WENTWORTH
RESOURCES LIMITED

ADMISSION TO AIM

OIL EXPLORATION & GAS MONETISATION IN EAST AFRICA




PANMURE GORDON & CO
NOMINATED ADVISER & BROKER

FirstEnergy
CAPITAL
BROKER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to consult your accountant, legal or professional adviser, financial adviser or an independent professional adviser authorised under the Financial Services and Markets Act 2000 (''FSMA'') who specialises in advising on the acquisition of shares and other securities.

This document is an admission document prepared in accordance with the AIM Rules for Companies. This document does not comprise a prospectus within the meaning of section 85 of FSMA, has not been drawn up in accordance with the Prospectus Rules and has not been approved by or filed with the Financial Services Authority. Application has been made to the London Stock Exchange for all of the issued Common Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that Admission will become effective and that trading in the Common Shares will commence on AIM on 25 October 2011.

Wentworth Resources Limited (the ''Company'') and the Directors of the Company, whose names appear on page 5 of this document, accept responsibility individually and collectively for all the information contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information. Under no circumstances should the information in this document be relied upon as being accurate or complete at any time after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. In addition, the AIM Rules for Companies are less demanding than those of the Official List. The securities of companies listed on AIM are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The whole text of this document should be read. Persons receiving this document should be aware that an investment in the Company involves a high degree of risk. The attention of persons receiving this document is drawn to the section headed ''Risk Factors'' contained in Part 5 of this document.

WENTWORTH RESOURCES LIMITED

(a company incorporated under the Business Corporations Act (Alberta) with corporate access number 208919431)

ADMISSION TO TRADING ON AIM

Nominated Adviser and Broker	*Broker*
PANMURE GORDON & CO	**FIRSTENERGY CAPITAL LLP**

Share capital of the Company immediately following Admission

	Issued and fully paid
	Number
Common Shares of no par value	**80,469,940**

Panmure Gordon, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company and is acting exclusively for the Company and for no one else in connection with Admission. Panmure Gordon will not be responsible to anyone other than the Company for providing the protections afforded to clients of Panmure Gordon or for advising any other person on the contents of this document or Admission. The responsibility of Panmure Gordon as nominated adviser to the Company is owed solely to the London Stock Exchange and is not owed to the Company or any Director or to any other person in respect of their decision to acquire Common Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Panmure Gordon as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Apart from the responsibilities and liabilities, if any, which may be imposed on Panmure Gordon by FSMA or the regulatory regime established thereunder or the AIM Rules, no liability whatsoever is accepted by Panmure Gordon for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

FirstEnergy, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as broker to the Company and is acting exclusively for the Company and for no one else in connection with Admission. FirstEnergy will not be responsible to anyone other than the Company for providing the protections afforded to clients of FirstEnergy or for advising any other person on the contents of this document or Admission. No representation or warranty, express or implied, is made by FirstEnergy as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Apart from the responsibilities and liabilities, if any, which may be imposed on FirstEnergy by FSMA, no liability whatsoever is accepted by FirstEnergy for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of Joelson Wilson LLP at 30 Portland Place, London W1B 1LZ for one month from the date of Admission.

IMPORTANT NOTICE

This document does not constitute an offer to buy or an invitation to subscribe for, or a solicitation of any offer to buy or subscribe for or buy any Common Shares in the Company to any person in any jurisdiction in which such offer or solicitation is unlawful. The Common Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, any US Person (as such term is defined in Regulation S under the Securities Act), or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

Neither this document nor any copy of it may be sent to or taken into the United States, Canada, Australia, the Republic of South Africa or Japan, nor may it be distributed directly or indirectly to any US Person (within the meaning of Regulation S under the Securities Act) or to any persons with addresses in Canada, Australia, the Republic of South Africa, or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any country outside England and Wales where such distribution may lead to a breach of any legal and regulatory requirement.

No Common Shares have been offered or sold, or will be offered or sold, to the public in a Relevant Member State with effect from the Relevant Implementation Date except (with effect from and including the Relevant Implementation Date): (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) an aggregate balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of Panmure Gordon; or (d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Forward-looking statements

This document contains statements that are, or may be deemed to be, ''forward-looking statements''. which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words ''targets'', ''believes'', ''estimates'', ''anticipates'', ''expects'', ''aims'', ''intends'', ''may'', ''will'', ''would'', ''could'' or ''should'' or, in each case, their negative or other variations or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The important factors that may cause the Group's actual results, performance or achievements to differ from those forward-looking statements include those contained in Part 1, Part 2 and Part 5 and elsewhere in this document.

Potential investors are advised to read this document in its entirety, and, in particular, the section entitled ''Risk Factors'' for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under FSMA and the AIM Rules for Companies), the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

TABLE OF CONTENTS

1. DIRECTORS AND ADVISERS

Directors	Robert McBean, Executive Chairman John Bentley, Deputy Chairman Richard Schmitt, Non-Executive Director Neil Kelly, Non-Executive Director Issa Baluch, Non-Executive Director Cameron Barton, Non-Executive Director
Registered Office	Suite 630, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6 Tel: (1) 403 294-1530
Nominated Adviser and Broker to the Company	Panmure Gordon (UK) Limited 155 Moorgate, London EC2M 6XB
Broker to the Company	FirstEnergy Capital LLP 85 London Wall, London EC2M 7AD
Solicitors to the Company as to English Law	Joelson Wilson LLP 30 Portland Place London W1B 1LZ
Solicitors to the Company as to Canadian Law	Osler, Hoskin & Harcourt LLP Suite 2500, TransCanada Tower, 450 – 1st Street SW, Calgary
Solicitors to the Company as to Mozambique Law	Couto, Graca & Associados AV Kim Il Sung, 961, Maputo
Solicitors to the Company as to Norwegian Law	Advokatfirmaet Thommessen Haakon VIIs gate 10, PO Box 1484 Vika, N-0161 Oslo
Solicitors to the Company as to Tanzanian Law	Asyla Attorneys 1st Floor, Alpha House, New Bagamayo Road PO Box 80496, Dar es Salaam
Solicitors to the Company as to Mauritius Law	Bedell Cristin (Mauritius) Partnership Level 12, Raffles Tower, 19 Ebene Cybercity, Mauritius
Legal adviser to the Company in respect of certain aspects of Jersey law	Mourant Ozannes 22 Grenville Street, St Hellier, Jersey, JE4 8PX, Channel Islands
Solicitors to Nominated Adviser and Brokers	K&L Gates LLP One New Change, London EC4M 9AF
Reporting Accountant	BDO LLP 55 Baker Street, London W1U 7EU
Auditors	Deloitte & Touche LLP Chartered Accountants 3000 Scotia Centre, 700-2nd Street SW, Calgary, Alberta T2P 0S7
Competent Person	RPS Energy Suite 1400, 800 – 5th Avenue S.W., Calgary, Alberta T2P 3T6
Public Relations Firm	College Hill The Registry, Royal Mint Court, London EC3N 4QN
Registrars	Euroclear UK & Ireland Limited 33 Cannon Street, London EC4M 5SB

Depositary Interest Holder	Nordea Bank Norge ASA Securities Services – Issuer Services, Essendropsgate 7 Oslo

2. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	**21 October 2011**
Admission and expected commencement of dealings on AIM	**8.00 a.m. 25 October 2011**

Each of the times and dates in the above timetable is subject to change without further notice. All times are London times.

3. ADMISSION STATISTICS

Number of Common Shares in issue immediately following Admission	**80,469,940**
Expected market capitalisation of the Company immediately following Admission	**£40 million**
ISIN code	**CA 9506771042**
TIDM Code	**OSX: WRL.NO AIM: WRL.L**

PART 1

SUMMARY INFORMATION

The following is a summary of certain information appearing elsewhere in this document and should be read as an introduction to this document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. Any decision to invest in Common Shares should be based on consideration of this document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Common Shares and in particular the risk factors set out in Part 5 of this document.

Wentworth is an independent oil and gas company focused on building a leading integrated production business in Tanzania and Mozambique. The Company's asset portfolio includes gas production, appraisal and exploration assets, downstream oil and natural gas assets including a gas processing plant and pipeline system and an 18MW gas-to-electricity production facility.

The Company's strategy includes

- Active oil and gas exploration
- Drilling of additional gas reserves in Tanzania
- Development of a petrochemicals facility to consume Tanzanian gas
- Production and sale of incremental gas to third parties

Highlights

- High-quality management team with experience of exploration, large scale field production and downstream oil and gas project development
- Currently producing natural gas from identified gas resources
- Natural gas and electricity sales revenues
- Proven assets with appraisal opportunities and exploration upside potential, including:
    - 169 Bcf of net P50 unrisked contingent recoverable resources and 618 Bcf of net P50 unrisked prospective recoverable resources in Tanzania
    - Exploration opportunities in Mozambique including 154 Bcf of net P50 unrisked prospective recoverable resources
    - a Net Profits Royalty in Mozambique that has increased in value as a result of five recent major gas discoveries by Anadarko
- Sub Saharan East Africa is experiencing increased activity with substantial oil discoveries in Uganda and natural gas discoveries in offshore Tanzania and Mozambique
- Recognised operators and partners including Anadarko, Cove Energy and Maurel et Prom
- Significant future natural gas monetisation potential through:
    - Gas-to-petrochemicals project
    - Liquefied Natural Gas facilities being considered both in Mozambique and Tanzania
    - Transnational gas pipeline currently under consideration

PART 2

INFORMATION ON THE COMPANY

1. INTRODUCTION

Wentworth is an independent oil and gas company with gas production, appraisal and exploration assets in the Rovuma Basin of East Africa. The Company's interests include production, appraisal and exploration potential in the Mnazi Bay area, in the Rovuma Basin of Southern Tanzania, additional exploration acreage in onshore Mozambique via a committed exploration programme and exposure to exploration potential offshore Mozambique. The Common Shares are also publicly traded on the Oslo Stock Exchange (OSX: WRL).

In addition to its upstream assets, the Company owns downstream oil and natural gas assets including a gas processing plant and pipeline system and operates an 18MW gas-to-electricity production facility in Mtwara, Tanzania (the "**Mtwara Power Plant**").

The Board's strategy for the Company is to become a leading integrated oil and gas producer in East Africa, a region in which it has significant expertise and which is expected to evolve into a major oil and gas producing region. The Company's management has established good working relationships with government and industry in the region.

In addition to exploration, to which it is committed, the Company is also focused on monetising its known natural gas reserves and is pursuing ways of achieving this, other than through traditional gas sales to third parties. Several of the executives and directors of the Company have undertaken similar work in Qatar, the United Arab Emirates and Indonesia and their proven gas monetisation experience is being applied in East Africa.

1.1 Key Investment Highlights

(i) Members of the Board and management team have previously worked together and bring together a diverse set of skills which include experience in exploration, large scale field production and downstream oil and gas project development.

(ii) The Company has interests in one production sharing agreement ("**PSA**") in Tanzania and two Exploration and Production Concession Contracts ("**EPCCs**") in Mozambique with natural gas currently producing from the Mnazi Bay gas field.

(iii) The Company's portfolio of assets comprises proven assets in Tanzania with low risk appraisal opportunities and substantial exploration upside potential in both Tanzania and Mozambique, including:

   (a) 169 Bcf of net P50 unrisked contingent recoverable resources and 618 Bcf of net P50 unrisked prospective recoverable resources in Mnazi Bay (Tanzania);

   (b) exploration opportunities in Onshore Rovuma (Mozambique) including 154 Bcf of net P50 unrisked prospective recoverable resources; and

   (c) a Net Profits Royalty in the Offshore Rovuma Block (Mozambique) that has increased in value, as a result of five recent major gas discoveries by Anadarko.

(iv) Sub Saharan East Africa is experiencing increased exploration activity, drilling and production by major oil companies, large independent exploration and production companies, national oil companies, and smaller independent companies and is benefitting from substantial oil discoveries in Uganda and natural gas discoveries in offshore Tanzania and Mozambique.

(v) The Company is working with recognised operators and partners including Anadarko, Cove Energy and Maurel et Prom.

(vi) The Company has natural gas and electricity sales revenues.

(vii) The Company has significant future natural gas monetisation potential through: a large gas-to-petrochemicals project; Liquefied Natural Gas ("**LNG**") facilities being considered for both Mozambique and Tanzania; and a transnational gas pipeline currently under consideration for Tanzania.

1.2 Company Strategy

The Company's strategy is to:

- actively explore for new discoveries of oil and natural gas;
- prove up additional gas reserves in Mnazi Bay;
- develop a large petrochemicals facility to consume Mnazi Bay area gas; and
- produce and sell incremental gas to third parties.

1.3 Overview of Assets

Wentworth has interests in three adjacent East African hydrocarbon concessions: Mnazi Bay in Tanzania, Onshore Rovuma Block in Mozambique and Offshore Rovuma Block (via a Net Profits Royalty) in Mozambique. It also has midstream and downstream assets in Tanzania, including the Mtwara Power Plant.

Wentworth's assets and operations comprise:

(i) Mnazi Bay Development: a 25.40% *pro rata* share of a proven and producing natural gas field in southern Tanzania;

(ii) Mnazi Bay Exploration: a 31.75% *pro rata* share of oil and gas exploration immediately adjacent and surrounding its proven natural gas field in southern Tanzania;

(iii) Mnazi Bay Infrastructure: a 25.40% *pro rata* share of midstream natural gas infrastructure in Tanzania including two gas processing plants and 27 kilometres of pipeline;

(iv) Mnazi Bay Power Plant: a 100% share of a regulated 18MW gas-fired power production plant in Tanzania (Mtwara Power Plant);

(v) Onshore Rovuma Block: a 11.59% *pro rata* share of an oil and gas exploration licence in northeastern Mozambique (primarily onshore) and a 13.64% paying interest during the exploration phases of the license; and

(vi) Offshore Rovuma Block: a 4.95% NPR in Cove Energy's 8.5% *pro rata* share of profit petroleum in an offshore northern Mozambique exploration licence.

Note: The percentages in relation to (i), (ii), (iii) and (iv) are the interests held by the subsidiaries involved in each of the projects and do not take into account the interest attributable to the holding of FMO in those subsidiaries as set out elsewhere in this document.

Summary of assets:

License	Wentworth Working Interest	Licence Area (approximate)	Status	Partners	Licence Expiry Date	Description
Tanzania: Mnazi Bay(1)	25.40% net, carried through 1 exploration well and 200km^2 3D seismic or alternative work program of equal cost	756km^2	Exploration/ Appraisal/ Production	Maurel et Prom (Op) 38.22%, Cove Energy 16.38%, TPDC 20%	23 October 2031	Four wells drilled to date: all encountered hydrocarbons, one producing, others completed and shut-in
Mozambique: Onshore Rovuma Block	11.59% participating interest, with a 13.64% paying interest in the exploration phases	13,500km^2	Exploration	Anadarko (Op) 35.70%, Maurel et Prom 27.71%, ENH 15%, Cove Energy 10%	1 September 2013(2)	Entering second phase exploration programme
Mozambique: Offshore Rovuma Block	4.95% NPR in Cove Energy's profit petroleum	10,500km^2	Exploration/ Appraisal	Anadarko (Op) 36.50%, Mitsui 20%, ENH 15%, Bharat Petroleum 10%, Videocon 10%, Cove Energy 8.50%	n/a	Five major gas discoveries drilled to date

Notes:
(1) Wentworth has a 31.75% working interest in the exploration operations of Mnazi Bay
(2) Under the terms of its Exploration and Production Concession Contract ("EPCC") Wentworth has the option to enter into a subsequent phase expiring on 1 September 2015 (see section 11.7 in Part 9 of this document)

1.4 Reserves and Resources Summary:

Contingent Resources (Unrisked) Mnazi Bay Licence, Tanzania (Bcf)

	100% Field Values				Wentworth 25.4% Interest			
	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}
Gas Originally in Place	365	892	1,112	2,117	92.7	227	282	538
Recoverable* Resources	271	667	834	1,594	68.8	169.4	212	405

* Recoverable resources in RPS are defined as estimated ultimate technically recoverable (EUR) resources.
Source: The above table is an extract from the RPS CPR (p. ii)

Prospective Resources (Unrisked) Mnazi Bay Licence, Tanzania (Bcf)

	100% Field Values				Wentworth 31.75% Interest			
	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}
Gas Originally in Place	1,658	2,817	2,952	4,417	526	894	937	1,402
Recoverable Resources	1,133	1,948	2,062	3,142	360	618	655	998

Source: The above table is an extract from the RPS CPR

Prospective Resources (Unrisked) Rovuma Licence, Onshore Mozambique (Bcf)

	100% Field Values				Wentworth 11.59% Interest			
	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}
Gas Originally in Place	875	1,929	2,192	3,885	101	224	254	450
Recoverable Resources	602	1,331	1,531	2,720	70	154	177	315

Source: The above table is an extract from the RPS CPR

The Competent Person's Report, which includes, *inter alia*, independent resource assessments in respect of the Company's assets, is contained in Part 6 of this document.

1.5 Overview of Rovuma Basin

The Rovuma Basin covers approximately 64,000 square kilometres (6,611,550 acres), in the southern end of the extensive passive margin system in East Africa and includes the Company's existing licences. It is an under-explored frontier basin.

This basin, centred in northern Mozambique and southern Tanzania, has been penetrated by more than ten wells to date. They include the Lukuledi well, the Mnazi Bay well and the Mocimboa well drilled in the 1980's; the Mnazi Bay re-entry, the Mnazi Bay well 2, the Mnazi Bay well 3 and the Msimbati well drilled by Wentworth between 2005 and 2007. More recently the Mecupa well was drilled by Anadarko and its onshore Mozambique partners. Eight wells (Windjammer, Tubarão, Collier, Barquentine, Lagosta, Ironclad, Barquentine-2 and Camarão) were drilled here by Anadarko and its offshore Mozambique partners, in addition to Likonde by Tullow Oil in Tanzania and one well, Chaza, by Ophir/BG in Tanzania.

The seven wells successfully drilled by Anadarko in the Rovuma Basin (Windjammer, Barquentine-1, Barquentine-2, Lagosta, Tubarão, Ironclad and Camarão), along with Wentworth's four gas wells in Mnazi Bay, have proven the presence of a potentially significant gas resource. The latest gas discoveries reported by Anadarko, following the drilling of the Windjammer, Barquentine, Lagosta, Tubarão, Barquentine-2 and Camarão wells, and by Ophir/BG Group with the Chaza-1 well, are promising in that further potential resources may exist in the Rovuma Basin.

The map below shows the Company's Licences:

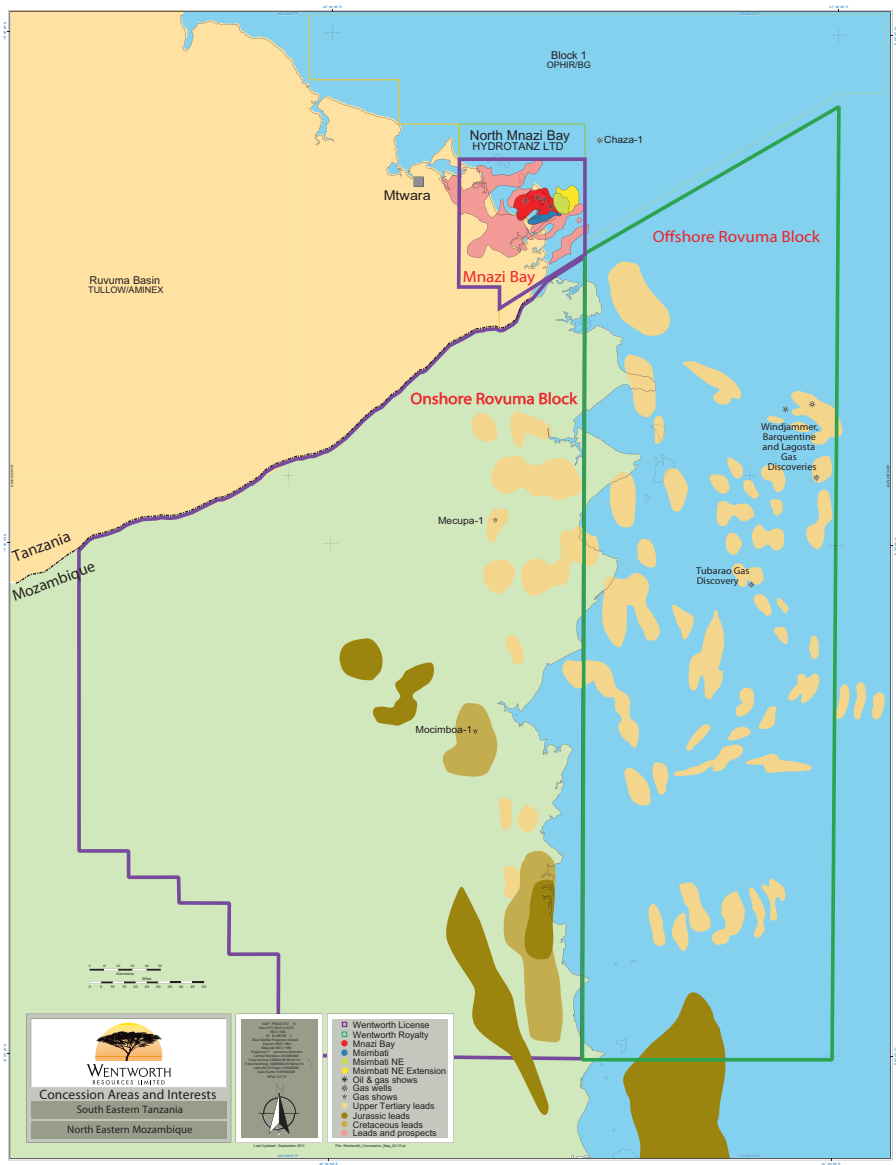


Figure 1: Wentworth Concession Assets and Interests

1.6 Mnazi Bay Exploration and Development

<u>Overview and Background</u>

On May 18, 2004, the Company's majority owned subsidiary, Wentworth Gas Limited (formerly known as Artumas Group & Partners (Gas) Limited or AG&P Gas) entered into the Mnazi Bay PSA with the Ministry of Energy and Minerals for the Government of the United Republic of Tanzania, and TPDC.

The Company's interest in the Mnazi Bay PSA is indirectly held by ATJL. Wentworth owns 87.33% of ATJL with the remaining 12.67% owned by FMO.

In September 2009, Wentworth farmed-out a 54.6% participating interest in all petroleum operations other than exploration operations to Maurel et Prom (38.22%) and Cove Energy (16.38%) and a 68.25% participating interest in exploration operations to Maurel et Prom (47.775%) and Cove Energy (20.475%). Wentworth retains a 25.4% participating interest in petroleum operations other than exploration and a 31.75% participating interest in exploration operations.

Pursuant to the Mnazi Bay PSA, Wentworth Gas Limited (and joint venture partners) may undertake certain petroleum operations on behalf of TPDC within a concession (the Mnazi Bay Concession), and share in any production resulting from those petroleum operations, based on exploration and development licences granted by the Ministry of Energy and Minerals to TPDC. The share of each party in the Mnazi Bay PSA in petroleum operations conducted under the Mnazi Bay PSA is described in paragraph 11.6 of Part 9 of this document under the Tanzania Mnazi Bay PSA.

The Mnazi Bay Concession covers approximately 756 km^2 in south-eastern Tanzania, bordering Mozambique, and is situated within the northeast extension of the Rovuma Basin along the flank of the Rovuma River. In 1981, ENI drilled a shallow water, off-shore well and discovered the Mnazi Bay Concession. In 2005, the Company successfully re-entered a shut-in well and subsequently successfully drilled two appraisal wells and one exploration well, all of which yielded natural gas. The exploration well drilled discovered a new field called Msimbati, and seismic interpretation also identified two additional channel features called Misimbati N.E. and Misimbati N.E. Extension. It is believed that the Misimbati N.E. channel is connected to the Mnazi Bay channel complex.

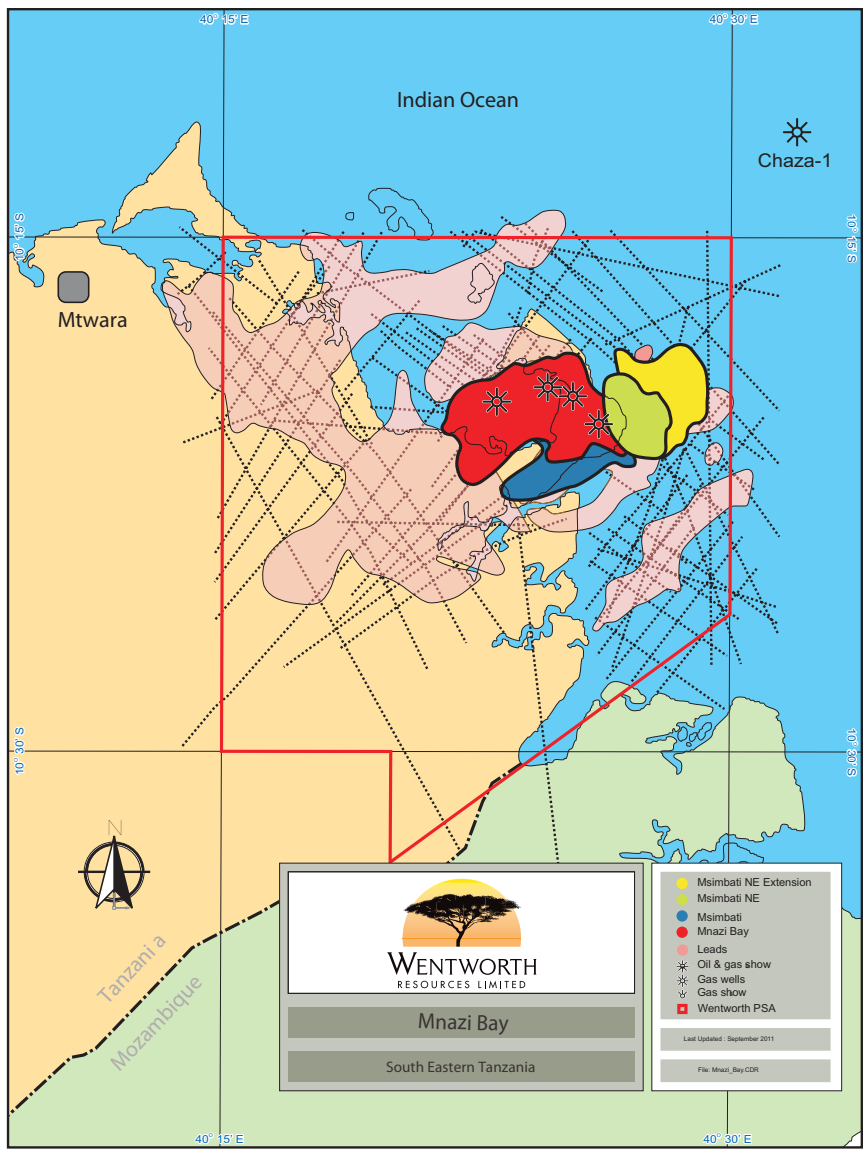


Figure 2: Mnazi Bay Concession

Mnazi Bay has significant exploration potential as described by RPS in its report contained in Part 6 of this document, which estimates circa 0.7Tcf of gross P50 unrisked

contingent recoverable resources and a further 1.9Tcf of gross P50 unrisked prospective recoverable resources. Further to the terms of the Mnazi Bay Farm Out Agreeement, Maurel et Prom and Cove Energy are obliged to cover the costs of not less than 200 km^2 3D seismic program and one exploration well (or alternative work program of equal cost) which may be undertaken by the parties. Under the Mnazi Bay Farm Out Agreement, each party has a right of first refusal in circumstances of any of the joint venture partners wishing to sell their interest in the Mnazi Bay Concession, and as such there is potential to increase exploration exposure through acquisition of farm out interests marketed by joint venture partners that may choose to exit their portfolios in the region.

Geological Description

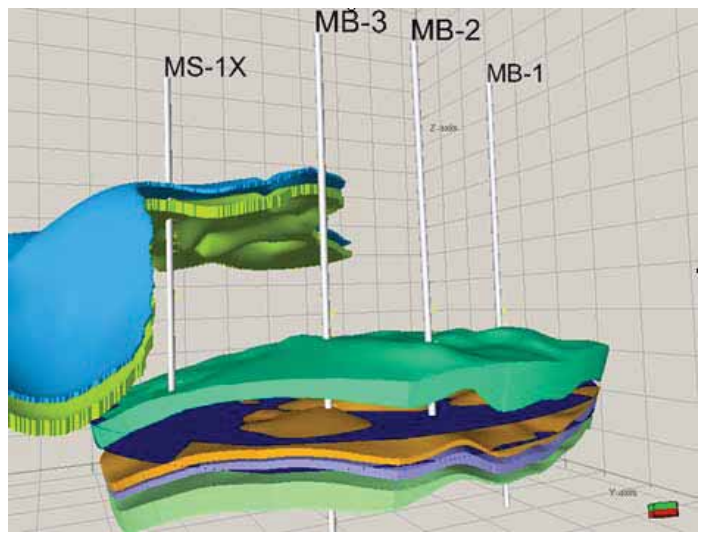


Figure 3: Mnazi Bay and Msimbati Wellbores

The Mnazi-Bay 1 well is in shallow water, close to the Mnazi Bay production facilities. The well, which was drilled in 1981 and subsequently suspended in 1982, was re-entered by Wentworth in 2005 to evaluate its condition and its productive capacity. The well has a dual completion facilitating separate production from each of two gas bearing zones evaluated in the wellbore. At existing reservoir pressures, these two zones, totalling 39 feet of net pay, are capable of flowing gas at sufficient rate to meet the foreseeable gas demand requirements of the Mtwara Power Plant. During open-hole drill-stem testing, the Mnazi Bay-1 well produced stabilized flow of 10.5 MMscf/d with a drawdown of only 131 psi at the reservoir face, as compared to an initial reservoir pressure of approximately 2900 to 2990 psia. The Mnazi Bay-1 well is currently the only well in production at a rate of approximately 1.7 MMscf/d.

The Mnazi Bay-2 well was drilled up-dip of Mnazi Bay-1 in 2006 as the first appraisal well targeting the Tertiary gas bearing sands. The well is completed in one of four gas bearing zones, with total net pay of 90 feet. During open-hole drill-stem testing, each of the four gas-bearing zones produced between 7.8 and 8.7 MMscfg/d of gas at stabilized flow rates, with draw-downs between 1 psi and 12.1 psi as compared to an initial reservoir pressure of approximately 2900 to 2990 psia.

The Mnazi Bay-3 well, drilled during Q4 of 2006 and Q1 of 2007, to test the extent of the Mnazi Bay Concession, encountered four productive intervals totalling 157 feet of net pay. During open-hole drill-stem testing, each of the four gas-bearing zones produced between 9.3 and 14.6 MMscf/d of gas at stabilized flow rates, with draw-downs between 19 psi and 49 psi compared to an initial reservoir pressure of approximately 2900 to 2990 psia.

A 5 km, 10 inch pipeline has recently been constructed to tie in Mnazi Bay-3 to the gas processing facility. The well is currently shut-in until such demand is required.

The Msimbati 1-X well, drilled in Q1 of 2007, was the first exploration well targeting amplitude anomalies mapped on seismic that were shallower than the Mnazi Bay gas

field sands (Figure 3). The well encountered four gas bearing sands in what has now been labeled the K Sands interval, thereby discovering a new field named Msimbati. The well also encountered deeper sands related to Mnazi Bay Concession sand sections, helping to delineate the extent of the Mnazi Bay Concession.

A third channel slope feature, referred to as Msimbati N.E. is present at Mnazi Bay/ Msimbati. The channel is interpreted to be connected to the Mnazi Bay channel complex. Msimbati N.E. is a separate channel to the Mnazi Bay and Msimbati channels, deposited in a similar slope setting and is expected to contain similar sand properties to the other channels and is potentially connected laterally and/or vertically to the Mnazi Bay and Msimbati channels.

A fourth channel slope feature, identified as the Msimbati N.E. Extension was likewise mapped; this feature may or may not be connected to Msimbati N.E. proper. The imaging of this feature in the transistion zone is not as good as the other channel features. The majority of the channel lies down-dip from Msimbati N.E.

Production and Resources

The Mnazi Bay-1 well is currently the only producing well at a rate of approximately 1.7mmcf/d. Gas is transported by pipeline to the Mtwara Power Plant approximately 27 km away.

Wentworth has interpreted the 130 kilometres of 2-D seismic data acquired in 2008, and is using the results to create a fully integrated reservoir and production model for the Mnazi Bay and Msimbati Fields. The 20 kilometres 2-D seismic tie-line linking the seismic database covering the Mnazi Bay Concession in Tanzania to the seismic database covering the Onshore Rovuma Block (Mozambique) enhances the Company's understanding of the geological model and potential of the Rovuma Basin. RPS has reviewed this data and provided resource estimates, which is referred to in its report (set out on page iv) in Part 6 of this document. The estimated volumes are summarised in the tables below.

Summary of Mnazi Bay Unrisked Contingent Recoverable Resources — EUR (Bcf)

	100% Field Values				**Wentworth 25.4% Interest**			
Field	P90	P50	Mean	P10	P90	P50	Mean	P10
Upper & Lower Msimbati	31	91	124	252	8	23	31	64
Msimbati NE	22	84	121	261	6	21	31	66
Msimbati NE Extension	5	27	42	93	1	7	11	24
Upper & Lower Mnzai	156	419	547	1,085	40	106	139	276
Total	271	667	834	1,594	69	169	212	405

Source: The above table is an extract from the RPS CPR (p. vi)

Summary of Mnazi Bay Unrisked Prospective Recoverable Resources — EUR (Bcf)

	100% Field Values				**Wentworth 31.75% Interest**				**GCoS**
Prospect	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}	
Mtwara	349	809	905	1,575	111	257	287	500	27%
Nanguruwe (NGU-1)	26	64	75	140	8	20	24	44	17%
Mwambo-1 (MWA-1)	203	389	418	667	65	124	133	212	17%
OSX-1	149	417	490	930	47	133	156	295	25%
OSX-2	65	153	174	311	21	49	55	99	25%
Total	1,133	1,948	2,062	3,142	360	618	655	998	

Source: The above table is an extract from the RPS CPR (p. viii and ix)

In addition to the discovered resources in the Mnazi Bay and Msimbati Fields, this geophysical mapping has confirmed the existence of a number of undrilled prospects. As stated in the CPR, the prospective resources relate to five prospects identified at Mnazi Bay (three onshore and two offshore) with geological chance of success of between 17% and 27%.

Facilities and Development Plan

Pursuant to the PSA and joint operating agreement between TPDC, Wentworth, Maurel et Prom and Cove Energy, the parties benefit from a 25 year development licence issued to TPDC on (and running from) October 26, 2006.

Gas production from the Mnazi Bay Field is tied in to production facilities at Msimbati Peninsula where it is processed to remove liquids and then shipped by pipeline to the town site of Mtwara, the location of the gas receiving facilities and power generation plant supporting the Mtwara Power Plant. The gas processing and receiving plants have been designed and constructed to accommodate modular expansions in production capacity that would significantly increase the existing processing capacity limitation of about 10 MMscf/d. With the addition of compression, the pipeline is capable of transporting close to 70 MMscf/d.

Further to the terms of Mnazi Bay Farm Out Agreement, Maurel et Prom and Cove Energy are obliged to cover the costs of not less than 200km^2 3D seismic survey (or alternative work of equal cost) and one exploration well which may be undertaken by the parties. Also, Wentworth has the right (but not the obligation) to elect not to pay for the first two appraisal wells in exchange for transferring a further 5% participating interest per well. The partners are currently in discussions regarding a forward work programme that is expected to include the drilling of at least one exploration well along with a work-over of three existing wells.

A circa $30 million receivable from TPDC in relation to its earlier election to participate in the Mnazi Bay licence is reserved for the benefit of Wentworth only. This receivable is being repaid out of part of TPDC's share from the Mnazi Bay production.

1.7 Onshore Rovuma Block

Overview and Background

In mid-2005, the Mozambique government initiated its second licensing bid round in relation to the Onshore Rovuma Block. Wentworth bid on two blocks, successfully acquiring an EPCC for the Onshore Rovuma Block. The Onshore Rovuma Block covers an area of approximately 13,500km^2 in the Rovuma Basin. The block is immediately adjacent to the Mnazi Bay concession.

In November, 2008, Wentworth (as previous operator and 49.30% working interest partner) completed a 2-D seismic acquisition program over the north-eastern part of Onshore Rovuma Block in Mozambique. A total of 640 kilometres of seismic data was acquired. The program included a seismic tie-line northward to link to the seismic database covering the Mnazi Bay Concession in Tanzania. Subsequent to completing this seismic commitment Wentworth transferred operatorship of the concession to Anadarko. Anadarko has a 35.70% participating interest in the Onshore Rovuma Block.

In September 2009, Wentworth farmed out a 37.71% participating interest in the Onshore Rovuma Block to Maurel et Prom (27.71%) and Cove Energy (10%), retaining an 11.59% participating interest, together with a 13.64% paying interest during the exploration phase of the licence. In the farm-out agreement Maurel et Prom and Cove Energy agreed to carry Wentworth for the cost of the committed Mecupa exploration well.

In December 2009, it was confirmed by the operator that the Mecupa commitment well encountered hydrocarbon shows. However, while the well had encountered reservoir sands and indications of hydrocarbons at various intervals, it was plugged-back and abandoned.

In August 2010, the joint venture partners were awarded a six-month extension, without further commitment, to the current exploration period for the onshore Rovuma licence. This extends the term of the initial exploration period from September 1, 2010 to March 1, 2011. This extension has allowed the joint venture partners to further evaluate the

data from the Mecupa well before proceeding with further seismic and drilling commitments. The Company and its partners have now entered the second exploration phase.

Geological Description

The depositional environment is part of the same deltaic complex identified at Mnazi Bay.

In 2007/2008, 640 km of 2D seismic was acquired in the north-east portion of the block, referred to as the North Palma Area, bringing the total amount of seismic on the block to 1834 km of data (41 lines).

A volumetric probabilistic methodology has been utilized to determine in-place and recoverable resource volumes. The inputs for the probabilistic analysis are derived by seismic interpretation and analogy:

- Gross Rock Volumes: determined from the seismic interpretations.
- Net/Gross pay ratio: determined by analysis of the Mecupa and Mocimboa-1 wells, Mozambique, Mnazi Bay log evaluations, together with examples from other Tertiary fields within East Africa to determine a wider range of possible distributions.
- Porosity: determined by analysis of the Mecupa, Mocimboa and Mnazi Bay log evaluations, together with examples from other Tertiary fields within East Africa to determine a wider range of possible distributions.
- Water Saturation: determined by analysis of the log evaluations, by layer using the four wells at Mnazi Bay.
- Gas Formation Volume Factor: determined from gas analysis data from the MB-2 well, adjusted for pressure and temperature gradients.
- Recovery Factor: determined using estimates for Mnazi Bay field and also recognizing for a low case that reservoir channel sands in some cases may not be fully connected.

Resources

The first prospect identified on the block using the new data, the Mecupa well, was drilled in Q4 2009 and encountered excellent Tertiary reservoir sands and indications of gas.

Interpretation of the recently acquired seismic data and the drilling of the Mecupa well in 2009 has concentrated exploration activity to the north-eastern portion of the block. This area, referred to as the North Palma area, contains prospects and leads within the Tertiary aged Miocene, Oligocene and Paleocene formations. After interpretation of Wentworth's 2D seismic data and AVO analysis, prospective resources have been assigned by RPS/PRCL to two prospects:

- Chilua South, where the Tertiary Oligocene is prospective for gas; and
- North Graben, where the Tertiary Miocene and Oligocene are prospective for gas.

Both prospects have a GCoS of 15.0%.

Summary of Onshore Rovuma Unrisked Prospective Resources

Mozambique Prospective Resources (Unrisked) – GIIP (Bscf) – 11.59% WI

Prospect	Horizon	P90	P50	Mean	P10
Chilua South	Prospect Total	41	156	188	378
North Graben	Shallow	6	19	22	42
	Deep	13	39	44	81
	Prospect Total	30	61	66	107
Prospective Resource	Total GIIP	101	224	254	450

Mozambique Prospective Resources (Unrisked) – Euro Gas (Bscf) – 11.59% WI

Prospect	Horizon	P90	P50	Mean	P10
Chilua South	Prospect Total	27	106	131	268
North Graben	Shallow	4	13	15	29
	Deep	9	27	31	57
	Prospect Total	21	42	46	76
Prospective Resource	Total Gas EUR	70	154	177	315

Source: The above tables are an extract from the RPS CPR

Exploration Programme

The joint venture partners entered the second exploration period and that period has been reduced by a corresponding six-month period from a term of thirty-six months to thirty months from March 1, 2011. The partners are committed to, at a minimum, one exploration well to a minimum of 3,505m or the top of the Cretaceous, which is expected to be drilled in 2013, and 100km^2 of 3D seismic acquisition. The Company's management estimates the total gross cost of this minimum work programme to be approximately US$40-50m and expects the exploration programme will be expanded.

1.8 Offshore Rovuma Block

Overview and Background

The Offshore Rovuma Block is currently operated by Anadarko (36.5%), with joint venture partners Cove Energy (8.5%), Mitsui E&P (20.0%), Videocon (10.0%), Bharat Petroleum (10.0%) and Empressa Nacional de Hidrocarbonetas E.P. (15.0%).

Wentworth has a 4.95% NPR on Cove Energy's profit petroleum from the Offshore Rovuma Block. The concession extends to 10,500km^2 and Cove Energy has indicated that there are currently over 50 de-risked exploration leads identified.

Over 3,300 square kilometres of high quality 3-D deep-water seismic data were acquired in 2008 by Anadarko.

On 18 February 2010, Anadarko announced the first East African deepwater natural gas discovery with the Windjammer well (555 ft. of net natural gas pay). Subsequently on 18th August 2010 Anadarko announced the Ironclad discovery: the first deep water presence of oil off the coast of East Africa. On 19 October 2010 Anadarko announced a second deepwater natural gas discovery with the Barquentine well (416 ft. of net natural gas pay) and on 29 November 2010 Anadarko announced a third deepwater natural gas discovery with the Lagosta well (550 ft. of net natural gas pay). On 7 February 2011 Anadarko announced a fourth deepwater natural gas discovery with the Tubarao well (110 ft. of net natural gas pay), Barquentine-2 (230 ft. of net natural gas pay) on 22 August 2011 and the fifth deepwater discovery Camarão (380 ft. of net natural gas pay) on 5 October 2011.

Geological Description

The Offshore Rovuma Block (Mozambique) is situated offshore north-eastern Mozambique. The concession area covers approximately 10,500km^2. The concession area covers the deep marine portion of the prograding deltaic system, consisting of Oligocene-Miocene deep water turbidites deposited at the end of the canyon/channels as subterranean fans.

Resource Potential

Anadarko has indicated recoverable resources of 10 Tcf present on four Tertiary discoveries – Windjammer, Barquentine, Lagosta and Camarão (also referred to as the Palma Gas Area) with additional gas resources contained in the Tubarao discovery. Anadarko has also announced a Cretaceous oil discovery at Ironclad, in the southern portion of the block. Cove Energy owns an 8.5% working interest in the block, and using the Anadarko contingent resource estimate of 10 Tcf, Cove Energy's working interest in the resources would be 850 Bcf. Wentworth's potential value in this resource is through its ownership of a 4.95% NPR in potential profits derived from potential production and sale of Cove Energy's estimated 850 Bcf working interest contingent resource volume.

Development Plan

Anadarko, the operator of the block has drilled eight wells to date, five of which have been announced as major gas discoveries and one as a successful appraisal well (Barquentine-2):

- Windjammer – 555 net feet of pay. (Oligocene and Paleocene)
- Barquentine – 416 net feet of pay. (Oligocene and Paleocene)
- Lagosta – 550 net feet of pay. (Oligocene and Eocene)
- Tubarao – 110 net feet of pay. (Eocene)
- Barquentine-2 – 230 net feet of pay. (Oligocene)
- Camarâo – 380 net feet of pay. (Oligocene and Miocene)

The seventh well, named Ironclad, targeted Cretaceous aged sediments in two distinct fan lobes. The well discovered 125 feet of oil and gas saturated sands in the upper fan lobe; however, according to Anadarko the well is not likely to be commercial.

The eighth well, named Collier, was drilled on the south-east portion of the block in 2010. The well was suspended at the top of the predicted reservoir objective due to unexpected pore pressure issues. The well has been sealed and can be re-entered at a later date.

1.9 Mtwara Power Plant

The Mtwara Power Plant is a 18MW gas-to-power generation facility located in Mtwara, Tanzania and sells electricity to TANESCO in the Mtwara and Lindi regions of Southern Tanzania. The Mtwara Power Plant is supplied by natural gas produced, processed and pipelined from Mnazi Bay. It was developed as part of the Company's agreement to provide a gas-to-power energy solution for the region. The Company originally installed six 2MW Caterpillar generators and recently added three more 2MW Caterpillar generators to meet growing demand. The Company intends to expand its power generation in the region to a total of 30MW.

Figure 4 – the Mtwara Power Plant

The Company's interest in the Mtwara Power Plant is indirectly held by ATJL. Wentworth owns 87.33% of ATJL with the remaining 12.67% owned by FMO.

1.10 Long-Term Gas Monetisation Strategy

Wentworth is actively studying the optimal way to develop and build a large petrochemical facility to monetise the Mnazi Bay natural gas resource. On June 26, 2010 a memorandum of understanding was signed with the Government of Tanzania (the "**MoU**") to "…assess a potential domestic development project, which would include the aims of spurring industrial growth in the Mtwara and Lindi administrative regions, and utilising the domestic gas resource for the production of fertiliser, methanol and potentially other value-added products for use within these regions as well as throughout Tanzania and for sale abroad." Notwithstanding the expiry of the MoU, the Government of Tanzania has indicated its continuing support to the Company's effort to develop a fertiliser and methanol plant in Mtwara.

Nexant, an engineering and products marketing consultant, has been engaged to provide independent advice to the joint venture partners and to carry out a pre-feasibility study evaluating the various options for monetising the Mnazi Bay gas. The Mnazi Bay PSA joint venture partners along with representatives from the Government of Tanzania are reviewing the results of this pre-feasibility study along with a similar study carried out by Maurel et Prom, as operator of the Mnazi Bay Concession, and will make a final decision whether to proceed to a full feasibility study complete with a Front End Engineering & Design (FEED) package.

Nexant has identified the deepwater Port of Mtwara (inside the Mnazi Bay Concession area) as a suitable site to construct the project as it provides marine access to land construction materials and transport finished products.

The Government of Tanzania recently announced plans to develop a 24-30 inch pipeline from Mtwara to Dar es Salaam. The pipeline is expected to connect Mnazi Bay, Songo Songo, Kiliwani/Nyuni, Mkuranga and deep sea gas reserves in the country.

Wentworth senior executives and directors include developers of previously successful gas monetisation projects including: Qatar Fuel Additives Corporation (Qatar); Dubai Gas Company (UAE); Ras Laffan LNG Company (Qatar); PT Arun LNG (Indonesia); and Statfjord "A" (Norway).

1.11 Property, Plant and Equipment

In addition to its interests in the three oil and gas concessions as discussed above, Wentworth has interests in the following physical oil and gas and power assets:

- a gas processing facility at Msimbati Peninsula which includes a 25 mmscf/d separation facility and a 10 mmscf/d glycol unit (25.40% working interest)
- an eight-inch diameter, 27 kilometre marine and terrestrial pipeline from Msimbati Peninsula to the town of Mtwara with capacity of 28 mmcf/d expandable to 70 mmscf/d with compression (25.40% working interest)
- gas receiving facilities at Mtwara which includes a 10 mmscf/d separation facility (25.40% working interest)
- 18MW generation capacity presently at the Mtwara Energy Project, and authorized to increase capacity to 30 MW (100% interest)

1.12 History

The Company was incorporated as Artumas on 8 August 2000 and was listed on the OSX and started trading on 5 August 2005. Since incorporation, the Company has been operating as an independent oil and gas company, the business of which has been the commercial exploitation of exploration and production assets in the Rovuma Basin of southern Tanzania and northern Mozambique.

In July 2010, the Company (as Artumas) purchased the entire issued share capital of Wentworth Resources Limited, a Cayman Islands incorporated cash shell. The consideration for the purchase was the issue of 28,383,789 new Common Shares and 14,191,888 warrants to the shareholders of WRLC. The completion of this issue was announced to the OSX on 26 July 2010.

Subsequent to the issue of the new Common Shares and the completion of the above transaction, Artumas was renamed Wentworth Resources Limited on 17 September 2010.

In June 2010, the Company executed the MoU with the Government of Tanzania to jointly develop and construct a large petrochemicals project specifically to convert Mnazi Bay natural gas into value-added products such as methanol, ammonia and urea. In September 2010, the Company completed a 6MW expansion (bringing total output to 18MW) of its gas-to-electricity power station in Mtwara, Tanzania, which significantly increased both electricity and natural gas sales. In October 2010, the Company mandated Nexant to produce a project pre-feasibility study for the benefit of the Company and the Government. This coincided with a dedicated cost cutting initiative and focus on growing existing downstream businesses (i.e. gas and power sales) with increased annual revenue.

1.13 Legal Structure

Wentworth is a holding company, and all the operations of the Group are being carried out through its subsidiaries. The Company conducts its business through two major operating business segments:

(1) The upstream and midstream operations segment includes production and development of natural gas, and exploration for oil and natural gas in Tanzania and Mozambique, as well as the processing, transporting and receiving of natural gas in Tanzania.

(2) The power segment includes the generation of electricity in Mtwara town in southeast Tanzania and includes the sale of electricity to TANESCO, a government owned electrical utility company in Tanzania.

1.14 Dividend Policy

Given the Group's current exploration and appraisal stage, the Board does not anticipate paying any dividends in the foreseeable future.

1.15 Taxation

Certain information regarding certain taxation considerations in the United Kingdom is set out in Part 8 of this document. These details are, however, intended only as a general guide to the current position under UK taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.

Your attention is also drawn to the risk factor on taxation set out in paragraph 4 of Part 5 of this document.

1.16 Dealings and CREST

The Common Shares are listed and will continue to be listed on the OSX and the settlement of OSX trades in the Common Shares will continue on the VPS Register.

CREST is a computerised paperless securities transfer and settlement system which allows shares and other securities, including depositary interests, to be held in electronic rather than paper form. Trades in the Common Shares are already settled through CREST via CDIs for those shareholders who wish to hold their Common Shares in electronic form, and post Admission all trades on the AIM Market will be settled in this manner (at least initially). CREST is a voluntary system and shareholders who wish to hold their Common Shares in certificated form will be able to do so. Further details on the CDIs and CREST arrangements are set out in paragraph 7.5 of Part 9 of this document.

1.17 Orderly Market Arrangements

The Directors have each agreed with the Company, Panmure Gordon and FirstEnergy terms of orderly market agreements in respect of their shareholdings in the Company on Admission. Pursuant to the orderly market agreements, each of the Directors have agreed not to dispose of their interests in Common Shares (which amount to 13,594,950 Common Shares in aggregate, or 16.89% of the Company's issued share capital) for 12 months after Admission except through Panmure Gordon or FirstEnergy, provided always that Panmure Gordon or FirstEnergy can match or better usually available market terms.

Further details of the orderly market arrangements described above are set out in paragraph 11.4 of Part 9 of this document.

1.18 Non-applicability of the City Code

As a Canadian incorporated company, the Company is not subject to the restrictions on takeover offers which exist in the UK pursuant to the City Code.

Details of the provisions of the takeover regime applicable to Canadian incorporated companies under applicable Canadian securities laws can be found in paragraph 18.2 of Part 9 of this document.

Details of the Norwegian takeover rules applicable to the Company on the basis of its listing on the OSX are set out in paragraph 17 of Part 9 of this document.

1.19 Corporate Governance, Internal Controls and Risk Management

As an OSX listed company, and not having opted to apply the corresponding corporate governance rules or legislation in Canada, Wentworth is subject to the OSX listing rules on corporate governance. The board of directors has adopted the Norwegian Code of Practice for Corporate Governance of 21 October 2010 which provides guidance on corporate governance practices for companies listed on the OSX. Wentworth is obligated to issue an annual corporate governance statement addressing its compliance with the Norwegian Code on a comply-or-explain basis. The corporate governance guidelines themselves are, however, not mandatory and any non-compliance with the recommendations are not subject to any penalties or sanctions.

Further details are set out in paragraph 2 of Part 4 of this document.

1.20 Further Information

Your attention is drawn to the further information set out in:

- Part 5 of this document relating to risk factors;
- Part 6 of this document setting out the Competent Person's Report;
- Part 7 of this document setting out the Financial Information on the Group; and
- Part 9 of this document summarising statutory and general information on the Company and the Group.

PART 3

MARKET OVERVIEW

1. Overview

Exploration activity historically in East Africa has lagged behind West and Central and North Africa in terms of exploration and hydrocarbon production. With approximately 480 wells drilled to date across the region compared to approximately 14,600 in West Africa and over 19,000 in Central and North Africa, East Africa remains an underexplored region with substantial potential.

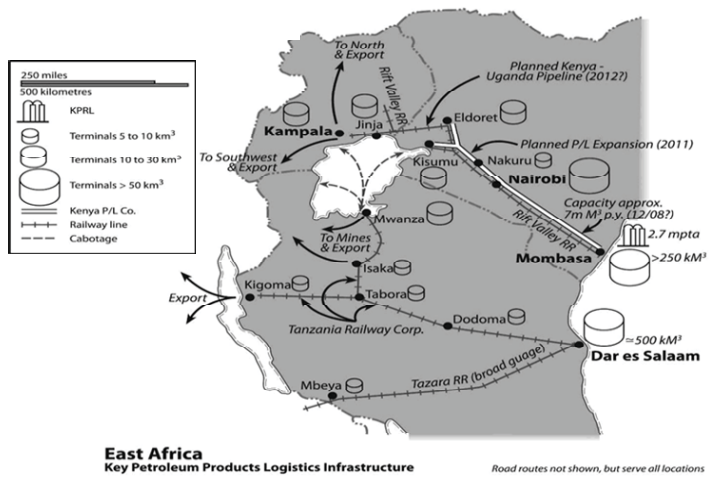
Following material discoveries by Tullow/Heritage in Uganda, BG/Ophir in offshore Tanzania, as well as those achieved by Anadarko in offshore Mozambique, the region is now generating significant amounts of interest from majors, large and small independent exploration companies, and national oil companies.

2. Regional Demand

At the national level, governments have been receptive to new entrants into the region in order to increase domestic petroleum output to meet local demand. At present, the majority of East Africa countries have no commercial petroleum production and rely on the import of refined products to meet domestic needs.

It is expected that a large portion of this demand will be supplied by the discovery of additional gas resources, which will be used for basic domestic energy needs, such as electricity. East Africa has historically been plagued by shortfalls in electrical output and have relied on thermal plants and gas to power projects to address power generation issues. With continued gas discoveries, expansion of regional gas infrastructure is expected, although significant capital will be required to build a network of pipelines, ports and facilities.

3. Infrastructure



Source: ESmap 2009

Current petroleum products distribution in the East Africa region is through two main routes, namely the northern and southern corridors. The northern corridor covers supply of products to Kenya, Uganda, Rwanda, Burundi, Eastern DRC and Southern Sudan through the Mombasa port in Kenya. The southern corridor covers supply of products to Tanzania, Uganda, Rwanda, Burundi and Eastern DRC through the Dar es Salaam port in Tanzania. Most products to Uganda, Rwanda and Burundi are transported through the northern corridor and are transported by pipeline between Mombasa and Eldoret and then by road.

The East African Community (''**EAC**'') commissioned a study on a natural gas pipeline from Dar es Salaam to Tanga and Mombasa. The aim of the study is to carry out a detailed assessment of the overall feasibility of implementing the project covering: the

routing for the pipeline; technical feasibility of the project; economic and financial evaluation; and environmental and social impact assessment and mitigation measures. The study was completed in June 2011 and concluded that there is an attractive market for selling gas at Mombasa and that a pipeline between Ubungo and Mombasa for transporting gas is a financially and economically viable project. The project will need to be supported by sufficient gas reserves, which is expected to be partially supported by the gas reserves in Mnazi Bay. The Government of Tanzania recently announced a proposed gas pipeline to be constructed from Mtwara to Dar es Salaam.

The only refinery in the region is located in Kenya, which processes approximately 1.6 million tonnes per annum (32,000 bbl/d), while Tanzania has one of the most developed infrastructure networks in the region with the commercialisation of the Songo Songo gas field.

4. Gas Pricing

Orca Exploration Group Inc ("**Orca**"), the primary producer of gas in Tanzania, supplies the majority of its gas volumes to the power generation sector with the remainder sold to industrial customers. Orca realized average gas prices of US$2.62/mcf in Q1 2011 (US$2.56/mcf in Q1 2010) for power customers and US$9.42/mcf in Q1 2011 (US$9.32/mcf in Q1 2010) for industrial customers.

The majority of gas production in Mozambique comes from the Pande and Temane fields and almost 95% of the gas is routed to the South African market. The price of gas charged to downstream resellers of Sasol's Mozambique production is based upon pre-defined energy volume bands and is regulated by the National Energy Regulator South Africa ("**NERSA**"). The volume weighted average gas price for Sasol's gas from April 2008 to March 2009 was Rand 63.3/GJ (equivalent to approximately US$6.0/mcf) represents a significant premium to current North American gas prices.

5. Tanzania

Tanzania has been intermittently explored over the last 50 years with many multinational petroleum companies being present, at one time or another. So far only 35 exploration and development wells have been drilled in approximately 280,000 square kilometres of hydrocarbon potential sedimentary basins.

The Government of Tanzania is encouraging the oil & gas upstream sector to produce local resources. Among other advantages, Tanzania boasts a competitive investment climate with access to a growing and relatively untapped market. The country enjoys abundant resources along with attractive fiscal terms for operators.

Tanzania's deepwater territory consists of both the northern extension of the Rovuma basin and the Mafia basin. Recent drilling activities in deep water by BG/Ophir have resulted in 3 significant gas discoveries in Block 1 (Chaza) in the Rovuma basin and Block 4 (Chewa and Pweza) in the Mafia basin. BG/Ophir have identified an active near term work program to appraise the recent discoveries and drill new exploration prospects, and further exploration drilling is also expected by other majors and national oil companies in the region including StatoilHydro/Exxon Mobil and Petronas. BG has indicated that with sufficient gas resources in Tanzania, it would look to develop an onshore LNG facility to monetize the gas.

6. Mozambique

Licensing of acreage in Mozambique dates from the late 1940s when Gulf Oil was awarded a concession for the whole of the coastal plain area. During the 1970s, activity declined mainly due to civil war, and was resumed in the mid 1990s with the licensing of the Buzi Block. Since this time, a number of exploration companies have entered the country, attracted to the frontier nature of the exploration and attractive fiscal terms offered under a production sharing contract.

Mozambique has two main hydrocarbon basins, the Rovuma basin in the north east and the Mozambique basin further south. The only established onshore petroleum play in the Mozambique basin is the late Cretaceous-age Grudja formation with production from the Pande and Temane fields. In the Rovuma basin, Anadarko's recent drilling of eight wells

in the Offshore Rovuma Block resulted in seven discoveries, of which five made significant gas discoveries and one oil discovery (non-commercial discovery), which was the first documented liquid hydrocarbons in deepwater offshore East Africa.

Anadarko has mobilized a full team to pursue an LNG development solution for the discovered gas. Progress to date includes the identification of coastal land sites for the LNG facilities and a preliminary gas development plan, which could provide a market for gas discovered offshore and onshore. The final investment decision for the proposed project is expected in 2013.

PART 4

MANAGEMENT AND ORGANISATION

1. Board Of Directors And Senior Management

1.1 Board of Directors

Set out below are brief biographies of the members of the Board of Directors, including their relevant management expertise.

1.1.1 Robert Phillip McBean, Executive Chairman (aged 67)

Mr. McBean is a mechanical engineer with over 40 years' experience in the upstream, midstream, and downstream oil and gas industries. He is an accomplished energy project developer and both a private and public company senior executive and director. His past accomplishments include: originating, developing, and serving as the first Managing Director of Qatar Fuel Additives Company Limited, a world-scale methanol and methyl tertiary butyl ether petrochemicals facility in Qatar; originating, developing, and then serving as the first Managing Director of Dubai Natural Gas Company (also known as DUGAS), an associated gas liquefied petroleum gas (LPG) processing facility in Dubai; and co-founding Scarboro Resources with interests and operations in Italy, Libya, Abu Dhabi, Indonesia, France, Pakistan and Canada.

1.1.2 John William Sharp Bentley, Deputy Chairman (aged 63)

Mr. Bentley has over 40 years of experience in international natural resource corporations at both the executive management and board level. He has a degree in Metallurgy from Brunel University. Mr. Bentley has had a specific focus in the upstream oil and gas industry in Africa having been instrumental in the formation of Energy Africa Ltd where he was CEO during the period 1996 through 2000. Prior to this, he held a number of senior positions in the Gencor Group. He is currently non-executive chairman of Faroe Petroleum plc, and of Scotgold Resources Ltd., and is a non-executive director of Resaca Exploitation Inc., Kea Petroleum plc and SacOil Holdings Ltd.

1.1.3 Issa Shero Mohd Hussein Baluch, Non-Executive Director (aged 59)

Mr. Baluch is a past President of the Zurich based International Federation of Freight Forwarders Associations (FIATA) (2003 to 2005) and continues to serve as a board member. Mr. Baluch was recently appointed as chairman of Togo-based cargo airline Africa West following the acquisition of a controlling interest in Africa West by Dubai's Global Investments Limited. He also serves on the Board of Directors of Miami-based The International Air Cargo Association (TIACA). He served on the Advisory Board of Dubai Logistics City, and the Marketing Committee for the Dubai Flower and Perishables Center. He is an accomplished author of numerous industry publications, books, and educational textbooks. Mr. Baluch is also well known for his support of philanthropic projects throughout Africa and Asia which include: a model farm in Ghana; children relief projects; and orphanages in Kenya, Uganda and South Africa.

1.1.4 Cameron Barton, Non-Executive Director (aged 55)

Mr. Barton has over 30 years of finance and accounting experience within the energy industry and has held senior financial executive positions for multinational corporations in both Canada and New Zealand. He is currently the Chief Financial Officer with Sanjel Corporation, Canada's largest independently owned international oil and gas pumping services company. Before joining Sanjel, Mr. Barton was the former President, CEO and CFO of Artumas Group Inc. (now Wentworth). Mr. Barton served three years as Vice President and General Manager, and as Vice President of Finance (Canadian Western Region), for Direct Energy Marketing Limited (owned by Centrica plc in the UK). He also worked for three years with Alberta's largest transmission owner, AltaLink L.P., in the position of Vice President Business Development. Mr. Barton enjoyed 18 years with TransAlta Corporation, holding various management positions including Director of Financial Operations for their Transmission, Distribution and Retail business. Mr. Barton received his Bachelor's degree from the University of Lethbridge and is a Certified Member of the Society of Management Accountants of Alberta.

1.1.5 Neil Brown Kelly, Non-Executive Director (aged 70)

Mr. Kelly is a 40+ year veteran of the upstream, midstream, and downstream oil and gas industries. He held managerial positions responsible for the operation of both major offshore (Norway) and onshore oil and gas facilities (Nigeria and Indonesia). Prior to his retirement from ExxonMobil he was Managing Director of Ras Laffan LNG Company (RasGas) in the State of Qatar. In this role he oversaw the development of the company and the construction of the LNG plant, and the offshore gas production facilities to provide feedstock to the plant. This multi-billion US dollar project was started up ahead of schedule and on budget. Mr. Kelly also served as a Director of PT Arun LNG Company in Indonesia for three years during a six year assignment in Indonesia, which also saw him direct the production from the giant Arun gas field. Mr. Kelly is a registered Professional Engineer in the Province of British Columbia, Canada and has both BSc and MSc degrees in Mechanical Engineering.

1.1.6 Heinz Richard Hermann Schmitt, Non-Executive Director (aged 55)

Mr. Schmitt holds a B.Sc. in Geological Sciences from the University of Aston in Birmingham, England. Mr. Schmitt has 34 years of diverse international experience in the upstream oil and gas industry with expertise in exploration, exploitation, operations and new ventures. A significant part of his career was spent managing and developing projects in Yemen, culminating in 5 years as Occidental's President and General Manager in that country. He was President and CEO of Africa Oil Corp. from 2006 until 2009. In October 2009, Mr. Schmitt became President & CEO of Black Marlin Energy Holding Limited with exploration projects in Seychelles, Kenya, Madagascar and Ethiopia. A public listing on the Toronto Venture Exchange was secured in March, 2010 and aggressive exploration programs implemented in all of those jurisdictions. The company was subsequently acquired by Afren Plc in October, 2010 and Mr. Schmitt was retained as CEO of Afren EAX. Mr. Schmitt left Afren EAX on January 31, 2011 and joined the Board of Directors of Wentworth Resources on March 17, 2011.

1.2 Executive Management

Set out below are brief biographies of the members of the Senior Executive management:

1.2.1 Geoffrey Bury, CA – Managing Director

Mr Bury obtained a Bachelor of Commerce degree from the University of Alberta in 1984 and was admitted as a member of the Institute of Chartered Accountants of Alberta in 1987. He has extensive oil and gas industry experience and has strong petrochemicals project development and project management skills. Mr Bury is the former Chief Financial Officer of Voyager Energy Limited and former Finance Manager of Qatar Fuel Additives Company, a world-scale methanol and MTBE production facility.

1.2.2 John Dragonetti – Regional Manager, East Africa

Mr Dragonetti has a BA in Education and MA in Management from Michigan State University and has had a successful 37 year career as a senior adviser to oil & gas companies, governments, and business leaders in the Middle East, Africa and North America. Mr Dragonetti was instrumental in obtaining oil & gas exploration and development concessions in Mozambique, United Arab Emirates and Egypt as a former senior executive of three international oil & gas companies.

1.2.3 Salvator Ntomola – Country Manager, Tanzania

Mr. Ntomola holds a BSc in Geology from Makerere University Uganda, and post graduate diploma in Petroleum Geology from Bergen University, Norway. Ntomola is former Director of Exploration and Production and Deputy Managing Director for TPDC. He is also former Director of Investment Facilitation for Tanzanian Investment Centre. Mr Ntomola holds extensive working experience with and personal relationships in the governments and the petroleum sectors of Tanzania, Kenya, Uganda, Mozambique and the Comoros.

1.2.4 Mussa Makame – Deputy Country Manager, Tanzania

Mr. Makame holds a BCom in Accounting from the University of Dar Es Salaam and is a Certified Public Accountant (CPA) since 2000 and is currently pursuing an MBA from

Warwick Business School. He is the former Director of Finance for all Wentworth (formerly Artumas) subsidiaries in Tanzania (2006 to 2008) and has wide-ranging experience in accounting, finance and general management with private and international companies in Tanzania including PricewaterhouseCoopers LLP, The Coca Cola Corp and Airtel (formerly Celtel) Tanzania.

1.2.5 Eric Bakilana – Corporate Secretary and Legal Counsel

Mr. Bakilana holds an LLM (International Finance Law) from Harvard Law School and an LLM (Banking and Finance Law) and an LLB from the University of London. He is a member of the Middle Temple, Barrister at Law (England and Wales) since 2002 and an Advocate of the High Court of Tanzania and has experience in finance, tax, regulatory and energy law.

1.2.6 Eric Fore – Finance, Investor & Public Relations Manager

Mr. Fore has a Masters of Business Administration degree from the University of Tulsa and over 25 years of experience with company development, finance and management. He was formerly M&A advisor to Nimir Petroleum Limited and Chief Financial Officer of Nimir Chemicals Limited, a Middle East-based speciality chemicals manufacturer. He was also co-founder and Non-executive Director of East Africa-focused, Black Marlin Energy Holdings Limited (recently acquired by Afren plc).

2. Corporate Governance, internal controls and risk management

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. In this respect and in accordance with the current size of the Company the Board considers it appropriate to comply with the Corporate Governance guidelines published by the Quoted Companies Alliance which are applicable to AIM companies ("**QCA Guidelines**"). As such the Directors have commenced the implementation of steps to comply with the QCA Guidelines. Set out below is a description of the Company's corporate governance practices.

2.1 The Board

The Board meets regularly and is responsible for the strategy of the Company, its performance against objectives, approval of any major capital expenditure and the framework of internal controls adopted by the Company. The Board has a formal schedule of matters specifically reserved to it for decision, including matters relating to management structure and appointments, strategic and policy considerations, transactions and finance.

The Board is responsible for establishing and maintaining the Company's system of internal financial controls and importance is placed on maintaining a robust control environment. The key procedures which the Board has established in order to provide effective internal financial controls include the following:

- the Company has a quarterly reporting process which enables the Board to monitor the financial performance of the Group;
- the Board intends to adopt and review a comprehensive annual budget for the Group. It is intended that monthly results will be examined against the budget and deviations will be closely monitored by the Board;
- the Board is responsible for identifying major business risks faced by the Group and for determining the appropriate courses of action to manage those risks; and
- consolidated management information is prepared on a regular basis, at least quarterly.

The Board recognises, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The effectiveness of the system of internal financial control operated by the Group will therefore be subject to regular review by the Board in light of the future growth and development of the Company and adjusted accordingly.

The Board includes four non-executive directors and has delegated specific responsibilities to the committees referred to below.

(a) Audit Committee

The Company has an Audit Committee composed of Cameron Barton (Chairman), Neil Kelly and John Bentley. The duties of the Audit Committee, as set forth in its charter, include monitoring the Company's internal controls over financial reporting, disclosure policies, compliance with legal and regulatory requirements, ethical standards and risk evaluation systems. The Audit Committee is also responsible for the oversight of the performance, qualifications and independence of the Company's auditor, including maintaining regular contact with the Company's auditor in respect of the audit of the Company's annual consolidated accounts and the review of the quarterly consolidated accounts, and reviewing and monitoring the independence of the auditor/accounting firm used by the Company, including monitoring non-audit services provided by the auditor/accounting firm. The Audit Committee Charter requires that the members of the Company's Audit Committee should be "financially literate", in that each of them is able to read and understand a balance sheet, an income statement and a cash flow statement.

(b) Compensation Committee

The Compensation Committee is composed entirely of non-executive directors, being John Bentley (Chairman) and Issa Baluch. The Compensation Committee is required to prepare guidelines for the compensation of the Chief Executive Officer and other members of the executive management team. It also reviews and oversees the Company's overall human resources and compensation strategy in relation to the compensation of employees in general, including reviewing and recommending to the Board short and long term incentive strategies for both management and employees, such as bonuses, stock option plans and other benefits. The Compensation Committee, as set forth in its charter, determines, in consultation with the Chief Executive Officer and in accordance with Board policies and guidelines, the compensation for the executive management. The duties of the Compensation Committee also include providing oversight to the succession planning processes at the Company including selection, appointment, development, evaluation and compensation of the CEO, members of the executive management team and other key employees in the Company.

(c) Governance and Nomination Committee

The Governance and Nomination Committee currently comprises of Robert McBean, Issa Baluch and John Bentley. In accordance with its charter, the Governance and Nomination Committee is responsible for the following: the development and monitoring of the Company's overall approach to corporate governance issues and the implementation and administration of a system of corporate governance; reporting to the Company's shareholders; reviewing (with the Board) the role of the Board, the terms of reference of each of the committees and the methods and processes by which the Board fulfils its duties; the administration of a process for assessing the effectiveness of the Board and to establish criteria for Board membership. The Committee is also responsible for recruitment (including the identification and recommendation of nominees), environmental matters, employees' health and safety, privacy matters and anti-corruption policies.

2.2 The Share Dealing Code

The Company currently has in place an Insider Trading Policy that governs trading on the Oslo Stock Exchange. Following the Company's admission to AIM, it intends to adopt a revised Insider Trading Policy which incorporates the regulations and requirements of the Model Code which is appropriate for a company whose shares are admitted to trading on AIM (in order to ensure compliance with Rule 21 of the AIM Rules). The Company will take all reasonable steps to ensure compliance with the terms of its Insider Trading Policy by the Directors and all other relevant persons.

2.3 Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct, which is designed to provide guidance on the conduct of the Company's business in accordance with all

applicable laws, rules and regulations. The Code constitutes written standards which are designed to promote integrity and to deter wrongdoing within the Company. The Code applies to all directors, officers and employees of the Company and its subsidiaries as well as other individuals who are engaged in providing professional and business services to the Company. The Audit Committee is responsible for monitoring compliance with the Code. The Code, as it is currently adopted, does not include specific reference to the Company's obligations pursuant to the Bribery Act 2010. Accordingly, the Company intends to adopt an amended version of the Code of Ethics and Business Conduct which will incorporate obligations and responsibilities of the Company under UK law, including in particular reference to the corporate offence of failing to prevent bribery.

2.4 Health, Safety and Environment Policy

The Company has in place a Health, Safety and Environment Policy as detailed in the Company's employee handbook. The policy outlines the Company's guiding principles which target five areas of health, safety and environment management, including: leadership and accountability; prevention; preparedness; performance; and continual improvement.

2.5 Share Schemes

The Company has in place an option plan. Details of the option plan can be found at paragraph 8.2 of Part 9.

PART 5

RISK FACTORS

Prospective investors should carefully consider the risks outlined below, together with all the information contained in this document, prior to making an investment decision in the Company. The Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. In such case, the market price of the Shares may decline and investors may lose all or part of their investment.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties nor are they listed in order of magnitude or probability. Additional risks and uncertainties that are not presently known to the Directors or which they currently deem immaterial, may also have an adverse effect on the Group's business, financial condition, operating result and prospects.

Prospective investors should consider carefully whether an investment in the Company is suitable for them in light of the information set out in this document and the financial resources available to them.

1. Risks Relating to the Group and the Oil and Gas Industry

(a) Commercialisation of Gas Discoveries

The Group has interests in oil and gas concessions located respectively in southern Tanzania and northern Mozambique. Currently, the only customer for its gas is the Wentworth owned power station. Significant investment or other industrialisation in the region will be required to bring additional Wentworth gas to market. Any such investment or industrialisation itself will be subject to the risks described below, the occurrence of which may have an adverse material effect on the Company's business, financial condition, results of operations, liquidity and/or prospects.

(b) Marketability of Oil and Natural Gas Production

The marketability of oil and natural gas acquired or discovered in the countries in which the Company operates will be affected by numerous factors beyond the control of the Company, the precise effects of which cannot be accurately predicted. These factors include reservoir characteristics, market fluctuations, general economic activity, distance to markets and capacity of oil and natural gas pipelines and processing equipment, availability of transportation capacity, the availability and pricing of other competitive fuels and government regulations such as regulations relation to taxation, royalties, production levels, imports and exports, land tenure and land use, licences, health and safety and the environment.

(c) Oil and Gas Price Volatility

The price of oil and gas is unstable and subject to fluctuation. The Company's future financial performance is sensitive to prevailing prices for crude oil and natural gas. Fluctuations in crude oil or natural gas prices could have a material adverse effect on the Company's future operations and financial condition, the value of its oil and natural gas reserves and its level of spending for oil and gas exploration and development. Prices for crude oil and natural gas fluctuate for many reasons, including global and regional supply of and demand for, and expectations regarding future supply of and demand for, crude oil and natural gas; global and regional economic conditions; prices and availability of alternative sources of energy; geopolitical uncertainty; prevailing weather conditions; the ability of Organization of Petroleum Exporting Countries ("OPEC"), and other oil producing nations, to set and maintain specified levels of production and prices; and government regulations and actions, including the imposition of export restrictions and taxes. It is impossible to accurately predict future oil and gas price movements. The Company can give no assurance that existing prices for oil and gas will be maintained in the future. Any substantial decline in the prices of crude oil or natural gas could result in delay or cancellation of drilling, development or construction programs, or curtailment in production or result in unutilized long-term transportation commitments and ultimately a material reduction of the Company's net production revenue and overall value.

The Company might also elect not to produce from certain wells at lower prices. All of these factors could result in a material reduction in the Company's oil and gas acquisition and development activities, which may in turn have a material adverse effect on the Company's future business, financial condition, operations, liquidity and/or prospects. The tariff at which the Company supplies power to TANESCO is subject to amendment, and the Company and TANESCO are likely to negotiate the terms of a new power purchase agreement, further to which a new tariff will be set. The new tariff will need to be approved by the Tanzanian regulator, EWURA. The Company may not be able to agree a conventionally acceptable tariff with TANESCO; and/or EWURA may not approve the new tariff as formulated between the Company and TANESCO. Any failure by the Company to agree a commercially acceptable tariff may have an adverse effect on the Company's business, financial condition, liquidity and prospects.

(d) Competition

The energy market, in all countries in which the Company operates, is highly competitive in all its phases. The Company competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Competitive factors in the distribution and marketing of oil and natural gas include price, methods and reliability of delivery. The Company's competitors include oil and gas companies which have greater financial resources, staff and facilities than those of Wentworth. The Company's ability to increase reserves will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploration and development. The competition may lead to increased costs in the carrying on of the Company's activities and reduced available growth opportunities. Any failure by the Company to compete effectively could have a material adverse effect on the Company's profitability, business, financial condition, results of operations, liquidity and/or prospects.

(e) Current Stage of the Business

The Company has a limited history of revenue and earnings, and has not paid dividends, and is not likely to pay any dividends in the immediate or foreseeable future. There can be no certainty that Wentworth will achieve or sustain profitability or positive cash flow from its operating activities.

(f) Speculative Nature

All drilling for oil and gas is inherently speculative, may be unprofitable and may result in a total loss of investment. The Company may not identify sufficient quantities of commercially exploitable deposits or successfully drill, develop or produce oil or gas in sufficient quantities to be profitable or commercially viable. There is no assurance that expenditures made on future explorations by the Company will result in new discoveries of oil and gas in commercial quantities. If the Company's exploration activities prove consistently unsuccessful over a prolonged period of time this could have a material adverse effect on the Company's business.

2. Operational Risks

(a) Joint Venture Partners and Non-Operatorship

Wentworth is not the operator of any of its oil and gas properties and it will therefore depend on each operator for the timing and extent of the activities undertaken in relation to each such property and will not be able to direct or control the activites of each such operator. Furthermore, it relies upon the willingness and ability of its joint venture partners to undertake exploration, appraisal and development activities in relation to its oil and gas assets.

(b) Operational Risks Normally Associated with Exploration, Production, Storage and Marketing of Oil and Gas

Exploration and development activities may be delayed or adversely affected by factors outside the control of the Company. These include adverse climatic conditions and disasters such as sustained ambient temperatures above 30°C, flooding, droughts, wind and dust storms, difficult terrain, high seas, monsoons and hurricanes, compliance with governmental regulations or shortage or delays in installing equipment. Problems may

arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support which result in failure to achieve expected target dates for exploration or production and/or result in a requirement for greater expenditure. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Substantial operational risks are involved with seismic exploration and the drilling for, development of and production from oil and gas fields, including encountering unexpected formations or pressures, premature declines of reservoir pressures, sour gas releases, release of natural gas or well fluids, fire, explosion, blowouts, cratering and oil spills, each of which may delay or even prevent the exploitation of such fields or may result in cost overruns or substantial losses to the Company due to substantial environmental pollution or damage, personal injury or loss of life, clean up responsibilities, regulatory investigation and penalties or suspension of operations. Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties. Damage or loss occurring as a result of such risks may give rise to claims against the Company. Although it is proposed by the Directors that the Group maintains insurance which the Directors consider to be appropriate in accordance with industry practice, there may be circumstances where such insurance will not cover or be adequate to cover the consequences of such events or where the companies within the Group may become liable for pollution or other operational hazards against which the Group cannot be insured or which the Directors may have elected not to have insured. Additionally, exploration and development activities may only be conducted during limited times of the year due to extreme weather conditions, thereby limiting the Company's ability to operate in these countries. As a result, competition between oil and gas companies may be intensified during periods of good weather for oil field equipment, services, and qualified personnel, which may lead to periodic shortages. These constraints and the resulting shortages or high costs could delay operations and materially increase operating and capital costs of the Company.

(c) Resource Estimates

There are numerous uncertainties inherent in estimating quantities of resources and in projecting future rates of production. Such estimates represent subjective judgments and determinations based on a number of variable factors and assumptions, such as expected reservoir characteristics based on geological, geophysical and engineering assessments, future production rates based on historical performance and expected future operating investment activities, future oil and natural gas prices and quality differentials, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. They are not exact determinations.

The resources data contained in this document are estimates only and should not be construed as representing exact quantities. They are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group. The estimates may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements contained in this document including data in RPS's report contained in Part 6 of this document concerning the Company's reserves and resources or production levels. No assurance can be given that any reserves or resources reported by the Company in the future will be recovered as estimated or brought into production.

If the assumptions upon which the estimates of the Company's reserves, resources or production profiles have been based prove to be incorrect, the Group may be unable to recover and produce the estimated levels or quality of oil and gas set out in this document and this may have a material adverse effect on the Group's business, financial condition, results of operations, liquidity and/or prospects.

(d) International Operations

International operations are subject to political, economic and other uncertainties; including, but not limited to, risk of terrorist activities, revolution, war, abduction, corruption, community disturbances, border disputes, expropriation, renegotiations, nullification, or modification of existing licences, concessions, and contracts, imposition of specific drilling obligations, import, export and transportation regulations and tariffs, incomplete cost recovery, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes and other uncertainties arising out of foreign government sovereignty over the Company's international operations, all of which may have a material adverse effect on the Company's business, financial condition, results of operations, liquidity and/or prospects. The Company's international operations may also be adversely affected by non-governmental organizations, investors, and applicable laws and policies of Canada, the United Kingdom, Norway, Jersey, Tanzania, Mauritius and Mozambique.

Exploration or development activities in Tanzania and Mozambique may require protracted negotiations with governments, and may be exposed to renegotiation or nullification of existing contracts, a change in taxation policies, and/or international monetary fluctuations.

(e) Political, Regulatory and Unrest Risks

Wentworth is dependent on receipt of government approvals or permits or no objection certificates to develop its assets. The Directors believe that the governments of Tanzania and Mozambique support the exploration and development of their respective oil and gas properties by foreign companies. Any delays in receiving government approvals or permits or no objection certificates may delay the Company's operations or may affect the status of the Company's contractual arrangements or its ability to meet its contractual obligations. There is no assurance that future political conditions in Tanzania and Mozambique will not result in the government adopting new laws and regulations which may affect the Company's ability to be involved in exploration and development activities in respect of present and future properties, as well as its ability to raise funds to further such activities. Such circumstances include forced divestment of assets; limits on production; import and export restrictions; international conflicts, including war; civil unrest and local security concerns that threaten the safe operation of the Group's facilities; price controls, tax increases and other retroactive tax claims; expropriation and nationalisation of property; terrorism; outbreaks of infectious diseases; cancellation of contract rights; changes in applicable tariffs and environmental regulations. It is difficult to predict the timing or severity of these occurrences or their potential effect. If such risks materialise, they could affect the employees, reputation, operational performance and financial position of the Company. Furthermore, it may be expensive and logistically burdensome to discontinue oil and gas exploration and/or production operations in a particular country should political or other conditions subsequently deteriorate. All of these factors could materially adversely affect the Company's business, results of business operations, financial condition or prospects.

(f) Ownership Interests

The Company's right to exploit its oil and gas assets may be limited in time. There is no guarantee or assurance that such rights can be extended or that new rights can be obtained to replace any rights that expire.

The assets in which the Company has or may have an interest are subject to contracts with the relevant country's government. If for any reason these contracts are found to be void or challenged, the Company may suffer significant damage through loss of the opportunity to develop and discover any resources on the relevant asset.

The governments in Tanzania and Mozambique often grant interests in large tracts of land or offshore fields and maintains control over the development of the oil and gas rights, in some cases through equity participation in the exploration and development of the rights. Transfers of interests typically require state approval, which may delay or otherwise impede transfers and on-going operations. For certain licences the Company may be required to expend the funds necessary to meet conditions, such as minimum

work commitments, attaching to the licence. Failure to meet these work commitments would render the licence liable to be revoked. Furthermore, if any contractual obligations are not complied with when due, this could result in dilution or forfeiture of interests held by the Company.

(g) Governmental Regulations

The oil and gas industry is, in general, subject to extensive government policies and regulations, which result in additional cost and risk for industry participants. These laws and regulations include matters relating to land tenure, drilling, production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax, and foreign trade and investment, that are subject to change from time to time. Current legislation is generally a matter of public record, and the Company cannot predict what additional legislation or amendments may be proposed that will affect operations or when any such proposals, if enacted, might become effective. Changes in government regulations could adversely affect the Company's business, financial condition, results of operations, liquidity and/or prospects.

(h) Legal Systems

Tanzania and Mozambique may have less developed legal systems than more established economies. This could result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. The commitment of local business people, government officials and agencies and the judicial system in the jurisdictions in which the Companys' assets are located to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Company's licences and agreements for business. These may be more susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

(i) Environmental Risk

The Company's concessions lie in sensitive equatorial coastline areas in southern Tanzania and northern Mozambique. The Mnazi Bay Gas Field, the focus of Wentworth's Tanzanian drilling program, is located within the Mnazi Bay-Rovuma Estuary National Marine Park. These waters are recognized for their high marine biodiversity and include extensive coral reef communities unique to the region. While due diligence is undertaken, there are high risks associated with working within a marine park environment which may affect operations beyond Wentworth's control. This may include migration patterns of indigenous species, protection of seabeds and corals, time limitations on marine seismic access and marine park regulation requirements. The Company may be required to comply with various environmental legislation and this may mean that the Company incurs additional costs.

The Company's operations will be subject to the environmental risks inherent in the oil and gas industry. Generally, the Company is and may become increasingly involved in operations that are subject to environmental and safety regulations (including regular environmental impact assessments and permitting). This includes a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Although the Company intends to be in compliance in all material respects with all applicable environmental regulations, there are certain risks inherent in its activities, such as accidental spills, leakages or other circumstances, which could potentially subject the Company to extensive liability and be costly to remedy. The Company is unable to predict the effect of additional environmental regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any

area. Breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material.

(j) Permits and Licences

Countries in which the Company currently operates or may operate are subject to licences, regulations and approvals of governmental authorities, including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, taxation, environmental, and health and safety matters. The Company will have limited control over whether or not necessary approvals or licences (or renewals thereof) are granted, the timing of obtaining (or renewing) such licences or approvals, the terms on which they are granted or the tax regime to which the Company or the assets in which the Company has interests will be subject. As a result, the Company may have limited control over the nature and timing of exploration and development of oil and gas fields in which the Company has or seeks interests. There can be no assurance that the Company will not in the future incur decommissioning charges since local or national governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, particularly in the case of future licence renewals.

(k) Dependence on Key Personnel

The Company's success depends, to a significant extent, upon its management and key employees. There is a risk that the unexpected loss of services of any such key employee could have a materially adverse effect on the Company. The Company does not carry keyman insurance in respect of its directors or management. Attracting and retaining additional key personnel will assist the Company in its business. The Company faces competition for suitably qualified personnel and there is no assurance that the Company will successfully attract new personnel or retain existing personnel necessary in the required jurisdictions for the development and operation of its business.

(l) Labour Relations

Wentworth is required to hire and train local workers in its operations. Some of these workers may be organized in labour unions. Any strike activity or labour unrest could have a material adverse effect on the Company's ongoing operations and financial condition and its ability to explore for, produce and market its oil and natural gas production.

(m) Availability of Equipment

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas in which such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities which may in turn have a material adverse effect on the Company's business, financial condition, results of operations, liquidity and/or prospects. Wentworth relies on certain equipment for both gas and power production. There is a risk that if one or more pieces of this equipment were to fail, the Company would not be able to produce gas or generate power. Furthermore, there is a risk, given the nature of the equipment and the location of Wentworth's operations, that replacement of the equipment could take considerable time. It should be noted however that the Company does carry insurance for machinery breakdown that it believes should be sufficient to cover any replacement costs.

(n) Counterparty and Joint Operating Partners

The Company is subject to agreements with a number of counterparties and joint operating partners. The inability or failure of such counterparties and joint operating partners to fulfil their obligations to the Company could adversely impact results of operations. Credit risk affects both trading and non-trading activities and there is the risk of loss and additional burden if counterparties and joint venture partners do not or cannot fulfil their contractual obligations. In particular, in 2008, the credit crisis that impacted world financial markets caused some of Wentworth's counterparties to restructure, declare bankruptcy or sell assets to fund liquidity requirements. Wentworth may experience similar developments in the future. The inability of any one or more of

these parties to fulfil their obligations to Wentworth may have a material adverse effect on the Company's business, financial condition, results of operations, liquidity and/or prospects.

(o) Terrorism / Piracy

Terrorist activities or armed conflict involving any country in which the Company may hold interests may adversely affect the Company's business activities and financial conditions. If events of this nature occur or persist, the resulting political and social instability could adversely affect prevailing oil and gas prices and affect the Company's revenues. In addition, oil and gas production facilities transportation systems and storage facilities could be direct targets of terrorist attacks, and the Company's and/or its partners' operations could be adversely impacted if infrastructure integral to the Group's operations are destroyed or damaged. Costs associated with insurance and other security measures may increase as a result of these threats or circumstances, and some insurance coverage may become more difficult to obtain, if available at all.

3. Financial Risks

(a) Financial Risks Inherent in the Oil and Gas Industry

Wentworth is exposed to normal financial risks inherent within the oil and gas industry, including commodity price risk, exchange rate risk, interest rate risk and credit risk. Wentworth is exposed to the risk of changes in the laws of Tanzania and Mozambique and any other jurisdictions in which Wentworth may operate in the future regarding taxation, cost recovery, profit sharing, profit repatriation, expropriation of company interests, and other laws and regulations defining the operating environment in such jurisdictions. Wentworth's future financial performance is sensitive to prevailing prices of crude oil and natural gas. Prices for crude oil and natural gas fluctuate in response to changes in the supply of and demand for crude oil and natural gas, market uncertainty and a variety of additional factors that are largely beyond the Company's control.

(b) Future Financing

From time to time, Wentworth may enter into work commitments on new or existing fields or blocks or into transactions to acquire assets or shares of other companies. These activities may be financed partially or wholly with equity or with debt. To the extent that debt is used to finance future operations, this could increase the Company's debt levels above industry standards. Depending on future exploration and development plans and results thereof, Wentworth may require additional financing, which may not be available or, if available, may not be available on favourable terms.

If the Company is not able to secure such future financing, this could have a material adverse effect on its business, financial condition, results of operations, liquidity and/or prospects.

(c) Currency and Fiscal Matters

The Company's operations and expenditures are paid in several different currencies. As a result, the Company is exposed to market risks resulting from fluctuations in currency exchange rates.

Currently the Company believes that there are no significant restrictions on the repatriation of capital and distribution of earnings from Tanzania or Mozambique to foreign entities with subsidiaries operating in these countries. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Tanzania or Mozambique will not be imposed in the future.

Amendments to current taxation laws and regulations which alter tax rates and/or capital allowances could have a material adverse effect on Wentworth's business, financial condition, results of operations, liquidity and/or prospects.

4. Risks relating to Shares

(a) Suitability

Investment in the Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult a person authorised under FSMA who specialises in investments of this nature before making any investment decisions.

(b) Potential Dilution of Shareholders

The Company may issue additional Shares in the future. The Certificate of Amendment and Registration of Restated Articles (March 10, 2004), Certificate of Amendment (July 11, 2003) and Certificate of Incorporation (August 8, 2000), Articles of Amendment (March 10, 2004), Articles of Amendment (July 11, 2003) and Articles of Incorporation (August 1, 2000) (collectively referred to as the "Articles") permit the Company to issue an unlimited number of Common Shares without the approval of the shareholders of the Company. Shareholders of the Company may suffer from dilution in connection with future issuances of Shares.

The Company is obligated to issue additional Shares under the stock option plan and outstanding warrants. A significant number of Shares may be issued to certain of the Company's executive officers, directors, key employees and shareholders for outstanding Share options which have been granted and which may be granted in the future, although it should be noted that under the Company's stock option plan, not more than 10% of the Company's outstanding Common Shares may be subject to options.

(c) Restrictions on Ownership and Resale of the Shares

Wentworth is subject to the securities laws of the Province of Alberta because it is incorporated under the *Business Corporations Act* (Alberta) (the "ABCA"), has an office located in Alberta, Canada and certain of its directors or offices may be located in Alberta, Canada. Generally, under the securities laws of Alberta, a company proposing to issue securities must comply with the prospectus and registration requirements of Canadian securities laws or rely on applicable exemptions from those requirements. There are indefinite resale restrictions on the Common Shares which may prevent the shareholders from reselling the Common Shares in Canada or to a resident of Canada except in accordance with very limited exceptions under Canadian securities legislation. Violation of these restrictions or attempts to circumvent these restrictions may be subject to sanctions by Canadian securities regulatory authorities.

(d) Investment in AIM securities

Investment in shares traded on AIM involves a higher degree of risk and such shares may be less liquid than shares in companies which are listed on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. An investment in Shares may be difficult to realise. Prospective investors should be aware that the value of Shares may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. Investors may therefore realise less than the amount of, or lose all of, their investment.

The Company's Shares are also currently traded on the Oslo Stock Exchange. Any substantial downward change in the price of the Shares traded on OSX is likely to affect the price of the Shares traded on AIM.

(e) Share price volatility and liquidity

The share price of emerging companies quoted on AIM can be highly volatile and shareholdings can be illiquid. The price at which the Shares are quoted and the price at which investors may realise their Shares will be influenced by a significant number of factors, some specific to the Company and their operations and some which may affect small oil and gas exploration companies or quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Shares, legislative changes and general economic, political or regulatory conditions.

(f) Market perception

Market perception of oil and gas companies may change following Admission which could impact on the value of investors' holdings and on the ability of the Company to raise further funds by the issue of further Shares in the Company.

(g) Share Transfer Restrictions in the United States

The Company has not registered the Shares under the US Securities Act and the Company does not expect to do so in the future. The Shares may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) nor may they be offered or sold in any other jurisdiction in which the registration of the Shares is required but has not taken place, unless an exemption from the applicable registration requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that shareholders of the Company residing or domiciled in the United States will be able to participate in future capital increases or be allocated subscription rights.

(h) Share Issuance and Transfer Restrictions in Canada

The Company is not a reporting issuer and does not intend to become one in any jurisdiction of Canada. Consequently the Shares are not qualified for sale in Canada and may not be offered or sold in Canada, directly or indirectly, unless an exemption from the applicable distribution and registration requirements are available or the offer or sale of the Common Shares occurs in connection with a transaction that is not subject to Canadian securities laws. In addition, there can be no assurances that shareholders of the Company residing or domiciled in Canada will be able to participate in future capital increases or be allocated securities in connection therewith. A shareholder of the Company who resides or domiciles in Canada may be subject to an indefinite hold period for its Shares.

(i) Norwegian CFC-taxation

If Norwegian shareholders control a company (i.e. directly or indirectly own or control at least 50% of the shares or the capital of the company) and are resident in a low tax jurisdiction, such Norwegian shareholders may be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations). Such taxation could apply with respect to certain of the subsidiaries of Wentworth if Wentworth becomes subject to the control of Norwegian shareholders. If the Norwegian shareholders of the Company are subject to Norwegian CFC taxation, such Norwegian shareholders are taxed in Norway on their proportionate share of the net profits generated by the relevant foreign company, calculated according to Norwegian tax regulations. The income will be subject to Norwegian taxation at a rate of 28%.

(j) City Code

The Company is incorporated in Alberta, Canada and is managed and controlled outside the United Kingdom. For these reasons the City Code does not apply to the Company. Although the Company is currently exempt from the provisions of the Canadian takeover regime (as set out in paragraph 18.2 of Part 9 of this document, it is subject to provisions of the Norwegian takeover regime, details of which are provided in paragraph 17 of Part 9 of this document. In these circumstances, the shareholders of the Company can be considered as not being entitled to the same level of protection provided to shareholders under the City Code.

5. Other Risks

(a) Foreign Jurisdiction

Since certain directors and officers of the Company reside outside of the European Union, investors may find it difficult or impossible to affect service or notice to commence legal proceedings upon any such directors and officers, and may find it difficult or impossible to enforce against such persons judgments obtained in English courts. In the event of a dispute arising from international operations, the Company may also be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the courts in its home jurisdiction.

(b) Conflict of Interest

Certain directors or officers of Wentworth may also be directors or officers of other oil and gas companies from time to time and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA.

(c) Legal Proceedings

From time to time, there may be legal disputes or proceedings pending or threatened against the Company relating to its business. There can be no assurance that any such litigation will be resolved without a material adverse effect on the business, financial condition, results of operations, liquidity and/or prospects of the Company.

(d) Forward Looking Statements

Some of the statements in the Admission Document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Companys business). These statements include forward-looking statements both with respect to the Company and the sectors and industry in which the Company operates. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in this Part 5 the Admission Document which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Company's or, as appropriate, the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise, unless required by the Prospectus Rules, AIM Rules for Companies and Disclosure Rules and Transparency Rules, as appropriate. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in the Admission Document which could cause actual results to differ before making an investment decision.

PART 6

COMPETENT PERSON'S REPORT

TABLE OF CONTENTS

RPS Energy

Tanzania and Mozambique Resource Assessment as at June 30, 2011

Prepared for:

Wentworth Resources Limited
and
Panmure Gordon & Co.

Prepared by:

RPS Energy Canada Ltd.

October 21, 2011

RPS Energy

Suite 1400, 800 – Fifth Avenue S.W., Calgary, Alberta T2P 3T6 Canada
T +1 403 265 7226 F +1 403 269 3175 E rpscal@rpsgroup.com
w www rpsgroup.com/canada

October 21, 2011

Job No. CC00526

Wentworth Resources Limited
630, 715 – 5th Avenue SW
Calgary, Alberta Canada T2P 2X6

Attention: Mr. Geoff Bury, Chief Operating Officer

The Directors
Panmure Gordon & Co.
Moorgate Hall,
155 Moorgate
London, England EC2M 6XB

Dear Sirs:

As requested by Wentworth Resources in the engagement letter dated April 28, 2011 (the "Agreement") and Amendment 1 to the Agreement, RPS Energy Canada Ltd. ("RPS") has completed an independent resource assessment of Wentworth's interests in the Mnazi Bay License in Tanzania and the Rovuma Onshore Block in Mozambique together with a review of the Rovuma Offshore Area 1 Block in Mozambique.

The assessment was divided into four parts:

1. Contingent Resources for the Mnazi Bay and Msimbati fields using available 2D seismic and data from four wells.

2. Prospective Resources for five prospects on the Mnazi Bay License resulting from interpretations of 2D seismic lines supplied by Wentworth

3. Prospective Resources for two prospects on the Rovuma Onshore Block resulting from interpretations of 2D seismic lines supplied by Wentworth

4. Rovuma Offshore Area 1 Block resource potential review based on public source information

Contingent resources for the Mnazi Bay Licence were derived from volumetrics based on a 3D geological static model which was constructed utilizing the Maurel et Prom 2010 seismic interpretation, calibrated to the horizon tops as identified in the four wells drilled on the license. The volumes derived from the Petrel model were combined with petrophysical evaluations and well test data from the four wells and have incorporated a range of gas-down-to and gas-water contact depths. Estimates of ultimate technical recovery were derived from a probabilistic analysis of original gas in place.

Wentworth owns 25.4% working interest in the production operations and 31.75% working interest in exploration operations in the Mnazi Bay license block. The contingent resource volumes are summarized in the following table:

Contingent Resources (Unrisked) Mnazi Bay Licence, Tanzania (Bcf)								
	100% Field Values				Wentworth 25.4% Interest			
	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}
Gas Originally in Place	365	892	1,112	2,117	92.7	227	282	538
Recoverable Resources	271	667	834	1,594	68.8	169.4	212	405

For the Mnazi Bay Licence prospective resources, RPS has estimated the quantity of undiscovered gas that is likely to co-exist within the five identified prospect locations of Mtwara, Nanguruwe, Mwambo, OSX -1, OSX -2. The basis of the estimate is the interpreted 2D seismic survey and available well and field data from the area. Consequently there is a wide range of uncertainty in the estimated volume. It should be noted that there is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The probabilistic totals of the five prospects are summarized in the following table:

Prospective Resources (Unrisked) Mnazi Bay Licence, Tanzania (Bcf)								
	100% Field Values				Wentworth 31.75% Interest			
	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}
Gas Originally in Place	1,658	2,817	2,952	4,417	526	894	937	1402
Recoverable Resources	1,133	1,948	2,062	3,142	360	618	655	998

For the Rovuma Onshore Block prospective resources, RPS has estimated the quantity of undiscovered gas that is likely to co-exist within the two identified prospect locations of Chilua South and North Graben. The basis of the estimates is the interpreted 2D seismic survey and AVO analysis, together with available well and field data from the area. Consequently there is a wide range of uncertainty in the estimated volume. It should be noted that there is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The probabilistic totals of the two prospects are summarized in the following table:

Prospective Resources (Unrisked) Rovuma Licence, Onshore Mozambique (Bcf)								
	100% Field Values				Wentworth 11.59% Interest			
	P_{90}	P_{50}	Mean	P_{10}	P_{90}	P_{50}	Mean	P_{10}
Gas Originally in Place	875	1,929	2,192	3,885	101	224	254	450
Recoverable Resources	602	1,331	1,531	2,720	70	154	177	315

For the evaluation of resources in Wentworth's interests in the Offshore Area 1 Block, RPS is hampered by lack of access to the critical data that is necessary to conduct an independent resource evaluation. The existing data that would be required to be incorporated into an independent evaluation includes recent seismic data and interpretations on the block as well as well log and flow rate data from the wells that have been drilled on the block. As we understand the situation, the terms and conditions associated with Wentworth's interests in the block do not allow access to the relevant data. Therefore, for the purposes of this report, RPS has reviewed information in the public domain, primarily press release and investor presentations from Cove Energy and Anadarko to derive a commentary and review of the resource potential associated with this block. On the basis of this review, with regard to the Mozambique Offshore Area 1 Block, RPS confirms the operator (Anadarko) announced, in an October 5th, 2011 news release that the Windjammer, Barquentine, Lagosta and Camarao complex "... holds at least 10 Tcf (trillion cubic feet)) of recoverable natural gas resources." Although RPS cannot independently validate the quantities in Anadarko's announced resource volumes, they are consistent with RPS' understanding of the resource potential on the licence Block. Wentworth owns a royalty interest equivalent to 4.95% of net profits from Cove Energy's 8.5% working interest in the Mozambique Rovuma Offshore Area 1 Block.

This report is issued by RPS under the appointment by Wentworth Resources Ltd and is produced as part of the engagement detailed therein and subject to the terms and conditions of the Agreement.

This report is addressed to Wentworth and the named Third Party as defined in the Agreement and is only capable of being relied on by Wentworth and the Third Party under and pursuant to (and subject to the terms of) the Agreement.

Wentworth may disclose the signed and dated report to third parties as contemplated by the purpose detailed in the Agreement but in making any such disclosure Wentworth shall require the third party (including any Third Parties) to accept it as confidential information only to be used or passed on to other persons as Wentworth is permitted to do under the Agreement.

We appreciate the opportunity to conduct this resource assessment for you. We trust that the attached report meets your requirements.

Yours sincerely,
RPS Energy

Brian D. Weatherill, P. Eng.
Reservoir Engineering Specialist
encl.

PROFESSIONAL ENGINEER ALBERTA
BRIAN D. WEATHERILL

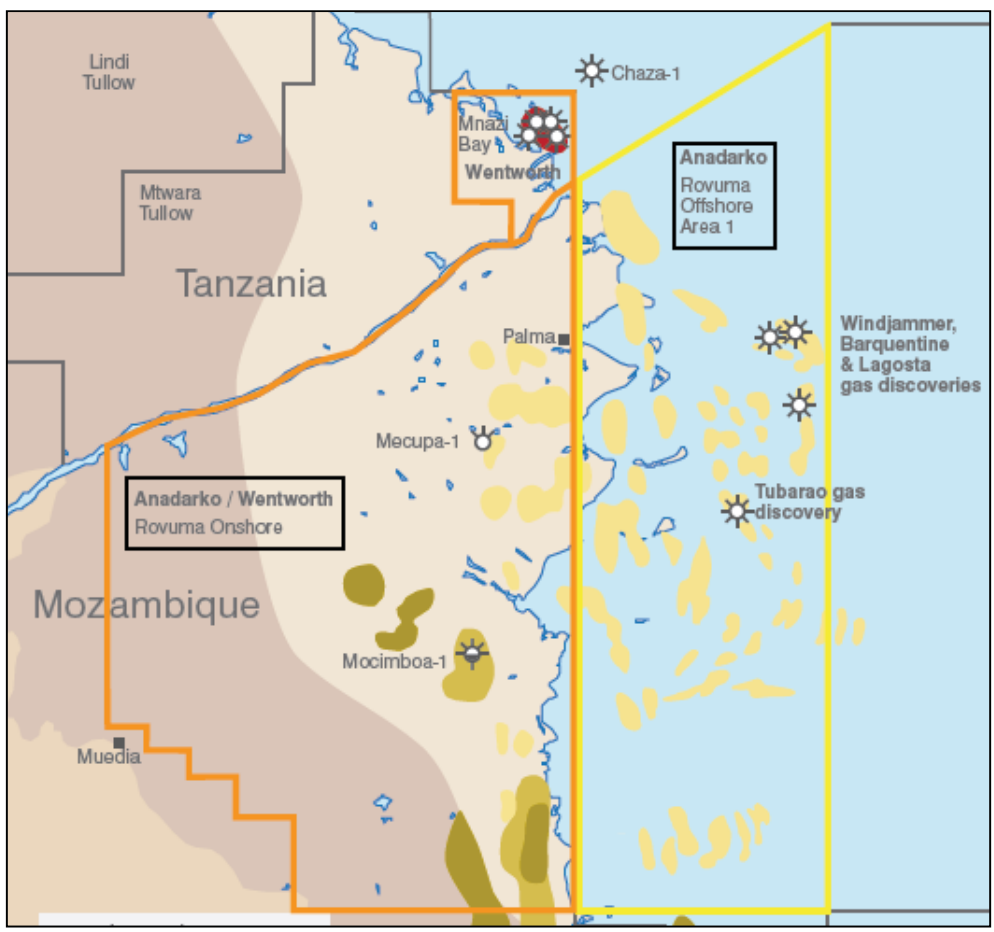
PERMIT TO PRACTICE
RPS ENERGY CANADA LTD
Signature
Date 2011-10-21
PERMIT NUMBER: P 4348
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

EXECUTIVE SUMMARY

RPS has reviewed the available data for the Mnazi Bay Licence Area in Tanzania and has evaluated Wentworth's 25.4% (production operations) interest in the Contingent Resources of the Mnazi Bay and Msimbati Gas fields and extensions and Wentworth's 31.75% (exploration operations) interest in Prospective Resources of five new seismically defined prospects on the licence.

In Mozambique, RPS has reviewed the available data for the Rovuma Onshore Block and has evaluated Wentworth's 11.59% working interest in Prospective Resources of two seismically defined prospects on the block.

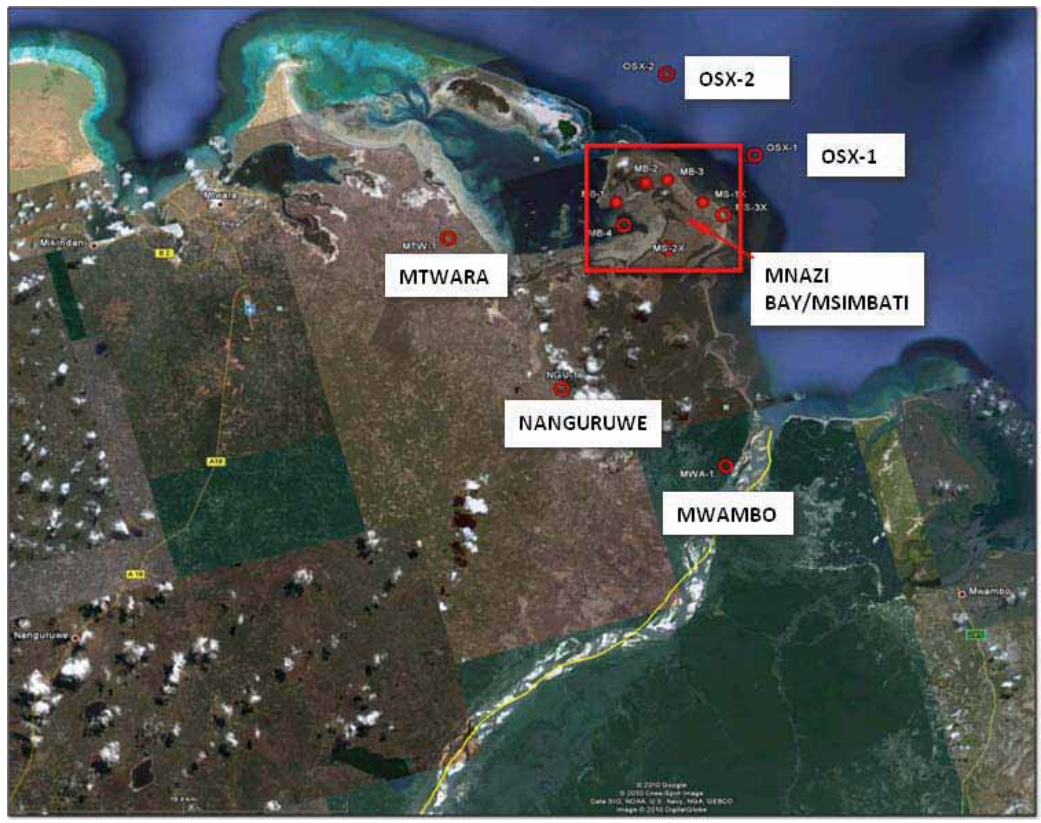
In addition, RPS has given an opinion as to the potential of the Mozambique Rovuma Offshore Area 1 Block where Wentworth holds a 4.95% overriding royalty interest in Cove Energy Inc.'s 8.5% working interest profit petroleum.



Source: Wentworth

Wentworth Resources Inc. ("Wentworth") owns a 25.4% production operations and 31.75% exploration operations working interest in the 756 km^2 Mnazi Bay licence in the south-eastern part of Tanzania operated by Maurel & Prom. There are four gas discoveries on the licence, one of which is producing gas with the others completed and shut-in. These wells define the Mnazi Bay and Msimbati gas fields.

The Mnazi Bay licence area is shown below with the Mnazi Bay/Msimbati Field and its four wells highlighted in red together with the five prospects evaluated in this report also marked on the map. A development Licence has been issued on the discovery block and eight adjoining blocks comprising the contract area, with an initial term of twenty-five years from October 26, 2006.



Source: Base image from Google Earth

RPS reviewed 1658 km of 2D seismic data (103 lines) on the Mnazi Bay licence and 1834 km^2 of 2D seismic data (41 lines) on the onshore Mozambique licence, with the interpretation focus on drill-ready prospects on the subject licence blocks. Additional data reviewed included offsetting well logs and field production histories, details of new discoveries in Mozambique and geological and reservoir information from publically available sources.

These assessments are made in accordance with the London Stock Exchange AIM Rules for Companies (February 2010), AIM Notes for Investing Companies and the AIM Note for Mining and Oil and Gas Companies (June 2009). RPS assigns Contingent Resources to the Mnazi Bay, Msimbati, Msimbati NE and Msimbati NE extension areas and Prospective Resources to five new prospects on the block: Mtwara, Nanguruwe, Mwambo, OSX -1, OSX -2.

Contingent Resources – Mnazi Bay Licence, Tanzania

RPS estimates of Gas Initially In Place and Gas Resources for the Mnazi Bay and Msimbati discoveries are shown in the following tables for the full field (100% Working Interest, unrisked).

Mnazi Bay & Msimbati Resource Estimates - GIIP				
Field	**P90**	**P50**	**Mean**	**P10**
	bscf	bscf	bscf	bscf
Upper & Lower Msimbati	42	122	166	334
Msimbati NE	30	112	161	347
Msimbati NE Extension	7	36	56	125
Upper & Lower Mnazi	210	561	730	1,442
Total	365	892	1,112	2,117
Mnazi Bay & Msimbati Resource Estimates - EUR				
Field	**P90**	**P50**	**Mean**	**P10**
	bscf	bscf	bscf	bscf
Upper & Lower Msimbati	31	91	124	252
Msimbati NE	22	84	121	261
Msimbati NE Extension	5	27	42	93
Upper & Lower Mnazi	156	419	547	1,085
Total	271	667	834	1,594

* Totals determined probabilistically and do not sum arithmetically except at the mean values.

Wentworth's interest in the above Contingent resources is 25.4% of the volumes shown.

Contingent Resources (Unrisked) Mnazi Bay Licence, Tanzania (Bcf)								
	100% Field Values				**Wentworth 25.4% Interest**			
	P_{90}	P_{50}	**Mean**	P_{10}	P_{90}	P_{50}	**Mean**	P_{10}
Gas Originally in Place	365	892	1,112	2,117	92.7	227	282	538
Recoverable Resources	271	667	834	1,594	68.8	169.4	212	405

RPS notes that notwithstanding the fact that the resources in the Mnazi Bay field are currently on production, the above volumes have not been classified as reserves. RPS considers the current production operations to be an initial pre-development stage of production operations, implemented to fulfill a license obligation to supply local area energy needs, but does not, in itself, constitute a commercially viable project, for the purposes of reserves classification. There are several outstanding contingencies on commercial development which would need to be satisfied in order to qualify the project with commercial status and classify the volumes as reserves.

Prospective Resources – Mnazi Bay Licence, Tanzania

On the Mnazi Bay licence area, RPS has estimated the quantity of undiscovered gas resources that are likely to co-exist within the five identified prospect locations of Mtwara, Nanguruwe, Mwambo, OSX -1, OSX -2. The basis of the estimate is the interpreted 2D seismic survey and available well and field data from the area. Consequently there is a wide range of uncertainty in the estimated volume. It should be noted that there is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

The Prospective Resource volumes quoted have not been discounted for risk.

The Geological Probability of Success (GPoS) for the prospects is estimated by RPS to be 27% for Mtwara, 17% for Nanguruwe, 17% for Mwambo and 25% for OSX -1 and OSX -2.

Tanzania Prospective Resources (Unrisked) - GIIP (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	1	3	3	7
	Miocene	90	313	370	727
	Oligocene	227	787	922	1,811
	Prospect Total	**516**	**1,176**	**1,295**	**2,207**
Nanguruwe (NGU-1)	Pliocene	0	1	2	3
	Miocene	4	14	17	34
	Oligocene	21	74	89	177
	Prospect Total	**38**	**94**	**107**	**198**
Mwambo-1 (MWA-1)	Miocene	49	201	252	522
	Oligocene	44	151	180	358
	Eocene	46	144	167	319
	Prospect Total	**297**	**559**	**599**	**948**
OSX-1	Miocene1	33	140	176	368
	Miocene2	123	439	526	1,057
	Prospect Total	**221**	**605**	**702**	**1,319**
OSX-2	Miocene	9	24	28	51
	Oligocene	70	194	221	408
	Prospect Total	**96**	**222**	**248**	**438**
Prospective Resource	**Total GIIP**	**1,658**	**2,817**	**2,952**	**4,417**

Tanzania Prospective Resources (Unrisked) - EUR Gas (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	1	2	2	5
	Miocene	61	214	258	511
	Oligocene	153	536	644	1,272
	Prospect Total	**349**	**809**	**905**	**1,575**
Nanguruwe (NGU-1)	Pliocene	0	1	1	2
	Miocene	3	10	12	24
	Oligocene	14	51	62	125
	Prospect Total	**26**	**64**	**75**	**140**
Mwambo-1 (MWA-1)	Miocene	33	138	176	368
	Oligocene	30	104	126	253
	Eocene	31	99	116	226
	Prospect Total	**203**	**389**	**418**	**667**
OSX-1	Miocene1	23	95	123	260
	Miocene2	83	302	367	741
	Prospect Total	**149**	**417**	**490**	**930**
OSX-2	Miocene	6	17	19	36
	Oligocene	47	133	155	291
	Prospect Total	**65**	**153**	**174**	**311**

Prospective Resource	**Total Gas EUR**	**1,133**	**1,948**	**2,062**	**3,142**

Wentworth owns a 31.75% working interest in the Mnazi Bay licence block. The tables below show Wentworth's share of the prospective resources.

Tanzania Prospective Resources (Unrisked) - GIIP (Bscf) - 31.75% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	0.3	1.0	1.1	2.2
	Miocene	29	99	117	231
	Oligocene	72	250	293	575
	Prospect Total	**164**	**373**	**411**	**701**
Nanguruwe (NGU-1)	Pliocene	0.1	0.4	0.5	1.0
	Miocene	1.2	4.4	5.4	10.9
	Oligocene	7	24	28	56
	Prospect Total	**12**	**30**	**34**	**63**
Mwambo-1 (MWA-1)	Miocene	16	64	80	166
	Oligocene	14	48	57	114
	Eocene	15	46	53	101
	Prospect Total	**94**	**177**	**190**	**301**
OSX-1	Miocene1	10	45	56	117
	Miocene2	39	139	167	336
	Prospect Total	**70**	**192**	**223**	**419**
OSX-2	Miocene	3	8	9	16
	Oligocene	22	61	70	130
	Prospect Total	**30**	**70**	**79**	**139**

Prospective Resource	**Total GIIP**	**526**	**894**	**937**	**1,402**

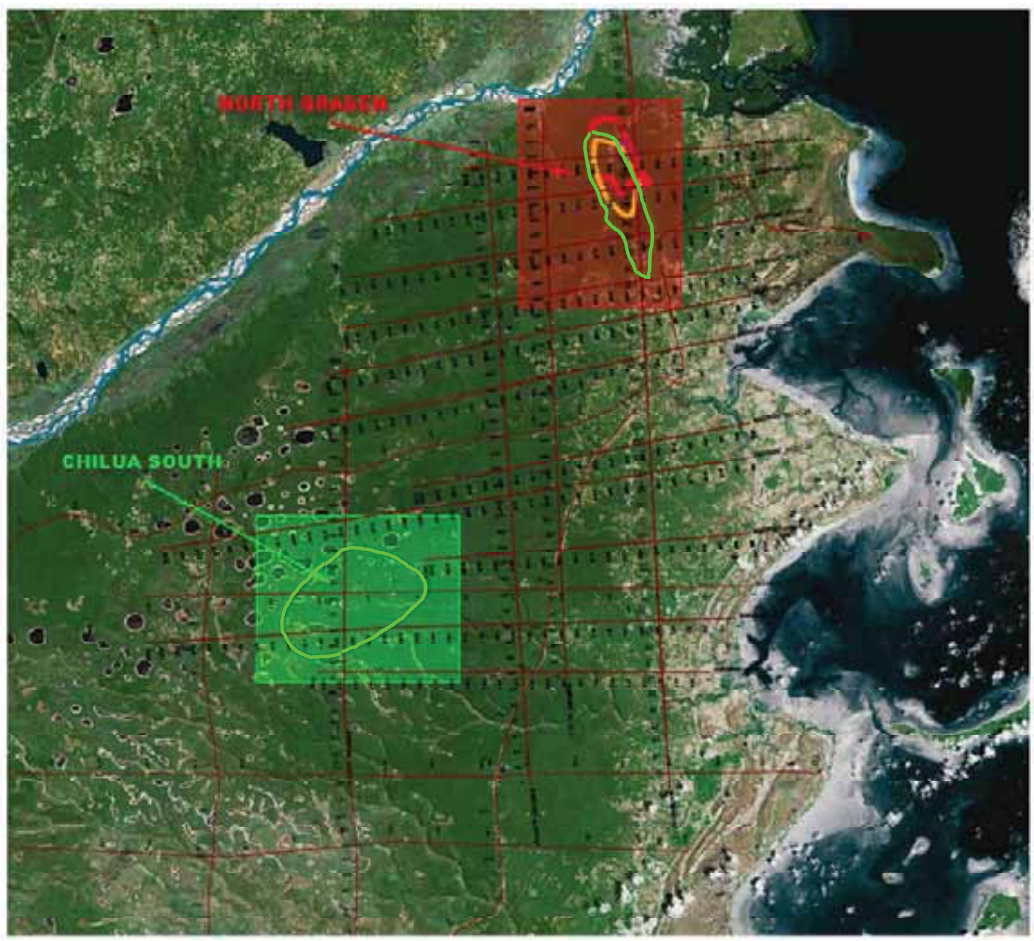
Tanzania Prospective Resources (Unrisked) - EUR Gas (Bscf) - 31.75% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	0.2	0.7	0.8	1.5
	Miocene	19	68	82	162
	Oligocene	48	170	204	404
	Prospect Total	**111**	**257**	**287**	**500**
Nanguruwu (NGU-1)	Pliocene	0.1	0.3	0.4	0.7
	Miocene	0.8	3.0	3.8	7.6
	Oligocene	4	16	20	40
	Prospect Total	**8**	**20**	**24**	**44**
Mwambo-1 (MWA-1)	Miocene	11	44	56	117
	Oligocene	10	33	40	80
	Eocene	10	32	37	72
	Prospect Total	**65**	**124**	**133**	**212**
OSX-1	Miocene1	7	30	39	83
	Miocene2	26	96	117	235
	Prospect Total	**47**	**133**	**156**	**295**
OSX-2	Miocene	1.9	5	6	12
	Oligocene	15	42	49	92
	Prospect Total	**21**	**49**	**55**	**99**

Prospective Resource	**Total Gas EUR**	**360**	**618**	**655**	**998**

Prospective Resources – Rovuma Onshore Block, Mozambique

Wentworth owns 11.59% working interest in the Rovuma Onshore Block, together with partners Anadarko (operator, 35.7%), Maurel et Prom (27.71%), ENH (15%) and Cove Energy (10%). The contract terms on the Block contain obligations for further exploration activity commitments, including 100 km^2 of 3D seismic and the drilling of one exploration well. The partners have agreed to enter into a second phase of exploration activities which will fulfill these commitments, which will retain the rights to the exploration block for thirty months from March 1, 2011.

RPS has evaluated Prospective Resources present within the north-eastern portion of the block, in an area defined by the 2007/2008 seismic survey and informally referred to as the North Palma Area. A map of the location of the North Palma Area and the two prospects evaluated in this section of the report, North Graben and Chilua South, is shown below.



Prospective Resources – North Palma area, Rovuma Onshore Block, Mozambique

Source: Google Earth, Consortium Seismic Data

RPS has estimated the quantity of undiscovered gas that is likely to co-exist within the two identified prospect locations of Chilua South and North Graben. RPS believes that if the prospects are hydrocarbon charged, it is most likely to be gas charged. The basis of the

estimates is the interpreted 2D seismic survey and AVO analysis, together with available well and field data from the area. Consequently there is a wide range of uncertainty in the estimated volume. It should be noted that there is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

The Prospective Resource volumes quoted have not been discounted for risk.

The Geological Probability of Success (GPoS) for the prospects is estimated by RPS to be 15% for both prospects.

Mozambique Prospective Resources (Unrisked) - GIIP (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**350**	**1,343**	**1,624**	**3,261**
North Graben	Shallow	56	165	190	358
	Deep	115	334	377	700
	Prospect Total	**263**	**527**	**567**	**920**
Prospective Resource	**Total GIIP**	**875**	**1,929**	**2,192**	**3,885**

Mozambique Prospective Resources (Unrisked) - EUR Gas (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**237**	**911**	**1,135**	**2,310**
North Graben	Shallow	38	114	133	253
	Deep	77	230	263	492
	Prospect Total	**179**	**364**	**396**	**654**
Prospective Resource	**Total Gas EUR**	**602**	**1,331**	**1,531**	**2,720**

Wentworth owns 11.59% working interest in the onshore Rovuma licence block in Mozambique. The tables below show Wentworth's share of the prospective resources.

Mozambique Prospective Resources (Unrisked) - GIIP (Bscf) - 11.59% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**41**	**156**	**188**	**378**
North Graben	Shallow	6	19	22	42
	Deep	13	39	44	81
	Prospect Total	**30**	**61**	**66**	**107**
Prospective Resource	**Total GIIP**	**101**	**224**	**254**	**450**

Mozambique Prospective Resources (Unrisked) - EUR Gas (Bscf) - 11.59% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**27**	**106**	**131**	**268**
North Graben	Shallow	4	13	15	29
	Deep	9	27	31	57
	Prospect Total	**21**	**42**	**46**	**76**
Prospective Resource	**Total Gas EUR**	**70**	**154**	**177**	**315**

Rovuma Offshore Area 1 Block, Mozambique

RPS has given an opinion as to the potential of the block where Wentworth holds a 4.95% overriding royalty interest in Cove Energy Inc.'s profit petroleum. (Cove Energy has an 8.5% in the block.) The opinion corroborates the resources values announced by the project operator Anadarko; however, RPS is unable to provide an independent evaluation of the prospective resource volumes due to the inaccessibility of critical seismic and well data. RPS notes that the operator (Anadarko) announced, in an October 5th, 2011 news release that the Windjammer, Barquentine, Lagosta and Camarao complex "... holds at least 10 Tcf (trillion cubic feet) of recoverable natural gas resources." No comments were made about the two other discoveries on this block. Cove Energy has indicated similar resource estimates on its web-site. Although RPS cannot independently validate the quantities in Anadarko's announced resource volumes, they are consistent with RPS' understanding of the resource potential on the licence Block.

.

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

LIST OF TABLES

TABLE OF CONTENTS

LIST OF FIGURES

TABLE OF CONTENTS

TABLE OF CONTENTS

LIST OF APPENDICES

LEGAL NOTICE

This report is issued by RPS under the appointment by Wentworth Resources in the engagement letter dated April 28, 2011 (the "Agreement") and Amendment 1 to the Agreement, and is produced as part of the engagement detailed therein and subject to the terms and conditions of the Agreement.

This report is addressed to Wentworth and the named Third Party as defined in the Agreement and is only capable of being relied on by Wentworth and the Third Party under and pursuant to (and subject to the terms of) the Agreement.

Wentworth may disclose the signed and dated report to third parties as contemplated by the purpose detailed in the Agreement but in making any such disclosure Wentworth shall require the third party (including any Third Parties) to accept it as confidential information only to be used or passed on to other persons as Wentworth is permitted to do under the Agreement.

This document was prepared by RPS Energy Canada Ltd. (operating as RPS Energy) solely for the benefit of Wentworth Resources Limited and Panmure Gordon & Co.

Neither RPS Energy, their parent corporations or affiliates, nor any person acting in their behalf:

- makes any warranty, expressed or implied, with respect to the use of any information or methods disclosed in this document; or
- assumes any liability with respect to the use of any information or methods disclosed in this document.

Any recipient of this document, by their acceptance or use of this document, releases RPS Energy and their sub-contractors, their parent corporations and affiliates from any liability for direct, indirect, consequential, or special loss or damage whether arising in contract, warranty, express or implied, tort or otherwise, and irrespective of fault, negligence, and strict liability.

Project Title	Tanzania and Mozambique Resource Assessment as at June 30, 2011		
Project Number	CC00526		
	AUTHORS:	Project Manager	Date of Issue
	Brian D. Weatherill	Brian D. Weatherill	October 21, 2011
	Paul Hood		
	Kathleen Dorey		
File Location:	RPS Energy Canada Suite 1400, 800 – 5th Avenue SW Calgary, Alberta T2P 3T6 Tel:1(403) 265-7226 Fax:1(403) 269-3175 Email:rpscal@rpsgroup.com		

CERTIFICATE OF QUALIFICATION
B.D. Weatherill

I, Brian D. Weatherill, of 3131 Upper Place N.W. Calgary, Alberta T2P 4H2, a Professional Engineer at RPS Energy Canada Ltd., and co-author of a property evaluation (the "Evaluation") dated October 21, 2011 prepared for Wentworth Resources Limited, do hereby certify that:

- I am a Petroleum Engineer employed by RPS Energy Canada Ltd., which prepared a Resource Assessment of the Mnazi Bay, Tanzania assets, the Rovuma Onshore Block in Mozambique and an opinion as to the potential of the Mozambique Rovuma Offshore Area 1 Block assets of Wentworth Resources Limited, as of June 30, 2011.

- I attended the University of British Columbia and that I graduated with a Bachelor of Applied Science Degree Geological Engineering in 1973; that I am a registered Professional Engineer in the Province of Alberta (APEGGA); and that I have in excess of 30 years experience in Petroleum Engineering relating to Canadian and international oil and gas properties.

- I and my employer are independent of Wentworth and our remuneration is not related in any way to Wentworth's value or any Wentworth financing or capital funding activities.

- I have not, directly or indirectly, received an interest, and I do not expect to receive an interest, direct or indirect, in Wentworth Resources Limited or any associate or affiliate of the Company.

- The evaluation was prepared based upon information supplied by Wentworth Resources Limited as well as other public data sources.

B.D. Weatherill, P. Eng.

CERTIFICATE OF QUALIFICATION
Paul J. M. Hood

I, Paul J.M. Hood, of #406, 788 12th Ave SW, Calgary, Alberta T2P 0H1, a Professional Geologist at RPS Energy Canada Ltd., and co-author of a property evaluation (the "Evaluation"), dated October 21, 2011, prepared for Wentworth Resources Limited, do hereby certify that:

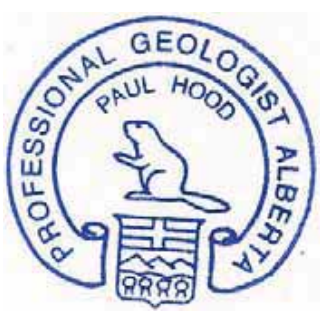
- I am a Petroleum Geologist employed by RPS Energy Canada Ltd., which prepared a Resource Assessment of the Mnazi Bay, Tanzania assets, the Rovuma Onshore Block in Mozambique and an opinion as to the potential of the Mozambique Rovuma Offshore Area 1 Block assets of Wentworth Resources Limited, as of June 30, 2011.

- I attended University College, University of London, U.K. and that I graduated with a Master of Science degree in Marine Earth Science in 1977, prior to that I attended the University of Aston in Birmingham and received a Bachelor of Science degree in Geology and Physics (Combined Honours) in 1976; that I am a registered Professional Geologist in the Province of Alberta (APEGGA); and that I have in excess of 30 years experience in Petroleum Geology relating to Canadian and international oil and gas properties.

- I and my employer are independent of Wentworth and our remuneration is not related in any way to Wentworth's value or any Wentworth financing or capital funding activities.

- I have not, directly or indirectly, received an interest, and I do not expect to receive an interest, direct or indirect, in Wentworth Resources Limited or any associate or affiliate of the company.

- The evaluation was prepared based upon information supplied by Wentworth Resources Limited as well as other public data sources.



P. Hood. P. Geol.

CERTIFICATE OF QUALIFICATIONS
Kathleen Dorey

I, Kathleen Dorey, Consulting Geophysicist of Calgary, Alberta, Canada, am a Professional Geophysicist and Chief Geophysicist of Petrel Robertson Consulting Ltd and co-author of a property evaluation (the "Evaluation"), dated October 21, 2011, prepared for Wentworth Resources Limited, do hereby certify that:

- I am a Professional Geophysicist employed by Petrel Robertson Consulting Ltd., which acted as a subcontractor to RPS in the preparation of a Resource Assessment of the Mnazi Bay, Tanzania and the Rovuma Onshore Block, Mozambique assets and an opinion as to the potential of the Mozambique Rovuma Offshore Area 1 Block assets of Wentworth Resources Limited as of June 30, 2011.
- I attended the University of Western Ontario and that I graduated with a B.Sc. in Geophysics in 1983; that I am a registered Professional Geophysicist in the Province of Alberta (APEGGA); and that I have in excess of 27 years experience in Geophysical studies relating to Canadian and International oil and gas properties.
- I and my employer are independent of Wentworth and our remuneration is not related in any way to Wentworth's value or any Wentworth financing or capital funding activities.
- I have not, directly or indirectly, received an interest, and I do not expect to receive an interest, direct or indirect, in Wentworth Resources Limited or any associate or affiliate of the company.
- The evaluation was prepared based upon information supplied by Wentworth Resources Limited as well as other public data sources.

Kathleen Dorey, P.Geoph.
Chief Geophysicist

PROFESSIONAL GEOPHYSICIST ALBERTA
KATHLEEN DOREY

INDEPENDENT PETROLEUM CONSULTANT'S CONSENT AND WAIVER OF LIABILITY

The undersigned firm of Independent Petroleum Consultants of Calgary, Alberta, Canada knows that it is named as having prepared an independent report of the gas resources of the Tanzania and Mozambique properties owned by Wentworth Resources Limited and it hereby gives consent to the use of its name and to the said report. The effective date of the report is June 30, 2011.

In the course of the assessment, Wentworth Resources Limited provided RPS Energy personnel with basic information which included petroleum and licensing agreements, geologic, geophysical and production information, cost estimates, contractual terms and studies made by other parties. Any other engineering or economic data required to conduct the assessment upon which the original and addendum reports are based, was obtained from public literature, and from RPS Energy non-confidential client files and previous technical resource assessment reports on the subject property. The extent and character of ownership and accuracy of all factual data supplied for this assessment, from all sources, has been accepted as represented. RPS Energy reserves the right to review all calculations referred to or included in the said reports and, if considered necessary, to revise the estimates in light of erroneous data supplied or information existing but not made available at the effective date, which becomes known subsequent to the effective date of the reports.

There is considerable uncertainty in attempting to interpret and extrapolate field and well data and no guarantee can be given, or is implied, that the projections made in this report will be achieved. The report and production potential estimates represent the consultant's best efforts to predict field performance within the scope, time frame and budget agreed with the client. Moreover, the material presented is based on data provided by Wentworth Resources Limited. RPS Energy cannot be held responsible for decisions that are made based on this data or reports. The use of this material and reports is, therefore, at the user's own discretion and risk. The report is presented in its entirety and may not be made available or used without the complete content of the reports. RPS Energy liability shall be limited to the correction of any computational errors contained herein.

RPS Energy Group

1.0 INTRODUCTION

1.1 Background and Historical Description

Wentworth Resources Limited ("Wentworth") owns a working interest in two concessions in East Africa; the Mnazi Bay Concession in Tanzania and the Rovuma Onshore Block in Mozambique. Wentworth also holds a royalty interest in the Rovuma Offshore Area 1 in Mozambique (Figure 1-1).

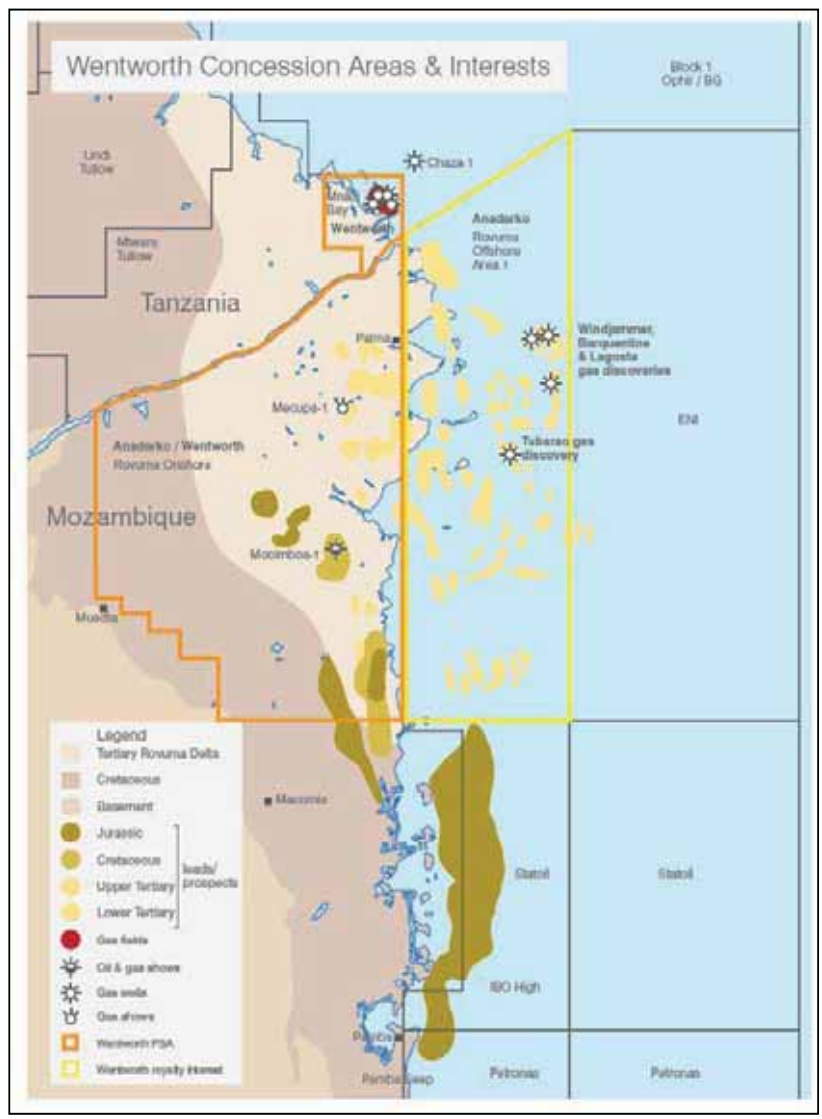


Figure 1-1: Location Map of Wentworth Resources Concessions (formerly Artumas).

Mnazi Bay License, Rovuma Onshore Block, Rovuma Offshore Area 1 Block.

Source: Wentworth

Summary Table of Assets

Asset	Operator	Wentworth Interest	Status	Licence Expiry Date	Licence Area	Comments
Mnazi Bay Licence, Tanzania	Maurel and Prom	25.4% production 31.75% exploration	Production, Development and Exploration	October 26, 2031	756 km^2	Small field development currently on production. Additional exploration and development potential
Rovuma Onshore Block, Mozambique	Anadarko	11.59% working interest 13.64% paying interest	Exploration	2013-09-01	13,500 km^2	In second phase exploration programme
Rovuma Offshore Area 1 Block, Mozambique	Anadarko	4.95% royalty interest in Cove Energy (8.5% working interest) profits	Appraisal and Development	n/a	10,500 km^2	Five gas discovery wells drilled, appraisal programme underway.

Table 1-1: Summary Table of Assets

The Mnazi Bay Concession is located at approximately 10° 19' South and 40° 23' East, on the south-eastern coast of Tanzania, just north of the border with Mozambique. (Figure 1-2)

In 1982, a gas field (Mnazi Bay) was discovered on the concession by AGIP, who drilled the discovery well Mnazi Bay #1 ("MB-1") on a seismic defined structure. The objective of the well was to identify the stratigraphic column and focus on a Lower Cretaceous oil target. The well was evaluated as having oil and gas in several potential reservoir zones, and was drill stem tested over two Miocene aged zones: the "D" zone flowing over 13 MMscf/d of sweet dry gas, and then the "D" & "E" zones combined, flowing at about 12.5 MMcf/d of dry gas. These tests demonstrated the commercial potential of the discovery. After testing, the well was suspended by AGIP, due to lack of gas markets at the time. The concession was subsequently relinquished by AGIP.

In 2003 Artumas Group Inc. (now Wentworth)[1] held discussions with the Government of Tanzania with the objective of implementing a gas-to-power ("GTP") project as a means of exploiting the potential gas resources. The GTP project was conceptualized as having several components: development of the gas reservoir, by drilling and tie-in of sufficient production wells, a gas pipeline, a gas fired power plant and an upgraded power transmission system for local power distribution. In August 2003 an agreement of intent was struck between the

[1] In September 2010, Artumas Group Inc. changed its name to Wentworth Resources Limited, as a result of a business combination transaction between the two companies. In this report, RPS uses the name Artumas, where appropriate, in discussion of historical company activities which pre-date the corporate name change.

Government of Tanzania, the Tanzanian Petroleum Development Corporation ("TPDC") and Artumas to proceed with the GTP project. In mid 2004, a Production Sharing Agreement ("PSA") on the acreage was executed between the Government of Tanzania, TPDC and Artumas Group & Partners (Gas) Limited ("AG&P"), a wholly owned subsidiary of Artumas, clearing the way for implementation of the project. The agreement concession is comprised of a 756.8 km^2 (75,680 hectare) exploration area, both onshore and offshore (Figure 1-2). The concession PSA is also supported by the Agreement of Intent and several other related agreements with the Government of Tanzania to implement the other aspects of the GTP project. On October 26, 2006 the Tanzanian Ministry of Energy and Minerals granted a development licence to TPDC covering one discovery block and eight adjoining blocks, which comprise the Mnazi Bay Contract Area. The development licence has an initial twenty-five year term, and may be extended under certain conditions.

Figure 1-2: Mnazi Bay License Area

In 2005 Artumas initiated a programme of field development and appraisal, activities. This consisted of:

- Reprocessing and reinterpretation of the original 2 D seismic data;
- MB-1 well was re-entered, and re-tested over the D & E sands;
- MB-2 was drilled, logged and tested over the C, D, F, G and I sands;
- MB-3 was drilled, logged and tested over the C, D, F and G sands;
- MS-1X was drilled, logged and tested over the Mnazi Bay F sands, and the Msimbati K1, K2 and K3 sands The acquisition and interpretation of an additional 453 km of

marine and transition zone 2D seismic, which lead to the identification of numerous leads and five prospects.

In concert with field appraisal activities, Artumas constructed field production facilities and a 27 km, 8" gas pipeline to Mtwara. The production facilities and pipeline are tied in to an associated 18 megawatt electric power generation facility located at Mtwara. The power facility generated first electricity on December 24, 2006, fuelled by gas production from Mnazi Bay. The eventual 30 megawatt facility is expected to use about 10 MMcf/d of gas production from the Mnazi Bay field. As of March 5, 2007, the commissioning of the Mnazi Bay gas processing facility and tie-in connection to the Mtwara area power generating facility was complete.

On July 26, 2010 Artumas Group Inc. completed a business combination with Wentworth Resources Limited (Cayman Islands), a company established to investigate the viability of a methanol and urea project for utilising greater volumes of the Mnazi Bay gas resources.

In April 2011, Wentworth requested that RPS evaluate all three concessions for prospective and contingent resources.

The Mnazi Bay gas resource properties were most recently evaluated in November 2010 (RPS Mnazi Bay and Msimbati Resource Report). No new activity has been carried out on these properties since the November 2010 report and the field continues to produce gas at approximately 1.7 MMcf/d. However, five new prospects have been identified on the Mnazi Bay license and prospective resources have been assigned to these prospects. The contingent resources from the November 2010 report have been included in this report.

The Prospective Resources for two prospects in the Rovuma Onshore Block (Mozambique) are also discussed in this report. Wentworth owns 11.59% working interest in the block and Anadarko Petroleum Inc, as operator of the block, is planning to drill one prospect in 2013 as part of the Phase 2 licence commitment requirement. Wentworth has indicated that it intends to participate in this well. An optional Phase 3 commitment well needs to be drilled by 2015. Prospective Resources have been assigned to the two prospects.

Wentworth owns a 4.95% petroleum profits royalty interest on Cove Resources' 8.5% working interest in the Mozambique Offshore Area 1 block, operated by Anadarko. Anadarko has announced five gas discoveries on this block with plans to drill additional prospects in 2011/2012. Wentworth does not have access to well or seismic data on Block 1, therefore RPS is unable to conduct an independent evaluation of the resources associated with the Block. Alternatively, an opinion of the block potential has been given based publically available data only, primarily press release and investor materials from Anadarko, Cove and ENH.

RPS has previously prepared a series of related resource assessment reports listed below:

- May 2005, APA Petroleum Engineering Inc. (now a part of RPS), together with its geological and geophysical associates Petrel Robertson Consulting Limited, prepared a resource assessment report, for the Mnazi Bay gas discovery[1]. The report was based on the MB-1 original discovery well log and test data, and early interpretation of the 2D seismic available at the time. In April 2007, RPS-APA issued an updated resource assessment, with an effective date of December 31, 2006, and included additional data from 233 kilometers of new 2D seismic and drilling wells, MB-2 and MB-3.

- September 2007, the Mnazi Bay April 2007 report was further updated (September 30, 2007 Resource Assessment) to include drilling, logging and testing of MS-1X, updated seismic interpretations and extended well tests on MB-2, MB-3 and MS-1X.
- July 2010, RPS produced an update of the previous Mnazi Bay resource evaluation, which included a review and audit of the Maurel et Prom seismic re-interpretation and re-evaluation of assessed resources.
- November 2010, RPS produced a revised resource assessment report for Mnazi Bay and Msimbati which was based on a new depositional model similar to Maurel and Prom and a seismic re-interpretation carried out by RPS and its geophysical associates Petrel Robertson Consulting Limited. The depositional model (deepwater canyon/slope setting), changes the sand correlations at Mnazi Bay and Msimbati from a simplistic sand to sand correlation to a more stratigraphically complex series of stacked channels. Consequently the C,D and E sands at Mnazi Bay are now called the Lower Sands; the F,G, H and I sands are called the Upper Sands; the K0 sand at Msimbati is referred to as the Msimbati Lower K Sand and the K1, K2 and K3 sands are referred to as the Msimbati Upper K Sand.

This report contains an evaluation of Contingent and Prospective Resources on the aforementioned blocks. The report is divided into four parts:

- Contingent Resources for the Mnazi Bay and Msimbati fields using available 2D seismic and well data
- Prospective Resources for five prospects on the Mnazi Bay License resulting from interpretations of 2D seismic lines supplied by Wentworth
- Prospective Resources for two prospects on the Rovuma Onshore Block resulting from interpretations of 2D seismic lines supplied by Wentworth
- Future potential of the Rovuma Offshore Area 1 Block, Mozambique, based on publically available data.

1.2 Scope

This evaluation covers the quantity of contingent gas resources and prospective gas resources that are likely to exist in the Tertiary formation within the Mnazi Bay license, Tanzania and the Rovuma Onshore Block, Mozambique. In addition, the potential of the Rovuma Offshore Area 1 Block in Mozambique is discussed in this report.

1.3 Data Sources

RPS has based this resource assessment on publically available basin data, data supplied by Wentworth and work previously carried out by RPS, APA and PRCL.

Key data and reports which form the basis of RPS' estimates are as follows:

- Wentworth proprietary 2D seismic data
- Mnazi Bay and Msimbati field - well and production data (four wells).
- Onshore Mozambique – well information from two wells
- Previous RPS, APA and PRCL studies and resource reports

- Public data available from Cove Energy, Anadarko Petroleum, ENH and Maurel et Prom

In addition, RPS has relied upon, and accepted without independent verification, land and concession term data and information supplied by Wentworth. RPS has conducted a site visit to Wentworth's Mnazi Bay, Tanzania property during 2008. No site visits to the licence areas in Mozambique have been conducted.

Other than references to recent press release information which are contained herein, RPS is not aware of any material change to the resources described herein, from the date that the resources were evaluated to the date of this report.

1.4 Resource Definitions

Resources detailed in this report have been assessed using the Resource definitions as published by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers[2].

2.0 CONCESSION AREAS

2.1 Mnazi Bay Licence, Tanzania

The Mnazi Bay Concession Area is located in south-eastern Tanzania in the Ruvuma (Rovuma) Basin. The concession area is a 756 square kilometre block that holds Tertiary, Cretaceous and Jurassic hydrocarbon potential (Figure 2-1). The discovered Tertiary aged Mnazi Bay and Msimbati fields and extensions are defined by relatively sparse and variable quality 2D seismic data. Four wells have been drilled on the concession to date: MB-1, MB-2, MB-3 and MS-1X. Five Tertiary prospects have been identified on the block, Figure 2-2, as well as many leads. British Gas (BG) has recently announced the Chaza-1 offshore gas discovery on Block 1, offshore Tanzania (see Figure 2-1 and Appendix 2).

2.2 Oil and Gas Occurrences in Coastal Tanzania and NE Mozambique

The coastal region of Tanzania has numerous hydrocarbon discoveries, significant shows and seeps. These are shown in Table 2-1 and Table 2-2 following.

HYDROCARBON DISCOVERIES			
Country	Discovery	Reservoir	Resources
Tanzania	Songo Songo Gas Field	Lower Cretaceous	2P GIIP of 1433 Bscf
	Kiliwani North-1	Lower Cretaceous	40 MMscfd
	Mkuranga-1 Gas Discovery	Upper Cretaceous	Probably <20 Bscf
	Mafia Deep 1 Gas Discovery	Upper and Lower Cretaceous	Potentially large (> 1000 Bscf)
	Chewa-1	Unknown	Potentially large
	Pweza	Unknown	Potentially large
	Mnazi Bay/Msimbati Gas Fields	Miocene/Oligocene	P50 GIIP 940 Bscf
Mozambique	Windjammer-1 Gas	Palaeocene and Oligocene	Potentially large
	Barquentine-1 Gas	Palaeocene and Oligocene	Potentially large
	Lagosta-1 Gas	Eocene and Oligocene	Potentially large
	Tubarao-1 Gas	Eocene	Potentially large

Table 2-1: Hydrocarbon Discoveries, Coastal Tanzania and NE Mozambique

HYDROCARBON SHOWS AND SEEPS		
	Well or Seep Name	**Comment**
Tanzania	Makarawe-1	Tarry bitumens
	Tundaua	Oil seep
	Pemba-5	Oil shows
	Kiwangwa-1	Tarry bitumens
	Kimbiji East-1	Gas shows
	Zanzibar-1	Gas shows
	Tan Can-1	Gas shows
	Okuza Island	Oil shows
	Nyuni Island & well	Oil & gas shows
	Kisangire-1	Oil shows
	Wingayongo	Oil seep
	Wingayongo-1 & -2	30m & 40m of tar sand
	Mandawa Basin wells	Oil shows
	Ruhoi River (5km from Wingayongo)	Oil seep
	Mnazi Bay-1	Oil shows
Mozambique	Mocimboa-1	Oil shows
	Mecupa-1ST1	Gas Shows
	Ironclad-1 (offshore)	Oil shows
	Msimbati Island	Oil Seeps
	Pemba, Ponte Uifondo	Oil Seeps

Table 2-2: Shows and Seeps, Coastal Tanzania and NE Mozambique

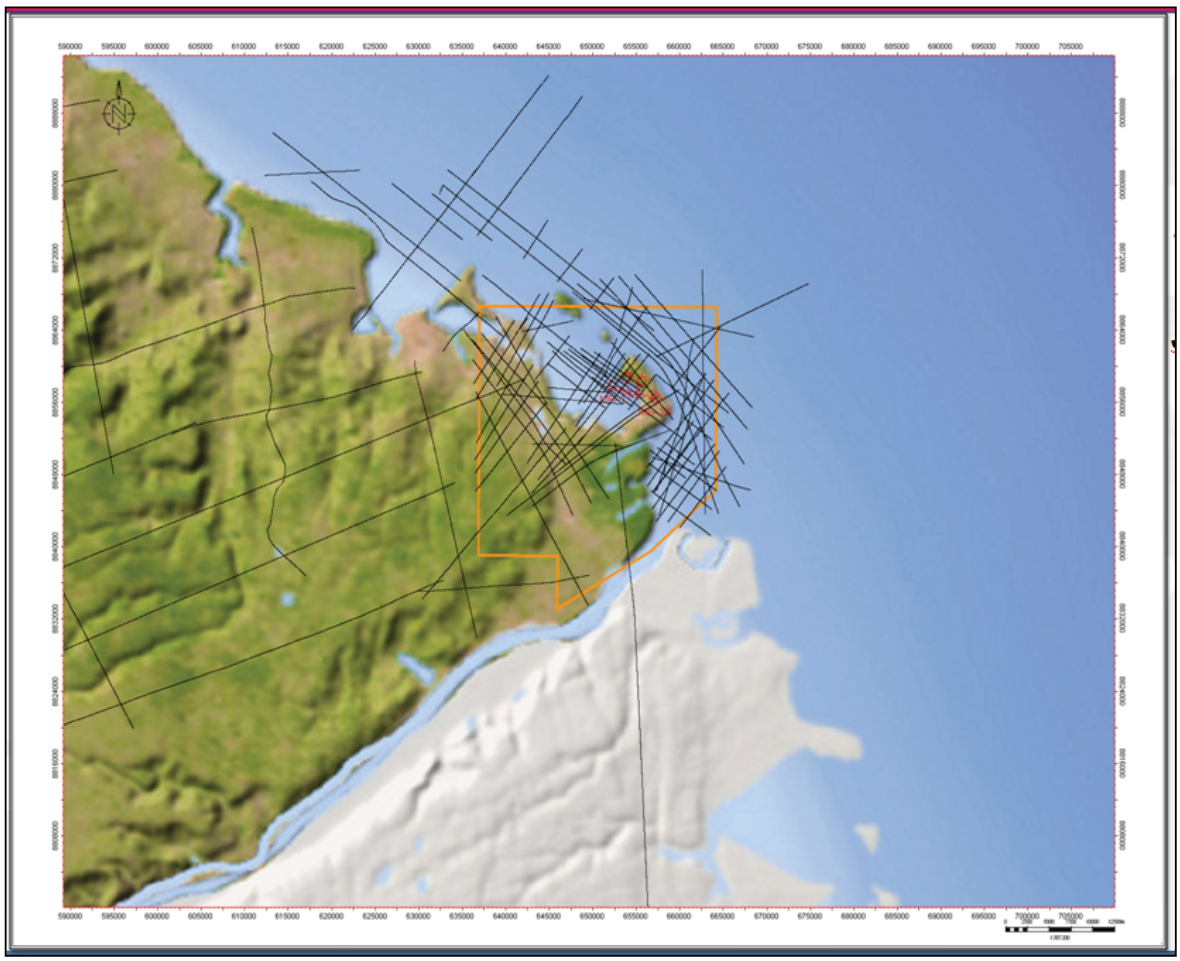


Figure 2-1: Mnazi Bay Concession, Tanzania

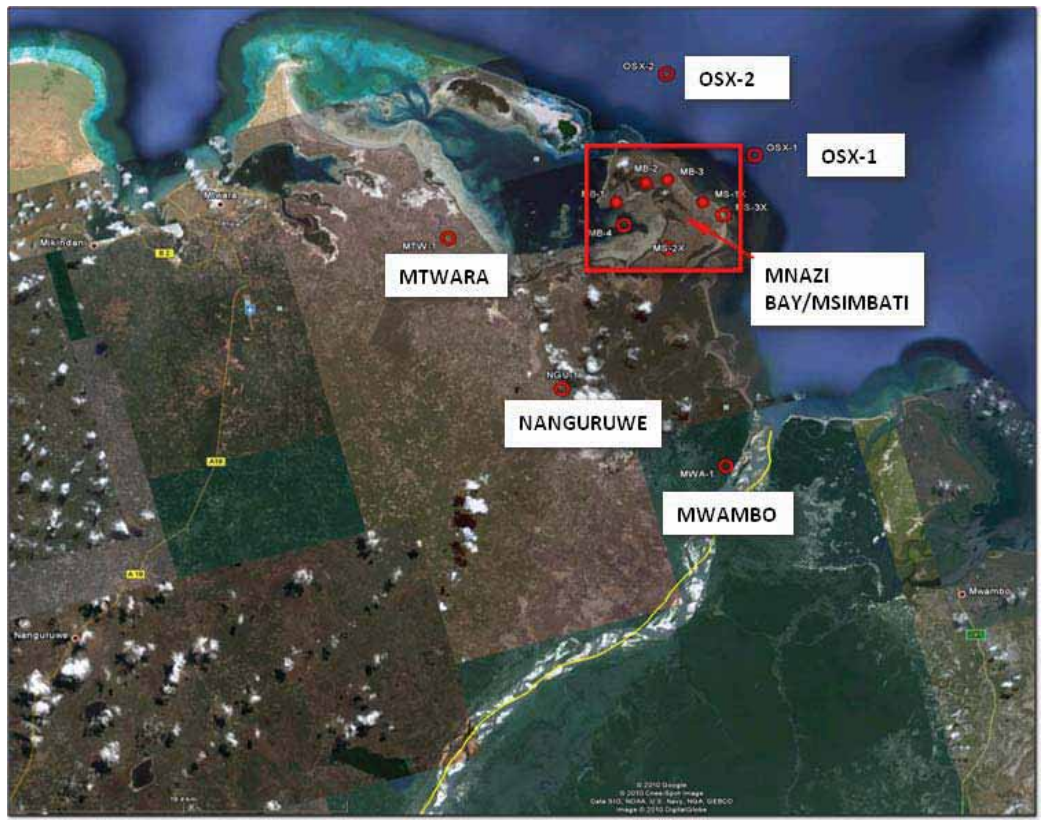


Figure 2-2: Mnazi Bay showing Mnazi Bay/Msimbati Fields and five new prospects

2.2.1 Wentworth Interests and Burdens

Wentworth owns a 25.4% working interest in petroleum operations other than exploration on the block together with operator Maurel and Prom 38.22%, Cove Energy 16.38% and TPDC 20%.

Wentworth also owns a 31.75% working interest in exploration operations on the block, together with Maurel et Prom's 47.775% working interest and Cove Energy's 20.475% working interest.

Wentworth's interest includes contract terms whereby Wentworth's share of costs for one exploration well and 200 km^2 of 3D seismic acquisition and processing (or equivalent) is carried by the other partners.

In addition, Wentworth retains full ownership of a $28.7 million receivable from TPDC, resulting from TPDC's election to participate, representing TPDC share of past costs. Wentworth also retains an option to transfer a further 5% working interest per well in exchange for other party's payment for up to two appraisal wells on the block.

Production operations on the production licence area are governed by the Production Sharing Agreement, executed in 2004. This agreement is a cost recovery form of agreement and contains detailed cost recovery and profit sharing arrangements and production royalty payment obligations.

2.2.2 Block Exploration History

The Mnazi Bay gas field was discovered in 1982 by AGIP. The first well Mnazi Bay #1 ("MB-1") tested gas from the Miocene formation at rates of 13 mmcf/d. After testing, the well was suspended by AGIP, due to lack of gas markets at the time. The concession was subsequently relinquished by AGIP. The license was acquired by Artumas (now Wentworth) in 2004. In 2005, following reprocessing and acquisition of additional 2D seismic data, the MB-1 well was re-entered and three gas discovery wells were drilled, MB-2, MB-3 and MS-1X. Two additional seismic programs were shot in 2007 and 2008 by Artumas (now Wentworth). This has allowed the Mnazi Bay interpretation model to be refined and extended through the whole concession area. Numerous exploration leads and five Tertiary prospects have been identified across the license.

A full description of the historical background of the block is outlined in section 1.1 of this report

2.3 Rovuma Onshore Block, Mozambique

The Onshore Rovuma Block is situated in north-eastern Mozambique and is adjacent to the Mnazi Bay concession, the depositional environment is part of the same deltaic complex identified at Mnazi Bay (Note: Rovuma Basin in Mozambique is spelled as "Ruvuma" in Tanzania, and in this report RPS has used the spelling as appropriate in context). The Rovuma Onshore Block is a 13,500 square kilometre concession which abuts the Area 1 Offshore Block. In 2007/2008, 640 km of 2D seismic was acquired in the north-east portion of the Onshore Block, referred to as the North Palma Area, bringing the total amount of seismic on the block to 1834 km of data (41 lines) (Figure 2-3 and Figure 2-4).

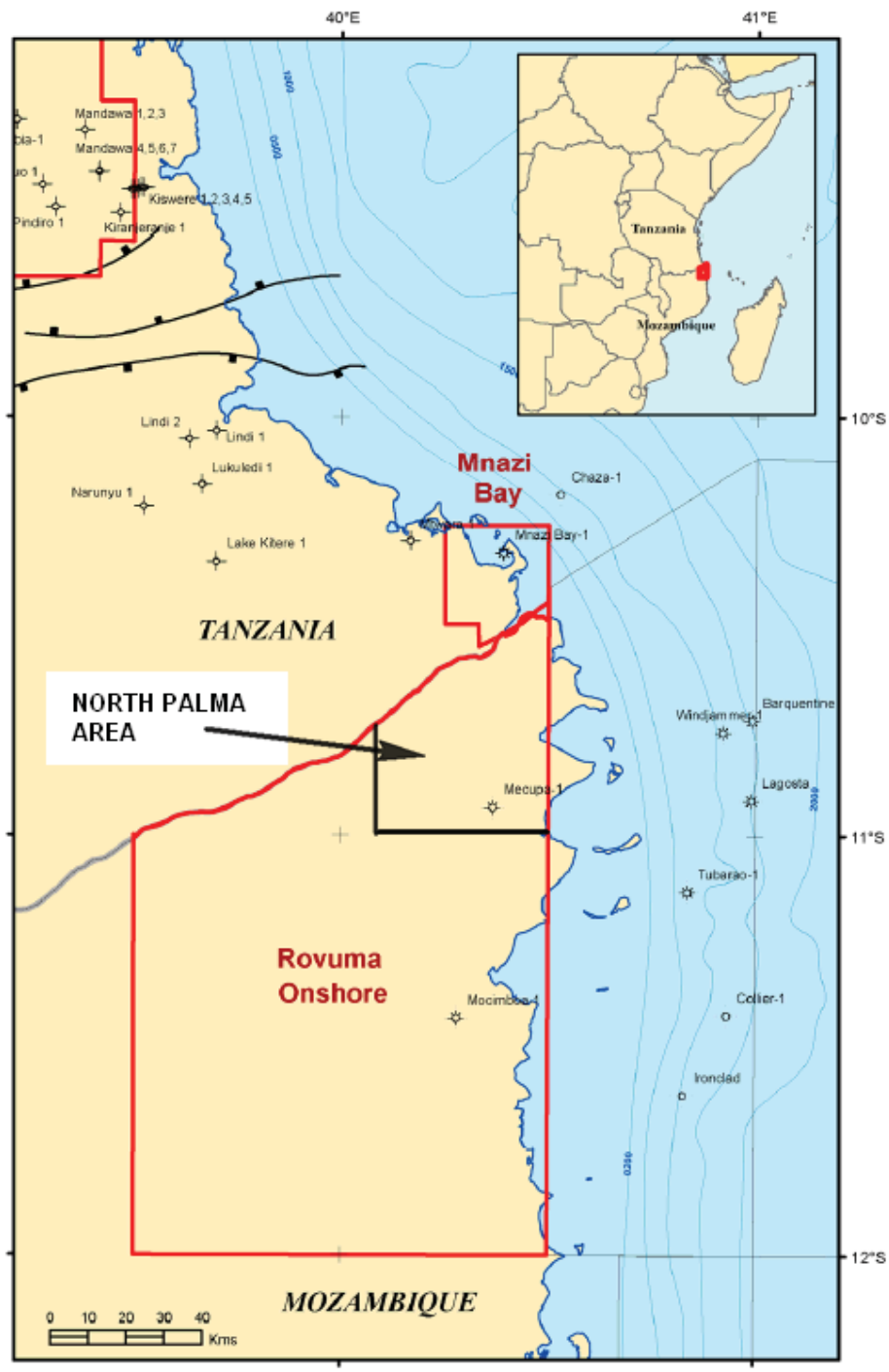


Figure 2-3: Rovuma Onshore Block, Mozambique

Source: Wentworth

2.3.1 Wentworth Interests and Burdens

Wentworth currently owns 11.59% working interest (13.64% paying interest) in the Rovuma Onshore Block, together with partners Anadarko (operator, 35.7%), Maurel et Prom (27.71%),

ENH (15%) and Cove Energy (10%). The contract terms on the Block contain obligations for further exploration activity commitments, with a second phase consisting of shooting, 100 km^2 of 3D seismic and the drilling of one exploration well. The partners have agreed to enter into a second phase of exploration activities which will fulfill these commitments, which will retain the rights to the exploration block for thirty months from March 1, 2011. Wentworth has indicated that a proposal to shoot 1000 to 1200 km of 2 D seismic in lieu of the 3D program is being considered. A third commitment phase consisting of the drilling of an additional well is required by 2015.

2.3.2 Block Exploration History

The first prospect identified on the block using the new data, the Mecupa-1 well, was drilled in Q4 2009 and encountered excellent Tertiary reservoir sands and indications of gas. The most recent corporate presentation from Cove Energy as well as press releases from both Anadarko and Cove Energy indicates they have identified at least two drillable prospects on the north-eastern portion of the block as well as many leads throughout the block (Figure 2-4).

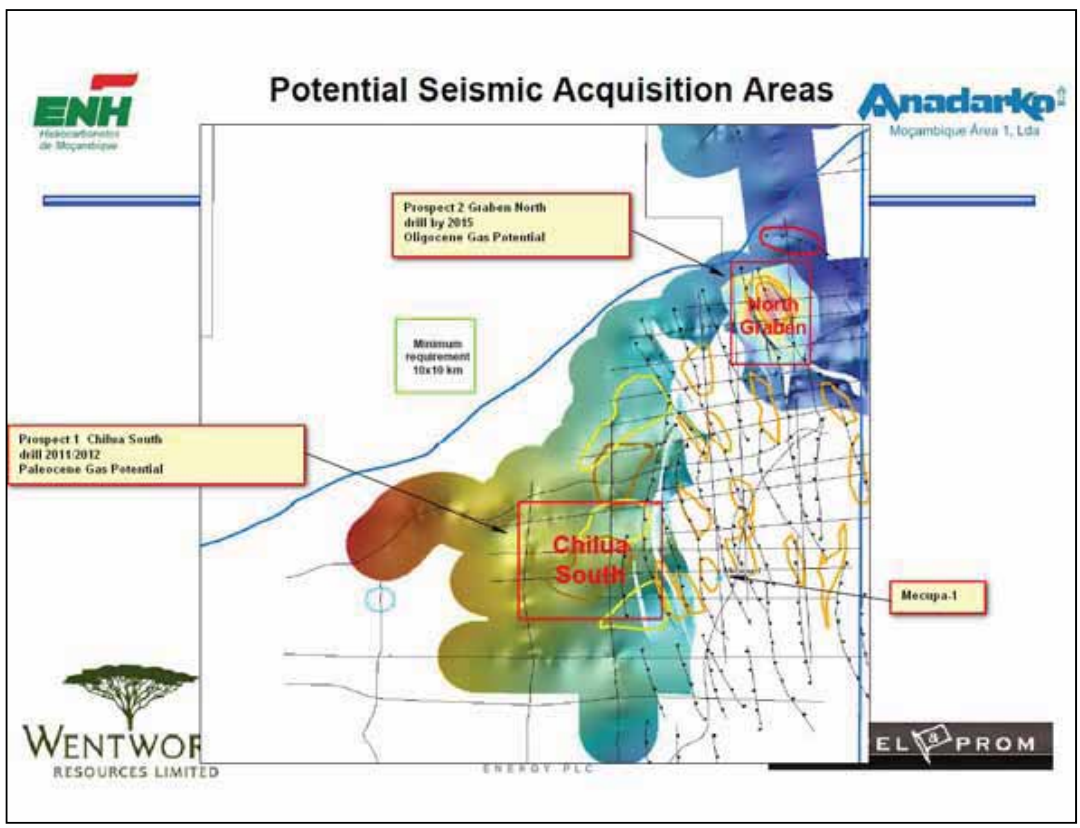


Figure 2-4: Prospects and Leads North Palma Area, Onshore Block, Mozambique

Source: Cove 2010 AGM Presentation

2.4 Rovuma Offshore Area 1 Block, Mozambique

The Offshore Area 1 Rovuma Block is situated offshore north-eastern Mozambique. The concession area covers approximately 10,500 square kilometres. The concession area covers the deep marine portion of the prograding deltaic system, consisting of Oligocene-Miocene deep water turbidites deposited at the end of the canyon/channels as subterranean fans.

2.4.1 Wentworth Interest and Burdens

Anadarko won the rights to explore in the Rovuma Basin in Mozambique's second licensing round in January 2006. Anadarko holds 36.5% of the block, together with Japan's Mitsui & Co. (20%), India's Bharat Petroleum Corporation Limited (10%), Videocon (10%), Cove (8.5%) and Empresa Nacional de Hidrocarbonetos ("ENH") (15% carried interest).

Wentworth has a 4.95% overriding royalty interest in Cove's profit petroleum.

Wentworth's royalty interest carries no associated burdens.

2.4.2 Block Exploration History

In late 2009, Anadarko, the operator of the block began an exploration and appraisal drilling programme with the spudding of the Windjammer #1 well. To date, Anakarko has drilled eight wells, five of which have been announced as major gas discoveries (Figure 2-5):

- Windjammer – 555 net feet of pay. (Oligocene and Paleocene)
- Barquentine – 416 net feet of pay. (Oligocene and Paleocene)
- Lagosta - 550 net feet of pay. (Oligocene and Eocene)
- Tubarao – 110 net feet of pay. (Eocene)
- Camarao – 240 net feet of pay (Paleocene)

In addition to these discoveries, Anadarko has drilled:

- the Barquentine-2 appraisal well, which confirmed 230 net feet of pay in the Oligocene,
- the Ironclad well in the southern area of the block, which targeted Cretaceous aged sediments in two distinct fan lobes, and discovered 125 gross feet of oil and gas saturated sands in the upper fan lobe. Although the well confirmed the presence of oil in the system, the sands are tight and the well is non-commercial.
- The Collier well, on the south-east portion of the block in 2010. The well was suspended short of the reservoir objective due to unexpected pore pressure issues. The well has purportedly been suspended for possible future re-entry.

Anadarko is currently shooting new 3 D seismic over Area 1, in a southern area referred to as Quirimbas, as well as a 2448 km^2 3 D seismic survey over the Cabo Delgardo area in the northern section of Area 1. The northern section lies between the Barquentine discovery and the border with Tanzania. The partnership has announced plans for additional drilling starting in Q4, 2011.

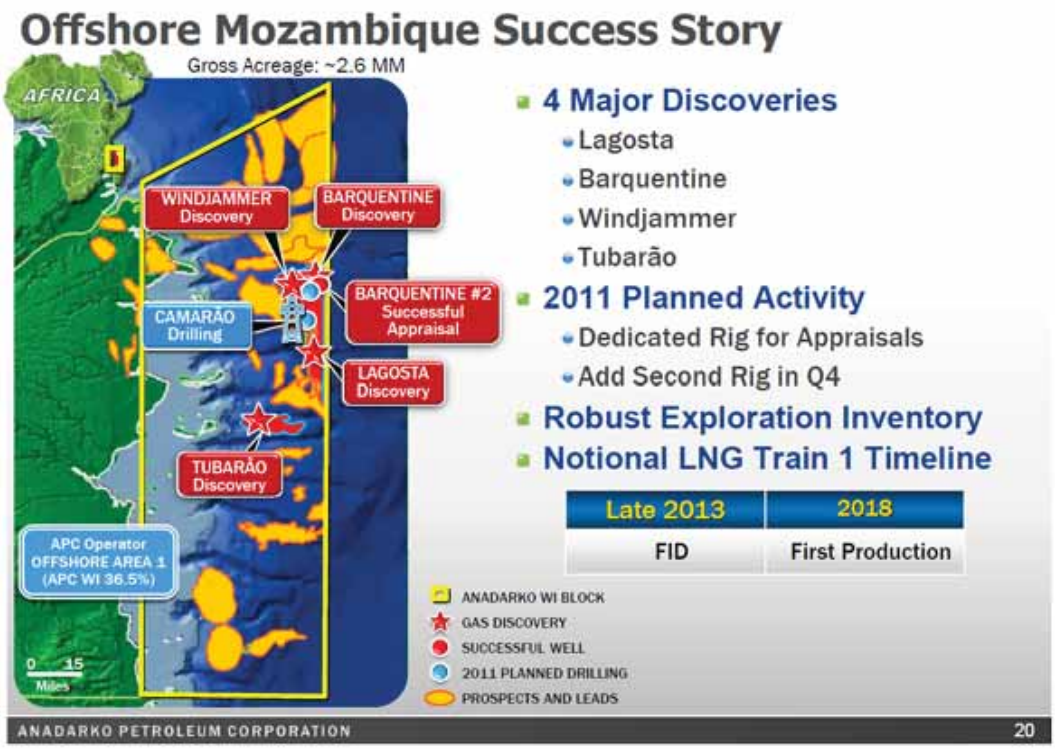
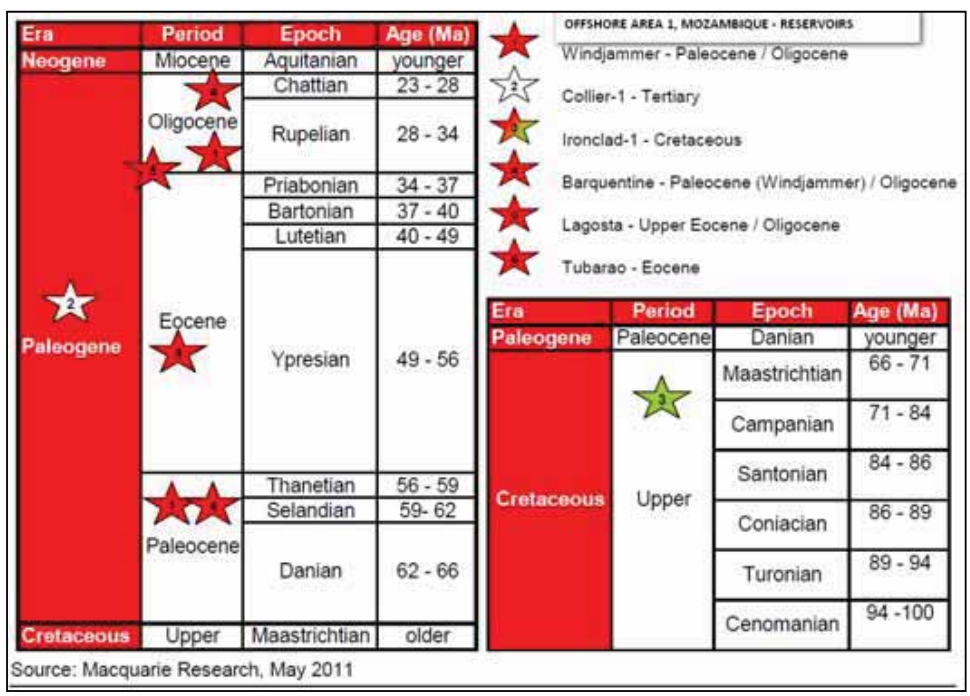


Figure 2-5: Offshore Area 1 Block with Reported Gas Discoveries and Associated Leads

Source: Anadarko web-site



Era	Period	Epoch	Age (Ma)
Neogene	Miocene	Aquitanian	younger
Paleogene	Oligocene	Chattian	23 - 28
		Rupelian	28 - 34
	Eocene	Priabonian	34 - 37
		Bartonian	37 - 40
		Lutetian	40 - 49
		Ypresian	49 - 56
	Paleocene	Thanetian	56 - 59
		Selandian	59- 62
		Danian	62 - 66
Cretaceous	Upper	Maastrichtian	older

OFFSHORE AREA 1, MOZAMBIQUE - RESERVOIRS

- Windjammer - Paleocene / Oligocene
- Collier-1 - Tertiary
- Ironclad-1 - Cretaceous
- Barquentine - Paleocene (Windjammer) / Oligocene
- Lagosta - Upper Eocene / Oligocene
- Tubarao - Eocene

Era	Period	Epoch	Age (Ma)
Paleogene	Paleocene	Danian	younger
Cretaceous	Upper	Maastrichtian	66 - 71
		Campanian	71 - 84
		Santonian	84 - 86
		Coniacian	86 - 89
		Turonian	89 - 94
		Cenomanian	94 -100

Source: Macquarie Research, May 2011

Figure 2-6: Offshore Area 1 Reservoirs

Source: Anadarko Website

3.0 REGIONAL GEOLOGY AND PETROLEUM SYSTEM

3.1 Regional Geological Setting

The Mnazi Bay License area in Tanzania, the Rovuma Onshore Block and the Rovuma Offshore Area 1 Block in Mozambique are located in the northern part of the Ruvuma ("Rovuma" in Mozambique) Basin which straddles the border between Tanzania and Mozambique. It is one of numerous basins along the east coast of Africa, formed when the paleo-continent of Gondwana rifted apart during the Permian, Triassic and early Jurassic. Locally, the rifting associated with the formation of the Ruvuma Basin led to the separation of the island of Madagascar from the main body of Africa.

Figure 3-1: Location Map Ruvuma Basin

The basin contains Triassic and lower Jurassic syn-rift sediments overlain by thick drift sequences. The depositional environment is dominantly clastic with the exception of some mid-Jurassic carbonates. Early Jurassic restricted marine deposits and continental sediments along the basin margins are overlain by a transgressive-regressive sequence estimated to be as much as 7-8 km thick at the coast. In response to the early uplift and doming that preceded rifting of the modern-day East African Rift System, the Ruvuma River delta and submarine channel system began to form during the Oligocene. The passive margin sequence was succeeded by a massive influx of eastward prograding clastic sediments from Mid-Tertiary to Recent. The position of the Ruvuma Delta depocenter was constrained by fault block rotation and basin subsidence during the Tertiary, with the early centre located towards the northern part of the Rovuma Basin. These sediments have been subjected to intensive gravity driven deformation, shale diaparism and slumping. The Ruvuma Delta complex comprises of a thick, eastwardly prograding wedge of rapidly deposited clastic sediments which extends eastward into canyon/channel sediments, forming a complex network of stacked channel sandstones. Resources are contained in this Tertiary interval, primarily in the Miocene and Oligocene.

3.2 Tertiary Depositional Environments

The Tertiary sequence in the Mnazi Bay area is situated within the canyon slope setting (Figure 3-2); these turbidite canyon-fill deposits contain sandstones which provide good reservoirs and shales which provide stratigraphic traps. Onshore Mozambique Tertiary deposits are fluvial deltaic deposits and marine shelf deposits (Figure 3-3), which make excellent reservoirs. In Offshore Area 1, Tertiary sediments consist of channel and deepwater fan deposits, which contain excellent quality reservoir sands; hydrocarbons are trapped on toe thrust structures. (Figure 3-3 and Figure 3-4).

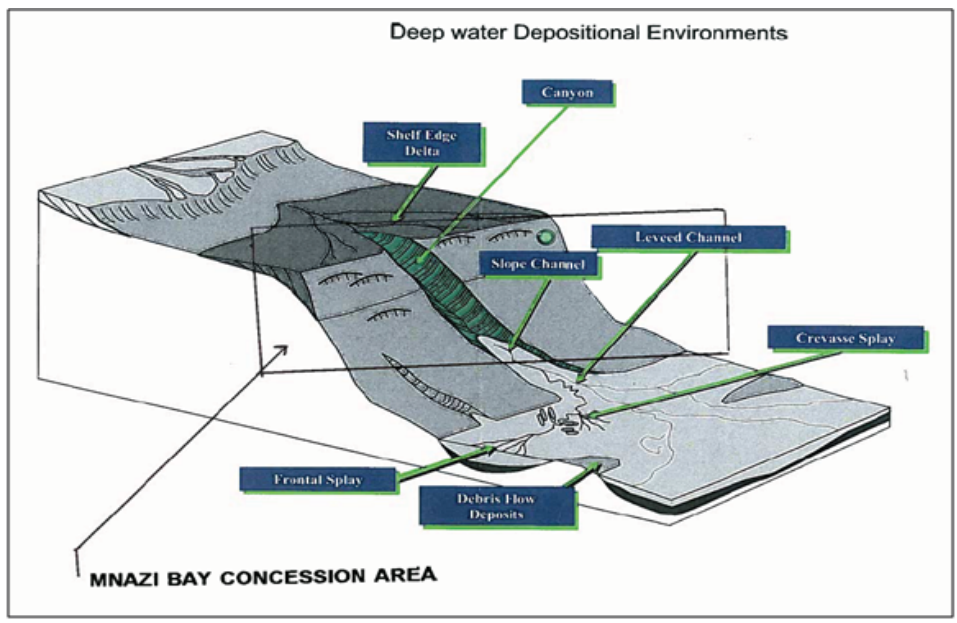


Figure 3-2: Tanzania Tertiary Deposition - Canyon Slope Setting

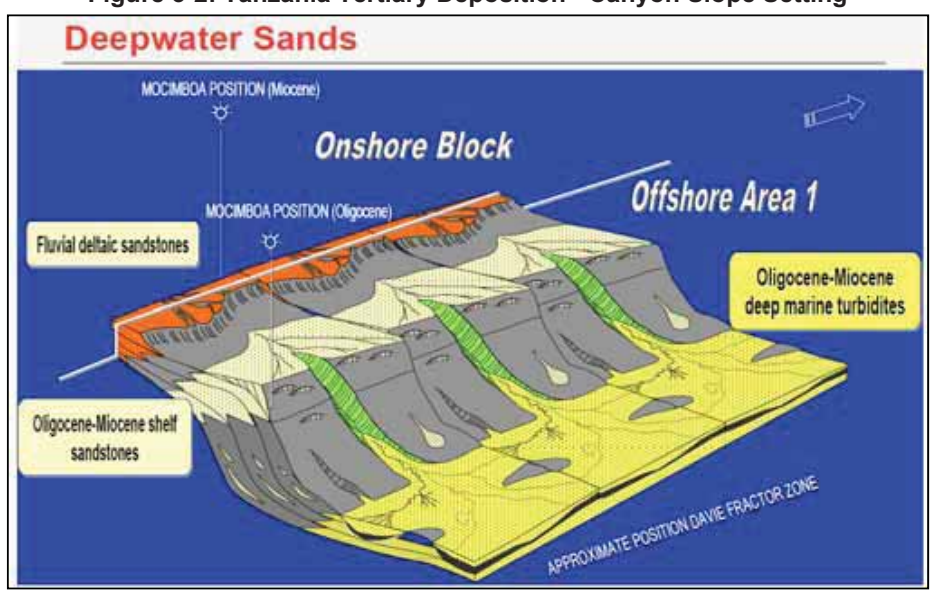


Figure 3-3: Mozambique Tertiary Deposition. Onshore Block: Fluvial-Deltaic and Marine Shelf Sandstone.
Offshore Area 1: Deep Marine Turbidites and Fans
Source: Cove Investor Presentation (May 2011)

Figure 3-4 below shows the correlation between three wells on-shore Tanzania and on-shore Mozambique demonstrating the Upper and Lower Tertiary depositional cycles across the Ruvuma (Rovuma) Basin.

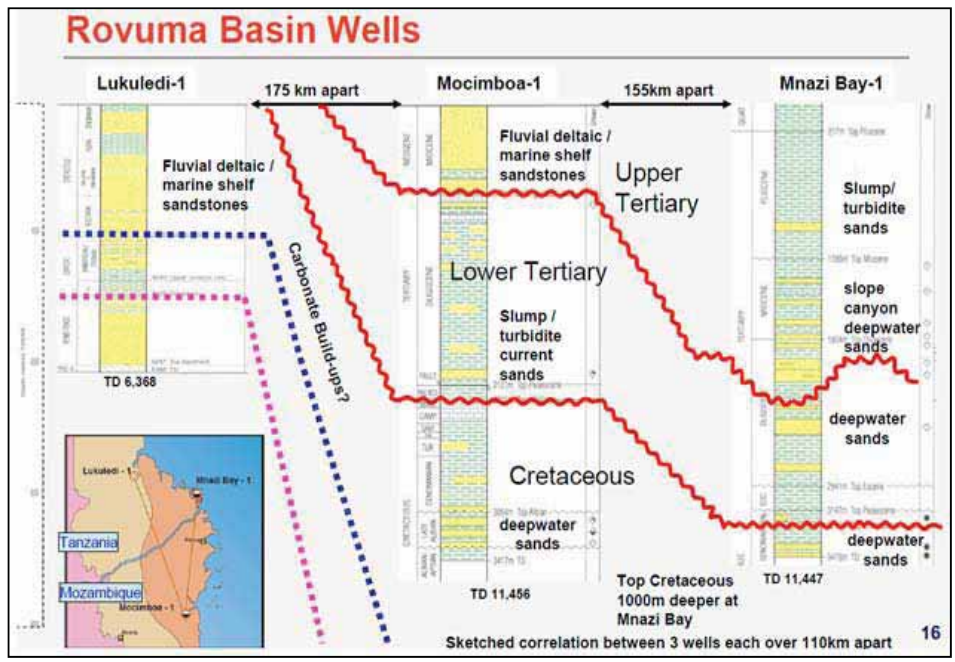


Figure 3-4: Cross Section across On-Shore Tanzania and Mozambique Showing Upper and Lower Tertiary Environments and Reservoir/Seal Pairs

Source: Cove Investor Presentation (May 2011)

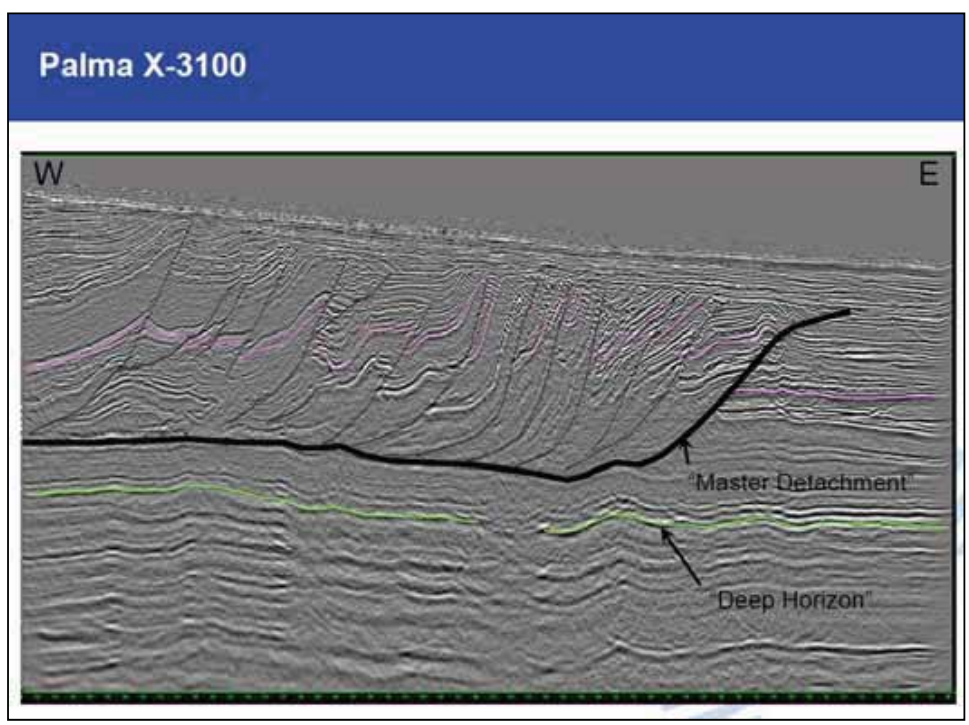


Figure 3-5: Toe Thrusts Within the Miocene, Offshore Area 1 Block

Source: Cove Energy

3.3 Tertiary Stratigraphy

The new prospects on the Mnazi Bay license and the Mnazi Bay and Msimbati fields lie at the northern end of the Ruvuma Basin. The Ruvuma basin contains a shallow deltaic through deep slope and deep water fan succession. Reliable correlations within such successions are difficult, as channelized, laterally-discontinuous reservoir sandstones, deposited in shallow deltaic through to deep slope settings, generally lack unique, correlatable characteristics. The Pliocene, Miocene, Oligocene and Eocene deposits on the Mnazi Bay license are all thought to be deposited as deep-water continental slope deposits consisting of channels within submarine canyons and turbidite current sediments. The submarine canyons are filled with channel sands and slump deposits (shales).

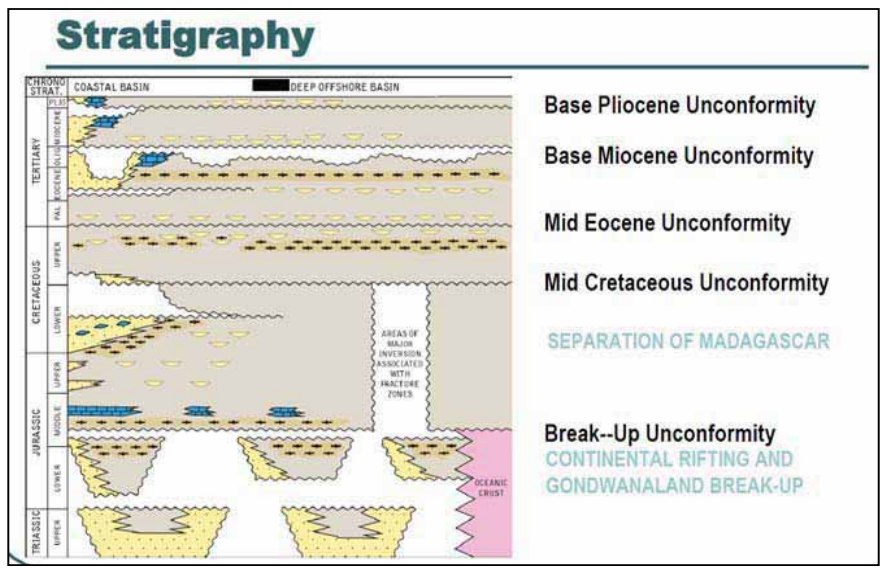


Figure 3-6: Evolution of the Ruvuma Basin with Stratigraphic Units

Source: Artumas Internal Presentation

3.4 Ruvuma Basin - Source Rocks, Maturity and Migration Paths

Only a small number of wells have been drilled in the Ruvuma Basin to date, consequently the main potential source rock sequences have yet to be intersected in the subsurface. Data from recent discoveries on the Offshore Area 1 Block are not available. Analogues from other East African margin basins have been used to describe the source rock potential of the Ruvuma Basin. Known source rocks, along the East African margin, range from Permo-Triassic through Jurassic to possibly Cenozoic age. The source for the Mnazi Bay and Msimbati gas discoveries is thought to be the regionally extensive mature Jurassic source rocks.

Results of 1D basin modeling from across the Ruvuma Basin indicate that peak oil generation for mid-Jurassic source rocks was during early-mid Cretaceous times, while remaining potential source rocks in the Late Jurassic, Cretaceous and younger sections, which saw major hydrocarbon generation and expulsion during the Eocene, Oligocene, and Recent epochs. The latter is triggered by the initiation of the Late-Tertiary to Recent East African Rift Valley system which resulted in subsidence and a major heating phase pulse throughout the Ruvuma Basin.

3.5 Structure

Two episodes of deformation dominate the structural history of the Ruvuma Basin. During rifting, a NNE-SSW trending system of horsts and grabens developed, affecting pre-Upper Jurassic strata. These strata dip regionally eastward due to loading of the passive margin. Gravitational collapse of passive margin sediments has resulted in the development of a linked shelf-extensional and basinward toe-thrust system. Listric normal faults cut Tertiary strata and sole in a decollement near the top of the Cretaceous. The associated toe-thrust system is located offshore to the east of the Mnazi Bay license in Tanzania and on the offshore Rovuma block in Mozambique.

Figure 3-7 shows the linked extensional system of roll over anticlines associated with normal listric growth faults, as found in Mnazi Bay and onshore Mozambique, and basinward toe thrust systems which create structural traps for the Tertiary plays in offshore Mozambique.

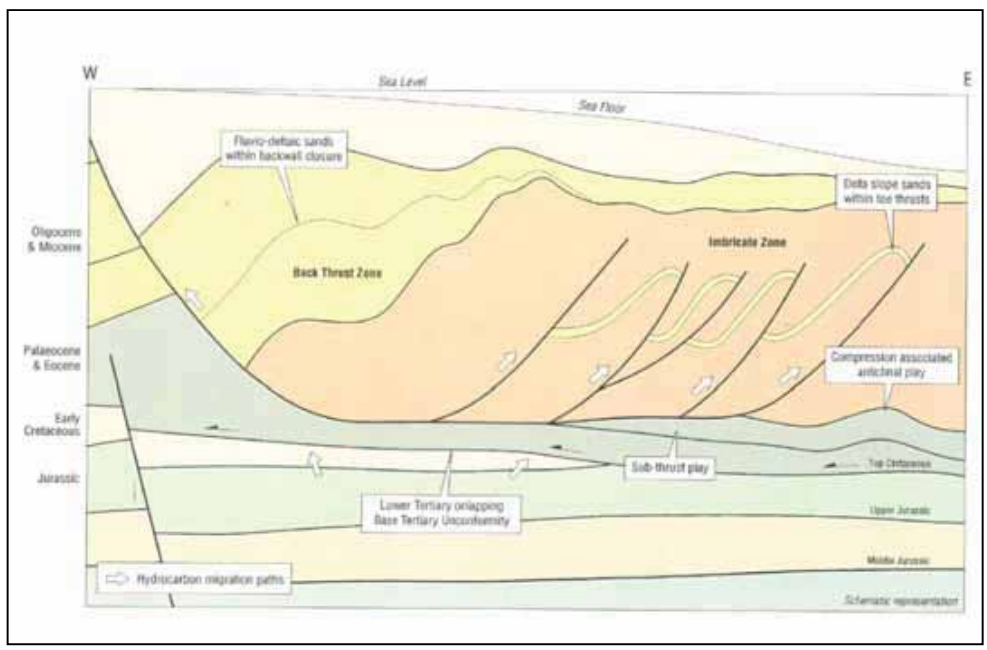


Figure 3-7: Cross Section Showing the Linked Extensional and Basinward Toe Thrust System

Source: Artumas Internal Presentation

Figure 3-8 shows a seimic section from West to East through the Ruvuma (Rovuma) Basin, Tanzania which demonstrates the extensional to toe thrust system.

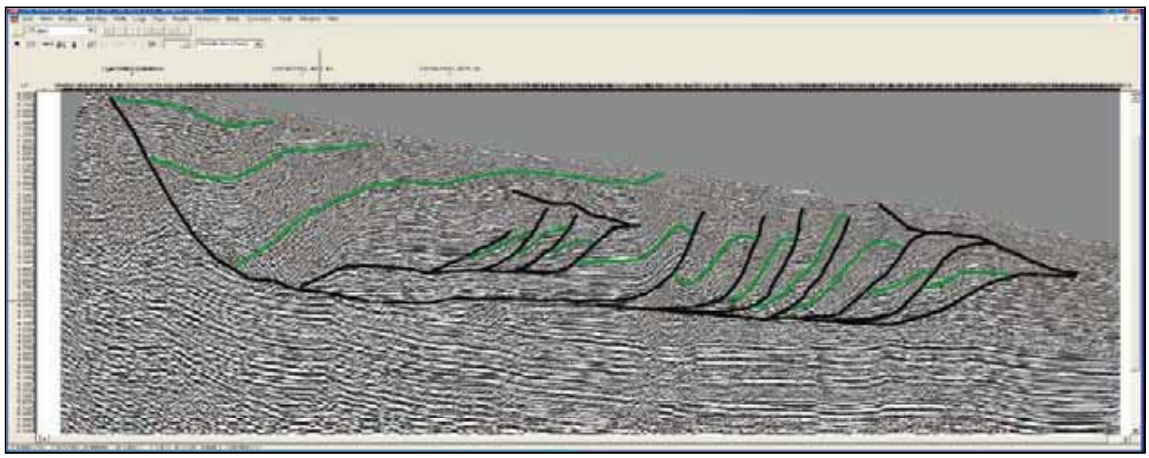


Figure 3-8: Near-shore to Deep-water Structural Deformation Style, Ruvuma (Rovuma) Basin Mozambique

Source: Artumas Internal Presentation

4.0 MNAZI BAY & MSIMBATI FIELDS – CONTINGENT REOURCES

RPS Energy conducted a Contingent Resource assessment report on the Mnazi Bay and Msimbati discoveries on the Mnazi Bay license in November 2010 (RPS Mnazi Bay and Msimbati Resource Report). The report was based on a new depositional model similar to Maurel et Prom and a seismic re-interpretation carried out by RPS and its geophysical associates Petrel Robertson Consulting Limited. The depositional model (deepwater canyon/slope setting), changes the sand correlations at Mnazi Bay and Msimbati from a simplistic sand to sand correlation to a more stratigraphically complex series of stacked channels. No new activity has been carried out on these fields since the November 2010 report and, based on information from Wentworth, the field continues to produce gas at approximately 1.7 MMcf/d. The Contingent Resource assessment of these fields remains unchanged from the November report due to the very low production rates and no new field data.

4.1 Reservoir Geology

4.1.1 Stratigraphy

Mnazi Bay and Msimbati reservoirs lie at the northern end of the Ruvuma Basin. The Ruvuma basin contains a shallow deltaic through deep slope succession. Reliable correlations within such successions are difficult, as channelized, laterally-discontinuous reservoir sandstones, deposited in shallow deltaic through to deep slope settings, generally lack unique, correlatable characteristics.

Within the reservoir section, several correlation schemes can be envisioned between the MB-1, MB-2, MB-3, and MS-1X wells. The nature of the seismic anomalies at Mnazi Bay, indicate a deep water channel/canyon setting rather than a near shore deltaic environment. The reservoir sands are interpreted to have been deposited on the deepwater continental slope, as offset stacked channel deposits and have been identified as occurring within four Miocene aged channel sequences, the Lower Sand and Upper Sand for the Mnazi Bay reservoir section and the Lower K Sand and Upper K Sand for Msimbati Field (Figure 4-1 and Figure 4-2). The sand units were correlated using seismic and well logs and used channel scour, gas-water contacts and thickness and flooding surfaces to identify the channel sequences.

Four wells at Mnazi Bay, MB-1, MB-2, MB-3 and MS-1X contain gas in the Miocene.

A composite of the logs from the four wells at Mnazi Bay is shown in Figure 4-1 and Figure 4-2.

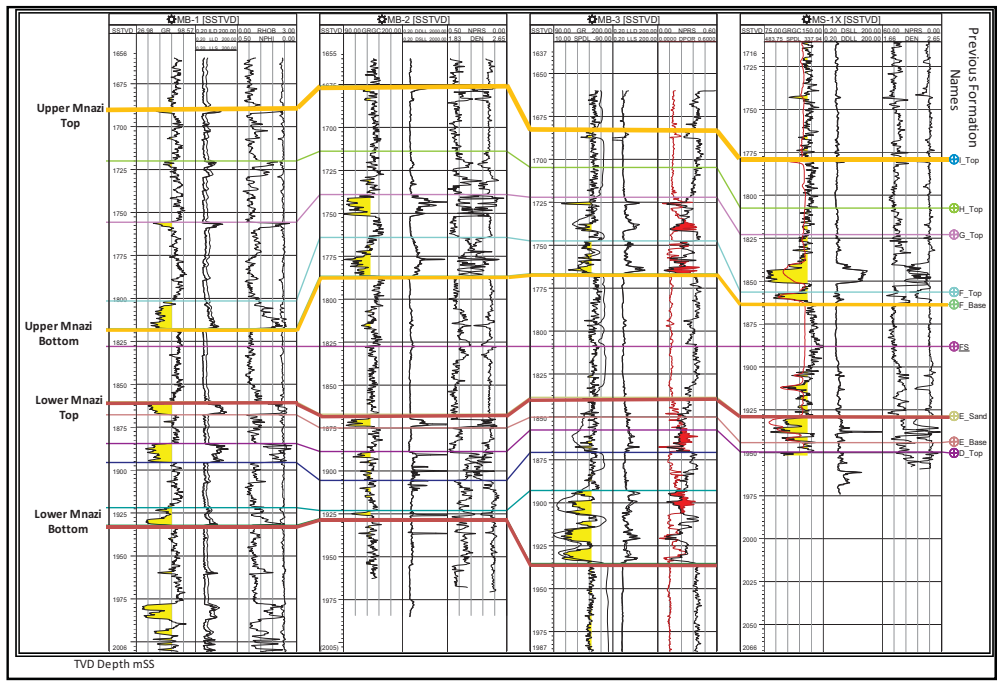


Figure 4-1: Mnazi Bay Stratigraphic Section

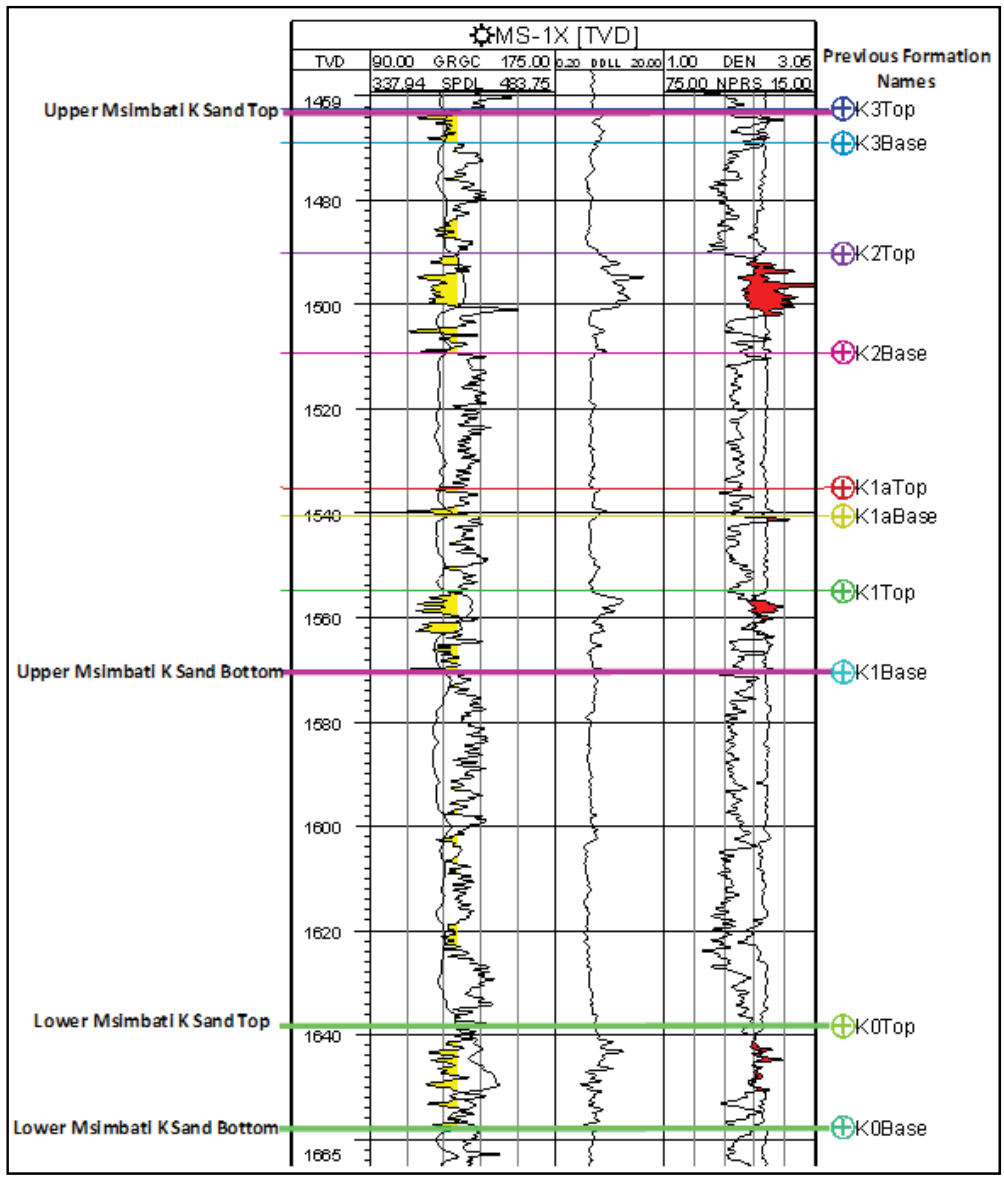


Figure 4-2: Msimbati Field MS-1X K Sands – Stratigraphic Section

4.1.2 Structural Geology

The Mnazi Bay structure lies along the crest of a major roll over anticline associated with an extensional normal listric growth fault. The channel complex cuts into the anticline and is parallel to the fault trend

A pre-Tertiary unconformity high, as shown in Figure 4-3, at Mnazi Bay/Msimbati may have influenced preferential fairways for the intense channelized slope system during the Oligocene and Miocene.

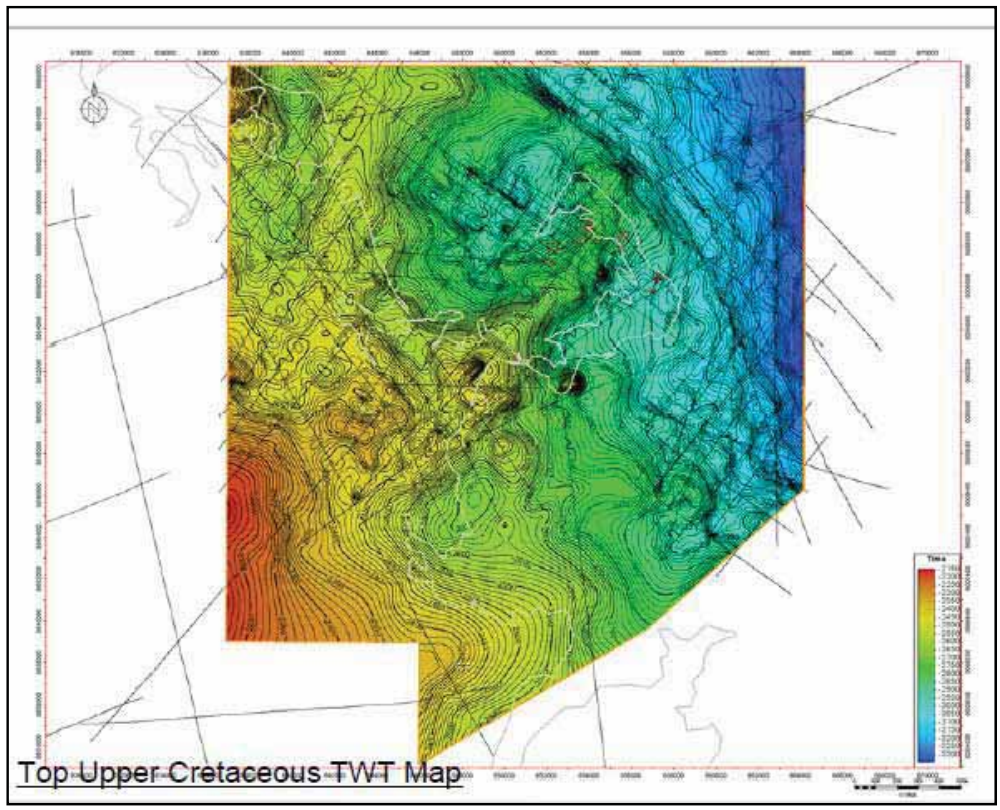


Figure 4-3: Pre-Tertiary Unconformity Surface (Top Upper Cretaceous)

4.1.3 Seismic Interpretation

Mnazi Bay Field

Four horizons have been picked within the Mnazi Bay channel structure, the top of the Upper Sand, base of the Upper Sand, top of the Lower Sand and base of the Lower Sand. In addition, the base of the channel was interpreted from the data set. The lower sand package contains sands which have previously been described as the C, D and E sands, while the upper sand package contains sands previously described as the F, G, H and I sands, all of Mio-Oligocene age. There is a shale interval between the two sand packages.

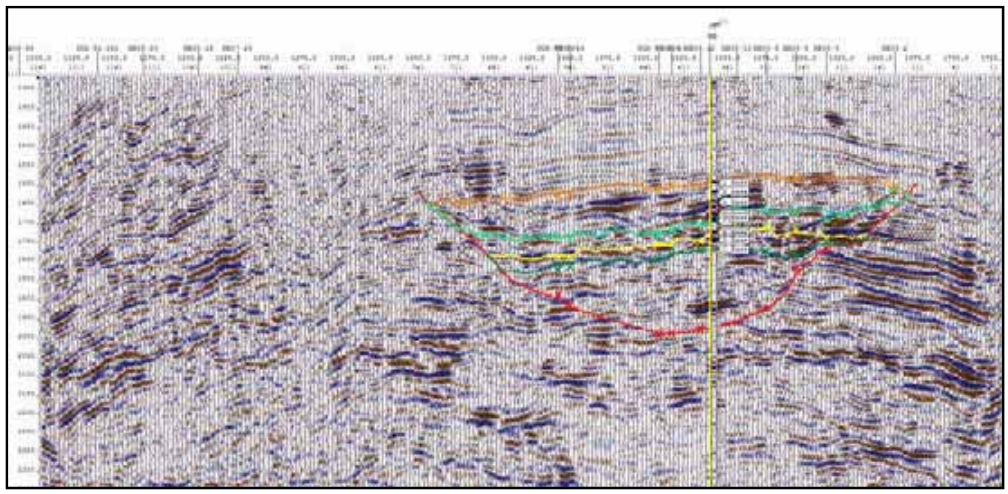


Figure 4-4: Line MB05-9 Showing the Mnazi Bay Channel

Figure 4-4 shows the Mnazi Bay channel feature in red, the upper sand package top in orange, the upper sand package base in light green. The lower sand package top is in yellow, and the lower sand package base is in dark green.

Msimbati Field

Three horizons were picked in the Msimbati channel structure and the base of the channel was interpreted. The horizons picked defined the bounds of an Upper K sand package containing the K3, K2, K1 and K1A sands. The deepest horizon picked defined the top for the lower K0 sand package. The base for the lower K0 sand package occurs within 1 wavelength in the 2D seismic dataset. Therefore only a top was picked to define the lateral extents of the K0 sand and a constant thickness defined by the well data was assumed.

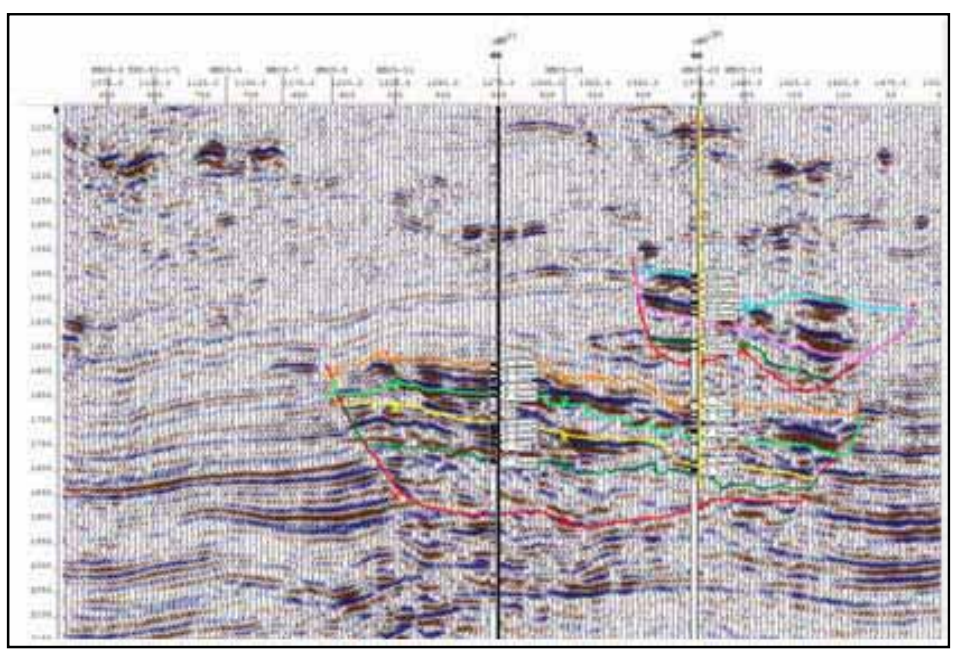


Figure 4-5: Line MB05-2 Showing the Msimbati Channel

Figure 4-5 shows the Msimbati channel feature on the top right of the seismic line. The Upper K sand package top is in light blue, the Upper K sand base in pink and the Lower K sand top in dark green. Base of the channel is in red. The Mnazi Bay channel feature is also shown in this figure and is the deeper of the two channel features.

Msimbati N.E. and N.E. Extension Channel Features

A third channel slope feature, referred to as Msimbati N.E., is present at Mnazi Bay/Msimbati. The channel is interpreted to be connected to the Mnazi Bay channel complex. Msimbati N.E. is a separate channel to the Mnazi Bay and Msimbati channels, deposited in a similar slope setting. It is expected to contain similar sand properties to the other channels and is potentially connected laterally and/or vertically to the Mnazi Bay and Msimbati channels. Figure 4-6, below, illustrates the position of the Msimbati N.E. channel feature and shows how it is juxtapose to the other two channels. As there is no well data for this sand body, only 1 horizon was picked for the top of the channel feature and another horizon for the base.

A fourth channel slope feature, identified as the Msimbati N.E. Extension was likewise mapped, this feature may or may not be connected to Msimbati N.E proper. The imaging of this feature in the transition zone is not as good as the other channel features. The majority of the channel lies down-dip from Msimbati N.E.

Averaged values from the other channel features were used to calculate net pay, porosity, and water saturation values for both the Msimbati N.E. and Msimbati N.E. Extension. See the Petrophysical parameters in this report for further information.

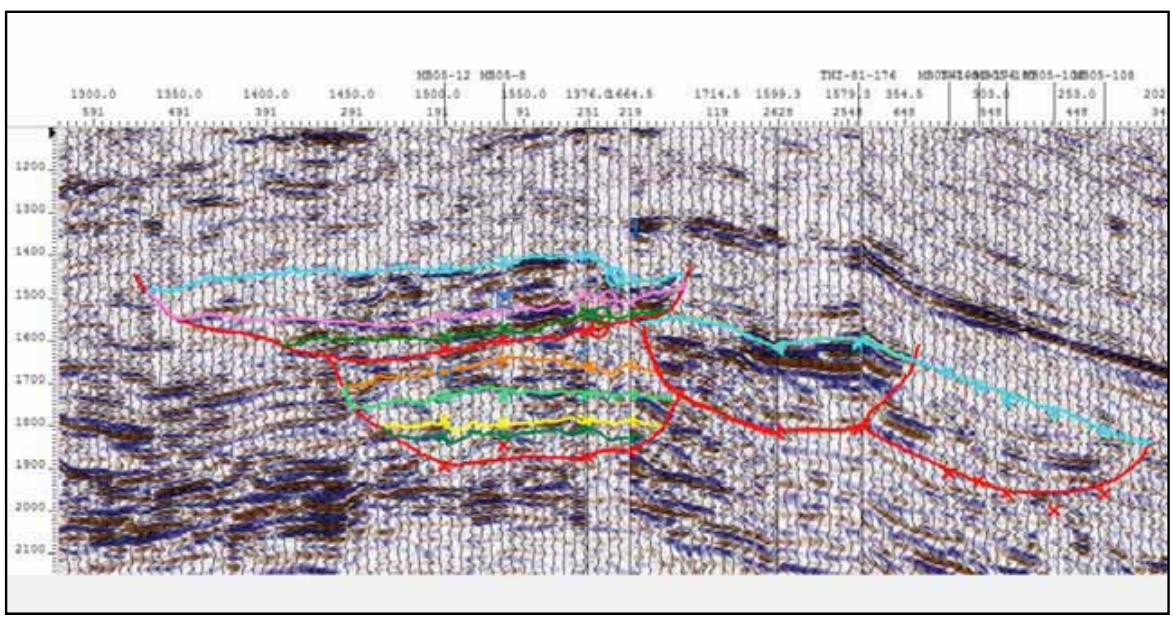


Figure 4-6: Arbitrary Seismic Line Showing Msimbati NE and NE Extension Channel

Figure 4-6 shows the Arbitrary Line; showing the Msimbati NE and NE Extension channel body to the right, with the Mnazi Bay channel on the left (lower body), and with the Msimbati channel overlying it.

4.1.4 Geological Model – Gross Rock Volume

Mnazi Bay

A simple geological/geophysical structural model was constructed using depth grids created by seismic mapping and log data from the four wells MB-1, MB-2, MB-3 and MS-1X. Gross rock volumes were calculated using depth grids created from the seismic mapping from the top and bottom of the mapped sand packages. In order to create the depth grids, the depths from the well control were used in conjunction with the time structures to create a velocity field within the channels.

The following maps were produced:

Mnazi Bay

- Upper Sand Top Structure Map
- Upper Sand Base Structure Map
- Lower Sand Top Structure Map
- Lower Sand Base Structure Map

Msimbati

- Upper K Sand Top Structure Map
- Upper K Sand Base Structure Map
- Lower K Sand Top Structure Map
- Lower K Sand Base Structure Map

Msimbati NE

- Sand Top Structure Map
- Sand Base Structure Map

Msimbati NE Extension

- Sand Top Structure Map
- Sand Base Structure Map

Mnazi Bay

- Upper Sand Isopach
- Lower Sand Isopach

Msimbati

- Upper K Sand Isopach
- Lower K Sand Isopach

Msimbati NE

- Sand Isopach

Msimbati NE Extension

- Sand Isopach

Figure 4-7 and Figure 4-8 are examples of these maps. All maps are included in Appendix 3.

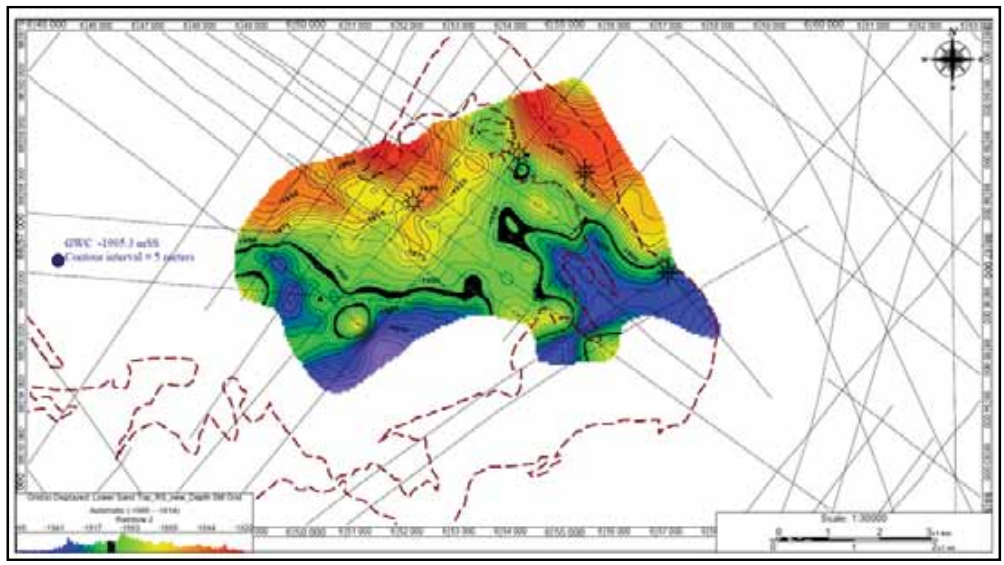


Figure 4-7: Mnazi Bay - Lower Sand Top Structure Map

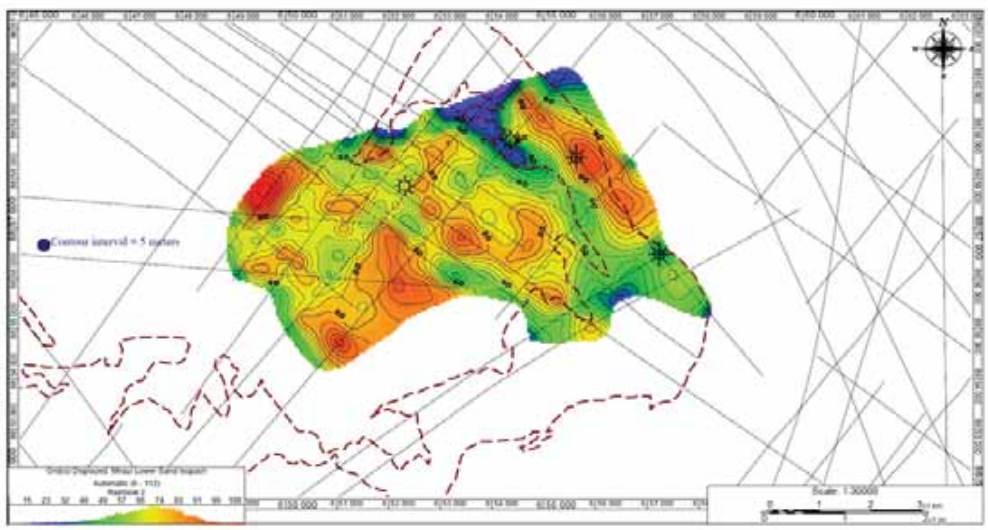


Figure 4-8: Mnazi Bay - Lower Sand Isopach

4.1.5 Petrophysical Analysis

The Mnazi Bay reservoirs have been penetrated by four wells:

- Mnazi Bay #1(“MB-1”) drilled by AGIP in 1982;
- Mnazi Bay #2 (“MB-2”); drilled by Artumas in 2006;
- Mnazi Bay #3 (“MB-3”); drilled by Artumas in 2006
- Msimbati #1 (“MS-1X”), drilled by Artumas in 2007

Full suites of open-hole logs were run in all wells, including resistivity devices, neutron-density, and borehole-compensated sonic. No core has been acquired. Logs from MB-1, MB-2 and MB-3 and MS-1X were previously evaluated to identify potentially productive intervals, and establish reservoir parameters[3 4 5 6].These same evaluations were used for this study, as the

rock properties are deemed reasonable, however, the previous break out of sands (C, D, E etc.) have been amalgamated into the Lower Sands, Upper Sands, Msimbati Lower K Sands and Msimbati Upper K Sands as indicated above. To derive petrophysical parameters for this probabilistic resource analysis, net reservoir thicknesses were calculated for each zone using the following cutoffs:

- $V_{sh} < 0.5$,
- $\Phi_e > 0.08$, and
- $S_w < 0.60$

A composite of the logs from the four wells is shown in Figure 4-1 and Figure 4-2 of Section 4.1. The log evaluation summaries for each well are summarized in Table 4-1.

Mnazi Bay & Msimbati Petrophysical Evaluations Summary

SAND	Well	Top (ft)	Base (ft)		Thickness (ft)	Net Pay (ft)	Net / Gross	Effective Porosity	Water Saturation
Msimbati Upper K Sand									
	Msimbati #1X	4798.23	5152.74	(MD)	354.51	48.50	0.14	0.20	0.37
Msimbati Lower K Sand									
	Msimbati #1X	5375.36	5439.11	(MD)	63.75	14.50	0.23	0.18	0.49
Mnazi Upper Sand									
	Mnazi Bay #1	5588.26	6007.81	(MD)	419.55	33.50	0.08	0.15	0.47
	Mnazi Bay #2	5541.88	5904.85	(TVD)	362.97	93.00	0.26	0.22	0.24
	Mnazi Bay #3	5564.31	5839.06	(MD)	274.75	65.00	0.24	0.25	0.41
	Msimbati #1X	5881.36	6158.40	(MD)	277.04	32.00	0.12	0.18	0.16
Mnazi Lower Sand									
	Mnazi Bay #1	6147.31	6383.32	(MD)	236.01	49.50	0.21	0.15	0.41
	Mnazi Bay #2	6168.54	6368.13	(TVD)	199.58	43.50	0.22	0.17	0.32
	Mnazi Bay #3	6075.36	6392.90	(MD)	317.54	97.00	0.31	0.24	0.46
	Msimbati #1X	6371.64	6545.00	(MD)	173.36	5.50	0.03	0.11	0.27
Msimbati NE									
					510.86	95.08	0.19	0.20	0.38
Msimbati NE Extension									
					510.86	95.08	0.19	0.20	0.38

Table 4-1: Log Evaluation Summary

Statistical properties of the petrophysical analyses were determined for the entire net pay sections of the three wells encountering the classic sands. The average petrophysical properties were calculated based on weighting by net pay and are summarized in Table 4-2.

Average Formation Values			
	Net:Gross	Effective Porosity	Water Saturation
Msimbati Upper K	0.14	0.20	0.37
Msimbati Lower K	0.23	0.18	0.49
Msimbati NE	0.19	0.20	0.38
Msimbati NE Extension	0.19	0.20	0.38
Mnaxi Upper	0.17	0.21	0.31
Mnazi Lower	0.25	0.20	0.42

Table 4-2: Average Formation Values

4.2 Reservoir Fluids

4.2.1 Pressure vs. Depth Relationships

In all four wells, reservoir pressure has been measured and interpreted at various sand depth levels. Initial reservoir pressures in the gas bearing sands generally range from 2900 to 2990 psia. The pressure data set is comprised of RFT test data, MDT test data and DST measured test data. These data allow determination of the in-situ pressure gradients in various sands, both gas bearing and water bearing. Pressure versus depth plots for each of the wells is shown in Figure 4-9 to Figure 4-12. A composite pressure vs. depth plot is shown in Figure 4-9. On each plot the range of pressure gradient derived gas-water contact ("GWC") depths are shown.

The composite DST, MDT, RFT pressure data suggest that multiple GWC depths are likely prevalent throughout the fields.

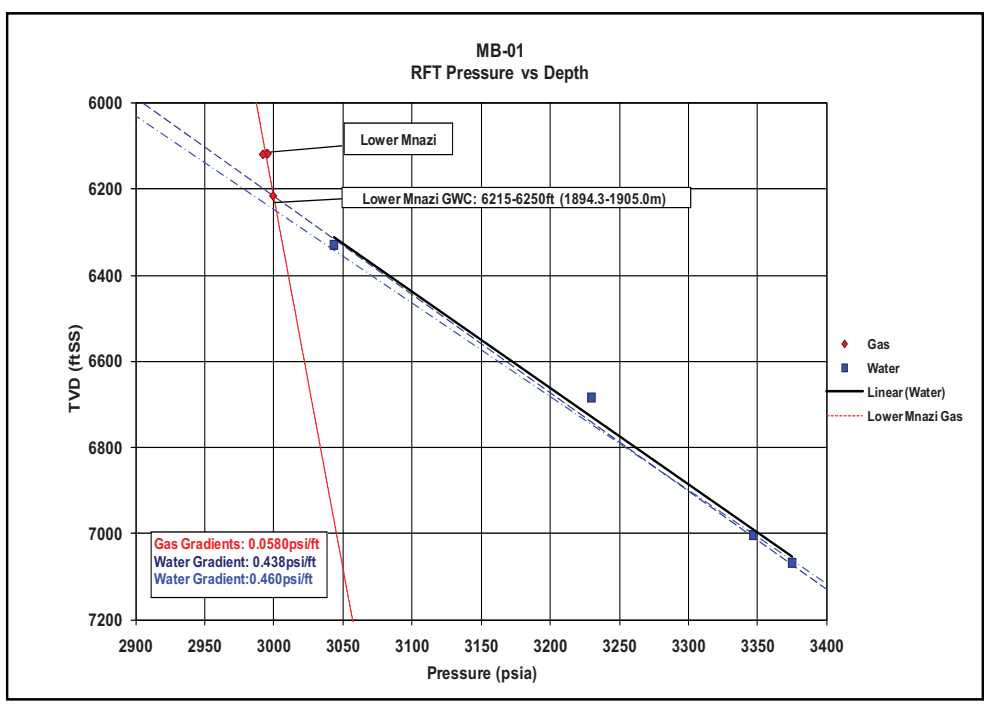


Figure 4-9: MB-01 RFT Pressure vs. Depth

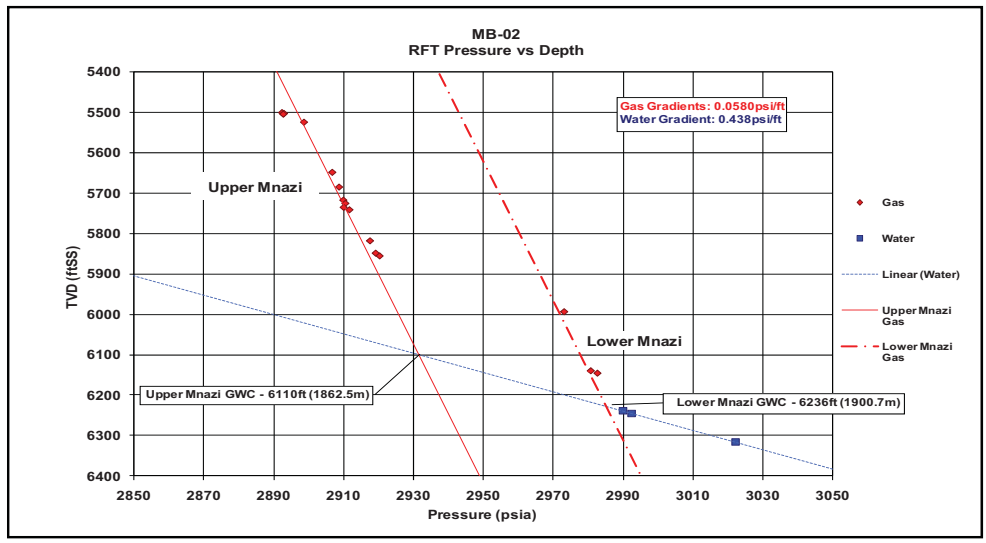


Figure 4-10: MB-02 Pressure vs. Depth

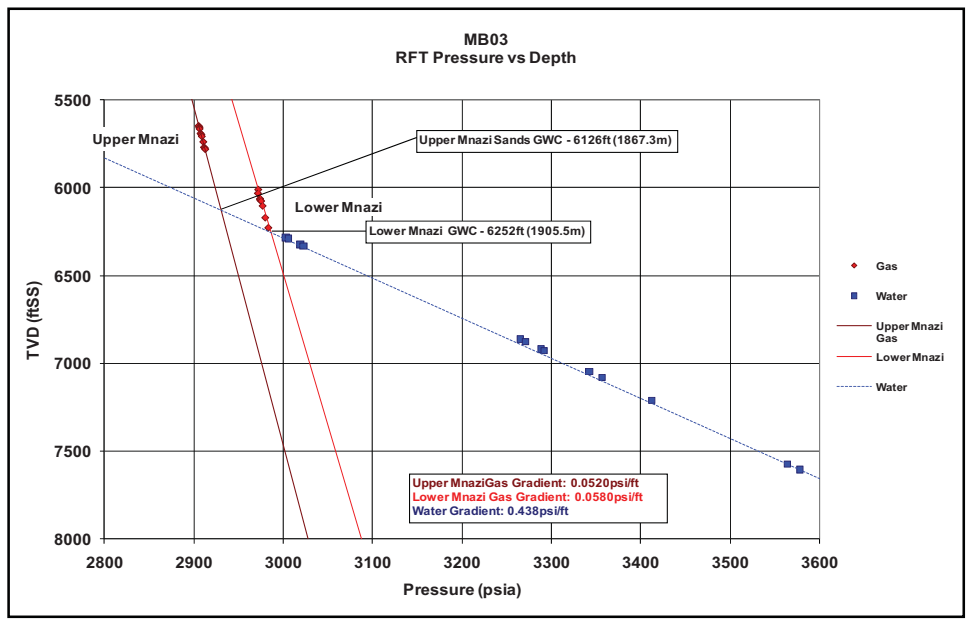


Figure 4-11: MB-03 RFT Pressure vs. Depth

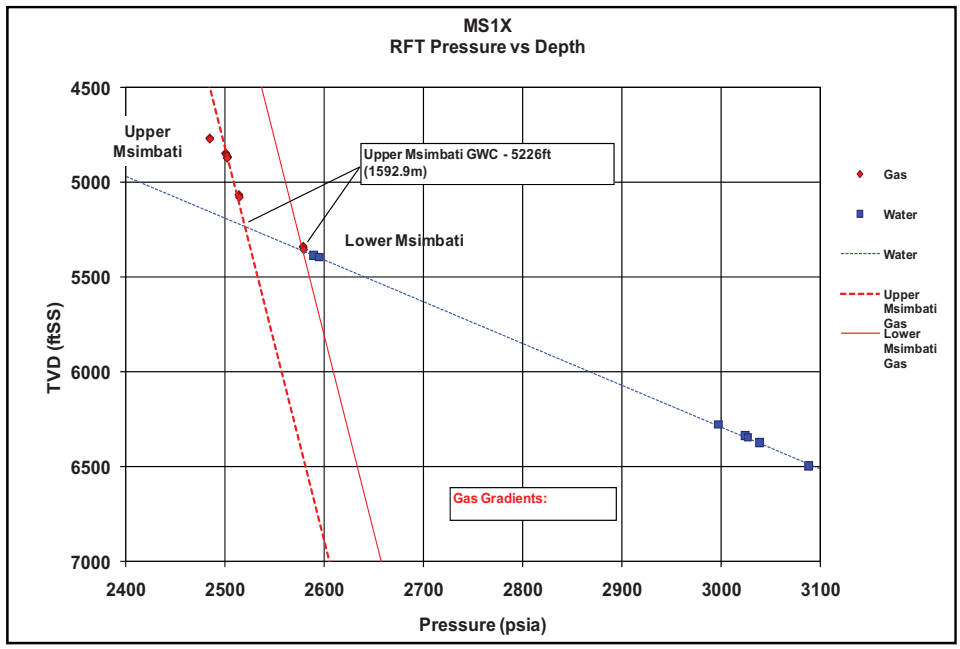


Figure 4-12: MX-1 RFT Pressure vs. Depth

4.2.2 Gas Water Contact Depths

The depths of the gas water contacts ("GWC") in the Mnazi Bay and Msimbati fields have been estimated based on various interpretations of well test data, pressure gradient analyses from repeat formation tester ("RFT") data, and well log interpretation data. Although some uncertainty remains in the estimated GWC depths, it appears that there are two main GWC levels in the classic sands, and two GWC levels in the Upper Msimbati K sands. These sets of GWC levels can be seen on the composite RFT plot shown below:

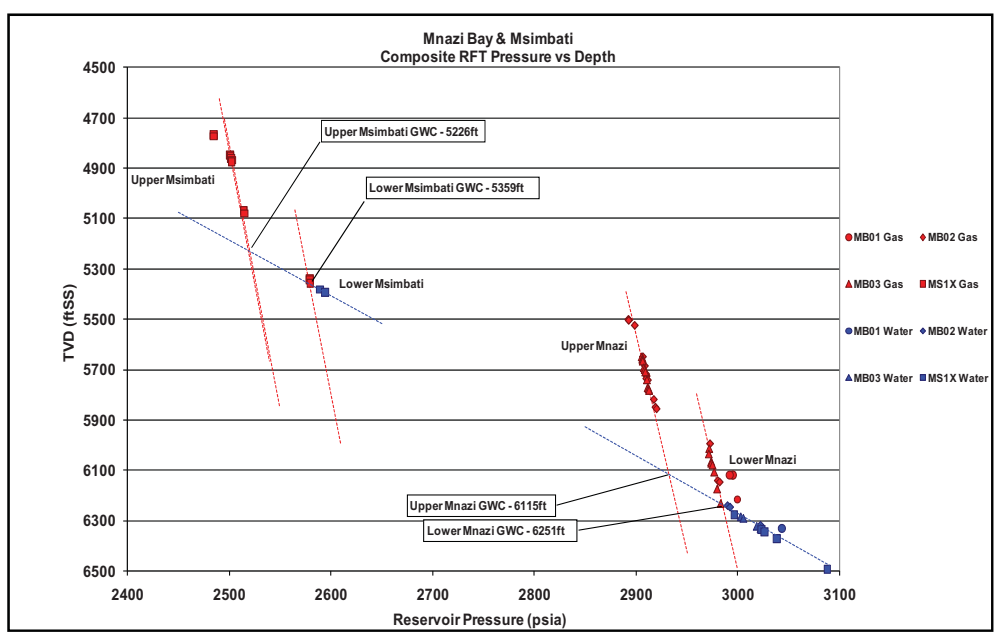


Figure 4-13: Composite RFT Pressure vs. Depth

The data used in determination of GWC depths for the field are summarized in Table 4-3:

Mnazi Bay and Msimbati Gas Fields - all depths listed as subsea depth Gas Water Contact Depths				
	MB#1	**MB#2-ST2**	**MB#3**	**MS-1X**
KB Elevation (ft above msl)	44	43	44	44
GWC Evidence				
Well Logs	No GWC on logs	L. Mnazi: GWC @ 6249 ftSS (1904.7 mSS)	L. Mnazi: GWC @ 6252 ftSS (1905.6 mSS)	U. Msimbati: GWC @ 5358 ftSS (1633.1 mSS) U. Mnazi: GWC >6074 ftSS (1851.4 mSS) and < -6082 ftSS (-1853.8 mSS)
Test Data	L .Mnazi: tested clean gas to 6218 ftSS (1895.2 mSS)	L. Mnazi: Water and gas produced interval 6214 ftSS to 6253 ftSS (1894 to 1906 mSS)	L. Mnazi: tested clean gas to 6251 ftSS (1905.3 mSS)	U. Msimbati: tested clean gas to mid point of K1 sands @ 5085 ftSS (1549.9 mSS) U. Mnazi: produced clean gas to 6066 ftSS (1848.9 mSS)
GDT	L. Mnazi: 6218 ftSS (1895.2 mSS)	L. Mnazi: 6249 ftSS (1904.7 mSS)	L. Mnazi: 6251 ftSS (1905.3 mSS)	U. Msimbati: 5082 ftSS (1549.0 mSS) L. Msimbati: 5355 ftSS (1632.2 mSS)
RFT/MDT Data GWC:	L. Mnazi: 6215 to 6250 ftSS (1894.3 to 1905.0 mSS)	U. Mnazi: 6106 to 6119 ftSS (1861.1 to 1865.1 mSS) L. Mnazi: 6236 ftSS (1900.7 mSS)	U. Mnazi: 6126 ftSS (1867.3 mSS) L. Mnazi: 6252 ftSS (1905.5 mSS)	U. Msimbati: 5193 to 5229 ftSS (1583 to 1593.9 mSS) L. Msimbati: 5357 ftSS (1632.7 mSS) U. Mnazi: n/a
Regional Water Gradient	Measured below 6330 ftSS P (psia) = (TVDSS (ft) + 623)/2.284	Measured below 6239 ftSS P (psia) = (TVDSS (ft) + 584)/2.284	Measured below 6288 ftSS P (psia) = (TVDSS (ft) + 568)/2.284	P (psia) = (TVDSS (ft) + 333)/2.207

Table 4-3: Gas:Water Contact Data

GWC depths can be interpreted from some of the log evaluations: In MB-1 no GWC is observed directly on the logs, as all of the gas bearing sands occur in the well at depths wholly within either gas or water saturated zones. In the MB-2-ST2 well, an apparent GWC is observed in the Lower Mnazi Bay sands at a depth of -6249 ftSS (-1904.7 mSS) and in the MB-3 well in the Lower Mnazi Bay sands at a depth of -6252 ftSS (-1905.6 mSS). In the MS-1X well, a contact is interpreted in the Lower Msimbati sands at -5358 ftSS (-1633.1 mSS). In the Upper Mnazi Bay sands, the GWC is inferred to lie in a narrow depth range between the bottom of a gas bearing sand at -6074 ftSS (1851.4 mSS) and the top of a water bearing sand at -6082 ftSS (-1853.8 mSS).

Drill stem test ("DST") and production test data are also used to infer GWC depths and/or GWC depth limitations. Production of clean gas is confirmed at the base of the Lower Mnazi Bay sands in MB-1 and MB-3 and the base of the Upper Mnazi Bay sands in MS-1X. This

establishes a gas-down-to ("GDT") depth of -6218 ftSS (-1895.2 mSS) and -6251 ftSS (-1905.3 mSS) in each of these two wells respectively.

The GWC depths interpreted from RFT pressure data is more interpretive, and therefore less certain than those from well tests and logs, due to the uncertainties in pressure data measurements and the extrapolation of pressure gradient intersection lines associated with RFT tests. For example, in the case of the Lower Mnazi Bay sands RFT interpreted GWC depth of -6236 ftSS (-1900.7 mSS) in MB-2, this depth is shallower than a clearly defined GWC depth as seen on logs and confirmed by well testing. The interpreted depths and ranges of depths from RFT tests are shown for each of the four wells on Figure 4-13.

Recognizing the inherent uncertainty in the GWC depths, where measured or inferred depths are very similar across different sands, they have been grouped. For the purpose of this resource evaluation, RPS has selected a set of GWC depths as summarized in the Table 4-4. The 'gas down to' (GDT) depth, the maximum depth at which gas was observed, is also shown in the table for reference.

Further, for the purposes of this resource assessment, RPS has assumed that the GWC depths are uniform within each of the respective sands. For the areas outside the Mnazi Bay and Msimbati fields APA/PRCL have included a volumetric case with a distributed GWC as deep as the deepest C sands in the south-west corner of the model, 6251 ftSS (1905.3 mSS), as shallow as 5226.3 ftSS (1593 mSS) and a probable GWC of 6115.4 ftSS (1864 mSS).

Gas:Water Contact								
	Low		Probable		High		Gas Down To	
Formation	(mSS)	(ftSS)	(mSS)	(ftSS)	(mSS)	(ftSS)	(mSS)	(ftSS)
Msimbati Upper K			1593.0	5226.3			1549.0	5082.0
Msimbati Lower K			1633.4	5358.9			1632.2	5354.9
Msimbati NE	1613.2	5292.6	1864.0	6115.4	1905.3	6250.9		
Msimbati NE Extension	1613.2	5292.6	1864.0	6115.4	1905.3	6250.9		
Mnazi Upper			1864.0	6115.4			1851.0	6072.8
Mnazi Lower			1905.3	6250.9			1905.3	6250.9

Table 4-4: Selected Gas:Water Contact

4.2.3 Reservoir Fluid PVT Properties

The reservoir fluid in the Mnazi Bay reservoir is predominantly dry gas. During all tests of the producing zones in each of the four wells, separator gas samples were analyzed on-site using gas chromatographic analysis. These analyses were limited to hydrocarbon components up to nC_5. Further, separator gas and liquid samples were collected during extended well tests, and subject to full compositional lab analyses[7 8 9]. The analyses all show the gas to be predominantly (>97.5 mole %) methane, with minor amounts of ethane, propane and butane and minor amounts of nitrogen and carbon dioxide. No H_2S has been measured in any of the samples. Most gas samples showed a specific gravity of about S.G. = 0.57. The on-site samples on Upper Mnazi Bay 5798 – 5812 ftSS, previously referred to as the G sand, indicated ethane concentrations of up to 3.2 mole% and propane concentrations of up to 1 mole % during the first period of flow, however these dropped down to much lower levels after a few hours of flow.

During the drill stem testing, with the exception of the sample from Upper Mnazi Bay, all MB-2-ST2 liquid samples were water. The liquid sample from the Upper Mnazi Bay sand (5798 – 5812 ftSS) in MB-2 contained about 30 cc water and 20 cc oil. The oil was centrifuged and analyzed for hydrocarbon content to C_{37}^{+}, and was calculated to have an atmospheric pressure specific gravity of S.G.= 0.8151, which equates to an oil gravity of 42° API. Note that no measurable oil

liquid volumes were reported in the separator during any of the flow tests. A summary of the lab measured compositional gas analyses is shown in Table 4-5.

MB-2 Gas Composition Analysis (Mole %)					
DST #	**1**	**2**	**3**	**4**	**5**
Sand	**Lower Mnazi**		**Upper Mnazi**		
Interval	**6300 - 6340**	**6220 - 6230**	**5920 - 5940**	**5798 - 5812**	**5578 - 5592**
SG	0.6276	0.5661	0.5738	0.5738	0.57
H2	0.07	0	0	0	0
N2	0.19	0.18	0.19	0.19	0.19
CO2	0.28	0.18	0.3	0.24	0.32
H2S	0.02	0	0	0	0
C1	97.98	98.19	98.05	98.11	98.04
C2	1.01	1.01	1.02	1.02	1.02
C3	0.28	0.28	0.28	0.28	0.28
IC4	0.05	0.05	0.05	0.05	0.05
NC4	0.05	0.06	0.06	0.06	0.06
IC5	0.01	0.02	0.01	0.02	0.01
NC5	0.01	0.01	0.01	0.01	0.01
C6	0.02	0.01	0.02	0.01	0.02
C7+	0.03	0.01	0.01	0.01	0
Total	100.0	100.0	100.0	100.0	100.0

Table 4-5: MB-2 Gas Composition

In the series of DST tests on MB-3, the on-site gas analyses indicated slightly richer gas in the Lower Mnazi Bay sands from 6202 – 6251 ftSS, previously referred to as the C sands. These samples showed a specific gravity varying from S.G.= 0.59 up to S.G. = 0.6276, with methane concentration of about 90 mole% and ethane, propane, and butane concentrations of about 6.5%, 2.5% and 1% respectively. The Upper Mnazi Bay sands from 5648 – 5798 ftSS showed methane concentrations of about 96 mole% and ethane concentrations of about 3 mole %. These minor concentrations of heavier hydrocarbon components may account for the reported darker flame color during the testing of this well. A summary of these on-site measured gas analyses is shown in Table 4-6. In this table, the non hydrocarbon components have been added, and the measured hydrocarbon components normalized, using the non hydrocarbon analyse from MB-2-ST2.

MB-3 Gas Composition Analysis (Mole %)				
DST #	**1**	**2**	**3**	**4**
Sand	**Lower Mnazi**		**Upper Mnazi**	
Interval (ft)	**6246-6295**	**6110-6180**	**5795-5842**	**5692-5760**
SG	0.6276	0.5661	0.5738	0.5738
H2	0.01	0	0	0
N2	0.02	0.01	0.63	0.63
CO2	0	0	0	0
H2S	0	0	0	0
C1	89.88	98.37	96.18	96.18
C2	6.62	1.17	3.08	3.08
C3	2.42	0.31	0.01	0.01
IC4	0.43	0.06	0	0
NC4	0.62	0.07	0	0
IC5	0	0	0	0
NC5	0	0.01	0	0
C6	0	0	0.07	0.07
C7+	0	0	0.03	0.03
Total	100.0	100.0	100.0	100.0

Table 4-6: MB-03 Gas Composition

During the extended production testing on all four wells minor volumes of liquid hydrocarbon were produced. The measured producing oil:gas ratios were all too small to be measured on a daily basis, and have been summarized for the duration of each of the extended production tests in Table 4-7:

	Extended Well Testing - Fluid Production Summary			
	MB-1	**MB-2**	**MB-3**	**MS-1X**
Formation	Lower Mnazi	Upper Mnazi	Upper Mnazi	Upper Msimbati
Depth (ft SS)	6147.3 - 6263.3	5843 - 5863	5648 - 5714	4889.4 - 4951.5
Test start date	30/04/2005	30/04/2007	09/04/2007	23/05/2007
Test duration (days)	8	16	16	15
Gas Produced (MMscf)	107	180	176	140
Oil Produced (stb)	6	15	14	61
Producing OGR (bbl/mmscf)	0.06	0.08	0.08	0.44
Oil Gravity (ºAPI)	24	25	25	27

Table 4-7: Extended Well Testing Fluid Production Summary

The volume of the liquid hydrocarbons produced was relatively small. For the purposes of this resource evaluation the reservoir fluids are assumed to be gas only, and no resource volumes have been attributed to the potential oil resources.

For the purposes of this analysis, the normalized gas analysis from the series of DST tests on MB-2 is adopted. PVT properties have been calculated, using industry correlations, based on a gas the average gas compositions from the MB-2-ST2 analyses, and an average reservoir temperature of 200°F (93°C). The resulting gas viscosity and formation volume factor is shown in Figure 4-14.

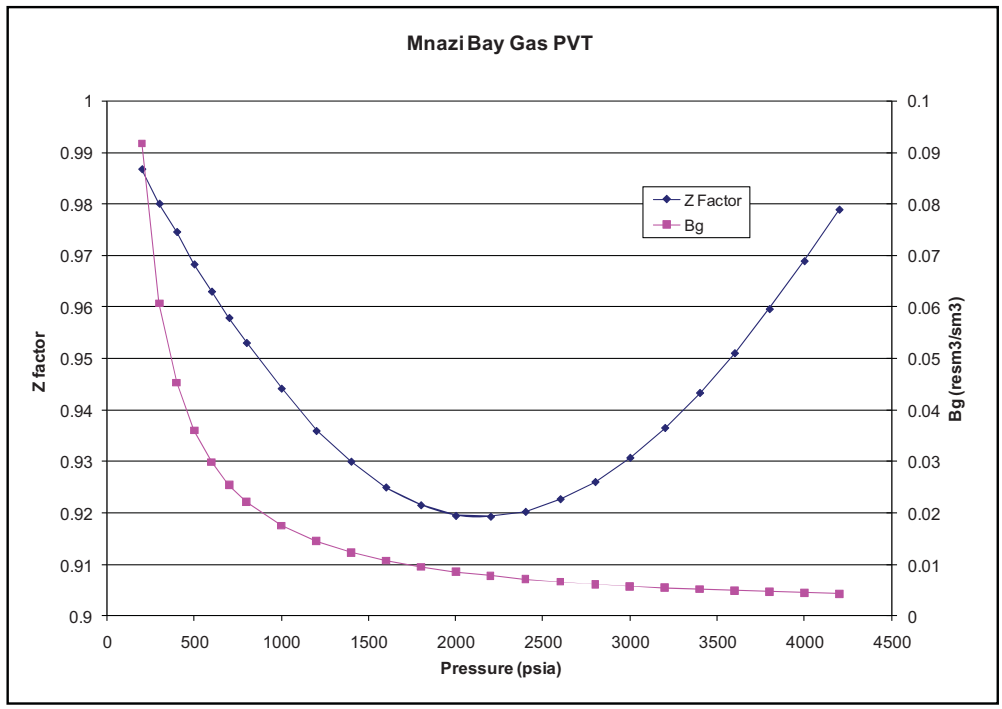


Figure 4-14: Mnazi Bay (MB-02-ST2) Gas PVT

4.3 Well Deliverability Testing

The four Mnazi Bay wells have been flow tested across the evaluated pay sands using standard open hole and cased hole drill stem test techniques. In the MB-1 well, the test was conducted using a production completion across the perforated Lower Mnazi Bay, 6147.3 – 6263.3 ftSS. For the MB-2 and MB-3 wells, the tests were conducted open-hole: the target test zone was isolated using a straddle packer assembly, the well was flowed for varying periods (ranging from 5 to 27 hours) and shut in for pressure build up measurement for periods from 6 to 48 hours. During the flow periods, the gas was flared. Bottom hole pressures, flowing tubing head pressures, separator pressures and gas flow rates were recorded during each of the tests. The flowing and pressure data was analyzed for each test to determine average reservoir pressure, reservoir flow properties and reservoir flow barriers[10 11 12].

The following table summarizes the test production rates in each of the wells[13 14 15].

Mnazi Bay & Msimbati Drill Stem Test and Extended Well Test Summary Well Test Flow Rate (MMcf/d)											
Sands	**MB#1**		**MB#2-ST2**			**MB#3**			**MS-1X**		
	Depth (ftSS)	DST	**Depth (ftSS)**	DST	EWT	**Depth (ftSS)**	DST	EWT	**Depth (ftSS)**	DST	EWT
Upper Msimbati		-		-	-		-	-	4798.2 - 4820.0	9.2	-
		-		-	-		-	-	4889.41- 4951.5	9.6	9.4
		-		-	-		-	-	5101.8 - 5152.7	9	-
Upper Mnazi		-	5500.5 - 5514.3	7.84	-		-	-		-	-
		-	5717.6 - 5731.4	8.71	-		9.33	11.1		-	-
		-	5838 - 5731.4	8.44	11	5735 - 5812	14.57	-	6040 - 6080	10.1	-
Lower Mnazi	6147.3 - 6172.3	10.5		-	-		-	-		-	-
			6132.4 - 6146.3	8.29	-	6080 - 6150	13.95	-		-	-
		-	6213.6 - 6253.1	1.25	-	6216 - 6265	11.84	-		-	-

Table 4-8: Mnazi Bay & Msimbati Fields Well Test Summary

Further details of the above test interpretations are shown in Table 4-9. All of the above tests were conducted with low sandface pressure drawdown. The tests confirm substantial deliverability potential in each of the wells and each of the reservoir sands.

MB#1

DST#	Sands	Test Interval Top (TVD ftSS)	Test Interval Bottom (TVD ftSS)	Test Interval (ft)	Tested Interval Net Pay (ft)	Sandface Drawdown (psia)	Final Gas Production Rate (MMcf/d)	ϕ (fraction)	Pi (psia)	k_gh mD-ft	AOF MMcf/d
	Lower Mnazi	6,109	6,121	12							
commingled					39	131	10.5	0.20	2,992	1,638	n/a
	Lower Mnazi	6,188	6,218	30							

MB#2-ST2

DST#	Sands	Test Interval Top (TVD ftSS)	Test Interval Bottom (TVD ftSS)	Test Interval (ft)	Tested Interval Net Pay (ft)	Sandface Drawdown (psia)	Final Gas Production Rate (MMcf/d)	ϕ (fraction)	Pi (psia)	k_gh mD-ft	AOF MMcf/d
5	Upper Mnazi	5,501	5,514	14	6	12.1	7.8	0.18	2,896	671	37
4a	Upper Mnazi	5,718	5,731	14	10	0.2	8.7	0.24	2,914	14,250	280
3	Upper Mnazi	5,838	5,858	20	20	1.5	8.4	0.25	2,922	3,803	225
2	Lower Mnazi	6,132	6,146	14	11	1.0	8.3	0.14	2,986	8,337	113
1	Lower Mnazi	6,214	6,253	40	43	7.7	1.3	0.21	2,997	154	n/a

MB#3

DST#	Sands	Test Interval Top (TVD ftSS)	Test Interval Bottom (TVD ftSS)	Test Interval (ft)	Tested Interval Net Pay (ft)	Sandface Drawdown (psia)	Final Gas Production Rate (MMcf/d)	ϕ (fraction)	Pi (psia)	k_gh mD-ft	AOF MMcf/d
4a	Upper Mnazi	5,648	5,716	68	32	19	9.3	0.26	2,907	8,329	154
3	Upper Mnazi	5,721	5,798	77	30	29	14.6	0.26	2,909	7,212	149
2	Lower Mnazi	6,066	6,136	70	48	49	14.0	0.26	2,973	9,312	133
1	Lower Mnazi	6,202	6,251	49	47	21	11.8	0.23	2,984	34,075	294

MS-1X

DST#	Sands	Test Interval Top (TVD ftSS)	Test Interval Bottom (TVD ftSS)	Test Interval (ft)	Tested Interval Net Pay (ft)	Sandface Drawdown (psia)	Final Gas Production Rate (MMcf/d)	ϕ (fraction)	Pi (psia)	k_gh mD-ft	AOF MMcf/d
4	Upper Msimbati K	4,746	4,771	25	4	420	9.2	0.16	2,478	948	66
3	Upper Msimbati K	4,841	4,866	25	31	11	9.6	0.19	2,498	24,583	222
2	Upper Msimbati K	5,046	5,066	20	15	43	9.0	0.23	2,507	4,263	109
1	Upper Mnazi	6,026	6,066	40	32	12	10.1	0.18	2,912	28,687	372

Table 4-9: Mnazi Bay and Msimbati DST Summary

4.4 Production History

The only well with long term production is MB-01. Natural gas produced is processed and pipelined to the town of Mtwara where it is used as the feed stock in an 18 MW natural gas fired generation facility. The production rates are limited to the requirements of the generation facility at Mtwara, currently ~ 1.7 MMscf/d.

The well MB-01 was re-entered for the purpose of testing in March 2005. The existing cement and bridge plugs were drilled out and the well perforated in the Upper and Lower Mnazi Bay at the following intervals:

- Lower Mnazi Bay: 6232 – 6262 ftKB (6188 – 6218 ftSS)
- Upper Mnazi Bay:
  - 6150 – 6170 ftKB (6106 – 6126 ftSS)

- 5962 – 5992 ftKB (5918 – 5948 ftSS)
- 5803 – 5813 ftKB (5759 – 5769 ftSS)

A dual packer with dual string tubing with sliding sleeves was installed which allows commingled production of the Lower Mnazi Bay (6232 – 6262 ftKB) and Upper Manzi (6150 – 6170 ftKB), and production from either of the Upper Mnazi Bay intervals (5962 – 5992 ftKB & 5803 – 5813 ftKB). The production data for comingled Lower Mnazi Bay (6232 – 6262 ftKB) and Upper Mnazi Bay (6150 - 6170 ftKB) is shown below:

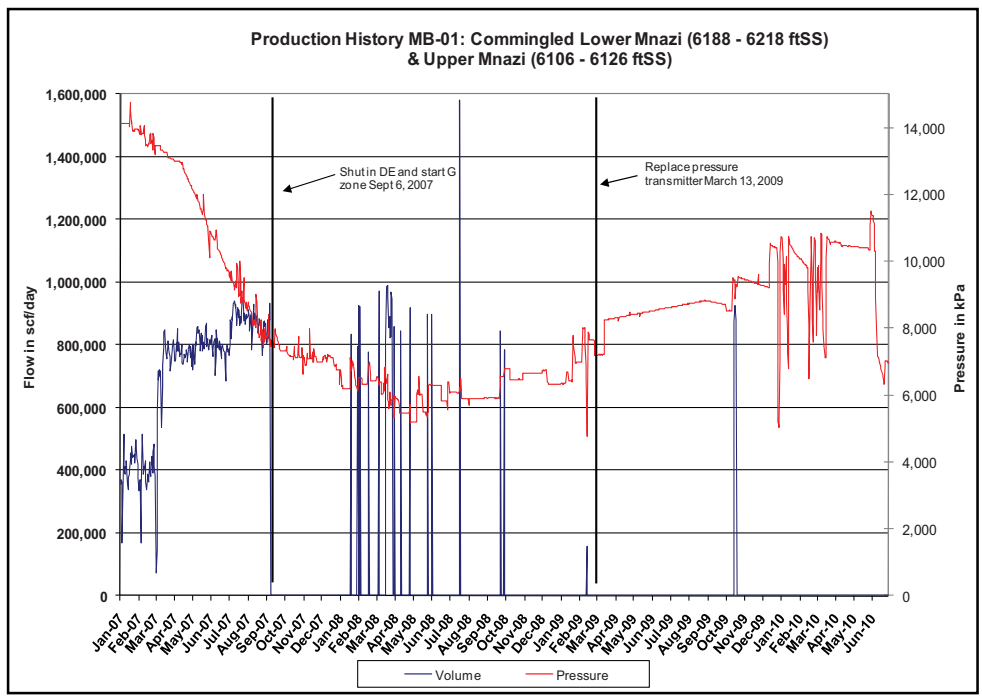


Figure 4-15: Production History MB-01 - Lower Mnazi Bay (6188-6218 ftSS) & Upper Mnazi Bay (6106-6126 ftSS) Commingled

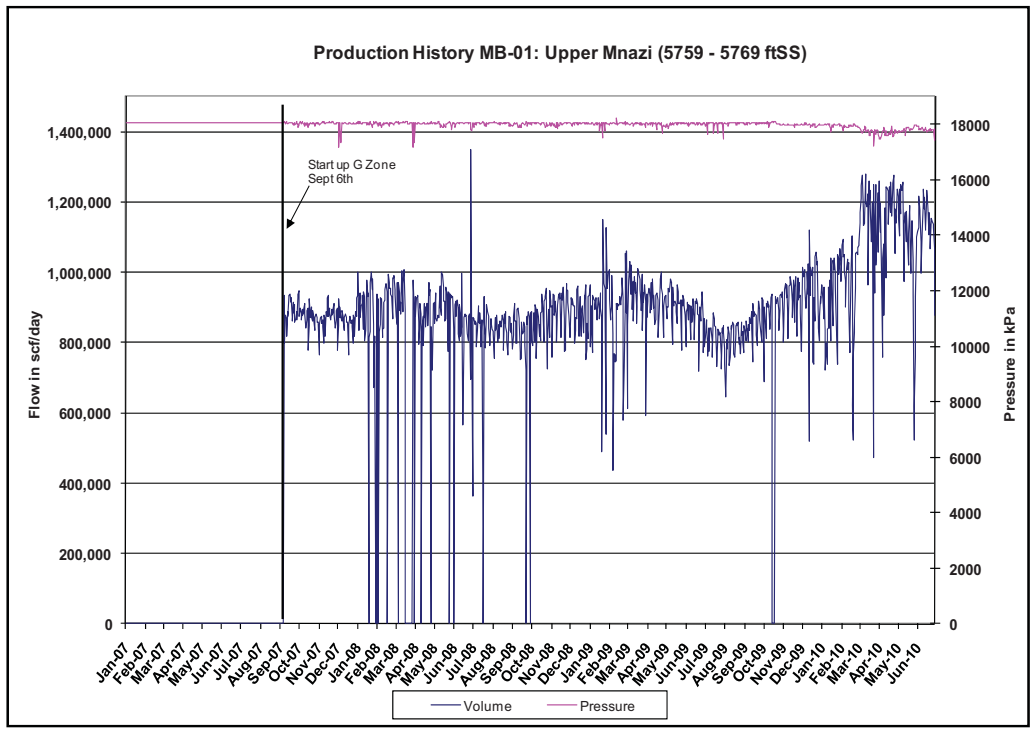


Figure 4-16: Production History MB-01 - Upper Mnazi Bay (5759-5769 ftSS)

Note that the production history shown in the above charts is presented to June 2010, using the daily production data provided to RPS. Wentworth has also provided RPS a chart of production data to June 2011 indicating that the well continues to produce at about 1.7 MMscf/d. RPS estimates the cumulative production from the Mnazi Bay #1 well to be 1.7 Bscf as at June 30, 2011.

4.5 Mnazi Bay and Msimbati Resource Base

In carrying out this review, RPS has utilized information and data from Wentworth and has accepted this information and data as presented. The data utilized consists of:

- Seismic interpretation maps and cross sections
- Interpreted well logs and well log evaluations from MB-1, MB-2-ST2, MB-3 and MS-1X.
- DST and production testing reports from MB-1, MB-2-ST2, MB-3 and MS-1X.

RPS has reviewed the aforementioned information, interpretations and data and feels assured that the data is reasonable. However, all data has been accepted as presented and has not undergone due diligence to verify its accuracy.

4.5.1 Resource Determination Methodology

A volumetric probabilistic methodology has been utilized to determine in-place and recoverable resource volumes. The inputs for the probabilistic analysis are comprised of:

- Gross Rock Volumes: determined from the Geostatistical static reservoir model.
- Net/Gross pay ratio: determined by statistical analysis of the log evaluations, by layer, for each of the four wells.
- Porosity: determined by statistical analysis of the log evaluations, by layer for each of the four wells.
- Water Saturation: determined by statistical analysis of the log evaluations, by layer for each of the four wells.
- Gas Formation Volume Factor: determined from gas analysis data from the MB-2 well.
- Recovery Factor: determined by calculated material balance depletion calculations, using assumed reasonable average reservoir abandonment pressures.

4.5.2 Gross Rock Volume

From the 3D static model, the gross rock volume ("GRV") above fluid contacts for each of the reservoir zones was derived for each zone in both the Mnazi Bay and Msimbati fields. For both the Mnazi Bay and Msimbati fields, it is recognized that some uncertainty in GWC depth remains. A GRV of ±25% was used for the low and high side cases to account for the variation in the GWC and the accuracy of measuring volumes using seismic interpretations. For the Mnazi Bay field, the mapped area of the Mnazi Bay channel down to the GWC depths previously listed were used to define the GRV, most likely case for hydrocarbon in place determination. The low side and high side cases were defined as being ± 25% of the most likely GRV.

For the Msimbati field, the most likely GRV was defined down to the GWC within the Upper and Lower Msimbati sands. The low and high side cases were defined as being ± 25% of the most likely GRV.

The GRV of the Msimbati NE and Msimbati NE Extension fields was defined by using a GWC equivalent to the average GWC of the Upper and Lower Msimbati sands for the low case. The most likely GRV was defined based on a GWC equal to the Upper Mnazi Bay. The high case GRV was defined using a GWC equal to the lower Mnazi Bay.

A summary of the derived gross rock volumes and areas of each layer is shown in:

Volumetrics to GWC			
Formation	Low (e6 m3)	Probable (e6 m3)	High (e6 m3)
Upper Msimbati	1337.2	1782.9	2228.6
Lower Msimbati	3.4	4.5	5.7
Msimbati NE	69.9	1657.2	1726.6
Msimbati NE Extension	0.1	372.2	695.8
Upper Mnazi	3035.7	4047.7	5059.6
Lower Mnazi	405.7	540.9	676.2

Table 4-10: Volumes to Gas:Water Contact

4.5.3 Initial Hydrocarbons in Place

The original gas in place for the Mnazi Bay reservoir accumulation was derived volumetrically, using a probabilistic analysis. A probabilistic simulation was run using the above inputs to define distributions of each of the variables:

- Gross rock volume: A triangular distribution was input, with the P_{50} volumes defined by seismic mapping and log data of the top and bottom of the sand packages of the four wells. The P_{90} was defined as 75% of the P_{50} gross rock volume, and the P_{10} was defined as 125% of the P_{50} value.
- Net Pay to Gross Pay ratio: A lognormal distribution for each of the sand packages was utilized, with the mean value as determined by the petrophysical analysis for each layer, and a standard deviation of 25% of the mean value.
- Water Saturation: A log normal distribution was input for each layer, with the mean and standard deviation as determined from the Petrophysical analysis statistics.
- Gas Formation Volume Factor: A log normal distribution was used, with a mean value for each formation calculated using the PVT analysis of MB-02-ST2 and the initial reservoir pressure at MPP of each formation. B_g varies between 0.005673 in Lower Mnazi Bay to 0.006784 in Upper Msimbati.

The original gas in place estimates, derived from the probabilistic analysis, are shown for the formations and the total of all of the formations in Figure 4-17.

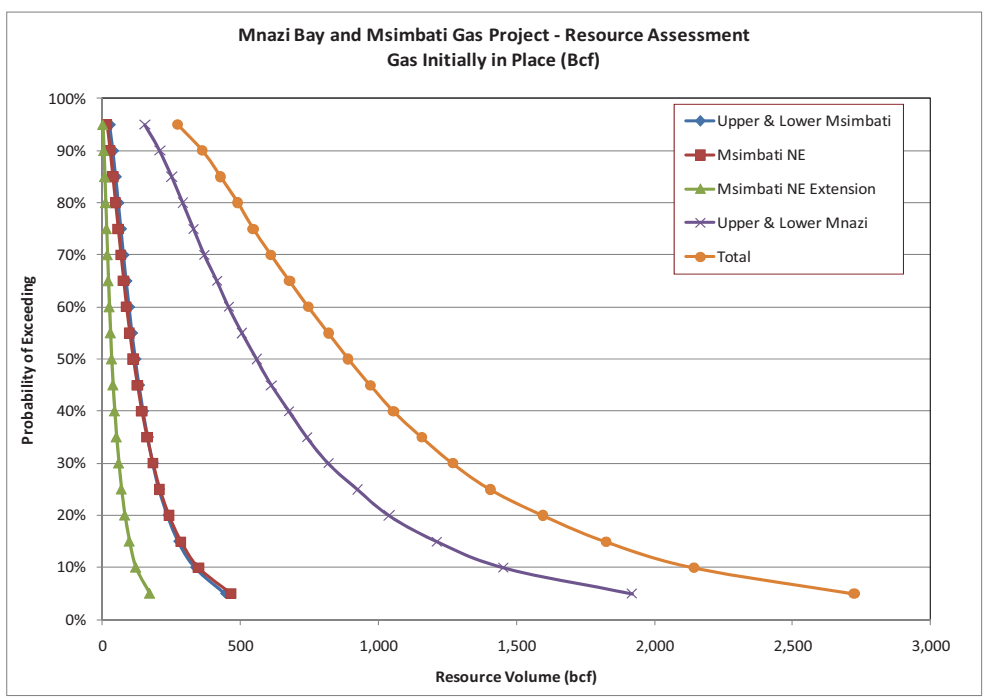


Figure 4-17: Mnazi Bay, Msimbati Resource Assessment - Initial Gas in Place (Bscf)

4.5.4 Technically Recoverable Resources

The volume of gas ultimately recoverable is a function of both technical factors governing the flow rates and gas deliverability of the gas reservoirs and economic factors governing the commerciality of potential gas recovery schemes. The recoverable resource estimates in this report deal only with the technical recovery factors for the whole field, and do not account for the commercial factors which would impact field development limitations and economic limits to ultimate recovery. When economic limits are applied, the volumes may be less than the technical recoverable volumes cited here.

The ultimate technical recovery for the Mnazi Bay gas resources has been estimated using a material balance calculation of reservoir pressure depletion, and assumed final reservoir abandonment pressures.

The material balance based pressure function, for the gas properties of the Mnazi Bay reservoirs is shown on Figure 4-18. Converting this plot to derive recovery factor as a function of abandonment pressure is shown in Figure 4-19. Inspection of the chart shows that for assumed abandonment pressures of about 1,100 psia, 750 psia and 500 psia yields recovery factors of about 65%, 75% and 85% respectively. These material balance derived recovery factors are deemed to be reasonable for the quality of gas sands at Mnazi Bay, and were used to define the triangular distribution inputs for the probabilistic calculation of recoverable resources.

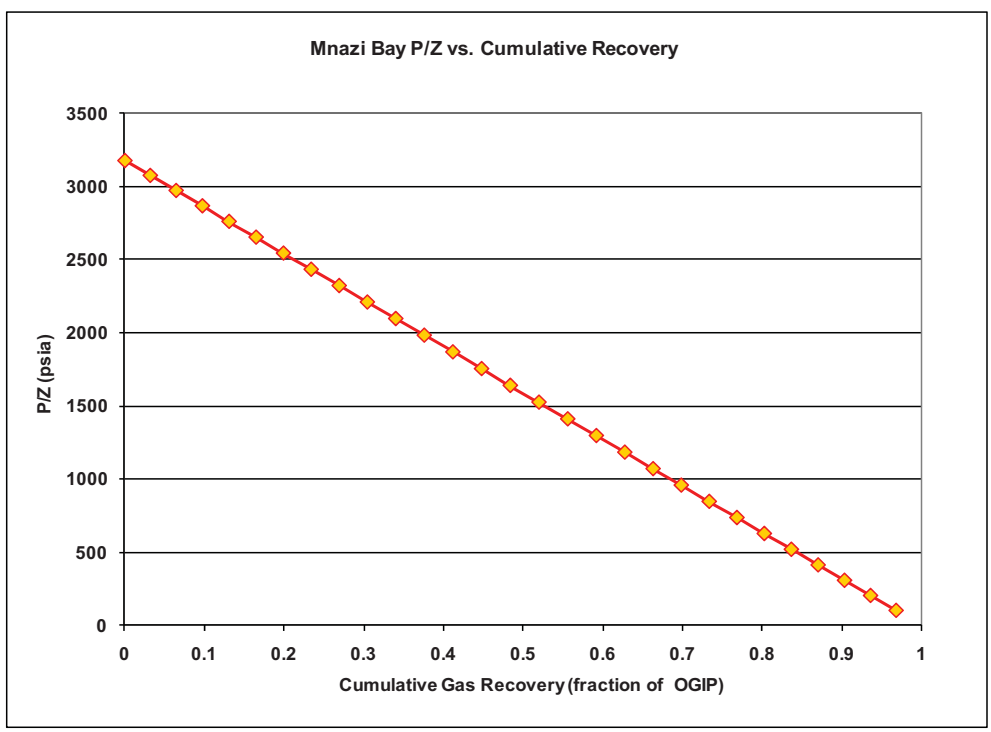


Figure 4-18: Mnazi Bay & Msimbati Cumulative Recovery

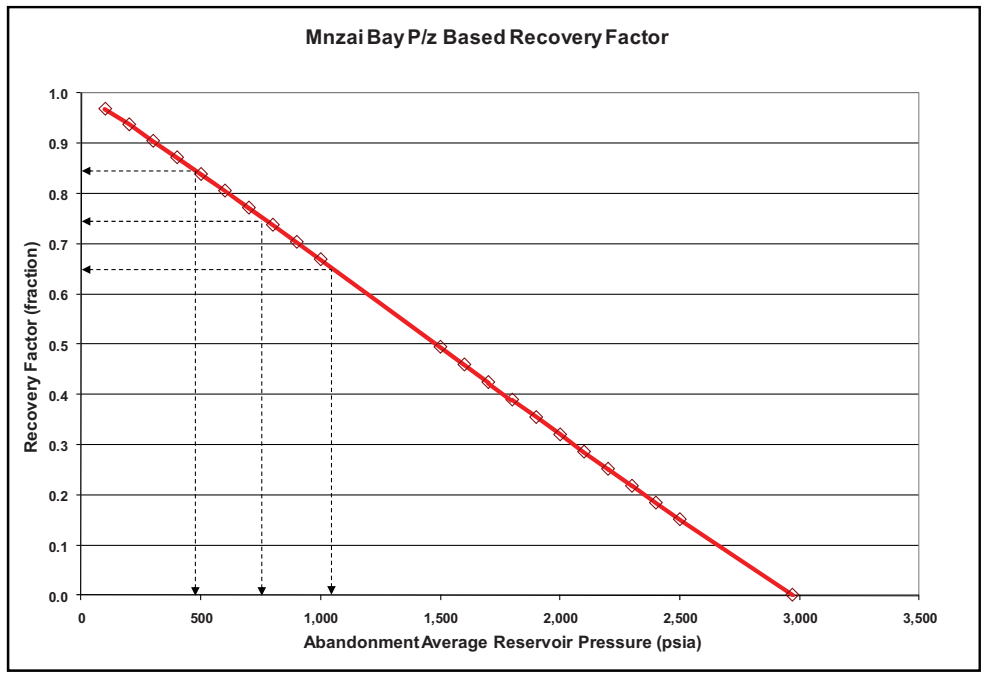


Figure 4-19: Mnazi Bay & Msimbati Recovery Factor

The above inputs were used in a probabilistic simulation, using Latin Hypercube sampling and 20,000 iterations. The resulting distributions of original gas in place and technically recoverable gas are shown in Figure 4-20 and summarized here.

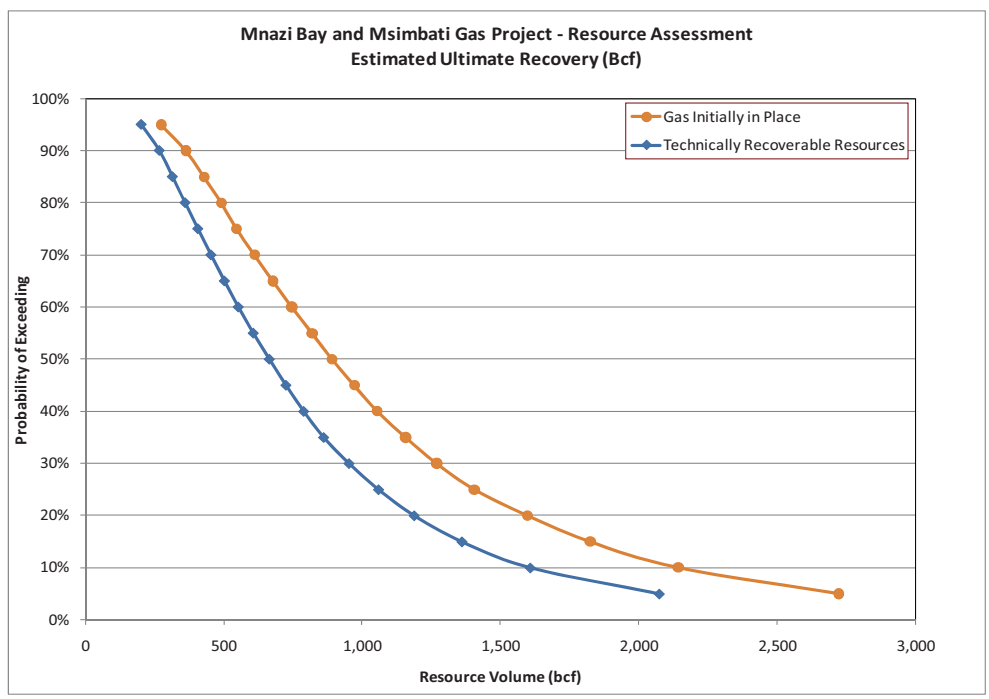


Figure 4-20: Mnazi Bay and Msimbati Gas Project Resource Assessment - Estimated Ultimate Recovery (Bscf)

4.5.5 Resource Classifications

4.5.5.1 Commercially Recoverable Resources

All of the potentially recoverable resource quantities for the Mnazi Bay and Msimbati Gas fields have been designated contingent resources. The resources are listed as contingent resources and not as reserves for several reasons relating to commerciality and relatively limited amount of data currently available as further outlined below.

4.5.5.2 Contingent Resources

Contingent resources are defined as those resource quantities potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies.

Estimated ultimate technically recoverable (EUR) resources refers to volumes of hydrocarbons that could potentially be recovered, up to the limits of physics, without relating to any specific development plan or economic conditions and do not relate to any specific potential commercial development. The estimated ultimate recoverable resources referred to in this report are contingent resources.

In this evaluation all of the resources have been categorized as contingent, as at the effective date of this report business contingencies remain to be fulfilled before the resources can be deemed to be commercial. The primary contingency for commercialisation is the development of natural gas markets in the area. However, as activities are ongoing to justify commercial development in the foreseeable future, all contingent resources are classified as “Development Pending”.

The volumes, as derived in the aforementioned probabilistic analysis are summarized in Table 4-11:

Mnazi Bay & Msimbati Resource Estimates - GIIP				
Field	P90	P50	Mean	P10
	bscf	bscf	bscf	bscf
Upper & Lower Msimbati	42	122	166	334
Msimbati NE	30	112	161	347
Msimbati NE Extension	7	36	56	125
Upper & Lower Mnazi	210	561	730	1,442
Total	365	892	1,112	2,117
* Totals determined probabilistically and do not sum arithmetically except at the mean values.				

Table 4-11: Mnazi Bay & Msimbati Resource Estimate – Gas Initially in Place

Mnazi Bay & Msimbati Resource Estimates - EUR				
Field	P90	P50	Mean	P10
	bscf	bscf	bscf	bscf
Upper & Lower Msimbati	31	91	124	252
Msimbati NE	22	84	121	261
Msimbati NE Extension	5	27	42	93
Upper & Lower Mnazi	156	419	547	1,085
Total	271	667	834	1,594
* Totals determined probabilistically and do not sum arithmetically except at the mean values.				

Table 4-12: Mnazi Bay & Msimbati Resource Estimate – Estimated Ultimate Recoverable Resource

5.0 MNAZI BAY LICENSE – PROSPECTIVE RESOURCES

RPS has identified five prospects on the Mnazi Bay License utilising 2D seismic data supplied by Wentworth. The 2D seismic was interpreted for stratigraphic and structural features in Tertiary aged sediments. This interpretation was supported by previous assessments in the area completed by Maurel et Prom, Cove Energy and Artumas.

The five prospects are:

- Mtwara -1
- Nanguruwe -1
- Mwambo -1
- OSX -1
- OSX -2

For ease of comparison, RPS has used the same naming convention as previously adopted by Maurel et Prom and partners for proposed wells and prospects. Four Tertiary horizons were interpreted across the area of interest to classify the prospects into Pliocene, Miocene, Oligocene, and Eocene sediments. There are 5 proposed well locations with each location exhibiting stacked Tertiary prospects (Figure 5-1).

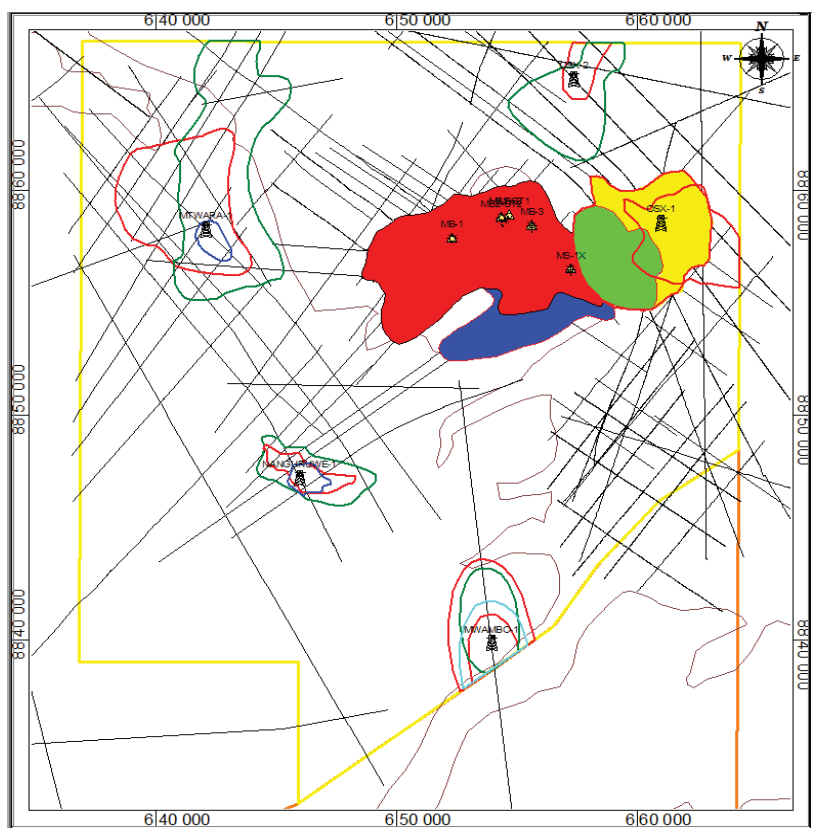


Figure 5-1: Map View of the 5 Prospect Locations

Note: Pliocene anomalies are shown as open dark blue, Miocene in red, Oligocene in green and Eocene in light blue polygons. The Tanzania license block is in yellow, shoreline is a brown line and Mnazi/Msimbati discoveries are denoted by the solid filled polygons. In some prospect locations there are multiple Miocene anomalies, and therefore multiple red polygons for the prospect.

5.1 Seismic Interpretation

Mtwara -1

Mtwara -1 is an onshore prospect with three stacked stratigraphic targets; SG-P-7(Pliocene), SG-M-1(Miocene) and SG-O-1(Oligocene). The tops and bases of the stratigraphic features were interpreted based on seismic character and anomalous amplitudes. These interpretations were made on all of the lines in the vicinity and polygons were drawn in map view (Figure 5-2) to delineate the extents of the sand bodies.

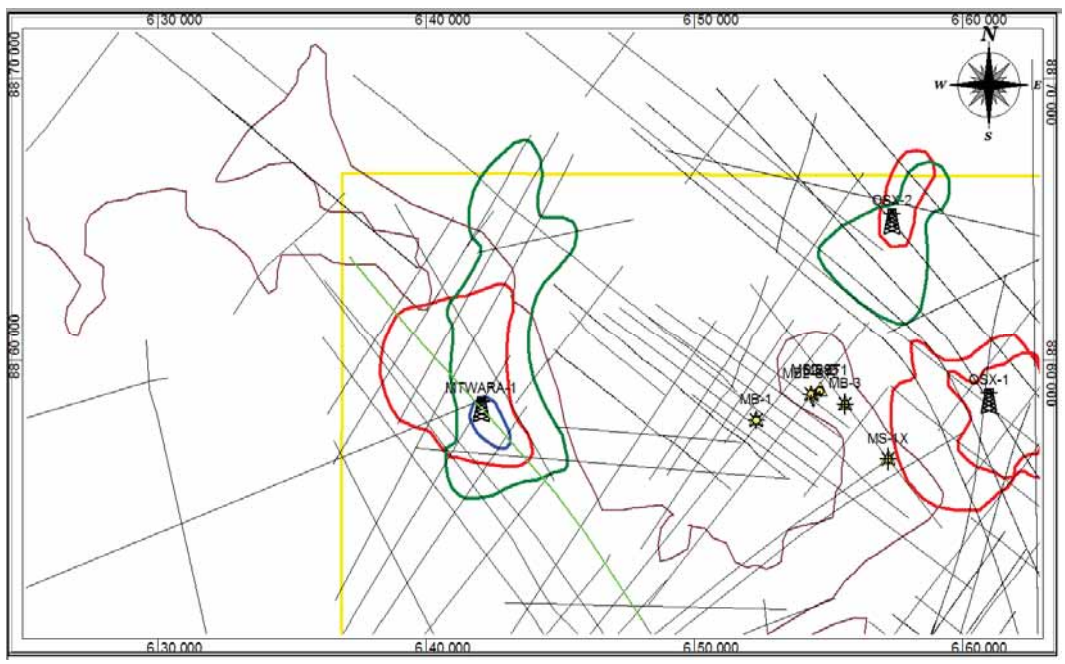


Figure 5-2: Map View of the Mtwara -1 Proposed Location.

Note: Pliocene anomalies are shown in dark blue, Miocene in red and Oligocene in green.

The light green line in Figure 5-2 represents the seismic line (Figure 5-3) shown following.

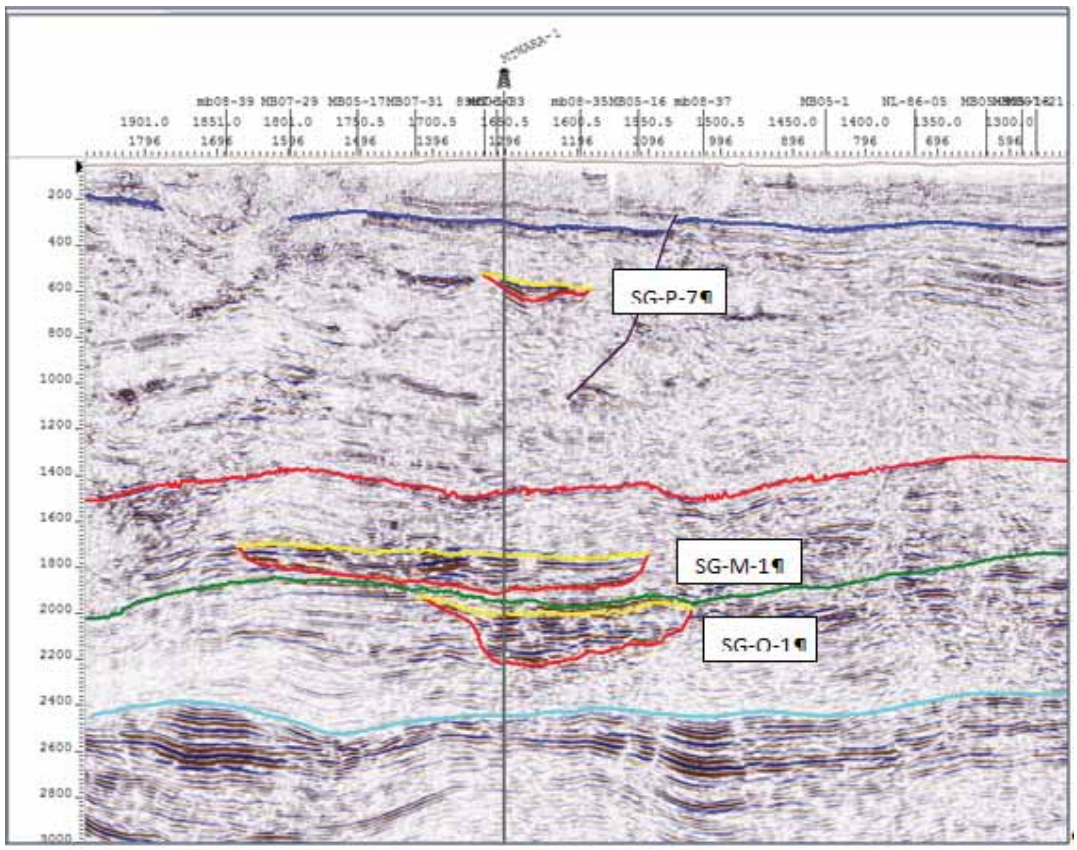


Figure 5-3: Seismic Line through Mtwara -1

Note: The Pliocene horizon is shown in dark blue, Miocene in red, Oligocene in green and Eocene in light blue. From surface to basement the prospective horizons identified on this section are SG-P-7, SG-M-1 and SG-O-1.

Nanguruwe -1

Nanguruwe -1 is an onshore prospect with three stacked structural targets; ST-P-2, ST-M-5 and ST-O-3. A fault system was interpreted and the horizons were gridded with the faults to determine the lateral extent of the isolated closures. Each prospective horizon was gridded and polygons were drawn in map view (Figure 5-4) to delineate the extents of the isolated closures.

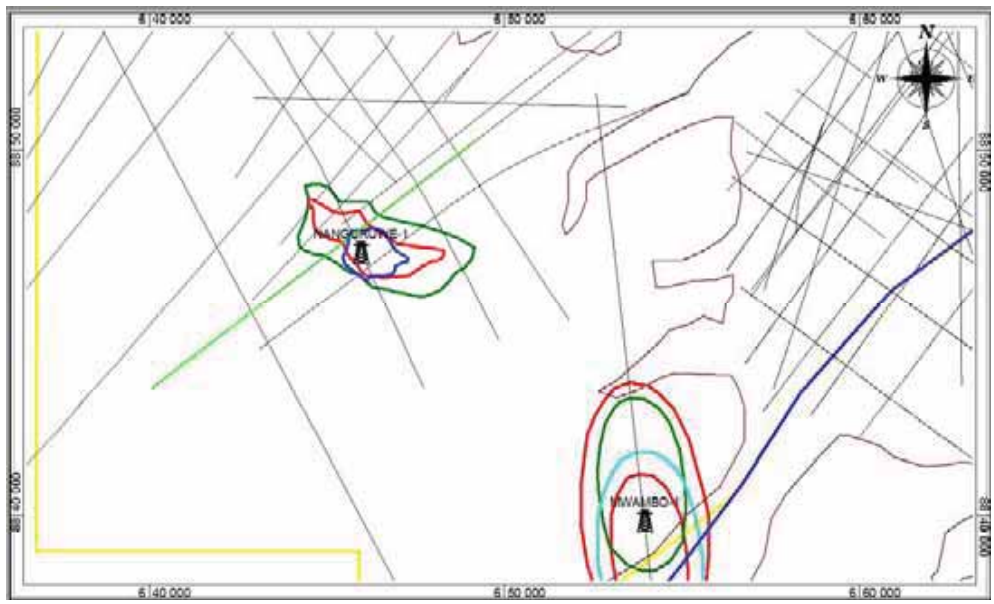


Figure 5-4: Map View of the Nanguruwe -1 Proposed Location.

Note: Pliocene anomalies are shown in dark blue, Miocene in red, and Oligocene in green.

The light green line in Figure 5-4 represents the seismic line shown in Figure 5-5.

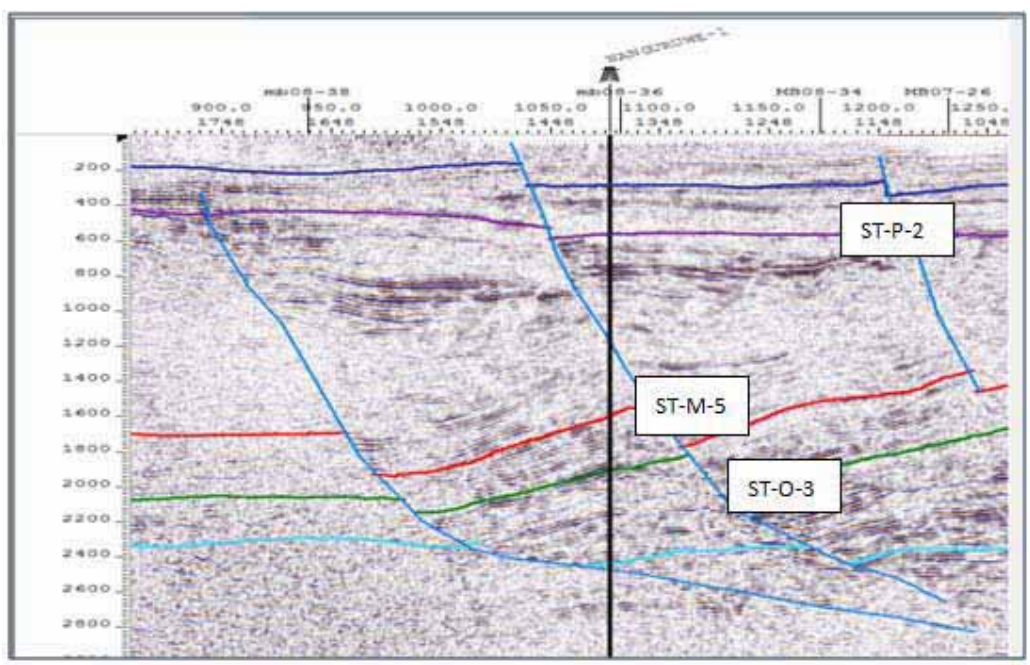


Figure 5-5: Seismic Line through Nanguruwe -1.

Note: The Pliocene horizon is shown in dark blue, Intra-Pliocene in purple, Miocene in red, Oligocene in green and Eocene in light blue. From surface to basement the prospective horizons identified on this section are ST-P-2, ST-M-5 and ST-O-3.

Mwambo -1

Mwambo -1 is an onshore prospect with four stacked stratigraphic targets; SG-M-BA-2, SG-M-3, SG-O-4 and SG-E-1. The tops and bases of the stratigraphic features were interpreted based on seismic character and anomalous amplitudes. There was only one seismic line that passed through these sand bodies therefore a best estimate was made of the lateral extents. The channel body width was estimated by halving the length seen on the seismic line (Figure 5-6). There is significant uncertainty in the shape of these sand bodies.

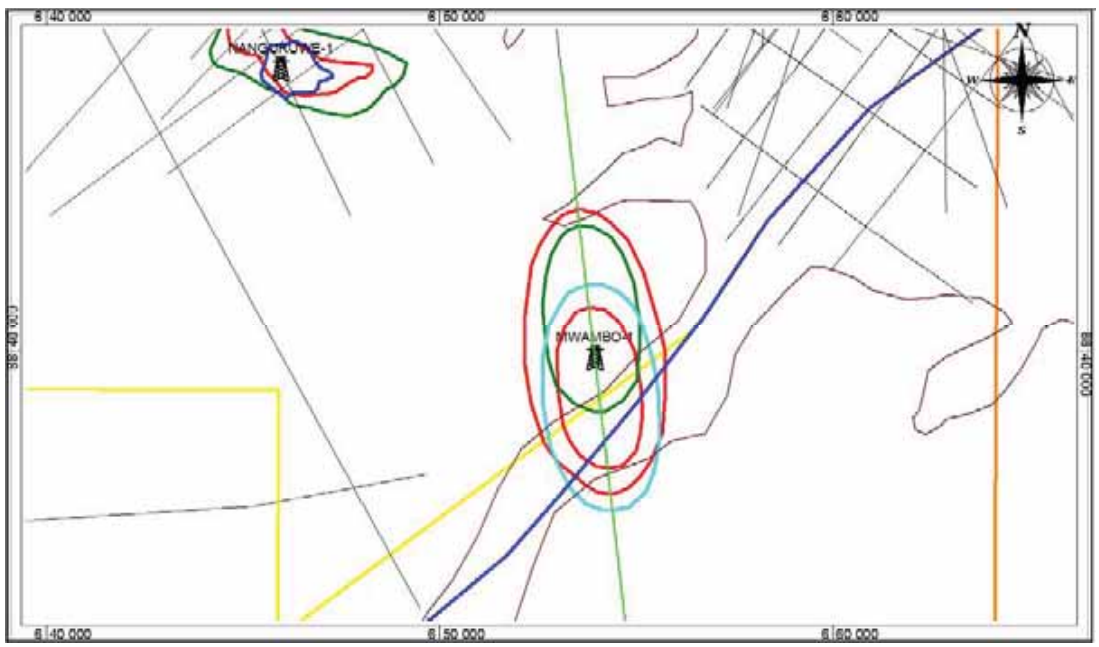


Figure 5-6: Map View of the Mwambo -1 Proposed Location.

Note: Miocene anomalies are shown in red, Oligocene in green and Eocene in light blue.

The light green line in Figure 5-6 represents the seismic line shown in Figure 5-7.

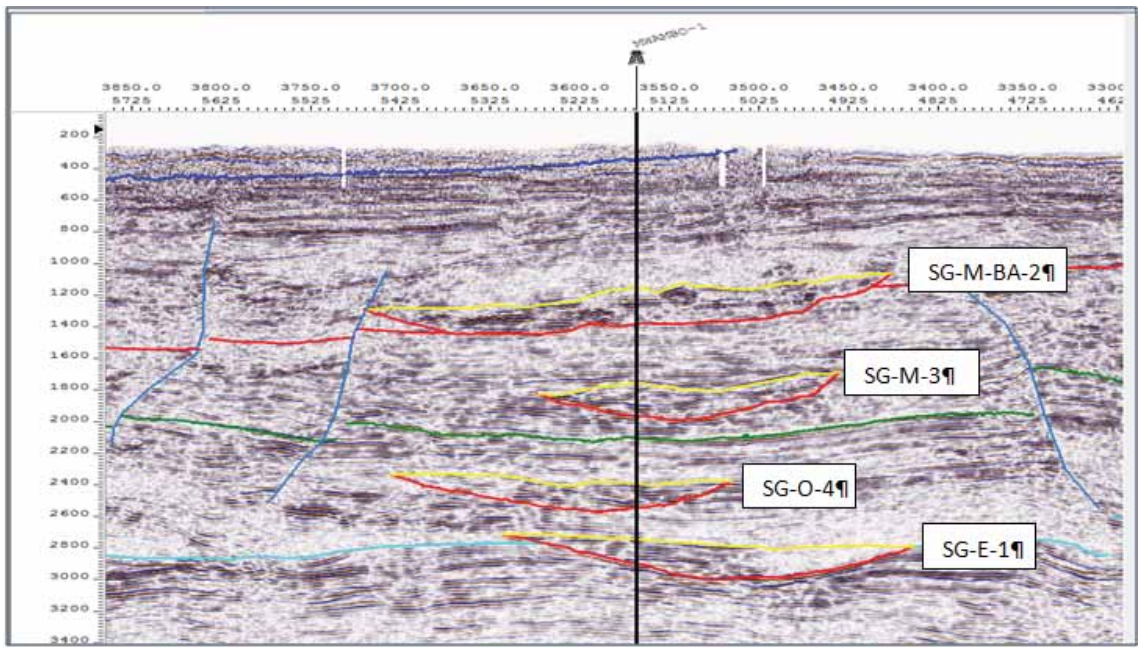


Figure 5-7: Seismic Line through Mwambo -1.

Note: The Pliocene horizon is shown in dark blue, Miocene in red, Oligocene in green and Eocene in light blue. From surface to basement the prospective horizons identified on this section are SG-M-BA-2, SG-M-3, SG-O-4 and SG-E-1.

OSX-1

OSX-1 is an offshore prospect with two stacked stratigraphic targets; SG-M-2 and SG-MSNE. The tops and bases of the stratigraphic features were interpreted based on seismic character and anomalous amplitudes. These interpretations were made on all of the lines in the vicinity and polygons were drawn in map view to delineate the extents of the sand bodies (Figure 5-8).

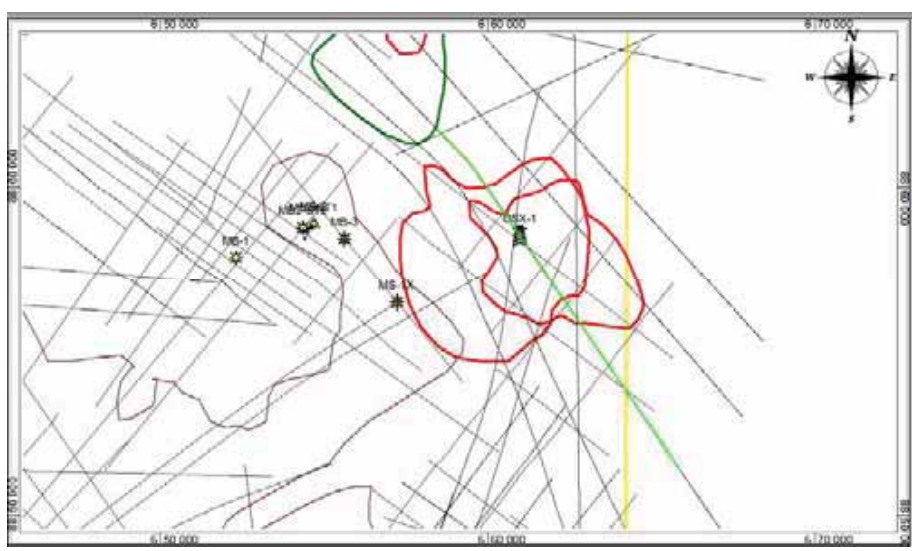


Figure 5-8: Map View of the OSX -1 Proposed Location.

Note: Miocene anomalies are shown in red.

The light green line in Figure 5-8 represents the seismic line shown in Figure 5-9.

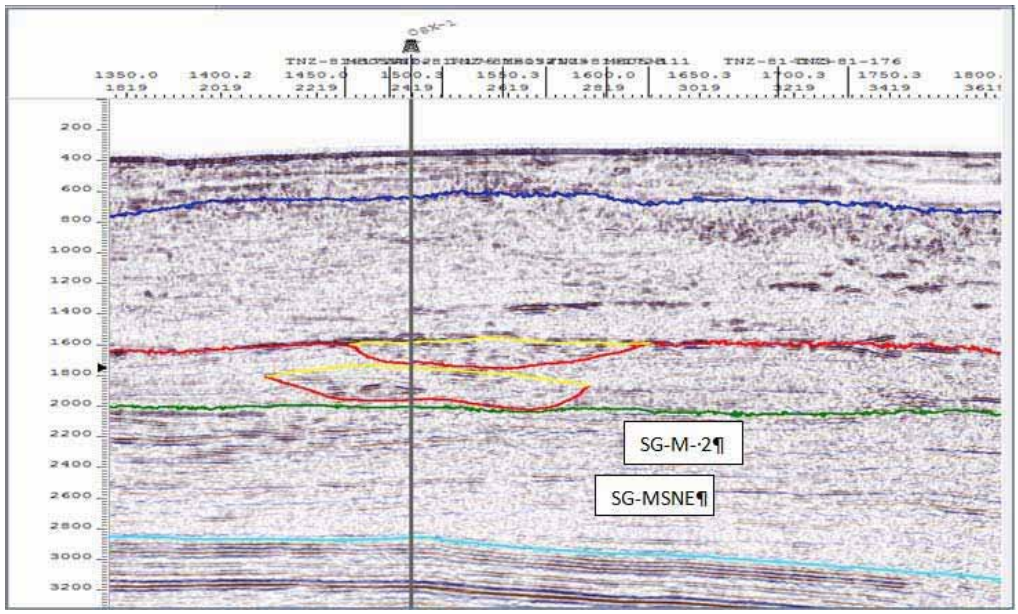


Figure 5-9: Seismic Line through OSX -1.

Note: The Pliocene horizon is shown in dark blue, Miocene in red, Oligocene in green and Eocene in light blue. From surface to basement the prospective horizons identified on this section are SG-M-2 and SG-MSNE.

OSX-2

OSX-2 is an offshore prospect with two stacked stratigraphic targets; SG-M-BA-1 and SG-O-BA-1. The tops and bases of the stratigraphic features were interpreted based on seismic character and anomalous amplitudes. These interpretations were made on all of the lines in the vicinity and polygons were drawn in map view (Figure 5-10) to delineate the extents of the sand bodies.

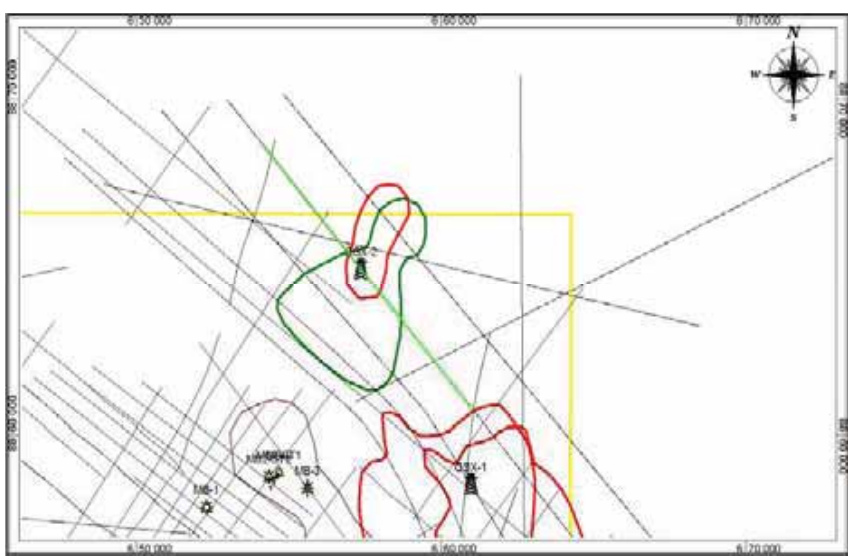


Figure 5-10: Map View of the OSX-2 Proposed Location

Note: Miocene anomalies are shown in red and Oligocene in green.

The light green line in Figure 5-10 represents the seismic line shown in Figure 5-11.

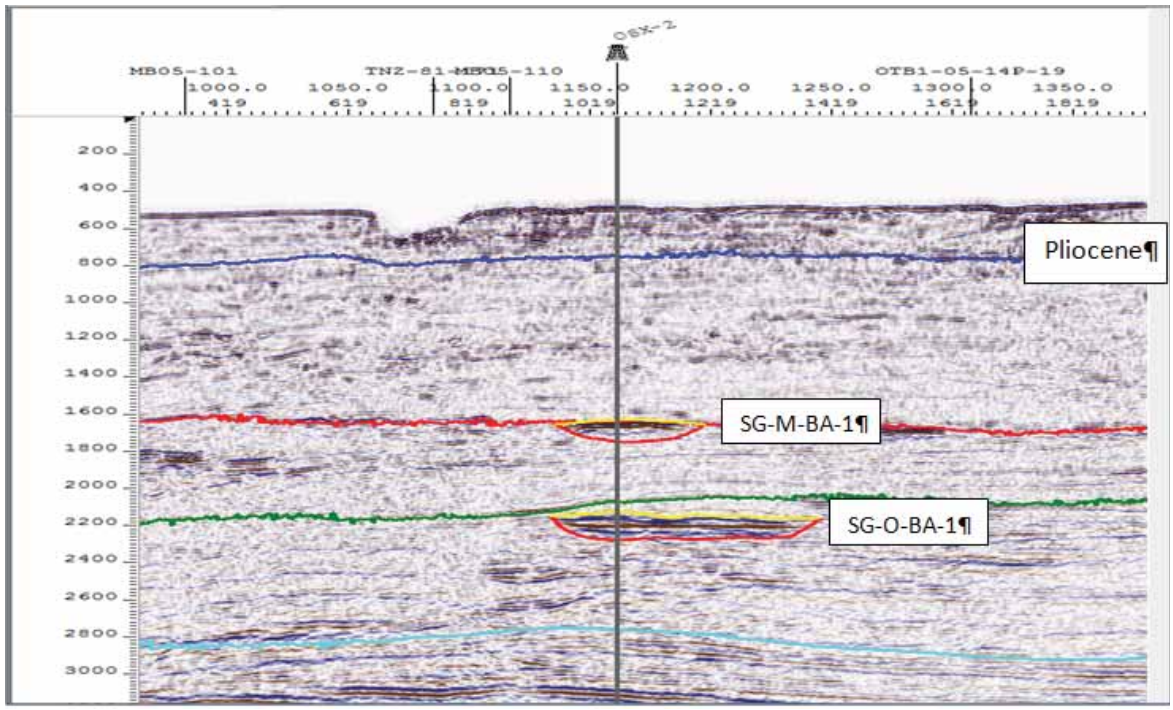


Figure 5-11: Seismic Line through OSX-2

Note: The Pliocene horizon is shown in dark blue, Miocene in red, Oligocene in green and Eocene in light blue. From surface to basement the prospective horizons identified on this section are SG-M-BA-1 and SG-O-BA-1.

5.2 Geological Model

The gross rock volumes were estimated using depth grids created from the top and bottom of the interpreted sand packages. A constant velocity depth conversion was used to convert the time surfaces to depth. An average velocity of 2700 m/s was calculated off of the Mnazi bay channel interval from the sonic logs run at the Mnazi Bay wells. The Mnazi channel package straddled the Miocene/Oligocene boundary. A constant velocity of 2700 m/s was therefore used in the depth conversion for all of the Miocene, Oligocene, and Eocene channel packages. On a large scale it is reasonable to assume that velocity increases with depth. For this reason a slightly lower velocity of 2500 m/s was used to depth convert the shallow Pliocene channel packages. This velocity was estimated by extrapolating the low frequency trend of the sonic logs from existing Mnazi Bay wells.

For the stratigraphic prospects, the volumes were calculated for each target three times, varying the reservoir fill (oil water contact depth) to be 30%, 50% and 70%, between the minimum and maximum depths of the sand package. The same process was used for the structural prospect (Nanguruwe – 1) except that the maximum depth was controlled by the spill point of the feature instead of the top and bottom sand package grids. 100% fullness was assumed to be the high case, the most likely case was a fullness of 70% and the low case was a fullness of 50%.

In some cases, the seismic surfaces extended outside the license boundary. Volumes used for volumetric calculations have been restricted to those within the license boundary polygon.

Figure 5-12 below is an example of the isopach maps created for each prospect. All maps are included in Appendix 4.

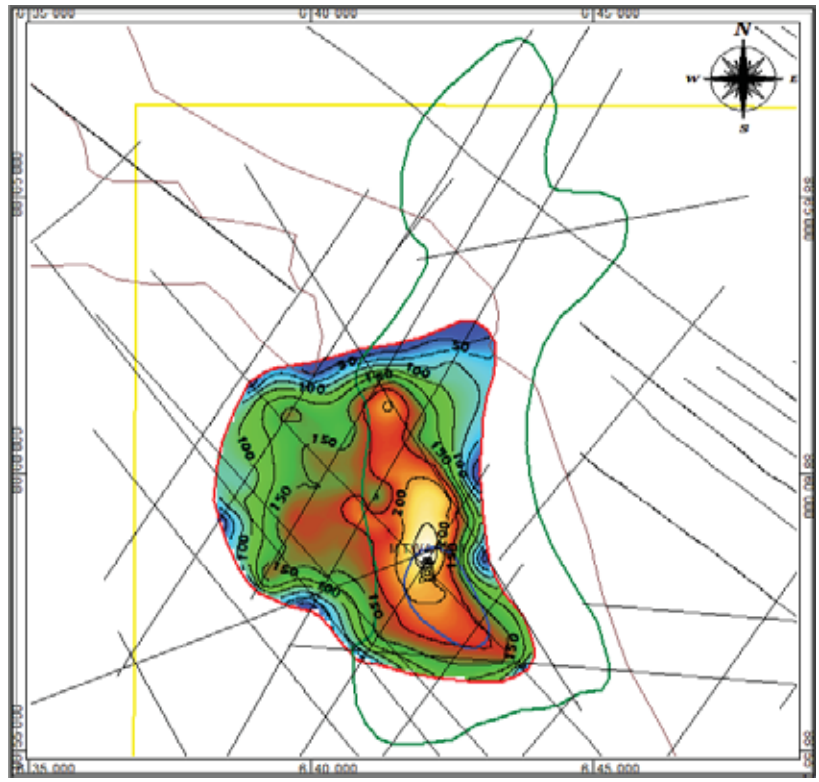


Figure 5-12: Mtwara Isopach for the SG-M-1 Prospect.

Note: Contour interval is 25 meters.

5.3 Reservoir Properties

A volumetric probabilistic methodology has been utilized to determine in-place and recoverable resource volumes. The inputs for the probabilistic analysis are comprised of:

- Gross Rock Volumes: determined from the seismic interpretations
- Net/Gross pay ratio: determined by analysis of the Mnazi Bay log evaluations, together with examples from other Tertiary fields within East Africa to determine a wider range of possible distributions
- Porosity: determined by analysis of the Mnazi Bay log evaluations, together with examples from other Tertiary fields within East Africa to determine a wider range of possible distributions
- Water Saturation: determined by analysis of the log evaluations, by layer for each of the four wells
- Gas Formation Volume Factor: determined from gas analysis data from the MB-2 well, adjusted for pressure and temperature gradients
- Recovery Factor: determined using estimates for Mnazi Bay field and also recognizing for a low case that reservoir channel sands in some cases may not be fully connected

Prospect	Reservoir	GRV $10^6 m^3$		
		P90	ML	P10
Mtwara	Pliocene	10	36	69
	Miocene	648	2,028	3,028
	Oligocene	1,299	4,008	6,424
Nanguruwe (NGU-1)	Pliocene	7	14	31
	Miocene	25	62	158
	Oligocene	130	315	644
Mwambo-1 (MWA-1)	Miocene	144	1,021	2,409
	Oligocene	263	802	1,247
	Eocene	305	702	1,026
OSX-1	Miocene1	95	645	1,692
	Miocene2	884	2,555	4,587
OSX-2	Miocene	75	160	198
	Oligocene	483	1,035	1,339

Table 5-1: Mnazi Bay Prospective Resource Gross Rock Volume

Prospect	Reservoir	NTG %		
		P90	ML	P10
Mtwara	Pliocene	12%	25%	40%
	Miocene	15%	30%	50%
	Oligocene	15%	30%	50%
Nanguruwe (NGU-1)	Pliocene	12%	25%	40%
	Miocene	15%	30%	50%
	Oligocene	15%	30%	50%
Mwambo-1 (MWA-1)	Miocene	15%	30%	50%
	Oligocene	15%	30%	50%
	Eocene	15%	30%	50%
OSX-1	Miocene1	15%	30%	50%
	Miocene2	15%	30%	50%
OSX-2	Miocene	15%	30%	50%
	Oligocene	15%	30%	50%

Table 5-2: Mnazi Bay Prospective Resource Net to Gross Ratios

Prospect	Reservoir	PHI %		
		P90	ML	P10
Mtwara	Pliocene	16%	18%	20%
	Miocene	14%	16%	20%
	Oligocene	14%	16%	20%
Nanguruwe (NGU-1)	Pliocene	16%	18%	20%
	Miocene	14%	16%	20%
	Oligocene	14%	16%	20%
Mwambo-1 (MWA-1)	Miocene	14%	16%	20%
	Oligocene	14%	16%	20%
	Eocene	14%	16%	20%
OSX-1	Miocene1	14%	16%	20%
	Miocene2	14%	16%	20%
OSX-2	Miocene	14%	16%	20%
	Oligocene	14%	16%	20%

Table 5-3: Mnazi Bay Prospective Resource Porosity

Prospect	Reservoir	Sw %		
		P90	ML	P10
Mtwara	Pliocene	55%	40%	30%
	Miocene	60%	40%	25%
	Oligocene	60%	40%	25%
Nanguruwe (NGU-1)	Pliocene	55%	40%	30%
	Miocene	60%	40%	25%
	Oligocene	60%	40%	25%
Mwambo-1 (MWA-1)	Miocene	60%	40%	25%
	Oligocene	60%	40%	25%
	Eocene	60%	40%	25%
OSX-1	Miocene1	60%	40%	25%
	Miocene2	60%	40%	25%
OSX-2	Miocene	60%	40%	25%
	Oligocene	60%	40%	25%

Table 5-4: Mnazi Bay Prospective Resource Water Saturation

Prospect	Reservoir	Bg rm^3/sm^3		
		P90	ML	P10
Mtwara	Pliocene	0.01115	0.01093	0.01064
	Miocene	0.00672	0.00553	0.00491
	Oligocene	0.00483	0.00484	0.00453
Nanguruwe (NGU-1)	Pliocene	0.01115	0.01093	0.01064
	Miocene	0.00672	0.00553	0.00491
	Oligocene	0.00483	0.00484	0.00453
Mwambo-1 (MWA-1)	Miocene	0.00672	0.00553	0.00491
	Oligocene	0.00483	0.00484	0.00453
	Eocene	0.00462	0.00446	0.00431
OSX-1	Miocene1	0.00672	0.00553	0.00491
	Miocene2	0.00672	0.00553	0.00491
OSX-2	Miocene	0.00672	0.00553	0.00491
	Oligocene	0.00483	0.00484	0.00453

Table 5-5: Mnazi Bay Prospective Resource Gas Formation Volume Factor

Prospect	Reservoir	RF (%)		
		P90	ML	P10
Mtwara	Pliocene	55%	70%	85%
	Miocene	55%	70%	85%
	Oligocene	55%	70%	85%
Nanguruwe (NGU-1)	Pliocene	55%	70%	85%
	Miocene	55%	70%	85%
	Oligocene	55%	70%	85%
Mwambo-1 (MWA-1)	Miocene	55%	70%	85%
	Oligocene	55%	70%	85%
	Eocene	55%	70%	85%
OSX-1	Miocene1	55%	70%	85%
	Miocene2	55%	70%	85%
OSX-2	Miocene	55%	70%	85%
	Oligocene	55%	70%	85%

Table 5-6: Mnazi Bay Prospective Resource Recovery Factor

5.4 Geological Probability of Success

RPS estimate a GPoS (without a commercial cut-off) as the Geological Play Chance multiplied by the Prospect Specific Chance.

The Play Chance, the chance of the play working in the play fairway segment being considered, is estimated using three factors: Source, Reservoir, and Seal. In all cases the assessed chance is the presence and effectiveness of the specified element in the assigned segment of the play

fairway. As noted in Section 4 of this report, for the Ruvuma Basin the source is proven to exist and both the reservoir and seal for all four reservoir play styles exist. For the focus area considered (Mnazi Bay – Pliocene, Miocene, Oligocene and Eocene Plays), the Play Chance is therefore taken as 100%.

The overall 'Geological Probability of Success' (GPoS) for a lead or prospect is defined as the product of the Play Chance of Success and each of the lead/prospect location specific risks identified above. Thus, the GPoS is always less than the Play Chance of Success.

Risks which are specific to the prospects within the play can be categorised as follows:

Trap & Timing: chance that a structural / stratigraphic trap exists in a particular location;
Seal: chance that there is an effective top seal in that location;
Charge: chance that the trap is in the hydrocarbon migration path;
Reservoir: chance that reservoir of commercially productive quality exists in the trap.

The prospect-specific chances of success are:

Mtwara -1

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	60%	P_{10}-P_{90} relies on a stratigraphic trap within a channel sandstone, imaged on 2D seismic data.
Seal	60%	Overlying shales and reservoir-seal pairs provide adequate top and lateral seal.
Charge	95%	Reservoirs are offset by Mnazi Bay and Msimabati gas discoveries
Reservoir	80%	Turbidite canyon-fill setting, sands and shale
Total	27%	

Nanguruwe -1

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	60%	Faults identified on 2D seismic.
Seal	50%	Reservoir-Seal pairs. Fault must seal.
Charge	95%	Reservoirs are offset by Mnazi Bay and Msimbati gas discoveries and faults for migration.
Reservoir	60%	Turbidite canyon-fill setting, sands and shale
Total	17%	

Mwambo -1

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	35%	P_{10}-P_{90} relies on stratigraphic trap within a channel sandstone, imaged on limited 2D seismic data.
Seal	60%	Overlying shales and reservoir-seal pairs provide adequate top and lateral seal..
Charge	95%	Reservoirs are offset by Mnazi Bay and Msimbati gas discoveries.
Reservoir	80%	Turbidite canyon-fill setting, sands and shale
Total	17%	

OSX -1

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	50%	P_{10}-P_{90} relies on stratigraphic trap within a channel sandstone, offshore seismic data.
Seal	60%	Overlying shales and reservoir-seal pairs provide adequate top and lateral seal..
Charge	95%	Reservoirs are offset by Mnazi Bay and Msimbati gas discoveries.
Reservoir	80%	Reservoirs likely, some risk associated with reservoir quality
Total	23%	

OSX -2

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	50%	P_{10}-P_{90} relies on stratigraphic trap within a channel sandstone, offshore seismic data.
Seal	60%	Overlying shales drape over structure. Reservoir-Seal pairs.
Charge	95%	Reservoirs are offset by Mnazi Bay and Msimbati discoveries.
Reservoir	80%	Reservoirs likely, some risk associated with reservoir quality
Total	23%	

5.5 Prospective Resources – Results Summary

The resources for the five prospects at Mnazi Bay have been estimated using a probabilistic volumetric methodology. As these resources are undiscovered, they have been classified as Prospective Resources.

The results of the probabilistic assessment are shown below for the whole prospects (100% WI). These are not risked by the above geological chance of success. Note that the totals in the following tables have been derived using probabilistic evaluation, and will not sum arithmetically, except at the mean values.

Tanzania Prospective Resources (Unrisked) - GIIP (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	1	3	3	7
	Miocene	90	313	370	727
	Oligocene	227	787	922	1,811
	Prospect Total	**516**	**1,176**	**1,295**	**2,207**
Nanguruwe (NGU-1)	Pliocene	0	1	2	3
	Miocene	4	14	17	34
	Oligocene	21	74	89	177
	Prospect Total	**38**	**94**	**107**	**198**
Mwambo-1 (MWA-1)	Miocene	49	201	252	522
	Oligocene	44	151	180	358
	Eocene	46	144	167	319
	Prospect Total	**297**	**559**	**599**	**948**
OSX-1	Miocene1	33	140	176	368
	Miocene2	123	439	526	1,057
	Prospect Total	**221**	**605**	**702**	**1,319**
OSX-2	Miocene	9	24	28	51
	Oligocene	70	194	221	408
	Prospect Total	**96**	**222**	**248**	**438**
Prospective Resource	**Total GIIP**	**1,658**	**2,817**	**2,952**	**4,417**

Table 5-7: Mnazi Bay License Prospective Resources (In Place, 100%WI)

Tanzania Prospective Resources (Unrisked) - EUR Gas (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	1	2	2	5
	Miocene	61	214	258	511
	Oligocene	153	536	644	1,272
	Prospect Total	**349**	**809**	**905**	**1,575**
Nanguruwe (NGU-1)	Pliocene	0	1	1	2
	Miocene	3	10	12	24
	Oligocene	14	51	62	125
	Prospect Total	**26**	**64**	**75**	**140**
Mwambo-1 (MWA-1)	Miocene	33	138	176	368
	Oligocene	30	104	126	253
	Eocene	31	99	116	226
	Prospect Total	**203**	**389**	**418**	**667**
OSX-1	Miocene1	23	95	123	260
	Miocene2	83	302	367	741
	Prospect Total	**149**	**417**	**490**	**930**
OSX-2	Miocene	6	17	19	36
	Oligocene	47	133	155	291
	Prospect Total	**65**	**153**	**174**	**311**
Prospective Resource	**Total Gas EUR**	**1,133**	**1,948**	**2,062**	**3,142**

Table 5-8: Mnazi Bay License Prospective Resources (EUR, 100%WI)

Wentworth owns a 31.75% working interest in the Mnazi Bay licence area. The following tables show the prospect volumes owned by Wentworth according to their working interest.

Tanzania Prospective Resources (Unrisked) - GIIP (Bscf) - 31.75% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	0.3	1.0	1.1	2.2
	Miocene	29	99	117	231
	Oligocene	72	250	293	575
	Prospect Total	**164**	**373**	**411**	**701**
Nanguruwe (NGU-1)	Pliocene	0.1	0.4	0.5	1.0
	Miocene	1.2	4.4	5.4	10.9
	Oligocene	7	24	28	56
	Prospect Total	**12**	**30**	**34**	**63**
Mwambo-1 (MWA-1)	Miocene	16	64	80	166
	Oligocene	14	48	57	114
	Eocene	15	46	53	101
	Prospect Total	**94**	**177**	**190**	**301**
OSX-1	Miocene1	10	45	56	117
	Miocene2	39	139	167	336
	Prospect Total	**70**	**192**	**223**	**419**
OSX-2	Miocene	3	8	9	16
	Oligocene	22	61	70	130
	Prospect Total	**30**	**70**	**79**	**139**
Prospective Resource	**Total GIIP**	**526**	**894**	**937**	**1,402**

Table 5-9: Mnazi Bay License Prospective Resources (In Place, 31.75% WI)

Tanzania Prospective Resources (Unrisked) - EUR Gas (Bscf) - 31.75% WI					
Prospect	Horizon	P90	P50	Mean	P10
Mtwara	Pliocene	0.2	0.7	0.8	1.5
	Miocene	19	68	82	162
	Oligocene	48	170	204	404
	Prospect Total	**111**	**257**	**287**	**500**
Nanguruwu (NGU-1)	Pliocene	0.1	0.3	0.4	0.7
	Miocene	0.8	3.0	3.8	7.6
	Oligocene	4	16	20	40
	Prospect Total	**8**	**20**	**24**	**44**
Mwambo-1 (MWA-1)	Miocene	11	44	56	117
	Oligocene	10	33	40	80
	Eocene	10	32	37	72
	Prospect Total	**65**	**124**	**133**	**212**
OSX-1	Miocene1	7	30	39	83
	Miocene2	26	96	117	235
	Prospect Total	**47**	**133**	**156**	**295**
OSX-2	Miocene	1.9	5	6	12
	Oligocene	15	42	49	92
	Prospect Total	**21**	**49**	**55**	**99**

Prospective Resource	**Total Gas EUR**	**360**	**618**	**655**	**998**

Table 5-10: Mnazi Bay Licence Prospective Resources (EUR, 31.75% WI)

6.0 ROVUMA ONSHORE BLOCK, MOZAMBIQUE PROSPECTIVE RESOURCES

6.1 Introduction

In Mozambique there is a spelling change from Ruvuma to Rovuma, such that Rovuma is the same as Ruvuma in Tanzania

The Rovuma Onshore Block is situated in the north-eastern portion of Mozambique and is approximately 13,500 km^2 in size. Wentworth owns a 11.59% working interest in the block.

Wentworth acquired a grid of 2D seismic lines across the onshore block through the business combination with Artumas Group and with its partners on the block, has identified numerous leads in the Tertiary, Cretaceous and Jurassic formations.

The 2D seismic was interpreted for stratigraphic and structural features in Tertiary aged sediments. This interpretation was supported by previous assessments in the area completed by Anadarko, Cove Energy and Artumas.

6.2 Prospective Resources

Interpretation of the recently acquired seismic data and the drilling of the Meculpa-1 well in 2009, has concentrated exploration activity to the north-eastern portion of the block. This area, referred to as the North Palma area, contains prospects and leads within the Tertiary aged Miocene, Oligocene and Paleocene formations. After interpretation of Wentworth's 2D seismic data and AVO analysis, prospective resources have been assigned by RPS to two prospects:

- Chilua South, where the Tertiary Oligocene is prospective for gas, and
- North Graben, where the Tertiary Miocene and Oligocene are prospective for gas (Figure 6-1).

RPS has calculated prospective resource volumes assuming the prospects are charged with gas. RPS believes there is a much higher likelihood of the reservoirs being gas charged as opposed to oil charged, based on:

- The burial history of source rocks is similar to those of Mnazi Bay, which are gas generators,
- Offsetting discoveries at Mnazi Bay and offshore Mozambique were all gas reservoirs, and
- The nearby Mecupa-1 well encountered only gas shows in the Tertiary formations.

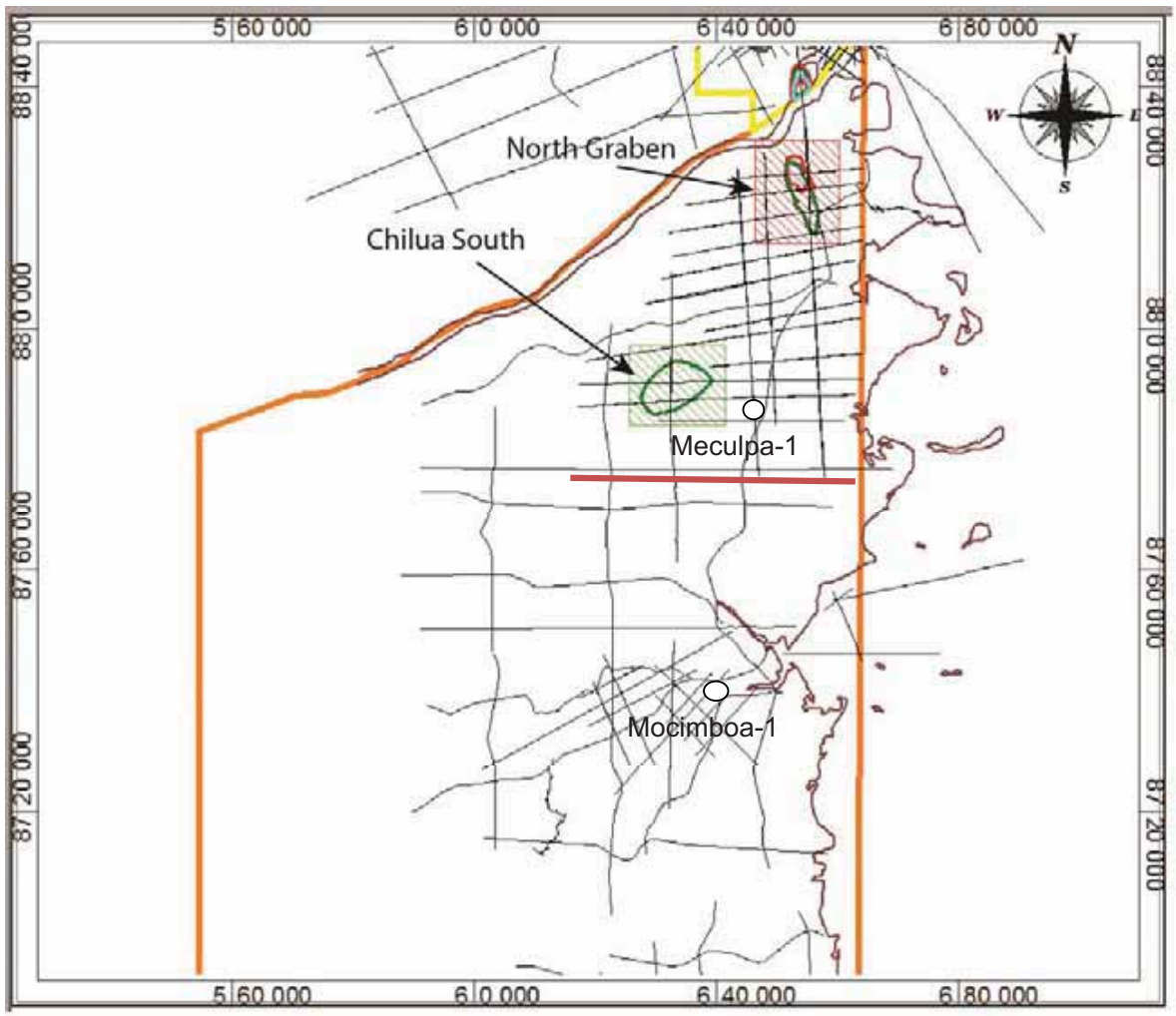


Figure 6-1: Seismic Coverage Map for Onshore Mozambique

Source: Wentworth

Note: The North Graben prospect is represented by a red shaded rectangle. The Chilua South prospect is represented by the green shaded rectangle.

6.3 Seismic Interpretation

6.3.1 Chilua South

Chilua South is an onshore prospect with one large stratigraphic target of Oligocene age. The tops and bases of the stratigraphic features were interpreted based on seismic character and anomalous amplitudes and AVO analysis. These interpretations were made on all of the lines in the vicinity and polygons were drawn in map view to delineate the extents of the sand body.

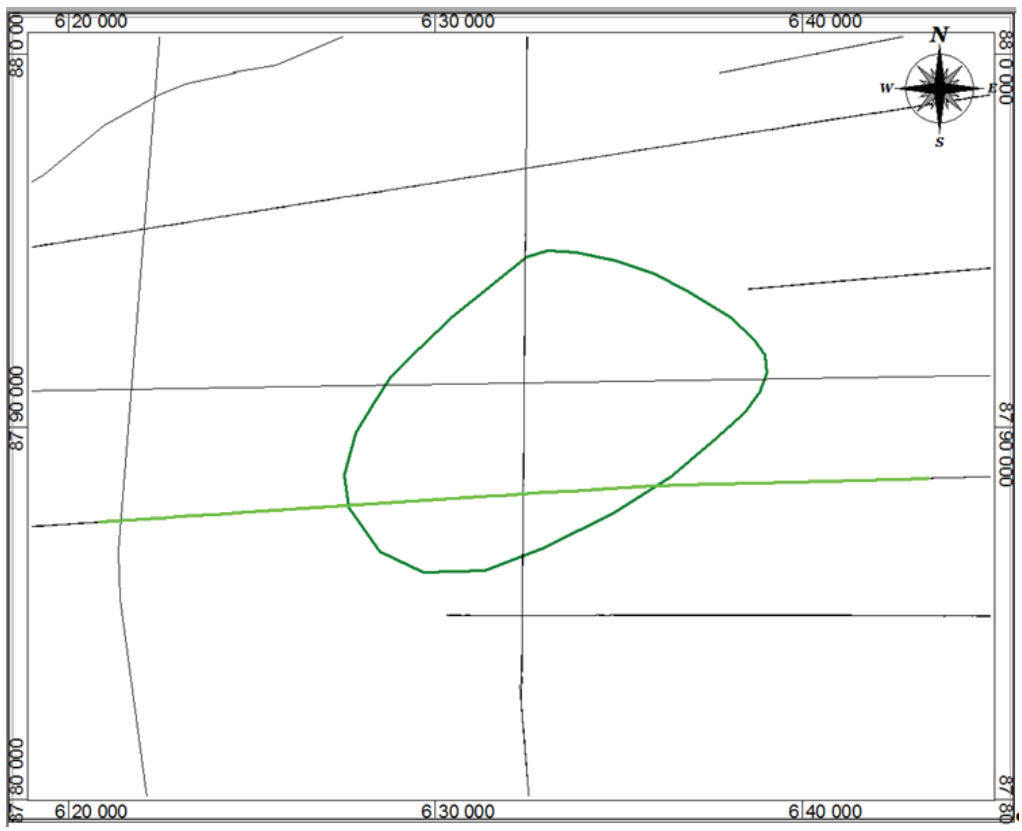


Figure 6-2: Map view of the Chilua South Oligocene prospect

Note: Chilua prospect shown in green. The light green line represents the seismic line shown below.

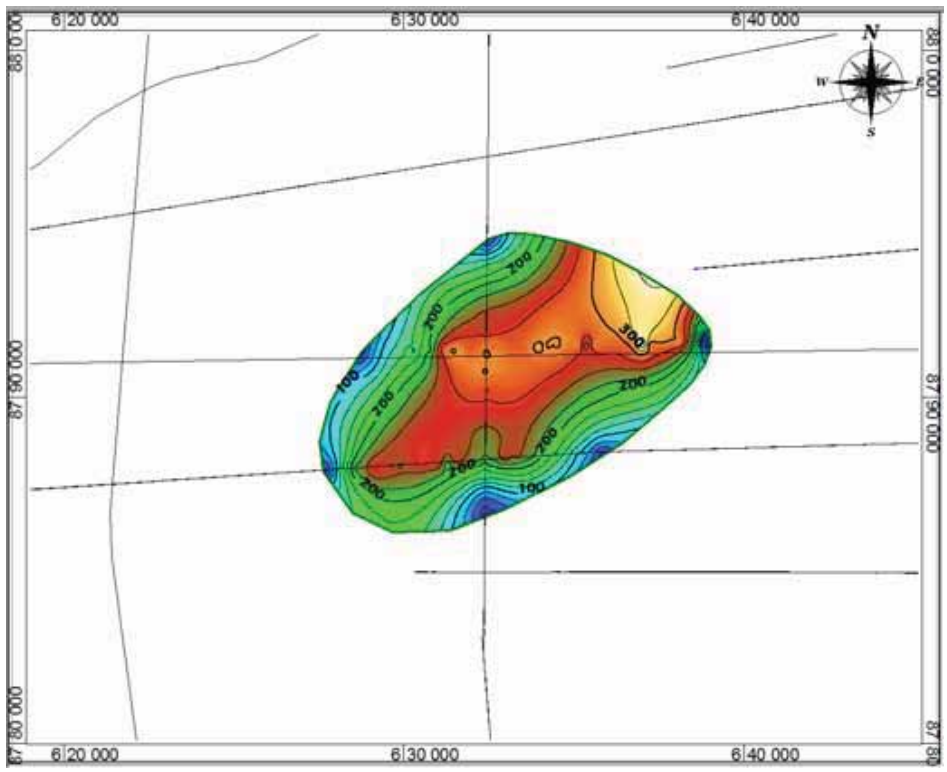


Figure 6-3 - Isopach for the Chilua South Prospect

Note: Contour Interval is 25 m.

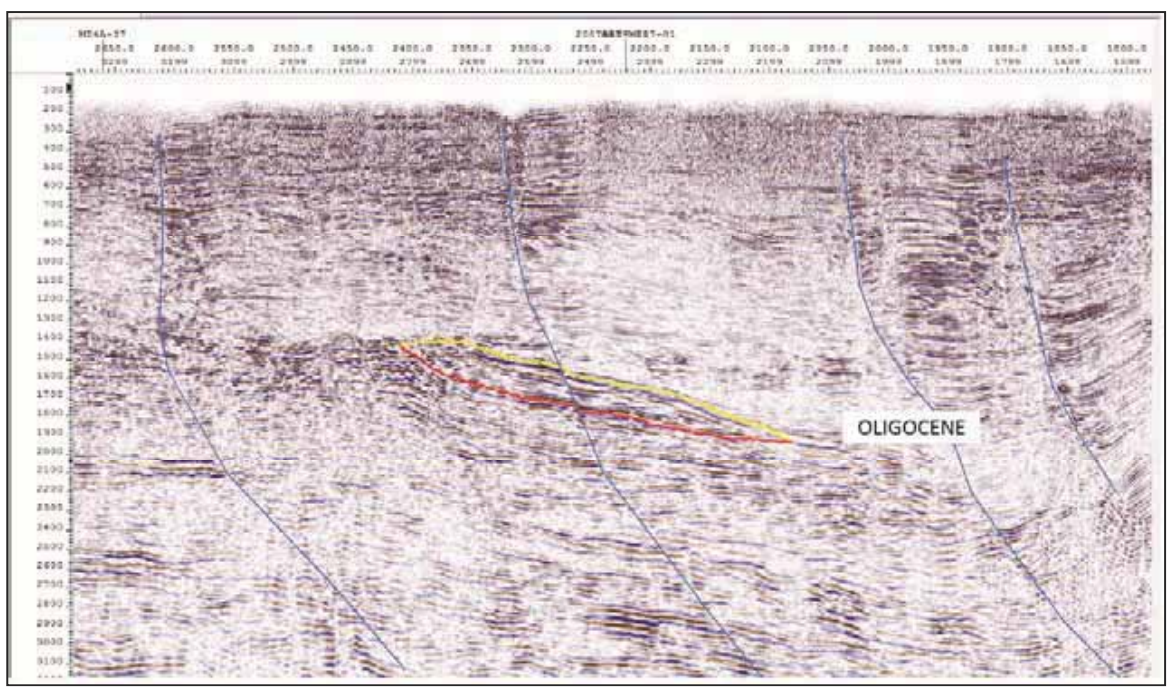


Figure 6-4: Seismic Line through the Chilua South Prospect.

Note: Interpreted faults are represented by blue lines.

6.3.2 North Graben

North Graben is an onshore prospect with one stratigraphic target of Miocene age and one structural target of Oligocene age. The tops and bases of the stratigraphic features were interpreted based on seismic character and anomalous amplitudes and AVO analysis. These interpretations were made on all of the lines in the vicinity and polygons were drawn in map view to delineate the extents of the sand body. For the structural target a fault system was interpreted and the horizon was gridded with the faults to determine the lateral extent of the isolated closure. The prospective horizon was gridded and a polygon was drawn in map view to delineate the extents of the isolated closure.

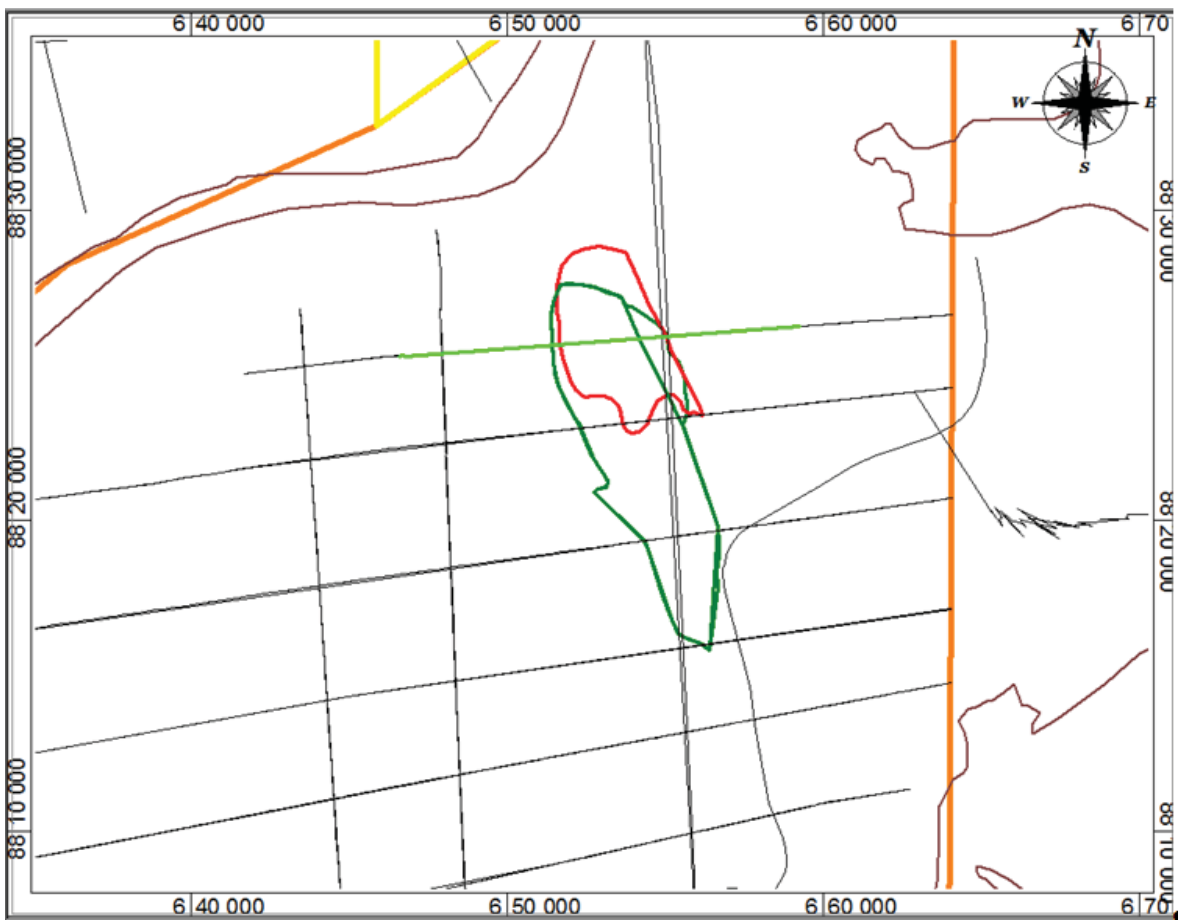


Figure 6-5: Map View of the North Graben Oligocene and Miocene Prospects

Note: Oligocene shown in green, Miocene in red. The light green line represents the seismic line shown below.

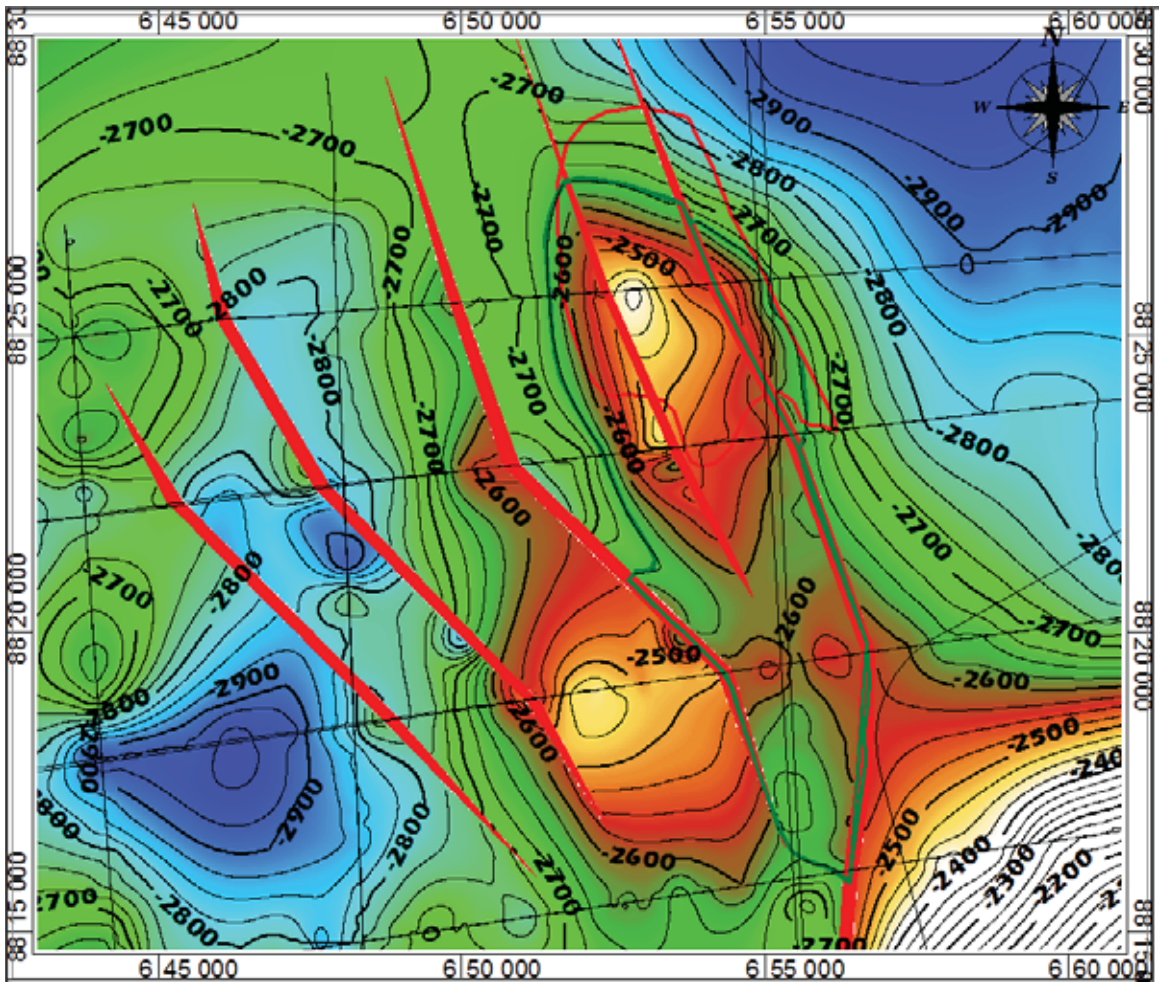


Figure 6-6: Top Depth Structure for the North Graben Deep Prospect. Contour Interval is 25 m.

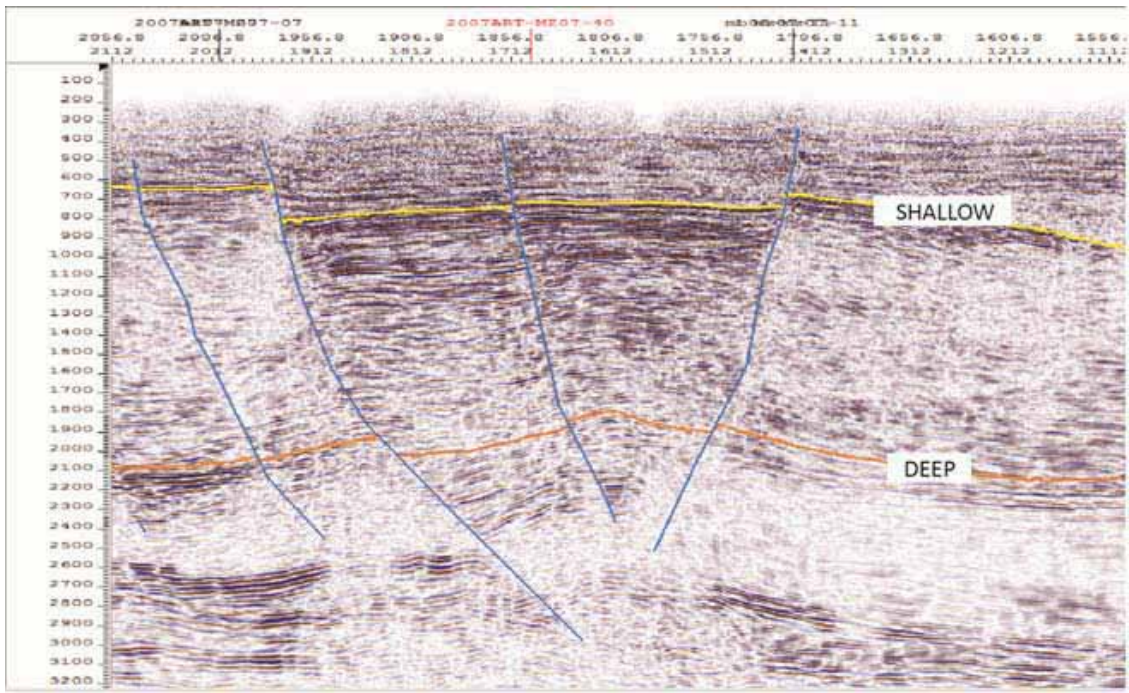


Figure 6-7: Seismic Line through the North Graben Prospect

Note: The Miocene is represented by the yellow horizon and the Intra-Oligocene is represented by the orange horizon. Interpreted faults are represented by blue lines.

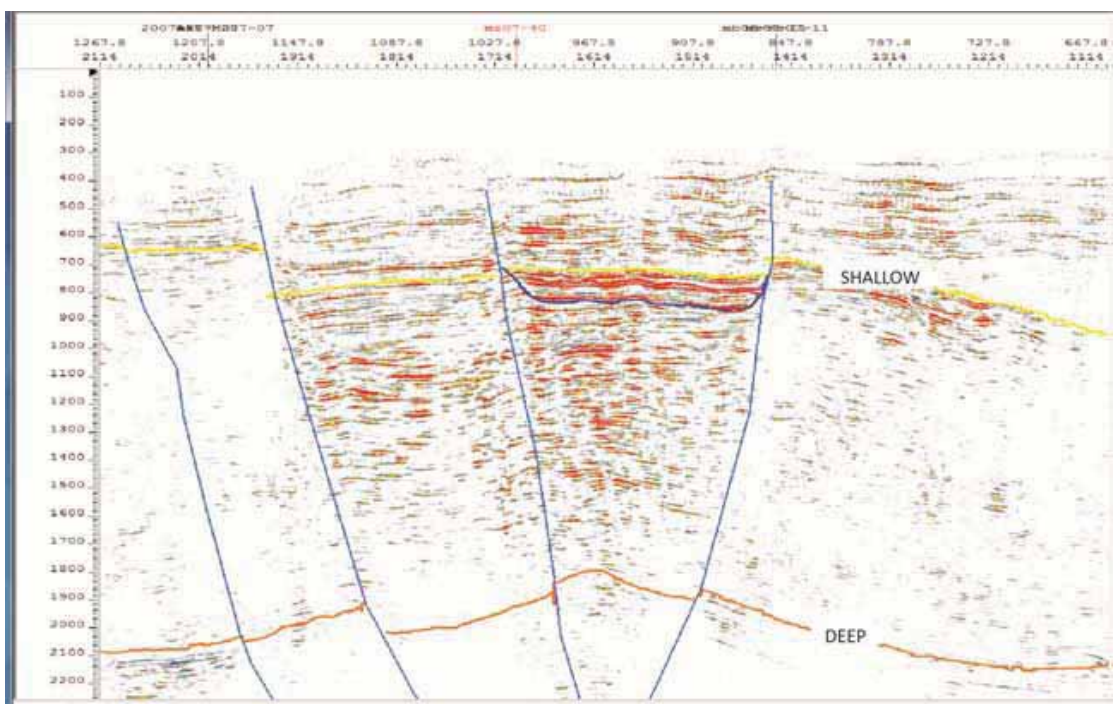


Figure 6-8: AVO Volume through the North Graben Prospect

Note: The Miocene is represented by the yellow horizon and the Intra-Oligocene is represented by the orange horizon. Interpreted faults are represented by blue lines. The base of the continuous AVO anomaly is represented by the dark blue line.

6.4 Reservoirs

The Tertiary sediments on the Rovuma Onshore Block are fluvial deltaic and marine shelf sands; hydrocarbon is potentially trapped on roll-over structures and/or extensional listric fault structures. Two wells have been drilled on the block Mecupa-1 and Mocimboa-1. Both wells contained reservoir quality sands in the Tertiary.

The Mecupa-1 well contained gas shows but is interpreted to have a poor seal due to late structural movement. The Mocimboa-1 well was drilled for a Cretaceous target; 600 m of reservoir quality Tertiary sands were encountered but not tested (Figure 6-9).

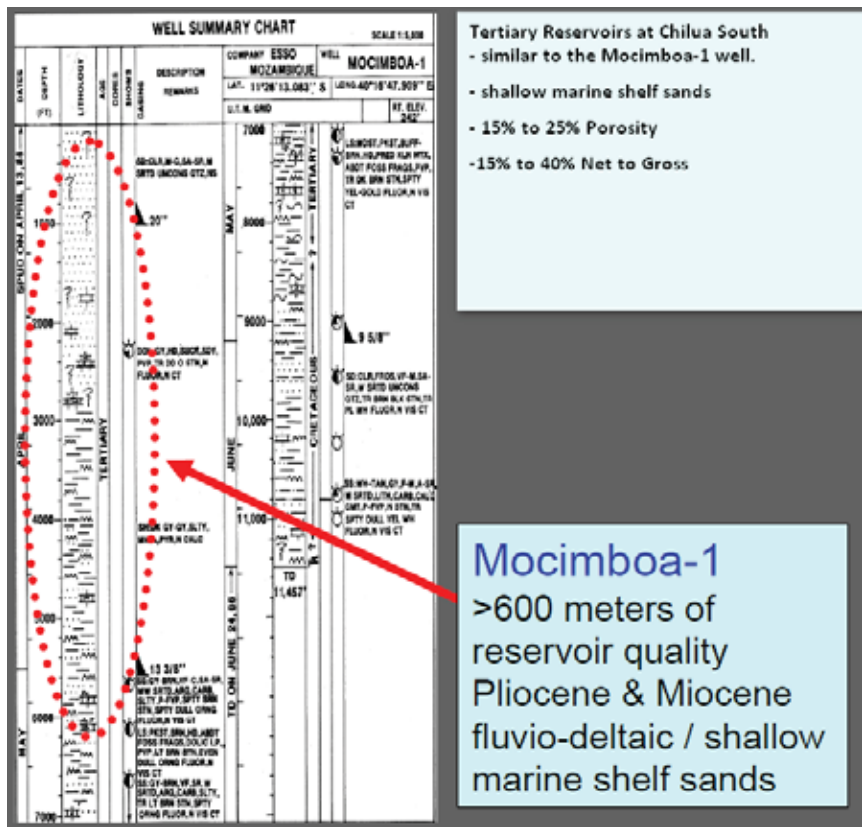


Figure 6-9: Mocimboa-1 Well

Source: Artumas Internal Presentation

6.5 Geologic Model

For both prospects, the depth conversions were completed with the same methods and velocities as Mnazi Bay.

For all prospects except the North Graben structural prospect, the volumes were calculated in a similar manner to the prospects in Mnazi Bay.

For the North Graben structural prospect the volumes were calculated for each body three times, varying the reservoir extents to be the small isolated closure, the large isolated closure truncated by the easternmost fault and the large isolated closure un-truncated. In all three cases

the reservoir was modelled to be full to the spill point. A figure illustrating these features is below. All maps are included in Appendix 5.

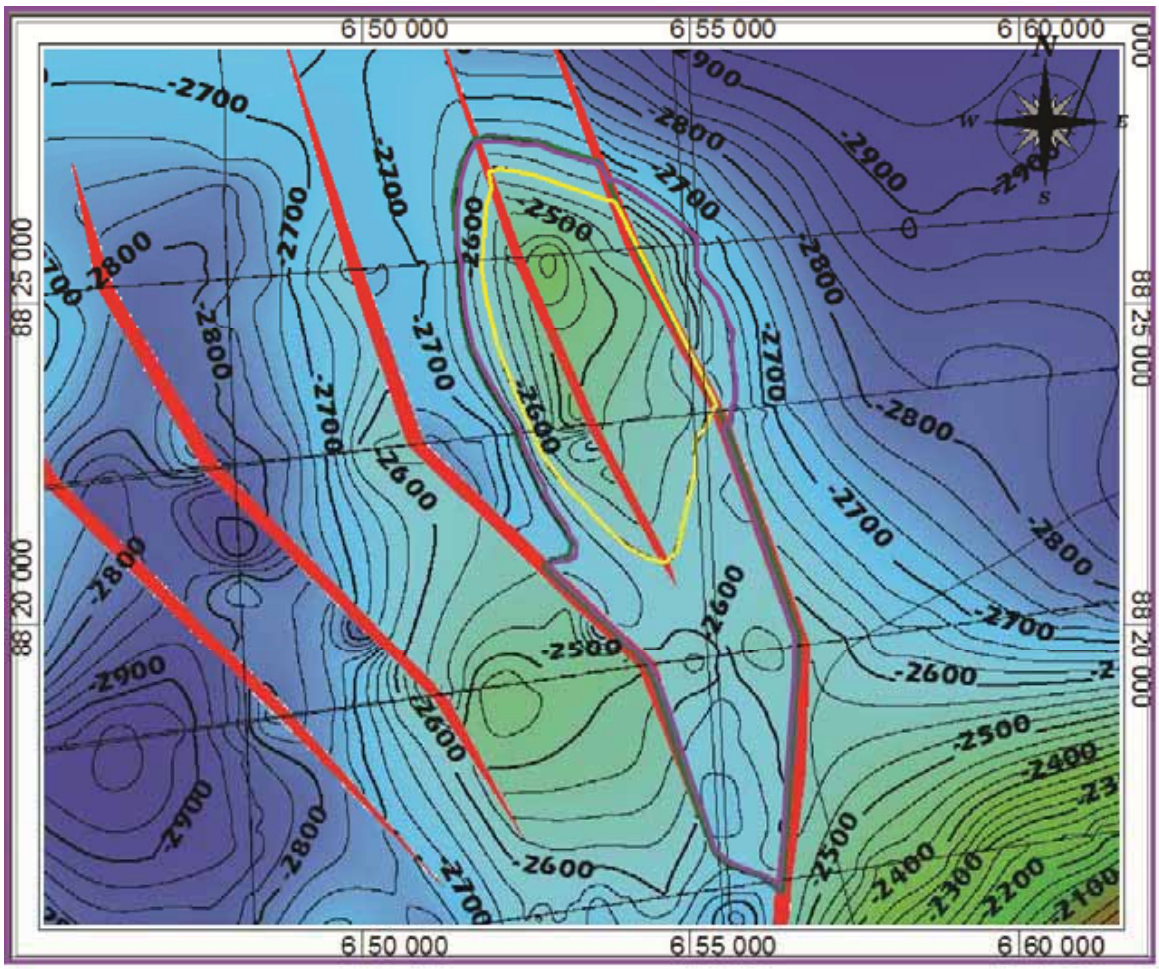


Figure 6-10: Top Depth Structure for the Deep North Graben Prospect.

Note: *The yellow polygon represents the small isolated closure, the green polygon represents the large isolated closure truncated by the easternmost fault and the purple polygon represents the large isolated closure that is un-truncated.*

6.6 Reservoir Properties – Onshore Mozambique

A volumetric probabilistic methodology has been utilized to determine in-place and recoverable resource volumes. The inputs for the probabilistic analysis are derived by seismic interpretation and analogy:

- Gross Rock Volumes: determined from the seismic interpretations.
- Net/Gross pay ratio: determined by analysis of the Mecupa-1 and Mocimboa-1 wells, Mozambique, Mnazi Bay log evaluations, together with examples from other Tertiary fields within East Africa to determine a wider range of possible distributions.
- Porosity: determined by analysis of the Mecupa, Mocimboa and Mnazi Bay log evaluations, together with examples from other Tertiary fields within East Africa to determine a wider range of possible distributions.

- Water Saturation: determined by analysis of the log evaluations, by layer using the four wells at Mnazi Bay.
- Gas Formation Volume Factor: determined from gas analysis data from the MB-2 well, adjusted for pressure and temperature gradients.
- Recovery Factor: determined using estimates for Mnazi Bay field and also recognizing for a low case that reservoir channel sands in some cases may not be fully connected.

Prospect	Reservoir	GRV $10^6 m^3$		
		P90	ML	P10
Chilua South		1,663	5,158	10,415
North Graben	Shallow	599	1,197	1,697
	Deep	709	1,725	1,809

Table 6-1: Rovuma Prospective Resource Gross Rock Volume

Prospect	Reservoir	NTG %		
		P90	ML	P10
Chilua South		15%	35%	50%
North Graben	Shallow	15%	35%	50%
	Deep	15%	35%	50%

Table 6-2: Rovuma Prospective Resource Net to Gross Ratios

Prospect	Reservoir	PHI %		
		P90	ML	P10
Chilua South		15%	20%	25%
North Graben	Shallow	15%	20%	25%
	Deep	15%	20%	25%

Table 6-3: Rovuma Prospective Resource Porosity

Prospect	Reservoir	Sw %		
		P90	ML	P10
Chilua South		60%	35%	20%
North Graben	Shallow	60%	35%	20%
	Deep	60%	35%	20%

Table 6-4: Rovuma Prospective Resource Water Saturation

Prospect	Reservoir	Bg rm^3/sm^3		
		P90	ML	P10
Chilua South		0.00491	0.00500	0.00559
North Graben	Shallow	0.00862	0.00857	0.00847
	Deep	0.00476	0.00490	0.00503

Table 6-5: Rovuma Prospective Resource Gas Formation Volume Factor

Prospect	Reservoir	RF (%)		
		P90	ML	P10
Chilua South		55%	70%	85%
North Graben	Shallow	55%	70%	85%
	Deep	55%	70%	85%

Table 6-6: Rovuma Prospective Resource Recovery Factor

6.7 Geological Probability of Success

RPS estimate a GPoS (without a commercial cut-off) as the Geological Play Chance multiplied by the Prospect Specific Chance.

The Play Chance, the chance of the play working in the play fairway segment being considered, is estimated using three factors: Source, Reservoir, and Seal. In all cases the assessed chance is the presence and effectiveness of the specified element in the assigned segment of the play fairway. As noted in Section 4 of this report, for the Ruvuma (Rovuma) Basin the source is proven to exist and both the reservoir and seal pairs for Tertiary reservoirs exist. For the focus area considered (North Rovuma Basin – Tertiary Plays), the Play Chance is therefore taken as 100%.

The overall 'Geological Probability of Success' (GPoS) for a lead or prospect is defined as the product of the Play Chance of Success and each of the lead/prospect location specific risks identified above. Thus, the GPoS is always less than the Play Chance of Success.

Risks which are specific to the prospects within the play can be categorised as follows:

Trap & Timing: chance that a structural / stratigraphic trap exists in a particular location;
Seal: chance that there is an effective top seal in that location;
Charge: chance that the trap is in the hydrocarbon migration path;
Reservoir: chance that reservoir of commercially productive quality exists in the trap.

The prospect-specific chances of success are:

Chilua South Prospect

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	60%	P_{10}-P_{90} relies on a combination structural/stratigraphic trap, imaged on 2D seismic data.
Seal	50%	Overlying shales and reservoir-seal pairs provide adequate top and lateral seal.
Charge	70%	Closest Tertiary reservoirs are defined by Mecupa-1 well which was dry and successful gas discoveries off-shore Mozambique and at Mnazi Bay.
Reservoir	70%	Deltaic/near shore marine sandstones
Total	15%	

North Graben Prospect

Prospect Risk Category	Chance of Success	Notes
Trap & Timing	60%	P_{10}-P_{90} relies on a stratigraphic trap within a channel slope/deep water sand system, and simple roll-over structures, imaged on 2D seismic data.
Seal	50%	Overlying shales and reservoir-seal pairs provide adequate top and lateral seal.
Charge	70%	Closest Tertiary reservoirs are defined by Mecupa-1 well which was dry and successful gas discoveries off-shore Mozambique and at Mnazi Bay.
Reservoir	70%	Deep-water sands and channel slope deposits
Total	15%	

6.8 Prospective Resources – Results Summary

The resources for the two prospects onshore Rovuma have been estimated using a probabilistic volumetric methodology. As these resources are undiscovered, they have been classified as Prospective Resources.

The results of the probabilistic assessment are shown below for the whole prospects (100% WI). These are not risked by the above geological chance of success. Note that the totals in the following tables have been derived using probabilistic evaluation, and will not sum arithmetically, except at the mean values.

Mozambique Prospective Resources (Unrisked) - GIIP (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**350**	**1,343**	**1,624**	**3,261**
North Graben	Shallow	56	165	190	358
	Deep	115	334	377	700
	Prospect Total	**263**	**527**	**567**	**920**
Prospective Resource	**Total GIIP**	**875**	**1,929**	**2,192**	**3,885**

Table 6-7: Rovuma License Prospective Resources (In Place, 100%WI)

Mozambique Prospective Resources (Unrisked) - EUR Gas (Bscf) - 100% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**237**	**911**	**1,135**	**2,310**
North Graben	Shallow	38	114	133	253
	Deep	77	230	263	492
	Prospect Total	**179**	**364**	**396**	**654**
Prospective Resource	**Total Gas EUR**	**602**	**1,331**	**1,531**	**2,720**

Table 6-8: Rovuma License Prospective Resources (EUR, 100%WI)

Wentworth owns an 11.59% working interest in the Mozambique Onshore license area. The following tables show the prospect volumes owned by Wentworth according to their working interest.

Mozambique Prospective Resources (Unrisked) - GIIP (Bscf) - 11.59% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**41**	**156**	**188**	**378**
North Graben	Shallow	6	19	22	42
	Deep	13	39	44	81
	Prospect Total	**30**	**61**	**66**	**107**
Prospective Resource	**Total GIIP**	**101**	**224**	**254**	**450**

Table 6-9: Rovuma License Prospective Resources (In Place, 11.59% WI)

Mozambique Prospective Resources (Unrisked) - EUR Gas (Bscf) - 11.59% WI					
Prospect	Horizon	P90	P50	Mean	P10
Chilua South	**Prospect Total**	**27**	**106**	**131**	**268**
North Graben	Shallow	4	13	15	29
	Deep	9	27	31	57
	Prospect Total	**21**	**42**	**46**	**76**
Prospective Resource	**Total Gas EUR**	**70**	**154**	**177**	**315**

Table 6-10: Rovuma License Prospective Resources (EUR, 11.59% WI)

7.0 FUTURE POTENTIAL ROVUMA OFFSHORE AREA 1 BLOCK

7.1 Introduction

Wentworth owns a 4.95% net profits royalty interest in Cove Energy's 8.5% working interest in the Mozambique Rovuma Offshore Area 1 Block.

On the Rovuma Offshore Area 1 Block, the project working interest partners, Anadarko (operator) and Cove have announced four significant gas discoveries and one oil discovery. Wentworth holds a royalty interest in the Rovuma Offshore Area 1 Block and do not have access to any well or seismic data on the block. RPS recognises the potential of this block but are unable to assign resources to the block at this time due to a lack of data.

RPS has reviewed the public data available on the block, RPS understands that the terms and conditions of Wentworth's interests limits its access to data, and therefore RPS has not been able to access critical data required to conduct an independent resources evaluation on the block. RPS has reviewed several press release announcements as well as investor presentation materials from Anadarko and Cove Energy and derived an opinion on the basis of these reviews. An extract of a few of these announcements and press releases is included as Appendix 6 to this report.

7.2 Resource Potential

The Rovuma Offshore Area 1 Block is highly prospective for Tertiary gas and to the south Tertiary and Cretaceous oil and gas. Offshore Mozambique is dominated by many high angle toe thrusts. These thrusts create many possible traps that are well imaged on seismic.

The Offshore Area 1 Block working interest owners, Anadarko (operator) and Cove have announced four significant gas discoveries and one oil discovery (Ironclad in the southern part of the block). Figure 7-1 shows the position of these discoveries on Area 1 (as announced by Cove and Anadarko).

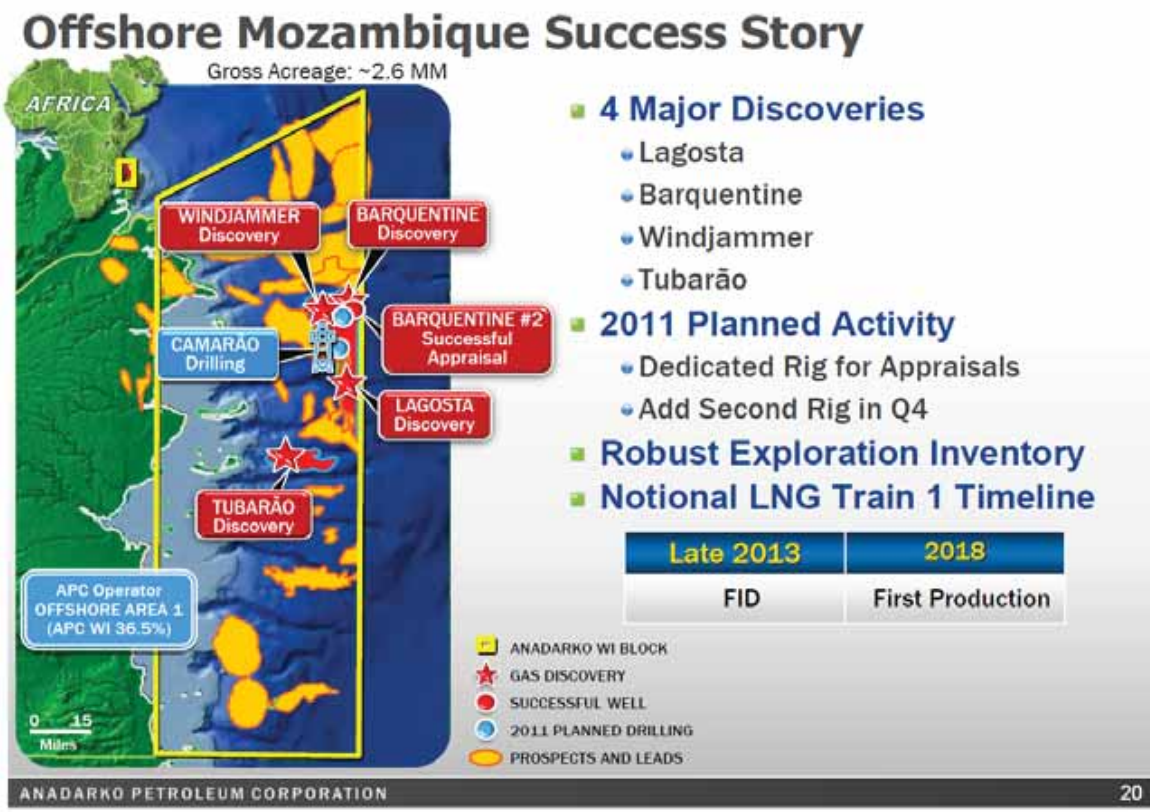


Figure 7-1: Offshore Area 1 Discoveries
Source: Anadarko

Cove Energy Plc. described the drilling results on Offshore Area 1 in its 2010 Annual Report.

The highlights from the annual report are shown below in *Italics.*

Gas Discoveries 2010 and 2011

In 2010 and early 2011 four significant gas discoveries were made by the Rovuma Offshore Area 1 partnership. These discoveries have precipitated an appraisal and testing programme aimed at achieving a final investment decision on a Liquefied Natural Gas ("LNG") project by Q3-2013. The current estimate for the resource potential is some 12 trillion cubic ft ("TCF") of gas and planning is already underway to evaluate the commercialisation of a project utilising a minimum of 6 TCF in a single train LNG project.

Windjammer

The Windjammer well is located some 30 miles off the coast of northern Mozambique in approximately 4,800 ft of water. Windjammer reported 480 net ft of natural gas pay in high-quality reservoir sands in two distinct horizons of Oligocene age sandstones, with a gross column of more than 1,200 ft. An additional 75 net ft of gas pay was discovered in the Paleocene target, bringing the total net ft of natural gas pay in Windjammer to 555 ft. The well reached total depth at approximately 16,930 ft and was plugged and suspended in March 2010.

A coring programme as part of the appraisal work on this discovery commenced in February 2011 and the following is an analysis of this operation:

Windjammer #2, BP2 - Paleocene - Total Cut 121.0 m

Windjammer #2, BP3 - Oligocene Fan 1 - Total Cut 162.0 m Windjammer #2, BP3 - Oligocene Fan 2 - Total Cut 110.0 m Programme Total - Cut 393.0 m, Recovered 389.7 m (99.2%).

Barquentine

The Barquentine well which is located two miles northeast from the Windjammer discovery reported a total of 416 net ft of natural gas pay in multiple high-quality sands in October 2010. Specifically, the discovery well encountered more than 308 net ft of pay in two Oligocene sands that are separate and distinct geologic features, but age-equivalent to those horizons in Windjammer. This well also found an additional 108 net ft of gas pay in the Paleocene sands and the seismic data indicates that this deeper pay section is contiguous and appears to be connected to the 75 net ft of natural gas pay encountered in the Paleocene target at Windjammer.

Barquentine was drilled to a total depth of approximately 16,880 ft, in water depths of approximately 5,200 ft.

Lagosta

The Lagosta well encountered a total of more than 550 net ft of natural gas pay in multiple high-quality Oligocene and Eocene sands and was announced in November 2010. This discovery is located approximately 16 miles to the south of the Barquentine discovery and 14 miles to the southeast of the Windjammer discovery.

Lagosta was drilled to a total depth of approximately 16,307 ft, in water depths of approximately 5,080 ft.

Tubarão

The Tubarão discovery well encountered more than 110 net ft of natural gas pay and no water in a high-quality Eocene-age reservoir that is separate and distinct from the hydrocarbon accumulations in the three previous discoveries. The well was drilled to a total depth of approximately 13,900 ft in water depths of approximately 2,950 ft and was plugged and suspended in February 2011. Tubarão is located some 17 miles southwest of the Lagosta drill site.

The well bore at Tubarão was preserved by the partnership for potential utilisation in future testing.

Other Drilling Results 2010

Two further wells have been drilled in the Rovuma Offshore Area 1 block during 2010 as follows:

Ironclad

The Ironclad well location is approximately 110 km south of the Windjammer gas discovery well and was drilled to evaluate the hydrocarbon potential of an aerially extensive Cretaceous deepwater fan complex in the southern part of the Rovuma Offshore Area 1 block and in particular to determine the presence of oil in an area believed to have the geological parameters necessary for liquid hydrocarbon generation.

Drilling operations ceased in August 2010 at a total depth of 17,403 ft, in a water depth of 3,445 ft, the well having penetrated approximately 671 ft of targeted Cretaceous age sediments in two distinct fan lobes.

The well penetrated approximately 125 net ft of oil and gas saturated sands in the upper fan lobe. The presence of oil was confirmed by geochemical analysis of rotary side wall cores taken from the well bore. The oil encountered in the Ironclad well is the first documented occurrence of liquid hydrocarbons in deepwater offshore East Africa. There were also significant gas shows reported throughout the drilling of the Cretaceous section.

An analysis of the logs and cores indicates that the sands, in which the oil and gas were encountered, have low porosity and permeability.

Collier

In April 2010 operations on the Collier well were suspended after encountering pore pressure issues at the top of the predicted reservoir objective, causing the operator to deem it unsafe to continue drilling. The Collier well did not penetrate or fully evaluate the entire predicted objective section. The well was plugged and suspended at approximately 10,500 ft.

Collier is located 45 miles off the coast of Mozambique at a water depth of 4,922 ft.

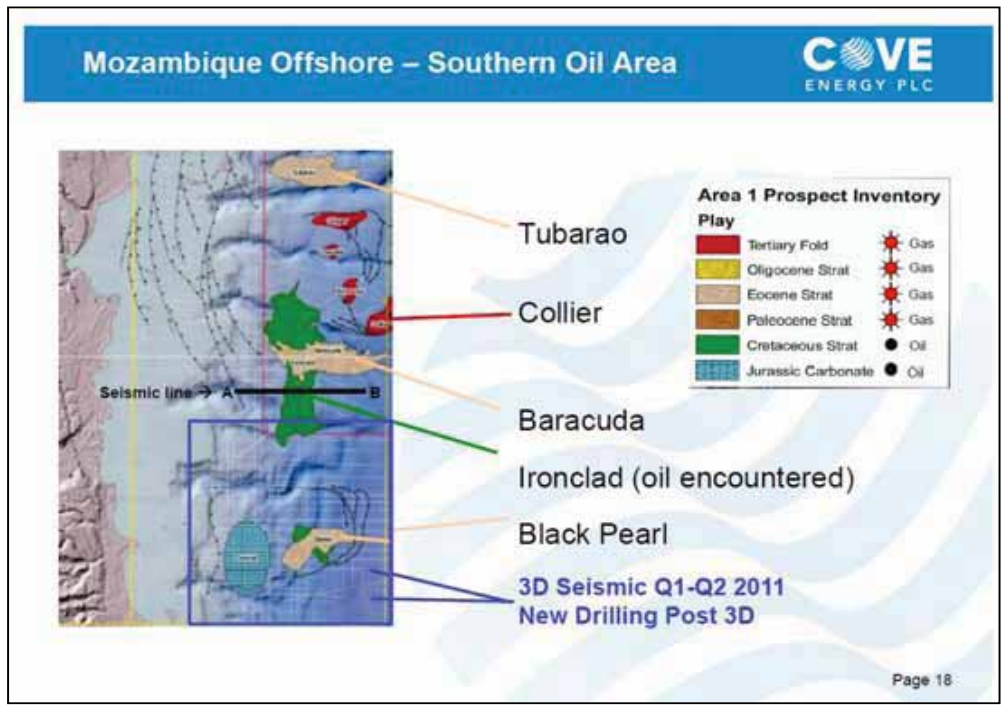


Figure 7-2: Location of Ironclad Oil Discovery and Other Prospect/Leads
Source: Cove Energy Investor Presentation (May 2011), www.cove-energy.com

Commercialisation

In the 2010 Annual Report, Cove also gave details of future work that will be carried out to bring the discoveries towards a commercial solution.

ADVANCING ROVUMA OFFSHORE DISCOVERIES TOWARDS A COMMERCIAL SOLUTION

The Rovuma Offshore partnership has sanctioned a rapid exercise to appraise and evaluate the known gas discoveries to final investment decision ("FID") by Q3-2013.

A series of parallel programmes have been initiated in order to achieve this milestone.

Appraisal Drilling, Coring and Testing

Following the completion of the Tubarão discovery the Belford Dolphin drill ship has been contracted to commence appraisal activities on the three discoveries at Windjammer, Barquentine and Lagosta (together "Palma Gas Field"). The partnership is confident that the gas discoveries are contained in high-quality; continuous sands with low dip rates which have the potential for a massive hydrocarbon resource over a vast areal extent. In order to validate this potential, sequential coring, appraisal and testing have been planned and will utilise the Belford Dolphin until a second drill ship, the Deepwater Millennium, joins the programme in Q4 - 2011.

A coring programme, on three pay zones encountered in the Windjammer discovery, commenced in February 2011 and was completed in early May 2011. The ship is being dispatched to the Lagosta discovery to take cores on the Oligocene and Eocene gas intervals. The partnership plans to commence drilling appraisal wells, at the completion of the Lagosta coring programme.

The concept behind the coring programme is to acquire full core over all the potential reservoir intervals (Paleocene, Eocene and Oligocene) aimed at accelerating the development plan and FID objective. The partnership is working to a programme that will result in an ability to correlate the extracted core to existing drill logs and thence to their proprietary seismic data. As detailed core analysis is a time consuming process, the ability to acquire these cores and send them for analysis early should allow the data to be integrated into critical stages of new appraisal wells and mapping onto recently acquired 3D seismic. The latter is also being processed contemporaneously. The overall evaluation of the cores and alignment of this data with other proprietary data secured on the block will have a significant impact on development plans and facilities design. In particular some outboard pay zones may, in the event that the cores return superior reservoir characteristics, allow these to be included in reserve cases. In addition they could determine the number of wells required and deliverability of the base development scenario.

3D Acquisition and Processing

The Rovuma Offshore working interest owners have commenced a new 3D seismic programme which is acquiring over 4,000 sq km of 3D in the areas immediately north and south of the existing 3D area, to the respective block boundaries. The acquisition to the south has been achieved and the acquisition in the northern area commenced in mid-April 2011. Final processing and integration into the existing database, which may take until early 2012 to complete, will assist in the prioritising of exploration targets and allow the partnership to understand the ultimate potential of the block with more certainty.

Other Leads on Offshore Area 1 are illustrated in Figure 7-3.

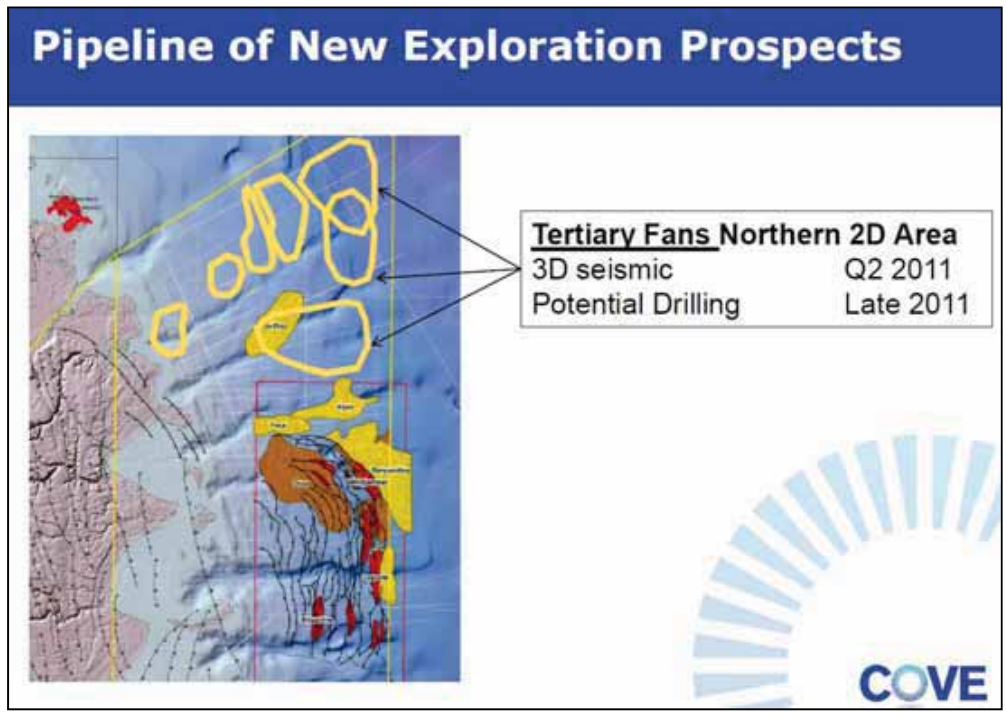


Figure 7-3: Additional Leads Highlighted by Cove Energy - "Cabo Delargo" Area
Source: Cove Energy Investor Presentation (May 2011) www.cove-energy.com

October 5th. 2011 Anadarko Press Release

(Source: Anadarko Website http://www.anadarko.com/Home/Pages/Home.aspx)

HOUSTON, TX, Oct 05, 2011 (MARKETWIRE via COMTEX) --

Anadarko Petroleum Corporation (NYSE: APC) today announced the cumulative results of its exploration and appraisal success offshore Mozambique have substantially increased the resource potential in the Offshore Area 1 of the deepwater Rovuma Basin. The appraisal section of its most recent exploration well at the Camarao prospect encountered approximately 240 net feet (73 meters) of natural gas pay in an excellent-quality reservoir and confirmed static pressure connectivity with the partnership's previously announced Windjammer and Lagosta discoveries. In addition, the Camarao well discovered approximately 140 net feet (43 meters) of natural gas pay in shallower Miocene and Oligocene sand packages not encountered in previous wells.

"Our successful drilling program offshore Mozambique continues to expand the already world-class resource potential of this frontier basin," said Bob Daniels, Anadarko Sr. Vice President, Worldwide Exploration. "The results of our activity to date provide high confidence that the Windjammer, Barquentine, Lagosta and Camarao complex holds at least 10 Tcf (trillion cubic feet) of recoverable natural gas resources. We are optimistic that our current resource estimates will increase, as we still have significant exploration and appraisal work ahead of us, including the evaluation of two newly acquired 3D seismic datasets and expanded prospect opportunities. We are mobilizing a second deepwater drillship to the Rovuma Basin to accelerate the campaign, which includes an extensive

reservoir testing program and up to seven exploration/appraisal wells over the next 12 months."

Chuck Meloy, Anadarko Sr. Vice President, Worldwide Operations, said, "Given the increased resource potential of this complex, our base case development plans have now been expanded to a minimum of two 5-million-tonne-per-annum trains with the flexibility to develop additional trains based upon continued exploration and appraisal success. Once the first two trains are constructed, this infrastructure is expected to provide economies of scale that can reduce expansion costs for any additional trains. Further, we anticipate the results of our drillstem testing program will help determine the optimal number of subsea development wells and offshore facility requirements. We expect to provide further details regarding this world-class development by early next year."

The Camarao discovery well was drilled to a total depth of approximately 12,630 feet in water depths of approximately 4,730 feet. The well is located approximately 5 miles south of the partnership's original Windjammer discovery and approximately 10 miles north of its Lagosta discovery. The Camarao well will be preserved as part of the partnership's drillstem testing program, and the drillship will be mobilized north to drill the Barquentine-3 appraisal well.

Anadarko is the operator of the 2.6-million-acre Offshore Area 1 with a 36.5-percent working interest. Co-owners in the area are Mitsui E&P Mozambique Area 1, Limited (20 percent), BPRL Ventures Mozambique B.V. (10 percent), Videocon Mozambique Rovuma 1 Limited (10 percent) and Cove Energy Mozambique Rovuma Offshore, Ltd. (8.5 percent). Empresa Nacional de Hidrocarbonetos, E.P.'s 15-percent interest is carried through the exploration phase.

A map of Anadarko's position in Offshore Area 1 of the Rovuma Basin, including the Camarao discovery is available under the "Media Center/Anadarko News" tab at www.anadarko.com.

Anadarko Petroleum Corporation's mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world's health and welfare. As of year-end 2010, the company had approximately 2.42 billion barrels-equivalent of proved reserves, making it one of the world's largest independent exploration and production companies. For more information about Anadarko, please visit www.anadarko.com.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Anadarko believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release, including Anadarko's ability to successfully plan, build and operate an LNG project or drill, develop and operate the drilling prospects identified in this news release. See "Risk Factors" in the company's 2010 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

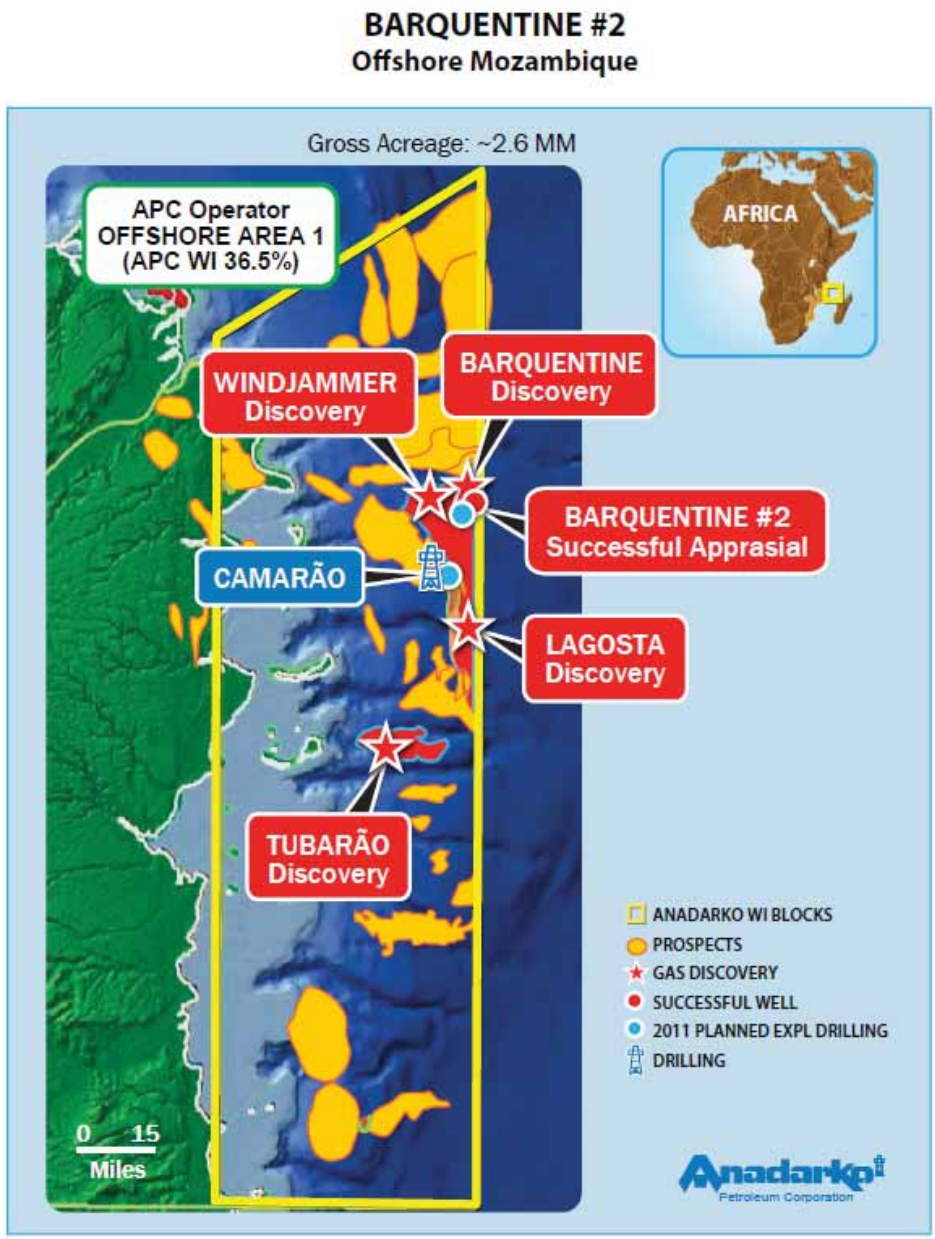


Figure 7.6: Map showing Barquentine-2 Successful Appraisal Well Location and Camarao Follow up Location.

Source: Cove Energy Press Release August 22, 2011 www.cove-energy.com

Conclusions

Hydrocarbon resources have been found on Offshore Area 1. At this time, RPS cannot independently quantify the amount of resources present on the block due to a lack of access to verifiable data. However, from company presentations and press releases it would appear that the Tertiary toe thrust plays such as the Windjammer discovery are repeatable and present elsewhere on the Area 1 block.

RPS confirms the operator (Anadarko) announced, in an October 5th, 2011 news release that the Windjammer, Barquentine, Lagosta and Camarao complex "... holds at least 10 Tcf (trillion cubic feet) of recoverable natural gas resources." Additional gas resources are contained in the Tubarao discovery. Anadarko has also announced a Cretaceous oil discovery at Ironclad, in the southern portion of the block. Cove owns an 8.5% working interest in the block, and using the Anadako contingent resource estimate of 10 Tcf, the Cove working interest in the resources would be 0.85 Tcf. Wentworth's potential value in this resource is through its ownership of a 4.95% overriding royalty interest in potential profits derived from potential production and sale of Cove Energy's 0.85 Tcf working interest contingent resource volume.

8.0 REFERENCES

[1] "Mnazi Bay Bay Gas Development Project – Preliminary Resource Assessment", APA Petroleum Engineering Inc., May 19, 2005.

[2] Petroleum Resource Management System (SPE – PRMS)", 2007.

[3] Artumas Group Inc. Petrophysical Analysis on Offshore Tanzania Mnazi Bay Bay #1, 10° 19' 45.5"S 40° [23,] 27"E", Al Lye & Associates Inc., January 2004.

[4] "Artumas Group Inc., Petrophysical Analysis on Offshore Tanzania Mnazi Bay Bay #2_ST2, Y=8,858,584 X=654,326" Al Lye & Associates Inc., September 2006.

[5] "Artumas Group Inc., Petrophysical Analysis on Offshore Tanzania Mnazi Bay Bay #3, X=8,858,424 Y=6,545,622", Al Lye & Associates Inc., January 2007.

[6] "Artumas Group Inc., Petrophysical Analysis on Offshore Tanzania; Mnazi Bay Bay Wells MB-1, MB-2, MB-3, MS-1X", Al Lye & Associates Inc., July 2007.

[7] "Compositional Analysis Study for Artumas Energy Mnazi Bay Bay (Well MB-2) RFL20070004 Final Report", Core Laboratories International B.V., Abu Dhabi Branch, January 30, 2007.

[8] "Compositional Analysis Study for Artumas Energy Mnazi Bay Bay MS-1X, DST-1, RFL20070041 Final Report", Core Laboratories International B.V., Abu Dhabi Branch, March 14, 2007.

[9] "Compositional Analysis Study for Artumas Energy, AG1 Minazibay (Sic) Project RFL20070064 Final Report", (Wells MS-1X and MB-3) Core Laboratories International B.V., Abu Dhabi Branch, May 7, 2007.

[10] "Compositional Analysis Study for Artumas Energy, AG1 Minazibay (Sic) Project RFL20070064 Final Report", (Wells MS-1X and MB-3) Core Laboratories International B.V., Abu Dhabi Branch, May 7, 2007.

[11] "Drill Stem Test Report, Mnazi Bay Bay #2-ST2, Oligocene Sands, Sept. 13 – 22, 2006", APA Petroleum Engineering Inc., December 7, 2006.

[12] "Drill Stem Test Report, Mnazi Bay Bay #3, Miocene & Oligocene Sands, December 21 – 31, 2006", APA Petroleum Engineering Inc., April 26, 2007.

[13] "Extended Well Test Report – Msimbati 1X, Miocene K-2 Sand (5925 – 5945 ftMDKB), April 30 – June 19, 2007", RPS-APA (RPS Energy) Report, October 2007

[14] "Extended Well Test Report – Mnazi Bay Bay #3, Miocene G Sand (5698 – 5758 ftMDKB), April 9 – June 18, 2007", RPS-APA (RPS Energy) Report, October 2007

[15] "Extended Well Test Report – Mnazi Bay Bay #2-ST2, Miocene F Sand (5625 – 5945 ftMD KB), April 30 – June 19, 2007", RPS-APA (RPS Energy) Report, October 2007

APPENDIX 1

Glossary of Technical Terms

APPENDIX 1: GLOSSARY OF TECHNICAL TERMS

AOF	Absolute Open Flow
API	American Petroleum Institute
B	Billion
Bbls	Barrels
BOE	Barrels of oil equivalent
Bopd	barrels of oil per day
Bscf	billion standard cubic feet
E_{gi}	Gas Expansion Factor
Ft	feet
FWL	Formation Water Level
GAP	Multiphase network optimisation software
GIIP	Gas Initially In Place
GOC	gas-oil contact
GRV	Gross Rock Volume
GWC	Gas-water-contact
IPR	Inflow performance relationship
k_h	Horizontal permeability
m	metre
M	thousand
MBAL	Material balance software
MD	measured depth
mD	permeability in millidarcies
MDT	Modular formation dynamics tester tool
MM	million
MMscf/d	Million standard cubic feet per day
M£	thousand UK pounds
MM£	million UK pounds
Mbbls	thousand barrels
MMbbls	million barrels
N:G	net to gross ratio
NMR	Nuclear magnetic resonance
OWC	oil-water contact
psi	pounds per square inch
RF	Recovery Factor
RFT	Repeat Formation Testing
scf	standard cubic feet measured at 14.7 pounds per square inch and 60° F
S_w	Water saturation
TVDSS	true vertical depth (sub-sea)
TWT	Two-way-time
Z	a measure of the “non-idealness” of gas

APPENDIX 2

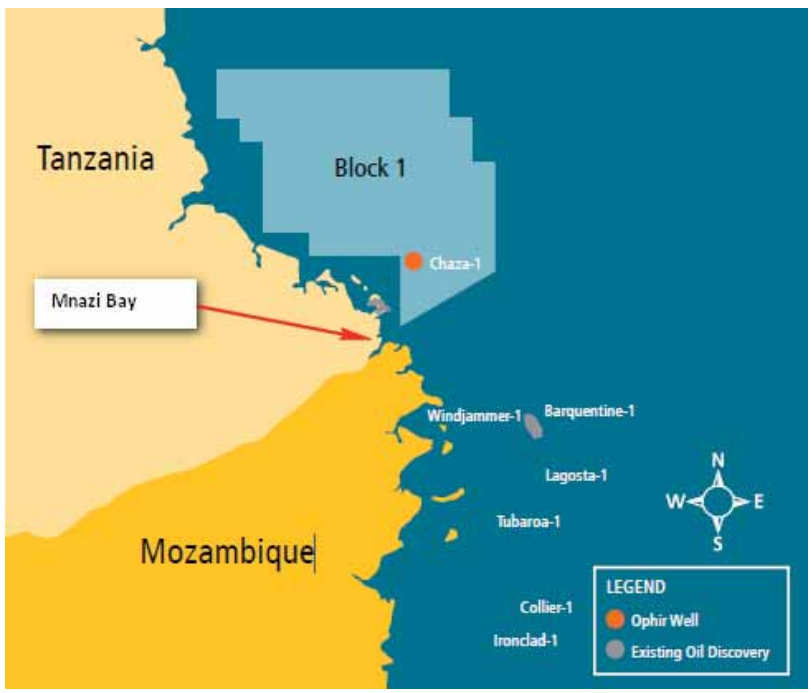
Tanzania Offshore Block 1 Discovery Announcement

APPENDIX 2

Appendix 2 contains additional information of discoveries offsetting the Mnazi Bay license.

Chaza-1 discovery Offshore Block 1, Tanzania

British Gas (B.G.) has announced a gas discovery offshore Tanzania to the east of the Mnazi Bay license, the location of this discovery and it's position relative to both Mnazi Bay and the Offshore Area 1 discoveries is shown below.



Location of the Chaza-1 well, Offshore Block 1 discovery, Tanzania

(Source Ophir Energy web-site)

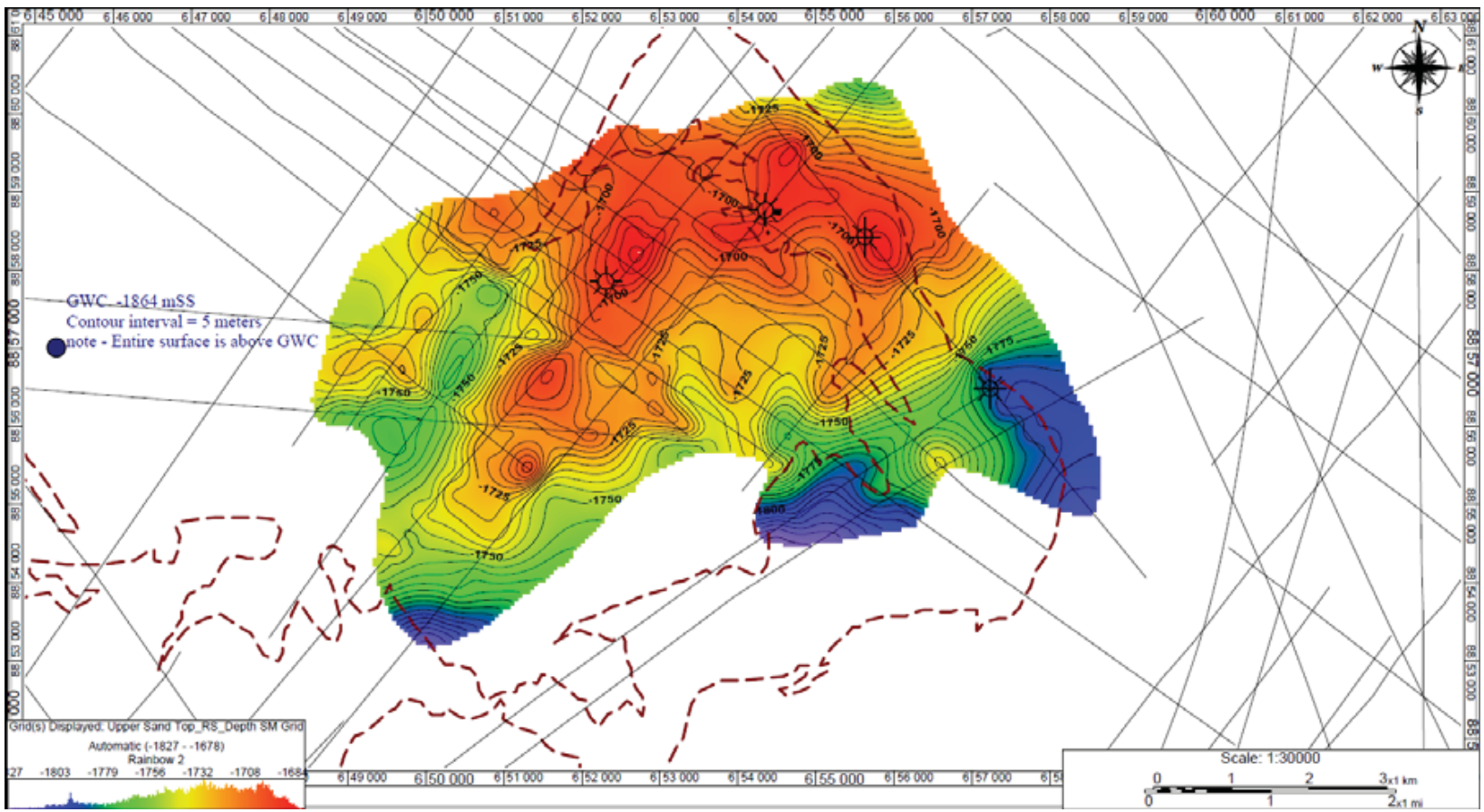
APPENDIX 3

Mnazi Bay/Msimbati Contingent Resource Structure and Isopach Maps

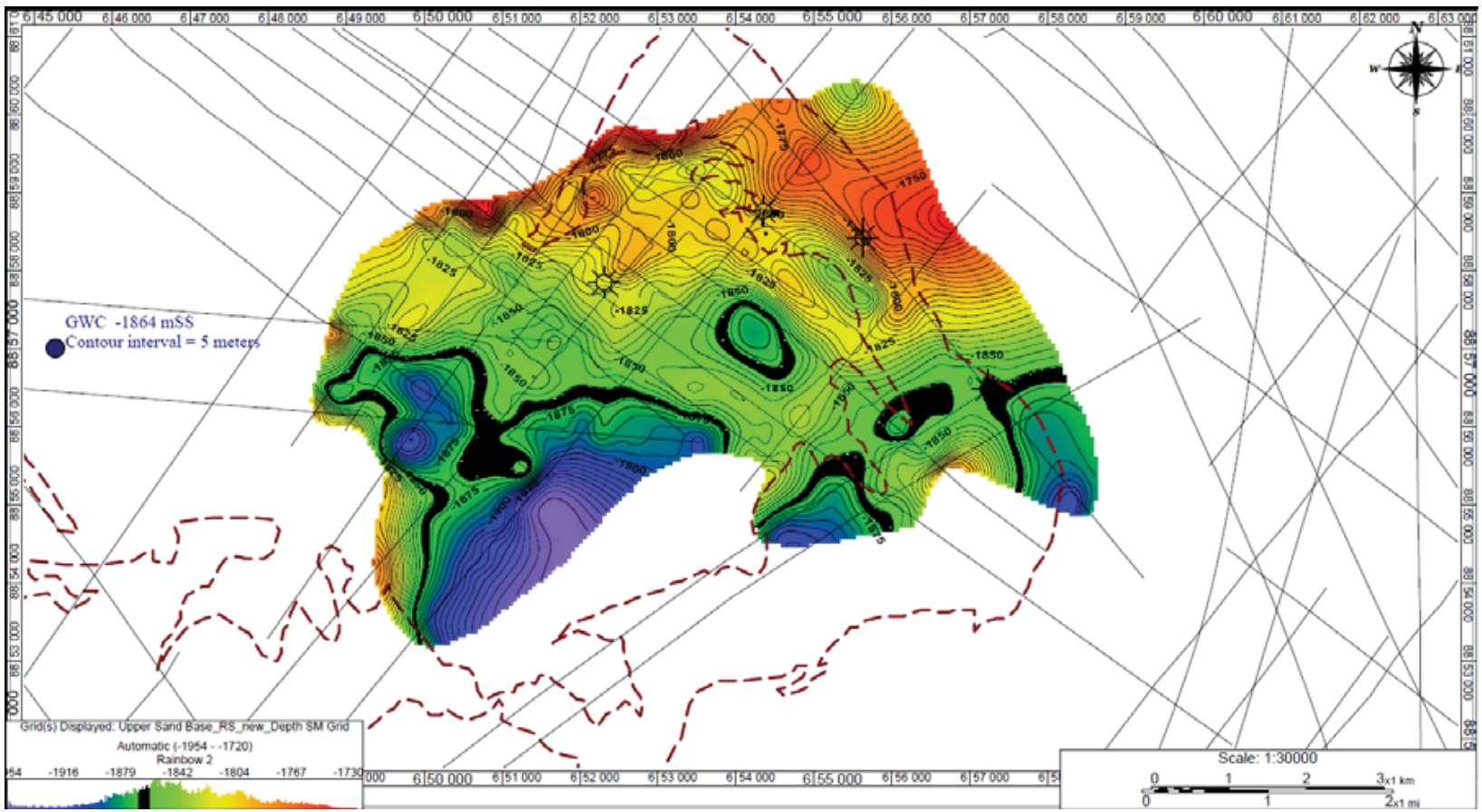
Mnazi/Msimbati 2010 Resource Assessment

Structure and Isopach Maps

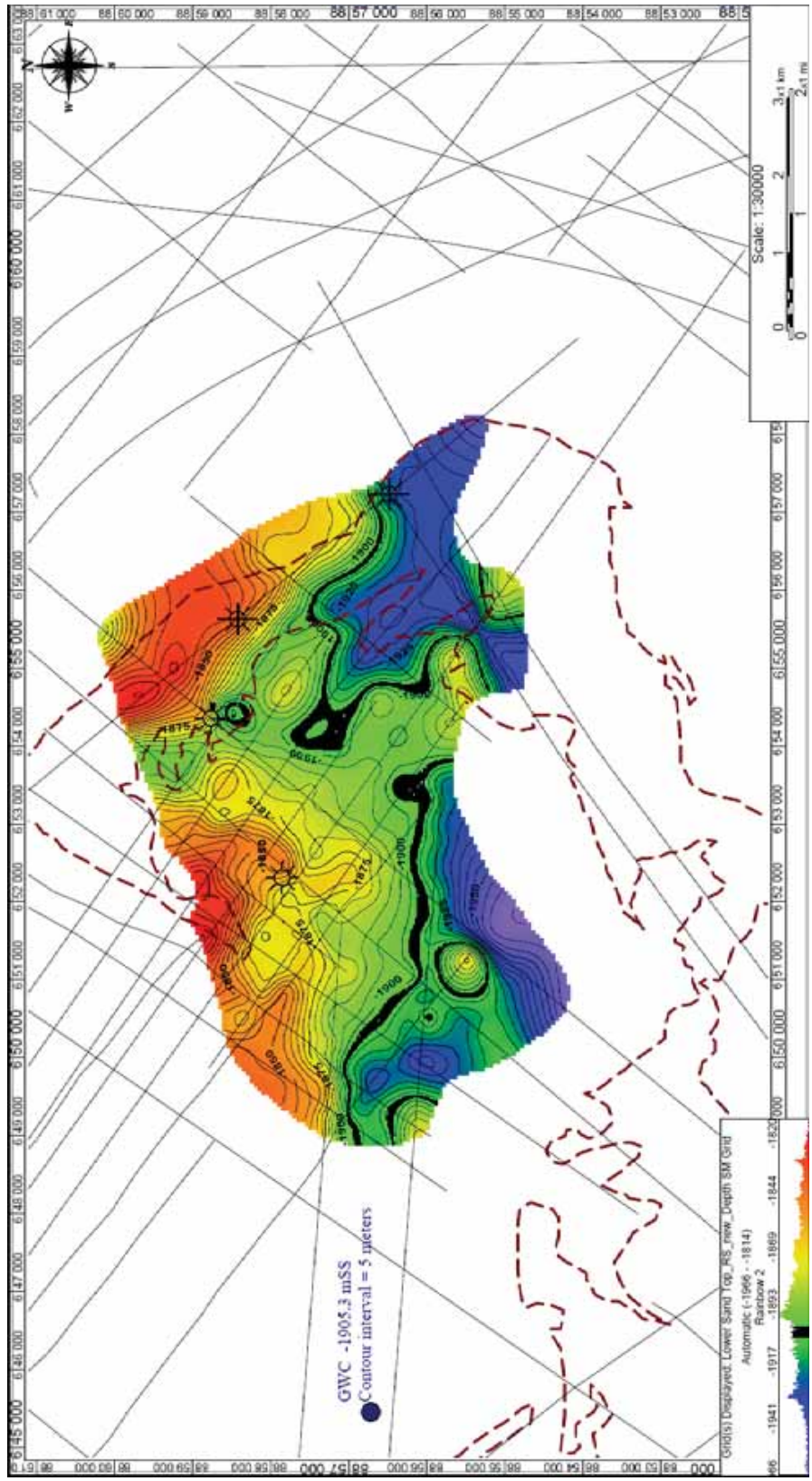
Mnazi Bay: Upper Sand Top



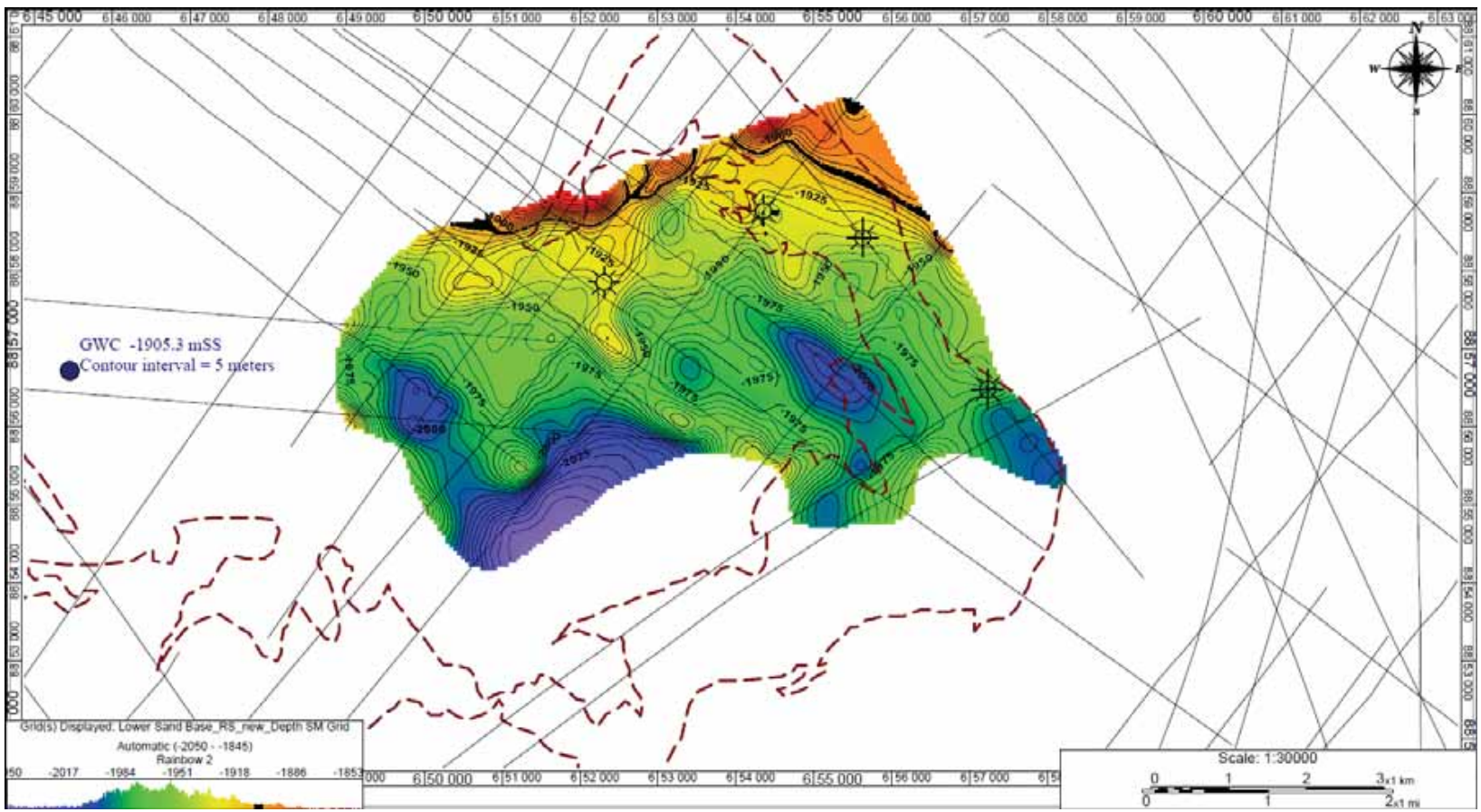
Mnazi Bay: Upper Sand Base



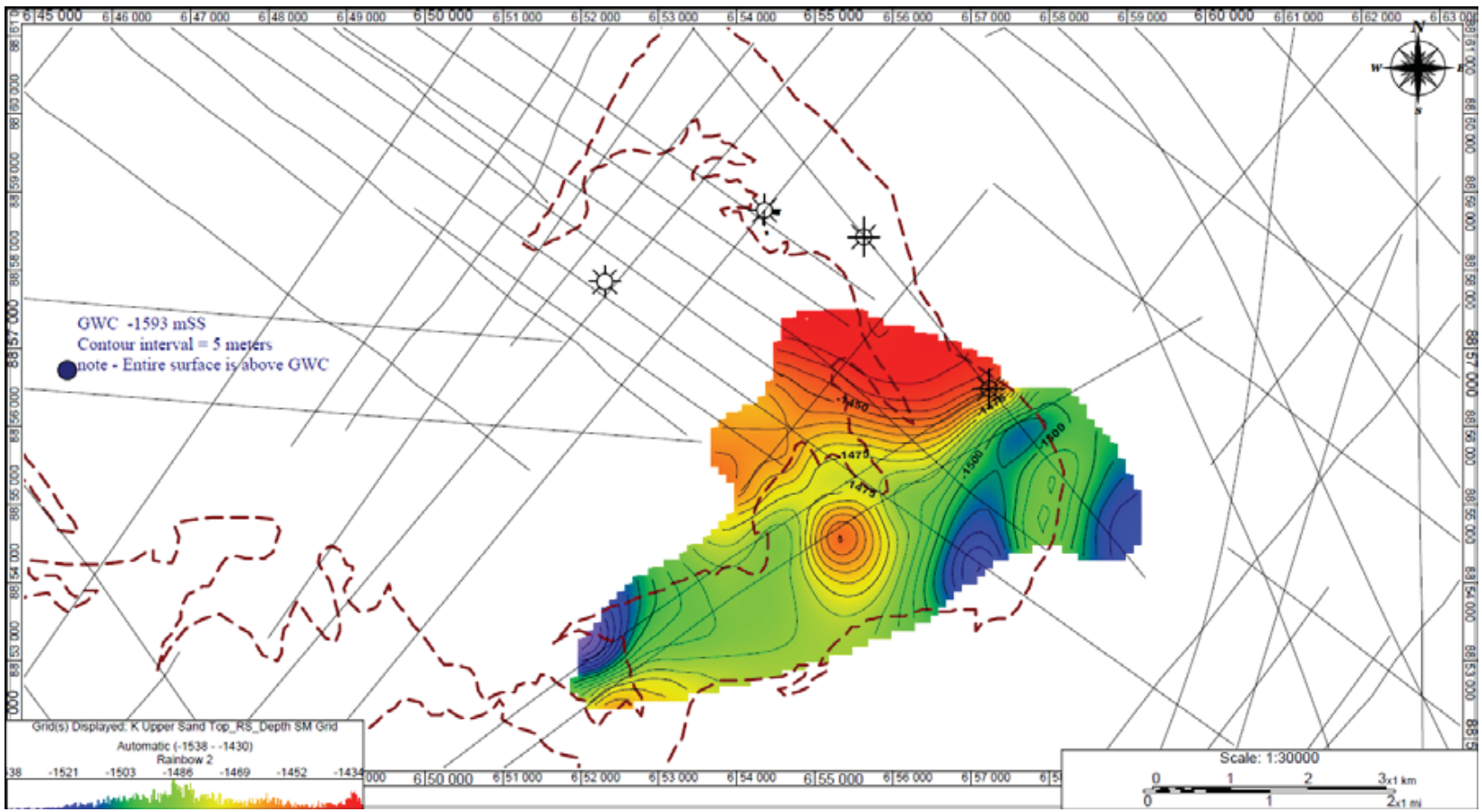
Mnazi Bay: Lower Sand Top



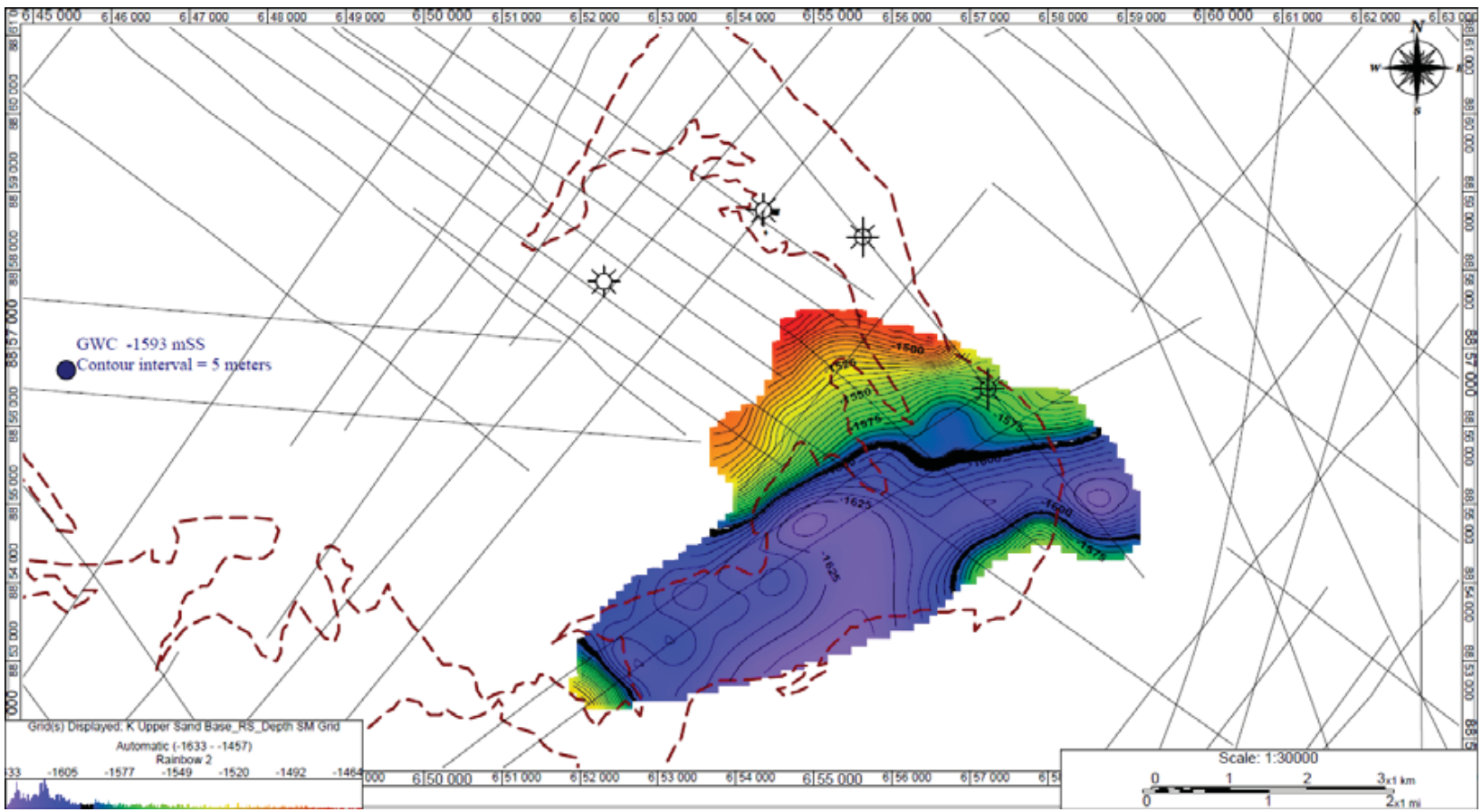
Mnazi Bay: Lower Sand Base



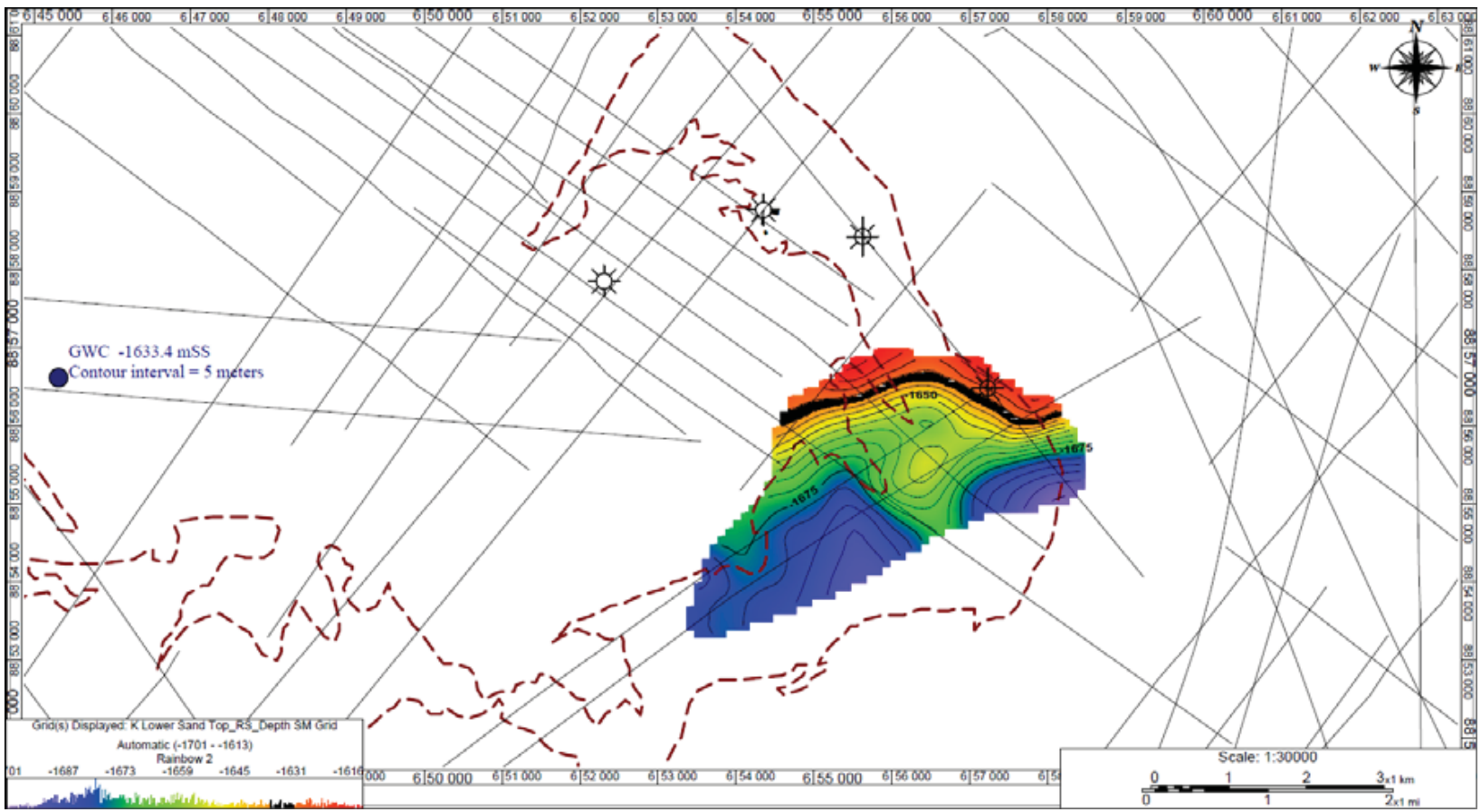
Msimbati: Upper K Sand Top



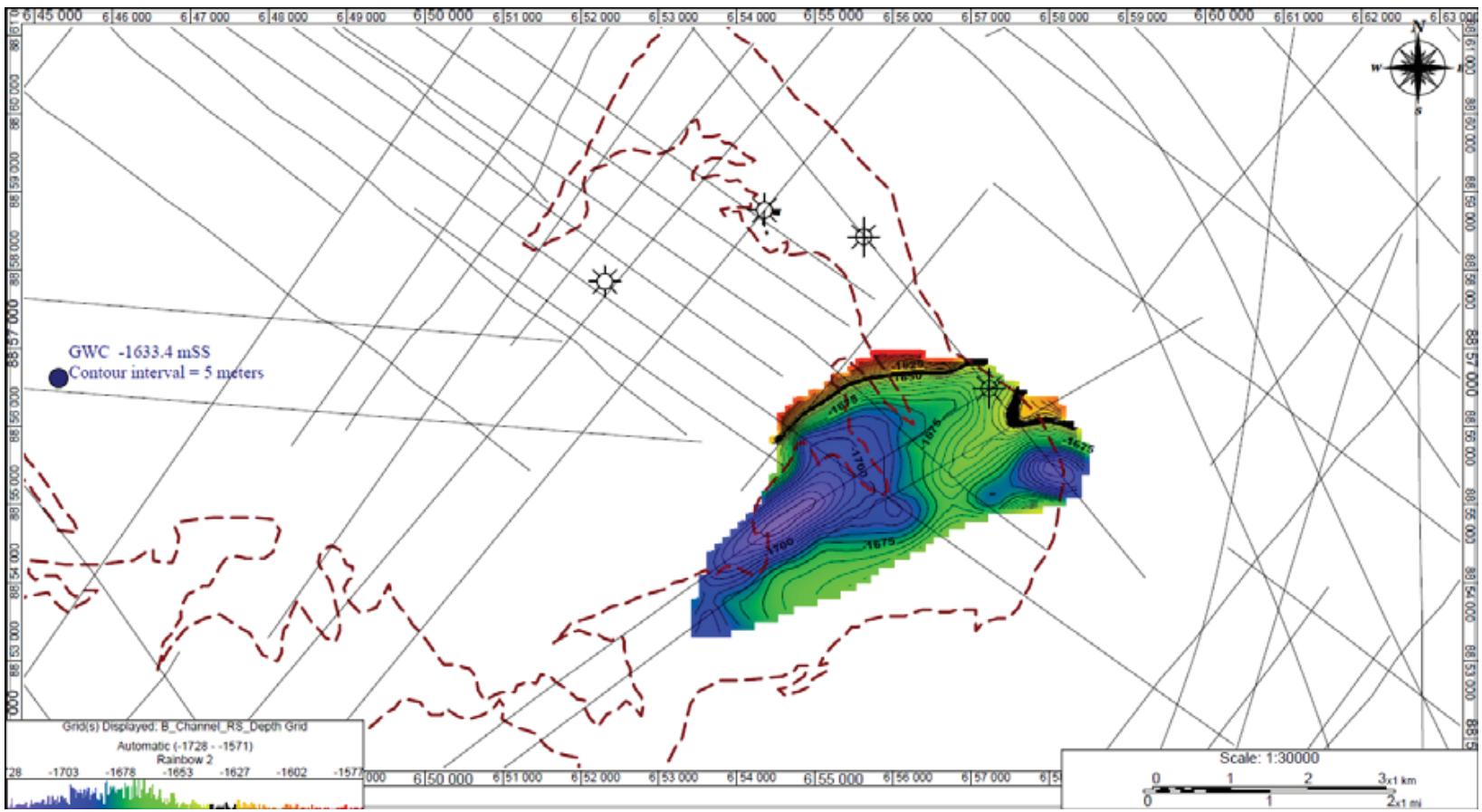
Msimbati: Upper K Sand Base



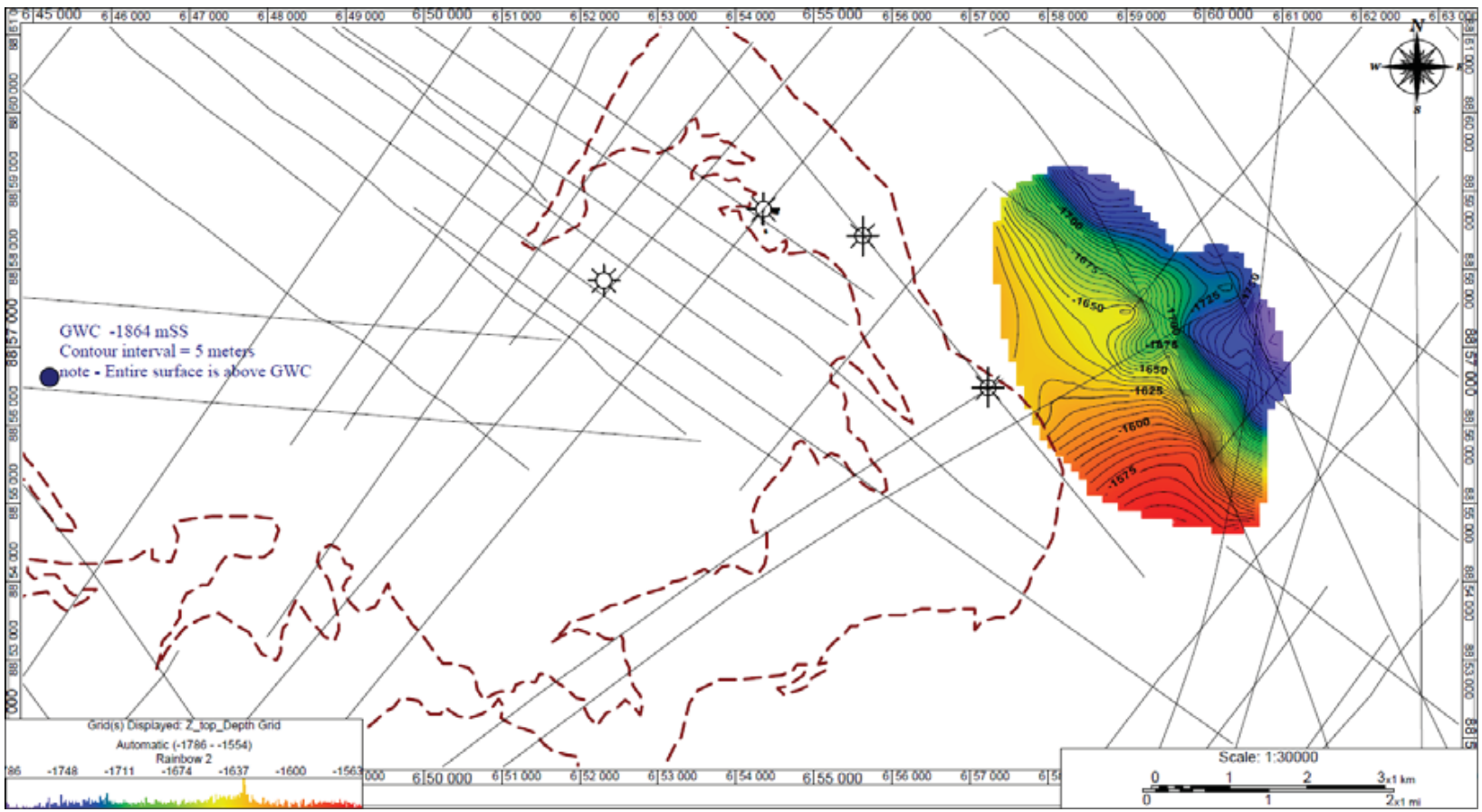
Msimbati: Lower K Sand Top



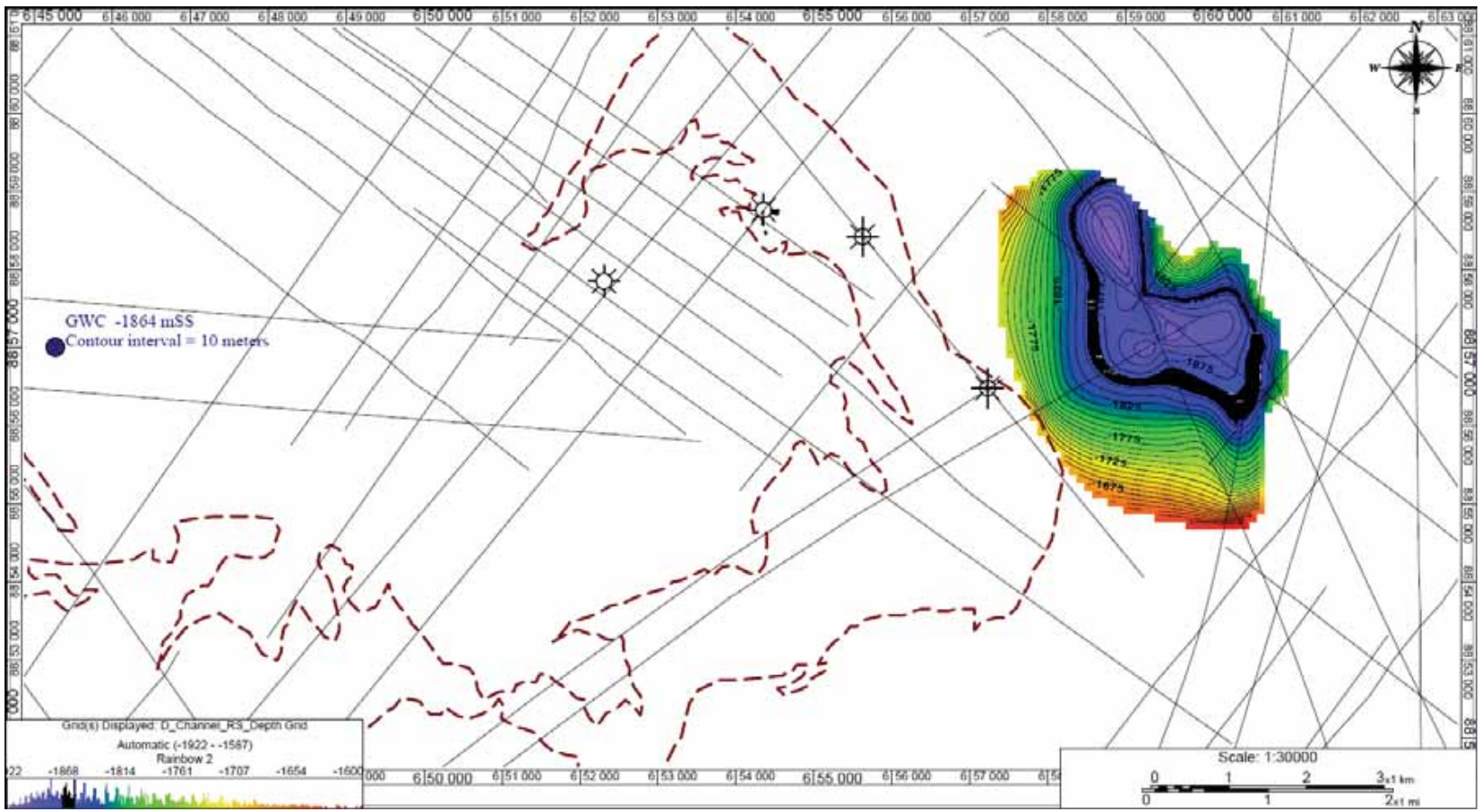
Msimbati: Lower K Sand Base



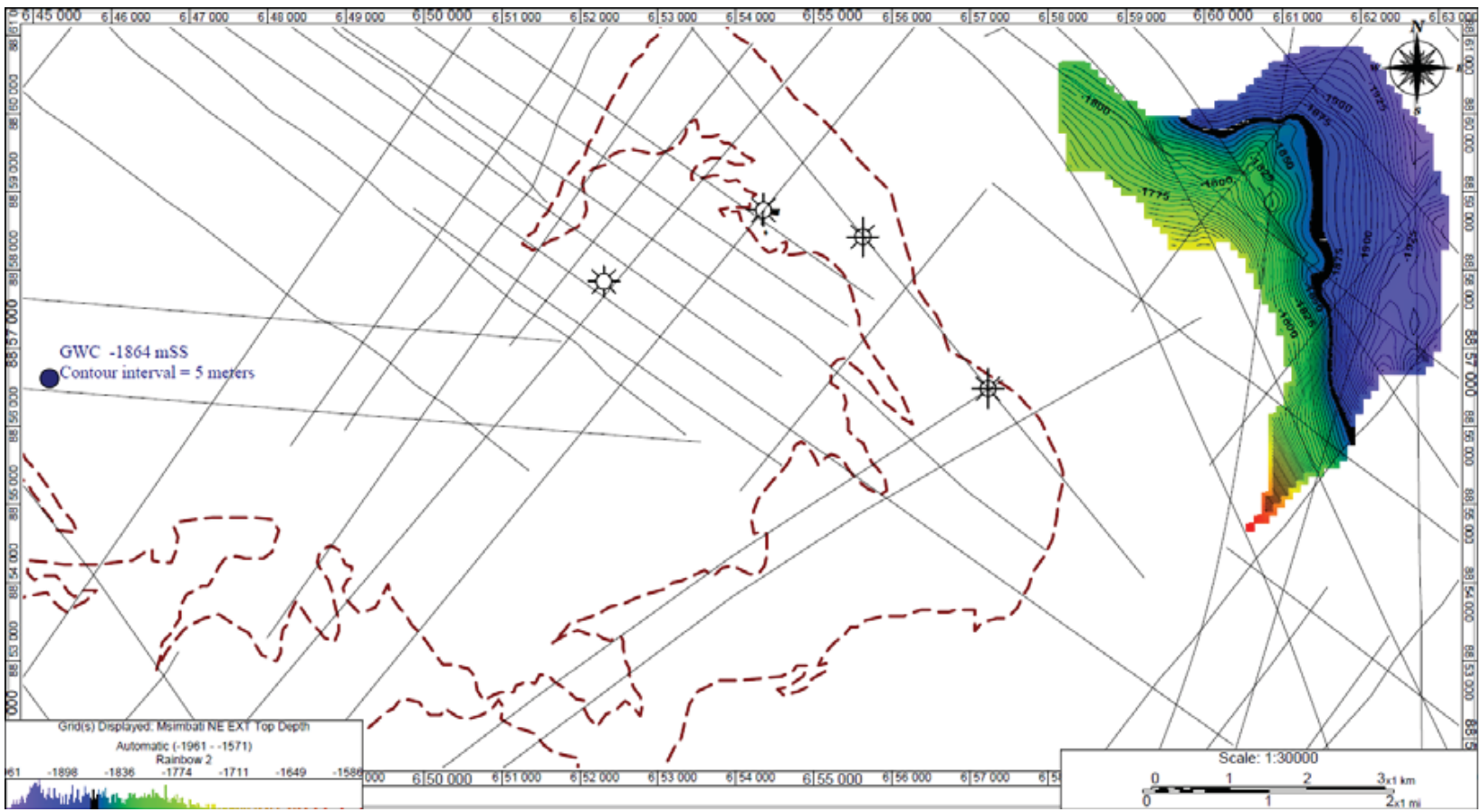
Msimbati NE: Sand Top



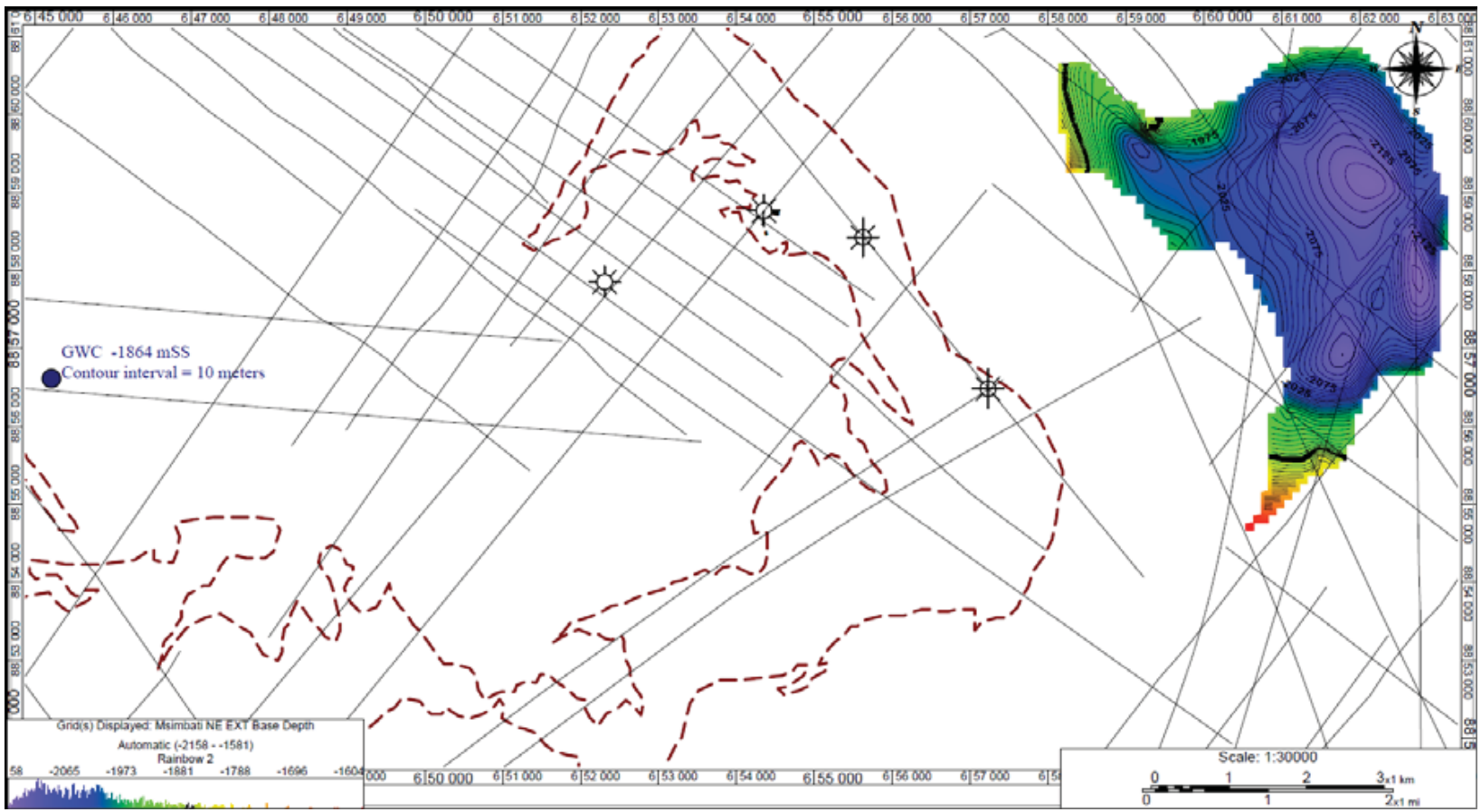
Msimbati NE: Sand Base



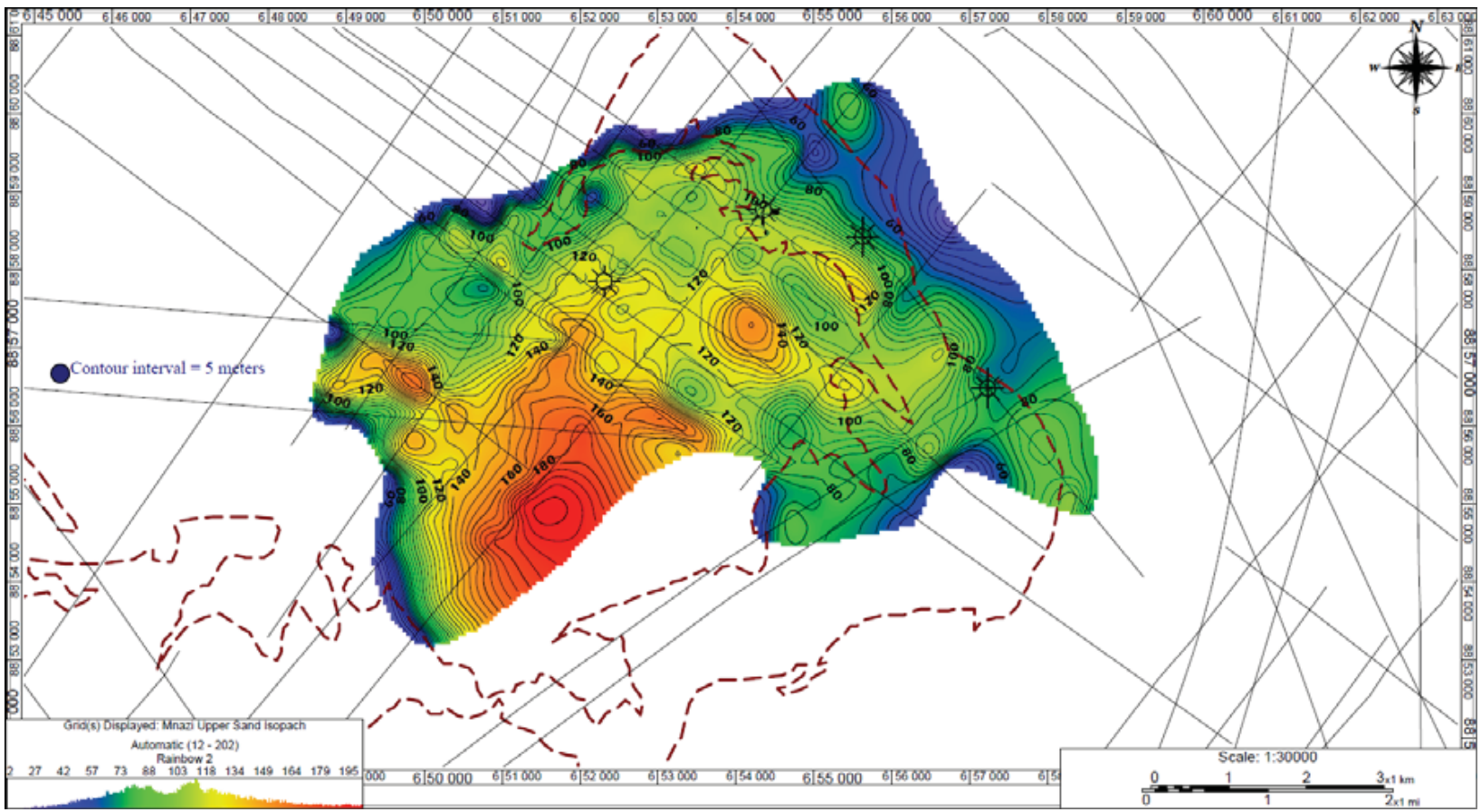
Msimbati NE Ext: Sand Top



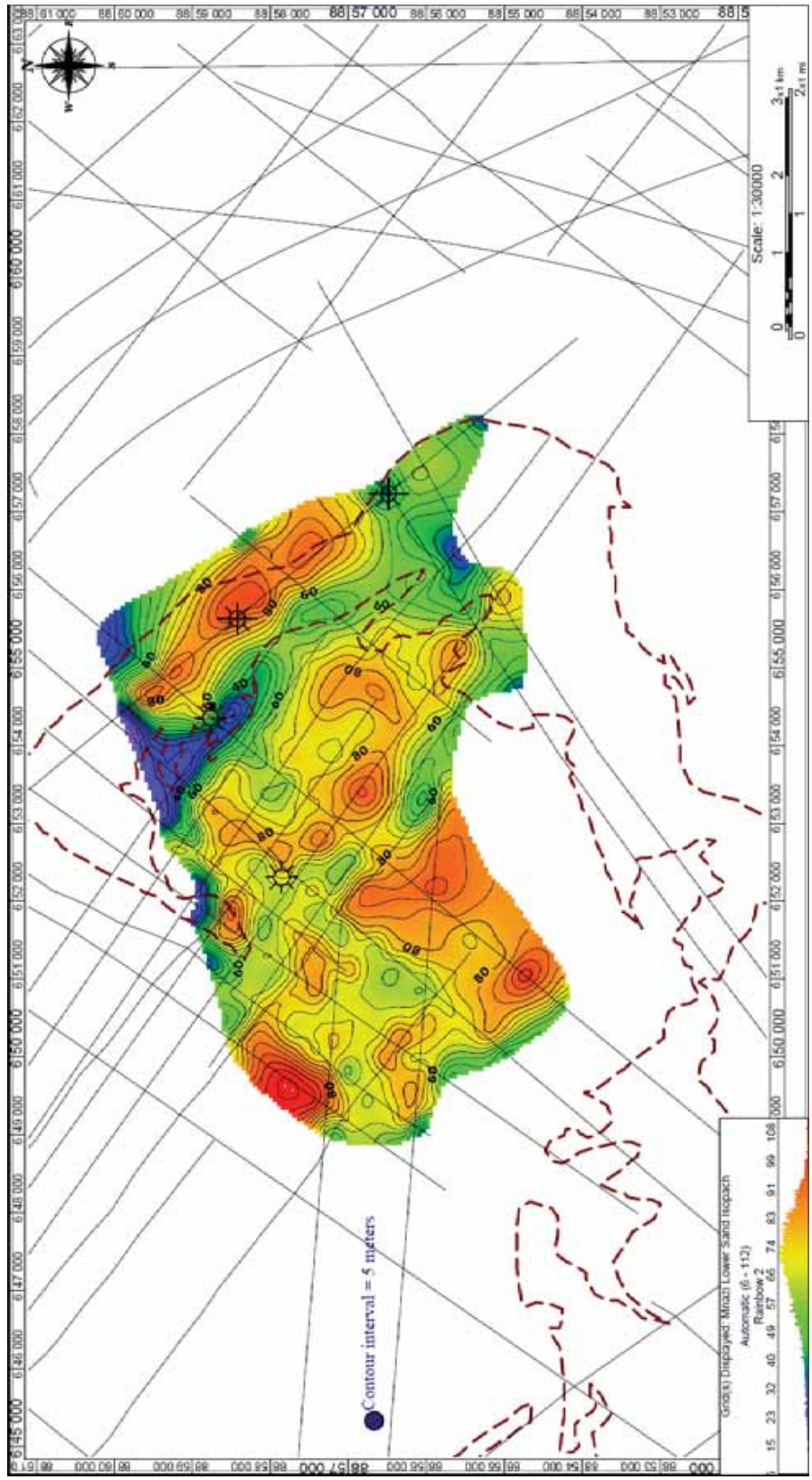
Msimbati NE Ext: Sand Base



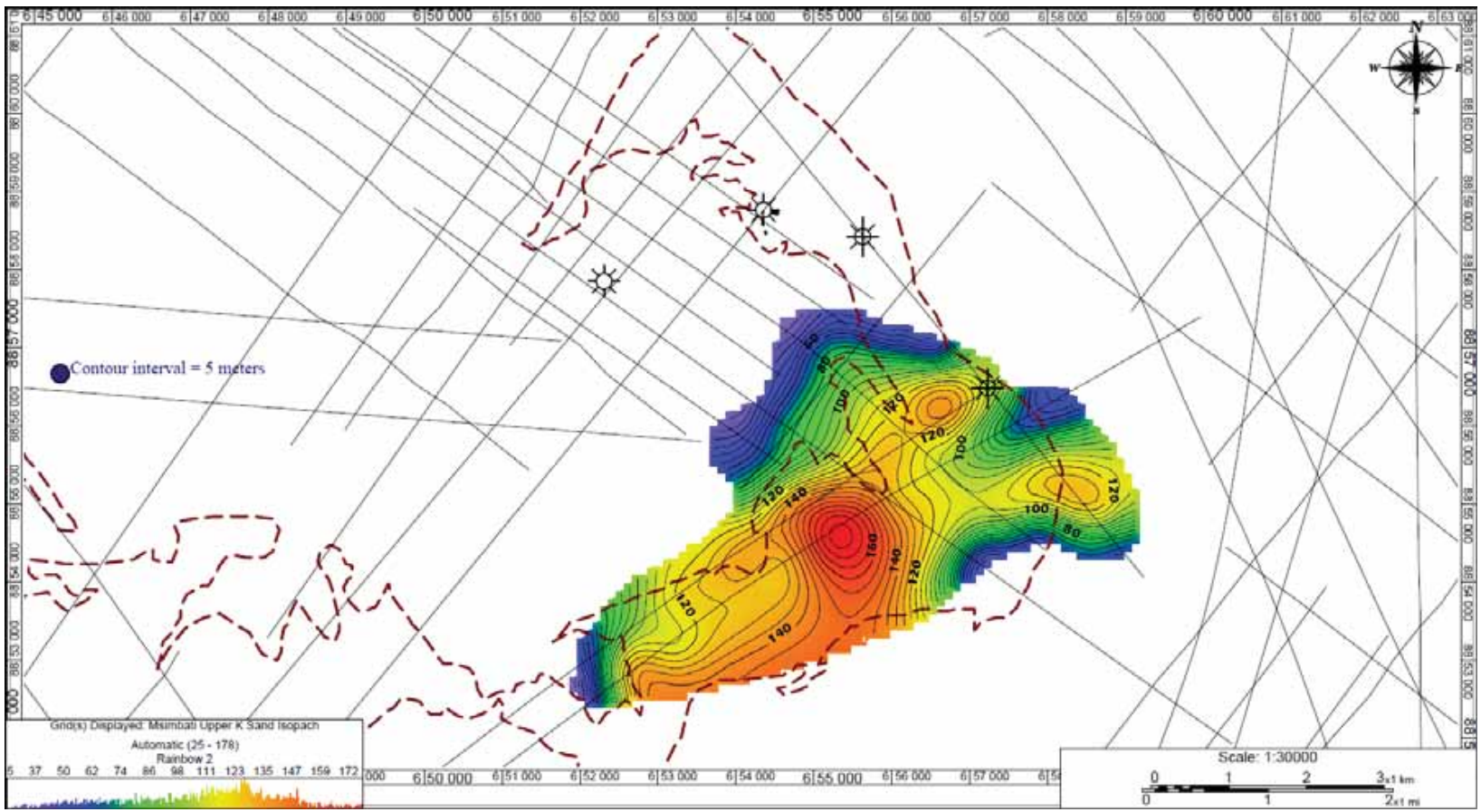
Mnazi Bay: Upper Sand Isopach



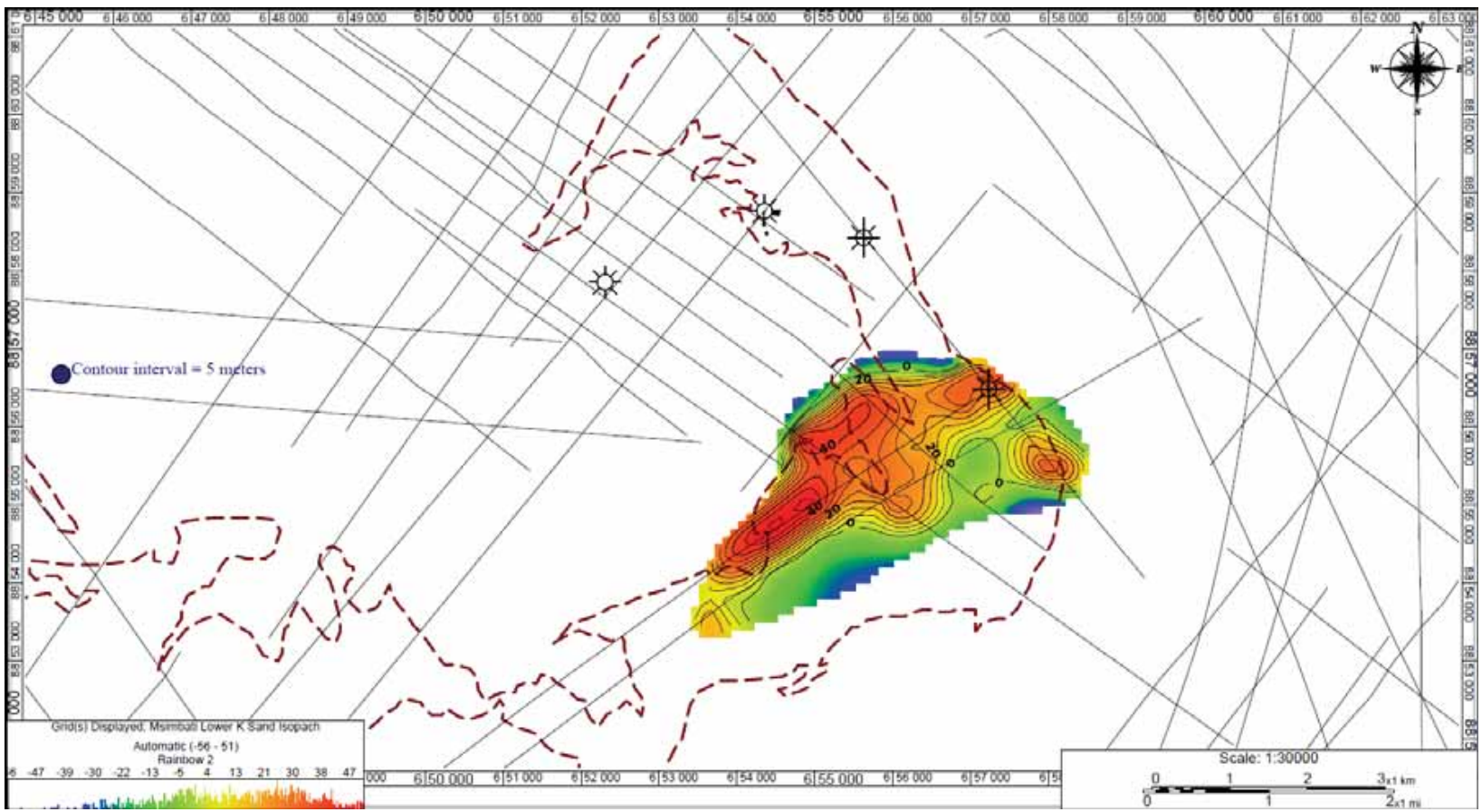
Mnazi Bay: Lower Sand Isopach



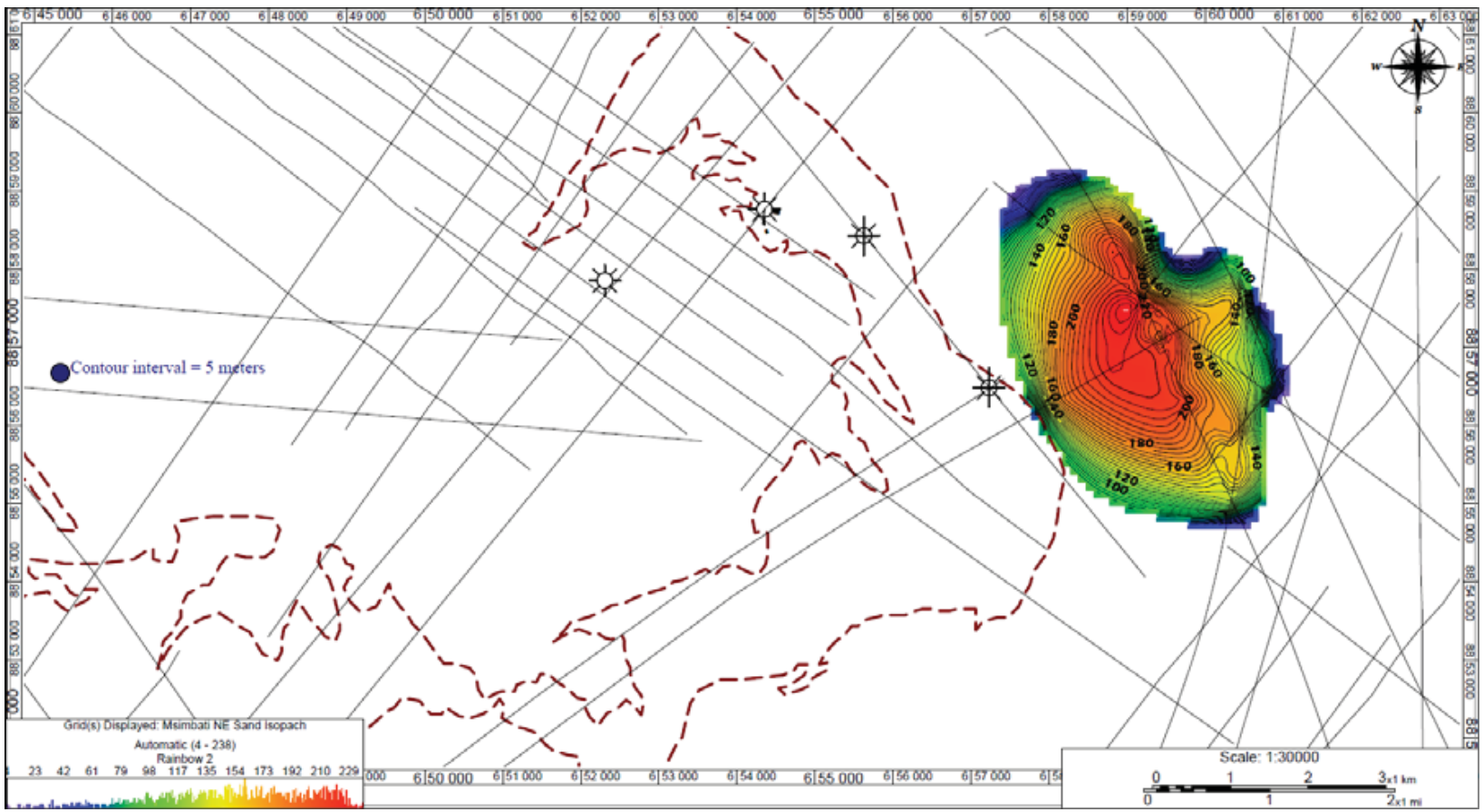
Msimbati: Upper K Sand Isopach



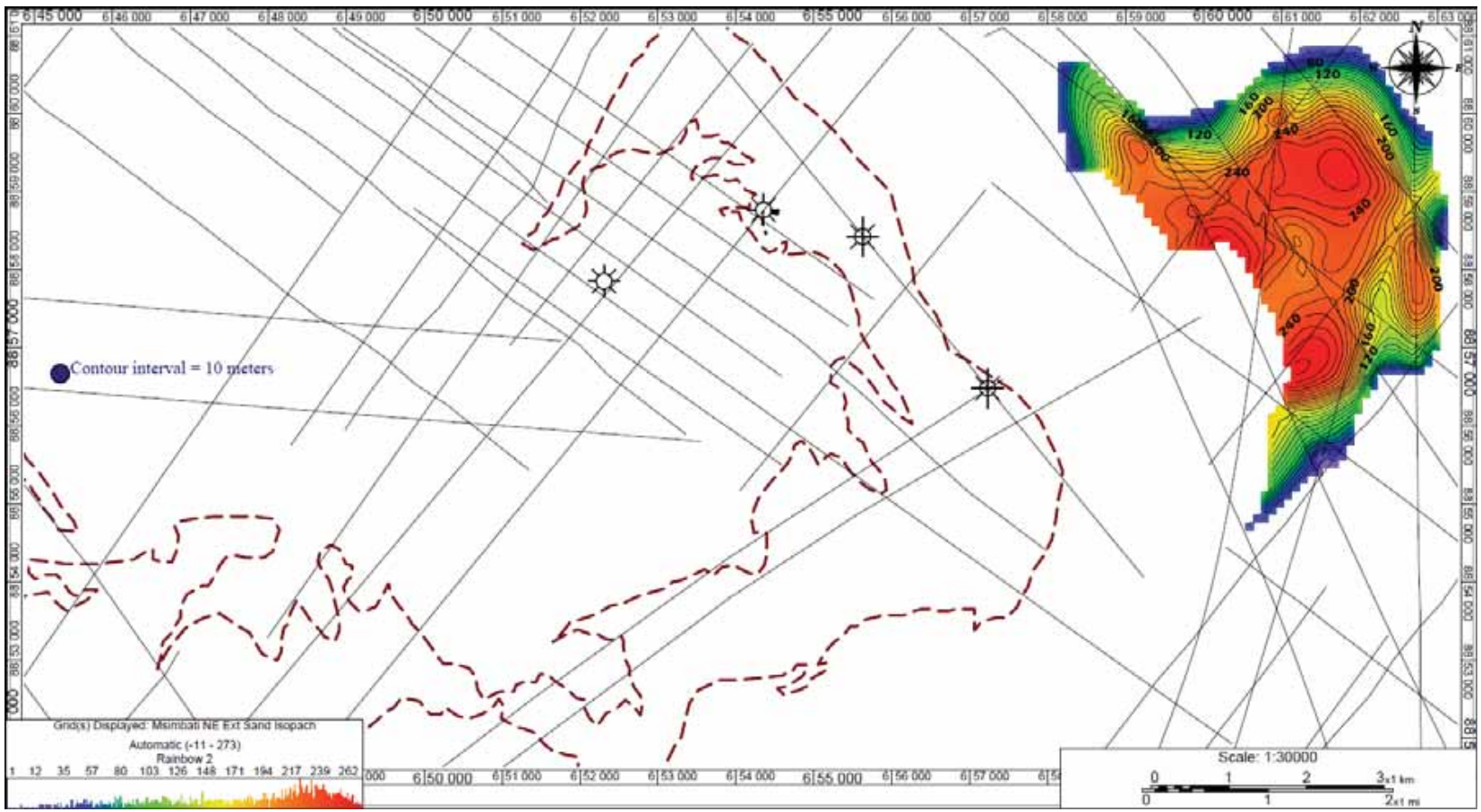
Msimbati: Lower K Sand Isopach



Msimbati NE: Sand Isopach



Msimbati NE Ext: Sand Isopach



APPENDIX 4

Mnazi Bay Licence Prospective Resources Structure and Isopach Maps

APPENDIX 4

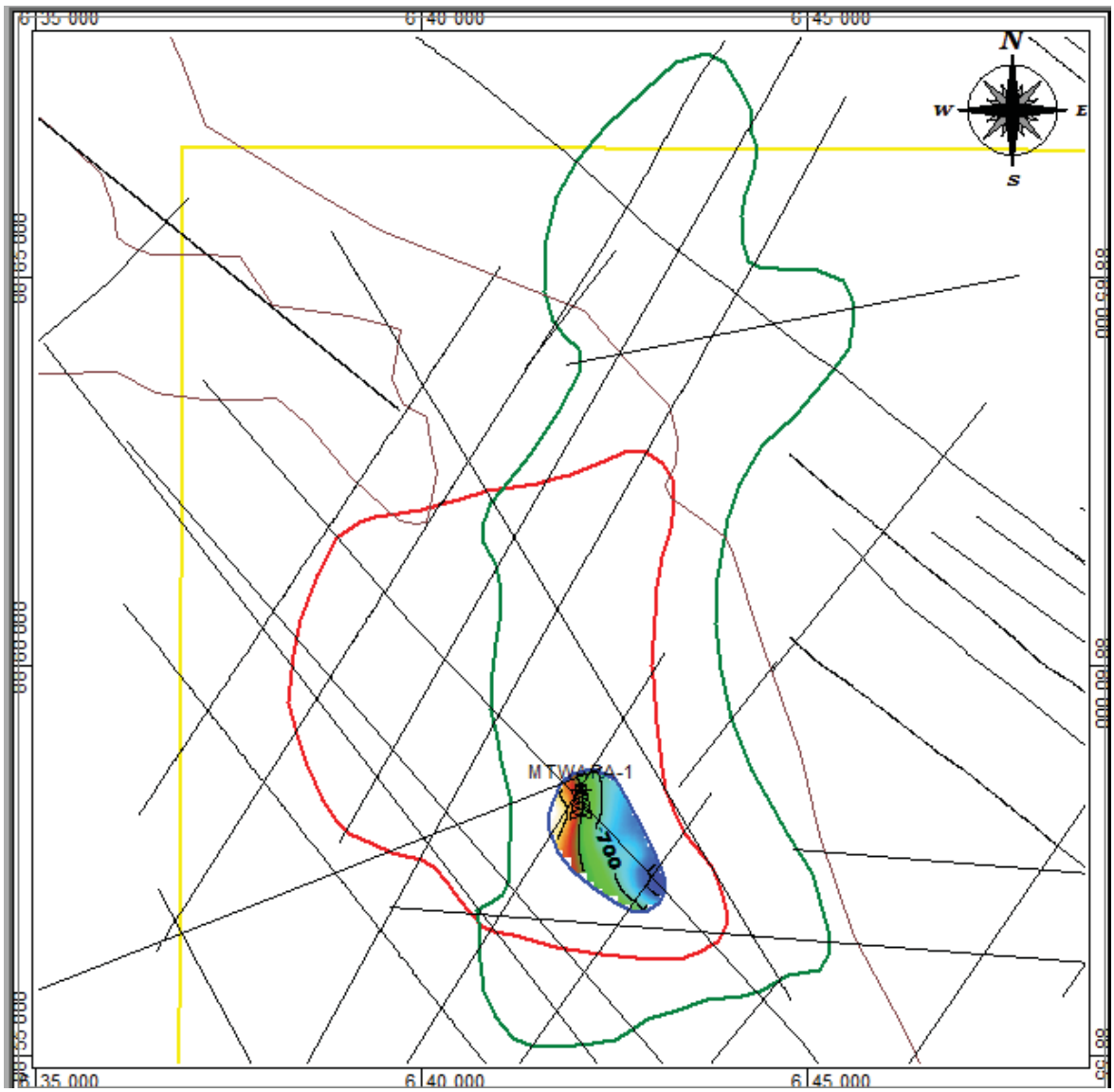


Figure 13. Top depth structure for the SG-P-7 prospect. Contour interval is 25 meters.

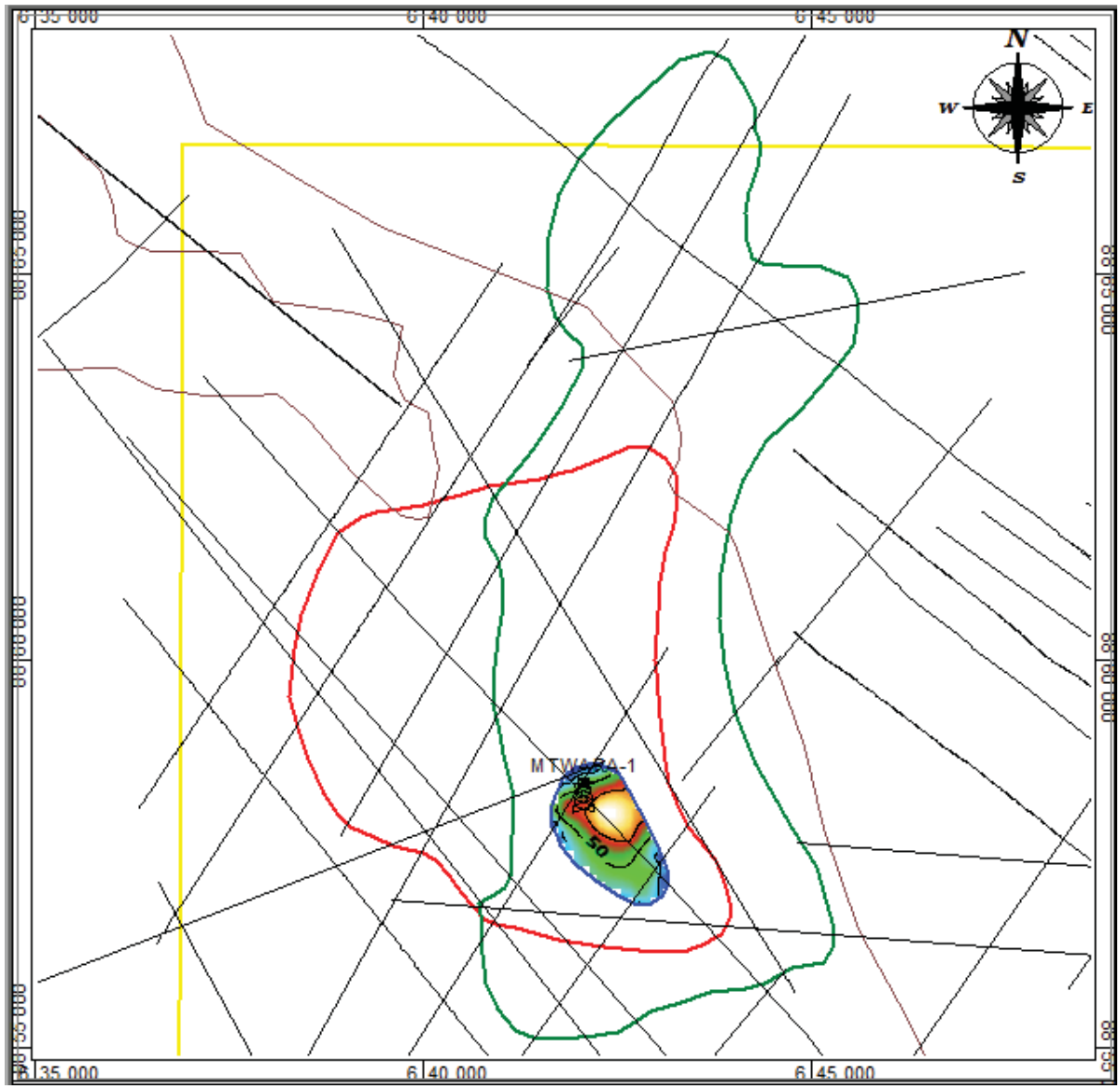


Figure 14. Isopach for the SG-P-7 prospect. Contour interval is 25 meters.

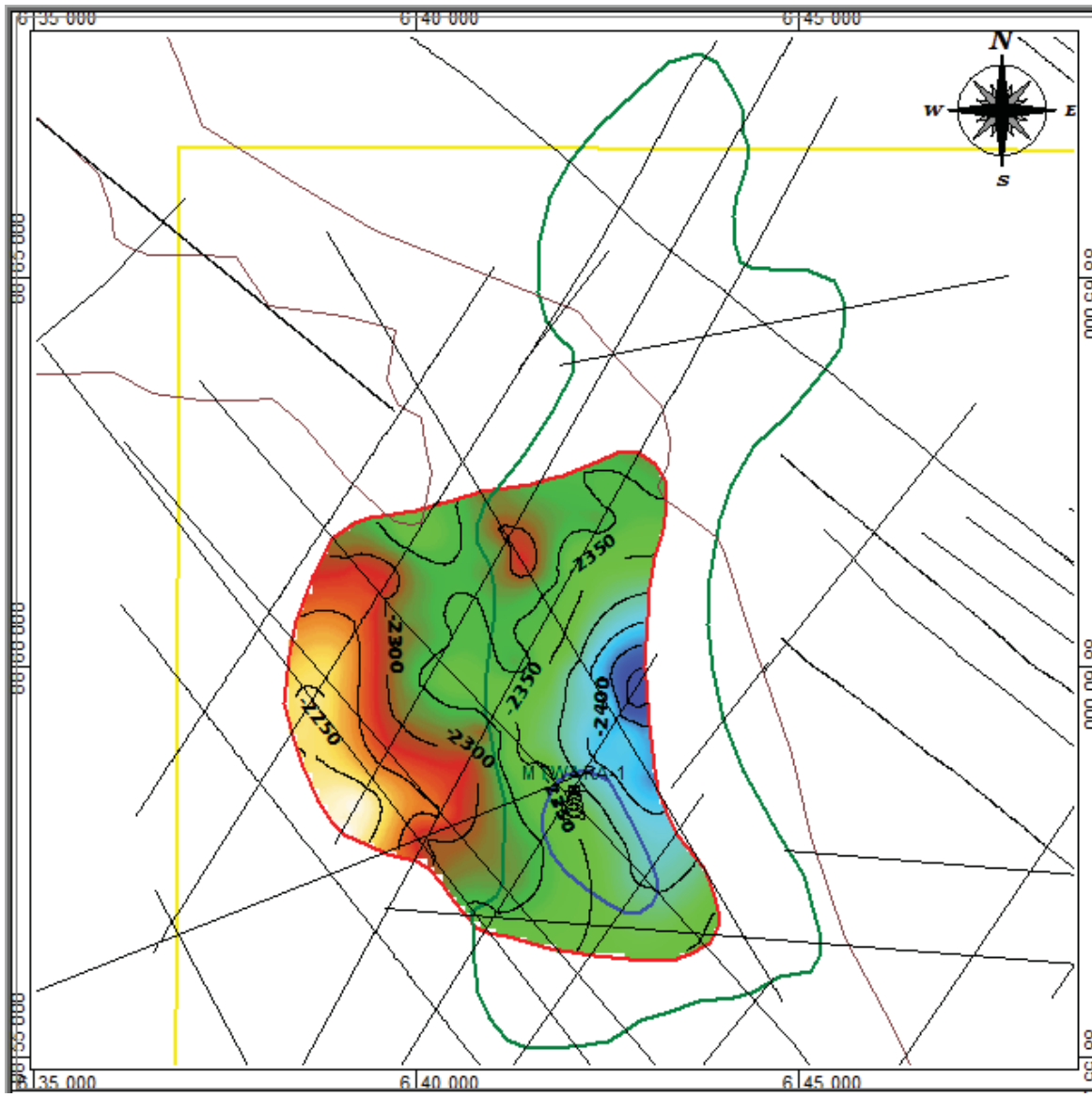


Figure 15. Top depth structure for the SG-M-1 prospect. Contour interval is 25 meters.

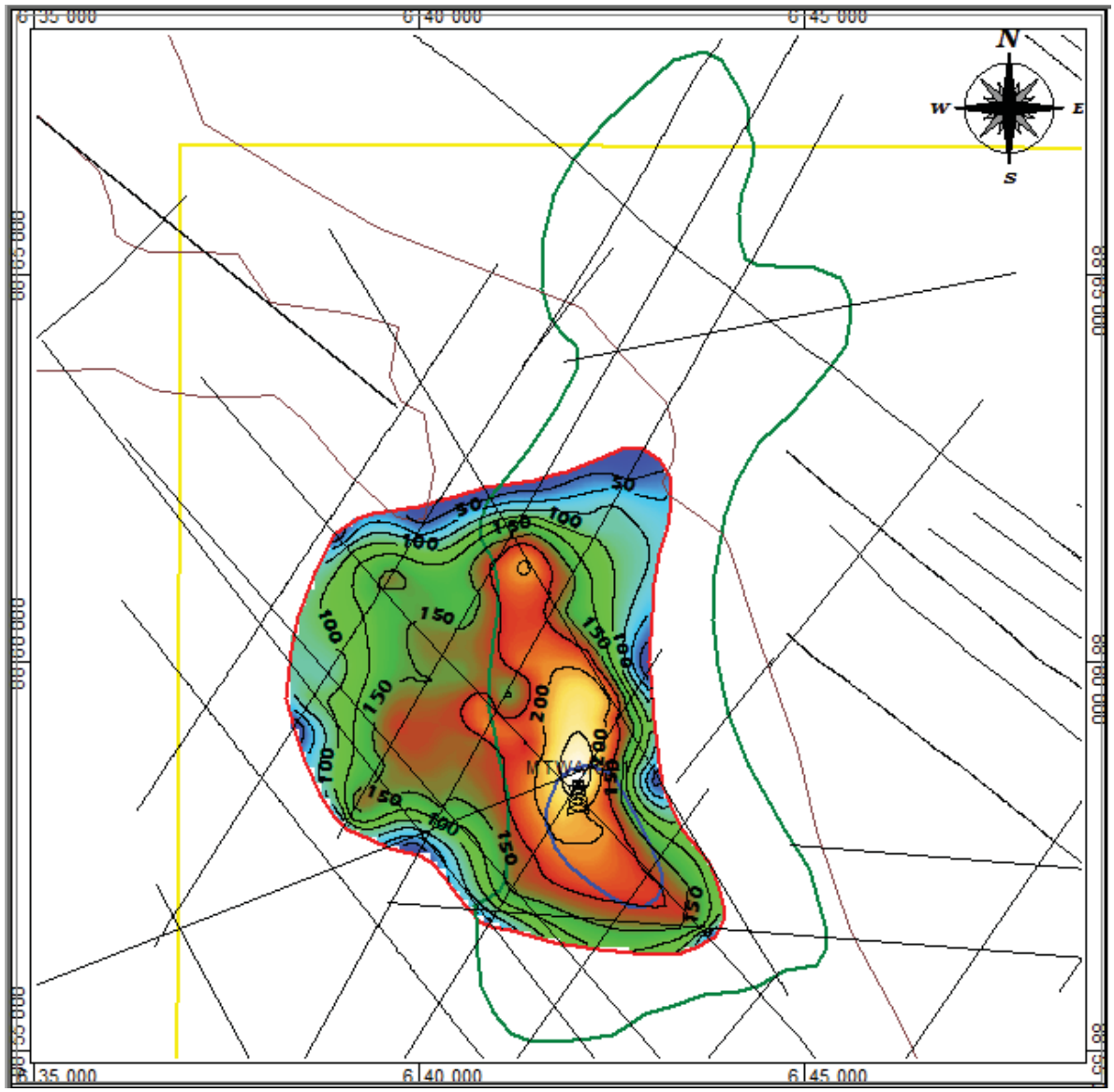


Figure 16. Isopach for the SG-M-1 prospect. Contour interval is 25 meters.

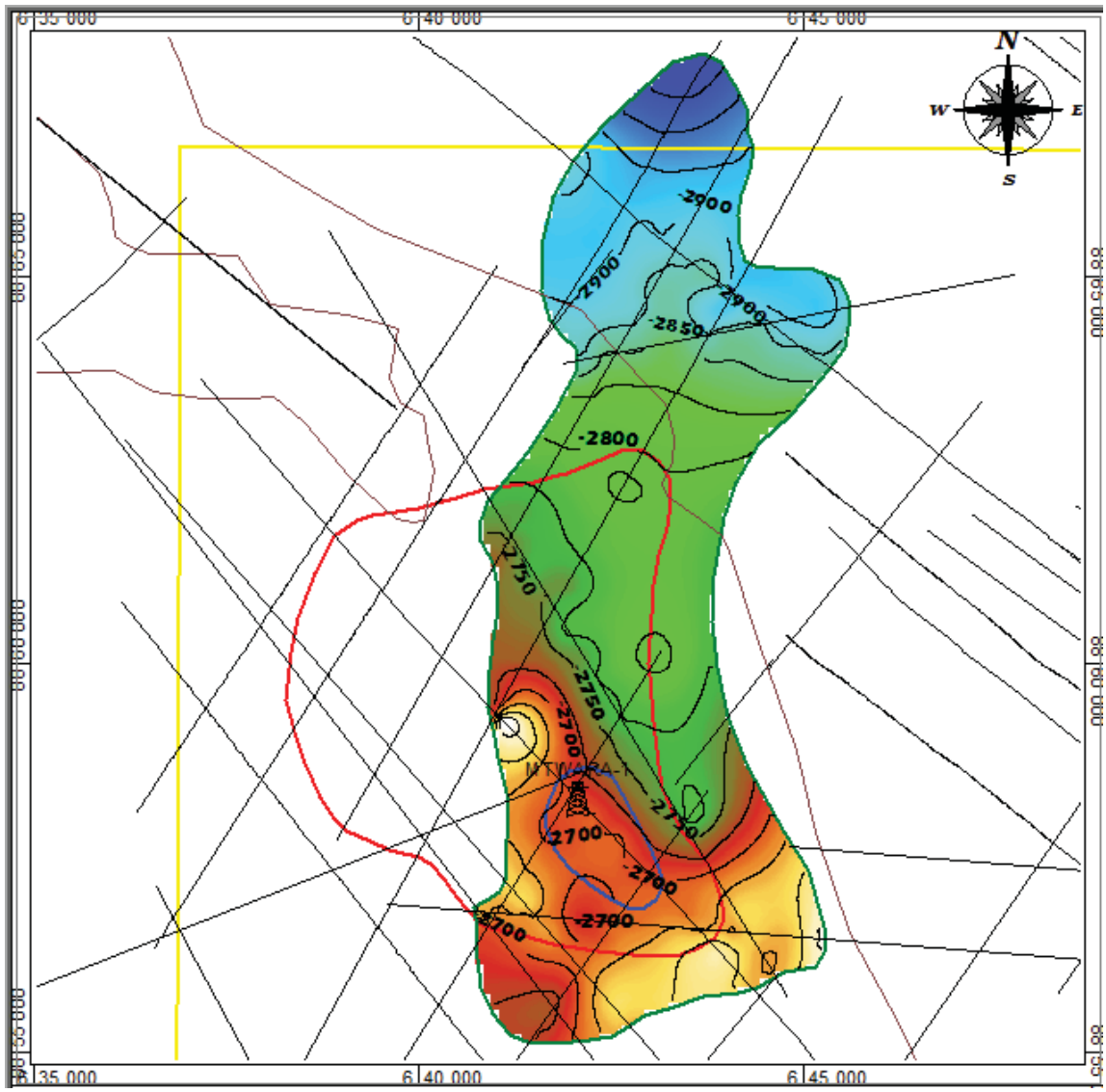


Figure 17. Top depth structure for the SG-O-1 prospect. Contour interval is 25 meters.

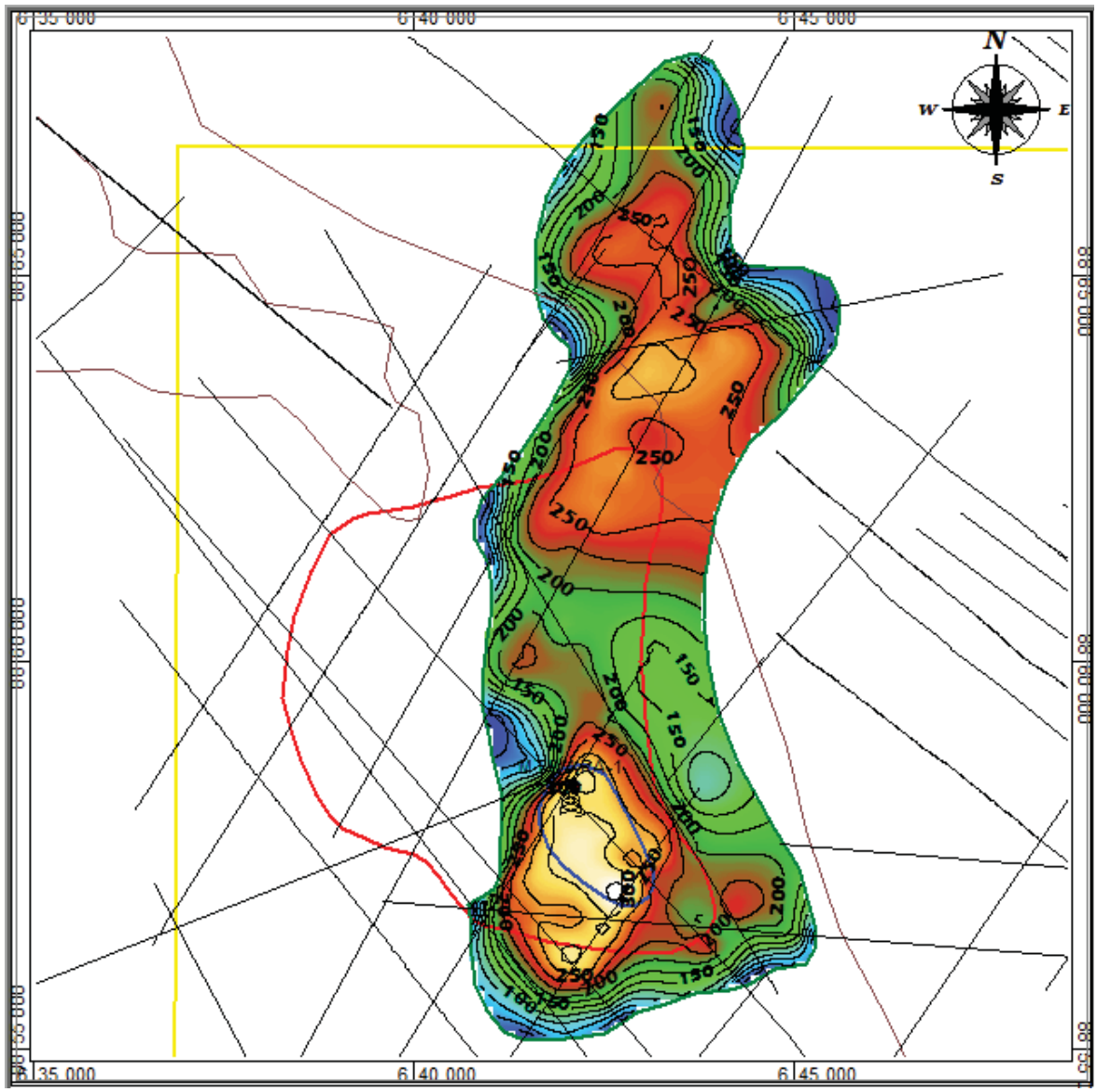


Figure 18. Isopach for the SG-O-1 prospect. Contour interval is 25 meters.

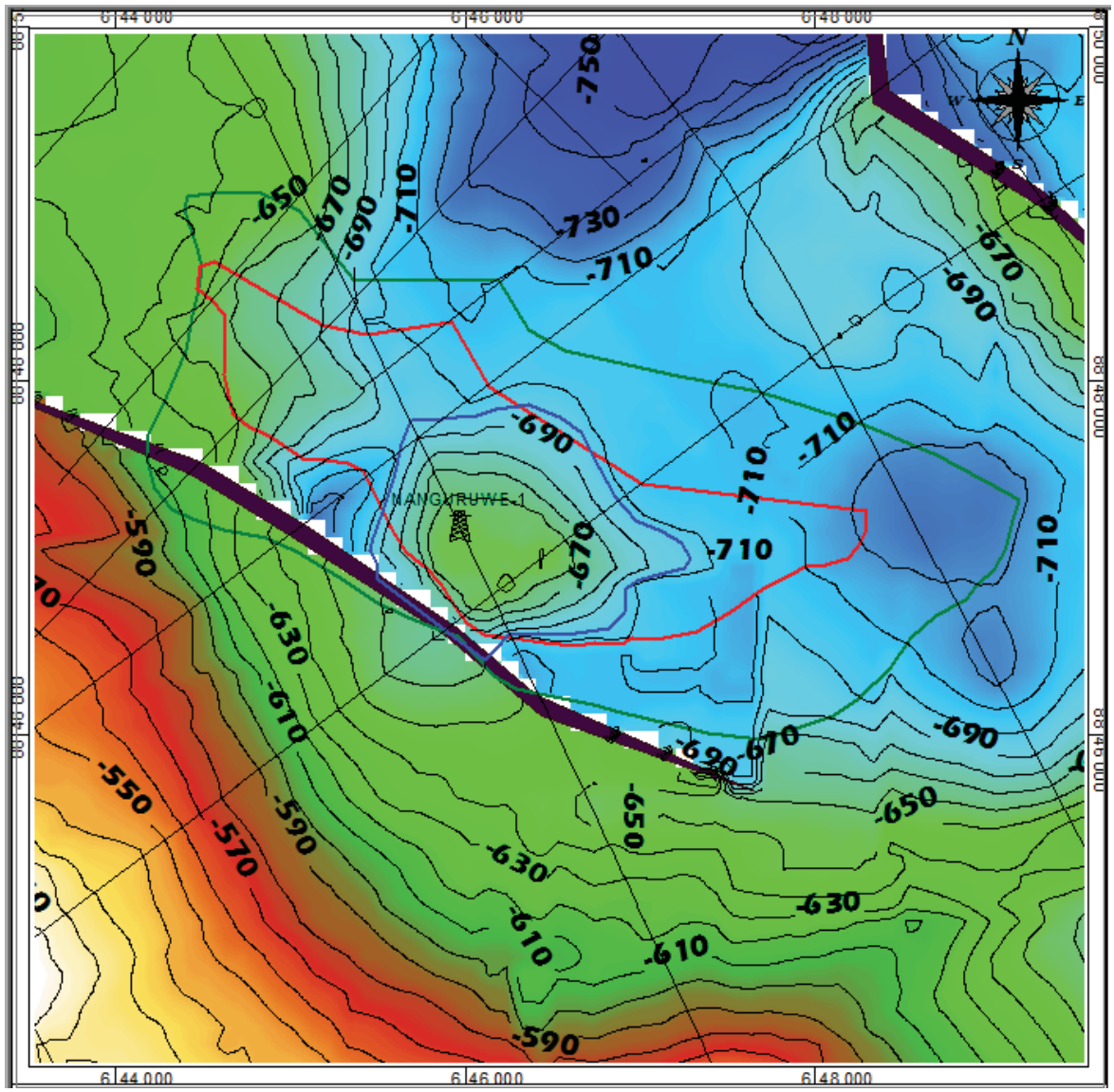


Figure 19. Top depth structure for the ST-P-2 prospect. Contour interval is 10 meters.

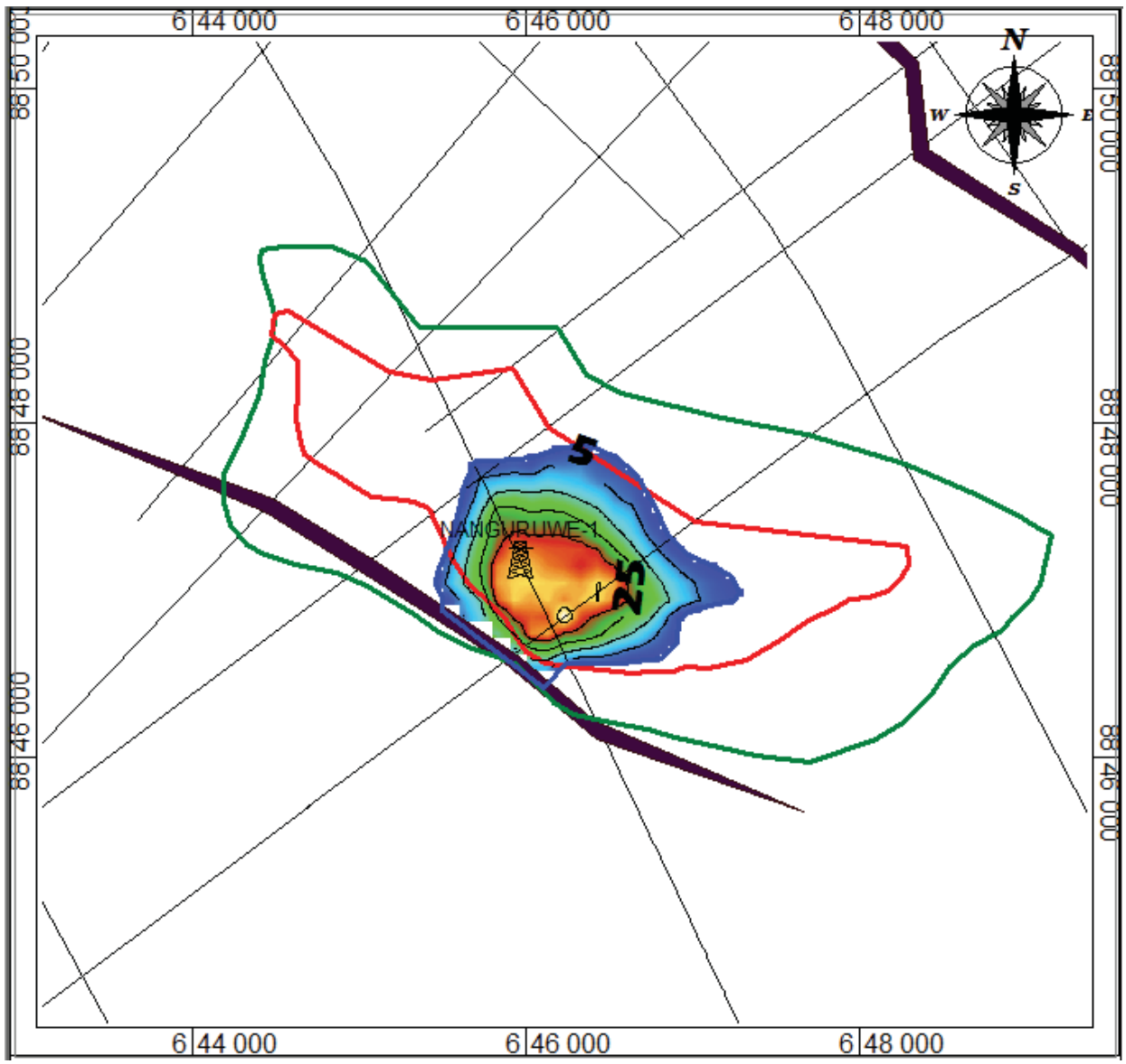


Figure 20. Isopach for the ST-P-2 prospect. Contour interval is 10 meters.

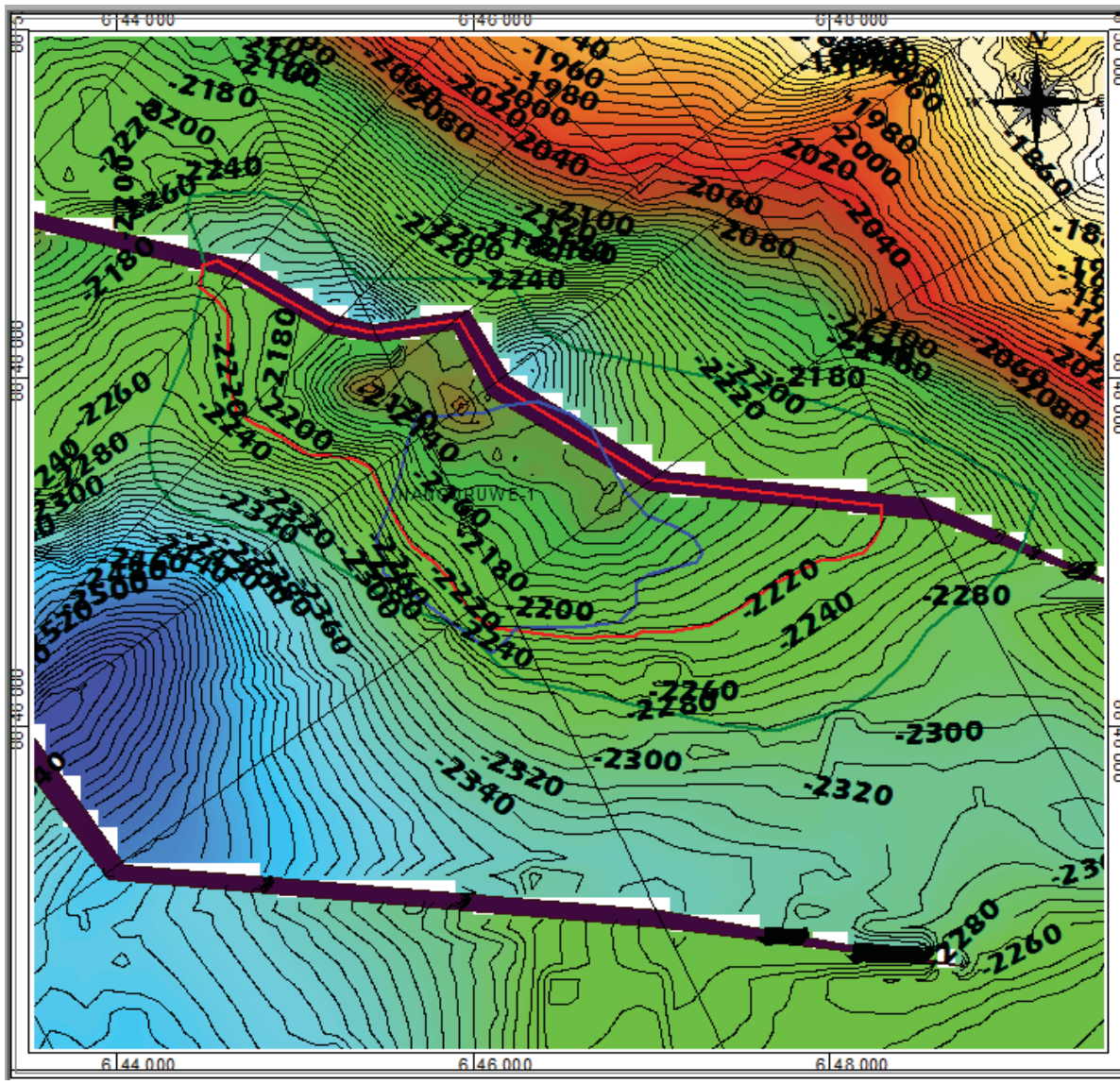


Figure 21. Top depth structure for the ST-M-5 prospect. Contour interval is 10 meters.

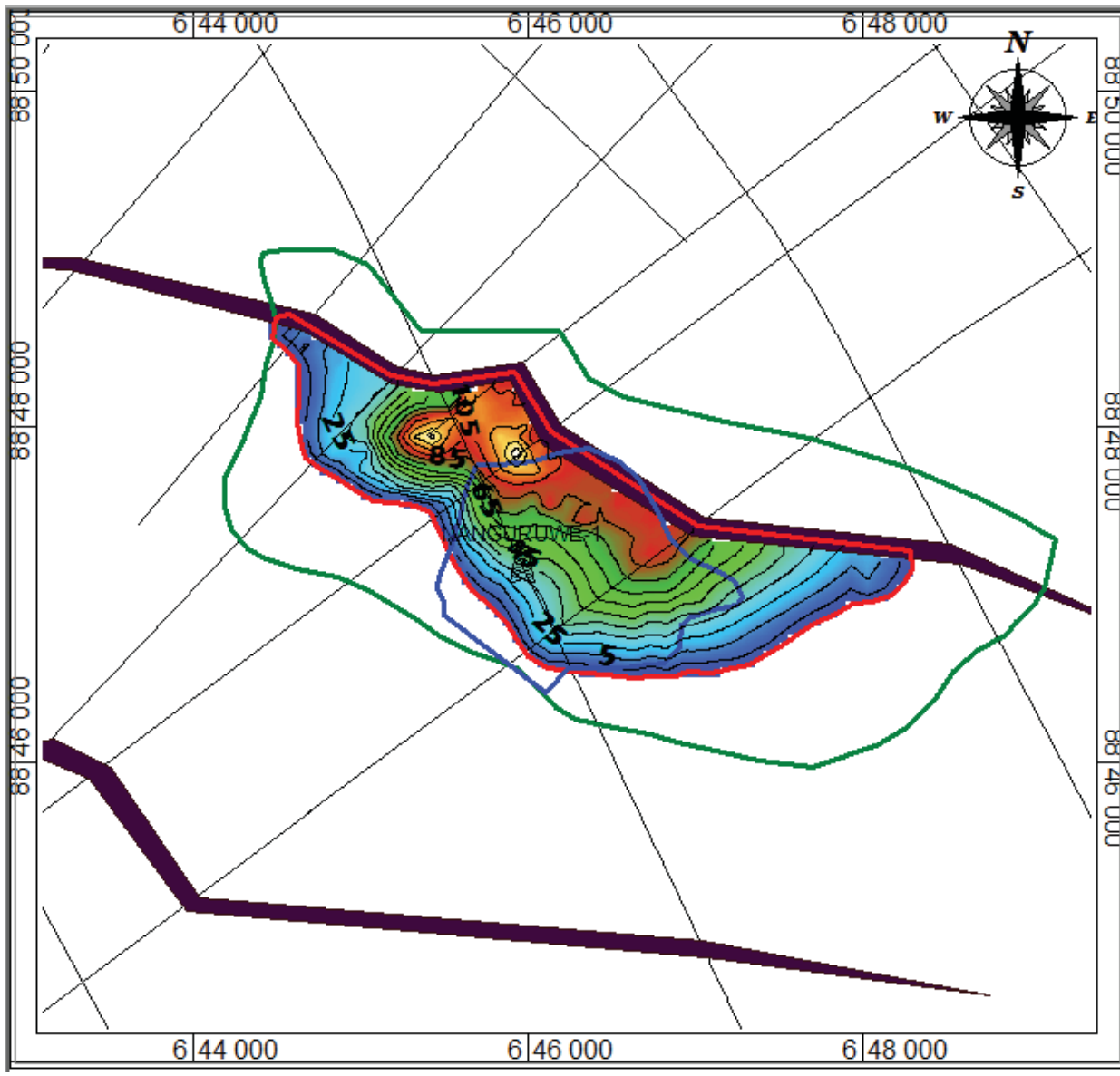


Figure 22. Isopach for the ST-M-5 prospect. Contour interval is 10 meters.

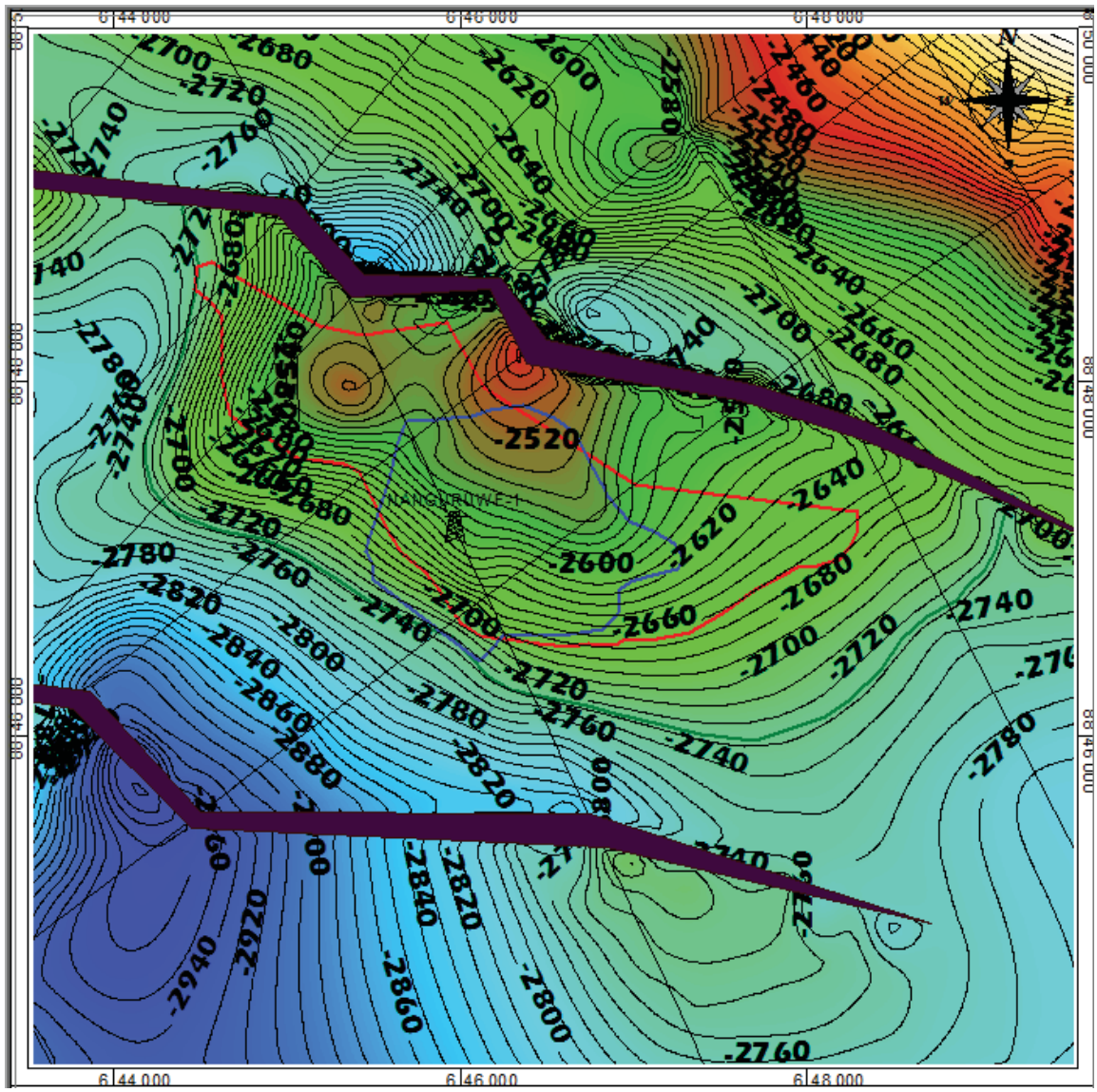


Figure 23. Top depth structure for the ST-O-3 prospect. Contour interval is 10 meters.

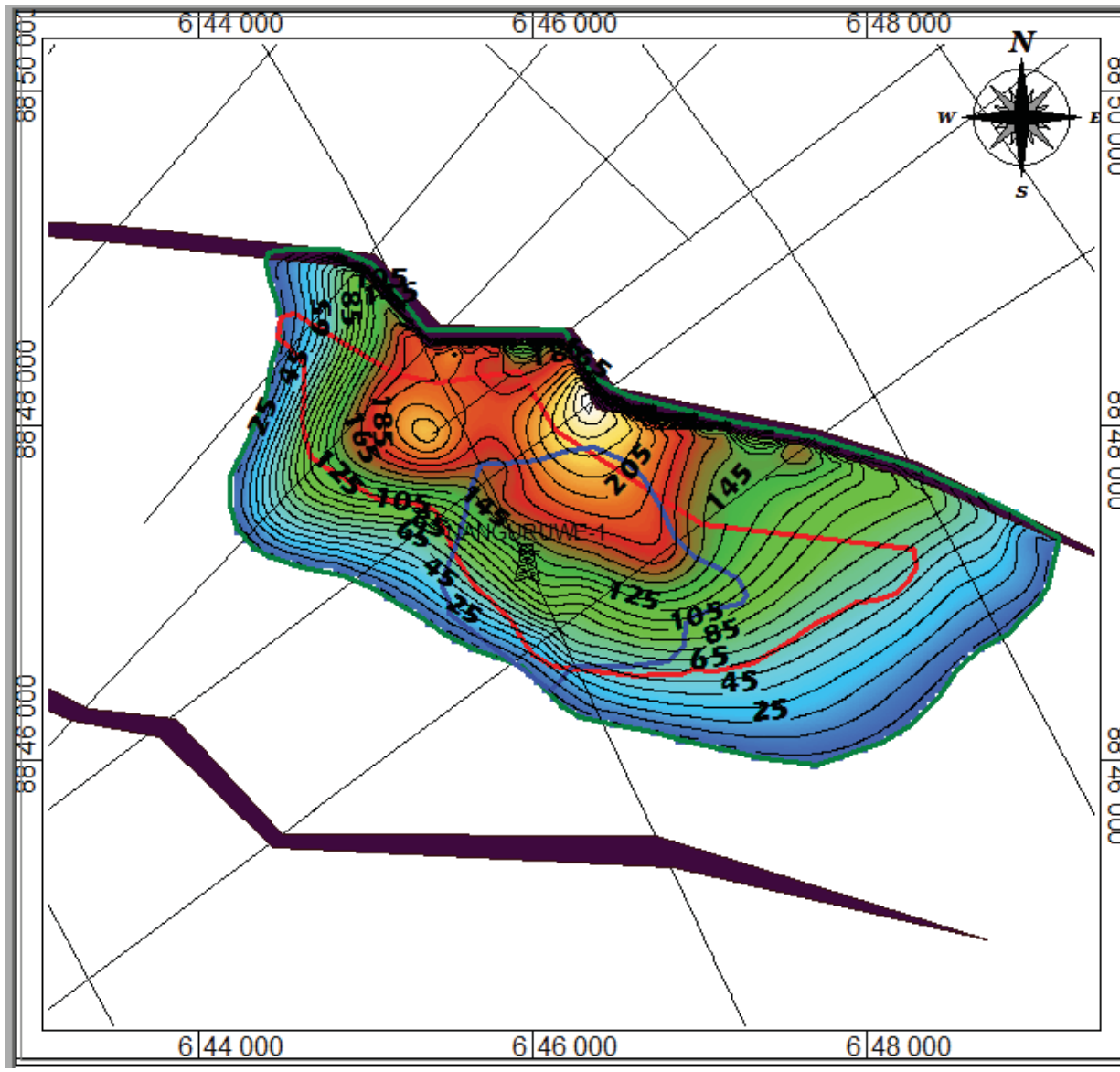


Figure 24. Isopach for the ST-O-3 prospect. Contour interval is 10 meters.

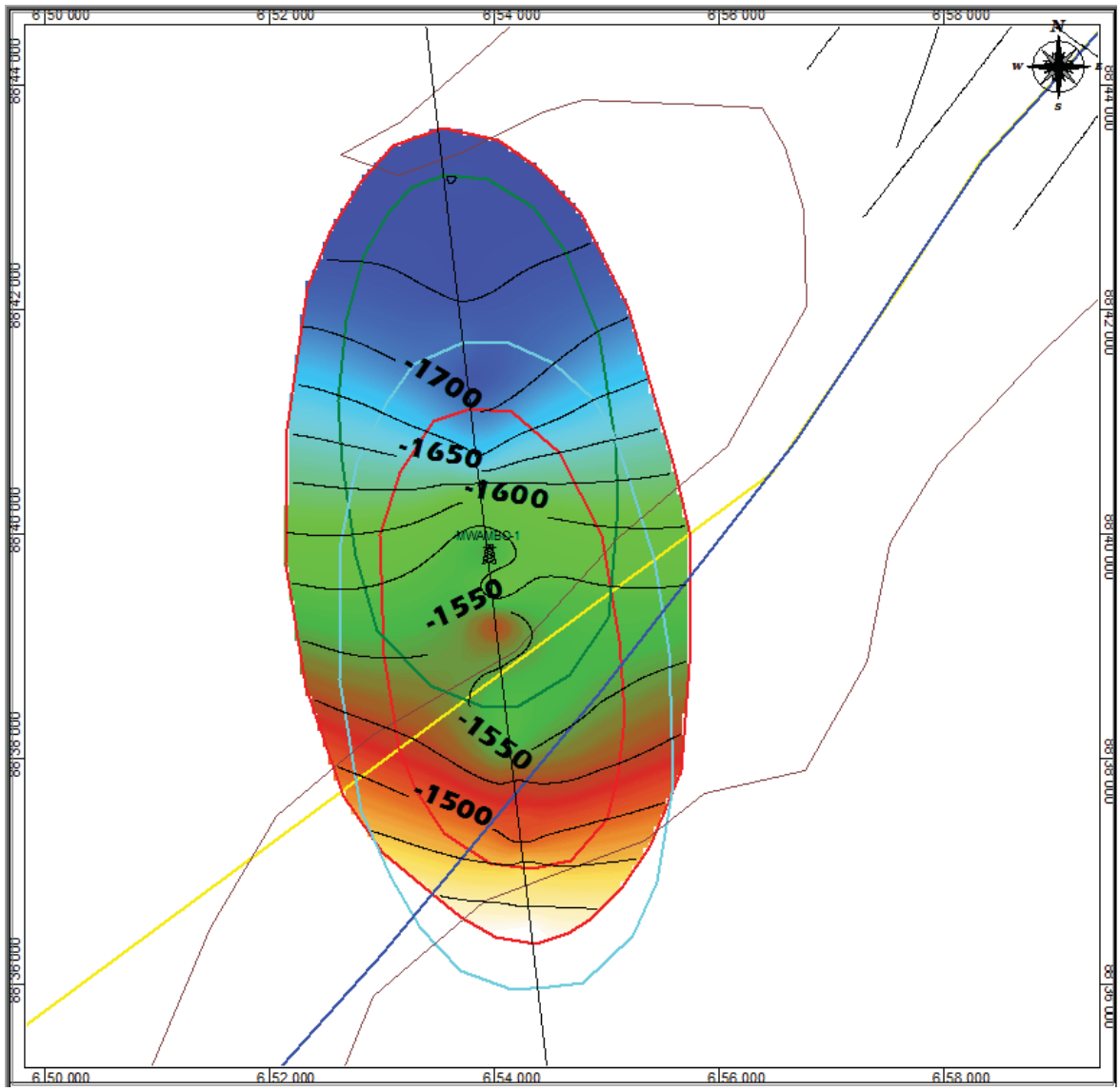


Figure 25. Top depth structure for the SG-M-BA-2 prospect. Contour interval is 25 meters.

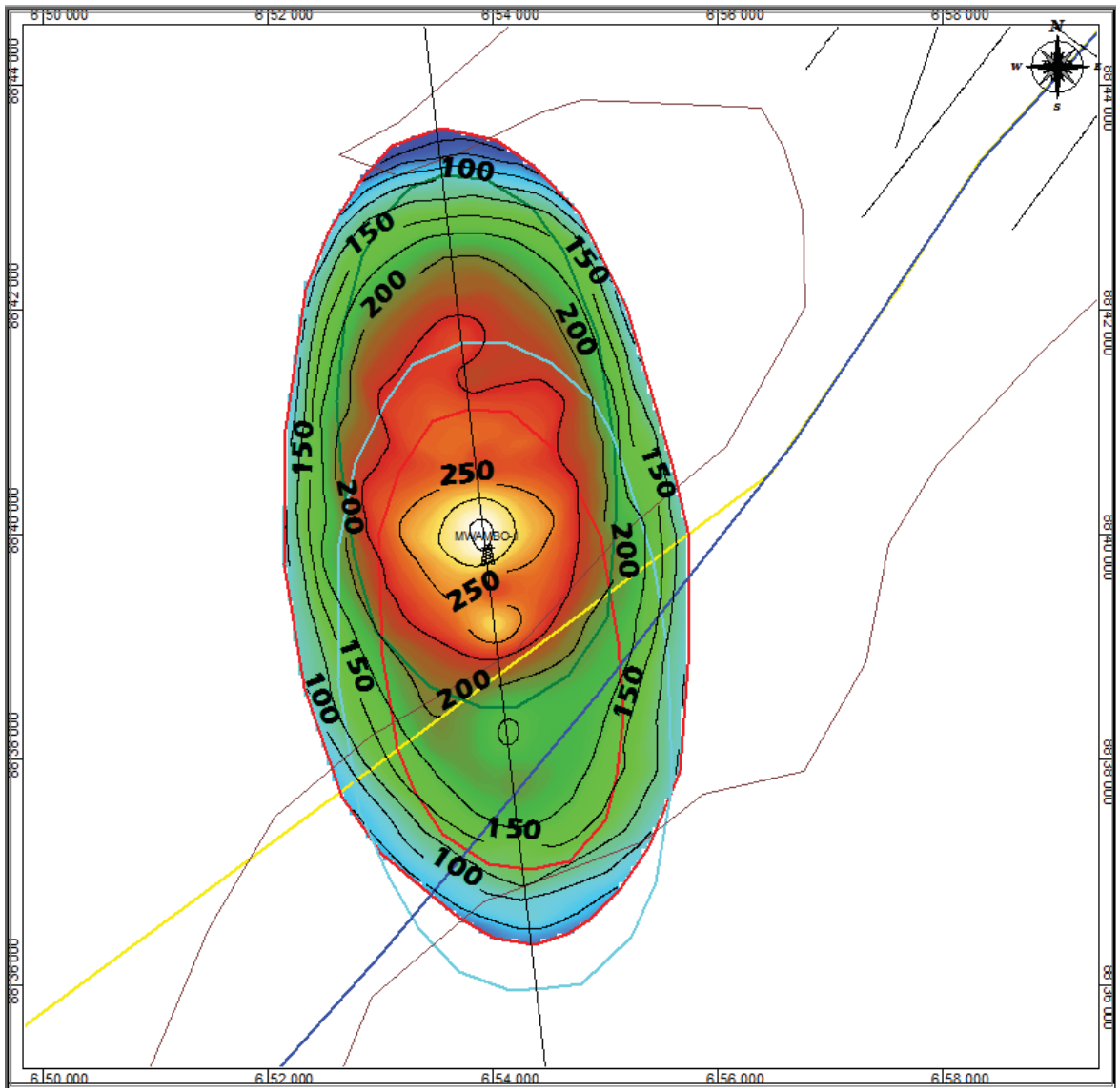


Figure 26. Isopach for the SG-M-BA-2 prospect. Contour interval is 25 meters.

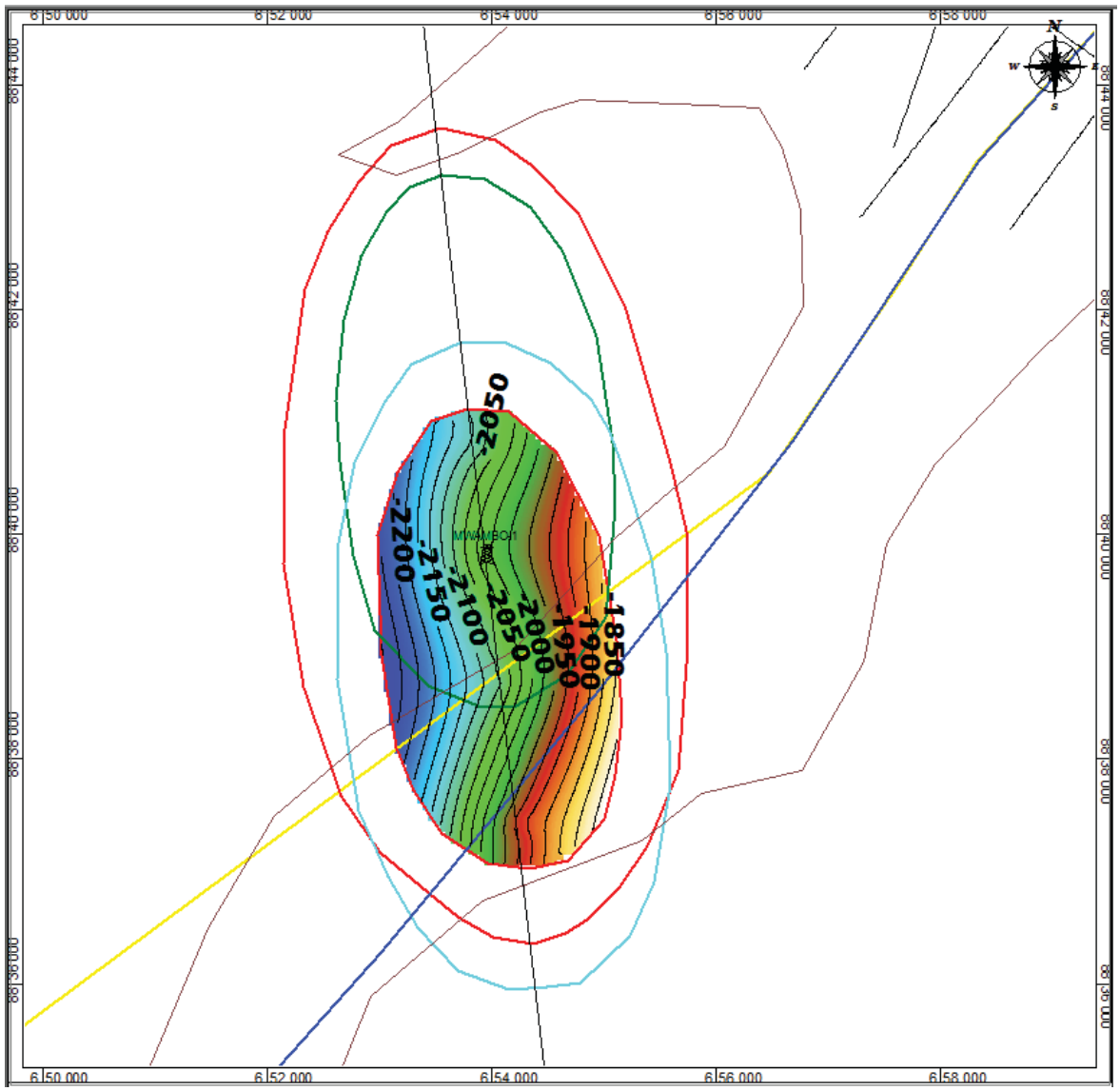


Figure 27. Top depth structure for the SG-M-3 prospect. Contour interval is 25 meters.

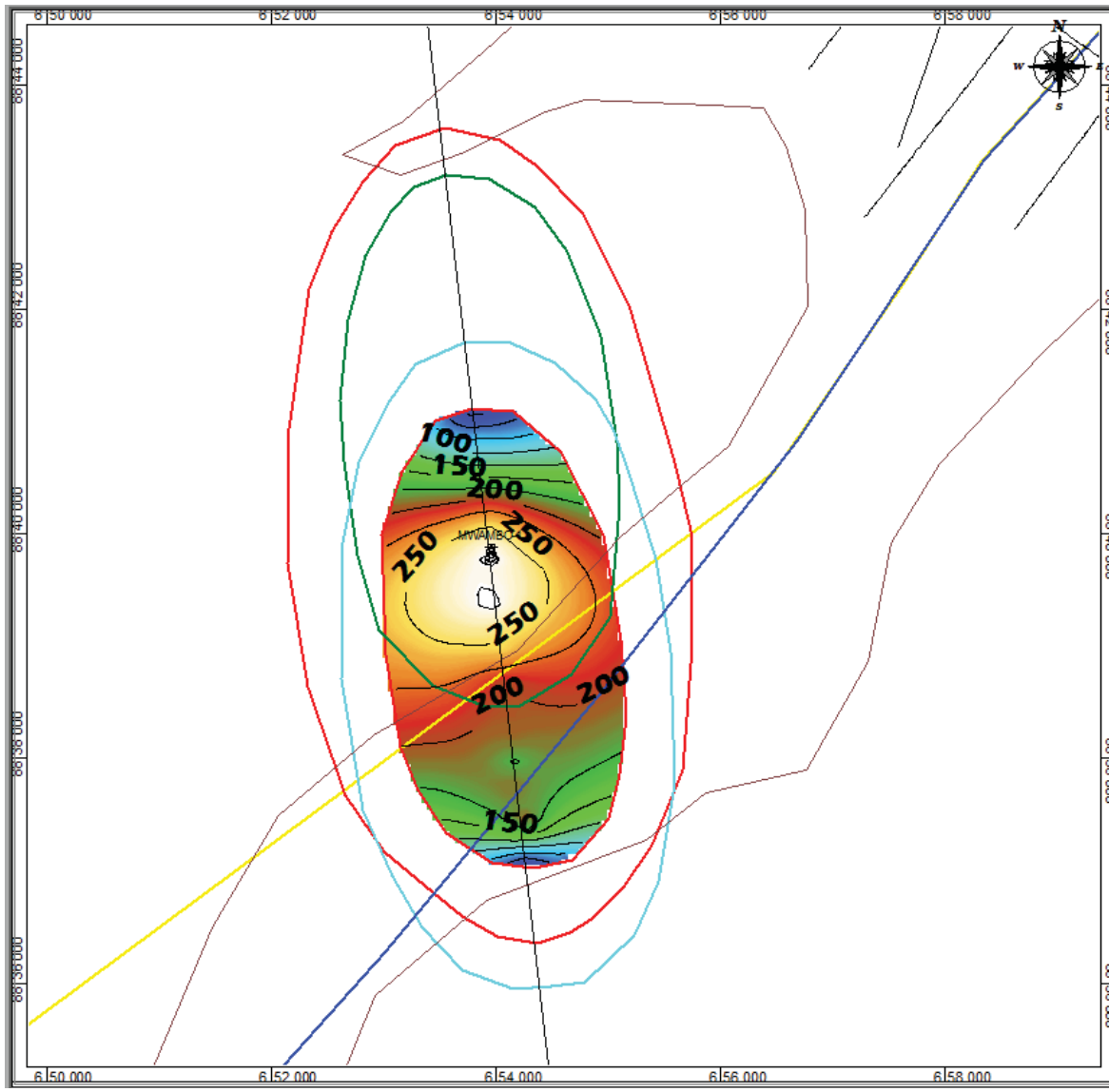


Figure 28. Isopach for the SG-M-3 prospect. Contour interval is 25 meters.

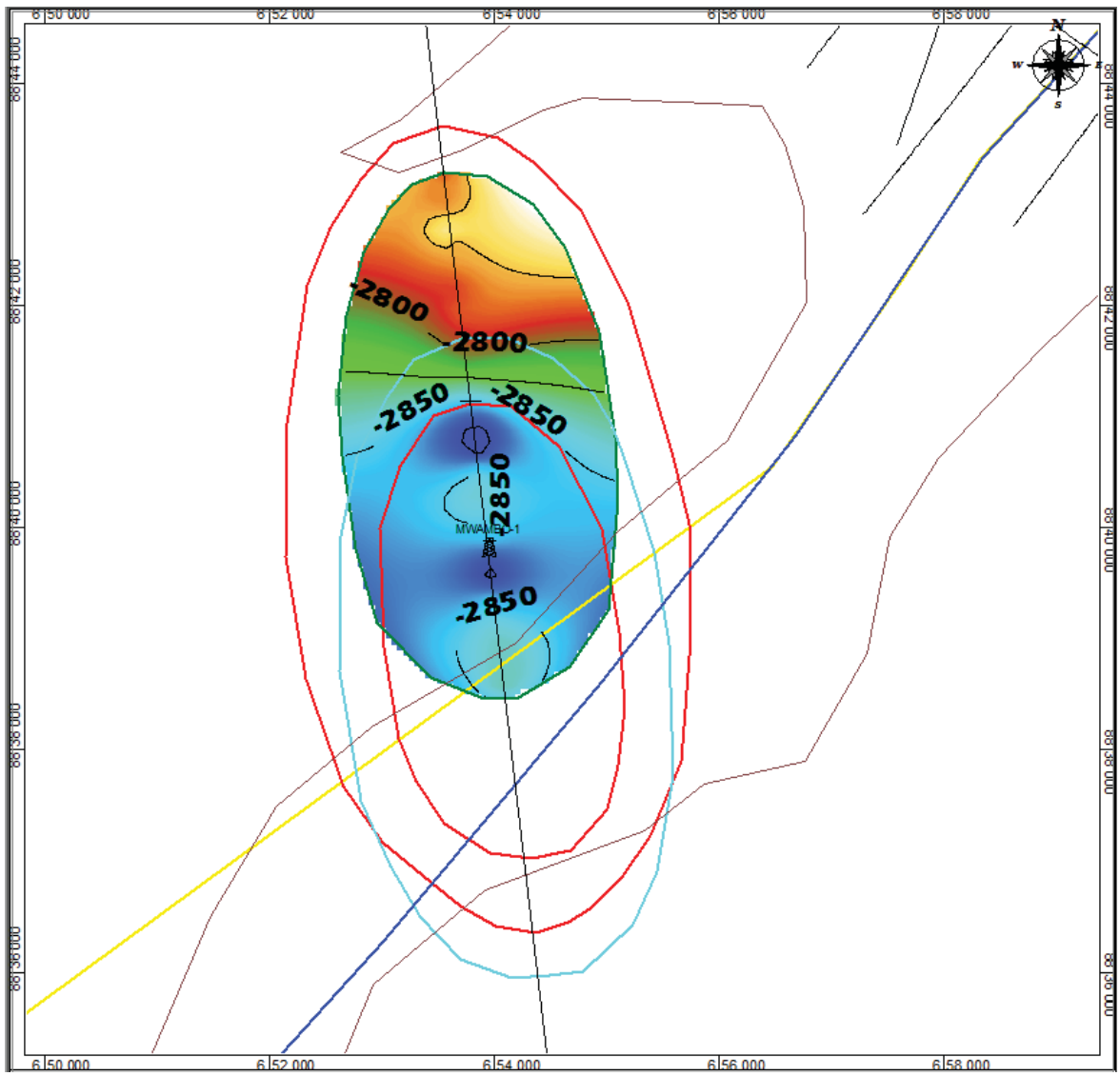


Figure 29. Top depth structure for the SG-O-4 prospect. Contour interval is 25 meters.

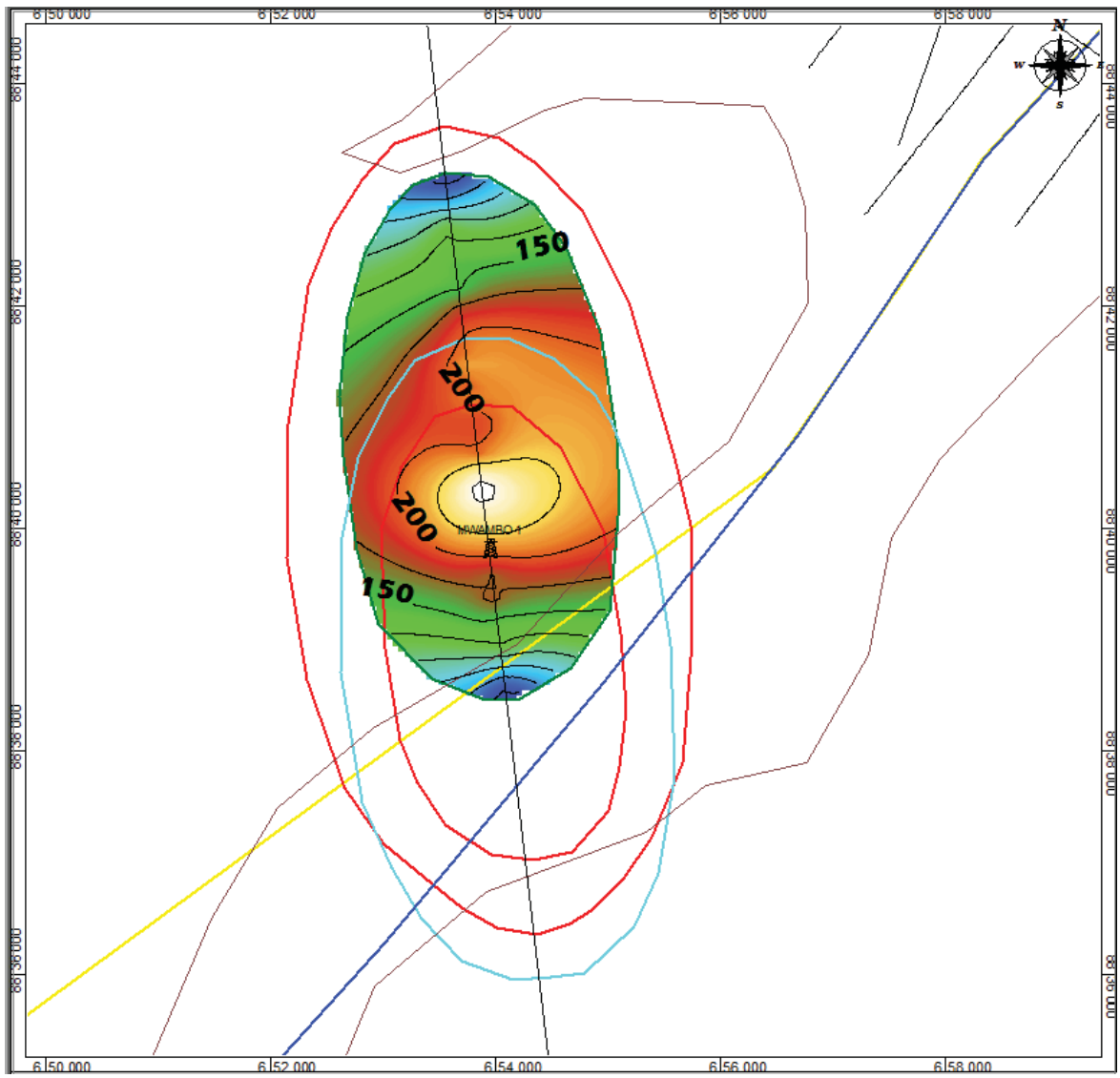


Figure 30. Isopach for the SG-O-4 prospect. Contour interval is 25 meters.

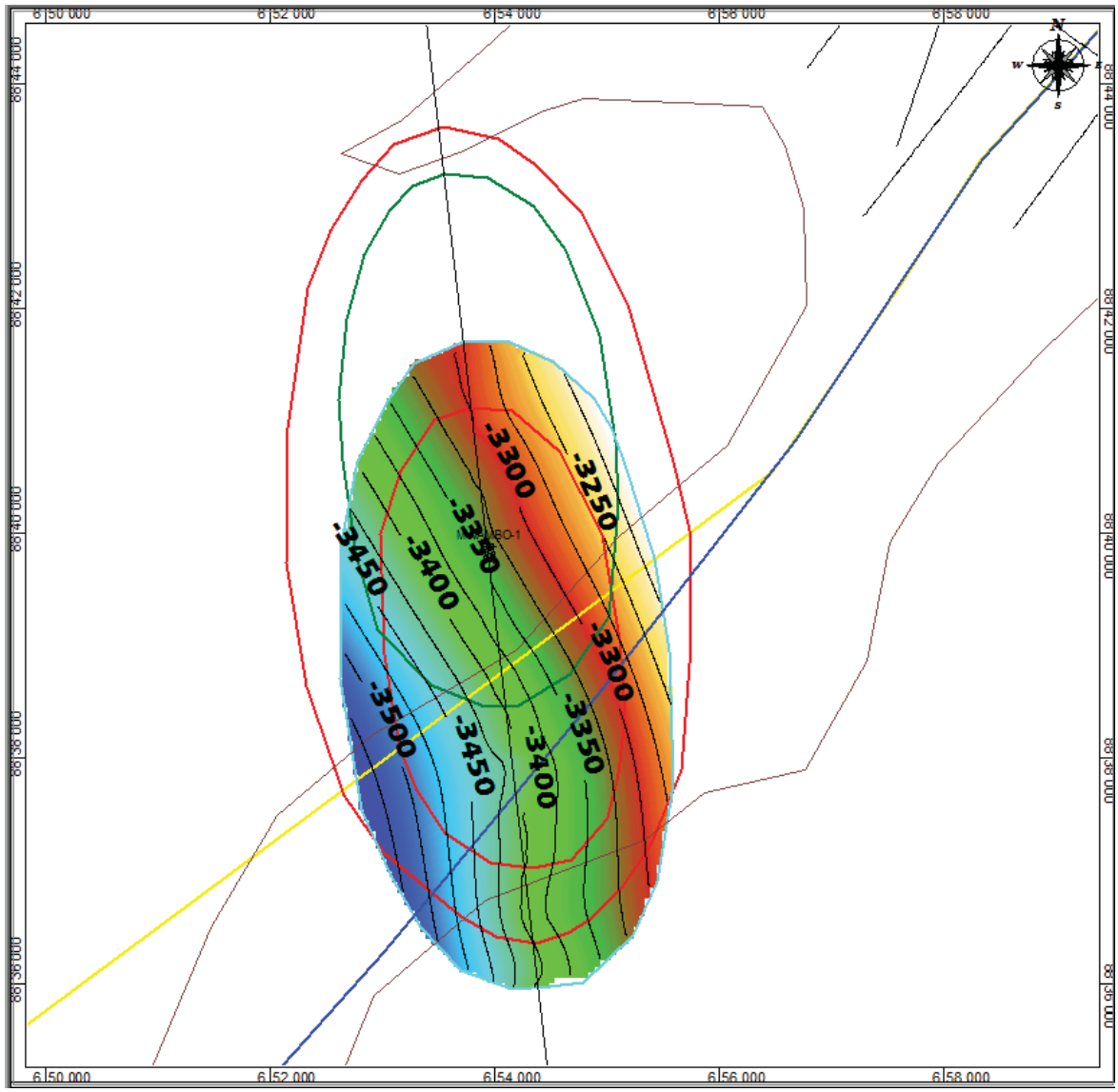


Figure 31. Top depth structure for the SG-E-1 prospect. Contour interval is 25 meters.

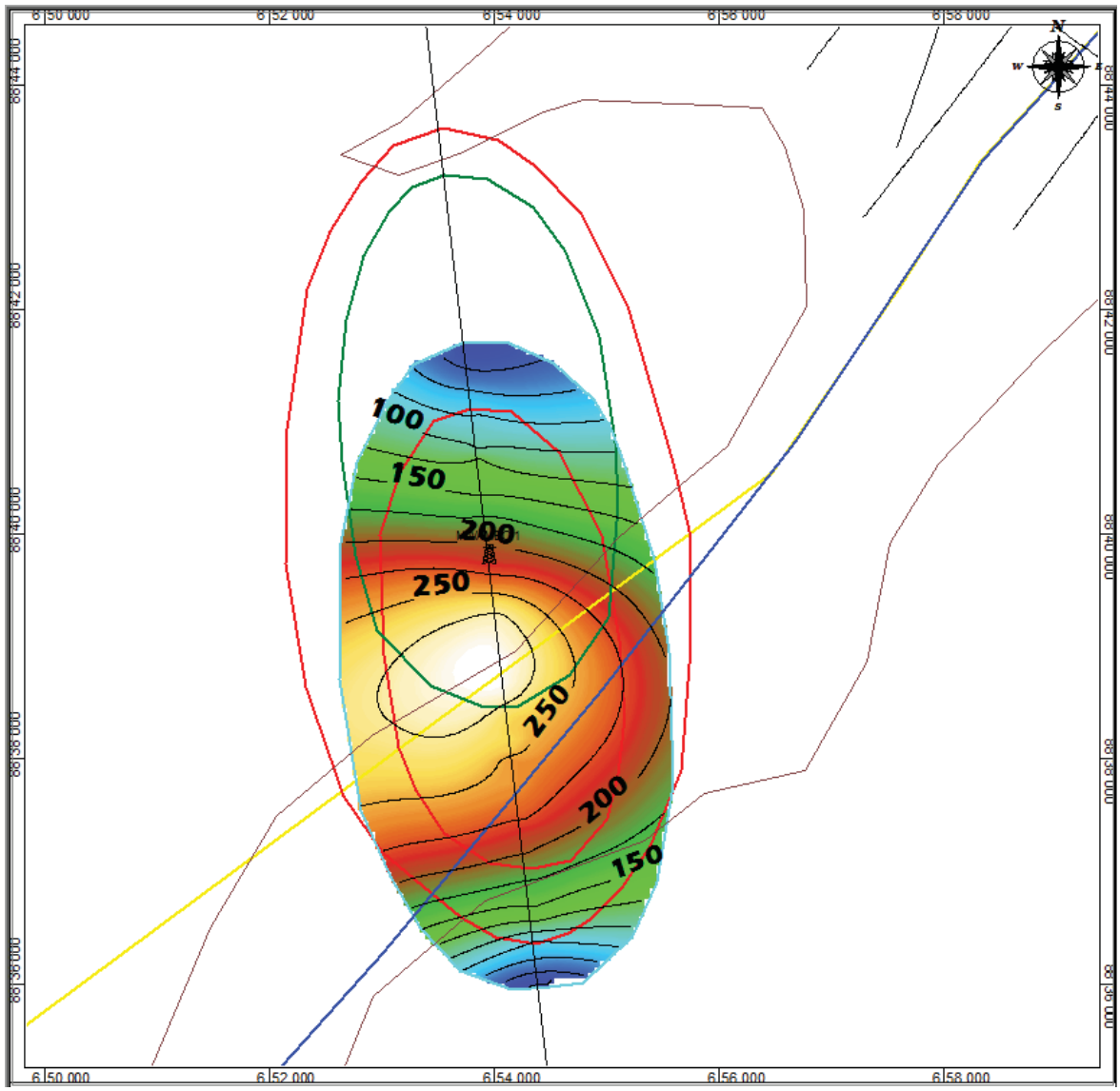


Figure 32. Isopach for the SG-E-1 prospect. Contour interval is 25 meters.

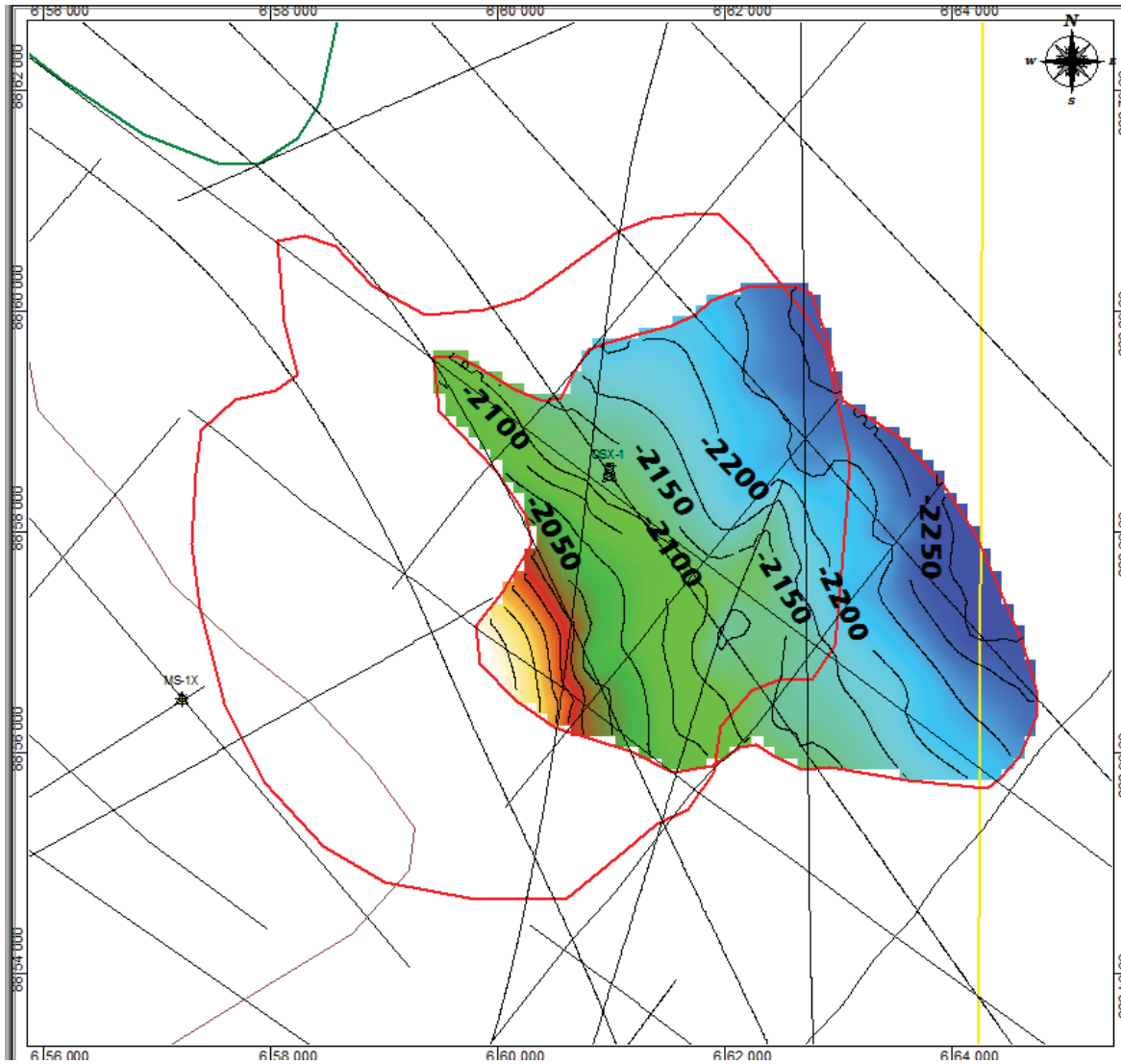


Figure 33. Top depth structure for the SG-M-2 prospect. Contour interval is 25 meters.

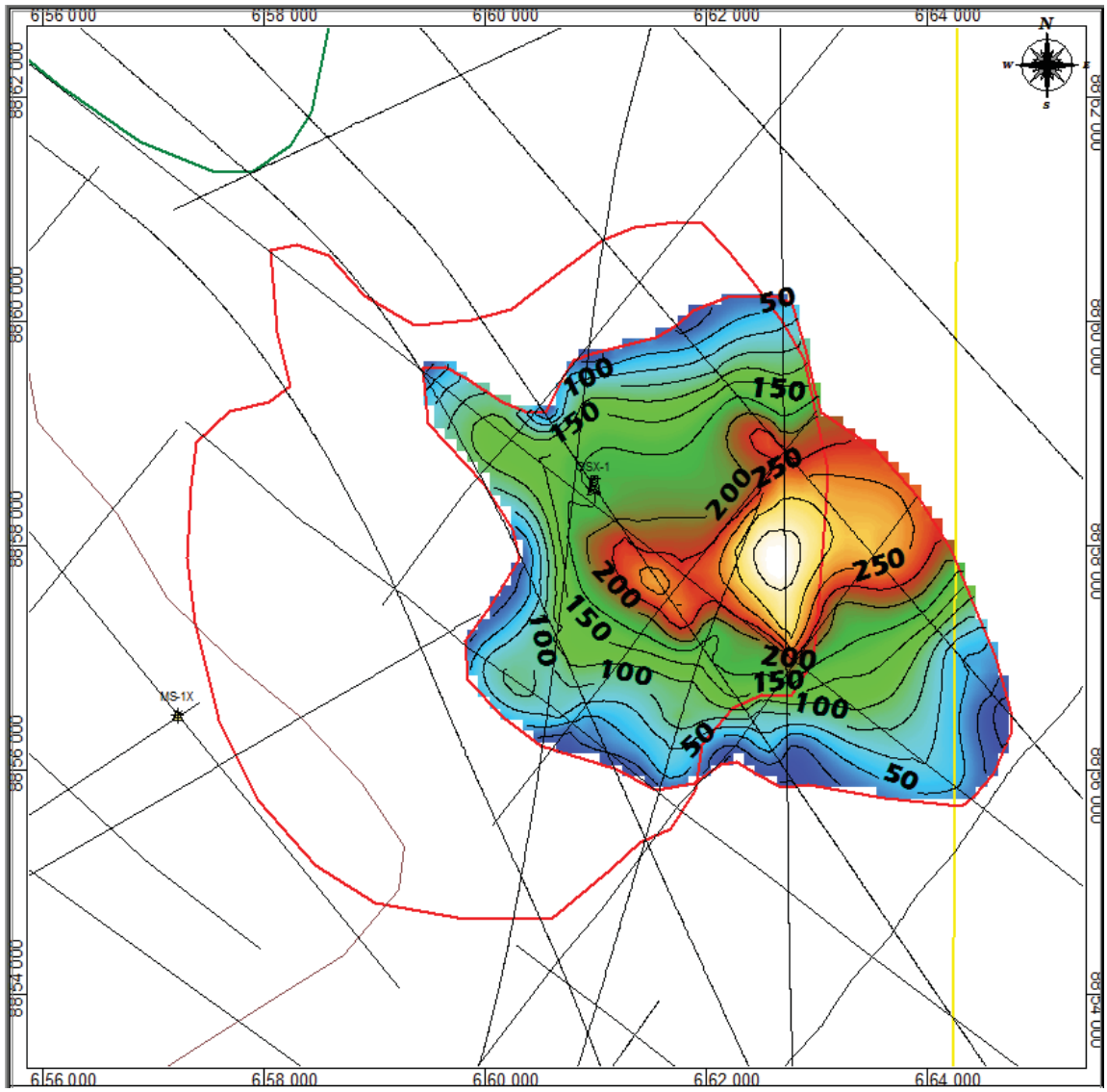


Figure 34. Isopach for the SG-M-2 prospect. Contour interval is 25 meters.

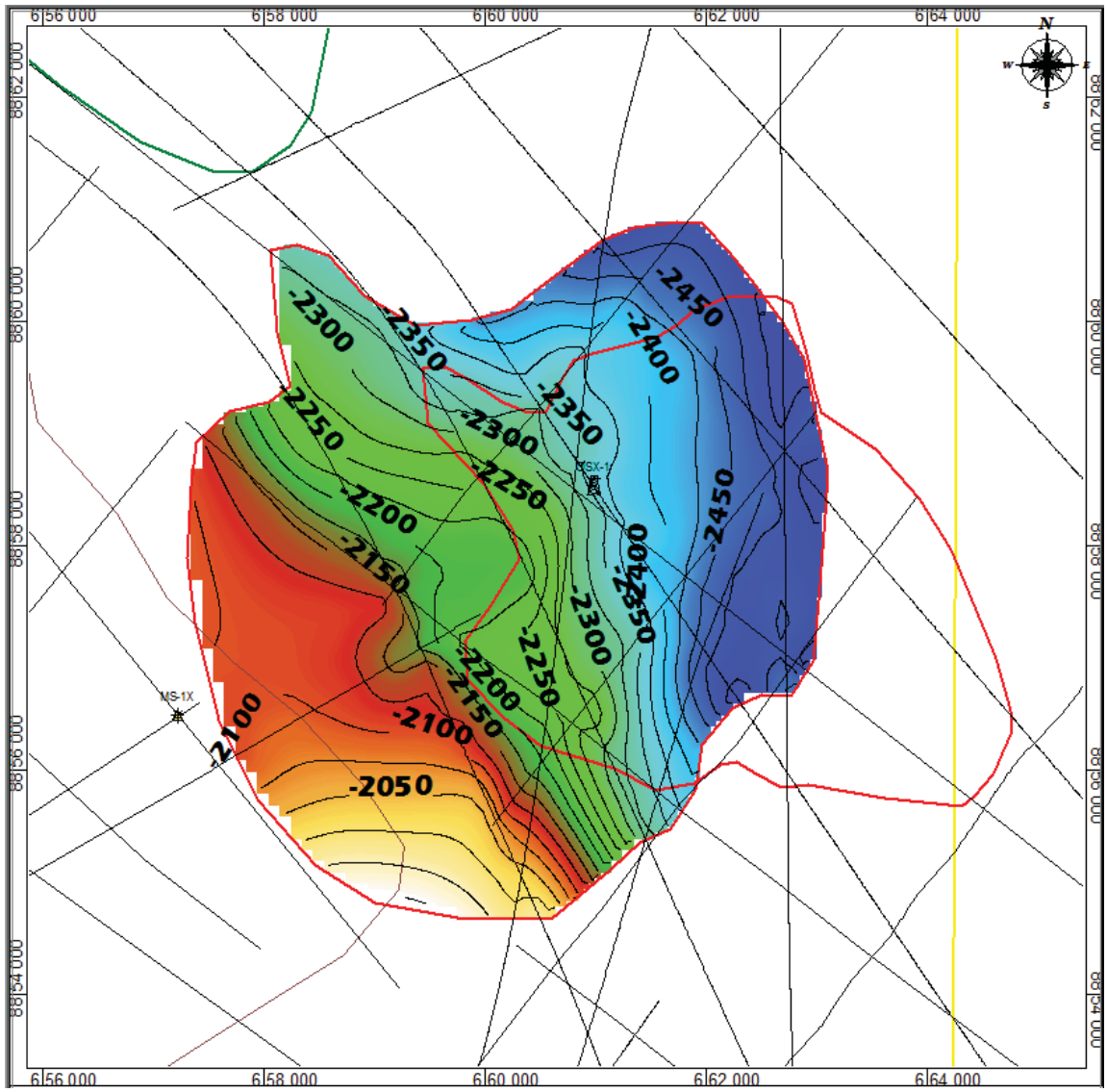


Figure 35. Top depth structure for the SG-MSNE prospect. Contour interval is 25 meters.

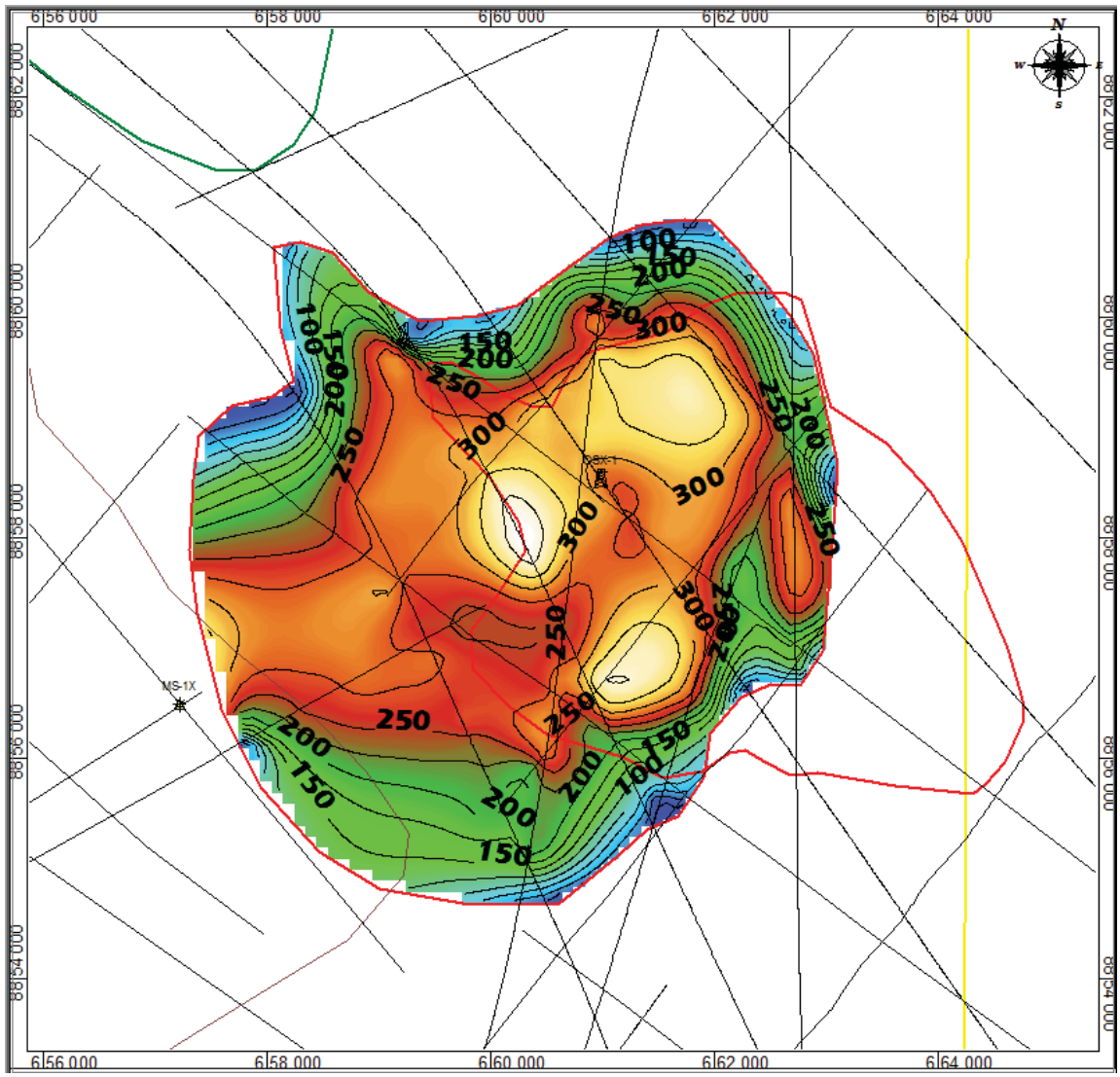


Figure 36. Isopach for the SG-MSNE prospect. Contour interval is 25 meters.

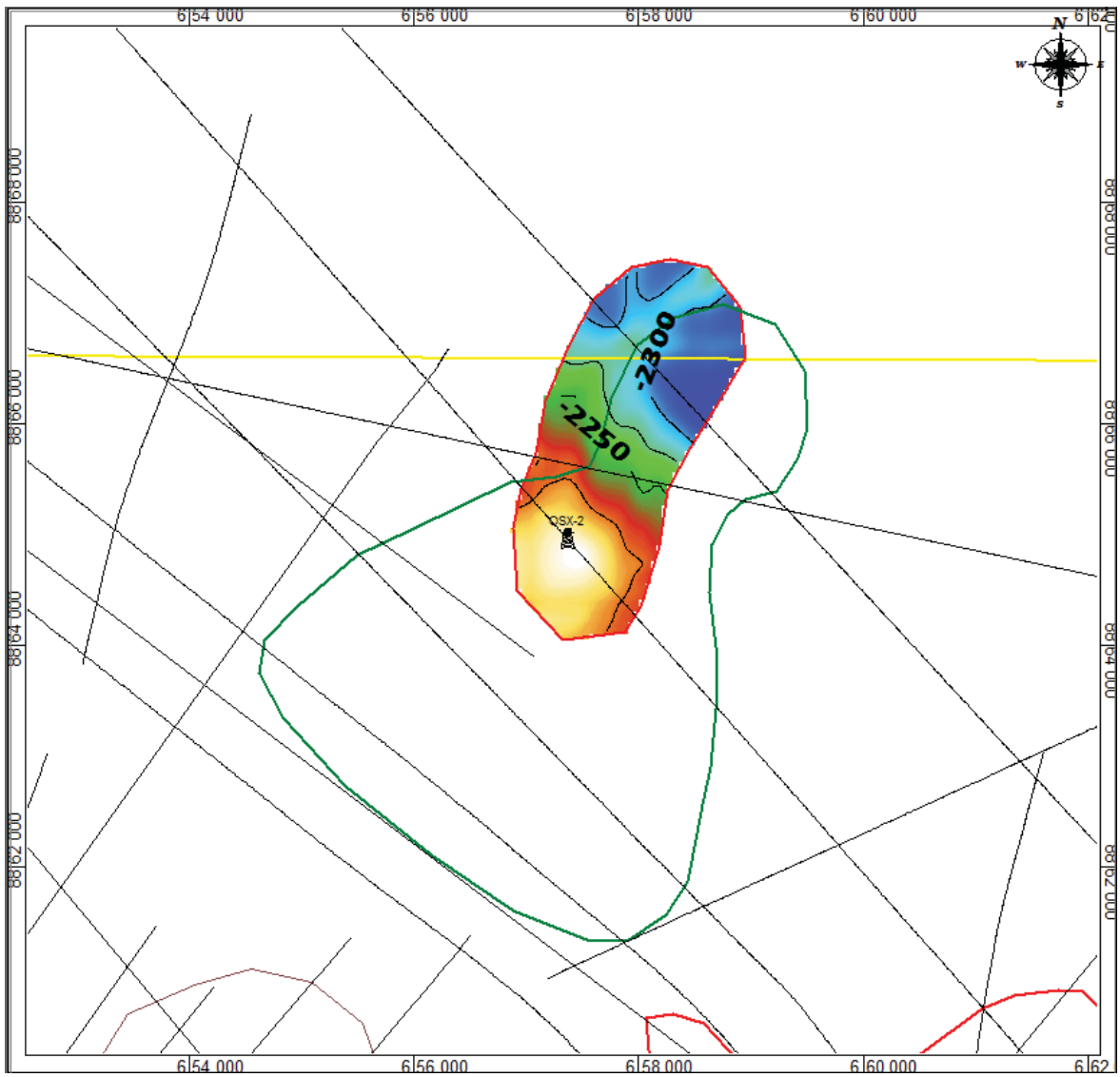


Figure 37. Top depth structure for the SG-M-BA-1 prospect. Contour interval is 25 meters.

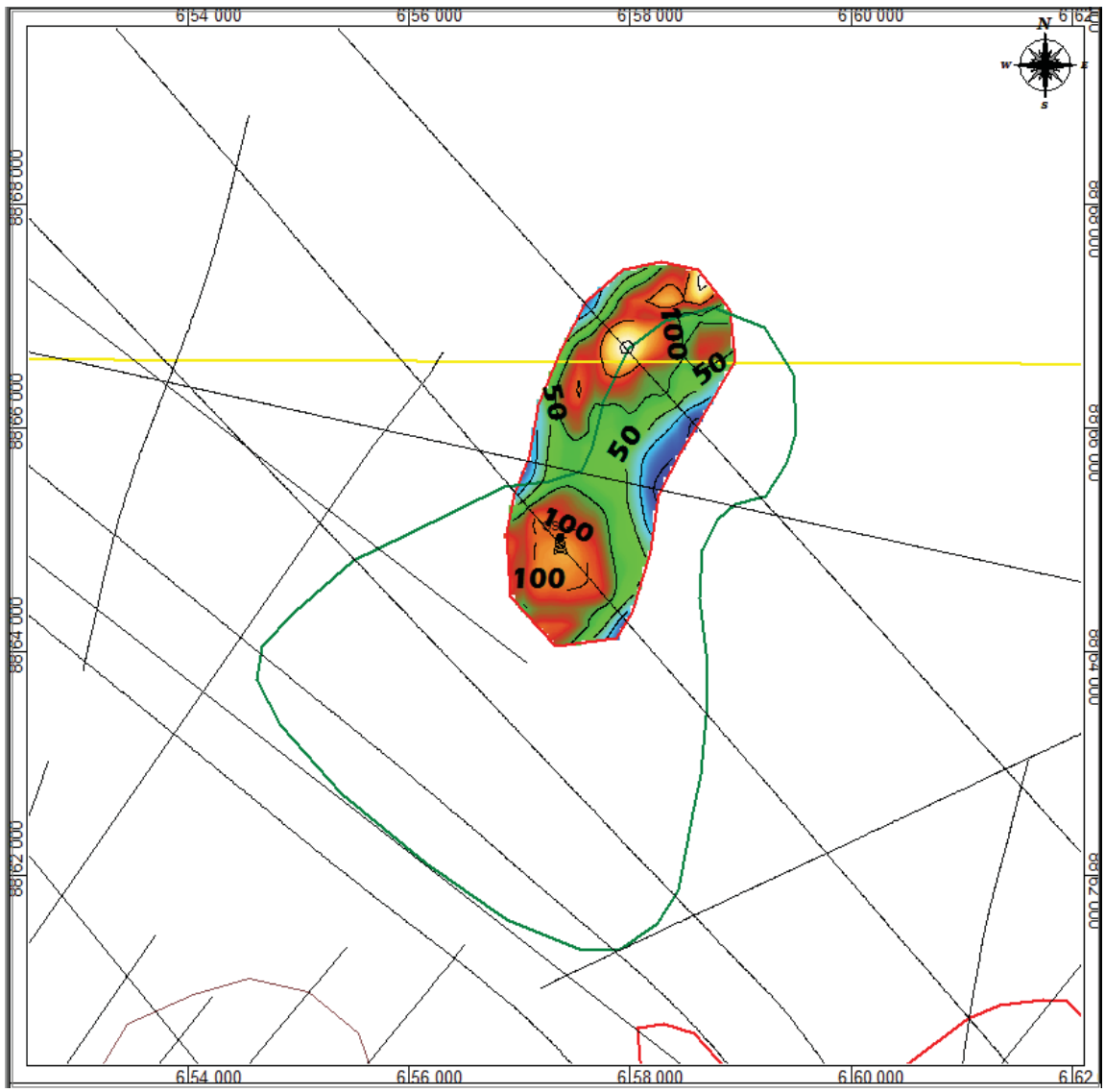


Figure 38. Isopach for the SG-M-BA-1 prospect. Contour interval is 25 meters.

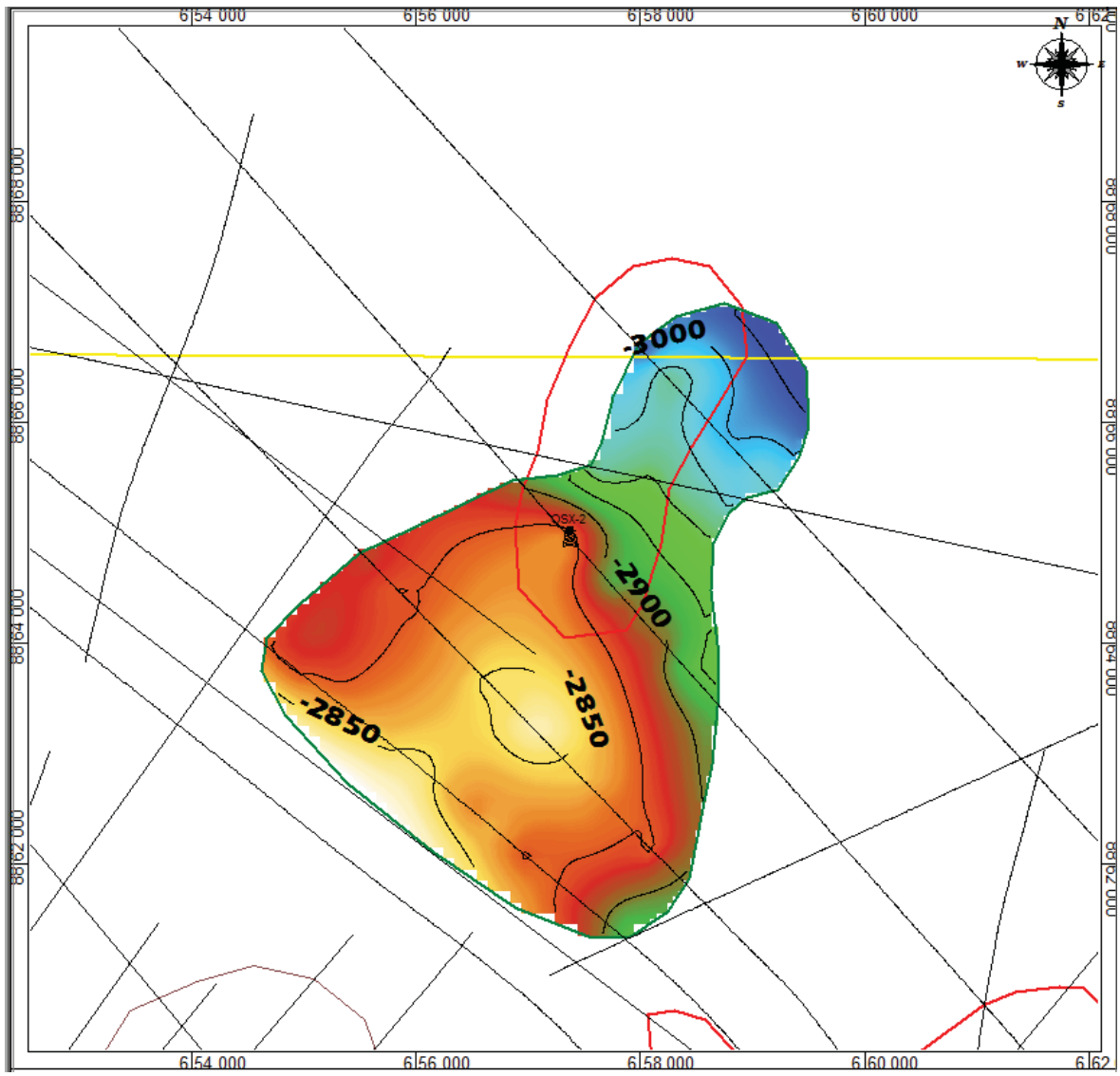


Figure 39. Top depth structure for the SG-O-BA-1 prospect. Contour interval is 25 meters.

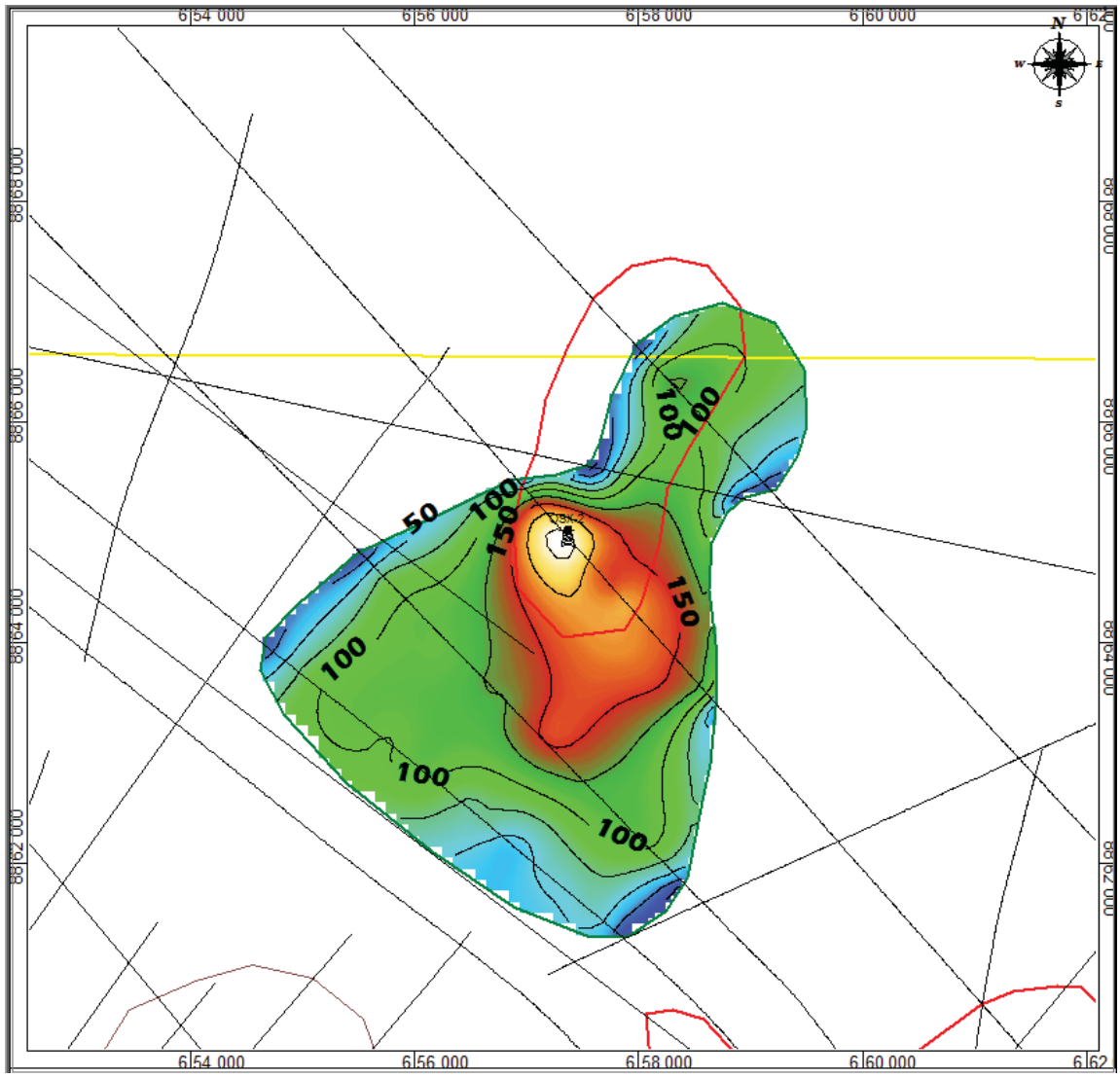


Figure 40. Isopach for the SG-O-BA-1 prospect. Contour interval is 25 meters.

APPENDIX 5

Rovuma Onshore Block Prospective Resources Structure and Isopach Maps

APPENDIX 5

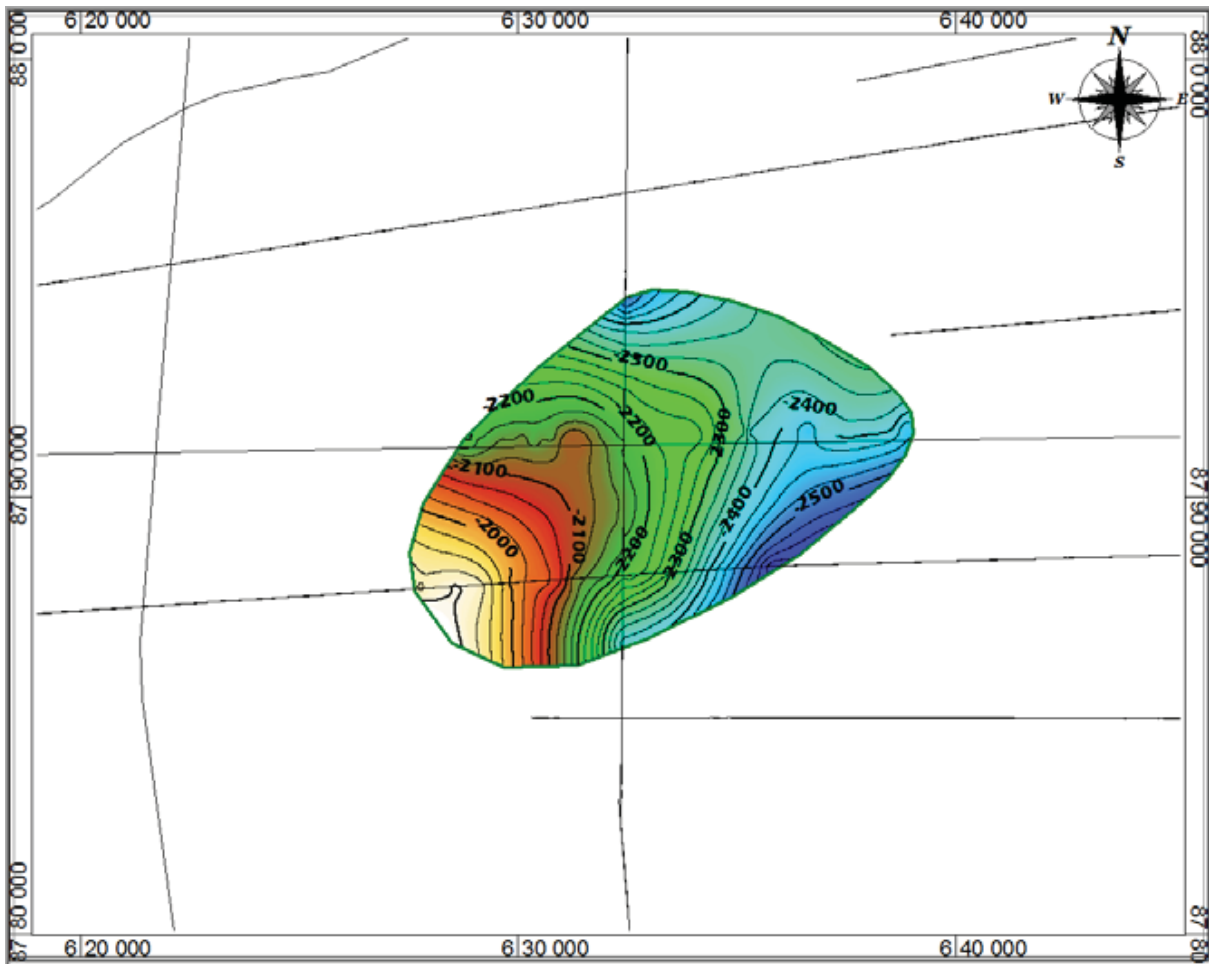


Figure 1. Top Depth Structure for the Chilua South prospect. Contour interval is 25 meters.

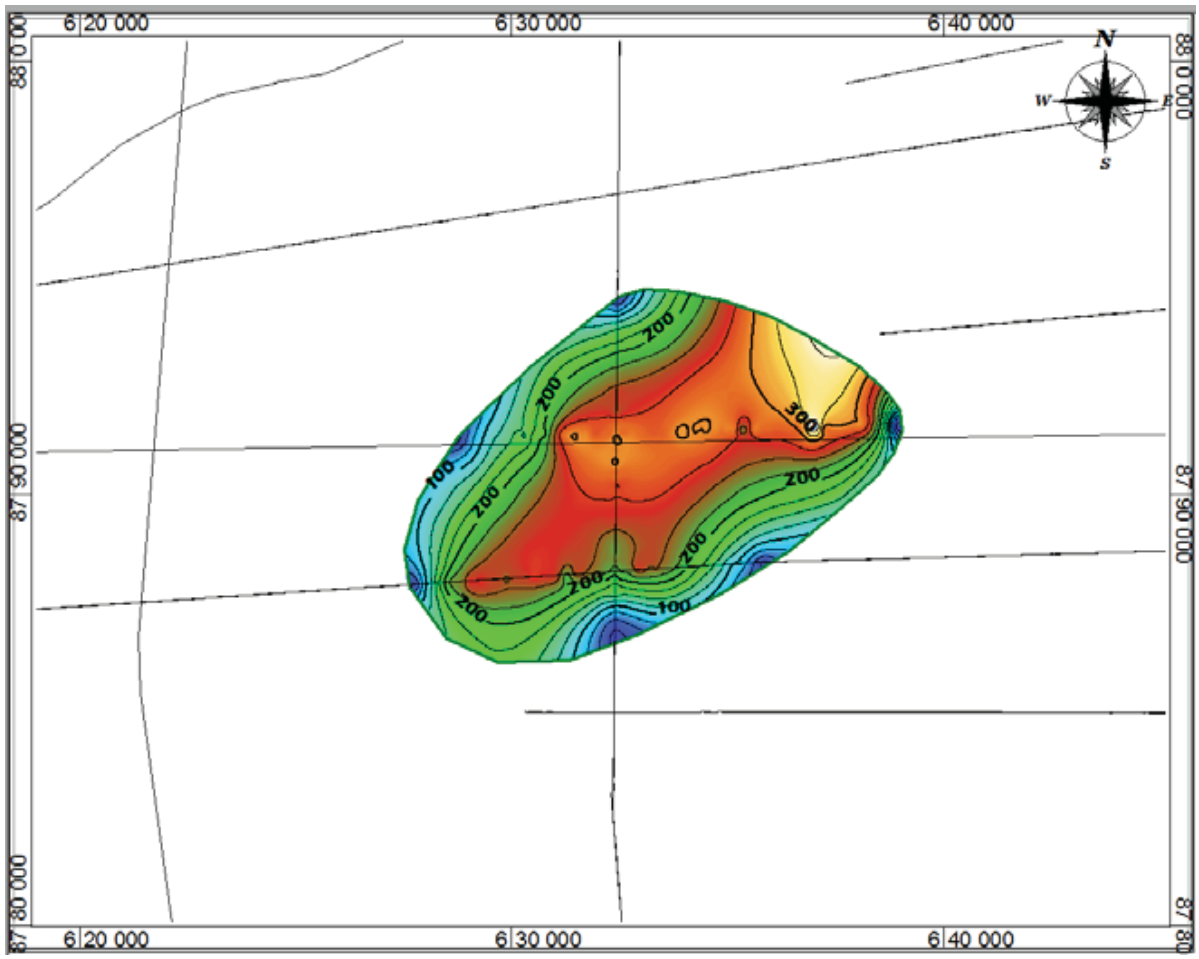


Figure 2. Isopach for the Chilua South prospect. Contour interval is 25 meters.

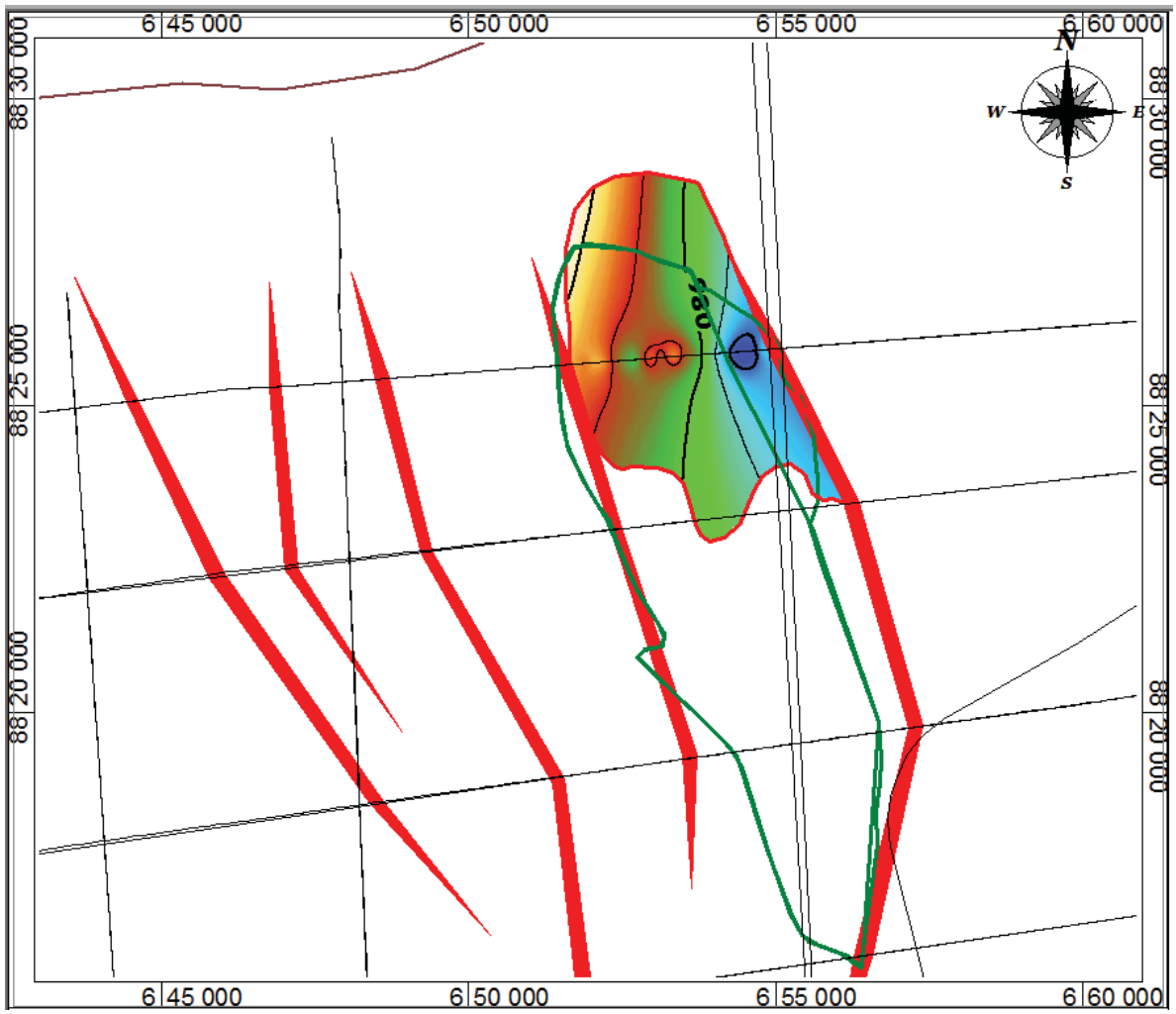


Figure 3. Top Depth Structure for the Graben North Shallow prospect. Contour interval is 10 meters.

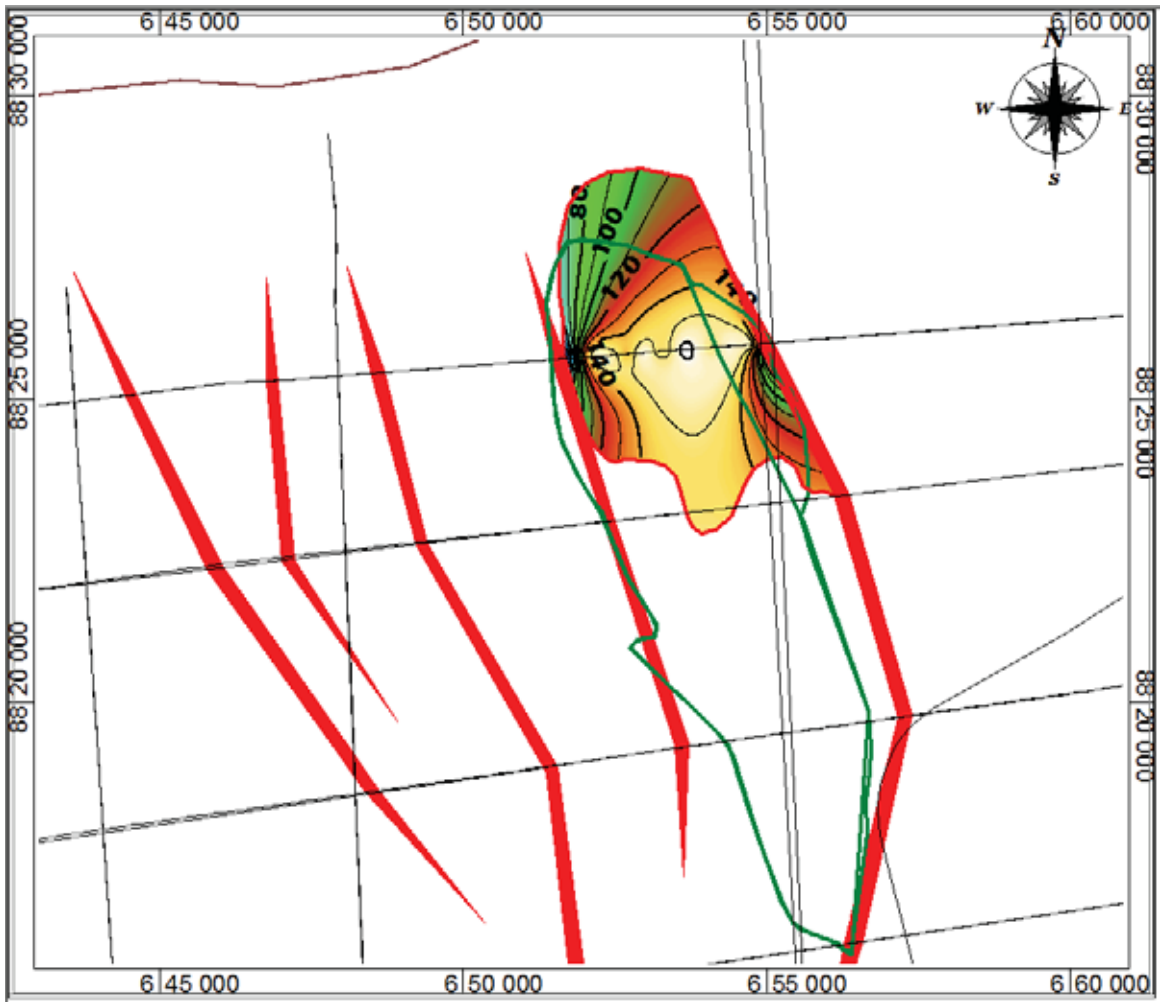


Figure 4. Isopach for the Graben North Shallow prospect. Contour interval is 10 meters.

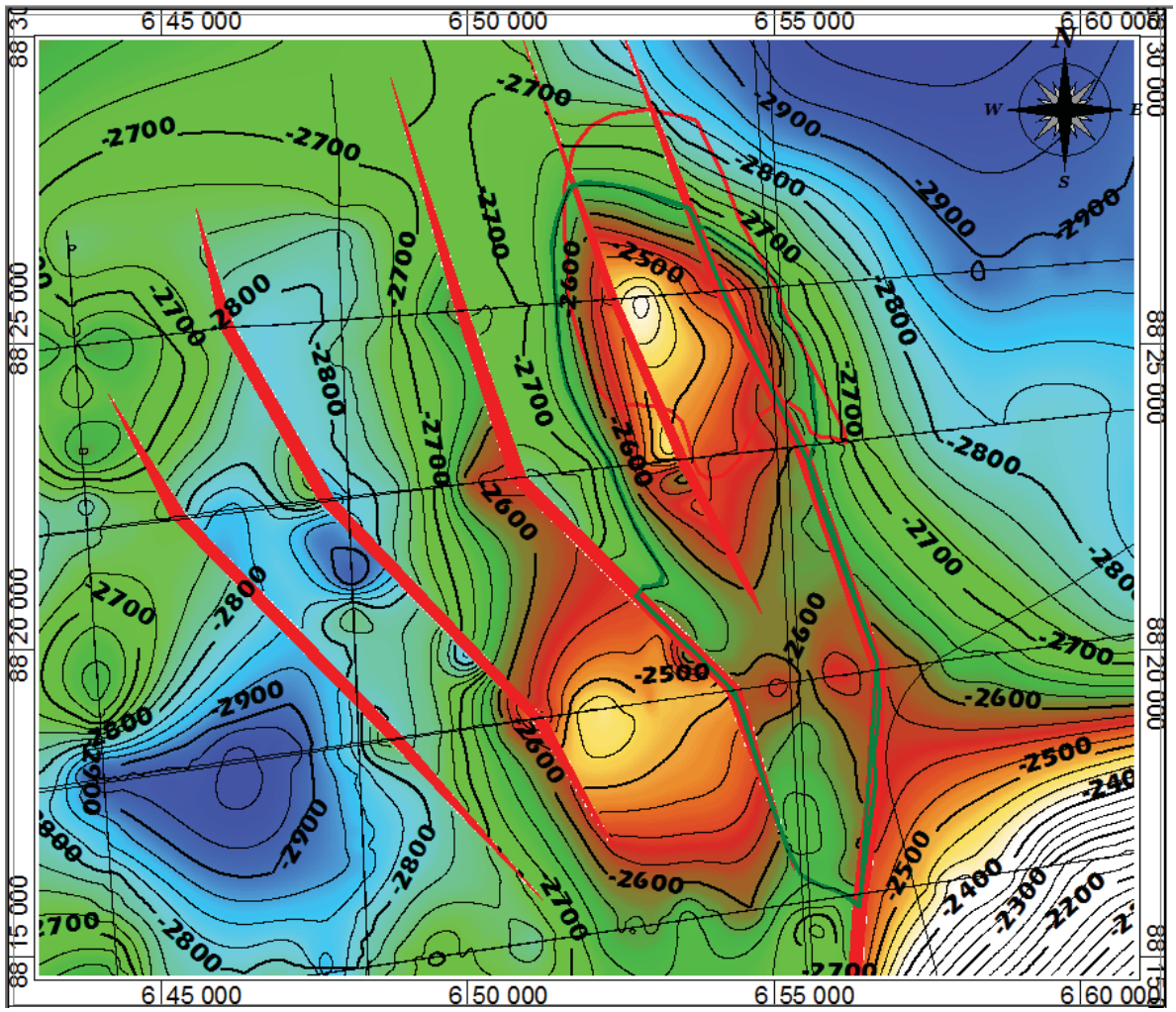


Figure 5. Top Depth Structure for the Graben North Deep prospect. Contour interval is 25 meters.

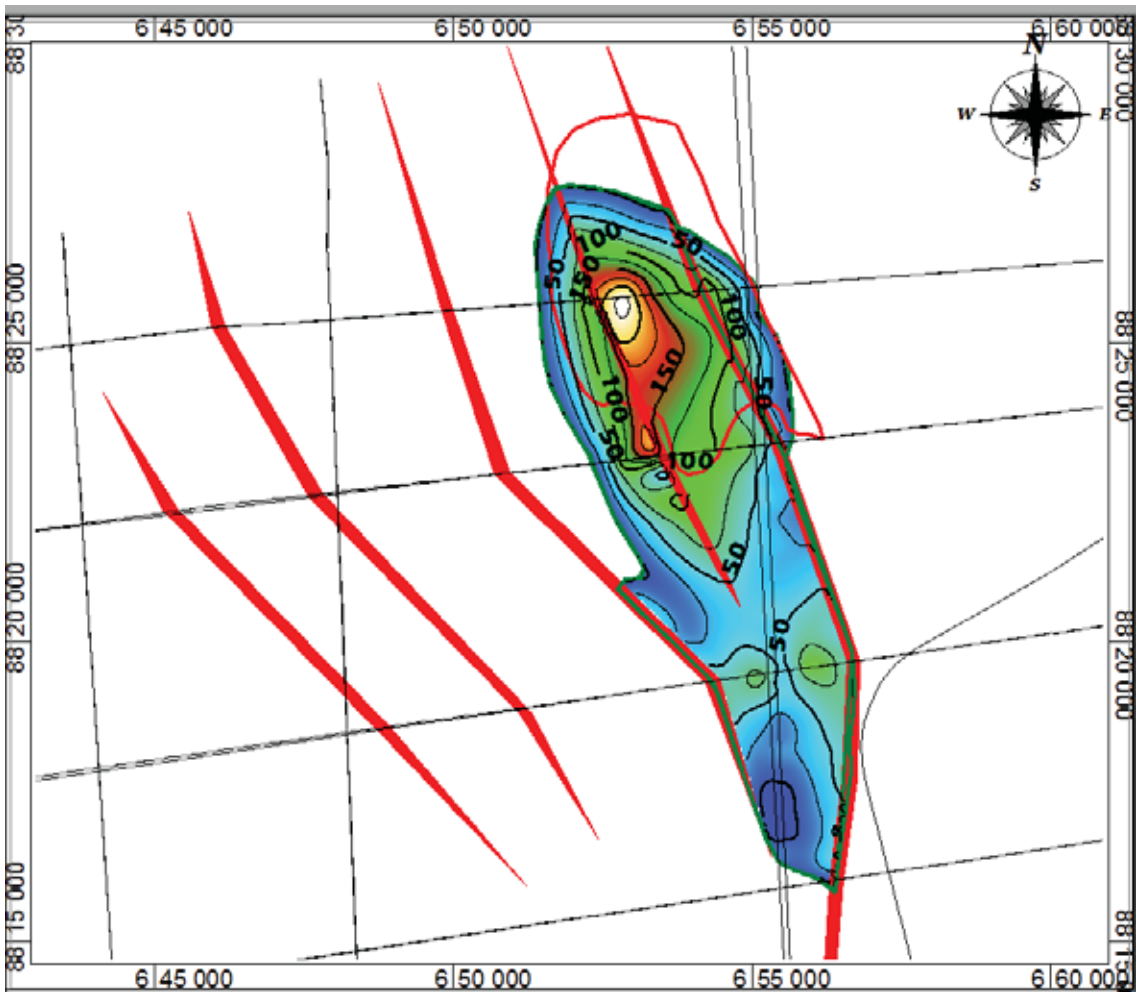


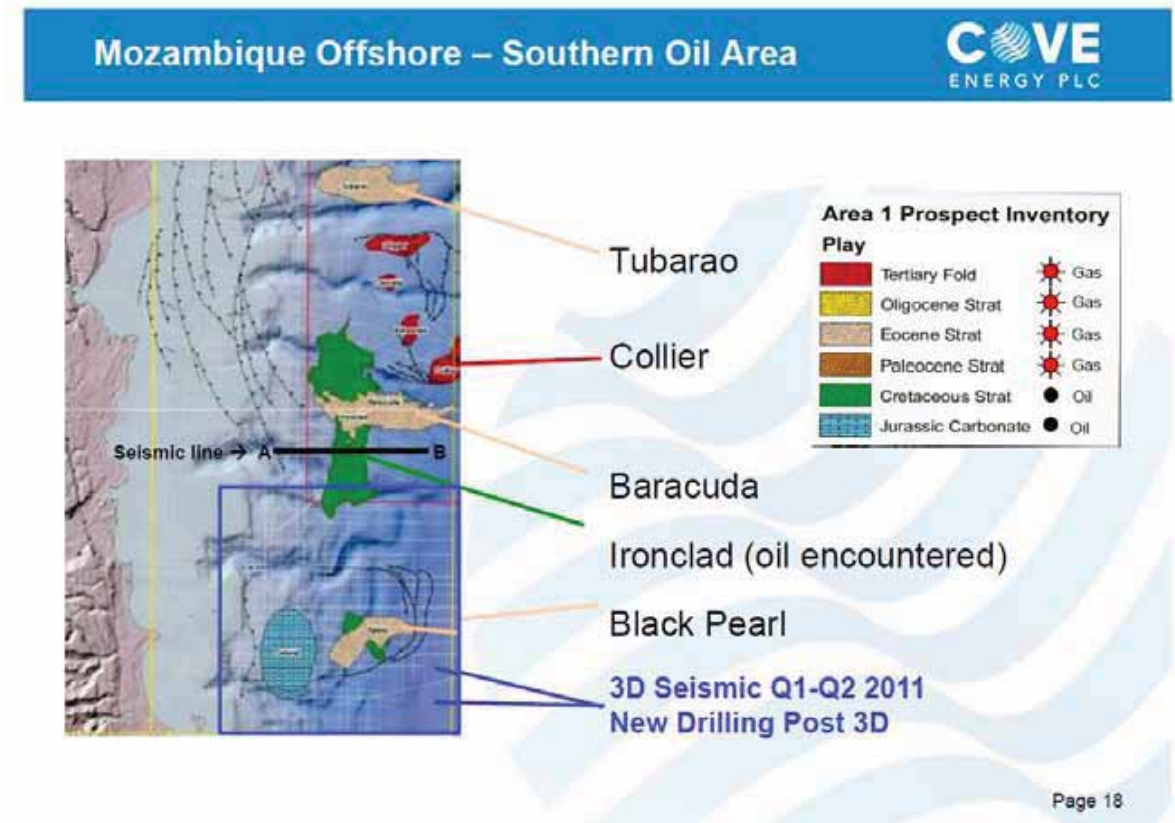
Figure 6. Isopach for the Graben North Deep prospect. Contour interval is 25 meters.

APPENDIX 6

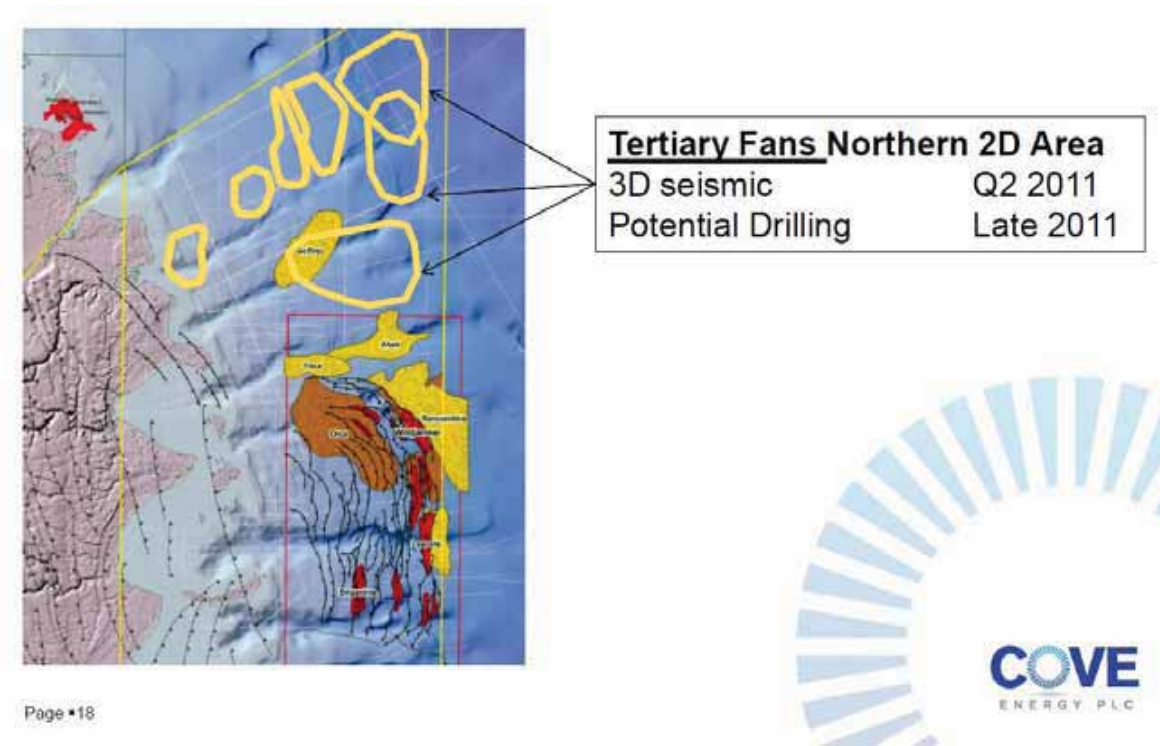
Mozambique Offshore Area 1 Block Press Release and Investor Presentation Materials

APPENDIX 6

Mozambique Offshore Area 1 Southern Area New 3D seismic area.



Northern Area of Offshore Area 1 ("Cabo Delargo" area)



Source: Cove Energy Oilbarrel presentation

Anadarko Press Releases

October 5th. 2011 Anadarko Press Release

(Source: Anadarko Website http://www.anadarko.com/Home/Pages/Home.aspx)

HOUSTON, TX, Oct 05, 2011 (MARKETWIRE via COMTEX) --

Anadarko Petroleum Corporation (NYSE: APC) today announced the cumulative results of its exploration and appraisal success offshore Mozambique have substantially increased the resource potential in the Offshore Area 1 of the deepwater Rovuma Basin. The appraisal section of its most recent exploration well at the Camarao prospect encountered approximately 240 net feet (73 meters) of natural gas pay in an excellent-quality reservoir and confirmed static pressure connectivity with the partnership's previously announced Windjammer and Lagosta discoveries. In addition, the Camarao well discovered approximately 140 net feet (43 meters) of natural gas pay in shallower Miocene and Oligocene sand packages not encountered in previous wells.

"Our successful drilling program offshore Mozambique continues to expand the already world-class resource potential of this frontier basin," said Bob Daniels, Anadarko Sr. Vice President, Worldwide Exploration. "The results of our activity to date provide high confidence that the Windjammer, Barquentine, Lagosta and Camarao complex holds at least 10 Tcf (trillion cubic feet) of recoverable natural gas resources. We are optimistic that our current resource estimates will increase, as we still have significant exploration and appraisal work ahead of us, including the evaluation of two newly acquired 3D seismic

datasets and expanded prospect opportunities. We are mobilizing a second deepwater drillship to the Rovuma Basin to accelerate the campaign, which includes an extensive reservoir testing program and up to seven exploration/appraisal wells over the next 12 months."

Chuck Meloy, Anadarko Sr. Vice President, Worldwide Operations, said, "Given the increased resource potential of this complex, our base case development plans have now been expanded to a minimum of two 5-million-tonne-per-annum trains with the flexibility to develop additional trains based upon continued exploration and appraisal success. Once the first two trains are constructed, this infrastructure is expected to provide economies of scale that can reduce expansion costs for any additional trains. Further, we anticipate the results of our drillstem testing program will help determine the optimal number of subsea development wells and offshore facility requirements. We expect to provide further details regarding this world-class development by early next year."

The Camarao discovery well was drilled to a total depth of approximately 12,630 feet in water depths of approximately 4,730 feet. The well is located approximately 5 miles south of the partnership's original Windjammer discovery and approximately 10 miles north of its Lagosta discovery. The Camarao well will be preserved as part of the partnership's drillstem testing program, and the drillship will be mobilized north to drill the Barquentine-3 appraisal well.

Anadarko is the operator of the 2.6-million-acre Offshore Area 1 with a 36.5-percent working interest. Co-owners in the area are Mitsui E&P Mozambique Area 1, Limited (20 percent), BPRL Ventures Mozambique B.V. (10 percent), Videocon Mozambique Rovuma 1 Limited (10 percent) and Cove Energy Mozambique Rovuma Offshore, Ltd. (8.5 percent). Empresa Nacional de Hidrocarbonetos, E.P.'s 15-percent interest is carried through the exploration phase.

A map of Anadarko's position in Offshore Area 1 of the Rovuma Basin, including the Camarao discovery is available under the "Media Center/Anadarko News" tab at www.anadarko.com.

Anadarko Petroleum Corporation's mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world's health and welfare. As of year-end 2010, the company had approximately 2.42 billion barrels-equivalent of proved reserves, making it one of the world's largest independent exploration and production companies. For more information about Anadarko, please visit www.anadarko.com.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Anadarko believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release, including Anadarko's ability to successfully plan, build and operate an LNG project or drill, develop and operate the drilling prospects identified in this news release. See "Risk Factors" in the company's 2010 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

"Anadarko Announces Another Discovery Offshore Mozambique"

HOUSTON, Oct. 19, 2010 – Anadarko Petroleum Corporation (NYSE: APC) today announced that the Barquentine exploration well in the Offshore Area 1 of Mozambique's Rovuma Basin encountered a total of more than 416 net feet of natural gas pay in multiple high-quality sands. Specifically, the discovery well encountered more than 308 net feet of pay in two Oligocene sands that are separate and distinct geologic features, but age-equivalent to those encountered in Anadarko's previously announced Windjammer discovery. The well also found an additional 108 net feet of gas pay in the Paleocene sands, and the seismic data indicates this deeper pay section is contiguous and appears to be connected to the 75 net feet of pay encountered at the Windjammer discovery, located 2 miles to the southwest. "With the Windjammer, and now Barquentine discoveries, we have identified a substantial natural gas resource and proven that two distinct trap styles are working in this region of the Rovuma Basin, which is very positive for our ongoing exploration program," Anadarko Sr. Vice President, Worldwide Exploration Bob Daniels said. "Based on the high-quality resource and sands encountered to date in both the Barquentine and Windjammer exploration wells, we have begun designing an appraisal program that will better delineate the areal extent of this large accumulation. "These successful exploration wells in this frontier basin are exciting for the people of Mozambique and for our partnership," said Daniels. "We look forward to working with the government of Mozambique as we carry out our appraisal activity in this area and evaluate potential commercialization options."
11
The Barquentine exploration well was drilled to a total depth of approximately 16,880 feet, in water depths of approximately 5,200 feet. Once operations are complete at Barquentine, the partnership plans to mobilize the *Belford Dolphin* drillship approximately 16 miles to the south to drill the Lagosta exploration well, also located in the Offshore Area 1 of the Rovuma Basin.

Anadarko currently holds more than 2.6 million acres in the basin where it has identified more than 50 prospects and leads.

Anadarko is the operator with a 36.5-per cent. working interest in the Offshore Area 1. Co-owners in the area are Mitsui E&P Mozambique Area 1, Limited (20 per cent.), BPRL Ventures Mozambique B.V. (10 per cent.), Videocon Mozambique Rovuma 1 Limited (10 per cent.) and Cove Energy Mozambique Rovuma Offshore, Ltd. (8.5 per cent.). Empresa Nacional de Hidrocarbonetos, ep's 15-per cent. Interest is carried through the exploration phase.

A map of Anadarko's position in the Offshore Area 1 of the Rovuma Basin and the Barquentine discovery will be available under the "Media Center/Anadarko News" tab at www.anadarko.com." Anadarko Petroleum Corporation's mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world's health and welfare. As of year-end 2009, the company had approximately 2.3 billion barrels-equivalent of proved reserves, making it one of the world's largest independent exploration and production companies. For more information about Anadarko, please visit www.anadarko.com.

ANADARKO ANNOUNCES DISCOVERY OFFSHORE MOZAMBIQUE

HOUSTON, Feb. 7, 2011 Anadarko Petroleum Corporation (NYSE: APC) today announced the latest in a string of major deepwater natural gas discoveries off the coast of Mozambique. The Tubarão discovery well encountered more than 110 net feet (34 meters) of natural gas pay and no water in a high-quality Eocene-age reservoir that is separate and distinct from the hydrocarbon

accumulations in Anadarko s three previous discoveries in the Offshore Area 1 of the Rovuma Basin.
The discovery at the Tubarão prospect opens an entirely new play style, which has additional opportunities in Mozambique s Offshore Area 1, Anadarko Sr. Vice President, Worldwide Exploration Bob Daniels said. This is our fourth significant discovery in the offshore Rovuma Basin and further strengthens our confidence in our geologic and geophysical models of the basin. Our seismic imaging indicates Tubarão s areal extent could cover about 15,000 acres that will be better defined with appraisal drilling. In addition, we continue to safely enhance our drilling efficiencies, procedures and methodology in Mozambique, as we drilled this well in half the time of our first exploration wells.

The Tubarão discovery well was drilled to a total depth of approximately 13,900 feet (4,237 meters) in water depths of approximately 2,950 feet (898 meters), approximately 18 miles (29 kilometers) off the Mozambique coast. The partnership plans to preserve the wellbore at Tubarão for potential utilization in future testing. Once operations are complete, the partnership plans to mobilize the rig to the previously announced Windjammer discovery, approximately 26 miles (42 kilometers) northeast of Tubarão, to begin a coring program that will be followed by appraisal drilling in the Windjammer, Barquentine, Lagosta complex.
Anadarko is the operator of the 2.6-million-acre Offshore Area 1 with a 36.5-percent working interest. Co-owners in the area are Mitsui E&P Mozambique Area 1, Limited (20 percent), BPRL Ventures Mozambique B.V. (10 percent), Videocon Mozambique Rovuma 1 Limited (10 percent) and Cove Energy Mozambique Rovuma Offshore, Ltd. (8.5 percent). Empresa Nacional de Hidrocarbonetos, E.P. s 15-percent interest is carried through the exploration phase.2 A map of Anadarko s position in the Offshore Area 1 of the Rovuma Basin and the Tubarão discovery will be available under the Media Center/Anadarko News tab at www.anadarko.com.

Anadarko Petroleum Corporation s mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world s health and welfare. As of year-end 2010, the company had approximately 2.42 billion barrels-equivalent of proved reserves, making it one of the world s largest independent exploration and production companies. For more information about Anadarko, please visit www.anadarko.com.

PART 7

FINANCIAL INFORMATION ON THE COMPANY

Wentworth Resources Limited
Interim Condensed Consolidated Financial Statements

June 30, 2011

WENTWORTH RESOURCES LIMITED
Unaudited Interim Condensed Consolidated Statement of Financial Position
As at

US $000s, unless otherwise stated	Note	June 30, 2011 $	December 31, 2010 $ (note 18)	January 1, 2010 $ (note 18)
ASSETS				
Current assets				
Cash and cash equivalents	5	**13,932**	4,587	2,144
Cash held in trust	5	**-**	-	3,340
Trade and other receivables		**4,853**	6,043	4,113
Prepaid expenses and deposits		**852**	875	814
Inventories		**572**	366	697
		20,209	11,871	11,108
Non-current assets				
Long-term receivable	6	**18,711**	17,399	19,556
Evaluation and exploration assets	7	**17,389**	17,418	18,524
Property and equipment	8	**37,301**	37,135	36,138
		73,401	71,952	74,218
Total assets		**93,610**	**83,823**	**85,326**
LIABILITIES				
Current liabilities				
Trade and other payables		**5,734**	8,353	6,289
Current portion of long-term debt	9	**586**	-	-
Convertible bonds		**-**	-	3,240
		6,320	8,353	9,529
Non-current liabilities				
Long-term loan	9	**6,134**	7,427	1,273
Derivative financial liability		**4,551**	5,008	-
Provisions		**3,347**	3,679	93
		14,032	16,114	1,366
EQUITY				
Share capital	10b	**360,250**	344,246	335,421
Contributed surplus	10d	**16,533**	15,958	9,037
Warrants		**-**	-	7,522
Deficit		**(310,293)**	(307,232)	(284,803)
Equity Attributable to Shareholders		**66,490**	52,972	67,177
Non-controlling interest		**6,768**	6,384	7,254
Total Equity		**73,258**	59,356	74,431
Total Liabilities and Equity		**93,610**	**83,823**	**85,326**

The accompanying notes are an integral part of these interim condensed consolidated financial statements. The interim condensed consolidated financial statements were approved by the Board on August 17, 2011 and were signed on its behalf by:

(Signed) “Cameron Barton”
Director

(Signed) “Neil Kelly”
Director

WENTWORTH RESOURCES LIMITED
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income (Loss)
For the period ended June 30

US $000s, unless otherwise stated	Note	3 months ended June 30, **2011**	2010	6 months ended June 30, **2011**	2010
		$	$	**$**	$
Total revenue	12	**1,934**	1,301	**3,805**	2,382
Operating expenses					
Production and operating		**(1,300)**	(1,392)	**(2,409)**	(2,177)
Depreciation and depletion		**(505)**	(1,010)	**(1,111)**	(2,079)
Gain (loss) on disposal of property and equipment	7,8	**(1)**	2	**(1)**	(41)
General and administrative		**(1,951)**	(2,757)	**(4,617)**	(10,885)
Other income		**423**	169	**969**	807
Total operating expenses		**(3,334)**	(4,988)	**(7,169)**	(14,375)
Total other income (expenses)					
Financing costs		**(145)**	(21)	**(302)**	(21)
Gain on derivative financial liability		**2,347**	-	**457**	-
Redemption of bonds		**-**	-	**-**	162
Net foreign exchange gain		**274**	28	**532**	11
Total other income		**2,476**	7	**687**	152
Income (loss) and comprehensive income (loss)		**1,076**	(3,680)	**(2,677)**	(11,841)
Income (loss) and comprehensive income (loss) attributable to:					
Owners of the Company		**760**	(3,531)	**(3,061)**	(11,642)
Non-controlling interest		**316**	(149)	**384**	(199)
Income (loss) and comprehensive income (loss)		**1,076**	(3,680)	**(2,677)**	(11,841)
Earnings (loss) per share	16				
Basic		**0.01**	(0.11)	**(0.04)**	(0.35)
Diluted		**0.01**	(0.11)	**(0.04)**	(0.35)

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

WENTWORTH RESOURCES LIMITED
Unaudited Interim Condensed Consolidated Statement of Changes in Equity

US $000s, unless otherwise stated	Note	Share Capital $	Contributed surplus $	Warrants $	Deficit $	Total $	Non-controlling interest $	Total Equity $
As at January 1, 2010		335,421	9,037	7,522	(284,803)	67,177	7,254	74,431
Loss and comprehensive loss		-	-	-	(11,642)	(11,642)	(199)	(11,841)
Share-based compensation		-	(776)	-	-	(776)	-	(776)
Share issuance		764	-	-	-	764	-	764
As at June 30, 2010		336,185	8,261	7,522	(296,445)	55,523	7,055	62,578
As at December 31, 2010		344,246	15,958	-	(307,232)	52,972	6,384	59,356
Loss and comprehensive loss		**-**	**-**	**-**	**(3,061)**	**(3,061)**	**384**	**(2,677)**
Share-based compensation expense	11	**-**	**575**	**-**	**-**	**575**	**-**	**575**
Share issuance		**17,081**	**-**	**-**	**-**	**17,081**	**-**	**17,081**
Share issue costs		**(1,077)**	**-**	**-**	**-**	**(1,077)**	**-**	**(1,077)**
As at June 30, 2011		**360,250**	**16,533**	**-**	**(310,293)**	**66,490**	**6,768**	**73,258**

WENTWORTH RESOURCES LIMITED
Unaudited Interim Condensed Consolidated Statement of Cash flows
For the period ended June 30

US $000s, unless otherwise stated	Note	3 months ended June 30, 2011 $	2010 $	6 months ended June 30, 2011 $	2010 $
Cash provided by (used for) the following activities					
Operating activities					
Loss for the period		**1,076**	(3,680)	**(2,677)**	(11,841)
Add (deduct) non-cash items:					
Depreciation and depletion	7,8	**505**	1,010	**1,111**	2,079
Loss (gain) on sale of property and equipment		**1**	(2)	**1**	41
Share-based compensation expense	11	**351**	(13)	**575**	(12)
Accretion and provision		**(753)**	(503)	**(2,059)**	2,903
Interest accrued		**297**	-	**297**	-
Gain on derivative financial liability		**(2,347)**	-	**(457)**	-
Unrealized foreign exchange loss (gain)		**(1,387)**	215	**(524)**	675
		(2,257)	(2,973)	**(3,733)**	(6,155)
Changes in working capital:					
Change in inventories		**(100)**	(168)	**(206)**	333
Change in trade and other receivables		**408**	638	**1,630**	344
Change in prepaid expenses and deposits		**(179)**	147	**23**	(163)
Change in trade and other payables		**(514)**	586	**(3,200)**	(454)
Cash used in operations		**(2,642)**	(1,770)	**(5,486)**	(6,095)
Investment activities					
Purchase of property and equipment and evaluation and exploration assets	7,8	**(293)**	(1,897)	**(1,259)**	(2,570)
Proceeds from sale of property and equipment		**-**	25	**17**	35
Cash used in investing activities		**(293)**	(1,872)	**(1,242)**	(2,535)
Financing activities					
Issuance of common shares	10b	**3,554**	-	**17,081**	-
Share issue costs	10b	**(231)**	-	**(1,077)**	-
(Repayments) proceeds of long term loan	9	**54**	622	**-**	5,888
Other long term liabilities		**69**	-	**69**	-
Proceeds from convertible loan		**-**	1,500	**-**	1,500
Repayment of convertible bonds		**-**	-	**-**	(2,340)
Proceeds from redemption of convertible bonds		**-**	-	**-**	2,340
Cash held in trust release for general use		**-**	60	**-**	60
Finance expense		**-**	-	**-**	121
Cash provided by financing activities		**3,446**	2,182	**16,073**	7,569
Increase (decrease) in cash and cash equivalents		**511**	(1,460)	**9,345**	(1,061)
Cash and cash equivalents, beginning of the period		**13,421**	2,543	**4,587**	2,144
Cash and cash equivalents, end of the period		**13,932**	1,083	**13,932**	1,083

1. Reporting Entity

Wentworth Resources Limited ("Wentworth" or the "Company") is an East African-focused oil and natural gas producer and explorer. Wentworth is actively involved in developing commercial opportunities for identified hydrocarbon resources, including Methanol, Ammonia, Urea, and electricity generation. The electricity generation and transmission and distribution activities are governed by the Electricity Act of the United Republic of Tanzania.

2. Basis of preparation

Statement of compliance

International Financial Reporting Standards ("IFRS") require entities that adopt IFRS to make an explicit and unreserved statement in their first annual IFRS financial statements of compliance with IFRS. The Company will make this statement when it issues its financial statements for the year ending December 31, 2011. These financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its consolidated financial statements for the year ending December 31, 2011.

The Company adopted IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date to IFRS of January 1, 2010. Consequently the comparative figures for 2010 and the Company's statement of financial position as at January 1, 2010 have been restated from accounting principles generally accepted in Canada ("Canadian GAAP") to comply with IFRS.

The preparation of these interim consolidated financial statements resulted in changes to the Company's accounting policies as presented in the consolidated financial statements for the year ended December 31, 2010 prepared under Canadian GAAP. The Company's accounting policies have been applied consistently to all years presented in these interim consolidated financial statements with the exception of certain IFRS 1 exemptions the Company applied in its transition from Canadian GAAP to IFRS as discussed in Note 18. These interim consolidated financial statements included all necessary disclosures required for interim financial statements but do not include all of the necessary disclosures required for annual financial statements. Therefore, these interim consolidated financial statements should be ready in conjunction with the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2010 and the annual disclosures and accounting policies included in the interim consolidated financial statements as at and for the three months ended March 31, 2011.

The standards that will be effective or available for voluntary early adoption in the consolidated financial statements for the year ending December 31, 2011 are subject to change and may be affected by additional interpretations. Accordingly the accounting policies will be finalized when the first annual IFRS consolidated financial statements are prepared for the year ending December 31, 2011. The accounting policies the Company expects to adopt in its consolidated financial statements as at and the year ending December 31, 2011 are disclosed in Note 3 of the Company's condensed interim consolidated financial statements as at and for the three months ended March 31, 2011.

Basis of measurement

These interim consolidated financial statements are presented in US dollars and were prepared on a going concern basis.

Use of estimates and judgments

The preparation of interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in Note 4.

2. Basis of preparation (continued)

Functional and presentation currency
These interim consolidated financial statements are presented in US dollars and the Company's functional currency is Canadian dollars.

3. Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2013 or later periods. The standards impacted that are applicable to the Company are as follows:

i) IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The Company is currently evaluating the impact of this amendment to IAS 12 on its consolidated financial statements.

ii) IAS 27 replaced the existing IAS 27 ''Consolidated and Separate Financial Statements''. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

iii) IAS 28 was amended in 2011 which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this amendment to IAS 28 on its consolidated financial statements.

iv) IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective as of July 1, 2011. The Company is currently evaluating the impact of these amendments to IFRS 7 on its consolidated financial statements.

v) IFRS 9 was issued in November 2009 and is the first step to replace current IAS 39, ''Financial Instruments: Recognition and Measurement''. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

vi) IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 ''Consolidated and Separate Financial Statements'' and SIC-12 ''Consolidation—Special Purpose Entities'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

3. Recent accounting pronouncements (continued)

vii) IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 ''Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

viii) IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

ix) IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

4. Critical judgments and accounting estimates

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the interim consolidated financial statements are:

Assessment of commercial reserves and resources
Management is required to assess the Company's resources together with the future expenditures to access those resources, which are utilized in assessing whether any impairment charge is required against producing and developed assets, and the determination of the deferred tax liability. Management is also required to assess the Company's reserves in determining the depletion charge for the period. By their nature, these estimates of discovered and probable crude oil and natural gas reserves and resources, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty. The Company employs an independent resources specialist who periodically assesses the Company's level of commercial reserves and resouces by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's crude oil and natural gas reserves and resources. To the extent that these are not yet commercial, the Company classifies its oil and natural gas as resources.

4. Critical judgments and accounting estimates (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

Decommissioning provisions

Decommissioning provisions consist of obligations for the retirement of assets that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free interest rate.

Useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all available tax pools and tax deductions and other relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

5. Cash and cash equivalents

	June 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Cash on deposit at banks and on hand	**3,132**	4,587	2,144
Term deposits	**10,800**	-	-
Restricted cash held in trust	**-**	-	3,340
	13,932	4,587	5,484

6. Long-term receivable

On June 30, 2009, the Tanzania Petroleum Development Corporation ("TPDC") and the Company entered into a Joint Operating Agreement ("JOA") related to the gas concession in Tanzania. Under the terms of the agreement, TPDC will participate in a 20% share in the Mnazi Bay Development Area production, and will pay the Company for the past costs incurred, from its share of future production. The undiscounted amount receivable from TPDC is $30 million. The Company initially determined the fair value of this receivable, given the credit quality and term of the financial instrument to be approximately $19.4 million. This long term receivable will be accreted over the expected term of the asset (2015), and the accretion is included in interest expense on the statement of comprehensive income (loss) in each period.

	TPDC receivable $
As at January 1, 2010	20,016
Accretion	3,335
Amount offset against TPDC receivable	(482)
Addition	(15)
Changes in accounting estimates	(4,749)
As at December 31, 2010	18,105
Accretion	1,543
Amount offset against TPDC receivable	(351)
Addition	129
As at June 30, 2011	**19,426**
Current portion included in trade and other receivables	**(715)**
Long term portion	**18,711**

7. Exploration and evaluation assets

	Exploration and evaluation assets $
Cost	
At January 1, 2010	85,868
Allocation	(99)
Impairment	(123)
At December 31, 2010	85,646
Additions	63
At June 30, 2011	**85,709**
Amortization and impairment losses	
At January 1, 2010	(67,908)
Amortization	(321)
At December 31, 2010	(68,229)
Amortization	(91)
At June 30, 2011	**(68,320)**
Net carrying amounts	
At January 1, 2010	17,960
At December 31, 2010	17,418
At June 30, 2011	**17,389**

8. Property and equipment

	Natural gas properties $	Power generation, transmission and distribution facilities $	Office and other equipment $	Total $
Cost				
At January 1, 2010	88,754	16,639	8,026	113,419
Additions	310	4,575	-	4,885
Allocation	99	-	-	99
Disposals	-	(99)	(696)	(795)
At December 31, 2010	89,163	21,115	7,330	117,608
Additions	636	560	-	1,196
Disposals	-	(10)	(80)	(90)
At June 30, 2011	**89,799**	**21,665**	**7,250**	**118,714**
Depreciation and impairment losses				
At January 1, 2010	(69,774)	(2,414)	(4,529)	(76,717)
Depreciation charge for the period	(429)	(1,143)	(2,072)	(3,644)
Impairment	-	(691)	-	(691)
Disposals	-	25	555	580
At December 31, 2010	(70,203)	(4,223)	(6,046)	(80,472)
Depreciation charge for the period	(187)	(651)	(182)	(1,020)
Disposals	-	9	71	80
At June 30, 2011	**(70,390)**	**(4,865)**	**(6,157)**	**(81,412)**
Net book value				
January 1, 2010	18,980	14,225	3,497	36,702
December 31, 2010	18,960	16,892	1,283	37,135
June 30, 2011	**19,409**	**16,800**	**1,093**	**37,302**

9. Long-term loan

		Currency	Year of maturity	Description	June 30,2011 $	December 31, 2010 $	January 1, 2010 $
Secured bank loan	(a)	TZS	2017	Principle	**7,340**	7,340	1,273
				Accrued interest	**808**	511	-
				FX valuation	**(1,428)**	(424)	-
				Sub total	**6,720**	7,427	1,273
				Current portion	**(586)**	-	-
Balance, end of period					**6,134**	7,427	1,273

(a) Secured bank loan

On December 24, 2009, the Tanzania Investment Bank Limited ("TIB") extended a long term loan of a maximum of 10 billion Tanzanian Shillings (approximately $7 million) to Wentworth Gas Limited (formerly AG&P Gas Limited), a subsidiary of the Company for its operating requirements and the repayment of an intercompany debt ($2.4 million) to its parent company. As at December 31, 2010 the loan was fully drawn. The term of the facility is eight years, which includes a two year grace period ending January 4, 2012 in which no interest or principal will be payable. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas interest following the grace period will be paid quarterly at a fixed rate of 9.18% per annum. Principal repayment will be required to be made in 24 equal quarterly installments following the grace period.

Security for the long term loan is a debenture creating a first charge over all issued share capital of Wentworth Gas Limited, supported by a pledge to assign to TIB the Company's exploration/concession rights over the Mnazi Bay petroleum reserves and wells in case of default.

10. Share capital and reserves

A) Authorised

Unlimited number of common voting shares without nominal or par value
Unlimited number of non-voting preferred shares to be issued in series, without nominal or par value

B) Issued common shares

	Number of Shares	$
Artumas		
At January 1, 2010	31,764,804	335,421
Shares issued for cash	1,571,347	764
As at July 25, 2010	33,336,151	336,185
Wentworth (Business combination)		
Shares issued for cash	28,383,789	8,061
As at December 31, 2010	61,719,940	344,246
Shares issued for cash (i)	15,000,000	13,527
Share issue costs (i)	-	(846)
Shares issued for cash (ii)	3,750,000	3,554
Share issue costs (ii)	-	(231)
As at June 30, 2011	**80,469,940**	**360,250**

i) On February 28, 2011, the Company completed the financing with investors for a private placement issuance of 15,000,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90 per share) for total gross proceeds of NOK 77,250 (approximately $13,527). Share issue costs were $846.

ii) On April 26, 2011, the Company completed the financing with investors for a private placement issuance of 3,750,000 new common shares, for cash consideration of NOK 5.445 (approximately $0.948 per share) for total gross proceeds of NOK 20,419 (approximately $3,554). Share issue costs were $231.

C) Non-controlling interest

Netherlands Development Financial Institution's ("FMO's") non-controlling interest in a subsidiary holding the Company's Tanzanian assets was 12.67%, as at June 30, 2011(December 31, 2010 – 12.67%).

D) Contributed surplus

The contributed surplus reserve is used to recognise the fair value of share options granted to employees, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital. Refer to Note 11 for further details of these plans.

	Contributed surplus $
As at January 1, 2010	9,037
Warrants expired	7,522
Share-based compensation	(763)
Share-based compensation expense	150
Warrants issued to officer and director	12
As at December 31, 2010	15,958
Share-based compensation expense	575
As at June 30, 2011	**16,533**

11. Share-based payments

A summary of the share option transactions for the periods ended June 30, 2011 and 2010 are as follows:

	2011		2010	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Outstanding at January 1,	**4,750,000**	**0.60**	8,805	267
Issued	**1,600,000**	**0.72**	-	-
Forfeited/expired	**-**	**-**	(2,728)	197
Outstanding at June 30,	**6,350,000**	**0.63**	6,077	250

The following table summarizes stock options outstanding and exercisable under the Plan:

	June 30, 2011		December 31, 2010		January 1, 2010	
Exercise prices $	**Number outstanding**	**Expiry date**	Number outstanding	Expiry date	Number outstanding	Expiry date
29.00	**-**	**-**	-	-	3,750	January 23, 2019
175.00	**-**	**-**	-	-	700	April 15, 2014
225.00	**-**	**-**	-	-	750	Jan 1, 2015
469.00	**-**	**-**	-	-	1,302	March 31, 2018
500.00	**-**	**-**	-	-	1,978	Dec 22, 2016
1,069.00	**-**	**-**	-	-	325	March, 31 2017
0.59	**1,000,000**	**October 1, 2020**	1,000,000	October 1, 2020	-	-
0.67	**3,750,000**	**October 4, 2020**	3,750,000	October 4, 2020	-	-
1.04	**1,600,000**	**April 6, 2021**	-	-	-	-
	6,350,000		**4,750,000**		**8,805**	

The exercise price for the stock options are in NOK and as a result the US dollar equivalent amount shown above have been updated at June 30, 2011 for any changes in exchange rates.

The Company accounts for its stock-based compensation at fair value. During the period of six and three months ended June 30, 2011, $575 and $351 in stock-based compensation cost was incurred as a result of ongoing vesting of previously awarded stock options and was recognized in comprehensive income (loss) with an offsetting amount charged to contributed surplus (2010 - $13 and $12).

The estimated weighted average fair value of share options granted during the period was $0.63 (2010 - $0.250) per unit option. The weighted average unit price at the date of options exercised during the period was $0.72 (2010 - $0.60). The fair value of each share option grant was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

	2011	**2010**
Expected free interest rate (%)	**3.75**	3.28
Expected volatility (%)	**74**	74
Expected life (in years)	**3**	3
Expected dividends ($)	**nil**	nil

12. Revenue

	Three months ended June 30		Six months ended June 30	
	2011	2010	**2011**	2010
	$	$	**$**	$
Natural gas sales	**172**	145	**336**	206
Power sales	**1,762**	1,088	**3,416**	2,067
Other	**-**	68	**53**	109
Total revenue	**1,934**	1,301	**3,805**	2,382

13. Capital management

Wentworth management considers its capital structure to consist of cash and cash equivalents, long-term loan and shareholders' equity.

Management continues to actively pursue possible sources of funding to satisfy longer term liquidity requirements including the completion of the financing of the Mtwara Energy Project and accessing capital and debt markets.

On April 26, 2011, the Company completed the financing with investors for a private placement issuance of 3,750,000 new common shares, for cash consideration of NOK 5.45 (approximately $0.95) per share for total gross proceeds of NOK 20,419 (approximately $3,554).

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the period ended June 30, 2011. The Company is not subject to externally imposed capital requirements.

Total capitalization

As at,	**June 30, 2011**	December 31, 2010
	$	$
Shareholders' equity	**73,258**	59,356
Long-term loan	**6,720**	7,427
Cash	**13,932**	4,587
	93,910	71,370

14. Financial instruments and risk management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the financial statements and how the fair value of financial instruments measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices)

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		June 30, 2011		December 31, 2010	
Financial Instrument Classification	**Note**	**Carrying Value $**	**Fair value $**	Carrying Value $	Fair Value $
FVTPL:					
Cash and cash equivalents	(a)	**13,932**	**13,932**	4,587	4,587
Derivative financial liability		**4,551**	**4,551**	5,008	5,008
Loans and receivables:					
Trade and other receivables	(b)	**4,853**	**4,853**	6,043	6,043
Long-term receivables		**18,711**	**18,711**	17,399	17,399
Other financial liabilities:					
Trade and other payables	(b)	**5,734**	**5,734**	8,353	8,353
Long-term loan		**6,720**	**6,720**	7,427	7,427

(a) Fair values are determined from transaction values which reflect quoted active market prices. Fair values of these financial instruments are based on Level 1 measurements.
(b) Carrying value is measured at amortized cost using the effective interest rate method. The carrying values approximate fair values due to the short term nature of the instrument.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices) The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

14. Financial instruments and risk management (continued)

Credit Risk

Credit risk is the risk that the financial assets from a specific counterparty will be lost if a counterparty defaults on its obligations. Wentworth' maximum credit risk is equal to the carrying value of its trade, other and long term receivables and its credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. No material amounts are past due and no material allowances have been made. The credit risk with respect to the long-term receivable is limited as it is due from the Tanzania Petroleum Development Corporation ("TPDC") and is to be paid from TPDC's share of Tanzanian gas production.

All of the operating revenues of the Company are paid by Tanzania Electric Supply Company Limited ("TANESCO") under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

Substantially all of the Company's cash and cash equivalents are held at one recognized international financial institution in Canada. Cash held in trust was held in a trust company in the United States of America. As a result, the Company was exposed to concentration of credit risk associated with these institutions. The Company manages its risk on investments by limiting them to guaranteed investment certificates purchased at this financial institution and investing for short periods of time.

The maximum exposure to credit risk as at:

	June 30, 2011	December 31, 2010
	$	$
Trade and other receivables	**4,853**	6,043
Long-term receivable	**18,711**	17,399
Cash and cash equivalents	**13,932**	4,587
	37,496	28,029

Liquidity risk

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

The table below summarizes the maturity profile of the Corporation's financial liabilities at June 30, 2011 and December 31, 2010 based on contractual undiscounted payments.

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
As at June 30, 2011					
Trade and other payables	**3,621**	**2,699**	**-**	**-**	**6,320**
Long-term loan	**1,236**	**1,184**	**3,714**	**-**	**6,134**
Derivative financial liability	**4,551**	**-**	**-**	**-**	**4,551**
	9,408	**3,883**	**3,714**	**-**	**17,005**
As at December 31, 2010					
Trade and other payables	6,867	1,486	-	-	8,353
Long-term loan	-	2,068	5,359	-	7,427
Derivative financial liability	5,008	-	-	-	5,008
	11,875	3,554	5,359	-	20,788

14. Financial instruments and risk management (continued)

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.

Commodity price risk

Commodity price risk is the risk that the Company suffers financial loss as a result of fluctuations in crude oil or natural gas prices. The Company's exposure to commodity price risk is not significant as it has not yet begun large-scale commercial production in the gas segment.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt in the form of the long term loan, is at fixed rates, and therefore there is no interest rate risk related to these instruments. The Company's objective is to minimize its interest rate risk by investing for short periods (less than 1 year) and only in term deposits.

The risk related to interest rates is not material.

Foreign exchange risk

Foreign exchange rate risk is the risk that the Company suffers financial loss as a result of changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign currency exchange rates. Wentworth operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian shilling and Canadian dollar against its functional currency of its operating entities, the US dollar. The Company's objective is to minimize its risk by borrowing funds in US dollars and revenues are paid (or indexed) to the US dollar. In addition, it holds substantially all of its cash and cash equivalents in US dollars, and converts to other currencies only when cash requirements demand such conversion. The Company does not have any exposure to highly inflationary foreign currencies.

As at June 30, 2011 and December 31, 2010, the following balances are denominated in foreign currency:

	United States dollar	Canadian dollar	Tanzanian Shilling	Other currency
June 30, 2011				
Cash and cash equivalents	**13,875**	**30**	**16**	**11**
Trade and other receivables	**2,479**	**-**	**1,610**	**764**
Trade and other payables	**1,668**	**942**	**1,346**	**2,364**
Derivative financial liability	**-**	**-**	**-**	**4,551**
Provisions	**112**	**3,235**	**-**	**-**
Long term loan	**-**	**-**	**6,134**	**-**
December 31, 2010				
Cash and cash equivalents	4,478	24	33	52
Trade and other receivables	2,531	-	1,672	1,840
Trade and other payables	3,564	903	1,732	2,154
Derivative financial liability	-	-	-	5,008
Provisions	105	3,574	-	-
Long term loan	-	-	7,427	-

14. Financial instruments and risk management (continued)

A 10% increase/decrease of the Canadian dollar against the U.S dollar would result in a change in net loss before tax and comprehensive loss of approximately $1. In addition, a 10% increase/decrease of the Tanzanian shilling against the U.S dollar would result in a change in net loss before tax and comprehensive loss of approximately $130.

15. Related party transaction

Balances and transactions between Wentworth and its subsidiaries, which are related parties of the Wentworth, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Transactions with related parties

(a) During the period ended June 30, 2011, legal services amounting to $nil (2010 - $328) were provided by a law firm in which one of the former officers of the Company is a partner. The transactions have been recorded at the fair value.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the six and three months period were as follows:

	Three months ending		Six months ending	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	$	$	**$**	$
Short-term employee benefits	**383**	142	**774**	310

16. Earnings (loss) per share

Basic and diluted earnings (loss) per share

The calculation of basic earnings (loss) per share for the three months ending June 30, 2011 was based on income (loss) of $760 (2010: $(3,531)) and for the six months ending June 30, 2011 was based on loss of $(3,061) (2010: $(11,642)). Stock options were dilutive and other equity instruments such as warrants, and convertible bonds were anti-dilutive for both periods.

	Weighted average number of shares (thousands)	**Per share amount $**
For period ending June 30, 2011		
Three months period		
– Basic	80,264	0.01
– Diluted	80,264	0.01
Six months period		
– Basic	74,524	(0.04)
– Diluted	74,524	(0.04)

17. Segmented information

The Company conducts its business through three major operating business segments. Gas operations include the exploration, development, production and transportation of natural gas and other hydrocarbons, and these activities are carried out in Tanzania and Mozambique. The Power segment includes the production and distribution of electricity in Tanzania. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation. Shared Services includes investment income, interest expense, financing related expenses and general corporate expenditures.

For the six months ended June 30, 2011

	Tanzania Gas Operations	Tanzania Power Operations	Mozambique Gas Operations	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Segmented sales to customers	388	3,417	-	-	-	3,805
Expenses						
Gas purchase cost	-	1,651	-	-	-	1,651
Operating expenses	158	584	16	-	-	758
Depreciation and depletion	30	644	76	361		1,111
General and administrative expenses	1,651	511	133	2,322	-	4,617
Other (income) expenses	(2,211)	20	274	262	-	(1,655)
Total segmented expenses	(372)	3,410	499	2,945	-	6,482
Income (loss) before non-controlling interest	760	7	(499)	(2,945)	-	(2,677)
Non-controlling interest						(384)
Net income (loss)						(3,061)
Long-term receivable	18,771	-	-	-	-	18,771
Property and equipment additions	637	560	62	-	-	1,259
Exploration and evaluation assets (NBV)	11,450	-	5,939	-	-	17,389
Property and equipment (NBV)	19,412	16,797	-	1,168	(76)	37,301

17. Segmented information (continued)

For the three months ended June 30, 2011

	Tanzania Gas Operations	Tanzania Power Operations	Mozambique Gas Operations	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Segmented sales to customers	172	1,762	-	-	-	1,934
Expenses						
Gas purchase cost	-	842	-	-	-	842
Operating expenses	139	304	15	-	-	458
Depreciation and depletion	15	322	35	133		505
General and administrative expenses	746	275	44	886	-	1,951
Other (income) expenses	(1,408)	34	1	(1,525)	-	(2,898)
Total segmented expenses	(508)	1,777	95	(506)	-	858
Income (loss) before non-controlling interest	680	(15)	(95)	506	-	1,076
Non-controlling interest						(316)
Net income (loss)						760
Long-term receivable	18,771	-	-	-	-	18,771
Property and equipment additions	211	20	62	-	-	293

17. Segmented information (continued)

For the six months ended June 30, 2010

	Tanzania Gas Operations	Tanzania Power Operations	Mozambique Gas Operations	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Segmented sales to customers	315	2,067	-	-	-	2,382
Inter-segment sales	-	-	-	9	(9)	-
	315	2,067	-	9	(9)	2,382
Expenses						
Gas purchase cost	-	1,012	-	-	-	1,012
Operating expenses	388	777	-	-	-	1,165
General and administrative expenses	1,270	908	(186)	8,893	-	10,885
Other (income) expenses	(1,595)	1,161	181	1,414	-	1,161
Inter-segment expenses	6	3	-	-	(9)	-
Total segmented expenses	69	3,861	(5)	10,307	(9)	14,223
Income (loss) before non-controlling interest	246	(1,794)	5	(10,298)	-	(11,841)
Non-controlling interest						199
Net income (loss)						(11,642)
Long-term receivable	17,399	-	-	-	-	17,399
Property and equipment additions	90	2,603	(123)	-	-	2,570

17. Segmented information (continued)

For the three months ended June 30, 2010

	Tanzania Gas Operations	Tanzania Power Operations	Mozambique Gas Operations	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Segmented sales to customers	213	1,088	-	-	-	1,301
Inter-segment sales	-	-	-	9	(9)	-
	213	1,088	-	9	(9)	1,301
Expenses						
Gas purchase cost	-	532	-	-	-	532
Operating expenses	374	486	-	-	-	860
General and administrative expenses	427	549	(45)	1,826	-	2,757
Other (income) expenses	(820)	917	92	643	-	832
Inter-segment expenses	6	3	-	-	(9)	-
Total segmented expenses	(13)	2,487	47	2,469	(9)	4,981
Income (loss) before non-controlling interest	226	(1,399)	(47)	(2,460)	-	(3,680)
Non-controlling interest						149
Net income (loss)						(3,531)
Long-term receivable	17,399	-	-	-	-	17,399
Property and equipment additions	90	1,930	(123)	-	-	1,897

18. Transition to IFRS

The Company transitioned from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS effective January 1, 2010 ("the transition date") and has prepared its opening IFRS consolidated balance sheet as at that date. The Company's consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements that the Company will prepare in accordance with IFRS. The Company will ultimately prepare its opening IFRS consolidated balance sheet by applying existing IFRS with an effective date of December 31, 2011 or prior. Accordingly, the opening IFRS consolidated balance sheet and the December 31, 2010 comparative balance sheet presented in the consolidated financial statements may differ from those presented at this time.

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Company has taken the following exemptions:

IFRS 2 Share-Based Payment Transactions ("IFRS 2")
IFRS 2 encourages application of its provisions to equity instruments granted on or before November 7, 2002, but requires the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company has elected to utilize this exemption to avoid applying IFRS 2 retrospectively and restate all share-based liabilities that were settled before the date of transition to IFRS. Accordingly, all unsettled liabilities arising from share-based payment transactions are in compliance with the principles of IFRS after the Transition Date.

IFRS 3 Business Combinations ("IFRS 3")

The Company has elected to apply the exemption for retrospective application of IFRS 3 to business combinations that took place before the transition date.

IFRS 6 - Exploration for and Evaluation of Mineral Resources

The Company was not able to use the exemption from full retrospective application of IFRS 6 as its operating entities in Tanzania and Mozambique were issuing their financial statements in accordance with IFRS prior to the transition date. The allocation of the property and equipment balance between the E&E and the D&P assets was based on the financial data of the these operational subsidiaries.

IAS 21- Cumulative Translation Differences
Retrospective application of IFRS would require Wentworth to determine cumulative currency translation differences in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the Transition Date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at its Transition Date.

IAS 23 – Borrowing Costs

IAS 23 has not been applied retrospectively. As at the transition date, the Company did not have any qualifying assets.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

The Company has elected to apply the exemption from full retrospective application of decommissioning liabilities as allowed under IFRS 1. As such the Company has re-measured the provisions as at January 1, 2010 under IFRIC 1 and recognized the difference between the amount determined under IFRIC 1 and the carrying amount of the provisions at January 1, 2010, directly in deficit.

IFRIC 4 - Determining whether an Arrangement contains a Lease ("IFRIC 4")

This IFRIC has not been applied retrospectively. The Company made an assessment as to whether an arrangement, existing at the Transition Date, contains a lease on the basis of the facts and circumstances existing at that date. The assessment was made in accordance with the requirements IFRIC 4. The Company did not identify any arrangements containing a lease on the transition date.

18. Transition to IFRS (continued)

IFRS Mandatory Exceptions

Derecognition of financial assets and liabilities

A first-time adopter should apply the derecognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement,* prospectively to transactions occurring on or after January 1, 2004. The Company has applied this mandatory exception which did not impact any of Wentworth's previously reported results.

Hedge Accounting

Hedge accounting can only be applied prospectively from the Transition Date to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. The Company has applied this mandatory exception which did not impact any of the Company's previously reported results.

Non-controlling Interests

A first-time adopter that applies IAS 27 *Consolidated and Separate Financial Statements*, should apply the standard retrospectively, with the exception of the following requirements which are applied prospectively from the Transition Date:

- The requirement that total comprehensive loss is attributed to the owners of the parent and to the non-controlling interests have a deficit balance;
- The requirements on accounting for changes in the parent's ownership interest in a subsidiary that do not results in a loss of control; and
- The requirements on accounting for a loss of control over a subsidiary, and the related requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The Company has applied these mandatory exceptions which did not impact any of the Company's previously reported results.

A) Reconciliation of equity as at January 1, 2010

	Canadian GAAP	Expensing of Capitalized G&A (Note 1)	Petroleum and natural gas properties (Note 2)	Stock-based Compensation (Note 3)	Convertible Debenture (Note 4)	IFRS
ASSETS						
Current assets						
Cash and cash equivalents	2,144	-	-	-	-	2,144
Cash held in trust	3,340	-	-	-	-	3,340
Trade and other receivables	4,113	-	-	-	-	4,113
Prepaid expenses and deposits	814	-	-	-	-	814
Inventories	697	-	-	-	-	697
	11,108	-	-	-	-	11,108
Non-current assets						
Long-term receivable	19,556	-	-	-	-	19,556
Evaluation and exploration assets	-	(577)	19,101	-	-	18,524
Property and equipment	55,407	(168)	(19,101)	-	-	36,138
	74,963	(745)	-	-	-	74,218
Total assets	**86,071**	**(745)**	**-**	**-**	**-**	**85,326**
LIABILITIES						
Current liabilities						
Trade and other payables	6,289	-	-	-	-	6,289
Convertible bonds	2,975	-	-	-	265	3,240
	9,264	-	-	-	265	9,529
Non-current liabilities						
Long-term loan	1,273	-	-	-	-	1,273
Provisions	93	-	-	-	-	93
	1,366	-	-	-	-	1,366
EQUITY						
Share capital	335,421	-	-	-	-	335,421
Contributed surplus	9,665	-	-	(628)	-	9,037
Warrants	7,522	-	-	-	-	7,522
Convertible bonds – equity component	265	-	-	-	(265)	-
Retained earnings (Deficit)	(284,783)	(648)	-	628	-	(284,803)
Equity Attributable to Shareholders	68,090	(648)	-	-	(265)	67,177
Non-controlling interest	7,351	(97)	-	-	-	7,254
	75,441	(745)	-	-	**(265)**	74,431
Total Liabilities and Equity	**86,071**	**(745)**	**-**	**-**		**85,326**

A) Reconciliation of equity as at January 1, 2010 (continued)

The following explains the material adjustments to the consolidated statement of financial position as at January 1, 2010:

Note 1 – Expensing of G&A capitalized

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties (Accounting Guideline 16) whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves were capitalized in the Tanzanian and Mozambique cost centres. Certain of these costs do not meet the criteria for capitalization under IFRS and have accordingly been expensed at transition date.

Note 2 - Petroleum and natural gas properties

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized in one Canadian cost centre.

Under IFRS, pre-exploration, exploration and evaluation and development and production expenditures are accounted for separately.

Note 3 - Stock-based compensation

Under Canadian GAAP, the Company's fair value of grants of share-based awards with graded vesting is recognized on a straight-line basis over the employment period necessary to vest the award. The forfeitures were recognized when they occurred.
Under IFRS, each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. The forfeiture estimate used was 20% as the Company had to recognize the historical amount in the calculation. As a result, the Company adjusted its expense for share-based awards to reflect this difference in recognition.

Note 4 – Convertible Debenture

Under Canadian GAAP, the convertible debenture was classified as a compound financial instrument, whereby the instrument was bifurcated into debt and equity components. The equity portion was recognized at its fair value, at inception. Under IFRS, the conversion feature (the equity portion under Canadian GAAP) of the convertible debenture is considered a derivative liability, and is required to be fair valued at the end of each reporting period.

B) Reconciliations as at December 31, 2010

Reconciliation of equity as at December 31, 2010

	Canadian GAAP	Expensing of capitalized costs	Petroleum and natural gas properties (Note 1)	Provision for office lease (Note 2)	Business combination and stock options	IFRS
ASSETS						
Current assets						
Cash and cash equivalents	4,587	-	-	-	-	4,587
Trade and other receivables	6,043	-	-	-	-	6,043
Prepaid expenses and deposits	875	-	-	-	-	875
Inventories	366	-	-	-	-	366
	11,871	-	-	-	-	11,871
Non-current assets						
Long-term receivable	17,399	-	-	-	-	17,399
Evaluation and exploration assets	-	(577)	17,995	-	-	17,418
Property and equipment	55,298	(168)	(17,995)	-	-	37,135
	72,697	(745)	-	-	-	71,952
Total assets	**84,568**	**(745)**	**-**	**-**	**-**	**83,823**
LIABILITIES						
Current liabilities						
Trade and other payables	8,195	-	-	158	-	8,353
Non-current liabilities						
Long-term loan	7,427				-	7,427
Derivative financial liability (warrants)	-	-	-	-	5,008	5,008
Provisions	1,275	-	-	2,404	-	3,679
	8,702	-	-	2,404	5,008	16,114
EQUITY						
Share capital	345,215	-	-	-	(969)	344,246
Contributed surplus	16,586	-	-	-	(628)	15,958
Warrants	1,714	-	-	-	(1,714)	-
Deficit	(302,312)	(661)	-	(2,562)	(1,697)	(307,232)
Equity Attributable to Shareholders	61,203	(661)	-	(2,562)	(5,008)	52,972
Non-controlling interest	6,468	(84)	-	-	-	6,384
	67,671	(745)	-	(2,562)	(5,008)	59,356
Total Liabilities and Equity	84,568	(745)	-	-		83,823

B) Reconciliations as at December 31, 2010 (continued)

Reconciliation of the consolidated statement of comprehensive loss for the year ended December 31, 2010:

	Canadian GAAP $	Financing Costs & convertible debenture (Note 1)	Provision for office lease (Note 2)	Business combination	IFRS $
Net revenue	**5,465**	**-**	**-**	**-**	**5,465**
Production and operating expenditure	(4,915)	-	-	-	(4,915)
Depreciation and depletion	(3,978)	-	-	-	(3,978)
Loss on disposal of property and equipment	(147)	-	-	-	(147)
General and administrative expenses	(12,224)	-	(2,562)	-	(14,786)
Other expenses	(3,065)	588	-	-	(2,477)
Total operating expenses	**(24,329)**	**588**	**(2,562)**	**-**	**(26,303)**
Other income (expenses)					
Interest expense	-	(588)	-	-	(588)
Redemption of convertible bonds	(103)	265	-	-	162
Derivative financial liability				(2,325)	(2,325)
Net foreign exchange gain	290	-	-	-	290
Total other income (expenses)	**187**	**(323)**	**-**	**(2,325)**	**(2,461)**
Income (loss) and comprehensive income (loss)	**(18,677)**	**265**	**(2,562)**	**(2,325)**	**(23,299)**
Income (loss) attributable to:					
Owners of the Company	(17,794)	252	**(2,562)**	(2,325)	(22,429)
Non-controlling interest	(883)	13	-	-	(870)
Total income (loss) and comprehensive income (loss)	**(18,677)**	**265**	**(2,562)**	**(2,325)**	**(23,299)**

B) Reconciliations as at December 31, 2010 (continued)

The following explains the material adjustments as at December 31, 2010:

Note 1 - Petroleum and natural gas properties

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves were capitalized in the Tanzanian and Mozambique cost centres.

Under IFRS, pre-exploration, exploration and evaluation and development and production expenditures are accounted for separately.
No costs were capitalized in Evaluation and Exploration costs during the year ended December 31, 2010.

Note 2 – Provision for office lease

The Company has lease agreements for office space which it vacated in April 2010, resulting in the costs of the agreements outweighing its benefits. Under IFRS, the leases are considered uneconomic and accordingly a provision has been recorded in April 2010. During 2010, the change in provision is recorded as a reduction against general and administrative expense.

C) Reconciliation of the consolidated statement of comprehensive loss for the six months ended June 30, 2010

	Canadian GAAP $	Provision for office lease	Convertible debenture	IFRS $
Net revenue	**2,382**	**-**	**-**	**2,382**
Production and operating expenditure	(2,177)	-	-	(2,177)
Depreciation and depletion	(2,079)	-	-	(2,079)
Loss on disposal of property and equipment	(41)	-	-	(41)
General and administrative expenses	(6,921)	(3,964)	-	(10,885)
Other expenses	786	-	-	786
Total operating expenses	**(10,432)**	**(3,964)**	**-**	**(14,396)**
Other income (expenses)				
Redemption of bonds	(103)	-	265	162
Net foreign exchange gain	11	-	-	11
Total other income (expenses)	**(92)**	**-**	**265**	**173**
Income (loss) and comprehensive income (loss)	**(8,142)**	**(3,964)**	**265**	**(11,841)**
Income (loss) attributable to:				
Owners of the Company	(7,943)	(3,964)	265	(11,642)
Non-controlling interest	(199)	-	-	(199)
Total income (loss) and comprehensive income (loss)	**(8,142)**	**(3,964)**	**265**	**(11,841)**

C) Reconciliation of the consolidated statement of comprehensive loss for the three months ended June 30, 2010 (continued)

	Canadian GAAP $	Amortisation of office lease provision	Convertible debenture	IFRS $
Net revenue	**1,301**	**-**	**-**	**1,301**
Production and operating expenditure	(1,392)	-	-	(1,392)
Depreciation and depletion	(1,010)	-	-	(1,010)
Gain on disposal of property and equipment	2	-	-	2
General and administrative expenses	(3,124)	367	-	(2,757)
Other expenses	169	-	-	169
Total operating expenses	**(5,355)**	**367**	**-**	**(4,988)**
Other income (expenses)				
Finance costs	(21)	-	-	(21)
Net foreign exchange gain	28	-	-	28
Total other income (expenses)	**7**	**-**	**-**	**7**
Income (loss) and comprehensive income (loss)	**(4,047)**	**367**	**-**	**(3,680)**
Income (loss) attributable to:				
Owners of the Company	(3,898)	367	-	(3,531)
Non-controlling interest	(149)	-	-	(149)
Total income (loss) and comprehensive income (loss)	**(4,047)**	**367**	**-**	**(3,680)**

WENTWORTH RESOURCES LIMITED

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THREE AND SIX MONTHS ENDED JUNE 30, 2011 AND 2010

IN US$ (000's), UNLESS OTHERWISE STATED

The following management's discussion and analysis ("MD&A"), dated 17 August, 2011 regarding the results of operations of Wentworth Resources Limited ("Wentworth", "the Company" or "WRL") for the three and six months ended June 30, 2011 and 2010 and the financial condition of Wentworth as at June 30, 2011 should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2011 and 2010.

The MD&A includes forward-looking statements and estimates that are subject to unknown risks and uncertainties, some of which are outside the Company's control. These risks and uncertainties include, but are not limited to, changes in market conditions, law or governing policy, operating conditions and costs, operating performance, commodity prices, exchange rates, and technical and economic factors. The Company's actual results, performance or achievement could differ materially from those expressed in or implied by these forward-looking statements and estimates and accordingly, Wentworth can give no assurances that any of the events anticipated by the forward-looking estimates will transpire or occur.

FINANCING HIGHLIGHTS

Recent financings

The Company successfully completed a private placement issuance of 15,000,000 new common shares on February 28, 2011 and a subsequent offering relating to private placement issuance of 3,750,000 new common shares on April 26, 2011 for cash consideration of NOK 5.15 (approximately $0.90 and $0.95 respectively) per share for total gross proceeds on NOK 97,669 (approximately $17,081).

Following the private placement and subsequent offering, the Company had 80,469,940 common shares outstanding.

OPERATING HIGHLIGHTS

Mnazi Bay, Tanzania:

Exploration and Development Activities

The Company and its joint venture partners (Tanzania Petroleum Development Corporation, Maurel & Prom and Cove Energy) are in the process of finalizing a work program for the Mnazi Bay concession that is expected to include the drilling of at least one exploration well along with work-overs of three of the existing wells. Wentworth has a 31.75% working interest in the exploration license and a 25.4% working interest in the Mnazi Bay gas fields. As a result of the farm-out to Maurel & Prom and Cove Energy, the Company is carried through 200 square kilometers of 3D seismic and one exploration well or an alternative work program of equal cost.

300 MW Power Project

Maurel & Prom, on behalf of the joint venture partners, has commenced negotiations with Tanzania Electric Supply Company Limited ("TANESCO") to supply approximately 60 MMscf/d of natural gas from Mnazi Bay to a 300 MW power project that is being developed by Tanesco and China National Machinery & Equipment Import & Export Corporation.

Gas Monetization

The Company and its joint venture partners (Tanzania Petroleum Development Corporation, Maurel & Prom and Cove Energy) continue to explore options for monetizing the Mnazi Bay gas including Wentworth's proposed methanol/ammonia/urea facility.

Mozambique:

Offshore Mozambique

During the year 2010, Anadarko Petroleum Corporation ("Anadarko") made three new announcements of significant gas discoveries in the Rovuma Basin Area 1 Offshore Mozambique. The announcements were made on February 19 (Windjammer exploration well), October 20 (Barquentine exploration well) and November 29 (Lagosta prospect). In 2011, Anadarko announced their latest gas discovery on the Tubarão prospect and that they plan on drilling another three to five wells on the block in 2011.

Wentworth is entitled to receive a royalty of 4.95% of the Profit Petroleum derived from Cove Energy's 8.5% working interest in the Rovuma Basin Area 1 Offshore Mozambique.

Onshore Mozambique

In the Onshore Area of the Rovuma Basin, Mozambique, the partners have agreed to enter into the second phase exploration program. The minimum work obligations for phase 2 consist of 100 square kilometres of 3D seismic and the drilling of one exploration well. It is anticipated that the seismic program will commence in 2012 with the exploration drilling program to occur in 2013. Wentworth has an 11.59% working interest (13.64% paying interest) in this block.

Mtwara Power Plant:

The Mtwara Energy Project, as originally conceived, involved the combination of two separate businesses (i) Power Generation (Wentworth Power Limited) and (ii) Electricity Transmission and Distribution (Umoja Light Company Limited). Wentworth Power Limited presently owns and operates an 18MW facility in Mtwara ("Mtwara Power Plant") which has been fully financed by equity and produces power which is sold to TANESCO under an Interim Power Purchase Agreement (IPPA). Umoja Light Company Limited was formed with the expectation that it would lease the regional transmission and distribution facilities in Mtwara and Lindi regions from TANESCO and Wentworth would become an integrated electric utility company.

Having completed and signed all contractual agreements with the Government of Tanzania in December 2008 which support the MEP's conceptual design, the Company in 2010, turned its attention to the matter of gaining acceptance of long term tariffs from the Tanzanian Energy Regulatory Authority. Tariffs covering all facilities whether owned or leased, were essential to secure planned debt and grant financing, which in turn could enable all long term agreements to become effective.

Due to delays in tariff approvals, grant funds expected to be received from the Netherlands Government through its Development-Related Export Transactions ("ORET") Program were cancelled. Loss of the grant jeopardizes the economic viability of the Transmission and Distribution lease aspects of the MEP through Umoja and all supporting agreements are still ineffective.

As a result, it is anticipated that the Masasi and Msimbati transmission and distribution assets will be handed back to TANESCO and no amounts will be required to be repaid by Wentworth. The total funds advanced to Wentworth at June 30, 2011 amount to $9.89 million (2010 - $4.0 million).

The power generation business owned by Wentworth Power Limited remains viable and continues to operate and sell power to TANESCO under the IPPA tariff of US $0.1195 per kWh.

The construction of a new 28km, 33kV electricity line from Mtwara to the Msimbati village where the Mnazi Bay natural gas field is located was completed in March 2011. Currently the construction of low voltage electricity line is in process, the project is expected to be completed by September 2011.

FINANCIAL HIGHLIGHTS

Comparative Cash Flow (US $ thousands):

	For the three months ended June 30, 2011	For the six months ended June 30, 2011
Cash Inflows:		
Operating cash & short-term investments	13,421	4,587
Proceeds from sale of assets	-	17
Proceeds from issuance of common shares (net)	3,323	16,004
Other Long term Liabilities	69	69
Proceeds from credit facility	54	-
	16,867	20,677
Cash Outflows:		
Capital additions (net)	293	1,259
Project operations and G&A	432	898
Corporate expenditures	1,653	2,662
Working capital	557	1,926
	2,935	6,745
Ending cash & cash equivalents	13,932	13,932

Capital Expenditures:

Wentworth incurred $293 and $1,259 in capital additions during the three and six months ended June 30, 2011 (2010 - $1,897 and $2,570). The capital additions include Mnazi Bay joint venture capital expenditure of $636, transmission and distribution capital expenditures of $415, electric generator overhaul cost of $145 and ammonia/methanol pre-feasibility studies of $63.

Revenues:

Wentworth reported revenues of $1,934 and $3,805 in the three and six months ended June 30, 2011 (2010 - $1,301 and $2,382). Of the $1,934 and $3,805 of revenue, $1,762 and $3,416 is related to power sales (2010 - $1,088 and $2,067) while $172 and $389 is related to natural gas sales (2010 - $213 and $315). The increase in revenue for the six months of 2011 over 2010 is a result of the electrification of the Masasi district beginning in late February 2010. The natural gas revenue is shared by Wentworth Gas Limited and its partners based on their participating interests.

Operating and Overhead expenses:

Operating expenses totaled $1,300 and $2,409 for the three and six months ended June 30, 2011 as compared to $1,392 and $2,177 in 2010. In 2011, operating expenses include the cost of natural gas purchases from Wentworth Gas Limited, through the operator, Maurel & Prom in the amounts of $841 and $1,651 for the three and six months ended June 30, 2011 (2010 - $532 and $1,012). The operating expenses are detailed below:

	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Operating Expenses:				
Maintenance and transportation	**173**	268	**370**	423
Salaries and benefits	**171**	241	**248**	333
Insurance, office supplies	**76**	64	**138**	104
Consultants & professional fees	**23**	267	**(5)**	262
Travel and related expenses	**16**	15	**26**	26
Joint Interest billing	**-**	(6)	**-**	(13)
Other	**-**	11	**(19)**	30
Sub-total	**459**	860	**758**	1,165
Natural gas purchases	**841**	532	**1,651**	1,012
Operating expense	**1,300**	1,392	**2,409**	2,177

The Company's cost-saving initiatives have also resulted in reductions in general and administrative (G&A) expenses. During the three and six months ended June 30, 2011, Wentworth reported $1,951 and $4,617 of G&A expenses, as compared to $2,757 and $10,885 for the same period in 2010. The 2010 G&A six months expenses includes office lease (occupancy costs) provision of $3,964 which has been accrued due to IFRS requirement adopted in January 01, 2011. This provision will be amortized over the remaining term of the office lease ending on November 30, 2014. These costs are detailed below:

	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
General & Administrative Expenses:				
Consultants & professional fees	**547**	653	**1,363**	1,272
Salaries and benefits	**775**	578	**1,729**	1,372
Office expenses and other	**296**	(15)	**554**	452
Occupancy costs	**(175)**	139	**(10)**	5,026
Travel and related expenditures	**276**	345	**642**	539
Communication & delivery	**32**	167	**53**	331
Public company costs	**154**	31	**205**	77
Sub-total	**1,905**	1,898	**4,536**	9,069
Non-operated G&A	**16**	-	**16**	(84)
Non-recurring costs	**30**	859	**65**	1,900
General & administrative expenses	**1,951**	2,757	**4,617**	10,885

Included in occupancy costs for the three and six months ended June 30, 2011 is the amortization of the office lease provision recognized in G&A expenses in 2010 as discussed above.

Non-recurring costs for the three and six months ended June 30, 2011 include expenses for AIM Listing.

	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Other Overhead Costs				
Depletion, depreciation and amortization	**505**	1,010	**1,111**	2,079
Impairment of assets	**-**	691	**-**	691
Accretion of long-term receivable	**(775)**	(847)	**(1,544)**	(1,543)
Financing costs (net)	**145**	21	**302**	21
Redemption of bonds	**-**	-	**-**	(162)
Loss on Financial Derivative Liabilities	**(2,347)**	-	**(457)**	-
Exchange (gains) losses	**(274)**	(28)	**(532)**	(11)
Stock based compensation	**351**	(13)	**575**	(12)
Other	**1**	2	**1**	41

Financing costs for the three and six months ended June 30, 2011 were $145 and $302 (2010 - $21 and $21). The $302 of finance cost relates to accrued interest for the Tanzania investment Bank ("TIB") loan, interest charged during the two year grace period which will be added on the principal balance at the end of the grace period, which ends on January 5, 2012.

Accretion of the long-term receivable resulted from the signing of the JOA with Tanzania Petroleum Development Corporation ("TPDC") in June 2009. Due to the long-term nature of the receivable, the receivable's stated amount of $34,440 (principal of $31,481 and expected interest $2,959) as at June 30, 2011 has been determined to be approximately $19,426 as at June 30, 2011 ($715 current portion and $18,711 long term portion). This receivable will be accreted over the expected term of the receivable.

Stock based compensation expense for the six and three months ended June 30, 2011 and 2010 is related to common shares and warrants issued to key individuals as a reward and incentive to reach important milestones for the Company. For the three and six months ended June 30, 2011 1,600,000 options had been granted to executives, senior employees and directors (2010 - 4,750,000).

During the three and six months ended June 30, 2011, the Company experienced a $256 and $515 gain on foreign exchange (2010 - $11 and $28).

Non-Controlling Interest:

At December 31, 2007, the Netherlands Development Financial Institute ("FMO") held an interest of 19.65% in Wentworth Tanzania (Jersey) Limited ("WTJL"). FMO's investment to date of $29.8 million represents the maximum investment allowed in WTJL by FMO's credit committee. The Company has an arrangement with FMO to reduce its interest in this investment when expenditures are not proportionately funded. On this basis, FMO has acknowledged the reduction. As at June 30, 2011 FMO's interest was 12.67% (2010 – 12.67%).

Financial Condition/Liquidity:

Assets

At June 30, 2011 Wentworth had cash of $13,932.

The Company's credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Value Added Tax (VAT) in Tanzania and Mozambique and from other government entities such as the Tanzania Petroleum Development Corporation ("TPDC") and TANESCO for power sales. VAT in Tanzania is now outstanding on a current basis. The VAT in Mozambique is past due and the Company is working with the Government of Mozambique to have the receivable recognized and determine when payment will be made.

The Company has earned full rights to the Mnazi Bay Concession in Tanzania and the Rovuma Basin Onshore Block in Mozambique. Power generation assets in Tanzania are operating under interim tariff orders at capacity of 18MW.

Obligations

On December 11, 2009, the Tanzania Investment Bank Limited ("TIB") extended a credit facility of a maximum of 10 billion Tanzanian Shillings (approximately USD $6.7 million) to Wentworth Gas Limited, a subsidiary of the Company for its operating requirements. The term of the facility is eight years, with a two year grace period in which no interest or principal will be payable. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas interest following the grace period will be paid quarterly at a rate of 9.18% per annum. Principal repayment will be made in 24 equal quarterly installments following the grace period. As of June 30, 2011, the Company has drawn-down $5,979 of this facility and interest of $808 has been accrued. Security for the credit facility is a first charge over all the issued share capital of Wentworth Gas Limited supported by a pledge to assign to TIB, the Company's exploration/concession rights over the Mnazi Bay interests.

In addition, the Tanzanian Government has provided $9,886 as an advance to cover the capital program associated the Mtwara Energy Project ("MEP"). This amount will be repayable if and when a $28.8 million grant and $34 million long term debt facility for the MEP are available.

At June 30, 2011, Wentworth had 80,470 common shares issued and outstanding.

Liquidity

As an oil and gas exploration and production company currently developing commercial opportunities for its discovered resource, the Company's financial liquidity relies on its ability to raise capital in the market through the issuance of new common shares and equity, the conversion of outstanding warrants, and the monetization of existing assets.

Following the settlement of significant liabilities in 2011 and other ongoing obligations, together with a significant improvement in market conditions, management believes that the Company is in a

much improved position to raise capital through the issuance of common shares or other equity to fund its exploration programs and natural gas commercialization projects.

Having completed the Wentworth Resources Limited transaction in 2010, the Company's financial stability has been enhanced. Wentworth holds valuable working interests in Tanzania and Mozambique, at the center of substantial exploration activity where competitors have announced significant gas discoveries. In addition, the Company has also reached a stage of development within its power generation and distribution segment where these assets could be monetized.

The outcome of the actions described above cannot be predicted at this time. The unaudited condensed interim consolidated financial statements associated with this report do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim consolidated financial statements.

Long-term assets

As at June 30, 2011 the Company had a long-term receivable of $31,481 (2010 - $29,800) from the Tanzania Petroleum Development Corporation ("TPDC") that for financial reporting purposes has been discounted to $18,711 (2010 - $17,399) due to its long-term nature. This receivable will be recovered out of TPDC's share of future revenue from the Mnazi Bay Development Area.

Working capital:

Working capital surplus, including cash balances, was $13,872 as at June 30, 2011. The components of the working capital surplus are as follows:

- Cash of $13,932 consists primarily of funds $13,875 held in US dollars
- Trade and other receivables of $4,853 comprised of $1,570 trade accounts receivable, $715 TPDC receivable – current portion, $1,578 of input tax for Mozambique and Tanzanian VAT, $863 withholding tax receivable and other receivables of $127.
- Inventories of $572 comprised of consumables for the power generation activities.
- Prepaid expense and deposits of $852 includes prepaid insurance, office rentals and deposits.
- The trade and other payables of $6,337 is comprised of $1,367 trade accounts payable and accrued liabilities, $586 Long term loan – current portion, $911 office lease - current portion, $394 of VAT payable, $2,047 of withholding tax payable, $486 VAT payable to Government of Tanzania under TEF arrangement and $546 other liabilities.

RECENT ACCOUNTING PRONOUNCEMENTS

i) IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The company is currently evaluating the impact of this amendment to IAS 12 on its consolidated financial statements.

ii) IAS 27 replaced the existing IAS 27 ''Consolidated and Separate Financial Statements''. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

iii) IAS 28 was amended in 2011 which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this amendment to IAS 28 on its consolidated financial statements.

iv) IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective as of July 1, 2011. The company is currently evaluating the impact of these amendments to IFRS 7 on its consolidated financial statements.

v) IFRS 9 was issued in November 2009 and is the first step to replace current IAS 39, ''Financial Instruments: Recognition and Measurement''. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

vi) IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 ''Consolidated and Separate Financial Statements'' and SIC-12 ''Consolidation—Special Purpose Entities'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

vii) IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 ''Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

viii) IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

ix) IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes, using a transition date of January 1, 2010. The financial statements for the three and six months ended June 30, 2011, including required comparative information, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Previously the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). Canadian GAAP now comprises IFRS.

Changes in Accounting Policies

The following discussion explains the significant differences between Wentworth's GAAP accounting policies and those applied under IFRS. IFRS policies have been retrospectively and consistently applied except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment upon the Company's transition to IFRS for first-time adopters. IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Company has taken the following exemptions:

Exploration for and Evaluation of Mineral Resources

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized in one Canadian cost centre.

Under IFRS, pre-exploration, exploration and evaluation and development and production expenditures are accounted for separately. The Company did utilize the IFRS 1 asset and liabilities of subsidiaries exemption that allowed the Company to measure its exploration and evaluation and development and production assets at the amount as determined under the Company's subsidiaries.

As such the Company has at January 1, 2010, measured the exploration and evaluation assets at the amount determined under its subsidiaries and measured the development and production assets at the amount determined under its subsidiaries. Wentworth re-classified $30,423 and $29,953 to E&E at January 1, 2010 and December 31, 2010 respectively.

Borrowing Costs

IAS 23 has not been applied retrospectively. As at the transition date, the Company did not have any qualifying assets.

Determining whether an Arrangement contains a Lease

This IFRIC has not been applied retrospectively. The Company made an assessment as to whether an arrangement, existing at the Transition Date, contains a lease on the basis of the facts and circumstances existing at that date. The assessment was made in accordance with the requirements IFRIC 4. The Company did not identify any arrangements containing a lease on the transition date.

Share based payments

Under Canadian GAAP, the Company fair value of grants of share-based awards with graded vesting is recognized on a straight-line basis over the employment period necessary to vest the award. The forfeitures were initially calculated at 0% and were recognized when forfeitures occurred.

Under IFRS, each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. The forfeiture estimate used was 20% as the Company had to recognize the historical amount in the calculation. As a result, the Company adjusted its expense for share-based awards to reflect this difference in recognition.

The Company elected to use the IFRS 1 exemption whereby the cumulative unvested portion of the options at the transition date was charged to retained earnings on January 1, 2010. This resulted in a decreased of $628 to contributed surplus and a corresponding increase to retained earnings.

Property and equipment

Canadian GAAP requires the Company to break down its assets into significant components only when practicable. Under IAS 16 - Property, Plant and Equipment, the Company is explicitly required to allocate the amount initially recognized in respect of an item of PP&E to its significant components and depreciate separately each of these components. Where a significant component has a useful life and depreciation method that is the same as the useful life and depreciation method of another significant component of the same item of PP&E, such components may be grouped together in determining the depreciation charge.

The Company has performed an analysis of its PP&E and determined that the useful lives of each significant component of an item of PP&E did not differ materially from the useful lives of other significant components of the same item. Therefore the components requirement of IAS 16 did not have a material impact on the consolidated financial statements

Impairment of assets

Canadian GAAP impairment testing involves two steps, the first of which compares the asset carrying value with undiscounted future cash flows to determine whether impairment exists. If the carrying value exceeds the amount recoverable on an undiscounted basis, then the cash flows are discounted to calculate the amount of the impairment and the carrying value is written down to estimated fair value.

Property and equipment are tested for impairment in accordance with IAS 36 Impairment of Assets ("IAS 36"). IAS 36 requires that assets, other than goodwill and indefinite life intangibles, be

subjected to an impairment test if there are indicators of impairment. For goodwill and indefinite life intangibles, IAS 36 requires that the Company perform impairment tests on an annual basis.

Under IFRS an asset is impaired when the recoverable amount of that asset is less than the carrying amount. If there is any indication that an asset may be impaired, the recoverable amount should be estimated for individual assets. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. The value in use is the present value of the future cash flows (i.e. discounted cash flows) expected to be derived from an asset.

If it is not possible to estimate the recoverable amount for the individual asset other than goodwill, the Company must determine the recoverable amount for the cash-generating unit ("CGU") to which that asset can be allocated. A CGU is the smallest group of assets that generates cash inflows largely independent of other assets or groups of assets. Management is therefore required to determine the CGU's of the Company.

Impairment will be recognized more frequently under IFRS as Canadian GAAP does not require the discounting of cash flows when assessing the recoverability of an assets carrying value. However, IAS 36 does require the reversal of an impairment loss for an asset, other than goodwill, where there is an indication that circumstances have changed and that the impairment loss no longer exists or may have decreased. This is not allowed under Canadian GAAP.

The Company, through an analysis of its operations, has identified the appropriate CGUs. The CGU identified did not have an impact on the Company's processes and controls.

Income taxes
IAS 12 Income Taxes is similar to Canadian GAAP in that the Company has to recognize deferred (future) taxes on temporary differences between the carrying value of assets and liabilities and their tax basis. The adoption of IFRS did not have a significant impact on the Company's tax accounting in the period of adoption.

Impact on systems and financial reporting
The impact on information technology and controls over financial reporting and disclosure was not significant.

OTHER RELEVANT INFORMATION

Related party transactions:

Related party transactions are described in Note 15 of the unaudited interim condensed consolidated financial statements.

Critical accounting estimates:

Wentworth uses certain assumptions and estimates in applying adopted International Financial Reporting Standards ("IFRS") in the preparation of its unaudited interim condensed consolidated financial statements. Estimates and assumptions are assessed regularly by the Company in light of historical results and currently-available information. Actual results may differ materially from these estimates and assumptions. The Company has identified the critical judgments and accounting estimates affecting its unaudited interim condensed consolidated financial statements as disclosed in Note 4 of the June 30, 2011 and 2010 financial statements. These policies are affected by the assumptions, judgments and estimates used by management in the preparation of these unaudited interim condensed consolidated financial statements.

Business Risks:

Wentworth is subject to normal market risks inherent in the oil and gas business. The Company's gas assets are in the development stage resulting in uncertainties 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. We recognize these risks and manage our operations to minimize our exposures to the extent practical.

Wentworth's resource report is an estimated value that were independently evaluated and reviewed. It is important to note that resource reports include assumptions about the productive capability of each reservoir and each well into those reservoirs. Being estimates, each well and reservoir could perform differently than estimated, significantly altering the net production revenue ultimately realized.

Wentworth is subject to all of the operating risks normally associated with the exploration, production, storage, transportation and marketing of oil and gas. These risks include blowouts, explosions, fire, gaseous leaks, and migration of harmful substances. In addition, Wentworth operations will be subject to all the normal risks including encountering unexpected formations or pressures, premature declines of reservoirs, equipment failures and other accidents, sour gas releases, natural gas or well fluids, adverse weather conditions, pollution and other environmental risks. Wentworth mitigates this risk by employing qualified staff and contractors and has adequate insurance in place. The Company has also developed comprehensive health, safety and environment (HSE) management framework to diminish physical risk.

Wentworth's operations and related assets are located in countries outside Canada, which sustain different economic and political risks. Exploration or development activities in countries like Tanzania and Mozambique may require protracted negotiations with host governments, renegotiation or nullification of existing contracts, taxation policies, and international monetary fluctuations. Wentworth has helped hedge the economic or political risks through partnerships with the Tanzanian government and will enter into partnerships with the Mozambique government in the course of its operations in that country.

There are a number of social and environmental risks when drilling for natural resources in a remote area. Apprehension often includes environmental concerns, human rights controversies, product liability issues, employee concerns and other reputation issues. With Wentworth's public Corporate Social Responsibility (CSR) statement and policies, the Company is able to educate the community of the world class social and environmental standards the Company upholds.

Wentworth is exposed to normal financial risks inherent within the oil and gas industry, including commodity price risk, exchange rate risk, interest rate risk and credit risk. The Company conducts its operations in a manner intended to minimize exposure to these risks.

Wentworth's financial performance is most sensitive to prevailing prices of crude oil and natural gas. Prices for crude oil and natural gas fluctuate in response to changes in the supply of and demand for crude oil and natural gas, market uncertainty and a variety of additional factors that are largely beyond the Company's control. The business is managed so that the Company can substantially withstand the impact of a lower price environment, while maintaining the opportunity to capture significant upside when the price environment is higher.

In oil and gas exploration and development, the ability to secure drilling services and equipment, financing and even qualified employees, is critical in order to be successful. With any increase in industry activity levels and competition, Wentworth's success is dependent upon its ability to attract and retain experienced management and qualified, professional staff.

Wentworth Resources Limited
Interim Condensed Consolidated Financial Statements

March 31, 2011

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Statement of Financial Position
As at

US $000s, unless otherwise stated	Note	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
ASSETS				
Current assets				
Cash and cash equivalents	7	**13,421**	4,587	2,144
Cash held in trust	7	**-**	-	3,340
Trade and other receivables	8	**4,913**	6,043	4,113
Prepaid expenses and deposits		**673**	875	814
Inventories	9	**472**	366	697
		19,479	11,871	11,108
Non-current assets				
Long-term receivable	10	**18,075**	17,399	19,556
Evaluation and exploration assets	11	**18,031**	18,080	18,524
Property and equipment	12	**36,866**	36,473	36,138
		72,972	71,952	74,218
Total assets		**92,451**	**83,823**	**85,326**
LIABILITIES				
Current liabilities				
Trade and other payables	13	**7,509**	9,150	6,289
Convertible bonds	14	**-**		3,240
		7,509	9,150	9,529
Non-current liabilities				
Long-term loan	15	**6,856**	7,427	1,273
Derivative financial liability	18	**6,898**	5,008	-
Provisions	16	**3,477**	3,679	93
		17,231	16,114	1,366
EQUITY				
Share capital	18	**356,927**	344,246	335,421
Contributed surplus	18	**16,182**	15,958	9,037
Warrants	18	**-**	-	7,522
Deficit		**(311,850)**	(308,029)	(284,803)
Equity Attributable to Shareholders		**61,259**	52,175	67,177
Non-controlling interest	18	**6,452**	6,384	7,254
Total Equity		**67,711**	58,559	74,431
Total Liabilities and Equity		**92,451**	**83,823**	**85,326**
Commitments and contingencies	25			

The accompanying notes are an integral part of these interim condensed consolidated financial statements. The interim condensed consolidated financial statements were approved by the Board on May 25, 2011 and were signed on its behalf by:

(Signed) "Cameron Barton"
Director

(Signed) "Neil Kelly"
Director

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Statement of Comprehensive Loss
For the three months ended March 31

US $000s, unless otherwise stated	Notes	3 months ended March 31, 2011 $	2010 $
Revenue	20	**1,871**	1,081
Total revenue		**1,871**	1,081
Operating expenses			
Production and operating		**(1,109)**	(785)
Depreciation and depletion	11/12	**(606)**	(1,069)
Loss on disposal of property and equipment		**-**	(43)
General and administrative		**(2,666)**	(8,128)
Other		**546**	638
Loss from operations		**(1,964)**	**(8,306)**
Financing costs		**(157)**	-
Redemption of bonds		**-**	162
Loss on derivative financial liability	18	**(1,890)**	-
Net foreign exchange gain (loss)		**258**	(17)
Loss before income taxes		**(3,753)**	(8,161)
Income tax expenses	17	**-**	**-**
Loss and comprehensive loss		**(3,753)**	(8,161)
Loss and comprehensive loss attributable to:			
Owners of the Company		**(3,821)**	(8,111)
Non-controlling interest		**68**	(50)
Loss and comprehensive loss		**(3,753)**	(8,161)
Loss per share	24		
Basic		**(0.06)**	(0.26)
Diluted		**(0.06)**	(0.26)

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

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Statement of Changes in Equity

US $000s, unless otherwise stated	Note	Share Capital $	Contributed surplus $	Warrants $	Deficit $	Total $	Non-controlling interest	Total Equity $
As at January 1, 2010		335,421	9,037	7,522	(284,803)	67,177	7,254	74,431
Loss and comprehensive loss		-	-	-	(8,111)	(8,111)	(50)	(8,161)
Share-based compensation		-	(109)	-	-	(109)	-	(109)
Share issuance		110	-	-	-	110	-	110
As at March 31, 2010		**335,531**	**8,928**	**7,522**	**(292,914)**	**59,067**	**7,204**	**66,271**
As at December 31, 2010		344,246	15,958	-	(308,029)	52,175	6,384	58,559
Loss and comprehensive loss		-	-	-	(3,821)	(3,821)	68	(3,753)
Share-based compensation expense	19	-	224	-	-	224	-	224
Share issuance		13,527	-	-	-	13,527	-	13,527
Share issue costs, net of tax		(846)	-	-	-	(846)	-	(846)
As at March 31, 2011		**356,927**	**16,182**	**-**	**(311,850)**	**61,259**	**6,452**	**67,711**

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Statement of Cash flows
For the three months ended March 31

US $000s, unless otherwise stated	Note	3 months ended March 31, 2011 $	2010 $
Cash provided by (used for) the following activities			
Operating activities			
Loss for the period		**(3,753)**	(8,161)
Add (deduct):			
Depletion and depreciation	11/12	**606**	1,069
Loss on sale of property and equipment		**-**	43
Share-based payment expenses	20	**224**	1
Accretion and provision		**(1,306)**	3,406
Loss on derivative financial liability	18	**1,890**	-
Unrealized foreign exchange gain		**863**	460
		(1,476)	(3,182)
Change in inventories		**(106)**	501
Change in trade and other receivables		**1,222**	(294)
Change in prepaid expenses and deposits		**202**	(310)
Change in trade and other payables		**(2,687)**	(1,040)
Cash used in operations		**(2,845)**	(4,325)
Investment activities			
Purchase of property and equipment	11/12	**(966)**	(673)
Proceeds from sale of property and equipment		**17**	10
Cash used in investing activities		**(949)**	(663)
Financing activities			
Issuance of common shares	18	**13,527**	-
Share issue costs	18	**(846)**	-
(Repayments) proceeds of long term loan	15	**(53)**	5,266
Repayment of convertible bonds		**-**	(2,340)
Proceeds from redemption of convertible bonds		**-**	2,340
Finance expense		**-**	121
Cash provided by financing activities		**12,628**	5,387
Increase in cash		**8,834**	399
Cash and cash equivalents, beginning of the period		**4,587**	2,144
Cash and cash equivalents, end of the period		**13,421**	2,543

1. Reporting Entity

Wentworth Resources Limited ("Wentworth" or the "Company") is an East African-focused oil and natural gas producer and explorer. Wentworth is actively involved in developing commercial opportunities for identified hydrocarbon resources, including Methanol, Ammonia, Urea, and electricity generation. The electricity generation and transmission and distribution activities are governed by the Electricity Act of the United Republic of Tanzania.

On July 26, 2010, Wentworth Resources Limited completed a business combination agreement ("Transaction") with Artumas Group Inc. ("Artumas") in which Artumas purchased 100% of the outstanding shares of Wentworth in exchange for newly issued common shares and warrants in Artumas. New common shares of 28,383,789 and new warrants of 14,191,888, representing the consideration for the purchase of Wentworth's net assets, were issued. The Transaction has been accounted for as a recapitalization of Artumas. The total number of issued and outstanding shares in Artumas after the transaction was 61,719,940; with the former shareholders of Wentworth holding approximately 46% of the then issued common shares.

At the Annual General and Special Meeting held on September 17, 2010 the shareholders approved changing the name of the company to Wentworth Resources Limited. The new trading symbol on the Oslo Børs for the Company is now "WRL". The Company is incorporated under the Alberta Business Corporations Act and its headquarters' are in Dar es Salaam, Tanzania.

2. Basis of preparation

Statement of compliance

International Financial Reporting Standards ("IFRS") require entities that adopt IFRS to make an explicit and unreserved statement in their first annual IFRS financial statements of compliance with IFRS. The Company will make this statement when it issues its financial statements for the year ending December 31, 2011. These financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its consolidated financial statements for the year ending December 31, 2011.

These interim consolidated financial statements are the Company's first interim financial statements prepared under IFRS. The Company adopted IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date to IFRS of January 1, 2010. Consequently the comparative figures for 2010 and the Company's statement of financial position as at January 1, 2010 have been restated from accounting principles generally accepted in Canada ("Canadian GAAP") to comply with IFRS.

The reconciliations to IFRS from the previously published Canadian GAAP consolidated financial statements are summarized in note 28. In addition, IFRS 1 allows certain exemptions from retrospective application of IFRS in the opening statement of financial position. Where these have been used, they are explained in note 28.

Basis of measurement

These interim consolidated financial statements are presented in US dollars and were prepared on a going concern basis.

2. Basis of preparation (continued)

Use of estimates and judgments
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in note 4.

Functional and presentation currency
These interim consolidated financial statements are presented in US dollars and the Company's functional currency is Canadian dollars.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A) Basis of Consolidation

Subsidiaries
Subsidiaries are entities controlled by Wentworth. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Intra-group balances and transactions, revenues and expenses are eliminated on consolidation. Unrealized gains arising from transactions with associates are eliminated to the extent of the Company's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is the acquisition date fair values of the assets transferred, the liabilities assumed and the equity interests issued by the Company. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Jointly controlled operations and jointly controlled assets
All of the Company's exploration, development and production activities are conducted jointly with others, and accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

B) Foreign currency translation

Items included in the interim consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of comprehensive loss.

Assets and liabilities of foreign operations with functional currencies other than US dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in cumulative translation reserves in shareholders' equity.

Foreign exchange gains and losses related to intercompany loans forming part of a reporting entity's net investment in a foreign operation are included in cumulative translation reserves. When a gain or loss on a non-monetary item is recognized in cumulative translation reserves, any exchange component of that gain or loss is recognized in other comprehensive income (“OCI”).

All other foreign exchange gains and losses are recognized in the consolidated statement of comprehensive loss.

C) Non-derivative financial instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments and are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Loans and receivables
Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include trade and other receivables and long-term receivable.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss (“FVTPL”) are financial assets held for trading or is designated on initial recognition as such by management. Such assets are held for trading if it is acquired principally for the purpose of selling in the short-term. These assets are initially recognized, and subsequently carried, at fair value, with changes recognized in the consolidated statement of comprehensive loss. Transaction costs are expensed. Assets in this category include cash and cash equivalents.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include trade and other payables and long-term loan.

C) Non-derivative financial instruments (continued)

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Compound financial instruments
Compound financial instruments issued by the Company comprise convertible bonds that can be converted into equity interests of the Company. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initially carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

D) Revenue recognition

Revenue from the sale of commodities is recognized when the risks and rewards of ownership pass to the purchaser on title transfer and collectability is reasonably assured.

E) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a first-in first-out basis, and includes amounts incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

F) Exploration and evaluation expenditures

General exploration or evaluation ("E&E") expenditures incurred prior to acquiring the legal right to explore are charged to expense as incurred.

E&E expenditures incurred subsequent to acquisition of the legal right to explore, including license and property acquisition costs, geological and geophysical expenditures, costs of drilling exploratory wells and directly attributable overhead including salaries and employee benefits, are initially capitalized as E&E assets.

E&E assets are not depleted and are moved into property and equipment when they are determined to meet certain technical feasibility & commercial viability thresholds as determined by management. Upon transfer to property and equipment, E&E assets are assessed for impairment in addition to annual impairment reviews to ensure they are not carried at amounts above their estimated recoverable values.

Borrowing costs are expensed as incurred.

G) Property and Equipment

Property and equipment includes crude oil and natural gas properties, power generation, transmission and distribution facilities and office and other equipment.

Crude oil and natural gas properties
Expenditures on developed crude oil and natural gas properties such as drilling of development wells, tangible costs of facilities and infrastructure construction are capitalized to property and equipment when it is probable that a future economic benefit will flow to the Company as a result of the expenditure and the cost can be reliably measured.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation associated with the asset and borrowing costs on qualifying assets.

Depletion
Crude oil and natural gas properties are depleted using the unit-of-production method over their reserve life, unless the useful life of the asset is less than the reserve life, in which case the asset is depreciated over its estimated useful life using the straight-line method. Future development costs are included in costs subject to depletion. Reserves and estimated future development costs are determined annually by qualified independent reserve engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Disposals
Crude oil and natural gas properties are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on derecognition of the asset, calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset, is recognized in the consolidated statement of comprehensive loss in the period of derecognition.

Power generation, transmission and distribution facilities
Power generation, transmission and distribution facilities are carried at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write-off these assets less residual value on a straight-line basis over their estimated useful economic lives in accordance with rates approved by local regulated authorities.

Office and other equipment
Office and other equipment are carried at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write-off the cost of these assets less residual value on a straight-line basis over their estimated useful economic lives of between three and five years.

H) Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance/impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive loss. When a receivable is uncollectible, it is written off against the allowance account for receivables.

H) Impairment (continued)

Non-financial assets
At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in comprehensive loss.

I) Share-based compensation

The Company has an equity-settled compensation plan under which it receives services from employees, directors, officers, and consultants as consideration for equity instruments of the Company.

For the equity-settled plan, the expense is based on the fair value of the awards granted. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the consolidated statement of comprehensive loss.

J) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the expense relating to any provision is presented in the consolidated statement of comprehensive loss, net of the reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost in the consolidated statement of comprehensive loss.

J) Provisions (continued)

Decommissioning provisions
The Company provides for the costs of decommissioning obligations associated with its long-lived assets, including the abandonment of crude oil and natural gas wells, related facilities, compressors, gas plants, removal of equipment from leased acreage and returning such land in a condition as it is contractually obligated. The best estimate of each asset decommissioning provision is recorded in the period a well or related asset is drilled and evaluated, constructed or acquired. The decommissioning provision is presented in the consolidated statement of financial position at the fair value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. A corresponding amount is capitalized as part of tangible non-financial assets. Any further adjustment arising from a reassessment of estimated cost of the decommissioning liabilities also has a corresponding amount capitalized, whilst the charge arising from the accretion of the discount applied to the decommissioning liabilities is treated as a component of financing costs in the consolidated statement of comprehensive loss.

Provision for contract obligation
A provision for contract obligations is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing with the contract.

K) Financing costs

Financing costs comprise interest expense on borrowings for the portion not capitalized under IAS 23, accretion of decommissioning provisions and of the financial instruments measured at amortized costs and any impairment losses recognized on financial assets.

Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of comprehensive loss. Interest has been capitalized at the rate of interest applicable to the specific borrowings financing the asset, or where financed through general borrowings, at a capitalization rate representing the average interest rate on such borrowings.

L) Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive loss except to the extent it relates to items recognized in OCI or directly in equity.

Current Income tax
Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

L) Taxes (continued)

Deferred income tax
Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred income tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities: are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets: are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

M) Earnings per share ("EPS")

Basic EPS is calculated by dividing profit or loss attributable to owners of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator is calculated by adjusting the shares outstanding at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of all dilutive potential ordinary shares deemed to have been converted at the beginning of the period or if later, the date of issuance. The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted EPS. All options are considered anti-dilutive when the Company is in a loss position.

4. Critical judgments and accounting estimates

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the interim consolidated financial statements are:

4. Critical judgments and accounting estimates (continued)

Assessment of commercial reserves
Management is required to assess the Company's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against producing and developed assets, and the determination of the deferred tax liability. By their nature, these estimates of discovered and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty. The Company employs an independent reserves specialist who periodically assesses the Company's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's crude oil and natural gas reserves.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Share-based payments
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

Decommissioning provisions
Decommissioning provisions consist of obligations for the retirement of assets that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free interest rate.

Useful lives of property and equipment
The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

4. Critical judgments and accounting estimates (continued)

Fair value of financial instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all available tax pools and tax deductions and other relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

5. Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2013 or later periods. The standards impacted that are applicable to the Company are as follows:

i) IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The company is currently evaluating the impact of this amendment to IAS 12 on its consolidated financial statements.

ii) IAS 27 replaced the existing IAS 27 ''Consolidated and Separate Financial Statements''. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

iii) IAS 28 was amended in 2011 which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this amendment to IAS 28 on its consolidated financial statements.

iv) IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective as of July 1, 2011. The company is currently evaluating the impact of these amendments to IFRS 7 on its consolidated financial statements.

v) IFRS 9 was issued in November 2009 and is the first step to replace current IAS 39, ''Financial Instruments: Recognition and Measurement''. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

5. Recent accounting pronouncements (continued)

vi) IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 ''Consolidated and Separate Financial Statements'' and SIC-12 ''Consolidation—Special Purpose Entities'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

vii) IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 ''Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

viii) IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

ix) IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

6. Business combination

On July 26, 2010, Wentworth Resources Limited completed a business combination agreement ("Transaction") with Artumas Group Inc. ("Artumas") in which Artumas purchased 100% of the outstanding shares of Wentworth in exchange for newly issued common shares and warrants in Artumas. Each Wentworth common shareholder received 1.81 Artumas common shares for each Wentworth common share held. Also each Wentworth common shareholder received 0.5 of a warrant convertible in common share for each new common share received.

New common shares of 28,383,789 and new warrants of 14,191,888, representing the consideration for the purchase of Wentworth's net monetary assets, were issued.

Consideration at July 26, 2010

	$
Common shares of 28,383,789	7,997
Derivative financial liability (14,191,888 warrants)	2,683
Total consideration	**10,680**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	11,419
Trade and other payables	(2,239)
Convertible loan	1,500
Total identifiable net assets	**10,680**

6. Business combination (continued)

The issuance of the 14,191,888 warrants have been accounted for as a derivative financial liability in accordance with IAS 32.

Included in the issuance of common shares and warrants were 203,711 common shares and 101,855 warrants issued to an officer and director of Artumas. These equity instruments have been accounted for as compensation expense during the year ended December 31, 2010. The fair value of the common shares issued was $64 and was credited against share capital issued as part of the transaction. The fair value of the warrants issued was $12 and was credited against contributed surplus (Note 18(f)).

There were no revenues or net income included in the consolidated statement of comprehensive loss since July 26, 2010 related to the net monetary assets acquired.

7. Cash and cash equivalents

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Cash on deposit at banks and on hand	**3,421**	4,587	2,144
Term deposits	**10,000**	-	-
Restricted cash held in trust	**-**	-	3,340
	13,421	4,587	5,484

Cash and cash equivalents consists of cash on deposit at banks and on hand and highly liquid investments with initial maturities of equal to or less than 90 days. Cash at banks earn interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. As at March 31, 2011 the Company earned interest of 0.1% p.a. on its term deposits.

On February 23, 2010, the Tanzania Investment Bank ("TIB") provided $2.4 million as part of a long term loan to enable the Company to redeem the $2.4 million convertible bonds. These funds were held in trust until the bonds were redeemed.

8. Trade and other receivables

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Current			
Trade receivables	**1,579**	2,400	1,080
Current portion of long-term receivable	**699**	706	460
Other receivables	**2,636**	2,937	2,573
	4,913	6,043	4,113

Current trade and other receivables are unsecured and non-interest bearing. Normal settlement terms for the Company are 30 days. As at March 31, 2011, no trade receivables (2010 - $nil) were impaired or fully provided for.

8. Trade and other receivables (continued)

The ageing analysis of trade receivable is as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**31-60 days**	**61-90 days**	**91-120 days**	**> 121 days**
	$	**$**	**$**	**$**	**$**	**$**
March 31, 2011	1,579	647	932	-	-	-
December 31,2010	2,400	690	1,710	-	-	-
January 1, 2010	1,080	372	708	-	-	-

In determining the recoverability of a trade or other receivable, the Company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties.

9. Inventories

	March 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Lubricants, spare parts and other consumables	**472**	366	697

In the three months ended March 31, 2011, $54 (2010 - $311) of inventory was recognised as an expense.

10. Long-term receivable

On June 30, 2009, the Tanzania Petroleum Development Corporation ("TPDC") and the Company entered into a Joint Operating Agreement ("JOA") related to the gas concession in Tanzania. Under the terms of the agreement, TPDC will participate in a 20% share in the Mnazi Bay Development Area production, and will pay the Company for the past costs incurred, from its share of future production. The undiscounted amount receivable from TPDC is $30 million. The Company initially determined the fair value of this receivable, given the credit quality and term of the financial instrument to be approximately $18.8 million. This long term receivable will be accreted over the expected term of the asset (2015), and the accretion is included in interest expense on the statement of comprehensive loss in each period. As at March 31, 2011 the expected timing of the estimated future cash flows have been revised resulting in a change in estimate of ($4,749).

	TPDC receivable
	$
As at January 1, 2010	20,016
Accretion	3,335
Amount offset against TPDC receivable	(482)
Addition	(15)
Changes in accounting estimate	(4,749)
As at December 31, 2010	18,105
Accretion	769
Amount offset against TPDC receivable	(172)
Addition	72
As at March 31, 2011	**18,774**
Current portion included in trade and other receivables	**(699)**
Long term portion	**18,075**

11. Exploration and evaluation assets

	Exploration and evaluation assets $
Cost	
At January 1, 2010	86,265
Additions	(123)
At December 31, 2010	86,142
Additions	-
At March 31, 2011	**86,142**
Amortization and impairment losses	
At January 1, 2010	(67,741)
Amortization	(321)
At December 31, 2010	(68,062)
Amortization	(49)
At March 31, 2011	**(68,111)**
Net carrying amounts	
At January 1, 2010	18,524
At December 31, 2010	18,080
At March 31, 2011	**18,031**

12. Property and equipment

	Crude oil and natural gas properties $	Power generation, transmission and distribution facilities $	Office and other equipment $	Total $
Cost				
At January 1, 2010	88,356	16,639	8,026	113,021
Additions	310	4,575	-	4,885
Disposals	-	(99)	(696)	(795)
At December 31, 2010	88,666	21,115	7,330	117,111
Additions	426	540	-	966
Disposals	-	(13)	(82)	(95)
At March 31, 2011	**89,092**	**21,642**	**7,248**	**117,982**
Depreciation and impairment losses				
At January 1, 2010	(69,940)	(2,414)	(4,529)	(76,883)
Depreciate charge for the period	(429)	(1,143)	(2,073)	(3,645)
Impairment	-	(691)	-	(691)
Disposals	-	25	556	581
Depletion at December 31, 2010	(70,369)	(4,223)	(6,046)	(80,638)
Depreciate charge for the period	(90)	(325)	(142)	(557)
Disposals	-	10	68	78
At March 31, 2011	**(70,459)**	**(4,538)**	**(6,120)**	**(81,115)**
Net book value				
January 1, 2010	18,416	14,225	3,497	36,138
December 31, 2010	18,297	16,892	1,284	36,473
March 31, 2011	**18,634**	**17,104**	**1,128**	**36,866**

13. Trade and other payables

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Current			
Trade payables	**2,349**	4,373	3,035
Long term loan – current portion	**517**	-	-
Provision for office lease – current portion	**887**	955	-
Accrued expenses	**3,270**	3,336	3,254
VAT	**486**	486	-
	7,509	9,150	6,289

The balance of $ 486 represents recoverable VAT incurred on the expenditure funded by Government funds. The VAT amount, when refunded by the Tanzania Revenue Authority ("TRA"), will be repaid back to the TEF.

14. Convertible bonds

	Liability component $
Balance as at January 1, 2010	
Convertible bonds- liability portion	2,675
Derivative financial liability	565
	3,240
Accrued interest and accretion	115
	3,355
Early redemption of convertible bonds	(3,355)
Balance as at December 31, 2010 and March 31, 2011	-

On March 11, 2010, a proposed resolution for an early redemption of the outstanding bonds ($2.4 million) was approved, which included a 0.5% increase to the 35% put option, as an incentive. The cost of the incentive was $12.

15. Long-term loan

		Currency	Year of maturity	March 31,2011 $	December 31, 2010 $	January 1, 2010 $
Secured bank loan	(a)	TZS	2017	7,373	7,427	1,273
Less current portion				(517)	-	-
Balance, end of period				6,856	7,427	1,273

(a) Secured bank loan

On December 11, 2009, the Tanzania Investment Bank Limited ("TIB") extended a long term loan of a maximum of 10 billion Tanzanian Shillings (approximately USD $7 million) to Wentworth Gas Limited (formerly AG&P Gas Limited), a subsidiary of the Company for its operating requirements and the repayment of an intercompany debt ($2.4 million) to its parent company. As at December 31, 2010 the loan was fully drawn. The term of the facility is eight years, with a two year grace period in which no interest or principal will be payable. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas interest following the grace period will be paid quarterly at a fixed rate of 9.18% per annum. Principal repayment will be required to be made in 24 equal quarterly installments following the grace period.

Security for the long term loan is a debenture creating a first charge over all issued share capital of Wentworth Gas Limited, supported by a pledge to assign to TIB the Company's exploration/concession rights over the Mnazi Bay petroleum reserves and wells in case of default.

16. Provisions

	Decommissioning provision $	Provision for office lease $	Other $	Total $
At January 1, 2010	93			93
Arising during the year	12	3,359	1,170	4,541
At December 31, 2010	105	3,359	1,170	4,634
Of which : Non-current	105	2,404	1,170	3,679
Arising/revision during the period	3	(273)	-	(270)
At March 31, 2011	108	3,086	1,170	4,364
Of which : Non-current	108	2,199	1,170	3,477

Decommissioning liabilities

The Company makes provision for the future cost of decommissioning power plant properties on a discounted basis. These costs are expected to be settled over a period of up to 20 years into the future. The provision has been estimated using existing technology at current prices. The economic life and the timing of the decommissioning liability are dependent on government legislation, commodity prices and the future power production profiles. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures in the cost of third party services.

Other

Other liabilities includes $1,170 represents part of the funds provided by the Government of Tanzania for the Mtwara Energy Project ("MEP") through the Tariff Equalization Facility ("TEF") and spent by the Company in financing part of the cost of acquiring and installing new electricity generators for Wentworth Power Limited, a subsidiary of the Company. This amount would become due and payable when the Conditions Precedent ("CPs") to the effectiveness of the MEP Agreements are fulfilled or removed and when the assets are leased.

Provision for office lease

The Company has lease agreements for office space which it vacated in March 2010 and subsequently sub-leased at rates below the original contract amounts, resulting in costs of the agreements outweighing its benefits. Under IFRS, the leases are considered uneconomic and accordingly a provision has been recorded in March 2010. During 2010 and Q1 2011, the changes in provision have been recorded as a reduction against general and administrative expense.

17. Income taxes carried forward

The tax pools associated with non-capital losses are $159.4 million of which $62.9 million are in Canada, $82.4 million are in Tanzania and $12.0 million are in Mozambique and $2.1 million are in Jersey and Mauritius.

The non-capital losses in Tanzania and Mozambique are available for deduction and carried forward indefinitely. The non-capital losses in Canada will expire between 2014 and 2031.

18. Share capital and reserves

A) Authorised

Unlimited number of common voting shares without nominal or par value
Unlimited number of non-voting preferred shares to be issued in series, without nominal or par value

B) Issued common shares

	Number of Shares	$
Artumas		
At January 1, 2010	**31,764,804**	**335,421**
Shares issued for cash (i)	1,571,347	764
As at July 25, 2010	33,336,151	336,185
Wentworth		
Shares issued for cash (ii)	28,383,789	7,997
As at December 31, 2010	61,719,940	344,182
Shares issued for cash (iii)	15,000,000	13,527
Share issue costs (iii)	-	(846)
As at March 31, 2011	76,719,940	356,863

i) During the year ended December 31, 2010, 1,571,347 shares were issued to key employees under a 2009 retention plan. The shares were issued at NOK 2.82 for a total expense for the shares was $764.

ii) As part of the business combination (see Note 6), 28,383,789 common shares were issued as the consideration for the purchase of 100% outstanding shares of Wentworth.

Per the Transaction, as described in Note 6, new common shares totalling 5,432,303 issued as part of the transaction are held in escrow until the Company's important milestones are reached or after 42 months from July 26, 2010.

iii) On February 17, 2011, the Company completed agreements with investors for a private placement issuance of 15,000,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90 per share for total gross proceeds of NOK 77,250 (approximately $13,527. Share issue costs were $846.

C) Warrants

A summary of the changes in the Company's share purchase warrants during the period ended March 31, 2011 and the year ended December 31, 2010 are as follows:

	Number of Warrants
At January 1, 2010	5,600,000
Issued (i)	14,191,888
Expired (ii)	(5,600,000)
At December 31, 2010 and March 31, 2011	**14,191,888**

(i) As part of the business combination (see Note 6), 14,191,888 warrants were issued, and each warrant gives the holder the right to acquire one common share in the Company at an exercise price of NOK 4.25. The warrants are exercisable at any time within 24 months of completion of the Transaction.

(ii) On October 1, 2010, 5,600,000 warrants expired.

D) Non-controlling interest

Netherlands Development Financial Institution's ("FMO's") non-controlling interest in a subsidiary holding the Company's Tanzanian assets was 12.67%, as at March 31, 2011(December 31, 2010 – 12.67%).

E) Contributed surplus

The contributed surplus reserve is used to recognise the fair value of share options granted to employees, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital. Refer to Note 19 for further details of these plans.

	Contributed surplus
	$
As at January 1, 2010	9,037
Warrants expired	7,522
Share-based payment	(763)
Share-based compensation expense	150
Warrants issued to officer and director (Note 6)	12
As at December 31, 2010	15,958
Share-based compensation expense	224
As at March 31, 2011	**16,182**

19. Share-based payments

The Company has a Share Option Plan ("the Plan") under which up to 10% of the number of the Company's issued and outstanding common shares (including warrants to purchase common shares) may be reserved for issuance to directors, officers, employees and consultants. Options issued in 2010 and 2011 vest over a three year period and expire 10 years from the date of grant.

At March 31, 2011 and December 31, 2010, the Company had the following outstanding stock options issued to directors, officers, employees, consultants, and other key personnel pursuant to the Company's incentive stock option plan:

A summary of the share option transactions for the periods ended March 31, 2011 and 2010 are as follows:

	2011		2010	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at January 1,	4,750,000	0.60	8,805	267.00
Forfeited/expired	-	-	(2,522)	188.00
Outstanding at March 31,	**4,750,000**	**0.60**	**6,283**	**298.00**

The following table summarizes stock options outstanding and exercisable under the Plan:

	March 31, 2011		December 31, 2010		January 1, 2010	
Exercise prices $	Number outstanding	Expiry date	Number outstanding	Expiry date	Number outstanding	Expiry date
29.00	-	-	-	-	3,750	January 23, 2019
175.00	-	-	-	-	700	April 15, 2014
225.00	-	-	-	-	750	Jan 1, 2015
469.00	-	-	-	-	1,302	March 31, 2018
500.00	-	-	-	-	1,978	Dec 22, 2016
1,069.00	-	-	-	-	325	March, 31 2017
0.54	1,000,000	October 1, 2020	1,000,000	October 1, 2020	-	-
0.62	3,750,000	October 4,2020	3,750,000	October 4,2020	-	-
	4,750,000		**4,750,000**		**8,805**	

The Company accounts for its stock-based compensation at fair value. During the period ended March 31, 2011, $224 in stock-based compensation cost was incurred as a result of ongoing vesting of previously awarded stock options and was recognized in comprehensive loss with an offsetting amount charged to contributed surplus (2010 - $227).

The estimated weighted average fair value of share options granted during the period was $nil (2010 - $0.17) per unit option. The weighted average unit price at the date of options exercised during the period was $nil (2010 - $0.60). The fair value of each share option grant was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

	2011	2010
Expected free interest rate (%)	n/a	3.28
Expected volatility (%)	n/a	74
Expected life (in years)	n/a	3
Expected dividends ($)	n/a	nil

20. Revenue

	Three months ended March 31	
	2011	**2010**
	$	**$**
Natural gas sales	164	102
Power sales	1,654	978
Other	53	1
Net revenue from sale of commodities	**1,871**	1,081

21. Capital management

Wentworth management considers its capital structure to consist of cash and cash equivalents, long-term loan and shareholders' equity.

In light of the Company's financial situation, the Company's strategy is to manage its capital in order to meet financial obligations and commitments as they fall due.

Management continues to actively pursue possible sources of funding to satisfy longer term liquidity requirements including the completion of the financing of the Mtwara Energy Project and accessing capital and debt markets.

On July 25, 2010, Artumas (now known as Wentworth) announced the completion of the agreement with Wentworth in which Artumas purchased 100% of the outstanding shares of Wentworth in exchange for newly issued shares and warrants in Artumas.

On February 17, 2011, the Company completed agreements with investors for a private placement issuance of 15,000,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90 per share for total gross proceeds of NOK 77,250 (approximately $13,527).

On April 5, 2011, the Company completed a subsequent offering, relating to the private placement describe above, for the issuance of 3,750,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90) per share for total gross proceeds of NOK 19,313 (approximately $3,508).

As a result of the above transactions, the Company has sufficient cash resources to satisfy its obligations beyond twelve months.

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the period ended March 31, 2011. The Company is not subject to externally imposed capital requirements.

Total capitalization

As at,	**March 31, 2011**	**December 31, 2010**
	$	**$**
Shareholders' equity	61,259	52,175
Long-term loan	6,856	7,427
Cash	13,421	4,587
	81,536	**64,189**

22. Financial instruments and risk management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the financial statements and how the fair value of financial instruments measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		March 31, 2011		December 31, 2010	
Financial Instrument Classification	**Note**	**Carrying Value $**	**Fair value $**	Carrying Value $	Fair Value $
FVTPL:					
Cash and cash equivalents	(a)	13,421	13,421	4,587	4,587
Derivative financial liability		6,898	6,898	5,008	5,008
Loans and receivables:					
Trade and other receivables	(b)	4,913	4,913	6,043	6,043
Long-term receivables	(c)	18,075	18,075	17,399	17,399
Other financial liabilities:					
Trade and other payables	(b)	7,509	7,509	9,150	9,150
Long-term loan		6,856	6,856	7,427	7,427

(a) Fair values are determined from transaction values which reflect quoted active market prices. Fair values of these financial instruments are based on Level 1 measurements.
(b) Carrying value is measured at amortized cost using the effective interest rate method. The carrying values approximate fair values due to the short term nature of the instrument.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices) The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

22. Financial instruments and risk management (continued)

Credit Risk

Credit risk is the risk that the financial assets from a specific counterparty will be lost if a counterparty defaults on its obligations. Wentworth' maximum credit risk is equal to the carrying value of its trade, other and long term receivables and its credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. No material amounts are past due and no material allowances have been made. The credit risk with respect to the long-term receivable is limited as it is due from the Tanzania Petroleum Development Corporation ("TPDC") and is to be paid from TPDC's share of Tanzanian gas production.

All of the operating revenues of the Company are paid by Tanzania Electric Supply Company Limited ("TANESCO") under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

Substantially all of the Company's cash and cash equivalents are held at one recognized international financial institution in Canada. Cash held in trust was held in a trust company in the United States of America. As a result, the Company was exposed to concentration of credit risk associated with these institutions. The Company manages its risk on investments by limiting them to guaranteed investment certificates purchased at this financial institution and investing for short periods of time.

The maximum exposure to credit risk as at:

	March 31, 2011 $	December 31, 2010 $
Trade and other receivables	4,913	6,043
Long-term receivable	18,075	17,399
Cash and cash equivalents	13,421	4,587
	36,409	**27,989**

Liquidity risk

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

The table below summarizes the maturity profile of the Corporation's financial liabilities at March 31, 2011 and December 31, 2010 based on contractual undiscounted payments.

	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
As at March 31, 2011					
Trade and other payables	6,023	1,486	-	-	7,509
Long-term loan	517	2,068	4,788	-	7,373
Derivative financial liability	6,898	-	-	-	6,898
	13,438	3,554	4,788	-	21,780
As at December 31, 2010					
Trade and other payables	7,664	1,486	-	-	9,150
Long-term loan	-	2,068	5,359	-	7,427
Derivative financial liability	5,008				5,008
	12,672	3,554	5,359	-	21,585

22. Financial instruments and risk management (continued)

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.

Commodity price risk

Commodity price risk is the risk that the Company suffers financial loss as a result of fluctuations in crude oil or natural gas prices. The Company's exposure to commodity price risk is not material as it has not yet begun commercial production in the gas segment.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt in the form of the long term loan, is at fixed rates, and therefore there is no interest rate risk related to these instruments. The Company's objective is to minimize its interest rate risk by investing for short periods (less than 1 year) and only in term deposits.

The risk related to interest rates is not material.

Foreign exchange risk

Foreign exchange rate risk is the risk that the Company suffers financial loss as a result of changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign currency exchange rates. Wentworth operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian shilling and Canadian dollar against its functional currency of its operating entities, the US dollar. The Company's objective is to minimize its risk by borrowing funds in US dollars and revenues are paid (or indexed) to the US dollar. In addition, it holds substantially all of its cash and cash equivalents in US dollars, and converts to other currencies only when cash requirements demand such conversion. The Company does not have any exposure to highly inflationary foreign currencies.

As at March 31, 2011 and December 31, 2010, the following balances are denominated in foreign currency:

	United States dollar	Canadian dollar	Other currency
March 31, 2011			
Cash and cash equivalents	12,917	408	96
Trade and other receivables	2,594	-	2,319
Trade and other payables	2,170	939	3,027
Decommissioning liabilities	108	-	-
Derivative financial liability	-	-	6,898
Other provisions	-	-	1,656
December 31, 2010			
Cash and cash equivalents	4,478	24	85
Trade and other receivables	2,531	-	3,512
Trade and other payables	3,564	903	3,242
Decommissioning liabilities	105	-	-
Derivative financial liability	-	-	5,008
Other provisions	-	-	1,656

22. Financial instruments and risk management (continued)

A 10% increase/decrease of the Canadian dollar against the U.S dollar would result in a decrease in net loss before tax and comprehensive loss of approximately $18. In addition, a 10% increase/decrease of the Tanzanian shilling against the U.S dollar would result in a decrease in net income before tax and comprehensive loss of approximately $17.

23. Related party transaction

The interim consolidated financial statements include the financial statements of Wentworth and its subsidiaries.

The Company has an 87.3% interest in Artumas Tanzania (Jersey) Limited and Artumas Tanzania (Jersey) Limited wholly owned subsidiaries, Artumas Gas (Jersey) Limited, Artumas Mtwara (Jersey) Limited, Artumus Power (Jersey) Limited, MTDC (Jersey) Limited, Wentworth Power Limited, Umoja Light Company Limited, Wentworth Gas Limited, Artumas Development Limited, Artumas Development (Jersey) Limited, and Tanzania Generation Company Limited.

Balances and transactions between Wentworth and its subsidiaries, which are related parties of the Wentworth, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Transactions with related parties

(a) During the period ended March 31, 2011, legal services amounting to $nil (2010 - $328) were provided by a law firm in which one of the officers of the Company is a partner. The transactions have been recorded at the fair value. As at March 31, 2011, $nil of these costs were included in trade and other payables (December 31, 2010 - $31).

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period were as follows:

	March 31, 2011 $	March 31, 2010 $
Short-term employee benefits	**391**	**169**

24. Earnings per share

Basic and diluted loss per share

The calculation of basic loss per share at March 31, 2011 was based on loss of $3,753 (2010: $8,161), and a weighted average number of common shares outstanding of 63,446 (2010: 31,956). All other equity instruments such as stock options, warrants, and convertible bonds were anti-dilutive for both periods.

	Period	Weighted average number of shares (thousands)	Per share amount $
As at March 31, 2011			
Net comprehensive loss – Basic and diluted	2011	63,446	(0.06)
As at March 31, 2010			
Net comprehensive loss – Basic and diluted	2010	31,956	(0.26)

25. Commitments and contingencies

A) Operating lease payments

Non-cancellable operating minimum lease payments are payable as follows:

	March 31, 2011	December 31, 2010
	$	$
Less than one year	238	263
Between one and five years	-	238
	238	501

During the period ended March 31, 2011, the Company recognised $85 (2010 - $4,762) as an expense on statement of comprehensive loss in respect of operating leases.

B) Transmission and distribution

The Government of Tanzania has provided advance funding to the Company to repair, upgrade and construct the regional transmission and distribution electrical system (specifically the Masasi and Msimbati Interconnections), which is the property of TANESCO. Following the loss of the ORET Grant in June 2010, as a result of delays in fulfilling Conditions Precedent ("CPs") to the Mtwara Energy Project (MEP) Agreements, the Company is in discussions with the Government to postpone the planned lease of transmission and distribution assets owned by TANESCO in Mtwara and Lindi regions by at least three years. The Masasi and Msimbati transmission and distribution assets will therefore be handed back to TANESCO after the Government approval on the requested moratorium period and no amounts will be required to be repaid by Wentworth. The total funds advanced to Wentworth at March 31, 2011 amount to $9.5 million (2010 - $4.0 million).

The balance of $ 1,170, previously described in Note 17, may become due and payable when the above noted conditions to the effectiveness of the MEP Agreements are fulfilled or removed and when the assets are leased. This is expected to happen three years after conclusion of the Company's discussions with the Government referred to above.

26. Segmented information

The Company conducts its business through three major operating business segments. Gas operations include the exploration, development, production and transportation of natural gas and other hydrocarbons, and these activities are carried out in Tanzania and Mozambique. The Power segment includes the production and distribution of electricity in Tanzania. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation. Shared Services includes investment income, interest expense, financing related expenses and general corporate expenditures.

26. Segmented information (continued)

For the year ended March 31, 2011

	Tanzania Gas Operations	Tanzania Power Operations	Mozambique Gas Operations	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Segmented sales to customers	217	1,654	-	-	-	1,871
Expenses						
Gas purchase cost	-	810	-	-	-	810
Operating expenses	19	280	-	-	-	299
G&A expenses	905	236	89	1,436	-	2,666
Other expenses	(788)	304	316	127	-	(41)
Total segmented expenses	136	1,630	405	1,563	-	3,734
Net income/(loss) before non-controlling interest	81	24	(405)	(1,563)	-	(1,863)
Non-controlling interest	-	-	-	-	-	(68)
Net income/(loss)	81	24	(405)	(1,563)	-	(1,931)
Long-term receivable	18,774	-	-	-	-	18,774
Property and equipment additions	426	540	-	-	-	966
Exploration and evaluation assets (NBV)	11,316	-	5,912	-	-	17,228
Property and equipment (NBV)	18,389	17,102	-	1,206	(76)	36,621

26. Segmented information (continued)

For the year ended March 31, 2010

	Tanzania Gas Operations	Tanzania Power Operations	Mozambique Gas Operations	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Segmented sales to customers	102	979	-	-	-	1,081
Inter-segment sales	-	-	-	9	(9)	-
	102	979	-	9	(9)	1,081
Expenses						
Gas purchase cost	-	480	-	-	-	480
Operating expenses	14	291	-	-	-	305
G&A expenses	843	359	(41)	6,967	-	8,128
Other expenses	(775)	244	89	771	-	329
Inter-segment expenses	6	3	-	-	(9)	-
Total segmented expenses	88	1,377	48	7,738	(9)	9,242
Net income/(loss) before non-controlling interest	14	(398)	(48)	(7,729)	-	(8,161)
Non-controlling interest	-	-	-	-	-	50
Net income/(loss)	14	(398)	(48)	(7,729)	-	(8,111)
Long-term receivable	18,105	-	-	-	-	18,105
Property and equipment additions	-	673	-	-	-	673
Exploration and evaluation assets (NBV)	22,618	-	5,955	-	-	28,573
Property and equipment (NBV)	6,756	16,891	-	1,361	(76)	24,932

27. Subsequent events

On April 5, 2011, the Company completed a subsequent offering, relating to the private placement describe above, for the issuance of 3,750,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90) per share for total gross proceeds of NOK 19,313 (approximately $3,508).

Following the private placement and subsequent offering the Company had 80,469,940 common shares outstanding at April 18, 2011.

In April 2011, the Company granted $1.6 million stock options to employees and directors of the Company for NOK 5.75 (approximately $1.05).

28. Transition to IFRS

The Company transitioned from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS effective January 1, 2010 ("the transition date") and has prepared its opening IFRS consolidated balance sheet as at that date. The Company's consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements that the Company will prepare in accordance with IFRS. The Company will ultimately prepare its opening IFRS consolidated balance sheet by applying existing IFRS with an effective date of December 31, 2011 or prior. Accordingly, he opening IFRS consolidated balance sheet and the December 31, 2010 comparative balance sheet presented in the consolidated financial statements may differ from those presented at this time.

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Company has taken the following exemptions:

IFRS 2 Share-Based Payment Transactions ("IFRS 2")
IFRS 2 encourages application of its provisions to equity instruments granted on or before November 7, 2002, but requires the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company has elected to utilize this exemption to avoid applying IFRS 2 retrospectively and restate all share-based liabilities that were settled before the date of transition to IFRS. Accordingly, all unsettled liabilities arising from share-based payment transactions are in compliance with the principles of IFRS after the Transition Date.

IFRS 3 Business Combinations ("IFRS 3")

The Company has elected to apply the exemption for retrospective application of IFRS 3 to business combinations that took place before the transition date.

IFRS 6 - Exploration for and Evaluation of Mineral Resources

The Company was not able to use the exemption from full retrospective application of IFRS 6 as its operating entities in Tanzania and Mozambique were issuing their financial statements in accordance with IFRS prior to the transition date. The allocation of the property and equipment balance between the E&E and the D&P assets was based on the financial data of the these operational subsidiaries.

IAS 21- Cumulative Translation Differences
Retrospective application of IFRS would require Superior to determine cumulative currency translation differences in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the Transition Date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at its Transition Date.

IAS 23 – Borrowing Costs

IAS 23 has not been applied retrospectively. As at the transition date, the Company did not have any qualifying assets.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

The Company has elected to apply the exemption from full retrospective application of decommissioning liabilities as allowed under IFRS 1. As such the Company has re-measured the provisions as at January 1, 2010 under IFRIC 1 and recognized the difference between the amount determined under IFRIC 1 and the carrying amount of the provisions at January 1, 2010, directly in deficit.

IFRIC 4 - Determining whether an Arrangement contains a Lease ("IFRIC 4")

This IFRIC has not been applied retrospectively. The Company made an assessment as to whether an arrangement, existing at the Transition Date, contains a lease on the basis of the facts and circumstances existing at that date. The assessment was made in accordance with the requirements IFRIC 4. The Company did not identify any arrangements containing a lease on the transition date.

28. Transition to IFRS (continued)

IFRS Mandatory Exceptions

Derecognition of financial assets and liabilities

A first-time adopter should apply the derecognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement,* prospectively to transactions occurring on or after January 1, 2004. The Company has applied this mandatory exception which did not impact any of Superior's previously reported results.

Hedge Accounting

Hedge accounting can only be applied prospectively from the Transition Date to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. The Company has applied this mandatory exception which did not impact any of the Company's previously reported results.

Non-controlling Interests

A first-time adopter that applies IAS 27 *Consolidated and Separate Financial Statements*, should apply the standard retrospectively, with the exception of the following requirements which are applied prospectively from the Transition Date:

- The requirement that total comprehensive loss is attributed to the owners of the parent and to the non-controlling interests have a deficit balance;
- The requirements on accounting for changes in the parent's ownership interest in a subsidiary that do not results in a loss of control; and
- The requirements on accounting for a loss of control over a subsidiary, and the related requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The Company has applied these mandatory exceptions which did not impact any of the Company's previously reported results.

A) Reconciliation of equity as at January 1, 2010

	Canadian GAAP	Expensing of Capitalized G&A (Note 1)	Petroleum and natural gas properties (Note 2)	Stock-based Compensation (Note 3)	Convertible Debenture (Note 4)	IFRS
ASSETS						
Current assets						
Cash and cash equivalents	2,144	-	-	-	-	2,144
Cash held in trust	3,340	-	-	-	-	3,340
Trade and other receivables	4,113	-	-	-	-	4,113
Prepaid expenses and deposits	814	-	-	-	-	814
Inventories	697	-	-	-	-	697
	11,108	-	-	-	-	11,108
Non-current assets						
Long-term receivable	19,556	-	-	-	-	19,556
Evaluation and exploration assets	-	(577)	19,101	-	-	18,524
Property and equipment	55,407	(168)	(19,101)	-	-	36,138
	74,963	(745)	-	-	-	74,218
Total assets	**86,071**	**(745)**	**-**	**-**	**-**	**85,326**
LIABILITIES						
Current liabilities						
Trade and other payables	6,289	-	-	-	-	6,289
Convertible bonds	2,975	-	-	-	265	3,240
	9,264	-	-	-	265	9,529
Non-current liabilities						
Long-term loan	1,273	-	-	-	-	1,273
Provisions	93	-	-	-	-	93
	1,366	-	-	-	-	1,366,
EQUITY						
Share capital	335,421	-	-	-	-	335,421
Contributed surplus	9,665	-	-	(628)	-	9,037
Warrants	7,522	-	-	-	-	7,522
Convertible bonds – equity component	265	-	-	-	(265)	-
Retained earnings (Deficit)	(284,783)	(648)	-	628	-	(284,803)
Equity Attributable to Shareholders	68,090	(648)	-	-	(265)	67,177
Non-controlling interest	7,351	(97)	-	-	-	7,254
	75,441	(745)	-	-	-	74,431
Total Liabilities and Equity	**86,071**	**(745)**	**-**	**-**		**85,326**

A) Reconciliation of equity as at January 1, 2010 (continued)

The following explains the material adjustments to the consolidated statement of financial position as at January 1, 2010:

Note 1 – Expensing of G&A capitalized

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties (Accounting Guideline 16) whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves were capitalized in the Tanzanian and Mozambique cost centres. Certain of these costs do not meet the criteria for capitalization under IFRS and have accordingly been reversed at transition date.

Note 2 - Petroleum and natural gas properties

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized in one Canadian cost centre.

Under IFRS, pre-exploration, exploration and evaluation and development and production expenditures are accounted for separately.

Note 3 - Stock-based compensation

Under Canadian GAAP, the Company fair value of grants of share-based awards with graded vesting is recognized on a straight-line basis over the employment period necessary to vest the award. The forfeitures were recognized when they occurred.
Under IFRS, each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. The forfeiture estimate used was 20% as the Company had to recognize the historical amount in the calculation. As a result, the Company adjusted its expense for share-based awards to reflect this difference in recognition.

Note 4 – Convertible Debenture

Under Canadian GAAP, the convertible debenture was classified as a compound financial instrument, whereby the instrument was bifurcated into debt and equity components. The equity portion was recognized at its fair value, at inception. Under IFRS, the conversion feature (the equity portion under Canadian GAAP) of the convertible debenture is considered a derivative liability, and is required to be fair valued at the end of each reporting period.

B) Reconciliations as at December 31, 2010

Reconciliation of equity as at December 31, 2010

	Canadian GAAP	Expensing of capitalized costs	Petroleum and natural gas properties (Note 1)	Provision for office lease (Note 2)	Business combination and Stock options	IFRS
ASSETS						
Current assets						
Cash and cash equivalents	4,587	-	-	-	-	4,587
Trade and other receivables	6,043	-	-	-	-	6,043
Prepaid expenses and deposits	875	-	-	-	-	875
Inventories	366	-	-	-	-	366
	11,871	-	-	-	-	11,871
Non-current assets						
Long-term receivable	17,399	-	-	-	-	17,399
Evaluation and exploration assets	-	(577)	18,657	-	-	18,080
Property and equipment	55,298	(168)	(18,657)	-	-	36,473
	72,697	(745)	-	-	-	71,952
Total assets	**84,568**	**(745)**	**-**	**-**	**-**	**83,823**
LIABILITIES						
Current liabilities						
Trade and other payables	8,195	-	-	955	-	9,150
	8,195	-	-	955	-	9,150
Non-current liabilities						
Long-term loan	7,427				-	7,427
Derivative financial liability (warrants)	-				5,008	5,008
Provisions	1,275	-	-	2,404	-	3,679
	8,702	-	-	2,404	5,008	16,114
EQUITY						
Share capital	345,215	-	-	-	(969)	344,246
Contributed surplus	16,586	-	-	-	(628)	15,958
Warrants	1,714	-	-	-	(1,714)	-
Retained earnings (Deficit)	(302,312)	(661)	-	(3,359)	(1,697)	(308,029)
Equity Attributable to Shareholders	61,203	(661)	-	(3,359)	(3,294)	52,175
Non-controlling interest	6,468	(84)	-	-	-	6,384
	67,671	(745)	-	(3,359)	-	58,559
Total Liabilities and Equity	84,568	(745)	-	(3,359)		83,823

B) Reconciliations as at December 31, 2010 (continued)

Reconciliation of the consolidated statement of comprehensive loss for the year ended December 31, 2010:

	Canadian GAAP $	Financing Costs & convertible debenture (Note 1)	Provision for office lease (Note 2)	Business combination	IFRS $
Net revenue	5,465	-	-	-	5,465
Total revenue	**5,465**	**-**	**-**	**-**	**5,465**
Production and operating expenditure	(4,915)	-	-	-	(4,915)
Depreciation and depletion	(3,978)	-	-	-	(3,978)
Loss (gain) on disposal of property and equipment	(147)	-	-	-	(147)
General and administrative expenses	(12,224)	-	(3,359)	-	(15,583)
Other expenses	(3,065)	588	-	-	(2,477)
Loss from operations	**(18,864)**	**588**	**(3,359)**	**-**	**(21,635)**
Interest expense	-	(588)	-	-	(588)
Redemption of convertible bonds	(103)	265	-	-	162
Derivative financial liability				(2,325)	(2,325)
Net foreign exchange gain (loss)	290	-	-	-	290
Loss before income tax	**(18,677)**	**(323)**	**(3,359)**	**(2,325)**	**(24,096)**
Income tax expense	-	-	-	-	-
Loss	**(18,677)**	**265**	**(3,359)**	**(2,325)**	**(24,096)**
Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**
Total comprehensive income (loss)	**(18,677)**	**265**	**(3,359)**	**(2,325)**	**(24,096)**
Comprehensive loss					
Owners of the Company	(17,794)	252	**(3,359)**	(2,325)	(23,226)
Non-controlling interest	(883)	13	-	-	(870)
Comprehensive loss	**(18,677)**	**265**	**(3,359)**	**(2,325)**	**(24,096)**

B) Reconciliations as at December 31, 2010 (continued)

The following explains the material adjustments as at December 31, 2010:

Note 1 - Petroleum and natural gas properties

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves were capitalized in the Tanzanian and Mozambique cost centres.

Under IFRS, pre-exploration, exploration and evaluation and development and production expenditures are accounted for separately.
No costs were capitalized in Evaluation and Exploration costs during the year ended December 31, 2010.

Note 2 – Provision for office lease

The Company has lease agreements for office space which it vacated in April 2010, resulting in costs of the agreements outweighing its benefits. Under IFRS, the leases are considered uneconomic and accordingly a provision has been recorded in April 2010. During 2010, the change in provision is recorded as a reduction against general and administrative expense.

C) Reconciliation of the consolidated statement of comprehensive loss for the period ended March 31, 2010

	Canadian GAAP $	Provision for office lease	Convertible debenture	IFRS $
Net revenue	1,081	-	-	1,081
Total revenue	**1,081**	**-**	**-**	**1,081**
Production and operating expenditure	(785)	-	-	(785)
Depreciation and depletion	(1,069)	-	-	(1,069)
Loss (gain) on disposal of property and equipment	(43)	-	-	(43)
General and administrative expenses	(3,797)	(4,331)	-	(8,128)
Other expenses	638	-	-	638
Loss from operations	**(3,975)**	**(4,331)**	**-**	**(8,306)**
Redemption of bonds	(103)	-	265	162
Net foreign exchange gain (loss)	(17)	-	-	(17)
Loss before income tax	**(4,095)**	**(4,331)**	**-**	**(8,161)**
Income tax expense	-	-	-	-
Loss	**(4,095)**	**(4,331)**	**-**	**(8,161)**
Other comprehensive income (loss)	-	-		-
Total comprehensive income (loss)	**(4,095)**	**(4,331)**	**265**	**(8,161)**
Loss attributable to:				
Owners of the Company	(4,045)	(4,331)	265	(8,111)
Non-controlling interest	(50)	-	-	(50)
Comprehensive Income (Loss)	**(4,095)**	**-**	**265**	**(8,161)**

WENTWORTH RESOURCES LIMITED

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THREE MONTHS ENDED MARCH 31, 2011 AND 2010

IN US$ (000's), UNLESS OTHERWISE STATED

The following management's discussion and analysis ("MD&A"), dated 30 May, 2011 regarding the results of operations of Wentworth Resources Limited ("Wentworth", "the Company" or "WRL") for the three months ended March 31, 2011 and 2010 and the financial condition of Wentworth as at March 31, 2011 should be read in conjunction with the Company's consolidated financial statements for the three months ended March 31, 2011 and 2010.

The MD&A includes forward-looking statements and estimates that are subject to unknown risks and uncertainties, some of which are outside the Company's control. These risks and uncertainties include, but are not limited to, changes in market conditions, law or governing policy, operating conditions and costs, operating performance, commodity prices, exchange rates, and technical and economic factors. The Company's actual results, performance or achievement could differ materially from those expressed in or implied by these forward-looking statements and estimates and accordingly, Wentworth can give no assurances that any of the events anticipated by the forward-looking estimates will transpire or occur.

RECENT FINANCINGS

The company successfully completed a private placement issuance of 15,000,000 new common shares on February 28, 2011 and a subsequent offering relating to private placement issuance of 3,750,000 new common shares on April 5, 2011 both for cash consideration of NOK 5.15 (approximately $0.90) per share for total gross proceeds on NOK 96,563 (approximately $17,035).

Following the private placement and subsequent offering, the Company had 80,469,940 common shares outstanding.

OPERATING HIGHLIGHTS

Monetization of natural gas assets:

Pre-feasibility study

The results for the ammonia/urea/methanol pre-feasibility study conducted by Nexant Limited, London have been completed.

The Company and joint venture partners (Tanzania Petroleum Development Corporation, Maurel & Prom and Cove Energy) are currently reviewing findings of the study and are discussing how to advance the project which will likely to involve additional drilling and the preparation of the front end engineering and design (FEED) package.

300 MW Power Project

Tanzania Electric Supply Company Limited ("TANESCO") and China National Machinery & Equipment Import & Export Corporation ("CMEC") signed the Project Development contract in November, 2010 and commissioned a feasibility study in January, 2011. The plant gas requirement is 27.74bcf per year and commissioning date is expected to be April, 2014.

Wentworth together with its joint venture partners (Maurel & Prom, Cove Energy and Tanzania Petroleum Development Corporation) are expected to be involved as a supplier of Mnazi Bay natural gas to the project.

Mozambique exploration

During the year 2010, Anadarko Petroleum Corporation ("Anadarko") made three new announcements of significant gas discoveries in the Rovuma Basin Area 1 Offshore Mozambique. The announcements were made on February 19 (Windjammer exploration well), October 20 (Barquentine exploration well) and November 29 (Lagosta prospect).

On February 7, 2011, Anadarko made another announcement of their latest gas discovery on the Tubarão prospect.

Wentworth is entitled to receive an overriding royalty interest of 4.95% of the Profit Petroleum derived from Cove Energy's 8.5% working interest in the Rovuma Basin Area 1 Offshore Mozambique.

In the Rovuma Basin Area 1 Onshore Mozambique, the partners have agreed to enter into the second phase exploration program. The minimum work obligations for phase 2 consist of 100 square kilometres of 3D seismic and the drilling of one exploration well. Wentworth has an 11.59% working interest in this block.

Status of the Mtwara Energy Project ("MEP")

The MEP, as originally conceived, involved the combination of two separate businesses (i) Power Generation (Wentworth Power Limited) and (ii) Electricity Transmission and Distribution (Umoja Light Company Limited). Wentworth Power Limited presently owns and operates an 18MW facility in Mtwara which has been fully financed by equity and produces power which is sold to the TANESCO under an Interim Power Purchase Agreement (IPPA). Umoja Light Company Limited was formed with the expectation that it would lease the regional transmission and distribution facilities in Mtwara and Lindi regions from TANESCO. In this manner, the MEP would become an integrated electric utility company.

Having completed and signed all contractual agreements with the Government of Tanzania in December 2008 which support the MEP's conceptual design, the Company in 2010, turned its attention to the matter of gaining acceptance of long term tariffs from the Tanzanian Energy Regulatory Authority. Tariffs covering all facilities whether owned or leased, were essential to secure planned debt and grant financing, which in turn could enable all long term agreements to become effective.

Due to delays in tariff approvals, grant funds expected to be received from the Netherlands Government through its Development-Related Export Transactions ("ORET") Program were cancelled. Loss of the grant now jeopardizes the economic viability of the Transmission and Distribution lease aspects of the MEP through Umoja and all supporting agreements are still ineffective.

The Masasi and Msimbati transmission and distribution assets will therefore be handed back to TANESCO after the Government approval on the requested moratorium period and no amounts will be required to be repaid by Wentworth. The total funds advanced to Wentworth at March 31, 2011 amount to $9.5 million (2010 - $4.0 million).

The power generation business owned by Wentworth Power Limited remains viable and continues to operate and sell power to TANESCO under the IPPA tariff of US $0.1195 per kWh.

The construction of a new 28km, 33kV electricity line from Mtwara to the Msimbati village where the Mnazi Bay natural gas field is located was completed in March 2011.

FINANCIAL HIGHLIGHTS

Comparative Cash Flow (US $ thousands):

	For the three months ended March 31, 2011	For the three months ended March 31, 2010
Cash Inflows:		
Operating cash & short-term investments	**4,587**	2,144
Proceeds from sale of assets	**17**	10
Proceeds from issuance of common shares (net)	**12,681**	-
Proceeds from credit facility	**(53)**	5,266
	17,232	7,420
Cash Outflows:		
Capital additions (net)	**966**	673
Project operations and G&A	**464**	872
Corporate expenditures	**472**	6,520
Working capital	**1,909**	(3,188)
	3,811	4,877
Ending cash & cash equivalents	**13,421**	2,543

Capital Expenditures:

Wentworth incurred $966 in capital additions during the three months ended March 31, 2011 (2010 - $673). The capital additions include Mnazi Bay joint venture capital expenditure of $330, transmission and distribution capital expenditures of $359, electric generator overhaul cost of $145 and ammonia/methanol pre-feasibility studies of $96.

Revenues:

Wentworth reported revenues of $1,871 in the three months ended March 31, 2011 (2010 - $1,081). Of the $1,871 of revenue, $1,654 is related to power sales (2010 - $978) and $165 is related to natural gas sales (2010 - $102). The increase in revenue for the three months of 2011 over 2010 is a result of the electrification of the Masasi district beginning in late February 2010. The natural gas revenue is shared by Wentworth Gas Limited and its partners based on their participating interests.

Operating and Overhead expenses:

Operating expenses totaled $1,109 for the three months ended March 31, 2011 as compared to $785 in 2010. In 2011, operating expenses include the cost of natural gas purchases from Wentworth Gas Limited, through the operator, Maurel & Prom in the amounts of $810 for the three months ended March 31, 2011 (2010 - $480). The operating expenses are detailed below:

	For the three months ended	
	March 31, 2011	March 31, 2010
Operating Expenses:		
Maintenance and transportation	**150**	143
Salaries and benefits	**77**	92
Insurance, office supplies	**62**	40
Travel and related expenses	**10**	11
Other	**-**	19
Sub-total	**299**	305
Natural gas purchases	**810**	480
Operating expense	**1,109**	785

The Company's cost-saving initiatives have also resulted in reductions in general and administrative (G&A) expenses. During the three months ended March 31, 2011, Wentworth reported $2,666 of G&A expenses, as compared to $8,128 for the same period in 2010. These costs are detailed below:

	For the three months ended	
	March 31, 2011	March 31, 2010
General & Administrative Expenses:		
Consultants & professional fees	**817**	619
Salaries and benefits	**954**	794
Office expenses and other	**258**	470
Occupancy costs	**165**	4,887
Travel and related expenditures	**366**	193
Communication & delivery	**21**	163
Public company costs	**50**	45
Sub-total	**2,631**	7,171
Non-operated G&A	**-**	(84)
Non-recurring costs	**35**	1,041
General & administrative expenses	**2,666**	8,128

Occupancy cost as at March 31, 2010 includes a provision for an office lease that was vacated in March 2010 and subsequently sub-leased at rates below the original contract amounts, resulting in costs of the agreement outweighing its benefits.

Non-recurring costs for the three months in 2011 include expenses for Dar es Salaam office partition.

	For the three months ended	
	March 31, 2011	March 31, 2010
Other Overhead Costs		
Depletion, depreciation and amortization	**606**	1,069
Accretion of long-term receivable	**(769)**	(844)
Financing costs (net)	**157**	-
Redemption of bonds	**-**	162
Exchange (gains) losses	**(258)**	17
Stock based compensation	**224**	1
Other	**1**	-

Financing costs for the three months ended March 31, 2011 were $157 (2010 - $nil). The $157 of finance cost relates to accrued interest for the Tanzania investment Bank ("TIB") loan, interest charged during the two year grace period which will be added on the principal balance at the end of the grace period, which ends on January 5, 2012. The decrease in finance costs compared to the three months of 2010 is due to the settlement of all convertible debt held by the Company in 2010.

Accretion of the long-term receivable resulted from the signing of the JOA with Tanzania Petroleum Development Corporation ("TPDC") in June 2009. Due to the long-term nature of the receivable, the receivable's stated amount of $34,317 (principal of $31,371 and expected interest $2,946) as at March 31, 2011 has been determined to be approximately $18,774 as at March 31, 2011 ($699 current portion and $18,075 long term portion). This receivable will be accreted over the expected term of the receivable.

Stock based compensation expense for the three months ended March 31, 2011 and 2010 is related to common shares and warrants issued to key individuals as a reward and incentive to reach important milestones for the Company. For the three months ended March 31, 2011 no options had been granted to executives, senior employees and directors (2010 - 4,750,000).

During the three months ended March 31, 2011, the Company experienced a $258 gain on foreign exchange (2010 - $17 loss).

Non-Controlling Interest:

At December 31, 2007, the Netherlands Development Financial Institute ("FMO") held an interest of 19.65% in Wentworth Tanzania (Jersey) Limited ("WTJL"). FMO's investment to date of $29.8 million represents the maximum investment allowed in WTJL by FMO's credit committee. The Company has an arrangement with FMO to reduce its interest in this investment when expenditures are not proportionately funded. On this basis, FMO has acknowledged the reduction. As at March 31, 2011 FMO's interest was 12.67% (2010 – 12.67%).

Financial Condition/Liquidity:

Assets

At March 31, 2011 Wentworth had cash of $13,421.

The Company's credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Value Added Tax (VAT) in Tanzania and Mozambique and from other government entities such as the Tanzania Petroleum Development Corporation ("TPDC") and TANESCO for power sales. VAT in Tanzania is now outstanding on a current basis. The VAT in Mozambique is past due and the Company is working with the Government of Mozambique to have the receivable recognized and determine when payment will be made.

The Company has earned full rights to the Mnazi Bay Concession in Tanzania and the Rovuma Basin Onshore Block in Mozambique. Power generation assets in Tanzania are operating under interim tariff orders at capacity of 18MW.

Obligations

On December 11, 2009, the Tanzania Investment Bank Limited ("TIB") extended a credit facility of a maximum of 10 billion Tanzanian Shillings (approximately USD $6.7 million) to Wentworth Gas Limited, a subsidiary of the Company for its operating requirements. The term of the facility is eight years, with a two year grace period in which no interest or principal will be payable. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas interest following the grace period will be paid quarterly at a rate of 9.18% per annum. Principal repayment will be made in 24 equal quarterly installments following the grace period. As of March 31, 2011, the Company has drawn-down $6,713 of this facility and interest of $660 has been accrued. Security for the credit facility is a first charge over all the issued share capital of Wentworth Gas Limited supported by a pledge to assign to TIB, the Company's exploration/concession rights over the Mnazi Bay interests.

In addition, the Tanzanian Government has provided $9,546 as an advance to cover the capital program associated the Mtwara Energy Project ("MEP"). This amount will be repayable if and when a $28.8 million grant and $34 million long term debt facility for the MEP are available.

At March 31, 2011, Wentworth had 76,720 common shares issued and outstanding.

Liquidity

As an oil and gas exploration and production company currently developing commercial opportunities for its discovered resource, the Company's financial liquidity relies on its ability to raise capital in the market through the issuance of new common shares and equity, the conversion of outstanding warrants, and the monetization of existing assets.

Following the settlement of significant liabilities in 2011 and other ongoing obligations, together with a significant improvement in market conditions, management believes that the Company is in a much improved position to raise capital through the issuance of common shares or other equity to fund its exploration programs and natural gas commercialization projects.

Having completed the Wentworth Resources Limited transaction in 2010, the Company's financial stability has been enhanced. Wentworth holds valuable working interests in Tanzania and Mozambique, at the center of substantial exploration activity where competitors have announced significant gas discoveries. In addition, the Company has also reached a stage of development within its power generation and distribution segment where these assets could be monetized.

The outcome of the actions described above cannot be predicted at this time. The unaudited condensed interim consolidated financial statements associated with this report do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim consolidated financial statements.

Tax and cost recovery pools and long-term assets

As at March 31, 2011 the Company had non-capital losses totaling $159.4 million (2010 - $146.2) of which $62.9 million (2010 $56.1) are in Canada, $82.4 million (2010 - $76.4) are in Tanzania, $12.0 million ($11.7) are in Mozambique and $2.1 million (2010 - $2.0 million) are in Jersey and Mauritius. The non-capital losses in Tanzania and Mozambique are available to be carried forward indefinitely. The non-capital losses in Canada will expire between 2014 and 2031. The Company's tax pools can be offset against future taxable income arising out of its operations in the country where the taxable income is generated.

As at March 31, 2011 the Company had cost recovery pools totaling $50,704 (2010 - $49,996) relating to its operations in Tanzania and $5,542 (2010 - $5,057) relating to its operations in Mozambique. These cost recovery pools will be recovered out of future revenues, if any, earned by the associated assets.

As at March 31, 2011 the Company had a long-term receivable of $30 million (2010 - $29.8 million) from the Tanzania Petroleum Development Corporation ("TPDC") that for financial reporting purposes has been discounted to $18,774 (2010 - $17,416) due to its long-term nature. This receivable will be recovered out of TPDC's share of future revenue from the Mnazi Bay Development Area.

Working capital:

Working capital surplus, including cash balances, was $11,970 as at March 31, 2011. The components of the working capital surplus are as follows:

- Cash of $13,421 consists primarily of funds $12,917 held in US dollars
- Accounts receivable of $4,913 comprised of $1,579 trade accounts receivable, $699 TPDC receivable – current portion, $1,572 of input tax for Mozambique and Tanzanian VAT, $863 withholding tax receivable and other receivables of $200.
- Inventory of $472 comprised of consumables for the power generation activities.
- Prepaid expense of $673 includes prepaid insurance, office rentals and deposits.
- The accounts payable and accrued liabilities balance of $6,136 is comprised of $2,349 trade accounts payable and accrued liabilities, $517 Long term loan – current portion, $419 of VAT payable, $2,049 of withholding tax payable and $802 other liabilities.

RECENT ACCOUNTING PRONOUNCEMENTS

i) IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The company is currently evaluating the impact of this amendment to IAS 12 on its consolidated financial statements.

ii) IAS 27 replaced the existing IAS 27 ''Consolidated and Separate Financial Statements''. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

iii) IAS 28 was amended in 2011 which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this amendment to IAS 28 on its consolidated financial statements.

iv) IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective as of July 1, 2011. The company is currently evaluating the impact of these amendments to IFRS 7 on its consolidated financial statements.

v) IFRS 9 was issued in November 2009 and is the first step to replace current IAS 39, ''Financial Instruments: Recognition and Measurement''. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

vi) IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 ''Consolidated and Separate Financial Statements'' and SIC-12 ''Consolidation—Special Purpose Entities'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

vii) IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 ''Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers'' and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

viii) IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

ix) IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The company is currently evaluating the impact of this standard on its consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes, using a transition date of January 1, 2010. The financial statements for the three months ended March 31, 2011, including required comparative information, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Previously the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). Canadian GAAP now comprises IFRS.

Changes in Accounting Policies

The following discussion explains the significant differences between Wentworth's GAAP accounting policies and those applied under IFRS. IFRS policies have been retrospectively and consistently applied except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment upon the Company's transition to IFRS for first-time adopters. IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Company has taken the following exemptions:

Exploration for and Evaluation of Mineral Resources

Under Canadian GAAP, the Company followed the full cost method of accounting for petroleum and natural gas properties whereby all costs relating to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized in one Canadian cost centre.

Under IFRS, pre-exploration, exploration and evaluation and development and production expenditures are accounted for separately. The Company did utilize the IFRS 1 asset and liabilities of subsidiaries exemption that allowed the Company to measure its exploration and evaluation and development and production assets at the amount as determined under the Company's subsidiaries.

As such the Company has at January 1, 2010, measured the exploration and evaluation assets at the amount determined under its subsidiaries and measured the development and production assets at the amount determined under its subsidiaries. Wentworth re-classified $30,423 and $29,953 to E&E at January 1, 2010 and December 31, 2010 respectively.

Borrowing Costs

IAS 23 has not been applied retrospectively. As at the transition date, the Company did not have any qualifying assets.

Determining whether an Arrangement contains a Lease

This IFRIC has not been applied retrospectively. The Company made an assessment as to whether an arrangement, existing at the Transition Date, contains a lease on the basis of the facts and circumstances existing at that date. The assessment was made in accordance with the requirements IFRIC 4. The Company did not identify any arrangements containing a lease on the transition date.

Share based payments

Under Canadian GAAP, the Company fair value of grants of share-based awards with graded vesting is recognized on a straight-line basis over the employment period necessary to vest the award. The forfeitures were initially calculated at 0% and were recognized when forfeitures occurred.

Under IFRS, each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. The forfeiture estimate used was 20% as the Company had to recognize the historical amount in the calculation. As a result, the Company adjusted its expense for share-based awards to reflect this difference in recognition.

The Company elected to use the IFRS 1 exemption whereby the cumulative unvested portion of the options at the transition date was charged to retained earnings on January 1, 2010. This resulted in a decreased of $628 to contributed surplus and a corresponding increase to retained earnings.

Property and equipment

Canadian GAAP requires the Company to break down its assets into significant components only when practicable. Under IAS 16 - Property, Plant and Equipment, the Company is explicitly required to allocate the amount initially recognized in respect of an item of PP&E to its significant components and depreciate separately each of these components. Where a significant component has a useful life and depreciation method that is the same as the useful life and depreciation method of another significant component of the same item of PP&E, such components may be grouped together in determining the depreciation charge.

The Company has performed an analysis of its PP&E and determined that the useful lives of each significant component of an item of PP&E did not differ materially from the useful lives of other significant components of the same item. Therefore the components requirement of IAS 16 did not have a material impact on the consolidated financial statements

Impairment of assets

Canadian GAAP impairment testing involves two steps, the first of which compares the asset carrying value with undiscounted future cash flows to determine whether impairment exists. If the carrying value exceeds the amount recoverable on an undiscounted basis, then the cash flows are discounted to calculate the amount of the impairment and the carrying value is written down to estimated fair value.

Property and equipment are tested for impairment in accordance with IAS 36 Impairment of Assets ("IAS 36"). IAS 36 requires that assets, other than goodwill and indefinite life intangibles, be

subjected to an impairment test if there are indicators of impairment. For goodwill and indefinite life intangibles, IAS 36 requires that the Company perform impairment tests on an annual basis.

Under IFRS an asset is impaired when the recoverable amount of that asset is less than the carrying amount. If there is any indication that an asset may be impaired, the recoverable amount should be estimated for individual assets. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. The value in use is the present value of the future cash flows (i.e. discounted cash flows) expected to be derived from an asset.

If it is not possible to estimate the recoverable amount for the individual asset other than goodwill, the Company must determine the recoverable amount for the cash-generating unit ("CGU") to which that asset can be allocated. A CGU is the smallest group of assets that generates cash inflows largely independent of other assets or groups of assets. Management is therefore required to determine the CGU's of the Company.

Impairment will be recognized more frequently under IFRS as Canadian GAAP does not require the discounting of cash flows when assessing the recoverability of an assets carrying value. However, IAS 36 does require the reversal of an impairment loss for an asset, other than goodwill, where there is an indication that circumstances have changed and that the impairment loss no longer exists or may have decreased. This is not allowed under Canadian GAAP.

The Company, through an analysis of its operations, has identified the appropriate CGUs. The CGU identified did not have an impact on the Company's processes and controls.

Income taxes
IAS 12 Income Taxes is similar to Canadian GAAP in that the Company has to recognize deferred (future) taxes on temporary differences between the carrying value of assets and liabilities and their tax basis. The adoption of IFRS did not have a significant impact on the Company's tax accounting in the period of adoption.

Impact on systems and financial reporting
The impact on information technology and controls over financial reporting and disclosure was not significant.

OTHER RELEVANT INFORMATION

Related party transactions:

Related party transactions are described in Note 24 of the consolidated financial statements.

Critical accounting estimates:

Wentworth uses certain assumptions and estimates in applying adopted International Financial Reporting Standards ("IFRS") in the preparation of its consolidated financial statements. Estimates and assumptions are assessed regularly by the Company in light of historical results and currently-available information. Actual results may differ materially from these estimates and assumptions. The Company has identified the critical accounting policies affecting its consolidated financial statements as disclosed in Note 5 of the March 31, 2011 and 2010 financial statements. These policies are affected by the assumptions, judgments and estimates used by management in the preparation of these consolidated financial statements.

Business Risks:

Wentworth is subject to normal market risks inherent in the oil and gas business. The Company's gas assets are in the development stage resulting in uncertainties 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. We recognize these risks and manage our operations to minimize our exposures to the extent practical.

Wentworth's resource report is an estimated value that were independently evaluated and reviewed. It is important to note that resource reports include assumptions about the productive capability of each reservoir and each well into those reservoirs. Being estimates, each well and reservoir could perform differently than estimated, significantly altering the net production revenue ultimately realized.

Wentworth is subject to all of the operating risks normally associated with the exploration, production, storage, transportation and marketing of oil and gas. These risks include blowouts, explosions, fire, gaseous leaks, and migration of harmful substances. In addition, Wentworth operations will be subject to all the normal risks including encountering unexpected formations or pressures, premature declines of reservoirs, equipment failures and other accidents, sour gas releases, natural gas or well fluids, adverse weather conditions, pollution and other environmental risks. Wentworth mitigates this risk by employing qualified staff and contractors and has adequate insurance in place. The Company has also developed comprehensive health, safety and environment (HSE) management framework to diminish physical risk.

Wentworth's operations and related assets are located in countries outside Canada, which sustain different economic and political risks. Exploration or development activities in countries like Tanzania and Mozambique may require protracted negotiations with host governments, renegotiation or nullification of existing contracts, taxation policies, and international monetary fluctuations. Wentworth has helped hedge the economic or political risks through partnerships with the Tanzanian government and will enter into partnerships with the Mozambique government in the course of its operations in that country.

There are a number of social and environmental risks when drilling for natural resources in a remote area. Apprehension often includes environmental concerns, human rights controversies, product liability issues, employee concerns and other reputation issues. With Wentworth's public Corporate Social Responsibility (CSR) statement and policies, the Company is able to educate the community of the world class social and environmental standards the Company upholds.

Wentworth is exposed to normal financial risks inherent within the oil and gas industry, including commodity price risk, exchange rate risk, interest rate risk and credit risk. The Company conducts its operations in a manner intended to minimize exposure to these risks.

Wentworth's financial performance is most sensitive to prevailing prices of crude oil and natural gas. Prices for crude oil and natural gas fluctuate in response to changes in the supply of and demand for crude oil and natural gas, market uncertainty and a variety of additional factors that are largely beyond the Company's control. The business is managed so that the Company can substantially withstand the impact of a lower price environment, while maintaining the opportunity to capture significant upside when the price environment is higher.

In oil and gas exploration and development, the ability to secure drilling services and equipment, financing and even qualified employees, is critical in order to be successful. With any increase in industry activity levels and competition, Wentworth's success is dependent upon its ability to attract and retain experienced management and qualified, professional staff.

Wentworth Resources Limited (formerly Artumas Group Inc.)
Consolidated Financial Statements
For the years ended December 31, 2010 and 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Wentworth Resources Limited (formerly Artumas Group Inc):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Audit Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

Deloitte & Touche LLP, an independent firm of Chartered Accountants, is appointed by the Company to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to both the Audit Committee and management to discuss their audit findings.

(Signed) "Robert McBean"
Executive Chairman

(Signed) "Geoffrey Bury"
Chief Operating and Financial Officer

Calgary, Alberta
April 19, 2011

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

Deloitte.

Deloitte & Touche LLP
Suite 700
850 – 2nd Street SW
Calgary AB T2P 0R8
Canada

Tel: (403) 267-1700
Fax: (403) 264-2871
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Wentworth Resources Limited (formerly Artumas Group Inc.):

We have audited the accompanying consolidated financial statements of Wentworth Resources Limited which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of operations and comprehensive loss and deficit, and cash flows for the years then ended, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Wentworth Resources Limited as at December 31, 2010 and December 31, 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

April 19, 2011

Membre de / Member of Deloitte Touche Tohmatsu

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

Wentworth Resources Limited (formerly Artumas Group Inc.)
Consolidated Balance Sheets
Audited
(USD 000s)

		December 31, 2010		December 31, 2009
ASSETS				
Current				
Cash	**$**	**4,587**	$	2,144
Cash held in trust (Note 4)		**-**		3,340
Accounts receivable		**6,043**		4,113
Prepaid expenses		**875**		814
Inventory (Note 5)		**366**		697
		11,871		11,108
Long-term receivable (Note 6)		**17,399**		19,556
Property and equipment (Note 7)		**55,298**		55,407
	$	**84,568**	$	86,071
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**7,709**	$	6,289
Convertible bonds – current portion		**-**		2,975
		7,709		9,264
Asset retirement obligations (Note 8)		**105**		93
Long term loan (Note 9)		**7,427**		1,273
Other long term liabilities (Note 10)		**1,656**		-
Non-controlling interest (Note 11)		**6,468**		7,351
		23,365		17,981
Shareholders' equity				
Share capital (Note 14(b))		**345,215**		335,421
Contributed surplus (Note 14(d))		**16,586**		9,665
Warrants (Note 14(e))		**1,714**		7,522
Convertible bonds– equity portion		**-**		265
Deficit		**(302,312)**		(284,783)
		61,203		68,090
	$	**84,568**	$	86,071

Going concern assumption (Note 1)
Commitments (Note 24)
Subsequent events (Note 26)

Approved on behalf of the Board

(Signed) "Cameron Barton" Director

(Signed) "Neil Kelly" Director

4
The accompanying notes are an integral part of these consolidated financial statements

Wentworth Resources Limited (formerly Artumas Group Inc.)
Consolidated Statements of Operations and Comprehensive Loss and Deficit
Audited
(USD 000s)

		Year ended December 31,		
		2010		2009
Revenues				
Operating revenue, net of royalties	**$**	**5,465**	$	2,894
Expenses				
Operating expense		**4,915**		3,689
General and administrative		**12,224**		25,716
Depletion, depreciation, amortization		**3,978**		4,952
Accretion of long-term receivable (Note 6)		**(3,335)**		(2,946)
Changes in accounting estimates on long term receivable (Note 6)		**4,749**		-
Impairment of property and equipment (Note 7)		**691**		67,810
Net financing expense (Note 17)		**733**		14,481
Loss on redemption of bonds (Note 16)		**103**		-
Loss (gain) on disposal of property and equipment		**147**		(40)
Stock based compensation (Note 14(c))		**227**		440
Foreign exchange (gains) losses		**(290)**		503
Total expenses		**24,142**		114,605
Loss before non-controlling interest		**(18,677)**		(111,711)
Non-controlling interest		**883**		5,250
Net loss and comprehensive loss		**(17,794)**		(106,461)
Deficit, beginning of year		**(284,783)**		(156,124)
Redemption of convertible bonds (Note 16)		**265**		-
Loss on bond conversion (Note 16)		**-**		(22,198)
Deficit, end of year	**$**	**(302,312)**	$	(284,783)
Net loss per share – basic and diluted ($/share)	**$**	**(0.39)**	$	(6.63)
Weighted average number of shares		**45,232,713**		16,056,330

5
The accompanying notes are an integral part of these consolidated financial statements

Wentworth Resources Limited (formerly Artumas Group Inc.)

Consolidated Statements of Cash Flows
Audited
(USD 000s)

		Year ended December 31,		
		2010		2009
Operating Activities:				
Net loss for the period	**$**	**(17,794)**	$	(106,461)
Operating items not requiring cash:				
Non-controlling interest		**(883)**		(5,250)
Impairment of property and equipment (Note 7)		**691**		67,810
Warrants (Note 14(e))		**-**		7,522
Depletion, depreciation, amortization		**3,978**		4,952
Accretion of long-term receivable (Note 6)		**(3,335)**		(2,946)
Changes in accounting estimates on long term receivable (Note 6)		**4,749**		-
Unrealized foreign exchange losses		**606**		465
Loss on redemption of bonds (Note 16)		**103**		-
Financing costs on convertible bonds		**53**		3,000
Loss (gain) on disposal of property and equipment		**147**		(40)
Accretion of convertible bonds		**28**		2,420
Settlement of GORI in shares		**-**		561
Stock based compensation		**227**		440
Other		**-**		200
		(11,430)		(27,327)
Net change in non-cash working capital (Note 20)		**184**		2,375
		(11,246)		(24,952)
Financing Activities:				
Proceeds of long term loan		**6,154**		1,273
Other Long term liabilities		**1,656**		-
Repayment of convertible bonds from cash held in trust		**2,340**		-
Repayment of convertible bonds		**(2,340)**		(19,760)
Redemption of term deposits		**-**		3,986
Cash held in trust for repayment of bonds		-		(3,600)
Distribution to non-controlling interest		**-**		(1,145)
Proceeds from convertible bonds		**-**		2,400
Put option exercised from cash held in trust		**831**		81
Payment of put option on convertible bonds		**(819)**		-
Interest on convertible bond from cash held in trust		**75**		179
Cash held in trust released for general use		**60**		-
Finance costs on bond from cash held in trust		**34**		-
Increase in deferred financing costs		**-**		(120)
Proceeds from convertible loan (Note 12)		**1,500**		-
Bond conversion fee (Note 14(b)(ii))		**-**		(1,150)
Proceeds from issuance of common shares and warrants (Note13)		**9,180**		-
		18,671		(17,856)

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

Investment Activities:				
Property and equipment expenditures		**(4,761)**		(5,192)
Proceeds from sale of inventory		**-**		558
Proceeds on disposal of property and equipment		**67**		11,772
		(4,694)		7,138
Net change in non-cash working capital (Note 20)		**(288)**		(2,093)
		(4,982)		5,045
Increase (decrease) in cash		**2,443**		(37,763)
Cash, beginning of year		**2,144**		39,907
Cash, end of year	**$**	**4,587**	$	2,144

7
The accompanying notes are an integral part of these consolidated financial statements

1. Basis of presentation

Wentworth Resources Limited ("Wentworth", or the "Company") is an East African-focused oil and natural gas producer and explorer. Wentworth is actively involved in developing commercial opportunities for the identified hydrocarbon resources, including Methanol, Ammonia, Urea, and electricity generation. The electricity generation and transmission and distribution activities are governed by the Electricity Act of the United Republic of Tanzania.

On July 26, 2010, Wentworth Resources Limited completed a business combination agreement ("Transaction") with Artumas Group Inc. ("Artumas") in which Artumas purchased 100% of the outstanding shares of Wentworth in exchange for newly issued common shares and warrants in Artumas. New common shares of 28,383,789 and new warrants of 14,191,888, representing the consideration for the purchase of Wentworth's net assets, were issued. The Transaction has been accounted for as a recapitalization of Artumas. The total number of issued and outstanding shares in Artumas after the transaction was 61,719,940; with the former shareholders of Wentworth holding approximately 46% of the then issued common shares.

At the Annual General and Special Meeting held on September 17, 2010 the shareholders approved changing the name of the company to Wentworth Resources Limited. The new trading symbol on the Oslo Børs for the Company is now "WRL".

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on the going concern basis, which presumes that Wentworth Resources Limited will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In the next twelve months, the Company estimates that it must fund operating and capital commitments of approximately $17.5 million exclusive of the Mtwara Energy Project ("MEP"), with the MEP commitments expected to be funded through revenues and project related debt.

Management continues to actively pursue other possible sources of funding to satisfy longer term liquidity requirements including accessing capital and debts markets (see note 26).

2. Significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company accounts and transactions have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in banks, less outstanding cheques and includes highly liquid investments whose maturity at date of purchase is less than 90 days and are recorded at fair value.

(c) Inventory

Inventories of consumable materials are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out (FIFO) method.

(d) Long-term receivable

Long-term receivable plus accrued interest is initially recognized at its fair value based on the discounted cash flows. The discounted cash flows are reviewed every year to adjust for variations in the estimated future cash flows. The discount rate is based on the credit quality and term of the financial instrument. The financial instrument is subsequently valued at amortized costs by accreting the instrument over the life of the asset. The accretion is reported on the consolidated statement of operations.

(e) Property and equipment

The Company accounts for crude oil and natural gas properties in accordance with the Canadian Institute of Chartered Accountants' guideline on full cost accounting in the oil and gas industry. Under this method, all costs associated with the acquisition of, exploration for and the development of, natural gas and crude oil reserves, including asset retirement costs, are capitalized within a separate cost centre for each country in which the Company has oil and gas activities. Such costs include lease acquisition, lease rentals on undeveloped properties, geological and geophysical, drilling both productive and non-productive wells, production equipment and overhead charges directly related to acquisition, exploration and development activities. Costs capitalized in this manner are assessed at the end of each reporting period to determine if the total of such costs may be recovered in the future. Any costs considered unlikely to be recovered are written off and a corresponding loss is recognized in net earnings.

2. Significant accounting policies *(continued)*

(e) Property and equipment *(continued)*

Costs accumulated within each cost centre are depreciated, depleted and amortized using the unit-of-production method based on estimated gross proved reserves as determined by independent engineers. Capitalized costs subject to depletion are net of equipment salvage values and include estimated future costs to be incurred in developing proved reserves. Proceeds from the disposal of properties are normally deducted from the full cost pool without recognition of gain or loss unless that deduction would result in a change to the rate of depreciation, depletion and amortization of 20% or greater in which case a gain or loss is recorded in the consolidated statement of operations. Costs of major development projects and costs of acquiring and evaluating significant unproved properties are excluded, on a cost centre basis, from costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties, or impairment has occurred. An impairment loss is recognized in net earnings when the carrying amount of a cost centre is not recoverable and the carrying amount of the cost centre exceeds its fair value. The carrying amount of the cost centre is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than the carrying amount, the impairment loss is limited to the amount by which the carrying amount exceeds the sum of:

(a) the fair value of proved and probable reserves; and

(b) the costs of unproved properties that have been subject to a separate impairment test. In the period prior to the establishment of proved and probable reserves, assets are evaluated based on available indicators of fair value including market conditions such as commodity prices and asset transactions, as well as internal assessments of the expected amount and timing of cash flows.

Costs related to power generation, transmission and distribution facilities are recorded at cost and the components are amortized on a straight-line basis over their estimated useful lives in accordance with rates approved by local regulatory authorities.

Office and other equipment is recorded at cost and amortized on a straight-line basis over its estimated useful life of between three and five years.

(f) Capital grant

Grants are deducted from the related property and equipment cost with any amortization calculated on the net amount once the asset is operational.

(g) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of operations. The fair value of the obligation is periodically adjusted for revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The fair value is determined through a review of engineering studies, industry guidelines, and management's estimates on a site by site basis. The asset is amortized using the same method of depreciation as the underlying asset with which the retirement obligation is associated.

2. Significant accounting policies *(continued)*

(h) Convertible bonds

Upon issuance, convertible bonds are classified into financial liability and equity components at their fair value. The financial liability is accreted by way of a charge to the consolidated statement of operations over the maturity of the bond.

(i) Debt issue costs

Transaction costs directly attributable to the issuance of the convertible bonds are netted against the fair value of the convertible bonds on initial recognition and amortized using the effective interest method.

(j) Capitalization of interest

The Company capitalizes interest expense incurred during the construction phase of the projects which were funded by the related financing.

(k) Financial instruments

All financial instruments are initially recognized at fair value on the consolidated balance sheet. The Company has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

The Company has categorized its financial instruments as follows:

Financial Instrument	*Classification*
Cash	Held for trading
Cash held in trust	Held for trading
Accounts receivable	Loans and receivables
Long-term receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Convertible bonds	Other financial liabilities
Long term loan	Other financial liabilities

(l) Revenue recognition

Revenue from the sale of commodities is recognized when the risks and rewards of ownership pass to the purchaser on title transfer and collectability is reasonably assured.

2. Significant accounting policies *(continued)*

(m) Stock-based compensation

The Company records compensation expense for stock options granted to employees and directors using the fair value method. Fair values are determined using the Black-Scholes option pricing model. Compensation costs are expensed over the vesting period with a corresponding increase to contributed surplus. Upon exercise of the options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(n) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the carrying value and the tax basis of assets and liabilities, and measured using the substantively enacted tax rates and laws expected to be in effect when the differences are expected to reverse. Future income tax assets are recorded in the consolidated financial statements if realization is considered more likely than not.

(o) Foreign currency translation

Transactions originating in foreign currencies are translated into US dollars at the exchange rate on the date of the transaction. Monetary items are translated at the rates in effect at the balance sheet date and non-monetary items are translated at the rates prevailing at the respective transaction dates. Exchange gains and losses arising on translation are included in the determination of the gains and losses for the year. Monetary assets and liabilities of integrated operations that are not denominated in US dollars are translated at the exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical rates and revenues and expenses are translated at average rates of exchange during the year. Exchange gains and losses arising on translation of the accounts of integrated operations are included in the consolidated statements of operations.

(p) Joint ventures

The Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

(q) Basic and diluted loss per share

Basic loss per share figures is calculated using the weighted average number of shares outstanding during the year. The dilutive effect of options is computed using the treasury stock method and the effect of convertible bonds by the "if converted" method. Dilutive amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share for 2010 and 2009.

2. Significant accounting policies (*continued)*

(r) Measurement uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in the preparation of these consolidated financial statements include the estimate of proved and probable reserves and the costs to develop these reserves, asset retirement obligations (estimates of abandonment costs, timing of abandonment, inflation and interest rates), and impairment of long lived assets.

The impairment of long lived assets is based on a number of estimates and assumptions including future development costs, timing of commercialization of assets, and recoverability of costs.

The valuation of stock options is based on a number of assumptions made with respect to the expected volatility over the expected life of the option at the time of the grant. As these assumptions are based on management's best estimates, these amounts are subject to measurement uncertainty.

3. Recent accounting pronouncements

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued the following new Handbook sections: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests which replace Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements. These new Sections are applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Together, the new Sections establish standards for the accounting for a business combination, the preparation of consolidated financial statements and the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

The AcSB has confirmed that accounting standards in Canada will converge with IFRS. The Company will be required to adopt IFRS effective January 1, 2011 with the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. This means that the Company will be required to prepare IFRS financial statements for the interim periods and fiscal year ends beginning in 2011. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

4. Cash held in trust

In 2009, the proceeds received on the sale of the Tanzanian gas assets for $3,340 was retained in a trust account to satisfy the obligations of the convertible bond, including principal, interest and the put option. On November 25, 2009, the put option of one bondholder having a bond with a principal amount of $60 was exercised. In addition to the put option of $21, accrued interest of $4 was paid.

In December 2009, one semi-annual interest payment was made from these funds for $175.

On February 23, 2010, the Tanzania Investment Bank ("TIB") provided $2.4 million as part of a long term loan to enable the Company to redeem the $2.4 million convertible bonds. These funds were held in trust until the bonds were redeemed.

On March 11, 2010, a proposed resolution for an early redemption of the outstanding bonds ($2.34 million) was approved. To reflect the terms of the put option in the bonds and in lieu of future interest payments, the bonds were redeemed at 135.5% of the par value of the bonds plus accrued interest. The cash held in trust from TIB was used in settling this obligation, allowing other cash held in trust to be released to the Company.

5. Inventory

Inventory consists of lubricants, spare parts and other consumable items. In 2010, $nil (2009 - $558) of inventory was sold to the new operator of the Tanzania gas field, at cost.

In 2010, $311 (2009 - $624) of inventory was recognized as an expense.

6. Long-term receivable

On June 30, 2009, the Tanzania Petroleum Development Corporation ("TPDC") and the Company entered into a Joint Operating Agreement ("JOA") related to the gas concession in Tanzania. Under the terms of the agreement, TPDC will participate in a 20% share in the Mnazi Bay Development Area production, and will pay the Company for the past costs incurred, from its share of future production. The undiscounted amount receivable from TPDC is $33.0 million. The Company initially determined the fair value of this receivable, given the credit quality and term of the financial instrument to be approximately $17.4 million. This financial instrument will be accreted over the expected term of the asset (2015), and the accretion is reported on the statement of operations in each period. As at December 31, 2010 the estimated future cash flows have been revised resulting in a change in estimate of ($4,749) (2009 - $Nil)

		2010	2009
TPDC receivable, beginning of year	$	**20,016**	**-**
Changes in accounting estimates		**(4,749)**	**-**
Accretion		**3,335**	2,946
Addition		**(15)**	17,408
Less: amounts offset against TPDC receivable		**(482)**	(338)
TPDC receivable, end of year		**18,105**	20,016
Short term portion, included in accounts receivable		**(706)**	(460)
Long term portion		**17,399**	19,556

7. Property and equipment

		December 31, 2010			
		Cost	**Impairment**	**Accumulated Amortization**	**Net Book Value**
Tanzania (Energy Program)					
• Mnazi Bay Gas Development					
○ Petroleum drilling, exploration, development	$	**111,332**	**85,800**	**1,609**	**23,923**
• Mtwara Region Gas to Power					
○ Gathering, Processing and Pipeline		**35,215**	**28,001**	**239**	**6,975**
○ Power generation		**14,667**	**691**	**3,358**	**10,618**
○ Transmission/ distribution		**6,613**	**-**	**173**	**6,440**
• Ammonia/Urea/Methanol		**25**	**-**	**-**	**25**
• Capital inventory		**2,681**	**2,282**	**399**	**-**
• Office and field equipment		**454**	**-**	**279**	**175**
		170,987	**116,774**	**6,057**	**48,156**
Mozambique Program					
• Rovuma Basin					
○ Petroleum drilling, exploration, development		**26,083**	**18,910**	**1,217**	**5,956**
Canadian office equipment		**6,927**	**-**	**5,741**	**1,300**
Balance	$	**203,997**	**135,684**	**13,015**	**55,298**

		December 31, 2009			
		Cost	Impairment	Accumulated Amortization	Net Book Value
Tanzania (Energy Program)					
• Mnazi Bay Gas Development					
○ Petroleum drilling, exploration, development	$	**111,262**	**85,800**	**1,287**	**24,175**
• Mtwara Region Gas to Power					
○ Gathering, Processing and Pipeline		**35,215**	**28,001**	**149**	**7,065**
○ Power generation		**11,657**	**-**	**2,385**	**9,272**
○ Transmission/ distribution		**4,955**	**-**	**33**	**4,922**
• Capital inventory		**2,681**	**2,282**	**370**	**29**
• Office and field equipment		**432**	**-**	**177**	**255**
		166,202	**116,083**	**4,401**	**45,718**
Mozambique Program					
• Rovuma Basin					
○ Petroleum drilling, exploration, development		**26,205**	**18,910**	**913**	**6,382**
Canadian office equipment		**7,625**	**-**	**4,318**	**3,307**
Balance	$	**200,032**	**134,993**	**9,632**	**55,407**

7. Property and equipment *(continued)*

On June 30, 2009, the Tanzania Petroleum Development Corporation ("TPDC") and Wentworth Gas Limited (formerly Artumas Group & Partners (Gas) Limited or AG&P Gas Limited), a subsidiary of the Company, entered into a Joint Operating Agreement ("JOA") related to the gas concession in Tanzania. Under the terms of the agreement, TPDC will participate in a 20% share in the Mnazi Bay Development Area development assets. The fair value of the amount receivable from TPDC was credited against the development assets (see Note 6).

On July 21, 2009, the Company signed an option agreement with Maurel & Prom and Cove Energy (the "Purchasers") granting them the option to purchase a participating interest in Artumas' Mozambique gas assets. The Company received $1,020 as consideration for entering into the option agreement. The sale of assets was concluded on December 16, 2009, and the option proceeds were applied to the proceeds from sale. The gross proceeds of the sale were $3.0 million, a 0.495% royalty on Cove Energy plc share of profit petroleum from the Offshore Block, and a carried interest through one on-shore well. The proceeds were credited against the assets purchased. The Purchasers obtained 44.4% of the Company's 58% participating interest of the Onshore Block and the full 8.5% of the Company's participating interest of the Offshore Block.

On November 25, 2009, Artumas (now Wentworth) removed all conditions and received all approvals necessary to complete the sale of a portion of its participating interest in the Mnazi Bay petroleum development concession to Maurel & Prom and Cove Energy plc (the "Purchasers'). The gross proceeds of the sale were $9.0 million and a carried interest through a 3D seismic programme and one Exploration well. The proceeds were credited against the assets purchased. The Purchasers obtained 68.25% of the Company's participating interest in Tanzania.

During the year ended December 31, 2009 it was determined that the carrying amounts of the Tanzanian and Mozambique gas assets exceeded their fair value based on available indicators of fair value including market conditions such as commodity prices and asset transactions. This resulted in Wentworth (formerly Artumas) recording a non-cash impairment of $67.8 million, comprising $48.9 million on the Tanzanian gas assets and $18.9 million on the Mozambique gas assets.

On July 26, 2010, Wentworth completed a transaction with Artumas in which Artumas purchased 100% of the outstanding shares of Wentworth in exchange for newly issued common shares and warrants in Artumas. The transaction resulted into the write-off of development costs for Tanzania Generation Company Limited (TANGEN) amounting to $0.69 million.

During the year ended December 31, 2010, $nil (2009 - $3,990) of interest expense were capitalized related to borrowings to fund the Tanzania Energy Program and Mozambique Program.

8. Asset retirement obligations

The Company has recognized an asset retirement obligations in relation to the Power Generation facilities. The change in the asset retirement obligation liability is as follows:

		2010		2009
Asset retirement obligations at January 1	$	**93**	$	82
Accretion		**12**		11
Asset retirement obligations at December 31	$	**105**	$	93

The total undiscounted amount of the estimated cash flows required to settle the obligations is $750 (2009 – $750) with an annual inflation rate of 2% (2009 – 2%), which has been discounted using a credit-adjusted risk-free rate of 13% (2009 – 13%). The settlement of the obligations is expected to occur in 20 years time (2009 – 20 years).

9. Long term loan

On December 11, 2009, the Tanzania Investment Bank Limited ("TIB") extended a long term loan of a maximum of 10 billion Tanzanian Shillings (approximately USD $7 million) to Wentworth Gas Limited (formerly AG&P Gas Limited), a subsidiary of the Company for its operating requirements and the repayment of an intercompany debt ($2.4 million) to its parent company. As at December 31, 2010 the loan was fully utilized. The term of the facility is eight years, with a two year grace period in which no interest or principal will be payable. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas interest following the grace period will be paid quarterly at a rate of 9.18% per annum. Principal repayment will be required to be made in 24 equal quarterly installments following the grace period.

		2010		2009
Balance at January, 1	$	**1,273**	$	-
Principal		**5,619**		1,273
Accrued interest		**535**		-
Balance at December 31	$	**7,427**	$	1,273

Security for the long term loan is a debenture creating a first charge over all issued share capital of Wentworth Gas Limited (formerly AG&P Gas Limited), a subsidiary of the Company, supported by a pledge to assign to TIB the Company's exploration/concession rights over the Mnazi Bay petroleum reserves and wells in case of default.

10. Other long term liabilities

$1,170 represents part of the funds provided by the Government of Tanzania for the Mtwara Energy Project ("MEP") through the Tariff Equalization Facility ("TEF"). This amount would become due and payable, on occurrence of either of events further described in Note 24(c). The balance of $ 486 represents recoverable Value Added Tax ("VAT") incurred on the expenditure funded by Government funds. The VAT amount, when refunded by the Tanzania Revenue Authority ("TRA"), will be repaid back to the TEF.

11. Non-Controlling interest

Effective March 31, 2008, additional shares in Artumas Tanzania Jersey Limited ("ATJL") were issued to Artumas Holdings Jersey Limited ("AHJL"), effectively reducing Netherlands Development Financial Institution's ("FMO's") non-controlling interest in ATJL.

During 2010, FMO's interest remained at 12.67% (2009 – 12.67%).

12. Convertible loan

An unsecured convertible loan of $1.5 million was provided to Artumas by Wentworth in the second quarter of 2010. The interest rate on the loan was 15% per annum, and was accrued each month, in arrears and was added to the principal sum advanced.

Repayment of the loan was required at the earlier of (a) the date upon which the letter of intent (LOI) is terminated by either the Lender or the Borrower; (b) the date upon which the negotiations in respect of the transaction (see Note 1) are terminated; or (c) the date upon which the transaction is completed.

Upon completion of the transaction, the convertible loan of $ 1.5 million provided by Wentworth become an intercompany transaction and accordingly has been eliminated (see Note 13) in these consolidated financial statements as at December 31, 2010.

13. Wentworth transaction

As part of the transaction described in Note 1, each Wentworth common shareholder received 1.81 Artumas common shares for each Wentworth common share held. Also each Wentworth common shareholder received 0.5 of a warrant for each new common share received.

The transaction is accounted for as a capital transaction in substance, and is equivalent to the issuance of common shares and warrants by Artumas for the net monetary assets of Wentworth. The Company issued a total of 28,383,789 common shares and 14,191,888 warrants to the former Wentworth's shareholders for net monetary assets of $10,680 ($12,750 less estimated expenses of $2,070 at the date of the Transaction) and were included in the consolidated balance sheet on July 26, 2010. Accordingly, the assets, liabilities and results of operations presented are those of Artumas, together with the net monetary assets of Wentworth.

The calculation of net monetary assets of Wentworth as at July 26, 2010 was as follows:

Cash	$11,419
Accounts payable	(2,239)
	9,180
Convertible loan (Note 12)	1,500
Net monetary assets	$10,680

Consideration paid for these monetary assets included common shares of 28,383,789 for $8,966 (Note 14(b)) and warrants of 14,191,888 for $1,714 (Note 14(e)).

Included in the issuance of common shares and warrants above were 203,711 common shares and 101,855 warrants issued to an officer and director of Artumas. These equity instruments have been accounted for as compensation expense during the year ended December 31, 2010. The fair value of the common shares issued was $64 and was credited against share capital issued as part of the transaction. The fair value of the warrants issued was $12 and was credited against contributed surplus (Note 14(d)).

14. Share capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.
Unlimited number of non-voting preferred shares to be issued in series, without nominal or par value.

(b) Common shares issued

	Number of shares		Amount
Artumas			
Balance, December 31, 2008	**357,666**	**$**	**187,109**
Converted to equity (i)	504		337
Conversion to equity (ii)	30,187,567		148,564
Bond conversion fee (ii)	-		(1,150)
Issued in settlement of GORI (iii)	1,219,067		561
Balance, December 31, 2009	**31,764,804**		**335,421**
Issued July 25, 2010 (iv)	1,571,347		764
Balance, July 25, 2010	**33,336,151**		**336,185**
Wentworth			
Issued as part of the Transaction (v)	28,383,789		9,030
Balance, December 31, 2010	**61,719,940**		**345,215**

Effective October 15, 2009, the Company consolidated its issued and outstanding share capital on a 100 for 1 basis. All references to shares, per share amounts, options and warrants have been retroactively restated, to reflect the share consolidation.

(i) Artumas' Convertible Bond Series 1 matured on January 16, 2009. $0.3 million was converted on January 6, 2009 with the balance of $19.7 million paid to bondholders in full on the maturity date.

(ii) On June 25, 2009, the bondholders of all outstanding debt agreed to convert the debt into common shares. A fee of 1% was incurred for this conversion. As a result of the share consolidation, a shareholder that would otherwise be entitled to a fraction of a common share in respect of the total aggregate number of pre-consolidation common shares held by such shareholder, had the total number of shares rounded down to the next closest whole number of common shares, resulting in an adjustment to the total number of shares outstanding of 66.

(iii) On November 23, 2009, the Company accepted an offer to terminate the Gross Overriding Royalty Interest ("GORI") Agreement with Sunorca Development Corp. in exchange for CAD 1 million in cash and common shares. The Company paid CAD 400 in cash and the remainder (CAD 600) in shares of the Company. The number of shares issued to Sunorca was 1,219,067 shares based on the closing price of the Company's shares on November 20, 2009 and the noon exchange rate posted by the Bank of Canada on November 20, 2009.

14. Share capital *(continued)*

(b) Common shares issued *(continued)*

(iv) During the year ended December 31, 2010, 1,571,347 shares were issued to key employees under a 2009 retention plan. The shares were issued at 2.82NOK for a total of $764.

(v) As part of the transaction (see Note 13), 28,383,789 common shares and 14,191,888 warrants were issued as the consideration for the purchase of 100% outstanding shares of Wentworth.

The value ascribed to the new common shares and to the warrants was determined based on their fair values at July 26, 2010 and prorated between the two equity instruments in the context of the transaction and the net monetary assets of Wentworth.

New common shares totalling 5,432,303 issued as part of the transaction are held in escrow until the Company's important milestones are reached or after 42 months from July 26, 2010.

(c) Stock options

The Company has a stock option plan under which up to 10% of the number of the Company's issued and outstanding common shares (including warrants to purchase common shares) may be reserved for issuance to directors, officers, employees and consultants.

Options issued in 2010 vest (straight-line) over a three year period and expire 10 years from the date of grant.

At December 31, 2010 the Company has granted stock options to various directors, consultants, and employees of the Company as follows:

	Weighted Average Remaining Life (Years)	Number of options		Weighted Average Exercise Price (USD)
Balance, December 31, 2008	**8.66**	**27,576**	**$**	**355.00**
Granted		4,400		29.00
Forfeited		(23,171)		326.00
Balance, December 31, 2009	**7.72**	**8,805**		**267.00**
Granted		4,750,000		0.60
Forfeited		(8,805)		39.00
Balance, December 31, 2010	**9.76**	**4,750,000**	**$**	**0.60**

14. Share capital *(continued)*

(c) Stock options *(continued)*

The number of options outstanding at December 31, 2010 is 4,750,000 at exercise prices $0.54 to $0.61 per share (2009 – 8,805 at exercise prices ranging from $29.00 to $1,069.00 per share), as follows:

Exercise Price	Options Outstanding	Options Exercisable	Weighted Average Remaining Life (Years)
$0.54	1,000,000	-	9.76
$0.61	3,750,000	-	9.77
	4,750,000	-	9.76

The fair value of stock options granted during the year ended December 31, 2010 for which the exercise price was equal to the share's market price was estimated at $1,431 (2009 - $79). These amounts will be recognized as stock compensation expense over the vesting period of the options. The stock based compensation expense related to the stock options for the year ended December 31, 2010 was $227 (2009 – $440). The stock compensation expense consists of $95 for stock options, $55 for shares awarded but not yet issued, to key employees within a retention plan, $64 for the 203,711 shares issued to an officer and director of Artumas and $12 for the 101,855 warrants issued to an officer and director of Artumas (Note 13).

The fair value of stock options granted was determined at the dates of granting the options using the Black-Scholes option pricing model based on the following assumptions: a risk-free rate of 3.28% to 3.29% (2009 – 3.79%), an expected term of 3 years (2009 – 6 years), a volatility of 72% (2009 – 65.3% to 65.8%) and a future dividend yield of nil (2009 – nil).

(d) Contributed surplus

Balance, December 31, 2008	**$**	7,741
Stock compensation expense		440
Equity portion of bond settled		7
Equity portion of convertible debt settled as debt		1,477
Balance, December 31, 2009		**9,665**
Expired warrants (issued in October 12, 2009)		7,522
Stock compensation expense (Note 14(c))		150
Shares issued under 2009 retention plan		(763)
Warrants issued to officer and director (Note 13)		12
Balance, December 31, 2010	**$**	**16,586**

14. Share capital *(continued)*

(e) Warrants

(i) On October 12, 2009 the convertible debt agreement entered into on June 25, 2009 was changed by cancelling a second tranche. As consideration for foregoing their rights to fund the second tranche, the bondholders were granted 5.6 million warrants whereby each warrant would give the holder the right to 1.71 common shares in Artumas at a subscription price of NOK 3.75 per share. If all of the warrants are exercised, 9,576,000 new common shares in Artumas will be issued. The warrants must be exercised on or before October 1, 2010. As at December 31, 2009, no warrants were exercised.

The fair value of warrants issued was determined at the date of grant using the Black-Scholes option pricing model based on the following assumptions: a risk-free rate of 1.24%, an expected term of one year, a volatility of 270.8% and a dividend yield of nil.

(ii) As part of the Transaction, 28,383,789 common shares and 14,191,888 warrants were issued as the consideration for the purchase of 100% outstanding shares of Wentworth. Each warrant gives the holder the right to acquire one common share in the Company at an exercise price of NOK 4.25. The warrants are exercisable at any time within 24 months of completion of the Transaction.

The value ascribed to the new common shares and to the warrants was determined based on their fair values at July 26, 2010 and prorated between the two equity instruments in the context of the Transaction and the net monetary assets of Wentworth.

(iii) On October 1, 2010 warrants of 5,600,000 with subscription price of 3.75 NOK expired.

	Number of warrants	Amount
Artumas		
Balance, December 31, 2008	**-**	**-**
Granted (i)	5,600,000	7,522
Balance, December 31, 2009	**5,600,000**	**7,522**
Issued as part of the transaction (ii)	14,191,888	1,714
Expired warrants (iii)	(5,600,000)	(7,522)
Balance, December 31, 2010	**14,191,888**	**1,714**

15. General and administration expenses

General and administrative expenses for the year ended December 31, 2010 is $12.2 million (2009 - $25.7 million). This category comprised of salaries and benefits, consultants and professional fees, office costs, insurance and travel and accommodation costs. Included in this category, for the year ended December 31, 2010 is $2.5 million (2009 - $8.9 million), of costs associated with staff and executive restructuring and other cost containment strategies, as well as costs related to the bond restructuring, settlement of GORI and the sale of assets which are considered non-recurring. The majority of these non-recurring costs are included in shared services in the segmented information (Note 18).

In addition, for the year ended December 31, 2010 general and administrative expenses include $nil (2009 - $2.0 million) for expenses billed by the operator related to the Mozambique properties.

16. Convertible bonds

On March 11, 2010, a proposed resolution for an early redemption of the outstanding bonds ($2.4 million) was approved, which included a 0.5% increase to the 35% put option, as an incentive. The cost of the incentive was $12. The Company accounted for this early redemption in accordance with Emerging Issue Committee Abstract 96, *Accounting for the Early Extinguishment of Convertible Securities through (1) Early Redemption or Repurchase and (2) Induced Early Conversion* ("EIC-96"). Pursuant to EIC-96, the Company compared the carrying value of the liability and equity elements of the bonds to their relative fair values on the date of the redemption.

The recognized loss of $103 arising from the early redemption is related to the liability component. The Company recorded a $265 reduction in retained earnings related to the equity component.

The recognized loss of $22,198 in 2009 arose from the early redemption and consisted of a gain on the liability component of $42,574 and a loss on the equity component of $64,772.

17. Net financing expense

Net financing expense includes the following amounts:

		2010		2009
Interest income	$	**-**	$	(75)
Interest expense and debt financing costs		**652**		9,136
Amortization of deferred financing costs		**53**		3,000
Accretion of convertible bonds		**28**		2,420
	$	**733**	$	14,481

The financing costs for the year ended December 31, 2010 includes TIB loan interest of $510, convertible bonds included the 135 Put Option of $12, fees related to the funds held in trust of $34 and interest of $74 and other expenses of $17 (2009 - $1,586). In 2009 value of the warrants issued was $7,522. Financing costs on current liabilities was $1 (2009 - $28).

During 2010 and 2009, no interest income was earned on financial assets that are classified as held-for-trading. Financing costs were incurred on financial liabilities that are classified as other liabilities.

18. Segmented information

The Company conducts its business through three major operating business segments. Oil and Gas operations include the exploration, development, production and transportation of natural gas and other hydrocarbons, and these activities are carried out in Tanzania and Mozambique. The Power segment includes the production and distribution of electricity in Tanzania. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation. Shared Services includes investment income, interest expense, financing related expenses and general corporate expenditures.

For the year ended December 31, 2010

	Tanzania Oil and Gas	Tanzania Power	Mozambique Oil and Gas	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Sales to customers	1,068	4,862	-	2	-	5,932
Royalties and joint interest	(467)	-	-	-	-	(467)
Inter-segment sales	-	-	-	9	(9)	-
Segmented revenue	601	4,862	-	11	(9)	5,465
Expenses						
Expenses	5,125	6,587	498	11,241	-	23,451
Impairment of property and equipment	-	691	-	-	-	691
Inter-segment expenses	6	3	-	-	(9)	-
Segmented expenses	5,131	7,281	498	11,241	(9)	24,142
Net loss before non-controlling interest	(4,530)	(2,419)	(498)	(11,230)	-	(18,677)
Non-controlling interest	-	-	-	-	-	883
Net loss	(4,530)	(2,419)	(498)	(11,230)	-	(17,794)
Long-term receivable	17,399	-	-	-	-	17,399
Property and equipment additions	310	4,574	(123)	-	-	4,761
Property and equipment (NBV)	30,809	17,058	5,956	1,475	-	55,298

18. Segmented information *(continued)*

For the year ended December 31, 2009

	Tanzania Oil and Gas	Tanzania Power	Mozambique Oil and Gas	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Sales to customers	64	3,416	-	-	-	3,480
Royalties	(586)	-	-	-	-	(586)
Inter-segment sales	1,400	-	-	143	(1,543)	-
Segmented revenue	878	3,416	-	143	(1,543)	2,894
Expenses						
Expenses	6,614	3,109	3,029	16,653	-	29,405
Impairment of property and equipment	48,900	-	18,910	-	-	67,810
Other expenses	(2,044)	934	926	17,497	77	17,390
Inter-segment expenses	93	1,449	1	-	(1,543)	-
Segmented expenses	53,563	5,492	22,866	34,150	(1,466)	114,605
Net loss before non-controlling interest	(52,685)	(2,076)	(22,866)	(34,007)	(77)	(111,711)
Non-controlling interest	-	-	-	-	-	5,250
Net loss	(52,685)	(2,076)	(22,866)	(34,007)	(77)	(106,461)
Long-term receivable	19,556	-	-	-	-	19,556
Property and equipment additions	4,819	(103)	2,970	11	-	7,697
Property and equipment (NBV)	31,269	14,193	6,383	3,562	-	55,407

19. Financial instruments and risk management

The fair value of the Company's cash, cash held in trust, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

Long-term receivable is initially recognized at its fair value based on the discounted cash flows. The discount rate is based on the credit quality and term of the financial instrument. The financial instrument is subsequently valued at amortized costs by accreting the instrument over the life of the asset. The accretion associated with this instrument valued at amortized cost is reported on the statement of operations in each period. The carrying value of the long-term receivable approximates the fair value.

Long-term debt is initially recognized at its fair value based on the amounts received. The carrying value approximates its fair value, as the loan bears interest at prevailing market rates at December 31, 2010.

19. Financial instruments and risk management *(continued)*

Other long-term liabilities are initially recognized at their fair values and the carrying values approximate their fair values, as the fair values are not materially different than the carrying amounts.

In accordance with adopted amendments to CICA 3862, *Financial Instruments – Disclosures*, the Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

- Level 1 – quoted market prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable or the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value of the financial instruments classified as held for trading, cash and cash held in trust, corresponds to a Level 1 classification.

Financial Risks

The financial instruments disclosure requirements establish standards for the presentation of financial instruments and non-financial derivatives and require additional disclosure to enable users to evaluate the significance and risks related to financial instruments on an entity's financial position.

Wentworth is exposed to normal financial risks inherent within the oil and gas industry, including commodity price risk, exchange rate risk, interest rate risk, credit risk, and liquidity risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period.

a) *Commodity price risk*
Commodity price risk is the risk that the Company suffers financial loss as a result of fluctuations in crude oil or natural gas prices. The Company's exposure to commodity price risk is not material as it has not yet begun commercial production in the gas segment.

b) *Exchange rate risk*
Exchange rate risk is the risk that the Company suffers financial loss as a result of changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign currency exchange rates. Wentworth operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian shilling and Canadian dollar against its functional currency, the US dollar. The Company's objective is to minimize its risk by borrowing funds in US dollars and revenues are paid (or indexed) to the US dollar. In addition, it holds substantially all of its cash in US dollars, and converts to other currencies only when cash requirements demand such conversion. The Company does not have any exposure to highly inflationary foreign currencies.

The risk related to a change in exchange rates is not material.

19. Financial instruments and risk management *(continued)*

c) *Interest rate risk*
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt in the form of the long term loan is at fixed rates, and therefore there is no interest rate risk related to these instruments. The Company's objective is to minimize its interest rate risk by investing for short periods (less than 1 year) and only in term deposits.

The risk related to interest rates is not material.

d) *Credit risk*
Credit risk is the risk that the financial assets from a specific counterparty will be lost if a counterparty defaults on its obligations. Wentworth' maximum credit risk is equal to the carrying value of its receivables and its credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. No material amounts are past due and no material allowances have been made. The credit risk with respect to the long-term receivable is limited as it is due from the Tanzania Petroleum Development Corporation ("TPDC") and is to be paid from TPDC's share of Tanzanian gas production.

All of the operating revenues of the Company are paid by Tanzania Electric Supply Company Limited ("TANESCO") under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

Substantially all of the Company's cash and cash equivalents are held at one recognized international financial institution in Canada. Cash held in trust was held in a trust company in the United States of America. As a result, the Company was exposed to concentration of credit risk associated with these institutions. The Company manages its risk on investments by limiting them to guaranteed investment certificates purchased at this financial institution and investing for short periods of time.

e) *Liquidity risk*
Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Other than routine current accounts payable, incurred in the normal course of business, the Company also has a long term loan.

	< 1 Year	1-2 Years	2-5 Years	Thereafter
Accounts payable and accrued liabilities	$ 7,709	$ -	$ -	$ -
Other long term liabilities	-	-	1,656	-
Long term loan	-	1,234	3,701	2,492

20. Supplementary cash flow information

Net change in working capital:

		2010		2009
Accounts receivable	$	**(1,187)**	$	6,735
Inventory		**331**		(401)
Prepaid expenses		**(60)**		4,304
135 Put Option		**-**		819
Accounts payable and accrued liabilities		**812**		(11,175)
		(104)		282
Less: amounts related to investing activities		**288**		2,093
	$	**184**		2,375

Interest received and paid

		For the Year ended,		
		December 31, 2010		December 31, 2009
Interest received	$	**-**	$	437
Interest paid		**-**		3,314

21. Related party transactions

In addition to those disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions:

In the normal course of operations, legal services were provided by a law firm in which one of the officers of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value. The following table describes the transactions:

		2010		2009
Legal services, included in general and administrative expenses	$	**1,338**	$	2,367
Amount payable to the law firm	$	**328**		333

22. Income taxes

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of the Company's future tax assets are as follows:

		2010		2009
Non-capital losses	$	**41,706**	$	31,900
Property and equipment		**25,624**		28,896
Share and debt issue costs		**533**		1,353
Asset retirement obligations		**(26)**		(23)
		67,837		62,126
Valuation allowance		**(67,837)**		(62,126)
Net future income tax asset	$	**-**	$	-

The tax pools associated with non-capital losses are $166.8 million of which $53.4 million are in Canada, $101.5 million are in Tanzania and $11.9 million are in Mozambique.

The non-capital losses in Tanzania and Mozambique are carried forward indefinitely. The non-capital losses in Canada will expire between 2014 and 2030.

The Company has recorded a valuation allowance of $67,837 as at December 31, 2010 (2009 - $62,126) because management believes that the future income tax assets are likely not to be realized in the carry forward period.

The Company's actual income tax expense for each of the years ended is made up as follows:

		2010		2009
Loss before income taxes	$	**(17,794)**	$	(106,461)
Expected income tax recovery at combined federal and provincial rate of 28.0% (2009 – 29.0%)		**4,982**		30,874
Rate differentials		**(450)**		(4,259)
Warrants		**480**		(1,881)
True-up and rate adjustment		**563**		(954)
Accretion of convertible bonds		**(8)**		(605)
Stock based compensation		**63**		(110)
Other		**81**		129
		5,711		23,194
Change in valuation allowance		**(5,711)**		(23,194)
Current income tax recovery	$	**-**	$	-

23. Economic dependence

During the years ended December 31, 2010 and 2009, all of the operating revenues of the Company received from TANESCO under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

24. Commitments

a. Lease payments

The future minimum lease payments as at December 31, 2010 are as follows:

2011	1,156
2012	1,488
2013	1,463
2014	1,313
Total future minimum lease payments	$ 5,420

b. Capital expenditure commitments

During 2011, the Company expects to incur the following capital expenditures.

Pre-feasibility study	**$**	**79**

c. Transmission and distribution

The Government of Tanzania has provided advance funding to Wentworth (formerly Artumas) to repair, upgrade and construct the regional transmission and distribution electrical system (specifically the Masasi and Msimbati Interconnections), which is the property of TANESCO. Following the loss of the ORET Grant in June 2010, as a result of delays in fulfilling Conditions Precedent ("CPs") to the Mtwara Energy Project (MEP) Agreements, the Company is in discussions with the Government to postpone the planned lease of transmission and distribution assets owned by TANESCO in Mtwara and Lindi regions by at least three years. The Masasi and Msimbati transmission and distribution assets will therefore be handed back to TANESCO on or about April 30, 2011 and no amounts will be required to be repaid by Wentworth. The total funds advanced to Wentworth at December 31, 2010 amount to $9.2 million (2009 - $4.5 million).

The balance of $ 1,170, previously described in Note 10, may become due and payable when the CPs to the effectiveness of the MEP Agreements are fulfilled or removed and when the assets are leased. This is expected to happen three years after conclusion of the Company's discussions with the Government referred to above.

25. Capital Management

Wentworth management considers its capital structure to consist of cash, convertible bonds and shareholders' equity.

The capital structure is as follows:

		2010		2009
Convertible bonds	$	**-**	$	2,975
Shareholders' equity		**61,203**		68,090
Cash		**4,587**		2,144

In light of the Company's financial situation, the Company's strategy is to manage its capital in order to meet financial obligations and commitments as they fall due.

Management continues to actively pursue other possible sources of funding to satisfy longer term liquidity requirements including the completion of the financing of the Mtwara Energy Project and accessing capital and debt markets.

On July 25, 2010, Artumas (now known as Wentworth) announced the completion of the agreement with Wentworth in which Artumas purchased 100% of the outstanding shares of Wentworth in exchange for newly issued shares and warrants in Artumas. As a result of this transaction, the new combined entity has sufficient cash resources to satisfy its obligations to the first half of year 2011.

26. Subsequent events

On February 28, 2011, the Company completed a private placement issuance of 15,000,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90) per share for total gross proceeds of NOK 77,250 (approximately $13,527)

On April 5, 2011, the Company completed a subsequent offering, relating to the private placement describe above, for the issuance of 3,750,000 new common shares, for cash consideration of NOK 5.15 (approximately $0.90) per share for total gross proceeds of NOK 19,313 (approximately $3,508).

Following the private placement and subsequent offering the Company had 80,469,940 common shares outstanding at April 18, 2011.

Artumas Group Inc.
Consolidated Financial Statements
For the year ended December 31, 2009

Artumas Group Inc.
Consolidated Balance Sheets
(USD 000s) unless otherwise stated

		December 31, 2009		December 31, 2008
ASSETS				
Current				
Cash and cash equivalents (Note 20)	**$**	**2,144**	$	39,907
Cash held in trust (Note 4)		**3,340**		-
Short-term investments (Note 5)		**-**		3,986
Accounts receivable		**4,113**		10,618
Prepaid expenses and refundable deposits (Note 6)		**814**		5,117
Inventory (Note 7)		**697**		854
Due from directors/employees (Note 8)		**-**		26
		11,108		60,508
Long-term receivable (Note 9)		**19,556**		-
Property and equipment (Note 10)		**55,407**		149,020
	$	**86,071**	$	209,528
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**6,289**	$	17,003
Convertible bonds – current portion (Note 11(b))		**2,975**		29,708
		9,264		46,711
Asset retirement obligation (Note 12)		**93**		82
Credit facility (Note 13)		**1,273**		-
Convertible bonds (Note 11(a))		**-**		86,772
Non-controlling interest (Note 14)		**7,351**		13,746
		17,981		147,311
Shareholders' equity				
Share capital (Note 15(b))		**335,421**		187,109
Contributed surplus (Note 15(d))		**9,665**		7,741
Warrants (Note 15(e))		**7,522**		-
Convertible bonds– equity portion (Note 11(b))		**265**		23,491
Deficit		**(284,783)**		(156,124)
		68,090		62,217
	$	**86,071**	$	209,528

Going concern assumption (Note 1)
Commitments and contingencies (Note 24)
Subsequent events (Note 25)

Approved on behalf of the Board

(Signed) "Cameron Barton" Director

(Signed) "Alastair Robertson" Director

2
The accompanying notes are an integral part of these unaudited interim consolidated financial statements

Artumas Group Inc.
Consolidated Statements of Operations and Comprehensive Loss and Deficit
(USD 000s) unless otherwise stated
December 31,

		2009		2008
Revenues				
Operating revenue, net of royalties	**$**	**2,894**	**$**	2,850
Expenses				
Operating expense		**3,689**		13,268
General and administrative (Note 16)		**25,716**		36,758
Impairment of property and equipment (Note 10)		**67,810**		67,183
Net financing expense (Note 17)		**14,481**		7,782
Depletion, depreciation, amortization and accretion		**4,952**		3,668
Accretion of long-term receivable (Note 9)		**(2,946)**		-
Foreign exchange losses		**503**		2,992
Stock based compensation (Note 15(c))		**440**		2,044
Gain on disposal of property and equipment		**(40)**		-
Total expenses		**114,605**		133,695
Net loss for the year before non-controlling interest		**(111,711)**		(130,845)
Non-controlling interest		**5,250**		11,538
Net loss and comprehensive loss for the year		**(106,461)**		(119,307)
Deficit, beginning of year		**(156,124)**		(36,817)
Loss on bond conversion (Note 11(a))		**(22,198)**		-
Deficit, end of year	**$**	**(284,783)**	$	(156,124)
Net loss per share – basic and diluted ($/share)	**$**	**(6.63)**	$	(326.44)
Weighted average number of shares		**16,056,330**		365,476

3
The accompanying notes are an integral part of these unaudited interim consolidated financial statements

Artumas Group Inc.
Consolidated Statements of Cash Flows
(USD 000s) unless otherwise stated
December 31,

		2009		2008
Operating Activities:				
Net loss for the year	**$**	**(106,461)**	$	(119,307)
Operating items not requiring cash:				
Non-controlling interest		**(5,250)**		(11,538)
Impairment of property and equipment (Note 10)		**67,810**		67,183
Warrants (Note 15(e))		**7,522**		-
Depletion, depreciation, amortization and accretion		**4,952**		3,668
Financing costs on convertible bonds (Note 17)		**3,000**		1,597
Accretion of long-term receivable (Note 9)		**(2,946)**		-
Accretion of convertible bonds (Note 11(b))		**2,420**		5,197
Settlement of GORI in shares (Note 15(b))		**561**		-
Unrealized foreign exchange losses		**465**		377
Stock based compensation		**440**		2,044
Gain on disposal of property and equipment		**(40)**		-
Other		**200**		55
Deferred financing costs		**-**		2,926
Provision for doubtful account (Note 8)		**-**		1,329
Write down of inventory (Note 7)		**-**		272
		(27,327)		(46,197)
Net change in non-cash working capital (Note 20)		**2,375**		(3,267)
		(24,952)		(49,464)
Financing Activities:				
Repayment of convertible bonds		**(19,760)**		-
Redemption of term deposits		**3,986**		139,437
Purchases of short-term investments		**-**		(66,146)
Cash held in trust for repayment of bonds (Note 4)		**(3,600)**		-
Proceeds from convertible bonds (Note 11(b))		**2,400**		-
Proceeds of credit facility (Note 13)		**1,273**		-
Net proceeds from issuance of common shares (Note 15(b))		**(1,150)**		174
Distribution to non-controlling interest (Note 14)		**(1,145)**		-
Interest on convertible bond from cash held in trust (Note 4)		**179**		-
Deferred financing costs on debt facility (Note 11(b))		**(120)**		(125)
Put option exercised from cash held in trust (Note 4)		**81**		-
Repurchase and cancellation of common shares (Note 15(b))		**-**		(1,688)
		(17,856)		71,652

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

Artumas Group Inc.
Consolidated Statements of Cash Flows (continued)
(USD 000s) unless otherwise stated
December 31,

		2009		2008
Investment Activities:				
Capital expenditures		**(5,192)**		(47,082)
Proceeds on disposal of property and equipment		**11,772**		-
Proceeds from sale of inventory		**558**		-
Proceeds from Capacity Development Grant		**-**		533
		7,138		(46,549)
Net change in non-cash working capital (Note 20)		**(2,093)**		(2,986)
		5,045		(49,535)
Increase (decrease) in cash and cash equivalents		**(37,763)**		(27,347)
Cash and cash equivalents, beginning of year		**39,907**		67,254
Cash and cash equivalents, end of year	**$**	**2,144**	$	39,907

5
The accompanying notes are an integral part of these unaudited interim consolidated financial statements

1. Basis of presentation and going concern assumption

Artumas Group Inc. ("AGI" or "Artumas" or the "Company") was incorporated under the laws of Alberta, Canada on August 8, 2000.

Artumas is an independent energy company engaged in exploration, development and production activities in the Rovuma Delta Basin in East Africa. Artumas is also actively involved in developing commercial opportunities for the identified hydrocarbon resource, including small- and large-scale electricity generation, compressed natural gas ("CNG") export, and other gas transportation alternatives utilizing strategic partnerships. The electricity generation and transmission and distribution activities are governed by the Electricity Act of the United Republic of Tanzania.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on the going concern basis, which presumes that AGI will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In the next twelve months, the Company estimates that it must fund operating and capital commitments of approximately $12 million exclusive of the Mtwara Energy Project ("MEP") which is funded through revenues and project debt.

In 2009, the Company completed the farm-in transactions on the Tanzanian and Mozambique gas assets (see Note 10). In addition, the Company successfully arranged a credit facility with the Tanzania Investment Bank (see Note 13), which specifically allows among other things, the repayment of $2.4 million of intercompany debt. Once the intercompany debt is repaid, management estimates that these transactions will allow the Company to meet its current obligations as they come due, until mid-2010. Management continues to actively pursue other possible sources of funding to satisfy longer term liquidity requirements including the completion of the financing of the Mtwara Energy Project, the conversion of the convertible bonds into shares and accessing capital and debt markets. A letter of intent ("LOI") has been signed with a strategic partner, which if the terms in the LOI are completed, will provide sufficient cash to meet the Company's operating and capital commitments for the next two years.

These financial statements have been prepared on a going concern basis. The Company's ability to continue as a going concern is substantially dependent on the successful execution of any one of the possible sources of financing referred to above. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue its operations and these adjustments will be material.

2. Significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian GAAP. The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company accounts and transactions have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in banks, less outstanding cheques and includes highly liquid investments whose maturity at date of purchase is less than 90 days and are recorded at fair value.

(c) Inventory

Inventories of consumable materials are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out (FIFO) method.

(d) Long-term receivable

Long-term receivable is initially recognized at its fair value based on the discounted cash flows. The discount rate is based on the credit quality and term of the financial instrument. The financial instrument is subsequently valued at amortized costs by accreting the instrument over the life of the asset. The accretion is reported on the Statement of Operations.

(e) Property and equipment

The Company accounts for crude oil and natural gas properties in accordance with the Canadian Institute of Chartered Accountants' guideline on full cost accounting in the oil and gas industry. Under this method, all costs associated with the acquisition of, exploration for and the development of, natural gas and crude oil reserves, including asset retirement costs, are capitalized within a separate cost centre for each country in which the Company has oil and gas activities. Such costs include lease acquisition, lease rentals on undeveloped properties, geological and geophysical, drilling both productive and non-productive wells, production equipment and overhead charges directly related to acquisition, exploration and development activities. Costs capitalized in this manner are assessed at the end of each reporting period to determine if the total of such costs may be recovered in the future. Any costs considered unlikely to be recovered are written off and a corresponding loss is recognized in net earnings.

Costs accumulated within each cost centre are depreciated, depleted and amortized using the unit-of-production method based on estimated gross proved reserves as determined by independent engineers. Capitalized costs subject to depletion are net of equipment salvage values and include estimated future costs to be incurred in developing proved reserves. Proceeds from the disposal of properties are normally deducted from the full cost pool without recognition of gain or loss unless that deduction would result in a change to the rate of depreciation, depletion and amortization of 20% or greater in which case a gain or loss is recorded. Costs of major development projects and costs of acquiring and evaluating significant unproved properties are excluded, on a cost centre basis, from costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties, or impairment has occurred. An impairment loss is recognized in net earnings when the carrying amount of a cost centre is not recoverable and the carrying amount of the cost centre exceeds its fair value. The carrying amount of the cost centre is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than the carrying amount, the impairment loss is limited to the amount by which the carrying amount exceeds the sum of: (a) the fair value of proved and probable reserves; and (b) the costs of unproved properties that have been subject to a separate impairment test. In the period prior to the establishment of proved and probable reserves, assets are evaluated based on available indicators of fair value including market conditions such as commodity prices and asset transactions, as well as internal assessments of the expected amount and timing of cash flows.

Costs related to power generation, transmission and distribution facilities are recorded at cost and the components are amortized on a straight-line basis over their estimated useful life in accordance with rates approved by local regulatory authorities. Office and other equipment is

recorded at cost and amortized on a straight-line basis over its estimated useful life of between three and five years.

(f) Capital grant

Grants are deducted from the related capital asset cost with any amortization calculated on the net amount once the asset is operational.

(g) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of operations. The fair value of the obligation is periodically adjusted for revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The fair value is determined through a review of engineering studies, industry guidelines, and management's estimates on a site by site basis. The asset is amortized using the same method of depreciation as the underlying asset with which the retirement obligation is associated.

(h) Convertible bonds

Upon issuance, convertible bonds are classified into financial liability and equity components at their fair value. The financial liability is accreted by way of a charge to earnings over the maturity of the debt. Related bond issue costs are amortized over the life of the related bond based on the effective interest method.

(i) Debt issue costs

Transaction costs directly attributable to the issuance of the convertible bonds are netted against the fair value of the convertible bonds on initial recognition and amortized using the effective interest method.

(j) Capitalization of interest

The Company capitalizes interest expense incurred during the construction phase of the projects which were funded by the related financing.

(k) Financial instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Company has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

The Company has categorized its financial instruments as follows:

Financial Instrument	*Classification*
Cash and cash equivalents	Held for trading
Cash held in trust	Held for trading
Short-term investments	Held for trading
Accounts receivable	Loans and receivables
Due from employees/directors	Loans and receivables
Refundable deposits	Loans and receivables
Long-term receivable	Loans and receivables
Accounts payable	Other financial liabilities
Convertible bonds	Other financial liabilities
Credit facility	Other financial liabilities

(l) Revenue recognition

Revenue from the sale of commodities is recognized when the risks and rewards of ownership pass to the purchaser on title transfer and collectability is reasonably assured.

(m) Stock-based compensation

The Company records compensation expense for stock options granted to employees and directors using the fair value method. Fair values are determined using the Black-Scholes option pricing model. Compensation costs are expensed over the vesting period with a corresponding increase to contributed surplus. Upon exercise of the options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(n) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the carrying value and the tax basis of assets and liabilities, and measured using the substantively enacted tax rates and laws expected to be in effect when the differences are expected to reverse. Future income tax assets are recorded in the consolidated financial statements if realization is considered more likely than not.

(o) Foreign currency translation

Transactions originating in foreign currencies are translated into US dollars at the exchange rate on the date of the transaction. Monetary items are translated at the rates in effect at the balance sheet date and non-monetary items are translated at the rates prevailing at the respective transaction dates. Exchange gains and losses arising on translation are included in the determination of losses for the year. Monetary assets and liabilities of integrated operations that are not denominated in US dollars are translated at the exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical rates and revenues and expenses are translated at average rates of exchange during the period. Exchange gains and losses arising on translation of the accounts of integrated operations are included in the consolidated statements of operations.

(p) Joint ventures

The Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

(q) Basic and diluted loss per share

Basic loss per share figures is calculated using the weighted average number of shares outstanding during the period. The dilutive effect of options is computed using the treasury stock method and the effect of convertible bonds by the "if converted" method. Dilutive amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share for 2009 and 2008.

(r) Measurement uncertainty

The preparation of financial statements requires management to make estimates 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 results could differ from those estimates. Significant estimates used in the preparation of these financial statements include the estimate of proved and probable reserves and the costs to develop these reserves, asset retirement obligations (estimates of abandonment costs, timing of abandonment, inflation and interest rates), and impairment of assets.

The impairment of long lived assets is based on a number of estimates and assumptions including future development costs, timing of commercialization of assets, and recoverability of costs.

The valuation of stock options is based on a number of assumptions made with respect to the expected volatility over the expected life of the option at the time of the grant. As these assumptions are based on management's best estimates, these amounts are subject to measurement uncertainty.

3. Changes in accounting policies

Effective January 1, 2009 the Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064, *Goodwill and Intangible Assets* and amended Section 1000, *Financial Statement Concepts* clarifying the criteria for recognizing assets, intangible assets and internally developed intangible assets. The adoption of this standard did not have a material impact on the Company's financial statements.

In January 2009, the Emerging Issues Committee ("EIC") issued a new abstract concerning the measurement of financial assets and financial liabilities, EIC 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* ("EIC 173"). There had been diversity in practice as to whether an entity's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial instruments. The EIC reached a consensus that these risks should be taken into account in the measurement of financial assets and financial liabilities. EIC 173 was effective for all financial assets and financial liabilities measured at fair value in interim and annual financial statements issued for periods ending on or after the date of issuance of EIC 173, with retrospective application without restatement of prior periods. The adoption of this standard has not had a material impact on the Company's financial statements.

In July 2009, the Accounting Standards Board approved amendments to Section 3855 – *Financial Instruments: Recognition and Measurement* in order to converge with international standards for impairment of debt instruments by changing the categories into which debt instruments are required and permitted to be classified. These amendments apply only to investments in debt instruments and do not apply to investments in equity instruments or to debt instruments that

have been designated at origination as held-for-trading. The amendments are effective for annual financial statements for fiscal years beginning on or after November 1, 2008. The adoption of this standard did not have an impact on the classification of its debt instruments.

Effective September 30, 2009, the Company adopted the CICA amendments to section 3855, *Financial Instruments – Recognition and Measurement*, in relation to the impairment of financial assets. The adoption of the amendments to this standard did not have an impact on the Company's financial statements.

In June 2009, the CICA amended Section 3862, *Financial Instruments – Disclosures*, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. The amendments to Section 3862 apply to annual financial statements for fiscal years ending after September 30, 2009. The amendments are consistent with recent amendments to financial instrument disclosure standards in IFRS. The additional disclosures required have in included in these financial statements (see Note 19).

On June 17, 2009, the Accounting Standards Board of Canada ("AcSB") released *Embedded Derivatives on Reclassification of Financial Assets,* amending Section 3855, *Financial Instruments – Recognition and Measurement*. The amendment indicates that contracts with embedded derivatives cannot be reclassified out of the held for trading category if the embedded derivative cannot be fair valued. The implementation of this standard did not have a material impact upon the consolidated financial statements.

In January 2009, the AcSB issued Section 1582, *Business Combinations,* Section 1601, *Consolidated Financial Statements,* and Section 1602, *Non-controlling Interests.* These sections are effective for fiscal years beginning on or after January 1, 2011, with earlier application permitted. Once adopted, this standard will impact the accounting treatment for future business combinations.

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP effective January 1, 2011, including comparatives for 2010, for Canadian publicly accountable enterprises. The Company has established a preliminary timeline for the execution and completion of its IFRS conversion project. The Company is beginning its high-level IFRS impact study. The impact of IFRS on the Company's consolidated financial statements is not reasonably determinable at this time.

4. Cash held in trust

From the proceeds received on the sale of the Tanzanian gas assets (see Note 10) $3,600 was retained in a trust account to satisfy the obligations of the convertible bond, including principal, interest and the put option. On November 25, 2009, the put option of one bondholder having a bond with a principal amount of $60 was exercised. In addition to the put option of $21, accrued interest of $4 was paid.

In December 2009, one semi-annual interest payment was made from these funds for $175.

5. Short-term investments

Short-term investments consist of excess cash invested in guaranteed investment certificates with an initial maturity in excess of 90 days and less than 365 days. At December 31, 2009, the Company did not hold any short-term investments. The investments at December 31, 2008 had an effective interest rate of 2.50% and a maturity date of February 17, 2009.

6. Prepaid expenses and refundable deposits

The Company had no refundable security deposits outstanding at December 31, 2009 (2008 - $3,260). Other prepaid expenses include prepaid insurance, office rentals, legal retainer and other of $814 (2008 - $1,857).

7. Inventory

Inventory consists of fuel, lubricants, spare parts and other consumable items. In 2009, $558 of inventory was sold to the new operator of the Tanzania gas field, at cost. In 2008, inventory was written down by $272 to its net realizable value. No similar write-down was required in 2009.

In 2009, $624 (2008 - $686) of inventory was recognized as an expense.

8. Due from directors/employees

In 2009, $26 was reclassified as accounts receivable as the amount owed is from a former director.

In 2008, the Company loaned $831 to a director and officer as approved by the Board of Directors. This loan, in addition to the loans made to the director and officer in previous years, bears interest at a rate of 3% per annum. During 2009, the Company has determined that collectability of the remaining $1,329 balance due from the director and officer, whose employment was subsequently terminated by the Company in March 2009, was uncertain and has provided an allowance for the entire amount (see Note 24 (d)). Another $54 was reclassified as accounts receivable as the amount owed is from a former director. In 2008, $63 (2007- $152) of amounts due from employees/directors was repaid. No amounts have been collected in 2009.

Balance, December 31, 2007	**$**	**623**
Loans		831
Interest		18
Provision		(1,329)
Repayment		(63)
Reclassification to accounts receivable		(54)
Balance, December 31, 2008	**$**	**26**
Reclassification to accounts receivable		(26)
Balance, December 31,2009		**-**

9. Long-term receivable

On June 30, 2009, the Tanzania Petroleum Development Corporation ("TPDC") and the Company entered into a Joint Operating Agreement ("JOA") related to the gas concession in Tanzania. Under the terms of the agreement, TPDC will participate in a 20% share in the Mnazi Bay Development Area production, and will pay the Company for the past costs incurred, from its share of future production. The undiscounted amount receivable from TPDC is $34.0 million. The Company initially determined the fair value of this receivable, given the credit quality and term of the financial instrument to be approximately $17.4 million. This financial instrument will be accreted over the expected term of the asset (5 years), and the accretion is reported on the Statement of Operations in each period.

		December 31, 2009
TPDC receivable, beginning of year	$	**-**
Additions		**17,408**
Accretion		**2,946**
Less: repayments		**(338)**
TPDC receivable		**20,016**
Less: current portion, accounts receivable		**(460)**
Long-term receivable, end of period		**19,556**

10. Property and equipment

		December 31, 2009			
		Cost	Impairment	Accumulated Amortization	Net Book Value
Tanzania (Energy Program)					
• Mnazi Bay Gas Development					
○ Petroleum drilling, exploration, development	$	**111,262**	**85,800**	**1,287**	**24,175**
• Mtwara Region Gas to Power					
○ Gathering, Processing and Pipeline		**35,215**	**28,001**	**149**	**7,065**
○ Power generation		**11,657**	**-**	**2,385**	**9,272**
○ Transmission/ distribution		**4,955**	**-**	**33**	**4,922**
• Capital inventory		**2,681**	**2,282**	**370**	**29**
• Office and field equipment		**432**	**-**	**177**	**255**
		166,202	**116,083**	**4,401**	**45,718**
Mozambique Program					
• Rovuma Basin					
○ Petroleum drilling, exploration, development		**26,205**	**18,910**	**913**	**6,382**
Canadian office equipment		**7,625**	**-**	**4,318**	**3,307**
Balance	$	**200,032**	**134,993**	**9,632**	**55,407**

		December 31, 2008			
		Cost	Impairment	Accumulated Amortization	Net Book Value
Tanzania (Energy Program)					
• Mnazi Bay Gas Development					
○ Petroleum drilling, exploration, development	$	**124,872**	**48,940**	**676**	**75,256**
• Mtwara Region Gas to Power					
○ Gathering, Processing and Pipeline		**40,825**	**16,060**	**69**	**24,696**
○ Power generation		**11,644**	**-**	**1,441**	**10,203**
○ Transmission/ distribution		**5,070**	**-**	**6**	**5,064**
• Capital inventory		**4,129**	**2,183**	**199**	**1,747**
• Office and field equipment		**421**	**-**	**83**	**338**
		186,961	**67,183**	**2,474**	**117,304**
Mozambique Program					
• Rovuma Basin					
○ Petroleum drilling, exploration, development		**26,615**	**-**	**371**	**26,244**
Canadian office equipment		**7,774**	**-**	**2,302**	**5,472**
Balance	$	**221,350**	**67,183**	**5,147**	**149,020**

On June 30, 2009, the Tanzania Petroleum Development Corporation ("TPDC") and the Company entered into a Joint Operating Agreement ("JOA") related to the gas concession in Tanzania. Under the terms of the agreement, TPDC will participate in a 20% share in the Mnazi Bay Development Area development assets. The fair value of the amount receivable from TPDC was credited against the development assets (see Note 9).

On July 21, 2009, the Company signed an option agreement with the Purchasers granting them the option to purchase a participating interest in Artumas' Mozambique gas assets. The Company received $1,020 as consideration for entering into the option agreement. The sale of assets was concluded on December 16, 2009, and the option proceeds were applied to the proceeds from sale. The gross proceeds of the sale were $3.0 million, a 4.95% royalty on Purchaser's share of the Offshore Block, and a carried interest through one on-shore well. The proceeds were credited against the assets purchased. The Purchasers obtained 44.4% of the Company's 58% participating interest of the Onshore Block and the full 8.5% of the Company's participating interest of the Offshore Block.

On November 25, 2009, the Company removed all conditions and received all approvals necessary to complete the sale of a portion of its participating interest in the Mnazi Bay petroleum development concession to Maurel & Prom and Cove Energy plc (the "Purchasers'). The gross proceeds of the sale were $9.0 million and a carried interest through a 3D seismic programme and one Exploration well. The proceeds were credited against the assets purchased. The Purchasers obtained 68.25% of the Company's participating interest in Tanzania.

Other minor excess equipment was disposed of for proceeds of $0.3 million resulting in a net gain on disposal of $0.03 million, and is recorded separately on the statement of operations.

During the year it was determined that the carrying amounts of the Tanzanian and Mozambique gas assets exceeded their fair value based on available indicators of fair value including market conditions such as commodity prices and asset transactions. This resulted in Artumas recording

a non-cash impairment of $67.8 million, comprising $48.9 million (2008 - $67.2 million) on the Tanzanian gas assets and $18.9 million (2008 – $nil) on the Mozambique gas assets.

The Government of Tanzania has provided funding to the Company to repair, upgrade and construct the regional transmission and distribution electrical system (specifically the Masasi Interconnection), which is the property of the Tanzania Electric Supply Company. On or about May 1, 2010, the Tanzania Electric Supply Company ("Tanesco") will either retain ownership of the transmission and distribution line, or lease these assets to the Umoja Light Company ("Umoja"), a subsidiary of the Company. The leasing of these assets to Umoja is conditional on a number of conditions precedent being met including bank financing and certain grants being in place. If the assets are leased to Umoja, the full amount of the funds (maximum $7.5 million) advanced will become due and payable within three business days. The funds advanced at December 31, 2009, are $4,506 and have been netted against the assets constructed on behalf of Tanesco. The balance which may become due and payable when the conditions precedent are removed and when the assets are leased, does not bear interest and will be funded by bank financing and grants. Upon the conditions precedent being met, the Company will recognize the asset and the related liability on the balance sheet and account for these items as a capital lease.

During the year ended December 31, 2009, $3,990 (2008 - $10,090) of interest expense were capitalized related to borrowings to fund the Tanzania Energy Program and Mozambique Program.

While the gas component of the Tanzania Energy Program is in the pre-production phase, depletion of $50 (2008 - $140) has been recorded relating to the incidental production required for power generation. No depreciation or depletion has been recognized on the gas component of the Mozambique Program as these assets have not begun commercial production. The amounts included under property and equipment represent costs incurred to date and are not intended to reflect present or future values. The recoverability of these capitalized costs is dependent on the confirmation of economically recoverable reserves, and the ability of the Company to obtain the necessary approvals and financing to successfully complete their development, including finalization of all agreements with the Government of Tanzania.

11. Convertible bonds

(a) Conversion of existing debt

On June 25, 2009, the bondholders of the Company's three convertible bonds agreed to convert the total outstanding principal amount of the bonds. The interest payment for the bonds due June 20, 2009 and December 20, 2010 were included in the calculation and were also converted into common shares in Artumas. The conversion price was NOK 0.25 per share based on a USD/NOK exchange rate of 6.4130.

The total principal amount outstanding under the bonds was $115 million, plus accrued interest of $2.7 million. The interest payments for the bond due June 20, 2009 and the bond due December 20, 2010 were included in the calculation and were also converted into shares. After conversion, 3,018,762,988 new common shares were issued to bondholders, as follows:

Date of Issuance	Nov 20, 2007	Dec 20, 2006	Jun 30, 2006
Maturity Date	Nov 21, 2012	Dec 20, 2010	Jun 30, 2009
Principal Amount	$70 million	$35 million	$10 million
Accrued interest	$385	$1,789	$508
Common shares issued	1,805,516,020	943,708,578	269,538,390

The Company accounted for these settlements in accordance with Emerging Issue Committee Abstract 96, *Accounting for the Early Extinguishment of Convertible Securities through (1) Early Redemption or Repurchase and (2) Induced Early Conversion* ("EIC-96"). Pursuant to EIC-96, the Company allocated the value of the incremental shares issued on conversion, to the corresponding liability and equity elements of the bonds, based on their relative fair values on the date of the conversion. The approach used in allocating the value of the incremental shares to the separate elements was consistent with the approach used in the original allocation of the proceeds received by the Company on the issuance of the original convertible bonds.

The recognized loss of $22,198 arising from the early redemption consists of a gain on the liability component of $42,574 and a loss on the equity component of $64,772.

On conversion, $148,564 of debt, representing the carrying value of the convertible bonds on June 25, 2009 and the carrying value of the conversion options included in shareholders' equity, was reclassified to share capital.

(b) New debt issuance

In addition to the conversion of the existing bonds, the bondholders agreed to issue new Senior Secured Bonds ("New Bonds") convertible into common shares of AGI. The New Bonds of $2.4 million closed on June 25, 2009, are denominated in notes of one US dollar each, carries a coupon of 15% per annum, and will mature on June 30, 2010.

The security for the New Bonds is a pledge (under the laws of Jersey) over 100 per cent of the shares held by AGI in the Jersey company, Artumas Holdings (Jersey) Limited. Additional collateral interests granted may also comprise, without limitation, some or all of: (1) security agreement over all the assets of AGI; (2) cross-guarantees; (3) an assignment or charge over the receivables of any intercompany loan agreements; and (4) such other security interests deemed appropriate in relation to the new bonds. In addition, the New Bonds contains a covenant which prevents the sale of assets or shares in all subsidiaries without bondholder consent. From the proceeds of the Tanzania farm-in, funds sufficient to repay the bonds in their entirety was deposited to a trust account as security (see Note 4).

Each holder of the New Bonds has the option to put some or all of the New Bonds to the Issuer at 135 per cent of the investment amount plus accrued interest upon 10 banking days' written notice to the Company ("135 Put Option") provided that such notice shall be given no later than November 30, 2009, at which time the 135 Put Options shall expire. On October 12, 2009, the 135 Put Option was extended from November 30, 2009 to June 1, 2010 (see Note 14). In November 2009, the put option of one bondholder having a bond with a principal amount of $60 was exercised. The equity component of this bond of $7 was recorded as Contributed surplus (see Note 15 (d)).

The initial fair value attributed to the debt component at the time of issue of the New Bond amounted to $2,128 and was recorded as a current liability. The initial fair value of the conversion option features was determined to be $272 and is recorded as part of Shareholders' Equity. The fair values were based on the present value of future cash flows resulting from principal and interest payments for the bonds, discounted at the market rate of interest in effect at the time the bonds were issued for similar financial instruments with no conversion feature. The difference between these fair values and the proceeds is considered the value attributed to the conversion option feature. Accretion of the fair value of the conversion option is recorded as a charge to earnings over the term to maturity of the bonds. The bond's liability, equity component and accretion were recorded as follows:

		December 31, 2009		December 31, 2008
Total proceeds of convertible bonds	**$**	**2,400**	**$**	135,000
Fair value of equity component		**272**		23,491
Value attributed to liability component		**2,128**		111,509
Value of 135 Put Option		**840**		-
Put Option exercised		**(81)**		
Financing transaction costs		**(120)**		(6,065)
Cumulative transaction costs expensed		**67**		3,132
Cumulative accretion on the bonds		**141**		7,904
Balance		**2,975**		116,480
Current portion		**(2,975)**		(29,708)
Long-term portion	**$**	**-**	**$**	86,772

The new bondholders also initially had an option to put some or all of the New Bonds to the Issuer at 105 per cent of the investment amount plus accrued interest ("105 Put Option") within 30 days of the earlier of: (a) receipt from AGI of a notice of receipt of the sales proceeds from any material transaction entered into by the Company with minimum net proceeds to the Company of US$40 million; or (b) August 3, 2009. The option expired without being exercised.

12. Asset retirement obligation

The Company has recognized an asset retirement obligation in relation to the Power Generation facilities. The change in the asset retirement obligation liability is as follows:

		Dec 31, 2009		Dec 31, 2008
Asset retirement obligation at January 1	$	**82**	$	73
Additions		**-**		-
Accretion		**11**		9
Asset retirement obligation at December 31	$	**93**	$	82

The total undiscounted amount of the estimated cash flows required to settle the obligations is $750 (2008 – $750) with an annual inflation rate of 2%, which has been discounted using a credit-adjusted risk-free rate of 13 per cent. The settlement of the obligations is expected to occur in 20 years.

No asset retirement obligations have been recorded in relation to the Gas Facility, as there is no obligation until it is in commercial production.

13. Credit facility

On December 11, 2009, the Tanzania Investment Bank Limited ("TIB") extended a credit facility of a maximum of 10 billion Tanzanian Shillings (approximately USD $7 million) to AG&P Gas Limited, a subsidiary of the Company for its operating requirements and the repayment of an intercompany debt ($2.4 million) to its parent company. The term of the facility is eight years, with a two year grace period in which no interest or principal will be payable. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas

interest following the grace period will be paid quarterly at a rate of 9.18% per annum. Principal repayment will be required to be made in 24 equal quarterly installments following the grace period.

Security for the credit facility is a debenture creating a first charge over all issued share capital of AG&P Gas Limited supported by a pledge to assign to TIB the Company's exploration/concession rights over the Mnazi Bay petroleum reserves and wells in case of default.

14. Non-controlling interest

Effective March 31, 2008, additional shares in Artumas Tanzania Jersey Limited ("ATJL") were issued to Artumas Holdings Jersey Limited ("AHJL"), effectively reducing Netherlands Development Financial Institution's ("FMO's") non-controlling interest in ATJL.

During 2009, FMO's position was reduced from 13.19% to 12.67% (2008 – from 19.65% to 13.19%). Following the sale of the Tanzanian gas assets (see Note 10), a dividend of $1,145 was distributed to FMO, based on their holdings at September 30, 2009 of 12.72%.

15. Share capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.
Unlimited number of non-voting preferred shares to be issued in series, without nominal or par value.

(b) Common shares issued

	Number of shares		Amount
Balance, December 31, 2007	**366,276**		**192,204**
Share issue costs			(1)
Issued on exercise of options (i)	1,000		175
Stock compensation costs for exercised options (i)			93
Repurchase and cancellation of shares (ii)	(9,610)		(5,362)
Balance, December 31, 2008	**357,666**	**$**	**187,109**
Converted to equity (iii)	504		337
Conversion to equity (iv)	30,187,567		148,564
Bond conversion fee (iv)	-		(1,150)
Issued in settlement of GORI (v)	1,219,067		561
Balance, December 31, 2009	**31,764,804**		**335,421**

Effective October 15, 2009, the Company consolidated its issued and outstanding share capital on a 100 for 1 basis. All references to shares, per share amounts, options and warrants have been retroactively restated, to reflect the share consolidation.

(i) On July 15, 2008 a holder of options to purchase common shares exercised 1,000 options at an exercise price of $175.00 per share. The total proceeds of $175 have been

recorded as an increase in the value of shares issued. Related to the share exercise, $93 of stock based compensation was transferred from Contributed Surplus.

(ii) On October 29, 2008 the Company purchased for cancellation 9,610 shares from the Chief Executive Officer and director who subsequently departed the Company in March 2009. The shares were purchased at a 5% discount to the 5 day weighted average closing price for a total cost of $1,688. Related to this repurchase, $3,674 was transferred to Contributed Surplus.

(iii) Artumas' Convertible Bond Series 1 matured on January 16, 2009. $0.3 million was converted on January 6, 2009 with the balance of $19.7 million paid to bondholders in full on the maturity date.

(iv) On June 25, 2009, the bondholders of all outstanding debt agreed to convert the debt into common shares (see Note 11(a)). A fee of 1% was incurred for this conversion. As a result of the share consolidation, a shareholder that would otherwise be entitled to a fraction of a common share in respect of the total aggregate number of pre-consolidation common shares held by such shareholder, had the total number of shares rounded down to the next closest whole number of common shares, resulting in an adjustment to the total number of shares outstanding of 66.

(v) On November 23, 2009, the Company accepted an offer to terminate the Gross Overriding Royalty Interest ("GORI") Agreement with Sunorca Development Corp. in exchange for CAD 1 million in cash and common shares. The Company paid CAD 400 in cash and the remainder (CAD 600) in shares of the Company. The number of shares issued to Sunorca was 1,219,067 shares based on the closing price of the Company's shares on November 20, 2009 and the noon exchange rate posted by the Bank of Canada on November 20, 2009.

(c) Stock options

The Company has a stock option plan under which up to 10% of the number of the Company's issued and outstanding common shares (including warrants to purchase common shares) may be reserved for issuance to directors, officers, employees and consultants.

Options issued prior to 2007 typically vest over a four year period and expire 10 years from the date of grant. Options issued beginning in 2007 typically vest over a three year period and expire 10 years from the date of grant.

At December 31, 2009 the Company has granted stock options to various directors, consultants, and employees of the Company as follows:

	Weighted Average Remaining Life (Years)	Number of options	Weighted Average Exercise Price (USD)
Balance, December 31, 2007	**8.68**	**14,134**	**478.00**
Granted		16,456	293.00
Exercised		(1,000)	175.00
Forfeited		(1,806)	561.00
Cancelled		(208)	1,069.00
Balance, December 31, 2008	**8.66**	**27,576**	**$ 355.00**
Granted		4,400	29.00
Forfeited		(23,171)	326.00
Balance, December 31, 2009	**7.72**	**8,805**	**267.00**

The number of shares exercisable at December 31, 2009 is 5,093 at exercise prices ranging from $29.00 to $1,069.00 per share (2008 – 18,179 at exercise prices ranging from $166.00 to $1,069.00 per share), as follows:

Exercise Price	Options Outstanding	Options Exercisable	Weighted Average Remaining Life (Years)
$ 29.00	3,750	1,275	9.07
$ 175.00	700	700	4.29
$ 225.00	750	750	5.01
$ 469.00	1,302	443	8.25
$ 500.00	1,978	1,707	7.07
$1,069.00	325	218	7.25
	8,805	5,093	7.72

The fair value of stock options granted during the year ended December 31, 2009 for which the exercise price was equal to the share's market price was estimated at $79 (2008 - $1,493). These amounts will be recognized as stock compensation expense over the vesting period of the options. The stock based compensation expense related to the stock options for the year ended December 31, 2009 was $(269) (2008 - $950). The credit for the year ending December 31, 2009 reflects the reversal of prior expense related to the forfeiture of 23,171 unvested options for terminated employees.

The fair value of stock options granted was determined at the dates of granting the options using the Black-Scholes option pricing model based on the following assumptions: a risk-free rate of 3.79%, an expected term of 6 years, a volatility of between 65.3% and 65.8% and a future dividend yield of nil.

(d) Contributed surplus

Balance, December 31, 2007		**2,116**
Stock compensation expense		2,044
Less: Stock compensation expense of options exercised		(93)
Add: Repurchase of shares (note 15(b))		3,674
Balance, December 31, 2008	**$**	**7,741**
Stock compensation expense		440
Equity portion of bond settled		7
Equity portion of convertible bond settled as debt		1,477
Balance, December 31, 2009	**$**	**9,665**

The stock compensation expense consists of $(269) for stock options (see Note 15(c)), and $709 for shares awarded, but not yet issued, to key employees within a retention plan.

(e) Warrants

On October 12, 2009 the convertible debt agreement entered into on June 25, 2009 was changed by cancelling a second tranche. As consideration for foregoing their rights to fund the second tranche, the bondholders were granted 5.6 million warrants whereby each warrant would give the holder the right to 1.71 common shares in Artumas at a subscription price of NOK 3.75 per share. If all of the warrants are exercised, 9,576,000 new common shares in Artumas will be issued. The warrants must be exercised on or before October 1, 2010. As at December 31, 2009, no warrants were exercised.

The fair value of warrants issued was determined at the date of grant using the Black-Scholes option pricing model based on the following assumptions: a risk-free rate of 1.24%, an expected term of one year, a volatility of 270.8% and a future dividend yield of nil.

16. General and administrative expenses

General and administrative expenses are comprised of salaries and benefits, consultants and professional fees, office costs, and travel costs. Included in this category, for the year ended December 31, 2009 is $8.9 million (2008 - $4.7 million), of costs associated with staff and executive restructuring and other cost containment strategies, as well as costs related to the bond restructuring, settlement of GORI and the sale of assets which are considered non-recurring. The majority of these non-recurring costs are included in shared services in the segmented information (Note 18).

In addition, for the year ended December 31, 2009 general and administrative expenses include $2.0 million (2008 - $0) for expenses billed by the operator related to the Mozambique properties.

17. Net financing expense

Net financing expense includes the following amounts:

	For the year ended,	
	Dec 31, 2009	Dec 31, 2008
Interest income	$ **(75)**	$ (2,794)
Interest expense and debt financing costs	**9,136**	3,812
Amortization of deferred financing costs	**3,000**	1,567
Accretion of convertible bonds	**2,420**	5,197
	$ **14,481**	$ 7,782

The financing costs for the year ended December 31, 2009 were related to convertible bonds, warrants and current liabilities. The costs related to convertible bonds included the 135 Put Option of $840, fees related to the funds held in trust of $260 and interest of $486 (2008 - $773). The value of the warrants issued was $7,522 (see Note 15(e)). Financing costs on current liabilities was $28 (2008 - $63). In 2008, in connection with a renegotiation of the debt facility associated with the Mtwara Energy Project, financing costs of $2,976 previously deferred were expensed.

During 2009 and 2008, interest income was earned on financial assets that are classified as held-for-trading. Financing costs were incurred on financial liabilities that are classified as other liabilities.

18. Segmented Information

The Company conducts its business through three major operating business segments. Gas operations include the exploration, development, production and transportation of natural gas and other hydrocarbons, and these activities are carried out in Tanzania and Mozambique. The Power segment includes the production and distribution of electricity in Tanzania. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation. Shared Services includes investment income, interest expense, financing related expenses and general corporate expenditures.

For the year ended December 31, 2009

	Tanzania Gas	Tanzania Power	Mozambique Gas	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Sales to customers	64	3,416	-	-	-	3,480
Royalties and joint interest	(586)	-	-	-	-	(586)
Inter-segment sales	1,400	-	-	143	(1,543)	-
Segmented revenue	878	3,416	-	143	(1,543)	2,894
Expenses						
Operating, general & administrative	6,614	3,109	3,029	16,653	-	29,405
Impairment of property and equipment	48,900	-	18,910	-	-	67,810
Other expenses	(2,044)	934	926	17,497	77	17,390
Inter-segment expenses	93	1,449	1	-	(1,543)	-
Segmented expenses	53,563	5,492	22,866	34,150	(1,466)	114,605
Net loss before non-controlling interest	(52,685)	(2,076)	(22,866)	(34,007)	(77)	(111,711)
Non-controlling interest	-	-	-	-	-	5,250
Net loss	(52,685)	(2,076)	(22,866)	(34,007)	(77)	(106,461)
Long-term receivable	19,556	-	-	-	-	19,556
Property and equipment additions	4,819	(103)	2,970	11	-	7,697
Property and equipment (NBV)	31,269	14,193	6,383	3,562	-	55,407

For the year ended December 31, 2008

	Tanzania Gas	Tanzania Power	Mozambique Gas	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Sales to customers	15	3,179	-	-	-	3,194
Royalties	(344)	-	-	-	-	(344)
Inter-segment sales	1,618	-	-	522	(2,140)	-
Segmented revenue	1,289	3,179	-	522	(2,140)	2,850
Expenses						
Operating, general & administrative	26,051	5,823	5,748	12,404	-	50,026
Impairment of property and equipment	67,183	-	-	-	-	67,183
Other expenses	403	4,031	366	11,686	-	16,486
Inter-segment expenses	310	1,764	44	22	(2,140)	-
Segmented expenses	93,947	11,618	6,158	24,112	(2,140)	133,695
Net loss before non-controlling interest	(92,658)	(8,439)	(6,158)	(23,590)	-	(130,845)
Non-controlling interest	-	-	-	-	-	11,538
Net loss	(92,658)	(8,439)	(6,158)	(23,590)	-	(119,307)
Property and equipment additions	16,600	3,224	23,758	3,500	-	47,082
Property and equipment (NBV)	101,699	15,267	26,244	5,810	-	149,020

19. Financial instruments and risk management

The fair value of the Company's cash and cash equivalents, cash held in trust, short-term investments, accounts receivable, refundable deposits, amounts due from directors/employees accounts payable, and credit facility approximate their carrying values due to the short-term nature of these instruments.

In accordance with adopted amendments to CICA 3862, *Financial Instruments – Disclosures*, the Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

- Level 1 – quoted market prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable or the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value of the financial instruments classified as held for trading (cash and cash equivalents and cash held in trust) corresponds to a Level 1 classification.

Long-term receivable is initially recognized at its fair value based on the discounted cash flows. The discount rate is based on the credit quality and term of the financial instrument. The financial instrument is subsequently valued at amortized costs by accreting the instrument over the life of the asset. The accretion associated with this instrument valued at amortized cost is reported on the Statement of Operations in each period.

The convertible bonds are designated as other financial liabilities and are accordingly accounted for at amortized cost. The Company has estimated fair value of the convertible bonds using accepted valuation methodologies and available third-party data. As at December 31, 2009, the fair value of the debt component of the bonds is $2,346.

Capital Management

Artumas' management considers its capital structure to consist of cash and cash equivalents, convertible bonds and shareholders' equity.

The capital structure is as follows:

		December 31, 2009		December 31, 2008
Convertible bonds	$	**2,975**	$	116,480
Shareholders' equity		**68,089**		62,217
Cash and cash equivalents and short-term investments		**2,144**		43,893

In 2009, the Company completed the farm-in transactions on the Tanzanian and Mozambique gas assets (see Note 10). In addition, the Company successfully arranged a credit facility with the Tanzania Investment Bank (see Note 13), which specifically allows among other things, the repayment of intercompany debt. Once the intercompany debt is repaid, management estimates that these transactions will allow the Company to meet its current obligations as they come due, until mid-2010. Management continues to actively pursue other possible sources of funding to satisfy longer term liquidity requirements including the completion of the financing of the Mtwara Energy Project, the conversion of the convertible bonds into shares and accessing capital and debt markets. A letter of intent ("LOI") has been signed with a strategic partner, which if the terms

in the LOI are completed, will provide sufficient cash to meet the Company's operating and capital commitments for the next two years.

There are no financial ratio covenants relating to the convertible bond entered into on June 30, 2009 however there are certain covenants with respect to restrictions in significantly altering the Company's capital structure or making certain expenditures without the approval of the bondholders.

In light of the Company's financial situation, the Company's strategy is to manage its capital in order to meet financial obligations and commitments as they fall due.

Financial Risks
The financial instruments disclosure requirements establish standards for the presentation of financial instruments and non-financial derivatives and require additional disclosure to enable users to evaluate the significance and risks related to financial instruments on an entity's financial position.

Artumas is exposed to normal financial risks inherent within the oil and gas industry, including commodity price risk, exchange rate risk, interest rate risk, credit risk, and liquidity risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period.

a) *Commodity price risk*
Commodity price risk is the risk that the Company suffers financial loss as a result of fluctuations in crude oil or natural gas prices. The Company's exposure to commodity price risk is not material as it has not yet begun commercial production in the gas segment.

b) *Exchange rate risk*
Exchange rate risk is the risk that the Company suffers financial loss as a result of changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign currency exchange rates. Artumas operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian shilling and Canadian dollar against its functional currency, the US dollar. The Company's objective is to minimize its risk by borrowing funds in US dollars and revenues are paid (or indexed) to the US dollar. In addition, it holds substantially all of its cash and cash equivalents in US dollars, and converts to other currencies only when cash requirements demand such conversion. The Company does not have any exposure to highly inflationary foreign currencies.

The risk related to a change in exchange rates is not material.

c) *Interest rate risk*
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt in the form of the convertible debt and the credit facility are both at fixed rates, and therefore there is no interest rate risk related to these instruments. Artumas invests excess cash in short term guaranteed investment certificates. The Company's objective is to minimize its interest rate risk by investing for short periods (less than 1 year) and only in term deposits.

The risk related to interest rates is not material.

d) *Credit risk*
Credit risk is the risk that the financial assets from a specific counterparty will be lost if a counterparty defaults on its obligations. Artumas' maximum credit risk is equal to the

carrying value of its receivables and its credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. No material amounts are past due and no material allowances have been made. The credit risk with respect to the long-term receivable is limited as it is due from the Tanzania Petroleum Development Corporation ("TPDC") and is to be paid from TPDC's share of Tanzanian gas production. Sufficient gas resources have been discovered to repay the amount due, once the gas is produced. The Company is working with the Government of Tanzania to commercialize these resources.

All of the operating revenues of the Company are paid by Tanzania Electric Supply Company Limited ("TANESCO") under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

Substantially all of the Company's cash and cash equivalents are held at one recognized international financial institution in Canada. Cash held in trust is held in once trust company in the United States of America. As a result, the Company was exposed to concentration of credit risk associated with these institutions. The Company manages its risk on investments by limiting them to guaranteed investment certificates purchased at this financial institution and investing for short periods of time.

e) *Liquidity risk*
Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Other than routine current accounts payable, incurred in the normal course of business, the Company also has convertible bonds.

The following table includes the convertible bond principal repayments required if the bond is not converted into common shares.

	< 1 Year	1-2 Years	2-5 Years	Thereafter
Accounts payable and accrued liabilities	$ 6,289	$ -	$ -	$ -
Convertible bonds and interest	2,975	-	-	-
Credit facility	-	-	796	477

In 2009, the Company completed the farm-in transactions on the Tanzanian and Mozambique gas assets (see Note 10). In addition, the Company successfully arranged a credit facility with the Tanzania Investment Bank (see Note 13), which specifically allows among other things, the repayment of intercompany debt. Once the intercompany debt is repaid, management estimates that these transactions will allow the Company to meet its current obligations as they come due, until mid-2010. Management continues to actively pursue other possible sources of funding to satisfy longer term liquidity requirements including the completion of the financing of the Mtwara Energy Project, the conversion of the convertible bonds into shares and accessing capital and debt markets. A letter of intent ("LOI") has been signed with a strategic partner, which if the terms in the LOI are completed, will provide sufficient cash to meet the Company's operating and capital commitments for the next two years.

The outcome of these matters cannot be determined at this time.

20. Supplementary cash flow information

Net change in working capital:

				For the year ended,
		December 31, 2009		December 31, 2008
Accounts receivable	$	**6,735**	$	(1,206)
Inventory		**(401)**		(75)
Prepaid expenses and refundable deposits		**4,304**		(1,314)
Due from employees/directors		**-**		(841)
135 Put Option		**819**		-
Accounts payable and accrued liabilities		**(11,175)**		(2,817)
		282		(6,253)
Less: Amounts related to investing activities		**2,093**		2,986
	$	**2,375**		(3,267)

Interest received and paid

				For the year ended,
		December 31, 2009		December 31,2008
Interest received	$	**437**	$	2,335
Interest paid		**3,314**		10,862

		December 31, 2009		December 31, 2008
Cash	$	**2,144**	$	17,010
Cash equivalents[1]		**-**		22,897
		2,144		39,907

1. Cash equivalents are guaranteed income certificates with a maturity date of less than 90 days.

21. Related party transactions

In addition to those disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions:

(a) In the normal course of operations, legal services were provided by a law firm in which one of the officers of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value. The following table describes the transactions:

				For the year ended,
		December 31, 2009		December 31, 2008
Legal services	$	**2,367**	$	4,550
Included as:				
General and administrative expenses		**2,367**		4,398
Capitalized general and administrative expenses		**-**		152
Amount payable to the law firm	$	**333**		669

(b) In 2008, in the normal course of operations, consulting services were provided by a company that is owned by an individual who is related to individual that was an officer and director of Artumas in 2008. The transactions have been recorded at the exchange amount, which approximates fair value. The following table describes the transactions:

			For the year ended,	
		December 31, 2009		December 31, 2008
Consulting services	$	**-**	$	102
Included as:				
General and administrative expenses		**-**		102
Amount payable to the consulting firm	$	**82**	$	82

22. Income taxes

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of the Company's future tax assets are as follows:

		2009		2008
Non-capital losses	$	**31,900**	$	27,099
Property and equipment		**28,896**		10,914
Share and debt issue costs		**1,353**		939
Asset retirement obligations		**(23)**		(20)
		62,126		38,932
Valuation allowance		**(62,126)**		(38,932)
Net future income tax asset	$	**-**	$	-

The tax pools associated with non-capital losses are $161.5 million of which $60.5 million are in Canada, $89.3 million are in Tanzania and $11.7 million are in Mozambique. The non-capital losses in Canada and Mozambique begin to expire in 2010. $60.0 million of the Canadian non-capital losses do not begin to expire until 2014 or later. In 2010, $2.4 million of the Mozambique non-capital losses will expire. Non-capital losses of $89.3 million in Tanzania are carried forward indefinitely.

The Company has recorded a valuation allowance of $62,126 as at December 31, 2009 (2008 - $38,932) because management believes that the future income tax assets are likely not to be realized in the carry forward period. The Company's actual income tax expense for each of the years ended is made up as follows:

		2009		2008
(Loss) before income taxes	$	**(106,461)**	$	(119,307)
Expected income tax recovery at combined federal and provincial rate of 29.0% (2008 – 29.5%)		**30,874**		35,196
Rate differentials		**(4,259)**		(4,658)
Warrants		**(1,881)**		-
Change in estimate		**(954)**		-
Accretion of convertible bonds		**(605)**		(1,299)
Stock based compensation		**(110)**		(511)
Other		**129**		(1,535)
		23,194		27,193
Change in valuation allowance		**(23,194)**		(27,193)
Current income tax recovery	$	**-**	$	-

23. Economic dependence

During the year ended December 31, 2009, all of the operating revenues of the Company and paid from Tanzania Electric Supply Company Limited ("TANESCO") under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

24. Commitments and contingencies

(a) Lease payments

The future minimum lease payments as at December 31, 2009 are as follows:

2010	$ 1,061
2011	1,684
2012	1,191
2013	1,254
2014	1,156
2015 and thereafter	180
Total future minimum lease payments	$ 6,526

(b) Capital expenditure commitments

During 2009, the Company met its obligation to drill one onshore well in Mozambique. Combined with the farm-in of its offshore interests, the Company has no further exploration expenditure obligations in Mozambique.

There are no outstanding capital commitments in Tanzania as at December 31, 2009.

(c) Construction loan

As described in Note 10, the Company has a contingent liability of up to $7.5 million which will only become due and payable if the conditions precedent are satisfied and bank financing and grant money is available to fund the liability.

(d) Legal proceedings

On June 2, 2009, a former employee filed a statement of claim in Tanzania in the amount of $1.5 million, in connection with a termination of employment. The Company has settled this claim for $150 subsequent to December 31, 2009 and the amount has been accrued as at December 31, 2009

On July 2, 2009, a former employee and officer filed a statement of claim in Canada in the amount of CAD 5.6 million and $1.3 million, in connection with a termination of employment. The Company is of the opinion that it has carried out the termination in accordance with its policies and contractual obligations and is therefore vigorously defending against the claim. In addition, the Company has filed a claim against the former employee and officer with respect to amounts outstanding of $1.3 million.

On July 6, 2009, a former employee and officer filed a statement of claim in Canada in the amount of CAD 0.8 million, in connection with a termination of employment. The Company is of the opinion that it has carried out the termination in accordance with its policies and contractual obligations and is therefore vigorously defending against the claim.

25. Subsequent events

(a) On February 17, 2010, Artumas confirmed its final royalty interest position in relation to Area 1 “Offshore” of the Rovuma Block to be 4.95% of Cove’s share of profit petroleum and, subject to requisite approvals being obtained, its final participating interest position in relation to the Onshore Area of the Rovuma Block to be 11.59%.

(b) On February 18, 2010 Artumas announced that it has been granted a 15 year licensing exemption from the Electric and Water Utilities Regulatory Authority (EWURA) in Tanzania. This 15 year licensing exemption allows the regional power generation and distribution development project, known as the Mtwara Energy Project (MEP) to proceed in accordance with the long term contracts completed in 2009.

(c) On March 11, 2010, a proposed resolution for an early redemption of the outstanding bonds ($2.4 million) was approved. To reflect the terms of the put option in the bonds and in lieu of future interest payments, the bonds will be redeemed at 135.5% of the par value of the bonds plus accrued interest. The settlement date for the early redemption of the bonds was March 17, 2010.

(d) On February 25, 2010, the Company announced that it will be closing its Canadian office in Calgary in 2010. As a result of this closure, the Company will incur severance costs in 2010 of approximately CAD $0.7 million.

(e) On March 25, 2010, the Company announced it entered into an exclusive and confidential negotiation with Wentworth Resources Limited (“Wentworth”) and it is expected that a business combination of the two companies will conclude no later than June 1, 2010. The business combination could provide Artumas with $20 million in cash. The shareholders of Wentworth will receive shares constituting approximately 58.5% of the combined business.

The increase in the Company's cash reserves from this transaction is expected to be sufficient to meet the Company's operating and capital requirements for the next two years.

(f) The Company distributed 1,571,347 shares to key employees between February 25, 2010 and April 8, 2010 in relation to a 2009 retention plan (see Note 15 (d)).

Artumas Group Inc.
Consolidated Balance Sheets
December 31, (US $000s)

		2008		2007
ASSETS				
Current				
Cash and cash equivalents (Note 18)	**$**	**39,907**	$	67,254
Short-term investments (Note 4)		**3,986**		77,277
Accounts receivable		**10,618**		9,358
Prepaid expenses and refundable deposits (Note 5)		**5,117**		3,803
Inventory (Note 6)		**854**		1,051
Due from directors/employees (Note 7)		**26**		59
		60,508		158,802
Due from directors/employees (Note 7)		**-**		564
Deferred financing costs (Note 8)		**-**		2,801
Property and equipment (Note 9)		**149,020**		173,313
	$	**209,528**	$	335,480
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**17,003**	$	19,443
Convertible bonds, current portion (Note 11)		**29,708**		-
		46,711		19,443
Asset retirement obligation (Note 10)		**82**		73
Convertible bonds (Note 11)		**86,772**		109,686
Non-controlling interest (Note 12)		**13,746**		25,284
		147,311		154,486
Shareholders' equity				
Share capital (Note 13(b))		**187,109**		192,204
Contributed surplus (Note 13(e))		**7,741**		2,116
Convertible bonds – equity portion (Note 11)		**23,491**		23,491
Deficit		**(156,124)**		(36,817)
		62,217		180,994
	$	**209,528**	$	335,480

Basis of Preparation and Going concern assumption (Note 1)
Commitments and contingencies (Note 16)

Approved on behalf of the Board

Cameron Barton, Director Alastair Robertson, Director

Artumas Group Inc.
Consolidated Statement of Operations and Comprehensive Loss and Deficit
December 31, (US $000s)

		2008		2007
Revenues				
Operating revenue, net of royalties	**$**	**2,850**	$	1,935
Expenses				
Operating expenses		**13,268**		9,154
General and administrative		**36,758**		20,088
Impairment of property and equipment (Note 9)		**67,183**		-
Net financing expense (Note 8)		**7,782**		2,249
Depletion, depreciation, amortization and accretion (Note 9 and 10)		**3,668**		1,415
Exchange (gains) losses		**2,992**		(136)
Stock based compensation (Note 13(d))		**2,044**		1,215
Total expenses		**133,695**		33,985
Net loss for the period before non-controlling interest		**(130,845)**		(32,050)
Non-controlling interest		**11,538**		4,551
Net loss and comprehensive loss for the period		**(119,307)**		(27,499)
Deficit and accumulated comprehensive loss, beginning of period		**(36,817)**		(9,318)
Deficit and accumulated comprehensive loss, end of period	**$**	**(156,124)**	$	(36,817)
Loss per share – basic and diluted	**$**	**(3.26)**	$	(1.09)
Weighted average number of shares		**36,547,559**		25,194,792

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

Artumas Group Inc.
Consolidated Statement of Cash Flows
December 31, (US $000s)

		2008		2007
Operating Activities:				
Net loss for the period	$	**(119,307)**	$	(27,499)
Operating items not requiring cash:				
Non-controlling interest		**(11,538)**		(4,551)
Impairment of property and equipment (Note 9)		**67,183**		
Accretion of convertible bonds (Note 8)		**5,197**		2,080
Depletion, depreciation, amortization and accretion		**3,668**		1,415
Deferred financing costs		**2,926**		-
Stock based compensation		**2,044**		1,215
Financing costs on convertible bonds (Note 8)		**1,597**		1,064
Provision for doubtful account (Note 7)		**1,329**		-
Unrealized exchange (gains) losses		**377**		44
Write down of inventory (Note 6)		**272**		-
Other		**55**		47
		(46,197)		(26,185)
Net change in non-cash working capital (Note 18)		**(3,267)**		(8,681)
		(49,464)		(34,866)
Financing Activities:				
Net proceeds from convertible bond		**-**		67,629
Deferred financing costs on debt facility (Note 8)		**(125)**		(1,923)
Repurchase and cancellation of common shares		**(1,688)**		-
Net proceeds from issuance of common shares		**174**		127,478
Other		**-**		(226)
		(1,639)		192,958
Investment Activities:				
Capital expenditures		**(47,082)**		(52,496)
Proceeds from Capacity Development Grant		**533**		-
Proceeds from sale of shares in subsidiary		**-**		15,300
Purchases of short-term investments		**(66,146)**		(77,277)
Redemptions of short-term investments		**139,437**		-
		26,742		(114,473)
Net change in non-cash working capital (Note 18)		**(2,986)**		1,228
		23,756		(113,245)
Increase/(decrease) in cash and cash equivalents		**(27,347)**		44,847
Cash and cash equivalents, beginning of period		**67,254**		22,407
Cash and cash equivalents, end of period (Note 18)	**$**	**39,907**	$	67,254

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

1. Basis of Preparation and Going Concern Assumption

Artumas Group Inc. ("AGI" or "Artumas" or the "Company") was incorporated under the laws of Alberta, Canada on August 8, 2000.

Artumas is an independent energy company engaged in exploration, development and production activities in the Rovuma Delta Basin in East Africa. Artumas is also actively involved in developing commercial opportunities for the identified hydrocarbon resource, including small- and large-scale electricity generation, compressed natural gas ("CNG") export, and other gas transportation alternatives utilizing strategic partnerships. The electricity generation and transmission and distribution activities are governed by the Electricity Act of the United Republic of Tanzania.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on the going concern basis, which presumes that AGI will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In the year ended December 31, 2008, Artumas incurred a loss of $118.0 million and had accumulated losses of $154.8 million as at December 31, 2008. Of this loss incurred during the year ended December 31, 2008, $67.2 million is related to an impairment of the Tanzanian gas assets, which was recorded in the fourth quarter based on the Company's assessment of these assets given recent oil and natural gas prices, the downward shift in global asset valuations, and the lack of contracted sales gas volumes. During the year ended December 31, 2008, Artumas used $100.6 million cash in its operations and capital expenditures and as at December 31, 2008 has $43.9 million in cash and cash equivalents and short term investments. Subsequently, $19.7 million was expended for the repayment of convertible bonds when they came due in January 2009. During 2009, in addition to ongoing operating and general and administrative expenses, the Company faces capital commitments of approximately $37 million and further debt repayments of $10 million in the next 12 months. In order to fulfill these obligations and continue its operations in the face of current global economic conditions where traditional sources of debt and equity financing are limited, Artumas must secure alternative sources of liquidity by May 2009. Should the Company not meet the covenants as set out in Note 15, all of the convertible bonds become due immediately. The Board of Directors and Management have put in place a plan to secure additional funds within this timeframe. Specific actions under this plan include: sale of the Company's power assets, farm out of the Tanzanian gas assets, farm out of onshore and/or offshore Mozambique gas assets, renegotiation of debt repayment terms and cost reduction initiatives. Management is actively pursuing all possible sources of funding, but there is no certainty that there will be funds in the amounts and timing sufficient to meet liquidity requirements in 2009.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company's ability to continue as a going concern is substantially dependent on the successful execution of many of the actions referred to above. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue its operations and these adjustments could be material.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian GAAP. The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company accounts and transactions have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in banks, less outstanding cheques and includes highly liquid investments whose maturity at date of purchase is less than 90 days and are recorded at cost.

(c) Inventory

Inventories of consumable materials are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out (FIFO) method.

(d) Property and equipment

The Company accounts for crude oil and natural gas properties in accordance with the Canadian Institute of Chartered Accountants' guideline on full cost accounting in the oil and gas industry. Under this method, all costs associated with the acquisition of, exploration for and the development of, natural gas and crude oil reserves, including asset retirement costs, are capitalized within a separate cost centre for each country in which the Company has oil and gas activities. Such costs include lease acquisition, lease rentals on undeveloped properties, geological and geophysical, drilling both productive and non-productive wells, production equipment and overhead charges directly related to acquisition, exploration and development activities. Costs capitalized in this manner are assessed at the end of each reporting period to determine if the total of such costs may be recovered in the future. Any costs considered unlikely to be recovered are written off and a corresponding loss is recognized in net earnings.

Costs accumulated within each cost centre are depreciated, depleted and amortized using the unit-of-production method based on estimated gross proved reserves as determined by independent engineers. Capitalized costs subject to depletion are net of equipment salvage values and include estimated future costs to be incurred in developing proved reserves. Proceeds from the disposal of properties are normally deducted from the full cost pool without recognition of gain or loss unless that deduction would result in a change to the rate of depreciation, depletion and amortization of 20% or greater in which case a gain or loss is recorded. Costs of major development projects and costs of acquiring and evaluating significant unproved properties are excluded, on a cost centre basis, from costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties, or impairment has occurred. An impairment loss is recognized in net earnings when the carrying amount of a cost centre is not recoverable and the carrying amount of the

cost centre exceeds its fair value. The carrying amount of the cost centre is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than the carrying amount, the impairment loss is limited to the amount by which the carrying amount exceeds the sum of: (a) the fair value of proved and probable reserves; and (b) the costs of unproved properties that have been subject to a separate impairment test. In the period prior to the establishment of proved and probable reserves, assets are evaluated based on available indicators of fair value including market conditions such as commodity prices and asset transactions, as well as internal assessments of the expected amount and timing of cash flows.

Costs related to power generation, transmission and distribution facilities are recorded at cost and the components are amortized on a straight-line basis over their estimated useful life in accordance with rates approved by local regulatory authorities. Office and other equipment is recorded at cost and amortized on a straight-line basis over its estimated useful life of between three and five years.

(e) Capital Grant

The Company utilizes the income approach for capital grants received. The grant is deducted from the related capital asset with any amortization calculated on the net amount once the asset is operational.

(f) Asset Retirement Obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of operations and comprehensive loss and deficit. The fair value of the obligation is periodically adjusted for revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The fair value is determined through a review of engineering studies, industry guidelines, and management's estimates on a site by site basis. The asset is amortized using the same method of depreciation as the underlying asset with which the retirement obligation is associated.

(g) Convertible Bonds

Upon issuance, convertible bonds are classified into financial liability and equity components at their fair value. The financial liability is accreted by way of a charge to earnings over the maturity of the debt. Related bond issue costs are amortized over the life of the related bond based on the effective interest method.

(h) Debt issue costs

Transaction costs directly attributable to the issuance of the convertible bonds are netted against the fair value of the convertible bonds on initial recognition and amortized using the effective interest method.

(i) Capitalization of Interest

The Company capitalizes interest expense during the development and construction phase of the projects which were funded by the financing.

(j) Financial instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Company has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

The Company has categorized its financial instruments as follows:

Financial Instrument	*Classification*
Cash and cash equivalents	Held for trading
Short-term investments	Held for trading
Accounts receivable	Loans and receivables
Due from employees/directors	Loans and receivables
Refundable deposits	Loans and receivables
Accounts payable	Other financial liabilities
Convertible bonds	Other financial liabilities

(k) Revenue Recognition

Revenue from the sale of commodities is recognized when the risks and rewards of ownership pass to the purchaser and collectability is reasonably assured.

(l) Stock-based Compensation

The Company records compensation expense for stock options granted to employees and directors using the fair value method. Fair values are determined using the Black-Scholes option pricing model. Compensation costs are expensed over the vesting period with a corresponding increase to contributed surplus. Upon exercise of the options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(m) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the carrying value and the tax basis of assets and liabilities, and measured using the substantively enacted tax rates and laws expected to be in effect when the differences are expected to reverse. Future income tax assets are recorded in the consolidated financial statements if realization is considered more likely than not.

(n) Foreign Currency Translation

Transactions originating in foreign currencies are translated into US dollars at the exchange rate on the date of the transaction. Monetary items are translated at the rates in effect at the balance sheet date and non-monetary items are translated at the rates prevailing at the respective transaction dates. Exchange gains and losses arising on translation are included in the determination of losses for the year. Monetary assets and liabilities of integrated operations that are not denominated in US dollars are translated at the exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical rates and revenues and expenses are translated at average rates of exchange during the period. Exchange gains and losses arising on translation of the accounts of integrated operations are included in the consolidated statements of operations and comprehensive loss and deficit.

(o) Joint ventures

The Company's exploration and development activities may be conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

(p) Basic and Diluted Loss per Share

Basic loss per share figures is calculated using the weighted average number of shares outstanding during the period. The dilutive effect of options is computed using the treasury stock method and the effect of convertible bonds by the "if converted" method. Dilutive amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share for 2007 and 2008.

(q) Measurement Uncertainty

The preparation of financial statements requires management to make estimates 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 results could differ from those estimates. Significant estimates used in the preparation of these financial statements include the estimate of proved and probable reserves, asset retirement obligations and impairment of assets.

The valuation of stock options is based on a number of assumptions. The valuation is significantly affected by the assumptions made with respect to the expected volatility over the expected life of the option at the time of the grant. As the assumption is based on management's best estimate at the time of the option grant, it is subject to measurement uncertainty. The Company does not plan to amend the assumptions once they have been determined at the grant date.

3. Changes and Potential Changes in Accounting Policies

The Canadian Accounting Standards Board ("AcSB") had confirmed that the use of IFRS will be required on or before January 1, 2011 for publicly accountable enterprises. IFRS will replace Canada's current GAAP for those enterprises. Companies will be expected to provide comparative IFRS information for the previous fiscal year. The Company is currently evaluating the impact of adopting IFRS.

In February 2008, the AcSB issued Section 3064, *Goodwill and Intangible Assets* and amended Section 1000, *Financial Statement Concepts* clarifying the criteria for recognizing assets, intangible assets and internally developed intangible assets. These standards are effective for fiscal years beginning on or after October 1, 2008. We do not expect the adoption of these standards to have material impact on our results of operations or financial position.

In January 2009, the AcSB issued Section 1582, *Business Combinations,* Section 1601, *Consolidated Financial Statements,* and Section 1602, *Non-controlling Interests.* These sections are effective for fiscal years beginning on or after January 1, 2011, with earlier application permitted. We do not expect the adoption of these standards to have material impact on our

results of operations or financial position. The Company is still assessing the appropriate adoption date for these standards.

Effective January 1, 2008 the Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures*; Section 3031, *Inventories*, Section 3862, *Financial Instruments – Disclosures*; and Section 3863, *Financial Instruments - Presentation*.

The Company has evaluated the impact of these new standards and determined that the adoption of these standards has not had a material impact on the Company's net earnings or cash flows. The other effects of the implementation of the new standards are discussed in Notes 6 and 15.

4. Short-term investments

Short-term investments consist of excess cash invested in guaranteed investment certificates with an initial maturity in excess of 90 days and less than 365 days. The investment has an effective interest rate of 2.50% (2007 – between 4.35% and 4.60%) and a maturity date of February 17, 2009 (2007 – between March 17 and March 20, 2008).

5. Prepaid Expenses and Refundable Deposits

The Company has made security deposits of $3,260 (2007 - $3,260) under contracts for oilfield services to be provided by third party contractors. These deposits are held in escrow accounts with a law firm and are refundable at the end of the contracts when the Company has fulfilled its payment commitments for services provided under the contracts. Other prepaid expenses include prepaid travel, office rentals, legal retainer and other of $1,857 (2007 - $543).

6. Inventory

Inventory is measured at the lower of cost or net realizable value. Inventory consists of fuel, lubricants, spare parts and other consumable items. Inventory of $272 was written down in 2008 (2007 - $nil).

In 2008, $686 (2007 - $446) of inventory was recognized as an expense.

7. Due from Directors/Employees

In 2008, the Company loaned $831 to a director and officer as approved by the Board of Directors. This loan, in addition to the loans made to the director and officer in previous years, bears interest at a rate of 3% per annum. The Company has determined that collectability of the remaining $1,329 balance due from the director and officer, who subsequently departed the

Company in March 2009, is uncertain and has provided fully against it. Another $54 was reclassified as accounts receivable as the amount owed is from a former director. In 2008, $63 (2007- $152) of amounts due from employees/directors has been repaid.

In 2007, a $270 share purchase loan, previously secured by shares of the Company and due on June 23, 2007, had been re-established without security, was non-interest bearing and repayable on demand. In addition, $331 had been loaned to employees, in accordance with commitments related to their employment arrangements, on similar terms.

Balance, December 31, 2006		**444**
Loans		331
Repayment		(152)
Balance, December 31, 2007	**$**	**623**
Loans		831
Interest		18
Provision		(1,329)
Repayment		(63)
Reclassification to accounts receivable		(54)
Balance, December 31, 2008	**$**	**26**

Due from directors/employees, in next 12 months	**$**	26
Due from directors/employees, on demand		-
Balance, December 31, 2008	**$**	**26**

8. Net financing expense

Net financing expense includes the following amounts:

		Dec 31, 2008		Dec 31, 2007
Interest income	$	**(2,794)**	$	(1,347)
Interest expense and debt financing costs		**3,812**		452
Amortization of deferred financing costs		**1,567**		1,064
Accretion of convertible bonds		**5,197**		2,080
	$	**7,782**	$	2,249

In connection with a renegotiation of the debt facility associated with the Mtwara Energy Project, financing costs of $2.9 million (2007 - $2.8 million) previously deferred were expensed in the first quarter. Other than $63 (2007 - $52) of financing costs on current liabilities, the balance of the financing costs were related to long-term debt in the form of convertible bonds. For year ended December 31, 2008, the financing costs on current liabilities was $63 (2007 - $52). The financing costs on the long-term debt was $773 for the year ended December 31, 2008 (2007 - $400).

During 2008, interest income was earned on financial assets that are classified as held-for-trading. Financing costs were incurred on financial liabilities that are classified as other liabilities.

9. Property and Equipment

		December 31, 2008			
		Cost	Impairment	Accumulated Amortization	Net Book Value
Tanzania (Energy Program)					
• Mnazi Bay Gas Development					
○ Petroleum drilling, exploration, development	$	**124,872**	**48,940**	**676**	**75,256**
• Mtwara Region Gas to Power					
○ Gathering, Processing and Pipeline		**40,825**	**16,060**	**69**	**24,696**
○ Power generation		**10,953**		**1,441**	**9,512**
○ VLPP study		**691**		**-**	**691**
○ Transmission/ distribution		**5,070**		**6**	**5,064**
• Capital Inventory		**4,129**	**2,183**	**199**	**1,747**
• Office and field equipment		**421**		**83**	**338**
		186,961	**67,183**	**2,474**	**117,304**
Mozambique Program					
• Rovuma Basin					
○ Petroleum drilling, exploration, development		**26,615**	**-**	**371**	**26,244**
Canadian office equipment		**7,774**	**-**	**2,302**	**5,472**
Balance	$	**221,350**	**67,183**	**5,147**	**149,020**

Year Ended December 31, 2008 and 2007, US $000s, unless otherwise stated

		December 31, 2007		
		Cost	Accumulated Amortization	Net Book Value
Tanzania (Energy Program)				
• Mnazi Bay Gas Development				
○ Petroleum drilling, exploration, development	$	111,824	118	111,706
• Mtwara Region Gas to Power				
○ Gathering, Processing and Pipeline		37,781	-	37,781
○ Power generation		11,195	472	10,723
○ VLPP study		499	-	499
○ Transmission/ distribution		2,114	-	2,114
• Capital Inventory		4,120	-	4,120
• Office and field equipment		854	273	581
		168,387	863	167,524
Mozambique Program				
• Rovuma Basin				
○ Petroleum drilling, exploration, development		2,858	-	2,858
Canadian office equipment		3,556	625	2,931
Balance	$	174,801	1,488	173,313

During the year ended December 31, 2008, $nil (2007 - $298) of general and administrative expenses were capitalized to the Tanzania Energy Program. In addition, for the year ended December 31, 2008, $10,090 (2007 - $6,722) of interest expense were capitalized related to borrowings to fund the Tanzania Energy Program and Mozambique Program.

While the gas component of the Tanzania Energy Program is in the pre-production phase, depletion of $140 (2007 - $118) has been recorded relating to the incidental production required for power generation. No depreciation or depletion has been recognized on the gas component of the Mozambique Program as these assets have not begun commercial production. The amounts included under property and equipment represent costs incurred to date and are not intended to reflect present or future values. The recoverability of these capitalized costs is dependant on the confirmation of economically recoverable reserves, and the ability of the Company to obtain the necessary approvals and financing to successfully complete their development, including finalization of all agreements with the Government of Tanzania. In response to the recent oil and gas prices, downward shift in global asset valuations, and currently uncontracted gas volumes, Artumas recorded a non-cash impairment of $67.2 million for the Company's Tanzanian gas assets for the quarter ended December 31, 2008.

The Company has recorded an amount of $5,150 (December 31, 2007 - $4,703) in capitalized project costs (with an offsetting liability of $5,150 included in accounts payable and accrued liabilities) with respect to withholding tax. This accrual is the estimated amount of Tanzanian withholding tax not deducted by the Company from payments made to its foreign contractors who provided services in Tanzania but were not registered for Tanzanian tax purposes.

10. Asset retirement obligation

The Company has recognized an asset retirement obligation in relation to the Power Generation facilities. The change in the asset retirement obligations liability is as follows:

		Dec 31, 2008		Dec 31, 2007
Asset retirement obligation at January 1	$	**73**	$	-
Additions		**-**		64
Accretion		**9**		9
Asset retirement obligation at December 31	$	**82**	$	73

The total undiscounted amount of the estimated cash flows required to settle the obligations is $750 (2007 – $750) with an annual inflation rate of 2%, which has been discounted using a credit-adjusted risk-free rate of 13 per cent. The settlement of the obligations is expected to occur in 20 years.

No asset retirement obligations have been recorded in relation to the Gas Facility, as there is no obligation until it is in commercial production.

11. Convertible Bonds

The Company has issued four convertible bonds, with the following features:

Date of Issuance	(I) Nov 20, 2007	(II) Dec 20, 2006	(III) Jun 30, 2006	(IV) Jan 16, 2006
Maturity Date	Nov 21, 2012	Dec 20, 2010	Jun 30, 2009	Jan 16, 2009
Amount	$70 million	$35 million	$10 million	$20 million
Interest Rate	6.0%	10.0%	10.5%	10.5%
Conversion Price	NOK 60.5	NOK 55	NOK 40	NOK 40

(i) The Company may convert the bonds to common shares after November 20, 2010, if the closing price of the Company's shares has exceeded 150 percent of the conversion price for at least 20 trading days within a period of 30 consecutive trading days.

(ii) The Company may convert the bonds to common shares on or after December 20, 2007, if the closing price of the Company's shares has exceeded NOK 90 for at least 20 trading days within a period of 30 consecutive trading days.

(iii) The Company may convert the bonds to common shares on or after June 30, 2007, if the closing price of the Company's shares has exceeded NOK 80 for at least 20 trading days within a period of 30 consecutive trading days.

(iv) The Company may convert the bonds to common shares on or after January 16, 2007, if the closing price of the Company's shares has exceeded NOK 80 for at least 20 trading days within a period of 30 consecutive trading days.

The fair value attributed to the debt component of the convertible bonds amounted to $111,509 and was recorded as a long-term liability. The total fair value of the conversion option features was determined to be $23,491 and is recorded as part of Shareholders' Equity. The fair values were based on the present value of future cash flows resulting from principal and interest payments for the bonds, discounted at the market rate of interest in effect at the time the bonds were issued for similar financial instruments with no conversion feature. The difference between these fair values and the proceeds is considered the value attributed to the conversion option

feature. Accretion of the fair value of the conversion option is recorded as a charge to earnings over the term to maturity of the bonds. The bonds are subject to standard covenants including certain financial ratios that are reported to the lenders quarterly. At December 31, 2008, the Company was not in breach of any of its covenants. If any one of these covenants is contravened, the holders have the right to call the loan immediately. The bond's liability, equity component and accretion were recorded as follows:

		December 31, 2008		December 31, 2007
Total proceeds of convertible bonds	**$**	**135,000**	**$**	135,000
Fair value of equity component		**23,491**		23,491
Value attributed to debt component		**111,509**		111,509
Financing transaction costs		**(6,065)**		(6,095)
Cumulative transaction costs expensed		**3,132**		1,565
Cumulative accretion on the bonds		**7,904**		2,707
		116,480		109,686
Less: current portion		**(29,708)**		-
Balance	**$**	**86,772**	**$**	109,686

12. Non-controlling interest

Effective March 31, 2008, additional shares in Artumas Tanzania Jersey Limited ("ATJL") were issued to Artumas Holdings Jersey Limited ("AHJL"), effectively reducing Netherlands Development Financial Institution's ("FMO's") non-controlling interest in ATJL.

From December 31, 2007 to December 31, 2008, FMO's position has been reduced from 19.65% to 13.19%. As a result, the Company's share of the losses for the year ended December 31, 2008 increased by $6,967.

13. Share Capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.
Unlimited number of non-voting preferred shares to be issued in series, without nominal or par value.

(b) Common shares issued

	Number of shares		Amount
Balance, December 31, 2006	**21,033,636**	**$**	**64,341**
Issued on exercise of options	286,000		894
Transfer from contributed surplus for exercised options	-		386
Private placement (i)	3,308,000		35,191
Share issue costs (i)	-		(1,661)
Private placement (ii)	12,000,000		97,905
Share issue costs (ii)	-		(4,852)
Balance, December 31, 2007	**36,627,636**		**192,204**
Share issue costs (ii)			(1)
Issued on exercise of options (iii)	100,000		175
Stock compensation costs for exercised options (iii)			93
Repurchase and cancellation of shares (iv)	(961,000)		(5,362)
Balance, December 31, 2008	**35,766,636**	**$**	**187,109**

(i) Effective April 2, 2007, the Company completed a private placement issuance for 3,308,000 new common shares, for cash consideration of Norwegian Kroners ("NOK") 65 (approximately $10.69) per share for total gross proceeds of $35 million. Included in this placement was 1,200,000 shares borrowed from members of Artumas' management without any compensation. The Company has incurred share issue costs of $1,661 in connection with the private placement.

(ii) Effective November 14, 2007, the Company completed a private placement issuance for 12,000,000 new common shares, for cash consideration of NOK 44 (approximately $8.16) per share for total gross proceeds of $98 million. The Company has incurred share issue costs of $4,853 in connection with the private placement, of which $1 occurred in 2008.

(iii) On July 15, 2008 a holder of options to purchase common shares exercised 100,000 options at an exercise price of $1.75 per share. The total proceeds of $175 have been recorded as an increase in the value of shares issued. Related to the share exercise, $93 of stock based compensation was transferred from Contributed Surplus.

(iv) On October 29, 2008 the Company purchased for cancellation 961,000 shares from the Chief Executive Officer and director who subsequently departed the Company in March 2009. The shares were purchased at a 5% discount to the 5 day weighted average closing price for a total cost of $1,688. Related to this repurchase, $3,674 was transferred to Contributed Surplus.

(c) Issued and outstanding warrants

On June 20, 2007, 32,000 warrants expired without being exercised. The value of the unexercised warrants was $22. There are no further warrants outstanding.

(d) Stock options

The Company has a stock option plan under which up to 10% of the number of the Company's issued and outstanding common shares (including warrants to purchase

common shares) may be reserved for issuance to directors, officers, employees and consultants.

Options issued prior to 2007 typically vested over a four year period and expired 10 years from the date of grant. Options issued beginning in 2007 typically vest over a three year period and expire 10 years from the date of grant.

At December 31, 2008 the Company has granted stock options to various directors, consultants, and employees of the Company as follows:

	Weighted Average Remaining Life (Years)	Number of options	Weighted Average Exercise Price (USD)
Balance, December 31, 2006	**8.83**	**1,520,000**	**$ 3.47**
Exercised		(286,000)	3.13
Forfeited		(70,500)	3.04
Granted		249,986	8.87
Balance, December 31, 2007	**8.68**	**1,413,486**	**4.78**
Granted		1,645,580	2.93
Exercised		(100,000)	1.75
Forfeited		(180,625)	5.61
Cancelled		(20,834)	10.69
Balance, December 31, 2008	**8.66**	**2,757,607**	**$ 3.55**

The number of shares exercisable at December 31, 2008 is 1,817,927 at exercise prices ranging from $1.66 to $10.69 per share (2007 – 760,000 at exercise prices ranging from $1.75 to $10.69 per share), as follows:

Exercise Price	Options Outstanding	Options Exercisable	Weighted Average Remaining Life (Years)
$ 1.66	961,000	961,000	9.82
$ 1.75	185,000	185,000	5.29
$ 2.25	250,000	200,000	6.01
$ 3.00	20,000	13,000	6.28
$ 4.69	597,831	-	9.24
$ 5.00	608,250	416,250	8.42
$ 5.68	10,000	-	9.50
$10.69	125,526	42,677	8.25
	2,757,607	1,817,927	8.66

The fair value of stock options granted during the year ended December 31, 2008 for which the exercise price was equal to the share's market price was estimated at $2,372 (2007 - $720). The fair value of stock options granted during the year ended December 31, 2008 for which the exercise price was less than the share's market price was estimated at $nil (2007 - $781). These amounts will be recognized as stock compensation expense over the vesting period of the options. The stock based compensation expense for the year and ended December 31, 2008 was $2,044 (2007 - $1,215).

The fair value of stock options granted was determined at the dates of granting the options using the Black-Scholes option pricing model based on the following assumptions:

	March 2008 Issuance (674,580 Options)	**July 2008 Issuance (10,000 Options)**	**October 2008 Issuance (961,000 Options)**	2007 Options
Risk-free interest rate	**4%**	**4%**	**4%**	4%
Expected term	**6 years**	**6 years**	**6 years**	6 years
Volatility	**42.7%**	**42.7%**	**51.4%**	40%
Future dividend yield	**Nil**	**Nil**	**Nil**	Nil

A Zero Strike Price stock option plan was introduced in 2007 in which options were exercised immediately upon vesting and compensation costs were expensed over the vesting period with a corresponding increase to contributed surplus. The plan was cancelled in 2008 and therefore no Zero Strike Options are outstanding at December 31, 2008 (2007 – 20,834).

(e) Contributed surplus

Balance, December 31, 2006	**$**	**1,265**
Stock compensation expense		1,215
Less: Stock compensation expense of options exercised		(386)
Warrants (note 13 (c))		22
Balance, December 31, 2007		**2,116**
Stock compensation expense		2,044
Less: Stock compensation expense of options exercised		(93)
Add: Repurchase of shares (note 13(b))		3,674
Balance, December 31, 2008	**$**	**7,741**

14. Segmented Information

The Company conducts its business through three major operating business segments. Gas operations include the exploration, development, production and transportation of natural gas, and these activities are carried out in Tanzania and Mozambique. The Power segment includes the production and distribution of electricity in Tanzania. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation. Shared Services includes investment income, interest expense, and general corporate expenditures.

Year Ended December 31, 2008 and 2007, US $000s, unless otherwise stated

For the year ended December 31, 2008

	Tanzania Gas	Tanzania Power	Mozambique Gas	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Sales to customers	15	3,179	-	-	-	3,194
Royalties	(344)	-	-	-	-	(344)
Inter-segment sales	1,618	-	-	522	(2,140)	-
Segmented revenue	1,289	3,179	-	522	(2,140)	2,850
Expenses						
Expenses	26,454	9,854	6,114	24,090	-	66,512
Impairment of property and equipment	67,183	-	-	-	-	67,183
Inter-segment expenses	310	1,764	44	22	(2,140)	-
Segmented expenses	93,947	11,618	6,158	24,112	(2,140)	133,695
Net loss before non-controlling interest	(92,658)	(8,439)	(6,158)	(23,590)	-	(130,845)
Non-controlling interest						11,538
Net loss	(92,658)	(8,439)	(6,158)	(23,590)	-	(119,307)
Property and equipment additions	16,600	3,224	23,758	3,500	-	47,082
Property and equipment (net book value)	101,699	15,267	26,244	5,810	-	149,020

For the year ended December 31, 2007

	Tanzania Gas	Tanzania Power	Mozambique Gas	Shared Services	Inter-Segment Eliminations	Consolidated
Revenue						
Sales to customers		2,189				2,189
Royalties	(254)					(254)
Inter-segment sales	1,165				(1,165)	-
Segmented revenue	911	2,189	-		(1,165)	1,935
Expenses						
Expenses	21,064	3,442	2,304	7,175		33,985
Inter-segment expenses		1,165			(1,165)	-
Segmented expenses	21,064	4,607	2,304	7,175	(1,165)	33,985
Net loss before non-controlling interest	(20,153)	(2,418)	(2,304)	(7,175)	-	(32,050)
Non-controlling interest						4,551
Net loss	(20,153)	(2,418)	(2,304)	(7,175)		(27,499)
Property and equipment additions	41,941	4,312	2,255	4,052		52,560
Property and equipment (net book value)	153,606	13,337	2,858	3,512		173,313

15. Financial Instruments and Risk Management

The fair value of the Company's cash and cash equivalents, short-term investments, accounts receivable, refundable deposits and accounts payable approximate their carrying values due to the short-term nature of these instruments.

The fair value of the amounts due from directors/employees is not significantly different than the carrying value.

The convertible bonds are designated as other financial liabilities and are accordingly accounted for at amortized cost. The Company has estimated fair value of the convertible bonds utililizing accepted valuation methodologies and available third-party data. As at December 31, 2008, the fair value of the debt component of the bonds is $95,445 (2007 - $115,519).

Capital Management
The CICA Handbook Section 1535 establishes disclosure requirements about an entity's capital structure and how it is managed.

Artumas' management considers its capital structure to consist of cash and cash equivalents and short-term investments, convertible bonds and shareholders' equity.

The capital structure is as follows:

		December 31, 2008		December 31, 2007
Convertible bonds	$	**116,480**	$	109,686
Shareholders' equity		**62,217**		180,994
Cash and cash equivalents and short-term investments		**(43,893)**		(144,531)
Total capital	$	**134,804**	$	146,149

In order to fulfill its obligations and continue its operations in the face of current global economic conditions where traditional sources of debt and equity financing are limited, Artumas must secure alternative sources of liquidity by May 2009. The Board of Directors and Management have put in place a plan to secure additional funds within this timeframe. Specific actions under this plan include: sale of the Company's power assets, farm out of the Tanzanian gas assets, farm out of onshore and/or offshore Mozambique gas assets, renegotiation of debt repayment terms and cost reduction initiatives. Management is actively pursuing all of these possible sources of funding, but there is no certainty that there will be funds in the amounts and timing sufficient to meet liquidity requirements beyond the first six months of 2009.

The Company is obligated by covenants on its convertible bonds to maintain an equity ratio of at least 0.25, equity of at least $50 million and net current assets of $4 million. The equity ratio is calculated as share capital divided by total share capital and long-term debt. As illustrated below, the Company was in compliance with all covenants at December 31, 2008.

During 2008, the Company's strategy is to maintain an equity rate of at least 0.25. The equity ratio at December 31, 2008 was as follows:

		December 31, 2008
Equity	$	62,217
Debt		116,480
Equity		62,217
Capital Employed		178,697
Equity ratio		0.34

The Company's strategy regarding net current assets is to maintain a net current asset level of at least $4 million which is the minimum required by the bond covenants. The net current assets at December 31, 2008 was as follows:

		December 31, 2008
Current assets	$	60,508
Current liabilities		46,711
Net current assets	$	13,797

Financial Risks

The financial instruments disclosure requirements establish standards for the presentation of financial instruments and non-financial derivatives and require additional disclosure to enable users to evaluate the significance and risks related to financial instruments on an entity's financial position.

Artumas is exposed to normal financial risks inherent within the oil and gas industry, including commodity price risk, exchange rate risk, interest rate risk, credit risk, and liquidity risk.

a) *Commodity price risk*
Commodity price risk is the risk that the Company suffers financial loss as a result of fluctuations in crude oil or natural gas prices. The Company's exposure to commodity price risk is not material as it has not yet begun commercial production in the gas segment.

b) *Exchange rate risk*
Exchange rate risk is the risk that the Company suffers financial loss as a result of changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign currency exchange rates. Artumas operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian shilling and Canadian dollar against its functional currency, the US dollar. The Company's objective is to minimize its risk by borrowing funds in US dollars and revenues are paid (or indexed) to the US dollar. In addition, it holds substantially all of its cash and cash equivalents and short-term investments in US dollars, and converts to other currencies only when cash requirements demand such conversion. The Company does not have any exposure to highly inflationary foreign currencies.

The majority of the Company's foreign currency exchange risk arises from cash and cash equivalents and short-term investments and current liabilities. With a 10% strengthening

or weakening of the US dollar against all exchange rates, the net loss for the year ended December 31 would reduce by $0.5 million or increase by $0.4 million.

c) *Interest rate risk*

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Artumas invests excess cash in short term guaranteed investment certificates. The Company's objective is to minimize its interest rate risk by investing for short periods (less than 1 year) and only in term deposits.

The risk related to interest rates is not material.

d) *Credit risk*

Credit risk is the risk that the financial assets from a specific counterparty will be lost if a counterparty defaults on its obligations. The Company's maximum credit risk is equal to the carrying value of its cash and term deposits and receivables. Its credit risk with respect to current accounts receivable is limited due to the high proportion of amounts due from government departments as tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. While a significant portion of the VAT receivable in Tanzania is past due, the Company expects to offset this amount against accrued withholding taxes payable.

As of December 31, 2008, all of the operating revenues of the Company are paid by Tanzania Electric Supply Company Limited ("TANESCO") under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company's business, financial condition and results of its operations.

Substantially all of the Company's cash and cash equivalents and short-term investments are held at one recognized Schedule A financial institution in Canada and, as a result, the Company is exposed to concentration of credit risk associated with that financial institution. The Company manages its risk on investments by limiting them to guaranteed investment certificates purchased at this financial institution and investing for short periods.

e) *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Other than routine current accounts payable, incurred in the normal course of business, the Company also has convertible bonds.

The following table reflects the convertible bond principal repayments required if the bonds do not convert into common shares and the associated covenants are met.

	< 1 Year	1-2 Years	2-5 Years	Thereafter
Accounts payable and accrued liabilities	$ 17,003	$ -	$ -	$ -
Convertible bonds	30,000	35,000	70,000	-

In order to fulfill its obligations and continue its operations in the face of current global economic conditions where traditional sources of debt and equity financing are limited,

Artumas must secure alternative sources of liquidity by May 2009. The Board of Directors and Management have put in place a plan to secure additional funds within this timeframe. Specific actions under this plan include: sale of the Company's power assets, farm out of the Tanzanian gas assets, farm out of onshore and/or offshore Mozambique gas assets, renegotiation of debt repayment terms and cost reduction initiatives. Management is actively pursuing all of these possible sources of funding, but there is no certainty that there will be funds in the amounts and timing sufficient to meet liquidity requirements beyond the first six months of 2009.

The outcome of these matters cannot be determined at this time.

16. Commitments and Contingencies

(a) Lease payments

The future minimum lease payments as at December 31, 2008 are as follows:

2009	$ 1,654
2010	1,570
2011	1,515
2012	1,504
2013-2017	3,225
Total future minimum lease payments	$ 9,468

(b) Capital expenditure commitments

As of December 31, 2008, the Company has certain exploration expenditure obligations in Mozambique which are not provided for in the accounts, as summarized below:

Work Commitment	# Wells	Period
Deep Water Wells - Rovuma Area 1 Offshore Block	4	2009-2012
Shallow Water / Onshore Wells - Rovuma Area 1 Offshore Block	3	2009-2012
Onshore Well - Rovuma Onshore Block	1	2009-2010

Management's current expectation is that the related capital expenditures will be $34 million within one year and a further $32 million after one year, but not more than five years; however, the exact amount and timing of these expenditures is subject to variation due to fluctuating drilling rig and drilling services costs, and is therefore not known with certainty at this time. In any case, the maximum exposure for non-performance under the related contracts is $41 million.

There are no outstanding capital commitments in Tanzania as at December 31, 2008.

(c) Interest in Mnazi Bay petroleum reserves

The Company has received notice from Tanzania Petroleum Development Corporation ("TPDC") that, in accordance with the Production Sharing Agreement, it has elected to exercise its option to participate in a 20% share in the Mnazi Bay Development Area production. As a result TPDC is obliged to pay 20% of all Development expenses. The Company has not finalized an agreement with TPDC on the terms of the election therefore no receivable has been recognized.

(d) Power Purchase Agreement

Under the Interim Power Purchase Agreement (“IPPA”) dated August 10, 2006 between AG&P Power Limited ("AGP"), a subsidiary of the Company, and Tanzanian Electric Supply Company Limited ("TANESCO"), AGP is obligated to deliver and TANESCO obligated to purchase electricity for the defined area up to a maximum capacity of eight MW from the Mtwara Power Generation Facility (“Facility”). The IPPA expires in March 2009. This Facility currently has 12 MW of installed capacity. There are liquidated damages for non-delivery in an amount equal to 16 cents times the number of kilowatt hours failed to be delivered over the period. As at December 31, 2008, no liquidated damages have been assessed.

(e) Mozambique

On April 18, 2007, Artumas Group Inc.’s wholly owned subsidiary Artumas Moçambique Petróleo Limitada, signed an Exploration and Production Concession Contract (EPCC) for the Rovuma Onshore Block in the Rovuma Basin in northern Mozambique. The EPCC contract received approval from the Administrative Tribunal dated August 10, 2007 making the contract effective as of September 1, 2007.

Under the terms of the contract, Artumas has secured an initial three-year exploration term with two extension terms of three and two years. The initial exploration period work commitment calls for acquisition of a minimum of 250 kilometres of new 2D seismic and drilling of a deep Cretaceous prospect, representing a minimum projected capital expenditure of $20 million.

On May 3, 2007 Artumas Group Inc. and its wholly owned subsidiary, Artumas Moçambique Petróleo Limitada, signed a Trade Agreement with Anadarko Petroleum Corporation`s subsidiary Anadarko Moçambique Area 1, Limitada, covering a mutual exchange of interests in their respective Exploration and Production Concessions (EPCs) in Mozambique. The transaction was accounted for at historical cost with no gain or loss being recognized on the transaction.

In accordance with the requirements of the EPC, the Company placed a $20 million performance bond for a term of three years, guaranteeing the Company’s minimum expenditure during the exploration period. This bond was underwritten by the Economic Development Corporation of Canada.

(f) Contingencies

A third party has filed a statement of claim in the amount of $1.7 million in connection with commission payable on previous share private placement issuances. Subsequent to year-end, on March 31, 2009 the Company settled this claim for $170.

The Company is involved in litigation and claims associated with its normal operations against which certain provisions have been made in the financial statements. Management is of the opinion that any resulting net settlement would not materially affect the financial position, results of operations or liquidity of the Company.

17. Income taxes

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of the Company's future tax assets are as follows:

		2008		2007
Non-capital losses	$	**27,099**	$	13,253
Property and equipment		**10,914**		(3,370)
Share and debt issue costs		**939**		1,874
Asset retirement obligations		**(20)**		(18)
		38,932		11,739
Valuation allowance		**(38,932)**		(11,739)
Net future income tax asset	$	**-**	$	-

The tax pools associated with non-capital losses are $108.4 million of which $26.6 million are in Canada and $8.5 million are in Mozambique. The non-capital losses in Canada and Mozambique begin to expire in 2009. Due to changes in Canadian tax regulations which extend the time that non-capital losses can be carried forward, $26.4 million of the Canadian non-capital losses do not begin to expire until 2014. Non-capital losses of $73.3 million in Tanzania are carried forward indefinitely.

The Company has recorded a valuation allowance of $38,932 as at December 31, 2008 (2007 - $11,739) because management believes that the future income tax assets are likely not to be realized in the carry forward period. The Company's actual income tax expense for each of the years ended is made up as follows:

		2008		2007
(Loss) before income taxes	$	**(119,307)**	$	(27,499)
Income tax recovery at combined federal and provincial rate of 29.5% (2007 – 32.12%)		**35,196**		8,833
Rate differentials		**(4,658)**		(1,722)
Stock based compensation		**(511)**		(304)
Accretion of convertible bonds		**(1,299)**		(520)
Other		**(1,535)**		1,239
		27,193		7,526
Change in valuation allowance		**(27,193)**		(7,526)
Current income tax recovery	$	**-**	$	-

18. Supplementary Cash Flow Information

Net change in working capital:

		December 31, 2008		December 31, 2007
Accounts receivable	$	**(1,206)**	$	(7,554)
Inventory		**(75)**		(1,051)
Prepaid expenses and refundable deposits		**(1,314)**		606
Due from employees/directors		**(841)**		-
Accounts payable and accrued liabilities		**(2,817)**		546
		(6,253)		(7,453)
Less: Amounts related to investing activities		**2,986**		(1,228)
	$	**(3,267)**	$	(8,681)

Interest received and paid

Interest received	$	**2,335**	$	481
Interest paid		**10,862**		6,650

Cash and cash equivalents

Cash	**$**	**17,010**	4,440
Cash equivalents		**22,897**	62,814
		39,907	67,254

19. Related Party Transactions

In addition to those disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions:

(a) In the normal course of business, legal services were provided by a law firm in which one of the directors of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value. The following table describes the transactions:

		December 31, 2008		December 31, 2007
Legal services	$	**4,550**	$	2,182
Included as:				
Deferred financing costs		**-**		122
Share issue costs		**-**		157
General and administrative expenses		**4,398**		1,366
Capitalized general and administrative expenses		**152**		537
Amount payable to the law firm	$	**669**		565

(b) In the normal course of business, consulting services were provided by a company that is owned by an individual who is related to an officer, director and shareholder of Artumas. The transactions have been recorded at the exchange amount, which approximates fair value. The following table describes the transactions:

		December 31, 2008		December 31, 2007
Consulting services	$	**102**	$	122
Included as:				
General and administrative expenses		**102**		72
Capitalized general and administrative expenses	$	**-**	$	50
Amount payable to the consulting firm	$	**82**	$	10

(c) On November 20, 2007, the Company issued a Convertible Bond in the amount of $70 million. An officer of the Company purchased $100 of such Convertible Bonds.

20. Economic dependence

As of December 31, 2008, all of the operating revenues of the Company and paid from Tanzania Electric Supply Company Limited (“TANESCO”) under an Interim Purchase Power Agreement. Any failure of TANESCO to fulfill its obligations under the agreement would have an adverse effect on the Company’s business, financial condition and results of its operations.

21. Subsequent Events

(a) Subsequent to the end of the year, Artumas has reduced its Calgary head office employee count. As a result of this action, 2,037,719 share options related to redundant employees have subsequently been forfeited or will be forfeited if not exercised. In order

to address retention of certain key employees, the Company has also issued 415,000 share options (385,000 on January 23, 2009 and 30,000 on February 11, 2009).

(b) Artumas' Convertible Bond Series 1 matured on January 16, 2009. The $20 million of convertible bonds, in unit denominations of $0.1 million, yielded 10.5%, with a conversion price of NOK 40 and a strike price of NOK 80. $0.3 million was converted prior to maturity with the balance of $19.7 million paid to bond-holders in full on the maturity date. Accordingly, the bonds (OSE: AGI01) no longer trade on the Oslo Børs.

PART 8

TAXATION

The following summary, which relates only to UK taxation, is applicable to certain investors in the Company that are the beneficial owners of the Common Shares or CDIs. The summary does not address the position of certain classes of investors, such as dealers. Investors should note that the statements below are of a general nature and are based on current UK tax law and current published practice of HM Customs & Excise (the UK taxation authority), as of the date of this document, both of which are subject to change, possibly with retrospective effect. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

The information is not exhaustive and, if potential investors are in any doubt as to the tax consequences of acquiring, holding or disposing of their investments, they should consult their professional advisers without delay.

It is the responsibility of all persons interested in purchasing Common Shares or CDIs to inform themselves regarding any tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of Common Shares or CDIs.

1. WITHHOLDING TAX AND TAXATION OF DIVIDEND INCOME

(a) Tax Liability for Individual UK Shareholders

Dividends payable by the Company may suffer withholding tax ("WHT"). If the dividend has been subject to Canadian dividend WHT, the amount of the dividend received plus the WHT will be included in assessable income of the UK Shareholder. In these circumstances the Shareholder should be entitled to a credit for the WHT. The credit would be limited to the lesser of the WHT or the UK tax payable on the combined amount of the dividend plus the WHT, subject to a maximum of 15 per cent of the gross dividend.

The Company will not be required to withhold UK tax from dividends paid on the Common Shares or CDIs.

Any holder of Common Shares or CDIs who is tax resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Common Shares or CDIs are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Common Shares, or Common Shares held through CDIs.

UK tax resident individual Shareholders who own an interest of less than 10 per cent in the Company and who receive a dividend from the Company will generally be entitled to a notional tax credit equal to one-ninth of the dividend payment (inclusive of any WHT suffered), which can be set against the individual's income tax liability on the dividend payment.

UK resident individual Shareholders (including those holding their interests through CDIs) will generally be taxable on the total of the dividend payment (including WHT suffered) and the tax credit (where relevant) (the "gross dividend"), which will be regarded as the top slice of the UK Shareholder's income.

An individual Shareholder who is tax resident in the UK and who is liable to income tax at no more than the basic rate will be subject to income tax at a rate of 10 per cent on the gross dividend. This liability will however be fully met by the notional tax credit attached to the dividend. An individual Shareholder who is tax resident in the UK and who is liable to income tax at the higher rate of 40 per cent will suffer tax at a rate of 32.5 per cent on the gross dividend. The notional tax credit (where relevant) and the WHT suffered on the dividend will be deductible from this to reduce the overall UK tax liability on the dividend received.

An individual Shareholder who is tax resident in the UK and who is liable to income tax at the highest rate of 50 per cent will suffer tax at a rate of 42.5 per cent on the gross dividend. The notional tax credit (where relevant) and the WHT suffered on the dividend will be deductible from this to reduce the overall UK tax liability on the dividend received.

An individual Shareholder who is tax resident in the UK but non-UK domiciled will be subject to the above rates of income tax on a remittance basis ,subject to them paying the £30,000 remittance basis charge if they have been tax resident for more than 7 of the last 9 tax years (it is proposed that the remittance basis charge rises to £50,000 from 6 April 2012 if the individual has been tax resident for 12 or more of the 14 prior tax years). Note that under certain double taxation agreements that the UK has entered into a claim for the remittance basis to apply under UK tax rules may increase the level of WHT deducted on a dividend payment from the lower treaty rate applicable under the respective tax treaty, to the higher standard rate applicable under the domestic tax law of the territory in which the Company is tax resident.

(b) Tax Liability for Corporate UK Shareholders

UK resident companies that are small, as defined in Part 9A Corporation Tax Act 2009, will be liable to UK tax on the gross dividend paid by the Company at the prevailing corporation tax rate. However a UK resident company that is small for these purposes may seek relief for the underlying tax, if any, associated with the dividend where the UK company owns 10 per cent or more of the voting rights in the Company. However, the credit given in the UK for overseas tax suffered on the dividend cannot exceed the UK corporation tax liability on the dividend.

UK Shareholders that are not small for the purposes of Part 9A Corporation Taxes Act 2009 and are within the charge to UK corporation tax should generally not be subject to corporation tax on dividend payments received from the Company, subject to certain specific anti-avoidance rules. UK Shareholders within the charge to UK corporation tax will not, however, be able to claim repayment of tax credits or attaching to the dividend payment, nor tax relief for WHT suffered on the dividend payment.

2. TAXATION OF CAPITAL GAINS

A disposal, part disposal or deemed disposal of the Common Shares or CDIs by a UK tax resident Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains, depending on the holder's circumstances and subject to any available allowance, exemption or relief. In addition, holders who are individuals and who dispose of their Common Shares or CDIs while they are resident outside of the UK for UK tax purposes on a temporary basis only may, subject to certain conditions, be treated for UK tax purposes as disposing of their Common Shares or CDIs in the tax year in which they again become resident or ordinarily resident in the UK.

For an individual UK tax resident Shareholder, the principal factors that will determine the extent to which a gain will be subject to capital gains tax (CGT) are: (i) the extent to which the individual realised any other capital gains in the tax year in which the disposal takes place; (ii) the extent to which the individual has incurred and not utilised capital losses in that or any earlier year; (iii) the availability of "entrepreneur's relief" to reduce the effective rate at which the gain is charged to CGT; and (iv) the level of the annual allowance of UK tax-free gains in the tax year in which the disposal takes place (the Annual Exemption). The Annual Exemption is £10,600 for the 2011-2012 tax year.

The rate of CGT for an individual UK Shareholder will depend on the individual's total taxable income including capital gains after all allowable deductions; if this does not exceed the higher rate threshold (£35,000 for the 2011-12 tax year) the capital gains tax rate is 18 per cent but gains or parts of gains above that threshold are taxed at 28 per cent. The higher rate threshold may increase or decrease in subsequent tax years.

An individual Shareholder who is tax resident in the UK but non-UK domiciled will only be subject to UK capital gains tax on profits realised on the sale of Common Shares held in the company or CDIs to the extent that those profits are remitted to the UK, subject to

them paying the £30,000 remittance basis charge if they have been resident for more than 7 of the last 9 tax years (it is proposed that the remittance basis charge rises to £50,000 from 6 April 2012 if the individual has been tax resident for 12 or more of the 14 prior tax years) . Dealings in the Company's Common Shares or CDIs on AIM may give rise to remitted profits which would therefore be taxable.

A Shareholder who is not resident in the UK for tax purposes but who carries on a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the Common Shares or CDIs for the purpose of such trade, profession or vocation may also be subject to UK taxation on a disposal of those Common Shares or CDIs. Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily not resident nor ordinarily resident in the UK.

A UK Shareholder that is within the charge to UK corporation tax is entitled to an indexation allowance which applies to reduce capital gains to the extent that (broadly speaking) they arise due to inflation. Indexation allowances may reduce a chargeable gain but neither create nor increase an allowable loss.

Certain taxes levied by jurisdictions other than the UK on chargeable gains may be available for credit relief against CGT or UK corporation tax on the same gain, subject to the detailed UK tax law and practice regarding the availability and calculation of such credit.

3. UK STAMP DUTY AND STAMP DUTY RESERVE TAX

The following comments are intended as a guide to the general UK Stamp Duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK Stamp Duty or SDRT will be payable on the issue of Common Shares.

No charge to Stamp Duty will arise in relation to the transfer of Common Shares held in certificated form provided that all instruments relating to the transfer are executed outside the UK and do not relate to matters or actions performed in the UK.

However, any instruments effecting or evidencing a transfer of Common Shares held in certificated form and which relate to matters or actions performed in the UK, whether executed in the UK or offshore may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the UK unless duly stamped. The rate of Stamp Duty is 0.5 per cent on the value of the consideration for the relevant transfer, rounded up to the next multiple of £5.

No charge to SDRT will arise in respect of an agreement to transfer Common Shares held in certificated form, provided such shares are not registered in any register kept in the UK by or on behalf of the Company.

However, due to the restrictions of the CREST system, shares of companies incorporated outside the UK such as the Company, may not be settled directly on the CREST system. Accordingly, should Common Shares be held in uncertificated form, they will be held in the form of Depositary Interests issued by the Depositary (in this case Crest Depository Interests).

Agreements to transfer depositary interests including CDIs, in shares of companies listed on AIM are liable to SDRT at the rate of 0.5 per cent of the value of the consideration for the transfer.

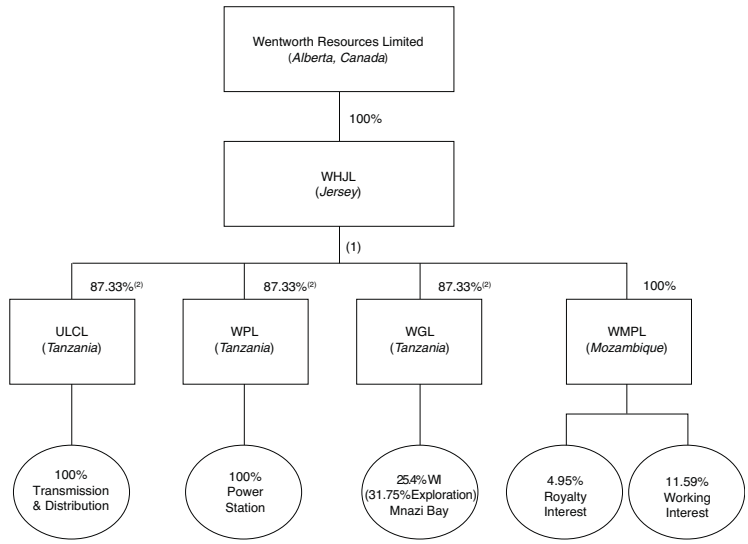
THE INFORMATION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE ORDINARY SHARES ACCORDING TO THE INVESTOR'S OWN CIRCUMSTANCES.

PART 9

ADDITIONAL INFORMATION

1. GROUP STRUCTURE

A table summarising the structure of the Wentworth Group, which also provides details of Wentworth and its active subsidiaries is set out below:



(1) WHJL holds these interests via subsidiary associates, incorporated in Jersey and Mauritius
(2) Minority interest held by the Netherlands Development Financial Institution (FMO)
Further information can be found in the table below and in paragraph 3 of this Part 9.

Company	Definition	Company number	Date of Incorporation	Place of Incorporation	Previous names	Shareholder(s)
Wentworth Resources Limited	Wentworth/ Company	208919431	8 August 2000	Alberta Canada	Artumas Group Inc	Parent
Wentworth Resources Limited (Cayman Islands)	WRLC	NA	14 October 2009	Cayman Islands	—	Wentworth
Wentworth Holdings (Jersey) Limited	WHJL	85795	1 August 2003	Jersey	Viking Petroleum Holdings Limited/Artumas Holdings (Jersey) Limited	Wentworth
Artumas Energy (Tanzania) Limited	AETL	51782	11 March 2005	Tanzania	None	Wentworth WHJL
Wentworth Mozambique (Mauritius) Limited	WMML	067544	21 December 2006	Mauritius	Artumas Mozambique (Mauritius) Limited	WHJL
Artumas Tanzania (Jersey) Limited	ATJL	84470	5 December 2002	Jersey	Viking Petroleum Management Limited/ Inter-Petro Management Limited	WHJL FMO
Wentworth Mozambique Petroleos Limitada	WMPL	100012014	12 February 2007	Mozambique	Artumas Mozambique Petroleos Limitada	WMML WHJL
Wentworth Mtwara (Jersey) Limited	WMJL	92223	19 January 2006	Jersey	Artumas Mtwara Jersey Limited	ATJL
Wentworth Power (Jersey) Limited	WPJL	89290	12 January 2005	Jersey	AG&P Power (Jersey) Limited	WMJL
Umoja Light Company (Jersey) Limited	ULCJL	89289	12 January 2005	Jersey	MTDC (Jersey) Limited	WMJL
Wentworth Gas (Jersey) Limited	WGJL	89292	12 January 2005	Jersey	AG&P Gas (Jersey) Limited	ATJL
Tanzania Generation Company Limited	TGCL	63877	22 January 2008	Tanzania	None	ATJL WHJL
Wentworth Gas Limited	WGL	48773	27 April 2004	Tanzania	AG&P Gas Limited	WGJL AETL
Wentworth Power Limited	WPL	48772	27 April 2004	Tanzania	AG&P Power Limited/ Artumas Group & Partners (Power) Limited	WPJL AETL
Umoja Light Company Limited	ULCL	48775	27 April 2004	Tanzania	Mtwara Transmission and Distribution Company Limited Mtwara Transmissions and Distribution Limited	ULCJL AETL
Artumas Group And Partners (Development) Limited	ADL	48567	29 March 2004	Tanzania	Artumas Group & Partners Development Limited AGEP Tanzania Limited AGEP Development Limited	AETL

1.1 WRLC share purchase

On 22 June 2010 the Company (known at the time as Artumas Group Inc) entered into a share purchase agreement ("**WRLC SPA**") with all of the shareholders of WRLC ("**WRLC Shareholders**") to acquire the entire issued share capital of WLRC ("**WRLC Shares**").

The WRLC SPA was a conditional agreement which required a number of conditions to be satisfied prior to completion. The conditions included, *inter alia*, the following:

(a) WLRC undertaking a private placement whereby an aggregate gross amount of between US$10m and US$15.2m was raised;

(b) the listing of the Company on OSX continuing in full force and effect from the date of the WRLC SPA to the date of completion;

(c) the consent of the board of the Company to completion of the WLRC SPA;

(d) all completion deliverables set out in schedule 2 to the WLRC SPA having been delivered, duly signed by the Company, WRLC and the WRLC Shareholders, in escrow;

(e) the Company having settled its disputes with all former employees and consultants and in particular with Stephen Mason;

(f) compliance with all regulatory requirement, including the issue of a prospectus by the Company; and

(g) no material adverse event occurring between the date of the WRLC SPA and completion.

Subject to the satisfaction of the conditions summarised above the WRLC SPA specified that the consideration payable by the Company in exchange for the sale of the entire issued share capital of WRLC was the issue to the WRLC Shareholders, in aggregate, of 5,432,101 Common Shares fully paid and, in aggregate 2,716,051 warrants for Common Shares.

The WRLC Shareholders provided title and capacity warranties to the Company on the date of the WRLC SPA and repeated these warranties on completion of the sale and purchase of the WRLC Shares to the Company. The Company also provided certain warranties to the WRLC Shareholders on the date that the WRLC SPA was entered into and repeated the same on completion. The Company's warranties were limited to title and capacity, solvency, shareholder base and the completeness and accuracy of the prospectus issued in June 2010 and the contents of an on-line data room made available to the WRLC Shareholders as part of this transaction. The Company's liability in respect of these warranties was limited in time to six months following completion of this agreement which occurred on 26 July 2010.

2. THE COMPANY

2.1 The Company was incorporated on 8 August 2000 under the name "Artumas Group Inc." pursuant to ABCA, and was registered with company number 208919431.

2.2 On September 17 2010, the Company changed its name from Artumas Group Inc to Wentworth Resources Limited, following its acquisition of Wentworth Resources Limited (Cayman Islands).

2.3 The Company's registered address is Suite 630, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6, Canada. The Company's headquarters address is 2nd Floor, Coco Plaza, 254 Toure Drive, Oyster Bay, PO Box 203, Dar es Salaam, Tanzania.

2.4 The Company operates subject to the provisions of, *inter alia*, the ABCA.

2.5 The Company was admitted to the official list of the OSX on 8 July 2005.

3. SUBSIDIARIES

3.1 *WRLC*

(a) WRLC was incorporated on 14 October 2009 under the name "Wentworth Resources Limited", and registered as a Cayman Islands limited lliability company.

(b) WRLC operates subject to the provisions of, *inter alia*, the Companies Law of the Cayman Islands.

(c) The registered office of WRLC is Cricket Square, Hutchins Drive, Grand Cayman KYI-III Cayman Islands.

(d) The accounting reference date of WRLC is 31 December.

(e) WRLC's issued share capital is made up of 15,675,000 shares of US$0.01 each, all of which are owned by the Company.

3.2 *WHJL*

(a) WHJL was incorporated on 1 August 2003 under the name "Viking Petroleum Holdings Limited". It was registered in Jersey with Jersey Company Number 85795.

(b) On 17 November 2004, WHJL changed its name from "Viking Petroleum Holdings Limited to Artumas Holdings (Jersey) Limited.

(c) On 10 March 2011, WHJL changed its name again from Artumas Holdings (Jersey) Limited to Wentworth Holdings (Jersey) Limited.

(d) WHJL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(e) The registered office of WHJL is Third Floor, Mielles House, La Rue de Mielles, St. Helier, JE2 3QD.

(f) The accounting reference date of WHJL is 31 December .

(g) WHJL's issued share capital is made up of 247,349 unrestricted shares of no par value, all of which are owned by the Company.

3.3 *AETL*

(a) AETL was incorporated on 11 March 2005 under the name "Artumas Energy (Tanzania) Limited". It was registered in Tanzania with Tanzania company number 51782.

(b) AETL operates subject to the provisions of, *inter alia*, the Tanzania Companies Act.

(c) The registered office of AETL is 2nd Floor, 204 & 205 Coco Plaza, 245 Toure Drive, Oysterbay, Dar es Salaam.

(d) The accounting reference date of AETL is 31 December.

(e) AETL's issued share capital is made up of 10,000 ordinary shares of Tshs 2,500 each, 9,999 of which are owned by the Company and 1 of which is owned by WHJL.

3.4 *WMML*

(a) WMML was incorporated on 21 December 2006 under the name "Artumas Mozambique (Mauritius) Limited". It was registered in Mauritius with Mauritius Company Number 067544.

(b) On 25 February 2011 WMML changed its name from Artumas Mozambique (Mauritius) Limited to "Wentworth Mozambique (Mauritius) Limited".

(c) WMML operates subject to the provisions of, *inter alia*, the Companies Act 2001 of the Republic of Mauritius.

(d) The registered office of WMML is 6th Floor, Medine Mews Building, La Chaussee Street, Port-Louis, Mauritius.

(e) The accounting reference date of WMML is 31 December.

(f) WMML's issued share capital is US$1, comprised of 1 share, which is recorded as owned by Standard Nominees (Mauritius) Limited. Standard Nominees (Mauritius) Limited holds the 1 share in the capital of WMML as bare nominee for WHJL.

3.5 *WMPL*

(a) WMPL was incorporated on 12 February 2007 under the name "Artumas Mozambique Petroleos Limitada". It was registered in Mozambique with Mozambique Company Number 100012014.

(b) On 7 March 2011, WMPL changed its name from Artumas Mozambique Petroleos Limitada to Wentworth Mozambique Limitada.

(c) WMPL operates subject to the provisions of, *inter alia*, the New Commercial Code (Law No 2/2005).

(d) The registered office of AMPL is Avenida Julius Nyerere, nr 1412, P.O. Box 2830, Maputo.

(e) The accounting reference date of WMPL is 31 December.

(f) WMPL's issued share capital is made up of 100,000 Meticals divided into two quotas: a quota of 99,500 Meticals is owned by WMML and a quota of 500 Meticals is owned by WHJL.

3.6 *ATJL*

(a) ATJL was incorporated on 5 December 2002 under the name "Viking Petroleum Management Limited". It was registered in Jersey with Jersey company number 84470.

(b) On 25 February 2004, ATJL changed its name from Viking Petroleum Management Limited to Inter-Petro Managmenet Limited; and again on 17 November 2004, this time to Artumas Tanzania (Jersey) Limited.

(c) ATJL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(d) The registered office of ATJL is Third Floor, Mielles House, La Rue des Mielles, St Helier, Jersey JE2 3QD.

(e) The accounting reference date of ATJL is 31 December.

(f) ATJL's issued share capital is made up of 235,405 class A shares of US$1 each, 205,570 of which are owned by WHJL and 29,835 of which are owned by FMO.

3.7 *WGJL*

(a) WGJL was incorporated on 12 January 2005 under the name "AG&P Gas (Jersey) Limited". It was registered in Jersey with Jersey company number 89292.

(b) On 10 March 2011, WGJL changed its name from AG&P Gas (Jersey) Limited to "Wentworth Gas (Jersey) Limited".

(c) WGJL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(d) The registered office of WGJL is Third Floor, Mielles House, La Rue des Mielles, St Helier, Jersey JE2 3QD.

(e) The accounting reference date of AGJL is 31 December.

(f) WGJL's issued share capital is made up of 2 shares of US$1 each, all of which are owned by ATJL.

3.8 *TGCL*

(a) TGCL was incorporated on 22 January 2008 under the name "Tanzania Generation Company Limited". It was registered in Tanzania with Tanzanian incorporation number 63877.

(b) TGCL operates subject to the provisions of, *inter alia*, the Tanzanian Companies Act No 12 of 2002 (the "**Tanzania Companies Act**").

(c) The registered office of TGCL is 8/1 Tumbawe Road, Oysterbay, PO Box 203, Dar es Salaam.

(d) The accounting reference date of TGCL is 31 December.

(e) TGCL's issued share capital is made up of 20,000 ordinary shares of Tshs 1 each, 19,999 of which are owned by ATJL and 1 of which is owned by WHJL.

3.9 *WMJL*

(a) WMJL was incorporated on 19 January 2006 under the name "Artumas Mtwara (Jersey) Limited". It was registered in Jersey with Jersey company number 92223.

(b) On 10 March 2011, WMJL changed its name from Artumas Mtwara (Jersey) Limited to Wentworth Mtwara (Jersey) Limited.

(c) WMJL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(d) The registered office of WMJL is Third Floor, Mielles House, La Rue des Mielles, St Helier, Jersey JE2 3QD.

(e) The accounting reference date of WMJL is 31 December.

(f) WMJL's issued share capital is made up of 2 shares of US1$ each, all of which are owned by ATJL.

3.10 WPJL

(a) WPJL was incorporated on 12 January 2005 under the name "AG&P Power (Jersey) Limited". It was registered in Jersey with Jersey Company Number 89290.

(b) On 10 March 2011, APJL changed its name from AG&P Power (Jersey) Limited to "Wentworth Power (Jersey) Limited"

(c) WPJL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(d) The registered office of WPJL is Third Floor, Mielles House, La Rue des Mielles, St Helier, Jersey JE2 3QD.

(e) The accounting reference date of WPJL is 31 December.

(f) WPJL's issued share capital is made up of 2 Shares of US$1 each, all of which are owned by WMJL.

3.11 *ULCJL*

(a) ULCJL was incorporated on 12 January 2005 under the name "MTDC (Jersey) Limited". It was registered in Jersey with Jersey Company Number 89289.

(b) On 10 March 2011, ULCJL changed its name from MTDC (Jersey) Limited to Umoja Light Company (Jersey) Limited.

(c) ULCJL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(d) The registered office of ULCJL is Third Floor, Mielles House, La Rue des Mielles, St Helier, Jersey JE2 3QD.

(e) The accounting reference date of ULCJL is 31 December.

(f) ULCJL's issued share capital is made up of 2 shares of US$1 each, all of which are owned by WMJL.

3.12 *WGL*

(a) WGL was incorporated on 27 April 2004 under the name "AG&P Gas Limited". It was registered in Tanzania with registration number 48773.

(b) On 9 February 2009, WGL changed its name from AG&P Gas Limited to "Artumas Group and Partners (Gas) Limited". On 8 December 2010, WGL changed its name again to Wentworth Gas Limited.

(c) WGL operates subject to the provisions of, *inter alia*, the Tanzania Companies Act.

(d) The registered office of WGL is 2nd Floor, 204 & 205 Coco Plaza, Toure Drive, Oyster Bay, Dar es Salaam.

(e) The accounting reference date of WGL is 31 December.

(f) WGL's issued share capital is made up of 20,000 Shares of Tshs 2,500 each, 19,999 of which are owned by WGJL and 1 of which is owned by AETL.

3.13 *ADL*

(a) ADL was incorporated on 29 March 2004 under the name "Artumas Group & Partners Development Limited". It was registered in Tanzania with registration number 48567.

(b) ADL operates subject to the provisions of, *inter alia*, the Tanzania Companies Act.

(c) The registered office of ADL is 2nd Floor, 204 & 205, Coco Plaza, 245 Toure Drive, Oyster Bay, Dar es Salaam.

(d) The accounting reference date of ADL is 31 December.

(e) ADL's issued share capital is made up of 100,000 ordinary shares of Tshs 2,500 each, 9,999 of which are owned by AG&P Development (Jersey) Limited and 1 of which is owned by AETL.

3.14 *WPL*

(a) WPL was incorporated on 27 April 2004 under the name "AG&P Power Limited". It was registered in Tanzania with registration number 48772.

(b) On 30 October 2008 WPL changed its name from WG&P Limited to Artumas Group and Partners (Power) Limited. On 8 December 2010 WPL changed its name from Artumas Group & Partners Power Limited to "Wentworth Power Limited".

(c) WPL operates subject to the provisions of, *inter alia*, the Tanzania Companies Act.

(d) The registered office of WPL is 2nd Floor, 204 & 205, Coco Plaza, 245 Toure Drive, Oyster Bay, Dar es Salaam.

(e) The accounting reference date of WDL is 31 December.

(f) WPL's issued share capital is made up of 10,000 ordinary shares of Tshs 2,500 each, 9,999 of which are owned by WPJL and 1 of which is owned by AETL.

3.15 *ULCL*

(a) ULCL was incorporated on 27 April 2004 under the name "Mtwara Transmission and Distribution Company Limited". It was registered in Tanzania with registration number 48775. On 21 April 2005, ULCL changed its name from Mtwara Transmission and Distribution Company Limited to "Umoja Light Company Limited".

(b) ULCL operates subject to the provisions of, *inter alia*, the Companies Law 1991.

(c) The registered office of ULCL is 2nd Floor, 204 & 205, Coco Plaza, 245 Toure Drive, Oyster Bay, Dar es Salaam.

(d) The accounting reference date of ULCL is 31 December.

(e) ULCL's issued share capital is made up of 10,000 ordinary shares of Tshs 2,500 each, 9,999 of which are owned by ULCJL and 1 of which owned by AETL.

4. SUMMARY OF THE ARTICLES OF INCORPORATION AND BY-LAWS OF THE COMPANY

4.1 Current Articles, and By-laws of Incorporation

On 8 August 2000, the Company was incorporated under the ABCA the Articles and the by-laws of the Company (the "**By-laws**") were filed with the Alberta Registrar of Corporations (the "**Alberta Registrar**") and became effective.

A summary of the key terms of the Company's Articles and By-laws is set out below.

(a) *Articles*

(i) There are no restrictions on the transfer of shares.

(ii) The Company must have a minimum number of two (2) directors and a maximum number of ten (10) directors.

(iii) There are no restrictions on the business which the Company is authorized to carry on.

(iv) The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, in one or more series. The rights, privileges, restrictions and conditions attaching to such shares, as set out in the Articles, are as follows:

- Common shares carry the right to one vote at all meetings of shareholders and, subject to the prior rights and privileges attaching to any other class of shares of the Company, the rights to receive any dividend declared by the Company and to receive the remaining property and assets of the Company upon dissolution.
- Preferred shares:

- rank on a parity with the preferred shares of every other series with respect to priority in payment of dividends and amounts payable on the return of capital;
- are entitled to a preference over the common shares and over any other shares ranking junior to the preferred shares with respect to priority to payment of dividends, distribution of assets upon liquidation, dissolution or winding up and the distribution of assets among the Company's shareholders; and
- carry no rights to vote at meetings of the Company's shareholders or to receive notice of or attend such meetings.

(v) The provisions attached to the preferred shares, as a class, may be repealed, altered, modified, amended or amplified, only with such approvals as may be required by law and with the sanction of the holders of preferred shares as a class by either (i) in writing by the holders of outstanding preferred shares to which are attached at least 66 2/3% of the votes attached to all preferred shares, or (ii) by resolution passed at a meeting of holders of preferred shares at which the holders of outstanding preferred shares to which are attached the majority of the votes attached to all outstanding preferred shares are present or represented by proxy and carried by the affirmative vote of not less than 66 2/3% of the votes cast at such meeting.

(vi) The directors may, between annual general meetings, appoint one or more additional directors of the Company to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual meeting of the Company.

(b) *By-laws*

The By-laws are dated August 8, 2000. A summary of the key terms of the By-laws is set out below:

(i) *Borrowing Powers*

The Board may from time to time on behalf of the Company, without authorization of the shareholders:

- borrow money upon the credit of the Company;
- issue, reissue, sell or pledge bonds, debentures or notes or other evidence of indebtedness or guarantee of the Company, whether secured or unsecured;
- to the extent permitted by the ABCA give a guarantee on behalf of the Company to secure performance of any present or future indebtedness, liability or obligation of any person; and
- mortgage or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, moveable or immovable, property of the Company including book debts, rights, powers, franchises and undertakings, to secure any evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Company.

(ii) *Number of Directors*

The Board shall consist of such number of directors as is fixed by the Articles, or where the Articles specify a variable number, such number of directors as may be determined from time to time by the Shareholders by ordinary resolution. At least half of the directors shall be resident Canadians. All qualified retiring directors shall be eligible for re-election.

(iii) *Nomination and Election of Directors*

In addition to nomination by shareholder proposal as provided in the ABCA, candidates for the position of director may be nominated by the directors (by inclusion in a notice or information circular distributed to shareholders prior

to an annual meeting or general meeting) or by any shareholder holding not less than 5% of the shares entitled to be voted at an Annual Meeting or other General Meeting at which directors are to be elected, may in person or by proxy or representative (where the shareholder is a body corporate or association).

The election of directors shall be conducted by means of the proposal and passing (or defeat) of a separate ordinary resolution in respect of each candidate who has been nominated as aforesaid, and the order in which candidates are considered shall be determined by the chairman of the meeting. If there are insufficient positions for the nominations received, the number of available positions may be increased by ordinary resolution. Where all available positions for directors are filled before all candidates have been considered, those candidates who remain to be considered shall be deemed to have been defeated, and no resolution shall be entertained for their election at the General Meeting where they have been named as candidates.

(iv) *Powers of Directors*

The management of the business and affairs of the Company shall be vested in the directors, who, in addition to the powers and authorities expressly conferred upon them by the ABCA, the Articles and the By-laws, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not by the ABCA, the Articles or By-laws expressly directed or required to be exercised or done by the Company in General Meeting, but subject, nevertheless, to the provisions of the ABCA, the Articles and the By-laws and to any regulations from time to time made by the Company in a General Meeting, provided that no regulations so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(v) *Directors' Meeting Quorum and Notice.*

The directors on meeting may declare the quorum necessary for the transaction of business; until the directors make such determination, one half (or where one half of the directors is not a whole number, the whole number which is closest to and less than one half) of the directors shall be a quorum. Where there are two or three directors, a quorum shall be two directors. Where there is only one director, that director constitutes a quorum.

A director may participate in a meeting of the Board or of a committee of directors by conference telephone, or by such other means of communication as will permit all persons participating in the meeting to hear each other, and a director participating in a meeting by conference telephone or such other means as aforesaid shall be deemed to be present and entitled to vote as such. Notice of a meeting of the directors shall be given not less than 48 hours before the time the meeting is to be held.

(vi) *Conflict of Interest*

A director or officer of the Company shall not be disqualified from his office, or be required to resign his office, by reason only that he is party, or is a director or officer or has material interest in any person who is party to, a material contract with the Company or its subsidiaries. Such a director or officer shall however, disclose the nature and extent of his interest in the relevant contract in accordance with the ABCA.

Directors' duties in circumstances of a conflict of interest arising are described in more detail in paragraph 10.2(c)(i) of this part.

(vii) *Chairman & Voting*

The directors may appoint one of their number to be Chairman of the Board, and one of their number to be Deputy Chairman of the Board, and determine the period for which they are to hold office, and while no other person is appointed to be Chairman or Deputy Chairman of the Board, the President

for the time being of the Company shall be Chairman of the Board. Matters shall be decided by a majority of votes cast. In cases of an equality of votes, the Chairman shall not have a second and casting vote.

(viii) *Directors' Resolution in Writing*

A resolution in writing consented to by all of the directors without their meeting together shall, subject to the conflict of interest disclosure requirements contained in the ABCA, be as valid as if it has been passed at a meeting of the directors duly called and held.

(ix) *Appointment of Officers*

The officers of the Company shall consist of a President and a Secretary and such other officers and assistant officers as the Board may from time to time appoint. Any person may fill more than one of the above offices. The persons holding such offices, besides having such powers and fulfilling such duties as are delegated to them by the By-laws and by the Board shall have such powers as are usually exercised by the holders of such offices.

The Directors shall have the power to fix and from time to time to vary the period for which any officer is to hold office and may at any time, notwithstanding any previous determination, remove any officer from his office and appoint another person in his place.

(x) *Annual Meetings*

Subject to the ABCA and the Articles, the time, date and place of each Annual Meeting shall be determined by the Board. The business of each Annual Meeting shall be the consideration of the Company's most recent financial statements and the auditor's report thereon (except where the employment of an auditor is dispensed with pursuant to the ABCA), the election of directors (if required), and the reappointment of any incumbent auditor. Such business shall be the ordinary business of every Annual Meeting, and any other business to be considered at an Annual Meeting shall be classified as special business.

(xi) *Shareholders' Meeting Quorum*

A quorum of shareholders is present at a General Meeting, irrespective of the number of persons actually present at the General Meeting, if the holder or holders of not less than 5% of the shares entitled to vote at the General Meeting are present in person or represented by proxy.

A shareholder may participate in a General Meeting by conference telephone, or by such other means of communication as will permit all persons participating in the General Meeting to hear each other, and a shareholder participating in a General Meeting as aforesaid shall be deemed to be present and shall be entitled to speak and vote at the General Meeting, and shall be counted a part of the quorum therefor.

(xii) *Right to Vote and Number of Votes*

Subject to any restrictions imposed or privilege conferred on any particular class of shares, at every General Meeting:

- upon a show of hands every shareholder or representative of a body corporate or association present in person and entitled to vote shall have one (1) vote only; and
- upon a ballot every shareholder present in person, and every representative of a body corporate or association, and every person representing a shareholder by proxy, and entitled to vote shall have one vote for every share held or represented by him.

(xiii) *Shareholders' Resolution in Writing*

A resolution in writing, whether ordinary or special, consented to by all the shareholders without their meeting together, is as valid as if it had been passed at a General Meeting of the members duly called and held.

(xiv) *Payment of Dividends*

The directors in declaring and paying a dividend shall declare and pay the same to the shareholders of the Company as evidenced by the securities register of the Company (the "**Register**") on the record date for payment of the dividends, and neither the directors nor the Company shall be responsible to any shareholder who fails to receive a dividend through the inadvertent omission of his name from the Register.

The directors in declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of the Company or of any other Company or in any one or more of such ways, and the directors after declaring a dividend may direct that such dividend be applied in paying up shares of the share capital of the Company or such debentures or debenture stock as aforesaid and that such paid-up shares, debentures or debenture stock be issued to the shareholders of the Company. Where any difficulty arises in making such a distribution the directors may issue fractions of shares or may altogether ignore fractions of shares, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any shareholders in order to adjust the rights of all parties, and may vest any specific assets in trustees upon such trusts for persons entitled to the dividend as may seem expedient to the directors.

The Company may set off against the dividends payable to any shareholder all sums of money which may be due from him to the Company on account of debts, obligations or otherwise.

4.2 Proposed amendments to the Articles of Incorporation and By-laws of the Company.

The Directors have reviewed the Articles and By-laws of the Company, with a view to considering whether both will continue to be in a suitable form for the Company after the Company has been introduced to AIM.

Further to this review, the Directors have resolved to attempt at the Company's next general meeting (scheduled for 14 November 2011) to obtain shareholder approval for certain changes to the Articles and By-laws. Details of the material changes to the Articles and By-laws proposed by the Directors are listed below, along with the reasons for such changes.

(a) *Disclosure of Interests in shares*

There are no requirements under the ABCA, the Articles or the By-laws for the directors or the shareholders who hold more than 3% or more of the Company's share capital to notify the Company of their interests in the Company's share capital, or any changes in such interests. Neither the ABCA, the Articles nor the By-laws contain any power authorising the Company to require a person to disclose their interests in the Company's share capital.

The Company, as a company not subject to disclosure rules similar to those included in the Disclosure and Transparancy Rules of the FSA, is required under the AIM Rules to use reasonable endeavours to comply with Rule 17 of the AIM Rules to disclose "Relevant Changes" (being changes which increase or decrease a shareholder's holding through any single percentage) to the shareholdings of "Significant Shareholders" (being shareholders who hold 3 per cent. or more of the Common Shares).

The Company is therefore seeking to amend the Articles and By-laws to include provisions which require Significant Shareholders to make notifications to the Company prior to completing any transaction in respect of their shares which may lead to their shareholding undergoing a Relevant Change.

(b) *Proceedings of Shareholders and Directors and other matters*

The Articles and By-laws currently provide that at least half of the directors must be resident Canadian citizens. The Articles and By-laws do not specifically permit meetings of shareholders of the Company to be held outside the province of Alberta.

Bearing in mind the international nature of the Company's business and shareholder base, the Directors consider the above restrictions inappropriate and have accordingly resolved to amend the Articles to permit shareholders meetings to be held outside Alberta; and to amend the By-laws to provide that only a quarter (rather than a half) of the directors of the Company must be resident Canadian citizens, thereby reducing the residency requirements in line with the ABCA.

In their review of the Articles and By-laws, the Directors also noted that the Articles contained provisions permitting the appointment and use of alternate directors, and that these provisions were not in accordance with the ABCA and other applicable law. The Directors have accordingly resolved to delete these provisions.

5. CORPORATE FILING AND RELATED ISSUES

5.1 ABCA Filings

The Company has made the following filings in the past 5 years, materially in compliance with the ABCA:

(a) Annual returns of the Company; and

(b) Notices of change of directors of the Company.

5.2 Securities Act Filings

Pursuant to the Securities Act (Alberta) ("**ASA**"), a company may not sell or otherwise dispose of shares it has issued without (a) filing a prospectus in accordance with the ASA; (b) relying on an exemption granted by the Alberta Securities Commission; or (c) relying on an exemption contained in National Instrument 45-106 – Prospectus and Registration Exemptions. Reliance upon certain exemptions triggers a requirement that the company must file a trade report containing details of the distribution.

While the Company has materially complied with Canadian securities issuance and filing requirements it cannot confirm that it completed required filings under Canadian securities law in respect of the following issuances:

(i) the issue of any securities of the Company prior to June 20, 2004;

(ii) the issue of 250,000 Common Shares to Persistency Fund on November 8, 2004 in connection with a private placement;

(iii) the issue of US$2,000,000 convertible loan notes to Persistency Fund on May 27, 2005;

(iv) the issue of US$2,000,000 convertible loan notes to RAB Energy Fund Limited on May 27, 2005; and

(v) the issue of 1,219,067 Common Shares to Sunorca Development Corporation Limited on December 9, 2009.

While the Alberta Securities Commission has broad remedies available to it in circumstances of contravention of Alberta securities laws, which include procuring the cessation of trading of a company when it is considered in the public interest to do so, it has previously indicated unofficially that it will typically not take action against an issuer pursuant to the penalty provisions of the ASA on the failure to file a report of exempt distribution except in cases of multiple breaches or other misconduct. The Alberta Securities Commission does, however, recommend that an issuer bring itself in compliance with applicable Alberta securities laws as quickly as possible. Any late filings of reports of exempt distribution may be made in the normal way without late penalty fees. No proceedings under the penalty provisions of the ASA may be commenced more

than six years from the day of the occurrence of the event that gave rise to the proceedings.

To the extent that trade reports were required to be filed, but that has not been done, the Company has been advised to file such reports which are within the six year limitation period, and is currently considering whether to take this advice or proceed to complete and file all trade reports which are still outstanding, whether or not within the limitation period.

6. ATJL SHAREHOLDERS AGREEMENT

Set out below is a summary of the terms of the shareholders' agreement entered into between ATJL, FMO and WHJL in relation to FMO and WHJL's ownership of shares in ATJL (the "**ATJL Shareholders Agreement**"):

6.1 Directors

ATJL is required to have between 5 and 7 directors. WHJL is entitled to appoint the majority of the directors and FMO is entitled to appoint at least 1. If FMO fails to make use of its entitlement to appoint a director, WHJL may appoint an additional director to act instead of the FMO appointee until such time as a director nominated by FMO is appointed.

The quorum for board meetings is 3 directors except where the relevant meeting discusses a "Significant Board Decision" (please see below), in which case at least 1 of the directors present has to be a director appointed by FMO (a "**FMO Director**").

There have been no FMO Directors on the board of ATJL since Donald McPhail resigned as a director on 22 January 2009. Although the approval of an FMO Director is technically required by the board of ATJL in relation to any Significant Board Decision, as FMO has not appointed a director since Donald McPhail's resignation, the directors of ATJL have not been able to seek an FMO Director's approval for Significant Board Decisions since then.

The Company ensures that ATJL continues to provide FMO with notice of all meetings in which it is entitled to participate. The lack of FMO's involvement may impede decision making by ATJL in the future. However, the Company envisages that ATJL will continue to be operated in accordance with its work plan in the ordinary course of business.

6.2 Proceedings of directors

Each director will have 1 vote and matters will be passed by a majority of directors, unless a matter is a "Significant Board Decision". Significant Board Decisions require the approval of a majority of the directors including an FMO Director to be passed (although please note paragraph 6.1 above). The matters defined as Significant Board Decisions include (by way of example) decisions to issue or redeem shares, give security in relation to a liability or potential liability in excess of £2.5m and sell, lease or transfer the whole or a significant part of the business of ATJL.

Decisions in respect of the following matters in relation to WGL and/or ADL are also treated as Significant Board Decisions:

(a) agreeing to take part in an "Optional Participation Operation" (this is defined broadly as a mining exploration or development project);

(b) other than as required under the PSA, giving any security in respect of any matter not in the ordinary course of business of the relevant subsidiary or which involves potential liabilities in excess of £2.5million.

6.3 WHJL Call Right

WHJL will be entitled to require FMO to sell all its shares in ATJL at fair market value in circumstances of FMO either vetoing a Significant Board Decision; or failing to confirm whether a third party purchaser meets FMO's "know your client" requirements within 14 days of WHJL providing notice of its intention to operate its Drag Along Rights (see below).

Prior to completing the purchase of FMO's shares, WHJL must obtain all necessary consents and approvals and shall be entitled to seek finance for the purchase and complete the relevant Significant Board Decision (to the extent applicable).

6.4 Issue of Shares

(a) ATJL is not entitled to issue shares to a shareholder or other third party without first offering such shares to all the other shareholders in accordance with the provisions of Appendix C of the ATJL Shareholders' Agreement ("**Appendix C**").

(b) Appendix C provides that:

  (i) prior to issuing any shares to any party (other than under or in relation to a share option plan), ATJL shall issue to FMO and WHJL notices confirming the details of the intended issuance, including the material terms (an "**Anti-Dilution Notice**");

  (ii) following receipt of an Anti-Dilution Notice, FMO and WHJL shall be entitled to each offer (by written notice to ATJL) to subscribe for a proportion of the shares to be issued to the relevant third party up to or equal to their percentage shareholding in the company. This offer shall be binding both on ATJL and the relevant offeror; and shall constitute a waiver by FMO or WHJL of its right to subscribe at a later date for any additional shares which may be specified in the Anti-Dilution Notice over and above the shares which the relevant party has offered to subscribe for; and

  (iii) any shares which have been offered for subscription by a third party and which have not been subject to offers made by FMO or WHJL may be then offered to the third party to whom such shares were originally offered.

No Anti-Dilution was issued to FMO in respect of the issue of 930 class A shares to WHJL in conversion of US$930,000 intercompany debt owed by ATJL to WHJL. It may be asserted by FMO that the failure to issue an Anti-Dilution Notice amounted to a material breach of the ATJL Shareholders Agreement by WHJL and ATJL. If FMO does establish that the failure to issue an Anti-Dilution Notice did amount to a material breach of the terms of the ATJL Shareholders Agreement, as set out in the preceding paragraph, this breach could be remedied by the issue of further class A shares to FMO. Details of the above issue of 930 Class A Shares were included in the 2010 Consolidated Financial Statements of ATJL, which have been provided to FMO. Other than is set out in this paragraph, ATJL has complied with the provisions of Appendix C in each instance were shares have been issued to ATJL.

6.5 Transfer of Shares

(a) No shareholder is entitled to transfer its shares except with the consent of the other shareholders.

(b) Subject to it obtaining the consent of the other party in each case each party may transfer shares to a group company (or in the case of FMO a development finance institution), provided that the group company signs a deed of adherence and the relevant party guarantees the performance of the relevant transferee's obligations under the ATJL Shareholders Agreement. If the relevant transferee ceases to be a group company or a development finance institution, it must transfer the relevant shares back to the original party without delay.

6.6 Pre-emption Rights

If a shareholder other than WHJL wishes to sell its shares, it must first offer its shares to the other shareholders subject to standard pre-emption rights. If, once the pre-emption process has been completed, a shareholder purchaser for the transferor's shares has not been found, the transferor will be entitled to sell its shares to the original third party purchaser (provided that all the shareholders agree).

6.7 Tag Along Rights and Drag Along Rights

(a) *Tag Along Rights*

The ATJL Shareholders Agreement contains usual tag along rights, which are triggered on either a shareholder wishing to sell any of its shares to a third party or WHJL wishing to sell all or some of its shares to a third party or other shareholder.

(b) *Drag Along Rights*

If WHJL wishes to sell its shares to a third party, it must provide written notice of this intention (a "**Drag Notice**") to all other shareholders prior to completing the sale. If the relevant third party does not comply with FMO's then current "know your client" policies, WHJL shall not be permitted to complete the relevant sale. If the third party does comply, the other shareholders' receipt of a Drag Notice shall bind those shareholders to sell their shares to the relevant third party on the same terms as the sale completed by WHJL.

6.8 Put by FMO

At any time after the start of the 6th year and the end of the 8th year following the commencement of the generation of electricity or petroleum for commercial sale by ATJL which took place in March 2007 (and which leaves the put option described below exercisable between March 2013 and March 2015), FMO is entitled to require WHJL to purchase its shares in ATJL for fair market value, which shall be broadly determined with reference to the International Private Equity and Venture Capital Association Guidelines utilising the Discounted Cash Flows or Earnings methodology, the assumption that the sale is taking place between a willing buyer and a willing seller and that business of ATJL will be continued as a going concern. If the parties cannot agree a fair market value, it shall be determined by an independent third party expert appointed by the shareholders (the "**Expert**").

6.9 Insolvency and Change of Control

If a shareholder is the subject of an insolvency event, or cannot pay its debts as they fall due, or is in material breach of the ATJL Shareholders Agreement and does not remedy the breach within 60 days (if remediable), or is the subject of a change of control:

(a) the other shareholders shall be entitled to offer to purchase the defaulting shareholder's shares for cash. The defaulting shareholder may accept offers made by the other shareholder(s) or alternatively require fair market value to be ascertained by the Expert; and

(b) the defaulting party shall be bound to sell its shares either on accepting an offer made from another shareholder or receiving notice of the price representing fair market value as calculated by the Expert.

6.10 General Provisions

(a) The terms of the ATJL Shareholders Agreement will prevail over the terms of ATJL's Articles of Association (the "**ATJL Articles**"). To the extent that any of the provisions of the ATJL Shareholders Agreement are additional to the ATJL Articles, the parties to the ATJL Shareholders Agreement agree to do all things and take all such actions to procure that the provisions of the ATJL Shareholders Agreement are put into effect.

(b) The ATJL Shareholders Agreement is subject to English law, with disputes settled by arbitration under the Arbitration Rules of the International Chamber of Commerce.

7. SHARE CAPITAL OF THE COMPANY

7.1 Issued share capital

According to an online report of the VPS Investor Relation System, as of 20 October 2011 there were 80,469,940 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

7.2 Authorised Share Capital

The Company does not have an authorised share capital and may issue an unlimited number of Common Shares subject to the limitations imposed by the Company's constitution, applicable Canadian corporate and securities laws and the OSX Rules.

7.3 Changes in share capital since incorporation

The following is a summary of the changes in the issued share capital of the Company from the date of incorporation until the date of this document:

Date	Event	Shares issued	Price per share	Total
08/08/00	Incorporation	100	$1	100
01/09/02	Stock Split (10,000/1)			1,000,000
31/05/03	Treasury	150,000		1,150,000
30/10/03	Treasury	150,000		1,300,000
19/12/03	Treasury	454,545	$1.10US	1,754,545
09/02/04	Treasury	445,455	$1.10US	2,200,000
20/06/04	Treasury	250,000	$2.00US	2,450,000
21/06/04	Treasury	500,000	$2.00US	2,950,000
11/08/04	Treasury	3,000,000	$2.00US	5,950,000
19/11/04	Treasury	1,250,000	$2.00US	7,200,000
14/12/04	Cancellation	250,000		6,950,000
14/12/04	GAPCO Tanzania	225,000		7,175,000
14/12/04	Treasury	25,000	$2.00	7,200,000
22/02/05	Treasury	1,000,000	$2.25US	8,200,000
25/02/05	Treasury	495,000	$2.25US	8,695,000
10/03/05	Treasury	25,000	$2.25US	8,720,000
24/03/05	Purchase back	150,000	$1.45CDN	8,570,000
12/04/05	Re-issue	150,000	$1.45CDN	8,720,000
04/05/05	Treasury	1,000,000	$2.625US	9,720,000
14/06/05	Exercise of Warrant	950,000	450,000 @$1.35US 500,000 @$2.25US	10,670,000
07/04/05	IPO	6,200,000	$5.00CDN	16,870,000
15/08/05	Convertible Loan Note	581,818	$3.4375US	17,451,818
03/11/05	Convertible Loan Note	581,818	$3,4375US	18,033.636
13/10/06	Private Placement	1,800,000	37 NOK	19,833,636
14/11/06	Private Placement	1,200,000	37 NOK	21,033,636
06/02/07	Exercise of Option	40,000	$3.00 US	21,073,636
13/02/07	Exercise of Option	10,000	$3.00 US	21,083,636
30/03/07	Private Placement	2,108,000	65 NOK	23,191,636
09/05/07	Private Placement	1,200,000	65 NOK	24,391,636
30/05/07	Exercise of Option	10,000	$1.75 US	24,401,636
04/07/07	Exercise of Option	20,000	(15,000 @$5.00 US, 5,000 @$3.00 US)	24,421,636
26/07/07	Exercise of Option	6,000	$3.00 US	24,427,636
16/08/07	Exercise of Option	200,000	(75,000 @ $5.00 US, 75,000 @ $1.75 US & 50,000 @$2.25 US	24,627,636
17/11/07	Private Placement	12,000,000	44 NOK	36,627,636
15/07/08	Exercise of Option	100,000	$1.75 US	36,727,636
06/11/08	Buyback Transaction	-961,000	$1.76US	35,766,636
06/01/09	Bond Conversion	50,351	40 NOK	35,816,987
30/06/09	Bond Conversion	3,018,762,990	0.25 NOK	3,054,579,977
19/10/09	Consolidation: 100 to 1			30,545,737
09/12/09	Settlement of GORI (see Note 1)	1,219,067		31,764,804
24/02/10	KERP Plan (See Note 2)	160,940		31,925,744
01/03/10	KERP Plan	28,280		31,954,024
05/03/10	KERP Plan	38,565		31,992,589
05/04/10	KERP Plan	1,312,711		33,305,300
08/04/10	KERP Plan	30,851		33,336,151
26/07/10	Wentworth Transaction	28,383,789		61,719,940
28/2/11	Private Placement	15,000,000	5.15 NOK	76,719,940
26/4/11	Private Placement / Repair Issue	3,750,000	5.15 NOK	80,469,940

Note 1: The issue of shares referred to above as made "Settlement of GORI"was made to Sunorca. In November 2009, The Company negotiated the termination of the Gross Overriding Royalty Interest ("**GORI**") related to Mnazi Bay concession held by Sunorca. Under the terms of the agreement Wentworth agreed to provide to

Sunorca a total consideration of $1 million, consisting of $400,000 CAD in cash and $600,000 CAD in Common Shares in exchange for the termination of the GORI. Eventually Sunorca accepted the issue of shares set out above in settlement of the GORI.

Note 2: Issues made with references to the "KERP Plan" were made to beneficiaries under the Key Employee Retention Plan. This Plan provides for cash payments at the achievement of certain milestones related to the restructuring of the Company, and is reviewed by the Compensation Committee and the Board of Directors on an ongoing basis.

7.4 Share and loan capital, convertible securities

Save as disclosed in this document, and as at the date of this document:

(a) no share or loan capital in the Company is under option or agreed conditionally or unconditionally to be put under option;

(b) no issue of shares has been approved by the Board and will as such be made by the Company which will effectively alter the control of the Company; and

(c) there are no convertible securities issued by the Company.

7.5 CDIs, CREST and Depository Interests

Trades in securities listed on the AIM market must be settled in the first instance in the CREST settlement system maintained by Euroclear UK and Ireland. The CREST settlement system is a system that allows securities to be transferred electronically in dematerialised form from one person's CREST account to another without the need to use share certificates or written instruments of transfer.

Securities issued by companies incorporated in certain jurisdictions outside of the United Kingdom, including Canada, cannot be held or transferred in CREST.

Therefore, in order to enable investors to hold and transfer such securities through CREST, any CREST member may request to have their holding dematerialised and hold the relevant securities as CDIs which represent the underlying securities, which are then held on trust for the holders of the CDIs. This may only be done if a company's shares can already be settled electronically in their home state, for example, in the case of Wentworth, the Common Shares may be settled through the VPS Register. Therefore, with effect from Admission, it will be possible for CREST members to hold and transfer interests in Common Shares within CREST pursuant to a CDI arrangement at their request.

CREST is a voluntary system and holders of Common Shares of the Company who wish to receive and retain share certificates will also be able to do so. No temporary documents of title will be issued by the Company. The Common Shares will not themselves be admitted to CREST. Instead CREST, acting as depository, will issue CDIs in respect of the underlying Common Shares. The CDIs representing the underlying Common Shares will be independent securities constituted under English law and capable of being held and transferred through CREST. The CDIs will have the same ISIN as the underlying Common Shares and will not require a separate listing on AIM.

Application will be made for the CDIs in respect of all the underlying Common Shares to be admitted to CREST with effect from Admission. Holders of Common Shares in certificated form who wish to hold CDIs through the CREST system may be able to do so and should contact the Registrars.

In the case of Common Shares held in uncertificated form as CDIs, Euroclear will be responsible for keeping the records of such holdings.

The Common Shares will remain listed and traded on the OSX, with trades settled electronically on the VPS Register. Common Shares held on the VPS Register may be transferred into CDIs held through CREST and vice versa. Shareholders wishing to transfer stock from the VPS Register to a CDI can do so through their broker. Movements from CREST to the VPS Register can also be made. In such a way, the Common Shares can be traded on the OSX or AIM, irrespective of the jurisdiction in which the investor is based. However, it should be noted that if cross border delivery is required this may slow down the settlement time so Shareholders are advised to discuss this with their broker at the time any trade is placed.

8. OPTIONS AND WARRANTS

8.1 Options

The Company has on issue as at the date of this document 6,200,000 Options (as defined below). Details of the Options, their holders and their exercise price are set out below:

	Exercise Price				
Grantee	**US$0.54 (NOK 3.15)**	**US$0.62 (NOK 3.60)**	**US$1.05 (NOK 5.57)**	**US$0.91 (NOK 4.90)**	**TOTAL**
Date of Grant	4/10/10	4/10/10	4/10/10	6/7/11	
E. Bakilana		100,000			100,000
I.Baluch		500,000			500,000
C.Barton		500,000			500,000
J.Bentley		500,000			500,000
G.Bury	1,000,000				1,000,000
J. Dragonetti				250,000	250,000
E.Fore		250,000			250,000
H. Jones				100,000	100,000
N.Kelly		500,000			500,000
M. Makame		100,000	100,000		200,000
R. McBean		500,000	500,000		1,000,000
S.Ntomola		200,000			200,000
R. Rwiguza		100,000			100,000
R. Schmitt			1,000,000		1,000,000
TOTAL					6,200,000

8.2 Option Plan

The options have been issued pursuant to the Company's stock option plan dated 1 October 2010 (the "**Plan**"), which provides for the grant of options to purchase Common Shares ("**Options**") to Directors, officers, employees and consultants to the Company, its subsidiaries and any successor Company (the "**Participants**").

(a) *Plan Administration*

The Plan is administered by the Board. Pursuant to the Plan, the Company shall effect the grant of Options as to (i) the Participants to whom Options will be granted; and (ii) the number of Common Shares which shall be the subject of each Option, by the execution and delivery of instruments in writing to the Participants. The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem in the best interests of the Company and may, subject to applicable law, delegate certain of its powers under the Plan to administer the Plan to a committee of the Board or an executive officer of the Company.

Under the Plan, the Chief Executive Officer of the Company may grant Options to non-executive officers or employees, who are appointed, hired or promoted, up to a maximum of 30,000 Options per quarter, and stipulate the terms thereof, subject to the provision of the Plan. Each Option must be exercised within 10 years from the date of the grant of such Option.

The Option Price shall be fixed by the Board when the Option is granted, provided that such price shall not be less than the Current Market Price of the Common Shares, which shall mean the closing trading price per Common Share on the OSX on the last trading day preceding the date of grant on which there was a closing price.

(b) *Restrictions on Grant*

The grant of Options by the Board is subject to the following restrictions and any additional conditions that may be determined by the Board from time to time:

(i) the Company shall at all times during the term of the Plan reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan;

(ii) the aggregate number of Common Shares for issuance must not exceed 10% of the outstanding Common Shares at any time;

(iii) no fractional shares may be purchased or issued;

(iv) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to one person may not exceed 5% of the outstanding Common Shares;

(v) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders (as defined in the ABCA) may not exceed 10% of the outstanding Common Shares;

(vi) the issuance of Common Shares to Insiders pursuant to the Plan and other share compensation arrangements within a one-year period may not exceed 10% of the outstanding Common Shares; and

(vii) the issuance of Common Shares to any one Insider and such Insider's associates pursuant to the Plan and other share compensation arrangements within a one-year period may not exceed 5% of the outstanding Common Shares.

The above limits on Common Shares reserved for issuance may be formulated on a diluted basis pursuant to the Plan.

Each Option must be exercised within 10 years from the date of the granting of such Option, subject to extension if any Options are unable to be exercised due to any black-out period (as stipulated in a policy of the Company) occurring within a 3 business day period prior to the expiry date of such Options. The vesting period or periods within this 10-year period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board or if no determination is made, the Option shall vest as to one-third of the number of Common Shares granted by the Option on each of the first, second and third anniversaries of the grant of the Option.

(c) *Termination of Options*

Options are non-assignable unless prior written consent of the Company has been obtained. In the event that a Participant, prior to the expiry date of an Option, ceases to be a Director, officer, employee or consultant of the Company or any of its subsidiaries for any reason other than death or termination for cause, any unvested Options shall cease and terminate immediately and be of no further force and effect and any vested Options shall, on the 45th day following the date on which the Participant ceases to be engaged as such, or the expiry date of such Option, whichever occurs first, cease and terminate and be of no further force and effect (to the extent that such Options have not previously been exercised). In the event of termination for cause of the employment or consultancy of a Participant, any vested and unvested Options shall, unless otherwise specified, cease and terminate immediately upon the date of notice of termination.

In the event of the death of a Participant on or prior to the expiry date of an Option, such Option may be exercised as to such number of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase) by the legal personal representatives of the Participant at any time up to and including (but not after) a date 6 months following the date of death of the Participant or the expiry date of such Option, whichever occurs first.

(d) *Accelerated Vesting*

The Plan defines a Change of Control to mean:

(i) a sale by the Company of all, or substantially all, its property and assets;

(ii) a take-over bid accepted by the Company's shareholders pursuant to which the offeror takes up and pays for Common Shares which, in aggregate, allows the offeror to directly or indirectly exercise control or direction over more than 50% of the Common Shares of the Company;

(iii) the liquidation, dissolution or winding-up of the Company;

(iv) a reorganization, plan of arrangement, amalgamation, merger or consolidation of the Company with one or more entities in which the Shareholders will receive less than 50% of the outstanding securities of the new or continuing entity; and

(v) an acquisition, directly or indirectly, through a single transaction or a series of transactions, pursuant to which any person acquires more than 50% of the outstanding Common Shares.

In the event of a Change of Control whereby

- a person acquires, directly or indirectly, 100% of the Common Shares of the Company, all unvested Options of a Participant shall, unless agreed otherwise, vest and become immediately exercisable by the Participant, commencing on the date that the Change of Control occurs and expiring on the earlier of the expiry date of the Options and 45 days from the date of the Change of Control, after which the Options shall expire and be of no further force and effect; and
- the Company continues to be listed on the OSX (or any other stock exchange on which the Common Shares are then listed and posted for trading) and has a public float of not less than 25% of the Common Shares outstanding immediately prior to the Change of Control, and in the subsequent event that, within 6 months from the date of the Change of Control, a Participant ceases to be a director, officer, employee or consultant of the Company or any of its subsidiaries for any reason other than termination for cause, all unvested Options of the Participant shall, unless otherwise specified in an agreement between the Participant and the Company or any of its subsidiaries, vest and become immediately exercisable by the Participant commencing on the date that the Participant ceases to be a director, officer, employee or consultant of the Company or any of its subsidiaries, and expiring on the earlier of the expiry date of such options and 45 days from the date that the Participant ceases to be a director, officer, employee or consultant of the Company or any of its subsidiaries, after which the Options shall expire and be of no further force and effect.

(e) *Participants' Rights*

A Participant shall not have any rights as a Shareholder until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

The Company has recently entered into amendment agreements with each of the current Option holders to confirm the number of Common Shares the subject of each Option held.

8.3 Warrants

Pursuant to a warrant certificate dated July 26, 2010 (the "**Warrant Certificate**"), the Company issued 14,191,888 Warrants, each representing the right to acquire one Common Share of the Company on payment of the exercise price of NOK 4.25.

As at the date of this document, the following Warrants had been issued:

Warrant holder	Warrants
Robert P. McBean	3,463,095
Issa Baluch	2,041,642
John Dragonetti	973,287
Eric Fore (Savannah Energy DMCC)	305,567
Neil Kelly	135,807
Cameron Barton	101,855
Others	7,170,635

8.4 Warrant Certificate

The Warrants expire at 5:30 p.m. (Oslo time) on July 26, 2012 (the "**Expiry Date**").

(a) *Exercise of Warrant*

The warrant holder ("**Holder**") may, on a Banking Day (as defined in the Warrant Certificate) until (and including) the Expiry Date, deliver a warrant exercise form in order to exercise its rights hereunder (in full or in part).

Upon the Company's receipt of the Holder's request to exercise the Warrants, the Company shall, as soon as possible but in no event later than the Banking Day falling ten (10) Banking Days after the Company has received such request to exercise all or some of the Warrants, issue to such Holder the number of Common Shares which are necessary in order to fulfill the Company's obligations. The Company shall as soon as possible following the exercise date register the Common Shares in the relevant securities depository.

The Warrants are capable of being exercised on separate occasions and are capable of being exercised in whole or in part (in amounts of at least 10,000 Common Shares or, if the number of remaining Common Shares available to be subscribed for under the Warrants is less than 10,000, that lesser number) only at the discretion of the Holder at any time prior to the Expiry Date.

Neither the Warrants nor the Common Shares issuable upon the exercise of the Warrants have been registered under the Securities Act and restrictions on exercise by a "U.S. person" apply.

(b) *Holders' Rights*

Nothing in the holding of Warrants will be construed as conferring on the Holder any right or interest whatsoever as a Shareholder, including but not limited to any right to vote at, to receive notice of, or to attend any meeting of shareholders or any other proceeding of the Company or any right to receive any dividend or other distributions.

(c) *Adjustments*

The Warrant Certificate provides for adjustments to the Warrants and the exercise price thereof in certain circumstances, including:

(i) a reclassification of the Common Shares outstanding or change of the Common Shares into other shares or securities, or any other capital reorganization affecting the Common Shares, or a consolidation, amalgamation or merger of the Company with or into any other company, or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another Company or other entity (a "**Common Share Reorganisation**");

(ii) the fixing by the Company of a record date for the distribution of Common Shares; the distribution of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per Common Share less than the simple average of the closing price per share for the Common Shares for any 10 consecutive trading days selected by the Company commencing not more than 45 trading days before such date on OSX (the "**Current Market Price**") on such record date; or the distribution of rights, options or warrants to acquire Common Shares at an exercise, exchange or conversion price per Common Share less than the Current Market Price on such record date;

(iii) the Company subdividing the outstanding Common Shares into a greater number of Common Shares, combining or consolidating the outstanding Common Shares into a lesser number of Common Shares, or paying a stock dividend to the holders of all or substantially all of the outstanding Common Shares payable in Common Shares;

(iv) the Company prior to the time of expiry of the Warrants issuing rights, options or warrants to all or substantially all the holders of Common Shares under which such holders are entitled during a period expiring not more than

sixty (60) days after the record date for such issue to subscribe for or purchase Common Shares, or securities convertible into or exchangeable for Common Shares, at a price per Common Share or having a conversion or exchange price per Common Share less than 90% of the Current Market Price per Common Share on such record date; and

(v) the Company prior to the time of expiry of the Warrants issuing or distributing to all or substantially all the holders of the Common Shares of: (i) securities of the Company including rights, options or warrants to acquire Common Shares or securities convertible into or exchangeable for equity shares or property or assets and including evidence of its indebtedness; or (ii) any property or other assets in circumstances where such issuance or distribution is not by way of a dividend paid in the Ordinary Course (as defined in the Warrant Certificate), a Common Share Reorganization or an issuance of rights, options or warrants as referred to in the Warrant Certificate.

Additionally, if other changes are made in the share capital which are unfavourable to the Holders compared to the Shareholders, the Company, shall, acting reasonably, determine a new exercise price for the Warrants.

(d) *Purchase of Warrants*

Subject to compliance with applicable securities legislation, the Company may from time to time purchase by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the Directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Company, in its sole discretion, may determine. The Warrants purchased shall forthwith be cancelled by the Company. No Warrants shall be issued in replacement thereof.

9. SIGNIFICANT SHAREHOLDERS

9.1 As at 21 October 2011, being the last practicable date prior to the date of this document, the Company is aware of the following persons, other than the Directors whose interests are set out at paragraph 10.3 of Part 9 of this document, who at the date of this document and immediately following Admission, will be interested (within the meaning of Part VI of the 2006 Act) directly or indirectly, in 3 per cent or more of the total voting rights of the Company's issued share capital:

	At the date of this document	
Shareholder	**No. of Shares**	**% of issued share capital**
Deutsche Bank AG Lon (Nom)	6,752,307	8.39
Invesco Perpetual Euro SMA (Nom)	4,163,601	5.17
Barclays Capital Sec A/C	2,641,922	3.28
Euroclear Bank S.A	2,459,265	3.06

9.2 Save as disclosed above, the Directors are not aware of any person who at the date of this document or immediately following Admission exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company. For the purposes of this paragraph, "control" means the ability, in practice, to determine the actions of the Company, whether jointly or alone.

9.3 The rights attaching to those Common Shares held by Directors (set out at paragraph 10.3 of Part 9 of this document) and those Common Shares referred to in paragraph 9.1 above, are equal in all respects to those attaching to all Common Shares in the share capital of the Company and have no special voting rights which attach thereto.

10. DIRECTORS AND OTHER INTERESTS

10.1 Directors

Details of Wentworth's current Directors are set out in the table below:

Name	Position	Business Address	Director since
Robert McBean	Executive Chairman	P.O. Box 233, Dubai, United Arab Emirates	July 26, 2010
John W.S. Bentley	Director (deputy chairman)	14 Queens Gate Place, London, SW7 5NY, United Kingdom	August 1, 2007
Cameron Barton	Director	Suite 200, 505 – 2nd Street S.W., Calgary, Alberta T2P 1N8	January 23, 2009
Richard Schmitt	Director	180 Malibu Road S.W. Calgary, Alberta T2V 1X9	March 17, 2011
Issa Baluch	Director	P.O. Box 5794, Dubai, United Arab Emirates	September 17, 2010
Neil Kelly	Director	5471 West Vista Court, West Vancouver, B.C., V7W 3G8	July 26, 2010

The term of each currently appointed director will expire at the Wentworth annual general meeting to be held on 14 November 2011. Under Alberta corporate law, it is not usual for directors of a Company to enter into written contracts with a company in respect of their service as directors.

10.2 Corporate Governance

(a) *Election, Appointment and Removal of Directors*

Under the ABCA, the registered shareholders of the Company, by ordinary resolution, elect directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders following the election. An ordinary resolution must be passed by at least a simple majority of the shareholders of the Company present in person or represented by proxy at the meeting or by a written resolution executed by all of the shareholders of the Company.

In accordance with its Articles, the directors may appoint one or more additional directors of the Company to serve until the next annual general meeting between annual general meetings as long as the number of additional directors does not at any time exceed one-third of the number of directors who held office at the expiration of the last annual meeting of the Company. A quorum of directors may also fill a vacancy among the directors (other than a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the Articles). A director appointed or elected to fill a vacancy holds office for the unexpired term of the director's predecessor.

Pursuant to the ABCA, the registered shareholders of the Company may by ordinary resolution at a special meeting of shareholders remove any director from office before the expiration of his term of office and may, by a majority of votes cast at such meeting, elect any person in his stead for the remainder of his term. A director of the Company may also cease to be a director if he dies or resigns, or becomes disqualified under the ABCA due to mental incapacity or bankruptcy.

(b) *Board Committees*

The Company currently has three committees: an Audit Committee, Compensation Committee, Governance and a Nomination Committee. Members of the Company's Audit Committee consist of Cameron Barton, John Bentley and Neil Kelly and members of the Company's Compensation Committee consist of John Bentley and Issa Baluch. The Governance and Nomination Committee consists of Robert McBean, Issa Baluch and John Bentley.

Under Alberta corporate law, there is no committee requirement, including audit committee, or term of reference requirement for corporations that are not "reporting issuers". As the Company is not a reporting issuer in accordance with the ASA, the constitution of the committees of the Board, as appointed by resolution of the Board, is consistent with Alberta corporate law.

(c) *Directors' Ongoing Duties*

In accordance with the ABCA, the Directors shall manage or supervise the management of the business and affairs of the Company. The ABCA imposes two principal duties on directors, a fiduciary duty and a duty of care. Directors cannot contract out of these responsibilities and may be personally liable for any breach of these duties.

(i) Fiduciary Duty

Directors of Albertan companies are required under the ABCA to act, in exercising their powers and discharging their duties, at all times honestly and in good faith, with a view to the best interests of the company. The fiduciary relationship dictates a strict standard of conduct which includes loyalty and good faith.

The ABCA in particular provides that a director's responsibilities to his company are not diminished, and may not be compromised, by other relationships the director may have. This applies to directors who are nominated by particular parties such as a major shareholder, a class of shareholders, a creditor or employees.

Holding multiple directorships may potentially put a director in a position of conflict. A director who serves on more than one board must be constantly vigilant about potential conflicts. Directors are not legally precluded from accepting several appointments, but they must carry out their fiduciary obligation to each company they serve. Such directors may find themselves in a position of conflict of interest at some point, resulting in a potential breach of their fiduciary duty to one company or the other. Specific requirements apply when there are dealings between companies that have mutual directors.

Decisions and actions by the directors must be made in a manner which reflects the company's best interest and neither a director's personal interests nor the interests of any other entity should be determinative in fulfilling the fiduciary duty owed by the director. Failure to comply with this duty will prevent a director from having recourse to indemnification from the company and may expose the directors to potential claims from the company.

Canadian jurisprudence has determined that a company's directors owe fiduciary duties to the company generally and not to any of its stakeholders independently. However, directors do have a duty not to unfairly disregard, unfairly prejudice or oppress such stakeholders' interests in making decisions in fulfilling their fiduciary duties and duties of care. A breach of this latter statutory obligation may permit creditors of the company to bring an "oppression remedy" proceeding against directors.

(ii) *Duty of Care*

Directors have a further statutory duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In meeting the duty of care, essentially a director must act carefully, on an informed basis and in conjunction with a documented and transparent process in respect of decision making in order to be able to demonstrate that he or she applied the requisite degree of diligence and skill in reaching a reasonable business judgement. The standard of care is measured against the objective standard of what a reasonably prudent

person would do in comparable circumstances. This requires directors to devote the necessary time and attention to bring their own judgement to bear on the matter and make an informed decision.

Under the ABCA, behaving diligently provides directors with a defence to liability. Directors are also entitled to dissent from any decision of the board and to have that dissent recorded. Under the ABCA, this will relieve the director of any liability for the results of that decision. The skill that directors must exercise in discharging their duties is that of a reasonably prudent person. There is no requirement for a director to have any particular level of education, experience or professional designation. However, directors must employ whatever ability, education, experience and training they possess in the manner in which a reasonably prudent person would employ those skills in comparable circumstances.

If the directors have sufficient information concerning the issue before them, examine the information critically and take the time to make an informed decision, courts are very reluctant to interfere with the result.

(iii) *Compliance with Duties*

The decisions of the board and the actions the board takes to ensure that it is fulfilling its duties are largely factual and depend on many variables, including a company's financial situation, the nature of the decision(s) being made and the industry the company is involved in. In order to comply with their duties, the directors must discharge their duties with the same diligence as a reasonably prudent person would use in comparable circumstances. It is therefore prudent for the directors to ask for all the information they believe necessary to make careful decisions and engage experts where applicable. The ABCA provides that directors are not liable for, amongst other things, breach of their fiduciary duty or duty of care if the director exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including reliance in good faith upon:

- financial statements of the company represented to the directors by an officer of the company or in a written report of the auditor of the company to reflect fairly the financial condition of the company; or
- an opinion or report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person.

(iv) *Liabilities*

In certain circumstances, directors may be liable for acts taken as a director. The ABCA imposes certain specific liabilities on directors, including:

- directors are liable for issuing shares for inadequate non-cash consideration;
- directors are liable for authorizing certain amounts to be distributed or paid in a manner that is contrary to the ABCA (for example, dividends);
- directors are liable to the company's employees for up to 6 months' wages and accrued vacation pay; and
- directors may also incur liability under the oppression remedy contained in the ABCA.

In addition, other statutes such as those dealing with specific matters like income tax or the environment may also impose liability on directors.

10.3 Share interests

As at the date of this document and immediately following Admission, the interests of the Directors, their immediate families and persons connected with them (within the meaning of Section 252 of the 2006 Act) in the share capital of the Company, all of which are beneficial, unless otherwise stated, are as follows:

Shareholder	**At the date of this document**	
	No. of Shares	**% of issued share capital**

Shareholder	At the date of this document	
	No. of Shares	% of issued share capital
Robert McBean	7,283,191	9.05
Issa Baluch	4,285,684	5.33
Cameron Barton	1,376,051	1.71
Neil Kelly	527,215	0.66
John Bentley	322,809	0.40

10.4 Interested parties

Save as disclosed in paragraph 10.3 above, none of the Directors nor any member of their respective immediate families, nor any person connected with them within the meaning of Sections 252 to 254 of the 2006 Act, is interested in the Common Shares, or in any related financial products referenced to the Common Shares.

10.5 Directorships

Save for directorships of Group companies, the directorships currently held by each of the Directors or held by them over the five years preceding the date of this document are as follows:

Director	Current directorships	Past directorships
Robert McBean	International Octane Limited Centra Engineering Limited Portnall Management Limited	Black Marlin Energy Limited
John Bentley	Faroe Petroleum plc Scotgold Resources Limited SacOil Holdings Limited Resaca Exploitation, Inc. Sylvan Energy LLC Kea Petroleum plc Balmuir Estates Nominees Limited Balmuir Estates Farming Limited Ptarmigan Natural Resources Limited Thombo Petroleum Limited	CDS Oil and Gas Group plc Rift Oil plc Adastra Minerals Inc. Osprey Oil & Gas Limited Vanco Energy Company FirstAfrica Oil plc Composite Energy Limited LGH (UK) Limited
Neil Kelly	James Lee & Sons (Vancouver) Limited	PT Arun Liquified Natural Gas Company Ras Lattan LNG Company
Cameron Barton	Sanjel International Limited Sanjel International Operations Limited Enjel Oilfield Services LLC StoneCreek Capital International Limited Sanjel International Saudi Arabia Limited Sanjel Capital (USA) Inc Sanjel Northern Iraq Limited Sanjel Caribbean Limited	
Issa Baluch	Air Cargo Trader Limited The International Air Cargo Association International Federation of Freight Forwarders Associations Africa Atlantic Holdings Limited Africa West Cargo Limited GSA Global Investment Limited	Swift Group (a Bestworld Company) L.L.C.
Richard Schmitt	Tyner Resources Limited Canadian Overseas Petroleum Limited Newton Energy Limited	Black Marlin Energy Limited Africa Oil Corporation

10.6 Loan capital

Save as disclosed elsewhere in this document, none of the Directors has any interest in the loan capital of the Company, whether beneficial or otherwise.

10.7 Interests in assets

No Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to the Company and no contract or arrangement exists in which a Director is materially interested and which is significant to the business of the Company.

10.8 Loans and guarantees

No loan or guarantee has been granted or provided by any company in the Group to any Director or any person connected with them and no loans are outstanding from any company in the Group to any of the Directors.

10.9 Interests in transactions

None of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions of which are or were significant to the business of the Company.

10.10 Partnerships

None of the Directors is a partner in a partnership nor has been a partner in any partnership in the five years preceding the date of this document.

10.11 Convictions

No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made or been the subject of any individual voluntary arrangement.

10.12 Insolvency

None of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been subject to receivership at the time of or within twelve months following the cessation of such directorship or partnership.

10.13 Statutory criticism

None of the Directors has been criticised by any statutory or regulatory authorities (including recognised professional bodies) or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

10.14 Directors' service agreements

Robert McBean ("**RMB**") provides services to the Company by way of a service agreement. The key terms of his agreement are summarised below:

(a) The Company and RMB entered into an executive employment agreement on 1 January 2011. Pursuant to its terms the Company employs RMB as Chairman of the Board with power and authority to manage and supervise the Company's operations. RMB receives a base salary of US$200,000, and is further entitled to a bonus (at the discretion of the Board) pursuant to the Company's bonus plan and the entitlement to participate in the performance share compensation programme. RMB shall also be reimbursed for all travelling and other expenses incurred in connection with his duties. Subject to regulatory approval the Company may grant RMB options to purchase its shares. RMB is also entitled to a director's fee of US$80,000 per annum which is not provided under RMB's service agreement, but instead authorised by the directors of the Company.

(b) RMB is entitled to 5 weeks' vacation a year.

(c) In the event of a change of control of the Company and termination of RMB's employment without just cause within 6 months, the Company agrees to pay RMB a settlement equal to (i) 12 months' salary; (ii) an amount equal to the Company's contribution on RMB's behalf to the Company's employee benefits plan in the month before termination multiplied by 12; and (iii) an amount equal to the Company's contribution on RMB's behalf to the club fees, professional memberships and association fees in the month before termination multiplied by 12. The Company will also accelerate the vesting dates for all of RMB's options that would otherwise vest within 24 months' of his termination.

(d) RMB has a 3 month notice period and the Company may terminate RMB's employment at any time provided it pays a settlement equal to that set out in the paragraph above, save that the Company will accelerate all option vesting dates.

(e) As a schedule to the agreement, RMB has entered into a confidentiality, intellectual property and non-solicitation agreement with the Company, pursuant to which he agrees (i) not to disclose confidential information without the Company's consent; (ii) not to purchase or sell the Company's shares with knowledge of a material fact that has not been generally publicised by issuance of a press release or announcement and not to inform any other person of such a material fact; (iii) to waive any moral rights he may have in the Company's intellectual property and to execute any assignment or transfer of intellectual property the Company may require; and (iv) not during his employment or for 12 months thereafter solicit employees or customers of the Company or divert business away from the Company.

With the exception of Robert McBean, none of the Directors provide services to the Company otherwise than in their capacity as directors.

10.15 Directors' remuneration

The directors of the Company other than Robert McBean are entitled to the following remuneration:

Director	Director's Fees (US$)
John Bentley	80,000
Neil Kelly	60,000
Cameron Barton	60,000
Issa Baluch	60,000

11. MATERIAL CONTRACTS

Save as set out in this document, the following are the only contracts:

(a) (being contracts otherwise than in the ordinary course of business) which have been entered into by members of the Group as at the date of this document and are or may be material to the Group or have been entered into by any member of the Group at any time and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document; and

(b) which are material subsisting agreements which have been entered into by any member of the Group at any time and which are included within, or which relate to the assets and liabilities of any member of the Group as at the date of this document (notwithstanding whether such agreements are (i) within the ordinary course or (ii) were entered into outside of the two years immediately preceding the date of this document).

11.1 Introduction Agreement

On 21 October 2011 2011 the Company entered into an introduction agreement with Panmure Gordon, the Directors and Geoffrey Bury (the "**Introduction Agreement**") pursuant to which:

(a) Panmure Gordon has agreed to assist the Company with its application for Admission:

(b) The Company, each of the Directors and Geoff Bury have given warranties as to the accuracy of the information contained in this Document and other matters relating *inter alia*, to the Group.

(c) The Company, each of the Directors and Geoff Bury have given indemnities in favour of Panmure Gordon in respect of, *inter alia*, losses which Panmure Gordon may suffer or incur in connection with or arising out of Admission.

(d) In consideration for Panmure Gordon's services in connection with the Admission, the Company has agreed to pay the fees and expenses of Panmure Gordon in accordance with the terms of the Nomad Engagement Letter, as well as its other reasonable expenses in relation to its work in connection with Admission.

(e) There are provisions enabling Panmure Gordon to terminate the Introduction Agreement in certain circumstances prior to Admission, including in the event of a material breach of the Introduction Agreement or of any of the warranties contained in it.

11.2 Nominated Adviser and Joint Broker Engagement Letters

(a) *Engagement Letter between Panmure Gordon and the Company*

The Company has entered into an engagement letter with Panmure Gordon dated 21 October 2011 ("**Nomad Engagement Letter**"), pursuant to which the Company has appointed Panmure Gordon to act as its nominated adviser and joint broker.

The appointment will be automatically renewed annually, and may be terminated by either party at any time upon 30 days' notice in writing. Further, Panmure Gordon may terminate the engagement immediately if the Company is in breach of any of the terms of the Nomad Engagement Letter.

11.2 (b) *Engagement letter between FirstEnergy and the Company*

The Company has entered into an engagement letter with FirstEnergy dated 21 October 2011 ("Broker Engagement Letter"), pursuant to which the Company has appointed FirstEnergy to act as its AIM broker. The term is for an initial 12 months and shall continue thereafter until terminated by no less than 30 days' notice in writing either by the Company or FirstEnergy. Further, FirstEnergy may terminate the Engagement immediately if the Company is in breach of any of the terms of the Broker Engagement Letter.

11.3 Advisors' Engagement Letters

(a) *Financing Engagement Letter 2010*

On 10 February 2010, WRLC entered into a letter of engagement ("**2010 Letter**") with ABG Sundal Collier Norge ASA ("**ABG**") and Standard Bank Plc ("**Standard Bank**") pursuant to which the WRLC engaged ABG and Standard Bank to provide financial advice and services in connection with a proposed private placement of up to US$ 30 million on the OSX and the reverse takeover of Artumas Group Inc. (the "**Transaction**").

The 2010 Letter is subject to the standard terms and conditions of ABG and Standard Bank which are summarised below. These standard terms and conditions includes a provision which sets out that the 2010 Letter applies for WRLC and shall also apply for the Company on the completion of the Transaction, and, provides that WRLC is required to use its best endeavours to procure that the Company accends to the terms of the 2010 Letter.

The term of the 2010 Letter is 24 months from 10 February 2010.

The fees payable by WRLC pursuant to the 2010 Letter are a gross success fee (exclusive of VAT) of US$ 1.5 million split equally between ABG and Standard Bank and payable 5 days after the Transaction has completed.

Until such time as the planned gas to liquids facility at Mnazi Bay has been completed, ABG and Standard Bank each has a right of first refusal ("ROFR") to act as financial advisers or joint arrangers for any debt or equity financing of WRLC or the Company. ABG and Standard Bank have 15 Business Days from notice of such debt or equity financing to exercise the ROFR.

(b) *Financing Engagement Letter 2011*

On 17 January 2011, the Company entered into a letter of engagement ("**2011 Letter**") with ABG and FirstEnergy Capital LLP ("**FirstEnergy**") pursuant to which the Company engaged ABG and FirstEnergy to provide financial advice and services in connection with a proposed offer of the Company's common shares for up to US$15 million on the OSX (the "**Financing**").

The fees payable by the Company pursuant to the 2011 Letter are as follows:

- A corporate finance fee of US$100,000 payable on completion of the Financing or termination of the 2011 Letter, if earlier; and
- A selling fee of 5% of the gross proceeds of the Financing payable on completion of the same.

Half of such fees are to be allocated to each of ABG and FirstEnergy. In addition the Company agrees to pay all reasonable expenses of the ABG and FirstEnergy and all professional fees incurred by ABG and FirstEnergy including all legal fees which have been agreed in writing by the Company. ABG and FirstEnergy may not incur any costs and expenses in excess of US$10,000 without the Company's prior approval.

Subject to the ROFR granted in respect of the 2010 Letter as set out at 11.3(a) above, which was formally waived by Standard Bank, FirstEnergy is granted a right of first refusal to act as arranger and financial adviser in relation to any equity financing undertaken by the Company within 12 months of the termination of the 2011 Letter.

11.4 Orderly Market Agreement

Orderly Market Agreements were entered into on 21 October 2011 between each of the Directors, FirstEnergy, Panmure Gordon and the Company, pursuant to which each of the Directors has undertaken that subject to certain exceptions (which are usual in nature and include transfers to family members, trusts and companies controlled by the relevant Director and circumstances of insolvency and a third party purchasing the whole of the Company's share capital), that in the first 12 months following Admission, he will not dispose of any interest in the Common Shares otherwise than through Panmure Gordon or FirstEnergy or such other broker as may be appointed by the Company from time to time (the "**Broker**") (subject only to Panmure Gordon, FirstEnergy (or the Broker) being able to effect such sale on a best price and execution basis) and in such manner as either Panmure Gordon, FirstEnergy or the Broker may require with a view to the maintenance of an orderly market in the Company's shares.

11.5 Branch Register Agreement

On 6 June 2005, the Company entered into a branch register agreement ("**BRA**") with Nordea Bank Norge ASA ("**Nordea Bank**"). As a condition for the listing of the Company's shares on the OSX, the shares traded thereon must be registered in a shareholder register in the Verdipapirsentralen ("**VPS**"), which is the Norwegian Central Securities Depository. The Company has therefore established a branch of its shareholder register in the VPS and the BRA relates to the services to be provided by Nordea Bank in respect of such establishment and subsequent operation of the shareholder register ("**Norwegian Register**").

The main terms of the BRA are as follows:

(a) The Company appoints Nordea Bank as nominee owner of the shares in the Norwegian Register and the Company's representative in relation to all matters concerning the Norwegian Register and the VPS. Nordea Bank is also responsible for the day to day running of the Norwegian Register.

(b) Nordea Bank gives certain undertakings to the Company in relation to the services it provides pursuant to the BRA including: (i) to hold the legal title of all securities in respect of which it is a nominee owner for the benefit of the Company's relevant shareholders; (ii) to ensure accurate information is kept in the Norwegian Register; (iii) only to attend and vote at general meetings of the Company in accordance with proxies received from the Company's shareholders (as recorded in the Norwegian Register); (iv) to reflect any changes in the Company's share capital in the Norwegian Register; (v) to assist the Company in the enforcement of the provisions of its Articles and By-laws; and (vi) to assist the Company in discharging its obligations under the Company's listing agreement with the OSX.

(c) The Company gives certain undertakings to Nordea Bank including: (i) to keep Nordea Bank informed of all corporate resolutions or actions taken by the Company relevant to the registration of the Company's shares in the Norwegian Register; (ii) to comply with the terms of its Company's listing agreement with the OSX; (iii) to provide update copies of its Articles and By-laws; (iv) to provide the Nordea Bank with original share certificates; and (v) to provide Nordea Bank with details of its board of directors.

(d) The Company will make payments of all dividends due to shareholders on the Shareholder Register to Nordea Bank who will then act as the Company's payment agent to pay the dividends to the relevant shareholders.

(e) Nordea Bank will provide the Company with agreed statistical material.

(f) A shareholder of the Company shall have the right to demand registration of the Company's shares that are beneficially owned by him and nominally held by Nordea Bank is transferred from the Norwegian Register to the Company's Canadian share register and Nordea Bank will act as transfer agent in this regard.

(g) Nordea Bank may change its charges on 2 weeks' written notice to the Company. In addition to the charges payable to Nordea Bank by the Company on a monthly basis, the Company shall reimburse Nordea BankRegistrar for all out-of-pocket costs.

(h) Either party may terminate the agreement on 2 months' written notice to the other or upon 10 days' written notice where the other party is in material breach.

(i) Nordea Bank indemnifies the Company in respect of loss incurred as a result of Nordea Bank's gross negligence or wilful misconduct in performing the services under the BRA.

(j) The BRA is governed by the laws of the Kingdom of Norway and is subject to arbitration in Oslo in accordance with the Norwegian Arbitration Act.

11.6 Tanzanian operations

(a) *Mnazi Bay PSA*

On May 18, 2004, Artumas Group & Partners (Gas) Limited (now WGL) entered into the Mnazi Bay PSA. Pursuant to which, WGL (and joint venture partners) shall undertake certain petroleum operations on behalf of TPDC within a contract area (the "**Mnazi Bay Contract Area**"), and share in any production resulting from those petroleum operations, based on exploration and development licenses granted by the Ministry of Energy and Minerals to TPDC.

WGL is responsible for carrying out the petroleum operations and furnishing TPDC with information, reports, records and accounts relating to the petroleum operations.

WGL further undertakes to select the blocks to be relinquished, where this is required in the process of renewals/extension of the exploration licence; to pay TPDC copying charges in respect of geological and geophysical data relating to contract area; to reimburse TPDC for annual charges in respect of the exploration licence; and to notify TPDC of any material changes in its circumstances of that of its affiliates on whom it depends for proper execution of the operations.

WGL has retained the same rights as previously held prior to the entering into the Farm-In Agreement detailed at paragraph 11.4(d) below, save that its participating interest has been reduced to 25.4% from its initial 80% position. Pursuant to the Farm-In Agreement, the operatorship of the concession has passed from WGL to Maurel et Prom.

The Mnazi Bay PSA does not specify its term or termination circumstances. However, the Mnazi Bay PSA is governed by the Tanzanian Petroleum Act which, under s.37 thereof, allowed the Minister to issue a development licence which was granted on 26 October 2006 for a 25-year period and may be extended for a further 20 year period. An exploration or development licence (and therefore by implication a PSA) may be cancelled by the Minister under S.51 of the Act if the Operator is in default – defined as "being in breach of any provisions of the Act, or of any condition of a licence, or of any provision of a relevant agreement…".

The Mnazi Bay PSA is governed by the law of Tanzania and disputes unresolved amicably shall be referred to arbitration pursuant to ICSID Rules. The jurisdiction of arbitration is also Tanzania.

(b) *Development Licence*

The Mnazi Bay PSA outlined above is a requirement for any subsequent grant of the requisite licenses and permissions to carry out any activity in relation to oil and gas exploration and production in Tanzania.

On October 26, 2006, under section 37 of the Tanzanian Petroleum Act, the GOT granted a development licence to TPDC in respect of 1 discovery block and 8 adjoining blocks comprising the Mnazi Bay Contract Area (the "**Development Licence**").

The Development Licence confers upon the TPDC the exclusive rights specified in Section 41 of the Tanzanian Petroleum Act. Those exclusive rights are to:

(i) carry on exploration operations in the development area;

(ii) carry on development operations in the development area;

(iii) sell or otherwise dispose, of the "petroleum" (which term is broadly defined to include any naturally occurring hydrocarbon) recovered; and

(iv) carry on such operations and execute such works in the development area as are necessary for or in connection with any matter referred to in paragraphs (i), (ii) and (iii).

The Development Licence has an initial term of 25 years commencing on and including the date on which it was granted (October 26, 2006), subject to any extensions which may be granted pursuant to section 44 of the Tanzanian Petroleum Act.

The Development Licence requires TPDC to comply (or to cause its assignees under the Mnazi Bay PSA) to comply with:

(i) all applicable Laws of Tanzania;

(ii) all relevant provisions of the Tanzanian Petroleum Act; and

(iii) all material terms of the Mnazi Bay PSA, including (1) adherence to the approved development plan; (2) compliance with good oilfield practices and good pipeline practices; and (3) timely payment of all royalties, annual charges, other taxes (including Additional Profit Tax or fees that are due to GOT).

(c) *Tanzania JOA*

The Tanzania JOA, which has an effective date of 20 February 2006, relates to the interests of the parties to it under the Mnazi Bay PSA. The Tanzania JOA will remain valid and effective until: the Mnazi Bay PSA terminates; all materials, equipment, and personal property used in connection with the joint operations or exclusive operations have been disposed of or are removed; and, final settlement has been made.

The Tanzania JOA provides for the rights and liabilities of WGL and TPDC and their respective participating interests under the Mnazi Bay PSA.

In respect of exploration activities WGL owns 100% of the participating interests. For all other petroleum operations (except for exploration) TPDC has a 20% participating interest and WGL has an 80% participating interest.

The Tanzania JOA reserves all operations under the Mnazi Bay PSA as joint operations.

WGL's obligations under the Tanzania JOA are to meet its cash calls by the due date which is defined by the operator, but shall not be sooner than the first business day of the month in which the cash is required.

The respective obligations of WGL and TPDC in the event that production/development commences are to meet their cash calls for related expenditure, attend and vote at annual committee meetings.

To the best of the Company's knowledge, Maurel et Prom has been compliant with its operator's duties since the former's assumption of the operatorship pursuant to the Farm-In Agreement (detailed further at 11.4(d) below). The work programs have so far included minimal capital expenditure commitments and have been carried out.

Under the Tanzania JOA, the operator's liability is subject to normal limitations, applicable to an operator of such a concession, and the parties to the Tanzania JOA are required, subject to certain exclusions, to indemnify the operator in respect of its losses suffered due to claims made in relation to joint operations.

The Tanzania JOA does not specify its term or termination circumstances. However, the Tanzania JOA is governed by the Tanzanian Petroleum Act which, under S. 37 allowed the Minister to issue a development licence which was granted on 26 October 2006 for a 25-year period and may be extended for a further 20 year

period. An exploration or development licence (and therefore by implication the Tanzania JOA) may be cancelled by the Minister under S.51 of the Act if the Operator is in default – defined as "being in breach of any provisions of the Act, or of any condition of a licence, or of any provision of a relevant agreement…".

TPDC does not have options to terminate the Tanzania JOA of its own accord. The procedure for a "normal" transfer of interest in the Tanzania JOA is provided for in the Tanzania JOA, and generally all parties can transfer their interest, save (a) where the transfer involves 100% of one's participating interest, the transferor and the transferee, after the transfer, cannot hold less than 10%; and (b) once the transferor and the proposed transferee determine the value of the transfer, the transferor will notify the other Tanzania JOA parties who can decide to purchase the participating interest at those terms or subject those terms to an expert for determination where they feel the value is incorrect.

The governing law of the Tanzania JOA is that of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitration.

(d) *Mnazi Bay Farm Out Agreement*

Pursuant to the Mnazi Bay Farm Out Agreement, it was agreed that the parties would procure that WGL would transfer in aggregate a 54.6% participating interest in all petroleum operations other than Exploration Operations (as defined in the Tanzania JOA) and in aggregate a 68.25% participating interest in all Exploration operations, in each case in relation to the Mnazi Bay Concession. Following the completing of the transfers contemplated by the Mnazi Bay Farm Out Agreement, the respective participating interests in exploration and petroleum operations in relation to the Mnazi Bay Concession were as follows: (i) the participating interest in all petroleum operations were TPDC — 20%; the Company — 25.4%; Maurel et Prom — 38.22% and CETMBL — 16.38%; and (ii) the participating interest in exploration operations were the Company 31.75%; Maurel et Prom — 47.775%; and CETMBL — 20.475%. The consideration paid for such interests was the payment by Maurel et Prom of $5,600,000 to WGL and the payment by CETMBL of $3,400,000 to WHJL.

The transfers to CETMBL and Maurel et Prom (the "Tanzania Transferees") include the transfer of a *pro rata* share of "Contract Expenses" as defined in the Mnazi Bay PSA (and the right to recover those *pro rata* shares expenses in accordance with the provisions of the Mnazi Bay PSA and Tanzania JOA), which in turn is expressly included the inventory listed at Exhibit G to the Mnazi Bay Farm Out Agreement.

The Mnazi Bay Farm Out Agreement refers to a US$28.7 million receivable incurred by TPDC under the Tanzania JOA as a result of its election to participate in joint operations (the "**TPDC Receivable**"). The Mnazi Bay Farm Out Agreement states that this sum is to the Company's account, the Tanzania Transferees shall not share in this sum, and any repayment of this sum by way of cost and profit relinquishment by TPDC is to be paid in priority over any additional development cost financing for TPDC.

At the time of signature of the Mnazi Bay From Out Agreement: (i) WGL sold gas to WPL under an interim arrangement; and (ii) WGL and WPL had entered into a gas sales agreement which was not yet effective (the "**GSA**"). Pursuant to the Mnazi Bay Farm Out Agreement, the parties agreed to negotiate in good faith to: (a) further formalize the interim arrangement under which gas was being sold to WPL (and the Company agreed to procure that WPL would negotiate in good faith in this regard), and (b) novate the GSA (as defined below) to the operator (in effect, to Maurel et Prom which would become the operator of the Mnazi Bay Concession).

Pursuant to Article 7.3.4 of the Mnazi Bay Farm Out Agreement, WGL agreed to cause WPL to grant and perfect a pledge in favour of Maurel et Prom as operator under the Tanzania JOA and as seller of gas to WPL over the dedicated bank

account to which all payments from TANESCO are made for the purchase of electricity. WGL further undertook to procure that all monies received from TANESCO would be deposited into such pledged account only.

As the GSA has not yet come into effect, WGL is still selling gas to WPL which is in turn selling power onto to TANESCO under interim arrangements (which include the Interim Power Purchase Agreement). While the Interim Power Purchase Agreement has not been novated to Maurel et Prom as required under the Mnazi Bay Farm Out Agreement, WGL is still providing to Maurel et Prom and CETMBL their share of the proceeds of the onward sale of the gas extracted from the Mnazi Bay Concession and neither of Maurel et Prom or CETMBL have voiced concerns over these continuing arrangements, or in relation to the fact that the pledge referred to in the above paragraph has not been placed over the dedicated bank account into which payment are made to WPL by TANESCO in relation to the sale of electricity by WPL.

WGL provides wide ranging warranties in relation to the operation of the Mnazi Bay Concession and indemnifies the Tanzania Transferees in respect of losses suffered as a result of their breach and/or other breaches of the Mnazi Bay Farm Out Agreement.

The Company also provides to the Tanzania Transferees (i) a guarantee of WGL's obligations under the Mnazi Bay Farm Out Agreement the JOA Novation and the DAA (as defined below) ("**WGL's Tanzania Farm-in Obligations**"); (ii) an indemnity against WGL's Tanzania Farm-in Obligations not being performed by WGL or becoming void, voidable, unenforceable or otherwise invalid.

The Mnazi Bay Farm Out Agreement is governed by the laws of England and Wales.

(e) *DAA*

A Deed of Assignment and Assumption (the "**DAA**") was entered into on 19 October 2009 between the parties to the Mnazi Bay Farm Out Agreement and TPDC. Pursuant to its terms, the relevant participating interests in the Mnazi Bay PSA are transferred to the relevant Tanzania Transferee.

Further to the DAA, WGL assigns (i) to Maurel et Prom a 38.22% and to CETMBL a 16.38% participating interest in all petroleum operations other than exploration operation; and (ii) to Maurel et Prom a 47.775% and to CETMBL a 20.475% participating interest in all exploration activities. Maurel et Prom and CETMBL covenant with WGL and TPDC to duly perform, observe, and be bound by all the terms and conditions of the Mnazi Bay PSA applicable to WGL to the extent of the farm-in interest (pursuant to the Mnazi Bay Farm Out Agreement).

The governing law of the DAA is the law of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitrators and the Laws of England and Wales. The English courts shall have exclusive jurisdiction to settle any dispute which may arise out of the DAA.

(f) *Tanzania JOA Novation*

An agreement of amendment and novation in respect of the Tanzania JOA (the "**Tanzania JOA Novation**") is dated 19 October 2009 and was entered into between the parties to the Mnazi Bay Farm Out Agreement and TPDC and amends the Tanzania JOA to include pre-emption provisions based on model language prepared by the Association of International Petroleum Negotiators and novates the relevant participating interests in the Tanzania JOA to the relevant Tanzania Transferee.

The Tanzania JOA Novation also makes changes as to the manner in which parties may transfer their participating interest. All transfers of all or a portion of any party's participating interest or a change in control of a party (other than transfer to an affiliate or in case of TPDC to another government agent or entity owned by the government) and made subject to a pre-emption procedure, whereby the selling party (or a party subject to a change of control) is required to notify the

other parties of its intention to transfer all or a portion of its participating interest, and offer the other parties the opportunity to purchase some or all of its participating interest.

Pursuant to the terms of the Tanzania JOA Novation, a party may transfer all of its rights with regard to (i) the areal extent of an existing commercial discovery; (ii) all exploration operations in the development area and to the areal extent of any commercial discovery resulting from such exploration operations, provided however that, if the Mnazi Bay PSA or the law/regulations do not permit such transfer, then the transferring party shall be deemed (a) to have forfeited to the transferee all economic interest in the areal extent of such existing commercial discovery or in all exploration operation; and (b) to have assumed for the benefit of the transferee a fiduciary duty to exercise its legal interest in the development area.

A party subject to a change in control shall obtain any necessary government approval with respect to the change in control and furnish any replacement security. Furthermore, a party subject to a change in control shall provide evidence to the other parties that, following the change in control, such party shall continue to have financial capability to satisfy its payment obligations under the Tanzania JOA Novation.

The governing law of the Tanzania JOA Novation is the laws of Tanzania.

The Tanzania JOA Novation provides for Maurel et Prom to take over as operator of the Mnazi Bay Concession on 19 October 2009. In practice, the transfer of operatorship did not occur on this date. Accordingly, pursuant to a letter from Maurel et Prom and WGL dated 1 December 2009 to TPDC and CETMBL, Maurel et Prom and WGL requested that the Tanzania JOA be amended to show Maurel et Prom as designated operator as of 1 December 2009.

(g) *TIB Loan*

On 24 December 2009, Artumas Group & Partners (Gas) Limited (now WGL) entered into a long term loan with a maximum principal amount of ten billion Tshs with the Tanzanian Investment Bank ("**TIB**") as lender (the "**TIB Loan**"). In order to secure the outstanding sums under the TIB Loan:

(i) WGJL pledged its shares in WGL to TIB; and

(ii) WGL agreed to assign its participating interest in the Mnazi Bay Concession to TIB in the event of a default under the TIB Loan.

Letters of pledge in both foregoing respects have been executed and provided to TIB.

The purpose of the loan was to finance operating costs of WGL for the year 2009 and beyond to enable WGL to meet its obligations to supply gas as part of the Mtwara Energy Project. More specifically the funds are to be utilized for (i) urgent payments due and payable of approximately US$2 million; (ii) repayment of external loans of the Group which were partially securitized by the GOT's commitment to provide this loan and the proceeds of which enabled operations of WGL since March 2009 of approximately US$2.4 million; and (iii) meeting WGL's share of operating costs of the gas facilities going forward of approximately US$2.6 million.

The term of the loan is eight (8) years inclusive of a two (2) years grace period. The interest rate agreed upon is 9.18% per annum. In order to secure the outstandings on the loan, The cost of funds to WGL include the (i) payment of a non-refundable facility fee amounting to 0.5% of the total loan amount to be deducted at the time of disbursing the loan; and (ii) payment of annual agency fee to TIB amounting to 0.5% per annum of the outstanding amount payable quarterly subject to a minimum annual fee of 30 million TShs.

The outstanding balance on the loan as at 30 June 2011 was US$7,340,000.

The principal payment is required to be made in twenty-four (24) equal quarterly instalments following the grace period noted above. Interest charges during the grace period will be added to the principal at the end of the grace period, whereas interest following the grace period will be paid quarterly at a fixed rate indicated in the foregoing.

WGL provides normal undertakings under the TIB Loan with respect to the maintenance of its capital and assets and there are normal events of default.

(h) *Mtwara Power Plant*

The Mtwara Power Plant is governed by seven principal project agreements (the "**MPP Project Agreements**"). Although a significant portion of the conditions precedent to the MPP Project Agreements have been met, including applications for and approval of a number of regulatory permissions, other important conditions most significantly the approval of the ORET Grant arranged through the GOT and the Netherlands as envisaged in relation to the implementation of the proposed project have not been and are not likely to be met. The conditions precedent not being met notwithstanding, each and all respective MPP Project Agreements remain valid agreements to which respective parties thereto remain bound by their respective transition provisions until such time that the parties agree to amend them or abandon them altogether. Summaries of the terms of the MPP Project Agreements are set out below:

(i) *Implementation Agreement*

On 12 December 2008, WMJL entered into an implementation agreement ("**Implementation Agreement**") with the GOT in relation to the Mnazi Bay Gas to Electricity Project. The Implementation Agreement is the master agreement under which WMJL has agreed to implement its obligation with regard to the Mnazi Bay Gas to Electricity Project through its affiliates WGL, WPL and ULCL. Under this agreement the GOT grants to WMJL the right to develop, finance, insure, own or lease, operate, and maintain the Gas-to-Electricity Project in terms of each of the MPP Project Agreements.

Failure to achieve the conditions precedents and if the effective date does not occur six (6) months following the execution date, the GOT or WMJL may deliver a notice of termination and the termination shall be effective on the date of delivery of such notice. Save for the rights and obligations that might have accrued before the date of termination, the parties shall have no further the conditions precedent for the Implementation Agreement to come into effect, which include the agreement of the power tariff methodology with the retail tariff methodology have not yet been met.

In the implementation of the project, WMJL is required to ensure that (i) all costs of gas to electricity project and the gas project are accounted for separately and properly; (ii) costs which related to both gas to electricity project and the gas project are allocated fairly as between such projects; and (iii) there shall be no cross-subsidisation between the two projects or between the WMJL entities except as approved by the Energy and Water Utilities Regulatory Authority ("**EWURA**").

The project agreements covered by this master agreement are the GSA (set out below at 11.4(h)(ii)); the PPA (set out below at 11.4(h)(iii)); the Transition and Distribution Franchise Agreement (set out below at 11.4(h)(iv)); the TEFA (set out below at 11.4(h)(v)); the FLAA (set out below at 11.4(h)(vi)) and MICRA (set out below at 11.4(h)(vii)).

The Implementation Agreement remains effective, unless terminated earlier, until all of the MPP Project Agreements have been terminated or otherwise expire.

The Implementation Agreement is governed by the laws of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitration.

(ii) *Gas Sales Agreement*

On 12 December 2008, WGL, WPL and TPDC entered into a gas sales agreement ("**GSA**") in relation to the Mnazi Bay Gas to Electricity Project.

The effective date for the GSA is (a) the date on which the last of the MPP Project Agreements is executed (that is on the date of execution of this and other MPP Project Agreements being 12th December 2008); and, (b) the date on which the conditions precedents set forth in sub-article 20.2 of the Implementation Agreement are fulfilled to the satisfaction of each of the parties to the Implementation Agreement or are waived thereby. As stated above, these conditions are yet to be met or waived.

The GSA provides for WPL's ability to obtain the necessary gas for generation into electricity and thereby sale under the below mentioned PPA to ULCL. TPDC has entered into the GSA using its participating rights under the Mnazi Bay PSA.

TPDC and WGL will, under the GSA, sell to WPL gas with (i) a total contract limit of 41 billion SCF of gas; (ii) an annual limit of 2.03 billion SCF of gas; (iii) a daily delivery limit of 6.3 million SCF of gas; and (iv) a gas order limit of the amount that is indicated in the gas order delivered for such a day. The volume of gas in the total contract limit, the annual limit and in the daily limit is based on gas having a nominal value of 904 BTU per SCF. In the event of non-supply for reasons not attributed to WPL's action, inaction or Force Majeure event declared by the WGL, then, subject to WPL's duty to mitigate the loss, WGL shall be liable for any and all losses suffered by WPL as a result of such failure to supply including (a) WPL's lost capacity payment; and (b) WPL's payment obligation arising under the PPA for its failure to meet the dispatch level.

In the event the MPP Project Agreements come into effect, the GSA would be assigned by WGL to M&P as the operator of the Mnazi Bay contract area.

The GSA is governed by the laws of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitration.

(iii) *Power Purchase Agreement*

On 12 December 2008, ULCL and WPL entered into a power purchase agreement ("**PPA**") in relation to the Mnazi Bay Gas to Electricity Project. The PPA relates to the sale and purchase of electrical energy by ULCL from WPL stemming from the generation of electricity by WPL and distribution by ULCL under the Franchise Agreement (detailed below) and has a term of 20 years. The PPA will not come into effect until the conditions precedent to the Implementation Agreement have been met or waived. As stated above, these have not yet been met or waived, and so the PPA is not yet effective.

The PPA provides, *inter alia*, that WPL will deliver the dispatched energy to the Interconnection Point (as defined in the PPA) and ULCL will receive and purchase the dispatched energy. Under the PPA, ULCL is required to obtain electrical energy to meet its requirements exclusively from WPL, unless WPL cannot meet its demands.

WPL shall not (i) sell or deliver electric energy produced at the generation facility to any other person other than ULCL; or (ii) confer upon any other person any right in or to the dependable capacity except to the extent that the electric energy is required for the operation of the generation facility; and/or as otherwise permitted by EWURA. If ULCL desires additional generation capacity to approximately 14 MW or 16 MW then (i) it shall request in writing from WPL such increase in generating capacity; and (ii) WPL shall deliver and make available such increase to ULCL only if EWURA gives unqualified and unconditional approval of the installation of the additional generation capacity and recovery of the costs of such additional

generation capacity. The PPA also provides for another increase of the contract capacity from 16 MW to 30 MW under the same terms and conditions.

In the event of the MPP Project Agreements come into effect, the GSA, which provides for the supply of the gas for the purposes envisaged in the PPA, will be assigned by WGL to Maurel et Prom as the operator of the Mnazi Bay Concession.

The PPA is governed by the laws of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitration.

(iv) *Transmission and Distribution Franchise Agreement*

On 12 December 2008, ULCL and the GOT entered into a transition and distribution franchise agreement ("**Transmission and Distribution Franchise Agreement**") in relation to the Mnazi Bay Gas to Electricity Project. The Transmission and Distribution Franchise Agreement sets out the terms on which the GOT has granted to ULCL the sole and exclusive right to engage in transmission and distribution of electric energy and the sale and delivery of electricity services to residents of the Franchise Area namely Lindi District south of Bwemkuru River and Mtwara, Tandahimba, Newala, Masasi, Nachingwea and Rwangwa Districts.

The Transmission and Distribution Franchise Agreement also includes, as annexes, a rehabilitation and expansion plan for the network supplied by the generation facility by linking the neighbouring networks of Lindi and Masasi to the Mtwara Grid. The Transmission and Distribution Franchise Agreement provides that the interconnection of these three isolated networks will require construction of two 33 kV interconnector circuits totalling in excess of 120kms. The rehabilitation is divided into two phases.

The Transmission and Distribution Franchise Agreement will be effective on the date of execution of this and other MPP Project Agreements (being 12th December 2008) and completion of conditions precedent as set out under sub article 20.2 of the Implementation Agreement. As stated above, these conditions have not yet been met or waived.

The Transmission and Distribution Franchise Agreement is governed by the laws of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitration.

(v) *Tariff Equalisation Facility Agreement*

On 12 December 2008, the GOT, ULCL and Stanbic Bank Tanzania Limited entered into a tariff equalisation facility agreement ("**TEFA**") in relation to the Mnazi Bay Gas to Electricity Project and Masasi Interconnection Works. The TEFA recognises the agreement between the GOT and ULCL for the Masasi Interconnection Agreement (detailed below) and the Transmission and Distribution Franchise Agreement. The TEFA is intended to enable ULCL to obtain funds to reimburse costs incurred in undertaking the Masasi Interconnection Works.

The TEFA will be made effective on the date of its execution and the execution of the other MPP Project Agreements (being 12th December 2008) and completion of conditions precedent as set out in Subarticle 20.2 of the Implementation Agreement which, as stated above, have not yet been met or waived.

The TEFA provides, *inter alia*, for the GOT to open a TEF Account with Stanbic Bank Tanzania Limited where funds of up to US$7.5 million will be deposited for ULCL to draw upon for reimbursement.

The TEFA is governed by the laws of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitration.

(vi) *Facilities Lease and Assignment Agreement*

On 24 January 2008, WPL entered into a lease agreement with the Tanzania Ports Authority (''**TPA**'') in Respect of Plot No. 1. Mtwara Port Area (''**Mtwara Lease**''). Pursuant to the terms of the Mtwara Lease, WPL has leased a landed property measuring 50,130 square metres forming part of Plot No.1, Port Area, Mtwara for a period of ten years from 24th January 2008. The period of lease is renewable for up to a term of twenty five years. The rent for the property is TShs 5,013,000.00 payable annually in advance calculated at TShs 100.00 per square metre exclusive of taxes.

It is a term of the Mtwara Lease that the rent payable may be reviewed after every three years upon issuance of three months prior notice. In the event the parties fail to agree on the revised rent the TPA may terminate the Mtwara Lease upon giving a prior notice of six months.

The dispute resolution clause in the Mtwara Lease provides that parties submit to competent local courts in the event amicable settlement fails.

The Facilities Lease Assignment Agreement (''**FLAA**'') between Tanzania Electric Supply Company and ULCL was entered into on 12th December 2008. Under the FLAA TANESCO leases to ULCL (a) any and all land and land interests and interests in non-moveable property located within the Franchise Area (that is, an area of Lindi Administrative District-but only south of the Bwemkuru River—and the Administrative Districts of Mtwara, Tandahimba, Newala, Masasi, Nachingwea, and Ruangwa) and owned by TANESCO that are reasonably necessary for ULCL to perform its obligations and enjoy its rights under the Franchise Agreement; (b) other facilities and equipment used to transmit and/or distribute electric and supply electric power to consumers; (c) all modifications within the Franchise Area; (d) any legal or beneficial right, title, or interest in land upon which any of the foregoing is situated; (e) any land and land interests, and interests in non-moveable property owned by TANESCO at the time of the exercise of Liwale Put Option or the Franchise Area Expansion Option from time to time; (f) any such land and land interests, and interests in non-moveable property constructed as part of the Masasi Interconnection Works; and (g) the conventional meters remaining at the transfer date.

ULCL's key responsibilities pursuant to the FLAA are to pay to TANESCO rent which shall accrue monthly and calculated using the mode set out as Annex C to the FLAA and payable in terms of the Retail Tariff Methodology; and to use the leased assets properly and in the best practice. So long as the FLAA is in force and ULCL has not abandoned the leased assets, ULCL shall have the right, without needing TANESCO's consent, to (a) amend any existing permitted lien; and (b) grant to any third party any additional easement or right of way useful or necessary for transmission and distribution facilities by ULCL. TANESCO, on its part, will transfer to ULCL the lease assets and will assist ULCL in securing any necessary administrative and regulatory approvals.

The FLAA will be made effective on the date of execution of this and other MPP Project Agreements (being 12th December 2008) and completion of conditions precedent as set out under sub article 20.2 of the Implementation Agreement which, as stated above, have not yet been met. Unless extended or terminated earlier it shall remain in full force for 20 days from the transfer date or upon the end of the Franchise Agreement.

The Governing Law of the FLAA is that of Tanzania and the dispute resolution mechanism is arbitration in London pursuant to the rules of the London Court of International Arbitrators.

(vii) *Masasi Interconnection Construction and Reimbursement Agreement*

On 12 December 2008, ULCL, ATJL and the GOT (acting through Ministry of Energy and Minerals, Ministry of Finance and Economic Affairs and TANESCO) entered into an interconnection, construction and reimbursement agreement

in relation to the area of Masasi ("**MICRA**"). The MICRA governs ULCL's agreement and obligations in relation to the construction of the Masasi Interconnection Facilities and ULCL's undertaking to complete the Masasi Interconnection works.

The MICRA will be made effective on the date of execution of this and other MPP Project Agreements (being 12th December 2008) and completion of conditions precedent as set out in Sub-article 2.2 of the Agreement. These conditions precedents include among others that (i) the GOT and ULCL shall have selected the TEF bank and the TEFA has been executed; (ii) ULCL and its contractors have obtained all consents; (iii) the GOT has deposited into the TEF Account an amount of US$7.5 million; and, (iv) a confirmation satisfactory to ULCL and the GOT that the interconnection works qualify for grants under the ORET Grant Agreement. While both parties are under obligation to make reasonable efforts to cause each of the condition precedents to be met, in the event effective date does not occur within 120 days from execution date either party may terminate the MICRA on giving written notice.

Under the MICRA GOT shall own the Masasi Interconnection Facilities and works so completed by ULCL on payment to ULCLs for such works. The payment to ULCL will include reimbursement of any costs that ULCL incurs, but which should otherwise have been paid for by the GOT as is required pursuant to the MICRA. ULCL is obliged to execute and deliver to GOT such documents and instruments that will give GOT title of the facilities and works. Until such full transfer to GOT/TANESCO, ULCL shall have full and exclusive possession of the Masasi Interconnection Facilities sites.

The MICRA is governed by the laws of Tanzania and the dispute resolution mechanism does not require arbitration; therefore aggrieved parties would have to take their grievance to the Courts of Tanzania.

(viii) *Interim Power Purchase Agreement*

An interim power purchase agreement ("**IPPA**") was entered into on 10 August 2006 between WPL and TANESCO relating to the design, engineering, construction, ownership, operation and maintenance of a gas-fired power generation facility in Mtwara. The IPPA was made operative from 10 August 2006 for the initial term of one year and was subsequently renewed for two additional six months terms pursuant to the Agreement, and came to an end in March 2009.

Under a separate amendment, in the form of Annex D to the Implementation Agreement referred to at 11.3(h)(i) above, WPL and TANESCO extended the IPPA for an indefinite period that would come to an end on the first occurrence of either of the following events:

(i) the occurrence of the "Transfer Date" (as defined in PPA referred to at 11.3(h)(iii) above); or

(ii) the date that is six (6) months following the date that the Implementation Agreement is terminated in accordance with Sub article 20.3(a) of the Implementation Agreement. In the event of the termination of the Implementation Agreement in accordance with its terms, the parties shall, for up to six months, negotiate in good faith the terms and conditions of a long-term power purchase agreement as a replacement for IPPA.

None of the foregoing events has yet occurred, and thus the IPPA is still operational under the extension.

Under the terms of the IPPA, WPL shall provide and TANESCO shall purchase all the energy required to serve TANESCO's customers. However, WPL is not obliged to make capacity in excess of the 8 MW capacity of the generation facility. WPL is required to commence construction of the generation facility

immediately upon the execution of the IPPA and shall commission the generation facility not later than 120 days from the date of execution of IPPA.

It is WPL's obligation to obtain generation, transmission and distribution licences necessary for the project. At its sole expense, WPL will connect the busbar at the generation facility to the 11kV busbar at TANESCO's power plant facility in Mtwara. WPL is also responsible for metering, invoicing TANESCO and keeping accounting records and audits.

The parties agree that WPL will recover all fuel and operations and maintenance expenses incurred in delivery of energy under the IPPA out of the payments received under the IPPA. Any amounts received by WPL under the IPPA in excess of the costs and expenses allowed will be applied to reduce the amount of capital costs, financing costs or other charges or expenses that may be recoverable under the MPP Project Agreements so that WPL and its affiliates will not make double recovery under the IPPA and alos under the MPP Project Agreements.

The selling price to TANESCO per kWh of energy delivered by WPL is US$0.1195 for the first year from the commissioning date. For all other extensions the price shall be calculated in the following formula:

Price = US$0.1195 x (CPI EP /CPI Ref) where:

Price means busbar price that applies during the first extension period and the second extension period;

CPIEP means the United States Consumer Price Index for All Urban Consumers published most recently prior to start of the first extension period; ND

CPIRef means the United States Consumer Price Index for All Urban Consumers published one year prior to CPIEP.

Under the IPPA each party gives normal warranties.

The IPPA includes normal events of default, which also include WPL's failure to generate a minimum of 72.5% of the energy required to serve TANESCO's customers in the supply area during any calendar month. Similar defaults if occasioned by or at the instance of TANESCO shall form TANESCO's event of default.

The IPPA does not explicitly set out the mechanism for which disputes under the agreement is to be resolved. Notwithstanding, the IPPA provides that the agreement is governed by and construed in accordance with the law of Tanzania. In absence of explicit provisions as to the dispute resolution mechanism, the normal course of disputing under Tanzanian law would thus ensue.

11.7 Mozambique operations

(a) *Onshore Mozambique*

(i) *Exploration and Production Concession Contract*

On 18 April 2007, WMPL entered into an exploration and production concession contract with the Mozambican Government and ENH in relation to the Rovuma Onshore Block in the Rovuma Basin, northern Mozambique ("**Onshore EPCC**"), for a term of eight years.

The Onshore EPCC became effective on 1st September 2007.

Pursuant to the terms of the Onshore EPCC, WMPL was granted an exclusive right to conduct as operator of the concession, petroleum exploration and production, as well as the non-exclusive right to construct and operate oil pipeline or gas pipeline systems for the purposes of transporting crude oil or natural gas produced from the contract area.

Further to the Onshore EPCC, WMPL was granted a 85% participating interest in the Rovuma onshore block concession in the Rovuma Basin, Northern Mozambique (the "**Onshore Rovuma Block**"), subject to it procuring that certain work programmes were carried out in accordance with a time scale provided by the EPCC. The term of the EPCC is divided into three periods (the first two of which are 3 year periods and the last a 2 year period.

The Onshore EPCC provides that WMPL should act as Operator of the Onshore Rovuma Block, and that a new party may only take on the role of Operator with the consent of the Ministry of Mineral Resources ("**MIREM**"). The Onshore EPCC further provides that the operator is required to procure that Petroleum Operations must be carried out under the EPCC in accordance with Good Oilfield Practices and in accordance with applicable law. The Onshore EPCC further clarifies that in circumstances of more than 1 party being interested in the Onshore Rovuma Block, the obligations of WMPL and the other parties with participating interests under the EPCC shall be joint and several obligations, with the exception of their obligations to pay tax and comply with the confidentiality and foreign exchange obligations set out in the EPCC.

In circumstances of a discovery of petroleum on the Onshore Rovuma Block taking place the EPCC provides that the concessionaire must inform MIREM and, if it considers the discovery to be a potentially exploitable commercial interest, must develop and deploy an appraisal programme in relation to the discovery. Under the Onshore EPCC, WMPL is also required to pay certain production bonuses to the Mozambique government. These bonuses are not payable yet, as commercial production has not commenced within the Onshore Rovuma Block.

Pursuant to the provisions under the EPCC, WMPL is obliged to maintain accurate up-to-date records of its operations, and ensure MIREM is advised of all major developments, and to deliver annual progress reports to MIREM.

Accordingly with article 91 of the Petroleum Operations Regulation and the Onshore EPCC, the assignment of the rights and obligations under the EPCC or an undivided proportionate part thereof and other direct or indirect transfers of interest of participation in EPCC require prior approval from MIREM, and each assignment shall be effected by means of a deed of assignment. The assignments of interests under the EPCC referred to below under the Trade Agreement (as defined below) and the Onshore Farm Out Agreement (as defined below) were both completed under deeds of assignment and duly approvded by the Government of Mozambique ("**GoM**").

The EPCC provides that the GoM may cancel the Onshore EPCC, if the Concessionaire is in material breach of any terms of the Onshore EPCC or if a majority of a Concessionaire's shares are transferred to a third party.

The Onshore EPCC contains indemnities given by both the Concessionaire and the GoM.

In addition to the above, the Onshore EPCC also contains additional terms in relation to: (i) the manner in which petroleum discovered can be used to pay exploration and development expenses; (ii) the valuation of petroleum discovered; (iii) decommissioning; and (iv) employment and training.

The governing law of the Onshore EPCC is the law of Mozambique.

(ii) *Onshore Joint Operating Agreement*

A joint operating agreement in respect of the Onsure Rovuma Block (the "**Onshore JOA**") was entered into between WMPL and ENH on the 18 April 2007, further to the requirements of the Onshore EPCC. The Onshore JOA is still in force and shall continue in effect until (i) the Onshore EPCC terminates; or (ii) all materials, equipment and personal property used in connection with Joint Petroleum Operations or Exclusive Petroleum Operations (as defined in the Onshore JOA) have been disposed of or

removed; or, (iii) a final settlement of the interests of the parties under the Onshore JOA has been made. The Onshore JOA is drafted on the AIPN model form of joint operating agreement.

The purpose of the Onshore JOA is expressed as setting out the rights and obligations of the parties to the JOA (who have interests as concessionaires under the Onshore EPCC) with regard to the carrying out of Petroleum Operations (defined as "operations on the Onshore Rovuma Block carried out by the designated operator under the Onshore JOA").

The Onshore JOA sets out the participating interests in the Onshore EPCC of the parties to the Onshore JOA as 85% WMPL and 15% ENH, and confirms that all obligations liabilities and charges payable in relation to the Onshore Rovuma Block shall be chargeable in accordance with the parties retained participating interest from time to time.

The Onshore JOA sets out the rights and obligations of the Operator in respect of the Onshore Rovuma Block. The obligations of the operator include the obligations to:

- perform joint petroleum operations in accordance with the laws and the EPCC, and conduct and administer the same in a diligent, safe and efficient manner and good and prudent petroleum industry practices;
- exercise due care with respect to the payment, receipt and accounting of funds in accordance with applicable law and good and prudent practices in the petroleum industry;
- obtain all rights, permits, consents and approvals as may be required in relation to joint petroleum operations; and carry out the obligations of the operator as defined in the EPCC;
- administer and engage employees and other subcontractors necessary for the completion of the contemplated joint petroleum operations;
- the provision of data to other concessionaires in relation to the operation of the joint petroleum operations carried out on the Onshore Rovuma Block;
- procure the purchase of insurance necessary under the Onshore EPCC and applicable law, and to obtain the approval of the operating committee of the Onshore JOA (as defined below) to any other additional insurance.

The Onshore JOA also provides that the parties must assist the Operator (at their collective cost) in carrying out its obligations under the Onshore JOA. Further to the Onshore JOA the liability of the Operator is limited and excluded for the purposes of ensuring that the Operator does not face the possibility of suffering loss on account of it carrying out the role of Operator in accordance with the Onshore EPCC and the Onshore JOA.

The Operator may be removed from its role by the other parties to the Onshore Rovuma Block in circumstances which include: its insolvency, its breach of the terms of the EPCC; and / or the Operator undergoing a change of control.

The Onshore JOA provides terms for the establishment of an operating committee for the operation of the Onshore Rovuma block (the "**Operating Committee**"), which is drafted as having the power to authorize and supervise joint petroleum operations under the EPCC that are necessary or desirable to appropriately fulfill the rights and obligations of the parties under the EPCC. Each party who has a participating interest in the Onshore Rovuma Block is entitled to take part on the Operating Committee and shall have a vote which reflects its participating interest in the concession. The Onshore JOA goes on to set out the procedures further to which the Operating Committee is required to meet and vote.

The Onshore JOA provides a process by which the Operator is required to work with the other concessionaires in order to complete the work programmes set out in the EPCC.

The Onshore JOA contains a standard default provision whereby if a party fails to pay its share of joint account expenses when due, or obtain and maintain any security required under the Onshore EPCC, it shall be in default under the Onshore JOA, and the non-defaulting parties will be required to contribute to the default amount. A party in default under the Onshore JOA accordingly loses various rights under the Onshore EPCC.

The Onshore JOA provides normal rights of pre-emption in respect of any direct or indirect transfer of all or part of a party's participating interest.

The governing law of the Onshore JOA is the law of Mozambique. Any dispute arising out or in connection with the Onshore EPCC shall be submitted to arbitration at the International Centre for Settlement of Investment Disputes ("*ICSID*"), pursuant to the Convention on the Settlement of Investment Disputes between and Nationals of other States.

(iii) *Trade Agreement*

On 1 May 2007, WMPL entered into a trade agreement with Anadarko further to which Anadarko and WMPL agreed to an exchange of their respective interests in the Onshore Rovuma Block and the Offshore Rovuma Block (as defined below) (the "**Trade Agreement**").

Pursuant to the terms of the Trade Agreement, WMPL, Anadarko and ENH entered into deeds of novation and assignment, subject to Mozambique law:

- in respect of the Onshore JOA, pursuant to which WMPL assigned and novated to Anadarko 35.7% of its participating interest in the Onshore EPCC; and
- in respect of the Offshore JOA (as defined below), further to which Anadarko assigned to WMPL 8.5% of its participating interest in the Offshore EPCC.

Each of the above assignments and novations was agreed by the Minister of Mineral Resources in accordance with the terms of the relevant joint operating agreements and EPCCs.

(iv) *Onshore Farm Out Agreement*

Pursuant to the terms of the Onshore Farm Out Agreement, WMPL agreed to transfer a 24% participating interest in the Onshore Area of the Rovuma Block, Republic of Mozambique (the "**Onshore Rovuma Block**") to Maurel et Prom and a 10% participating interest to CEMROL. The agreement became effective (the "**Effective Date**") on 1 July 2009. A "participating interest" in the context of the Onshore Farm Out Agreement means a participating interest in the rights and obligations derived from (a) the Onshore EPCC; and (b) the Onshore JOA. The conditions precedent to the Onshore Farm Out Agreement were all met or waived and the above-mentioned transfers have been completed on 21 December 2009.

In respect of the transfer of participating interests, the principal obligations under the Onshore Farm Out Agreement are for the Parties to enter into: (a) deeds of assignment (one each for CEMROL and Maurel et Prom, each governed by Mozambique law), pursuant to which the relevant participating interest in the Onshore EPCC is transferred to the relevant farmee with effect from the Effective Date (as defined in the Onshore Farm Out Agreement), and (b) a letter agreements (one each for CEMROL and Maurel et Prom, each governed by Mozambique law), pursuant to which the relevant farmee accedes as a party to the Onshore JOA in respect of the participating interest transferred to it as and from the effective date of the Onshore Farm Out Agreement (the "**JOA Consents**").

The Onshore Farm Out Agreement is governed by English law. The transfers of participating interests made pursuant to the Deeds of Assignment and JOA Consents are governed by Mozambique law.

Pursuant to the terms of the Onshore Farm Out Agreement, Maurel et Prom and CEMROL (the "**Onshore Farmees**") agree to satisfy the Company's obligation in respect of all costs directly related to the First Well Completion payable by WMPL related to its 11.59% participating interest (the "**Wentworth Carry**"); where "First Well Completion" is defined as, "the drilling and Completion or plugging and abandonment of the first well or any Sidetrack or substitute well drilled (if the first well is discontinued for mechanical difficulties or because it reached an impenetrable substance or another condition is encountered in the hole) in the Onshore Rovuma Block and in each case any associated mobilization and demobilization".

Pursuant to clause 3 of the Onshore Farm Out Agreement a total of US$1,980,031 (the "**Onshore Cash Consideration**") was due to be paid by or on behalf of Maurel et Prom and CEMROL in consideration for the transfers made to them. Pursuant to a letter from AMPL to M&P and CEMROL dated 16 December 2009 (the "**Onshore Payment Request**") US$1,982,031 was requested to be paid to WMML. The sum mentioned in the Onshore Payment Request was paid in accordance with the Onshore Payment Request in due course following issue of the Onshore Payment Request.

The JOA Consent confirms that WMPL will remain responsible for collecting VAT from the relevant Mozambique government entities paid in respect of service contracts entered into by WMPL while operator of the Rovuma Block (the "**VAT Claims**"). The JOA Consent also confirms that WMPL will be responsible for reimbursing Anadarko its participating interest share of any recoveries made by WMPL in respect of the VAT Claims. There is a sum of refunds due to Anadarko which remains outstanding. The liability to pay this sum to Anadarko has been noted by the Company in its group accounts.

The parties agreed that WMPL could ask M&P and CEMROL (the "**Onshore Farmees**") to fund cash calls made under the Onshore JOA prior to the Completion Date ("**Intervening Cash Calls**"). If the Onshore Farmees agreed to do so, WMPL agreed to transfer an additional 1% participating interest per US$ 1 million so funded: (a) subject to and in accordance with the provisions of the Onshore EPCC and Onshore JOA, (b) subject that if completion of the Onshore Farm Agreement occurred within 30 Business Days after WMPL paid an Intervening Cash Call (funded by the Onshore Farmees) to the operator, the relevant additional transfer would not be required, and (c) provided that this would not result in WMPL's participating interest falling below 10%. Intervening Cash Calls were paid such that the limit referred to in the preceding above was met. As WMPL retained a 15.3% participating interest after the principal transfers contemplated by the Onshore Farm Out Agreement, an additional 5.3% participating interest was agreed to be transferred to the Onshore Farmees (to be apportioned 3.71% M&P (the "**M&P Additional Participating Interest**") and 1.59% Cove, the ("**Cove Additional Participating Interest**")). Please note, as mentioned elsewhere, WMPL currently holds a 11.59% participating interest. Please see below for details of the reduction.

WMPL, Cove and certain of their respective affiliate companies entered into a letter agreement (executed as a deed) dated 1 February 2010 (the "**Royalty Amendment Deed**"). The purpose of entry into the Royalty Amendment Deed was to provide for settlement of the matter of the Core Additional Participating Interest.

WMPL provided a number of wide ranging but normal representations and warranties to the Onshore Farmees.

The Onshore Farm Out Agreement provides that no party to it is liable for the others indirect, consequential, punitive or exemplary loss or damage, loss of profits or any loss caused in circumstances of the other party's performance of its obligations being affected by an event of *Force Majeure*.

Under the terms of the Onshore Farm Out Agreement, the Company also provided to the Onshore Farmees (a) a guarantee of WMPL's obligations under the Onshore Farm Out Agreement ("**WMPL's Onshore Farm Out Obligations**"), (b) an indemnity against WMPL's Onshore Farm Out Obligations not being performed or becoming void, voidable, unenforceable or otherwise invalid, and (c) a conditional performance undertaking to perform WMPL's Onshore Farm Out Obligations if not performed by WMPL.

(b) *Offshore Mozambique*

(i) Offshore EPCC

On 20 December 2006, Anadarko entered into an exploration and production concession agreement with the Mozambican Government and ENH, in relation to the Rovuma Offshore Block, Area 1, in the Rovuma Basin, northern Mozambique ("**Offshore Rovuma Block**") for a term of 8 (eight) years (the "**Offshore EPCC**"). In the event of a commercial discovery, the Offshore EPCC provides for an additional period of 30 years to be granted to Anadarko, to proceed with the development and production phase, of the concession plan counting from the date of approval of a development plan to be put in place by the Operator.

The Offshore EPCC became effective on 1 February 2007.

WMPL gained its participating interest in the Offshore EPCC further to its part in the Trade Agreement (as reviewed above). Following completion of the transfer of the entire 8.5% participating interest of the Company to CEMROFF further to the Offshore Farm Out Agreement (as defined below), the Company is no longer a party to this Offshore EPCC, pursuant to the Deed of Assignment between the Company and CEMROFL, and the JOA consent to such assignment signed by all parties to the JOA, including ENH. However, the Offshore EPCC is still relevant in relation to the Royalty Agreement.

(ii) Offshore JOA

On 20 December 2006, Anadarko and ENH entered into a joint operating agreement establishing the rights and obligations of the concession holders regarding the joint petroleum operations under the Offshore EPCC ("**Offshore JOA**").

The participating interests of the EPCC initially corresponded to an 85% interest to Anadarko and a 15% interest to ENH, with the 15% of ENH corresponding to a participating interest of the Mozambique State.

On 18 January 2008, a novation of the Offshore JOA was entered into between Anadarko, ENH and Mitsui E&P ("**Mitsui**"). On 1 April 2008, the novation of the Offshore JOA to Mitsui was completed and became effective and Mitsui acquired a participating interest of 20% in the Offshore EPCC.

Anadarko subsequently signed two participation agreements with the companies Videocon Energy Resources Ltd and BPRL Ventures Mozambique B.V. respectively, where it was agreed that 10% of its participating interest would be transferred to each of these two companies. ENH, the Company and Mitsui gave their consent to this transaction, which resulted in WMPL having an 8.5% participating interest. These remain the current participating interests of the parties involved in the Onshore JOA.

(iii) Offshore Farm Out Agreement

On 17 September 2009, Cove Energy, CEMROFF, and WMPL entered into a conditional sale agreement pursuant to which CEMROFF agreed to acquire WMPL's entire 8.5 per cent. share of the operations relating to the Mozambique Offshore Assets ("**Transferred Offshore Participating**

Interest") in consideration of the grant of a royalty payment by CEMROFF to WMPL pursuant to the Royalty Agreement (the "**Offshore Farm Out Agreement**").

The Royalty Agreement (summarised below) was entered into in consideration for the transfer under the Offshore Farm Out Agreement.

The Offshore Farm Out Agreement is governed by English law.

Under the terms of the Offshore Farm Out Agreement, WMPL can ask CEMROFF to fund cash calls made under the Offshore JOA prior to the Completion Date ("**Intervening Cash Calls**"). The consequences of WMPL doing so are referred to in the summary of the Royalty Agreement (as reviewed and defined below).

WMPL provides a wide range of representations and warranties to the Offshore Farmees under the agreement, most of which relate to the status and operations of the Offshore Rovuma Block and the related agreements.

CEMROFF made a representation and warranty that it had funds available to complete the transaction. In addition, Cove undertook to enter into a parent guarantee of CEMROFF's obligations in the form of Schedule 9 (Guarantee Agreement) to the Offshore Farm Out Agreement.

Under the terms of the Offshore Farm Out Agreement, each of WMPL and CEMROFF provide indemnities to the other against claims arising from breach of their respective warranties, representations, covenants or obligations under the Offshore Farm Out Agreement, except to the extent that any claim results from the other's gross negligence or wilful misconduct. The indemnities given by each party are expressed to survive termination of the Offshore Farm Out Agreement for a period of two years of such termination.

(v) *Offshore Royalty Agreement*

On 17 September 2009, WMML and CEMROFF entered into an agreement ("**Offshore Royalty Agreement**") pursuant to which Cove Energy agreed to grant to WMML a royalty of 6.4% of any "Profit Petroleum" which CEMROFF is entitled to in relation to its 8.5% particpating interest in the Offshore EPCC and Offshore JOA.

CEMROFF entered into the Offshore Royalty Agreement in exchange for the transfers made to it under the Offshore Farm Out Agreement. Under clause 2.2 of the Offshore Royalty Agreement, for each USD 1 million of Intervening Cash Calls funded by Cove (required to be paid by the concession between the date of the Offshore Farm Out Agreement and the completion of the transfers envisaged under it), the Royalty would be reduced by an absolute amount of 0.5% of the Profit Petroleum, provided that the Royalty would not fall below 4.0% of the Profit Petroleum. Certain Intervening Offshore Cash Calls were funded by Cove and subsequently, pursuant to the Royalty Amendment Deed referred to in 11.4(b)(vi) below, the parties agreed that the Royalty would be reduced to 4.95% of the Profit Petroleum.

Under the terms of the Offshore Royalty Agreement, CEMROFF is entitled to either (a) sell the Profit Petroleum at the current market price, or (b) purchase the Royalty Petroleum itself at the current market value, and in either case it must then account to WMML for the proceeds of such sale or purchase (as the case may be) less lifting and marketing costs, taxes and duties accrued after the point of measurement and in respect of such disposal. CEMROFF is obliged to make any royalty payments five business days following receipt of sale proceeds, subject to an additional five business day grace period in the case of administrative or technical error.

WMML has certain rights to verify the reports and information provided by CEMROFF in relation to its productions and disposal of petroleum.

Save that WMML may transfer the Royalty to an affiliate, WMML grants CEMROFF a first right of refusal to purchase the royalty on terms notified to CEMROFF.

(vi) *Royalty Amendment Deed*

On 1 February 2010 CEMROFF, CEMROL, WMPL and WMML entered into an agreement by letter drafted as a deed (the "**Royalty Amendment Deed**"), further to which the terms of the Onshore Farm Out Agreement and the Offshore Royalty Agreement were amended in accordance with the terms set out below:

- the definition of "Royalty Petroleum" in the Offshore Royalty Agreement was amended so that "Royalty Petroleum" means 4.95% of the Profit Petroleum earned by CEMROFF;
- pursuant to clause 10.3 and 10.4 of the Onshore Farm Out Agreement, WMPL agreed to transfer to CEMROL Cove Additional Participating Interest;
- CEMROL agreed, immediately following the transfer referred to above, to return the Additional Participating Interest to WMPL.

The Royalty Amendment Deed is subject to the laws of England and the jurisdiction of the courts of England and Wales.

(vi) Parental Guarantee Agreement

On 17 September 2010, Cove Energy entered into an agreement with WMPL and WMML pursuant to which it agreed to guarantee the obligations of CEMROFF and CEMROL under each of the Onshore Farm Out Agreement, the Offshore Farm Out Agreement and the Offshore Royalty Agreement (the "**Parental Guarantee Agreement**").

Further to the terms of the Parental Guarantee Agreement, Cove Energy provides certain undertakings and indemnities in respect of CEMROFF's and CEMROL's obligations under the Onshore Farm Out Agreement, the Offshore Farm Out Agreement and the Offshore Royalty Agreement.

11.8 Intercompany Agreements

(a) *Loan Arrangements*

The following companies have entered into inter-group loan agreements ("**Inter-Group Loans**") with each other:

(i) WHJL (as lender) and ATJL (as borrower);

(ii) ATJL (as lender) and WMJL (as borrower);

(iii) ATJL (as lender) and TGCL (as borrower);

(iv) WMJL (as lender) and ULCL (as borrower);

(v) WMJL (as lender) and WPL (as borrower); and

(vi) ATJL (as lender) and WGL (as borrower).

The Inter-Group Loans were entered into by the various parties to them to formalise the arrangements by which AHJL funds the operating subsidiaries of ATJL.

Each Inter-Group Loan is drafted on the same terms and was entered into on 1 January 2008. Set out below is a summary of the key terms of the Inter-Group Loans:

Each Loan (as defined in the Inter-Group Loans) is set out as available via multiple draw downs, non-revolving, unsecured, to be made available in US dollars and subject to the payment of interest, which is payable at 10% per annum.

Each Loan is made available by the relevant borrower conditionally on the borrower providing various representations and warranties (including for example representations as to proper incorporation, good standing and solvency) on each draw down, not being subject to any "Events of Default". The Events of Default include the borrower's insolvency, breach of representation or warranty, or the

other borrower's covenants included in the Inter-Group Loans (which include obligations to insure property pay relevant taxes, comply with laws and regulations and not dispose of substantial business assets without the lender's consent).

The Loans are set out as repayable on the lender's demand. The lender also has a right to opt to convert the Loan into shares in the borrower. The Loan is convertible at a rate of US$1,000 per share in the relevant borrower. The representations and warranties given by each borrower include a representation that the borrower will be able to provide the lender with shares (if it looks to convert its loan) free of any encumbrances or other third party interests.

Although the lender is entitled to assign or transfer any of its rights or obligations under any of the Inter-Group Loans, the borrower is not entitled to assign any of its rights without the lender's written consent.

WHJL is also a party to an amended and restated loan agreement ("**Amended Loan Agreement**") dated 12 September 2006 with ATJL. Pursuant to the terms of the Amended Loan Agreement, WHJL has loaned $73,000,000 in principal amount to ATJL as part of an unsecured, non-revolving facility. The loan is repayable upon demand. Although interest is not payable on the principal outstanding amount of the loan, interest becomes payable at rate of 10% per annum upon demand for repayment by the lender. Subject to Article 4.2 of the Amended Loan Agreement, WHJL has the option to convert any obligations into shares in the capital of ATJL at an exchange rate of $1 of loan for $1 in subscription monies for shares. If WHJL exercises the option to convert the outstanding obligations into shares, the obligations under the Amended Loan Agreement will be regarded as discharged.

Of the Wentworth group companies who have lent money under the Intra-Group Loan, only WHJL has converted outstanding sums owed by ATJL into shares. $14,920,946 remains outstanding and owed to WHJL by ATJL under the Intra – Group Loan between them.

(b) *Service Agreements*

The following companies have entered into inter-group service agreements ("**Inter-Group Service Agreements**") with each other:

(i) the Company (as service provider) and WHJL;

(ii) the Company (as service provider) and ATJL;

(iii) the Company (as service provider) and WMJL;

(iv) the Company (as service provider) and AETL;

(v) the Company (as service provider) and TGCL;

(vi) the Company (as service provider) and ULCL;

(vii) the Company (as service provider) and WPL;

(viii) the Company (as service provider) and WGL;

(ix) AETL (as service provider) and ATJL;

(x) AETL (as service provider) and WMJL;

(xi) AETL (as service provider) and TGCL;

(xii) AETL (as service provider) and ULCL;

(xiii) AETL (as service provider) and WPL; and

(xiv) AETL (as service provider) and WGL.

Each of the Inter-Group Service Agreements is drafted on the same terms. The purpose of the Inter-Group Service Agreements is to formalise the terms under which the relevant group companies have previously and wish in the future to provide services to each other in relation to the operation of the business of the Company's group.

The Inter-Group Service Agreements are each drafted as being effective as from 1 January 2008. Set out below is a summary of the key terms of the Inter-Group Service Agreements:

Further to the terms of each Inter-Group Service Agreement, the relevant service provider (the "**Contractor**") is engaged by the other party to the relevant agreement (the "**Recipient**") to provide the services listed in Schedule A to each of the agreements. The Services listed in Schedule A include (but are not limited to) financing, business development, financial reporting, contracts management, human resources and accounting. The Contractor is required to act in a "reasonable and prudent manner" in providing the services and to provide the services in accordance with generally accepted principles in the energy industry.

Each agreement provides that the Contractor remains the employer of its employees engaged in providing the services, that the board of the Recipient remains responsible for the management and control of the Recipient and that the Contractor can 'delegate' its provision of the Services to any other company or other entity (and subcontract its obligations), although it will still be liable to procure the performance of its obligations.

The Contractor is required to warrant that it has the requisite qualifications, skills and experience to perform the services in accordance with the agreement and that it shall keep suitable insurance in place.

The Contractor provides the services at cost +1% and is entitled to be reimbursed its disbursements and expenses incurred in providing the Services, as long as they are not counted in the computation of the consideration payable. All fees to be paid by the Recipient are expressed as excluding applicable tax and each invoice must be paid within 30 days of receipt.

Each agreement permits the Contractor and the Recipient to file a return under section 156 of the Excise Tax Act (Canada) to confirm that the services have been / were provided for zero consideration.

Neither the Contractor nor any of its designates, employees, agents or representatives (defined in the Inter-Group Service Agreements as the "**Suppliers**") have any liability to the Recipient for losses occurred by the Recipient relating to the Contractor's provision of the services, except where such losses have been incurred as a result of the Suppliers' gross negligence or wilful misconduct. Where the Recipient's loss has been caused by the Contractor's gross negligence or wilful misconduct, the Contractor must indemnify the Recipient for its losses.

The Recipient is required to indemnify the Suppliers against all directly arising losses, costs and expenses suffered by the Suppliers under the agreement which arise as result of the Suppliers' provision of the services under the agreement, unless such losses have arisen as a result of the Suppliers' gross negligence or wilful misconduct.

Either party may terminate each Inter-Group Service Agreement without cause on providing 60 days written notice to the other, or immediately in circumstances of the other's:

- material breach of the relevant Inter-Group Service Agreement which is not remedied within 90 days of receipt of notice of such breach;
- insolvency; or
- attempted assignment of the relevant Inter-Group Service Agreement.

11.9 Licences

The Group has been granted the following licences:

(a) *Tanzanian Development Licence*

Please see the review of the Development licence at paragraph 11.4(b) of this Part 9.

(b) *Operations in respect of the Mtwara Energy Project*

The Mtwara Energy Project is geared to providing a gas-to-power energy solution for the Mtwara and Lindi Administrative Regions to replace their existing unreliable, aged and isolated electricity generation and transmission system. WPL and ULCL

both hold the requisite licenses and other permissions in relation to all activities related to power generation, and transmission and distribution respectively for the oil and gas exploration and production in the Mnazi Bay Contract Area of the United Republic of Tanzania (the "**MEP licences**"). The MEP licences held by WPL and/or ULCL include the following:

A Provisional Electricity Generation License ("**PEGL**") was granted by the Energy and Water Utilities Regulatory Authority ("**EWURA**") to WPL on 21 February 2007, upon the payment of the requisite application fees. The PEGL was valid for a period of six (6) months unless it was earlier revoked or renewed. The PEGL was subsequently renewed by EWURA on 15 August 2007 to June 2008 and then again on 30 June 2008 to 30 June 2009. The Licence authorized WPL to generate electricity inside Tanzania in the Mnazi, Mtwara Bay area, and to sell generation services to Tanesco. The PEGL also authorized Wentworth Power to operate and maintain the 18 MW electricity generating power plant located within the Tanzania Ports Authority premises at the Mtwara port.

(i) *Power Generation License Exemption Order*

On 15 February 2010, EWURA issued a Power Licence Exemption Order ("**PLEO**") to WPL. The PLEO exempts WPL from complying with the requirements of section 8 of the Tanzania Electricity Act (2008) in respect of the operation of the agreements under the Mtwara Energy Project. The PLEO also provides that WPL shall have the rights established under the said agreements, including the right to (i) provide electricity generation services to customers using the generation facility, (ii) operate and maintain the generation facility, (iii) charge the tariff to customers based on the power tariff methodology, (iv) increase the capacity of the generation facility up to 30 MW, (v) carry out all the works related to the provision of services, and (vi) generate electricity for its own use at the generation facility. The PLEO is valid for a period of 15 years from the date of its publication in the official Gazette.

(ii) *Tariff Orders*

On June 15, 2010 WPL and ULCL both received from EWURA the Wentworth Power Limited Power Tariff Methodology Order, 2010 and the Umoja Light Company Limited Retail Tariff Methodology Order, 2010 following approval by the EWURA Board. Two (2) Tariff Orders remain subject to final gazetting by the Chief Parliamentary Draftsman and contain conditions which are not fulfilled. The gazetting of the Orders is a mere formality which requires action neither on the part of WPL nor ULCL. This has no effect on current operations whose tariff is governed by the Interim Power Purchase Agreement.

Distribution and Supply License

On 31 March 2009 ULCL lodged an application with EWURA for a Supply Licence, a Distribution Licence and a waiver of the requirement for a "Transmission Licence Application" related to the proposed development of the Mtwara Energy Project. The application sought the regulator's approval for the proposed franchise area of the administrative regions of Mtwara and Lindi where Umoja operates and propose to provide retail electricity services, pursuant to Mtwara Energy Project. EWURA is yet to respond to this application. The Company considers that the absence of the applied-for Licenses have no bearing or implications on the operations of the Company in its current strategy.

12. ENVIRONMENTAL MATTERS

Wentworth is subject to a broad range of environmental laws and regulations in the various countries and legal jurisdictions in which it operates. These laws and regulations impose stringent standards and requirements and potential liabilities regarding accidents and injuries, the construction and operation of Wentworth's plants and facilities, air and water pollutant emissions, the storage, treatment and discharge of waste waters, the use and handling of hazardous or toxic materials, waste disposal practices, and the remediation of environmental contamination, among other things. Wentworth believes in achieving the highest environmental standards in all aspects of operations. To accomplish

that, the Company has conducted the environmental impact assessment studies mentioned below. There are currently no environmental issues that may affect Wentworth's utilization of its property, plants and equipment.

12.1 Environmental Legislation, Policies and Guidelines

(a) *Government of Tanzania Environmental Impact Assessment Procedures*

The National Environment Management Act (2004) (section 11) provides liability any project which has an impact on the environment (which can include the development of gas wells, the production and distribution of natural gas, or the generation, transmission and distribution of electricity) requires that the prospects of any such projects conduct an environmental impact assessment for all project cycles.

On completion of the environmental impact assessment, the report is submitted to the Minister responsible for environmental matters, who considers the report and where satisfied issues an EIA Certificate in favour of the applicant.

The National Environmental Management Council ("**NEMC**") is an agency of the Government of Tanzania that reports to the Vice-President's Office. The main role of NEMC is to provide advice to the Vice-President's Office on all matters pertaining to environmental conservation and management. NEMC's Tanzania Environmental Impact Assessment Procedure and Guidelines (revised, March, 2002) ("**NEMC Guidelines**") sets out the procedures to be followed for the preparation of environmental impact assessments in Tanzania. According to the NEMC Guidelines, an environmental impact assessment is automatically required for the Company's operations in Tanzania (including the Mtwara Energy Project) as both development of gas wells and the production and distribution of electricity are included in the "Mandatory List" of projects that automatically require an environmental impact assessment. There are three main stages in the environmental impact assessment process: scoping, preparation of terms of reference and preparation of the environmental impact statement.

(b) *Mozambique Environmental Legislation*

In Mozambique all matters related to environmental management and supervision are dealt with by the Ministry for the Coordination of Environmental Affairs ("**MICOA**") through the National Directorate for the Environmental Impact Assessment. All projects with some significant impact on the environment must submit for approval by MICOA an Environmental Impact Assessment ("**EIA**") prior to the start of project activities. On approval MICOA issues a license for a given project and monitors project activities. Due to the recognition by the Government of Mozambique of the specifics of the Petroleum Operations, special Environmental Regulations for Petroleum Operations ("**ERPO**") were approved and in 2010 some improvements were introduced and approved by the Council of Ministers though the decree n.º.56/2010. In Mozambique, all phases of exploration and production of hydrocarbons require the approval of an EIA and of an Environmental Management Plan ("**EMP**") by MICOA.

(c) *World Bank Group Policies and Guidelines*

Wentworth has elected to plan the Mtwara Energy Project in accordance with World Bank Group safeguard policies and environmental guidelines. The Mtwara Energy Project environmental impact statement is being prepared to address the safeguard policies and environmental guidelines of the World Bank Group as they are applied in a private sector context. The International Finance Corporation, which is the private sector lending arm of the World Bank Group, has put in place safeguard policies that apply to the private sector projects for which it provides financing. The International Finance Corporation's safeguard policies, which are closely aligned with the safeguard policies of the Word Bank Group, are as follows:

§ Environmental Assessment (OP 4.01, October, 1998);

§ Natural Habitats (OP 4.04, November, 1998);

§ Pest Management (OP 4.09, November, 1998);

§ Cultural Property (OPN 11.03, September, 1986);

§ Forestry (OP 4.36, November, 1998);

§ Safety of Dams (OP 4.37, September, 1996);

§ Projects on International Waterways (OP 7.50, November, 1998);

§ Indigenous Peoples (OD 4.20, September, 1991);

§ Child and Forced Labor Policy Statement (March, 1998); and

§ Involuntary Resettlement (OD 4.30, June, 1990).

The World Bank Group's OP 4.01 "Environmental Assessment" sets out the procedures for preparation of an environmental impact assessment. OP 4.01 calls for environmental screening of a project to determine the appropriate extent and type of environmental impact assessment to be completed and the extent and nature of the public consultation activities that should be completed. The screening completed for the Mtwara Energy Project indicated that the project should follow the requirements for a "Category A" project, which, in brief, would entail preparation of a full environmental impact assessment. The screening step is documented in Wentworth's December 2003 "Mtwara gas-to-power Project, EIA Scoping Report".

(d) *Environmental Performance Standards*

The World Bank Group also has established sector-specific environmental performance guidelines as set out in the Pollution Prevention and Abatement Handbook (World Bank Group, 1998). The handbook sets out specific guidelines for: occupational health and safety; emissions to air, water and land; and maximum concentrations of pollutants in the receiving environments. The environmental impact assessment report will summarize the environmental performance standards and guidelines applicable to the Mtwara Energy Project, and identify the more stringent of the applicable Tanzanian standards and World Bank Group guidelines.

Wentworth believes in achieving the highest environmental standards in all aspects of operations. In 2003 Wentworth conducted an environmental impact assessment study. An environmental impact statement was developed from the environmental impact assessment and was approved by NEMC . The management proposes to avoid and minimize the impact of Wentworth's operations through the implementation of an Environmental & Social Management Plan.

12.2 Environmental Impact Assessments

(a) *Tanzania*

Wentworth completed an environmental impact assessment study in Tanzania in 2003 adhering to the applicable laws and regulations of Tanzania and World Bank Guidelines. On 20 December 2005, Wentworth was granted an environmental impact assessment certificate for the Phase II portion of the Mtwara Energy Project. The facilities and activities approved under the environmental impact assessment certificate include:

(i) gas processing facility at Msimbati Peninsula;

(ii) re-entry and production from Mnazi Bay-1;

(iii) drilling of additional wells;

(iv) development of gas flow lines from the wells to the gas processing facility;

(v) construction and operation of the eight-inch natural gas transmission pipeline connecting the gas processing facility at Msimbati Peninsula to the gas receiving facility and power generation plant at Mtwara Port; and

(vi) construction of a power plant at Mtwara harbour; and construction of a transmission and distribution system connecting the isolated grid systems of Mtwara, Lindi and Masasi.

(b) *Mozambique*

An environmental impact assessment study has also been conducted in Mozambique. This study is limited to the 2D hydrocarbon (oil and gas) seismic acquisition activities in the Onshore Rovuma Block, to be carried out by the Company. It also presents guidelines for the 3D seismic acquisition as well as for the drilling of four wells. The environmental impact assessment therefore evaluates the impacts of the set of activities for the clearing of seismic lines, and particularly the environmental and socio economic effects of the specific following actions:

(i) erection of worker camps;

(ii) detection of landmines and other explosives;

(iii) construction of tracks and clearing of seismic lines; and

(iv) operation of the seismic acquisition.

The environmental impact assessment is a requirement by Ministério para a Coordenação da Acção Ambiental, and aims to safeguard the observance of the environmental aspects of the different phases of the project, from the mobilization of resources to project completion. The environmental impact assessment examines the environmental and socio-economic situation of the area affected by the project, maps the ecologically sensitive areas, critically analyses the potential impacts of the activities and ultimately proposes adequate mitigation measures.

(c) *Operations in the Marine Park*

Wentworth's concessions lie in ecologically sensitive equatorial coastline area of south-eastern Tanzania. The Mnazi Bay Gas Field is located within the Mnazi Bay-Rovuma Estuary National Marine Park. These waters are recognized for their high marine biodiversity and include extensive coral reef communities unique to the region. While the utmost diligence is undertaken, there are risks associated with working within a marine park environment which may affect operations beyond Wentworth's control. This may include migration patterns of indigenous species, protection of seabeds and corals, time limitations on marine seismic access and marine park regulations requirements. To address such risks, weekly meetings are conducted between Wentworth and marine park officials to update specific considerations required in relation to seasonal patterns (for example, turtle nesting, humpback whale breeding periods), sensitive areas, unusual events with regular monitoring undertaken both prior, during and after activity implementation.

In compliance of the requirement that the holder of an EIA Certificate designs and implement an internal environmental and safety policy and awareness programme, the Company has a Health, Safety and Environment Policy. Moreover, in respect of the additional requirement for Annual Environmental Reports for the activities covered under respective Certificates, the Company conducts environmental audits on annual basis together with internal environmental inspections which are in turn reported in the monthly environmental reports.

The Company also has in place a Spill Response and Management Plan, which provides for the Company's preparedness in terms of equipment, response organization and treatment, and remediation. The Company has further complied in Tanzania with local Municipal Council's regulations on waste management and disposal and it has been granted a General Work Permit for its activities. The Company's Community Relations Department seeks and receives feedback from the surrounding communities and regulatory authorities to improve the project's environmental standards.

13. RELATED PARTY TRANSACTIONS

The following is an overview of the related party transactions entered into by the Group in the period from January 1, 2007 to the date of this Document.

13.1 In 2011, the Company had the following related party transactions, all of which, in the opinion of the Company, were made on arm's length terms.

(a) To the date of the Document, in the normal course of business, legal services of US$10,933.58 were provided by a law firm in which a former officer of the Company is a partner. In addition, in the normal course of business, legal services of £217,541.86 were provided by a law firm in which a current officer of a subsdiary of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value, and are included in general and administrative expenses.

(b) To the end of September 2011, in the normal course of business, the Company paid consulting fees in the amount of US$400,366.80 to Mr. Fore to serve as the Company's Investor and Public Relations Manager.

13.2 In 2010, the Company had the following related party transactions, all of which, in the opinion of the Company, were made on arm's length terms.

(a) During the year, in the normal course of business, legal services of US$816,325 were provided by a law firm in which a former officer of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value, and are included in general and administrative expenses. At December 31, 2010 the amount payable to the law firm was US$23,523.29.

(b) The Company entered into a consultancy agreement with Mr. Barton, in which Mr. Barton agreed to stay on as CFO on a part time basis and director of the Company until November, 2010, for transitional and consistency purposes. For this work Mr. Barton was compensated on a weekly basis. The consultancy agreement was publically disclosed.

(c) During the year, in the normal course of business, the Company paid consulting fees in the amount of US$60,000 to Mr. Fore to serve as the Company's Finance, Investor and Public Relations Manager.

(d) During the year, in the normal course of business, the Company paid consulting fees in the amount of US$25,290 to Mr. Dragonetti to serve as the Company's Regional Manager, East Africa.

13.3 In 2009, the Company had the following related party transactions, all of which, in the opinion of the Company, were made on arm's length terms.

(a) During the year, in the normal course of business, legal services of US$2,547,569.67 were provided by a law firm in which a former director, officer and shareholder of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value, and are included in general and administrative expenses. At December 31, 2009 the amount payable to the law firm was US$333,000.

13.4 In 2008, the Company had the following related party transactions, all of which, in the opinion of the Company, were made on arm's length terms.

(a) During the year, in the normal course of business, legal services of US$4,612,745.77 were provided by a law firm in which a former director, officer and shareholder of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value, and are included in general and administrative expenses, including US$152,000 in capitalized general and administrative expenses. At December 31, 2008 the amount payable to the law firm was US$558,683.

(b) During the year, the Company paid US$102,070.57 for consulting services to a company that is owned by an individual who is related to an officer, director and shareholder of Wentworth. At December 31, 2008, Wentworth owed US$82,000 to this company. These transactions have been recorded at the exchange amount in general and administrative expenses.

13.5 In 2007, the Company had the following related party transactions, all of which, in the opinion of the Company, were made on arm's length terms.

(a) During the year, in the normal course of business, legal services of US$2,182,563.07 were provided by a law firm in which a former director, officer and shareholder of the Company is a partner. The transactions have been recorded at the exchange amount, which approximates fair value, and US$122,000 is included in deferred financing costs, US$157,000 in share issue costs and US$1,903,000 in general and administrative expenses, including $537 in capitalized general and administrative expenses. At December 31, 2007 the amount payable to the law firm was US$565,000.

(b) During the year, the Company paid US$122,144.77 for consulting services to a company that is owned by an individual who is related to an officer, director and shareholder of Wentworth. At December 31, 2007, Wentworth owed US$10,000 to this company. These transactions have been recorded at the exchange amount in general and administrative expenses.

14. LOANS TO EMPLOYEES

The Company has no loans to employees.

15. LEGAL AND ARBITRATION PROCEEDINGS

The Company is not involved in any governmental, legal or arbitration proceedings, including pending or threatened of which the Company is aware, during the previous 12 months, which may have, or have had in recent past significant effects on the Company's and/or Group's financial position or profitability.

16. SECURITIES TRADING IN NORWAY

(a) *OSX*

The OSX was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As of December 31, 2009, the total capitalisation of companies listed on the regulated markets operated by the OSX amounted to approximately NOK 1,530 billion. The OSX has recently entered into a strategic cooperation with the London Stock Exchange Group with regards to, *inter alia*, trading systems for equities, fixed income and derivates.

(b) *Trading of Equities and Settlement*

Trading of equities on the OSX is carried out in the electronic trading system TradElect. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange. Official trading on the OSX takes place between 09:00 hours (CET) and 17:30 hours (CET) each trading day, with pre-trade session between 08:15 hours (CET) and 09:00 hours (CET). The settlement period for trading on the OSX is three trading days (T+3). Oslo Clearing ASA, a wholly owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA to act as a central clearing service, and has from June 18, 2010, offered clearing and counterparty services for equity trading on the OSX. Investment services in Norway may only be provided by Norwegian brokerage houses holding a license under the Norwegian Securities Trading Act, branches of brokerage houses from an EEA member state or brokerage houses from outside the EEA that have been licensed to operate in Norway. Brokerage houses in an EEA member state may also provide cross-border investment services in Norway. It is possible for brokerage houses to undertake market-making activities in shares listed in Norway if they have a licence to this effect under the Norwegian Securities Trading Act, or in the case of brokerage houses in an EEA member state, a licence to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require

notification to the Financial Supervisory Authority of Norway ("**NFSA**") or the OSX except for the general obligation on brokerage houses that are members of the OSX to report all trades in stock exchange listed securities.

(c) *Information, Control and Surveillance*

Under Norwegian law, the OSX is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the OSX monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments. The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance. Under Norwegian law, a company which is listed, or has applied for listing, on a Norwegian regulated market, must promptly release any inside information (i.e., precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The OSX may levy fines on companies violating these requirements.

(d) *The VPS and the transfer of shares*

The VPS is the Norwegian paperless centralised securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The Company's shareholder register is operated through the VPS. The VPS and the OSX are both wholly owned by Oslo Børs VPS Holding ASA. All transactions relating to securities registered in the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (i.e., Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents. The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party. The VPS must provide information to the NFSA on an ongoing basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

(e) *The Company's shares and the VPS*

It is a legal requirement for listing of shares at the OSX that the shares are registered with the VPS. In order to facilitate registration with the VPS, the shares are held by Wentworth's Nordea Bank Norge ASA as nominee ("**Nordea**") in accordance with terms set out in a registrar agreement entered into between the Company and Nordea.

Nordea registers beneficial interest (deposit rights) in the Shares in the VPS. Therefore, it is not the legal interests, but the beneficial interests, in the Shares issued by Nordea that are registered in the VPS and listed on the OSX. Nordea is registered as the legal owner of the Shares in the shareholder register that the Company is required to maintain pursuant to the laws of Alberta, Canada and the Articles and By-Laws. Nordea holds the Shares as nominee on behalf of each beneficial holder of the Shares. Nordea provides for the registration of each beneficial shareholder's ownership in the Shares in the VPS on each beneficial shareholder's VPS account. The beneficial ownership of each beneficial shareholder will be registered in the VPS under the category of a "share" and the beneficial ownership will be listed and traded on the OSX. Each share registered with the VPS will represent evidence of beneficial ownership of one share.

Each beneficial shareholder must look to Nordea to vote their Shares. Nordea has agreed to provide for voting arrangements for the beneficial shareholders on the terms set out in the registrar agreement.

17. TAKEOVER LEGISLATION AND REGULATION APPLICABLE TO THE COMPANY

17.1 Norwegian Securities Trading Act

Norway is, and will after the listing on AIM continue to be, the "home state" for the Company according to the Transparency Directive, the Takeover Directive and the Prospectus Directive. The OSX listing rules, *inter alia*, the Norwegian Securities Trading Act and the Oslo Stock Exchange's Continuing Obligations, currently applicable to the Company will thus continue to apply also after the listing on AIM. Below is a high level, non-exhaustive, overview of certain of the OSX listing rules which are deemed material to the Company going forward.

(a) *Insider Trading*

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

"Inside information" is defined in the Norwegian Securities Trading Act as "any information of a precise nature relating to financial instruments, the issuers thereof or other circumstances which has not been made public and is not commonly known in the market and which is likely to have a significant effect on the price of those financial instruments or of related financial instruments".

(b) *Disclosure of significant shareholdings*

Norway has implemented the Transparency Directive. Accordingly, the Company and its shareholders are subject to the provisions on notification of shareholdings as implemented in Norway. If the shareholdings or rights to shares (i.e. convertible loans, subscription rights/warrants and options to acquire shares) of a shareholder in the Company (including its close associates) meets, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of the Company, such shareholder has an obligation under the Transparency Directive to notify the Company and the OSX immediately. Notifications are made through the electronic information system of the OSX.

(c) *Prospectus*

The Company is subject to the prospectus provisions of the Norwegian Securities Trading Act. Norway has implemented the Prospectus Directive into the Norwegian Securities Trading Act and related legislation which has implications for the prospectus requirement itself. The content requirements in the Prospectus Directive

will apply in full to a prospectus prepared under Norwegian law. The Financial Supervisory Authority of Norway ("**NFSA**") will have to review and approve the prospectus. The prospectus may be passported to other jurisdictions within the EU.

(d) *Norwegian takeover rules*

The takeover rules of the Norwegian Securities Trading apply in full for companies such as the Company which has Norway as its home member state (i.e. a non-EEA/EU incorporated entity listed on the OSX). The offer to purchase shares from existing shareholders and/or the offer may trigger e.g. documentation and registration requirements under securities laws in Canada. Further, any squeeze out and compulsory acquisition are governed by Canadian law. The issues relating to Canadian law that may arise in such situations are not addressed in the following.

A mandatory offer must be launched in the event the bidder acquires more than one third of the issued shares of the Company. Where a shareholder who owns shares representing more than one third of the voting rights of the Company has an obligation to make a mandatory offer where the shareholder through acquisition becomes the owner of shares representing either 40% or 50% of the voting rights of the Company. The requirement to make a mandatory offer is triggered when a purchaser/shareholder *becomes the owner* of such shareholding. The obligation to launch a mandatory offer does not apply if the bidder had previously made a voluntary offer and (i) and the offer was made in accordance with the requirements for mandatory offers, (ii) the threshold is exceeded as a consequence of the voluntary offer and (iii) it was stated in the voluntary offer document that the offer was made in accordance with the provisions applicable to mandatory offers and that a mandatory offer will thus not be made if the threshold was exceeded in the voluntary offer.

The mandatory offer must be made within four weeks after the obligation to make such offer was triggered. The offer must not be conditional. The acceptance period may not be shorter than four weeks and may not exceed six weeks. The Norwegian Securities Trading Act details the required minimum content of the offer document to be prepared giving details about the bid. All shareholders must be treated equally and the price to be paid must equal the highest of (i) the highest price paid by the purchaser for the share during the last six months, and (ii) the market price when the 1/3 threshold was passed. The offer must be made in cash or contain a cash alternative. The board of directors of the Company must issue a statement in respect of the offer no later than one week prior to the expiry of the mandatory offer. The statement must contain the employees' view and other elements of significance when assessing whether the offer should be accepted, and should also include views of the board members and managing directors holding shares in the Company. The Norwegian Securities Trading Act imposes certain restrictions on the Company's freedom of action after it has been informed that a bid will be made, for example, the Company cannot undertake any "dispositions of material significance" to the nature or scope of its operations other than where the disposition is part of the Company's normal course of business or where the board has been empowered by general meeting to make such decisions.

18. APPLICABLE CANADIAN SECURITIES LAW

18.1 Restrictions on the Issue and Sale of Shares under Applicable Canadian Securities Law

(a) *Restrictions in Articles*

Subject to the matters referred to in paragraph 5 of this Part above ("**Corporate filing and related issues**") the Articles contain no restrictions on the issue or sale of Common Shares in the Company.

(b) *ABCA Restrictions*

Under the ABCA, the issuance of shares must be approved by the Directors. The following restrictions on the issuance and sale of shares of the Company are contained in the ABCA:

(i) Requirement for consideration

Pursuant to the ABCA, a share shall not be issued until the consideration for the share is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Company would have received if the share had been issued for money.

(ii) Insider Trading

Pursuant to the ABCA, an 'Insider' (the definition of which includes the Company, its Directors, officers and employees and certain persons, including those who hold at least 10% of the voting rights attached to voting shares of the Company and persons in possession of certain confidential information concerning the Company) may be liable for any direct losses suffered by a person to whom that Insider sells or from whom that Insider purchases a security of the Company making use of any specific confidential information for the Insider's own benefit or advantage that, if generally known, might reasonably be expected to affect materially the value of the security. An action to enforce said right may be commenced only within two years after the date of completion of the transaction that gave rise to the cause of action.

(c) *ASA Restrictions*

(i) Prospectus Requirements

Securities distributed by an Alberta issuer (like the Company) to investors must be qualified by a prospectus (which has been filed with and reviewed by the applicable securities regulatory authorities) unless an exemption from the prospectus requirements is available under applicable Canadian securities law in each of the jurisdictions of Canada in which sales are made.

In order to make sales in Canada, any dealer involved in the distribution must comply with the dealer registration requirements or rely on an exemption from the registration requirements. Registration is based on a "business trigger" and accordingly anyone that is in the business of trading in securities, or holds itself out as such, must be registered as a dealer or able to rely upon an exemption.

There are numerous exemptions from the prospectus requirements which are available in all Canadian provinces under applicable Canadian securities law, although some provinces impose certain additional requirements or conditions on the use of some exemptions.

Securities that are sold in Canada on a private placement basis should generally bear a legend describing the applicable transfer restrictions under Canadian securities laws, in order to facilitate future resale of the securities in Canada in the event that the issuer ever becomes a reporting issuer in Canada.

Generally, if the issuer is not a reporting issuer in Canada at the time of a private placement, an investor will not be able to resell its privately placed securities in Canada without relying on another prospectus exemption. Since the Company is not currently a reporting issuer in Canada, any securities distributed will not be freely tradeable in Canada and will be subject to an indefinite hold period unless and until the Company becomes a reporting issuer in Canada.

Applicable Canadian securities law does however provide a prospectus exemption which permits purchasers to resell their securities of issuers freely on a foreign stock exchange or to a purchaser outside of Canada on certain prescribed conditions. This exemption is available where, at the time of the initial distribution date and at the time of the first trade by the purchaser, the issuer was or is not a reporting issuer in any Canadian jurisdiction and, after giving effect to all of the sales to all purchasers in Canada and elsewhere being made in the same private placement offering, Canadian residents will

not: (i) own directly or indirectly more than 10% of the outstanding securities of the class or series; or (ii) represent more than 10% of the total number of owners of securities of the class or series.

(ii) Control Person

Shares in a company may also become subject to restrictions if a shareholder is or becomes a "control person" under the ASA. Under the ASA, a "control person" is defined as:

- a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and if a person or company holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or company is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer; or
- each person or company in a combination of persons or companies acting in concert by virtue of an agreement, arrangement, commitment or understanding, who holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and if a combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer.

Generally, any trade by a control person would require a prospectus except where applicable securities legislation provides an exemption from such requirement.

18.2 Canadian Takeover regulations

Take-over bids in Canada are regulated under provincial securities legislation. A party (a "**Bidder**") making an offer to acquire more than 20% of the shares of a company (a "**Target**") must comply with formal takeover bid rules or rely on a takeover bid exemption.

(a) Stakebuilding and disclosure

As Wentworth is not a "reporting issuer" (as defined under applicable Canadian securities law), it is not subject to the disclosure obligations which would otherwise require it issue a news release and file a report on it (by itself or together with a third party) acquiring 10% of a Target, or acquiring 2% or more thereafter.

(b) Takeover Bids

Unless an exemption is available (as detailed in paragraph 18.2(c) below) the following key terms apply to take-over bids in Canada under applicable Canadian securities law.

(i) A take-over bid must be made to all holders of each class of voting or equity securities being purchased and the same price per security - that is, identical consideration - must be offered to each holder of securities.

(ii) An offer may be commenced by way of newspaper advertisement or mailing of a take-over bid offer documents. If a bid is commenced by way of advertisement, the offer must be delivered concurrently to the Target and mailed to shareholders within two days of receipt of a shareholders list.

(iii) Financing for the offer must be in place before the bid is launched.

(iv) The transaction timetable is normally driven by the Bidder. The Target's directors are required to respond with a director's circular within 15 days of the mailing of the take-over bid offer.

(v) Take-over bid offer documents are required to be prepared and sent to all shareholders by the Bidder and the offer must be open for acceptance for at least 35 calendar days from the date of commencement. If the offer is an all cash deal, then the disclosure requirements are minimal: however, if share consideration forms part of the offer price, then additional disclosure would be required concerning the Bidder.

(vi) The Bid would typically be made as conditional upon tender of not less than 66.66% of the outstanding shares of the Target, assuming the Bidder does not own any shares. 66.66% is the minimum level of approval required to effect fundamental changes, such as squeezing out minority shareholders, using rights provided under the ABCA.

(vii) Compulsory Acquisition

If holders of not less than 90% of the shares of the Target accept the offer, then the Bidder may proceed to acquire the shares held by shareholders who did not accept the offer in accordance with the ''compulsory acquisition'' procedures under the ABCA. The squeeze-out can generally be effected within a few days after shares are taken-up and paid for under the bid or shortly thereafter, without further approval of the shareholders. A statutory dissent and appraisal remedy is available to shareholders squeezed-out (such shareholders are entitled to be paid the ''fair value'' of the securities held by them, with such ''fair value'' being determined by a court).

(viii) Second Stage Amalgamation Transaction

If holders of more than 66.66% but less than 90% of the share capital of the Target accept the Bidder's offer, the Bidder can either extend the bid after purchasing the shares of those who have accepted the offer, in the hope of achieving acceptances in respect of holders of 90% of the share capital, or can proceed directly to a subsequent acquisition transaction with a 66.66% acquisition target, and can be assured that it will be able to acquire 100% of the shares of the Target, subject to complying with certain parameters including paying at least as much consideration in the second stage amalgamation transaction.

Applicable Canadian securities law allows the shares tendered to the bid and acquired by the Bidder to be voted by the Bidder in favour of a subsequent transaction such as an amalgamation, resulting in the pay out of any remaining shareholders yet to formally accept through an approved transaction. ''Majority of the minority'' approvals may also be required in the second stage transaction if the Bidder or those acting jointly or in concert with its own any shares of the Target. ''Majority of the minority'' refers to the approval of a particular transaction (in addition to any corporate approvals) by a majority of the votes cast at a shareholders' meeting called to consider the transaction, other than votes attaching to securities held by affiliates of the issuer of securities, or securities the beneficial owners of which, alone or in concert with others, effectively control the issuer or are proposing the transaction or receiving a special or collateral benefit from the transaction. Generally the ''majority of the minority'' vote is not an issue if the Bidder and its joint actors do not have substantial holdings, as the number of shares required to reach 66.66% will usually mean the requisite majority has supported the transaction.

If the Bidder achieves sufficient acceptances for it to be entitled to effect a second stage amalgamation transaction, the Bidder would take-up and pay, announce the level of acceptance and would usually extend the offer by 10 days.

(ix) Attention should also be paid in any potential transaction to Canadian rules relating in the take-over bid context to so-called ''collateral benefits'' to selling shareholders, which are precluded in take-over bids, and which if present in a transaction requiring a vote, would result in the shares of such shareholders being excluded from the vote.

(x) The shares subject to toehold purchases may not be included in assessing the availability of the compulsory acquisition provision under applicable corporate law following the formal take-over bid or in determining whether the "majority of the minority" approval threshold required by applicable securities laws has been attained in a subsequent acquisition transaction. However, this should not negatively affect the Bidder's ability to obtain 100% ownership of the Target.

(c) *Exemptions to Takeover bid rules*

Provided that certain conditions are satisfied at the time of the take-over bid, a Bidder may be entitled to an exemption which relieves the Bidder from all requirements under Part 2 of MI-62-104, as set out in paragraph 18.2(b) above. Available exemptions include but are not limited to the Foreign Take-over Bid Exemption (as defined below) and the De Minimis Exemption (as defined below), both of which may be applicable to the Company.

The Company's entitlement to rely on this exemption may be lost over time as a result of changes in the Company's shareholders and the Company's entitlement to the Foreign Takeover bid exemption referred to below will need to be considered on a case by case basis.

The following is a brief description of the conditions which must be satisfied in order to use the applicable exemptions.

(i) Foreign Take-over Bid Exemption

A Bidder will be exempt from the requirements set out in paragraph 19.2(b) above if all of the following conditions are satisfied at the time of the take-over bid:

- security holders whose last address as shown on the books of the Target is in Canada hold less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;
- the Bidder reasonably believes that security holders in Canada beneficially own less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;
- the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;
- security holders in the local jurisdiction (e.g., Alberta) are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;
- at the same time as material relating to the bid is sent by or on behalf of the Bidder to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the Target is in the local jurisdiction;
- if no material relating to the bid is sent by or on behalf of the Bidder to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the Bidder in the jurisdiction where the Target is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English, and in Québec in French or French and English, in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction.

The exemption from the above takeover bid regime provided in these circumstances is referred to as a "Foreign Take-over Bid Exemption".

(ii) De Minimis Exemption

A Bidder will be exempt from the requirements the requirements set out in paragraph 18.2(b) above if all of the following conditions are satisfied at the time of the take-over bid:

- the number of beneficial owners of securities of the class subject to the bid in the local jurisdiction is fewer than 50;
- the securities held by the beneficial owners referred to in the immediately preceding paragraph constitute, in aggregate, less than 2% of the outstanding securities of that class;
- security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class; and
- at the same time as material relating to the bid is sent by or on behalf of the Bidder to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the Target is in the local jurisdiction.

The exemption from the above takeover bid regime provided in these circumstances is referred to as a "De Minimis Bid Exemption".

19. PROPERTY

19.1 Office Leases

(a) *Calgary*

(i) 606 - 4th Street SW, Calgary

Wentworth entered into a lease dated August 15, 2007 in respect of the land located at 606 – 4th Street SW, Calgary, Alberta (the "**Lease**") with 606 Fourth Inc., as landlord. The extent of the leased property comprises approximately 28,982 square feet of office space on three floors. The Lease expires on November 30, 2014 and does not contain a renewal clause. Wentworth entered into a sublease agreement with Western Energy Services Corp. ("**Western Energy**") on April 6, 2010 (the "**Sublease**") in respect of these premises, which Sublease was amended by parties on May 1, 2011. The Sublease is a net sublease in which the Western Energy has rented the whole of the leased premises under the Lease (comprising the 7th, 8th and 9th floors).

The Sublease is co-terminus with the underlying Lease and the Company will have no surviving liability to Western Energy unless otherwise expressly stated. The underlying Lease is incorporated by reference into the Sublease (except where the Sublease expressly provides otherwise) but the Company is not obligated to perform the obligations of the landlord in the underlying Lease. The parties concluded an amending agreement on May 1, 2011 that extended the subleased premises but did not substantially alter the terms of the Sublease. Under the Lease the Company is permitted to register a caveat against the landlord's title to the property (essentially, a notice of the Lease interest preserving its priority against subsequent interests), but has not yet done so.

Set out below is a brief summary of the key terms of the Lease:

- the landlord's consent is required prior to the Company assigning, transferring or sub-leasing the Lease. The landlord has first refusal in respect of any sub-licence, transfer or assignment and may terminate the lease following any assignment, sub-licence or transfer of the Lease;
- the rental payable in respect of the Lease is $40 per square foot per year. The Company is also required to pay a proportionate share of property taxes applicable to the freehold property, as well as other sums payable by the landlord in respect of the freehold property;

- the landlord is entitled to terminate the lease if the identity of the person occupying the leased property changes, or the tenant is the subject of several 'events of default'. The Company has no specific right to terminate the Lease prior to the expiry of the term;
- there is no specific provision in the lease restricting the Company from mortgaging its title to the Lease, but the definition of "mortgage" in the Lease does not contemplate tenant mortgage; and a mortgage by the Company may constitute a "Voluntary Transfer", which will require the landlord's consent.
- the tenant must keep the property in a good state of repair, and affect any necessary repairs to fixtures and fittings at its own expense and without notification from the landlord.

(ii) *715 - 5th Avenue SW, Calgary*

The Company entered into a lease with HDL Investments Inc. ("**HDL**") on 29 December 2003, in respect of land located at 715 - 5th Avenue SW, Calgary, Alberta (the "**715 Lease**"). The 715 Lease relates to the lease of approximately 1,678 square feet of office space on the 6th floor. The 715 Lease term commenced on April 1, 2004 and has been extended by way of a Lease Extension and Expansion Agreement to March 31, 2011. The parties amended the 715 Lease on December 30, 2004 to include an option to renew. However, the option to renew was expressly deleted in the December 31, 2007 amendment to the 715 Lease. Wentworth and HDL agreed to a six month extension of the 715 Lease term beginning June 1, 2011. The April 20, 2011 715 Lease extension agreement gives HDL the right to exhibit the premises in the final two months of the term. This, coupled with the absence of an option to renew, suggests that the 715 Lease will not be renewable when it terminates on November 30, 2011. Section 22 of the 715 Lease permits the Corporation to register a caveat against the landlord's title to the property. However, the Company has not registered a caveat in respect of the 715 Lease.

Set out below is a brief summary of the key terms of the 715 Lease:

- the landlord's consent is required prior to the Company assigning, transferring or sub-leasing the Lease. The landlord may terminate the lease following any assignment, sub-lease or transfer of the 715 Lease;
- the rental payable in respect of the 715 Lease is $19 per square foot per year. The Company is also required to pay a proportionate share of operating costs, taxes, utilities, as well as all other sums required to be paid to the landlord;
- the Company is entitled to mortgage the 715 Lease with the consent of the landlord.
- the landlord is not provided with any specific rights of termination in specified circumstances (e.g Events of Default) other than on assignment etc (as above);
- the Company must indemnify the landlord in respect of any losses suffered by the landlord as a result of the Company's breach of the 'Hazardous Substance' provisions of the 715 Lease;
- the Company is obliged to maintain insurance on all property owned or leased by the Company located in the building, including leasehold improvements. The sum of the coverage provided must not be less than full insurable value, for fire, sprinkler leakage, earthquake, flood, and collapse;
- all leasehold improvements become the property of the Landlord immediately upon expiration or termination the 715 Lease, without compensation. The Company must keep leased premises in good and reasonable state of repair consistent with general standards for first

class office buildings in Calgary, including all leasehold improvements and all trade fixtures therein, including all glass except for exterior walls.

(b) *Property Liabilities (Canada)*

Any liabilities of the Company under the lease agreements detailed at (a) above beyond their respective expiry dates should be limited to: (i) obligations to perform certain tenant repairs; (ii) removal of a tenant's fixtures; and (iii) environmental indemnification in favour of respective landlords, each as detailed below.

(i) Liabilities under the leases

Under the terms of the lease agreements, the Company has an obligation to perform certain tenant repairs and to keep the premises in a good and reasonable state. Should a landlord deem that the respective leased premises are not in good and reasonable state of repair, the Company may be obliged to perform certain necessary repairs upon the expiry of the term of such lease agreements. Pursuant to the lease agreements and at the landlord's election, the Company can additionally be required to cause to be removed all of the tenant's fixtures and property. Depending on the type and number of fixtures installed, removal costs can be significant. Finally, with respect to trailing environmental liabilities, the lease agreements contain indemnities in favour of respective landlords whereby the Company is made responsible for reimbursing the landlord for any clean-up costs, remediation charges, fees, penalties or damages on or from the leased premises resulting from the treatment, storage, transportation or disposal of hazardous materials.

(ii) Liability under Canadian Environmental Law

The Company may also be made responsible for costs of remediation of contaminated real property by statute under the Environmental Protection and Enhancement Act (Alberta). Depending on certain factors, an environmental protection order may be issued against the Company for contamination present in, on or under a property at the time that property was leased by the Company.

(iii) The Sub Lease

As indicated above, the terms of the underlying lease are incorporated by reference into the Sublease. Thus, although the foregoing obligations continue to be owed by the Company to its landlord under the Lease, the Company is entitled to seek performance of such obligations by Western Energy under the Sublease.

(iv) Encumbrances, Securities or Charges

There are no interests or charges registered in respect of the above leases which would conflict with the Company's interests. The Company has however not registered caveats protecting its lease interests so priority of those interests over any subsequent conflicting interests may be an issue in the future. Please note also that the floating land charge referenced below in paragraph 21(d) of this Part, may attach to the Company's interests in the above leases.

The Mtwara Plant is leased by WPL further to a lease agreement between the Tanzania Ports authority and WPL dates 24th January 2008 in Respect of Plot No. 1. of the Mtwara Port Area (the "**Power Plant Lease**"). The Power Plant Lease provides WPL with rights in respect of 50,130 square metres of property for a period of ten years (renewable for a term of up to 25 years) commencing on 24 January 2008. The rent is TZS 5,013,000.00 payable annually in advance calculated at TZS 100.00 only per square metre exclusive of taxes. The rent is subject to review every 3 years during the term, and if the parties cannot agree on an adjustment, the Tanzania Ports Authority may terminate the lease with six months' notice.

The Power Plant Lease provides suitable access rights for WPL's use of the Mtwara Power Plant. WPL gives normal covenants and undertakings to the Tanzania Ports Authority in respect of its use of the leased land, including an undertaking to use the leased land solely for construction of a gas plant and distribution facilities, not to cause any pollution or environmental degradation and to comply with all applicable environmental laws regulations and other obligations.

The lease agreement is governed and construed in accordance with the laws of Tanzania. The dispute resolution clause provides further that parties submit to competent local courts in the event amicable settlement fails.

(c) *Dar es Salaam Property*

WGL has entered into a lease agreement with Lesvos Enterprises Limited ("**Lesvos**") dated 21 June 2010 in respect of property located on Plot No 254 Toure Drive, Oysterbay, Dar es Salaam. The lease agreement demises 734 square meters of the building situated on the second floor of Coco Plaza at the above plot. The purpose of using the demised premises is as an office. The term of the lease is two years starting from 1 September 2010, with possible renewals available (upon at least 90 days' notice) for an indefinite term. Rent is a total of $13,212 and service charge is a total of $1,468, per month (exclusive of VAT). Rent is payable annually in advance for the first year and thereafter it is payable every six months in advance. The lease may be terminated without notice by WGL in the event that the premises is destroyed or otherwise rendered unfit or unavailable for further tenancy. The lease may be terminated without notice by Lesvos in the event of non-payment of the rent or non-fulfilment of other covenants pursuant to the agreement. In the event of any dispute of claim arising from or in connection with the lease agreement, which is not settled mutually between the parties, such dispute or claim may be referred by either party to a court of competent jurisdiction for adjudication and settlement in Tanzania.

20. INSURANCES

The Company holds the following insurance policies.

(a) *Directors' and Officers' Executive and Company Liability Insurance*

The above insurance is effective July 26, 2011 and expires July 26, 2012 and applies to claims made in respect of incidents occuring after July 26 2010. The liability limit under such policy is $15,000,000, each policy year and in the aggregate, subject to the following limits:

(i) Investigatory Costs relating to civil proceedings brought by a shareholder – $250,000

(ii) Public relations expenses – $100,000

(iii) Limit in respect of each independent director – $1,000,000 (aggregate limit of $5,000,000 for all independent directors).

Each claim relating to a securities law violation is additionally subject to a deductible in the amount of $125,000. Claims resulting from indemnification of a director or officer relating to an action brought against a director of officer for an individual act of a director of officer (other than a securities law violation) are also subject to a $100,000 deductible.

(b) *Contents, Miscellaneous Property Insurance and Commercial General Liability*

The above insurance is effective January 8, 2011 and expires January 8, 2012. Coverage under the policy is in respect of the leased premises of the Corporation located at 630, 715 - 5th Avenue SW, Calgary. Liability under such policy is subject to the following limits:

(i) Contents - $50,000;

(ii) Miscellaneous Property - $16,200;

(iii) Dishonesty and Disappearance - Commercial Blanket Bond - $10,000;

(iv) Personal Injury - $5,000,000;

(v) Tenants Legal Liability - $100,000;

(vi) Bodily Injury & Property Damage - $5,000,000; and

(vii) Non-Owned Automobile - $2,000,000.

(c) *Energy Package and Onshore Liability*

The Company presently maintains a General Liability Policy in respect of its operations in Mozambique and Tanzania, plus a world-wide third party liability and marine cargo coverage. The policy was renewed on June 17, 2011. The policy limit is US$25,000,000 for any one accident or occurrence and is subject to an excess of US$100,000 for any one accident or occurrence.

21. ASSETS AND FINANCE

(a) *Canadian Assets*

The Company owns no tangible property situated in Canada other than general office equipment.

(b) *Offshore Assets*

(i) *Tanzanian Assets*

The Group owns the following onshore and offshore properties in Tanzania:

- Onshore Properties:
  1. Misimbati Camp
  2. Misimbati Warehouse & Contents
  3. Misimbati Gas Processing Plant
  4. Mtwara Gas Receiving Facility
  5. Mtwara 18 MW Power Plant
  6. Pipeline from Mnazi Bay to Gas receiving facility
- Offshore Properties:
  1. Wellhead and Platform
  2. Pipeline

WGL, WPL, ULCL and AETL each own the following assets (valued as set out below):

- WGL:

PROPERTY AND EQUIPMENT

2010	Motor vehicles USD	Other field equipment USD	Office furniture & equipment USD	Computers USD	Total USD
Cost	928,762	517,063	158,248	38,665	1,642,736
Depreciation	-917,973	-517,063	-157,321	-38,665	-1,631,022
Net Book Values	10,789	0	927	0	11,714

GAS AND PETROLEUM DEVELOPMENT

2010	Completed Assets USD	Work in progress USD	Drilling inventory & spares USD	Total USD
Cost	97,492,741	11,779,903	2,183,074	111,455,718
Accumulated depreciation and impairment	77,129,344	8,729,436	2,183,074	88,041,854
Net book values	**20,363,397**	**3,050,467**	**0**	**23,413,864**

- WPL:

PROPERTY AND EQUIPMENT

2010	Project Development USD	Office equipments USD	Computers USD	Motor vehicles USD	Other field equipment USD	Power plant facility USD	Other capital working in progress USD	Total USD
Cost		35,076	600	89,194	101,739	13,338,534	16,568	13,581,711
Depreciation		-23,066	-480	-57,342	-75,734	-3,147,034	—	-3,303,655
Net Book Values		12,010	120	31,852	26,005	10,191,500	16,568	10,278,056

- ULCL:

PROPERTY AND EQUIPMENT

2010	Project Development USD	Engineering & design USD	Vehicles USD	Computers USD	Furniture USD	Total USD
Cost	5,697,303		605,357	17,389	3,661	6,323,710
Depreciation			-61,499	-16,907	-939	-79,345
Net Book Values	5,697,303		543,858	482	2,722	6,244,365

- AETL:

PROPERTY AND EQUIPMENT

2010	Office furniture USD	Office equipment USD	Motor USD	Computers USD	Total USD
Cost	36,083	89,456	310,477	17,853	453,868
Depreciation	-23,247	-57,476	-184,809	-13,102	-278,634
Net Book Values	12,836	31,980	125,668	4,751	175,234

(ii) *Mozambique Assets*

The Company owns no tangible property situtated in Mozambique.

However, WMPL has been granted the right to use and the benefit of land ("**DUAT**") in relation to the following plots of land:

(i) DUAT nr. 11/08, regarding a land plot in Palma/Cabo Delgado, with an area of 4.6 hectares, for purposes of implementing a camp;

(ii) DUAT nr. 12/08, regarding a land plot in Palma/Cabo Delgado, with an area of 0.2 hectares, for purposes of implementing a camp;

(iii) DUAT nr. 13/08, regarding a land plot in Palma/Cabo Delgado, with an area of 4.6 hectares, for purposes of implementing a camp;

(iv) DUAT nr. 14/08, regarding a land plot in Palma/Cabo Delgado, with an area of 1.0 hectares, for purposes of implementing a camp;

(v) DUAT nr. 16/08, regarding a land plot in Palma/Cabo Delgado, with an area of 6.0 hectares, for purposes of installing fuel camps;

(vi) DUAT regarding a land plot in Mocimboa da Praia/Cabo Delgado, with an area of 10 hectares, for purposes of constructing a bunker; and

(vii) DUAT regarding a land plot in Mocimboa da Praia/Cabo Delgado, with an area of 2.8 hectares, for purposes of constructing a camp.

(c) *Financial Agreements, Guarantees and Indemnities*

(i) *Credit Facilities*

The Company has been provided the following credit facilities by HSBC Bank Canada Inc, ("**HSBC**"), further to a credit facility renewal letter dated 3 July 2007:

- US$5,000,000 letter of credit facility (this credit facility has expired pursuant to its terms);
- $5,000 MasterCard credit card facility; and
- US$20,000,000 letter of credit facility repayable to HSBC on demand, secured by a performance security guarantee of Export Development Canada (the "**Performance Guarantee**");

(Collectively, the "**Credit Facilities**")

The Credit Facilities were to be secured by a general security agreement and an indemnity agreement, among other documents. All obligations to HSBC under the Credit Facilities (other than those relating to a MasterCard with a $5,000 credit limit) have been repaid in full and the Credit Facility has been cancelled.

The Performance Guarantee expired on 1 September 2010 and has been returned to the Company by the Mozambique government. The Company is accordingly arranging for the discharge of registrations held by HSBC in relation to its assets which relate to the Performance Guarantee.

(ii) *Other finance and convertible debentures*

Other than as stated above:

- the Company has no outstanding Canadian financing in place;
- there are no convertible debentures of the Corporation outstanding; and
- the Company has given no outstanding guarantees or indemnities other than standard indemnities in favour of current and former directors and officers of the Company pursuant to written indemnity agreements

(d) *Encumbrances*

There are four outstanding personal property registrations listed as against Wentworth (in its former identity as Artumas) in favour of HSBC, including:

(i) a charge on all present and after acquired personal property of Wentworth;

(ii) a floating land charge; and

(iii) a charge on certain accounts held by Wentworth with HSBC.

These registrations are no longer required by HSBC to secure obligations arising to it by the Company.

22. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

23. No significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2011, the date to which the latest unaudited interim financial statements of the Group were prepared.

24. EMPLOYEES

24.1 Employment and Consulting Agreements

The terms of the service agreement entered into by Robert McBean is summarised at paragraph 10.14 above. The terms of the service agreements between the Company and its remaining employees are set out below.

(i) *Mr Geoff Bury*

Mr Bury is subject to an executive employment agreement dated September 30, 2010, pursuant to which he is employed as the Corporation's Chief Operating Officer. Under the agreement, Mr Bury receives a base salary of $300,000, a discretionary bonus, participation in a performance share compensation program, benefits and 5 weeks of vacation. He also received 1,000,000 Options.

On termination without cause, the Company must pay Mr Bury a severance equal to 12 months' salary, benefit premiums and club fees. In addition, all vesting dates under option agreements shall be accelerated with an exercise period of 45 days. He also receives 12 months' salary or Common Shares of that value upon death.

Lastly, if Mr Bury is terminated without cause within 6 months of a change of control, he receives the severance described above. Vesting dates for all Options that would vest within 24 months of the termination date are also accelerated with an exercise period of 45 days.

(ii) *Mr John Dragonetti*

Mr Dragonetti is employed as Regional Manager - East Africa pursuant to an employment agreement dated January 1, 2011. Under the agreement, Mr Dragonetti earns a base salary of US$15,000 per month, payment of Tanzania taxes by the Company, housing, a discretionary bonus, participation in a performance share compensation program, benefits and 5 weeks of vacation.

On termination without cause, the Company must pay Mr Dragonetti a severance equal to 12 months' salary, benefit premiums and club fees. In addition, all vesting dates under option agreements shall be accelerated with an exercise period of 45 days. He also receives 12 months' salary or Common Shares of that value upon death.

Lastly, if Mr Dragonetti is terminated without cause within 6 months of a change of control, he receives the severance described above. Vesting dates for all Options that would vest within 24 months of the termination date are also accelerated with an exercise period of 45 days.

(iii) *Ms Heather Jones*

Ms Jones is employed on a month-to-month basis but no details of her employment have been provided. She was provided with a Fixed-Term Employment and Severance Offer Agreement dated April 9, 2010 which provided her with fixed-term employment ending on September 30, 2010 and severance of $143,012 (less deductions) subject to signing a release, which she did. Jones then entered into a

fixed-term employment offer with the Company dated September 30, 2010, which extended her employment to December 31, 2010. Since that time, Ms Jones has worked without a contract, and the release she signed only applies to the period prior to September 30, 2010. Once she is terminated, Ms Jones will be again entitled to a severance amount, based on common law principles.

24.2 Employee Benefits

The Company has no group benefits plan and Bury and Jones are reimbursed for premiums relating to individual benefits plans.

24.3 Pension Plans

The Company has no pension plans currently in place.

25. AIM LISTING

Except and as set out below, the Company's shares are freely transferable.

25.1 ABG Sundal Collier Norge ASA

Approximately 5,400,000 Common Shares are the subject of lock-in undertakings in favour of ABG Sundal Collier Norge ASA and Standard Bank plc (the "Financial Advisors"), pursuant to which certain shareholders have agreed not to dispose of their respective interests in the Common Shares except in limited circumstances, including with prior written consent of the Financial Advisors, until the earliest of:

(a) the award of a front end engineering and design contract in respect of certain urea/ammonia and/or methanol plants in respect of the Mnazi Bay gas resource;

(b) the occurrence of a Liquidity Event (being an acquisition of a controlling interest in the Corporation or the sale by the Corporation of all or in excess of 50% of its assets or subsidiary companies);

(c) a discovery of oil and gas in certain areas in which the Corporation or its subsidiaries hold an interest and an increase in the Corporation's Common Share price of 20% or more per annum; or

(d) 42 months after the completion of the shares of Wentworth Resources Limited (Cayman Islands) on July 26, 2010.

26. CONSENTS AND OTHER INFORMATION

26.1 Panmure Gordon has given and not withdrawn its written consent to the issue of this document with references to it in the form and context in which such references are included.

26.2 FirstEnergy has given and not withdrawn its written consent to the issue of this document with references to it in the form and context in which such references are included.

26.3 RPS Energy have given and not withdrawn their written consent to the inclusion of their Competent Persons' Report on the Company in the form set out in Part 6 of this document, and to their name in the form and context it appears and accepts responsibility for such report.

26.4 The total costs and expenses payable by the Company in connection with the Admission (including professional fees, the costs of printing and the fees payable to the Registrars) are estimated to amount to approximately £900,000 (excluding any applicable VAT).

26.5 The financial information in this document does not constitute statutory accounts within the meaning of Section 434-435 of the 2006 Act.

26.6 Save as disclosed in this document, no person (other than professional advisers named in this document) has received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission, nor

entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly from the Company on or after Admission, any of the following:

(a) fees totalling £10,000 or more; or

(b) any other benefit with the value of £10,000 or more at the date of Admission.

26.7 Save as disclosed in this document, there are no payments aggregating over £10,000 made to any government or any regulatory authority or any similar body made by the Company or on behalf of it, with regard to the acquisition of, or maintenance of, its assets.

26.8 Each of the Directors is, or may be deemed to be, a promoter of the Company.

26.9 There are no arrangements under which future dividends are waived or are agreed to be waived.

26.10 The Directors believe that there are no trademarks, patents, licences or contracts relating to intellectual property which are of fundamental importance to the Group's business or profitability.

26.11 Save as disclosed in this document, none of the Directors nor any member of their respective families has a Related Financial Product.

26.12 There is no further information which the Directors or the Company reasonably considers is necessary to provide a full understanding of the assets, liabilities, financial position, profits and losses of the Company and the Shares or the rights attaching thereto or any other matter contained in this document.

26.13 The Directors are not aware of any exceptional factors that have influenced the Company's activities or the markets in which it operates.

26.14 Save as disclosed in this document as far as the Directors are aware, there are no known trends, uncertainties, demands or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

27. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on weekdays (excluding Saturdays, Sundays and public holidays) at the offices of Joelson Wilson LLP, 30 Portland Place, London W1B 1LZ for a period of one month from the date of this document:

(a) the Constitution of the Company;

(b) the financial information set out in Parts 7 and 8 of this document;

(c) the material contracts referred to in paragraph 11 above;

(d) the written consents of Panmure Gordon, FirstEnergy, and RPS Energy referred to in paragraphs 26.1 to 26.3 above; and

(e) the Competent Persons' Report from RPS Energy set out in Part 6 of this document.

28. COPIES OF THIS DOCUMENT

Copies of this document will be available to the public free of charge at the offices of Joelson Wilson LLP, 30 Portland Place, London W1B 1LZ during normal business hours on weekdays (excluding Saturdays, Sundays and public holidays) for a period of at least one month from the date of Admission. This document will also be available for download from the Company's website at www.wentworthresources.com.

Dated: 21 October 2011

PART 10

DEFINITIONS

2006 Act	Companies Act 2006 (UK)
ABCA	Business Corporations Act (Alberta)
Admission	the admission of the Common Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
AIM	a market operated by the London Stock Exchange
AIM Rules	the AIM Rule for Companies and the AIM Rules for Nominated Advisers
AIM Rules for Companies	the rules for AIM companies published by the London Stock Exchange
AIM Rules for Nominated Advisers	the rules for nominated advisers to AIM companies published by the London Stock Exchange
Anadarko	Anadarko Petroleum Corporation (including all subsidiaries)
Articles	the articles of incorporation of the Company in force from time to time
Artumas	Artumas Group Inc
Audit Committee	the audit committee of the Board
BG	BG Group plc
Bharat Petroleum	Bharat Petroleum Corporation
Board or Directors	the directors of the Company (whose names are set out on page 5 of this document) including any duly appointed committee thereof
Canadian GAAP	accounting principles generally accepted in Canada
CDI	Crest Depository Interests
City Code	the City Code on Takeovers and Mergers
CMEC	China National Machinery & Equipment Import and Export Corporation
Common Shares	common shares of no par value in the share capital of the Company
Company	Wentworth Resources Limited
CEMROFF	Cove Energy Mozambique Offshore Limited
CEMROL	Cove Energy Mozambique Rovuma Onshore Limited
CETMBL	Cove Energy Tanzania Mnazi Bay Limited
Cove / Cove Energy	Cove Energy Plc
CPR / Competent Persons' Report	Competent Persons Report prepared by RPS dated 21 October 2011
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the operator (as defined in the Uncertificated Securities Regulations 2001)
ENH	Empresa Nacional de Hidrocarbonetos E.P.
ENI	Eni S.p.A
EPCC	Exploration and Production Concession Contract
EWURA	Energy and Water Utilities Regulatory Authority
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
FirstEnergy	FirstEnergy Capital LLP
FMO	The Netherlands Development Finance Company
FSA	Financial Services Authority
FSMA	the Financial Services and Markets Act 2000
GOT	the Government of Tanzania
Heritage	Heritage Oil plc
IFRS	International Financial Reporting Standards as adopted in the European Union
LNG	Liquefied Natural Gas
London Stock Exchange	London Stock Exchange plc
Maurel et Prom	Les Establissements Maurel & Prom SA

Mitsui	Mitsui E&P Mozambique Area 1 Limited
Mnazi Bay Concession	the concession area the subject of the Mnazi Bay PSA, situated in South-Eastern Tanzania and more particularly described on page 13 of this document
Mnazi Bay Farm Out Agreement	Farm-out Agreement in respect of Mnazi Bay Production Sharing Agreement between Artumas Group & Partners (Gas) Limited, Artumas Group Inc, Cove Energy Tanzania Mnazi Bay Limited and Les Establissements Maurel & Prom SA dated 17 September 2009
Mnazi Bay PSA	Production Sharing Agreement between Government of Tanzania, TPDC and Artumas Group & Partners (Gas) Limited dated 18 May 2004
Model Code	Annex 1 to Chapter 9 of the UK Listing Authority Listing Rules
Mtwara Power Plant	A 18MW gas to power generation facility in Mtwara, Tanzania
Net Profits Royalty or NPR	A net profits royalty interest
Nexant	Nexant Inc
Nominations Committee	the nominations committee of the Board
Norwegian Securities Trading Act	The Norwegian Securities Trading Act dated 29 June 2077, no 75
Official List	the Official List of the UK Listing Authority
Onshore Farm Out Agreement	the farm out agreement entered into by WMPL, the company, Cove Energy and CEMROL on 17 September 2009
Ophir	Ophir Energy plc
OSX	Oslo Stock Exchange
Panmure Gordon	Panmure Gordon & Co
Prospectus Directive	EU Directive 2003/71/EC
Prospectus Rules	the prospectus rules of the Financial Services Authority made under Part VI of the FSMA
PSA	Production Sharing Agreement
Registrar	Euroclear UK & Ireland Limited
Registrar	Euroclear UK & Ireland Limited
Relevant Implementation Date	the date on which the Prospectus Directive was implemented in a Relevant Member State
Relevant Member State	each member state of the European Economic Area which has implemented the Prospectus Directive
Remuneration Committee	the remuneration committee of the Board
RPS Group	RPS Group plc
RPS	RPS Energy
Securities Act	the Securities Act of 1933, as amended, of the United States and the regulations promulgated thereunder
Shareholders	holders of Common Shares
sterling	the lawful currency of the UK
TANESCO	Tanzania Electric Supply Company Limited
Tanzanian Petroleum Act	the Tanzanian Petroleum (Exploration and Production) Act 1980
Tanzania JOA	the joint operating agreement in relation to the Mnazi Bay PSA entered into between WGL and TPDC and dated 20 February 2006
TGCL	Tanzania Generation Company Limited
TPDC	Tanzania Petroleum Development Corporation
Tullow	Tullow Oil plc
TShs	Tanzanian Shillings
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
Videocon	Videocon Energy Resources Limited

Warrant	the 14,191,888 warrants constituted by the Warrant Instrument
Warrant Instrument	the conditional agreement dated 26 July 2010 executed as a deed poll by the Company relating to the Warrants, summary details of which are set out in paragraph 8.4 of Part 9 of this document

PART 11

GLOSSARY OF TECHNICAL TERMS

The following table provides an explanation of certain technical terms and abbreviations used in this document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms:

Bcf	billion cubic feet
Development well	a well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive
Exploitation	a drilling or other project which may target proven or unproven reserves (such as probable or possible reserves), but which generally has a lower risk than that associated with exploration projects
Field	an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition
Mcf	one thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	one million cubic feet
MMcf/d	million cubic feet per day
Mnazi Bay Development	Mnazi Bay Development License
Mnazi Bay Exploration	Mnazi Bay Exploration Area
Net pay	net economically producible hydrocarbons from a well
Net working interest	operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and a share of production
Offshore Rovuma Block	Area 1 'Offshore' of the Rovuma Block
Onshore Rovuma Block	Onshore area of the Rovuma Block
P mean	weighted probability of production
P10	having a 10 per cent probability of production
P50	having a 50 per cent. probability of production
P90	having a 90 per cent. probability of production
Proved developed non-producing	proved oil and natural gas reserves that are developed behind or "PDNP" pipe, shut-in or can be recovered through improved recovery only after the necessary equipment has been installed, and when the costs to do so are relatively minor. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not started producing, (2) wells that were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons
Proved developed reserves	reserves that can be expected to be recovered through existing wells with existing equipment and operating methods
Proved reserves	proved oil and natural gas reserves that are expected to be recovered
Proved undeveloped reserves	reserves expected to be recovered from new mines or wells, or from the existing ones after a major expenditure for increased recovery
Recoverable resources	hydrocarbons that can be produced with current technology, including those not economical to produce at present and those not tied into existing production facilities
Reservoir	a porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs
Risked reserves/resources	unrisked reserves or resources volumes to which specific risk factors have been applied

Shut-in well.....	a well which is capable of producing but is shut so that it is not currently producing
Unrisked reserves/resources	reserves or resources which have already been developed by drilling and production and therefore have a very reasonable certainty of being produced