WENTWORTH RESOURCES LIMITED
INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED JUNE 30, 2018
All financial figures are audited and in US dollars except where otherwise stated

HIGHLIGHTS

Financial

- Achieved milestone Mnazi Bay gas sales revenue of $10.79 million, 112% higher compared to H1 2017 of $5.10 million.
- Improved EBITDA by 229% to $4.18 million compared to H1 2017;
- Net loss of $6.5 million (H1 2017: $1.66 million), including a non-cash deferred tax expense of $8.68 million;
- Cash and cash equivalents on hand of $4.04 million (December 2017: $3.75 million) as at June 30, 2018;
- Working capital[1] of $15.45 million (December 2017: $15.14 million);
- Reduced outstanding long-term loans by $2.67 million during the first half of 2018;
- Carrying value of long-term loans $13.11 million (December 2017: $15.90 million);
- Development capital expenditures of $0.69 million on field infrastructure (tie-in) improvements in the Mnazi Bay Concession in Tanzania;
- Exploration capital expenditures of $0.98 million on the Tembo Appraisal License in Mozambique;
- G&A expense of $5.15 million including non-recurring expenses $2.92 million and recurring G&A of $2.23 million (H1 2017: $2.01 million);
- Non-recurring expenses includes, management re-structuring costs of $0.83 million comprising Calgary employee severance and travel expenses related to corporate re-structuring; redomicile costs of $0.34 million comprising consultancy, legal and professional charges; Tanzanian tax assessments of $1.75 million for the years of 2013 to 2016.

Operations

Tanzania (Mnazi Bay)

- Average gross daily gas production for the period increased 115% to 79.3 MMscf/d from 36.9 MMscf/d in H1 2017; above current annual 2018 guidance of 65-75 MMscf/d.
- Exited H1 2018 with a new high daily gas production rate of 89 MMscf/d;
- Production ramp up due to Kinyerezi-I and Ubungo-II power stations operating at near full capacity, commissioning of the Kinyerezi-II gas-fired power station during Q4 2017, increasing growth in demand from Industrial customers and lower quantities of gas supplied by industry competitors;
- Low operating expense costs of $ 0.43 / Mscf (H1 2017: $1.16 / Mscf) leveraging increased production volumes;
- Received total cash payments of $12.97 million from gas sales and recovery of long-term government receivables during the first half of 2018;

[1] Working Capital is a non-IFRS measure which is calculated as current assets less current liabilities. For June 30, 2017, working capital is $33.54 million less $18.09 million. For December 31, 2017, working capital was $32.81 million less $17.67 million.

- Regular monthly payments for gas sales continue to be received. As at June 30, 2018 six invoices for gas sales to TPDC were outstanding, with the increase in receivables being accounted for by the increase in gas sales in the outstanding months. Post June 30, 2018, TPDC has paid three invoices.

Mozambique (Rovuma Onshore Block)

- A 12-month extension of the Tembo Appraisal License was granted by Instituto Nacional de Petroleo ("INP") on June 16, 2018;
- During the first six months of 2018 above ground security continued to be a concern, especially in the Mocimboa da Praia and Palma regions. The Company continues to monitor the situation;
- Wentworth continues to seek a risk sharing partner, whilst in parallel advancing its technical work, with a focus on commercial and monetisation options. Work continues on a subsurface review on scale, reservoir properties and flow rate potential.

Corporate

- Wentworth's share of Tanzanian Proved + Probable (2P) reserves valued at $159.6 million (after-tax NPV10) on 2P reserves of 115.1 Bscf, as at December 31, 2017 and independently verified by RPS;
- Company continues to progress its Canada to UK re-domicile and Oslo Børs delisting plans;
- UK based management team in place following relocation of corporate headquarters from Calgary, Canada to London, UK. CFO Katherine Roe appointed April 1, 2018; CEO Eskil Jersing appointed June 25, 2018.

Financial and Operating Results

Financial *(Figures $000's except per share data)*	Six months ended **June 30, 2018**	June 30, 2017	% Change
Gas revenue	**10,792**	5,096	*112*
Adjusted EBITDA(1)	**4,177**	1,269	*229*
Profit/(loss) from operations	**931**	(424)	*319*
Net loss and comprehensive loss	**(6,529)**	(1,655)	*295*
Basic and diluted net loss per share ($ per share)	**(0.04)**	(0.01)	*300*
Net cash generated from/(used on) operating activities	**1,027**	(582)	*276*
Capital expenditures (accrual basis)	**1,670**	1,295	*29*

(1) "Adjusted EBITDA", being a non-IFRS measure, is calculated on page 4 and represents revenue less production and operating expenses, general and administrative expenses, Tanzanian withholding tax costs, management re-structuring costs and redomicile costs.

Operating (Mnazi Bay Concession)	Six months ended **June 30, 2018**	June 30, 2017	% Change
Sales to TPDC(2)			
(Transnational pipeline)			
Price per MMBtu (US$)	**3.11**	3.04	*2*
Gas sales - MMBtu (net to Wentworth)	**3,299,943**	1,494,549	*121*
Sales to TANESCO(2)			
(Mtwara 18MW Power Plant)			
Price per MMBtu (US$)	**5.36**	5.36	-
Gas sales - MMBtu (net to Wentworth)	**99,380**	101,930	*(3)*
Production(2)			
Production volumes (Mscf) – net to Wentworth	**3,399,324**	1,560,585	*118*
Production and operating cost per Mscf (US$)	**0.43**	1.16	*(63)*
Gross average daily production (MMscf/d)	**79.3**	36.9	*115*

(2) Gas sales are contracted in MMBtu while gas production is measured in Mscf. The conversion rate used is 1.023 MMBtu to 1 Mscf.

Statement of Financial Position *(Figures 000's)*	As at		
	June 30, 2018	December 31, 2017	*% Change*
Total assets	**$197,281**	$206,780	*(5)*
Shareholders' equity	**$173,101**	$179,604	*(4)*
Cash and cash equivalents	**$4,043**	$3,750	*8*
TPDC and Tanzania Government receivables	**$13,663**	$20,509	*(33)*
Credit facilities (carrying amount)	**$13,106**	$15,896	*(21)*
Outstanding number of shares and options *(Figures 000's)*			
Common shares	**186,489**	186,489	-
Options	**10,600**	10,600	-

Reconciliation of Adjusted EBITDA *(Figures $000's)*	Six months ended	
	June 30, 2018	June 30, 2017
Net loss	**(6,529)**	(1,655)
Add/deduct:		
Deferred tax expense/recovery	**8,678**	(227)
Current tax expenses	**164**	-
Finance Income	**(2,053)**	(991)
Finance expense	**671**	2,449
Share based compensation	**26**	145
Depreciation and depletion	**3,220**	1,548
Adjusted EBITDA	**4,177**	1,269

Reconciliation of Working Capital *(Figures $000's)*	As at		
	June 30, 2018	December 31, 2017	*% Change*
Total current assets	**33,542**	32,813	*2*
Total current liabilities	**(18,093)**	(17,675)	*2*
Working Capital	**15,449**	15,138	*2*

Management Discussion and Analysis

Management's Discussion and Analysis ("MD&A") is provided by the management of Wentworth Resources Limited ("Wentworth", the "Company" or "WRL") and is based on information available as of August 15, 2018. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements, and notes thereto, for the six months ended June 30, 2018. The unaudited condensed consolidated interim financial statements have been prepared by management, presented in United States (US) dollars, and prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". In addition, this MD&A should be read in conjunction with the Company's audited annual consolidated financial statements, and notes thereto, for the year ended December 31, 2017.

Additional information related to the Company is available on the Company's website at www.wentworthresources.com. Unless otherwise stated, all dollar amounts are expressed in United States dollars, which is the Company's functional and presentation currency.

Operations Overview

Corporate

During Q4 2017, the Company initiated a restructuring process to better align its corporate and management governance model with its shareholders and African asset base, in order, amongst other things to:

- Increase management efficiencies and reduce corporate complexity;
- Reduce certain operational, regulatory burdens and overhead / compliance costs;
- Improve access to our institutional investors;
- Be closer and in the same time zone to the Company's asset base;
- Have direct access to the London M&A market;
- Benefit from the presence of established E&P sector research coverage in London; and
- Create a simpler transactional platform for growth initiatives

Having considered various options, the Company is working towards a "Continuance" of the Company into Jersey, Channel Islands (the "Continuance"). In line with the head office relocation and given that the Company has few Canadian registered shareholders and very limited operational connections to Canada, the Board is planning to re-domicile the public Canadian legal entity listed on the Oslo Stock Exchange (ticker: WRL) and the AIM market of the London Stock Exchange (ticker: WRL) from Canada to the British Isles.

Full details of the Continuance process and its implications will be provided in a Circular to be published in August 2018.

The intent behind the redomicile is to reduce costs and simplify the Company's corporate structure and drive the business forwards. The Board believes the redomicile process will provide a positive long-term benefit for all its shareholders and improve the overall liquidity and risk profile of the stock.

To further this objective, the Company is also seeking to de-list from the Oslo Børs, consistent with the Company's plan to move towards a UK based corporate governance regime and in line with the appointment of a UK based management team, effective from Q2 2018.

Mrs. Katherine Roe was promoted to Chief Financial Officer ("CFO") effective April 1, 2018. Mrs. Roe has been Vice President Corporate Development & Investor Relations for the Company since 2014 and has nearly 20 years of senior corporate and capital markets experience. Mrs. Roe holds a Bachelor's degree in Economics and Politics from the University of Bristol, England.

Mr. Eskil Jersing was appointed as Chief Executive Officer ("CEO") and joined the Company effective June 25, 2018. Mr. Jersing has over 33 years of experience working across the spectrum of exploration to production projects worldwide (Africa, UK North Sea, Gulf of Mexico, DW Brazil, SE Asia and Australasia). Prior to joining the Company, Mr. Jersing was the CEO of Sterling Energy plc, a UK based, AIM listed independent oil and gas exploration company, focused primarily on Africa and the Middle East. Mr. Jersing holds a BSc in Geophysics from Cardiff University and an MSc in Petroleum Geology from Imperial College, London.

In compliance with both reporting obligations as a public company, commencing in 2018, the Company will be releasing a Half Yearly Financial Report and an Annual Financial Report. The Company will no longer publish first quarter and third quarter financial statements and management discussion and analyses as these are no longer mandatory filing obligations.

Mnazi Bay Concession, Tanzania

Production Operations

Mnazi Bay gas sold to Tanzania Petroleum Development Corporation (“TPDC”) is primarily utilized by Tanzania Electricity Supply Company Limited (“TANESCO”) as a fuel source to power its electrical generation plants serving the National Electricity Grid in Tanzania, through the 490km, 36” transnational gas pipeline from Madimba to Dar es Salaam. During the first half of 2018, Mnazi Bay gas was used to fuel three TANESCO-owned power stations located within the city of Dar es Salaam, namely: Kinyerezi-I, Kinyerezi-II and Ubungo-II.

During the first half of 2018, the Mnazi Bay gas fields delivered 79.3 MMscf/d compared to 36.9 MMscf/d during same period in 2017. The Joint Venture continues to increase production to approximately90 MMscf/d as at end July 2018.

With regards demand, both the Kinyerezi-I and Ubungo-II power stations operated at near full capacity during the second half of 2017. Additionally, the Kinyerezi-II power station started the commissioning process during December 2017 and became fully operational in April 2018.

The Kinyerezi-II power station, currently has six open-cycle gas turbines producing approximately168 MW out of 240 MW capacity, was commissioned in April 2018; increasing gas demand by approximately 36 MMscf/d. An additional approximately80 MW will be achieved by completion of the combined-cycle facilities by end August 2018. Commissioning of the 185 MW Kinyerezi-I Extension is expected to commence during Q2 2019 and, once fully operational is expected to utilize an additional 35 MMscf/d of gas to generate electrical power from this new facility.

On a smaller scale, Mnazi Bay gas is also currently sold directly to TANESCO for electrical power generation at an 18MW power plant at Mtwara. The power station provides electricity to an isolated grid serving the region and includes the towns of Mtwara, Madimba, Lindi, Msassi and Newala. Gas quantities of between 2 and 2.5 MMscf/d are being supplied to the power plant through an 8-inch pipeline, owned by the Mnazi Bay joint venture.

Additional gas demand is expected to be realized from the Mtwara Dangote cement plant, the largest in Tanzania; for power generation and firing its clinker kilns used in the production of cement. The kilns are expected to be fired by natural gas commencing during Q4 2018 and will require an additional 8 to 10 MMscf/d of natural gas, increasing to between 20 MMscf/d and 25 MMscf/d in 2019.

Management expects that demand growth will lead to a more positive investment climate and will accelerate the decision to declare the Commercial Operations Date on the GSA, to grant an extension on the concession in order to facilitate further capital investment on the asset.

Field infrastructure & Facilities upgrade and ongoing operational activities

During the first half of 2018, the operator Maurel et Prom, completed engineering works on the expansion of the Mnazi Bay Joint Venture owned processing facilities at Msimbati. Primary processing of produced gas is required at Msimbati to remove free liquids before the gas enters a submarine pipeline across the bay that connects into the Madimba Gas Processing Facility.

This Facilities enhancement project, together with tying-in of all five current producing wells completes the necessary field infrastructure work to enable delivery of gas volumes to a maximum capacity of 140 MMscf/d to the TPDC owned pipeline and on to Dar es Salaam. The commissioning of a metering station on June 24, 2018, marked the completion of works to the JV Operated plant.

Due to these infrastructure enhancements, it is anticipated that there will be no requirements for significant additional capital expenditure on the Mnazi Bay asset, until the average daily demand from the Msimbati facility exceeds 100 MMscf/d.

The focus year-to-date, has been on maintaining and inspecting both new and existing facilities, installation of a gas chromatograph at Mtwara to determine gas quality, regular six monthly slickline operations to retrieve downhole memory gauges, collect bottom hole pressure data and moving to a new SCADA system for remote monitoring and control of in-field devices in the asset.

Furthermore, in Q2 2018, a Competent Persons Report was commissioned as part of the re-domicile process, undertaken by RPS Canada, covering in-field reserves and a Prospective Resource Assessment (“PRA”) for the wider block, and will precede the AIM re-admission process in October 2018.

Tanzania legislative changes

During July 2017, the Government of Tanzania enacted the following laws: the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017, the Written Laws (Miscellaneous Amendments) Act, 2017, and the Natural Wealth and Resources Contracts Act, 2017 which cover activities within the energy and mining sectors.

The policy and legal framework in Tanzania in terms of the Extractive Sector and the stability of existing agreements continues to remain uncertain in the wake of the above approved legislation, such as the Review and Re-Negotiation of Unconscionable Terms Act.

On 17 November 2017, the Speaker of the Tanzania National Assembly, via Speaker’s Circular No. 6 of 2017, formed a Special Advisory Committee to probe for flaws in the law and policies governing the gas subsector and recommend how the nation can benefit from revenues accruing from the gas subsector.

The Circular identified a number of challenges and flaws in the PSAs: the Cost sharing system between the Government and its partners; Partners having ‘Redeemable Preference Shares’ while the Government has only ordinary shares; Management of the Special Purpose Vehicle (SPV), Profit sharing formula between the Government and the partner; Restricted back-in-rights participation for the Government and Delays in evaluation and audits on projects implemented by the Governments.

The Special Advisory Committee issued the report on June 02, 2018, with the following summary recommendations for the Government:

- review departments and institutions that deal with Petroleum sector and take measures to improve their performance;
- empower TPDC for it to be able to participate in the development of natural gas resources;
- initiate renegotiations of the commercial terms in the PSA and other project agreement with the objective of enhancing the Government Take;
- initiate review of the bilateral agreements with the relevant countries to allow for dispute resolution with Contractors to be carried out in the country;
- address the financial problems facing TANESCO;
- Recommended that all officials who participated in the preparations, negotiations and signing of PSA and other project agreements be investigated to establish as to whether their actions were in line with safeguarding the Government interests.

The Company has undertaken a review of the new laws and Special Advisory Committee recommendations to determine their implications on the Company's Tanzania operations. Based on our current understanding and given the existing terms and conditions of our relevant agreements, we do not anticipate any material impact on our existing operations in the short to medium term. It is unclear whether there will be any material impact in the long-term.

Rovuma Onshore Block, Mozambique

Ongoing activities

On June 1, 2018, the Company received confirmation of a one-year appraisal licence extension from Instituto Nacional de Petroleo ("INP"). The extension will take effect from June 16, 2018 and enables the Company, along with its partner Empresa Nacional de Hidrocarbonetos ("ENH"), to continue to progress operational activities in the Rovuma onshore block.

The extension request was in part related to above ground security situation in and around the Mocimboa da Praia and Palma regions, which remain challenging. This has prevented safe access to the asset for staff and contractors. The Company continues to monitor the situation closely.

Operational activities over the last two years have included the reprocessing of existing 2D seismic data, re-evaluation of the 2014 Tembo-1 drilling results, 2D seismic survey program planning, obtaining environment permits and licenses, establishing both a field camp within the Concession and a field office in Maputo, Mozambique along with pre-drilling planning activities.

A formal farm-out process continued into 2018. This process was focused on securing one or more industry partners, for third party validation to help de-risk an appraisal of the Tembo-1 gas discovery. The farm-out process has been temporarily put on hold, pending a full technical and commercial re-assessment of the licence potential.

During Q2 2018, Wentworth initiated a fully integrated re-evaluation of the Rovuma onshore block including re-interpretation of all geological and geophysical data, a refined analysis of the Tembo-1 in-place and recoverable volumes and assessment of well deliverability potential. The ultimate focus being to assess commercial viability and monetisation options for the Tembo-1 technical gas discovery. This work is expected to be completed in Q4 2018.

Wentworth anticipates securing an industry partner prior to commencing appraisal drilling operations on both Tembo-1 and the asset, following the one-year extension being secured.

An Operating Committee Meeting (“OCM”) meeting was held in Dar es Salaam in February 2018, hosting INP and ENH joint venture partners. The delegates were introduced to the new Wentworth executive candidates and a review of the technical and operational progress on the project was conducted. Further joint venture discussions are planned for Q4 2018 to discuss future activities and work program on the block.

Further, in Q2 2018, a Competent Persons Report undertaken by RPS Canada, has been initiated on the prospective Resource assessment for the block, as part of the redomicile process and will precede the AIM re-admission process in October 2018.

Financial Overview

Revenue

Gas sales to TPDC

The Company recorded H1 2018 net sales to TPDC of 3,299,943 MMBtu, an increase of 121% compared to H1 2017. This increase of gas demand was primarily due commissioning of the Kinyerezi-II power station and both the Kinyerezi-I and Ubungo-II power stations operated at near full capacity.

The gas sales price was $3.11/MMBtu (2017: $3.04/MMBtu) for revenue of $10.26 million (2017: $4.55 million) for the six months ended June 30, 2018.

Gas sales to TANESCO

Gas sales to an 18 MW gas-fired power plant in Mtwara, Tanzania, during H1 2018 were 99,380 MMBtu (2017: 101,930 MMBtu) while the gas price remained fixed and unchanged at $5.36/MMBtu. The Mtwara power plant generally operates below capacity and consumes on average between 2.0 and 2.5 MMscf/d. Total revenue earned during H1 2018 was $0.53 million (2017: $0.55 million).

Production and operating expenses

Production costs within the Mnazi Bay Concession comprise the Company’s share of field operating costs, Operator’s administration and Operator’s overhead required to manage production operations. Management expects that, on a per Mscf basis, production costs will generally reduce as gas volumes increase, due to most operating costs being fixed in nature. For H1 2018, production averaged 79.3 MMscf/d compared to 36.9 MMscf/d during same period in 2017. Production and operating expenses were $1.47 million (2017: $1.81 million). For H1 2018, operating expenses were $0.43 per Mcf compared to $1.16 per Mcf for the same period in 2017.

General and administrative ("G&A") expenses, Management Re-Structuring and Redomicile Costs

During H1 2018, G&A expenses totalled $2.24 million compared to $2.01 million for the same period in 2017.

The table below shows the breakdown of G&A expenses:

	Six months ended June 30,	
	2018	**2017**
Employee salaries and benefits	**947**	823
Contractors and consultants	**212**	175
Travel and accommodation	**149**	153
Professional, legal and advisory	**334**	366
Office and administration	**276**	277
Corporate & public company costs	**310**	220
	2,228	2,014

The Company maintains offices in London, United Kingdom, Dar es Salaam, Tanzania and Maputo, Mozambique and is currently listed on the public stock exchanges in both Oslo, Norway (Oslo Stock Exchange) and London, UK (AIM). Many G&A expenditures are fixed in nature and include such items as corporate and public company costs (exchange listing, transfer agent and directors' fees), legal fees supporting the compliance with corporate and public obligations (UK and Norway) and professional advisory (external audit, resources engineering and Nomad for our AIM listing).

As Operator of the Rovuma Onshore Block in Mozambique, directly attributable costs relating to all operational activities within the Rovuma Onshore Block are being capitalized. Directly attributable costs during H1 2018 totaling $0.47 million (2017: $0.68 million) were capitalized.

During the first half of 2018, the Company incurred higher costs during the first half of 2018, primarily due to the management re-structuring and redomicile costs, all of which are non-recurring and are summarised below:

- Management re-structuring costs $0.83 million (2017: $nil) comprising Calgary employee severance and travel expenses related to re-structuring; and
- Redomicile costs $0.34 million (2017: $nil) comprising consultancy, legal and professional charges.

An overarching focus on optimizing G&A will be undertaken during the latter part of 2018, through the ongoing transition and re-domicile process. As the Company moves beyond these non-recurring costs, management expect to get a much clearer view on the more streamlined cost structures achievable in 2019 and beyond.

Share based compensation

For H1 2018, $0.03 million was recognised compared to $0.15 million during the same period in year 2017.

During H1 2018, no options were granted, exercised or forfeited (during 2017: no options were granted, exercised or forfeited). A total of 10,600,000 stock options were outstanding at June 30, 2018 with 9,333,338 vested and exercisable with an average exercise price per share of NOK 4.33 ($0.53).

The Company is intending to establish a new Long Term Incentive Plan to provide long-term incentive compensation to its executive officers as a result of the relocation of management to the UK and to be competitive within that market.

Depreciation and depletion

Depreciation and depletion of gas producing assets for H1 2018 totalled $3.22 million (2017: $1.55 million) or $0.95/Mscf (2017: $0.99/Mscf). At June 30, 2018, the net book value of natural gas property, plant and equipment was $87.80 million (December 31, 2017: $90.34 million).

Finance income and costs

Finance income and costs that are settled in cash are interest expense and realized foreign exchange gain/ (loss) on current transactions. All other finance income and costs are non-cash in nature.

For H1 2018, interest expense was $0.59 million (2017: $0.88 million). During H1 2018, non-cash accretion of the TPDC receivable of $2.05 million (2017: $0.77 million) was recorded in finance income.

Current and outstanding tax

At June 30, 2018, the deferred tax asset of $22.07 (December – 2017: $30.75 million) reflects the estimated future tax benefit of accumulated tax losses within the Tanzanian operations. The commencement of commercial production and sales of gas under the long-term Gas Sales Agreement (“GSA”) allowed for the recognition of deferred tax asset on the accumulated tax losses estimated to be utilized in the future.

The Company’s income tax expense for the year end December 31 is as follows:

	Six months ended June 30,	
	2018	2017
Current tax expense	164	-
Deferred tax expense/(recovery)	8,678	(227)
	8,842	(227)
Profit/(loss) before income taxes	2,313	(1,882)
Expected income tax (recovery) expense at combined Canadian federal and provincial rate of 27.0% (2017 – 27.0%)	625	(508)
Rate differentials	143	(35)
Previously unrecognized tax assets	(1,641)	-
Adjustments and assessments	8,470	-
Movement in unrecognized deferred tax assets	697	177
Tax effect of non-deductible income tax items and other	548	139
Income tax expense	8,842	(227)

Tax assessment

On March 16, 2018 the Company received correspondence from the Tanzania Revenue Authority (“TRA”) regarding their preliminary findings for WGL (the Company’s Tanzanian subsidiary) for taxation years 2013 to 2016. On June 26, 2018, following further discussion with the TRA and exchange of information between the Company and the TRA, the TRA issued notice of adjusted assessments in respect of these taxation years.

The TRA has reassessed the 2014 income tax filing of WGL and included in taxable income an impairment reversal of $23.81 million. The Company has accepted the assessment and does not plan to challenge it. The impact of this reassessment is a non-cash reduction of the Company’s deferred income tax asset of $7.14 million. The TRA has also denied $4.43 million of deductions in the 2014 and 2015 income tax filings of WGL in respect of interest and withholding tax. The Company has accepted the assessment and does not plan to challenge it. The impact of this reassessment is a non-cash reduction of the Company’s deferred income tax asset of $1.33 million.

The TRA issued an adjusted assessment certificate for the sum of $1.75 million (Tshs 3.98 billion) to WGL. The amount comprises of $1.01 million (Tshs 2.90 billion) of unpaid withholding taxes, employment taxes, value added tax and stamp duty plus interest and penalties totaling $0.74 million (Tshs 1.69 billion) and is included on the statement of net loss and comprehensive loss.

Management has applied to TRA for an interest and penalties waiver of the $0.74 million (Tshs 1.69 billion) and has proposed a payment arrangement for the principle taxes of $1.01 million (Tshs 2.90 billion) of which $0.22 million (Tshs 500 million) was paid in June 2018.

Contingencies

In the June 26, 2018 notice of adjusted assessment, the TRA disallowed certain capital expenditures of approximately $6.52 million with respect to 2014-2015 income tax years that TPDC had deemed to be outside the scope of the PSA for cost recovery purposes. The potential effect of disallowing these expenditures is a reduction of the deferred tax asset of $1.95 million. The Company and its advisors believe that the basis for the disallowance is unsubstantiated and that these costs, whilst may not be deemed recoverable under the terms of the PSA, are genuine allowable business deductions. The Company will continue to dispute with the TRA the disallowance of the deduction of these costs.

Receivables from gas delivered to TANESCO

The Company's ongoing exposure to receivables from TANESCO is associated with gas sales from the Mnazi Bay Concession to the 18 MW gas-fired power plant, located in Mtwara, Tanzania. At June 30, 2018, the Mnazi Bay joint venture partners were owed six months of gas sales, with $1.18 million owed to Wentworth. Subsequent to June 30, 2018, TANESCO has paid three months of invoices relating to the outstanding balance at June 30, 2018, totaling $0.50 million (inclusive of the Company's share of the TPDC receivable amount relating to this gas sale).

Receivables from gas delivered to TPDC

An amount of $19.23 million is owed to Wentworth at June 30, 2018, of which approximately six months were past due. Subsequent to June 30, 2018, TPDC has paid $9.26 million net to Wentworth (inclusive of the Company's share of the TPDC receivable amount relating to this gas sale) for the January, February and March 2018 gas sales invoices. TPDC's ability to settle gas sales invoices in a timely manner is impacted by the timeliness of TPDC receiving payment for gas sales to TANESCO owned electrical power generation plants. Of late, TANESCO has been inconsistent with paying TPDC in a timely manner for those TANESCO purchases. This has a direct impact on cash flow from operating activities of the Mnazi Bay joint venture partners. Wentworth and Maurel and Prom, the operator of the Mnazi Bay Concession, continue to engage with both TPDC and TANESCO to find ways to improve the timeliness of the settlement of their obligations.

TPDC receivable

In terms of the Joint Operating Agreement between TPDC, Wentworth and Maurel et Prom, entered into in 2006, TPDC is a 20 percent participating interest partner in the Mnazi Bay Concession. The Company has a receivable from TPDC, for their (TPDC's) share of past development and operating costs that were paid by the Company prior to June 30, 2009. In addition, the Company has been paying its proportionate share of TPDC's share of development and operating costs incurred post June 30, 2009, the value of which has been added to the TPDC receivable balance. The Company will recover this receivable from an agreed percentage of TPDC's share of current and future revenue from the Mnazi Bay Concession. The TPDC receivable at June 30, 2018 is $8.70 million (December 31, 2017: $15.55 million – discounted amount).

Based on the Company's internal estimates of potential gas sales volumes, the $8.7 million receivable as at June 30, 2018 is expected to be fully recovered by the end of 2018. The recovery of the TPDC receivable is expected to provide a significant source of cash flow to the Company through 2018. During the H1 2018, $9.44 million was recovered from TPDC's share of gas sales.

Tanzanian Government receivable (Umoja/power)

The Company has an agreement with the Government of Tanzania (TANESCO, TPDC and the Ministry of Energy and Mines ("MEM")) to be reimbursed, at cost, for past project development costs associated with transmission and distribution ("T&D") expenditures. An audit of the Mtwara Energy Project ("MEP") development expenditures was completed in November 2012 and costs of approximately $8.12 million were verified to be reimbursable. After deducting costs associated with the Tariff Equalization Fund and VAT input credits associated with the MEP totaling $1.61 million, the amount agreed to be reimbursed was $6.51 million. The receivable is considered long-term in nature and has been discounted to reflect the anticipated timing of collection. The undiscounted face value of the Tanzanian Government receivable (Umoja/power) at June 30, 2018 is $6.51 million (December 31, 2017: $6.51 million) while the discounted value, taking into consideration the anticipated time of collection, is $4.96 million (December 31, 2017: $4.96 million).

During 2017, the Government initiated a review of the costs to verify the balance owing by it. On February 8, 2018 the Government issued the results of which varied significantly from the previously audited and approved gross receivable of $6.51 million. The Company, alongside its professional advisors, has since responded in detail to all issues raised during the course of the Government review and maintains its position with respect to the undiscounted receivable of $6.51 million. Whilst the Company will continue to seek full settlement in cash of the $6.51 million, there remains a risk that any reimbursement may not itself be in cash.

Other liability

The asset purchase and sale transaction in 2012, resulted to the Company being obliged to make contingent payments with a face value of $3,394 should certain future natural gas production thresholds from Mnazi Bay Concession be reached. The payable as at June 30, 2018 is $1,646 (December 31, 2017 - $2,189).

Capital expenditures

During H1 2018, capital activities were focused on field infrastructure and development capital activities within the Mnazi Bay gas field location and Rovuma onshore block appraisal activities in Mozambique.

(Figures in $000's)	**Six months ended June 30,**	
	2018	2017
Exploration and evaluation assets		
Mozambique		
Evaluation and analysis of Tembo-1 well	**-**	206
Drilling preparation and planning	**343**	-
Exploration drilling	**-**	-
Operator and indirect overhead	**639**	711
	982	917
Property, plant and equipment		
Tanzania		
Field infrastructure	**535**	303
Other field development capital	**148**	75
	683	378
Canada and United Kingdom		
IT and office assets	**5**	-
	1,670	1,295

External debt facilities

Medium term $20 million credit facility

The principal balance outstanding on the $20.0 million credit facility at June 30, 2018 was $12.65 million. During the H1 2018, principal payments of $2.67 million were made.

During 2017, the Company executed amendments to the credit facility agreement, which included the restructuring of principal loan payments and added new provisions. The new provisions were not finalized at the time of the execution of the amendment to the credit facility agreement. On June 06, 2018, the Company formalized the new provisions, which became effective June 06, 2018.

The new provisions contain the requirement for the Company to maintain two specified financial ratios both calculated semi-annually beginning June 30, 2018. The debt service coverage ratio is set at a minimum 1.25 times. The debt service coverage ratio is calculated as the ratio of cash flow available for debt service (“CAFDS”) to total debt service (“TDS”), whereby CAFDS is equal to net income plus interest, taxes, amortization and depreciation, and other non-cash items and TDS is equal to principal repayments plus interest expense. The loan life coverage ratio must be a maximum of 1.2 times and calculated as the ratio of net present value of CFAFDS over the life of the outstanding debt to existing debt balance. At June 30, 2018, the Company was in compliance with both covenants.

The new provisions also included a cash flow waterfall procedure to ensure certain cash proceeds from gas sales are used in settling obligations. The obligations are required to be settled in the following priority beginning with operating monthly expenditure, taxes, debt service obligations (principle and interest), maintaining a permitted minimum cash balance of $150 thousand, and lastly, essential capital expenditures associated with the borrower’s activities in Tanzania so as to meet the agreed gas production profile and in accordance to the agreed short term and medium term budget. In addition, in the event the Company decides to accelerate principal payments using funds not generated internally a prepayment fee of 25 percent of interest forgone is required.

The $20 million credit facility is subject to interest rate of six-month LIBOR rate plus 750 basis points subject to a minimum (floor) of 8.5% p.a. and no maximum (ceiling). As at June 30, the six-month interest rate was 10.01%.

Principal repayments on the credit facility are set out in the following table.

Principal repayment date	**Repayment amount** *(Figures in $000’s)*
July 30, 2018	1,665
October 30, 2018	1,665
January 30, 2019	1,666
April 30, 2019	1,665
July 30, 2019	1,666
October 30, 2019	1,665
January 30, 2020	1,663
	11,655

Medium term $6 million credit facility

At June 30, 2018, the principal amount outstanding on this facility was $1.0 million. During H1 2018, principal payments of $1.0 million were made.

All provisions of the $6.0 million credit facility remain unchanged from the original loan agreement executed in December 2014. Interest is paid on a semi-annual basis, in arrears, on the principal repayment date. Only one principle payment of $1.0 million is outstanding which will be paid December 8, 2018.

Overdraft $2.5 million credit facility

During 2017, the Company secured a $2.5 million overdraft credit facility with a TIB Corporate Bank (“TIB Corp”). The overdraft facility has an interest rate of the lender’s base lending rate minus 1% per annum to be paid monthly. At June 30, 2018, the lender’s base lending rate was 9%.

Security provided to the lender includes a debenture over the fixed and floating assets of the Company's Tanzanian assets and a deed of assignment equivalent to approximately 20% of the revenue/cash flow from sales of natural gas from the Tanzanian assets.

On March 26, 2018, the Company received approval from the lender of the $2.5 million overdraft credit facility for one-year extension up to April 5, 2019 with the other existing terms of the overdraft credit facility remaining in effect for the extended period. The overdraft credit facility was set to expire on April 6, 2018.

Related party transactions

There were no related party transactions during the H1 2018.

Shares, share capital and dividends

The Company has 186,488,465 shares issued and outstanding as at June 30, 2018 all of which are of the same class and with equal voting and dividend rights. The Company's ordinary shares are listed on the Oslo Stock Exchange (ticker: WRL) and denominated in Norwegian Kroner. The Company's shares are also traded on the Alternative Investment Market of the London Stock Exchange (ticker: WRL) and denominated in British Pounds.

As the Company is in the early stage of its production and revenue generating operations, it does not have a formal dividend policy. No dividends have ever been declared or paid by the Company. There are no restrictions on dividend distributions. At the Annual General Meeting in 2018, the Board of Directors did not propose dividends to be paid for the year ended December 31, 2017. Board led proposals for share buybacks and/or dividend distributions in future years will be subject to assessment of business performance, operating environment, and growth opportunities in determining the appropriate level in any specific year.

The Company is intending to establish a new Long Term Incentive Plan to provide long-term incentive compensation to its executive officers as a result of the relocation of management to the UK and to be competitive within that market.

Financial Condition and Liquidity

At June 30, 2018, Wentworth had cash and cash equivalents of $4.04 million and trade and other receivables, TPDC receivable, prepayments and deposits amounted to $29.50 million. At current gas sales volumes, the Company continues to collect substantial amounts of its TPDC receivable. Outstanding receivable for gas sales sold to TPDC and TANESCO total $20.41 million at June 30, 2018. A total of $9.76 million of the outstanding gas sales receivables has been settled since June 30, 2018.

Current liabilities include outstanding cash calls issued by the Operator of the Mnazi Bay Concession for H1 2018 operating costs of $3.49 million. Since June 30, 2018, the Company has settled $2.66 million.

Current liabilities also include the principal repayment obligations on external credit facilities and the anticipated settlement of other liabilities also due within the next 12 months. Principal payments totaling $6.66 million are scheduled to be made within the next 12 months. Since June 30, 2018, the Company paid one July 30, 2018, instalment of $1.67 million.

The Company is working closely with the Operator of the Mnazi Bay Concession and external lenders to match settlement of obligations with the receipt of cash from gas purchasers for settlement of gas sales invoices. To date, the cooperation amongst all parties has allowed the company to effectively manage working capital. Existing gas sales receivables at June 30, 2018 of $20.41 million exceed the immediate obligations to the Operator of the Mnazi Bay Concession and to external lenders, allowing for certain flexibility in the precise timing of settling obligations.

During the next six months of 2018, the Company expects to have no significant capital commitments relating to exploration and development activities in Tanzania. In Mozambique, spending on appraisal activities is

expected to be limited to completing the necessary work to support drilling of a feasible commercial prospect, and costs associated with securing a farm-in partner and administrative and support costs for managing operations under the Rovuma Onshore Block in country.

Outlook

Realized gas sales during H1 2018 were the highest sales volumes in the Company's history and the Company expects gas demand to continue to grow through the remainder of the year and beyond.

Wentworth is well-positioned to meet this growing demand with material gas reserves, low operating costs and in place infrastructure allowing for immediate delivery of up to approximately 100 MMscf/d (16,660 boepd). The Company expects to maintain average gas sales from the Mnazi Bay asset between 80 and 90 MMscf/d throughout the remainder of 2018 and anticipates nominal capital spending in Tanzania during this period.

The Company continues to carry significant receivables from TPDC and TANESCO, though regular monthly payments have consistently been made year to date. With each monthly cash settlement, the Company continues to strengthen its balance sheet by deleveraging its credit facilities and settling working capital obligations.

With the support of the Government of Mozambique, the Company continues to work on securing a risk sharing partner to participate in appraisal activities on the Rovuma Onshore Block.

The Company will continue to focus on unlocking the latent value in Mnazi bay through the assistance of its JV partners and Government stakeholders, remain fiscally conservative, focus on further reducing overheads through this transition year and commence focusing on executing M&A led accretionary growth options, to offset some of our jurisdictional risk exposure. The Company is committed to driving e the Company forward and generating accretionary value for all of its shareholders.

Other

Risk factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties.

Wentworth is subject to many risk factors including but not limited to normal market risks inherent in the oil and gas business 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. Wentworth recognizes these risks and manages its East African operations to minimize exposure to the extent practical.

Of particular note in Tanzania, are those risks related to ensuring revenue sustainability for the Mnazi Bay asset through an investor-friendly commercial environment (Transnational pipeline inlet pressure reduction, commencement of Commercial Operations Date and an Extension to the licence term). In Mozambique the Company is focused on addressing its above ground security exposure commensurately, whilst securing a risk sharing partner for drilling.

Because of these and other risk factors, actual events and actual results may differ materially from those indicated or implied in such forward-looking statements

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.

Credit risk

Wentworth's credit exposure risk is equal to the carrying value of its trade, other and long-term receivables. Trade and other receivables are comprised predominantly of amounts due from government departments in Tanzania, and Value Added Tax (VAT) in Tanzania and Mozambique. The Company's ongoing exposure to receivables from TANESCO, the state power company, relates to the gas sales from the Mnazi Bay Concession to the 18 MW gas-fired power plant located in Mtwara, Tanzania. At June 30, 2018, the Mnazi Bay joint venture partners were owed six months of gas sales made to TANESCO, with $1.18 million owing to Wentworth of which $0.84 million representing five month of gas sales has been collected subsequently to June 30, 2018. In addition, TPDC's primary source of funds is generated from gas sales to TANESCO. TANESCO has been slow in paying its obligations to TPDC thereby negatively impacting TPDC's ability to pay for gas purchase from the Mnazi Bay joint venture partners. At June 30, 2018, the Mnazi Bay joint venture partners were owed six months gas sales made to TPDC, with $19.23 million owing to Wentworth. Subsequent to June 30, 2018, TPDC has paid $9.26 million for the January, February and March 2018 gas sales invoices.

A TPDC receivable of $8.70 million is due from TPDC, which is a partner in the Mnazi Bay Concession. The Company receives a significant portion of TPDC's share of gas production from the Mnazi Bay Concession directly from the operator of the Mnazi Bay Concession before TPDC receives cash from its share of revenue. There is a risk that future production from the Mnazi Bay Concession may not be sufficient to settle the receivable and should such a determination be made, a provision against the receivable will be recorded.

At June 30, 2018, the Company has a receivable from the Government of Tanzania of $6.51 million related to the Company's disposal of transmission and distribution assets and the costs associated with the Mtwara Energy Project incurred by a wholly owned subsidiary of Wentworth. On February 6, 2012, the Company, TANESCO, TPDC and MEM reached an agreement that the Company's cost of historical operations in respect of the Mtwara Energy Project should be reimbursed. During 2017, the Government initiated a review of the costs to verify the balance owing by it. On February 8, 2018 the Government issued the results of which varied significantly from the previously audited and approved gross receivable of $6.51 million. The Company, alongside its professional advisors, has since responded in detail to all issues raised during the course of the Government review and maintains its position with respect to the undiscounted receivable of $6.51 million. Whilst the Company will continue to seek full settlement in cash of the $6.51 million, there remains a risk that any reimbursement may not itself be in cash, but rather a cash-equivalent.

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 two medium term loans with principal repayments obligations totalling $6.67 million and an overdraft facility of $2.5 million all due during the next twelve months.

With no material firm capital expenditures expected during the next twelve months and ongoing operating costs being generally fixed in nature, cash flow generated from gas sales and the resulting ability to receive payment for gas sales in a timely manner has a significant impact on the liquidity of the Company. An increase or decline in gas production and/or accelerated payments of current and outstanding gas sales invoices or delays in collections of receivables from TPDC and/or TANESCO would have a material impact on the Company's working capital position. The Company is mitigating issues with respect to liquidity by maintaining open and transparent dialogue with key creditors and external lenders, while working with debtors to arrange payments for gas sales in a timely manner. Should production volumes decline or a delay in receiving payment for gas sales be experienced, the Company would seek additional forms of financing to meet its obligations such as extending payment terms on current liabilities, discussing alternatives with existing lenders and seeking additional debt or equity financing if deemed appropriate.

The Company has working capital surplus at June 30, 2018 and positive adjusted EBITDA for H1 2018 and 2017. The Company is dependent upon the buyers of natural gas, TPDC and TANESCO, to meet their payment obligations in a timely manner and failure to obtain payment for an extended period of time, could negatively impact the Company's ability to meet it ongoing obligations.

Taxation

The Company operates in multiple jurisdictions with complex tax laws and regulations, which are evolving over time. The Company has taken certain tax positions in its tax filings and these filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management. Tax affairs for Tanzania operations has been audited by Tanzania Revenue Authority up to and including 2015.

Measurement uncertainty and use of estimates and judgments

The preparation of financial statements requires management to make estimates, judgements 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 amounts may differ materially from these estimates due to changes in general economic conditions, changes in laws and regulations, changes in future operating plans and the inherent imprecision associated with such estimates.

Workplace

Wentworth is committed to providing a workplace free of discrimination where all employees are afforded equal opportunities and are rewarded on merit and ability. In terms of gender equality within the Company, no Board Members are currently female, though 20 percent of the executive & senior management team including the corporate secretary, are women. The Corporation promotes a productive working environment and does not tolerate disrespectful behavior. Wentworth is committed to achieving the highest possible standards of conduct, accountability and propriety and to a culture of openness in which employees can report legitimate concerns without fear of penalty or punishment.

Environmental impact

Exploration, development and production of oil and gas may cause emissions to the sea and air. Wentworth's operations are in accordance with all regulatory requirements, and there were no breaches of these requirements in H1 of 2018. Wentworth did not operate any wells in H1 of 2018.

Research and development

Wentworth, in coordination with the operating companies for its investments in Tanzania and Mozambique, collaborates with external research institutions to increase the understanding of a number of complex challenges within the oil and gas industry's upstream segment. The Company has no particular plans to participate in the commercialization of these initiatives.

Exemption

The Company has received an exemption from the requirement to present parent company financial statements on an annual basis.

Changes in accounting policies

On January 1, 2018, the Company adopted new standards with respect to IFRS 9 - Financial Instruments and IFRS - 15 Revenue from Contracts with Customers.

IFRS 9 – Effective January 1, 2018, the Company has adopted IFRS 9 "Financial Instruments" ("IFRS 9"). IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39").

On January 1, 2018, the Company:

- Identified the business model used to manage its financial assets and classified its financial instruments into the appropriate IFRS 9 category;
- Applied the 'expected credit loss' ("ECL") model to financial assets classified as measured at amortized cost.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at January 1, 2018 for each class of the Company's financial assets and financial liabilities.

	Measurement category	
Financial Instrument	**IAS 39**	**IFRS 9**
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Loans and receivables	Amortized cost
Long-term loans(1)	Loans and receivables	Amortized cost

(1) Carrying value was adjusted by $0.75 million on adoption of IFRS 9.

The classification and measurement of financial instruments under IFRS 9 did not result in any adjustments to the Company's opening retained earnings as at January 1, 2018 except for an adjustment for debt modifications as the Company renegotiated the repayment terms on its long-term loan, effective January 31, 2017. Under IFRS 9, the amortized cost of the financial liability must be recalculated as the present value of the estimated future contractual cash flows that are discounted at the original effective interest rate. The difference in the carrying amount and the calculated amount is recognized in profit and loss.

The Company calculated a modification loss of $0.75 million on the $20 million TIB Loan. The impact on the condensed consolidated interim statement of financial position is shown below:

As at:	**December 31, 2017**	**Adjustments**	**January 1, 2018**
Long-term loans	15,150	746	15,896
Accumulated deficit	(262,566)	(746)	(263,312)

The new standard also introduces an expected credit loss ("ECL") model for evaluating impairment of financial assets. On January 1, 2018, the Company applied the ECL model to financial assets classified as measured at amortized cost. The new model will result in more timely recognition of expected credit losses.

The ECL model applies to the Company's receivables. As at June 30, 2018, the Company's trade accounts receivable included gas sales to TPDC and TANESCO, and 73 percent were outstanding for less than 90 days. The average expected credit loss on the Company's trade accounts receivable was nil percent.

To affect the changes under IFRS 9, the following revised policy has been applied to current period balances effective January 1, 2018. The Company applied IFRS 9 retrospectively, though elected not to restate comparative information. As such the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy as disclosed in the annual consolidated financial statements for the year ended December 31, 2017.

IFRS 15 – The Company adopted IFRS 15, Revenue from Contracts ("IFRS 15") on January 1, 2018 using the modified retrospective approach. The Company has completed the process of reviewing sales contracts with its two customers (TPDC and TANESCO) using the IFRS 15 principles based five step model and concluded that there is no impact on opening retained earnings as of January 1, 2018 and on revenue recognition for 2018.

Future accounting pronouncements

At the date of these financial statements, the standards and interpretations listed below were issued but not yet effective. The adoption of these standards may result in future changes to existing accounting policies and disclosures. The Company is currently evaluating the impact that these standards will have on results of operations and financial position.

IFRS 16 - Leases, which replaces IAS 17 Leases, was issued in January 2016 with effective date January 1, 2019. IFRS 16 requires lessees to recognize most leases on the statement of financial position. The standard provides using a single recognition and measurement model for leases with required recognition of assets and liabilities for most leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue and what assets would be recorded.

IFRS 16 is effective for years beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 Revenue From Contracts With Customers has been adopted. The standard shall be applied retrospectively to each period presented or using a modified retrospective approach where the Company recognizes the cumulative effect as an adjustment to the opening retained earnings and applies the standard prospectively. The Company is currently in the process of identifying, gathering, and analysing contracts that fall into the scope of the standard. The extent of the impact of the adoption of the standard has not yet been determined. The Company plans to apply IFRS 16 effective January 1, 2019. The Company intends to adopt the standard using the modified retrospective approach recognizing the cumulative impact of adoption in retained earnings as of January 1, 2019 and apply several of the practical expedients available such as low-value and short-term exemptions.

There are no other standards and interpretations in issue but not yet adopted that are expected to have a material effect on the reported earnings or net assets of the Company.

Board of Directors and Corporate Governance

The Company's Board of Directors are Robert 'Bob' McBean (Executive Chairman), John Bentley (Deputy Chairman), Eskil Jersing, Cameron Barton, and Neil Kelly. The Board has established four subcommittees: An Audit Committee, Compensation Committee, Governance & Nomination Committee and Reserves Committee. The committees act as preparatory bodies for the Board of Directors and assist the Directors in exercising their responsibilities.

The Company is committed to maintaining high standards of corporate governance and believes that effective corporate governance is essential to the success of Wentworth. As a Canadian corporation registered under Alberta corporate law, with its primary listing on the Oslo Børs (the "OSE"), the Company is subject to the rules of the OSE, including its continuing obligations for listed companies. As such, the Company has adopted the Norwegian Code of Practice for Corporate Governance. Wentworth also implements corporate governance guidelines beneficial to the business and which add value to the shareholders. Corporate governance principles are adopted by the Board of Directors and are periodically reviewed. The Corporate Governance Report is prepared and approved by the board on an annual basis. The Company's articles of association, in addition to full versions of the Board of Directors Mandate and Terms of Reference, the board subcommittees' Charters, Corporate Governance Report and Code of Ethics and Business Conduct are available on the Company website at www.wentworthresources.com.

The Company maintains a compliance hotline operated by an external service provider to facilitate reporting of any concerns regarding inappropriate business conduct. Wentworth encourages the use of the hotline by anyone who has concerns relating to compliance with laws and regulations, breaches of the code of conduct, fair treatment, or any other matter. Concerns can also be raised directly with the corporate secretary or any Board member.

Approved by the Board August 15, 2018

Directors

Robert P. McBean
Executive Chairman

John W.S. Bentley
Deputy Chairman

Eskil Jersing
Chief Executive Officer

Cameron Barton
Non-Executive Director

Neil B. Kelly
Non-Executive Director

Executive Management

Katherine Roe
Chief Financial Officer

Responsibility Statement

We confirm that, to the best of our knowledge, the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2018, which are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations and the MD&A includes a fair review of the development and performance of the business and the position of the issuer and the group taken as a whole, together with a description of the principal risks and uncertainties that they face under Norwegian Securities Trading Act sections 5-6 fourth paragraph and contain relevant information on major related party transactions.

Approved by the Board August 15, 2018

Directors

Robert P. McBean
Executive Chairman

John W.S. Bentley
Deputy Chairman

Eskil Jersing
Chief Executive Officer

Cameron Barton
Non-Executive Director

Neil B. Kelly
Non-Executive Director

Executive Management

Katherine Roe
Chief Financial Officer

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Wentworth Resources Limited is a publicly traded international oil and gas, exploration and production company with rights extending over the Rovuma Basin play in southern Tanzania and northern Mozambique. The Company is focused on the exploration and development of oil and natural gas reserves. The Company has producing Tanzania gas assets, oil and gas exploration activities in both Mozambique and Tanzania. The Company's strategy is centered on proving up additional gas reserves in its Mnazi Bay Concession in Tanzania to satisfy third party demand for natural gas and to identify significant resources for consumption by industrial gas buyers. Competitive business environments in both Tanzania and Mozambique combined with the Tanzanian Government working to solve electricity shortages by way of planned large-scale gas to power projects utilizing the transnational NNGIP connecting Mtwara, Tanzania, the location of the Mnazi Bay Concession, to the commercial capital of Dar es Salaam, provides Wentworth with an opportunity to monetize its assets in a relatively short period of time.

Wentworth is incorporated in Canada and is listed on the Oslo Stock Exchange (ticker: WRL) and the AIM market of the London Stock Exchange (ticker: WRL). The Company has offices in Calgary, Canada, Dar es Salaam, Tanzania and Maputo, Mozambique.

For more information on Wentworth Resources Limited visit www.wentworthresources.com.

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Forward-Looking and Cautionary Statements

Certain statements made herein, other than statements of historical fact relating to Wentworth, are forward-looking statements. These include, but are not limited to, statements with respect to anticipated business activities, planned expenditures, including those relating to the exploration, development and production of its petroleum assets, corporate strategies, participation in projects and financing operations, the outcome of development activities in the exploration for, appraisal of, and development and operations relating to oil and natural gas assets in Tanzania and Mozambique, technical risks and resource potential of the drilling prospects, and the financing and timing of construction and future field plans for the Mnazi Bay Concession, and other statements that are not historical facts. When used in this MD&A, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions, are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risk Factors" elsewhere in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. The Company assumes no obligation to update forward looking statements except to the extent required by applicable securities laws.

All such forward-looking information is based on certain assumptions and analysis made by management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, including, without limitation: the risks associated with foreign operations, foreign exchange fluctuations, commodity prices; equipment and labour shortages and inflationary costs, general economic conditions, industry conditions, changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced, the ability of oil and natural gas companies to raise capital, the existence of operating risks, volatility of oil and natural gas prices, oil and natural gas product supply and demand, risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations, increased competition, stock market volatility, opportunities available to or pursued by the Company and other factors, many of which are beyond the Company's control.

In addition to the foregoing, this MD&A contains forward looking information with respect to estimated resources, the potential size and distribution of fields and recovery factors. Such forward looking information is based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ

from those anticipated. These risks include, but are not limited to risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource estimates; the uncertainty associated with geological interpretations, the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, risks associated with the implementation of new technology, risks associated with obtaining, maintaining and the timing of receipt of regulatory approvals, permits, and licenses, uncertainties relating to access to capital markets and the risk of volatile global economic conditions. Statements relating to resources are deemed to be forward looking information, as they involve implied assessment, based on certain estimates and assumptions, that the resources exist in the quantities predicted or estimated. The actual resources discovered may be greater or less than those calculated.

The forward-looking information contained herein is expressly qualified by this cautionary statement.