



**Wentworth Resources Limited**  
**Condensed Consolidated Interim**  
**Financial Statements**

*For the second quarter and six months ended June 30, 2014*  
*Unaudited*

# WENTWORTH RESOURCES LIMITED

## Unaudited Condensed Consolidated Interim Statement of Financial Position

United States \$000s, unless otherwise stated

	Note	June 30, 2014	December 31, 2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		16,813	14,501
Short-term investments		4,013	23,176
Trade and other receivables		2,634	1,845
Prepayments, deposits and advances to partners		2,450	1,674
Current portion of long-term receivables	5	5,459	658
		<u>31,369</u>	<u>41,854</u>
<b>Non-current assets</b>			
Long-term receivables	5	26,640	28,661
Exploration and evaluation assets	6	59,107	50,636
Property, plant and equipment	7	18,983	18,498
		<u>104,730</u>	<u>97,795</u>
<b>Total assets</b>		<u>136,099</u>	<u>139,649</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,485	3,487
		<u>1,485</u>	<u>3,487</u>
<b>Non-current liabilities</b>			
Long-term loan	8	4,034	3,816
Other long-term liabilities		2,594	2,836
Decommissioning provision		734	685
		<u>7,362</u>	<u>7,337</u>
<b>EQUITY</b>			
Share capital		404,225	403,998
Equity reserve		24,303	23,903
Accumulated deficit		(301,276)	(299,076)
		<u>127,252</u>	<u>128,825</u>
<b>Total liabilities and equity</b>		<u>136,099</u>	<u>139,649</u>

Going concern (Note 2)

Subsequents event (Note 12)

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

		Quarter ended June 30,		Six months ended June 30,	
	Note	2014	2013	2014	2013
<b>Total revenue</b>		<b>253</b>	235	<b>489</b>	451
<b>Operating expenses</b>					
Production and operating		<b>(800)</b>	(601)	<b>(1,172)</b>	(754)
General and administrative		<b>(1,490)</b>	(1,965)	<b>(3,299)</b>	(3,939)
Share based compensation	10	<b>(323)</b>	(32)	<b>(477)</b>	(154)
Depreciation and depletion	7	<b>(156)</b>	(128)	<b>(291)</b>	(262)
Gain from sale of office assets	7	<b>32</b>	-	<b>55</b>	-
<b>Loss from operating activities</b>		<b>(2,484)</b>	(2,491)	<b>(4,695)</b>	(4,658)
Finance income	9	<b>1,411</b>	1,548	<b>3,051</b>	2,762
Finance costs	9	<b>(282)</b>	(249)	<b>(556)</b>	(443)
Gain on derivative financial liability		-	393	-	393
<b>Net loss and comprehensive loss</b>		<b>(1,355)</b>	(799)	<b>(2,200)</b>	(1,946)
<b>Net loss per ordinary share</b>					
Basic and diluted (US\$/share)	11	<b>(0.01)</b>	(0.01)	<b>(0.01)</b>	(0.02)

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 \$
	82,503,940	361,675	21,996	(289,087)	94,584
	-	-	-	(1,946)	(1,946)
10	-	-	154	-	154
	85,000	108	(37)	-	71
	<u>82,588,940</u>	<u>361,783</u>	<u>22,113</u>	<u>(291,033)</u>	<u>92,863</u>
<b>Balance at December 31, 2012</b>					
Net loss and comprehensive loss					
Share based compensation					
Issue of share capital					
<b>Balance at June 30, 2013</b>					
	<b>153,872,700</b>	<b>403,998</b>	<b>23,903</b>	<b>(299,076)</b>	<b>128,825</b>
Net loss and comprehensive loss	-	-	-	(2,200)	(2,200)
Share based compensation	-	-	477	-	477
Issue of share capital	<b>250,000</b>	<b>227</b>	<b>(77)</b>	-	<b>150</b>
<b>Balance at June 30, 2014</b>	<b>154,122,700</b>	<b>404,225</b>	<b>24,303</b>	<b>(301,276)</b>	<b>127,252</b>

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	Quarter ended June 30, 2014	2013	Six months ended June 30, 2014	2013
<b>Operating activities</b>					
Net loss for the period		(1,355)	(799)	(2,200)	(1,946)
Adjustments for:					
Share based compensation	10	323	32	477	154
Depreciation and depletion	7	156	128	291	262
Finance income, net		(1,129)	(1,299)	(2,495)	(2,319)
Gain from sale of office assets		(32)	-	(55)	-
Gain on derivative financial liability		-	(393)	-	(393)
Change in non-cash working capital		(3,898)	95	(3,916)	(1,247)
<b>Cash used in operating activities</b>		<b>(5,935)</b>	<b>(2,236)</b>	<b>(7,898)</b>	<b>(5,489)</b>
<b>Investing activities</b>					
Additions to evaluation and exploration assets	6	(3,690)	(620)	(8,471)	(3,255)
Additions to property, plant and equipment	7	(295)	(400)	(776)	(421)
Conversion of term deposit to cash		8,838	-	19,163	-
Interest income		35	1	75	19
Net reduction/(increase) of long-term receivable		91	328	192	127
Change in non-cash working capital		-	723	-	1,375
<b>Cash provided by/(used in) investing activities</b>		<b>4,979</b>	<b>32</b>	<b>10,183</b>	<b>(2,155)</b>
<b>Financing activities</b>					
Issue of share capital		150	71	150	71
Net proceeds from long-term loan		-	3,922	-	3,922
Repayment of long-term loan		-	(299)	-	(599)
Interest paid	8	(89)	(133)	(178)	(270)
Proceeds from sale of office assets		32	-	55	-
Decrease of other long-term liabilities		-	(169)	-	(326)
<b>Cash provided by financing activities</b>		<b>93</b>	<b>3,392</b>	<b>27</b>	<b>2,798</b>
Net change in cash and cash equivalents		(863)	1,188	2,312	(4,846)
Cash and cash equivalents, beginning of the period		17,676	3,318	14,501	9,352
<b>Cash and cash equivalents, end of the period</b>		<b>16,813</b>	<b>4,506</b>	<b>16,813</b>	<b>4,506</b>

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

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### 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 are being 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 August 18, 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 Tanzanian government departments and entities, tax input credits for Goods and Services Tax (GST) in Canada and Value Added Tax (VAT) in Tanzania and Mozambique. The Company's ongoing exposure to receivables from TANESCO is connected with the gas sales from the Mnazi Bay Concession to the 18 MW power plant located in Mtwara, Tanzania. At June 30, 2014 the Mnazi Bay Concession partners were owed thirteen months of gas sales, with \$1.96 million net owing to Wentworth. Subsequent to June 30, 2014, TANESCO settled four months arrears (June – September 2013) totaling \$0.58 million but did not provide an indication when additional settlements can be expected.

At June 30, 2014, an undiscounted receivable of \$35,886 is due from Tanzania Petroleum Development Company ("TPDC"), which is a partner in the Mnazi Bay Concession. In settlement of this receivable 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 June 30, 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 loss for the quarter ended June 30, 2014**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	<b>253</b>	-	-	<b>253</b>
Production and operating	<b>(800)</b>	-	-	<b>(800)</b>
General and administrative	<b>(588)</b>	<b>(162)</b>	<b>(740)</b>	<b>(1,490)</b>
Depreciation and depletion	<b>(114)</b>	-	<b>(42)</b>	<b>(156)</b>
Other	<b>1,313</b>	<b>(2)</b>	<b>(473)</b>	<b>838</b>
Total segment	<b>(189)</b>	<b>(164)</b>	<b>(1,255)</b>	<b>(1,608)</b>
Net income/(loss)	<b>64</b>	<b>(164)</b>	<b>(1,255)</b>	<b>(1,355)</b>

**Selected Cash Flows for the quarter ended June 30, 2014**

Net additions to exploration and evaluation assets	<b>86</b>	<b>3,604</b>	-	<b>3,690</b>
Net additions to property, plant and equipment assets	<b>267</b>	-	<b>28</b>	<b>295</b>

**Net loss for the quarter ended June 30, 2013**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	235	-	-	235
Production and operating	(601)	-	-	(601)
General and administrative	(719)	(156)	(1,090)	(1,965)
Depreciation and depletion	(97)	-	(31)	(128)
Other income	1,408	-	252	1,660
Total segment expense	(9)	(156)	(869)	(1,034)
Net income/(loss)	226	(156)	(869)	(799)

**Selected Cash Flows for the quarter ended June 30, 2013**

Net additions to exploration and evaluation assets	26	594	-	620
Net additions to property, plant and equipment assets	386	-	14	400



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

United States \$000s unless otherwise stated

**4. Segment information (continued)****Net loss for the six months ended June 30, 2014**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	<b>489</b>	-	-	<b>489</b>
Production and operating	<b>(1,172)</b>	-	-	<b>(1,172)</b>
General and administrative	<b>(1,250)</b>	<b>(328)</b>	<b>(1,721)</b>	<b>(3,299)</b>
Depreciation and depletion	<b>(212)</b>	-	<b>(79)</b>	<b>(291)</b>
Other	<b>2,891</b>	<b>(4)</b>	<b>(814)</b>	<b>2,073</b>
Total segment	<b>257</b>	<b>(332)</b>	<b>(2,614)</b>	<b>(2,689)</b>
Net income/(loss)	<b>746</b>	<b>(332)</b>	<b>(2,614)</b>	<b>(2,200)</b>

**Selected balances at June 30, 2014**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Segment current assets	<b>8,960</b>	<b>1,877</b>	<b>20,532</b>	<b>31,369</b>
Long-term receivables	<b>26,640</b>	-	-	<b>26,640</b>
Exploration and evaluation assets	<b>44,289</b>	<b>14,818</b>	-	<b>59,107</b>
Property, plant and equipment assets	<b>18,778</b>	-	<b>205</b>	<b>18,983</b>
Segment current liabilities	<b>516</b>	<b>51</b>	<b>918</b>	<b>1,485</b>
Segment non-current liabilities	<b>3,682</b>	-	<b>3,680</b>	<b>7,362</b>

**Selected Cash Flows for the six months ended June 30, 2014**

Net additions to exploration and evaluation assets	<b>4,472</b>	<b>3,999</b>	-	<b>8,471</b>
Net additions to property, plant and equipment assets	<b>739</b>	-	<b>37</b>	<b>776</b>

**Net loss for the quarter ended June 30, 2013**

	Tanzania Operations	Mozambique Operations	Corporate	Consolidated
Natural gas sales	451	-	-	451
Production and operating	(754)	-	-	(754)
General and administrative	(1,588)	(306)	(2,045)	(3,939)
Depreciation and depletion	(202)	-	(60)	(262)
Other income	2,431	-	127	2,558
Total segment expense	(113)	(306)	(1,978)	(2,397)
Net income/(loss)	338	(306)	(1,978)	(1,946)

# 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 June 30, 2013

	Tanzania Operations	Mozambique Operations	Power Operations (Discontinued)	Corporate	Consolidated
<b>Balance at June 30, 2013</b>					
Segment current assets	2,659	2,095	8,001	4,951	17,706
Long-term receivable	25,643	-	-	-	25,643
Exploration and evaluation Assets	37,378	10,468	-	-	47,846
Property, plant and equipment Assets	17,869	-	-	264	18,133
Segment current liabilities	5,725	294	1,610	1,385	9,014
Segment non-current liabilities	3,535	-	-	3,916	7,451

Selected Cash Flows for the six months ended June 30, 2013

	1,625	1,630	-	-	3,255
Net additions to exploration and evaluation assets					
Net additions to property, plant and equipment assets	389	-	-	32	421

### 5. Long-term receivables

	Balance at June 30, 2014	Balance at December 31, 2013
TPDC receivable (i)	26,662	24,128
Tanzanian government receivable (Umoja/power) (ii)	5,437	5,191
	<b>32,099</b>	<b>29,319</b>
<b>Current portion</b>		
TPDC receivable (i)	5,459	658
<b>Long-term portion</b>		
TPDC receivable (i)	21,203	23,470
Tanzanian government receivable (Umoja/power) (ii)	5,437	5,191
	<b>26,640</b>	<b>28,661</b>

The new Mtwara to Dar es Salaam gas pipeline is expected to be commissioned during the first quarter of 2015. The current portion of the TPDC receivable as at June 30, 2014 includes three months of anticipated revenue from the sale of natural gas to the new pipeline.

# WENTWORTH RESOURCES LIMITED

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

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### 5. Long-term receivables (continued)

#### i) TPDC receivable

As at June 30, 2014, the undiscounted receivable from TPDC is \$35,886 (\$35,015 at December 31, 2013).

	<u>TPDC receivable</u>
Balance at December 31, 2013	24,128
Accretion	2,726
Retained gas revenue to offset receivable	(407)
Fair value of the share of TPDC Mnazi Bay Concession costs paid by the Company	215
<b>Balance at June 30, 2014</b>	<b><u>26,662</u></b>

#### ii) Tanzanian government receivable (Umoja/power)

As at June 30, 2014 the undiscounted Tanzanian government receivable (Umoja/power) is \$6,511 (December 31, 2013 - \$6,511).

	<u>Tanzanian government receivable</u>
Balance at December 31, 2013	5,191
Accretion	246
<b>Balance at June 30, 2014</b>	<b><u>5,437</u></b>

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>
<b>Cost</b>	
Balance at December 31, 2013	113,348
Additions	8,471
<b>Balance at June 30, 2014</b>	<b>121,819</b>
<b>Accumulated impairment</b>	
Balance at December 31, 2013 and June 30, 2014	<b>(62,712)</b>
<b>Carrying amounts</b>	
December 31, 2013	50,636
<b>June 30, 2014</b>	<b>59,107</b>

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

	<u>Natural gas properties</u>	<u>Office and other equipment</u>	<u>Total</u>
<b>Cost</b>			
Balance at December 31, 2013	93,256	886	94,142
Additions	739	37	776
Disposal of assets <sup>(1)</sup>	(119)	-	(119)
<b>Balance at June 30, 2014</b>	<b>93,876</b>	<b>923</b>	<b>94,799</b>
<b>Accumulated depreciation, depletion and impairment</b>			
Balance at December 31, 2013	(75,005)	(639)	(75,644)
Depreciation and depletion	(212)	(79)	(291)
Disposal of assets <sup>(1)</sup>	119	-	119
<b>Balance at June 30, 2014</b>	<b>(75,098)</b>	<b>(718)</b>	<b>(75,816)</b>
<b>Carrying amounts</b>			
December 31, 2013	18,251	247	18,498
<b>June 30, 2014</b>	<b>18,778</b>	<b>205</b>	<b>18,983</b>

- (1) During the quarter and six months of 2014 the Company disposed of office assets having a net book value of \$nil for net proceeds of \$32 and \$55 respectively.

# WENTWORTH RESOURCES LIMITED

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

### 8. Long-term loan

#### Loan from Vitol Energy (Bermuda) Limited (“Vitol”)

<b>Principal balance at December 31, 2013 and June 30, 2014</b>	<b>6,000</b>
Financing cost - balance at December 31, 2013	(2,184)
Accretion	218
<b>Financing cost - balance at June 30, 2014</b>	<b>(1,966)</b>
<b>Carrying amount of long-term loan at June 30, 2014</b>	<b>4,034</b>

During the quarter and six months ended June 30, 2014, the Company incurred interest expense of \$199 and \$396 respectively (2013 - \$19 for the quarter and for the six month period) on the loan from Vitol. A total of \$89 and \$178 respectively (2013 - \$3 for the quarter and for the six month period) was settled in cash and \$110 and \$218 respectively (2013 - \$16 for the quarter and for the six month period) was recorded as interest expense as part of the effective interest rate calculation.

At June 30, 2014, the carrying amount of the Vitol loan approximates its fair value as the loan's effective interest rate approximates market rates.

### 9. Finance income and finance costs

	Quarter ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
<b>Finance income</b>				
Accretion - TPDC receivable	1,253	1,501	2,726	2,621
Accretion – Tanzanian government receivable	123	-	246	-
Interest income	35	1	75	19
Foreign exchange revaluation – TIB long-term loan	-	46	-	122
Foreign exchange gain	-	-	4	-
	<b>1,411</b>	<b>1,548</b>	<b>3,051</b>	<b>2,762</b>
	Quarter ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
<b>Finance costs</b>				
Interest expense – Vitol loan	(199)	(19)	(396)	(19)
Interest expense – TIB loan	-	(130)	-	(267)
Accretion – long-term contingent liability	(56)	(56)	(112)	(110)
Accretion – decommissioning provision	(24)	(22)	(48)	(43)
Foreign exchange loss	(3)	(22)	-	(4)
	<b>(282)</b>	<b>(249)</b>	<b>(556)</b>	<b>(443)</b>

# WENTWORTH RESOURCES LIMITED

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

### 10. Share based payments

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

	Number of options	Weighted average exercise price
Outstanding at December 31, 2013	6,450,000	0.72
Granted	3,750,000	0.84
Exercised	(250,000)	0.59
<b>Outstanding at June 30, 2014</b>	<b>9,950,000</b>	<b>0.74</b>

The following table summarizes share options outstanding and exercisable at June 30, 2014:

Exercise Price (NOK)	Exercise Price (US\$) (i)	Outstanding		Exercisable
		Number of options	Weighted average remaining life (years)	Number of options
3.15	0.51	1,000,000	6.3	1,000,000
3.52	0.57	500,000	7.5	333,333
3.60	0.59	2,400,000	6.3	2,400,000
4.08	0.67	250,000	8.8	83,334
4.64	0.76	150,000	9.9	-
4.70	0.77	200,000	9.9	-
4.90	0.80	350,000	8.2	150,000
5.18	0.84	3,500,000	9.7	33,334
5.75	0.94	1,600,000	6.8	1,600,000
		<b>9,950,000</b>	<b>7.9</b>	<b>5,600,001</b>

(i) The US Dollar to Norwegian Kroner exchange rate used for determining the exercise price at June 30, 2014 is 0.1631.

#### Share based payment charge

During the quarter and six months of 2014, a total of 350,000 and 3,750,000 options were granted respectively (2013 – 350,000 and 600,000 options respectively), 250,000 options were exercised in the second quarter of 2014 (2013 - 85,000 options), and no options were forfeited (second quarter 2013 – 331,667 options).

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 quarter and six months 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 and six months ended June 30, 2014 a total of \$323 and \$477 (2013 - \$32 and \$154 respectively) in share based compensation was expensed with an offsetting charge to equity reserve.

# WENTWORTH RESOURCES LIMITED

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

United States \$000s unless otherwise stated

### 11. Loss Income per share

#### Basic and diluted loss per share

The calculation of loss per share for the quarter and six months ended June 30, 2014 is based on a loss attributable to shareholders of the Company of \$1,355 and \$2,200 respectively (2013 – \$799 and \$1,946 respectively).

Share options and other equity instruments such as warrants were anti-dilutive for both periods. 1,038,694 share options and 851,302 warrants were not used for diluted EPS calculation as they were antidilutive.

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Basic and dilutive weighted average number of shares outstanding	<b>153,924,898</b>	82,545,973	<b>153,898,943</b>	82,525,073

### 12. Subsequent events

- 1) On July 4, 2014, Tanzania Revenue Agency (“TRA”) issued tax assessment certificates to a wholly owned subsidiary of the Company, Wentworth Gas Limited, covering the years 2008 to 2012 and demanding payment of unpaid payroll tax on foreign personnel costs and withholding tax on imported services and accounting transactions. During the second quarter of 2014 the Company recognized a liability for withholding tax, plus late interest charges, of \$221. The Company also issued Notices Of Intention To Appeal to the Tax Revenue Appeals Board covering the remaining assessed amount of \$4,030 inclusive of interest charges of \$2,007. The Company believes it has a strong case against the remaining assessed amount and accordingly has not recorded a provision at June 30, 2014.
- 2) The Company has conditionally secured \$26 million from a Tanzania based bank through two separate credit facilities. A \$20 million facility will be used to fund both the Company’s share of the field infrastructure and drilling of one development and a \$6 million facility will be used to repay the existing Vitol loan. The credit facilities have similar key terms being a duration of 4 years from the date of the first draw down, principal repayments commencing 18 months after first drawdown, an interest rate of 6 month libor rate plus 750 basis points with a minimum 8 percent and maximum 9.5 percent rate, and no restrictive covenants. Access to the funds is subject to a number of conditions precedent, the most significant of which is the finalization of a GSA with TPDC and the execution of security documentation to the bank’s satisfaction. Legal documentation is currently being drafted.