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[WesternZagros Resources Ltd.](#) (TSX VENTURE:WZR) ("WesternZagros" or the "Company") announces two news items. The first is that the Company has entered into a letter agreement (the "Amending Agreement") with its major shareholder, Crest Energy International, LLC ("Crest"), to further extend the date by which the Company must deliver to Crest the first drawdown notice (the "Drawdown Deadline") for both debt tranches. The second is that the Company has received \$5.5 million of insurance proceeds related to the Hasira-1 well.

The most recent amendment to the Company's debt facility and the receipt of insurance proceeds both strengthen the Company's financial flexibility and better align the timing of the debt availability with the anticipated capital needs. The latter being achieved by further amending the US\$200 million unsecured credit facility provided by Crest in a loan agreement between the parties dated August 14, 2014, as previously amended on April 26, 2016 (the "Loan Agreement").

Amendment to Loan Agreement

Pursuant to the terms of the Loan Agreement, Crest has agreed to provide debt financing to the Company of up to US\$200 million in two tranches. One tranche is for up to US\$50 million (the "\$50M Tranche") and the other tranche is for up to US\$150 million (the "\$150M Tranche"). Once an initial draw has been made under a tranche, the drawn amounts accrue interest at 14 and 12 percent per annum under the \$50M Tranche and the \$150M Tranche, respectively, and the undrawn amount under the tranches accrues a commitment fee of 8 percent per annum.

Pursuant to the Amending Agreement, the Drawdown Deadline for the \$50M Tranche has been extended from November 1, 2016 to March 1, 2017. In addition, the maturity date for this tranche has also been extended from November 1, 2018 to March 1, 2019. The Drawdown Deadline for the \$150M Tranche has been extended from April 1, 2017 to August 1, 2017, with a corresponding extension of the maturity date for this tranche from April 1, 2019 to August 1, 2019. This deferral of the deadlines provides the Company with an opportunity to reduce commitment fees and interest costs as it does not expect to need to access any funds until the first quarter of 2017 based upon the currently anticipated level and timing of capital expenditures.

All other terms of the Loan Agreement remain in effect unamended, including the above-mentioned interest rates and commitment fees, as well as the condition precedent to drawdown that nothing has occurred since the closing of the Loan Agreement on November 18, 2014 (the "Closing Date") which could reasonably be expected to have a material adverse effect on the Company (as defined in the Loan Agreement). The Amending Agreement preserves Crest's right to determine if a material adverse effect has occurred since the Closing Date at the time that any drawdown notice is provided by the Company.

Hasira-1 Well Insurance Proceeds

The Company has received US\$5.5 million from an insurance claim related to the drilling program for the Hasira-1 well, where testing of the well had to be prematurely terminated in early 2015 due to a considerable influx of reservoir formation debris plugging the tubing. The Hasira-1 well was safely suspended in the third quarter of 2015 and future options to utilize the well bore continue to be evaluated.

Including the well insurance proceeds, the Company has approximately \$32 million in cash and cash equivalents as of September 30, 2016.

About WesternZagros Resources Ltd.

WesternZagros is an international natural resources company focused on acquiring properties and exploring for, developing and producing crude oil and natural gas in Iraq. WesternZagros, through its wholly-owned subsidiaries, holds a 40 percent working interest in two Production Sharing Contracts with the Kurdistan Regional Government in the Kurdistan Region of Iraq. WesternZagros's shares trade in Canada on the TSX Venture Exchange under the symbol "WZR".

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This news release contains certain forward-looking statements relating to, but not limited to, timing for expected capital expenditures and need to access additional funds. Forward-looking information typically contains statements with words such as "anticipate", "estimate", "expect", "potential", "could", "should" 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 amount, nature and sources of funding thereof), expected drilling results, 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 and the participation of the Company's co-venturers in joint activities. 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 domestic refining capacity and continuing ability to access the domestic market, risks relating to the ability to access export markets and receive payments in accordance with the PSC terms on a timely basis, the uncertainty associated with any dispute resolution proceedings, the uncertainty associated with negotiating with foreign governments and risk associated with international activity, including the lack of federal petroleum legislation and ongoing political disputes and recent terrorist activities in Iraq in particular.

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 news release are made as of the date of this news release 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 news release are expressly qualified by this cautionary statement. See the "Risk Factors" section of the Company's Annual Information Form dated March 16, 2016 ("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.

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