

WENTWORTH RESOURCES LIMITED
INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED DECEMBER 31, 2016

All financial figures are unaudited and in US dollars except where otherwise stated

Q4 2016 HIGHLIGHTS

Financial

- Gas sales revenue of \$2.73 million for the quarter, compared to \$3.10 million in Q4 2015.
- Net loss of \$0.42 million in Q4 2016 compared to a profit after tax of \$32.81 million in Q4 2015, the Q4 2015 profit includes a non-cash deferred tax recovery of \$34.34 million.
- Capital expenditures of \$0.67 million compared to \$0.73 million during Q4 2015.
- Cash and cash equivalents on hand of \$0.98 million compared with \$2.75 million on hand at December 31, 2015.
- Working capital was \$4.96 million compared to \$11.98 million at December 31, 2015.
- Reduced outstanding debt to \$20.67 million (December 31, 2015 - \$26.0 million) following a \$1.0 million principal payment during Q4 2016.
- Subsequent to year end, amended the timing of principal payments on the existing \$20.0 million credit facility and secured a new \$2.5 million overdraft facility for working capital purposes.

Operational

Tanzania

- The Mnazi Bay field achieved average gross daily gas production during the fourth quarter of 39.4 MMscf/d compared to 34.3 MMscf/d during Q3 2016 as less downtime was experienced at the gas fired power generation facilities, Ubungu II and Kinyerezi I power stations.
- Expansion of the liquid separation units and gas processing facilities at Mnazi Bay was ongoing during Q4 2016 with commissioning and full operations expected in Q2 2017.

Mozambique

- Completed reprocessing of approximately 1,000 km of 1984/1985 vibroseis data which represents all of the existing regional seismic coverage over the Tembo appraisal area.
- Finalized the design details of a new 2D seismic survey of approximately 700 km of new data.

Financial and Operating Results

Financial <i>(Figures \$000's except per share data)</i>	Quarter ended			Twelve months ended		
	December 2016	December 2015	% <i>Change</i>	December 2016	December 2015	% <i>Change</i>
Gas revenue	2,730	3,101	(12)	11,750	4,637	153
Adjusted EBITDA ⁽¹⁾	543	497	9	2,982	(4,944)	160
Loss from operations	(307)	(721)	(57)	(1,474)	(7,418)	(80)
Net (loss)/profit and comprehensive (loss)/income	(422)	32,811	(101)	(5,092)	27,034	(119)
Basic and diluted net loss per share (\$ per share)	-	0.19	(100)	(0.03)	0.17	(118)
Net cash (used in)/generated from operating activities	(828)	149	(656)	476	(4,769)	110
Capital expenditures	671	725	(7)	4,459	21,219	(79)

(1) "Adjusted EBITDA", being a non-IFRS measure, is calculated as revenue less production and operating expense and general and administrative expenses

	Quarter ended			Twelve months ended		
	December 2016	December 2015	% Change	December 2016	December 2015	% Change
Operating (Mnazi Bay Concession)						
Sales to TPDC						
Price per MMBtu (US\$)	3.01	3.00	-	3.01	3.00	-
Gas sales - MMBtu (net to Wentworth)	808,802	942,805	(14)	3,551,575	1,172,092	203
Sales to Tanesco (Mtwara 18MW Power Plant)						
Price per MMBtu (US\$)	5.36	5.36	-	5.36	5.36	-
Gas sales - MMBtu (net to Wentworth)	55,800	50,824	10	200,259	209,206	(4)
Production						
Production volumes (Mscf) – net to Wentworth	845,163	992,889	(15)	3,667,482	1,381,298	166
Production and operating cost per Mscf (US\$)	1.09	0.57	91	0.92	2.33	(60)
Gross average daily production (MMscf/d)	39.4	45.5	(13)	43.0	15.7	174

	As at		
	December 31, 2016	December 31, 2015	% Change
Statement of Financial Position (Figures 000's)			
Total assets	\$208,231	\$216,577	(4)
Shareholders' equity	\$175,911	\$180,411	(2)
Cash and cash equivalents	\$979	\$2,746	(64)
Long-term receivables (including current portion)	\$30,317	\$37,087	(18)
Credit facilities (principal balance)	\$20,667	\$26,000	(21)
Outstanding number of shares and options (Figures 000's)			
Common shares	169,535	169,535	-
Options	10,600	11,950	(11)

	Quarter ended			Twelve months ended		
	December 2016	December 2015	% Change	December 2016	December 2015	% Change
Reconciliation of Adjusted EBITDA (Figures \$000's)						
Net (loss)/profit	(422)	32,811		(5,092)	27,034	
Add/deduct:						
Deferred tax expense/(recovery)	121	(34,341)		3,196	(34,341)	
Finance Income	(1,051)	(1,020)		(4,693)	(4,818)	
Finance expense	1,045	1,829		5,115	4,707	
Share based compensation	121	173		592	767	
Depreciation and depletion	729	1,045		3,864	1,707	
Adjusted EBITDA	543	497	9	2,982	(4,944)	160

Management Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") is provided by management of Wentworth Resources Limited ("Wentworth", the "Company" or "WRL") and is based on information available as at February 27, 2017. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements, and notes thereto, for the quarter and twelve months ended December 31, 2016. 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, 2015.

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

Mnazi Bay Concession, Tanzania

Mnazi Bay gas sold to Tanzania Petroleum Development Corporation ("TPDC") is utilized by Tanzania Electricity Supply Company Limited ("TANESCO") as a fuel source to power its electrical generation plants serving the National Electricity Grid. During Q4 2016, Mnazi Bay gas was used to fuel two power stations located within the city of Dar es Salaam: Kinyerezi-1 and Ubungo-II.

During Q4 2016, the Mnazi Bay gas field delivered 39.4 MMscf/d, a 13 percent decrease compared to the 45.5 MMscf/d delivered during Q4 2015. Downtime was experienced at the Kinyerezi-1 and Ubungo-II power plants due to repairs, maintenance and overhaul works being undertaken during Q4 2016. As a result, these power plants were operating below maximum generation capacity. During October, major works at the Kinyerezi-1 were completed and that complex is now fully operational. The works at Ubungo-II were completed in December.

During the fourth quarter of 2016, work continued on the expansion of the Mnazi Bay joint venture owned processing facilities at Msimbati and is expected to be commissioned and fully operational during in H1 2017. Primary processing of the Mnazi Bay gas is required at Msimbati to knock-out free liquids before the gas enters the sub-marine pipeline that connects into the Madimba GPF. The expansion of these processing facilities completes all the necessary field infrastructure work to enable the delivery of up to 130 MMscf/d to the Madimba processing facility. When combined with the 5 existing wells, with an estimated average production rate of 20 MMscf/d per well, the Mnazi Bay Concession is able to deliver significantly higher volumes of gas without the need for any additional capital expenditure.

Rovuma Onshore Block, Mozambique

By its nature, the appraisal plan includes activities which are subject to certain contingencies but generally includes the reprocessing and re-interpretation of existing seismic followed by further acquisition of seismic, if warranted, with the aim of identifying a suitable drilling location. The re-processing and interpretation of existing seismic data focused on the sands encountered in the Tembo gas discovery and was completed during Q4 2016. A new seismic acquisition program of up to 700 km is planned for the second half of 2017. Drilling of an appraisal well will proceed in 2018 subject to a suitable location being identified.

It is expected that the work program set out in the appraisal plan will be funded through a combination of internally generated cash flows and a possible addition of one or more industry partners.

Financial Overview

Revenue

Gas sales to TPDC

During Q4 2016, the Company recorded net sales of 808,802 MMBtu, a 14% decrease compared to Q4 2015 production. While Q4 2015 was impacted by the start up of operations to deliver gas to the new National Natural Gas Infrastructure Project ("NNGIP"), Q4 2016 saw reduced sales volumes attributable primarily the indefinite suspension of Symbion power station's operations from Q3 2016 reducing demand by 20 MMscf/d and operations of a new gas processing facility, part of the NNGIP, located on Songo Songo island commenced diverting approximately 15 MMscf/d gas demand to an industry competitor.

The gas sales price was \$3.01/MMBtu (2015 - \$3.00/MMBtu) for total revenue during Q4 2016 of \$2.43 million (2015 - \$2.83 million).

Gas sales to Tanesco

Gas sales to an 18 MW gas-fired power plant in Mtwara, Tanzania during the fourth quarter of 2016 were 55,800 MMBtu (2015 – 50,824 MMBtu) while the gas price remained fixed and unchanged at \$5.36/MMBtu. Total revenue earned during the quarter was \$0.30 million compared to \$0.27 million during the same quarter in 2015.

Production and operating expense

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 because most of the field operating costs are fixed in nature. Gross fourth quarter production was 39.4 MMscf/d compared to 45.5 MMscf/d during the fourth quarter of 2015. Production and operating expenses during the fourth quarter were \$0.92 million (2015 - \$0.57 million). For 2016, operating expenses were 92 cents per mcf compared to \$2.33 per mcf in 2015.

General and administrative expense

<i>(Figures in \$000's)</i>	Quarter ended		Twelve months ended	
	2016	December 31, 2015	2016	December 31, 2015
Employee salaries and benefits	589	1,204	2,392	3,055
Contractors and consultants	195	137	705	591
Travel and accommodation	111	85	515	487
Professional, legal and advisory	125	232	582	798
Office and administration	150	196	684	750
Corporate and public company costs	94	181	519	686
	1,264	2,035	5,397	6,367

The Company maintains offices in Calgary, Canada, Dar es Salaam, Tanzania and Maputo, Mozambique and is listed on the public stock exchanges in both Oslo, Norway (Oslo Stock Exchange) and London, UK (AIM). Many general and administrative 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 (Canada, UK and Norway) and professional advisory (external audit, resources engineering and Nomad for our AIM listing).

Prior to being appointed Operator of the Rovuma Onshore Block in Mozambique, the Company incurred certain costs including geological, geophysical and technical analysis, in respect to the oversight of the operations in Mozambique, all of which were included in general and administration expenses. Commencing June 2016, the Company was appointed Operator of the Rovuma Onshore Block and during Q3 2016 established an operational presence in Mozambique. Direct and indirect costs relating to the appraisal activities within the Rovuma Onshore Block commenced being capitalized during Q3 2016.

Share based compensation

During the fourth quarter and twelve months of 2016, the Company recognized \$0.12 million and \$0.59 million respectively (2015 - \$0.17 million and \$0.76 million respectively) as share based compensation expense.

During the twelve months of 2016, a total of 1,350,000 options were forfeited respectively while no options were granted or exercised during the same period (2,000,000 options were granted during the fourth quarter 2015, no options were exercised or forfeited). A total of 10,600,000 stock options were outstanding at December 31, 2016 with 8,066,661 vested and exercisable with an average exercise price per share of NOK 4.25 (\$0.49).

Depreciation and depletion

Depreciation and depletion of gas producing assets of \$0.70 million (2015 - \$1.0 million) or \$0.83/Mscf (2015 - \$1.02/Mscf) were recorded during fourth quarter of 2016. At December 31, 2016, the net book value of natural gas property, plant and equipment was \$93.37 million (2015 – \$95.17 million).

Finance income and costs

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

During the quarter and twelve months ended December 31, 2016, interest expense on the long-term loans totalled \$0.47 million and \$2.2 million respectively (2015 - \$0.63 million and \$1.71 million respectively).

During the fourth quarter and twelve months ended December 31, 2016, non-cash accretion of the TPDC receivable of \$0.79 million and \$4.17 million respectively (2015 - \$0.89 million and \$4.33 million respectively) was recorded in finance income. The Company revised the accounting estimates used to determine the expected amounts and timing of future revenue streams to determine collection of the TPDC receivable resulting from revised gas demand estimates for future periods obtained from industry sources. This resulted in a \$0.44 million and \$2.57 million respectively being charged to finance costs during the third quarter and twelve months ended December 31, 2016 (2015 - \$0.73 million and \$2.13 million respectively).

Non-cash accretion of the Tanzanian Government receivable (Umoja/power) of \$0.12 million and \$0.47 million respectively (2015 – \$0.13 million and \$0.49 million respectively) was recorded in finance income during the fourth quarter and twelve months ended December 31, 2016.

Deferred tax expense/recovery

At December 31, 2016, the deferred tax asset of \$31.15 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. A non-cash deferred tax expense of \$0.12 million has been recorded in fourth quarter of 2016 (2015 - \$34.34 million).

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 December 31, 2016, the Mnazi Bay joint venture partners were owed thirteen months of gas sales, with \$2.16 million owed to Wentworth. Subsequent to year end, TANESCO has paid three months of invoices relating to the outstanding balance at year end. The Company is in discussions with TANESCO to arrange a payment process to expedite the settlement process.

Receivables from gas delivered to TPDC

The amounts owed by TPDC to the Mnazi Bay joint venture for November 2016 and December 2016 gas sales were outstanding at December 31, 2016. The November 2016 invoice was paid subsequent to year end.

In addition, TPDC owes the Mnazi Bay joint venture \$2.94 million (\$1.28 million net to Wentworth) for gas delivered during Q3 2016 to fill and pressurize the new ~500 km pipeline. During Q4 2016, TPDC paid \$0.72 million relating to the line pack and line file invoices which was used to settle VAT and excise duty related to these gas sales invoices. Subsequent to year end, TPDC paid \$2.0 million (net \$0.88 million to Wentworth) settling the line fill invoice in full. The Mnazi Bay joint venture partners expect of the remaining outstanding balance in 2017.

Long-term receivable - TPDC

The Company has a receivable from TPDC, a 20 percent participating interest partner in the Mnazi Bay Concession, for 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 subsequent to 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 undiscounted face value of the TPDC receivable at December 31, 2016 is \$27.15 million (December 31, 2015 - \$35.29 million). Due to its long-term nature, the TPDC receivable has been discounted to \$24.84 million (December 31, 2015 - \$32.13 million). This reported fair value is discounted to reflect the time expected until the receivable is settled in the future. With the passage of time and as gas sales are realized, the carrying amount of the TPDC receivable is accreted up to the face value with a corresponding credit to finance income.

Based on the Company's internal estimates, the \$27.15 million face value of this receivable as at December 31, 2016 is expected to be fully recovered by Q2 2018. The recovery of the TPDC receivable is expected to provide a significant source of cash flows for the Company during the next two years.

At December 31, 2016, the current portion of the TPDC receivable is \$12.28 million compared to \$18.19 million at December 31, 2015. During Q4 2016, \$2.35 million was recovered from TPDC's share of gas sales. The current portion of the receivable is updated at each reporting period and is calculated taking into consideration the estimated timing and amounts of future gas sales.

Long-term receivable - Tanzanian Government (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. This receivable is considered a financial instrument and was initially recorded at fair value based on discounted cash flows and at each reporting date it is revalued and amortized by accreting the instrument over the expected life of the receivable. The undiscounted face value of the Tanzanian

Government receivable (Umoja/power) at December 31, 2016 is \$6.51 million (December 31, 2015 - \$6.51 million) while the discounted value, taking into consideration the anticipated time of collection, is \$5.48 million (December 31, 2015 – \$4.96 million). Timing of reaching an agreement on the reimbursement procedure is indeterminable but the Company has re-engaged with the Government of Tanzania following commencement of deliveries of gas to the NNGIP. Management continues working with the Government of Tanzania on agreeing a mechanism to settle the outstanding balance and anticipates to recover the amounts from the Government's share of revenue generated from the Mnazi Bay Concession.

Capital expenditures

During the twelve months of 2016, capital spending totaled \$4.46 million which were primarily incurred in respect to field infrastructure and development capital activities within the Mnazi Bay gas field location. In Mozambique, appraisal costs include technical evaluation of the Tembo-1 well, preliminary planning for a possible 2017 seismic acquisition program and establishment of operations in Mozambique as Wentworth is now Operator of the Rovuma Onshore Block.

(Figures in \$000's)

	Quarter ended		Twelve months ended	
	December	December	December	December
	2016	2015	2016	2015
Exploration and evaluation assets				
<i>Mozambique</i>				
Exploration drilling	-	(308)	951	8,597
Seismic reprocessing and interpretation	109	-	109	-
Operator and indirect overhead	627	4	1,310	618
	736	(304)	2,370	9,215
<i>Tanzania</i>				
Seismic acquisition, processing and interpretation	-	11	27	164
	-	11	27	164
Property, plant and equipment				
<i>Tanzania</i>				
MB-4 development well	-	49	-	8,104
Field infrastructure connection works	295	957	2,019	3,288
Asset retirement obligation	(388)	-	(388)	-
Other field development capital	11	(29)	404	368
	(82)	977	2,035	11,760
<i>Canada</i>				
IT and office assets	18	41	27	80
	672	725	4,459	21,219

Long-term loans

On December 8, 2014, Wentworth Gas Limited ("WGL"), a subsidiary of the Company, executed two long-term credit facilities: a) a \$20.0 million loan to finance field infrastructure development within the Mnazi Bay Concession in Tanzania and b) a \$6.0 million loan to repay and replace an existing medium-term loan. The two loan facilities originally had similar commercial terms. Each loan was forty-eight months in duration commencing on the first drawdown date, carries interest of six months LIBOR rate plus 750 basis points subject to a minimum (floor) of 8% p.a. and a maximum (ceiling) of 9.5% p.a. In addition, principal repayments following the grace period of eighteen months after the first drawdown date are payable in six semi-annual equal instalments in arrears and have security in the form of a debenture creating first ranking charge over all the assets of the WGL (assets of WGL include a 25.4 percent participation interest in the Mnazi Bay Concession) and assignment over the TPDC long-term receivable. The loan facilities have no financial covenants.

Principal repayments commenced in June and December 2016 with the two payments of the six equal semi-annual payments of \$1.0 million each on the \$6.0 million loan was made. In July 2016, the first of six equal semi-annual principal payments of \$3.33 million on the \$20.0 million loan was made. At the end of December 2016, the total principal balance owing on the debt facilities was \$20.67 million.

On February 3, 2017, the board of directors of TIB Development Bank approved amendments to certain provisions of the existing \$20.0 million credit facility. The most significant amendments that impact the principal and interest payments are set out below. Principal repayments on the outstanding \$16.67 million balance at December 31, 2016 have been amended to the following:

Principal repayment date	Repayment amount (Figures in \$000's)
April 30, 2017	500
May 31, 2017	500
June 30, 2017	1,000
July 31, 2017	1,333
April 30, 2018	1,667
July 30, 2018	1,667
October 30, 2018	1,666
January 30, 2019	1,667
April 30, 2019	1,667
July 30, 2019	1,666
October 30, 2019	1,667
January 30, 2020	1,667
	16,667

The term of the credit facility has been extended by one year. Interest will be paid on a quarterly basis, in arrears, commencing July 31, 2017. The Company is working with TIB Development Bank to execute all of the amendments to the credit facility agreement.

All provisions of the \$6.0 million credit facility, of which \$4.0 million principal was outstanding at December 31, 2016, remain unchanged. Interest is paid on a semi-annual basis, in arrears, on the principal repayment date. The principal repayment dates are as follows:

Principal repayment date	Repayment amount (Figures in \$000's)
June 8, 2017	1,000
December 8, 2017	1,000
June 8, 2018	1,000
December 8, 2018	1,000
	4,000

Shares, share capital, dividends

The Company has 169,534,969 shares issued and outstanding as at December 31, 2016, 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 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 2016, the Board of Directors did not propose dividends to be paid for the year ended December 31, 2015. Proposals for dividend distribution 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.

Financial Condition and Liquidity

At December 31, 2016, Wentworth had cash on hand of \$0.98 million and receivables, deposits and advances of \$19.17 million, most of which, \$12.28 million, is the current portion of the long-term receivable from TPDC for carrying TPDC's share of development and operating costs. The Company has started collecting substantial amounts of this long-term receivable following the commencement of gas sales to the new NNGIP. Outstanding receivable for gas sales to TPDC and TANESCO total \$6.60 million at December 31, 2016.

Current liabilities include outstanding cash calls to the Operator of the Mnazi Bay Concession of \$6.5 million. A total of \$1.0 million has been paid in 2017 and the remaining \$5.5 million is expected to be settled through a combination of cash receipts from existing gas sales receivables and funds from a new working capital facility. A \$2.5 million working capital facility agreement was signed in 2016 between the Company and TIB Corporate Bank, however it was not fully executed in 2016 as it was not required. The Company expects to finalize the legal documentation and draw the full amount of the facility for working capital purposes during Q1 2017.

Current liabilities also include the principal repayment obligations on external credit facilities the anticipated settlement of other liabilities also due within the next 12 months. Subsequent to year end, the Company reached agreement with its main corporate lender, TIB Development Bank, to enhance short-term liquidity by deferring payment of the January 28, 2017 principal payment of \$3.33 million to Q2/Q3 2017, deferring the July 28, 2017 and January 28, 2018 principal payments and extending the term of the credit facility by one year.

Gas sales from the Mnazi Bay Concession during Q4 2016 was 39.4 MMscf/d. Lower than anticipated volumes realized during the second half of 2016 were a direct result of the suspension of electrical power generation operations at the Symbion power plant due to a contractual dispute with the Tanzanian Government, eliminating gas demand of 20 MMscf/d, and the commissioning of a Songo Songo gas processing facility, diverting 15 MMscf/d to an industry competitor. There is no indication as to when the Symbion power plant will return to operations.

During 2017, the Company expects to have no significant capital commitments relating to exploration and development activities in Tanzania. Anticipated development capital spending is limited to the completion of Mnazi Bay infrastructure tying field producing assets to the NNGIP with Wentworth's share of costs being approximately \$1.0 million. In Mozambique, spending on appraisal activities is expected to be limited to 2D seismic reprocessing and planning for a possible 2D seismic acquisition program anticipated for the second half of 2017.

The existing level of external debt, including the new working capital facility, is expected to be supported by the current forecasted gas production levels and therefore, the Company is no longer pursuing an expanded debt facility of up to \$50 million at this time.

Outlook

The lower than anticipated gas production volumes impacted the cash flows available to the Company during 2016 all though we are confident with guidance of gas sale averaging between 40 and 50 MMscf/d for 2017. The Company has taken steps to ensure that it can meet its ongoing obligations in a timely manner including amending the timing of principal payments under an existing credit facility and securing a \$2.5 million working capital facility. The working capital facility, combined with the proceeds from gas sales to TPDC, are expected to be sufficient to meet existing, near-term obligations. Minimal capital spending is anticipated for Tanzania and spending on appraisal activity in Mozambique will take place during the second half of 2017. Annual corporate general and administrative expenses have been reduced by in excess of 10% and the Company continues to work closely with the Operator of the Mnazi Bay Concession and TPDC to increase sales volumes in Tanzania. It is anticipated that an increase in gas sales volumes will have a significant impact on the free cash flows to the Company as no additional significant capital expenditures are planned and a majority of the field operating costs are fixed in nature. As a result, minimal spending is required in order to meet any increase in gas demand in the short-term. The Company is well positioned to take full and immediate advantage of future growth in gas demand in Tanzania.

In Mozambique, seismic reinterpretation and evaluation of the Tembo-1 well and gas discovery was completed during Q4 2016. Reprocessing of existing seismic data commenced during Q4 2016 and will be completed in Q1 2017. A 2D seismic acquisition program over the retained area of the Rovuma Onshore Block is planned for the 2H 2017. It is expected that the work program in Mozambique will be funded through a combination of internally generated cash flow and a possible addition of one or more industry partners.

Background

Mnazi Bay Concession, Tanzania

Gas Operations

Wentworth has a 31.94% participation interest in the Mnazi Bay Concession agreement covering an area of 756 square kilometers in the southeastern region of Tanzania. Wentworth and its joint venture partners have spent over \$300 million within the concession on oil and gas exploration, development and operations since signing the concession agreement in 2004. Two gas fields, Mnazi Bay and Msimbati, have been discovered within the concession, with full field gross 2P reserves of 567 Bscf (94.5 MMboe) of natural gas (RPS Energy Canada Ltd (“RPS”), Mnazi Bay Reserves Report, December 31, 2015. RPS is expected to issue a Mnazi Bay Reserves Report, December 31, 2016 during March 2017).

There are five producing wells in the field capable of a combined total production of approximately 100 MMscf/d (management’s best estimate). Extensive gas gathering and processing infrastructure has been built by Wentworth and its joint venture partners to supply the TPDC owned NNGIP which consists of a 36” gas pipeline extending ~500km from Madimba, located within the Mnazi Bay Concession in the south of Tanzania, to the commercial capital Dar es Salaam. The construction of new field infrastructure by the Mnazi Bay joint venture, including liquid separation units at the joint venture owned Msimbati Gas Processing Facility (“Msimbati GPF”) is in the final stages of completion and commissioning. This new field infrastructure is necessary to ensure that the gas meets the specifications of the GSA signed with TPDC in September 2014.

Currently, gas is sold to two customers in Tanzania, both of which are 100 percent owned by the Tanzanian Government: TPDC and TANESCO.

Gas is delivered to TPDC at a transfer point being the inlet to the NNGIP located adjacent to the Mnazi Bay gas field. The gas is sold and purchased at the metering station located at the inlet to a 16” pipeline connecting the existing Mnazi Bay gas production facility to the new Tanzanian Government owned Madimba GPF. In September 2014, the Mnazi Bay joint venture partners signed a long-term GSA with TPDC. The GSA includes contractual volumes of 80 MMscf/d for the first 8 months after commissioning increasing to 130mmscf/day thereafter and remaining at this level for the duration of the GSA term. Gas sales under the GSA attract a price of \$3.01/MMbtu escalating annually at US CPI. Currently, the NNGIP project remains in the commissioning phase with gas deliveries having commenced in August 2015. The Mnazi Bay joint venture partners are not responsible for paying a tariff for transporting the gas nor paying third party processing fees, therefore, the price of US\$3.01/MMbtu is equivalent to a wellhead “netback price”.

Gas is sold to TANESCO, the state-owned electricity utility company, as fuel supply to an 18 MW, gas-fired, power plant located approximately 27 kilometres from the Mnazi Bay field operations. Gas deliveries commenced in 2006 and gas is currently sold at a price of \$5.36/MMbtu.

Expanding Market for Natural Gas

Clear Route to Market

The Government owned NNGIP provides a direct and secure route to market for the existing discovered gas and future gas discovered within the Mnazi Bay Concession. The pipeline has a capacity to transport ~784 MMscf/d of natural gas with the Mnazi Bay gas being the first gas transported through the pipeline. The full cost of the NNGIP has been borne by the Tanzanian Government, therefore, Wentworth can monetize significant quantities of discovered gas with a nominal amount of additional capital infrastructure and cost.

The Company commenced gas deliveries to the NNGIP in August 2015 when commissioning of the pipeline and processing facilities began. Gas is sold to TPDC at the metering stations located adjacent to the Company owned Msimbati GPF. The TPDC owned Madimba Gas Processing Facility (“Madimba GPF”), with a processing capacity of 210 MMscf/d, is located within the Mnazi Bay Concession approximately 20

kilometres from the Company's discovered gas fields and was built for processing Mnazi Bay gas. Wentworth's existing discovered gas is an integral and essential component of the Tanzanian Government's gas-to-power initiative.

Ultimate end users of Mnazi Bay Gas

The Tanzanian Government has plans to add an additional 1,155 MW of electricity to the national grid over the next three to five years by constructing three new power stations and expanding the recently completed Kinyerezi-1 power plant. The additional gas fired power plants are to be located at Kinyerezi, Kilwa and Mtwara. The Kinyerezi-1 expansion project (185 MW) has reached financial close and the construction contract was signed during Q2 2016 with the expansion expected to be completed during H1 2018. Construction has commenced on the Kinyerezi-II (240 MW) power plant with start-up and commissioning expected in H2 2018. Other power stations in the planning conduit include Kinyerezi III (300 MW), Kinyerezi IV (330 MW) and Kilwa (300 MW); all of which are due to be commissioned and operational by 2020.

In addition to gas fired power generation facilities, growth in the industrial demand in Tanzania is expected to increase the throughput of natural gas within the transnational NNGIP. TPDC has recently signed a GSA with Goodwill Ceramic Limited for the gas purchase (7–12 MMscf/d) to be used to power the ceramics plant. A 1.4km 10" pipeline to connect the factory is being constructed and is expected to be completed by the end of Q1 2017. Another initiative undertaken by TPDC is to agree to supply approximately 10-40 MMscf/d to meet the power requirements of an existing Dangote Cement Factory at some point in 2017. This factory, which is the largest cement factory in Tanzania, is located in the Mtwara region. The cement factory is also considering the use of natural gas to power the kilns, which would result in an additional gas demand of approximately 30-40 MMscf/d. Other industrial users have shown interest in utilizing natural gas and discussions with TPDC are ongoing. This estimated demand for Mnazi Bay gas is expected to exceed our current production potential by the end of 2018 which provides strong incentive for further exploration by Wentworth in its acreage.

Gas Sales Agreement

During 2014, the Mnazi Bay joint venture partners and TPDC, the Government entity aggregating natural gas in Tanzania, executed a long-term GSA to supply existing discovered natural gas from the Mnazi Bay and Msimbati gas fields within the Mnazi Bay Concession. The GSA covers the supply up to 80 MMscf/d rising to a maximum of 130 MMscf/d after commissioning is complete. The Mnazi Bay joint venture partners have agreed payment security terms with TPDC and various other parties. The payment security provides the joint venture partners with sufficient assurance that sales of natural gas will be settled in accordance with the agreed payment terms.

Gas specifications contained in the GSA stipulate the temperature, pressure and liquids content of the Mnazi Bay gas at the transfer point which is adjacent to the Msimbati GPF. The Msimbati processing facilities are essential in ensuring the gas specifications set out in the GSA are met. Field infrastructure was installed by the Mnazi Bay joint venture during 2015-16 to ensure the gas specification can be met.

Existing Production Capability – Sales under the GSA

The existing five gas wells are expected to produce sufficient gas to meet the initial contracted quantity of 80 MMscf/d set out in the GSA. In prior years, workovers were performed on three wells (MS-1X, MB-2 and MB-3) allowing for production from multiple zones within these wells. The MB-4 well, drilled during Q2 2015, was tested and achieved a combined constrained flow-rate of up to 41 MMscf/d.

MS-1X, MB-2, MB-3 and MB-4 are tied-in to the NNGIP. The fifth well, MB-1, is currently producing approximately 2.5 MMscf/d which fuels the TANESCO-owned 18 MW Power Plant in Mtwara was tied into the new Tanzanian Government owned NNGIP infrastructure during Q1 2017.

Subject to further testing of production levels achievable from the existing Mnazi Bay wells and the drilling of additional development wells, as deemed necessary, the Company anticipates gas sales to TPDC to increase to 130 MMscf/d to meet the anticipated growth in gas demand resulting from expanding gas to

power generation infrastructure, primarily through the completion of Kinyerezi I expansion and Kinyerezi II power stations, and through growth in industrial demand. Gas production capacity could increase up to 270 MMscf/d should additional exploration success occur within the Mnazi Bay Concession. Of the 270 MMscf/d, 210 MMscf/d is expected to be supplied to the Madimba GPF and 60 MMscf/d is anticipated to be supplied directly to a power plant planned for construction in the Mtwara region or supplied to industrial customers in the Mtwara region.

Exploration Opportunities

Given the direct access to market for Mnazi Bay Concession gas and the spare capacity available in the transnational NNGIP, the Company will seek to advance its exploration drilling activities to increase production to match growth in demand. The Company expects the cost of these exploration activities to be fully funded from internally generated cash flows. The Company has 328 km² offshore 3D seismic (2013) and over 2,000 km onshore/offshore 2D seismic including 315 km new data (2014) which is available for use in determining future exploration drilling prospects.

Participation Interest

The participation interest in the production operations and exploration operations in the Mnazi Bay Concession, as at December 31, 2016, are as follows:

Partner	Percentage Interest in Development and Production	Percentage Interest in Exploration
M&P (Operator)	48.06	60.075
Wentworth	31.94	39.925
TPDC	20.00	-

General Industry Overview - Tanzania

Finance Bill 2016

The Tanzanian Government published a new Finance Bill that came into effect on July 1, 2016. It introduces measures aimed at reducing tax evasion and plugging loop holes for tax avoidance, to create new sources of revenue in order to increase revenue collection and in the same spirit to control unnecessary expenditure. The Bill introduces a number of changes to the tax regime which impacts the oil and gas sector. Wentworth has ongoing discussions with industry participants and the Tanzania Revenue Agency ("TRA") to better understand how these new changes will impact the sector, be implemented on a go forward basis and be interpreted by the TRA.

Petroleum Act 2015 and Extractive Industries (Transparency and Accountability) Act 2015

The Petroleum Act 2015 ("PA 2015") and the Extractive Industries (Transparency and Accountability) Act 2015 ("TEITI 2015") were enacted in late 2015. The PA 2015, which has replaced the Petroleum Exploration and Production Act of 1980 ("PEPA 1980") and the Petroleum Act of 2008 ("PA 2008") covers upstream, midstream and downstream oil and gas activities. Agreements previously entered into pursuant to provisions of the PEPA 1980 and PA 2008, including the Mnazi Bay Concession Production Sharing Agreement, are deemed to have been made under PA 2015 and shall remain in force and effect.

The TEITI 2015 is another piece of new legislation which provides the foundation of the Tanzania Extractive Industries Transparency and Accountability Initiative ("TEITI"). The TEITI Committee is an independent government body charged with the oversight responsibilities for promoting and enhancing transparency and accountability. The Company does not expect operations in Tanzania to be significantly impacted by the introduction of the PA 2015 and TEITI 2015 but continues to engage with industry and Tanzanian Government to determine the full extent of the changes on the energy industry in Tanzania.

Rovuma Onshore Block, Mozambique

Appraisal of the Tembo Gas Discovery

The Rovuma Onshore Block in northern Mozambique is onshore and forms part of the Rovuma Basin. The current area of the Block consists of the approximately 2,500 sq. km Tembo appraisal area and is south of the Company's Mnazi Bay Concession in Tanzania.

On June 17, 2016, the Mozambique Government, through the Minister of Minerals & Energy, approved an appraisal plan and appraisal area for the Tembo gas discovery of December 2014. The Tembo-1 well was drilled to a total depth of 4,553 meters (4,401 meters True Vertical Depth Sub Sea) and a gas discovery was made in Cretaceous aged sands. Natural gas and a skim of oil was recovered by modular formation dynamics testing ("MDT"). Preliminary evaluation of the Tembo-1 well results and the regional seismic evaluation suggests the possibility of a substantial hydrocarbon accumulation.

The appraisal plan covers a two-year period from the date of the Mozambique Government's approval. Wentworth has been approved as the Operator of the Rovuma Onshore Block and has increased its participation interest in the Block from 11.59% to 85%. State owned Empresa Nacional de Hidrocarbonetos ("ENH") retained 15% participation interest as a carried partner through to the commencement of commercial operations. In addition, ENH has the right to acquire a further 15% participation interest in the Block from Wentworth within 18 months from the date of submission for a development plan for consideration equal to the proportionate share of past costs incurred.

Participation Interest

At December 31, 2016, the participation interests in production operations and exploration (and appraisal) operations in the Rovuma Onshore Block were agreed between the Company and ENH as follows:

Partner	Percentage Interest in Development and Production (1)	Percentage Interest in Exploration (and Appraisal)
Wentworth	85.00	100.00
ENH	15.00	-

(2) Should the results of the appraisal of the Tembo gas discovery lead to the submission of a development plan, ENH shall have the right to acquire, within 18 months, an additional 15 percent participation interest in the block for a consideration equal to the proportionate share of costs incurred by Wentworth.

General Industry Overview - Mozambique

New Petroleum Law Regulations

Decree 34/2015 of December 31, 2015, approves the Regulations for Petroleum Operations and repeals the Regulations approved by Decree No. 24/2004 of August 20, 2004. The new Decree details the rules according to which petroleum operations are carried in Mozambique through a concession contract. The Regulations apply to all petroleum operations and to any infrastructures owned by the concessionaires or by third parties that are related to those operations, as defined by Law No. 21/2014 of August 18, 2014. Amongst other things, the Decree details the requirements and procedures applicable to the work programs, plans and evaluations, the management of petroleum operations, particularly as regards to the environment, health and safety standards for drilling operations and other activities in the upstream operations, emergency requirements and contingency measures, development and production of oil and gas and applicable penalties. Further to this, the Regulations provide more clarification regarding the local content requirements and the participation of Mozambican nationals in the sector.

Wentworth does not expect to be negatively affected by these new regulations but continues to work with legal advisors in Mozambique to gain a comprehensive understanding of the new regulations, particularly as the Company has assumed operatorship of the Rovuma Onshore Block.

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 a significant number of 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 operations to minimize exposure to the extent practical. As a result 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 maximum 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, tax input credits for Goods and Services Tax (GST) in Canada 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 December 31, 2016, the Mnazi Bay joint venture partners were owed thirteen months of gas sales, with \$2.16 million owing to Wentworth of which three months has been collected subsequently to year end.

A long-term undiscounted receivable of \$27.15 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 December 31, 2016, 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. Wentworth is currently in discussions with TANESCO, TPDC and MEM on agreeing a method of reimbursement. There is a risk that the cost reimbursement method may not be in cash, but rather in a long-term recovery from other sources.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Other than routine trade and other payables, incurred in the normal course of business, the Company also has a long-term loan.

The Company has working capital surplus at December 31, 2016 and generated positive cash flow from operations for 2016. 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 its ongoing obligations.

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 estimates.

Workplace

Wentworth aims to be a workplace with equal opportunities for women and men in all areas. In terms of gender equality within the Company, no Board Members are women but 22 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. The Corporation has not experienced any discriminatory treatment of men and women and special measures to promote greater equality has therefore not been considered necessary.

Exemption

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

Board of Directors and Corporate Governance

The Company's Board of Directors are Robert 'Bob' McBean (Executive Chairman), John Bentley (Deputy Chairman), 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 in order 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 February 27, 2017

Directors

Robert P. McBean

Executive Chairman

John W.S. Bentley

Deputy Chairman

Cameron Barton

Non-Executive Director

Neil B. Kelly

Non-Executive Director

Executive Management

Geoffrey Bury

Managing Director

Lance Mierendorf

Chief Financial Officer

Responsibility Statement

We confirm that, to the best of our knowledge, the unaudited condensed consolidated interim financial statements for the quarter ended December 31, 2016, 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.

Approved by the Board February 27, 2017

Directors

Robert P. McBean

Executive Chairman

John W.S. Bentley

Deputy Chairman

Cameron Barton

Non-Executive Director

Neil B. Kelly

Non-Executive Director

Executive Management

Geoffrey Bury

Managing Director

Lance Mierendorf

Chief Financial Officer

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, and large-scale gas monetization projects in development. The Company's strategy is centered on proving up additional gas resources in its Mnazi Bay Concession in Tanzania to satisfy third party demand for natural gas and to identify significant resources for consumption by future large-scale petrochemical projects to be built. 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 recently commissioned 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 and Dar es Salaam, Tanzania.

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

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 in Tanzania and Mozambique, technical risks and resource potential of the drilling prospects, and the financing and timing of construction and the field development plan 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.