However, during this period of high levels of industry activity and related high costs, capital spending discipline and cost control will remain priorities as we work to build shareholder value.

Zargon is pleased to announce the recent addition to the board of directors of Kyle Kitagawa. Kyle has extensive experience at senior levels with large national and multi-national companies in the energy field. His knowledge of power markets, energy marketing, risk management, energy investments and related sectors will add strength to our board.

Quarter	Earnings <sup>(1)</sup>	Earnings/ Share <sup>(2)</sup>	Cash Flow <sup>(1)</sup>	Cash Flow/ Share <sup>(2)</sup>	Revenue <sup>(1)</sup>	Total Assets <sup>(1)</sup>	Long-term Debt <sup>(1)</sup>
2001 Q2	\$3.49	\$0.22	\$8.59	\$0.57	\$16.90	\$108.27	\$13.19
2001 Q1	\$5.28	\$0.36	\$10.61	\$0.71	\$21.04	\$90.91	\$10.09
2000 Q4	\$4.76	\$0.32	\$10.93	\$0.74	\$19.32	\$86.88	\$15.90
2000 Q3	\$2.88	\$0.19	\$7.17	\$0.48	\$14.24	\$74.61	\$17.63
2000 Q2	\$1.85	\$0.13	\$5.04	\$0.35	\$10.62	\$68.53	\$19.44
2000 Q1	\$1.77	\$0.12	\$4.36	\$0.29	\$9.13	\$62.42	\$19.30

(1) Millions of Dollars (2) Diluted Shares, restated using treasury method.

“Signed” C.H. Hansen  
 President & Chief Executive Officer  
 Calgary, Alberta  
 August 21, 2001

## BALANCE SHEETS

(\$ thousand)	<b>June 30, 2001</b>	December 31, 2000
	(unaudited)	
<b>ASSETS</b>		
<b>Current</b>		
Cash	170	159
Accounts receivable	7,597	11,483
Funds held in trust	14,100	-
Prepaid expenses and deposits	528	848
	<b>22,395</b>	12,490
<b>Property and equipment, net</b>	<b>85,877</b>	74,394
	<b>108,272</b>	86,884
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	10,776	15,003
<b>Long term debt</b>	<b>13,186</b>	15,902
<b>Future site restoration</b>	<b>1,844</b>	1,606
<b>Future tax liability</b>	<b>16,920</b>	11,851
	<b>42,726</b>	44,362
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 3)	34,995	20,667
Retained earnings	30,551	21,855
	<b>65,546</b>	42,522
	<b>108,272</b>	86,884

See selected notes to financial statements.

## STATEMENTS OF INCOME AND RETAINED EARNINGS

(unaudited) (\$ thousand except for per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
<b>Income</b>				
Oil and gas sales	16,904	10,622	37,939	19,751
Hedging	(560)	(571)	(1,582)	(960)
Royalties	(3,994)	(2,091)	(8,469)	(3,961)
	12,350	7,960	27,888	14,830
<b>Expenses</b>				
Production	2,732	2,007	5,215	3,767
Administration	772	541	1,484	1,022
Interest on long-term debt	171	348	412	596
Site restoration	223	165	432	335
Depreciation and depletion	2,385	1,323	4,596	2,680
	6,284	4,384	12,139	8,400
<b>Income Before Income Taxes</b>	<b>6,066</b>	<b>3,576</b>	<b>15,749</b>	<b>6,430</b>
<b>Income Taxes</b>				
Future	2,500	1,706	5,405	2,765
Current	79	25	1,577	50
	2,579	1,731	6,982	2,815
<b>Net Income for the Period</b>	<b>3,487</b>	<b>1,845</b>	<b>8,767</b>	<b>3,615</b>
Retained Earnings, Beginning of Period	27,089	12,836	21,855	11,781
Adjustment to Future Income Taxes	-	-	-	(506)
Repurchase of Common Shares	(25)	(29)	(71)	(238)
Retained Earnings, End of Period	30,551	14,652	30,551	14,652
<b>Earnings Per Common Share</b>				
Basic	0.24	0.13	0.61	0.25
Diluted	0.22	0.13	0.58	0.25

See selected notes to financial statements.

## STATEMENTS OF CASH FLOWS

(unaudited)

(\$ thousand except for per share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
<b>Operating Activities</b>				
Net income for the period	3,487	1,845	8,767	3,615
Add non-cash items:				
Depreciation and depletion	2,385	1,323	4,596	2,680
Site restoration	223	166	432	335
Future income taxes	2,500	1,706	5,405	2,765
Cash flow from operations	8,595	5,040	19,200	9,395
Changes in non-cash working capital	(13,935)	(874)	(11,620)	(899)
	(5,340)	4,166	7,580	8,496
<b>Financing Activities</b>				
Long term debt	3,093	139	(2,716)	5,320
Issuance of special warrants	14,100	-	14,100	-
Issuance of common shares	337	295	694	295
Share issue costs	(768)	-	(768)	-
Repurchase of common shares	(70)	-	(104)	(416)
	16,692	434	11,206	5,199
<b>Investing Activities</b>				
Acquisition of property and equipment	(7,845)	(6,359)	(18,081)	(14,152)
Disposal of property and equipment	-	18	2,002	83
Site restoration expenditures	(192)	(26)	(194)	(26)
Changes in non-cash working capital	(3,297)	1,782	(2,502)	405
	(11,334)	(4,585)	(18,775)	(13,690)
Increase in Cash	18	15	11	5
Cash, Beginning of Period	152	106	159	116
Cash, End of Period	170	121	170	121
Cash Interest Paid	171	348	412	596
Cash Taxes Paid	79	25	177	50
<b>Cash Flow from Operations Per Share</b>				
Basic	0.59	0.35	1.33	0.65
Diluted	0.57	0.35	1.28	0.64
<b>Weighted Average Number of Shares (million)</b>				
Basic			14.44	14.37
Diluted			15.74	15.61

See selected notes to financial statements.

## SELECTED NOTES TO FINANCIAL STATEMENTS

Six months ended June, 30, 2001  
(unaudited)

### 1. Basis of Presentation

The interim financial statements of Zargon Oil & Gas Ltd. (the "Corporation") have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended December 31, 2000. The financial statements should be read in conjunction with the financial statements and notes thereto in the Corporation's annual report for the year ended December 31, 2000.

### 2. Change in Accounting Policy

In accordance with the recommendations of the Canadian Institute of Chartered Accountants, the Corporation has adopted the treasury stock method for the computation and disclosure of per share amounts. The treasury stock method instead of the imputed interest method is used to determine the dilutive effect of stock options and other dilutive instruments effective January 1, 2001. Had the imputed interest method been used for the quarter ended June 30, 2001, fully diluted net earnings per common share would have been \$0.54 (1999 - \$0.24) and fully diluted funds from operations per common share would have been \$1.30 (1999 - \$0.61).

### 3. Share Capital

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares and second preferred shares.

Common shares:  
(thousand)

	June 30, 2001		June 30, 2000	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Shares issued,				
Balance, beginning of period	14,315	20,667	14,420	20,742
Normal course issuer bid	(23)	(34)	(161)	(248)
Stock options exercised	298	694	212	366
	<b>14,590</b>	<b>21,327</b>	14,471	20,860
Shares to be issued,				
Special Warrants (net of issue costs)	2,000	13,668	-	-
	<b>16,590</b>	<b>34,995</b>	14,471	20,860

A summary of the status of the Company's stock option plans as at June 30, 2001 and 2000, and changes during the periods ending on those dates is presented below:

	June 30, 2001		June 30, 2000	
	Number of Shares (thousand)	Weighted Average Exercise Price \$	Number of Shares (thousand)	Weighted Average Exercise Price \$
Options:				
Outstanding at beginning of period	1,290	2.71	1,450	2.51
Granted	278	4.78	-	-
Exercised	(298)	2.33	(212)	1.72
Cancelled	(15)	4.28	-	-
Outstanding at end of period	<b>1,255</b>	<b>3.24</b>	1,238	2.64
Options exercisable at period end	<b>937</b>	<b>2.76</b>	815	2.65

### 3. Share Capital (continued)

On June 26, 2001, the Corporation issued 2,000,000 Special Warrants at a price of \$7.05 for net proceeds of \$13,668,000 after costs of issuance of \$768,000. Each Special Warrant entitles the holder to exchange the Special Warrant for one common share at no additional cost. In August 2001, 2,000,000 common shares were issued upon exercise of these special warrants.

Share issue costs in 2001 of \$768,000 are stated net of related future income taxes of \$336,000.

### 4. Subsequent Event

On July 10, 2001, the Corporation acquired all of the outstanding shares of Herc Oil Corp. ("Herc"), a private oil and gas company, for \$19.83 million. The acquisition will be accounted for by the purchase method and the estimated purchase price will be allocated as follows:

Working capital	1,034
Property and equipment	24,245
Future tax asset	1,437
Long term debt	(6,056)
Future site restoration	(830)
Cash consideration	19,830

## ZARGON OIL AND GAS LTD.

### CORPORATE INFORMATION

#### Board of Directors

Craig H. Hansen  
K. James Harrison  
H. Earl Joudrie  
Kyle D. Kitagawa  
John O. McCutcheon  
James D. Peplinski  
Byron J. Seaman  
William J. Whelan  
Grant A. Zawalsky

#### Officers

John O. McCutcheon  
Chairman  
Craig H. Hansen  
President & CEO  
Mark I. Lake  
Vice President, Exploration  
Daniel A. Roulston  
Vice President, Operations  
Sheila A. Wares  
Vice President, Accounting  
Kenneth W. Young  
Vice President, Land

#### Key Personnel

J. Yves Gauthier  
Manager, Exploitation  
John D. Sorkilmo  
Senior Geologist  
Neil D. Watson  
Senior Geologist  
Stuart A. Wilson  
Production Mgr., North

#### Stock Exchange Listing

Toronto Stock Exchange  
Trading Symbol: ZAR

#### Head Office

700, 333 – 5th Avenue S.W.  
Calgary, Alberta T2P 3B6  
Phone: (403) 264-9992  
Fax: (403) 265-3026  
Email: zargon@zargon.ca

#### Website

www.zargon.ca