Western Zagros: Pure Play Kurdistan Independent

Legend

PSC Status
- Western Zagros Development
- Kurdistan Region of Iraq (KRI)

Discovery Type
- Oil Field
- Gas/Condensate Field
- KRG Controlled Areas

Kurdamir
- Operator: 40% W.I.
- 40% Working Interest
- 20% Carried Interest

Garmian
- Operator: 40% W.I.
- 40% Working Interest
- 20% Carried Interest

Maps showing the regions and fields related to Western Zagros operations in Kurdistan.
### Corporate Overview: Investment Highlights

**...Kurdistan turning the corner for new investment**

<table>
<thead>
<tr>
<th>Corporate</th>
<th><strong>Ticker (TSX-V)</strong></th>
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|           | **Shares Outstanding (basic / fully diluted)**
|           | **Cash + Equivalent** |
|           | **Debt Facility, Undrawn** |
|           | **WZR** |
|           | 786.7 / 829.7 million |
|           | $24.7 million |
|           | $200 million |

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<tr>
<th>Improving Macro-Environment in Kurdistan</th>
<th><strong>Western Zagros oil sales fully paid through February 2017</strong></th>
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<td></td>
<td>Kurdistan Region exporting over 600,000 bbl/d via the Mediterranean with improving netbacks</td>
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<td>Oil payments are stabilizing – 2016 production paid to IOCs by KRG</td>
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<td>Kurdistan Region and Iraq receiving significant global support</td>
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<td>Resolution of ISIS conflict – east side of Mosul now fully liberated</td>
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<td>Improving investor sentiment: Jan’17 Glencore and Feb’17 Rosneft KRG Financings</td>
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<th>Kurdamir Project</th>
<th><strong>Partnered with Repsol, common operator on Kurdamir and adjacent Topkhana field with a common oil leg</strong></th>
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<tr>
<td></td>
<td>Over 700 Million BOE of contingent resources discovered – 1 billion+ barrels of prospective upside potential</td>
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<td>Joint block development – Phase 1 targeting 150 MMscf/d of gas and 20,000 bbl/d of liquids over two blocks</td>
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<td>Future phases focus on oil: targeting 65,000 bbl/d on Kurdamir block, with potential upside up to 110,000 bbl/d</td>
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<td></td>
<td>Finalizing Phase 1 gas sales agreement with Ministry of Natural Resources</td>
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<td>Kurdamir Development Plan approval pending – will support significant reserves booking</td>
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<th>Garmian Project</th>
<th><strong>Partnered with Gazprom Neft, operator of the field with additional investments in Kurdistan and Iraq</strong></th>
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<td>Garmian Development Plan approved, producing 5,000 bbl/d with plans to add 10,000 bbl/d with next well (Q3’17 spud)</td>
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<tr>
<td></td>
<td>Sarqala has produced &gt; 4.5 MMbbl of light sweet crude with no water – production history supports reserve increase</td>
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<td>Facilities capacity of 15,000 bbl/d to handle significantly larger volumes on the back of Sarqala-2</td>
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<td>Phase 1 Targeting field production peak of 25,000 bbl/d with 3 wells</td>
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<tr>
<th>Management Guidance(3)</th>
<th><strong>2017 Production Range (gross)</strong></th>
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<tr>
<td></td>
<td>4,500 - 5,000 bbl/d</td>
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<tr>
<td></td>
<td>$17 - $22 million</td>
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</tbody>
</table>

### Notes:
1. As at December 31, 2016
2. Basic shares includes 511.9 million common shares + 274.8 million preferred shares and 43.0 outstanding options
3. Assumes continuous production for 2017 with average Brent price of $50-$55/bbl
Our Assets: Large Oil and Gas Discoveries

1. Source: Sproule reserves and resources reports effective December 31, 2016 with respect to the Oligocene Reservoir on the Kurdamir Block and the Jeribe/Upper Dhiban Reservoir on the Garmian Block only.

2. Audited, recoverable, Gross Block Proved plus Probable and Possible Oil Reserves

3. Audited, recoverable, unrisked Gross Block P50 Estimates of Contingent and Prospective Resources on Kurdamir and Garmian Blocks

700+ MMBOE Discovered and 1+ Bbbls of Oil Upside

1. Source: Sproule reserves and resources reports effective December 31, 2016 with respect to the Oligocene Reservoir on the Kurdamir Block and the Jeribe/Upper Dhiban Reservoir on the Garmian Block only.

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Kurdamir Block
Contingent Resources

- 366 MMbbl
- 55 MMbbl

1.8 Tcf

Kurdamir Block
Prospective Resources

- 1.0 Tcf

Garmian Block
Reserves & Prospective Resources

- 65 MMbbl
- 19 MMbbl
- 21 MMbbl

1.0 Bbbl

Oil
Natural Gas
Condensate

Oil
Natural Gas

PROVEN & PROSPECTIVE OIL
GAS OVER OIL
OIL WELL
GAS & OIL WELL

0 3 6 9 12 Kilometers

Kurdamir-3
Kurdamir-1
Kurdamir-2

Saqala-1
Hasira-1

Topkhana
Kor Mor
Taza
Pulkhana
GARMIAN
KURDAMIR
Chia Surkh

1. Source: Sproule reserves and resources reports effective December 31, 2016 with respect to the Oligocene Reservoir on the Kurdamir Block and the Jeribe/Upper Dhiban Reservoir on the Garmian Block only.

2. Audited, recoverable, Gross Block Proved plus Probable and Possible Oil Reserves

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Corporate Profile: Top Quartile Profit Oil Allocation

Summary of PSC Terms

- **Total Oil Produced**: 100bbls
- **Royalty Oil**: 10% of total crude oil, 10bbls
- **Net Available Oil**: 90bbls
- **Cost Recovery Oil**: up to 45% of net available oil, 40bbls
- **Total Profit Oil**: sharing based on R-Factor slide range of 35%/65% 16%/84%
- **50bbls**
- **Contractor Group**: 18 bbls
- **KRG**: 32bbls

Profit Oil Allocation and Capacity Building Payments

- **WesternZagros**: 40%
- **Repsol/Gazprom Neft**: 40%
- **KRG**: 20%

- Oil Case: 16% to 35% of Profit Oil depending on R factor
- Gas Case: 20% to 40% of Profit Oil depending on R factor

- WesternZagros has top quartile PSC terms for both Kurdistan and Garmian PSCs due to first mover advantage in Kurdistan
- All PSCs are governed by the same framework, but with significant ranges for both cost recovery and capacity building payments which affect the end contractor profit oil allocation

$533 million of cost recoverable pools available

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1. WesternZagros entitled to 60% on Kurdamir and 50% on Garmian based on funding requirements under both PSCs
2. R factor is the ratio of cumulative revenues over cumulative costs
3. KRG is entitled to a 3% capacity building bonus of WesternZagros profit oil for a net effective share of 38.8%
4. As at December 31 2016
Kurdistan Region: Kurdish Crude Exports Finding Markets

2015 - Current KRG Oil Exports vs. Payments Received from Baghdad vs. Net Sales Revenue

1. Represents average volumes exported from the KRI to Ceyhan.
2. KRG net revenues defined as oil sales adjusted for the impact of trade prepayments/repayments and restated before contractor payments. Foreign government loans not included.
3. Compiled from public information.

Payments to IOCs based on PSC Terms

- Kurdistan crude reaching several markets in Europe, Africa and Middle and Far East
- KRG has paid 2016 production entitlements to major producers through December
- WZR fully paid for January and February 2017 production
- Improving investor sentiment – Glencore and Rosneft Oil backed KRG financings
Established Oil Infrastructure for Sarqala Crude

**Trucking Infrastructure**

- Sarqala crude trucked to Bazian refinery (40,000 bbl/d capacity)

**Pipeline Infrastructure**

- Oil Export Pipeline from Taq Taq – Khurmala – Fishkhabur (360 km) with access to port of Ceyhan
  - Current Transport Capacity: 700,000 bbl/d
- KRG plans to extend oil pipeline to Kurdamir/Garmian – 240 km

1. Source: MNR data
Kurdistan Region: Developing Gas Market

**Domestic and export gas demand is high - KRG is dedicated to advancing infrastructure**

- Field development plans to develop gas and oil submitted for Kurdamir and Topkhana Blocks
- Potentially the nearest term gas development in the KRI

**Kurdamir & Topkhana**
- Gas terms under negotiation
- Phase 1: 150 MMscf/d sales gas between the two fields for domestic market based on PSC terms
- KRG responsible for construction of gas pipeline to Chemchemal
- Future phases targeting export market

**Miran & Bina Bawi**
- KRG responsible for construction of gas infrastructure, including facilities and pipelines
- Contractor to receive $1.20/mcf fee for raw gas and 80% of condensate
- Seeking mid stream investors to advance project

**Sumail**
- Domestic gas supply based on PSC terms
- Contractor to receive $3.00-4.00/mcf of revenue for sales gas
- Field shut in due to technical issues
Garmian Project

Partnered with Gazprom Neft, Garmian operator with additional investments in Kurdistan & Iraq
- Garmian Development Plan approved May 2016
- Sarqala-1 well producing ~5,000 bbl/d, with over 4.5 MMbbl to date of light crude with no water
- Oil delivered to Bazian at Brent less $11/bbl, negotiating discount for <$8/bbl
- WZR production fully paid through February’17
- Phase 1 focussed on production growth.
- Future Phases will delineate and develop the 65 MMbbls of Prospective Resources

Phase 1
- Sarqala-2 well planned spud: July 2017
- Sarqala-3 planned spud: 2018
- Two wells planned with incremental production adds of 10,000 bbl/d per well for total of 25,000 bbl/d
- Minor facilities capacity expansion to 25,000 bbl/d.

1. Sproule reserves and resources reports effective December 31, 2016 - Jeribe/Upper Dhiban Reservoir
2. Audited, recoverable, Gross Block Proved plus Probable Oil Reserves and Possible Reserves
3. Audited, recoverable, unrisked Gross Block P50 Estimates of Prospective Resources
• Wells positioned in areas predicted to have greater fractures density as identified from 3D
• Horizontal/deviated wellbores maximize fractures intersection
40 MMbbls of oil Reserves\(^{(1)(2)}\) and 65 MMbbls of Prospective Oil Resources\(^{(1)(3)}\) in the Jeribe reservoir

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**SCHEMATIC SECTION ACROSS THE SARQALA FIELD JERIBE/UPPER DHBAN RESERVOIR**

- **S-2** (Planned Q3 2017)
- **S-1** (Proposed)
- **Loc-E** (Proposed)
- **H-1** (Proposed)
- **Loc-C** (Proposed)

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... LKO on logs in Hasira-1 limits the base of current reserves to a depth of -3574 mSS, no water production and material balance indicates reserves below this depth

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1. Sproule reserves and resources reports effective December 31, 2016 - Jeribe/Upper Dhiban Reservoir
2. Audited, recoverable, Gross Block Proved plus Probable Oil Reserves and Possible Reserves
3. Audited, recoverable, unrisked Gross Block P50 Estimates of Prospective Resources
Field Development Plan Approved May 29, 2016 by the KRG

**Phase 1**
- Maintain Sarqala-1 oil production
- Drill additional two wells to increase production
- Increase facilities capacity to 25,000 bbl/d
- Sarqala solution gas provided free to KRG per PSC terms

**Phase 2+**
- Drill additional wells to appraise and develop Prospective Resources
Garmian PSC: Phased Field Development Plan Approved

**Phased development approach allows for clear decision points for capital commitment with which to design a fit for purpose facility**

**Completed**

- **Sarqala-1** well produced 5,175 bbl/d, average Fourth Quarter 2016, and 4.5 MMbbl of oil since inception
- 40° API light, sweet crude with high diesel cut
- Commissioned oil facility capable of handling 15,000 bbl/d

**Phase 1**

- Drill two additional oil wells to increase production
- Expand production facility as required – Targeting 25,000 bbl/d
- Supply solution gas to KRG at block boundary per PSC terms

**Phase 2+**

- Appraise and Develop 65 MMbbl$^1$ of Prospective Resources
- Add compression
- Liquids handling facility sized based on oil delineation results

**Production Potential of 25,000+ bbl/d based on drilling results and Prospective Resources**

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1. Audited, recoverable, unrisked Gross Block P50 Estimates of Prospective Resources
Kurdamir PSC: Phase 1 Conceptual Field Development Plan – Phase 1

**Focused on the development of the Oligocene Reservoir**

**FDP Phase 1**

- Revised FDP submitted May 2016
- 150 MMscf/d gas facility with liquids handling shared equally between Kurdamir and adjacent Topkhana Blocks
- Drilling program contemplates:
  - Workover Kurdamir-2 well
  - Drill 1 gas cap well
  - Drill 1 oil leg well
- KRG to construct gas pipeline to Chemchemal
- Final Investment Decision dependent on completion of gas sales agreement and KRG gas pipeline award

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1. Source: Sproule reserves and resources reports effective December 31, 2016 with respect to the Oligocene Reservoir on the Kurdamir Block
2. Audited, recoverable, unrisked Gross Block P50 Estimates of Contingent and Prospective Resources on Kurdamir Block
Kurdamir PSC: 1 Billion Barrels of Oil Upside in the Oligocene

**CASE 1: Contingent Resources:** as audited by Sproule

**CASE 2: Prospective Resources:** to oil on petrophysical logs in Kurdamir-3 well

**CASE 3: Prospective Resources:** if oil water contact from Baram-1 well extends to Kurdamir Block

1. Sproule resources report effective December 31, 2016
2. Audited, recoverable, unrisked Gross Block P50 Estimates on the Kurdamir Block
3. Oil resource estimates in each of Case 2 and Case 3 are incremental to Case 1 estimates

### Resource Estimates

<table>
<thead>
<tr>
<th></th>
<th>mSS</th>
<th>Oil</th>
<th>Condensate</th>
<th>Natural Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASE 1:</strong></td>
<td>-2081</td>
<td>366</td>
<td>55</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>CASE 2:</strong></td>
<td>-2228</td>
<td>+350</td>
<td>+0.4</td>
<td>+0.4</td>
</tr>
<tr>
<td><strong>CASE 3:</strong></td>
<td>-2675</td>
<td>+600</td>
<td>+0.6</td>
<td>+0.6</td>
</tr>
</tbody>
</table>
Kurdamir PSC: Phased Field Development Plan Submitted

Phase 1
- Kurdamir-2 Well Workover + 1 Oil Well and 1 Gas Well
- 75 MMscf/d Gas Handling Facility (Gross Kurdamir) with Liquids Handling Capability
- KRG Responsible for Gas Pipeline to Chemchemal

Phase 2
- 2 – 3 Wells Dependent on Oil Well Results
- 75 MMscf/d Gas Facility with Liquids Handling (Gross Kurdamir); or
- Oil Handling Facility Sized Based on Results

Phase 3+
- 2 – 3 Wells Dependent on Results
- 75 MMscf/d Gas Facility with Liquids Handling (Gross Kurdamir); or
- Oil Handling Facility Sized Based on Results

*Phase 1 Kurdamir production planned for 75 MMscf/d of gas and liquids*
Corporate Overview: Peer Comparison

...Kurdistan turning the corner for new investment

**Improving Macro Environment in Kurdistan**
- Exporting over 600,000 bbl/d
- Oil payments stabilizing – 2016 production paid to IOCs
- Resolution of ISIS conflict – east side of Mosul now fully liberated
- Kurdistan Region and Iraq receiving significant global support
- Improving investor sentiment: Jan’17 Glencore and Feb’17 Rosneft KRG Financings

**Kurdamir – World Class Discovery**
- Development Plan approval pending – Support significant reserves booking
- Partnered with Repsol, common operator on Kurdamir and Topkhana field
- Joint block development – Phase 1 targeting 150 MMscf/d of gas and 20,000 bbl/d of liquids, shared between blocks
- Future phases focus on oil: targeting 65,000 bbl/d on Kurdamir block, with potential upside up to 110,000 bbl/d
- Substantial Prospective upside: 1.3 billion BOE

**Garmian – Focus on Cash Flow**
- Development Plan Approved May 2016
- Partnered with Gazprom Neft, operator
- Producing 5,000 bbl/d with Sarqala-2 to add 10,000 bbl/d (Q3’17 spud)
- Sarqala has produced over 4.5 MMbbl of light sweet crude with no water – production history supports reserve increase
- Targeting field production peak of 25,000 bbl/d with 3 wells

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1. Source: Sproule reserves and resources reports effective December 31, 2016 with respect to the Oligocene Reservoir on the Kurdamir Block and the Jeribe/Upper Dhiban Reservoir on the Garmian Block only
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Management Team

Simon Hatfield – Chief Executive Officer
Mr. Simon Hatfield has over 30 years of international and domestic experience in technical, managerial and executive positions with Imperial Oil, Exxon Production Research Company, Petro-Canada, Chauvco Resources, Talisman Energy and Western Oil Sands. Mr. Hatfield has conducted business throughout the Americas, North and West Africa, the Middle East and South East Asia, and has had extensive experience in Iraq since 1995.

Tony Kraljic - Senior Vice President Finance
Mr. Kraljic is intimately involved in WesternZagros matters and he leads the financial and accounting team in supporting the Company’s activities. In addition, he is responsible for coordinating the Company’s joint venture relationships and for providing planning, business and economic analysis, evaluations and recommendations. He brings with him over 15 years of finance, accounting, and taxation experience with CEDA International Corporation, Western Oil Sands, Shell Canada and Arthur Anderson LLP. Mr. Kraljic holds a Bachelor of Commerce degree from the University of British Columbia and is a member of the Institute of Chartered Accountants of Alberta.

Lance Berg - Vice President Engineering and Operations
Mr. Berg brings over 30 years of international engineering and operations experience that includes technical and managerial positions with ExxonMobil (formerly with Mobil) and executive management experience with NAL Resources. He is responsible for the engineering and operations group. Mr. Berg holds a Bachelor of Science in Mechanical Engineering (with Distinction) from the University of Alberta.

Grant Harms - Managing Director, Garmian Asset
Mr. Harms is a senior petroleum engineering, operations and business development leader with over 30 years of experience in projects worldwide. His previous experience encompasses technical, managerial and executive positions with international and domestic companies including PanCanadian Petroleum, Murphy Oil, Koch Exploration Canada and Hurricane Hydrocarbons. Prior to joining WesternZagros, his most recent role was Country Manager for Niko Resources in the Kurdistan Region of Iraq. Mr. Harms is a Professional Engineer in Alberta and holds a Bachelor of Applied Science in Mechanical Engineering from the University of Waterloo.

Bruce Garland - Managing Director Drilling and Completions
Bruce Garland returned to WesternZagros as Managing Director Drilling and Completions in November 2015. Mr. Garland leads the engineering team in researching, developing, planning, costing, scheduling wells, drilling programs, engineering design documents, end of well reporting and continuous improvement and optimization. He brings more than 25 years of drilling and completions project engineering and management (onshore/offshore, Canada and International) and six years of development engineering in Canada that includes technical and managerial positions with Nexen Petroleum Inc., Fletcher Challenge, and Phillips Petroleum. Mr. Garland holds a Bachelor of Engineering (Mechanical) from Canterbury University, New Zealand.
Board of Directors

David Boone
Non-Executive Chairman, Member of the Compensation Committee and Audit Committee
- Independent businessman. From September 2008 to July 2013, President and Chief Executive Officer of Barrick Energy Inc., a wholly owned oil and gas subsidiary of Barrick Gold Corporation
- Prior thereto, President of Escavar Energy Inc.
- Past Chairman of the Canadian Associated of the World Petroleum Council
- Holds a Bachelor of Applied Science in Civil Engineering from Queen’s University. Graduate of the executive MBA program at the Darden Business School, University of Virginia

Jim Houck
Non-Executive Vice-Chairman, Member of the Compensation Committee – Chairman, Governance Committee and Audit Committee
- Independent businessman. From January 2009 to July 2012, President and Chief Executive Officer of The Churchill Corporation, a public diversified construction company
- Prior thereto, from April 2005 to October 2007, President and Chief Executive Officer of Western Oil Sands, a public oil and gas company
- Holds a Bachelor’s degree in Engineering Science from Trinity University in San Antonio and a Masters of Business Administration degree from the University of Houston

Simon Hatfield
Chief Executive Officer
- Initiated the Kurdistan opportunity and successfully concluded the signing and ratification of the Company’s Production Sharing Contract
- Over 30 years of international and domestic experience with Imperial Oil, Exxon Production Research Company, Petro-Canada, Chauvco Resources, Talisman Energy and Western Oil Sands
- Holds a Bachelor of Science (Honours) degree in Geology with Physics, a Masters of Science degree in Geology and has completed the Executive Development Program at the University of Calgary

John Frangos
Non-Executive Director, Member of the HSE&S Committee – Chairman, and Compensation Committee
- Independent businessman. Most recently, co-founder, as well as Executive Vice President and Chief Operating Officer of Western Oil Sands.
- Prior thereto, Vice President, International Business Development, BHP Billiton Minerals Business Unit
- Holds a Diploma in Mechanical and Electrical Engineering, An Associate Diploma in Mechanical Engineering and a Masters of Business Administration degree
Jonathan Oestreich
Non-Executive Director, Member of the Audit Committee and HSE&S Committee
- From 2014 to present, senior advisor at Caswell Investments, LLC
- Prior thereto, Senior Vice President and principal in the corporate finance and mergers and acquisitions business of Brown Brothers Harriman & Co., Ropes & Gray LLP, in mergers and acquisitions and securities law.
- Holds a Bachelor of Science degree from the Massachusetts Institute of Technology and Juris Doctor degree from the University of Michigan Law School

Randall Oliphant
Non-Executive Director, Member of the Audit Committee – Chairman, and Governance Committee
- From June 2009 to present, Executive Chairman of New Gold Inc., a public mining company
- Prior thereto, Chairman of Western Goldfields Inc., a public mining company
- Served on the Boards of a number of public and private companies and not-for-profit organizations. including the Advisory Board of Metalmark Capital LLC, and Franco-Nevada Corporation
- Holds a Chartered Accountant designation

William Wallace
Non-Executive Director, Member of the Governance Committee – Chairman, and HSE&S Committee
- Independent businessman. Most recently, Vice Chairman and Director of Barrett Resources
- Prior thereto, President and Chief Operating Officer of Plains Petroleum Company, Regional Vice President and Vice Exploration with Texaco, and Group Vice President of CSX Oil and Gas Company
- Holds a Master of Science in Geology from Stanford University and an undergraduate degree in Geology from Middlebury College
Company Overview: Early Entrannt Advantage

... 7 Years from Entry –PSC Signing, 2D Seismic and Two Discoveries

2003/2004
- WOSI starts business in Iraq, focus on Kurdistan
- Signs MOU with KRG for exploration study

2005
- Signs MOU with Baghdad on technical cooperation
- First G&G surveys
- Iraq constitution adopted

2006
- EPSA signed with KRG
- 2D seismic data acquisition

2007
- WZR spin out from sale of WOSI
- Iraq constitution adopted
- KRG Petroleum Law approved

2008
- Signed PSC for Kalar-Bawanoor
- Sarqala-1 discovery
- Talisman enters Blocks, $480 MM signature bonus
- Draft Federal Petroleum Law

2009/2010
- Kurdamir-1 gas, oil and condensate discovery
- Established 850 Bcf gas and 33 MMbbbl oil Contingent Resources
Company Overview: Two Significant Oil and Gas Discoveries

...13 Years of Operations in the KRG – 7 Wells, 3D Seismic and Production

2011
- PSC divided to two (Garmian and Kurdamir)
- Kurdamir-2 Discovery
- Achieved 5,000 bbl/d from Sarqala-1 EWT
- Iraq PM states KRI PSCs will be respected

2012
- 40% Garmian assigned to Gazprom Neft

2013
- Kurdamir-3 well confirms 1 billion BOE contingent resources
- 3D seismic acquisition
- KRG-Turkey sign bilateral Energy Agmt

2014
- Hasira-1 Oligocene Discovery
- K2 EWT – 90k bbls
- Talisman relinquishes Kurdamir
- First oil through new KRI-Turkey pipeline

2015
- Repsol acquires Talisman, re-instates Kurdamir interest
- Sarqala-1 well produced 1.7 MMbbl of oil in 2015
- KRG-Turkey sign bilateral Energy Agmt
- KRG trucks exports to Turkey

2016
- Garmian FDP approved May
- Kurdamir FDP submitted May
- WZR received payment for all 2016 oil production
- KRG announce export payment mechanism
FOOTHILLS ZONES

#1 Zagros Foothills Zone, Ranked 1 of 4*
- Numerous large to supergiant oil fields with gas caps
- Stacked oil reservoirs with matrix and fracture porosity
- Light oil, gas and condensate generating today

#2 Taurus Foothills Zone Ranked 2 of 4
- Numerous medium to giant sized oil fields
- Generally shallow heavy oil and deep lighter oil

MOUNTAIN ZONES

#3 Taurus Mountains Zone, Ranked 3 of 4
- Few oil discoveries
- Medium gravity oil (<28° API)
- Reservoirs dominantly fracture dependent

#4 Zagros Mountains Zone, Ranked 4 of 4
- Seemingly gas prone with minor oil
- Reservoirs dominantly fracture dependent
- High geological risk and complexity

* Source: Management’s View
Kurdamir 3D Seismic Attributes: Reservoir Prediction

- 3D seismic acquired in 2013 and processed in 2014 is of high quality
- 3D seismic supports observations from wells that Oligocene has characteristics of dual porosity reservoir with fractures feeding wells and matrix feeding fractures
- New wells to be positioned from 3D seismic to optimize well locations (existing wells drilled without benefit of 3D seismic)
- Position wells to optimize intersection of areas with high fracture connectivity
- Areas with higher quality matrix reservoir indicated on map by purple and green areas
- 3D seismic attributes enhance interpretability of seismic data and assist in interpreting fracture orientations

3D seismic to guide locations of wells for maximum productivity and reservoir drainage, resulting in need for fewer wells and lower capital costs
Kurdamir Oligocene Dual Porosity Model

- Oligocene has characteristics of double porosity reservoir with fractures feeding wells and matrix feeding fractures
  - Core data indicates low matrix permeability for dynamic flow after corrections for in-situ reservoir conditions
  - Natural fractures encountered in all Kurdamir/Topkhana wells through all facies
  - K2, DST#2 well test data (and others) shows double porosity behaviour

- Major production characteristics of double porosity wells:
  - High initial productivity and steep decline followed by reasonably long period of stabilized production prior to final decline period
  - Strong tendency to cone fluids up or down
  - Gas or produced water reinjection may have adverse recovery effects in this reservoir

... Double porosity model has positive implications for the Oligocene exploitation plan
Fracture Prediction to Maximize Drilling Success

- Sarqala-2 and Sarqala-3 wells
  - Positioned in area predicted to have greater density of natural fractures as indicated by red and yellow areas
  - Horizontal/deviated wellbores can intersect multiple fractures to obtain higher flow rates
<table>
<thead>
<tr>
<th>Block</th>
<th>Operator</th>
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<tbody>
<tr>
<td>A</td>
<td>Repsol/WesternZagros - non-operator</td>
</tr>
<tr>
<td>B</td>
<td>Garmian</td>
</tr>
<tr>
<td>C</td>
<td>Qarah Dagh / Sarta</td>
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<tr>
<td>D</td>
<td>Tawke / Erbil</td>
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<td>Miran / Bina Bawi</td>
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<td>Shakal / Halabja</td>
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Forward Looking Information

This presentation contains certain forward-looking information relating to, but not limited to, operational information, development concepts and plans, anticipated capacity of facilities and expected production rates, revenues and petroleum costs (as defined in each Production Sharing Contract (“PSC”)). Forward-looking information typically contains statements with words such as “anticipate”, “estimate”, “expect”, “potential”, “could”, or similar words suggesting future outcomes. The Company cautions readers and prospective investors in the Company’s securities to not place undue reliance on forward-looking information as, by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by WesternZagros.

Forward looking information is not based on historical facts but rather on management’s current expectations as well as assumptions made by, and information currently available to management, concerning, among other things, development plans and concepts, future capital and other expenditures (including the timing, amount, nature and sources of funding thereof), the outcomes of future well operations, drilling activity and testing, the installation and commissioning of facilities, the ability to access the existing debt facility or to secure alternate financing, the continued ability to sell production in the domestic or export markets and the payments to be received in connection therewith, anticipated operating costs, future economic conditions, future currency and exchange rates, continued political stability, continued security in the Kurdistan Region, timely receipt of any necessary co-venturer, government or regulatory approvals, the successful resolution of any disputes, the recoverability of petroleum costs, and the participation of the Company’s co-venturers in joint activities. In addition, budgets are based upon WesternZagros’s current development plans and anticipated costs, both of which are subject to change based on, among other things, the outcome of negotiations with co-venturers and the government, the actual outcomes of well operations, drilling activity and testing and the installation and commissioning of facilities, unexpected delays, availability of future financing and changes in market conditions. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by WesternZagros including, but not limited to, risks associated with the oil and gas industry (e.g. operational risks in development and production; inherent uncertainties in interpreting geological data; changes in plans with respect to capital expenditures; interruptions in operations together with any associated insurance proceedings; the uncertainty of estimates and projections in relation to timing, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, risks relating to the ability to access the export or domestic markets and to receive payments in accordance with the PSC terms on a timely basis, risks relating to the ability to access the Company’s existing debt facility or other financing as and when needed, the uncertainty associated with any dispute resolution proceedings, the uncertainty associated with negotiating with foreign governments and the risk associated with international activity, including the lack of federal petroleum legislation, ongoing political disputes and recent terrorist activities in Iraq in particular. Petroleum costs that may ultimately be recovered from future crude oil or natural gas sales in accordance with the production sharing terms of the PSCs relate only to the calculation of the Company’s share of any future revenue received in accordance with the economic terms of the PSCs. The realization of these cost pools over time is subject to certain risks and uncertainties, which include but are not limited to, the approval of development plans, future costs incurred in accordance with the approved development plans, achieving commercial production necessary to fully recoup the available costs pools, the future sales prices that may be received and the results of future government audits, all of which may ultimately impact the Company’s ability to fully realize the benefit of these cost pools over time in accordance with the commercial terms of each PSC.

Readers are cautioned that the foregoing list of important factors is not exhaustive and that these factors and risks are difficult to predict. The forward-looking statements contained in this presentation are made as of the date of this presentation and, except as required by law, WesternZagros does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement. See the “Risk Factors” section of the Company’s Annual Information Form dated March 14, 2017 (“AIF”) filed on SEDAR at www.sedar.com for a further description of these risks and uncertainties facing WesternZagros. Additional information relating to WesternZagros is also available on SEDAR at www.sedar.com, including the Company’s AIF.
Reserves and Resources Advisory

In addition, statements relating to reserves and other resources contained herein are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources described can be economically produced in the future. The reserve and resource estimates provided herein are estimates only and there is no assurance that the estimated reserves and other resources will be recovered. Actual reserves and other resources may be greater than or less than the estimates provided herein. Terms related to resource classifications referred to herein are based on the definitions and guidelines in the Canadian Oil and Gas Evaluation Handbook which are as follows. The reserves have been evaluated by Sproule International Limited (“Sproule”) as at December 31, 2016 in a report dated February 28, 2017. Resources other than reserves have been estimated by the Company and audited by Sproule as at December 31, 2016 in reports dated March 14, 2017.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on (a) analysis of drilling, geological, geophysical and engineering data, (b) the use of established technology and (c) specified economic conditions which are generally accepted as being reasonable and shall be disclosed. Reserves are classified as Proved, Probable or Possible according to the degree of certainty associated with the estimates. "Proved Reserves" are those Reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves. "Probable Reserves" are those additional Reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable (2P) Reserves. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated 2P Reserves. "Possible Reserves" are those additional Reserves that are less certain to be recovered than Probable Reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved plus Probable plus Possible (3P) Reserves. If probabilistic methods are used, there should be at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated 3P Reserves.

"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. Contingent Resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The Contingent Resources estimates referred to herein have not been risked for the chance of development. There is no certainty that the Contingent Resources will be developed and, if 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 Contingent Resources.

“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, facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. Unless otherwise indicated, the estimates referred to herein have not been risked for either the chance of discovery or the chance of development. 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.
Best Estimate (P50) or (2C) 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 that the quantities actually recovered will equal or exceed the best estimate.

Gross Block resource estimates presented herein represent the total volumes for the indicated reservoirs attributable to 100 percent of the relevant block, without any adjustment for the Company’s working interest therein whereas the Working Interest (Gross) or Company Gross resource estimates presented represent the Company’s 40 percent working interest (operating or non-operating) share before deduction of royalty petroleum, profit petroleum, production bonuses and capacity building support payments pursuant to the provisions of the applicable Production Sharing Contract.

A barrel of oil equivalent (BOE) is determined by converting a volume of natural gas to barrels using the ratio of 6 thousand cubic feet (Mcf) to one barrel. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

The section “Statement of Reserves and Other Oil and Gas Information” (including Schedule A) contained in the Company’s Annual Information Form dated March 14, 2017 (“AIF”) filed on SEDAR at www.sedar.com, contains additional detail with respect to the Company’s resource assessments and the estimates of net present value associated with its Reserves. This section includes the significant risks and uncertainties associated with the volume estimates and the recovery and development of the resources, the forecast prices and cost assumptions, descriptions of the applicable projects and field development plans (“FDPs”) and the specific contingencies which prevent the classification of the Contingent Resources as Reserves.

As indicated above, unless otherwise indicated, the estimates of Contingent Resources and Prospective Resources contained in this document are presented on an unrisked basis. Readers should refer to the AIF for the associated risked estimates of Contingent Resources and Prospective Resources. Such risked estimates are based upon the Company’s estimates of chance of commerciality set forth therein which involves assessing various risks based upon a number of assumptions and other factors. While the Company believes that such estimates and underlying assumptions are reasonable, many of these assumptions are beyond the Company’s control, are subject to change and may not, over time, prove to be accurate. As such, the actual level of various risks (including those currently identified and additional risks which may be identified in the future) could prove to be greater and the chance of commerciality lower than currently estimated and such differences could be material.

No additional projects have been defined at this time in respect of the Contingent Resources and Prospective Resources pertaining to other reservoirs for the Garmian and Kurdamir blocks since these reservoirs do not form part of the initial phases of the field development plans.