



Wentworth Resources Limited
Condensed Consolidated Interim
Financial Statements

For the three months ended March 31, 2014
Unaudited

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Financial Position

United States \$000s, unless otherwise stated

	Note	March 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		17,676	14,501
Short-term investments – term deposits		12,851	23,176
Trade and other receivables		2,292	1,845
Prepayments, deposits and advances to partners		1,926	1,674
Current portion of long-term receivables	5	657	658
		<u>35,402</u>	<u>41,854</u>
Non-current assets			
Long-term receivables	5	30,157	28,661
Exploration and evaluation assets	6	55,417	50,636
Property, plant and equipment	7	18,844	18,498
		<u>104,418</u>	<u>97,795</u>
Total assets		<u>139,820</u>	<u>139,649</u>
LIABILITIES			
Current liabilities			
Trade and other payables		4,161	3,487
		<u>4,161</u>	<u>3,487</u>
Non-current liabilities			
Long-term loan	8	3,924	3,816
Other long-term liabilities		2,892	2,836
Decommissioning provision		709	685
		<u>7,525</u>	<u>7,337</u>
EQUITY			
Share capital		403,998	403,998
Equity reserve		24,057	23,903
Accumulated deficit		(299,921)	(299,076)
		<u>128,134</u>	<u>128,825</u>
Total liabilities and equity		<u>139,820</u>	<u>139,649</u>

Going concern (Note 2)

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

Approved on behalf of the Board

(Signed) "Cameron Barton"
Director

(Signed) "Neil Kelly"
Director

WENTWORTH RESOURCES LIMITED
Unaudited Condensed Consolidated Interim Statement of Comprehensive Loss

United States \$000s, unless otherwise stated

	Note	Three months ended March 31,	
		2014	2013
Total revenue		236	216
Operating expenses			
Production and operating		(372)	(153)
General and administrative		(1,809)	(1,974)
Share based compensation	10	(154)	(122)
Depreciation and depletion	7	(135)	(134)
Gain from sale of office assets		23	-
Loss from operating activities		(2,211)	(2,167)
Finance income	9	1,643	1,232
Finance costs	9	(277)	(212)
Net loss and comprehensive loss		(845)	(1,147)
Net loss per ordinary share			
Basic and diluted (US\$/share)	11	(0.01)	(0.01)

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

WENTWORTH RESOURCES LIMITED

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

United States \$000s, unless otherwise stated

	Note	Number of shares	Share capital \$	Equity reserve \$	Accumulated deficit \$	Total equity \$
Balance at December 31, 2012		82,503,940	361,675	21,996	(289,087)	94,584
Net loss and comprehensive loss		-	-	-	(1,147)	(1,147)
Share based compensation	10	-	-	122	-	122
Balance at March 31, 2013		82,503,940	361,675	22,118	(290,234)	93,559
Balance at December 31, 2013		153,872,700	403,998	23,903	(299,076)	128,825
Net loss and comprehensive loss		-	-	-	(845)	(845)
Share based compensation	10	-	-	154	-	154
Balance at March 31, 2014		153,872,700	403,998	24,057	(299,921)	128,134

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

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

United States \$000s, unless otherwise stated

	Note	Three months ended March 31,	
		2014	2013
Operating activities			
Net loss for the period		(845)	(1,147)
Adjustments for:			
Share based compensation	10	154	122
Depreciation and depletion	7	135	134
Finance income, net		(1,366)	(1,020)
Gain from sale of assets		(23)	-
Change in non-cash working capital		(18)	(1,342)
Cash used in operating activities		(1,963)	(3,253)
Investing activities			
Additions to evaluation and exploration assets	6	(4,781)	(2,635)
Additions to property, plant and equipment	7	(481)	(21)
Conversion of term deposits to cash		10,325	-
Interest income		40	18
Net reduction/(increase) of long-term receivable		101	(201)
Change in non-cash working capital		-	652
Cash provided by/(used in) investing activities		5,204	(2,187)
Financing activities			
Repayment of long-term loan		-	(300)
Interest paid	8	(89)	(137)
Proceeds from sale of office assets		23	-
Decrease of other long-term liabilities		-	(157)
Cash used in financing activities		(66)	(594)
Net change in cash and cash equivalents		3,175	(6,034)
Cash and cash equivalents, beginning of the period		14,501	9,352
Cash and cash equivalents, end of the period		17,676	3,318

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

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

1. Nature of business

Wentworth Resources Limited (“Wentworth” or the “Company”) is an East Africa-focused oil and natural gas explorer and producer. These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries (collectively referred to as “Wentworth Group of Companies” or the “Group”). Wentworth is actively involved in exploring for oil and gas and in developing commercial opportunities for identified hydrocarbon resources, including Methanol, Ammonia and Urea. Wentworth is incorporated in Canada and shares of the Company are widely held and listed on the Oslo Stock Exchange (ticker: WRL) and the AIM Market of the London Stock Exchange (ticker: WRL).

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

2. Going concern

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the Company’s ability to obtain financing to fund the ongoing exploration and development capital programs until such time as cash flow from operations is sufficient to fund its future exploration and development program. There is no certainty that the Company will be able to obtain the financing required to meet its ongoing commitments for the exploration and development programs. During the fourth quarter of 2013, the Company completed private placement offerings issuing new share capital of the Company for gross proceeds of \$45.8 million. The proceeds will be used to fund the currently planned 2014 exploration and evaluation capital programs. Should exploration and development activity take place in addition to the planned programs for 2014, additional funding may be necessary.

The need to obtain financing may create doubt about the Company’s ability to continue as a going concern. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

3. Summary of accounting policies

Basis of presentation and statement of compliance

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2013.

The condensed consolidated interim financial statements have been prepared following the same accounting policies as the annual audited consolidated financial statements for the year ended December 31, 2013, except as noted below, and should be read in conjunction with the annual audited consolidated financial statements and the notes thereto.

3. Summary of accounting policies (continued)

On January 1, 2014 the Company adopted new standards with respect to Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) and Liability for Levies (IFRIC 21). The adoption of these amendments and standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

The condensed consolidated interim financial statements were approved by the Board of Directors on May 20, 2014. The disclosures provided below are incremental to those included in the annual consolidated financial statements.

Credit risk

Wentworth's maximum credit risk is equal to the carrying value of its cash and cash equivalents, short-term investments, trade, other and long-term receivables. Trade and other receivables are comprised predominantly of amounts due from government departments in Tanzania, tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique.

At March 31, 2014, an undiscounted receivable of \$35,612 is due from Tanzania Petroleum Development Company ("TPDC"), which is a partner in the Mnazi Bay Concession. The Company receives a significant portion of TPDC's share of gas production from the Mnazi Bay Concession directly from the operator of the Mnazi Bay Concession before TPDC receives cash from its share of revenue. There is a risk that future production from the Mnazi Bay Concession may not be sufficient to settle the receivable and, should such a determination be made, a provision against the receivable will be made once gas deliveries to the pipeline commence and reserves are assigned to the Mnazi Bay gas fields.

At March 31, 2014, an undiscounted receivable of \$6,511 related to the Company's disposal of transmission and distribution assets, and the costs associated with the Mtwara Energy Project incurred by a wholly owned subsidiary of Wentworth, continues to be acknowledged as payable by the Tanzanian government. On February 6, 2012, the Company, TANESCO, TPDC and the Ministry of Energy and Minerals ("MEM") reached an agreement that the Company's cost of historical operations in respect of the Mtwara Energy Project should be reimbursed. Wentworth is currently in discussions with TANESCO, TPDC and MEM on agreeing on a method of reimbursement. There is a risk that the cost reimbursement method may not be in cash, but rather in a long-term recovery from other sources.

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 rate, 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 assets or liabilities that are not based on observable market data.

The Company's long-term receivables, long-term loans and other long-term liabilities are considered Level 2 measurements. The Company does not have any fair value measurements considered as Level 3.

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

United States \$000s unless otherwise stated

4. Segment information**Net gain (loss) for the quarter ended March 31, 2014**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	236	-	-	236
Production and operating	(372)	-	-	(372)
General and administrative	(662)	(166)	(981)	(1,809)
Depreciation and depletion	(98)	-	(37)	(135)
Other	1,578	(2)	(341)	1,235
Total	446	(168)	(1,359)	(1,081)
Net gain (loss)	682	(168)	(1,359)	(845)

Selected balances at March 31, 2014

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Current assets	6,316	2,459	26,627	35,402
Long-term receivables	30,157	-	-	30,157
Exploration and evaluation assets	44,203	11,214	-	55,417
Property, plant and equipment assets	18,625	-	219	18,844
Current liabilities	3,045	339	777	4,161
Non-current liabilities	3,601	-	3,924	7,525

Selected Cash Flows for the quarter ended March 31, 2014

Net additions to exploration and evaluation assets	4,386	395	-	4,781
Net additions to property, plant and equipment assets	472	-	9	481

Net gain (loss) for the quarter ended March 31, 2013

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	216	-	-	216
Production and operating	(153)	-	-	(153)
General and administrative	(869)	(150)	(955)	(1,974)
Depreciation and depletion	(105)	-	(29)	(134)
Other	1,023	(1)	(124)	898
Total	(104)	(151)	(1,108)	(1,363)
Net gain (loss)	112	(151)	(1,108)	(1,147)

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

4. Segment information (continued)

Selected balances at March 31, 2013

	Tanzania Operations	Mozambique Operations	Power Operations (Discontinued)	Corporate	Consolidated
Current assets	4,556	1,597	10,932	2,570	19,655
Long-term receivable	24,471	-	-	-	24,471
Exploration and evaluation assets	37,351	9,875	-	-	47,226
Property, plant and equipment assets	17,580	-	-	281	17,861
Current liabilities	3,210	296	3,819	1,021	8,346
Non-current liabilities	6,777	-	-	531	7,308

Selected Cash Flows for the quarter ended March 31, 2013

Net additions to exploration and evaluation assets	1,598	1,037	-	-	2,635
Net additions to property, plant and equipment assets	3	-	-	18	21

5. Long-term receivables

	Balance at March 31, 2014	Balance at December 31, 2013
TPDC receivable (i)	25,500	24,128
Tanzanian government receivable (Transmission & Distribution ("T&D")) (ii)	5,314	5,191
	30,814	29,319
Current portion		
TPDC receivable (i)	657	658
Long-term portion		
TPDC receivable (i)	24,843	23,470
Tanzanian government receivable (T&D) (ii)	5,314	5,191
	30,157	28,661

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

5. Long-term receivables (continued)

i) TPDC receivable

As at March 31, 2014, the undiscounted receivable from TPDC is \$35,612 (\$35,015 at December 31, 2013).

	<u>TPDC receivable</u>
Balance at December 31, 2013	24,128
Accretion	1,473
Retained gas revenue to offset receivable	(197)
Fair value of the share of TPDC Mnazi Bay Concession costs paid by the Company	96
Balance at March 31, 2014	<u>25,500</u>

ii) Tanzanian government receivable (T&D)

As at March 31, 2014 the undiscounted Tanzanian government receivable (T&D) is \$6,511 (December 31, 2013 - \$6,511).

	<u>Tanzanian government receivable</u>
Balance at December 31, 2013	5,191
Accretion	123
Balance at March 31, 2014	<u>5,314</u>

These receivables are considered a financial instrument and initially recorded at fair value based on discounted cash flows and at each reporting date and accreted using the effective interest method over the expected life of the receivable.

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

United States \$000s unless otherwise stated

6. Exploration and evaluation assets (“E&E”)

	<u>Exploration and evaluation assets</u>
Cost	
Balance at December 31, 2013	113,348
Additions	<u>4,781</u>
Balance at March 31, 2014	<u>118,129</u>
Accumulated impairment	
Balance at December 31, 2013 and March 31, 2014	<u>(62,712)</u>
Carrying amounts	
December 31, 2013	50,636
March 31, 2014	55,417

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

	<u>Natural gas properties</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost			
Balance at December 31, 2013	93,256	886	94,142
Additions	472	9	481
Disposal of assets ⁽¹⁾	(42)	-	(42)
Balance at March 31, 2014	<u>93,686</u>	<u>895</u>	<u>94,581</u>
Accumulated depreciation, depletion and impairment			
Balance at December 31, 2013	(75,005)	(639)	(75,644)
Depreciation and depletion	(98)	(37)	(135)
Disposal of assets ⁽¹⁾	42	-	42
Balance at March 31, 2014	<u>(75,061)</u>	<u>(676)</u>	<u>(75,737)</u>
Carrying amounts			
December 31, 2013	18,251	247	18,498
March 31, 2014	18,625	219	18,844

- (1) During the first quarter of 2014 the Company disposed of office assets having a net book value of \$nil for net proceeds of \$23.

WENTWORTH RESOURCES LIMITED

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

10. Share based payments (continued)

The following table summarizes share options outstanding and exercisable at March 31, 2014:

Exercise Price (NOK)	Exercise Price (US\$) (i)	Outstanding		Exercisable
		Number of options	Weighted average remaining life (years)	Number of options
3.15	0.52	1,000,000	6.5	1,000,000
3.52	0.59	500,000	7.8	333,333
3.60	0.60	2,650,000	6.5	2,650,000
4.08	0.68	250,000	9.1	-
4.90	0.82	350,000	8.4	150,000
5.18	0.86	3,500,000	9.9	-
5.75	0.96	1,600,000	7.0	1,066,667
		9,850,000	8.0	5,200,000

Share based payment charge

During the first quarter of 2014, 3,400,000 options were granted (2013 – 250,000).

The following table indicates weighted average grant date fair value and the assumptions used in the determination of the fair value of options granted during the first quarter of 2014:

Grant date fair value per option (US\$)	0.53
Expected annual interest rate (%)	1
Expected volatility (%)	69
Expected life (in years)	6
Expected forfeiture rate (%)	8
Expected dividends (US\$)	Nil

During the quarter ended March 31, 2014 a total of \$154 (2013 - \$122) in share based compensation was expensed with an offsetting charge to equity reserve.

11. Loss Income per share

Basic and diluted loss per share

The calculation of loss per share for the quarter ended March 31, 2014 is based on a loss attributable to shareholders of the Company of \$845 (2013 – \$1,147).

Share options and other equity instruments such as warrants were anti-dilutive for both periods.

	For the three months ended March 31,	
	2014	2013
Weighted average number of shares outstanding	153,872,700	82,503,940
Dilutive weighted average number of shares outstanding	153,872,700	82,503,940