

WesternZagros announces that the transition of operatorship of the Garmian Block in the Kurdistan Region of Iraq from WesternZagros to Gazprom Neft

WesternZagros Resources. {TSX.V: WZR} announces that the transition of operatorship of the Garmian Block in the Kurdistan Region of Iraq from WesternZagros to Gazprom Neft.

This is in accordance with the production sharing contract.

WesternZagros Resources Ltd. {TSX.V: WZR} announces that the transition of operatorship of the Garmian Block in the Kurdistan Region of Iraq from WesternZagros to Gazprom Neft Middle East B.V. was completed effective February 29, 2016.

The agreement does not involve any change of working interest in the production license. This transition was made pursuant to the terms of the Garmian Production Sharing Contract which mandates that Gazprom Neft assume operatorship during the Development Period of the Contract.

*'We now look forward to Gazprom Neft bringing its extensive technical and operational expertise in crude oil production, refining, and marketing as the joint venture continues the development of the Sarqala Oilfield,' said **Simon Hatfield, CEO***

of Western Zagros.

On February 1, 2016, the Ministry of Natural Resources ('MNR') of the Kurdistan Regional Government announced a new payment mechanism for crude oil sales in the KRI which stipulated that monthly payments to producing international oil companies will be based on the rights set out under the production sharing contracts for each contract area. Crude oil pricing terms are now linked to average monthly Brent crude prices. The new payment mechanism will replace the previous domestic sales terms utilized for Sarqala production. Production has been temporarily suspended pending direction from the MNR. The KRI oil markets are currently impacted by the outage of the export pipeline.

On the Kurdamir Block, the Company is actively working with the Operator Talisman (Block K44) B.V. (part of the Repsol Group) in progressing the details of the Field Development Plan and the associated agreements required as part of the gas and oil development for the Kurdamir field. The Operator has recently completed the refined engineering concept design for the processing facilities and is in the process of evaluating the EPC bids received.