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September 8, 2011

Mr. Simon Hatfield
Chief Executive Officer
WesternZagros Resources Ltd.
Suite 600, 440 Second Ave SW
Calgary, AB, T2P 5E9

**Re: Audit of Contingent and Prospective Resource Estimates for the Sarqala
Jeribe / Upper Dhiban Discovery in the Garmian Block, Kurdistan Region, Iraq
(As of September 7, 2011)**

Dear Mr. Hatfield:

This letter reports the results of our independent audit of WesternZagros Resource Ltd. estimates of the gross contingent and prospective oil and associated gas resources for the Sarqala Jeribe / Upper Dhiban Discovery in the Garmian Block, Kurdistan region, Iraq, as of September 7, 2011, as set forth in the accompanying Table 1. The purpose of the audit is to provide independent assurance, that the Company's estimates of discovered and undiscovered resources have been prepared in compliance with the requirements of National Instrument 51-101 ("NI 51-101") and the guidelines of the Canadian Oil and Gas Evaluators Handbook ("COGEH"). This audit was conducted in compliance with the requirements of National Instrument 51-101 ("NI 51-101") and the guidelines of the Canadian Oil and Gas Evaluation Handbook ("COGEH").

The resources addressed in the audit lie within the Garmian Block, Kurdistan Region, Iraq. The block covers an area of over 439,838 acres and is the focus of the Company's exploration efforts.

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1.0 Audit Objectives

As defined in the COGEH, the objective of an audit of oil and gas resource information is to express an opinion on the reasonableness of the resource estimates and values, in aggregate, and on the quality of the company's processes and guidelines applied in the preparation of the information. An audit does not replicate the original evaluation in whole or in part; instead, it is designed to ensure that the information conforms to generally accepted petroleum engineering and evaluation principles as adopted by the SPE (Calgary Chapter), SPEE (Calgary Chapter) and APEGGA and is, therefore, free of material misstatement. Although this audit does not constitute an independent resource assessment of this discovery, if, in the course of our examination something came to our attention that brought into question the validity or sufficiency of any of the information, we did not rely on that information until we had satisfactorily resolved our questions or independently verified it.

2.0 Audit Scope

This audit addressed only the contingent and prospective resources associated with the Sarqala structure. It does not address estimates of contingent and prospective resources made by the Company for other structures located within the block, which have been previously audited by Sproule.

3.0 Availability of Information

To facilitate the audit, the Company provided Sproule with access to:

- all basic data and documentation pertaining to the block;
- all information on the Sarqala Discovery prepared by the Company;
- access to all Company personnel who could have relevant information; and
- description and documentation of the Company's estimation procedures;

4.0 Audit Process

The audit has been an iterative process involving the following tasks:

- discussions with Company personnel regarding the properties and the evaluation process;
- audit of the various data sources used by the Company in evaluating the discovery;
- audit of the Company's evaluation processes, the geological and engineering parameters used as input for resource estimates and their uncertainties;
- audit of the geophysical interpretation based upon 2D seismic

- audit of the probabilistic models to form an opinion regarding the reasonableness of the processes and the results reported by the Company.

5.0 Audit Qualifications

A field visit was not conducted as part of the audit because the Company has provided sufficient information for Sproule to complete the audit.

6.0 Resource Classification

At this time, the Sarqala structure is interpreted to contain both contingent and prospective resources which are interpreted to exist based on analysis of well logs, well test from the Sarqala-1RE well and 2D seismic data, regional geology and information on analogous areas.

Discovered Petroleum Initially-In-Place (equivalent to discovered resources) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

Undiscovered petroleum initially in place (equivalent to undiscovered resources) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as prospective resources, the remainder as unrecoverable. Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. pursuant to the definitions specified in National Instrument 51-101, which are presented in the Canadian Oil and Gas Evaluation Handbook.

7.0 Audit

As part of the audit process, the Company made detailed presentations on the geological and geophysical work carried out by the Company, including the results of the Sarqala-1RE (reentry well) well log analysis and well test. The geophysical, geological and reservoir engineering aspects of the discovery were audited by Sproule in Calgary using information provided by the Company or obtained from public sources or Sproule's non-confidential files.

7.1 Sarqala Jeribe / Upper Dhiban

7.1.1 Geophysical Audit

A geophysical review of the Sarqala structure was conducted in July 2011.

The Sarqala structure is defined by a grid of eight dip lines spaced 2.5-3 km apart augmented by five strike lines. The main anticlinal structural can be mapped in time without ambiguity, and has been penetrated by the Sarqala-1Re well at the Jeribe level at a depth of 3419 metres subsea. The ultimate spillpoint has been mapped at the northwest end of the structure at an elevation of 3700 metres subsea. This also coincidentally is approximately the depth where the structure also becomes fault-dependent upon the major bounding thrust fault lying to the northeast. No internal faults have been mapped within the anticlinal closure above this spillpoint. The lowest known oil (LKO) was encountered within the Sarqala-1RE well was at 3485 metres subsea. Based upon this simple anticlinal closure, contingent resources (Table 1) have been assigned above the LKO level and prospective resources below as per Table 2.

Although more poorly imaged than the deeper, simpler, four-way anticline, the Company has interpreted a potential thrust forelimb extension of the Jeribe-Dhiban reservoir, which offsets the deeper four-way anticlinal closure to the southwest. This potential extension was also reviewed seismically. The interpretation seems plausible but the 3D seismic potentially planned for 2012 would be advisable to better image the potential extension and aid in selection of a well location.

7.1.2 Geological Audit

As part of the geological audit Sproule reviewed the well log information and structure maps generated from the 2D seismic data in addition to the volumetric parameter distributions, including the contingent and prospective areas, reservoir thicknesses, net-to-gross ratios, porosities and oil saturations, based on examination of supporting

geophysical, geological, and petrophysical data and interpretations provided by the Company.

7.1.3 Reservoir Engineering Audit

As part of the reservoir engineering audit Sproule reviewed the well test results from the Sarqala-1RE well in addition to the oil properties from lab results such as the gas oil ratios, oil formation volume factors and the recovery factors which were used in the volumetric estimates.

8.0 Audit Opinion

In summary, it is Sproule's opinion that:

- The distributions for the reservoir parameters used by the Company in their probabilistic volumetric estimates are reasonable, given the information available at this time.
- The resource estimates made by the Company for the Sarqala structure were done in accordance with industry practice and the guidelines contained in the Canadian Oil and Gas Evaluation Handbook and are free of material misstatement; and
- The estimated gross unrisksed contingent resource volumes reported in the attached Table 1 have not been risked for chance of development (economic, regulatory, market and facility, or corporate commitment). There is no certainty that any portion of the contingent resources reported in Table 1 will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.
- The estimated gross unrisksed prospective resource volumes reported in Table 2 have not been risked for either chance of discovery (geological chance of success) or chance of development (economic, regulatory, market and facility, or corporate commitment). There is no certainty that any portion of the prospective resources reported in Table 2 will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.
- The resources have been reported in accordance with Canadian Oil and Gas Evaluation Handbook guidelines that recommend disclosure of low, best and high estimates to reflect the range of uncertainty associated with the resource estimates, as follows:

- **Low Estimate:** This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- **Best Estimate:** This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater of less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- **High Estimate:** This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
- The accuracy of resource estimates is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data provided at the time this report was prepared, the estimates presented herein are considered reasonable; however, they should be accepted with the understanding that additional data or reservoir performance subsequent to the date of the estimates may necessitate revision and that these revisions may be material.

9.0 Disclaimers

Property descriptions were supplied by the Company and were accepted as represented. No investigation was made into either the legal titles held or any operating agreements in place relating to the subject property.

The objective of an audit is to express an opinion on the technical viability of the prospects, in aggregate, and on the quality of the company's processes and guidelines applied in the preparation of the information. An audit does not replicate the original evaluation in whole or in part.

We have no responsibility to update the report for events and circumstances occurring after its preparation date.

10.0 Exclusivity

This letter report has been prepared for the exclusive use of WesternZagros Resources Ltd. It may not be reproduced, distributed, or made available to any other company or person, regulatory body, or organization without the knowledge and written consent of Sproule International Limited, and without the complete contents of the report being made available to that party. Sproule consents to the release of this audit letter in conjunction with its public disclosure of its internal resource estimates.

11.0 Certification

This audit letter was prepared by the following Sproule personnel:

Original Signed by Suryanarayana Karri, P.Geoph.

Suryanarayana Karri, P. Geoph.
Project Leader;
Senior Petrophysicist, Supervisor,
Geoscience and Partner
08 / 09 /2011 dd/mm/yr

Original Signed by Barrie F. Jose, M.Sc., P.Geoph.

Barrie F. Jose, M.Sc., P.Geoph.
Manager Geosciences & Chief
Geophysicist and Partner
08 / 09 /2011 dd/mm/yr

12.0 Sproule Executive Endorsement

This report has been reviewed and endorsed by the following Executive of Sproule:

Original Signed by Douglas J. Carsted, P.Geol.

Douglas J. Carsted, P.Geol.
Vice-President, Geoscience and Director
08 / 09 /2011 dd/mm/yr

13.0 Permit to Practice

Sproule International Limited is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta and our permit number is P06151.

DJC:smr

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Certificate

Suryanarayana Karri, M.Sc., P.Geoph.

I, Suryanarayana Karri, Supervisor, Geoscience and Partner of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
 - a. M.Sc. Engineering Physics and Instrumentation (1983), Osmania University, Hyderabad, India
2. I am a registered professional:
 - a. Professional Geophysicist (P.Geoph.), Province of Alberta, Canada
3. I am a member of the following professional organizations:
 - a. Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
 - b. Society of Petroleum Engineers (SPE)
 - c. The Society of Petrophysicists and Well Log Analysts (SPWLA)
 - d. Canadian Well Logging Society (CWLS)
4. My contribution to the report entitled "Audit of Contingent and Prospective Resource Estimates for the Sarqala Jeribe / Upper Dhiban Discovery in the Garmian Block, Kurdistan Region, Iraq (As of September 7, 2011)" is based on my petrophysical knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.
5. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of WesternZagros Resources Ltd.

Original Signed by Suryanarayana Karri, P.Geoph.

Suryanarayana Karri, P.Geoph.

Certificate

Barrie F. Jose, M.Sc., P.Geoph.

I, Barrie F. Jose, Manager, Geoscience, and Associate of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
 - a. M.Sc. Geophysics (1979) University of British Columbia, Vancouver BC, Canada
 - b. B.Sc. (Honours) Geological Science with Physics (1977) Queens University, Kingston ON, Canada
2. I am a registered professional:
 - a. Professional Geophysicist (P.Geoph.) Province of Alberta, Canada
3. I am a member of the following professional organizations:
 - a. Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
 - b. Canadian Society of Exploration Geophysicists (CSEG)
 - c. Society of Exploration Geophysicists (SEG)
 - d. Canadian Society of Petroleum Geologists (CSPG)
 - e. American Association of Petroleum Geologists (AAPG)
 - f. Petroleum Exploration Society of Great Britain (PESGB)
 - g. European Association of Geoscientists and Engineers (EAGE)
 - h. Indonesian Petroleum Association, Professional Division (IPA)
4. I am a qualified reserves evaluator and reserves auditor as defined in National Instrument 51-101.
5. My contribution to the report entitled "Audit of Contingent and Prospective Resource Estimates for the Sarqala Jeribe / Upper Dhiban Discovery in the Garmian Block, Kurdistan Region, Iraq (As of September 7, 2011)" is based on my geophysical knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.
6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of WesternZagros Resources Ltd.

Original Signed by Barrie F. Jose, P.Geoph.

Barrie F. Jose, P.Geoph.

Certificate

Douglas J. Carsted, B.Sc., P.Geol.

I, Douglas J. Carsted, Vice-President, Geoscience, and Director of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
 - a. B.Sc. (Honours) Geology (1982) University of Manitoba, Winnipeg MB, Canada
 - b. B.Sc. Chemistry (1979) University of Winnipeg, Winnipeg MB, Canada
2. I am a registered professional:
 - a. Professional Geologist (P.Geol.) Province of Alberta, Canada
3. I am a member of the following professional organizations:
 - a. Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
 - b. Canadian Society of Petroleum Geologists (CSPG)
 - c. American Association of Petroleum Geologists (AAPG)
 - d. Society of Petroleum Engineers (SPE)
 - e. Canadian Well Logging Society (CWLS)
 - f. Indonesian Petroleum Association, Professional Division (IPA)
4. I am a qualified reserves evaluator and reserves auditor as defined in National Instrument 51-101.
5. My contribution to the report entitled " Audit of Contingent and Prospective Resource Estimates for the Sarqala Jeribe / Upper Dhiban Discovery in the Garmian Block, Kurdistan Region, Iraq (As of September 7, 2011)" is based on my geological knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.
6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of WesternZagros Resources Ltd.

Original Signed by Douglas J. Carsted, P.Geol.

Douglas J. Carsted, P.Geol.

Table 1 Gross Unrisked Contingent Resources ⁽¹⁾ Sarqala Structure Garmian Block Oil and Solution Gas (As of September 7, 2011) ⁽²⁾					
Reservoir	Hydrocarbon	Low Estimate ⁽⁵⁾	Best Estimate ⁽⁶⁾	High Estimate ⁽⁷⁾	Mean Estimate ⁽⁸⁾
	Type	P90	P50	P10	Mean
		MMbbl/ Bcf	MMbbl/ Bcf	MMbbl/ Bcf	MMbbl/ Bcf
Jeribe / Upper Dhiban	Oil	9	21	44	24
	Solution Gas	15	35	70	40
TOTAL	MMBOE⁽⁹⁾				31

Table 2 Gross Unrisked Prospective Resources ^(3,4) Sarqala Structure Garmian Block Oil and Solution Gas (As of September 7, 2011) ⁽²⁾					
Play - Reservoir	Hydrocarbon	Low Estimate ⁽⁵⁾	Best Estimate ⁽⁶⁾	High Estimate ⁽⁷⁾	Mean Estimate ⁽⁸⁾
	Type	P90	P50	P10	Mean
		MMbbl/ Bcf	MMbbl/ Bcf	MMbbl/ Bcf	MMbbl/ Bcf
Sarqala Structure Below Lowest Known Oil Jeribe / Upper Dhiban	Oil	17	49	125	63
	Solution Gas	30	80	195	100
Potential Extension Jeribe / Upper Dhiban	Oil	14	87	304	135
	Solution Gas	20	140	485	215
TOTAL	Oil				198
	Solution Gas				315
	MMBOE⁽⁹⁾				250

Notes to Tables 1 and 2

(1) Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

In this case, the Contingent Resources are the gross volumes estimated for the Lower Miocene Jeribe and Upper Dhiban carbonate reservoirs at Sarqala-1 RE, down to the lowest known oil from wireline log data at 3,485 metres subsea, without any adjustments for working interest or encumbrances.

- (2) The Sarqala resource assessment was audited by Sproule International Limited during July and September. Sproule finalized the audit and provided the Audit Letter on September 7, 2011.
- (3) The prospective resources are the undiscovered potentially recoverable gross volumes estimated for the indicated reservoirs, without any adjustments for working interest or encumbrances. Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. There is no certainty that any portion of the prospective resources will be discovered. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the prospective resources. In this case, prospective resources are undiscovered resources that indicate development potential in the event the discovery is commercial and should not be construed as reserves or contingent resources.

In this case, the prospective resources are the gross volumes estimated for the Jeribe and Upper Dhiban carbonate reservoirs at Sarqala-1 RE, below the lowest known oil from wireline log data at 3,485 metres subsea, without any adjustments for working interest or encumbrances.

- (4) The anticline structure contains both contingent and prospective resources, above and below the lowest known oil respectively. Prospective resources are also interpreted to extend southwest, in the forelimb area of the anticline. Prospective resources in the anticline are better imaged on seismic and therefore have lower risk than the prospective resources in the forelimb upside area. Prospective Resource volumes reported in Table 2 cannot be summed with the Contingent Resources in Table 1.
- (5) Low Estimate is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- (6) Best Estimate is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- (7) High Estimate is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
- (8) Mean Estimate is the average from the probabilistic assessment.
- (9) Barrels of oil equivalent (BOEs) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl has been used and is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.