



**PRESS RELEASE**

**16 August 2018**

## **Wentworth Resources Limited**

**(“Wentworth” or the “Company”)**

### **Half Year Financial Statements and MD&A**

Wentworth Resources Limited, the Oslo Stock Exchange (OSE: WRL) and London Stock Exchange (AIM: WRL) listed independent, East Africa-focused oil & gas company, today announces its results for the quarter and six months ended 30 June 2018.

The following should be read in conjunction with the Q2 2018 Management Discussion and Analysis and Financial Statements which are available on the Company's website at <http://www.wentworthresources.com>.

#### **Corporate**

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

#### **Financial**

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

million comprising consultancy, legal and professional charges and; Tanzanian tax assessments of \$1.75 million for the years of 2013 to 2016.

## **Operational**

### *Tanzania*

- Average gross daily gas production for the period increased 115% to 79.3 MMscf/d from 36.9 MMscf/d in H1 2017; above current annual 2018 guidance of 65-75 MMscf/d.
- Exited H1 2018 with a new high daily gas production rate of 89 MMscf/d;
- Production ramp up due to Kinyerezi-I and Ubungo-II power stations operating at near full capacity, commissioning of the Kinyerezi-II gas-fired power station during Q4 2017, increasing growth in demand from Industrial customers and lower quantities of gas supplied by industry competitors;
- Low operating expense costs of \$ 0.43 / Mscf (H1 2017: \$1.16 / Mscf) leveraging increased production volumes;
- Received total cash payments of \$12.97 million from gas sales and recovery of long-term government receivables during the first half of 2018;
- Regular monthly payments for gas sales continue to be received. As at June 30, 2018 six invoices for gas sales to TPDC were outstanding, with the increase in receivables being accounted for by the increase in gas sales in the outstanding months. Post June 30, 2018, TPDC has paid three invoices.

### *Mozambique*

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

### **Eskil Jersing, Chief Executive Officer, commented:**

*"The first half of 2018 has seen Wentworth make material progress on Mnazi Bay Production growth, receipt of revenues and long term receivables, deleveraging of our balance sheet and redomicile of the Company to the UK. In particular, we have exited Q2 2018 with milestone production of 89 MMcf/d on Mnazi bay. Further, we have fully transitioned the Management team from Calgary to the UK and continue to make strides towards a simpler, cheaper, efficient and more robust platform for growth.*

*We have a strong and empowered team across the Company, all working diligently on maximising the value of our assets and towards a leaner operating model. I look forward to continuing to help unlock the latent value in our core Mnazi Bay asset and sharing progress on our path to value with all our shareholders."*

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## Financial Statements

The following primary statements have been extracted from the H1 2018 unaudited consolidated financial statements which are located on the Company's website at [www.wentworthresources.com](http://www.wentworthresources.com).

### WENTWORTH RESOURCES LIMITED

#### Unaudited Condensed Consolidated Interim Statement of Financial Position

United States \$000s, unless otherwise stated

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,043	3,750
Trade and other receivables	20,591	13,322
Prepayments and deposits	204	191
TPDC receivables	8,704	15,550
	<b>33,542</b>	<b>32,813</b>
<b>Non-current assets</b>		
Tanzania Government receivables	4,959	4,959
Exploration and evaluation assets	48,903	47,921
Property, plant and equipment	87,804	90,336
Deferred tax asset	22,073	30,751
	<b>163,739</b>	<b>173,967</b>
<b>Total assets</b>	<b>197,281</b>	<b>206,780</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	6,011	5,726
Overdraft credit facility	2,500	2,500
Current portion of long-term loans	7,936	7,260
Other liability	1,646	2,189
	<b>18,093</b>	<b>17,675</b>
<b>Non-current liabilities</b>		
Long-term loans	5,170	8,636
Decommissioning provision	917	865
	<b>6,087</b>	<b>9,501</b>
<b>EQUITY</b>		
Share capital	416,426	416,426
Equity reserve	26,516	26,490
Accumulated deficit	(269,841)	(263,312)
	<b>173,101</b>	<b>179,604</b>
<b>Total liabilities and equity</b>	<b>197,281</b>	<b>206,780</b>

**WENTWORTH RESOURCES LIMITED****Unaudited Condensed Consolidated Interim Statement of Comprehensive Loss**

United States \$000s, unless otherwise stated

	<b>Six months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Total revenue</b>	<b>10,792</b>	5,096
<b>Operating expenses</b>		
Production and operating	<b>(1,470)</b>	(1,813)
General and administrative	<b>(2,228)</b>	(2,014)
Tanzanian withholding tax costs	<b>(1,750)</b>	-
Management restructuring costs	<b>(832)</b>	-
Redomicile costs	<b>(335)</b>	-
Depreciation and depletion	<b>(3,220)</b>	(1,548)
Share based compensation	<b>(26)</b>	(145)
<b>Profit/(loss) from operations</b>	<b>931</b>	(424)
Finance income	<b>2,053</b>	991
Finance costs	<b>(671)</b>	(2,449)
<b>Profit/(loss) before tax</b>	<b>2,313</b>	(1,882)
Current tax expense	<b>(164)</b>	-
Deferred tax (expense)/recovery	<b>(8,678)</b>	227
	<b>(8,842)</b>	227
<b>Net loss and comprehensive loss</b>	<b>(6,529)</b>	(1,655)
<b>Net loss per ordinary share</b>		
Basic and diluted (US\$/share)	<b>(0.04)</b>	(0.01)

**WENTWORTH RESOURCES LIMITED****Unaudited Condensed Consolidated Interim Statement of Changes in Equity**

United States \$000s, unless otherwise stated

	Number of shares	Share capital \$	Equity reserve \$	Accumulated deficit \$	Total equity \$
Balance at December 31, 2016	169,534,969	411,493	26,275	(261,857)	175,911
Net loss and comprehensive loss	-	-	-	(1,655)	(1,655)
Share based compensation	-	-	145	-	145
Issued of share capital	16,953,496	5,527	-	-	5,527
Share issue costs, net of tax	-	(594)	-	-	(594)
Balance at June 30, 2017	186,488,465	416,426	26,420	(263,512)	179,334
Balance at December 31, 2017	186,488,465	416,426	26,490	(262,566)	180,350
IFRS 9 transitional adjustment	-	-	-	(746)	(746)
Net loss and comprehensive loss	-	-	-	(6,529)	(6,529)
Share based compensation	-	-	26	-	26
<b>Balance at June 30, 2018</b>	<b>186,488,465</b>	<b>416,426</b>	<b>26,516</b>	<b>(269,841)</b>	<b>173,101</b>

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

United States \$000s, unless otherwise stated

	<b>Six months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Net loss for the year	<b>(6,529)</b>	(1,655)
Adjustments for:		
Depreciation and depletion	<b>3,220</b>	1,548
Finance (income)/costs, net	<b>(1,382)</b>	1,458
Deferred tax expense/(recovery)	<b>8,678</b>	(227)
Share based compensation	<b>26</b>	145
	<b>4,013</b>	1,269
Change in non-cash working capital:		
Trade and other receivables	<b>(3,779)</b>	(1,503)
Prepayments and deposits	<b>(14)</b>	12
Trade and other payables	<b>807</b>	(360)
<b>Net cash generated from/(utilized in) operating activities</b>	<b>1,027</b>	(582)
<b>Investing activities</b>		
Additions to exploration and evaluation assets	<b>(982)</b>	(950)
Additions to property, plant and equipment	<b>(932)</b>	(391)
Reduction of long-term receivable	<b>5,407</b>	2,400
Proceeds from sale of office assets	<b>3</b>	
<b>Net cash from investing activities</b>	<b>3,496</b>	1,059
<b>Financing activities</b>		
Issue of share capital, net of issue costs	-	4,933
Principal payments	<b>(2,666)</b>	(2,014)
Debt restructuring fee	-	(83)
Drawn on overdraft credit facility	-	558
Interest paid	<b>(1,021)</b>	(966)
Payment of other liability	<b>(543)</b>	(51)
<b>Net cash (used in)/from financing activities</b>	<b>(4,230)</b>	2,377
Net change in cash and cash equivalents	<b>293</b>	2,854
Cash and cash equivalents, beginning of the period	<b>3,750</b>	979
<b>Cash and cash equivalents, end of the period</b>	<b>4,043</b>	3,833

## **About Wentworth Resources**

Wentworth Resources is a publicly traded (OSE:WRL, AIM:WRL), independent oil & gas company with: natural gas production; exploration and appraisal opportunities; and large-scale gas monetisation initiatives, all in the Rovuma Delta Basin of coastal southern Tanzania and northern Mozambique.

## **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.

## **Cautionary note regarding forward-looking statements**

This press release may contain certain forward-looking information. The words "expect", "anticipate", "believe", "estimate", "may", "will", "should", "intend", "forecast", "plan", and similar expressions are used to identify forward looking information.

The forward-looking statements contained in this press release are based on management's beliefs, estimates and opinions on the date the statements are made in light of management's experience, current conditions and expected future development in the areas in which Wentworth is currently active and other factors management believes are appropriate in the circumstances. Wentworth undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable law.

Readers are cautioned not to place undue reliance on forward-looking information. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties that contribute to the possibility that the predicted outcome will not occur, including some of which are beyond Wentworth's control. These assumptions and risks include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in exploration, development and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the imprecision of resource and reserve estimates, assumptions regarding the timing and costs relating to production and development as well as the availability and price of labour and equipment, volatility of and assumptions regarding commodity prices and exchange rates, marketing and transportation risks, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in applicable law. Additionally, there are economic, political, social and other risks inherent in carrying on business in Tanzania and Mozambique. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. See Wentworth's Management's Discussion and Analysis for the year ended December 31, 2017, available on Wentworth's website, for further description of the risks and uncertainties associated with Wentworth's business.

## **Notice**

Neither the Oslo Stock Exchange nor the AIM Market of the London Stock Exchange has reviewed this press release and neither accepts responsibility for the adequacy or accuracy of this press release.

This information is subject of the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.