



Wentworth Resources Limited
Condensed Consolidated Interim
Financial Statements

For the third quarter and nine months ended September 30, 2016
Unaudited

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Financial Position

United States \$000s, unless otherwise stated

	Note	September 30, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		3,728	2,746
Trade and other receivables		6,144	3,253
Prepayments, deposits and advances to partners		261	841
Current portion of long-term receivables	4	12,020	18,190
		<u>22,153</u>	<u>25,030</u>
Non-current assets			
Long-term receivables	4	19,731	18,897
Exploration and evaluation assets	5	44,803	43,141
Property, plant and equipment	6	94,159	95,168
Deferred tax asset		31,266	34,341
		<u>189,959</u>	<u>191,547</u>
Total assets		<u>212,112</u>	<u>216,577</u>
LIABILITIES			
Current liabilities			
Trade and other payables		10,894	6,269
Current portion of long-term loans	7	8,593	5,270
Current portion of other liability		1,072	1,508
		<u>20,559</u>	<u>13,047</u>
Non-current liabilities			
Long-term loans	7	12,906	20,512
Other liability		1,321	1,634
Decommissioning provision		1,114	973
		<u>15,341</u>	<u>23,119</u>
EQUITY			
Share capital		411,493	411,493
Equity reserve		26,154	25,683
Accumulated deficit		(261,435)	(256,765)
		<u>176,212</u>	<u>180,411</u>
Total liabilities and equity		<u>212,112</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

		Quarter ended September 30,		Nine months ended September 30,	
	Note	2016	2015	2016	2015
Total revenue		2,384	972	9,020	1,536
Operating expenses					
Production and operating		(778)	(752)	(2,448)	(2,645)
General and administrative		(1,065)	(1,479)	(4,133)	(4,332)
Depreciation and depletion	6	(832)	(434)	(3,135)	(662)
Share based compensation	9	(107)	(136)	(471)	(594)
Loss from operations		(398)	(1,829)	(1,167)	(6,697)
Finance income	8	1,463	1,205	3,802	3,899
Finance costs	8	(1,960)	(625)	(4,230)	(2,979)
Loss before tax		(895)	(1,249)	(1,595)	(5,777)
Deferred tax expense		(2,696)	-	(3,075)	-
Net loss and comprehensive loss		(3,591)	(1,249)	(4,670)	(5,777)
Net loss per ordinary share					
Basic and diluted (US\$/share)	10	(0.02)	(0.01)	(0.03)	(0.04)

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 \$
Balance at December 31, 2014		154,122,700	404,225	24,916	(283,799)	145,342
Net loss and comprehensive loss		-	-	-	(5,777)	(5,777)
Share based compensation	9	-	-	594	-	594
Issue of share capital		15,412,269	7,639	-	-	7,639
Share issue costs		-	(371)	-	-	(371)
Balance at September 30, 2015		169,534,969	411,493	25,510	(289,576)	147,427
Balance at December 31, 2015		169,534,969	411,493	25,683	(256,765)	180,411
Net loss and comprehensive loss		-	-	-	(4,670)	(4,670)
Share based compensation	9	-	-	471	-	471
Balance at September 30, 2016		169,534,969	411,493	26,154	(261,435)	176,212

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		Nine months ended	
	Note	September 30,		September 30,	
		2016	2015	2016	2015
Operating activities					
Net loss for the period		(3,591)	(1,249)	(4,670)	(5,777)
Adjustments for:					
Depreciation and depletion	6	832	434	3,135	662
Finance costs/(income), net	8	497	(580)	428	(920)
Deferred tax expense		2,696	-	3,075	-
Share based compensation	9	107	136	471	594
Change in non-cash working capital		(108)	(1,855)	(1,135)	523
Net cash generated from/(utilized in) operating activities		433	(3,114)	1,304	(4,918)
Investing activities					
Additions to evaluation and exploration assets	11	(541)	(3,834)	(1,635)	(10,986)
Additions to property, plant and equipment	11	-	(4,834)	(9)	(12,234)
Reductions of/(additions to) long-term receivable	11	1,905	(168)	8,294	(1,672)
Net cash from/(used in) investing activities		1,364	(8,836)	6,650	(24,892)
Financing activities					
Issue of share capital, net of issue costs		-	7,268	-	7,268
Repayment of long-term loan		(3,333)	-	(4,333)	-
Proceeds from long-term loan		-	5,161	-	20,000
Interest paid	7	(835)	(421)	(1,859)	(663)
Payment of other liability		(186)	-	(780)	-
Net cash (used in)/from financing activities		(4,354)	12,008	(6,972)	26,605
Net change in cash and cash equivalents		(2,557)	58	982	(3,205)
Cash and cash equivalents, beginning of the period		6,285	2,224	2,746	5,487
Cash and cash equivalents, end of the period		3,728	2,282	3,728	2,282

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 November 14, 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. During the quarter TANESCO paid three months invoices of \$512. At September 30, 2016, the Mnazi Bay Concession partners were owed thirteen months of invoices for gas sales made to TANESCO, with \$2,095 owing to Wentworth of which \$329 was received October 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 September 30, 2016, Wentworth was owed a total of \$2,734 for August and September 2016 gas sales which have been settled by TPDC during October 2016. Receivables of \$1,279 from TPDC for filling and packing the transnational pipeline during 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 loss for the quarter ended September 30, 2016**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	2,384	-	-	2,384
Production and operating	(778)	-	-	(778)
General and administrative	(639)	-	(426)	(1,065)
Depreciation and depletion	(813)	-	(19)	(832)
Other	(493)	-	(111)	(604)
Total segment expenses	(2,723)	-	(556)	(3,279)
Deferred tax expense	(2,696)	-	-	(2,696)
Net loss	(3,035)	-	(556)	(3,591)

Capital additions for the quarter ended September 30, 2016

Additions to exploration and evaluation assets	9	541	-	550
Additions to property, plant and equipment assets	415	-	-	415

Net loss for the quarter ended September 30, 2015

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	972	-	-	972
Production and operating	(752)	-	-	(752)
General and administrative	(711)	(140)	(628)	(1,479)
Depreciation and depletion	(387)	-	(47)	(434)
Other	708	-	(264)	444
Total segment expenses	(1,142)	(140)	(939)	(2,221)
Net loss	(170)	(140)	(939)	(1,249)

Capital additions for the quarter ended September 30, 2015

Additions to exploration and evaluation assets	2	380	-	382
Additions to property, plant and equipment assets	1,116	-	8	1,124

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 nine months ended September 30, 2016**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	9,020	-	-	9,020
Production and operating	(2,448)	-	-	(2,448)
General and administrative	(2,159)	(384)	(1,590)	(4,133)
Depreciation and depletion	(3,073)	-	(62)	(3,135)
Other	(457)	-	(442)	(899)
Total segment expenses	(8,137)	(384)	(2,094)	(10,615)
Deferred tax expense	(3,075)	-	-	(3,075)
Net loss	(2,192)	(384)	(2,094)	(4,670)

Selected balances at September 30, 2016

Current assets	21,255	191	707	22,153
Long-term receivables	19,731	-	-	19,731
Exploration and evaluation assets	8,129	36,674	-	44,803
Property, plant and equipment assets	94,155	-	4	94,159
Deferred tax asset	31,266	-	-	31,266
Current liabilities	20,244	61	254	20,559
Non-current liabilities	15,341	-	-	15,341

Capital additions for the nine months ended September 30, 2016

Additions to exploration and evaluation assets	26	1,636	-	1,662
Additions to property, plant and equipment assets	2,117	-	9	2,126

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 nine months ended September 30, 2015

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	1,536	-	-	1,536
Production and operating	(2,645)	-	-	(2,645)
General and administrative	(2,121)	(394)	(1,817)	(4,332)
Depreciation and depletion	(530)	-	(132)	(662)
Other	984	-	(658)	326
Total segment expenses	(4,312)	(394)	(2,607)	(7,313)
Net loss	(2,776)	(394)	(2,607)	(5,777)

Selected balances at September 30, 2015

Current assets	28,281	123	1,121	29,525
Long-term receivables	13,435	-	-	13,435
Exploration and evaluation assets	8,089	35,346	-	43,435
Property, plant and equipment assets	95,150	-	42	95,192
Current liabilities	10,874	288	639	11,801
Non-current liabilities	22,358	-	-	22,358

Capital additions for the nine months ended September 30, 2015

Additions to exploration and evaluation assets	153	9,519	-	9,672
Additions to property, plant and equipment assets	10,780	-	39	10,819

4. Long-term receivables

	Balance at September 30, 2016	Balance at December 31, 2015
TPDC receivable (i)	26,534	32,128
Tanzanian Government receivable (Transmission & Distribution) (ii)	5,217	4,959
	31,751	37,087
Current portion		
TPDC receivable (i)	12,020	18,190
Long-term portion		
TPDC receivable (i)	14,514	13,938
Tanzanian Government receivable (Transmission & Distribution) (ii)	5,217	4,959
	19,731	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 September 30, 2016, the undiscounted receivable from TPDC is \$29,019 (\$35,291 at December 31, 2015).

Balance at December 31, 2015	32,128
Accretion	3,384
Change in accounting estimates	(2,125)
Retained gas revenue to offset receivable	(8,222)
Share of TPDC Mnazi Bay Concession costs paid by the Company	1,369
Balance at September 30, 2016	26,534

ii) Tanzanian Government receivable

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

Balance at December 31, 2015	4,959
Accretion	349
Change in accounting estimates	(91)
Balance at September 30, 2016	5,217

The fair value of the TPDC receivable at September 30, 2016 calculated at 8.25% was \$27,212 (December 31, 2015 - \$33,489).

The fair value of the Tanzania Government receivable at September 30, 2016 is calculated at 8% was \$5,365 (December 31, 2015 - \$5,168).

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

Cost

Balance at December 31, 2015	43,141
Additions	1,662
Balance at September 30, 2016	44,803

Carrying amounts

December 31, 2015	43,141
September 30, 2016	44,803

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	2,117	9	2,126
Balance at September 30, 2016	101,879	578	102,457
Accumulated depreciation and depletion			
Balance at December 31, 2015	(4,652)	(511)	(5,163)
Depreciation and depletion	(3,072)	(63)	(3,135)
Balance at September 30, 2016	(7,724)	(574)	(8,298)
Carrying amounts			
December 31, 2015	95,110	58	95,168
September 30, 2016	94,155	4	94,159

In determining the depletion charge at September 30, 2016, it is estimated that future development costs of \$24,471 (December 31, 2015 - \$19,560) will be required to bring the total proved reserves into production.

7. Long-term loans

Principal balance as at December 31, 2015	26,000
Loan repayments	(4,333)
Principal balance as at September 30, 2016	21,667
Carrying amount of long-term loans at September 30, 2016	21,499
Current	8,593
Non-current	12,906
	21,499

The carrying amount of the long-term loan at September 30, 2016 includes transaction cost of \$168 (net of accretion).

During the quarter and nine months ended September 30, 2016, the Company incurred interest expense, inclusive of the accretion of financing costs of \$518 and \$1,725 respectively (2015 - \$475 and \$1,081 respectively). A total of \$835 and \$1,859 was settled in cash for the quarter and nine months ended September 30, 2016 (2015 - \$421 and \$663 respectively).

At September 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 September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Finance income				
Accretion – TPDC receivable (Note 4)	1,274	1,086	3,384	3,441
Accretion – Tanzanian Government receivable (Note 4)	120	119	349	357
Change in estimates – other liability	69	-	69	101
	1,463	1,205	3,802	3,899
Finance costs				
Change in estimates – TPDC receivable (Note 4)	(1,259)	-	(2,125)	(1,395)
Change in estimates – Tanzanian Government receivable (Note 4)	(91)	-	(91)	(137)
Accretion – other liability	(38)	(61)	(102)	(183)
Interest expense	(518)	(475)	(1,725)	(1,081)
Accretion – decommissioning provision	(47)	(28)	(141)	(89)
Foreign exchange loss	(7)	(61)	(46)	(94)
	(1,960)	(625)	(4,230)	(2,979)

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 September 30, 2016
Outstanding at December 31, 2015	11,950,000	0.53
Forfeited	(1,350,000)	-
Outstanding at September 30, 2016	10,600,000	0.53

Share based payment charge

During the quarter and nine months ended September 30, 2016 a total of 350,000 and 1,350,000 options were forfeited respectively, no options were granted and exercised during the same period (2015 – no options were granted, exercised and forfeited).

During the quarter and nine months ended September 30, 2016 a total of \$107 and \$471 respectively (2015 - \$136 and \$594 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

9. Share based payments (continued)

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

Exercise Price (NOK)	Exercise Price (US\$) (i)	Outstanding		Exercisable
		Number of options	Weighted average remaining life (years)	Number of options
3.15	0.39	1,000,000	4.0	1,000,000
3.52	0.44	500,000	5.3	500,000
3.60	0.45	2,300,000	4.0	2,300,000
3.85	0.48	2,000,000	9.2	-
4.08	0.51	250,000	6.5	250,000
4.70	0.58	200,000	7.7	133,333
4.90	0.61	350,000	5.9	350,000
5.18	0.64	3,500,000	7.4	2,366,657
5.75	0.72	500,000	4.5	500,000
		10,600,000	6.1	7,399,990

(i) The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at September 30, 2016 is 0.12434.

The weighted average exercise price of options that have vested and are exercisable at September 30, 2016 is US\$0.53 (NOK 4.28).

10. Loss per share

Basic and diluted loss per share

The calculation of loss per share for the quarter and nine months ended September 30, 2016 is based on a loss attributable to shareholders of the Company of \$3,591 and \$4,670 respectively (2015 – \$1,249 and \$5,777 respectively). Share options and other equity instruments such as warrants outstanding were anti-dilutive for both periods.

	Quarter ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Weighted average number of shares outstanding	169,534,969	169,367,444	169,534,969	159,260,123
Dilutive weighted average number of shares outstanding	169,534,969	169,367,444	169,534,969	159,260,123

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

United States \$000s unless otherwise stated

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 September 30, 2016			
Total additions/(reductions)	550	415	(1,740)
Change in non-cash working capital	(9)	(415)	(165)
Cash additions/(reductions)	541	-	(1,905)
Quarter ended September 30, 2015			
Total additions	382	1,124	(481)
Asset retirement obligation	-	34	-
Change in non-cash working capital	3,452	3,676	649
Cash additions	3,834	4,834	168
Nine months ended September 30, 2016			
Total additions/(reductions)	1,662	2,126	(6,853)
Change in non-cash working capital	(27)	(2,117)	(1,441)
Cash additions/(reductions)	1,635	9	(8,294)
Nine months ended September 30, 2015			
Total additions	9,672	10,819	1,472
Asset retirement obligation	-	(49)	-
Change in non-cash working capital	1,314	1,464	200
Cash additions	10,986	12,234	1,672



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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 September 30, 2016, the condensed consolidated interim statements of loss and comprehensive loss and cash flows for the three and nine-month periods ended September 30, 2016 and 2015, changes in equity for the nine-month periods ended September 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 September 30, 2016, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG LLP

Chartered Professional Accountants

November 14, 2016
Calgary, Canada