



NEWS RELEASE

FOR IMMEDIATE RELEASE

September 30, 2016

VERSAR, INC. ANNOUNCES NEW FORBEARANCE AGREEMENT; TAKES NEXT STEPS IN PROCESS TO IMPLEMENT NEW CREDIT FACILITY

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Springfield, VA – September 30, 2016 – Versar, Inc. (NYSE MKT: VSR) today announced its next steps towards addressing its long term liquidity needs, as described in the Company's May 26, 2016 and July 1, 2016 8-K filings with the Securities and Exchange Commission.

First, Versar announced another forbearance agreement with Bank of America through October 31, 2016. Versar has successfully operated within the obligations established by the prior forbearance agreements, including a requirement that Versar pursue alternative sources of funding for its ongoing business operations. The Company continues discussions with various lenders, including the one with which it signed an indicative agreement announced via press release on September 7, with the goal of entering into a replacement credit facility that provides adequate liquidity for the Company.

Second, because discussions with potential lenders are ongoing, the Company filed a Form 12b-25 yesterday after the market closed with the Securities and Exchange Commission delaying the filing of its Form 10-K.

Lastly, Versar announced the retention of H. Haywood Miller III of Berkeley Research Group to provide financial advice and process consultation. Mr. Miller reports to the Board of Directors.

"We are confident about the prospect of concluding this process in the near term," said Versar Chief Executive Officer, Tony Otten. "We fully expect the timely implementation of a new lending facility to enable Versar to embark on a renewed trajectory toward profitable growth in fiscal year 2017."

The Company intends to provide regular updates on its financial statement filings until they are filed.

VERSAR, INC., headquartered in Springfield, Virginia, is a publicly-traded global project management company providing sustainable value oriented solutions to government and commercial clients in the construction management, environmental services, and professional services market areas.

VERSAR operates the following websites: www.versar.com and www.versarpps.com.

Find out more about **VERSAR** at



<https://twitter.com/VersarInc>



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This news release contains forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be significantly impacted by certain risks and uncertainties described herein and in Versar's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 26, 2015, as updated from time to time in the Company's periodic filings. The forward-looking statements are made as of the date hereof and Versar does not undertake to update its forward-looking statements.

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