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May 11, 2009

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

**Re: Audit of Prospective Oil Resource Estimates for Block 44, Kurdistan Region, Iraq (As of March 31, 2009)**

Dear Mr. Hatfield:

This letter reports the results of our audit of WesternZagros Resource Ltd. estimates of the gross prospective oil resources in Block 44, Kurdistan region, Iraq, as of March 31, 2009, as set forth in the accompanying Table 1. It is our understanding that WesternZagros wishes to disclose its estimates publicly and has retained Sproule International Limited ("Sproule") to independently audit those estimates for compliance with the requirements of National Instrument 51-101 ("NI 51-101") and the guidelines of the Canadian Oil and Gas Evaluators Handbook ("COGEH").

As defined in the Canadian Oil and Gas Evaluation Handbook, a reserves or resources audit is a process that results in reasonable assurance, in the form of an opinion, that the reserves or resources information has, in all material respects, been determined and presented according to the principles and definitions adopted by CIM (Petroleum Society), SPEE (Calgary Chapter) and APEGGA and is, therefore, free of material misstatement. It should be understood that this audit does not constitute an independent resource assessment of these fields; however, 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 or data, we did not rely on that information or data until we had satisfactorily resolved our questions or independently verified it.

**Worldwide Petroleum Consultants**

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

- discussions with WesternZagros personnel regarding the resource assessment process, input parameter distributions and results;
- audit of the volumetric parameter distributions, including prospective areas, reservoir thicknesses, net-to-gross ratios, oil column thicknesses, porosities, oil saturations, oil formation volume factors and recovery factors, based on examination of supporting geophysical, geological, petrophysical and engineering data and interpretations provided by WesternZagros;
- audit of the geological risks associated with the chance of discovery; and
- the development of sufficient probabilistic models to form an opinion regarding the reasonableness of the processes and the results reported by WesternZagros.

The resource assessment is based on a portfolio of 27 prospects and leads in both the Tertiary and Cretaceous reservoirs. It does not include an estimate of those prospective resources in the reservoir intervals drilled in Sarqala-1. We note that the block is in the very early stages of exploration and that only structural prospects, identified on 2-D seismic data, have been addressed in the assessment. Undoubtedly, additional potential will be defined within stratigraphic plays as exploration wells are drilled and 3-D seismic is shot across the block.

At this time, the oil resources assessed within Block 44 are undiscovered and are interpreted to exist based on analysis of 2-D seismic data, regional geology and information on analogous areas. 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.

The estimated volumes reported in Table 1 have not been risked for either chance of discovery (geological chance of success) or chance of development (economic, regulatory, market and facility, corporate commitment or political risks). There is

no certainty that any portion of the prospective resources 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 ( $P_{90}$ ) 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 or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability ( $P_{50}$ ) 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 ( $P_{10}$ ) that the quantities actually recovered will equal or exceed the high estimate.

Property descriptions, details of interest held and technical data that formed the basis for the assessment 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 properties.

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.

In summary, it is our opinion that the WesternZagros estimates audited by us, as reported in Table 1, were determined in accordance with industry practice and the guidelines and definitions contained in the Canadian Oil and Gas Evaluation Handbook, are free of material misstatement and, in aggregate, are reasonable representations of both the quantities of prospective oil resources contained in Block 44 and the technical uncertainties currently associated with them.

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

### **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.

### **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 P417.

Sincerely,

**SPROULE INTERNATIONAL LIMITED**

*(Original signed by John L. Chipperfield)*

John L. Chipperfield, P.Geol.  
Senior Vice-President

Enclosure(s)  
JLC:dmm

<b>Table 1</b> <b>Gross Undiscovered and Prospective Oil Resources (Unrisked)<sup>1, 2</sup></b> <b>As estimated by WesternZagros Resources Ltd.,</b> <b>Block 44, Kurdistan Region, Iraq</b> <b>(As of March 31, 2009)</b>				
Category	Oil (MMstb)			
	Low Estimate (P <sub>90</sub> )	Best Estimate (P <sub>50</sub> )	High Estimate (P <sub>10</sub> )	Mean Estimate
<b>Undiscovered Petroleum Initially In Place</b>	<b>4460</b>	<b>6419</b>	<b>9129</b>	<b>6651</b>
<b>Prospective Oil Resources</b>	<b>1615</b>	<b>2392</b>	<b>3462</b>	<b>2475</b>

1. These are the gross in-place and recoverable volumes estimated for the block, without any adjustments for working interest or encumbrances.

2. These estimates have not been risked for either chance of discovery (geological chance of success) or chance of development (economic, regulatory, market and facility, corporate commitment or political risks). There is no certainty that any portion of the prospective resources 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.