WENTWORTH RESOURCES LIMITED
INTERIM FINANCIAL REPORT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017
All financial figures are unaudited and in US dollars except where otherwise stated

HIGHLIGHTS

Corporate

- On May 23, 2017, the Company completed a private placement and issued 16,953,496 new common shares, for cash consideration of $0.326 (GBP 0.25 or NOK 2.73) per share for total gross proceeds of $5.53 million (GBP4.2 million or NOK46.3 million).

Financial

- Gas sales revenue of $2.15 million for the quarter, compared to $2.94 million in Q1 2017 and $3.43 million in Q2 2016. For the Half-year 2017 revenue was $5.1 million compared to $6.64 million in 2016.
- Net losses of $1.25 million and $1.66 million in Q2 and Half-year 2017 compared to net losses of $0.17 million and $1.08 million in 2016 respectively.
- Capital expenditures of $0.61 million during Q2 and $1.3 million during Half-year 2017 which compares to $2.16 million and $2.82 million in 2016 respectively.
- Cash and cash equivalents on hand of $3.83 million compared with $0.98 million on hand at December 31, 2016.
- Working capital of $9.08 million compared to $4.96 million at December 31, 2016.
- Drew $0.56 million on new overdraft credit facility for working capital purposes during Q2 2017.

Operational

Tanzania

- Following 2016, a year in which gas demand varied significantly on a month to month basis as existing government owned gas infrastructure was upgraded, new infrastructure was commissioned, and industry participation in the gas supply and electrical power generation was established, gas demand started to stabilise in the first half of 2017.
- Since the end of the wet season during Q2 2017 when hydro power generation is at its annual peak, gas production volumes have increased substantially.
- The Mnazi Bay field achieved average gross daily gas production during the quarter of 30.7 MMscf/d and 36.9 MMscf/d during the first half of 2017 with June 2017 production averaging 44.3 MMscf/d. Gross gas sales for Q3 to date reached over 60 MMscf/d with management's forecast for the full year 2017 remaining within the guided range of 40 to 50 MMscf/d.
- Managed working capital with a focus on petitioning purchasers of gas to improve the timeliness of settling amounts owing and working with our two main creditors, local banks and the operator of the Manzi Bay Concession, to pay obligations upon settlement of receivables.

Mozambique

- Proceeding with a plan to commence the drilling of an appraisal well on the Tembo discovery next year, before acquiring additional seismic if necessary. Consideration to acquiring additional seismic will be contingent upon the results of the appraisal well.
- Continued work on reprocessing existing 2-D vibroseis seismic data, completed Tembo-1 well analysis and continued mapping and interpretation of all existing data with a view to selecting a well location.
- Continued the process of securing an industry partner to participate in the appraisal programme in advance of drilling an appraisal well.

Financial and Operating Results

Financial *(Figures $000's except per share data)*	**Three months ended** June 2017	June 2016	% Change	**Six months ended** June 2017	June 2016	% Change
Gas revenue	**2,152**	3,430	*(37)*	**5,096**	6,636	*(23)*
Adjusted EBITDA(1)	**165**	1,101	*(85)*	**1,269**	1,898	*(33)*
Loss from operations	**(526)**	(224)	*135*	**(424)**	(769)	*(45)*
Net loss and comprehensive loss	**(1,246)**	(174)	*616*	**(1,655)**	(1,079)	*53*
Basic and diluted net loss per share ($ per share)	**(0.01)**	-	*(100)*	**(0.01)**	(0.01)	-
Net cash (used in)/generated from operating activities	**(818)**	1,013	*(181)*	**(2,004)**	871	*(330)*
Capital expenditures (on an accrual basis)	**614**	2,159	*(72)*	**1,295**	2,823	*(54)*

(1) "Adjusted EBITDA", being a non-IFRS measure, is calculated on page 3 and represents revenue less production and operating expense and general and administrative expenses

Operating (Mnazi Bay Concession)	**Three months ended** June 2017	June 2016	% Change	**Six months ended** June 2017	June 2016	% Change
Sales to TPDC(2)						
Price per MMBtu (US$)	**3.04**	3.01	*1*	**3.04**	3.01	*1*
Gas sales - MMBtu (net to Wentworth)	**619,688**	1,055,307	*(41)*	**1,494,549**	2,037,502	*(27)*
Sales to TANESCO(2) (Mtwara 18MW Power Plant)						
Price per MMBtu (US$)	**5.36**	5.36	-	**5.36**	5.36	-
Gas sales - MMBtu (net to Wentworth)	**49,451**	48,028	*3*	**101,930**	95,270	*7*
Production(2)						
Production volumes (Mscf) – net to Wentworth	**654,094**	1,078,530	*(39)*	**1,560,585**	2,084,822	*(25)*
Production and operating cost per Mscf (US$)	**1.38**	0.72	*92*	**1.16**	0.80	*45*
Gross average daily production (MMscf/d)	**30.7**	51.0	*(40)*	**36.9**	49.3	*(25)*

(2) Gas sales are contracted in MMBtu while gas production is measured in Mscf. The conversion rate used is 1.023 MMBtu to 1 Mscf.

Statement of Financial Position ***(Figures 000's)***	**As at June 30, 2017**	December 31, 2016	*% Change*
Total assets	**$209,717**	$208,231	*1*
Shareholders' equity	**$179,334**	$175,911	*2*
Cash and cash equivalents	**$3,833**	$979	*292*
Long-term receivables (including current portion)	**$26,062**	$30,317	*(14)*
Credit facilities (principal balance)	**$18,653**	$20,667	*(10)*
Outstanding number of shares and options ***(Figures 000's)***			
Common shares	**186,489**	169,535	*10*
Options	**10,600**	10,600	-

Reconciliation of Adjusted EBITDA ***(Figures $000's)***	**Three months ended**		**Six months ended**	
	June 2017	June 2016	**June 2017**	June 2016
Net loss	**(1,246)**	(174)	**(1,655)**	(1,079)
Add/deduct:				
Deferred tax (recovery)/expense	**493**	(40)	**(227)**	379
Finance Income	**(370)**	(1,072)	**(991)**	(2,339)
Finance expense	**597**	1,062	**2,449**	2,270
Share based compensation	**37**	136	**145**	364
Depreciation and depletion	**654**	1,189	**1,548**	2,303
Adjusted EBITDA	**165**	1,101	**1,269**	1,898

Reconciliation of Working Capital ***(Figures $000's)***	**As at**		
	June 30 2017	December 31, 2016	*% Change*
Total current assets	**25,086**	20,148	*25*
Total current liabilities	**(16,006)**	(15,193)	*(5)*
Working Capital	**9,080**	4,955	*83*

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 August 09, 2017. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements, and notes thereto, for the three and six months ended June 30, 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 Q2 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 within the next 12 to 18 months with the completion and commissioning of the Kinyerezi-1 Extension and Kinyerezi-2 power stations.

Following 2016, a year in which gas demand varied significantly on a month to month basis as existing government owned gas infrastructure was upgraded, new infrastructure was commissioned, and industry participation in the gas supply and electrical power generation were established, gas demand has stated to stabilize in 2017. For the first half of 2017, the Mnazi Bay gas field delivered 36.9 MMscf/d compared to 49.3 MMscf/d during the first of 2016. Tanzania experienced a heavy rainy season in April and May this year resulting in a greater use by the government of hydro power stations as a substitute for gas fire power generation in 2017 compared to 2016. Sales of Mnazi Bay gas has subsequently reached 44.3 MMscf/d in June 2017 and an average of greater than 60 MMscf/day for the month of July with hydro power generation not expected to have an impact on gas demand for the remainder of 2017.

During Q2 2017, TPDC commenced delivery of Mnazi Bay gas to its first industrial customer, a newly constructed ceramic tile factory. Gas demand to power the factory is expected to reach up to 8 MMscf/d by the end of 2017. At the end of Q2 2017, gas deliveries to the ceramic tile company were approximately 5 MMscf/d.

In addition, TPDC has concluded a commercial arrangement to supply gas to a Dangote cement plant for power generation and firing its klinker kilns. Commissioning of the 35MW power plant (which is expected to require approximately 7 MMscf/d of natural gas) and associated power supply to the Dangote cement plant is expected during H2 2017. In addition, completion of the construction and commissioning of the pipeline and distribution system delivering gas to the kilns (initially expected to require an additional 8 MMscf/d of natural gas) is expected by the end of 2017.

Mnazi Bay Gas is also sold directly to the 18MW power plant at Mtwara which is owned by TANESCO. This power station provides electricity to the isolated grid serving region and includes the towns of Mtwara, Madimba, Lindi, Msassi and Newala. The power plant at Mtwara is the only generation facility providing power to the grid. Without the gas supply from Manzi Bay there would be no electricity supply to the Mtwara and Lindi regions.

During the second 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 Gas Processing Facility. The expansion of the processing facilities together with tying-in all 5 wells completes all the necessary field infrastructure work to enable delivery of gas volumes expected to be in excess of 100 MMscf/d to the TPDC owned pipeline to Dar es Salaam. Commissioning of these new facilities is expected in September 2017. With the completion of these capital investments there will be no need for any additional capital expenditure until the average daily demand exceeds 100 MMscf/d for an extended period of time.

As mentioned above, the Company continues to forecast the annual average natural gas production from Mnazi Bay to be between 40 and 50 MMscf/d.

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.

Reprocessing of 1,000 kilometers of existing 2D vibroseis seismic data (acquired in 1984 and 1985 was completed during Q2 2017. The reprocessing and interpretation of existing seismic data focused on the reservoir sands encountered in the Tembo gas discovery. This data is currently being integrated into the 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, to determine the key parameters for the reservoir, structure and trap that will be input into an internal resource estimate.

A new seismic acquisition program of approximately 500-700 kilometers was being considered for the second half of 2017 and a tender process for the acquisition was completed during Q2 2017. Resulting from the reprocessing of existing seismic data, an extensive analysis of the Tembo-1 drilling results and mapping of the geological horizons, sufficient data and information are available to support drilling an appraisal well without the need to acquire new seismic. Wentworth’s technical team is now focused on identifying a suitable drilling location for a Tembo appraisal well and preparing the well design. The government of Mozambique is supportive of postponing the acquisition of new seismic until after an appraisal well is drilled. The preferred bidders for the seismic contractors have been informed of the postponement of contract.

The Company has commenced the process of actively marketing the project to potential interested industry partners and indications are positive that a farm-in partner or partners will be secured prior to spudding of the appraisal well next year. Pre-drilling planning has commenced with the well expected to spud in mid-2018. The Company is in the process of obtaining all necessary environmental consents from the Mozambique authorities and updating and amending the existing environmental impact assessment documentation. It is expected that the cost of drilling an appraisal well will be funded from internally generated cash flows and the addition of one or more industry partners.

Financial Overview

Revenue

Gas sales to TPDC

The Company recorded net sales to TPDC of 619,688MMBtu and 1,494,549 MMBtu during the three and six months ended June 30, 2017, a decrease from 2016 of 40% and 27% respectively. A combination of higher gas demand experienced during H1 2016 when the Symbion power plant was operational before being shut-down by the government in June 2016 and a longer use of hydro power generation during the wet season in 2017 compared to 2016 were main drivers of the lower revenue in 2017. Currently, Mnazi Bay gas is used for power generation at the Kinyerezi-1 and Ubungo-II power stations. Operating at near capacity, these two power stations consume approximately 35 - 45 MMscf/d of Mnazi Bay gas. In addition, a newly build ceramic tile company in southern Tanzanian became operational during the first half of 2017 and consumes approximately 5 to 7 MMscf/d.

The gas sales price was $3.04/MMBtu (Q2 2016 - $3.01/MMBtu) for total revenue during Q2 2017 of $1.88 million (Q2 2016 - $3.18 million).

Gas sales to TANESCO

Gas sales to an 18 MW gas-fired power plant in Mtwara, Tanzania during the second quarter and six months ended June 30 were 49,451 MMBtu (Q2 2016 – 48,028 MMBtu) and 101,930 MMBtu (2016 - 95,270 MMBtu) respectively 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 and 2.5 MMscf/d. Total revenue earned during the quarter was $0.27 million compared to $0.26 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 second quarter production was 30.7 MMscf/d compared to 51.0 MMscf/d during the second quarter of 2016. On a year-to-date basis production averaged 36.9 MMscf/d compared to 49.3 MMscf/d during 2017 and 2016 respectively. Production and operating expenses during the second quarter were $0.90 million (quarter ended June 30, 2016 - $0.77 million) and were higher in Q2 2017 as the operator billed higher overhead costs compared to the same quarter in 2016. For the Half-year 2017, operating expenses were $1.16 per mcf compared to $0.80 per mcf for the same period in 2016.

General and administrative expense

General and administrative expenses during the second quarter of 2017 were $1.08 million compared to $1.56 million for the same period in 2016, a 31 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:

	Three months ended June 30,		**Six months ended June 30,**	
(Figures in $000's)	**2017**	**2016**	**2017**	**2016**
Employee salaries and benefits	**420**	620	**823**	1,265
Contractors and consultants	**99**	216	**175**	387
Travel and accommodation	**98**	131	**153**	263
Professional, legal and advisory	**197**	206	**366**	380
Office and administration	**142**	210	**277**	401
Corporate and public company costs	**128**	173	**220**	372
	1,084	1,556	**2,014**	3,068

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. Directly attributable costs during the second quarter and year to date totaling $0.34 million (Q2 2016 – nil) and $0.71 million (YTD 2016 – nil) were capitalized.

Share based compensation

During the second quarter of 2017, the Company recognized $0.04 million (Q2 2016 - $0.14 million) as share based compensation expense. For the Half-year 2017, $0.14 million was recognised compared to $0.36 million during Half-year 2016.

During the second quarter of 2017, no options were granted, exercised or forfeited (no options were granted, exercised or forfeited during second quarter 2016). A total of 10,600,000 stock options were outstanding at June 30, 2017 with 9,266,671 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 $0.64million (Q2 2016 - $1.14 million) or $0.98/Mscf (Q2 2016 - $1.06/Mscf) were recorded during second quarter of 2017. For Half-year 2017, $1.52 million (Q2 2016 - $2.21 million) or $0.97/Mscf (Q2 2016 - $1.06/Mscf) At June 30, 2017, the net book value of natural gas property, plant and equipment was $92.18 million (June 30, 2016 – $94.55 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 June 30, 2017, interest expense on the long-term loans totalled $0.39 million (Q2 2016 - $0.65 million). For Half-year 2017, interest expense was $0.88 million compared to $1.21 million for the same period in 2016.

During the quarter and Half-year ended June 30, 2017, non-cash accretion of the TPDC receivable of $0.29 million (2016 - $0.96 million) and $0.77 million (2016 - $2.11 million) was recorded in finance income. During the first quarter, 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 (2016 - $0.87 million). The accounting estimates used to determine the balance of amortized cost of the TPDC receivable remain unchanged for the second quarter of 2017.

Non-cash accretion of the Tanzanian Government receivable (Umoja/power) of $0.08 million (2016 – $0.12 million) and $0.15 million (2016 - $0.23 million) for the quarter and Half-year ended June 301, 2016 was recorded in finance income during the first quarter ended June 30, 2017. Similar to the determination of the TPDC receivable, during Q1 2017 the Company revised the accounting estimates resulting in an amount of $0.49 million being charged to finance cost (Q1 2016 – nil). The accounting estimates used to determine the balance of amortized cost of the Tanzanian Government receivable remain unchanged for the second quarter of 2017.

Deferred tax expense/recovery

At June 30, 2017, the deferred tax asset of $31.37 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 expense of $0.49 million (2016 – recovery of $0.04 million) and recovery of $0.23 million (2016 – expense of $0.38 million) has been recorded in the quarter and Half-year ended 2017 respectively.

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 June 30, 2017, the Mnazi Bay joint venture partners were owed eleven months of gas sales, with $1.90 million owed to Wentworth. Subsequent to quarter end, TANESCO has paid three months of invoices relating to the outstanding balance at June 30, 2017 totaling $0.51 million and relating to sales made during 2016.

Receivables from gas delivered to TPDC

An amount of $7.59 million is owed to Wentworth at June 30, 2017, of which four months is past due. Subsequent to quarter end, TPDC has paid one month of invoice for $0.90 million relating to the outstanding May 2017 gas sales invoice. At December 31, 2016, two months' worth of invoices were outstanding. TPDC ability to settle gas sales invoices to the Mnazi Bay joint venture in a timely manner is directly impacted by the timeliness of TPDC receiving payment for gas it sells to TANESCO owned electrical power generation plants. Recently, TANESCO has been challenged to pay TPDC in a timely manner which has a direct impact on the cash flows of the Mnazi Bay joint venture partners. Wentworth and the operator of the Mnazi Bay Concession continue to engage with both TPDC and TANESCO on finding ways to improve the timeliness of settling obligations.

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 June 30, 2017 is $23.68 million (December 31, 2016 - $27.15 million). Due to its long-term nature, the TPDC receivable has been discounted to $20.91 million (December 31, 2016 - $24.84 million). 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 $23.68 million receivable as at June 30, 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. As gas sales are realized, the current portion of the long-term receivable is transferred to accounts receivable and settled at the time cash payments are received from purchasers of Manzi Bay gas.

At June 30, 2017, the current portion of the TPDC receivable is $11.45 million compared to $12.28 million at December 31, 2016. During Q2 2017, $1.83 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. The undiscounted face value of the Tanzanian Government receivable (Umoja/power) at June 30, 2017 is $6.51 million (December 31, 2016 - $6.51 million) while the discounted value, taking into consideration the anticipated time of collection, is $5.15 million (December 31, 2016 – $5.48 million). 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. Timing of reaching an agreement on the reimbursement procedure is indeterminable. 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 second quarter of 2017, capital spending totaled $0.61 million which were primarily incurred on appraisal activities in Mozambique including technical evaluation of the Tembo-1 well, seismic reprocessing and interpretation, preliminary planning for drilling an appraisal well in 2018 and ongoing in-country operations.

(Figures in $000’s)	**Three months ended June**		**Six months ended June**	
	2017	2016	**2017**	2016
Exploration and evaluation assets				
Mozambique				
Seismic reprocessing and interpretation and analysis of Tembo-1 well results	**117**	-	**206**	-
Exploration drilling	**-**	918	**-**	950
Operator and indirect overhead	**343**	-	**711**	145
	460	918	**917**	1,095
Tanzania				
Seismic acquisition, processing and interpretation	**-**	12	**-**	17
Property, plant and equipment				
Tanzania				
Field infrastructure	**125**	1,160	**303**	1,407
Other field development capital	**29**	60	**75**	295
	154	1,220	**378**	1,702
Canada				
IT and office assets	**-**	9	**-**	9
	614	2,159	**1,295**	2,823

External debt facilities

Medium term $20 million credit facility

The principal balance outstanding on the $20.0 million credit facility at June 30, 2017 was $15.65 million. During the first six months of 2017, principal payments of $2.0 million were made.

During the quarter, the Company executed amendments to the credit facility agreement which include the restructuring of principal loan payments and the addition of the following new provisions:

- the addition of a Debt Service Coverage Ratio and Long Live Coverage Ratio as financial covenants;
- a requirement to maintain a minimum cash balance;
- a cash flow waterfall procedure to ensure certain cash proceeds from gas sales are used in settling obligations in priority; and
- a prepayment fee in the event the Company decides to accelerate principal payments.

The Company and the lender are in discussions on agreeing the details and processes relating to implementing and monitoring the new provisions.

Principal repayments on the credit facility are set out in the following table.

Principal repayment date	**Repayment amount** *(Figures in $000's)*
June 30, 2017 (1)	1,000
July 31, 2017 (2)	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
	15,653

(1) The amount due on June 30, 2017 was paid in July 2017.
(2) The Company is in ongoing discussions with the lender to settle the amount due on July 31, 2017 during August 2017 to coincide with expected receipts of outstanding gas receivables.

Medium term $6 million credit facility

At June 30, 2017, the principal amount outstanding on this facility was $3.0 million. During the first six months of 2017, principal payments of $1.0 million were made.

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)*
December 8, 2017	1,000
June 8, 2018	1,000
December 8, 2018	1,000
	3,000

Overdraft $2.5 million credit facility

During 2017, the Company secured $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 June 30, 2017, the lender's base lending rate was 9%.

During the second quarter of 2017, $0.56 million was drawn from the overdraft credit facility. 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 draw on the full amount of the facility during the second half of 2017 and utilize funds for short-term working capital purposes.

Shares, share capital and dividends

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 $5.53 million (GBP4.2 million or NOK46.3 million).

Following the private placement offering the Company had 186,488,465 common shares issued and outstanding. All outstanding shares at June 30, 2017 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.

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 2017, the Board of Directors did not propose dividends to be paid for the year ended December 31, 2016. 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 first half of 2017.

Financial Condition and Liquidity

At June 30, 2017, Wentworth had cash and cash equivalents of $3.83 million and trade and other receivables, prepaids and deposits, and current portion of the long-term receivable from TPDC of $21.25 million. The Company has started collecting substantial amounts of this long-term receivable from TPDC following the commencement of gas sales to the NNGIP in 2015. Outstanding receivable for gas sales sold to TPDC and TANESCO total $9.62 million at June 30, 2017. A total of $1.41 million of the outstanding gas sales receivables has been settled subsequent to June 30, 2017.

During May of 2017, the Company raised gross proceeds of $5.53 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.

Current liabilities include outstanding cash calls issued by the Operator of the Mnazi Bay Concession for $3.49 million of which the Company settled $0.63 million subsequent to June 30, 2017. The remaining $2.86 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 second quarter of 2017.

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. Principal payments totaling $6.0 million are scheduled to be made within the next 12 months.

The Company is working closely with the Operator of the Mnazi Bay Concession and the external lenders to make settlement of obligations coinciding with the receipt of cash from gas purchasers for settlement of gas sales invoices. To date the cooperation amongst all parties has allowed the company to effectively manage working capital. Existing gas sales receivables at June 30, 2017 of $9.62 million exceed the immediate obligations to the Operator of the Mnazi Bay Concession and to the external lenders thus allowing for certain flexibility in the precise timing of settling obligations.

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.

Outlook

The existing Mnazi Bay gas wells can produce up to a combined 100 MMscf/d, well in excess of the year-to-date average, with no additional development capital required and no material increase in operating costs thus allowing the Company to generate significant revenues and sizable positive cash flows. For 2017, gross gas sales are expected to average between 40 and 50 MMscf/d. The foremost challenge facing the Mnazi Bay joint venture partners is returning to receiving regular and timely cash receipts for gas sales made to TPDC and TANESCO. While the timeliness of cash receipts from TANESCO has improved since the start of 2017, settlement of invoices for gas sales made to TPDC, which generates more than 95 percent of monthly revenue for the Company, has started to lag in 2017, moving currently to 4 months outstanding form 2 months outstanding at December 31, 2016. The Company continues to effectively manage working capital and is working with debtors and creditors to improve cash flows and match cash receipts with the settlement of liabilities. While the Company expects the situation to improve during the second half of 2017, significant effort and much patience will need to be exercised by all parties.

With the support of the government of Mozambique, the Company plans to proceed with drilling an appraisal well and seeking an industry partner to participate in the Rovuma Onshore Block. With information generated from analyzing the Tembo-1 well results, reprocessing existing seismic data and remapping the structure, there is sufficient information available to support drilling of an appraisal well thereby deferring acquisition of new 2D seismic until after drilling. The Company anticipates securing an industry partner by the end of 2017 and commence drilling operations during mid-2018.

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 many 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. Because 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 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 June 30, 2017, the Mnazi Bay joint venture partners were owed eleven months of gas sales, with $1.90 million owing to Wentworth of which $0.51 million representing three months of gas sales has been collected subsequently to quarter end. In addition, TPDC's primary source of funds is generated from gas sales to TANESCO. TANESCO has been slow in paying its obligations to TPDC thereby negatively impacting TPDC's ability to pay for gas purchase from the Mnazi Bay joint venture. At June 30, 2017, the Mnazi Bay joint venture partners were owed five months gas sales, with $7.59 million owing to Wentworth of which one month has been collected subsequent to quarter end.

A long-term undiscounted receivable of $23.68 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 June 30, 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 two medium term loans with principal repayments obligations totalling $4.3 million during the next six months.

With no material capital expenditures expected during the next six months and ongoing operating costs being generally fixed in nature, the cash flow generated from gas sale and the resulting ability to receive payment for gas sales in a timely manner has a significant impact on the liquidity of the Company. An increase or decline in production and/or accelerated payments of current and outstanding gas sales invoice or delays in collections of receivables from TPDC and/or TANESCO would have a material impact on the Company's working capital position. The Company is mitigating issues with respect to liquidity by maintaining open and transparent dialogue with key creditors and external lenders while working with debtors to arrange payments for gas sales in a more timely manner.

The Company has working capital surplus at June 30, 2017 and positive adjusted EBITDA for 2016 and 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.

New legislation in Tanzania

Three new bill supplements, The Permanent Sovereignty Bill, Review and Renegotiation of Unconscionable Terms Bill and the Written Laws Miscellaneous Amendments Act, that may impact business investments in the mining and energy sector were passed by the Tanzanian Government on 3 and 4 of July. The Company has undertaken a review of these new laws to determine their implications on the Company's Tanzania operations. Based on our current understanding of this new legislation and given the existing terms and conditions of our relevant agreements we do not anticipate any material impact on our existing operations.

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.

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 and on note disclosures.

IFRS 15 - Revenue from Contracts with Customers, which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations, was issued in May 2014 with effective date January 1, 2018. 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. An entity recognizes revenue when a performance obligation is satisfied, i.e. when control over the goods or services underlying the particular performance obligation is transferred to the customer.

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. The evaluation will be completed during 2017.

***IFRS 16* -** Leases, which replaces IAS 17 Leases, was issued in January 2016 with effective date January 1, 2019. IFRS 16 requires lessees to recognize most leases on the statement of financial position specifies how to recognize, measure and disclose leases. The standard provides using a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most 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.

The evaluation of the impact for Wentworth has not been completed at this stage.

IFRS 9 – Financial Instruments, which includes new requirements for the classification and measurement of financial assets, was issued in July 2014 with an effective date of January 21, 2018 and amends the impairment model and outlines a new general hedge accounting standard. The Company is evaluating the impact of this 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 August 9, 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 three and six months ended June 30, 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 August 9, 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.