



Wentworth Resources Limited
Condensed Consolidated Interim
Financial Statements

For the second quarter and six months ended June 30, 2016
Unaudited

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Financial Position

United States \$000s, unless otherwise stated

	Note	June 30, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		6,285	2,746
Trade and other receivables		5,205	3,253
Prepayments, deposits and advances to partners		257	841
Current portion of long-term receivables	4	15,024	18,190
		<u>26,771</u>	<u>25,030</u>
Non-current assets			
Long-term receivables	4	18,423	18,897
Exploration and evaluation assets	5	44,253	43,141
Property, plant and equipment	6	94,576	95,168
Deferred tax asset		33,962	34,341
		<u>191,214</u>	<u>191,547</u>
Total assets		<u>217,985</u>	<u>216,577</u>
LIABILITIES			
Current liabilities			
Trade and other payables		9,790	6,269
Current portion of long-term loans	7	8,595	5,270
Current portion of other liability		1,108	1,508
		<u>19,493</u>	<u>13,047</u>
Non-current liabilities			
Long-term loans	7	16,225	20,512
Other liability		1,504	1,634
Decommissioning provision		1,067	973
		<u>18,796</u>	<u>23,119</u>
EQUITY			
Share capital		411,493	411,493
Equity reserve		26,047	25,683
Accumulated deficit		(257,844)	(256,765)
		<u>179,696</u>	<u>180,411</u>
Total liabilities and equity		<u>217,985</u>	<u>216,577</u>

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

Approved by the Board of Directors and Management

Robert P. McBean
Chairman of the Board

John W.S. Bentley
Deputy Chairman

Cameron Barton
Non-Executive Director

Neil Kelly
Non-Executive Director

Geoff Bury
Managing Director

Lance Mierendorf
Chief Financial Officer

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

United States \$000s, unless otherwise stated

	Note	Quarter ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Total revenue		3,430	292	6,636	564
Operating expenses					
Production and operating		(773)	(1,389)	(1,670)	(1,893)
General and administrative		(1,556)	(1,356)	(3,068)	(2,853)
Depreciation and depletion	6	(1,189)	(122)	(2,303)	(228)
Share based compensation	9	(136)	(152)	(364)	(458)
Loss from operations		(224)	(2,727)	(769)	(4,868)
Finance income	8	1,072	1,387	2,339	2,694
Finance costs	8	(1,062)	(472)	(2,270)	(2,354)
Loss before tax		(214)	(1,812)	(700)	(4,528)
Deferred tax recovery/(expense)		40	-	(379)	-
Net loss and comprehensive loss		(174)	(1,812)	(1,079)	(4,528)
Net loss per ordinary share					
Basic and diluted (US\$/share)	10	(0.00)	(0.01)	(0.01)	(0.03)

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

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

United States \$000s, unless otherwise stated

Note	Number of shares	Share capital \$	Equity reserve \$	Accumulated deficit \$	Total equity \$
	154,122,700	404,225	24,916	(283,799)	145,342
	-	-	-	(4,528)	(4,528)
9	-	-	458	-	458
	154,122,700	404,225	25,374	(288,327)	141,272
	169,534,969	411,493	25,683	(256,765)	180,411
	-	-	-	(1,079)	(1,079)
9	-	-	364	-	364
	169,534,969	411,493	26,047	(257,844)	179,696

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

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

United States \$000s, unless otherwise stated

		Quarter ended June 30,		Six months ended June 30,	
	Note	2016	2015	2016	2015
Operating activities					
Net loss for the period		(174)	(1,812)	(1,079)	(4,528)
Adjustments for:					
Depreciation and depletion	6	1,189	122	2,303	228
Finance income, net	8	(10)	(915)	(69)	(340)
Deferred tax (recovery)/expense		(40)	-	379	-
Share based compensation	9	136	152	364	458
Change in non-cash working capital		(88)	2,448	(1,027)	2,378
Net cash generated from/(utilized in) operating activities		1,013	(5)	871	(1,804)
Investing activities					
Additions to evaluation and exploration assets	11	-	(1,355)	-	(7,152)
Additions to property, plant and equipment	11	(9)	(4,138)	(9)	(7,400)
Reductions of/(additions to) long-term receivable	11	2,699	(829)	5,295	(1,504)
Net cash from/(used in) investing activities		2,690	(6,322)	5,286	(16,056)
Financing activities					
Repayment of long-term loan		(1,000)	-	(1,000)	-
Proceeds from long-term loan		-	4,359	-	14,839
Interest paid	7	(251)	(242)	(1,024)	(242)
Payment of other liability		(221)	-	(594)	-
Net cash (used in)/from financing activities		(1,472)	4,117	(2,618)	14,597
Net change in cash and cash equivalents		2,231	(2,210)	3,539	(3,263)
Cash and cash equivalents, beginning of the period		4,054	4,434	2,746	5,487
Cash and cash equivalents, end of the period		6,285	2,224	6,285	2,224

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

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

1. Nature of business

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

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

2. Summary of accounting policies

Basis of presentation and statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared by management in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2015. These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies as the annual audited consolidated financial statements for the year ended December 31, 2015 and should be read in conjunction with the annual audited consolidated financial statements and the notes thereto.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on August 15, 2016. The disclosures provided below are incremental to those included in the 2015 annual consolidated financial statements.

Credit risk

The Company’s ongoing exposure to receivables from Tanzania Electricity Supply Company Limited (“TANESCO”), the state power company, is connected with the gas sales from the Mnazi Bay Concession to an 18-megawatt gas-fired power plant located in Mtwara, Tanzania. At June 30, 2016 the Mnazi Bay Concession partners were owed eleven months of gas sales for sales made to TANESCO, with \$1,787 owing to Wentworth of which approximately \$500 is expected to be collected during August 2016. The Company is engaged in ongoing discussions with TANESCO to accelerate payment of amounts past due.

During 2015, the Company commenced gas sales under a long-term gas sales agreement to Tanzania Petroleum Development Company (“TPDC”), the operator of a new transnational gas pipeline in Tanzania. Credit risk relating to sales to TPDC is mitigated through a payment guarantee structure which involves a prepayment amount equivalent to approximately three months of sales and a requirement for a replenishable letter of credit. At June 30, 2016, Wentworth was owed \$2,093 related to June gas sales to TPDC, which was collected in full during July 2016. Receivables of \$1,279 from TPDC for filling and packing the transnational pipeline in Q3 2015 were to commence being paid in Q2 2016. The Mnazi Bay partners have agreed to extend payment terms for this receivable from TPDC and expect the full amount to be received within the next 12 months.

WENTWORTH RESOURCES LIMITED**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

United States \$000s unless otherwise stated

3. Segment information**Net income/(loss) for the quarter ended June 30, 2016**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	3,430	-	-	3,430
Production and operating	(773)	-	-	(773)
General and administrative	(721)	(229)	(606)	(1,556)
Depreciation and depletion	(1,167)	-	(22)	(1,189)
Other	(6)	-	(120)	(126)
Total segment expenses	(2,667)	(229)	(748)	(3,644)
Deferred tax recovery	40	-	-	40
Net income/(loss)	803	(229)	(748)	(174)

Capital additions for the quarter ended June 30, 2016

Additions to exploration and evaluation assets	12	918	-	930
Additions to property, plant and equipment assets	1,220	-	9	1,229

Net loss for the quarter ended June 30, 2015

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	292	-	-	292
Production and operating	(1,389)	-	-	(1,389)
General and administrative	(646)	(103)	(607)	(1,356)
Depreciation and depletion	(77)	-	(45)	(122)
Other	940	-	(177)	763
Total segment expenses	(1,172)	(103)	(829)	(2,104)
Deferred tax expense	-	-	-	-
Net loss	(880)	(103)	(829)	(1,812)

Capital additions for the quarter ended June 30, 2015

Additions to exploration and evaluation assets	2	2,304	-	2,306
Additions to property, plant and equipment assets	7,013	-	29	7,042

WENTWORTH RESOURCES LIMITED**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**

United States \$000s unless otherwise stated

3. Segment information (continued)**Net income/(loss) for the six months ended June 30, 2016**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	6,636	-	-	6,636
Production and operating	(1,670)	-	-	(1,670)
General and administrative	(1,520)	(384)	(1,164)	(3,068)
Depreciation and depletion	(2,260)	-	(43)	(2,303)
Other	36	-	(331)	(295)
Total segment expenses	(5,414)	(384)	(1,538)	(7,336)
Deferred tax expense	(379)	-	-	(379)
Net income/(loss)	843	(384)	(1,538)	(1,079)

Selected balances at June 30, 2016

Current assets	25,684	171	916	26,771
Long-term receivables	18,423	-	-	18,423
Exploration and evaluation assets	8,118	36,135	-	44,253
Property, plant and equipment assets	94,551	-	25	94,576
Deferred tax asset	33,962	-	-	33,962
Current liabilities	19,109	61	323	19,493
Non-current liabilities	18,796	-	-	18,796

Capital additions for the six months ended June 30, 2016

Additions to exploration and evaluation assets	17	1,095	-	1,112
Additions to property, plant and equipment assets	1,702	-	9	1,711

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

3. Segment information (continued)

Net loss for the six months ended June 30, 2015

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	564	-	-	564
Production and operating	(1,893)	-	-	(1,893)
General and administrative	(1,376)	(217)	(1,260)	(2,853)
Depreciation and depletion	(143)	-	(85)	(228)
Other	276	-	(394)	(118)
Total	(3,136)	(217)	(1,739)	(5,092)
Deferred tax expense	-	-	-	-
Net loss	(2,572)	(217)	(1,739)	(4,528)

Selected balances at June 30, 2015

Current assets	19,746	166	683	20,595
Long-term receivables	20,647	-	-	20,647
Exploration and evaluation assets	8,086	34,966	-	43,052
Property, plant and equipment assets	94,421	-	81	94,502
Current liabilities	11,725	2,760	340	14,825
Non-current liabilities	22,699	-	-	22,699

Selected Cash Flows for the six months June 30, 2015

Net additions to exploration and evaluation assets	151	9,139	-	9,290
Net additions to property, plant and equipment assets	9,581	-	31	9,612

4. Long-term receivables

	Balance at June 30, 2016	Balance at December 31, 2015
TPDC receivable (i)	28,259	32,128
Tanzanian Government receivable (Transmission & Distribution) (ii)	5,188	4,959
	33,447	37,087
Current portion		
TPDC receivable (i)	15,024	18,190
Long-term portion		
TPDC receivable (i)	13,235	13,938
Tanzanian Government receivable (Transmission & Distribution) (ii)	5,188	4,959
	18,423	18,897

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

4. Long-term receivables (continued)

i) TPDC receivable

As at June 30, 2016, the undiscounted receivable from TPDC is \$30,574 (\$35,291 at December 31, 2015).

Balance at December 31, 2015	32,128
Accretion	2,110
Change in accounting estimates	(866)
Retained gas revenue to offset receivable	(6,184)
Share of TPDC Mnazi Bay Concession costs paid by the Company	1,071
Balance at June 30, 2016	28,259

ii) Tanzanian Government receivable

As at June 30, 2016 the undiscounted Tanzanian Government receivable is \$6,511 (December 31, 2015 - \$6,511).

Balance at December 31, 2015	4,959
Accretion	229
Balance at June 30, 2016	5,188

The fair value of the TPDC receivable at June 30, 2016 was \$28,274 (December 31, 2015 - \$33,489).

The fair value of the Tanzania Government receivable at June 30, 2016 was \$5,340 (December 31, 2015 - \$5,168).

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

Cost

Balance at December 31, 2015	43,141
Additions	1,112
Balance at June 30, 2016	44,253

Carrying amounts

December 31, 2015	43,141
June 30, 2016	44,253

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

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

	Natural gas properties	Office and other equipment	Total
Cost			
Balance at December 31, 2015	99,762	569	100,331
Additions	1,702	9	1,711
Balance at June 30, 2016	101,464	578	102,042
Accumulated depreciation and depletion			
Balance at December 31, 2015	(4,652)	(511)	(5,163)
Depreciation and depletion	(2,260)	(43)	(2,303)
Balance at June 30, 2016	(6,912)	(554)	(7,466)
Carrying amounts			
December 31, 2015	95,110	58	95,168
June 30, 2016	94,552	24	94,576

In determining the depletion charge at June 30, 2016, it is estimated that future development costs of \$24,498 (December 31, 2015 - \$26,638) will be required to bring the total proved reserves into production.

7. Long-term loans

Total credit facilities and balance drawn on credit facilities	26,000
Principal balance as at December 31, 2015	26,000
Loan repayment	(1,000)
Principal balance as at June 30, 2016	25,000
Carrying amount of long-term loans at June 30, 2016	24,820
Current	8,595
Non-current	16,225
	24,820

The carrying amount of the long-term loan at June 30, 2016 has been derived at after deducting the transaction cost (net of accretion) of \$180.

During the quarter and six months ended June 30, 2016, the Company incurred interest expense, inclusive of the accretion of financing costs of \$548 and \$1,108 respectively (2015 - \$366 and \$606 respectively). A total of \$251 and \$1,024 was settled in cash for the quarter and six months ended June 30, 2016 (\$242 was settled in Q2 2015).

At June 30, 2016, the carrying amount of the credit facilities approximates its fair value as the loan's effective interest rate approximates market rates.

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

8. Finance income and finance costs

	Quarter ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Finance income				
Accretion – TPDC receivable (Note 4)	956	1,271	2,110	2,355
Accretion – Tanzanian Government receivable (Note 4)	116	116	229	238
Change in estimates – other liability	-	-	-	101
	1,072	1,387	2,339	2,694
Finance costs				
Change in estimates – TPDC receivable (Note 4)	(646)	-	(866)	(1,395)
Change in estimates – Tanzanian Government receivable (Note 4)	-	-	-	(137)
Accretion – other liability	297	(61)	(64)	(122)
Interest expense	(647)	(366)	(1,207)	(606)
Accretion – decommissioning provision	(47)	(34)	(94)	(61)
Foreign exchange loss	(19)	(11)	(39)	(33)
	(1,062)	(472)	(2,270)	(2,354)

9. Share based compensation

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

	Number of options	Weighted average exercise price at June 30, 2016
Outstanding at December 31, 2015	11,950,000	0.51
Forfeited	(1,000,000)	-
Outstanding at June 30, 2016	10,950,000	0.51

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

9. Share based payments (continued)

The following table summarizes share options outstanding and exercisable at June 30, 2016:

Exercise Price (NOK)	Exercise Price (US\$) (i)	Outstanding		Exercisable
		Number of options	Weighted average remaining life (years)	Number of options
3.15	0.37	1,000,000	4.3	1,000,000
3.52	0.42	500,000	5.5	500,000
3.60	0.43	2,400,000	4.3	2,400,000
3.85	0.46	2,000,000	9.5	-
4.08	0.48	250,000	6.8	250,000
4.64	0.55	150,000	7.9	100,000
4.70	0.56	200,000	7.9	133,333
4.90	0.58	350,000	6.2	350,000
5.18	0.61	3,500,000	7.7	2,333,657
5.75	0.68	600,000	4.8	600,000
		10,950,000	6.6	7,666,990

(i) The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at June 30, 2016 is 0.11852.

The weighted average exercise price of options that have vested and are exercisable at June 30, 2016 is US\$0.51 (NOK 4.30).

Share based payment charge

During the six months ended June 30, 2016 a total of 1,000,000 options were forfeited, no options were granted and exercised during the same period (2015 – no options were granted, exercised and forfeited)

During the quarter and six months ended June 30, 2016 a total of \$136 and \$364 respectively (2015 - \$152 and \$458 respectively) in share based compensation was expensed with an offsetting charge to equity reserve.

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

10. Loss per share

Basic and diluted loss per share

The calculation of loss per share for the quarter and six months ended June 30, 2016 is based on a loss attributable to shareholders of the Company of \$174 and \$1,079 respectively (2015 – losses of \$1,812 and \$4,528 respectively). Share options and other equity instruments such as warrants outstanding were anti-dilutive for both periods.

	Quarter ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Weighted average number of shares outstanding	169,534,969	154,122,700	169,534,969	154,122,700
Dilutive weighted average number of shares outstanding	169,534,969	154,122,700	169,534,969	154,122,700

11. Supplemental cash flow information

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

	Exploration and evaluation	Property, plant and equipment	Long-term receivable
Quarter ended June 30, 2016			
Total additions/(reductions)	930	1,229	(2,473)
Change in non-cash working capital	(930)	(1,220)	(226)
Cash additions/(reductions)	-	9	(2,699)
Quarter ended June 30, 2015			
Total additions	2,306	7,042	1,411
Change in non-cash working capital	(951)	(2,904)	(582)
Cash additions	1,355	4,138	829
Six months ended June 30, 2016			
Total additions/(reductions)	1,112	1,711	(5,113)
Change in non-cash working capital	(1,112)	(1,702)	(182)
Cash additions/(reductions)	-	9	(5,295)
Six months ended June 30, 2015			
Total additions	9,290	9,612	1,953
Change in non-cash working capital	(2,138)	(2,212)	(449)
Cash additions	7,152	7,400	1,504



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Independent Auditors' Report on Review of Interim Financial Statements

To the shareholders of Wentworth Resources Limited

Introduction

We have reviewed the accompanying unaudited condensed consolidated interim statement of financial position of Wentworth Resources Ltd. as at June 30, 2016, the condensed consolidated interim statements of loss and comprehensive loss, changes in equity and cash flows for the three and six-month period ended June 30, 2016 and 2015, and notes to the unaudited condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2016, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG LLP

Chartered Professional Accountants

August 15, 2016
Calgary, Canada