



Wentworth Resources Limited
Condensed Consolidated Interim
Financial Statements

For the three months ended March 31, 2016
Unaudited

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Financial Position

United States \$000s, unless otherwise stated

| | Note | March 31, 2016 | December 31, 2015 |
|--|------|-------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 4,054 | 2,746 |
| Trade and other receivables | | 4,962 | 3,253 |
| Prepayments, deposits and advances to partners | | 1,213 | 841 |
| Current portion of long-term receivables | 4 | 16,368 | 18,190 |
| | | <u>26,597</u> | <u>25,030</u> |
| Non-current assets | | | |
| Long-term receivables | 4 | 19,126 | 18,897 |
| Exploration and evaluation assets | 5 | 43,323 | 43,141 |
| Property, plant and equipment | 6 | 94,536 | 95,168 |
| Deferred tax asset | | 33,922 | 34,341 |
| | | <u>190,907</u> | <u>191,547</u> |
| Total assets | | <u>217,504</u> | <u>216,577</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 7,819 | 6,269 |
| Current portion of long-term loans | 7 | 8,596 | 5,270 |
| Current portion of other liability | | 1,158 | 1,508 |
| | | <u>17,573</u> | <u>13,047</u> |
| Non-current liabilities | | | |
| Long-term loans | 7 | 17,205 | 20,512 |
| Other liability | | 1,972 | 1,634 |
| Decommissioning provision | | 1,020 | 973 |
| | | <u>20,197</u> | <u>23,119</u> |
| EQUITY | | | |
| Share capital | | 411,493 | 411,493 |
| Equity reserve | | 25,911 | 25,683 |
| Accumulated deficit | | (257,670) | (256,765) |
| | | <u>179,734</u> | <u>180,411</u> |
| Total liabilities and equity | | <u>217,504</u> | <u>216,577</u> |

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 Statement of Loss and Comprehensive Loss

United States \$000s, unless otherwise stated

| | Note | Three months ended March 31, | |
|--|-------------|-------------------------------------|-------------|
| | | 2016 | 2015 |
| Total revenue | | 3,206 | 272 |
| Operating expenses | | | |
| Production and operating | | (897) | (504) |
| General and administrative | | (1,512) | (1,497) |
| Depreciation and depletion | 6 | (1,114) | (106) |
| Share based compensation | 9 | (228) | (306) |
| Loss from operating activities | | (545) | (2,141) |
| Finance income | 8 | 1,285 | 1,307 |
| Finance costs | 8 | (1,226) | (1,882) |
| Loss before tax | | (486) | (2,716) |
| Deferred tax expense | | (419) | - |
| Net loss and comprehensive loss | | (905) | (2,716) |
| Net loss per ordinary share | | | |
| Basic and diluted (US\$/share) | 10 | (0.01) | (0.02) |

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

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

United States \$000s, unless otherwise stated

| Note | Number of shares | Share capital \$ | Equity reserve \$ | Accumulated deficit \$ | Total equity \$ |
|------|--------------------|---------------------|----------------------|---------------------------|--------------------|
| | 154,122,700 | 404,225 | 24,916 | (283,799) | 145,342 |
| | - | - | - | (2,716) | (2,716) |
| 9 | - | - | 306 | - | 306 |
| | 154,122,700 | 404,225 | 25,222 | (286,515) | 142,932 |
| | 169,534,969 | 411,493 | 25,683 | (256,765) | 180,411 |
| | - | - | - | (905) | (905) |
| 9 | - | - | 228 | - | 228 |
| | 169,534,969 | 411,493 | 25,911 | (257,670) | 179,734 |

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

WENTWORTH RESOURCES LIMITED**Unaudited Condensed Consolidated Interim Statement of Cash Flows**

United States \$000s, unless otherwise stated

| | <u>Note</u> | <u>Three months ended March 31,</u> | |
|---|-------------|-------------------------------------|----------------|
| | | <u>2016</u> | <u>2015</u> |
| Operating activities | | | |
| Net loss for the period | | (905) | (2,716) |
| Adjustments for: | | | |
| Depreciation and depletion | 6 | 1,114 | 106 |
| Finance (income)/loss, net | 8 | (59) | 575 |
| Deferred tax expense | | 419 | - |
| Share based compensation | 9 | 228 | 306 |
| Change in non-cash working capital | | (939) | (70) |
| Net cash utilized in operating activities | | (142) | (1,799) |
| Investing activities | | | |
| Acquisitions of evaluation and exploration assets | 11 | - | (6,733) |
| Acquisitions of property, plant and equipment | 11 | - | (2,478) |
| Reductions of/(additions to) long-term receivable | 11 | 2,596 | (523) |
| Net cash from/(used in) investing activities | | 2,596 | (9,734) |
| Financing activities | | | |
| Proceeds from long-term loan | | - | 10,480 |
| Interest paid | 7 | (773) | - |
| Payment of other liability | | (373) | - |
| Net cash (used in)/from financing activities | | (1,146) | 10,480 |
| Net change in cash and cash equivalents | | 1,308 | (1,053) |
| Cash and cash equivalents, beginning of the period | | 2,746 | 5,487 |
| Cash and cash equivalents, end of the period | | 4,054 | 4,434 |

Supplemental information:
Cash interest paid (note 7)

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

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

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 and Dar es Salaam, Tanzania.

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, 2015. 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, 2015 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 11, 2016. The disclosures provided below are incremental to those included in the 2015 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 located in Mtwara, Tanzania. At March 31, 2016 the Mnazi Bay Concession partners were owed eight months of gas sales for sales made to TANESCO, with \$1,307 owing to Wentworth. The Company is engaged in ongoing discussions with TANESCO to accelerate payment of amounts past due.

During 2015, the Company commenced gas sales under a long-term gas sales agreement to Tanzania Petroleum Development Company (“TPDC”), the operator of a new transnational gas pipeline in Tanzania. Credit risk relating to sales to TPDC is mitigated through a payment guarantee structure which involves a prepayment amount equivalent to approximately three months of sales and a requirement for a replenishable letter of credit. At March 31, 2016, Wentworth was owed \$2,204 related to March gas sales to TPDC, which was collected in full during April 2016.

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

3. Segment information

Net 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 loss | 40 | (155) | (790) | (905) |

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 assets | 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 assets | 482 | - | - | 482 |

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

3. Segment information (continued)

Net loss for the quarter ended March 31, 2015

| | Tanzania Operations | Mozambique Operations | Corporate | Consolidated |
|----------------------------|------------------------|--------------------------|-----------|--------------|
| Natural gas sales | 272 | - | - | 272 |
| Production and operating | (504) | - | - | (504) |
| General and administrative | (730) | (114) | (653) | (1,497) |
| Depreciation and depletion | (65) | - | (41) | (106) |
| Other | (665) | - | (216) | (881) |
| Total | (1,964) | (114) | (910) | (2,988) |
| Deferred tax expense | - | - | - | - |
| Net loss | (1,692) | (114) | (910) | (2,716) |

Selected balances at March 31, 2015

| | | | | |
|--------------------------------------|--------|--------|-------|--------|
| Current assets | 16,453 | 37 | 2,938 | 19,428 |
| Long-term receivables | 23,200 | - | - | 23,200 |
| Exploration and evaluation assets | 8,084 | 32,661 | - | 40,745 |
| Property, plant and equipment assets | 87,403 | - | 96 | 87,499 |
| Current liabilities | 6,243 | 2,070 | 138 | 8,451 |
| Non-current liabilities | 19,489 | - | - | 19,489 |

Capital additions for the quarter ended March 31, 2015

| | | | | |
|---|-------|-------|---|-------|
| Additions to exploration and evaluation assets | 149 | 6,834 | - | 6,983 |
| Additions to property, plant and equipment assets | 2,568 | - | 2 | 2,570 |

4. Long-term receivables

| | Balance at March 31, 2016 | Balance at December 31, 2015 |
|--|------------------------------|---------------------------------|
| TPDC receivable (i) | 30,422 | 32,128 |
| Tanzanian government receivable (Transmission & Distribution) (ii) | 5,072 | 4,959 |
| | 35,494 | 37,087 |
| Current portion | | |
| TPDC receivable (i) | 16,368 | 18,190 |
| Long-term portion | | |
| TPDC receivable (i) | 14,054 | 13,938 |
| Tanzanian government receivable (Transmission & Distribution) (ii) | 5,072 | 4,959 |
| | 19,126 | 18,897 |

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

4. Long-term receivables (continued)

i) TPDC receivable

As at March 31, 2016, the undiscounted receivable from TPDC is \$32,861 (\$35,291 at December 31, 2015).

| | |
|--|---------------|
| Balance at December 31, 2015 | 32,128 |
| Accretion | 1,154 |
| Change in accounting estimates | (220) |
| Retained gas revenue to offset receivable | (3,213) |
| Share of TPDC Mnazi Bay Concession costs paid by the Company | 573 |
| Balance at March 31, 2016 | 30,422 |

ii) Tanzanian government receivable

As at March 31, 2016 the undiscounted Tanzanian government receivable is \$6,511 (December 31, 2015 - \$6,511).

| | |
|----------------------------------|--------------|
| Balance at December 31, 2015 | 4,959 |
| Accretion | 113 |
| Balance at March 31, 2016 | 5,072 |

The fair value of the TPDC receivable at March 31, 2016 was \$31,936 (December 31, 2015 - \$33,489).

The fair value of the Tanzania government receivable at March 31, 2016 was \$5,235 (December 31, 2015 - \$5,168).

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

Cost

| | |
|----------------------------------|---------------|
| Balance at December 31, 2015 | 43,141 |
| Additions | 182 |
| Balance at March 31, 2016 | 43,323 |

Carrying amounts

| | |
|-----------------------|---------------|
| December 31, 2015 | 43,141 |
| March 31, 2016 | 43,323 |

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

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

| | Natural gas properties | Office and other equipment | Total |
|---|---------------------------|-------------------------------|----------------|
| Cost | | | |
| Balance at December 31, 2015 | 99,762 | 569 | 100,331 |
| Additions | 482 | - | 482 |
| Balance at March 31, 2016 | 100,244 | 569 | 100,813 |
| Accumulated depreciation and depletion | | | |
| Balance at December 31, 2015 | (4,652) | (511) | (5,163) |
| Depreciation and depletion | (1,093) | (21) | (1,114) |
| Balance at March 31, 2016 | (5,745) | (532) | (6,277) |
| Carrying amounts | | | |
| December 31, 2015 | 95,110 | 58 | 95,168 |
| March 31, 2016 | 94,499 | 37 | 94,536 |

In determining the depletion charge, it is estimated that future development costs of \$25,800 will be required to bring the total proved reserves into production.

7. Long-term loans

| | |
|---|---------------|
| Total credit facilities | 26,000 |
| Principal balance drawn on credit facilities at March 31, 2016 and December 31, 2015 | 26,000 |
| Carrying amount of long-term loans at March 31, 2016 | 25,801 |
| Current | 8,596 |
| Non-current | 17,205 |
| | 25,801 |

The carrying amount of the long-term loan at March 31, 2016 has been derived at after deducting the transaction cost (net of accretion) of \$199.

During the quarter ended March 31, 2016, the Company incurred interest expense, inclusive of the accretion of financing costs of \$560 (2015 - \$240). During the quarter, the Company paid interest of \$773 (2015 - \$nil).

At March 31, 2016, the carrying amount of the credit facilities approximates its fair value as the loan's effective interest rate approximates market rates.

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

8. Finance income and finance costs

| | Three months ended March 31, | |
|--|------------------------------|----------------|
| | 2016 | 2015 |
| Finance income | | |
| Accretion - TPDC receivable (Note 4) | 1,154 | 1,084 |
| Accretion – Tanzanian government receivable (Note 4) | 113 | 122 |
| Change in estimates – other liability | 18 | 101 |
| | 1,285 | 1,307 |
| Finance costs | | |
| Change in estimates – TPDC receivable (Note 4) | (220) | (1,395) |
| Change in estimates – Tanzanian government receivable (Note 4) | - | (137) |
| Accretion – other liability | (379) | (61) |
| Interest expense | (560) | (240) |
| Accretion – decommissioning provision | (47) | (27) |
| Foreign exchange loss | (20) | (22) |
| | (1,226) | (1,882) |

9. Share based payments

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, 2016 |
|--------------------------------------|-------------------|---|
| Outstanding at December 31, 2015 | 11,950,000 | 0.51 |
| Forfeited | (1,000,000) | - |
| Outstanding at March 31, 2016 | 10,950,000 | 0.52 |

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

9. Share based payments (continued)

The following table summarizes share options outstanding and exercisable at March 31, 2016:

| Exercise Price (NOK) | Exercise Price (US\$) (i) | Outstanding | | Exercisable |
|-------------------------|------------------------------|----------------------|--|----------------------|
| | | Number of options | Weighted average remaining life (years) | Number of options |
| 3.15 | 0.38 | 1,000,000 | 4.5 | 1,000,000 |
| 3.52 | 0.42 | 500,000 | 5.8 | 500,000 |
| 3.60 | 0.43 | 2,400,000 | 4.5 | 2,400,000 |
| 3.85 | 0.46 | 2,000,000 | 9.7 | - |
| 4.08 | 0.49 | 250,000 | 7.0 | 166,667 |
| 4.64 | 0.56 | 150,000 | 8.2 | 50,000 |
| 4.70 | 0.56 | 200,000 | 8.2 | 66,667 |
| 4.90 | 0.59 | 350,000 | 6.0 | 350,000 |
| 5.18 | 0.62 | 3,500,000 | 7.6 | 2,333,333 |
| 5.75 | 0.69 | 600,000 | 5.0 | 600,000 |
| | | 10,950,000 | 6.9 | 7,466,667 |

(i) The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at March 31, 2016 is 0.11983.

The weighted average exercise price of options that have vested and are exercisable at March 31, 2016 is US\$0.51 (NOK 4.29).

Share based payment charge

During the quarter ended March 31, 2016 a total of 1,000,000 options were forfeited, no options were granted and exercised during the same period (2015 – no options were granted, exercised and forfeited)

During the quarter ended March 31, 2016 a total of \$228 (2015 - \$306) in share based compensation was expensed with an offsetting charge to equity reserve.

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

10. Loss per share

Basic and diluted loss per share

The calculation of loss per share for the quarter ended March 31, 2016 is based on a loss attributable to shareholders of the Company of \$905 (2015 – loss of \$2,716). Share options and other equity instruments such as warrants outstanding were anti-dilutive for both periods.

| | Three months ended March 31, | |
|--|------------------------------|-------------|
| | 2016 | 2015 |
| Weighted average number of shares outstanding | 169,534,969 | 154,122,700 |
| Dilutive weighted average number of shares outstanding | 169,534,969 | 154,122,700 |

11. Supplemental cash flow information

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

| | Exploration and evaluation | Property, plant and equipment | Long-term receivable |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|
| 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) |
| Quarter ended March 31, 2015 | | | |
| Total additions | 6,983 | 2,570 | 542 |
| Change in non-cash working capital | (250) | (92) | (19) |
| Cash additions | 6,733 | 2,478 | 523 |



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the shareholders of Wentworth Resources Limited

Introduction

We have reviewed the accompanying unaudited condensed consolidated interim statement of financial position of Wentworth Resources Ltd. as at March 31, 2016, the condensed consolidated interim statements of loss and comprehensive loss, changes in equity and cash flows for the three month periods ended March 31, 2016 and 2015, and notes to the unaudited condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at March 31, 2016, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG LLP

Chartered Professional Accountants

May 11, 2016
Calgary, Canada

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