WENTWORTH RESOURCES LIMITED
INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED MARCH 31, 2017
All financial figures are unaudited and in US dollars except where otherwise stated

Q1 2017 HIGHLIGHTS

Corporate

- Independent reserves evaluation attributed Wentworth's share of Proved + Probable (2P) reserves valued at US$180.3 million NPV (10%) after tax at December 31, 2016 to the Company's gas fields in Tanzania.
- On May 23, 2017, the Company completed a private placement and issued 16,953,496 new common shares, for cash consideration of $0.32 (GBP0.25 or NOK2.73) per share for total gross proceeds of $5.5 million (GBP4.2 million or NOK46.3 million).

Financial

- Gas sales revenue of $2.94 million for the quarter, compared to $3.21 million in Q1 2016.
- Net loss of $0.41 million in Q1 2017 compared to a net loss of $0.91 million in Q1 2016.
- Capital expenditures of $0.68 million compared to $0.66 million during Q1 2016.
- Cash and cash equivalents on hand of $0.46 million compared with $0.98 million on hand at December 31, 2016.
- Working capital was $5.50 million compared to $4.96 million at December 31, 2016.
- Amended the timing of principal payments on the existing $20.0 million credit facility and secured a new $2.5 million overdraft facility for working capital purposes.

Operational

Tanzania
- The Mnazi Bay field achieved average gross daily gas production during the quarter of 42.8 MMscf/d compared to 47.6 MMscf/d during Q1 2016.

Mozambique
- Reprocessing of 1,000 kilometers of existing 2-D vibroseis seismic data (1984 and 1985) was completed.
- Mapping and re-interpretation of seismic is progressing and will be complete during Q2 2017.
- Designed a new 500 km seismic program and in the process of identifying the location of an appraisal well.
- Commenced process of securing an industry partner to participate in the appraisal program.

Financial and Operating Results

Financial ***(Figures $000's except per share data)***	**Quarter ended** **March 2017**	March 2016	*% Change*
Gas revenue	**2,944**	3,206	*(8)*
Adjusted EBITDA[(1)]	**1,104**	797	*39*
Profit/(loss) from operations	**102**	(545)	*119*
Net loss and comprehensive loss	**(409)**	(905)	*55*
Basic and diluted net loss per share ($ per share)	**-**	(0.01)	*100*
Net cash used in operating activities	**(1,186)**	(142)	*(735)*
Capital expenditures	**681**	664	*3*

(1) "Adjusted EBITDA", being a non-IFRS measure, is calculated on page 2 and represents revenue less production and operating expense and general and administrative expenses

Operating (Mnazi Bay Concession)	Quarter ended **March 2017**	March 2016	*% Change*
Sales to TPDC			
Price per MMBtu (US$)	**3.04**	3.01	*1*
Gas sales - MMBtu (net to Wentworth)	**874,861**	982,195	*(11)*
Sales to Tanesco (Mtwara 18MW Power Plant)			
Price per MMBtu (US$)	**5.36**	5.36	-
Gas sales - MMBtu (net to Wentworth)	**52,479**	47,242	*11*
Production			
Production volumes (Mscf) – net to Wentworth	**906,491**	1,006,292	*(10)*
Production and operating cost per Mscf (US$)	**1.00**	0.89	*12*
Gross average daily production (MMscf/d)	**42.8**	47.6	*(10)*

Statement of Financial Position ***(Figures 000's)***	As at **March 31, 2017**	December 31, 2016	*% Change*
Total assets	**$207,796**	$208,231	-
Shareholders' equity	**$175,610**	$175,911	-
Cash and cash equivalents	**$455**	$979	*(54)*
Long-term receivables (including current portion)	**$27,259**	$30,317	*(10)*
Credit facilities (principal balance)	**$20,653**	$20,667	-
Outstanding number of shares and options ***(Figures 000's)***			
Common shares	**169,535**	169,535	-
Options	**10,600**	10,600	-

Reconciliation of Adjusted EBITDA ***(Figures $000's)***	Quarter ended **March 2017**	March 2016	*% Change*
Net loss	**(409)**	(905)	
Add/deduct:			
Deferred tax (recovery)/expense	**(720)**	419	
Finance Income	**(635)**	(1,285)	
Finance expense	**1,866**	1,226	
Share based compensation	**108**	228	
Depreciation and depletion	**894**	1,114	
Adjusted EBITDA	**1,104**	797	*39*

Management Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") is provided by management of Wentworth Resources Limited ("Wentworth", the "Company" or "WRL") and is based on information available as at May 29, 2017. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements, and notes thereto, for the quarter ended March 31, 2017. The unaudited condensed consolidated interim financial statements have been prepared by management, presented in United States (US) dollars, and prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". In addition, this MD&A should be read in conjunction with the Company's audited annual consolidated financial statements, and notes thereto, for the year ended December 31, 2016.

Additional information related to the Company is available on the Company's website at www.wentworthresources.com. Unless otherwise stated, all dollar amounts are expressed in United States dollars, which is the Company's functional and presentation currency.

Operations Overview

Mnazi Bay Concession, Tanzania

Mnazi Bay gas sold to Tanzania Petroleum Development Corporation ("TPDC") is primarily utilized by Tanzania Electricity Supply Company Limited ("TANESCO") as a fuel source to power its electrical generation plants serving the National Electricity Grid. During Q1 2017, Mnazi Bay gas was used to fuel two power stations located within the city of Dar es Salaam: Kinyerezi-1 and Ubungo-II. Additional gas-fired power generation is expected to materialize in 2018 with the completion and commissioning of the Kinyerez-1 expansion and Kinyerezi-2 power station.

During Q1, 2017, TPDC commenced delivery of Mnazi Bay gas to its first industrial customer, a newly constructed ceramic tile production operation. Gas demand is expected to reach between 7 - 12 MMscf/d by the end of 2017. In addition, TPDC has agreed to supply gas from the pipeline to generate power for the Dangote cement plant with first delivery of gas expected during Q3 2017 and gas demand reaching up to 5 MMscf/d by year end.

Mnazi Bay Gas sold to TANESCO is used to supply the 18MW plant at Mtwara and provides electricity to the isolated grid serving Mtwara, Madimba, Lindi, Masasi and Newala. Without the gas supply from Manzi Bay there would be no electricity supply to the Mtwara and Lindi regions.

During Q1 2017, the Mnazi Bay gas field delivered 42.8 MMscf/d, a 10 percent decrease compared to the 47.6 MMscf/d delivered during Q1 2016. Downtime was experienced at the Kinyerzi-1 and Ubungo-II power plants due to repairs, maintenance and overhaul works being undertaken during Q1 2017. As a result, these power plants were operating below their maximum generation capacity.

For calendar year 2017, the Company continues to forecast gross average natural gas production from Mnazi Bay of between 40 and 50 MMscf/day, taking into consideration the seasonal fluctuations of Hydro power generation during the rainy season and the additional gas demand from industrial consumers.

During the first quarter of 2017, minor works continued on the expansion of the Mnazi Bay joint venture owned processing facilities at Msimbati. Primary processing of the Mnazi Bay gas is required at Msimbati to remove free liquids before the gas enters the sub-marine pipeline that connects into the Madimba GPF. The expansion of these processing facilities completes all the necessary field infrastructure work to enable the delivery of up to 130 MMscf/d to the Madimba processing facility. When combined with the 5 existing wells, with an estimated average production rate of 20 MMscf/d per well, the Mnazi Bay Concession can deliver significantly higher volumes of gas without the need for any additional capital expenditure.

Appraisal of the Rovuma Onshore Block, Mozambique

In June 2016, the Company secured a two-year extension of the Rovuma Onshore Concession to conduct an Appraisal Plan relating to the Tembo-1 gas discovery. The anticipated work program includes reprocessing and re-interpretation of existing seismic, evaluation of the Tembo-1 exploration well results, the possible acquisition of new 2D seismic data over the gas discovery, if warranted, and drilling of an appraisal well should a suitable drilling location be identified.

Reprocessing of 1,000 kilometers of existing 2D vibroseis seismic data (acquired in 1984 and 1985) was completed in Q1 2017. The re-processing and interpretation of existing seismic data focused on the reservoir sands encountered in the Tembo gas discovery. Further special AVO processing of lines was also completed during the current quarter and was undertaken to better understand the relationship between seismic amplitudes and the identified gas zones in the Tembo-1 well. This data is currently being integrated into our seismic interpretation and geologic evaluation of the block. Further processing of one of the key lines also included “depth migration” processing and additional detailed velocity analysis.

Mapping and re-interpretation of the seismic data is ongoing. Mapping of key geologic horizons has been completed and the focus of the work has now shifted to the integration and refinement of the depositional model and to determine the key parameters for the reservoir, structure and trap that will be input into an internal resource estimate. Preliminary resource estimates for the Tembo prospect and the full Tembo play fairway have been calculated and these results are very encouraging.

Although a new seismic acquisition program of approximately 500-700 km was being considered for the second half of 2017, the technical team is now focused on identifying a suitable drilling location for the Tembo appraisal well based solely on the re-evaluation of the reprocessed seismic and the careful evaluation of the Tembo-1 results. The company did proceed with a tender process for the acquisition of the seismic and that process is expected to be completed before the end of June 2017. Ultimately the decision whether further seismic will be required prior to drilling may be influenced by the preference of a potential industry partner in an anticipated farm-in transaction. In addition formal approval from the state partner Empresa Nacional De Hidrocarbonetos (ENH) and the Institution Nacional De Petroleo (INP) would also be required as it would constitute a change in the approved work program for the licence. The company is considering its options in this regard.

The Company will commence the process of actively marketing the project to potential interested industry partners in the second quarter and hopes to secure a farm-in partner or partners before the end of the year.

It is expected that the work program set out in the Appraisal Plan will be funded through a combination of internally generated cash flows and the addition of one or more industry partners.

Financial Overview

Revenue

Gas sales to TPDC

During Q1 2017, the Company recorded net sales to TPDC of 874,861 MMBtu, a 11% decrease compared to Q1 2016 net sales. Q1 2017 saw reduced sales volumes attributable primarily the indefinite suspension of Symbion power station’s operations from Q3 2016 reducing demand by 20 MMscf/d and operations of a new gas processing facility, part of the national government infrastructure project (“NNGIP”), located on Songo Songo island commenced diverting approximately 15 MMscf/d gas demand to an industry competitor. Currently, Mnazi Bay gas is used for power generation at the Kinyerezi-1 and Ubungo-II power stations which, combined and operating at near capacity, consume approximately 35 - 45 MMscf/d of Mnazi Bay gas. TPDC commenced selling gas to its’ first industry customer, a new ceramic tile factory, during Q1 2017 with initial volumes of 2 MMscf/d which are expected to raise to between 7 - 12 MMscf/d by the end of 2017.

The gas sales price was $3.04/MMBtu (Q1 2016 - $3.01/MMBtu) for total revenue during Q1 2017 of $2.66 million (Q1 2016 - $295million).

Gas sales to Tanesco

Gas sales to an 18 MW gas-fired power plant in Mtwara, Tanzania during the first quarter of 2017 were 52,479 MMBtu (Q1 2016 – 47,242 MMBtu) while the gas price remained fixed and unchanged at $5.36/MMBtu. The power plant generally operates at below capacity and consumes on average between 2.0 -2.5 MMscf/d. Total revenue earned during the quarter was $0.28 million compared to $0.25 million during the same quarter in 2016.

Production and operating expense

Production costs within the Mnazi Bay Concession comprise the Company's share of field operating costs, Operator's administration and Operator's overhead required to manage production operations. Management expects that, on a per Mscf basis, production costs will generally reduce as gas volumes increase as most of the field operating costs are fixed in nature. Gross first quarter production was 42.8 MMscf/d compared to 47.6 MMscf/d during the first quarter of 2016. Production and operating expenses during the first quarter were $0.91 million (quarter ended March 31, 2016 - $0.90 million). For Q1 2017, operating expenses were $1.00 per mcf compared to $0.89 per mcf for the same period in 2016.

General and administrative expense

General and administrative (G&A) expenses during the first quarter ended March 2017 were $0.93 million compared to $1.51 million for the same period in 2016, a 38% percent reduction. Cost saving initiatives and capitalization of costs for Mozambique operation after the Company became the operator in Q3 2016 have contributed to a reduction in ongoing expenses. The table below shows the breakdown of G&A expenses:

	Quarter ended March 31,	
(Figures in $000's)	**2017**	**2016**
Employee salaries and benefits	**402**	667
Contractors and consultants	**77**	170
Travel and accommodation	**55**	132
Professional, legal and advisory	**169**	173
Office and administration	**135**	190
Corporate and public company costs	**92**	180
	930	1,512

The Company maintains offices in Calgary, Canada, Dar es Salaam, Tanzania and Maputo, Mozambique and is listed on the public stock exchanges in both Oslo, Norway (Oslo Stock Exchange) and London, UK (AIM). Many general and administrative expenditures are fixed in nature and include such items as corporate and public company costs (exchange listing, transfer agent and directors' fees), legal fees supporting the compliance with corporate and public obligations (Canada, UK and Norway) and professional advisory (external audit, resources engineering and Nomad for our AIM listing).

Following the appointment as Operator of the Rovuma Onshore Block in Mozambique in June 2016, the Company established an operational presence in Mozambique; directly attributable costs relating to the appraisal activities within the Rovuma Onshore Block are being capitalized. During the quarter, directly attributable costs totaling $275 (Q1 2016 – nil) were capitalized.

Share based compensation

During the first quarter of 2017, the Company recognized $0.11 million (Q1 2016 - $0.23 million) as share based compensation expense.

During the first quarter of 2017, no options were granted, exercised or forfeited (1,000,000 options were forfeited during the first quarter of 2016, no options were granted or exercised). A total of 10,600,000 stock options were outstanding at March 31, 2017 with 9,200,004 vested and exercisable with an average exercise price per share of NOK 4.36 ($0.52).

Depreciation and depletion

Depreciation and depletion of gas producing assets of $0.89 million (Q1 2016 - $1.11 million) or $0.98/Mscf (Q1 2016 - $1.06/Mscf) were recorded during first quarter of 2017. At March 31, 2017, the net book value of natural gas property, plant and equipment was $92.68 million (Q1 2016 – $94.50 million).

Finance income and costs

Finance income and costs that are settled in cash are interest income, interest expense and realized foreign exchange gain/(loss) on current transactions. All other finance income and costs are non-cash in nature.

During the quarter ended March 31, 2017, interest expense on the long-term loans totalled $0.49 million (Q1 2016 - $0.56 million).

During the quarter ended March 31, 2017, non-cash accretion of the TPDC receivable of $0.48 million (Q1 2016 - $1.15 million) was recorded in finance income. The Company revised the accounting estimates used to determine the expected amounts and timing of future revenue streams to determine collection of the TPDC receivable resulting from revised gas demand estimates for future periods obtained from industry sources. This resulted in a $0.87 million being charged to finance costs during the first quarter ended March 31, 2017 (Q1 2016 - $0.22 million).

Non-cash accretion of the Tanzanian Government receivable (Umoja/power) of $0.08 million (Q1 2016 – $0.11 million) was recorded in finance income during the first quarter ended March 31, 2017. Similar to the determination of the TPDC receivable, the Company revised the accounting estimates during Q1 resulting in an amount of $0.49 million being charged to finance cost during the quarter (Q1 2016 – nil).

Deferred tax expense/recovery

At March 31, 2017, the deferred tax asset of $31.87 million reflects the estimated future tax benefit of accumulated tax losses within the Tanzanian operations. The commencement of commercial production and sales of gas under the long-term Gas Sales Agreement ("GSA") allowed for the recognition of deferred tax asset on the accumulated tax losses estimated to be utilized in the future. A non-cash deferred tax recovery of $0.72 million has been recorded in first quarter of 2017 (Q1 2016 – expense of $0.42 million).

Receivables from gas delivered to TANESCO

The Company's ongoing exposure to receivables from TANESCO is associated with gas sales from the Mnazi Bay Concession to the 18 MW gas-fired power plant located in Mtwara, Tanzania. At March 31, 2017, the Mnazi Bay joint venture partners were owed thirteen months of gas sales, with $2.19 million owed to Wentworth. Subsequent to quarter end, TANESCO has paid four months of invoices relating to the outstanding balance at year end totaling $0.6 million.

Receivables from gas delivered to TPDC

The amounts owed by TPDC to the Mnazi Bay joint venture for four months of gas sales, with $6.69 million owed to Wentworth were outstanding at March 31, 2017. Subsequent to quarter end, TPDC has paid one month of invoice for $1.74 million relating to the outstanding December 2016 gas sales invoice.

In addition, at March 31, 2017, TPDC owed the Mnazi Bay joint venture $0.94 million ($0.4 million net to Wentworth) for the remaining cost of gas delivered during Q3 2015 to fill and pressurize the ~500 km pipeline. Subsequent to quarter end, TPDC paid the outstanding amount $0.4 million.

Long-term receivable - TPDC

The Company has a receivable from TPDC, a 20 percent participating interest partner in the Mnazi Bay Concession, for TPDC's share of past development and operating costs that were paid by the Company prior to June 30, 2009. In addition, the Company has been paying its proportionate share of TPDC's share of development and operating costs incurred subsequent to June 30, 2009, the value of which has been added to the TPDC receivable balance. The Company will recover this receivable from an agreed percentage of TPDC's share of current and future revenue from the Mnazi Bay Concession. The undiscounted face value of the TPDC receivable at March 31, 2017 is $25.06 million (December 31, 2016 - $27.15 million). Due to its long-term nature, the TPDC receivable has been discounted to $22.19 million (December 31, 2016 - $24.84 million). This reported fair value is discounted to reflect the time expected until the receivable is settled in the future. With the passage of time and as gas sales are realized, the carrying amount of the TPDC receivable is accreted up to the face value with a corresponding credit to finance income.

Based on the Company's internal estimates, the $25.06 million face value of this receivable as at March 31, 2017 is expected to be fully recovered by Q4 2018. The recovery of the TPDC receivable is expected to provide a significant source of cash flows for the Company during the next two years.

At March 31, 2017, the current portion of the TPDC receivable is $10.50 million compared to $12.28 million at December 31, 2016. During Q1 2017, $2.54 million was recovered from TPDC's share of gas sales. The current portion of the receivable is updated at each reporting period and is calculated taking into consideration the estimated timing and amounts of future gas sales.

Long-term receivable - Tanzanian Government (Umoja/power)

The Company has an agreement with the Government of Tanzania (TANESCO, TPDC and the Ministry of Energy and Mines ("MEM")) to be reimbursed, at cost, for past project development costs associated with transmission and distribution ("T&D") expenditures. An audit of the Mtwara Energy Project ("MEP") development expenditures was completed in November 2012 and costs of approximately $8.12 million were verified to be reimbursable. After deducting costs associated with the Tariff Equalization Fund and VAT input credits associated with the MEP totaling $1.61 million, the amount agreed to be reimbursed was $6.51 million. The receivable is considered long-term in nature and has been discounted to reflect the anticipated timing of collection. This receivable is considered a financial instrument and was initially recorded at fair value based on discounted cash flows and at each reporting date it is revalued and amortized by accreting the instrument over the expected life of the receivable. The undiscounted face value of the Tanzanian Government receivable (Umoja/power) at March 31, 2017 is $6.51 million (December 31, 2016 - $6.51 million) while the discounted value, taking into consideration the anticipated time of collection, is $5.07 million (December 31, 2016 – $5.48 million). Timing of reaching an agreement on the reimbursement procedure is indeterminable. Management continues working with the Government of Tanzania on agreeing a mechanism to settle the outstanding balance and anticipates recovering the amounts from the Government's share of revenue generated from the Mnazi Bay Concession. The Government initiated a second audit of the costs to verify the balance owing, the results of which are expected to be received in the coming months.

Capital expenditures

During the first quarter of 2017, capital spending totaled $0.68 million which were primarily incurred on appraisal activities in Mozambique including technical evaluation of the Tembo-1 well, preliminary planning for a possible 2017 seismic acquisition program and ongoing operations in Mozambique.

(Figures in $000's)	**Quarter ended March**	
	2017	2016
Exploration and evaluation assets		
Mozambique		
Exploration drilling	**-**	32
Operator and indirect overhead	**457**	145
	457	177
Tanzania		
Seismic acquisition, processing and interpretation	**-**	5
	-	5
Property, plant and equipment		
Tanzania		
Field infrastructure	**178**	248
Other field development capital	**46**	234
	224	482
	681	664

External debt facilities

Medium term $20 million credit facility

At March 31, 2017, the principal amount outstanding on this facility was $16.65 million.

During Q1 2017, the lender, a Tanzania based bank, agreed to amend certain provisions of the credit facility. The term of the credit facility has been extended by a year. Interest will be paid on a quarterly basis, in arrears, commencing July 30, 2018. Principal repayments on the outstanding principal balance at December 31, 2016 have been amended as follows:

Principal repayment date	**Repayment amount** ***(Figures in $000's)***
At time of restructuring	$14
April 30, 2017	$500
May 31, 2017	$500
June 30, 2017	$1,000
July 31, 2017	$1,332
April 30, 2018	$1,665
July 30, 2018	$1,665
October 30, 2018	$1,665
January 30, 2019	$1,666
April 30, 2019	$1,665
July 30, 2019	$1,666
October 30, 2019	$1,665
January 30, 2020	$1,664
	$16,667

A restructuring fee of $0.1 million was paid to the lender during the quarter. In addition, the Company and the lender are negotiating various other amendments to the loan documentation including the addition of financial covenants, cost to accelerate principal payments, maintaining a minimum cash balance, and cash flow waterfall procedure to ensure certain cash proceeds from gas sales are used to settle obligations in priority. The Company is working with the lender to execute all of the amendments to the credit facility agreement.

Medium term $6 million credit facility

At March 31, 2017, the principal amount outstanding on this facility was $4.0 million.

All provisions of the $6.0 million credit facility remain unchanged from the original loan agreement executed in December 2014. Interest is paid on a semi-annual basis, in arrears, on the principal repayment date. The principal repayment dates are as follows:

Principal repayment date	**Repayment amount** ***(Figures in $000's)***
June 8, 2017	1,000
December 8, 2017	1,000
June 8, 2018	1,000
December 8, 2018	1,000
	4,000

Overdraft facility of $2.5 million

During Q1 2017, the Company completed all legal documentation necessary to execute a $2.5 million overdraft credit facility with a TIB Corporate Bank (“TIB Corp”). The overdraft facility has an interest rate of the lender’s base lending rate minus 1% per annum to be paid monthly. At March 31, 2017, the lender’s base lending rate was 9%. No amount were drawn during the first quarter of 2017. Security provided to the lender includes a debenture over the fixed and floating assets of the Company’s Tanzanian assets and a deed of assignment equivalent to approximately 20% of the revenue/cash flow from sales of natural gas from the Tanzanian assets. The Company expects to utilize these funds for short-term working capital purposes.

Shares, share capital, dividends

The Company has 169,534,969 shares issued and outstanding as at March 31, 2017, all of which are of the same class and with equal voting and dividend rights. The Company’s ordinary shares are listed on the Oslo Stock Exchange (ticker: WRL) and denominated in Norwegian Kroner. The Company’s shares are also traded on the Alternative Investment Market of the London Stock Exchange (ticker: WRL) and denominated in British Pounds.

Subsequent to quarter end, the Company issued 16,953,496 new common shares, for cash consideration of $0.32 (GBP0.25 or NOK2.73) per share, for total gross proceeds of $5.5 million (GBP4.2 million or NOK46.3 million). Following the private placement offering the Company had 186,488,465 common shares outstanding.

As the Company is in the early stage of its operations, it does not have a formal dividend policy. No dividends have ever been declared or paid by the Company. There are no restrictions on dividend distributions. At the Annual General Meeting in 2016, the Board of Directors did not propose dividends to be paid for the year ended December 31, 2015. Proposals for dividend distribution in future years will be subject to assessment of business performance, operating environment, and growth opportunities in determining the appropriate level in any specific year.

Related party transactions

There were no related party transactions during the quarter.

Financial Condition and Liquidity

At March 31, 2017, Wentworth had cash and cash equivalents of $0.46 million and trade and other receivables, prepaids and deposits, and current portion of the long-term receivable from TPDC of $20.03 million. The Company has started collecting substantial amounts of this long-term receivable following the commencement of gas sales to the NNGIP in 2015. Outstanding receivable for gas sales to TPDC and TANESCO total $9.29 million at March 31, 2017.

Current liabilities include outstanding cash calls issued by the Operator of the Mnazi Bay Concession for $5 million. A total of $1.51 million has been paid in Q2 2017 and the remaining $3.49 million is expected be settled through a combination of cash receipts from existing gas sales receivables and funds available through a new overdraft facility which was concluded during the quarter.

Current liabilities also include the principal repayment obligations on external credit facilities and the anticipated settlement of other liabilities also due within the next 12 months. During Q1 2017, the Company reached agreement with its main corporate lender to enhance short-term liquidity by deferring payment of the January 28, 2017 principal payment of $3.33 million to Q2/Q3 2017, deferring the July 28, 2017 and January 28, 2018 principal payments and extending the term of the credit facility by one year.

Gas sales from the Mnazi Bay Concession during Q1 2017 was 42.8 MMscf/d. The Company anticipated gas sales to average between 40 and 50 MMscf/d for all of 2017.

During 2017, the Company expects to have no significant capital commitments relating to exploration and development activities in Tanzania. Anticipated development capital spending is limited to approximately $0.8 million for general field development maintenance capital. In Mozambique, spending on appraisal activities is expected to be limited to completing the necessary technical work to support drilling of an appraisal well in 2018, costs associated with securing an industry farm-in partner and administrative and support costs for managing the operation under the Rovuma Onshore Block in Mozambique.

Subsequent to quarter end, the Company raised gross proceeds of $5.5 million through the issuance of 10% of the Company's share capital. These additional funds provide the Company with required funding for working capital and the ongoing Mozambique appraisal activities.

Outlook

In 2016, capital spending on field infrastructure and the commencement of principal repayments on medium-term loans were made premised on volumes of between 70 and 80 MMscf/d that were anticipated to be reached and maintained commencing the middle of that year. Over the past several months, the Company has undertaken several initiatives to position itself financially to conduct operations at forecasted revenue levels of between 40 and 50 MMscf/d. Firstly, the $20 million debt facility was amended with certain principal repayments deferred to be better aligned payments with the next significant step-up in gas sales demand which is expected to take place in 2018 when the Kinyerezi-1 expansion and Kinyerezi-II power plants are commissioned. Secondly, the Company secured an overdraft facility to provide flexibility in managing day-to-day working capital. On May 23, the Company completed a private placement of share capital for $5.5 million to be used both for working capital purposes, in the event of delay in the collection of receivables for gas sales to TPDC and TANESCO, and to advance the farm-out initiative for the Tembo appraisal program.

The Company is fully invested in the Mnazi Bay field and plans for no additional capital expenditures coinciding with a production increase from the approximately 40 MMscf/d experienced during the first quarter of 2017 to approximately 120 MMscf/day exiting 2018. In addition, field operating expenses are generally fixed in nature allowing for no costs of significance being required to expand production volumes to in excess of 100 MMscf/d. The company continues making progress on reducing administration expenses which were under $1 million for the first quarter of 2017.

In Mozambique, advancement of the appraisal of the Tembo gas discovery is highly dependent upon securing an industry partner to participate in the program. Wentworth is well positioned with an 85% working interest in the gas discovery, which could yield significant quantities of gas or oil. The Company has commenced a farm-in process and targets securing a partner during the second half of 2017.

All of the previously discussed initiatives allowed the Company to navigate through a very challenging period while, at the same time, positioning the Company to operate efficiently and take full advantage of any incremental gas demand in gas production in Tanzania. Management endeavors to be cautious with spending and commitments while having a realistic view to the challenging operating environment in Tanzania and Mozambique. TANESCO continues to be challenged from a financial perspective and this has recently had an indirect impact on TPDC and the ability for it to meet its obligations in a timely manner. Management believes a portion of the proceeds from the equity raise and a bank overdraft facility will allow the Company to work through temporary periods of delayed payments for gas sales without prematurely drawing on the payment security that is in place for gas sales to TPDC.

Other

Risk factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. Wentworth is subject to a significant number of risk factors including but not limited to normal market risks inherent in the oil and gas business such as: operational and technical risks, reserve estimates, risks of operating in a foreign country (including economic, political, social and environmental risks), commodity price fluctuations, and available resources. Wentworth recognizes these risks and manages operations to minimize exposure to the extent practical. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated or implied in such forward-looking statements.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of foreign currency risk, interest rate risk and other price risk, for example, commodity price risk. The objective of market risk management is to manage and control market price exposures within acceptable limits, while maximizing returns.

Credit risk
Wentworth's maximum credit exposure risk is equal to the carrying value of its trade, other and long-term receivables. Trade and other receivables are comprised predominantly of amounts due from government departments in Tanzania, tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. The Company's ongoing exposure to receivables from TANESCO, the state power company, relates to the gas sales from the Mnazi Bay Concession to the 18 MW gas-fired power plant located in Mtwara, Tanzania. At March 31, 2017, the Mnazi Bay joint venture partners were owed thirteen months of gas sales, with $2.19 million owing to Wentworth of which four months has been collected subsequently to quarter end.

A long-term undiscounted receivable of $25.06 million is due from TPDC, which is a partner in the Mnazi Bay Concession. The Company receives a significant portion of TPDC's share of gas production from the Mnazi Bay Concession directly from the operator of the Mnazi Bay Concession before TPDC receives cash from its share of revenue. There is a risk that future production from the Mnazi Bay Concession may not be sufficient to settle the receivable and should such a determination be made, a provision against the receivable will be recorded.

At March 31, 2017, the Company has a receivable from the Government of Tanzania of $6.51 million related to the Company's disposal of transmission and distribution assets and the costs associated with the Mtwara Energy Project incurred by a wholly owned subsidiary of Wentworth. On February 6, 2012, the Company, TANESCO, TPDC and MEM reached an agreement that the Company's cost of historical operations in respect of the Mtwara Energy Project should be reimbursed. Wentworth is currently in discussions with TANESCO, TPDC and MEM on agreeing a method of reimbursement. There is a risk that the cost reimbursement method may not be in cash, but rather in a long-term recovery from other sources.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Other than routine trade and other payables, incurred in the normal course of business, the Company also has a long-term loan.

The Company has working capital surplus at March 31, 2017 and positive adjusted EBITDA for 2017. The Company is dependent upon the buyers of natural gas, TPDC and TANESCO, to meet their payment obligations in a timely manner and failure to obtain payment for an extended period of time could negatively impact the Company's ability to meet it ongoing obligations.

Measurement uncertainty and use of estimates and judgments

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ materially from these estimates due to changes in general economic conditions, changes in laws and regulations, changes in future operating plans and the inherent imprecision associated with estimates.

Workplace

Wentworth aims to be a workplace with equal opportunities for women and men in all areas. In terms of gender equality within the Company, no Board Members are women but 22 percent of the executive & senior management team, including the corporate secretary, are women. The Corporation promotes a productive working environment and does not tolerate disrespectful behavior. The Corporation has not experienced any discriminatory treatment of men and women and special measures to promote greater equality has therefore not been considered necessary.

Exemption

The Company has received an exemption from the requirement to present parent company financial statements on an annual basis.

Future accounting pronouncements

At the date of these financial statements the standards and interpretations listed below were issued but not yet effective. The adoption of these standards may result in future changes to existing accounting policies and disclosures. The Company is currently evaluating the impact that these standards will have on results of operations and financial position.

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers, which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations. The standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. The Company has commenced the process of reviewing sales contracts with its two customers (TPDC and TANESCO) to determine the extent of the impact, if any, that this standard will have on the consolidated financial statements.

In July 2014, the IASB finalized the remaining elements of IFRS 9 – Financial Instruments, which includes new requirements for the classification and measurement of financial assets, amends the impairment model and outlines a new general hedge accounting standard. The mandatory effective date of IFRS 9 is for annual periods on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company is evaluating the impact of this standard on the consolidated financial statements and does not anticipate material changes to the valuation of its financial assets.

In January 2016, the IASB issued IFRS 16 - Leases, which replaces IAS 17 Leases. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 Revenue from Contracts with Customers. The Company is currently reviewing contracts that will be identified as leases and evaluating the impact of the standard on the consolidated financial statements.

There are no other standards and interpretations in issue but not yet adopted that are expected to have a material effect on the reported earnings or net assets of the Company.

Board of Directors and Corporate Governance

The Company's Board of Directors are Robert 'Bob' McBean (Executive Chairman), John Bentley (Deputy Chairman), Cameron Barton, and Neil Kelly. The Board has established four subcommittees: an Audit Committee, Compensation Committee, Governance & Nomination Committee and Reserves Committee. The committees act as preparatory bodies for the Board of Directors and assist the Directors in exercising their responsibilities.

The Company is committed to maintaining high standards of corporate governance and believes that effective corporate governance is essential to the success of Wentworth. As a Canadian corporation registered under Alberta corporate law, with its primary listing on the Oslo Børs (the "OSE"), the Company is subject to the rules of the OSE, including its continuing obligations for listed companies. As such, the Company has adopted the Norwegian Code of Practice for Corporate Governance. Wentworth also implements corporate governance guidelines beneficial to the business and which add value to the shareholders. Corporate governance principles are adopted by the Board of Directors and are periodically reviewed. The Corporate Governance Report is prepared and approved by the board on an annual basis. The Company's articles of association, in addition to full versions of the Board of Directors Mandate and Terms of Reference, the board subcommittees' Charters, Corporate Governance Report and Code of Ethics and Business Conduct are available on the Company website at www.wentworthresources.com.

The Company maintains a compliance hotline operated by an external service provider to facilitate reporting of any concerns regarding inappropriate business conduct. Wentworth encourages the use of the hotline by anyone who has concerns relating to compliance with laws and regulations, breaches of the code of conduct, fair treatment, or any other matter. Concerns can also be raised directly with the corporate secretary or any Board member.

Approved by the Board May 29, 2017

Directors

Robert P. McBean
Executive Chairman

John W.S. Bentley
Deputy Chairman

Cameron Barton
Non-Executive Director

Neil B. Kelly
Non-Executive Director

Executive Management

Geoffrey Bury
Managing Director

Lance Mierendorf
Chief Financial Officer

Responsibility Statement

We confirm that, to the best of our knowledge, the unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2017, which are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations and the MD&A includes a fair review of the development and performance of the business and the position of the issuer and the group taken as a whole, together with a description of the principal risks and uncertainties that they face under Norwegian Securities Trading Act sections 5-6 fourth paragraph and contain relevant information on major related party transactions.

Approved by the Board May 29, 2017

Directors

Robert P. McBean
Executive Chairman

John W.S. Bentley
Deputy Chairman

Cameron Barton
Non-Executive Director

Neil B. Kelly
Non-Executive Director

Executive Management

Geoffrey Bury
Managing Director

Lance Mierendorf
Chief Financial Officer

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Wentworth Resources Limited is a publicly traded international oil and gas exploration and production company with rights extending over the Rovuma Basin play in southern Tanzania and northern Mozambique. The Company is focused on the exploration and development of oil and natural gas reserves. The Company has producing Tanzania gas assets, oil and gas exploration activities in both Mozambique and Tanzania, and large-scale gas monetization projects in development. The Company's strategy is centered on proving up additional gas resources in its Mnazi Bay Concession in Tanzania to satisfy third party demand for natural gas and to identify significant resources for consumption by future large-scale petrochemical projects to be built. Competitive business environments in both Tanzania and Mozambique combined with the Tanzanian Government working to solve electricity shortages by way of planned large scale gas to power projects utilizing the recently commissioned transnational NNGIP connecting Mtwara, Tanzania, the location of the Mnazi Bay Concession, to the commercial capital of Dar es Salaam, provides Wentworth with an opportunity to monetize its assets in a relatively short period of time.

Wentworth is incorporated in Canada and is listed on the Oslo Stock Exchange (ticker: WRL) and the AIM market of the London Stock Exchange (ticker: WRL). The Company has offices in Calgary, Canada and Dar es Salaam, Tanzania.

For more information on Wentworth Resources Limited visit www.wentworthresources.com.

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Forward-Looking and Cautionary Statements

Certain statements made herein, other than statements of historical fact relating to Wentworth, are forward-looking statements. These include, but are not limited to, statements with respect to anticipated business activities, planned expenditures, including those relating to the exploration, development and production of its petroleum assets, corporate strategies, participation in projects and financing operations, the outcome of development activities in the exploration for, appraisal of, and development and operations relating to oil and natural gas in Tanzania and Mozambique, technical risks and resource potential of the drilling prospects, and the financing and timing of construction and the field development plan for the Mnazi Bay Concession, and other statements that are not historical facts. When used in this MD&A, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions, are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risk Factors" elsewhere in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. The Company assumes no obligation to update forward looking statements except to the extent required by applicable securities laws.

All such forward-looking information is based on certain assumptions and analysis made by management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, including, without limitation: the risks associated with foreign operations, foreign exchange fluctuations, commodity prices; equipment and labour shortages and inflationary costs, general economic conditions, industry conditions, changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced, the ability of oil and natural gas companies to raise capital, the existence of operating risks, volatility of oil and natural gas prices, oil and natural gas product supply and demand, risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations, increased competition, stock market volatility, opportunities available to or pursued by the Company and other factors, many of which are beyond the Company's control.

In addition to the foregoing, this MD&A contains forward looking information with respect to estimated resources, the potential size and distribution of fields and recovery factors. Such forward looking information is based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource estimates; the uncertainty associated with geological interpretations, the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, risks associated with the implementation of new technology, risks associated with obtaining, maintaining and the timing of receipt of regulatory approvals, permits, and licenses, uncertainties relating to access to capital markets and the risk of volatile global economic conditions. Statements relating to resources are deemed to be forward looking information, as they involve implied assessment, based on certain estimates and assumptions, that the resources exist in the quantities predicted or estimated. The actual resources discovered may be greater or less than those calculated.

The forward-looking information contained herein is expressly qualified by this cautionary statement.