

NEWS RELEASE

WesternZagros Reports 2008 Third Quarter Results

Calgary, Alberta – November 7, 2008 – WesternZagros Resources Ltd. (“WesternZagros” or “the Company”) today reported its results for the three month period ended September 30, 2008, key highlights and activities to date.

- Operations at the Sarqala-1 well are proceeding. The well is being sidetracked and is at a depth of 3,388 metres. Drilling delays and unexpected events were experienced during the third quarter as a result of encountering shallower overpressure at a depth of approximately 2,300 metres and, subsequently, becoming stuck in the hole at a depth of 3,567 metres. WesternZagros anticipates drilling results for Sarqala-1 to be available in late December 2008. As a result, gross well costs are anticipated to be \$31 million to \$34 million, prior to any testing.
- Construction of the Company’s second well location at Kurdamir-1 is close to completion. WesternZagros plans to spud Kurdamir-1 in early 2009 utilizing the rig the Company has under long-term contract.
- WesternZagros continues to add to its inventory of drillable prospects through the interpretation of the data acquired through its Phase I and II seismic program.
- As at September 30, 2008, WesternZagros had \$159.4 million in cash and cash equivalents. Equipped with a strong balance sheet, WesternZagros is well-positioned to weather the current conditions in the financial markets and the Company will be prudent and maintain flexibility in the deployment of capital. WesternZagros anticipates exiting 2008 with working capital of approximately \$130 million.
- For the three month period ended September 30, 2008, WesternZagros incurred capital expenditures of \$20.1 million related to its 60 percent funding requirement for its Production Sharing Contract (“PSC”) activities and certain payments required under the PSC.
- WesternZagros had a net loss of \$1.0 million for the quarter, mainly comprised of the general and administrative costs incurred by the Company.
- In support of the Company’s corporate social responsibility efforts in Kurdistan, WesternZagros has drilled 10 water wells in the Garmian region of Kurdistan; assisted the local Sulaymaniya Ground Water Directorate in completing an assessment of sources of water and in refurbishing its water well drilling rig in support of a city water supply project; and has provided much needed assistance in repairing local schools.

Political Update

In late September 2008, Iraq’s parliament unanimously passed a law governing provincial elections. With the passage of the law, elections to select provincial and local leaders across Iraq can move forward. Under the agreement, only elections in Kirkuk will be postponed. With the approval of the law by parliament, it proceeds to Iraq’s presidency council headed by President Jalal Talabani. WesternZagros believes the passage of the elections law is a significant breakthrough, demonstrating that political

compromise and progress is taking place in Iraq. Political discussions are ongoing with respect to the Federal Petroleum Law although timing for ultimate approval of this law is still unknown.

Management's Discussion and Analysis

For the period ended September 30, 2008 (Amounts in United States Dollars unless otherwise indicated)

Management's discussion and analysis ("MD&A") of WesternZagros Resources Ltd.'s ("WesternZagros" or the "Company") financial condition and results of operations should be read in conjunction with the unaudited financial statements as at September 30, 2008 and period then ended prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The effective date of this MD&A is November 6, 2008.

WesternZagros was incorporated on August 22, 2007 under the laws of the Province of Alberta. On October 18, 2007, WesternZagros, Western Oil Sands Inc. (now Marathon Oil Canada Corporation), Marathon Oil Corporation, 1339971 Alberta Ltd. and WesternZagros Resources Inc. ("WZRI") completed a Plan of Arrangement (the "Arrangement"). In connection with the Arrangement, through a series of transactions, WesternZagros acquired all of the outstanding shares of WZRI. As the shareholders of Western Oil Sands Inc. ultimately continued to hold their respective interests in WZRI, there was no resulting change of control. Therefore, the acquisition was accounted for assuming continuity of business for WZRI under Emerging Issues Committee 89 – Exchanges of ownership interests between enterprises under common control – wholly and partially owned subsidiaries ("EIC-89). Consequently, under EIC-89 no fair value adjustments were made.

The consolidated financial statements of WesternZagros, and the disclosures found throughout the MD&A, reflect the assets and liabilities of WZRI at their book value as reported in the consolidated financial statements of WZRI. The continuity of business accounting requires that the results of operations presented in the consolidated financial statements of WesternZagros include the operations of WZRI for the entire fiscal period in which the Arrangement took place. In addition, the comparative consolidated financial statements of WesternZagros were restated to reflect the financial position and results of operations as if WesternZagros and WZRI had been combined since their inception. As a result, references to WesternZagros in the MD&A incorporate the activities of WZRI and its subsidiaries from their inception; however, comparison to the nine month period ended September 30, 2007 is not provided as it is not considered meaningful as WesternZagros is in the pre-development stage and the Company did not have independent operational activities during that period.

Additional information relating to WesternZagros is available on SEDAR at www.sedar.com.

Forward Looking Information

This report contains certain forward-looking statements relating, but not limited, to the Company's operations, plans for and expected timing of drilling operations, anticipated financial performance, anticipated levels of working capital, capital and operating budgets, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "estimate", "expect", "potential", "could", or similar words suggesting future outcomes. We caution readers and prospective investors of 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. WesternZagros' operations are subject to all risks normally incidental to the exploration, development and operation of crude oil and natural gas properties and the drilling of crude oil and natural gas wells, including those risks described in the Risk Factors section of this Company's MD&A. The forward-looking information included in this quarterly report are expressly qualified in their entirety by this cautionary statement. The forward-looking information included in this news release is made as of November 7, 2008 and WesternZagros assumes no obligation to

update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

Overview

WesternZagros is a publicly-traded Calgary-based, international natural resources company engaged in acquiring properties and exploring for, developing and producing crude oil and natural gas in Iraq. WesternZagros, through its wholly-owned subsidiaries, holds a Production Sharing Contract (“PSC”) with the Kurdistan Regional Government (“KRG”) in the Kurdistan Region of Iraq. Within the PSC, the structure is as follows: WesternZagros – 40 percent (Operator), the KRG – 20 percent (funded by WesternZagros), and a wholly-owned subsidiary of Talisman Energy Inc. (“Talisman”) – 40 percent.

Operations

WesternZagros is currently exploring for crude oil and natural gas in the Kurdistan Region of Iraq and the Company has no current reserves or production. WesternZagros’ revenue is comprised entirely of interest earned on cash and cash equivalent balances.

As previously announced, Sarqala-1 encountered an overpressured formation at a depth of approximately 2,300 metres in the Upper Fars Formation. Although the Company had anticipated overpressure in this well, this was significantly shallower than had been anticipated. WesternZagros planned for overpressure in the Lower Fars Formation which is the regional top seal interval to numerous hydrocarbon bearing reservoirs in the region. Inconclusive oil and gas shows were also encountered in the overpressured Upper Fars Formation and shows from this formation continue to be present in drilling operations to date. Following a 22 day delay in drilling, during which the Company managed the overpressure, the intermediate casing was run.

After running the intermediate casing, the Sarqala-1 well was drilled into the Lower Fars Formation to a depth of 3,567 metres where the drilling assembly became stuck. During recovery operations the drill string parted. Following a successful fishing operation, the Company retrieved over 95 percent of the drilling assembly and then placed a cement plug over the remainder in preparation to drill a sidetrack hole. WesternZagros commenced the sidetrack hole at 3,300 metres and revised its drilling mud program to mitigate further risk with its drilling operations. Operations at Sarqala-1 are proceeding and the well is at a depth of 3,388 metres in the Lower Fars Formation.

WesternZagros’ principle objectives for the Sarqala-1 well remain unchanged and the Company continues to target the three main Tertiary reservoir zones – the Jeribe, Euphrates, and the Oligocene. A key target reservoir zone for the Sarqala-1 well is the Oligocene which is the main producing zone in the Kirkuk field.

Drilling delays and unexpected events with wildcat exploration wells in frontier areas are not unusual and WesternZagros remains enthusiastic about the prospectivity of Sarqala-1 and its PSC block. Drilling results for Sarqala-1 are now expected to be available in late December 2008. As a result, gross well costs are anticipated to be \$31 million to \$34 million. Upon exploration success, testing would follow. Given the challenges encountered during the drilling of Sarqala-1, including the overpressured formation at 2,300 metres, there is an increased risk that Sarqala-1 may not reach the total depth of 4,800 metres as initially planned, and thereby the Company may be unable to reach the deepest, secondary objective of the Cretaceous Shiranish Formation.

In the second quarter of 2008, WesternZagros completed its Phase II seismic program. The Company has acquired a total of 1,547 kilometres under its Phase I and Phase II seismic programs which exceeds its 1,150 kilometres seismic commitment under the PSC for the first exploration sub-period. Under the PSC, the excess seismic acquired may be utilized for the seismic commitment required under the second exploration sub-period if WesternZagros elects to continue exploration. WesternZagros continues to

interpret this data in order to add to its inventory of drillable prospects beyond Sarqala-1 and Kurdamir-1, the Company's second well location.

Wellsite construction at Kurdamir-1 is close to completion. WesternZagros plans to spud Kurdamir-1 following completion of drilling operations at Sarqala-1, utilizing the rig that the Company has under long-term contract. Following the drilling of Kurdamir-1, WesternZagros may then elect to drill either a second well on the Sarqala structure or drill an additional exploration well. Completion of the seismic interpretation, and the results of both Sarqala-1 and Kurdamir-1, will impact future drilling decisions and, as such, WesternZagros will maintain flexibility as it plans future well locations.

Charges Under Service Agreement

For the third quarter of 2008, WesternZagros had no charges under a service agreement compared to \$3.7 million for the prior year period. The charges incurred during 2007 related to operational, technical and other support expenditures incurred pursuant to a services agreement WZRI had with Western Oil Sands Inc. Under the agreement, Western Oil Sands Inc. paid for various PSC negotiation costs, capital, operational, technical, legal, general and administrative expenditures on behalf of WZRI. These transactions were measured at the amount of consideration established and agreed to by the related parties. These transactions were undertaken with the same terms and conditions as transactions with non-related parties. This services agreement was terminated upon completion of the Arrangement on October 18, 2007.

General and Administrative Expenses (G&A)

In the third quarter of 2008, WesternZagros incurred \$1.4 million in general and administrative expenses compared to \$1.5 million in the second quarter of 2008 and nil in the third quarter of 2007, when these costs were incurred under the service agreement with Western Oil Sands Inc. Compared to the second quarter of 2008, general and administrative expenses were marginally lower.

Depreciation, Depletion and Amortization (DD&A)

In the third quarter of 2008, WesternZagros had \$0.06 million of DD&A related to certain administrative assets compared to \$1,000 for the prior year period and unchanged from the second quarter of 2008. No depletion is recorded because WesternZagros has yet to determine whether proved reserves are attributable to the PSC lands.

Foreign Exchange

WesternZagros adopted the US dollar as its measurement and reporting currency since the majority of its expenses are or will be directly or indirectly denominated in U.S. dollars and to facilitate a more direct comparison to other international crude oil and natural gas exploration and development companies. WesternZagros holds over 95 percent of its cash and cash equivalents in U.S. dollar accounts and US dollar priced Government of Canada bonds; however, the Company has certain assets and liabilities in currencies other than the U.S. dollar, mainly Canadian dollars, and the conversion of these for reporting purposes to U.S. dollars at the end of each period results in foreign exchange gains and losses. For the third quarter of 2008, WesternZagros recorded a foreign exchange loss of \$0.3 million compared to a gain of \$0.001 million in the third quarter of 2007 and a gain of \$0.2 million in the second quarter of 2008.

Net Loss

In the third quarter of 2008, WesternZagros had a net loss of \$1.4 million compared to net loss of \$0.6 million in the second quarter of 2008 and \$3.7 million in the third quarter of 2007. WesternZagros is an early stage exploration enterprise and, apart from its working interest in the PSC and cash and cash equivalents, the Company has no other assets.

Capital Expenditures

For the nine month period ended September 30, 2008, the total capital expenditures on WesternZagros' PSC block were \$60.4 million, including \$34.4 million of drilling related costs, \$16.7 million of Phase II seismic costs, and \$9.3 million of supervision and local office costs in support of both the drilling and Phase II seismic operations. Included in the drilling related costs are \$24.1 million for operations at Sarqala-1, \$4.1 million for long-lead items and pre-spud costs for Kurdamir-1 and \$6.2 million for tangible items for subsequent wells and consumables for testing operations.

For the nine month period ended September 30, 2008, WesternZagros' share of these capital expenditures and its PSC costs were \$74.3 million. WesternZagros' share of capital expenditures were 100 percent of the costs to June 30, 2008, prior to the allocation of the 40 percent third party working interest to Talisman by the KRG, and 60 percent of the costs subsequent to June 30, 2008, representing WesternZagros' 40 percent working interest and its obligation to fund the KRG's 20 percent working interest. Upon the allocation of the 40 percent working interest by the KRG to Talisman, Talisman paid \$50.7 million to WesternZagros representing 50 percent of the estimated recoverable costs under the PSC at June 30, 2008 as per the terms of the PSC.

In the third quarter of 2008, WesternZagros' capital expenditures totalled \$20.1 million compared to \$28.6 million in the second quarter of 2008 and \$11.4 million during the third quarter of 2007. The year-over-year increase is the result of the commencement of drilling at Sarqala-1; the procurement of tangible materials, equipment and services for subsequent wells, including Kurdamir-1; the procurement of consumables for testing operations; and, costs associated with the amounts payable under the PSC to the KRG. All of these increases were offset by the reduced funding requirement for WesternZagros associated with the operations on the PSC block after Talisman was elected by the KRG. The decrease over the second quarter of 2008 is a result of the decreased funding requirement for WesternZagros associated with its operations after Talisman was elected by the KRG, as well as the completion of Phase II seismic early in the second quarter of 2008.

WesternZagros capitalized \$1.1 million and \$2.4 million in G&A and stock-based compensation costs directly related to exploration activities for the three and nine months ended September 30, 2008, respectively.

Contract Obligations and Commitments

Under the terms of its PSC, WesternZagros has a 40 percent working interest and the KRG has a direct 20 percent interest in the PSC which is carried by WesternZagros. The remaining 40 percent was allocated to Talisman by the KRG in June 2008.

The PSC contemplates two exploration sub-periods of three years and two years, respectively, with two possible one-year extensions. The first exploration sub-period ends December 31, 2010. During such time the Contractor Group (WesternZagros, Talisman and the KRG) is required to complete a minimum of 1,150 kilometres of seismic surveying (which has been completed), drill three exploration wells and commit a minimum of \$75 million in the aggregate on seismic, geologic studies and drilling. At the end of the first exploration sub-period, WesternZagros and the other parties to the PSC may relinquish the entire contract area (other than any discovery or development areas), or continue further exploration operations during the second exploration sub-period which ends December 31, 2012.

The PSC also includes capacity building support, payable by WesternZagros over a 15 month period and funding for certain technological, logistical, recruitment and training during the first exploration sub-period, and any subsequent sub-periods. WesternZagros estimates its 40 percent share of the PSC work commitment for the first exploration sub-period, its previously paid signature bonus, the capacity building support and the requirement for the Company to primarily carry the KRG's interest through the work commitment to be approximately \$103 million.

During the second exploration sub-period, the Contractor Group, or those parties that have elected to participate in further exploration, is required to complete a minimum of 575 kilometres of seismic surveying, drill at least two exploration wells and commit a minimum of \$35 million. At the end of the second exploration sub-period, WesternZagros, and the other parties to the PSC who have elected to participate in the second exploration, may relinquish the entire contract area (other than any discovery or development areas) or continue further exploration operations during two one-year extension periods, which would extend the total exploration period to December 31, 2014. At the end of the second exploration sub-period, and at the end of each subsequent extension period, the PSC requires WesternZagros, and other parties who have elected to participate, to relinquish 25 percent of the remaining undeveloped area within the PSC lands or the entire contract area (other than any discovery or development areas).

WesternZagros has entered into various exploration related contracts, including contracts for drilling equipment, services and tangibles, and seismic surveying equipment and services, to meet the requirements under the PSC. The following table summarizes WesternZagros' minimum contractual commitments under these exploration related contracts and other contractual obligations.

(\$ thousands)	Three Months	For the year ended December 31				Total
	2008	2009	2010	2011	2012+	
Exploration	2,774	-	-	-	-	2,774
Office	94	375	94	-	-	563
Total	2,868	375	94	-	-	3,337

Outlook

WesternZagros is well-positioned to weather the current conditions in the financial markets and execute on its business plan over the next two years. WesternZagros is debt free and the Company expects to exit 2008 with working capital of approximately \$130 million based on the Company's operating budget and the portion of PSC payments owed by WesternZagros to the KRG.

WesternZagros' operational efforts for the remainder of 2008 will be focused on working with its partners, Talisman and the KRG, on the drilling and potential completion and testing Sarqala-1, completing lease construction at Kurdamir-1, and the processing and interpretation of the seismic data. WesternZagros estimates its capital and operating budget for the fourth quarter of 2008 to be approximately \$12 million, excluding the capacity building support and other payments associated with the PSC. Drilling results at Sarqala-1 are expected to be available in late December 2008. Upon exploration success, testing would commence.

In order to preserve financial flexibility, WesternZagros' Board of Directors has approved an initial capital and operating budget of \$30 million, including the Company's 60 percent share of its PSC activities. Drilling operations account for approximately 75 percent of the total 2009 capital budget and includes the drilling of Kurdamir-1 and the planning for and acquisition of long-lead items associated with subsequent wells. The budget excludes the capacity building support payments which will conclude in April 2009. Completion of the seismic interpretation, and the results of both Sarqala-1 and Kurdamir-1, will impact future drilling decisions and, as such, WesternZagros will update its budget as the Company plans future well locations.

Liquidity and Capital Resources

WesternZagros is well-funded to drill six wells with its existing financial resources, giving consideration to the cost of the current well, future wells averaging approximately gross \$22 million, in-country and other corporate related expenditures, remaining PSC payments and any costs associated with testing programs. At September 30, 2008, WesternZagros had \$159.4 million in cash and cash equivalents.

WesternZagros' cash and cash equivalents are invested largely in US dollar priced Government of Canada bonds, with a small portion in term deposits for day to day use. These balances will be used to fund future capital expenditures including: the work commitments with respect to the first exploration sub-period which ends of December 30, 2010; the requirement for WesternZagros to fund the KRG's 20 percent interest; certain payments required under the amended PSC, including the capacity building payments; G&A expenditures; and working capital requirements.

The election of Talisman in June 2008 as the third party participant by the KRG reduces the Company's funding requirements under the PSC to 60 percent, and allows WesternZagros to carry on a six well program with its existing financial resources.

With exploration success, WesternZagros will require further financial resources to complete an appraisal program, and ultimately, if warranted, any development program. WesternZagros assesses its financing requirements and its ability to access debt or equity markets on an ongoing basis.

Outstanding Share Data

As at September 30, 2008, there were 207,464,320 shares issued and outstanding. The number of common shares reserved for issuance pursuant to options granted will not exceed 10 percent of the issued and outstanding common shares. In the third quarter of 2008, 455,000 stock options were granted to employees bringing the total stock options outstanding as of September 30, 2008 to 8,160,000.

Supplemental Quarterly Information

The following table summarizes the key financial information on a quarterly basis for the periods indicated.

(\$ thousands, unless otherwise indicated)	Sept. 30	June 30	March 31	Dec. 31
	2008	2008	2008	2007
Revenue	867	774	823	817
Net Loss	984	633	1,830	836
Net Loss per Share (US\$/share)				
(Basic and Fully Diluted)	0.01	0.01	0.01	0.01
Capital Expenditures	20,531	28,597	26,584	10,493
Total Assets	248,919	241,626	251,068	160,777
Total Long-term Liabilities	68	66	-	-
Dividend (US\$ per Share)	Nil	Nil	Nil	Nil
	Sept. 30	June 30	March 31	Dec. 31
	2007	2007	2007	2006
Revenues	-	-	-	-
Net Loss	3,667	3,677	2,246	1,718
Net Loss per Share (US\$/share)				
(Basic and Fully Diluted)	0.02	0.02	0.01	0.01
Capital Expenditures	11,428	6,870	5,765	12,783
Total Assets	45,943	36,104	27,236	21,499
Total Long-term Liabilities	52,297	39,084	27,994	20,214
Dividend (US\$ per share)	Nil	Nil	Nil	Nil

Risk Factors

The risks factors that could influence actual results have not changed since the 2008 second quarter report other than the additional risk that WesternZagros' ability to access the equity or debt markets in the future may be affected by prolonged market instability. The inability to access the equity or debt markets for sufficient capital, at acceptable terms and within required time frames, could have a material adverse effect on WesternZagros' financial condition, results of operations and prospects.

An investment in WesternZagros should be considered highly speculative due to the nature of its activities, the present stage of its development and its need for additional financing in the future for any acquisition, exploration, development and production of oil and gas reserves beyond current funding levels. WesternZagros' risk factors include, but are not limited to, all the risks normally incidental to the exploration, development and operation of crude oil and natural gas properties and the drilling of crude oil and natural gas wells, including geological risk, encountering unexpected formations or pressures, potential environment damage, blow-outs, fires and spills, all of which could result in personal injuries, loss of life and damage to property of WesternZagros and others; premature declines of reservoirs; environment risks; delay or changes in plans with respect to exploration or development projects or capital expenditures; the ability to attract key personnel; the risk of commodity price and foreign exchange rate fluctuations.

All of WesternZagros' assets are located in the Kurdistan Region of Iraq. As such, WesternZagros is subject to political, economic, and other uncertainties, including, but not limited to, the uncertainty of negotiating with foreign governments, expropriation of property without fair compensation, adverse determinations or rulings by governmental authorities, changes in energy policies or the personnel administering them, nationalization, currency fluctuations and devaluations, disputes between various levels of authorities, arbitrating and enforcing claims against entities that may claim sovereignty, authorities claiming jurisdiction, potential implementation of exchange controls, royalty and government take increases and other risks arising out of foreign governmental sovereignty over the areas in which WesternZagros' operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections. WesternZagros' operations may be adversely affected by changes in government policies and legislation or social instability and other factors which are not within the control of WesternZagros including, among other things, adverse legislation in Iraq and/or the Kurdistan Region, a change in crude oil or natural gas pricing policy, the risks of war, terrorism, abduction, expropriation, nationalization, renegotiation or nullification of existing concessions and contracts, taxation policies, economic sanctions, the imposition of specific drilling obligations and the development and abandonment of fields.

For a complete list of risk factors please refer to Company's Annual Information Form which is available at www.westernzagros.com or on SEDAR at www.sedar.com.

Changes in Accounting Policy

WesternZagros adopted the following new accounting standards effective January 1, 2008:

- Handbook Section 1400, General Standards of Financial Statements ("Section 1400");
- Handbook Section 1535, Capital Disclosures ("Section 1535");
- Handbook Section 3031, Inventories ("Section 3031");
- Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862"); and
- Handbook Section 3863, Financial Instruments – Presentation ("Section 3863").

Section 1400 has been revised to include specific requirements for assessing and disclosing an entity's ability to continue as a going concern.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3031 eliminates the use of a LIFO (last-in-first-out) based valuation approach for inventory. The standard also requires any impairment to net realizable value of inventory to be written down at each reporting period, with subsequent reversals when applicable. This standard can be applied prospectively with an initial adjustment to retained earnings or applied retrospectively with restatement of comparative balances. The adoption of this standard did not impact the Company's net loss or financial position.

Sections 3862 and 3863 replaced Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections placed increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of this standard did not impact the Company's net loss or financial position.

WESTERNZAGROS RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(United States \$ thousands)
("Unaudited")

	September 30 2008	December 31 2007
Assets		
Current Assets		
Cash and Cash Equivalents	159,428	100,367
Accounts Receivable	9,021	255
Prepaid Expenses	65	111
	168,514	100,733
Long-term Assets		
Property, Plant and Equipment <i>(note 5)</i>	80,405	55,896
Deposits Held in Trust <i>(note 6)</i>	-	4,148
	80,405	60,044
	248,919	160,777
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	17,517	4,938
Long-term Liabilities		
Asset Retirement Obligation <i>(note 7)</i>	68	-
	17,585	4,938
Shareholders' Equity		
Share Capital <i>(note 8)</i>	253,583	175,405
Warrants <i>(note 9)</i>	-	4,570
Contributed Surplus <i>(note 11)</i>	5,334	-
Deficit	(27,583)	(24,136)
	231,334	155,839
	248,919	160,777

Commitments and Contingencies *(note 14)*

Approved by the Board of Directors

(Signed) "Fred J. Dymant"
Director

(Signed) "Randall Oliphant"
Director

See Accompanying Notes to the Consolidated Financial Statements

WESTERNZAGROS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS,
COMPREHENSIVE LOSS AND DEFICIT
(United States \$ thousands, except per share amounts)
(“Unaudited”)

	For the Three Month Period Ended September 30		For the Nine Month Period Ended September 30	
	2008	2007	2008	2007
Revenues				
Interest Income	867	-	2,464	-
Expenses				
Charges Under Service Agreement	-	3,667	-	8,781
General and Administrative	1,490	-	4,910	-
Depreciation	60	1	180	4
Foreign Exchange (Gain) Loss	301	(1)	821	805
	1,851	3,667	5,911	9,590
Net Loss and Other Comprehensive Loss	984	3,667	3,447	9,590
Deficit at Beginning of Period	26,599	15,584	24,136	9,661
Deficit at End of Period	27,583	19,251	27,583	19,251
Net Loss Per Share				
– Basic and Diluted (note 12)	0.01	0.02	0.02	0.03

See Accompanying Notes to the Consolidated Financial Statements

WESTERNZAGROS RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(United States \$ thousands)
(“Unaudited”)

	For the Three Month Period Ended September 30		For the Nine Month Period Ended September 30	
	2008	2007	2008	2007
Cash Provided By (Used In)				
Cash From Operating Activities				
Net Loss	(984)	(3,667)	(3,447)	(9,590)
Non-cash Items				
Depreciation	60	1	180	4
Accretion	2	-	2	-
Stock-based Compensation (<i>note 10</i>)	386	-	975	-
	(536)	(3,666)	(2,290)	(9,586)
Increase in Non-cash Working Capital (<i>note 13</i>)	(194)	-	(411)	-
	(730)	(3,666)	(2,701)	(9,586)
Cash From Financing Activities				
Share Issuance Under Private Placement (<i>note 8</i>)	(52)	-	71,384	-
Exercise of Warrants (<i>notes 8, 9</i>)	-	-	6,048	-
Increase in Due to Related Party	-	13,213	-	32,082
	(52)	13,213	77,432	32,082
Cash From Investing Activities				
Capital Expenditures	(20,531)	(11,428)	(74,763)	(24,063)
Proceeds from Third Party Participant (<i>note 5</i>)	-	-	50,675	-
Deposits Held in Trust	-	-	4,148	-
Increase in Non-cash Working Capital (<i>note 13</i>)	(76)	2,210	4,270	1,968
	(20,607)	(9,218)	(15,670)	(22,095)
Increase (Decrease) in Cash and Cash Equivalents	(21,389)	329	59,061	401
Cash and Cash Equivalents at Beginning of Period	180,817	175	100,367	103
Cash and Cash Equivalents at End of Period	159,428	504	159,428	504

WESTERNZAGROS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in United States \$ thousands)
("Unaudited")

1. NATURE OF OPERATIONS

WesternZagros Resources Ltd. (the "Corporation") was incorporated on August 22, 2007 under the laws of the Province of Alberta. On October 18, 2007, the Corporation, Western Oil Sands Inc. (now Marathon Oil Canada Corporation) ("Western"), Marathon Oil Corporation, 1339971 Alberta Ltd. and WesternZagros Resources Inc. ("WZRI") completed a Plan of Arrangement (the "Arrangement"). In connection with the Arrangement, the Corporation, through a series of transactions, acquired all of the outstanding shares in WZRI. Further information on the Arrangement can be found in note 4.

The Corporation is engaged in acquiring properties and exploring for crude oil and natural gas and is in the developmental stage. Through its subsidiaries, the Corporation holds an interest in a Production Sharing Contract ("PSC") with the Kurdistan Regional Government ("KRG") in respect of an exploration project area in the Kurdistan Region of Iraq.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements are presented in accordance with Canadian Generally Accepted Accounting Principles. The interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2007, except as described in Note 3. The disclosures provided below are incremental to those included in the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Corporation's annual report for the year ended December 31, 2007.

3. CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICY CHANGES

a) Capital Disclosures

On January 1, 2008, the Corporation adopted the CICA Handbook Section 1535 "Capital Disclosures". The adoption of this standard requires specific disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

b) Inventories

On January 1, 2008, the Corporation adopted CICA Handbook Section 3031, "Inventories", which eliminates the use of a LIFO (last-in-first-out) based valuation approach for inventory. As the Corporation does not hold any inventory at this time, the adoption of this standard did not have an impact on the Corporation's net loss or financial position.

c) Financial Instruments – Disclosure and Presentation

On January 1, 2008, the Corporation adopted CICA Handbook Section 3862 “Financial Instruments – Disclosures” and CICA Handbook Section 3863 “Financial Instruments – Presentation”. The adoption of these standards increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

d) Goodwill and Intangible Assets

As of January 1, 2009, the Corporation will be required to adopt the CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which will replace the existing Goodwill and Intangible Assets standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard should not have a material impact on the Corporation’s Consolidated Financial Statements.

e) International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, in February 2008, the AcSB confirmed that International Financial Reporting Standards (“IFRS”) will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As the Corporation will be required to report its results in accordance with IFRS starting in 2011, the Corporation is currently assessing the impact of these new accounting standards on its financial statements.

4. PLAN OF ARRANGEMENT

On October 18, 2007, Western announced the completion of the Arrangement pursuant to which the Corporation, through a series of transactions, acquired all of the outstanding shares in WZRI.

Pursuant to the Arrangement, the shareholders of Western continued to hold their respective interests in the Corporation, resulting in no change of control. Therefore, the acquisition was accounted for assuming continuity of business for WZRI under Emerging Issues Committee 89 – Exchanges of ownership interests between enterprises under common control-wholly and partially-owned subsidiaries (“EIC-89”). Consequently, under EIC-89 no fair value adjustments were made.

The consolidated financial statements of the Corporation reflect the assets and liabilities of WZRI at their book value as reported in the consolidated financial statements of WZRI. The continuity of business accounting requires that the results of operations presented in the consolidated financial statements of the Corporation include the operations of WZRI for the entire fiscal period in which the Arrangement took place. In addition, the comparative consolidated financial statements of the Corporation were restated to reflect the financial position and results of operation as if the Corporation and WZRI had been combined since their inception. The shares of the Corporation issued under the Arrangement were valued at the carrying value of the net assets of WZRI, excluding the accumulated deficit, as at October 18, 2007.

5. PROPERTY, PLANT AND EQUIPMENT

<u>September 30, 2008</u>	<u>Cost</u>	<u>Accum.</u> <u>DD&A*</u>	<u>Net</u>
Kurdistan Region Exploration Project	80,009	-	80,009
Corporate	616	(220)	396
	<u>80,625</u>	<u>(220)</u>	<u>80,405</u>
<u>December 31, 2007</u>	<u>Cost</u>	<u>Accum.</u> <u>DD&A*</u>	<u>Net</u>
Kurdistan Region Exploration Project	55,320	-	55,320
Corporate	616	(40)	576
	<u>55,936</u>	<u>(40)</u>	<u>55,896</u>

* *Accumulated Depreciation, Depletion and Amortization*

On June 23, 2008, the Corporation announced that the KRG nominated a wholly-owned subsidiary of Talisman Energy Inc. (“Talisman”) as the Third Party Participant in the PSC. Under the terms of the PSC, Talisman paid the Corporation \$50.7 million in costs incurred by the Corporation and Talisman will fund its share of costs going forward. These costs have been credited against the total cost pool previously recorded.

All costs included in the Kurdistan Region Exploration Project are excluded from depletion as they represent costs related to properties incurred in cost centres that are considered to be in the pre-production stage. Currently, there are no proved reserves. All costs, net of any associated revenues, have been capitalized. The Corporation capitalized \$1.9 million of general and administrative costs and \$0.5 million of stock-based compensation directly related to exploration activities for the nine months ended September 30, 2008 (December 31, 2007 \$ - nil).

6. DEPOSITS HELD IN TRUST

The Corporation had deposited in trust certain amounts to be utilized to fund certain exploration expenditures and amounts due under the PSC as described in note 14(a). The funds for exploration expenditures relate to the drilling contract and the purchase of long lead time tangible items for drilling operations. The deposits bear interest at prevailing market rates. As at September 30, 2008, there are no funds remaining on deposit in the trust accounts.

7. ASSET RETIREMENT OBLIGATION

The Corporation records the fair value of legal obligations associated with the retirement and reclamation of tangible long-lived assets when incurred. The asset retirement cost, equal to the estimated fair value of the asset retirement obligation, is capitalized as part of the cost of the related long-lived asset. The estimation of this cost is based on engineering estimates using current costs and technology and in accordance industry practice. With the commencement of the drilling of Sarqala-1, the Corporation recognized a net \$0.01 million liability. The total undiscounted amount of estimated cash flow required to settle the obligation is \$0.9 million which is assumed to be paid in the year 2033 in the most likely case. The Corporation used a credit risk adjusted risk-free rate of 10 percent and an inflation rate of 4 percent to calculate the net present value of the future retirement obligation.

The following table presents the reconciliation of the Corporation's asset retirement obligation:

	Three Months Ended September 30 2008	Nine Months Ended September 30 2008
Balance at Beginning of Period	66	-
Liabilities incurred	-	66
Accretion	2	2
Balance at September 30, 2008	<u>68</u>	<u>68</u>

8. SHARE CAPITAL

Authorized

The Corporation is authorized to issue an unlimited number of ordinary and preferred shares. The common shares are without nominal or par value.

Issued and Outstanding

	<u>Number of Shares</u>	<u>Amount</u>
Common Shares		
Issued on Incorporation – August 22, 2007	1	1
Repurchased – Plan of Arrangement	(1)	(1)
Issued – Plan of Arrangement	165,057,183	157,932
Issued – Under Private Placement (note 4)	5,000,000	12,766
Issued – Exercise of Warrants	1,646,864	4,201
Issued – Warrant Value Transferred on Exercise of Warrants (note 9)	-	506
	<hr/>	<hr/>
Balance at December 31, 2007	171,704,047	175,405
	<hr/>	<hr/>
Issued – Exercise of Warrants	2,426,939	6,048
Issued – Warrant Value Transferred on Exercise of Warrants (note 9)	-	746
Issued – Under Private Placement	33,333,334	75,645
Share Issuance Costs	-	(4,261)
	<hr/>	<hr/>
Balance at September 30, 2008	207,464,320	253,583

During the period January 1 to January 18, 2008, the Corporation received approximately \$6.0 million in total proceeds from the exercise of 2.4 million warrants. This brought the total proceeds to \$10.2 million from the exercise of 4.1 million warrants over the life of the warrants.

On March 7, 2008, the Corporation completed a private placement for 33.3 million common shares at a price of Cdn\$2.25 per share, for gross proceeds of Cdn\$75 million (net Cdn\$71 million).

9. WARRANTS

Pursuant to the Arrangement, the Corporation issued 16,505,729 warrants on October 18, 2007. Each whole warrant was exercisable at a price of Cdn\$2.50 and expired on January 18, 2008. On October 18, 2007, the issue date of the warrants, the Black-Scholes calculated fair value was Cdn\$0.30 per warrant. The following table presents the reconciliation of warrants outstanding:

	<u>Number of Warrants</u>	<u>Amount</u>
Warrants		
Issued – Plan of Arrangement (note 4)	16,505,729	5,076
Exercised	<u>(1,646,864)</u>	<u>(506)</u>
Balance at December 31, 2007	14,858,865	4,570
Warrant Value Transferred to Share Capital on Exercise of Warrants	(2,426,939)	(746)
Warrant Value Transferred to Contributed Surplus on Expiry of Warrants	<u>(12,431,926)</u>	<u>(3,824)</u>
Balance at September 30, 2008	<u>-</u>	<u>-</u>

The fair value originally recorded on the 12,431,926 warrants that expired on January 18, 2008 of \$3.8 million has been reclassified to Contributed Surplus, as the warrants associated with this amount were not exercised.

10. STOCK OPTIONS AND STOCK-BASED COMPENSATION

On October 16, 2007, the shareholders of the Corporation approved a stock option plan for the Corporation. Under the stock option plan, the Board of Directors may grant options to directors, officers, other employees and other service providers. The aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10 percent of the issued and outstanding common shares on a non-diluted basis of the Corporation at the time of granting. During the three month period ending September 30, 2008, the Corporation granted 455,000 options to employees at an average exercise price of \$1.31 per share and no options were cancelled. As at September 30, 2008, 8,160,000 options remain outstanding.

The fair value of all options granted have been estimated at the grant date using the Black-Scholes option pricing model. The weighted average fair values of the options and the assumptions used in their determination are as follows:

	<u>Nine Month Period Ended September 30, 2008</u>
Weighted Average Fair Value (\$ Per Share)	0.53 to 1.16
Risk Free Interest Rate	3.71 to 4.11%
Expected Life (In Years)	2.75 to 3.0
Expected Volatility	55% to 60%
Dividend Per Share	<u>-</u>

During the three and nine month periods ended September 30, 2008, the Corporation recognized \$0.4 million and \$1.0 million respectively in stock-based compensation in general and administrative expense.

11. CONTRIBUTED SURPLUS

The following table presents the reconciliation of Contributed Surplus:

	Three Months Ended September 30	Nine Months Ended September 30
	2008	2008
Balance at Beginning of Period	4,712	-
Recognized on Expiry of Warrants (<i>note 9</i>)	-	3,824
Stock-based Compensation	622	1,510
Balance at September 30, 2008	<u>5,334</u>	<u>5,334</u>

12. LOSS PER SHARE

The Corporation has calculated basic loss per share for the three and nine month periods ended September 30, 2008 and 2007 as if the shares issued under the Arrangement were issued effective January 1, 2007 and considering subsequent issuances after the completion of the Arrangement on October 18, 2007. The basic weighted average number of common shares outstanding calculated on this basis for the three and nine month periods ended September 30, 2008 was 207,464,320 and 199,254,619 respectively (September 30, 2007 – 165,057,183 and 165,057,183). Due to a loss for the three and nine month periods ended September 30, 2008 and 2007, no incremental shares were included in the diluted earnings per weighted average number because the effect would have been anti-dilutive.

13. CHANGES IN NON-CASH WORKING CAPITAL

	Three Months Ended September 30	Nine Months Ended September 30
	2008	2008
Operating Activities		
Accounts Receivable	(296)	(430)
Prepaid Expenses	75	46
Accounts Payable and Accrued Liabilities	27	(27)
	<u>(194)</u>	<u>(411)</u>
Investing Activities		
Accounts Receivable	(7,688)	(8,336)
Accounts Payable and Accrued Liabilities	7,612	12,606
	<u>(76)</u>	<u>4,270</u>

14. COMMITMENTS AND CONTINGENCIES

Commitments

a) Production Sharing Contract (“PSC”)

Under the terms of its PSC, the Corporation has a 40 percent working and the KRG has a direct 20 percent interest in the PSC which is carried by the Corporation. The remaining 40 percent was allocated to a wholly-owned subsidiary of Talisman by the KRG as announced on June 23, 2008. Under the terms of the PSC, Talisman paid the Corporation \$50.7 million in costs incurred by the Corporation and Talisman funds its share of costs going forward. The Corporation, the KRG and Talisman are collectively the “Contractor Group” under the PSC.

The PSC contemplates two exploration sub-periods of three years and two years, respectively, with two possible one-year extensions. The first exploration sub-period ends December 31, 2010. During such time, the Contractor Group is required to complete a minimum of 1,150 kilometres of seismic surveying which the Corporation has already met and exceeded, drill three exploration wells and commit a minimum of \$75 million in the aggregate on seismic, geologic studies and drilling. At the end of the first exploration sub-period, the Corporation and the other parties to the PSC may relinquish the entire contract area (other than any discovery or development areas), or continue further exploration operations during the second exploration sub-period which ends December 31, 2012.

The PSC also includes capacity building support, payable by the Corporation over a 15 month period and funding for certain technological, logistical, recruitment and training during the first exploration sub-period, and any subsequent sub-periods. The Corporation estimates its share of the PSC work commitment for the first exploration sub-period, including the previously paid signature bonus, the capacity building payments, the various funding requirements and the requirement for the Corporation to carry the KRG's interest through the work commitments, to be approximately \$103 million.

During the second exploration sub-period, the Contractor Group, or those parties who have elected to participate in further exploration, is required to complete a minimum of 575 kilometres of seismic surveying, drill at least two exploration wells and commit a minimum of \$35 million. At the end of the second exploration sub-period, the Corporation or those parties who have elected to participate in the second exploration sub-period, may relinquish the entire contract area (other than any discovery or development areas), or continue further exploration operations during two one-year extension periods, which would extend the total exploration period to December 31, 2014. At the end of the second exploration sub-period, and at the end of each subsequent extension period, the PSC requires the Corporation, and those parties who have elected to participate, to relinquish 25 percent of the remaining undeveloped area within the PSC lands.

The Corporation will be the operator of the PSC lands during the first exploration sub-period, and for subsequent sub-periods a joint operating company will be established between the Corporation, the KRG and Talisman, if so elected.

b) Participation Rights

The Corporation has granted participation rights for up to five percent in respect to the Corporation's interest in the PSC to certain third parties at the same terms as the Corporation has under the PSC. Certain portions of the participation interest may be funded by interest-bearing loans granted by the Corporation.

c) Other

The Corporation has entered into various exploration related contracts, including drilling equipment, services and tangibles, and seismic surveying equipment and services, to meet its requirements under the PSC. The following table summarizes the commitments the Corporation has under these exploration related contracts and other contractual obligations at September 30, 2008:

	3 months	For the Year Ending December 31,				
	2008	2009	2010	2011	2012+	Total
Exploration	2,774	-	-	-	-	2,774
Office	94	375	94	-	-	563
	2,868	375	94	-	-	3,337

Contingencies

Regulatory

Oil and gas operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Corporation's operations may require licenses and permits from various governmental authorities in the countries in which it operates. Under the PSC, the KRG is obligated to assist in obtaining all permits and licenses from any government agencies in the Kurdistan Region and from any other government administration in Iraq. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

The political and security situation in Iraq is unsettled and volatile. The Kurdistan Region is the only "Region" of Iraq that is constitutionally established pursuant to the Iraq Constitution, which expressly recognizes the Kurdistan Region. The political issues of federalism and the autonomy of the Regions of Iraq are matters about which there are major differences between the various political factions in Iraq. These differences could adversely impact the Corporation's interest in the Kurdistan Region.

15. FINANCIAL INSTRUMENTS

Financial instruments of the Corporation consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The Corporation's cash and cash equivalents are designated as held-for-trading and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Accounts receivable are designated as loans and receivables and recorded at amortized cost, which approximates fair value due to the short term nature of the instrument. Accounts payable and accrued liabilities are designated as other liabilities and are recorded at cost. The fair value of accounts payable and accrued liabilities approximate their carrying values due to the short term nature of these instruments.

The Corporation is exposed to credit risk, market risk, liquidity and funding risk. The following is a description of those risks and how the Corporation manages exposure to them:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation is currently exposed to credit risk on its cash and cash equivalents, to the extent that these balances are invested with various institutions. The Board of Directors of the Corporation has approved an Investment Policy to dictate the various types of instruments and institutions that can be invested in and monitors these against this policy on a regular basis. Currently, the Corporation has entered into transactions for cash equivalents with major Canadian financial institutions with investment grade credit ratings, as well as purchases Government of Canada instruments.

Under the terms of the PSC, as described in note 14 (a), the KRG elected a wholly-owned subsidiary of Talisman as the third party participant under the PSC. The Corporation is subject to credit risk associated with Talisman's 40 percent interest in the PSC and its share of related expenditures. Penalty provisions are included under the PSC for amounts in default.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rate, foreign exchange rates and equity or commodity prices. The Corporation is exposed to interest rate risk to the extent that changes in market interest rates will impact any interest earned on the Corporation's cash and cash equivalent and deposit held in trust balances. The Corporation is also exposed to foreign exchange risk, as the majority of costs are anticipated to be incurred in U.S. dollars and the funds it will have available to it may be in other currencies.

The Board of Directors of the Corporation has approved an Investment Policy to dictate the various types of instruments and institutions that can be invested in and monitors these against this policy on a regular basis. The Board of Directors has also approved a Foreign Exchange Policy to dictate the currencies held by the Corporation and the instruments that can be utilized by the Corporation to meet day to day needs. This Foreign Exchange Policy requires the Corporation to hold the majority of its cash and cash equivalents in U.S. dollars and the type and duration of instruments that can be used to meet the Corporation's day to day foreign exchange needs. Neither policy permits the Corporation to enter into any economic hedging as it relates to interest or foreign exchange risks.

Liquidity and Funding Risks

Liquidity and funding risk is the risk that the Corporation may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they come due. As the Corporation is engaged in acquiring properties and exploring for crude oil and natural gas and is in the developmental stage, it currently does not have a revenue source outside of interest on its cash and cash equivalent balances. The Corporation is therefore required to fund its share of all commitments from existing cash and cash equivalent balances or access additional sources of cash from the equity markets. The Board of Directors reviews the Corporation's cash and cash equivalent balances against the Corporation's commitments and assesses the timing and need for additional equity financing on a regular basis. However, the Corporation's results will impact its access to the capital necessary to meet these commitments. There can be no assurance that equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if equity financing is available, that it will be on terms acceptable to the Corporation. The inability of Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations and prospects.

16. CAPITAL STRUCTURE

The Corporation's objectives when managing its capital structure are to:

- i) Ensure adequate levels of available cash and cash equivalents to meet the Corporation's commitments under the PSC.
- ii) To prudently fund expenditures related to the acquisition of properties, and for exploration, appraisal and development of crude oil and natural gas resources.

The Corporation funds its share of expenditures of all commitments from existing cash and cash equivalent balances received primarily from issuances of shareholders' equity. The Corporation has not entered into any debt financing arrangements at the balance sheet date and is not subject to any externally imposed capital requirements.

The Board of Directors regularly reviews the Corporation's cash and cash equivalents against the Corporation's expenditure commitments and assesses the timing and need for additional equity financing. The Corporation's results will impact its access to the capital necessary to meet these expenditure commitments. There can be no assurance that equity financing will be available or sufficient to meet those requirements, or for other corporate purposes, or if equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse impact on the Corporation's financial condition, results of operations and prospects.

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About WesternZagros Resources Ltd.

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

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This news release may contain forward-looking information based on assumptions that are subject to a wide range of business risks. WesternZagros' operations are subject to all risks normally incident to the exploration, development and operation of crude oil and natural gas properties and the drilling of crude oil and natural gas wells, including geological risk, encountering unexpected formations or pressures, premature declines of reservoirs, potential environment damage, blow-outs, fires and spills, all of which could result in personal injuries, loss of life and damage to property of WesternZagros and others; environment risks; delay or changes in plans with respect to exploration or development projects or capital expenditures; the ability to attract key personnel; the risk of commodity price and foreign exchange rate fluctuations.

All of WesternZagros' assets are located in Kurdistan. As such, WesternZagros is subject to political, economic, and other uncertainties of that region as well as risks of loss due to civil strife, acts of war, guerrilla activities and

insurrections. WesternZagros' operations may be materially adversely affected by changes in government policies and legislation or social instability and other factors which are not within its control. Risks also include the uncertainty involved in the estimation of undiscovered resources. For further information on WesternZagros and the risks associated with its business, please see the Western Oil Sands Inc. Information Circular dated September 14, 2007 which is filed at www.sedar.com.

Forward-looking information typically contains statements with words such as "anticipate", "estimate", "expect", "potential", "could", or similar words suggesting future outcomes. We caution readers and prospective investors of the Company's securities not to 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.

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