Wentworth Resources Limited
Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016
Unaudited

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Interim Statements of Financial Position
United States $000s, unless otherwise stated

	Note	March 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents		**455**	979
Trade and other receivables		**9,378**	6,699
Prepayments and deposits		**148**	187
Current portion of long-term receivables	4	**10,501**	12,283
		20,482	20,148
Non-current assets			
Long-term receivables	4	**16,758**	18,034
Exploration and evaluation assets	5	**45,995**	45,538
Property, plant and equipment	6	**92,696**	93,366
Deferred tax asset		**31,865**	31,145
		187,314	188,083
Total assets		**207,796**	208,231
LIABILITIES			
Current liabilities			
Trade and other payables		**8,703**	8,675
Current portion of long-term loans	8	**5,258**	5,258
Current portion of other liability		**1,019**	1,260
		14,980	15,193
Non-current liabilities			
Long-term loans	8	**15,188**	15,254
Other liability		**1,222**	1,100
Decommissioning provision		**796**	773
		17,206	17,127
EQUITY			
Share capital		**411,493**	411,493
Equity reserve		**26,383**	26,275
Accumulated deficit		**(262,266)**	(261,857)
		175,610	175,911
Total liabilities and equity		**207,796**	208,231
Subsequent event	13		

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

Approved by the Board of Directors and Management

Robert P. McBean Chairman of the Board	John W.S. Bentley Deputy Chairman	Cameron Barton Non-Executive Director
Neil Kelly Non-Executive Director	Geoff Bury Managing Director	Lance Mierendorf Chief Financial Officer

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
United States $000s, unless otherwise stated

	Note	Three months ended March 31, 2017	2016
Total revenue		**2,944**	3,206
Operating expenses			
Production and operating		**(910)**	(897)
General and administrative		**(930)**	(1,512)
Depreciation and depletion	6	**(894)**	(1,114)
Share based compensation	10	**(108)**	(228)
Profit/(loss) from operations		**102**	(545)
Finance income	9	**635**	1,285
Finance costs	9	**(1,866)**	(1,226)
Loss before tax		**(1,129)**	(486)
Deferred tax recovery/(expense)		**720**	(419)
Net loss and comprehensive loss		**(409)**	(905)
Net loss per ordinary share			
Basic and diluted (US$/share)	11	**-**	(0.01)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Interim Statements of Changes in Equity
United States $000s, unless otherwise stated

	Note	Number of shares	Share capital $	Equity reserve $	Accumulated deficit $	Total equity $
Balance at December 31, 2015		169,534,969	411,493	25,683	(256,765)	180,411
Net loss and comprehensive loss		-	-	-	(905)	(905)
Share based compensation	10	-	-	228	-	228
Balance at March 31, 2016		169,534,969	411,493	25,911	(257,670)	179,734
Balance at December 31, 2016		169,534,969	411,493	26,275	(261,857)	175,911
Net loss and comprehensive loss		**-**	**-**	**-**	**(409)**	**(409)**
Share based compensation	**10**	**-**	**-**	**108**	**-**	**108**
Balance at March 31, 2017		**169,534,969**	**411,493**	**26,383**	**(262,266)**	**175,610**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Statements of Cash Flows
United States $000s unless otherwise stated

	Note	Three months ended March 31, 2017	2016
Operating activities			
Net loss for the period		**(409)**	(905)
Adjustments for:			
Depreciation and depletion	6	**894**	1,114
Finance costs/(income), net	9	**1,231**	(59)
Deferred tax (recovery)/expense		**(720)**	419
Share based compensation	10	**108**	228
Change in non-cash working capital		**(2,290)**	(939)
Net cash utilized in operating activities		**(1,186)**	(142)
Investing activities			
Additions to evaluation and exploration assets	12	**(444)**	-
Additions to property, plant and equipment	12	**(217)**	-
Reductions of long-term receivable	12	**2,255**	2,596
Net cash from investing activities		**1,594**	2,596
Financing activities			
Principal payments	8	**(14)**	-
Debt restructuring fee	8	**(83)**	-
Interest paid	8	**(784)**	(773)
Payment of other liability		**(51)**	(373)
Net cash used in financing activities		**(932)**	(1,146)
Net change in cash and cash equivalents		**(524)**	1,308
Cash and cash equivalents, beginning of the period		**979**	2,746
Cash and cash equivalents, end of the period		**455**	4,054

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

1. Nature of business

Wentworth Resources Limited ("Wentworth" or the "Company") is an East Africa-focused upstream oil and natural gas company. These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries (collectively referred to as "Wentworth Group of Companies" or the "Group"). The Company is actively involved in oil and gas exploration, development and production operations. Wentworth is incorporated in Canada and shares of the Company are widely held and listed on the Oslo Stock Exchange (ticker: WRL) and the AIM of the London Stock Exchange (ticker: WRL).

The Company has offices located in Calgary, Canada, Dar es Salaam, Tanzania and Maputo, Mozambique.

2. Summary of accounting policies

Basis of presentation and statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared by management in accordance with International Accounting Standard 34, "Interim Financial Reporting". The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2016. These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies as the annual audited consolidated financial statements for the year ended December 31, 2016 and should be read in conjunction with the annual audited consolidated financial statements and the notes thereto. These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on May 29, 2017. The disclosures provided below are incremental to those included in the 2016 annual consolidated financial statements.

Credit risk

The Company's ongoing exposure to receivables from Tanzania Electricity Supply Company Limited ("TANESCO"), the state power company, is connected with the gas sales from the Mnazi Bay Concession to an 18-megawatt gas-fired power plant (Mtwara plant") located in Mtwara, Tanzania. At March 31, 2017, the Mnazi Bay Concession partners were owed thirteen months of invoices for gas sales made to TANESCO, with $2,194 (December 31, 2016 - $2,159) owing to Wentworth of which $626, four months invoices, were received subsequent to quarter end. Subsequent to the 2012 sale of the Mtwara plant to TANESCO, timing of payment of invoices by TANESCO for gas sales has been unpredictable. Although payments of invoices range from when invoice are due to up to sixteen months after the payment due date, management is of the opinion that a provision for doubtful accounts is not required. The receivable from TANESCO has been discounted by $52 to reflect the time value of money. The Company continues to be engaged in ongoing discussions with TANESCO to accelerate payment of amounts past due.

The Company sells natural gas to Tanzania Petroleum Development Company ("TPDC"), the operator of a new transnational gas pipeline in Tanzania under a long-term gas sales agreement. Credit risk relating to sales to TPDC is mitigated through a payment guarantee structure which involves a funded prepayment amount and once formally established, a replenishable letter of credit. At March 31, 2017, the December 2016 to March 2017 gas sales invoices totalling $6,694 were outstanding. The December 2016 invoice totalling $1,736 was paid subsequent to quarter end. During the quarter, TPDC paid $877, net to Wentworth, relating to pipeline pack and pipeline fill gas sales at the time of commissioning the transnational pipeline in 2015. At March 31, 2017, $402 (December 31, 2016 - $1,279) of line pack gas sales remained outstanding which was collected subsequent to quarter end.

2. Summary of accounting policies (continued)

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.

United States $000s unless otherwise stated

3. Segment information

Net loss for the quarter ended March 31, 2017

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	**2,944**	**-**	**-**	**2,944**
Production and operating	**(910)**	**-**	**-**	**(910)**
General and administrative	**(444)**	**(6)**	**(480)**	**(930)**
Depreciation and depletion	**(892)**	**-**	**(2)**	**(894)**
Other	**(1,243)**	**-**	**(96)**	**(1,339)**
Total segment expenses	**(3,489)**	**(6)**	**(578)**	**(4,073)**
Deferred tax recovery	**720**	**-**	**-**	**720**
Net loss	**175**	**(6)**	**(578)**	**(409)**

Selected balances at March 31, 2017

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Current assets	**20,238**	**124**	**120**	**20,482**
Long-term receivables	**16,758**	**-**	**-**	**16,758**
Exploration and evaluation assets	**8,128**	**37,867**	**-**	**45,995**
Property, plant and equipment	**92,679**	**-**	**17**	**92,696**
Deferred tax assets	**31,865**	**-**	**-**	**31,865**
Current liabilities	**14,210**	**168**	**602**	**14,980**
Non-current liabilities	**17,206**	**-**	**-**	**17,206**

Capital additions for the quarter ended March 31, 2017

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Net additions to exploration and evaluation assets	**-**	**457**	**-**	**457**
Net additions to property, plant and equipment	**224**	**-**	**-**	**224**

Net income/(loss) for the quarter ended March 31, 2016

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	3,206	-	-	3,206
Production and operating	(897)	-	-	(897)
General and administrative	(799)	(155)	(558)	(1,512)
Depreciation and depletion	(1,093)	-	(21)	(1,114)
Other	42	-	(211)	(169)
Total segment expenses	(2,747)	(155)	(790)	(3,692)
Deferred tax expense	(419)	-	-	(419)
Net income/(loss)	40	(155)	(790)	(905)

United States $000s unless otherwise stated

3. Segment information (continued)

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Selected balances at March 31, 2016				
Current assets	23,895	1,091	1,611	26,597
Long-term receivables	19,126	-	-	19,126
Exploration and evaluation assets	8,106	35,217	-	43,323
Property, plant and equipment	94,498	-	38	94,536
Deferred tax assets	33,922	-	-	33,922
Current liabilities	16,855	24	694	17,573
Non-current liabilities	20,197	-	-	20,197
Capital additions for the quarter ended March 31, 2016				
Additions to exploration and evaluation assets	5	177	-	182
Additions to property, plant and equipment	482	-	-	482

4. Long-term receivables

	Balance at March 31, 2017	**Balance at December 31, 2016**
TPDC receivable (i)	**22,187**	24,836
Tanzanian Government receivable (ii)	**5,072**	5,481
	27,259	30,317
Current portion		
TPDC receivable (i)	**10,501**	12,283
Long-term portion		
TPDC receivable (i)	**11,686**	12,553
Tanzanian Government receivable (ii)	**5,072**	5,481
	16,758	18,034

i) TPDC receivable

As at March 31, 2017, the undiscounted receivable from TPDC is $25,059 ($27,153 at December 31, 2016).

Balance at December 31, 2016	24,836
Accretion	478
Change in estimated timing of receipt	(872)
Retained gas revenue to offset receivable	(2,538)
Share of TPDC Mnazi Bay Concession costs paid by the Company	283
Balance at March 31, 2017	**22,187**

The fair value of the TPDC receivable at March 31, 2017 calculated at 8.25% (2016 - 8.25%) was $23,007 (December 31, 2016 - $25,413).

United States $000s unless otherwise stated

4. Long-term receivables (continued)

ii) Tanzanian Government receivable

As at March 31, 2017 the undiscounted Tanzanian Government receivable is $6,511 (December 31, 2016 - $6,511).

Balance at December 31, 2016	5,481
Accretion	76
Change in estimated timing of receipt	(485)
Balance at March 31, 2017	**5,072**

The fair value of the Tanzania Government receivable at March 31, 2017 is calculated at 8.25% (2016 - 8.25%) was $5,235 (December 31, 2016 - $5,601).

5. Exploration and evaluation assets ("E&E")

Cost	
Balance at December 31, 2016	45,538
Additions	457
Balance at March 31, 2017	**45,995**

6. Property, plant and equipment ("PP&E")

	Natural gas properties	Office and other equipment	Total
Cost			
Balance at December 31, 2016	101,797	596	102,393
Additions	224	-	224
Balance at March 31, 2017	**102,021**	**596**	**102,617**
Accumulated depreciation and depletion			
Balance at December 31, 2016	(8,448)	(579)	(9,027)
Depreciation and depletion	(892)	(2)	(894)
Balance at March 31, 2017	**(9,340)**	**(581)**	**(9,921)**
Carrying amounts			
December 31, 2016	93,349	17	93,366
March 31, 2017	**92,681**	**15**	**92,696**

7. Overdraft credit facility

Company has a $2,500 overdraft credit facility with TIB Corproate Bank (the "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 of 20% of the revenue/cash flow from sales of natural gas from the Tanzanian assets.

United States $000s unless otherwise stated

8. Long-term loans

Principal balance as at December 31, 2016	20,667
Payments during the quarter	(14)
Principal balance as at March 31, 2017	**20,653**
Carrying amount of long-term loans at March 31, 2017	**20,446**
Current	5,258
Non-current	15,188
	20,446

During the quarter ended March 31, 2017, the Company incurred interest expense, inclusive of accretion of financing costs of $486 (quarter ended March 31, 2016 - $560). A total of $784 was settled in cash for the quarter ended March 31, 2017 (quarter ended March 31, 2016 - $773).

The carrying amount of the long-term loan of $20,446 includes $221 (net of accretion) relating to transaction costs and a fee to restructure the principal payments. At March 31, 2017, the carrying amount of the credit facilities approximates its fair value as the loan's effective interest rate approximates market rates.

The $20,000 Credit Facility

During the quarter, the lender, a Tanzania based bank, agreed to amend certain provisions of the $20,000 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 $16,667 principal balance at December 31, 2016 have been amended as follows:

Principal repayment date	**Repayment amount**
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 $83 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..

United States $000s unless otherwise stated

8. Long-term loans (continued)

The $6,000 Credit Facility

All provisions of the $6,000 credit facility, of which $4,000 principal was outstanding at March 31, 2017, remain unchanged. 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**
June 8, 2017	$1,000
December 8, 2017	$1,000
June 8, 2018	$1,000
December 8, 2018	$1,000
	$4,000

9. Finance income and finance costs

	Three months ended March 31,	
	2017	2016
Finance income		
Accretion – TPDC receivable (Note 4)	**478**	1,154
Accretion – Tanzanian Government receivable (Note 4)	**76**	113
Change in estimates – other liability	**67**	18
Foreign exchange gain	**14**	-
	635	1,285
Finance costs		
Accretion – decommissioning provision	**(23)**	(47)
Accretion – other liability	**-**	(379)
Change in estimates – TPDC receivable (Note 4)	**(872)**	(220)
Change in estimates – Tanzanian Government receivable (Note 4)	**(485)**	-
Interest expense	**(486)**	(560)
Foreign exchange loss	**-**	(20)
	(1,866)	(1,226)

United States $000s unless otherwise stated

10. Share based compensation

Movement in the number of share options outstanding and their related weighted average exercise prices are summarized as follows:

	Number of options	Weighted average exercise price at March 31, 2017
Outstanding at December 31, 2016 and March 31, 2017	**10,600,000**	**0.52**

Share based payment charge

During the three months ended March 31, 2017, no options were granted, exercised or forfeited (quarter ended March, 31, 2016 – 1,000,000 options were forfeited, no options were granted and exercised).

During the quarter ended March 31, 2017, a total of $108 (quarter ended March 31, 2016 - $228) in share based compensation was expensed with an offsetting charge to equity reserve.

The following table summarizes share options outstanding and exercisable at March 31, 2017:

		Outstanding		Exercisable
Exercise price (NOK)	Exercise price (US$) (i)	Number of options	Weighted average remaining life (years)	Number of options
3.15	0.38	1,000,000	3.5	1,000,000
3.52	0.42	500,000	4.8	500,000
3.60	0.43	2,300,000	3.5	2,300,000
3.85	0.46	2,000,000	8.7	666,671
4.08	0.48	250,000	6.0	250,000
4.70	0.55	200,000	7.2	133,333
4.90	0.58	350,000	5.1	350,000
5.18	0.61	3,500,000	6.6	3,500,000
5.75	0.68	500,000	4.0	500,000
		10,600,000	**5.9**	**9,200,004**

(i) The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at March 31, 2017 is 0.11983.

The weighted average exercise price of options that have vested and are exercisable at March 31, 2017 is US$0.52 (NOK 4.36).

United States $000s unless otherwise stated

11. Per share amounts

Basic and diluted per share amounts

The calculation of loss per share for the quarter ended March 31, 2017 is based on a loss attributable to shareholders of the Company of $409 (quarter ended March 31, 2016 – loss of $905). Share options were anti-dilutive for both periods due to the loss.

	Three months ended March 31,	
	2017	2016
Weighted average number of shares outstanding	**169,534,969**	169,534,969
Dilutive weighted average number of shares outstanding	**169,534,969**	169,534,969

12. Supplemental cash flow information

Cash additions from investing activities in the Statements of Cash Flows consists of the following:

	Exploration and evaluation	Property, plant and equipment	Long-term receivable
Quarter ended March 31, 2017			
Total additions/(reductions)	**457**	**224**	**(2,255)**
Change in non-cash working capital	**(13)**	**(7)**	**-**
Cash additions/(reductions)	**444**	**217**	**(2,255)**
Quarter ended March 31, 2016			
Total additions/(reductions)	182	482	(2,640)
Change in non-cash working capital	(182)	(482)	44
Cash additions/(reductions)	-	-	(2,596)

13. Subsequent event

Private placement offering

On May 17, 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 $5,527 (GBP4.2 million or NOK46.3 million). Following the private placement offering, the Company had 186,488,465 common shares outstanding.