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Wentworth Resources PLC
06 April 2022

PRESS RELEASE **6 April 2022**

WENTWORTH RESOURCES PLC
("Wentworth" or the "Company")

Final Results for the Year Ended 31 December 2021

Declaration of Proposed Final Dividend and Q1 2022 Operations Update

Wentworth (AIM: WEN), the independent, Tanzania-focused natural gas producer is pleased to announce its audited financial results for the year ended 31 December 2021 along with its proposed final dividend declaration for the full year 2021. All values are expressed in US dollars unless stated otherwise.

Wentworth confirms that its Sustainability Report 2021 has been published and is available on the Company's website at www.wentplc.com.

HIGHLIGHTS

Financial

- Another year of exceptional operational and financial performance with record production in Q1 2022
- Declaring a final dividend of 1.16 pence per share ($2.7 million); a total dividend distribution in respect of 2021 of 1.73 pence per share ($4.0 million) representing a yield of approximately 8.0% (calculated on an annualised basis), an increase from 2020 total distributions of $3.8 million
- Share buyback programme to support capital return philosophy initiated in December 2021 and c. $2.6 million returned to date
- Revenues increased by 26% to $23.8 million (2020: $18.9 million), underpinned by long-term fixed gas price contracts and strong production
- Adjusted EBITDAX increased by 40% to $13.6 million (2020: $9.6 million)
- Net profit increased by 79% to $6.1 million (2020: $3.4 million)
- Increasingly robust balance sheet, remaining debt free with a cash balance of $22.8 million (2020: $17.8 million)

Operational

- 5 years without a Lost Time Incident (LTI) and no operational disruption due to COVID-19
- Average gross daily gas production of 81.6 MMscf/d (2020: 65.5 MMscf/d) exceeded guidance which was revised upwards in June 2021
- Low operational cost of production of $0.54/Mscf
- Wentworth gross 2P Reserves estimated to be 135.2 Bcf with an after-tax NPV10 of US$108.1 million, as at 31 December 2021

Corporate

- Expanded commitment to established capital return policy with implementation of share buyback programme
- Tanzania-focused growth continues to be a key focus to capitalise on existing operational track record
- Increased strength and diversity of the Board and management with appointment of Independent Non-Executive Director and Chief Operating Operator

Sustainability

- Wentworth's domestic natural gas continues to play a critical role in increasing energy access to communities across Tanzania and remains a key partner for the Government of Tanzania to deliver on its ambition to provide universal energy access in Tanzania by 2030 in line with the UN Sustainable Development Goals
- Continued commitment to our local communities through our corporate social responsibility efforts and dedicated foundation programmes
- Publication of Sustainability Report 2021 including disclosure in accordance with the Sustainability Accounting Standards Board
- First year of independent assurance of our greenhouse gas emissions disclosed in line with the Greenhouse Gas Protocol; Wentworth's carbon intensity per boe of 0.29 kg CO2 e/boe is one of the lowest reported in the London E&P sector
- Partnership established with Vitol to develop SDG aligned community-focused carbon credit programmes in Tanzania to offset all our Mnazi Bay Scope 1 and Scope 2 emissions and partially offset Scope 3 emissions from 2022
- Membership of the United Nations (UN) Global Compact, underlining Wentworth's commitment to operating responsibly

Dividend

The Directors propose that a final dividend of 1.16 pence per ordinary share be paid, subject to shareholder approval at the Company's Annual General Meeting, to the holders of the ordinary shares who are on the register of members of the Company at 6.00 p.m. on 1 July 2022. The proposed final dividend will bring distributions to shareholders with regard to the financial year ended 31 December 2021 to $4 million, in line with the Company's stated commitment to a sustainable and progressive dividend policy. If approved by shareholders, the dividend will be paid according to the timetable below.

ØEx-Dividend Date: 30 June 2022
ØRecord Date: 1 July 2022
ØUK Payment Date: 29 July 2022

2022 Outlook

- Production guidance for 2022 has been set at 75 - 85 MMscf/d, raising the guidance band by 5 MMScf/d across the board compared to 2021
- The contracted price for gas produced at Mnazi Bay production has increased from $3.35/MMbtu to $3.44/MMbtu; effective from 1 January 2022
- Operational costs of production remain low at $0.54/Mscf
- The Company continues to explore and evaluate growth opportunities both within the Mnazi Bay licence and the greater geographical region to support increasing in-country demand for natural gas

Q1 2022 Operations Update

- The Mnazi Bay Gas field produced 29.8 Bcf during 2021, an increase of 25% over 2020 production
- Mnazi Bay has an estimated 423.3 Bcf of remaining economically recoverable gross 2P sales
- The Mnazi Bay Gas field achieved a new quarterly average daily production record of 98.5 MMcf/d in Q1 2022, surpassing the previous record of 91.5 MMcf/d set during Q4 2021
- As of 1 April 2022, the Mnazi Bay facility has safely operated for 2,060 days (5.6 years) without a Lost Time Incident
- Mnazi Bay Gas facility is expected to be shut-down for up to 10 days in Q2 2022 to allow for scheduled maintenance on the gas gathering system

Results Conference Calls

Analyst call

The Company is holding a conference call for analysts at 10.00am BST today, Wednesday 6 April 2022.

To register for the call, please click on the following link:

https://secure.emincote.com/client/wentworth/wentworth008/vip_connect

You can view the presentation during the call via the following link:

https://secure.emincote.com/client/wentworth/wentworth008

Investor call

The Company is holding a live presentation and Q&A webinar for investors at 12.00pm BST, Wednesday 6 April 2022, via Investor Meet Company.

To register for the call, please click on the following link:

https://www.investormeetcompany.com/wentworth-resources-plc/register-investor

Katherine Roe, CEO, commented:

"2021 was an excellent year across the board for Wentworth during which we demonstrated our commitment to responsible growth whilst increasing considerable shareholder returns. We are delighted that through our progressive dividend policy and active share buyback programme we saw a record $6 million returned to shareholders in 2021. Our ability to deliver on this is underpinned by our robust financial position, no debt and ongoing cash generation.

"We are also very pleased to have seen record production for the year with a 25% increase in average daily production compared to 2020. This underscores the quality of our asset as well as highlighting the improvements in industrial demand in Tanzania enabling us to further increase our production guidance for 2022. We are also very proud of our exceptional health and safety record. 2021 marked five years without an LTI and it remains an absolute priority to sustain this performance year in, year out.

"We believe in the value opportunity from aligning business and society interests. As such, we are committed to playing a significant role in supporting Tanzania's commitment to deliver universal energy access by 2030, aligning with the UN's ambitions. We continue to be well-positioned alongside our JV Partners, Maurel et Prom and TPDC, to deliver on this and be a key part of the solution to supply growing demand.

"We would like to thank our shareholders and stakeholders for their continued support as we look to continue to deliver on our strategy of responsible, sustainable growth through delivering reliable, domestic energy supply to communities across Tanzania."

Enquiries:

Wentworth	Katherine Roe, Chief Executive Officer	katherine.roe@wentplc.com +44 (0) 7841 087 230
Stifel Nicolaus Europe Limited	**AIM Nominated Adviser and Joint Broker** Callum Stewart Ashton Clanfield Simon Mensley	+44 (0) 20 7710 7600
Peel Hunt LLP	**Joint Broker** Richard Crichton Alexander Allen	+44 (0) 20 7418 8900

FTI Consulting	**Communications Adviser** Sara Powell Ben Brewerton	+44 (0) 20 3727 1000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year-ended 31 December 2021 $000	2020 $000
Total revenue	**5**	**23,818**	18,991
Production and operating costs		**(3,800)**	(3,837)
Depletion	**13**	**(6,267)**	(5,607)
Total cost of sales		**(10,067)**	(9,444)
Gross profit		**13,751**	9,547
Recurring administrative costs	**6**	**(6,424)**	(5,448)
New venture and pre - licence costs	**6**	**(502)**	(1,558)
Share-based payment charges	**19**	**(537)**	(300)
Depreciation	**14**	**(50)**	(4)
Total costs		**(7,513)**	(7,310)
Profit from operations		**6,238**	2,237
Finance income	**9**	**139**	146
Finance expense	**9**	**(369)**	(154)
Profit before tax		**6,008**	2,229
Current tax expense	**23**	**(1,321)**	(112)
Deferred tax income	**23**	**1,380**	1,311
		59	1,199
Net and comprehensive profit after tax		**6,067**	3,428
Net profit per ordinary share			
Basic and diluted (US$/share)	**21**	**0.03**	0.02

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2021 $000	31 December 2020 $000
ASSETS			
Current assets			
Cash and cash equivalents		**22,820**	17,787
Trade and other receivables	**10**	**5,550**	4,847
		28,370	22,634
Non-current assets			
Exploration and evaluation assets	**12**	**8,129**	8,129
Property, plant and equipment	**13**	**66,465**	72,307
Deferred tax asset	**23**	**8,239**	6,859
		82,833	87,295
Total assets		**111,203**	109,929
LIABILITIES			
Current liabilities			
Trade and other payables	**15**	**2,503**	2,382
		2,503	2,382
Non-current liabilities			
Decommissioning provision	**16**	**1,929**	1,514
Lease liability	**17**	**36**	-
		1,965	1,514
EQUITY			
Share capital	**20**	**414,919**	416,426
Equity reserve		**26,695**	26,656
Accumulated deficit		**(334,879)**	(337,049)
		106,735	106,033
Total liabilities and equity		**111,203**	109,929

The accompanying notes form part of these financial statements

The financial statements of Wentworth Resources plc, registered number 127571 were approved by the Board of Directors and authorised for issue on 6 April 2022.

Signed on behalf of the Board of Directors.

Katherine Roe

Chief Executive Officer

6 April 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Number of shares	Share capital $000	Equity reserve $000	Accumulated deficit $000	Total equity $000
Balance at 31 December 2019		186,488,465	416,426	26,651	(337,203)	105,874
Dividends	**22**	-	-	-	(3,274)	(3,274)
Net profit and comprehensive profit		-	-	-	3,428	3,428
Share based compensation	**19**	-	-	300	-	300
Repurchase of own shares	**18**	-	-	(295)	-	(295)
Balance at 31 December 2020		186,488,465	416,426	26,656	(337,049)	106,033
Dividends	**22**	**-**	**-**	**-**	**(3,920)**	**(3,920)**
Net profit and comprehensive profit		**-**	**-**	**-**	**6,067**	**6,067**
Share based compensation	**19**	**-**	**-**	**537**	**-**	**537**
Cancelled shares		**(939,326)**	**(318)**	**295**	**23**	**-**
Repurchase of own shares	**18**	**(4,500,000)**	**(1,189)**	**(793)**	**-**	**(1,982)**
Balance at 31 December 2021		**181,049,139**	**414,919**	**26,695**	**(334,879)**	**106,735**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year-ended 31 December 2021 $000	2020 $000
Operating activities			
Net profit for the year		**6,067**	3,428
Adjustments for:			
Depreciation and depletion	**13**	**6,317**	5,611
Finance costs, net	**26**	**172**	8
Income tax expense	**23**	**(59)**	(1,199)
Share based compensation	**19**	**537**	300
		13,034	8,148
Change in non-cash working capital:			
Trade and other receivables		**(695)**	1,229
Trade and other payables		**33**	284
Cash generated from operating activities		**12,372**	9,661
Current tax paid		**(159)**	(112)
Withholding tax paid		**(1,162)**	-
Net cash generated from operating activities		**11,051**	9,549
Investing activities			
Additions to property, plant and equipment	**13**	**(62)**	(60)
Interest income		**36**	82
Net cash from investing activities		**(26)**	22
Financing activities			
Dividends paid	**22**	**(3,920)**	(3,274)
Repurchase of own shares	**18**	**(1,982)**	(295)
Principal term loan repayments		**-**	(1,664)
Interest on term loan		**-**	(38)
Lease payment	**17**	**(50)**	-
Renewal fee on overdraft facility		**(19)**	-
Bank charges	**9**	**(21)**	-
Net cash used in financing activities		**(5,992)**	(5,271)
Net change in cash and cash equivalents		**5,033**	4,300
Cash and cash equivalents, beginning of the period		**17,787**	13,487
Cash and cash equivalents, end of the period		**22,820**	17,787

The accompanying notes form part of these financial statements

1. Incorporation and basis of preparation

Wentworth Resources plc ("Wentworth" or the "Company") is an East Africa-focused upstream natural gas production company. These audited consolidated financial statements include the accounts of the Company and its subsidiaries (collectively referred to as "Wentworth Group of Companies" or the "Group"). The Company is actively involved in oil and gas exploration, development and production operations. Wentworth is incorporated in Jersey and shares of the Company as at 31 December 2021 were held and listed on the AIM part of the London Stock Exchange (ticker: WEN).

The Company's principal place of business is located at 4th Floor, St Paul's Gate, 22 - 24 New Street, St Helier, Jersey, JE1 4TR.

The Group maintains offices in Jersey and Tanzania.

Basis of presentation and statement of compliance

These consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting. The consolidated financial statements are prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies (Jersey) Law 1991.

The consolidated financial statements were approved by the Board of Directors on 5 April 2022.

The lifting of COVID-19 restrictions and the reopening of economies across the world has been welcome news, however, the Group remains vigilant to the very real risk of a sudden and unanticipated resurgence of the virus, either globally or in an isolated incident at its production facility at Mnazi Bay. It is for this reason that the additional protocols enacted in 2020 to protect our workforce and to safeguard the continuity of gas production are largely still in-place will remain so for the foreseeable future.

The continued strategy of balancing the strengthening of working capital with increasing dividend returns to shareholders has been further progressed during 2021, which saw shareholder returns increase by $220k or 5.8% and the working capital increase by $5.7 million to $28.4 million.

The Group continue to model and, where possible, mitigate all reasonable downside scenarios. Ultimately, however, it will likely be the macro-economic environment that will influence any impact upon the wider Group and there can be no certainty as to what these will be, especially in light of the recent turmoil experienced in capital markets following conflict in eastern Europe.

In spite of this, we continue to apply the judgement that the business will continue, anticipating some short-term capital market disruption, but do not at this stage foresee this to be material in nature to the business as a whole. We do, however, continue to monitor world events as they progress and are mindful of the speed with which circumstances may change, both for the better or for the worse.

Functional and presentation currency

These consolidated financial statements are presented in US dollars which is the functional currency of the majority of its subsidiaries.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities that the Company controls. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its authority over the investee. The existence and effect of potential voting rights are considered when assessing whether a company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The legal entities within the Wentworth Group of Companies are disclosed within note 14. All intercompany transactions, balances and unrealised gains on transactions between the parent and subsidiary companies are eliminated on consolidation.

The Group holds a 31.94% participation interest in the Mnazi Bay Concession through two subsidiaries. Wentworth Gas Limited ("WGL"), which is a wholly owned subsidiary, owns a 25.40% participation interest and Cyprus Mnazi Bay Limited ("CMBL") owns a 16.38% participation interest of which the Group's proportionate share is 6.54% (i.e. Wentworth's interest of 39.925% interest in CMBL multiplied by 16.38% participation interest). CMBL is considered a jointly controlled entity and accounted for as a joint operation rather than a joint venture. The Group the group accounts for its share of CMBL assets and liabilities as CMBL has contractual agreements which establish that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of ownership in proportion to their interest in the arrangement.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review contained within this report.

Directors and senior management continue to allocate considerable resources to ensuring that Wentworth is well placed to continue to safely produce gas from Mnazi Bay alongside the Operator, Maurel et Prom. Given the essential nature of services provided and the forecasted impact of recent world events to both international capital markets and production operations in the United Republic of Tanzania, the Group notes that an interruption to production is remote. The Directors however are mindful of the speed with which circumstances may change, both for the better or for the worse, and all modelling is based on the most current information available.

The Group has a long established and collaborative relationship with the Government of the United Republic of Tanzania, having operated in-country for many years, however the Directors do recognise that the Group is dependent upon the continued collection of gas sales invoices and ongoing operational support of the Government as its sole gas sales customer through its operating agencies TPDC and TANESCO.

The Directors have, therefore, judged that on a risk-weighted basis, which takes into consideration both the probability of occurrence and an estimate of the financial impact, the continued timely settlement of gas-sales invoices by the Government of the United Republic of Tanzania to be the most significant risk currently faced by the Group. To this end, should no settlement of future gas sales invoices be received from the date of approval of these financial statements, we have assessed that the Group would be able to continue to operate for a period of up to 23 months without the need for a further injection of working capital.

Further to this, based on the application of reasonable and foreseeable sensitivities, which include potential changes in demand, capital spend and operating costs, the Directors believe that the Group is well placed to manage its financial exposures. The Directors have judged that owing to the stability of this relationship, the Group has sufficient cash resources for its working capital needs, committed capital and operational expenditure programmes for at least the next 23 months based on the Directors a worst case scenario of no settlement of future gas sales as noted above.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Changes in accounting policies

A number of new standards are effective from 1 January 2021 but they do not have material effect on the Group's financial statements.

New and amended standards

The following amended standards and interpretation are effective for financial years commencing on or after 1 January 2022. The Group does not intend to adopt the standards below, before their mandatory application date.

Standard	Description	IASB Issue Date	IASB Effective Date	Secretary of State Adoption Date
IAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract	14 May 2020	1 January 2022	Endorsed
IAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use.	14 May 2020	1 January 2022	Endorsed
IFRS 3 (Amendments)	Reference to the Contractual Framework.	14 May 2020	1 January 2022	Endorsed
IAS 1 (amendments)	Classification of Liabilities as Current or Non-current.	23 January 2020	1 January 2023	Endorsed
IFRS 17	Insurance contracts.	25 June 2020	1 January 2023	Endorsed
IAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction.	7 May 2021	1 January 2023	Endorsed
IAS 8 (amendments)	Definition of accounting estimates.	12 February 2021	1 January 2023	Endorsed
IAS 1 and IFRS Practice Statement 2 (amendments)	Disclosure of accounting policies.	12 February 2021	1 January 2023	Endorsed

Future accounting pronouncements

The Company intends to adopt the above listed standards and interpretations in its financial statements for the annual period beginning 1 January 2023. The Company does not expect the interpretation to have a material impact on the financial statements.

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these Company and Group consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Joint arrangements

The analysis of joint arrangements requires management to analyse numerous agreements and the requirements of IFRS 10 and IFRS 11. Judgements made by management include whether joint control exists and the extent of exposure to the underlying assets and liabilities of the joint arrangement. By virtue of the provisions contained within the underlying shareholder agreements, to which Cyprus Mnazi Bay Limited (see below for accounting considerations of this entity) and Wentworth Holdings Gas Limited, a wholly owned subsidiary of Wentworth Resources plc, are parties to, management have assessed that the Company has a joint arrangement through its 31.94% ownership in the license and accounts for this interest as a joint operation as no single individual shareholder may exercise absolute control over the entity. The agreement is bilateral, with Maurel & Prom Mnazi Bay Holdings SAS (M&P) and whilst the Operator may make day-to-day decisions, the overall strategic direction of the partnership requires unanimous consent between M&P and Wentworth. M&P hold 48.06% share in the license and 20% is owned by TPDC. As such the Group is entitled to its share of production from the license and therefore revenue generated from the sale of this output. Wentworth also recognise its share of all expenses incurred the joint arrangement, its right to the assets, as well as its share of the liabilities and obligations.

Accounting treatment of CMBL

The Group holds a 31.94% participation interest in the Mnazi Bay Concession through two subsidiaries. WGL is a wholly owned subsidiary, which owns a 25.40% participation interest and Wentworth Holdings (Jersey) Limited is a wholly owned subsidiary that holds 39.925% in CMBL, which owns a 16.38% participation interest, of which the Group's proportionate share is therefore 6.54% (i.e. Wentworth's interest of 39.925% interest in CMBL, multiplied by 16.38% participation interest). CMBL is considered a jointly controlled entity and accounted for as a joint operation rather than a JV. The Group recognises its share of the following:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenues arising from the joint operation;
- Other revenues from the joint operation; and
- Expenses, including its share of any expenses incurred jointly

Financial instruments

The Group recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Classification and initial measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at amortised cost, fair value through profit or loss or fair value through other comprehensive income (OCI). The Group determines this classification at initial recognition depending on the business model for managing the financial asset and the contractual terms of the cash flows.

The Group's financial assets include cash and cash equivalents, trade and other receivables.

When financial assets are initially recognised, they are measured at fair value being the consideration given or received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in the income statement.

The Group's financial assets measured at amortised cost are held for the collection of contractual cash flows where those cash flows have specified dates and represent solely payments of principal and interest, such as cash and cash equivalents or trade receivables.

The Group's financial assets measured at fair value through profit or loss are those financial assets where the contractual cash flows do not solely represent payments of principal and interest, such as trade receivables.

Subsequent measurement

Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest (and classified as amortised cost) are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Allowance for impairment is estimated on a case-by-case basis.

Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses that might arise on financial assets measured at amortised cost. This assessment considers the probability of a default event occurring that could result in the expected cash flows due from a counterparty falling short of those contractually agreed.

Expected credit losses are estimated for default events possible over the lifetime of a financial asset measured at amortised cost. However, where the financial asset is not a trade receivable measured at amortised cost and there have been no significant increases in that financial asset's credit risk since initial recognition, expected credit losses are estimated for default events possible within 12 months of the reporting date.

(ii)

(iii) Financial liabilities

Classification and initial measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost or fair value through profit or loss. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities include trade and other payables, other liabilities and borrowings which are classified as amortised cost. Trade payables may be designated and measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis.

All financial liabilities are recognised initially at fair value while financial liabilities at amortised cost additionally include directly attributable transaction costs.

Subsequent measurement

Trade and other payables, borrowings and other financial liabilities are subsequently measured at amortised cost using the EIR method after initial recognition. Gains and losses are recognised in the income statement through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

A gain or loss on a financial liability measured at fair value through profit or loss is recognised in the income statement in the period in which it arises.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

At each reporting date, the fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value.

Long-term receivables

Long-term receivables plus applicable accrued interest are initially recognised at their fair value based on the discounted cash flows. The discounted cash flows are reviewed at least every year to adjust for variations in the estimated future cash flows with the change in estimate reported in profit or loss. The discount rate is based on the credit quality and term of the financial instrument. The financial instrument is subsequently valued at amortised costs by accreting the instrument over the life of the asset. The accretion is reported in profit or loss.

(E&E) Exploration Assets

E&E costs, including costs of licence acquisition, technical services and studies, exploratory drilling, whether successful or unsuccessful, and testing and directly attributable overhead, are capitalised as E&E assets according to the nature of the assets acquired. These costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a resource is generally considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration licence or field is carried out, at least annually, to ascertain whether it is technically feasible and commercially viable. Upon determination of technical feasibility and commercial viability, intangible E&E assets attributable to those reserves are first tested for impairment with the unimpaired amounts reclassified from E&E assets to a separate category within tangible assets within Property, Plant and Equipment referred to as oil and gas interests.

Once the commercial viability of a resource has been proven and/or probable and reserves have been determined to exist, the intangible E&E asset attributable to those reserves are then transferred to oil and natural gas properties within PP&E and then depleted over its useful life on a unit of production basis.

Costs incurred prior to the legal awarding of petroleum and natural gas licences, concessions and other exploration rights are recognised in profit or loss as incurred.

PP&E - oil and natural gas properties

Items of PP&E, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. PP&E assets include costs incurred in developing commercial reserves and bringing them into production, such as drilling of development wells, tangible costs of facilities and infrastructure construction, together with the E&E expenditures incurred in finding the commercial reserves that have been reclassified from E&E assets as outlined above, the projected cost of retiring the assets and any directly attributable general and administrative expenses. Expenditures on developed oil and natural gas properties are capitalised to PP&E when it is probable that a future economic benefit will flow to the Company as a result of the expenditure and the cost can be reliably measured. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligations associated with the asset and borrowing costs on qualifying assets. When significant parts of an asset with PP&E, including oil and gas interests, have different useful lives, they are accounted for as separate items (major components).

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognised as capitalised oil and gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. Subsequent changes in estimated decommissioning obligation due to changes in timing, amounts and discount rates are included in the cost of the asset. Such capitalised oil and gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognised. The costs of the day-to-day operating of PP&E are recognised in profit or loss as incurred.

Depletion

The net carrying amount of PP&E is depleted on a field by field unit of production method by reference to the ratio of production in the year to the related proven and probable reserves. These reserves represent full field recoverable reserves and not just those recoverable to the end of the current licence period. If the useful life of the asset is less than the reserve life, the asset is depreciated over its estimated useful life using the straight-line method. Future development costs are estimated considering the level of development required to produce the proven and probable reserves. These estimates are reviewed by third party independent reserves engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis. Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Disposals

Oil and natural gas properties are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on derecognition of the asset, including farm out transactions or asset sales or asset swaps, is calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset, is recognised in profit or loss in the period of derecognition.

PP&E - office and other equipment

Office and other equipment are carried at cost less accumulated depreciation and impairment losses. Depreciation of the cost of these assets less residual value is charged to profit and loss on a straight-line basis over their estimated useful economic lives of between three and five years.

Leases

IFRS 16 Leases applies to all leases, including subleases, except for leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources.

The Company has elected to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Decommissioning obligation

Decommissioning obligations are recognised for legal obligations related to the decommissioning of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A liability for decommissioning is recognised in the period in which it is incurred and when a reasonable estimate of the liability can be made with the corresponding decommissioning provision recognised by increasing the carrying amount of the related long-lived asset. The recognised decommissioning provision is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial amount of the liability is accreted by charges to the profit or loss to its estimated future value.

Impairment

The carrying values of production assets, E&E expenditures that have been capitalised and property, plant and equipment (PPE) are assessed for impairment when indicators of such impairment exist. In performing impairment reviews, assets are categorised into the smallest identifiable groups, cash generating units (CGU), that generate cash flows independently. If any indication of impairment exists, the estimated recoverable amount of the asset or CGU is calculated. If the carrying amount of the asset or CGU exceeds its recoverable amount, it is impaired with the loss charged to the income statement so as to reduce the carrying amount to its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset or CGU. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount.

(i) **Calculation of recoverable amount**

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows of the asset or CGU in its present condition are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, consideration will be given to whether the value of the asset or CGU can be determined from an active market (e.g. recognised exchange) or a binding sale agreement which are classified as level 1 in the fair value hierarchy under IFRS 13 'Fair Value Measurements'. Where this is not determinable, fair value less costs to sell for a CGU is usually estimated with reference to a discounted cash flow model, similar to the method used for value in use, but may include estimates of future production, revenues, costs and capital expenditure not currently included in the economic model. Additionally, cash flow estimates include the impact of tax and are discounted using a post-tax discount rate. An estimate made on this basis is classified as level 3 in the fair value hierarchy.

(ii) **Reversals of impairment**

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior years. Such reversals are recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in the recoverable amount.

Share capital

The proceeds from the exercise of share options and the issuance of shares from treasury are recorded as share capital in the amount for which the option, warrant, or treasury share enables the holder to purchase a share in the Company.

Proceeds for shares in excess of the nominal value are recorded within share premium.

Share issuance costs

Commissions paid to underwriters, and other related share issue costs, such as legal, auditing and advisory, on the issue of the Company's shares are charged directly to share capital, net of tax within the share premium account.

Share based payments

The fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share based compensation is accrued and charged to profit or loss, with an offsetting credit to equity reserve over the vesting periods. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

Capitalisation of interest

The Company capitalises interest expense incurred during the construction phase of the projects, except E&E assets which were funded by the related financing.

Revenue recognition

Natural gas revenues are recognised upon the transfer of control over its gas to its customers, TPDC and TANESCO, which is when delivery is made to them through the offtake network.

Investment income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Income taxes

Tax expense comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent it relates to items recognised in other comprehensive income ("OCI") or directly in equity.

Current income tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their corresponding tax basis. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits are expected to be available against which deductible temporary differences to the tax basis can be utilised. Deferred income tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, if any, or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint arrangements except where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits are expected to be available to allow all or part of the asset to be recovered. Deferred tax assets are recognised for taxable temporary differences arising on investments in subsidiaries to the extent that it is probable that the temporary difference will reverse in the foreseeable future and future taxable profits are expected to be available against which the temporary difference can be utilised.

Foreign currency translation

Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the legal entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognised in profit or loss.

The functional currency of all Wentworth subsidiaries is US dollars except for Wentworth Resources (UK) Limited ("WRUKL") which is Pound Sterling. The assets and liabilities of this Company are translated into US dollars at the period-end exchange rate. The income and expenses of the Company are translated to US dollars at the average exchange rate for the period.

Translation gains and losses are included in OCI; however, WRUKL has limited operations so there is no significant amount of foreign exchange gains and losses to include in OCI. All other foreign exchange gains and losses are recognised in profit or loss.

Earnings or loss per share ("EPS")

Basic earnings or loss per share is calculated by dividing profit or loss attributable to owners of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator is calculated by adjusting the shares outstanding at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of all dilutive potential ordinary shares deemed to have been converted at the beginning of the period or if later, the date of issuance. The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted EPS.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the preparation of consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual 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. Significant estimates and judgments used in the preparation of these consolidated financial statements include the assessment of impairment triggers related to E&E and PP&E assets and recognition of a deferred tax asset.

Recoverable value of Mnazi Bay E&E and Natural Gas Properties costs

Significant accounting Judgements

The Directors review the carrying value of the Groups assets to determine whether there are any indicators if impairment such that the carrying values of the assets may not be recoverable. The assessment of whether an indicator of impairment or reversal thereof has arisen requires considerable judgement, taking account of factors such as future operational and financial plans, commodity prices and the competitive environment.

Oil and gas assets are inherently judgemental to value. The amounts capitalised represent active projects and investments. These amounts are expensed to profit or loss as unless the determination process over whether reserves are recoverable or not is not completed and there are no indications of impairment at the reporting date or commercial reserves are established. Indictors of impairment include but are not limited to; declines in market value; company net assets in excess of market capitalisation; obsolescence or physical damage; economic performance worse than expected; or substantive expenditure in the specific area is neither budgeted nor planned. The outcome of ongoing production and exploration activities and whether their carrying values will ultimately be recovered is inherently uncertain and requires significant judgement.

Management performs impairment testing on the Company's producing and non-producing assets when indicators of impairment are present. The assessment of impairment indicators is subjective and considers the various internal and external factors such as the financial performance of individual CGUs, market capitalisation and industry trends.

Key sources of estimation uncertainty

The preparation of discounted cash flows used to assess the recoverable amount of the Groups CGU includes management's estimates of future operating costs, economic and regulatory environments, capital expenditures requirements, long term field plans and other factors including discount rates and the total level of reserves deemed to be commercial.

The valuation underpinning the carrying value of producing and non-producing assets are largely dependent on supply and demand variables.

The gas sales price is fixed, subject to an annual inflation index linked to the US consumer prices index to 2031 and the cost base of production operations is also largely fixed in nature. Whilst the benefits of increased production volumes are clear, the opposite is equally true during operational downtime, prolonged or permanent gas supply outages which may in turn impact upon the commerciality of the field. Mnazi Bay currently has five producing wells and formally signed the Commercialisation of Discovery making all terms contained within the Mnazi Bay GSA legally binding and fully in effect from 10 September 2019. Mnazi Bay is committed to supplying a minimum quota of natural gas to TPDC and TANESCO of 90 MMscf/day rising to 130 MMscf/day for the entire remaining term of the GSA and is guaranteed of future revenue streams via a take or pay provision of 85% of these amounts. This greatly strengthens and formally ratifies the long-term commerciality of the Mnazi Bay asset, and as such it would require significant reductions in daily production operations to trigger an indication of impairment under IFRS 6 and IAS 36 and a subsequent write down in the book value of the Mnazi Bay asset which currently totals $66.4 million.

At the year-end, a full impairment test was conducted on the Mnazi Bay production asset as there was an indication of impairment with respect to the discrepancy between the market capitalisation of the Company at 31 December 2021 of $54.5 million and the carrying value of $66.4 million. The full impairment testing ultimately determined that the recoverable amount was materially higher than the carrying value at the year-end which had been externally corroborated by the RPS third party Independent Reserves Assessment Report valuation (NPV10) of $108.1 million. Wentworth's own internal assessment of value-in-use and recoverable amount also determined that the carrying value was below the recoverable amount and that no impairment of natural gas properties was required at the balance sheet date.

Equally, due to there being no formal agreement between Mnazi Bay partners to sanction further expenditure on non-producing assets, a full impairment test was also undertaken carrying value of $8.1 million at the year-end. The impairment test ultimately determined that the combined value-in-use exceeded the combined carrying amount of $74.5 million and that no impairment was required.

In both of the above cases, the impairment testing was conducted over the licence term, which expires in 2031.

The key assumptions that went into the impairment modelling related to:

- Production supply and demand forecasting, which was largely in-line with the RPS independent reserves assessment modelling;
- Gas sales invoice settlement terms, which have been extrapolated from both historic and future expectations on terms;
- Operating cost forecasts, noting both fixed and variable elements of production operating costs and the impact of future development expenditures;
- Future field development expenditures and their anticipated timings;
- Cost pool recovery expenditures available for future recovery; and
- Known tax and fiscal changes to the extent that an interpretation of the legislation was required.

Sensitivities were run on the following variables:

- Field production per well, noting that the engineering solutions utilized on Mnazi Bay allow for the production of multiple hydrocarbon bearing horizons from certain wells;
- The operating and development costs of producing gas from Mnazi bay.
- The impact of increased sales invoice delinquency upon future cash flows; and
- Currency settlement denomination variables, currently in US dollars, noting that in certain circumstances an election for settlement in Tanzanian Shillings may be made by TPDC;

Reserves estimates

Significant accounting judgements

The Directors use judgement and experience to determine the timing and quantum of volumes recovered from producing fields in order to be able to calculate a probabilistic base-case value-in-use for its assets. This valuation may vary in response to changes in field performance over time and the Company expects that there will likely be revisions upward or downward based on updated information such as the results of future drilling, oil and gas production levels and reservoir performance.

Key sources of estimation uncertainty

Oil and natural gas reserves, prepared by an external independent reserve evaluator as at 31 December 2021, are used in the calculation of depletion, impairment and impairment reversal determinations and recognition of deferred tax asset. Reserve estimates are based on engineering data, estimated future prices and costs, expected future rates of production and the timing of future capital expenditures; all of which are subject to many uncertainties and certain input assumptions. A summary of the independent RPS reserves assessment report for the year-ended 31 December 2021 can be found within the Strategic Report's Mnazi Bay Production Operations section of this report in which 2P field reserves are assessed to be 83.6 Bcf with an indicative NPV10 of $108.1 million.

Taxes

Significant accounting judgements

The Directors make judgements in relation to the recognition of various taxes levied on the Group, which are both payable and recoverable. Judgement applies as the Group operates in countries where the legal and tax systems are less developed, which increases the requirement for management to make assumptions as to whether certain payments will be required related to matters such as income taxes, value added taxes, and other indirect taxes as well as outcomes of any tax disputes which would affect the recognition of tax liabilities and deferred tax assets. A provision is recognized in the financial statements for such matters if it is considered probable that a future outflow of cash resources will be required. The provision, if any, is subject to management estimates and judgements with respect to the outcome of the event, the costs to defend, the quantum of the exposure and past practice in the country.

Key sources of estimation uncertainty

Estimates may be made to determine the amount of taxes recoverable, principally deferred tax assets. The commencement of commercial production and gas sales under the Gas Sales Agreement, allowed for the recognition of a deferred tax asset within the financial statements. The amount that the company recognizes is subject to the following estimates:

- The timing of future profits for the utilization of tax losses from the current tax pools which are based on management assessments and forecasts of future performance.
- The effective tax rate at which the losses will be utilized at throughout the Group which is currently the tax rate of Tanzania as this is where all of the Group's operations are;
- The status of any current tax assessments and disputes and their impact on the deferred tax pool on a probabilistic basis;
- Any material changes in legislation that may impact upon the fiscal regime on which the deferred tax asset is computed.

Changes in these estimates within a reasonably possible range in the next 12 months are not expected to significantly alter the carrying amount of the Groups taxes that are recoverable.

The Group engages early with tax authorities where it has or will enter into a large or complicated transaction that is subject to interpretation and, in Tanzania, completed its most recent TRA audit for the years 2018 to 2020 in January 2021, the result of which was an agreed assessment for taxes totalling $9k. A further $126k was assessed by the TRA for CIT, against which an objection has been raised.

4. Segment information

The Company conducts its business through the Tanzania ("Mnazi Bay Concession") segment. Gas operations include the exploration, development, and production of natural gas and other hydrocarbons. The Corporate segment activities include investment income, interest expense, financing related expenses, share based compensation relating to corporate activities and general corporate expenditures. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation.

Net income/(loss) for the year-ended 31 December 2021

	Tanzania Operations $000	Corporate $000	Consolidated $000
Total revenue	**23,818**	**-**	**23,818**
Production and operating costs	**(3,800)**	**-**	**(3,800)**
Depletion	**(6,267)**	**-**	**(6,267)**
Total cost of sales	**(10,067)**	**-**	**(10,067)**
Gross profit	**13,751**	**-**	**13,751**
Recurring administrative costs	**(1,988)**	**(4,436)**	**(6,424)**
New venture and pre - licence costs	**-**	**(502)**	**(502)**
Share-based payment charges	**(115)**	**(422)**	**(537)**
Depreciation and depletion	**(50)**	**-**	**(50)**
Total costs	**(2,153)**	**(5,360)**	**(7,513)**
Profit/(loss) from operations	**11,598**	**(5,360)**	**6,238**
Finance income	**137**	**2**	**139**
Finance costs	**998**	**(1,367)**	**(369)**
Profit/(loss) before tax	**12,733**	**(6,725)**	**6,008**
Current tax expense	**(1,321)**	**-**	**(1,321)**
Deferred tax	**1,380**	**-**	**1,380**
	59	**-**	**59**
Net profit/(loss) and comprehensive profit/(loss) from continued operation	**12,792**	**(6,725)**	**6,067**

Net income/(loss) for the year-ended 31 December 2020

	Tanzania Operations $000	Corporate	Consolidated $000

		$000	
Total revenue	18,991	-	18,991
Production and operating costs	(3,837)	-	(3,837)
Depletion	(5,607)	-	(5,607)
Total cost of sales	(9,444)	-	(9,444)
Gross profit	9,547	-	9,547
Recurring administrative costs	(2,501)	(2,947)	(5,448)
New venture and pre - licence costs	-	(1,558)	(1,558)
Share-based payment charges	(72)	(228)	(300)
Depreciation and depletion	(3)	(1)	(4)
Total costs	(2,576)	(4,734)	(7,310)
Profit/(loss) from operations	6,971	(4,734)	2,237
Finance income	36	110	146
Finance costs	(68)	(86)	(154)
Profit/(loss) before tax	6,939	(4,710)	2,229
Current tax expense	(160)	48	(112)
Deferred tax	1,311	-	1,311
	1,151	48	1,199
Net profit/(loss) and comprehensive profit/(loss) from continued operation	8,090	(4,662)	3,428

Selected balances at 31 December 2021

	Tanzania Operations $000	Mozambique (Discontinued) $000	Corporate $000	Consolidated $000
Current assets	**19,764**	**101**	**8,505**	**28,370**
Exploration and evaluation assets	**8,129**	**-**	**-**	**8,129**
Property, plant and equipment	**66,464**	**-**	**1**	**66,465**
Deferred tax asset	**8,239**	**-**	**-**	**8,239**
Total assets	**102,596**	**101**	**8,506**	**111,203**
Current liabilities	**1,704**	**-**	**799**	**2,503**
Non-current liabilities	**1,929**	**-**	**-**	**1,929**
Lease liability	**36**	**-**	**-**	**36**
Total Liabilities	**3,669**	**-**	**799**	**4,468**

Capital additions for the year-ended 31 December 2021

Additions to property, plant and equipment	**169**	**-**	**-**	**169**
Change in decommissioning liability	**289**	**-**	**-**	**289**
Total additions	**458**	**-**	**-**	**458**

Selected balances at 31 December 2020

	Tanzania Operations $000	Mozambique (Discontinued) $000	Corporate $000	Consolidated $000
Current assets	8,535	101	13,998	22,634
Exploration and evaluation assets	8,129	-	-	8,129
Property, plant and equipment	72,305	-	2	72,307
Deferred tax asset	6,859	-	-	6,859
Total assets	95,828	101	14,000	109,929
Current liabilities	1,436	-	946	2,382
Non-current liabilities	1,514	-	-	1,514
Total Liabilities	2,950	-	946	3,896

Capital additions for the year-ended 31 December 2020

Additions to property, plant and equipment	58	-	2	60
Change in decommissioning liability	299	-	-	299
Total additions	357	-	2	359

5. Revenue

	2021 $000	2020 $000
Revenue from gas sales	**23,622**	18,881
Revenue from condensate sales	**33**	49
Other revenue	**163**	61
	23,818	18,991

Other revenue represents the recovery of CIT incurred through adjustments to TPDC gas sales entitlements.

6. Expenses and auditor's remuneration

	2021 $000	2020 $000
Employee salaries and benefits	**2,842**	2,289
Contractors and consultants	**1,100**	1,043
Travel and accommodation	**182**	116
Professional, legal and advisory	**637**	431
Office and administration	**408**	513
Corporate and public company costs	**1,255**	1,056
	6,424	5,448
Auditor's remuneration:		
Audit of these financial statements	**159**	163
Audit of financial statements of subsidiaries of the Company	**124**	125
Other tax advisory services	**43**	21
	326	309

During the year the Company incurred legal and consultancy costs with respect to new venture and pre-licence appraisal expenditures amounting to $502k (2020: $1.6 million).

	2021 $000	2020 $000
Legal costs	**301**	1,351
Consultancy costs	**201**	207
	502	1,558

7. Staff numbers and costs

The average number of persons employed during the year, analysed by category, was as follows:

	2021	2020
	Number of employees	
Senior Managers	**2**	1
Managers and supervisors	**7**	5
Support staff	**7**	8
	16	**14**

The aggregate payroll costs were as follows:

	2021 $000	2020 $000
Salaries	**856**	798
Social security costs	**103**	109
Bonuses	**205**	158
LTIP charges	**134**	-
Other payroll costs	**206**	179
	1,504	1,244

8. Directors' remuneration

	2021 $000	2020 $000
Director's remuneration	**857**	1,000
Bonuses	**357**	313
Contractual termination payments	**100**	100
Pensions	**43**	43
Other benefits	**-**	69
LTIP charges	**403**	228
	1,760	1,753

The aggregate of remuneration of the highest paid Director was $427k (2020: $699k). Contractual termination payments for both periods, relate to amounts paid to Bob McBean who retired as Company Chairman.

For additional segregation by Director, refer to Total Remuneration of Executive Director Table and Total Remuneration of Non-Executive Executive Directors Table contained within the Remuneration Committee Report.

9. Finance income and finance costs

	2021 $000	2020 $000
Finance income		
Interest income	**128**	82
Foreign exchange gain	**-**	37
Reversal of expected credit losses on TANESCO receivable (note 10)	**11**	-
Other finance income	**-**	27

	139	146

Finance costs

Intercompany loan withholding tax costs	**(58)**	-
Accretion - decommissioning provision (note 16)	**(126)**	(130)
Interest expense	**-**	(13)
Lease interest expenses (note 17)	**(8)**	-
Foreign exchange loss	**(137)**	-
Renewal fee on overdraft facility	**(19)**	-
Bank charges	**(21)**	-
Expected credit losses on TANESCO receivable (note 10)	**-**	(11)
	(369)	(154)

10. Trade and other receivables

	2021 $000	**2020 $000**
Trade receivable from TPDC	**1,917**	1,943
Other receivable from Operator - M&P	**1,087**	-
Trade receivable from TANESCO	**351**	1,316
Other receivable from TPDC	**378**	215
Other receivables	**1,817**	1,373
	5,550	4,847

At 31 December 2021, $1.9 million is receivable from TPDC (2020: $1.9 million) representing one month of gas sales (2020: one month).

At 31 December 2021, $351k million is receivable from TANESCO (2020: $1.3 million) representing three months of gas sales (2020: fourteen months). The recovery of the substantial debt owing by TANESCO, in conjunction with the agreement to a new Gas sales Agreement on materially identical terms, have reduced the expected credit loses to $nil ($2020: $11k).

With the mutual consent of both parties, the receivable of $1.1m (2020: $nil) includes amounts received by the Operator from TPDC of $1.0m (2020: $nil) and TANESCO of $62k (2020: $nil) on behalf of Wentworth. These amounts were retained by the Operator pending the finalisation of a revised repatriation agreement with the Government of Tanzania.

Other receivables from TPDC represent income tax of $378k (2020: $215k) paid by Wentworth Gas Limited, a wholly owned subsidiary of the Company. The income tax is anticipated to be recovered from TPDC's share of profit gas within the next 12-months under the terms of the Mnazi Bay PSA, which provides such a mechanism for the recovery of all corporate taxes.

Other receivables include VAT recoverable of $886k (2020: $600k), gas condensate sales of $80k (2020: $47k), corporate tax prepayments of $483k (2020: $508k), prepaid insurance $88k (2020: $67k), purchased vehicles not yet delivered $147k (2020: $nil). In accordance with IFRS 9 the Company notes no material expected credit losses.

11. Tanzania Government receivables

The Group has an agreement with the Government of the United Republic of Tanzania (TANESCO, TPDC and the Ministry of Energy and Minerals) to be reimbursed for all the project development costs associated with Umoja T&D expenditures at cost. An audit of the Mtwara Energy Project ("MEP") development expenditures was completed in November 2012 and costs of approximately $8.1 million were verified to be reimbursable. After deducting costs associated with the Tariff Equalisation Fund and VAT input credits associated with the MEP totalling $1.6 million, the amount agreed to be reimbursed was $6.5 million.

During 2017, the Government initiated its first review of the costs to verify the balance owing by it. On 8 February 2018 the Government issued the results, which differed from the previously audited and approved gross receivable of $6.5 million, which the Group maintains was accurate and correct.

The Government is conducting a second review and due to the age and uncertainty surrounding the receivable and its recoverability, the Group made a provision in-full during 2018 against the carrying amount without prejudice to the ongoing commercial discussions with the Government, the Group has reviewed this at the year-end and continues to feel the provision is appropriate.

12. Exploration and evaluation assets

	Tanzania $000
Cost	
Balance at 31 December 2020 and 2021	**8,129**

At the year-end, E&E assets totalled $8.1 million (2020: $8.1 million) and represent the cost of seismic acquisition and interpretation studies on Mnazi Bay on prospective but, as yet, non-producing areas of the concession licence. The costs incurred in evaluating these prospects have been capitalised and, to the extent that it is possible to do so given their maturity, have been assessed as being recoverable in full. The Mnazi Bay Concession agreement will expire in 2031.

At the year-end the carrying value of these assets were assessed for impairment and due to there being no formal agreement between Mnazi Bay partners to sanction further expenditure at this time, a full impairment test was undertaken. The impairment test ultimately determined that the value-in-use exceeded the carrying amount and that no impairment was required.

13. Property, plant and equipment

	Natural gas properties	**Office and other equipment**	**Right of use**	**Total**
	$000	**$000**	**$000**	**$000**
Cost				
Balance at 31 December 2019	104,043	611	-	104,654
Additions	58	2	-	60
Change in decommissioning liability	299	-	-	299
Balance at 31 December 2020	104,400	613	-	105,013

Additions	**28**	**34**	**124**	**186**
Disposals	**-**	**(17)**	**-**	**(17)**
Change in decommissioning liability	**289**	**-**	**-**	**289**
Balance at 31 December 2021	**104,717**	**630**	**124**	**105,471**
Accumulated depreciation and depletion				
Balance at 31 December 2019	(26,490)	(605)	-	(27,095)
Depreciation and depletion	(5,607)	(4)	-	(5,611)
Balance at 31 December 2020	(32,097)	(609)	-	(32,706)
Depreciation and depletion	**(6,267)**	**(5)**	**(45)**	**(6,317)**
Disposals	**-**	**17**	**-**	**17**
Balance at31 December 2021	**(38,364)**	**(597)**	**(45)**	**(39,006)**
Carrying amounts				
31 December 2020	72,303	4	-	72,307
31 December 2021	**66,353**	**33**	**79**	**66,465**

During the year a full impairment test was conducted on the Mnazi Bay asset as there was an indication of impairment with respect to the discrepancy between the market capitalisation at 31 December 2021 of $54.5 million and the carrying value of $66.4 million. The full impairment test ultimately determined that the recoverable amount was significantly higher than the carrying value of Mnazi Bay assets at the year-end which had been externally corroborated by the RPS third party Reserves Report valuation (NPV10) of $108.1 million. Refer to note 3 for additional detail regarding the assumptions used within the impairment testing.

During the year, the Group made cash additions to PPE totalling $62k (2020: $60k). Right of use asset addition of $124k (2020: nil) relate to office space leased in Tanzania. Disposals related to office furniture and others equipment disposed during the year. A change to the assumptions used in calculating the decommissioning and abandonment provisions resulted in further non-cash additions of $289k (2020: $299k) (see note 16).

14. Subsidiary and joint undertakings

The subsidiary and joint undertakings at 31 December 2021 are:

Name of Company	**Country of incorporation**	**Class of shares held**	**Types of ownership**	**Percentage holding**	**Nature of business**
Wentworth Resources (UK) Limited	United Kingdom	Ordinary	Direct	100%	Investment holding company
Wentworth Holding (Jersey) Limited	Jersey	Ordinary	Direct	100%	Investment holding company
Wentworth Tanzania (Jersey) Limited	Jersey	Ordinary	Indirect	100%	Investment holding company
Wentworth Gas (Jersey) Limited	Jersey	Ordinary	Indirect	100%	Investment holding company
Wentworth Gas Limited	Tanzania	Ordinary	Indirect	100%	Exploration production company
Cyprus Mnazi Bay Limited [1]	Cyprus	Ordinary	Indirect	39.925%	Exploration production company
Wentworth Mozambique (Mauritius) Limited	Mauritius	Ordinary	Indirect	100%	Investment holding company
Wentworth Moçambique Petroleos, Limitada [2]	Mozambique	Ordinary	Indirect	100%	Investment holding company

[1] CMBL is considered a jointly controlled entity and accounted for as a joint operation rather than a joint venture (see note 1 for further details).

[2] The Wentworth Moçambique Petroleos, Limitada is in the process of liquidation after relinquishment of the Tembo Block Appraisal Licence.

15. Trade and other payables

	2021 $000	**2020 $000**
Payable to Maurel et Prom (Operator)	**1,222**	884
Trade payables	**250**	181
Other payables and accrued expenses	**1,031**	1,317

	2,503	2,382

Other payables and accrued expenses include bonuses of $606k (2020: $451k), audit fees of $320k (2020: $364k), other third party services of $59k (2020: $80k) and current lease liability $46k (2020: $nil)

16. Decommissioning and abandonment provision

The Company's decommissioning provision results from net ownership interests in petroleum and natural gas assets including well sites, pipeline gathering systems and processing facilities in Tanzania. The operator of the Mnazi Bay Concession has estimated the Company's share of the undiscounted inflation-adjusted amount of cash flows required to settle decommissioning obligations for the infrastructure within the Mnazi Bay Concession to be $4.2 million. An abandonment cost study was undertaken by TBS Offshore in 2016 at the request of the Operator and estimated the gross cost of abandonment to the JV to be $9.8 million. The Operator is currently working on updating these estimates, however, this work has not yet been completed. Whilst the costs have currently been discounted back from 2031, the current licence expiry date, a further 10-year extension beyond this to 2041 would likely be awarded, deferring this expenditure until that date. The obligations have been estimated using existing technology at current prices inflated and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability.

A reconciliation of the decommissioning obligations is provided below:

	2021 $000	2020 $000
Balance at 1 January	**1,514**	1,085
Change in accounting estimates	**289**	299
Accretion	**126**	130
Balance at 31 December	**1,929**	1,514

During the year, the inflation rate was updated and amended to 3.2% from 1.4% in 2020. These amendments have materialized an additional charge in the current period of $289k. During 2020 the discount rate was amended to 8.3% from 12.0% to better reflect a United States Dollar interest rate from a Tanzanian Shilling interest rate as it was felt that this would likely be the denomination of any the final liability. Additionally, the inflation rate was updated and amended to 1.4% from 2.0%. Amendments made in 2020 materialized an additional charge of $299k.

17. Lease liability

	2021 $000	2020 $000
Balance at 1 January	**-**	-
Additions	**124**	-
Lease interest expenses	**8**	-
Lease payment	**(50)**	
Balance at 31 December	**82**	-
Current	**46**	-
Non-current	**36**	-

During the year, the Group recognised a lease liability with respect to its office premises in Dar es Salaam, Tanzania, of $82k (2020: nil), $46k of which is current (2020: nil) and is presented in trade and other payables.

18. Repurchase of own shares

	2021 $000	**2020 $000**
Settlement of 7,500,000 ordinary shares at 20.0 pence (26 cents) each	1,982	
Settlement of 702,894 ordinary shares at NOK 291 (33.9 cents) each	-	220
Settlement of 236,452 ordinary shares at NOK 291 (33.8 cents) each	-	75
	1,982	**295**

The cost incurred by the Company of $2.0 million to repurchase 7.5 million ordinary shares, includes $1.2 million for 4.5 million ordinary shares repurchased on 17 December 2021, cancelled and removed from the share register on 30 December 2021 (see note 20).

The balance of $793k for 3.0 million ordinary shares repurchased on 17 December 2021 was held in treasury and recognised within equity reserves at 31 December 2021 (see note 20). 3.0 million of the ordinary shares acquired at $793k will be held in treasury to satisfy upcoming obligations in respect of an employee share plan.

On 17 December 2020 and 18 December 2020, the Company entered into a settlement agreement with a dissenting shareholder to purchase 702,874 and 236,452 ordinary shares respectively at NOK 2.91 (33.9 cents) and 2.91 (33.8 cents) per ordinary share respectively, less dividend payments made with respect to those shares from the notification of dissent. The cost to the Company with respect to this buyback was NOK 1.89 million ($222k) and NOK 649k ($80k) respectively.

19. Share-based payments

	2021 $000	**2020 $000**
Share based compensation recognised in the statement of Comprehensive loss	**537**	300

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

	2021		2020	
	Number of options	Weighted average exercise price (US$)[1]	Number of options	Weighted average exercise price (US$)
Outstanding at 1	**7,813,711**	**0.30**	6,385,497	0.57

January				
Granted	**4,325,815**	**-**	3,428,214	-
Forfeited	**-**	**-**	-	-
Lapsed	**(1,390,075)**	**0.38**	(2,000,000)	0.67
Outstanding at 31 December	**10,749,451**	**0.17**	7,813,711	0.30

The following table summarises share options outstanding and exercisable at 31 December 2021:

Exercise price (NOK)	Exercise price (US$)[1]	Outstanding Number of options	Weighted average remaining life (years)	Exercisable Number of options
-	-	957,447	9.9	-
-	-	3,368,368	9..5	-
-	-	942,593	8.9	-
-	-	2,485,621	8.0	-
-	-	495,422	7.4	-
3.85	0.44	750,000	4.0	750,000
4.08	0.46	250,000	1.3	250,000
5.18	0.59	1,500,000	2.2	1,500,000
		10,749,451		**2,500,000**

[1] The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at 31 December 2021 is 0.11349.

The following table summarises share options outstanding and exercisable at 31 December 2020:

Exercise price (NOK)	Exercise price (US$)[1]	Outstanding Number of options	Weighted average remaining life (years)	Exercisable Number of options
-	-	942,593	9.9	-
-	-	2,485,621	9.0	-
-	-	1,385,497	8.4	-
3.85	0.45	750,000	5.0	750,000
4.08	0.47	250,000	2.3	250,000
5.18	0.60	1,500,000	3.2	1,500,000
5.57	0.64	500,000	0.3	500,000
		7,813,711		**3,000,000**

[1] The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at 31 December 2020 is 0.11676.

20. Share capital

Authorised, called up, allotted and fully paid

	Ordinary shares		**Par value**	
	2021	**2020**	**2021 $000**	**2020 $000**
Balance at 1 January	**186,488,465**	186,488,465	**416,426**	416,426
Repurchase of own shares: Cancelled and removed from share register on 3 February 2021.	**(939,326)**	-	**(318)**	-
Repurchase of own shares: Cancelled and removed from share register on 30 December 2021. (see note 18)	**(4,500,000)**	-	**(1,189)**	-
185,549,139 (2020: 186,488,465) ordinary shares	**181,049,139**	186,488,465	**414,919**	416,426

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The 939k ordinary shares repurchased in December 2020 were cancelled and removed from the share register on 3 February 2021. The ordinary shares have also been removed from share capital.

The 4.5 million ordinary shares repurchased on 17 December 2021 were cancelled and removed from the share register on 30 December 2021. The ordinary shares have also been removed from share capital.

21. Earnings per share

Basic and diluted eps

	2021 $000	**2020 $000**
Net profit for the period	**6,067**	3,428
Weighted average number of ordinary shares outstanding	**185,549,139**	186,488,465
Weighted average number of own ordinary shares repurchased	**(287,671)**	(31,426)
	185,261,468	186,457,039

Dilutive effect of share options outstanding	**8,249,451**	4,813,711
Dilutive weighted average number of ordinary shares outstanding	**193,510,919**	191,270,750
Undiluted net profit per ordinary share	**0.03**	0.02
Diluted net profit per ordinary share	**0.03**	0.02

During the year-ended 31 December 2021 2,500,000 options (2020: 3,000,000 options) were excluded from the dilutive weighted average number of shares outstanding because they were anti-dilutive.

On 17 December 2021, the Company repurchased 7.5 million own ordinary shares from dissenting shareholders. On 30 December 2021, the Company cancelled all repurchased ordinary shares 4.5 million (see note 18). The balance of 3.0 million ordinary shares were held in treasury to satisfy upcoming obligations in respect of an employee share plan.

22. Dividends

The following dividends were declared and paid by the Company during the year.

	2021 $000	2020 $000
1.0 pence ($ 0.01388; NOK 0.12205) per ordinary share (2020: 0.9 pence; $ 0.01137; NOK 0.10872)	**2,600**	2,120
0.52 pence ($ 0.00711; NOK 0.06035) per ordinary share (2020:0.48 pence; $ 0.00619; NOK 0.05683)	**1,320**	1,154
Total dividend paid	**3,920**	3,274

On 23 July 2021, the Company paid shareholders who hold shares on the UK Register the final year 2020 dividend of 1.0 pence ($ 0.01388) per ordinary share. On 6 August 2021, the Company paid shareholders who hold shares on the VPS Register the final year 2020 dividend of 1.0 pence ($ 0.01388; NOK 0.12205) per ordinary share. The total final dividend distribution was $2.6 million.

On 8 October 2021, the Company paid shareholders who hold shares on the UK Register the 2021 interim dividend of 0.52 pence ($ 0.00711) per ordinary share. On 22 October 2021, the Company paid shareholders who hold shares on the VPS Register the 2021 interim dividend of 0.52 pence ($ 0.00711; NOK 0.05683) per ordinary share. The total interim dividend distribution was $1.3 million.

On 6 April 2022, the Company proposed a final dividend of $2.7 million for the year ended 31 December 2021 (2020: $2.6 million), subject to shareholder approval at the 2022 AGM.

23. Income taxes

Income taxes

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

	2021 $000	2020 $000
Profit before income taxes	**6,008**	**2,229**
Expected income tax (recovery) expense at combined Tanzanian rate of 30% (2020: 30%)	**1,802**	669
Rate differentials	**514**	506
Tanzania cost gas excluded from taxable income	**(4,661)**	(3,530)
Tanzania dividend withholding tax	**1,162**	-
Movement in deferred tax assets not previously recognised and other adjustments[1]	**1,124**	1,156
Income tax expense	**(59)**	**(1,199)**

[1] Includes $1.3 million unrecognized temporary difference (2020: $1.1 million) and others adjustments of ($133k) (2020: $60k).

During the year, Wentworth Resources plc fully recovered amounts it had historically loaned to its operating subsidiaries to explore for, and ultimately develop, gas in Mnazi Bay. The final intercompany loan repayments were made in May 2021. Subsequent to this date, the repatriation of funds from the United Republic of Tanzania to Wentworth Resources plc was made by way of dividends which carry a 10% withholding tax charge. These charges totalled $1.2 million (2020: $nil). The Group is in continued dialogue with the Government of the United Republic of Tanzania on the applicability of these charges to the PSA at Mnazi Bay, however, will continue to pay these charges in full until such time as talks are concluded and a final settlement is reached.

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.

At 31 December 2021 there were no provisions or contingent liabilities for current tax (2020: $nil)

The Company has unrecognised deductible temporary differences that results in unrecognised deferred income tax assets of:

	2021 $000	2020 $000
Non-capital losses	**5,375**	3,717
Property and equipment	**(307)**	(325)
	5,068	**3,392**

The total non-capital losses of the Company are $121.9 million (2020: $116.6 million) of which $104.0 million (2020: $105.1 million) are in Tanzania, $14.5 million (2020: $10.3 million) are in the UK and $3.4million (2020: $1.2 million) are in Jersey.

A deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences and the loss carry forwards can be utilised. A deferred tax asset of $8.2 million as at 31 December 2021

(2020: $6.9 million) is attributable to the accumulated tax loss carry-forward of the Company's Tanzanian subsidiary, which are expected to be offset against future taxable income. Recognition of the tax asset is supported by the proven and probable reserves as determined by a third-party external reserves engineer, RPS.

	2021 $000	**2020 $000**
Balance at 1 January	**6,859**	**5,548**
Deferred income tax assets recognised in profit or loss:		
Non-capital losses	**(518)**	(179)
Asset retirement obligations and	**213**	33
Deferred income tax liabilities recognised in profit or loss:		
PP&E	**1,688**	1,454
Receivables	**(3)**	3
Balance at 31 December	**8,239**	**6,859**

24. Financial instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. A full description of the risks and key risks affecting the business is noted in the Business Risks section of the Strategic Report.

Credit risk

Wentworth's credit risk exposure is equal to the carrying value of its cash and cash equivalents, trade, other and long-term receivables.

Trade and other receivables are comprised predominantly of amounts due from government owned entities in Tanzania and Value Added Tax ("VAT") in Tanzania.

The Group's ongoing exposure to trade receivables from TANESCO, the state power company, relates to the gas sales from the Mnazi Bay Concession to a TANESCO owned 18-megawatt gas-fired power plant located in Mtwara, Tanzania. At 31 December 2021, the Mnazi Bay Concession partners were owed three-months of invoices for gas sales made to TANESCO, with $350k owing to Wentworth (2020: $1.3 million representing 14-months). The settlement of a large proportion of these arrears during the year is welcomed by the Group, however, it continues to engage in discussions with TANESCO to accelerate the settlement of the balance.

During 2015, the Group commenced gas sales to TPDC under a long-term gas sales agreement, the operator of the new transnational gas pipeline in Tanzania. Credit risk relating to sales to TPDC is substantially mitigated through a two-part payment guarantee structure. The first part relates to a prepayment amount of approximately three to four months of gas deliveries at current sales volumes which has been received and is held by the Operator of the Mnazi Bay Concession. The second part is a one-month replenishable letter of credit which is not yet executed. At 31 December 2021, the Mnazi Bay Concession partners were owed one month gas sales invoices, with $1.9 million owing to Wentworth (2020: $1.9 million). Subsequent to year-end, TPDC has paid $1.9 million net to Wentworth.

At 31 December 2021, an undiscounted long-term receivable of $6.5 million (2020: $6.5 million) related to the Group's disposal of T&D assets, and the costs associated with the MEP incurred in prior years by a wholly owned subsidiary of Wentworth (see note 11). On 6 February 2012, the Company, TANESCO, TPDC and MEM reached an agreement that the Group's cost of historical operations in respect of the Mtwara Energy Project should be reimbursed.

During 2017, the Government initiated its first review of the costs to verify the balance owing by it. On 8 February 2018 the Government issued the results which differed from the previously audited and approved gross receivable of $6.5 million, which the Group maintains was accurate and correct.

The Government is conducting a second review and due to the age and uncertainty surrounding the receivable and its recoverability the Group made a provision in-full during 2018 against the carrying amount without prejudice to the ongoing commercial discussions with the Government; the Group has reviewed this at the year-end and continues to feel the provision is appropriate.

The Group's cash and cash equivalents of $22.8 million as at 31 December 2021 (2020: $17.8 million). The cash and cash equivalents are held with financial institutions which are rated below. Wherever possible ratings are provided by Fitch Ratings, however, where no rating was available from either Fitch Ratings or either of the other major international credit rating agencies such as Standard & Poors or Moodys, the bank's local credit rating was used:

Financial Institutions	**Rating**	**2021 Cash held $000**	2020 Cash held $000
Standard Bank	BB-	**12,270**	6,049
Santander	A+	**7,553**	7,296
FirstRand Bank	BB-	**2,516**	4,066
Tanzania Postal Bank	-	**245**	31
Citibank Group	A	**120**	219
Mauritius Commercial Bank Limited	BB-	**92**	107
RBC Royal Bank	AA	**10**	14
Barclays	A+	**12**	3
Petty cash	N/A	**2**	2
		22,820	**17,787**

The exposure to credit risk as at:

	2021 **$000**	2020 $000
Trade and other receivables [1]	**4,181**	4,847
Cash and cash equivalents	**22,820**	17,787
	27,001	22,634

[1] Trade and other receivable exclude recoverable VAT and prepaid corporate income tax of $1.4 million.

Aged trade and other receivables

	Current 1-30 days $000	31-60 days $000	61-90 days $000	>90 days $000	Total $000
Balance at 31 December 2021					
Trade receivables	**2,410**	**506**	**397**	**42**	**3,355**
Other receivables	**288**	**-**	**-**	**1,907**	**2,195**
	2,698	**506**	**397**	**1,949**	**5,550**
Balance at 31 December 2020					
Trade receivables	2,128	94	84	954	3,260
Other receivables	1,061	-	-	526	1,587
	3,189	94	84	1,480	4,847

The movement in the allowances for impairment in respect of trade receivables and contract assets during the year was as follows (see note 10):

	2021 $000	2020 $000
Balance as at 1 January	**11**	-
Impairment loss recognized	**(11)**	11
Balance as at 31 December	**-**	**11**

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities as they become payable. Other than routine trade and other payables, incurred in the normal course of business.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments including future interest payments on long-term loans.

	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Total $000
Balance at December 31, 2021				
Trade and other payables	**2,503**	**-**	**-**	**2,503**
Lease liability	**-**	**36**	**-**	**36**
	2,503	**36**	**-**	**2,539**
Balance at December 31, 2020				
Trade and other payables	2,382	-	-	2,382
	2,382	-	-	2,382

Trade and other payables include current lease liability of $46k (2020: nil).

The fair value of the Company's trade and other payables approximates their carrying values due to the short-term nature of these instruments. The fair value of the long-term loans approximates their carrying amounts as they bear market rates of interest. The fair value of the other liability approximates its carrying amount.

The Company has a working capital surplus at 31 December 2021 and generated positive cash flow from operations in 2021. The Company plans to pay its financial liabilities in the normal course of operations and fund future operating and capital requirements through operating cash flows, bank debt, bank overdraft credit facility and equity raises, when deemed appropriate. Operating cash flow of the Company is dependent upon the purchasers of natural gas, TPDC and TANESCO, continuing to meet their payment obligations on a timely manner. Any delays in collecting funds from these purchasers for an extended period of time could negatively impact the Company's ability to pay its financial liabilities in a timely manner in the normal course of business (see also capital management section).

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 (e.g. commodity price risk). The objective of market risk management is to manage and control market price exposures within acceptable limits, while maximising returns.

Commodity price risk

Commodity price risk is the risk that the Company suffers financial loss as a result of fluctuations in oil or natural gas prices. The Company's exposure to commodity price risk is mitigated as the sale prices for gas sold by the Company is fixed under the existing gas sale and purchase agreements. An increase of 1% in the gas production would result in an increase of $70k (2020: $58k) in revenue.

Foreign exchange risk

Foreign exchange rate risk is the risk that the Company suffers financial loss as a result of changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign currency exchange rates. Wentworth operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian Shilling and Pound Sterling against the functional currency of its operating entities, the US dollar. The Company's objective is to minimise its risk by borrowing funds in US dollars as revenues are denominated in US dollars. In addition, the Company holds substantially all its cash and cash equivalents in US dollars and converts to other currencies only when cash requirements demand such conversion.

Current receivables and liabilities denominated in various currency:

	Pound Sterling $000	Tanzanian Shilling $000	Other Currency $000	United States Dollar $000	Total $000
Balance at 31 December 2021					
Cash and cash equivalents	**91**	**287**	**111**	**22,331**	**22,820**
Trade and other	**899**	**645**	**92**	**3,914**	**5,550**

receivables					
Trade and other payables	**(49)**	**(193)**	**-**	**(2,261)**	**(2,503)**
	941	**739**	**203**	**23,984**	**25,867**

	Pound Sterling 000	Tanzanian Shilling $000	Other Currency $000	United States Dollar $000	Total $000
Balance at 31 December 2020					
Cash and cash equivalents	95	110	123	17,459	17,787
Trade and other receivables	935	384	92	3,436	4,847
Trade and other payables	(74)	(101)	(5)	(2,202)	(2,382)
	956	393	210	18,693	20,252

A 10% increase of the Pound Sterling against US dollar would result in a change in loss before tax of $3k (2020: $39k) and the opposite will be true for the decrease. In addition, a 10% increase of the Tanzanian shilling against the US dollar would result in a change in loss before tax of approximately $2k (2020: $2k) and the opposite will be true for the decrease.

Financial instrument classification and measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including expected interest rates, share prices, and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuation in this level are those with inputs for the asset or liabilities that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount 2021 $000	Fair value 2021 $000	Level 1 2021 $000	Level 2 2021 $000	Level 3 2021 $000	Carrying amount 2020 $000	Fair value 2020 $000	Level 1 2020 $000	Level 2 2020 $000	Level 3 2020 $000
Loans and receivables										
Cash and cash equivalent	**22,820**	**-**	**-**	**-**	**-**	17,787	-	-	-	-
Trade and other receivables (note 10)	**5,550**	**-**	**-**	**-**	**-**	4,847	4,799	-	4,799	-
Total financial assets	**28,370**	**-**	**-**	**-**	**-**	22,634	4,799	-	4,799	-
Financial liabilities measured at amortised cost										
Trade and other payables (note 15)	**(2,503)**	**(46)**	**-**	**(46)**	**-**	(2,382)	-	-	-	-
Lease liability (note 17)	**(36)**	**(36)**	**-**	**(36)**	**-**	-	-	-	-	-
Total financial liabilities	**(2,539)**	**(82)**	**-**	**(82)**	**-**	(2,382)	-	-	-	-
Total financial instruments	**25,831**	**(82)**	**-**	**(82)**	**-**	20,252	4,799	-	4,799	-

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to develop its oil and gas properties and maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and long-term liabilities.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy, ongoing operations and liquidity of the Company. Budgets and forecasts are subject to judgement and estimates such as those relating to future gas demand and ultimate timing of collectability of trade receivables for gas sales. These factors may not be within the control of the Company, which may create near term risks that may impact the need to alter the capital structure. The Company continues to effectively manage its relationships with its gas purchasers to ensure timely collection and with external lenders such that lending facilities are available to the Company as and when needed. The Company may attempt to issue new shares, enter into joint arrangements or acquire or dispose of assets in order to maintain or adjust the capital structure. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. The Company's overall strategy remains unchanged from the prior year.

25. Related party transactions

Transactions with key management personnel

Details of Directors' remuneration, which comprise key management personnel, are provided below:

	2021 $000	2020 $000
Executive director short-term employee benefits	**828**	906
Non-executive directors short-term employee benefits	**529**	619
LTIP charges	**403**	228
	1,760	1,753

26. Supplemental cash flow information

Finance income:

	2021 $000	2020 $000
Finance income		
Interest income	**128**	82
Foreign exchange gain	**-**	37
Reversal of expected credit losses on TANESCO receivable (note 10)	**11**	-
Other finance income	**-**	27
	139	146
Finance costs		
Accretion - decommissioning provision	**(126)**	(130)
Interest expense	**-**	(13)
Lease interest expenses	**(8)**	-
Foreign exchange loss	**(137)**	-
Renewal fee on overdraft facility	**(19)**	-
Bank charges	**(21)**	-
Expected credit losses on TANESCO receivable (note 10)	**-**	(11)
	(311)	(154)
Finance costs, net	**(172)**	(8)

27. Commitments

Lease commitment

The Group has an office leasehold agreement in Dar es Salaam, Tanzania which was entered into on 1 October 2021 and expires on 30 September 2022 at an annual lease cost of $50k.

Capital commitment

At the date of this report, the Company had an outstanding contractual work programme commitment with respect to the front end engineering design study for the pipeline gas delivery compression equipment, a gross firm budget for which totalled $7.3 million ($2.3 million net to Wentworth) and a contingent budget of $4.4 million ($1.4 million net to Wentworth).

28. Subsequent events

On 26 January 2022, the Company provided a financial and operational update, setting 2022 production guidance at 75-85 MM/scf/day (gross).

On 14 February 2022, the Company announced the completion of the Independent Reserves Assessment Report in which Wentworth's share of gross 2P Reserves as at 31 December 2021 was estimated by RPS to be 135.2 Bcf (22.5 MMboe) with a post-tax NPV10 of $108.1 million.

The Company purchased the following own ordinary shares of no par value as part of the previously announced Share Buy Back Programme:

Date	No of own ordinary shares	Average price per share (GBP pence)	Average Price per share ($ cents)	Total cost ($000)
7-Feb-2022	25,000	20.35	27.53	6.88
21-Feb-2022	52,080	21.00	28.52	14.85
22-Feb-2022	46,326	21.00	28.59	13.24
23-Feb-2022	47,500	21.00	28.52	13.55
28-Feb-2022	47,156	21.50	28.82	13.59
7-Mar-2022	52,560	21.11	27.92	14.67
8-Mar-2022	34,321	21.11	27.92	9.58
8-Mar-2022	10,875	21.02	27.67	3.01
11-Mar-2022	61,416	21.00	27.60	16.95
14-Mar-2022	60,973	21.25	27.70	16.89
15-Mar-2022	20,000	21.00	27.36	5.47
16-Mar-2022	25,000	21.05	27.45	6.86
16-Mar-2022	40,000	21.00	27.38	10.95
23-Mar-2022	7,500	21.40	28.26	2.12

24-Mar-2022	50,000	21.40	28.31	14.16
24-Mar-2022	13,890	21.00	27.78	3.86
25-Mar-2022	35,271	21.40	28.31	9.99
28-Mar-2022	64,250	21.00	27.36	17.58
31-Mar-2022	68,157	21.50	28.89	19.69
3-Apr-2022	70,013	21.50	28.82	19.75
Total/average	**832,378**	**21.13**	**28.04**	**233.37**

Non-IFRS Measures

The Group uses certain performance measures that are not specifically defined under IFRS, or other generally accepted accounting principles. These non-IFRS measures include adjusted EBITDAX and operational costs of production ($/Mscf). The following note describes why the Group has selected this non-IFRS measure.

Adjusted EBITDAX

Adjusted EBITDAX is a non-IFRS measure which does not have a standardised meaning prescribed by IFRS. This non-IFRS measure is included because management uses the information to analyse cash generation and financial performance of the Group. Adjusted EBITDAX is defined as earnings before interest, taxation, depreciation, depletion and amortisation, impairment, share-based payments, provisions, and pre-licence expenditure The calculations of adjusted EBITDAX are as follows:

	2021 ($000)	**2020 ($000)**
Revenue	23,818	18,991
Less: production and operating costs	(3,800)	(3,837)
Less: recurring administrative costs	(6,424)	(5,448)
EBITDAX	**13,594**	**9,706**

Operating costs per Mscf is a non-IFRS measure used to monitor the Group's operating cost efficiency, as it measures operating costs to extract hydrocarbons on a unit basis. Operating costs per Mscf is defined as total production costs excluding depletion. Adjusted aggregate production cost is then divided by total production for the prevailing period, to determine the unit cost per Mscf.

	2021	**2020**
Production and operating costs ($000)	(3,800)	(3,837)
Net entitlement to gas production (MMscf)	6,904	5,564
Production and operating cost ($/Mscf)	**(0.55)**	**(0.69)**

Standard

Cameron Snow, Head of Subsurface and Business Development, is a geologist with 15 years' experience across North America, South America, Africa, and Europe. He holds a BS in Geology from North Carolina State University, an MS in Geology from Utah State University, a PhD in Geological and Environmental Science from Stanford University, and an MBA from Imperial College London. Mr. Snow has read and approved the technical disclosure in this regulatory announcement.

RESERVE DEFINITIONS

The following definitions have been used by RPS Energy Canada Ltd. (RPS) in evaluating reserves.

These definitions are based on the Petroleum Resources Management System, published in 2007, and revised in June 2018, and sponsored by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA), and the European Association of Geoscientists & Engineers (EAGE).

Reserves

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.

Reserves are classified according to a range of uncertainty according to the following categories:

Proved Reserves (P1)

Proved Reserves are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves (P2)

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Glossary

Bcf/Bscf	Billion standard cubic feet
BOE	Barrels of oil equivalent
MMbbl	Million barrels
MMboe	Million barrels of oil equivalent
MMscf/d	Million standard cubic feet per day

NPV	Net present value (at a specified discount rate and specified discount date)

Inside Information

The information contained within this announcement is deemed by Wentworth to constitute inside information as stipulated under the Market Abuse Regulation (EU) no. 596/2014 ("MAR"). On the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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