

Extractive Sector Transparency Measures Act Report

Reporting Year From: 1/1/2016 To: 12/31/2016
Reporting Entity Name WesternZagros Resources Ltd.
Reporting Entity ESTMA Identification Number E943098
Subsidiary Reporting Entities (if necessary) WesternZagros Resources Inc. (E600487)

Attestation: Please check one of the the boxes below and provide the required information

Attestation (by Reporting Entity)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

*The auditor expressed an unmodified opinion, dated [ENTER DATE: YYYY-MM-DD] , on the ESTMA report for the entity(ies) and period listed above.
The independent auditor's report can be found at [INSERT WEBLINK TO AUDIT OPINION POSTED ONLINE – link should be on same page as report link]*

Director or Officer of Reporting Entity Full Name:
Position Title:

Tony Kraljic
Senior Vice President Finance

Date: 5/24/2017

Extractive Sector Transparency Measures Act - Annual Report

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 Reporting Entity Name *WesternZagros Resources Ltd.*

Reporting Entity ESTMA Identification Number *E943098*

Subsidiary Reporting Entities (if necessary) *WesternZagros Resources Inc. (E600487)*

Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
IRAQ	MINISTRY OF NATURAL RESOURCES, KURDISTAN REGIONAL GOVERNMENT	-	90,000	2,910,000	340,000	-	-	-	3,340,000	GARMIAN BLOCK OPERATED
IRAQ	MINISTRY OF NATURAL RESOURCES, KURDISTAN REGIONAL GOVERNMENT	-	2,640,000	1,070,000	9,740,000	1,000,000	-	-	14,450,000	GARMIAN BLOCK NON-OPERATED
CANADA	CITY OF CALGARY	160,000							160,000	PROPERTY & BUSINESS TAXES
									-	
TOTAL		160,000	2,730,000	3,980,000	10,080,000	1,000,000	-	-	17,950,000	

NOTES:

ALL PAYMENTS ARE REPORTED IN UNITED STATES DOLLARS (THE REPORTING CURRENCY OF THE REPORTING ENTITY), WITH OTHER CURRENCIES CONVERTED TO UNITED STATES DOLLARS BASED ON THE APPLICABLE EXCHANGE RATE ON THE DATE PAYMENTS WERE MADE.

ALL PAYMENTS IN EXCESS OF THE CANADIAN \$100,000 THRESHOLD, PER PAYEE, HAVE BEEN INCLUDED BASED ON THE BANK OF CANADA 2016 AVERAGE NOON RATE FOR UNITED STATES DOLLARS OF CAD1.3248:USD1 (OR CAD1:USD0.7548) .

ROYALTIES PAID IN KIND AND PRODUCTION ENTITLEMENTS PAID IN KIND HAVE BEEN REPORTED BASED ON DELIVERED VOLUMES AND THE APPLICABLE MONTHLY OIL SALES PRICES AS RECEIVED.

ROYALTIES INCLUDE ANNUAL FEES DUE UNDER THE RESPECTIVE PRODUCTION SHARING CONTRACTS AS WELL AS FEES FOR OILFIELD POLICE FORCES PAID TO THE MINISTRY OF NATURAL RESOURCES OF THE KURDISTAN REGIONAL GOVERNMENT. DUE TO TIMING OF PAYMENTS, THERE WERE NO ANNUAL PRODUCTION SHARING CONTRACT FEES PAID IN RESPECT OF THE KURDAMIR BLOCK DURING 2016.

PAYMENTS MADE BY WESTERNZAGROS AS OPERATOR ARE REPORTED ON A GROSS (I.E.100%) BASIS. THE COMPANY OPERATED THE GARMIAN BLOCK (IRAQ) FROM JAN 1/16 TO FEB 29/16.

APPLICABLE PAYMENTS MADE BY OPERATORS WHERE WESTERNZAGROS WAS THE NON-OPERATOR HAVE BEEN REPORTED BASED ON THE WESTERNZAGROS SHARE OF PAYMENTS REMITTED TO THE NON-OPERATOR. FOR THE PERIOD MAR 1/16 TO DEC 31/16 WESTERNZAGROS WAS NON-OPERATOR OF THE GARMIAN BLOCK WITH A 50% NET SHARE OF PAYMENTS MADE. FOR THE YEAR OF 2016 WESTERNZAGROS WAS NON-OPERATOR OF THE KURDAMIR BLOCK WITH A 60% NET SHARE OF PAYMENTS MADE. OPERATORS MAY HAVE REPORTED GOVERNMENT PAYMENTS IN CANADA OR OTHER JURISDICTIONS FOR THE RESPECTIVE PROJECTS, HOWEVER THE WESTERNZAGROS NON-OPERATED PORTION OF PAYMENTS HAVE BEEN REPORTED IN THE INTEREST OF FULL AND COMPLETE DISCLOSURE. THE NON-OPERATED AMOUNTS REPORTED BY WESTERNZAGROS HAVE BEEN SEGREGATED SO THAT INFORMATION MAY BE AGGREGATED OR COMPARED ACROSS REPORTING JURISDICTIONS, IN WHICH CASE THE WESTERNZAGROS NON-OPERATED PORTION OF PAYMENTS MAY NEED TO BE DISREGARDED.

ALL NUMBERS HAVE BEEN ROUNDED TO THE NEAREST USD\$10,000.

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 Reporting Entity ESTMA Identification Number *E943098*

Subsidiary Reporting Entities (if necessary) *WesternZagros Resources Inc. (E600487)*

Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
IRAQ	GARMIAN BLOCK (OPERATED)	-	90,000	2,910,000	340,000	-	-	-	3,340,000	WESTERNZAGROS WAS OPERATOR FOR THE PERIOD OF JAN 1/16 TO FEB 29/16.
IRAQ	GARMIAN BLOCK (NON-OPERATED)	-	2,640,000	1,070,000	9,740,000	1,000,000	-	-	14,450,000	WESTERNZAGROS WAS NON-OPERATOR FOR THE PERIOD OF MARCH 1/16 TO DEC 31/16.
IRAQ	KURDAMIR BLOCK (NON-OPERATED)	-	-	-	-	-	-	-	-	THERE WERE NO GOVERNMENT PAYMENTS DURING 2016 DUE TO TIMING OF PAYMENT FOR ANNUAL PSC FEES
CANADA	CORPORATE	160,000							160,000	CALGARY HEAD OFFICE
									-	
TOTAL		160,000	2,730,000	3,980,000	10,080,000	1,000,000	-	-	17,950,000	

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ALL NUMBERS HAVE BEEN ROUNDED TO THE NEAREST USD\$10,000.