



INFORMATION CIRCULAR

April 23, 2008

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF WESTERNZAGROS RESOURCES LTD. (the "Corporation" or "WesternZagros") for use at the Annual and Special Meeting of the holders of Common Shares (the "Shareholders") of the Corporation (the "Meeting") to be held on June 12, 2008 at 3:30 pm (Calgary time) at the place and for the purposes set out in the accompanying Notice of Meeting. As a Shareholder you are cordially invited to be present at the Meeting. To ensure that you will be represented at the Meeting in the event that you are a *registered Shareholder* and unable to attend personally, you are requested to date, complete and sign the accompanying instrument of proxy enclosed herewith and return the same to Valiant Trust Company, 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1. If you are an *unregistered Shareholder* and receive these materials through your broker or through another intermediary, please complete and return the instrument of proxy in accordance with the instructions provided therein.

The solicitation of proxies is intended to be primarily by mail but may also be made by telephone, facsimile transmission or other electronic means of communication or in person by the directors, officers and employees of the Corporation. The cost of such solicitation will be borne by the Corporation. Except where otherwise stated, the information contained herein is given as of April 23, 2008.

GENERAL

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are officers and/or directors of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT SUCH SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** Such a Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the Shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the Shareholder or the Shareholder's attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Meeting or any adjournment thereof unless the completed form of proxy is delivered to Valiant Trust Company, 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Voting of Proxies

The persons named in the enclosed form of proxy have indicated their willingness to represent, as proxyholders, the Shareholders who appoint them. Each Shareholder may instruct its proxyholder how to vote the Shareholder's shares by completing the blanks in the form of proxy.

Shares represented by properly executed proxy forms in favour of the persons designated in the enclosed proxy form will be voted or withheld from voting on any poll in accordance with the instructions made on the proxy forms and, if a Shareholder specifies a choice as to any matters to be acted on, such Shareholder's shares shall be voted accordingly. In the absence of such instructions, such shares **WILL BE VOTED IN FAVOUR OF ALL MATTERS IDENTIFIED IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

Voting Shares and Principal Holders Thereof

The Corporation's issued and outstanding voting securities as at April 23, 2008 consist of 207,464,320 common shares ("Common Shares"). Holders of Common Shares are entitled to one vote for each share held on all matters to be considered and acted upon at the Meeting or any adjournment thereof.

The Corporation has set the close of business on April 24, 2008 as the record date for the Meeting. The Corporation will prepare a list of Shareholders of record at such time. Holders of Common Shares of the Corporation named on that list will be entitled to vote the shares then registered in their name at the Meeting, except to the extent that (a) the holder has transferred the ownership of any of the holder's shares after that date, and (b) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that such transferee owns the shares, and demands at any time before the Meeting that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote such shares at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Corporation, no person, firm or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to the Common Shares of the Corporation except as set forth below:

Name and Municipality of Residence	Voting Securities Held	Percentage of Voting Securities Held
Fidelity ⁽¹⁾⁽²⁾ Boston, MA	21,033,694 Common Shares	10.12
Paulson & Co Inc. ⁽¹⁾ New York, NY	27,760,500 Common Shares	13.38

Note:

- (1) Beneficial ownership of these Common Shares is not known by the Corporation. Information as to these holdings has been taken from alternative monthly reports filed by such institutions under National Instrument 62-103.
- (2) Fidelity Management & Research Company, Fidelity Management Trust Company, 82 Devonshire Street, Boston, MA, 02109, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, 53 State Street, Boston, MA, 02109, Fidelity International Limited, 42 Crow Lane, Pembroke, Bermuda and certain other relevant affiliates and associates are collectively referred to as "Fidelity".

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of Shareholders do not own shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically asks Beneficial Shareholders to return proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving an Broadridge proxy cannot use that proxy to vote Common Shares directly at the Meeting - the Broadridge proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

EXECUTIVE COMPENSATION AND REMUNERATION OF DIRECTORS

Executive Compensation

The following table discloses, for the periods indicated, total compensation received by the following executive officers (the "Named Executive Officers"): (i) each person who served as chief executive officer of the Corporation during fiscal 2007 (or acted in a similar capacity); and (ii) each person who served as chief financial officer of the Corporation during fiscal 2007 (or acted in a similar capacity) as well as the Corporation's Senior Vice President. The total salary and bonus did not exceed \$150,000 in respect of fiscal 2007 for any of the Corporation's executive officers.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Awards		Payouts	
					Securities Under Options Granted (#)	Shares or Units subject to resale restrictions (\$)	LTIP Payouts (\$)	All Other Compensation (\$)
Fred Dyment ⁽²⁾ Executive Chairman	2007	12,500	Nil	N/A	Nil	Nil	Nil	Nil
M. Simon Hatfield ⁽³⁾ President	2007	49,083	Nil	N/A	Nil	Nil	Nil	Nil
Gregory C. Stevenson ⁽⁴⁾ Vice President, Finance	2007	34,645	Nil	N/A	Nil	Nil	Nil	Nil
Robert Theriault ⁽⁵⁾ Senior Vice President, Engineering and Operations	2007	49,083	Nil	N/A	Nil	Nil	Nil	Nil
James C. Houck ⁽⁶⁾ Former President and Chief Executive Officer	2007	Nil ⁽⁴⁾	Nil	N/A	Nil	Nil	Nil	Nil
David Dyck ⁽⁷⁾ Former Chief Financial Officer	2007	Nil	Nil	N/A	Nil	Nil	Nil	Nil

Notes:

- (1) The aggregate amount of such compensation is not greater than \$50,000 or 10% of the total of the annual salary and bonus of the Named Executive Officer for the financial year specified.
- (2) Mr. Dyment was appointed Executive Chairman on October 3, 2007. Mr. Dyment's retainer for 2008 has been set at \$50,000.
- (3) Mr. Hatfield was appointed President on October 3, 2007. Mr. Hatfield's base salary for 2008 has been set at \$248,000.
- (4) Mr. Stevenson was appointed Vice President, Finance on October 3, 2007. Mr. Stevenson's base salary for 2008 has been set at \$170,000.
- (5) Mr. Theriault was appointed Senior Vice President, Engineering and Operations on October 3, 2007. Mr. Theriault's base salary for 2008 has been set at \$248,000.
- (6) Mr. Houck was the President and Chief Executive Officer of the Corporation from its incorporation on August 22, 2007 until October 3, 2007. Mr. Houck did not receive any compensation as an officer of the Corporation in 2007 but did receive director's retainer fees of \$7,500. See "Compensation of Directors" below.
- (7) Mr. Dyck was the Chief Financial Officer of the Corporation from its incorporation on August 22, 2007 until October 3, 2007.

Options Granted During the Year Ended December 31, 2007

There were no options granted to any of the Named Executive Officers of the Corporation in fiscal 2007. As of March 31, 2008, 2,750,000 options have been granted to the named Executive Officers of the Corporation.

Aggregate Option Exercises During the Year Ended December 31, 2007 and Option Values as at December 31, 2007

There were no options exercised by any of the Named Executive Officers of the Corporation during the financial year ended December 31, 2007 and none of the Named Executive Officers of the Corporation held any options as of December 31, 2007.

Employment Contracts

WesternZagros has entered into executive employment agreements with each of Messrs. Simon Hatfield (President), Robert Theriault (Senior Vice President, Engineering & Operations) and Gregory Stevenson (Vice President, Finance). These agreements provide that if (i) there is a change of control of WesternZagros and such officer's employment is terminated by WesternZagros or by the officer (provided that in the case of the Vice President, Finance, employment is terminated by the officer as a result of a materially detrimental change in the terms of employment) or (ii) the services of such officer are terminated by WesternZagros without cause or by the officer as a result of a materially detrimental change in the terms of employment, the officer will receive:

- in the case of the President, a severance payment equal to 18 months annual salary plus an additional 22.5% of annual salary for loss of benefits and prerequisites plus if and when the Corporation implements a discretionary cash bonus program, an additional amount equal to 18 months of discretionary cash bonus based on the officer's target percentage of annual salary within such bonus program (less applicable withholdings);
- in the case of the Senior Vice President, Engineering & Operations, a severance payment equal to 15 months annual salary plus an additional 18.75% of annual salary for loss of benefits and prerequisites plus if and when the Corporation implements a discretionary cash bonus program, an additional amount equal to 15 months of discretionary cash bonus based on the officer's target percentage of annual salary within such bonus program (less applicable withholdings); and
- in the case of the Vice President, Finance, a severance payment equal to 12 months annual salary plus an additional 15% of annual salary for loss of benefits and prerequisites plus if and when the Corporation implements a discretionary cash bonus program, an additional amount equal to 12 months of discretionary cash bonus based on the officer's target percentage of annual salary within such bonus program (less applicable withholdings).

Compensation of Directors

Directors are remunerated based on their expertise and time commitment provided to the Corporation. The compensation paid to the Corporation's board of directors ("Board") and Committee members is set forth in the table below. In addition, the directors are eligible to receive stock options pursuant to the Corporation's stock option plan.

	Annual Amount
Executive Chairman Retainer	\$50,000
Director Retainer	\$30,000

Total cash compensation paid to directors during fiscal 2007 was \$42,500 since the Corporation did not commence operations until October 18, 2007. No options were granted to the directors of the Corporation during fiscal 2007.

EQUITY PLAN COMPENSATION

The only equity compensation plan adopted by the Corporation is the Corporation's stock option plan (the "Option Plan") which authorizes the Board to issue stock options to directors, officers, employees or other service providers (collectively, "Service Providers") of WesternZagros and its subsidiaries. A complete copy of the Option Plan has been filed and is accessible through SEDAR at www.sedar.com. The Option Plan was first approved by shareholders on October 16, 2007.

The purpose of the Option Plan is to provide Service Providers an incentive to achieve the longer-term objectives of WesternZagros; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of WesternZagros; and to attract and retain in the employ of WesternZagros or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

Eligibility

Pursuant to the Option Plan, the Board may at any time and from time to time grant options to purchase Common Shares ("Options") to any Service Provider. Persons who are eligible to receive Options are referred to as Optionees. No Option shall be granted to any Optionee except upon recommendation of the Board, or as may be delegated to the Compensation Committee of the Board. A person who has been granted an Option may, if such person is otherwise eligible and if permitted by policies of the TSX Venture Exchange ("Exchange Policies"), be granted an additional Option or Options if the Board or Compensation Committee, as applicable, shall so determine.

Maximum Percentage of Common Shares Reserved

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Option Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by WesternZagros shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. The Options granted under the Option Plan together with all of WesternZagros' other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to insiders exceeding 10% of the issued and outstanding Common Shares;
- (b) the grant to insiders within a 12 month period of a number of Options exceeding 10% of the outstanding Common Shares; or
- (c) the grant to any one Optionee within a 12 month period, of a number of Options exceeding 5% of the issued and outstanding Common Shares.

Subject to Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant (or 2% of the issued and outstanding Common Shares in the case of an Optionee who is an Employee conducting Investor Relations Activities or who is a Consultant (as such terms are defined in Exchange Policies)).

Exercise Price and Expiry

The exercise price of each Option is determined by the Board or Compensation Committee, as applicable, at the time of the granting of the Option, provided that the exercise price cannot be lower than the most recent closing price of the Common Shares on the TSX Venture Exchange (the "TSX-V") on the last trading day preceding the date of grant of the Options, less any applicable discount permitted by the TSX-V.

The Board has the discretion to determine the term of the Option, which shall not exceed 10 years (five years during any period during which WesternZagros is a Tier 2 issuer on the TSX-V), and vesting provisions of the Options at the time of granting the Options.

Early Expiration

In the event that an Optionee under the Option Plan ceases to be a Service Provider for any reason other than death, the Optionee may, but only within 90 days after the Optionee ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to its expiry date, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation.

In the event of the death of the Optionee, the Option previously granted shall be exercisable until the earlier of: (i) one year following the date of the death of the Optionee; and (ii) the expiry date.

Transferability

The Options are not assignable or transferable by an Optionee, except for a limited right of assignment in the event of the death of the Optionee or a transfer in accordance with the requirements of the TSX-V.

Voluntary Black-Out Periods

WesternZagros has adopted a policy on trading in the securities of WesternZagros which results in the imposition of self-imposed black-out periods from time to time, preventing officers, directors, employees and consultants from exercising options. For example, these black-out periods would be imposed prior to the release of financial statements and when WesternZagros is considering various possible transactions or is completing material operations or negotiations that could, if consummated or successfully completed, have a significant effect on the trading price or value of WesternZagros' securities. This policy has been adopted as part of WesternZagros' approach to responsible governance. However, the imposition of voluntary black-out periods can penalize WesternZagros and its insiders and employees where their Options have not been exercised prior to the voluntary black-out period and such Options would expire during such period.

Pursuant to the Option Plan, the expiration of the term of any Options that would fall during a voluntary black-out period or within 10 business days following the termination of a voluntary black-out period will be extended for a period of 10 business days following the expiry of such black-out period such that all Optionees will always have a maximum of 10 business days following a voluntary black-out period to exercise Options. This provision applies to all Optionees.

Amendments to Options

The Board has the right to amend or suspend, terminate or discontinue the terms and conditions of the Option Plan and to approve amendments relating to any Options granted pursuant thereto, subject to the prior consent of any applicable regulatory bodies, including the TSX-V. Except as otherwise provided in the Option Plan, amendments will take effect only with respect to Options issued thereafter, provided that they may apply to any Options previously issued with the mutual consent of WesternZagros and the Optionees holding the Options.

The Board is permitted to make certain amendments under the Option Plan, without shareholder approval including, without limitation:

- (a) an amendment which is necessary to conform the Option Plan or Options with applicable law or regulation or the requirements of any stock exchange on which the Common Shares are listed, whether or not such amendment would affect any accrued rights;
- (b) any amendment for the purpose of curing any ambiguity, error or omission in the Option Plan or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan;
- (c) amendments relating to administration and eligibility for participation under the Option Plan;
- (d) amendments to change the terms and conditions on which Options have been granted pursuant to the Option Plan, including the re-pricing of such Options;
- (e) amendments to alter, extend or accelerate the terms of vesting applicable to any Option;
- (f) amendments which amend or modify the mechanics for exercising Options, including the addition of a cashless exercise feature; and
- (g) amendments of a "housekeeping nature";

provided that the alteration, amendment or variance does not:

- (a) amend the number of Common Shares issuable under the Option Plan;
- (b) increase the term of an Option beyond the maximum period permitted by the stock exchange on which the Common Shares are listed, other than any permitted extension thereto due to a black-out period;
- (c) add any form of financial assistance by WesternZagros for the exercise of any Option;
- (d) result in a material or unreasonable dilution in the number of outstanding Common Shares or any material benefit to an Optionee; or
- (e) change the class of Optionees which would have the potential of broadening or increasing participation by insiders of WesternZagros.

Without limiting the generality of the foregoing, if the Board proposes to increase the number of Common Shares issuable under the Option Plan, reduce the exercise price for Options granted to insiders or extend the term of Options granted to insiders of WesternZagros pursuant to the Option Plan (unless the extension is pursuant to any voluntary black-out extension that may be in effect or pursuant to an extension

applicable in the case of death), such amendments will require shareholder approval. Extensions of the term of Options granted to Optionees (other than insiders) may be subject to approval of any regulatory authority or stock exchange but shall not require shareholder approval.

Securities Authorized for Issuance under Equity Compensation Plans

The following table details the securities authorized for issuance under the Option Plan as at December 31, 2007.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	Nil	N/A	17,170,404 ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total:	Nil	N/A	17,170,404

Notes:

- (1) Pursuant to the Option Plan, the total number of Common Shares reserved for issuance under the Option Plan may not exceed 10% of the Common Shares outstanding from time to time. As at December 31, 2007, there were 171,704,047 Common Shares outstanding. The number of Common Shares available for future issuance pursuant to the Option Plan will automatically increase as the number of issued and outstanding Common Shares increases. As at March 31, 2007 the Corporation had granted and outstanding 6,955,000 options under the Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth below, management of the Corporation is not aware of any material interest, direct or indirect, of any director (including any proposed director) or executive officer of the Corporation, any person or company beneficially owning, directly or indirectly, or exercising control or direction over, or a combination of both, more than 10% of the Corporation's voting securities, or any associate or affiliate of such person in any transaction since commencement of the last fiscal year or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries.

On October 18, 2007, following the Corporation's acquisition of WesternZagros Resources Inc. from Western Oil Sands Inc., the Corporation completed a private placement of 5,000,000 Common Shares at a price of Cdn\$2.50 per share for gross proceeds of Cdn\$12.5 million. Directors and officers of the Corporation and their associates participated in the private placement as to 3,686,000 Common Shares Cdn\$9,215,000. This private placement was approved by a majority of shareholders voting at a meeting of Western Oil Sands Inc. held on October 16, 2008, excluding the votes of any persons who participated in the private placement or their associates or affiliates.

CORPORATE GOVERNANCE

The Corporation's Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of its shareholders but that it also promotes effective decision making at the Board level.

Board of Directors

Independence

The Board currently consists of seven directors, of which five are non-management directors. The two management directors are Mr. Dymont, Executive Chairman, and Mr. Hatfield, President. Three of the five non-management directors, being Messrs. Boone, Oliphant and Wallace, are also independent directors as such term is defined by National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"). Each of the independent directors has no direct or indirect material relationship with WesternZagros, including any business or other relationship, which could reasonably be expected to interfere with the director's ability to act with a view to the best interest of WesternZagros or which could reasonably be expected to interfere with the exercise of the director's independent judgement.

Mr. Houck is not considered to be independent due to the fact that he was the President, Chief Executive Officer and a Director of Western Oil Sands Inc. ("Western") until October 18, 2007. The Corporation's subsidiary, WesternZagros Resources Inc., was acquired by the Corporation from Western on such date. Mr. Houck was also the President and Chief Executive Officer of the Corporation from its incorporation on August 22, 2007 until October 3, 2007.

Mr. Frangos is not considered to be independent due to the fact that he has received more than \$75,000 in annual compensation from Western in the last three years for services provided to Western following his retirement from the offices of Executive Vice President and Chief Operating Officer on December 31, 2005.

The members of the Board have diverse backgrounds and expertise, and were selected in the belief that WesternZagros benefits significantly from a broad range of experience and talent. The Board is committed to reviewing the number of directors regularly and currently considers the current complement of directors to be appropriate for the Corporation's size and a number that facilitates effective decision-making, as well as an appropriate mix of backgrounds and skills for the stewardship of the Corporation.

Other Directorships

The names of all other reporting issuers on which each director serves as a director is set out in this Information Circular under the heading "Business of the Meeting - Election of Directors".

Board Meetings

The Board plans to hold a minimum of four regular meetings each year, as well as additional meetings as required. The Board has determined that an *in camera* session of the directors will be held at each regularly scheduled Board meeting so that non-management members of the Board will have an opportunity to meet without the presence of management members of the Board.

The non-management members of the Board are authorized to retain independent financial, legal and other experts as required at the expense of the Corporation whenever, in their opinion, matters come before the Board which require an independent analysis by the non-management members of the Board.

Mandate of the Board

Pursuant to applicable corporate legislation, the Board has responsibility for the stewardship of the Corporation. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. The Board participates with management in the development and approval of the Corporation's strategic plan, which takes into account the Corporation's opportunities and

risks associated with its business. The Board also approves all overall plans and strategies, budgets, internal controls and management information systems, risk management programs as well as interim and annual financial and operating results. At regularly scheduled meetings, members of the Board and management discuss a broad range of issues relevant to the Corporation's strategy. The Board's participation in the strategic planning process involves consideration of the principal risks inherent in the Corporation's business. The Audit Committee of the Board addresses specific risks and risk management in its review of the Corporation's financial statements. The Board, as a whole, with the assistance of the Health, Safety, Environment and Security Committee, as necessary, addresses specific risks and risk management related to the Corporation's health, safety, environmental and security activities, compliance with applicable rules and regulations, and risk management and risk philosophies relating to the Corporation's activities, including financial and marketing matters. The Board is also responsible for the approval of all major transactions, including equity issuances as well as for the Corporation's debt and borrowing policies. The Board strives to ensure that actions taken by the Corporation correspond closely with the objectives of the shareholders. The Board meets at least once annually to review in depth the Corporation's strategic plan and it reviews the Corporation's resources which are required to carry out the Corporation's strategy and to achieve its objectives.

Orientation and Continuing Education

New directors are provided with an orientation and education program which includes written information about the duties and obligations of directors, the role of the Board and its Committees, the expected contributions of individual directors and the business and operations of WesternZagros. New directors are also provided the opportunity to participate in meetings and discussions with senior management and other directors. The details of the orientation of each new director are tailored to that director's individual needs and areas of expertise.

Directors are kept informed as to matters impacting, or which may impact, the Corporation's operations through reports and presentations at the Board meetings.

Ethical Business Conduct

The Board has adopted a written Code of Ethics and Business Conduct (the "Code") for directors, officers, employees and independent contractors of the Corporation and its subsidiaries. A copy of the Code was filed on March 19, 2008 and is accessible through SEDAR at www.sedar.com. A copy of the Code may also be obtained upon request by contacting the Corporation at Suite 600, Ernst & Young Tower, 440 Second Avenue S.W., Calgary, Alberta, T2P 5E9, telephone: (403) 693-7001.

The Code demonstrates the Corporation's commitment to conducting business ethically, legally and in a fiscally, environmentally and socially responsible manner. It sets forth best practices to which each employee, director, officer and contractor is expected to adhere and acknowledge; this acknowledgement is an annual requirement.

The Code provides that directors, officers, employees and independent contractors must, among other things: (a) at all times abide by all applicable laws and respect their intent; (b) always act in the best interest of the Corporation; (c) avoid situations that may result in a conflict or perceived conflict between individual or private interests and those of the Corporation; (d) provide full disclosure of any actual or potential conflicts of interest in accordance with applicable legislation and the procedures of the Code; (e) maintain the confidentiality of all non-public information relating to the Corporation; (f) protect the property of the Corporation and use such property only for legitimate business purposes; and (g) conduct operations with the aim of preventing and minimizing adverse effects on the environment and safeguard life and health.

Compliance with the Code is monitored by the Board. Where a director or officer has any interest in or a perceived conflict involving a contract or business relationship with the Corporation, that director or officer is excluded from all discussions and deliberations regarding the contract or relationship and such director abstains from voting in respect thereof. Members of the Board and executive officers have disclosed to the Corporation all directorships held by such member and the existence and nature of any interests that could result in a conflict situation with the Corporation. To the knowledge of the Board, there have been no departures from the Code during the year ended December 31, 2007 that would require the filing of a material change report.

The Board has also adopted a policy relating to the reporting of inappropriate activity to encourage and promote a culture of ethical business conduct. This policy is intended to encourage and facilitate the reporting of (a) questionable accounting, internal accounting controls and/or auditing matters, (b) the reporting of fraudulent financial information to shareholders, regulatory authorities and the financial markets, and (c) conduct which results in a violation of law by the Corporation or in substantial mismanagement of the Corporation's resources that, if proven, would constitute a criminal offence or reasonable grounds for dismissal of the person engaging in this conduct, without the fear of recrimination, retaliation or harassment.

Nomination of Directors

The Board is responsible for succession planning at the Board and senior management levels. Given its size, the Board as a whole is responsible for nominating new directors. In March 2008, the Board constituted a Governance Committee which will be responsible for overseeing succession planning and for assessing the Board as well as individual directors on an ongoing basis. With respect to new directors, the full Board determines the competencies, skills and personal qualities that the Board should seek in new Board members to add value to the Corporation.

Compensation

The Board has constituted a Compensation Committee comprised of Messrs. Boone (Chair), Houck and Frangos.

The Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to the salary and other remuneration to be awarded to senior executives of WesternZagros. It also makes recommendations to the Board in respect of all other compensation matters including long and short term incentives such stock options, bonuses and other benefits and is responsible for overseeing the development of these programs. The Committee is responsible for ensuring that the Corporation's compensation is linked to meaningful and measurable performance targets. The Compensation Committee also reviews succession plans for key management positions within the Corporation, human resource policies and plans and the performance and development of the President and other senior officers of the Corporation.

The Compensation Committee was formed in October 2007 and met once during 2007. At each meeting of the Compensation Committee a portion is held without management present and any director can request additional time for this purpose.

Other Board Committees

During the 2007 fiscal year, the Board had two Committees of the Board, being the Compensation Committee described above and an Audit Committee. In March 2008, the Board established the Governance Committee and the Health, Safety, Environment and Security Committee. All of the Board Committees have been constituted with non-management directors.

In addition, the Board has established a Disclosure Committee to assist the Board in discharging its oversight responsibilities with respect to the Corporation's disclosure controls, policies and procedures. The Disclosure Committee is comprised of the Executive Chairman, President, Vice President, Finance and Manager, Investor Relations & Communications. This Committee will be subject to the supervision and oversight of the Governance Committee.

Audit Committee

The Audit Committee is comprised of Messrs. Oliphant (Chair), Boone and Houck. All are non-management directors and are financially literate as defined by Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110"). As a "venture issuer", WesternZagros is entitled to rely upon the exemption in Section 6.1 of MI 52-110 which exempts venture issuers from the composition requirements of and certain reporting requirements contained in MI 52-110.

The following is a brief description of the education and experience of each of the members of the Audit Committee:

Randall Oliphant, Chairman

Mr. Oliphant is the Chairman and Chief Executive Officer of Rockcliff Group Limited, a private corporation actively involved in the strategic planning and corporate development of its investee companies, principally in the mining sector. He is on the Advisory Board of Metalmark Capital LLC (formerly Morgan Stanley Capital Partners) and serves on the Boards of a number of public, private companies and not-for-profit organizations. Until 2003, he was the President and Chief Executive Officer of Barrick Gold Corporation, and served in senior financial positions since joining the company in 1987 prior to being appointed Chief Executive Officer in 1999. Mr. Oliphant holds a Bachelor of Commerce Degree from the University of Toronto and is a Chartered Accountant.

James C. Houck

Mr. Houck was the President and Chief Executive Officer of Western from April 2005 until October 2007 and has over 37 years of experience in the energy industry. Before joining Western, he was a principal of FrontStreet Partners, a U.S. based, privately-held investment firm and prior to that, Mr. Houck spent the majority of his career with ChevronTexaco Inc. where he held various senior level positions within the exploration and production segments, including global gas and power, business development, production and operations, research and development and strategic planning. As part of his tenure with ChevronTexaco Inc., Mr. Houck was Assistant Division Manager for all of Texaco's U.S. producing operations, President of Texaco Development Corporation and President of Worldwide Power and Gasification. Mr. Houck holds a Bachelor's degree in Engineering Science from Trinity University in San Antonio and a Master of Business Administration degree from the University of Houston.

David J. Boone

Mr. Boone has over 30 years of broad Canadian and international energy experience in the upstream industry with past positions including President, Offshore and International Operations for EnCana Corporation; Executive Vice-President and Chief Operating Officer of PanCanadian Energy and co-founder, President, and a director of Escavar Energy, a private oil and gas company. Mr. Boone holds a Civil Engineering degree from Queen's University. He is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta and is Chairman of the Canadian Association of the World Petroleum Council.

The following is a summary of the key roles and responsibilities of the Audit Committee. Full particulars are set out in the Audit Committee Charter which is attached as Appendix A hereto. The Audit Committee reviews and approves WesternZagros' interim unaudited consolidated financial statements and reviews the annual audited consolidated financial statements and certain corporate disclosure documents including the annual information form, management's discussion and analysis, annual and interim earnings press releases, offering documents including all prospectuses and other offering memoranda before they are approved by the Board. The Audit Committee reviews and makes a recommendation to the Board in respect of the appointment and compensation of the external auditor and it monitors accounting, financial reporting, control and audit functions. The Audit Committee meets to discuss and review the audit plans of the external auditors and it is directly responsible for overseeing the work of the external auditor with respect to the preparing or issuing of the auditor's report or the performance of other audit, review or attest services, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee questions the external auditor independently of management and reviews a written statement of its independence based on the criteria found in the recommendations of the Canadian Institute of Chartered Accountants. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and it periodically assesses the adequacy of those procedures. The Audit Committee must approve or pre-approve, as applicable, any non-audit services to be provided to the Corporation by the external auditor. It also reviews the internal control systems to determine their adequacy and effectiveness particularly relating to financial reporting matters. The Audit Committee has established procedures for dealing with complaints or confidential submissions which come to its attention with respect to accounting, internal accounting controls or auditing matters.

The Audit Committee was formed in October 2007 and met once in 2007.

Governance Committee

The Governance Committee was formed in March 2008 and is comprised of Messrs. Houck (Chair), Oliphant and Wallace.

The Governance Committee will annually assess the effectiveness of the Board as a whole, the various other Committees as well as individual directors, with particular focus on the Executive Chairman of the Board and the Chairs of the various Committees, all in accordance with the standards established by the Board. It is anticipated that such assessments will consist of a confidential peer-review survey and performance evaluations. The Governance Committee will also assess the Corporation's approach to corporate governance and monitor the relationship between management and the Board. It will also undertake those initiatives as are necessary to maintain a high standard of corporate governance practices and ensure ongoing compliance with the rules and policies of applicable regulatory authorities with respect to corporate governance.

The Governance Committee will also be responsible for overseeing the Disclosure Committee which is comprised of management representatives. The Disclosure Committee's mandate is to (i) determine when events, developments, changes or other facts constitute material information or a material change in the affairs of the Corporation, (ii) review and, as necessary, assist in the development of disclosure controls and procedures, (iii) monitor and evaluate the effectiveness of the Corporation's disclosure controls and procedures, and (iv) review and approve of certain specified public disclosures. As the Disclosure Committee is a management-based committee, it meets as required to evaluate disclosure obligations and review proposed public disclosures.

Health, Safety, Environment and Security Committee

The Health, Safety, Environment and Security Committee was formed in March 2008 and is comprised of Messrs. Frangos (Chair), Boone and Wallace.

The Health, Safety, Environment and Security Committee will be responsible for monitoring the health, safety, environmental and security practices and procedures of the Corporation and its subsidiaries for compliance with applicable legislation, conformity with industry standards and prevention or mitigation of losses. It will review, report and, when appropriate, make recommendations to the Board on the Corporation's policies and procedures related to health, safety, the environment and security.

Assessments

The Governance Committee will manage assessments of the Board as a whole, the Committees of the Board, the Executive Chairman of the Board and the other individual directors on an ongoing basis. It is anticipated that individual director evaluations regarding the effectiveness and contribution of the directors will be completed by each director on an annual basis and the results analyzed with the appropriate follow-up action taken where required.

The corporate objectives for which the President is responsible are set by the Board, which, with the oversight of the Executive Chairman of the Board and the Chairman of the Compensation Committee, assesses the President against such objectives.

ANNUAL AND SPECIAL BUSINESS OF THE MEETING

Receipt of the Financial Statements and Auditors' Report

The Financial Statements of the Corporation for the period ended December 31, 2007 and the auditors' report thereon will be placed before the Shareholders at the Meeting.

Under National Instrument 51-102 - *Continuous Disclosure Obligations*, a person or corporation who in the future wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or corporation is the owner of securities (other than debt instruments) of the Corporation. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return card, together with the completed form of proxy to Valiant Trust Company, 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1.

Election of Directors

At present, the Board may consist of a minimum of one and a maximum of nine directors. It is proposed that seven persons be elected as directors at the Meeting. Each of the proposed nominees is currently serving as a director of the Corporation and has served as a director continuously since appointment.

Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion. All directors elected at the Meeting will hold office until the close of the next annual meeting of shareholders following their election or until their successor is duly elected or appointed or the director vacates such office.

The following table sets forth, for all persons proposed to be nominated for election as directors, all positions and offices with the Corporation now held by them, their principal occupations for the past five years, the periods during which they have served as directors of the Corporation, and the number of voting shares and options of the Corporation beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction, as of April 18, 2008.

Nominee for Election as Director	Common Shares Owned, Controlled or Directed ⁽¹⁾	Outstanding Options	Current Public Board Memberships
David J. Boone ⁽²⁾⁽³⁾⁽⁵⁾ Calgary, Alberta, Canada	20,671	250,000	Harvest Energy Trust
Year Appointed: 2007			
Principal Occupation: President of Escavar Energy Inc., a private oil and gas corporation, since 2003. Prior to that, Executive Vice-President of EnCana Corporation and President of EnCana's Offshore and International Division.			
Fred J. Dymont Calgary, Alberta, Canada	42,987	550,000	ARC Energy Trust Tesco Corporation Transglobe Energy Corporation ZCL Composites Inc.
Year Appointed: 2007			
Principal Occupation: Independent businessman. Executive Chairman of the Corporation.			
John Frangos ⁽³⁾⁽⁵⁾ Calgary, Alberta, Canada	5,316,185	750,000	-
Year Appointed: 2007			
Principal Occupation: Independent businessman. Executive Vice-President and Chief Operating Officer of Western Oil Sands Inc., a public oil and gas corporation, from January 2002 until December 31, 2005.			
M. Simon Hatfield Calgary, Alberta, Canada	359,455	1,200,000	-
Year Appointed: 2007			
Principal Occupation: President of the Corporation since October 2007. Prior thereto, Vice President and Managing Director (Oil and Gas Group) of Western Oil Sands Inc. from May 2005 until October 2007 and Managing Director (Oil and Gas Group) of Western Oil Sands Inc. from September 2003 to May 2005. Prior thereto, President of HCG Inc., a private consulting company focused on upstream ventures in the Middle East.			
James C. Houck ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada	242,962	250,000	ARC Energy Trust
Year Appointed: 2007			
Principal Occupation: Independent businessman. President and Chief Executive Officer of Western Oil Sands Inc. from April 2005 until October 2007. Prior thereto, principal of FrontStreet Partners, a private United States investment firm.			

<u>Nominee for Election as Director</u>	<u>Common Shares Owned, Controlled or Directed⁽¹⁾</u>	<u>Outstanding Options</u>	<u>Current Public Board Memberships</u>
Randall Oliphant ⁽²⁾⁽⁴⁾ Toronto, Ontario, Canada Year Appointed: 2007 Principal Occupation:	120,526	250,000	Western Goldfields Inc. Silver Bear Resources Inc. Franco-Nevada Corporation
William Wallace ⁽⁴⁾⁽⁵⁾ Glenwood Springs, Colorado, USA Year Appointed: 2008 ⁽⁶⁾ Principal Occupation:	0	250,000	MarkWest Hydrocarbon, Inc. Independent businessman.

Notes:

- (1) Includes all Common Shares held by the spouse and children of such individuals or corporations controlled by them.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee
- (4) Member of the Governance Committee
- (5) Member of the Health, Safety, Environment and Security Committee
- (6) Appointed to the Board effective January 31, 2008.

It is the intention of the management designees in the accompanying form of proxy, if named as proxy, to vote for the election of said persons to the Board, unless otherwise directed.

Cease Trade Orders and Bankruptcies

To the knowledge of management of WesternZagros, none of the proposed directors is, as at the date of this information circular, or has been, within 10 years before the date of this information circular:

- (a) a director, chief executive officer or chief financial officer of any company (including WesternZagros) that (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an "order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) a director or executive officer of any company (including WesternZagros) that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to its own bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

other than Simon Hatfield who resigned as an officer of Chauvco Resources International Ltd. ("Chauvco International") in June 1998 after serving for six months. On January 26, 1999, a bankruptcy receiving order

was granted by the Alberta Court of Queen's Bench against Chauvco International and it was subsequently ceased traded for failing to file financial statements and other related documents.

Personal Bankruptcies

To the knowledge of management of WesternZagros, none of the proposed directors has, within 10 years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

To the knowledge of management of WesternZagros, none of the proposed directors has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors

The Shareholders will be asked to vote for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Corporation until the next annual general meeting of Shareholders, at such remuneration as may be approved by the Audit Committee of the Board of the Corporation. PricewaterhouseCoopers LLP, Chartered Accountants, have been the auditors of the Corporation since its incorporation in August 2007.

The following table summarizes the total fees paid to PricewaterhouseCoopers LLP by the Corporation for the year ended December 31, 2007.

	<u>2007⁽¹⁾</u>
Audit Fees	Cdn\$35,000
Audit-Related Fees	Cdn\$11,000
TOTAL	Cdn\$46,000

Note:

(1) Paid or estimated to be payable for 2007 services.

Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements, services provided in connection with statutory and regulatory filings and for costs related to professional services rendered by the auditors for the audit of the Corporation's internal control over financial reporting. Audit-related fees were paid for professional services rendered by the auditors for review of the Corporation's interim financial statements.

Annual Approval of Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve a resolution approving the Corporation's existing stock option plan (the "Option Plan"). Annual shareholder approval of the Option Plan is required by the TSX Venture Exchange. The terms of the Option Plan are described in this Information Circular (see "Equity Plan Compensation") and no changes to the Option Plan are proposed.

The form of resolution to be considered by Shareholders at the Meeting is as follows:

"Be it resolved that:

1. the Corporation's existing stock option plan is hereby approved; and
2. any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting. The persons named in the enclosed form of proxy intend to vote at the meeting in favour of this resolution.

Other Business

Management is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters that properly may come before the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is contained in the Corporation's consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2007. If you wish to request copies of the Corporation's financial statements and Management's Discussion and Analysis, please contact Dorreen Miller, Manager, Investor Relations & Communications at WesternZagros Resources Ltd., Suite 600, Ernst & Young Tower, 440 Second Avenue S.W., Calgary, Alberta, T2P 5E9, Tel: (403) 693 7019.

SCHEDULE A AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee of the Board is to assist the Board in fulfilling its oversight responsibilities in relation to the review and approval of the financial statements and financial reporting of the Corporation and the assessment of internal control and management information of the Corporation and to assist the Board in fulfilling its oversight responsibilities generally and under National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (as amended or replaced from time to time) with respect to the oil and natural gas reserves evaluation process and public disclosure of reserves data and related information in connection with oil and gas activities. The Audit Committee shall also be directly responsible for overseeing all audit processes and the relationship of the external auditors with the Corporation and the external auditors shall report directly, and be accountable, to the Audit Committee.

The role of the Audit Committee is one of supervision, stewardship and oversight. Management is responsible for preparing the financial statements and financial reporting of the Corporation and for maintaining internal control and management information. The external auditors are responsible for the audit or review of the financial statements and other services they provide.

Committee members will be provided training and exposure to knowledge and information required to fulfill their responsibilities, as determined by the Committee. Members of the Corporation's senior management may serve as resources to the Committee from time-to-time. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's independent qualified reserves evaluator(s), and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee provides for a means of direct communication for the Board, with the independent qualified reserves evaluator(s). The Committee should have a clear understanding with the independent qualified reserves evaluator(s) that the independent qualified reserves evaluator(s) must maintain an open and transparent relationship with the Committee and the Board, and that the ultimate accountability of the evaluator is to the Committee and the Board. The Committee may also engage outside advisors, consistent with Board policies and procedures.

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request. The Committee may contact directly any employee or consultant of the Corporation as it deems necessary and any employee may bring before the Committee any matter on a confidential basis involving matters within the purview of the Committee.

Mandate

1. Financial Statements and Financial Reporting

The Audit Committee shall:

- (a) review with management and the external auditors, and recommend to the Board for approval, the annual financial statements of the Corporation, the reports of the external auditors thereon and related financial reporting, including Management's Discussion and Analysis and earnings press releases prior to the public disclosure of such information;
- (b) review with management and the external auditors, and approve, the interim financial statements of the Corporation and related financial reporting, including Management's

- Discussion and Analysis and earnings press releases prior to the public disclosure of such information;
- (c) review with management and recommend to the Board for approval, the Corporation's Annual Information Form;
 - (d) review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus of the Corporation or any other document required to be filed or publicly disclosed pursuant to applicable legal and regulatory requirements;
 - (e) consider and be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than disclosure referred to in clauses (a) and (b) above), and periodically assess the adequacy of such procedures;
 - (f) review with management, the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements;
 - (g) review the appropriateness of the accounting practices and policies of the Corporation and review any proposed changes thereto;
 - (h) review and discuss any new or pending developments in accounting and reporting standards that may affect the Corporation; and
 - (i) review accounting, tax and financial aspects of the operations of the Corporation as the Audit Committee considers appropriate.

2. Relationship with External Auditors

The Audit Committee shall:

- (a) consider and make a recommendation to the Board as to the appointment or re-appointment of the external auditors, ensuring that such auditors are participants in good standing pursuant to applicable securities laws;
- (b) consider and make a recommendation to the Board as to the compensation of the external auditors;
- (c) review and approve the annual audit plan of the external auditors (including without limitation, engagement letters, objectives and scope of the external audit, procedures for quarterly review of financial statements, materiality limits, areas of audit risk, staffing, timetables and proposed fees);
- (d) oversee the work of the external auditors in performing their audit or review services and oversee the resolution of any disagreements between management and the external auditors;
- (e) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation, (A) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation, (B) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (C) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;
- (f) as may be required by applicable securities laws, rules and guidelines, either:
 - (i) pre-approve all non-audit services to be provided by the external auditors to the Corporation (or its subsidiaries, if any), or, in the case of *de minimus* non-audit services, approve such non-audit services prior to the completion of the audit; or

- (ii) adopt specific policies and procedures for the engagement of the external auditors for the purpose of the provision of non-audit services;
- (g) be satisfied that the fees paid by the Corporation to the external auditors for audit and non-audit services are publicly disclosed; and
- (h) review and approve the hiring policies of the Corporation regarding partners, former partners, employees and former employees of the present and former external auditors of the Corporation.

3. Internal Controls

The Audit Committee shall:

- (a) review with management and the external auditors, the adequacy and effectiveness of the internal control and management information systems and procedures of the Corporation (with particular attention given to accounting, financial statements and financial reporting matters and to being satisfied that such systems are reliable and that they operate effectively to produce accurate, appropriate and timely management and financial information) and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;
- (b) review the external auditors' recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto;
- (c) establish procedures for the receipt, retention and treatment of complaints, submissions and concerns regarding accounting, internal accounting controls or auditing matters on an anonymous and confidential basis;
- (d) review policies and practices concerning the expenses and perquisites of the Chairman, including the use of the assets of the Corporation;
- (e) review with external auditors any corporate transactions in which directors or officers of the Corporation have a personal interest;
- (f) review insurance coverage of significant business risks and uncertainties;
- (g) review material litigation and its impact on financial reporting; and
- (h) review policies and procedures for the review and approval of officers' expenses and perquisites.

4. Reserves

- a) To carry out its oversight responsibilities, the Committee shall undertake the following:
 - i) Review at least annually, the Corporation's procedures relating to disclosure of information with respect to the oil and gas activities of the Corporation, including its procedures for complying with the disclosure requirements and restrictions of National Instrument 51-101.
 - ii) Review annually the qualifications and independence of the independent qualified reserves evaluator(s) to be appointed or re-appointed by the Board and in the case of any proposed change in the independent qualified reserves evaluator(s), determine the reasons for the proposed change and whether there have been any disputes between the appointed qualified reserves evaluator and management of the Corporation.

iii) Review at least annually, the Corporation's procedures for providing information to the independent qualified reserves evaluator(s) for the purposes of its report on reserves data of the Corporation under National Instrument 51-101.

iv) Before approving the filing of reserves data of the Corporation and the report of the independent qualified reserves evaluator(s) thereon with the applicable regulatory authorities, meet with management and each of the independent qualified reserves evaluator(s) to:

- determine whether any restrictions affect the ability of the independent qualified reserves evaluator(s) to report on the reserves data of the Corporation without reservation; and
- review the reserves data and the report of the independent qualified reserves evaluator(s) thereon.

b) review the content and filing of (i) the Statement of Reserves Data and Other Information, (ii) the Report of Independent Qualified Reserves Evaluator(s), and (iii) the Report of Management and Directors as contemplated by National Instrument 51-101 and make a recommendation to the Board as to whether to approve the content and filing of the information referenced in (a), (b) and (c) above.

c) Review any public disclosure or regulatory filings with respect to any reserves evaluation and oil and gas activities and the compliance thereof with applicable regulatory requirements, and if appropriate make recommendations to the Board as to their approval for the release or filing thereof.

d) Co-ordinate meetings with the Corporation's senior reserve personnel, the independent qualified reserves evaluator(s) and the auditors as required to address matters of mutual interest or concern in respect of the Corporation's evaluation of oil and natural gas reserves and resources.

e) Perform any other activities consistent with this mandate and, generally, governing laws as the Committee or the Board deems necessary or appropriate.

Composition and Procedures

1. Composition of Committee

The Audit Committee shall consist of not less than three directors, none of whom shall be an officer or employee of the Corporation or any of its subsidiaries or any affiliate thereof. Each Audit Committee member shall satisfy the independence, experience and financial literacy requirements of applicable securities laws, and any applicable stock exchange requirements. Determinations as to whether a particular director satisfies the requirements for membership on the Audit Committee shall be made by the full Board and shall be reviewed at least annually.

If a member of the Audit Committee ceases to satisfy the necessary requirements for membership for reasons outside that member's reasonable control, the member shall immediately notify the Chair of the Board as to this fact and shall resign his or her position as a member of the Audit Committee on the earliest of (i) the appointment of his or her successor; (ii) the next annual meeting of shareholders of the Corporation; and (iii) the date that is six months from the occurrence of the event which caused the member to not satisfy the necessary requirements for membership.

2. Appointment of Committee Members

Members of the Audit Committee shall be appointed from time to time and shall hold office at the pleasure of the Board. Where a vacancy occurs at any time in the membership of the Audit Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Audit Committee is less than three directors.

3. Absence of Committee Chair

If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, one of the other members of the Audit Committee who is present at the meeting shall be chosen by the Audit Committee to preside at the meeting.

4. Authority to Engage Experts

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors, such engagement to be at the Corporation's expense.

5. Meetings

The Audit Committee shall meet at least four times per year and shall meet at such other times during each year as it deems appropriate, provided that meetings shall be scheduled so as to permit timely review of the quarterly and annual financial statements and reports. In addition, the Chair of the Audit Committee may call a special meeting of the Audit Committee at any time. The Audit Committee shall meet with the external auditors on a regular basis in the absence of management and, if so requested by a member of the Audit Committee, the external auditor shall attend every meeting of the Audit Committee held during the term of office of the external auditor. The Chair of the Audit Committee, the Chairman of the Board, any two members of the Audit Committee or the external auditors may call a meeting of the Audit Committee. The external auditors shall be provided with notice of every meeting of the Audit Committee and, at the expense of the Corporation, shall be entitled to attend and be heard thereat. The Chair of the Audit Committee shall hold *in camera* meetings of the Audit Committee, without management present, at every Audit Committee meeting.

6. Quorum

A majority of the members of the Audit Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to communicate with each other, shall constitute a quorum.

7. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of the Corporation, the Audit Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Audit Committee may deem appropriate (but not later than the next meeting of the Board).

8. Delegation

The Audit Committee may delegate from time to time to any person or committee of persons any of the Audit Committee's responsibilities that lawfully may be delegated.

9. Review of Terms of Reference

The Audit Committee shall review and reassess the adequacy of its Terms of Reference, at least annually, and otherwise as it deems appropriate, and recommend changes to the Board. Such review shall include the evaluation of the performance of the Audit Committee against criteria defined in the Audit Committee mandate as well as the Directors' Charter.