2021

Annual Report and Financial Statements

# Enabling Tanzania's energy transformation


PROCESS GAS

# We produce natural gas to support Tanzania's transition into the economy of tomorrow.

With our vibrant history, resilient business model and strong financial performance – we play a vital role in increasing energy access in Tanzania. Working closely with our partners in Government, we are well positioned to increase supply to support Tanzania in delivering universal energy access by 2030.

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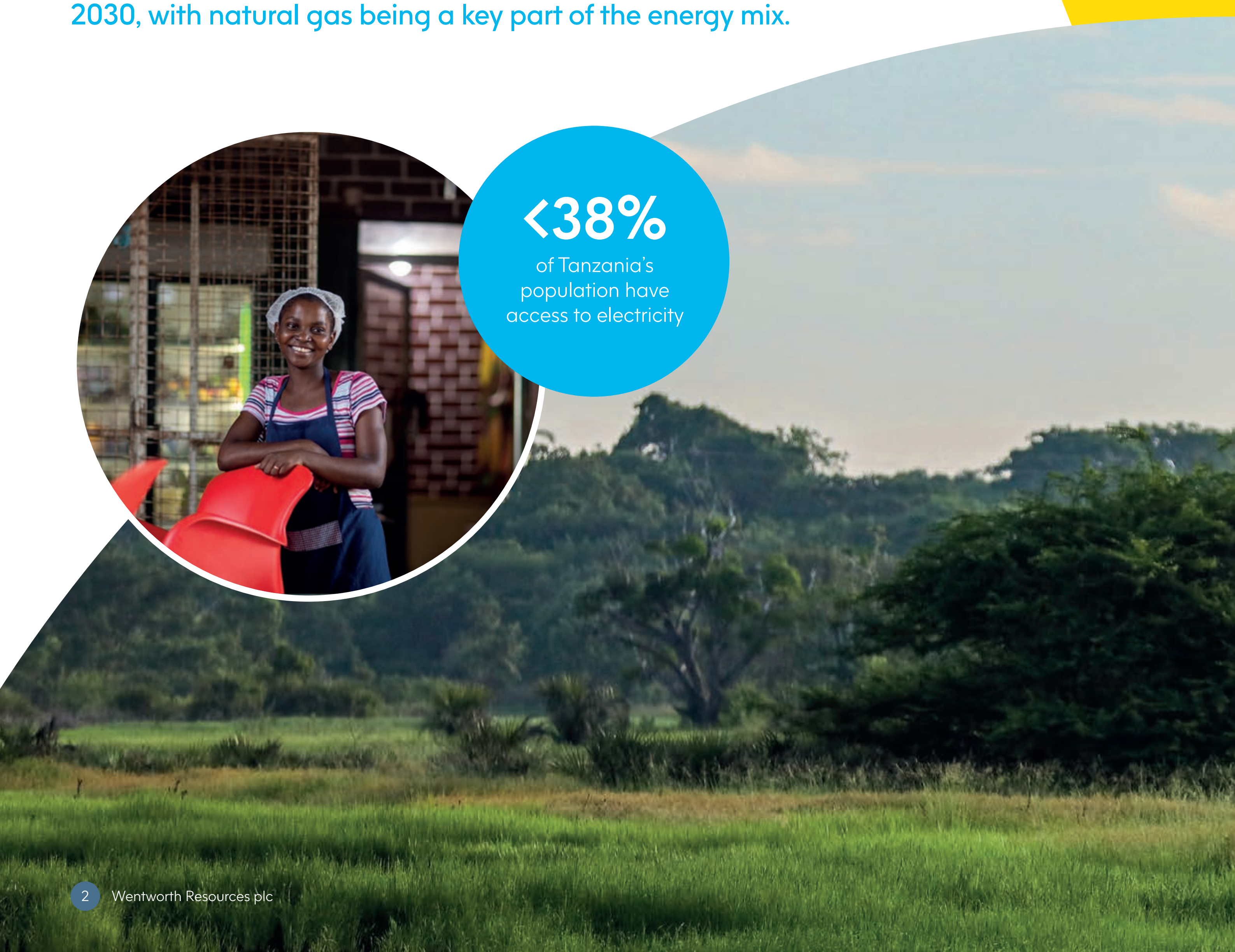
# THE TANZANIAN OPPORTUNITY

## The Government of Tanzania has set an ambitious target of universal energy access by 2030. This target, coupled with the Government's robust industrialisation strategy, provides a real opportunity for Wentworth.

We believe that natural gas is one of the best solutions to power Tanzania's ambitious development goals. Whilst already realising low levels of emissions per capita, at COP26 Tanzania announced its commitment to reduce greenhouse gas emissions by 30% by 2030, with natural gas being a key part of the energy mix.



**<38%**

of Tanzania's population have access to electricity

## A SPOTLIGHT ON TANZANIA

Tanzania sits at the heart of East Africa and plays a strong economic role in the region. With a population of 58 million people and one of the highest birth rates in the world, its population is set to more than double by 2050.

Alongside its booming population, the Tanzanian economy has enjoyed significant growth over the last decade with sustained rates averaging 6% Gross Domestic Product (GDP) growth per year. Whilst poverty has declined as a whole, absolute numbers of poverty remain flat due to its high rate of population growth.

Tanzania's economy is diversifying fast through its industrialisation, adding considerable pressure on its energy demand. Low access rates and supply limitations have delayed social and economic growth in the past, requiring a concerted effort to reach those that need it most.

## THE WENTWORTH OPPORTUNITY

Tanzania plays an exciting role in fuelling regional East Africa growth. With 7.7 million people in the country still without access to energy – we are working with our partners to fuel over 30% of the country's power generation. There is an urgent need to bring affordable and clean energy to Tanzania, aligned with United Nation's Sustainable Development Goals (UN SDGs) 7 and Wentworth is perfectly positioned to help deliver this.

# HIGHLIGHTS

## Going from strength to strength.

ADJUSTED EARNINGS[1]
**$13.6**
MILLION

### FINANCIAL

- Mnazi Bay gas sales revenue of $23.8 million (2020: $18.9 million);
- Adjusted earnings (EBITDAX[1]) of $13.6 million (2020: $9.7 million) excluding non-recurring expenses of $502k (2020: $1.6 million)[2];
- Net profit of $6.1 million (2020: profit $3.4 million);
- Total cash (zero debt) at year-end of $22.8 million (2020: $17.8 million);
- Final dividend declared of $2.7 million, subject to shareholder approval, bringing total distributions for full year 2021 of $4.0 million (2020: $3.6 million); and
- Share buyback programme initiated in December 2021 of up to $2.6 million to support our capital returns philosophy.

AVERAGE DAILY GAS PRODUCTION
**81.6**
MMSCF/D (GROSS)

## OPERATIONAL

- The health and safety of our employees remains our top priority with five years of no LTI[1] celebrated during 2021;
- Zero cases of COVID-19 at Mnazi Bay and no adverse impacts on our business operations;
- Average gross daily gas production increased 25% to 81.6 MMscf/d from 65.5 MMscf/d in 2020, higher than upwardly revised guidance;
- Q4 daily average production is 20% higher year-on-year at 91.5 MMscf/d (Q4 2020: 76.4 MMscf/d), the strongest quarterly performance in our history;
- 2P Reserves of 135.2 Bscf (gross 2P) valued at $108.1 million (after-tax NPV10)[3];
- Key Government offtaker, TPDC[1], remains fully current with gas sales invoices, TANESCO[1] improved arrears position from 17 months to three months; and
- Conclusion of a new GSA[1] with TANESCO.

## SUSTAINABILITY

- Continued strategic focus on climate action and our commitment to maintaining a robust ESG[1] framework;
- Publication of Sustainability Report 2021, including inaugural independent assurance on our greenhouse gas emissions; and
- Partnership established with Vitol to develop 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.

## 2022 OUTLOOK

- Annual production guidance of 75 - 85 MMscf/d, raising the guidance band by 5 MMscf/d across the board;
- Contracted gas price increased from $3.35/MMbtu to $3.44/MMbtu in line with growth in the United States CPI[1]; effective from 1 January 2022;
- $7.4 million ($2.4 million net to Wentworth) on front end engineering design for gas compression project to upgrade facilities at Mnazi Bay from a capacity of 100 MMscf/d to 140 MMscf/d (estimated 3-year project);
- Operational costs of production remain low at $0.54/Mscf; and
- Continue our focus on exploring and evaluating growth opportunities both within the Mnazi Bay field and the greater geographical region to support increasing demand for natural gas.

1. Please refer to Glossary of Terms on page 112
2. See financial review on page 26 for summary of EBITDAX
3. RPS Energy Canada Ltd (RPS) CPR 31 December 2021

# LETTER FROM THE CHAIR

## Dear Stakeholders,

**I am pleased to present to you our 2021 Annual Report and my first letter as the Chair. 2021 was a year of continued strength for our business, as we delivered strategically, financially, operationally and responsibly, for our shareholders and other stakeholders.**

We have a robust balance sheet, a strengthened management team and a business which is acutely driven by sustainable and responsible business practices that will translate into greater value creation for our stakeholders. We recognise the important role we can and must play in supporting socio-economic growth in Tanzania whilst playing a key role in partnering with other players to facilitate a transition to a low-carbon economy.

I am very proud to serve as the Company's Chair and building on the track record of 2021, look forward to another successful year for the business in 2022 and beyond.

### PERFORMANCE WITH PURPOSE

We are proud of the record financial performance delivered in 2021. We reported strong growth in revenue, EBITDAX and net profit and ended the year with an improved net cash position and no debt. This performance reflects the strength and commitment of our management team, led by Katherine Roe, and the dedication of all our employees.

More significant, however, is that we are able to deliver such a strong performance whilst focusing on a clear purpose. We remain dedicated to enabling Tanzania's energy transformation by replacing expensive, heavy polluting, diesel-based energy generation with lower carbon and more sustainable power of natural gas. Our production from Mnazi Bay generates around 30% of the grid power in Tanzania, working hand-in-hand with hydropower, to provide that critical reliable and affordable baseload during periods of low rainfall.

Our purpose is to empower the people of Tanzania with energy and working closely with our partners in Government, we are focused on delivering universal energy access by 2030. We believe in creating shared value by the delivery of long-term sustained shareholder value whilst supporting the growth of the Tanzanian economy, facilitating broad-based economic prosperity and aiding the transition towards a greener, lower-carbon future.

### SHAREHOLDER RETURNS

Our record performance and financial strength enabled Wentworth to continue to return capital to shareholders during 2021. Having established a progressive dividend policy in 2019, we have declared a final dividend of 1.72 pence per share for 2021, with total distributions during the year of $4.0 million, representing a yield of c. 8%. As a Board, we consider the full range of options to drive value for shareholders and, in addition to our dividend, we repurchased $2 million of Wentworth shares during the course of the year.

Share repurchases have a positive impact on all of our per share metrics and complement our dividend policy to drive long-term value for all shareholders. We will continue to assess the option to repurchase shares where we believe our financial performance and balance sheet strength permits, however, our primary mechanism for shareholder return will be by way of interim and annual dividend.

### GOVERNANCE AND OVERSIGHT

Our focus as a Board is to continue to enhance our corporate governance practices and oversight of the business – as the basis to deliver an ever stronger performance and to protect the long-term value of our asset and interests in the Tanzanian market.

We recognise the benefits of adding diversity, new skills and insights to the Board to ensure we bring fresh thinking and challenge to our decision making. During 2021 we were delighted to welcome Juliet Kairuki to the Board as an independent Non-Executive Director. Juliet brings a wealth of expertise from the banking sector, public-private partnerships (PPP) and financial infrastructure and has specific expertise in the Tanzanian market. She has made a significant and valued contribution in the time since she joined the Board and we look forward to her continued positive contribution in the years ahead.

I would also like to acknowledge the contribution of John Bentley who retired from the Board at the end of 2021 having served for over nine years and we wish him well for the future. In addition, it is important to recognise the long-standing contribution of my predecessor, Bob McBean, who retired from the role of Chair at last year's Annual General Meeting (AGM). Bob made a significant contribution to the business and to shareholders over many years and we are fortunate he has remained within the business in the new role of President of Wentworth Tanzania where he continues to support us with his exceptional insights into the business and the local market.

At an executive level, we were also pleased to have Aaron LeBlanc join as Chief Operating Officer (COO) in November 2021. Aaron's two decades of experience in the oil and gas sector adds valuable technical and managerial experience to our team as well as a proven track record working in Tanzania.

## SUSTAINABILITY

2021 was a year which saw a step-change in our commitment towards sustainability. We published our first annual sustainability report and continue to build on those commitments set out in the report. We are focused on making a meaningful contribution to the areas where we can have the greatest impact, which becomes particularly important in the context of the market in which we operate. We are taking action to address the UN SDGs on education, affordable and clean energy, and decent work and economic growth. We are also an active member of the United Nations Global Compact (UNGC), and participants in the UN's Target Gender Equality Programme.

Our commitment towards sustainability and responsible business practices at a Board level is evident in the establishment of a permanent Board Sustainability Committee during 2021. This Committee will help ensure we fully discharge our obligations towards all of our stakeholders and continue to integrate sustainability considerations into our long-term strategy. The Committee's work in 2021 is detailed in this report with further detail included within our 2021 Sustainability Report..

## CONCLUSION

2021 was a year of record delivery for Wentworth and a performance of which the Board is very proud. We are grateful for the hard work and dedication of the Wentworth team under the leadership of our Chief Executive Officer (CEO), Katherine Roe. It is that hard work and commitment which has enabled us to deliver a strong financial performance, drive shareholder returns and position the business for continued performance in the period ahead.

We are also grateful for the continued support of our shareholders and look forward to building stronger relationships through ongoing engagement in 2022.

**Tim Bushell**
**Non-Executive Chair**

6 April 2022

“Our purpose is to empower the people of Tanzania with energy and working closely with our partners in Government, we are focused on delivering universal energy access by 2030.

# CHIEF EXECUTIVE'S STATEMENT

> "The financial and operational successes of the business have enabled us to expand on our established capital return policy, increasing returns to our shareholders.

**Our business continues to go from strength to strength. This is underpinned by our world class asset, fiscal discipline, competitive progressive returns and leading Environmental, Social and Governance (ESG) strategy. Our business continues to outperform our peers, demonstrating a resilience and robustness that is critical during these periods of social and economic uncertainty.**

## CORPORATE HIGHLIGHTS

Wentworth's continued resilience during another year overshadowed by COVID-19 across the globe has proven the strength of our foundations, which are able to withstand unprecedented challenging macro-economic conditions. Our lean and effective corporate structure has proved to be the right size for our business as it matures and strengthens. This has enabled us to optimise the agile nature of our team, which encompasses core skills in fiscal discipline and sound governance. It has also enabled us to ensure we approach everything with a sustainability-focused approach, to ensure that social purpose and responsible business practices remain front and centre of our operations and ambitions for growth.

The financial and operational successes of the business have enabled us to expand on our established shareholder return policy, increasing returns to our shareholders through the ongoing progressive dividend, as well as through a proactive share buyback programme. Together, the dividend and share buyback provide an appropriate means of returning value, whilst maximising sustainable long-term growth for our shareholders.

We also published our inaugural Sustainability Report to demonstrate our responsible approach to doing business in Tanzania and to transparently chart how we work collaboratively with our partners and stakeholders to effectively manage our core material risks, whilst simultaneously seizing upon those opportunities which can most positively impact our communities across the country. In 2021, climate action has been a key strategic focus for us as well as our commitment to maintaining a robust ESG framework and disclosure.

## FINANCIAL HIGHLIGHTS

We recorded milestone gas sales revenue for 2021 of $23.8 million, EBITDAX of $13.6 million and net profit of $6.1 million. Our net cash at year-end was $22.8 million. This is a significant improvement on our cash position at the end of 2020 ($17.8 million), even taking into account shareholder returns across dividend payments and a share buyback throughout the year of c. $6.0 million.

Having been debt free since January 2020, our focus has been on building balance sheet strength. At the same time, we have been ensuring the correct capital allocation between capital returns and maintaining sufficient financial flexibility, in order to continue to invest in our core asset enhancing and preserving its capability for the long-term.

We are fortunate that our work programme and budget at Mnazi Bay remains cost effective. We continue to work closely with the operator, Maurel et Prom (M&P), to design the right investment programme to optimise the asset going forward. Our financially sound position, now the strongest in our corporate history, also enables us to be well placed to take advantage of additional growth opportunities outside of our core asset. We prioritise opportunities that align with our strategy, can leverage our in-country strengths and relationships, and that will be beneficial for our shareholders.

We introduced our dividend policy in September 2019, and this continues to deliver increasing and compelling returns. Having declared a final dividend of $2.7 million, we returned a total of $4.0 million for 2021, with a yield of c.8%, as well as a share buyback of $2.0 million. This demonstrates the ability of our core asset to perform, whilst also underpinning our ability to grow production and the optionality to diversify our portfolio at the right time. We are proud to have retained a leading position within our sector, despite the ongoing global and market challenges.

## OPERATIONAL HIGHLIGHTS

We are particularly proud to have celebrated over five years of safe operations at Mnazi Bay, without a Lost Time Incident (LTI). As a business, the health and wellbeing of our employees has always been our number one priority but the challenges of COVID-19 have also shone a spotlight on new ways that we have been able to support our staff during this period, particularly in Tanzania where working from home presented different challenges. We were able to overcome these through office rotation scheduling and shared IT infrastructure. We were also fortunate to have a high vaccination rate amongst our team.

Following a successful first half of 2021, demand for natural gas in Tanzania remained strong throughout the second half. The increase in demand during the year reflected a recovery from the impact of COVID-19 alongside sustained economic growth, translating into continued demand from the industrial sector. It was also partly due to a lack of supply from hydro-electric generation, as a result of poor rainfall over the catchment areas of the hydro dams. Throughout the year and alongside our partners, we have continued to provide a reliable source of natural gas for domestic electricity generation. This has helped to secure Tanzania's energy supply, which is critical for its ongoing development and growth.

# CHIEF EXECUTIVE'S STATEMENT CONTINUED

The average gross daily production rate from the Mnazi Bay gas field in 2021 was 81.6 MMscf/d, 25% higher year-on-year (2020: 65.5 MMscf/d) as a result of the stronger overall demand during 2021. This exceeded the high end of our already upwardly-revised guidance from June 2021 (from 65 – 75 MMscf/d to 70 – 80 MMscf/d). We also saw our strongest quarterly performance in the Company's history, with daily average production from the Mnazi Bay field in Q4 2021 20% higher year-on-year at 91.5 MMscf/d (Q4 2020: 76.4 MMscf/d).

Our most recent Reserves Report, as of 31 December 2021, outlined Wentworth's share of 2P Reserves of 135.2 Bscf (gross), with a post-tax NPV10 of $108.1 million net to Wentworth. Gross full-year 2021 production was 29.8 Bcf. This represents an approximate 25% increase over 2020 gross production volumes. The report also estimated the remaining economically recoverable gross 2P sales gas for the Mnazi Bay Gas field at 423.3 Bcf, with cumulative Mnazi Bay Field production to the end of 2021 of 154.4 Bcf.

The Reserves Report included an upward revision to PDP reserves of 23%, after accounting for production, reflecting our strong technical foundations, as well as the hard work and ongoing investment of Wentworth and our Mnazi Bay partners.

## SUSTAINABILITY

Following a strategic review of our approach to sustainability in 2020 underpinned by a materiality assessment conducted with internal and external stakeholders by an expert independent consultant, 2021 saw the publication of our inaugural Sustainability Report.

As a responsible business we are committed to ensuring that our stakeholders understand our purpose, our values which underpin it and define the way we work at Wentworth. Empowering people with energy is our purpose and part of our DNA. It guides our behaviours and our decision-making to channel us towards a net-positive impact for society and the environment. Our natural gas production underpins the national grid in Tanzania, providing critical energy access and security for millions of people across the country. However, despite natural gas acting as a lower carbon, reliable power source compared to thermal coal, diesel and others, it does present environmental risks. Climate change poses a very real threat to the safety and security of many around the world, especially for developing economies in Africa and as such, it has been a key strategic priority for us in 2021.

As part of our climate action programme, in 2021 we partnered with Vitol to develop new, community-focused carbon credit programmes in Tanzania. Our aim is to offset all Mnazi Bay Scope 1 and Scope 2 emissions, and partially offset Scope 3 emissions from 2022. This is an ambitious goal, and one which we are determined to achieve. Despite Wentworth having one of the lowest $CO_2$ emissions intensity in the sector, we know that it is our responsibility to go further. We look forward to updating our stakeholders on this programme throughout the course of 2022.

We also announced our membership of the UNGC. This underlines our commitment to operating responsibly, in line with the UN's Ten Principles on human rights, labour, environment and anti-corruption. It also reflects the strategic action we are

"As a responsible business we are committed to ensuring that our stakeholders understand our purpose, our values which underpin it and define the way we work at Wentworth.

taking to support the UN SDGs. We are proud that Wentworth, alongside our partners, plays an important role in contributing to SDG 7, ensuring universal access to affordable, reliable and modern energy services.

## LOOKING TO THE YEAR AHEAD

The Board continued with its intended succession planning during 2021. Bob McBean retired from his role as Chair, whilst remaining in a vital role for the Company as President of Wentworth Tanzania. We are delighted that our Deputy Chair, Tim Bushell, became our new Non-Executive Chair, and welcomed Juliet Kairuki as an independent Non-Executive Director. We also strengthened our management team with the addition of Aaron Le Blanc as COO.

We believe that under Tim's leadership, and with Juliet and Aaron onboard, our team is in the strongest position in its corporate history from which we will build for the future. I would like to take this opportunity to thank Bob for his leadership and our whole Board and management team, for their efforts in leading our Company.

Looking to the year ahead, the power access gap in Tanzania continues to grow, despite domestic energy supply increasing. Transformational growth is needed in domestic energy supply in order to deliver the Government's target of universal access by 2030 through low-cost, low carbon solutions that will secure a just transition for Tanzania.

We believe that natural gas will play a critical role in meeting this target to support cheaper and more reliable electricity. This will help to facilitate an enabling environment, to supplement carbon-free renewable energy systems, such as hydro and solar.

Our robust position, and established in-country track record, allow us to support Tanzania's growth goals. At the same time, this enables us to pursue our own growth in a responsible and sustainable way, whilst continuing to deliver returns to our shareholders. We are proud of our business, and would like to thank our shareholders and stakeholders for their continued support, which underpins all our achievements to date.

**Katherine Roe**
**Chief Executive Officer**

6 April 2022

# Our strategy is to maximise shareholder value through asset optimisation and fiscal responsibility.

2021 REVENUE
**$23.8**
MILLION

CASH
AT 31 DEC 2021
**$22.8**
MILLION

### PRODUCTION OPTIMISATION AND GROWTH

Working closely with our operator M&P, we put in place efforts to maximise the value from Mnazi Bay by optimising field capacity, and exploring growth potential within the licence. To achieve this, we work alongside our Mnazi Bay Joint Venture (JV) partners to:

- Monitor field production and pressures to ensure reservoir performance remains in line with expectations, and that production forecasts are coordinated with the reservoir management strategy;
- Perform routine maintenance and inspections to ensure that equipment and facilities are fully operational;
- Work with the Government and other stakeholders to promote alignment and compliance with local policy, legislation, and regulation;
- Communicate and engage with the Government to create shared value and build a sustainable future for the sector and country;
- Conduct operations that increase Mnazi Bay's overall deliverability, and ability to meet Tanzania's growing demand for natural gas; and
- Evaluate additional exploration and development opportunities within the Mnazi Bay licence.

### GROWTH OPPORTUNITIES

We continued to strengthen our financial position throughout 2021, which enables us to explore accretive growth opportunities through mergers and acquisitions (M&A) that are aligned with our strategy, whilst preserving our robust position and maintaining our established capital returns policy.

### HIGHLIGHTS OF 2021

We are proud to have achieved the following in 2021:

- Record production from Mnazi Bay: highest daily production achieved in March 2021 and highest production achieved in any quarter during Q4 2021;
- Recovery of large outstanding arrears from Tanzania Electric Supply Company Limited (TANESCO);
- Conclusion of a new Gas Sales Agreement (GSA) with TANESCO;
- Continuous, regular payments from Tanzania Petroleum Development Corporation (TPDC) current in payments throughout the period;
- A cash balance of $22.8 million at 2021 year-end; and
- Remaining debt free.

Our strong financial performance has contributed to our progressive dividend policy. During 2021, we have paid out a total of $4.0 million to shareholders in dividends, and returned an additional $2.0 million through share buybacks.


AVERAGE DAILY GAS PRODUCTION

**81.6**

MMSCF/D (GROSS)

# As one of Tanzania's leading onshore natural gas producers, we are delivering growth aligned with the nation's ambitious growth goals, whilst providing increasing returns for our shareholders.

The Mnazi Bay Development and Production Licence (Mnazi Bay) sits in southern Tanzania, approximately 410 km south of Dar es Salaam. Covering an area of 756 $km^2$, the site is comprised of the Mnazi Bay and Msimbati producing gas fields, which have been in production since January 2007.

## OUR WORKING INTEREST

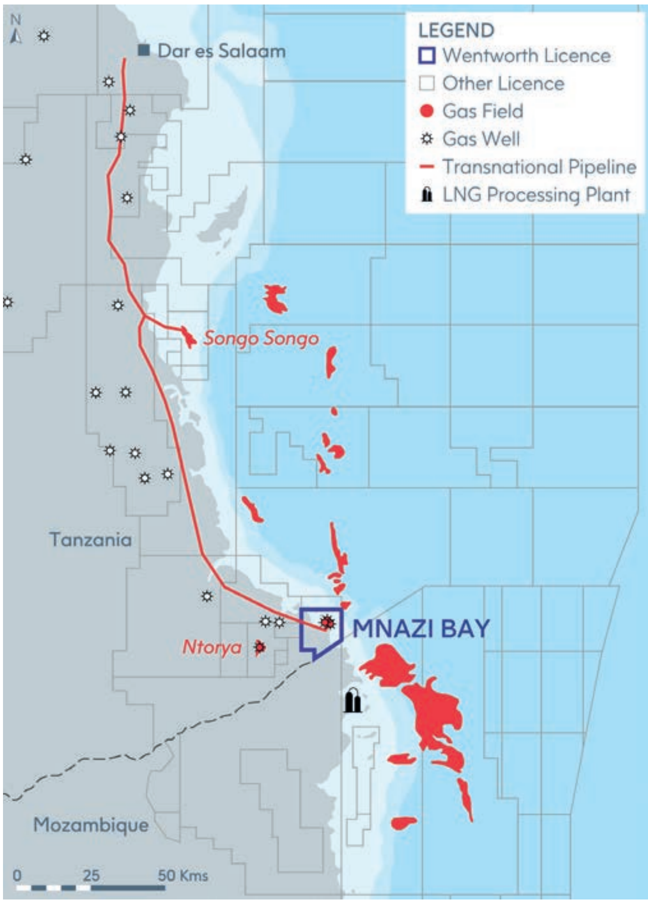
Mnazi Bay is operated by M&P (48.06%) with Wentworth (31.94%) and TPDC (20%) as JV partners. This is the only development licence in Tanzania to include TPDC in a Joint Operating Agreement (JOA). Mnazi Bay gas sold to TPDC is primarily utilised by TANESCO for power generation.

For exploration activities, M&P hold a 60.075% working interest, with Wentworth holding a 39.925% working interest. TPDC is carried on exploration costs; however, it is responsible for its share of development and operational costs (20%).

Wentworth's working interests represent the interest in field gross recoverable volumes (and cost commitments), not net entitlements after application of royalties or equivalent deductions.

Wentworth also retains an option to transfer a further 5% working interest per well, in exchange for other parties' payment for up to two appraisal wells on the block.

Production operations in the development licence are governed by the Production Sharing Agreement (PSA), executed in 2004. This is a cost recovery form of agreement, and contains detailed cost recovery and profit-sharing arrangements, as well as production royalty payment obligations.




The Mnazi Bay PSA produces gas which is predominantly sold into the National Natural Gas Infrastructure (NNGI) Pipeline.

## A HISTORY OF MNAZI BAY

The Mnazi Bay gas field was discovered in 1982 by AGIP. The first well, Mnazi Bay#1 (MB-1), tested gas from a Miocene formation, at a rate of 13 MMscf/d. After testing, the well was suspended by AGIP, due to a lack of monetisation options at the time, and the concession was subsequently relinquished by AGIP. The licence was acquired by Artumas (now Wentworth) in 2004.

In 2005, the MB-1 well was re-entered, and three subsequent gas discoveries were made with the MB-2, MB-3 and MS-1X wells. Two additional seismic surveys were conducted in 2007 and 2008. And in 2015, the MB-4 development well was drilled, adding to the existing production wells on the Mnazi Bay concession.

On 26 October 2006, the Tanzanian Ministry of Energy and Minerals (MEM) granted a development licence to the TPDC. This covered one discovery block and eight adjoining blocks, which comprise the Mnazi Bay contract area, covering the same area as the original PSA Exploration licence. The development licence has an initial 25-year term to 2031, and may be extended under certain conditions.

The Mnazi Bay field has experienced continuous production since it was first put on stream in January 2007. Critically, in August 2015, the tie-in to the Tanzanian transnational gas pipeline was completed, and gas deliveries commenced to this pipeline as well. This was followed by the commissioning of gas production facilities at Madimba and Songo Songo, as well as the gas receiving facility at Kinyerezi in Dar es Salaam, which distributes gas to various power stations.

M&P became the Operator of Mnazi Bay in 2009. A 3D seismic survey covering 328 km$^2$ was acquired in the offshore area during 2012 to 2013. In 2014, an additional 315 line-kms of onshore 2D seismic, and 58 line-kms of high resolution 2D seismic, were acquired and processed. The MB-4 well was drilled and completed as a gas producer in June 2015.

# Despite the continued disruption of COVID-19, we continue to build a safe and secure working environment, through proactive action at both Company and Government level.

### THE TANZANIAN RESPONSE

The Government of President Samia Suluhu Hassan implemented several new initiatives following her Excellency's swearing-in. One of the first steps the President took in this regard was to form a task force of experts to conduct fact checks about COVID-19, and make recommendations to combat the pandemic.

Following this, the Government revived the contingency and response plans to deal with pandemics, including COVID-19. Health authorities resumed regular reports regarding the prevalence of the virus, and steps were taken to strengthen intervention at all levels. Free COVID-19 vaccinations were provided to all citizens, and wearing facemasks and adhering to Government guidelines became mandatory.

To date 2.8 million people have been vaccinated in Tanzania, which is equivalent to 9.17% of 30,740,928 adult Tanzanians.

Despite the effects of the pandemic and the low level of vaccinated people, the Tanzanian economy has fared relatively well in 2021. GDP grew by 5.2% during the third quarter of 2021.

Inflation remained within the target of 3-5%, and in line with The East African Community and The Southern African Development Community (SADC) convergence criteria, despite slowly edging up since June 2021. In December 2021, twelve-month headline inflation rose slightly to 4.2%, up from 4.1% in the preceding month due to an increase in food and energy prices. For the whole of 2021, headline inflation averaged 3.7%[1], compared with 3.3% in 2020.

The Mnazi Bay Partners continued to operate without interruption in 2021, with no adverse impacts on our people and business.

[1] World Bank Tanzania Economic Update, Feb 2021

## THE WENTWORTH RESPONSE

The safety of our employees is our highest priority. As of December 2021, no COVID-19 cases had been reported amongst our employees. From the outset of the pandemic in March 2020, Wentworth insisted that employees follow COVID-19 protocols and guidance from health authorities. During this period, we implemented several initiatives to mitigate the impact of the pandemic on our operations. This included:

- Closing the Dar es Salaam office during parts of February, June and December 2021;
- Enabling all professional staff to work from home - support staff followed a roster of activities, which reduced their on-site exposure by 60%;
- Providing additional cleaning and sanitisation routines, with a focus on high-touch surfaces;
- Enforcing strict hygiene and exposure protocols – this included the regular use of hand sanitiser, social distancing, and the wearing of a mask at all times when exposed to non-family members; and
- Enforcing a mandatory self-quarantine for 10 days for any employee showing symptoms, or having had direct contact with someone who had tested positive for COVID-19.

## THE MNAZI BAY RESPONSE

Safeguarding our people in the JV is key. To protect our staff and communities during this tough time, the Mnazi Bay partners continued to implement robust precautionary measures in 2021. These included conducting an internal COVID-19 awareness campaign at Mnazi Bay, enforcing on-site social distancing, promoting vaccination awareness, and conducting routine disinfection of shared equipment and spaces.

When COVID-19 started, long work cycles were introduced at the camp to limit staff rotation and the chance of introducing the virus to the camp environment. Due to the success of this measure, work rotations have now been able to return to normal.

Another successful precaution was the introduction of a mask colour code. Employees joining the camp from rotation leave wore red masks, and those already in the camp wore blue. This helped to remind employees to maintain a distance from the newcomers for a mandatory period of 14 days.

As a result of these measures, we reported zero cases of COVID-19. The Mnazi Bay partners continued to operate without interruption in 2021, with no adverse impacts on our people and business.

# The Mnazi Bay field currently produces from a total of five wells: the MB-1, MB-2, MB-3, MB-4, and MS-1X wells. The field began production in January 2007, with production into NNGI commencing in 2015.

## 2021 PRODUCTION OVERVIEW

Mnazi Bay gas production averaged 81.6 MMscf/d in 2021, an increase of 25% in production compared to 65.5 MMscf/d in 2020. This was due to the following factors:

- Below average rainfall within the catchment areas serving hydroelectric dams, which consequently reduced water levels and power generation capacity, and led to an increase in demand for natural gas fired electricity;
- An increase in overall power demand nationwide; culminating in a new peak demand record for Tanzania in November of 1,307 MW;
- A more stable demand from industrial customers; and
- High demand from the Kinyerezi 1 and Ubungo III power plants during Q4 - plants that were under-utilised (as in the case of Kinyerezi 1), or were previously shut down (as in the case of Ubungo III).

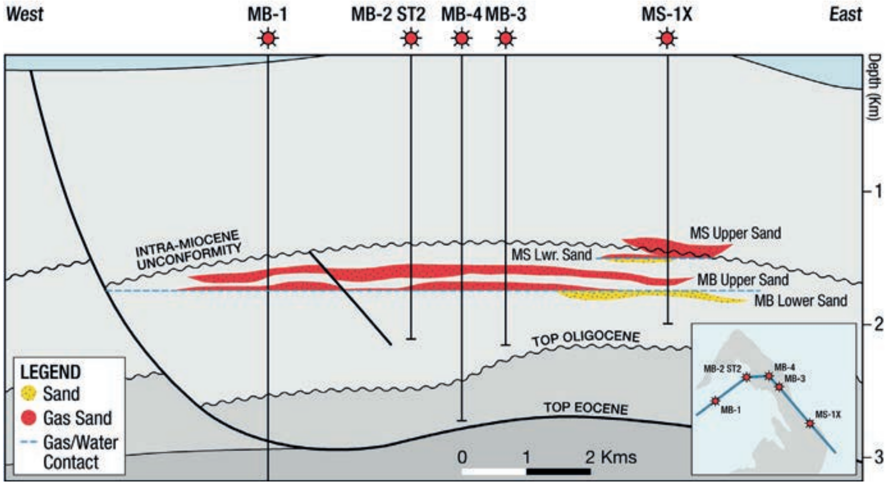
Gas from Mnazi Bay is sold to two primary customers: TPDC (NNGI) and TANESCO (Mtwara).

Gas sold to TPDC is done so on a fixed rate contract. This is subject to an annual escalation, based on US Consumer Price Index (CPI), and sold at the Mnazi Bay plant gate (excluding transport charges). In 2021 the gas tariff associated with supply to TPDC Gasco was $3.2825/MMbtu.

TANESCO purchases gas at a fixed tariff of $5.36/MMbtu, following the recently revised GSA signed between the Mnazi Bay partners and TANESCO. The power station averaged 2.6 MMscf/d for 2021, and supplies the Mtwara/Lindi isolated grid, serving 16 towns and villages across the two regions.

TPDC and the Mnazi Bay partners have also implemented a project to supply domestic gas to the newly built Mtwara gas network. This currently supplies approximately 400 residential households in Mtwara, and there are plans for TPDC to expand this project to Dar es Salaam, Mtwara and Lindi regions. Currently, demand is small, but as the project gains momentum, it should lead to increased demand for gas.

TANESCO and the Government plan to bring reliable and affordable energy to all citizens by 2030.




Schematic showing the producing wells and intervals in the Mnazi Bay gas field. The field currently produces from three Miocene aged intervals, the MS upper sand, MB upper sand, and MB lower sand.

## PRODUCTION OUTLOOK

The population of Tanzania will reach 85 million by 2035. Currently, 77% of the population has access to power at the village or distribution voltage level. However, <38% of households in the country are connected to electricity.

TANESCO and the Government plan to bring reliable and affordable energy to all by 2030. To this end, TANESCO has identified projects to improve the capacity of the grid, including generation, transmission and distribution (T&D). This includes the commitment to increase the generation capacity of the country to 5 GW by 2025, and to 18 GW by 2044. Furthermore, TANESCO is looking to export power to the Southern African Power Pool via Zambia, through the construction of a high voltage transmission line.

Against this backdrop, we anticipate overall demand for Mnazi Bay gas to increase in 2022. Key drivers include:

- Continued increases in demand from industrial customers;
- Increased demand from Kinyerezi-1 Extension, which will add approximately 185 MW of capacity to the National Grid;
- The refurbishment of Ubungo III plant, which is expected to supply an additional 112 MW
- The commissioning of the first phase of the Standard Gauge Railway Line to Morogoro later this year, which will require approximately 70 MW;
- Geita Gold Mine for the first-time purchasing power from TANESCO, after decades of generating its own power - a new 33 kV medium voltage line supplying the mine is nearing completion; and
- Growth from new industrial customers - there are a small number of industrial customers who have been connected to the gas pipeline over the last 2 - 3 years by TPDC, and are slowly and steadily developing a significant and growing demand for gas and power.

We anticipate that much of the extra demand will be allocated evenly between the country's two producers, Mnazi Bay and Songo Songo.

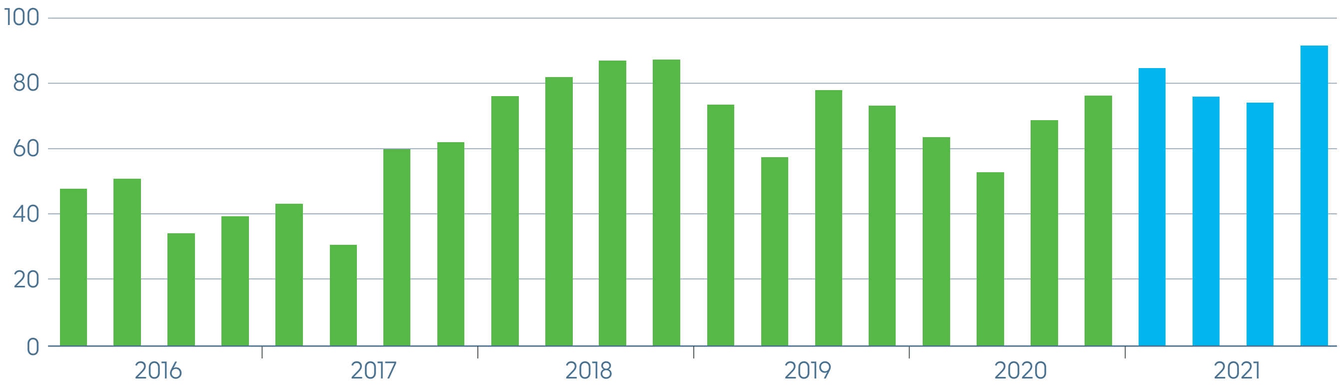
## MNAZI BAY PRODUCTION OUTLOOK

2022 production guidance for Mnazi Bay is 75-85 MMscf/d (annual average daily production). This guidance is based on reservoir performance, historic production data from Mnazi Bay, and various assumptions on economic growth, industrial capacity, new energy initiatives and the activities of other suppliers.

The Mnazi Bay partners work closely with TPDC to continually evaluate near and long-term demand potential.

**Mnazi Bay Field Quartely Average Production**

Actual Gas Deliveries (MMscf/d)



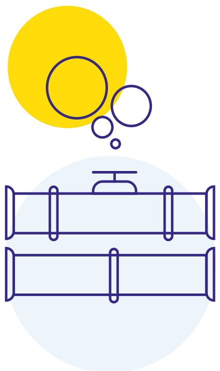
# Like many operations around the world, Mnazi Bay continued to face challenges from COVID-19 in 2021. However, Mnazi Bay continued to remain fully operational, supplying the Tanzanian National Grid with almost 50% of its natural gas requirements, and approximately 30% of total electricity generation without disruption.

### PROTECTING PEOPLE FROM COVID-19 AT MNAZI BAY

The operations camp in Mnazi Bay remained COVID-19 free throughout 2021. This was a result of the careful attention to protocols and practices by the Mnazi Bay partners and their staff, to ensure safe practices were maintained throughout the pandemic.

Thanks to this vigilance and dedication, the operations camp remained functional every day in 2021. It also resulted in Mnazi Bay producing an average of 81.6 MMscf/d throughout the year - higher than original guidance.

We are proud that, as at the end of 2021, the Mnazi Bay Operations have achieved 5 years and 152 days without an LTI.



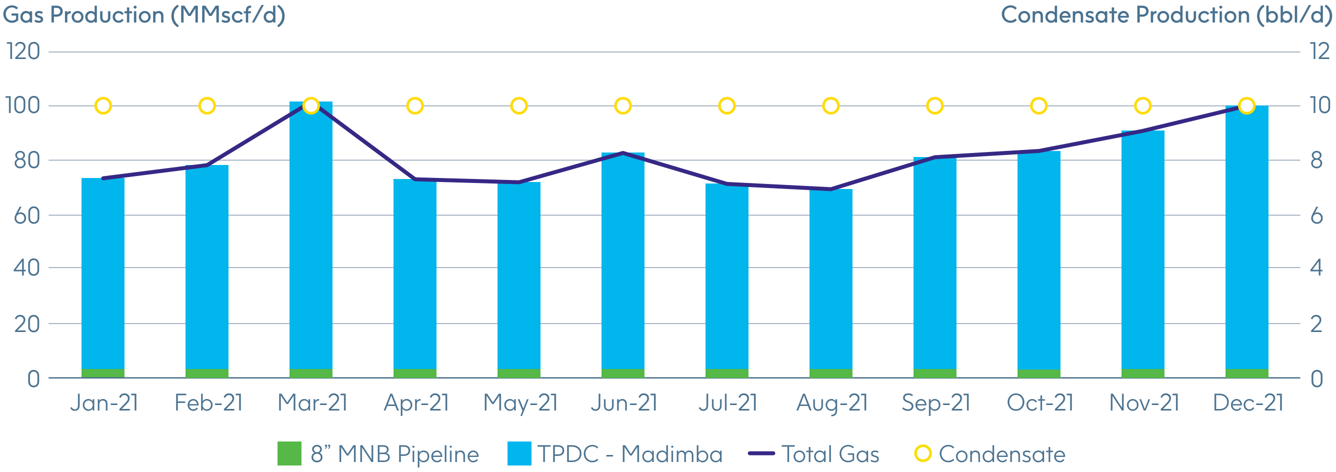
### HIGHLIGHTS

**81.6 MMscf/d**
Average gas daily production for 2021

**>5 years**
Without Lost Time Incident

**91.5 MMscf/d**
Q4 2021 production average

### Mnazi Bay Field Gas Production




## WORKING WITH TANESCO TO BUILD A MORE SUSTAINABLE GSA

In 2021, the Mnazi Bay JV partners concluded a new and revised GSA with TANESCO. This replaced the initial, interim GSA signed in 2011 and provides a more sustainable and robust contract. The existing commercial terms are essentially the same, however the structure and dispute resolution mechanism were revised.

The GSA has recently been signed by the parties and conclusion of this agreement facilitated the payment of a substantial amount of arrears. An approach of engaging proactively with TANESCO to resolve issues of mutual concern culminated in this long-outstanding agreement being concluded.

## RESERVOIR PRODUCTION AND PERFORMANCE

The current sustainable rate of production at Mnazi Bay is approximately 100 MMscf/d and is influenced by the inlet pressure into the NNGI pipeline. The Mnazi Bay field continued to demonstrate its ability to meet demand, with Q4 2021 production averaging 91.5 MMscf/d.

Since production began in 2007, Mnazi Bay has provided dry and sweet gas with a stable condensate-gas ratio of 0.14 bbl/MMscf, and a water-gas ratio of 0.61 bbl/MMscf. The water:gas ratio is closely monitored for potential water coning effects. Mnazi Bay Gas is non-corrosive and almost 100% methane ($CH_4$). There is no hydrogen sulfide ($H_2S$) and carbon dioxide ($CO_2$) levels are near negligible (0.02%).

## MTWARA DOMESTIC GAS PROJECT

The Mtwara domestic gas project currently supplies domestic gas to private households in Mtwara. It is the first phase of a broader TPDC project to supply domestic gas to individual households and businesses throughout Mtwara, via a newly built reticulation network.

Mnazi Bay JV partners have installed equipment at the Mtwara Gas Receiving Facility (GRF) to supply the gas. This includes the installation of an odouriser and a metering skid, which will be reimbursed by TPDC.

The current gas export is small, approximately 4,000 scf/d. However, this is expected to increase over time. In addition, for the first time, the project has introduced a clean means of cooking for just over 400 households in Mtwara. This is helping to reduce the use of more polluting methods of cooking, including burning wood and charcoal. At the same time, this initiative also provides local communities with easy access to energy, freeing up more time for people.

Metering skid and odouriser at the GRF at Mtwara

## 2021 OPERATIONS

During 2021, the Mnazi Bay JV partners conducted a number of operations to maintain and optimise long-term field performance, including:

- Refurbishment of MB-1 well platform;
- Well interventions: MB-3, MB-4 and MSX-1;
- Scada System upgrade; and
- Gathering system modifications and major inspection of pressurised vessels.

Refurbishment of MB-1 Well Platform

## 2022 OPERATIONS: MAIN ACTIVITIES AND BUDGET

The Mnazi Bay JV partners and the Petroleum Upstream Regulatory Authority have agreed to a 2022 work programme. This involves a firm budget of $20.1 million (gross), which entails a number of production and integrity-related activities to ensure stable operations, and to maintain production capacity. This year's budget is similar to the 2021 budget, with the exception of additional costs related to the Compression Project (Front-End Engineering Design (FEED) study and pre-fabrication).

Amongst standard operations, activities planned for 2022 will include:

- Completing pre-FEED and FEED phases for the installation of compressors at the Mnazi Bay Gas Processing Facility;
- Replacing flowlines at MB-2, MB-4 and at MB-1;
- Workover of MB-3 well;
- Well-intervention activities, including perforations;
- Vessel inspection and intelligent pigging of the 8" pipeline; and
- Enhancing security infrastructure and training personnel at the Mnazi Bay camp.

# MNAZI BAY RESERVES SUMMARY

The attributable Proved and Probable reserves net to Wentworth's working interest are 135.2 Bcf of sales gas (gross). This corresponds to an estimated, after tax NPV10 of $108.9 million. This is according to the Competent Person's Report performed by RPS, with an effective date of 31 December 2021.

| | FIELD | | WENTWORTH 31.94% WI | | | |
|---|---|---|---|---|---|---|
| | Gross Reserves | | Gross Reserves | | Net Reserves | |
| | Sales Gas | BOE | Sales Gas | BOE | Sales Gas | BOE |
| Reserve Category | (Bscf) | (MMbbl) | (Bscf) | (MMbbl) | (Bscf) | (MMbbl) |
| Proved Developed Producing (PDP) | 81.9 | 13.6 | 26.1 | 4.4 | 23.0 | 3.8 |
| Proved Developed | 81.9 | 13.6 | 26.1 | 4.4 | 23.0 | 3.8 |
| **Total Proved (1P)** | **221.7** | **37.0** | **70.8** | **11.8** | **46.9** | **7.8** |
| **Proved + Probable (2P)** | **423.3** | **70.5** | **135.2** | **22.5** | **83.6** | **13.9** |
| **Proved + Probable + Possible (3P)** | **671.9** | **112.0** | **214.6** | **35.8** | **126.7** | **21.1** |

| | NPV Before Tax Million $ | | | | | NPV After Tax Million $ | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Reserve Category | 0% | 5% | 10% | 15% | 20% | 0% | 5% | 10% | 15% | 20% |
| Producing | 48.8 | 44.5 | 40.8 | 37.7 | 34.9 | 45.0 | 41.2 | 37.9 | 35.0 | 32.5 |
| Non-Producing | - | - | - | - | - | - | - | - | - | - |
| Undeveloped | 65.3 | 51.8 | 42.1 | 34.9 | 29.5 | 60.2 | 47.7 | 38.8 | 32.2 | 27.2 |
| **Total Proved (1P)** | **114.1** | **96.3** | **82.9** | **72.6** | **64.4** | **105.2** | **88.9** | **76.7** | **67.2** | **59.7** |
| Probable | 81.7 | 51.2 | 34.2 | 24.2 | 18.1 | 74.5 | 46.9 | 31.4 | 22.3 | 16.7 |
| **Proved + Probable (2P)** | **195.8** | **147.5** | **117.1** | **96.8** | **82.5** | **179.7** | **135.8** | **108.1** | **89.5** | **76.4** |
| Possible | 109.7 | 67.2 | 46.4 | 35.1 | 28.2 | 100.4 | 61.7 | 42.6 | 32.1 | 25.8 |
| **Proved + Probable + Possible (3P)** | **305.5** | **214.7** | **163.5** | **131.9** | **110.7** | **280.2** | **197.5** | **150.7** | **121.6** | **102.2** |

The JV partners have agreed a firm 2022 work programme of $20.1 million (gross).

# TANZANIA LEGISLATIVE AND POLICY FRAMEWORK

## LOCAL CONTENT REQUIREMENTS

The Petroleum (Local Content) Regulations (2017) were enacted by the Government of Tanzania through the Ministry of Energy, to provide guidelines for local content in the oil and gas sector. The Local Content Regulations require licencees, contractors and subcontractors working in the oil and gas industry to give preference to goods and services that are manufactured, or locally available, in Tanzania.

To regulate this requirement, the Ministry of Energy developed the Petroleum Local Content Regulations, the Oil & Gas Industry Act (2017). These Local Content Regulations govern content matters related to upstream, mid-stream and downstream activities in Tanzania.

The Local Content Regulations are monitored and administered by PURA. PURA is responsible for reviewing, approving, and ensuring compliance of local content plans in relation to upstream licences.

The local content regulations in Tanzania relate to the following provisions: local employment, procurement of goods and services, research and development, technology and innovation transfer, insurance and reinsurance, legal services, engineering services, and financial services.

## OUR LOCAL CONTENT POLICY

Wentworth has developed a local content policy to help us meet it's responsibilities. The chosen strategy for achieving the Tanzanian local content policy objective is to:

- Provide guidelines to Wentworth's contractors, subcontractors and other entities in taking decisions in Local Content implementation within Wentworth;
- Increase the proportion of goods and services sourced locally, without compromising on cost, quality or safety;
- Promote job creation through efficient and beneficial use of local expertise;
- Promote inclusion of local products and services within our supply chain and procurement policy within our Tanzanian operations;
- Create sustainable linkages with local suppliers;
- Promote the development of local human and institutional capacity, through skills and technology transfer;
- Empower Wentworth's vendors to develop capabilities to produce goods and services domestically, and compete with international businesses; and
- Provide transparent monitoring and reporting systems to ensure delivery of the Policy objectives.

As part of the Company's Local Content Plan for 2021/2022, we have developed projects for workforce development, procurement, supplier development and insurance, finance, and legal services plans. These establish the framework for implementing the local content programme during the year.

## THE FINANCE BILL 2020 UPDATES

The Finance Act 2021 was enacted following the passing of the country's budget for the year starting from 1 July 2021, and ending on 30 June 2022. Through the Finance Act 2021, various laws were amended with a view to imposing and altering certain taxes, duties, levies, and fees. Furthermore, the Act has amended other written laws relating to the collection and management of public revenues.

Amendments to various laws made by the Finance Act 2021 may have an impact on Wentworth's issuance of share warrants.

The Finance Act 2021 has amended section 85 of the Companies Act with regard to issuance of share warrants. These will no longer be recognised in mainland Tanzania as a result of amendments to:

- Remove the ability to issue new share warrants; and
- Require bearers of existing share warrants to surrender such warrants within twelve months (namely, by 30 June 2022) - any share warrant not surrendered within this period shall be deemed to be cancelled.

Upon surrender, in addition to cancellation of the share warrant, the Company is required to:

- Enter in its Register of Members and Beneficial Owners (RMBO) the names of share warrant holders whose share warrants have been cancelled; and
- Notify the Registrar of any changes in the RMBO.

This amendment comes after the introduction of the new reporting requirements in relation to beneficial owners, as introduced in the Finance Act 2020, and with a commencement compliance deadline of 31 December 2021. A share warrant holder can fall under the definition of a "beneficial owner", and a share warrant is a negotiable instrument, so it could be a challenge to maintain an up-to-date record of share warrant holders, and by extension, beneficial owners. Therefore, the objective of the amendments appears to be to remove this uncertainty, and enhance transparency.

### Extension of deadline for registration of Beneficial Owners

Through a public announcement issued on 4 January 2022, the Minister for Industry and Trade has extended the time for submission of records of beneficial owners by six months, effective 1 January 2022.

In the meantime, companies incorporated in other jurisdictions, and operating in Tanzania as branches issued with a Certificate of Compliance by the Registrar of Companies, are exempted from the requirement to register beneficial owners.

### Filing Monthly Withholding Tax returns

The requirement to file a withholding tax return within 30 days after the end of each 6-month calendar period has now changed, as per the amended section 84 of the Income tax Act, Cap. 332. The withholding tax return shall now be filed within 7 days of the month, following the month to which the tax relates, in the prescribed form by every withholding agent. The return should include the Tax Identification Number (TIN) of the withholdee, along with other necessary details.

### Late/Failure to Submit Returns on Employment of Non-Citizens

Section 16 of the Non-Citizens (Employment Regulation) Act has been amended to impose a penalty of TZS 500,000 on employers for late submission, or failure to submit to the Labor Commissioner, returns on employment of non-citizens (foreigners). The objective of the amendment is to encourage timely submission of returns by employers, and to deter non-compliance. The employer is therefore required to submit a non-citizen employment return to the Labour Commissioner twice a year, i.e., on 30 June and 31 December.

### Out of Court Mediation pending Appeals of Tax Disputes

The Finance Act 2021 has amended section 22 of the Tax Revenue Appeals Act, to provide an avenue to the parties to the tax dispute. They may, at any stage of the proceedings before the judgement is delivered by the Tax Revenue Appeal Board or Tax Revenue Appeal Tribunal, apply for the appeal to be settled amicably through mediation.

The Board or Tribunal is therefore directed to:

- Require the parties to report the outcome of the mediation within a specified time, and the same shall issue a final order with respect to such Mediation;
- Issue the final order upon submission of a written settlement agreement duly signed by both parties; and
- Not entertain an issue which has been settled amicably by parties under this section.

The aim of introducing a mediation procedure on tax disputes is to speed up the resolution of tax disputes, and reduce the backlog of tax cases.

### Application for Taxpayer Identification Number (TIN)

The amendment of section 22 of the Tax Administration Act has made it mandatory for a person who becomes potentially liable to tax by reason of carrying a business, investment, or employment, to apply for a TIN. This must be done within 15 days from the date of commencing the business, investment, or employment. The rationale for this is that the monthly statement of tax withheld for employees (PAYE return) (filed under the e-filing system) now requires the inclusion of a TIN number for each employee.

### Permanent establishment for tax purposes

The definition of permanent establishment under the Income Tax Act (Cap 332) has been qualified to cover more circumstances that will cause a person to be deemed to have a permanent establishment in Tanzania, whilst acting through an Agent. These circumstances include, among others, where an Agent exercises authority to conclude contracts and issue invoices on behalf of that person, an Agent maintains stock of goods or merchandise for delivery on behalf of that person, or secures orders for that person.

### Maintenance of Primary Data Server in Tanzania - 1 July 2022

Section 35 of the Tax Administration Act has been amended with a new requirement - a taxpayer who maintains documents in electronic format must now maintain the primary data server for the storage of documents in Tanzania. The term "primary data server" has been defined as "a server which stores data that is created or collected by a taxable or liable person in the ordinary course of business".

Access to this server is to be granted to the Commissioner-General, in line with the current provisions on access to information. Taxpayers will have a period of 12 months (from 1 July 2021 to 30 June 2022) to implement the above directive. Non-adherence to this requirement constitutes an offence.

### Recovery of tax short levied or erroneously refunded

The Tax Administration Act 2015 already includes a power for the Commissioner-General to recover the amount of duty that is short levied or erroneously refunded, subject to a time limit of a period of five years from the date of such short levy or erroneous refund.

The 2021 Finance Bill amends this power to extend it to "duty or tax" - in other words, this power is extended to also cover "tax" in addition to "duty". The object of this change appears to be to provide a mechanism for the Tanzania Revenue Authority (TRA) to recover refunds of tax if subsequently found to be incorrect (subject to the five-year time limit).

## IMPACT ON WENTWORTH

We have reviewed these new laws and regulations to determine their implications on our Tanzanian operations. Based on the current understanding (and given the existing terms and conditions of our relevant agreements), we do not anticipate any material impact on existing taxes and/or operations.

# We are proud of the record financial performance delivered in 2021, continuing to drive shareholder returns and position the business for continued performance.

REVENUE
**$23.8**
MILLION

| | 2021 | 2020 |
|---|---|---|
| **REVENUE** | | |
| Revenue ($000) | **23,818** | 18,991 |
| Net entitlement to gas production (MMscf) | **6,904** | 5,564 |
| Average realised gas price ($/Mscf) | **3.45** | 3.41 |
| **OPERATING COSTS** | | |
| Production and operating costs ($000) | **(3,800)** | (3,837) |
| Production and operating cost ($/Mscf) | **(0.55)** | (0.69) |
| Depletion ($000) | **(6,267)** | (5,607) |
| **EBITDAX** | | |
| Gross profit ($000) | **13,751** | 9,547 |
| Add: Depletion ($000) | **6,267** | 5,607 |
| Less: recurring administrative costs ($000) | **(6,424)** | (5,448) |
| EBITDAX ($000) | **13,594** | 9,706 |
| EBITDAX per ($/Mscf) | **1.97** | 1.73 |
| **NON-RECURRING EXPENDITURES** | | |
| New ventures and business development costs ($000) | **(502)** | (1,558) |
| **INVESTMENT IN OIL & GAS ASSETS** | | |
| Investments in Mnazi Bay ($000) | **28** | 58 |
| **CASH** | | |
| Year-end cash and cash equivalents ($000) | **22,820** | 17,787 |
| Change in cash ($000) | **5,033** | 4,300 |
| **DIVIDENDS** | | |
| Dividends ($000) | **3,920** | 3,274 |
| **EQUITY AND CAPITAL** | | |
| Profit after tax ($000) | **6,067** | 3,428 |
| Closing share price (p) | **22.7** | 18.3 |

Revenue generated from the sale of gas and condensate produced at Mnazi Bay increased significantly in 2021, from $19.0 million to $23.8 million. This is a result of increased demand during the third and fourth quarters of the year, owing to a combination of increased electricity demand, and constrained hydro-electric capacity. The overall average daily production rate increased to 81.6 MMscf/d.

Demand for natural gas was constrained in 2019/20 due to the effects of COVID-19 and unseasonably high rainfalls which in turn gave rise to high production of hydro-electric power. However, in 2021, there was a resurgence in demand for gas and sales rose to record levels during the year as a result of growing demand for electricity and a drought over the water catchment areas of the hydro-electric power stations. The field continues to provide reliable production at current levels. Management expects another year of strong production, however, against the caveat of the impact of hydro-electric supply to the national grid, which displaces natural gas at certain times of the year, remains an area of unpredictability, given the dependance on changing weather patterns.

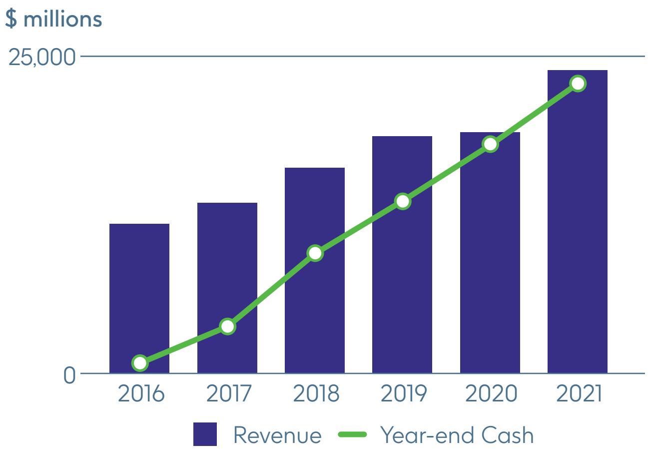
Operating costs at Mnazi Bay remained largely flat during the year, at $3.8 million or $0.55 per Mscf produced (compared to $3.8 million or $0.69 per Mscf produced in 2020). Operating costs in 2021 included approximately $1.4 million for the strengthening and upgrading of security infrastructure at the Mnazi Bay production facility, which had been deferred from previous years. Operating costs remained largely fixed in this respect, which added a significant upside to sales revenues from increased gas production.

Discussions with the operator on the quantum and timing of future capital expenditure activities continue. Included within the 2022 work programme and budget are firm costs of approximately $7.3 million with respect to FEED studies, procurement tendering, and initial design for the gas compression project. We expect to complete this within the next 2-3 years, dependent upon the availability of equipment, and the recommendations and conclusions of the FEED study.

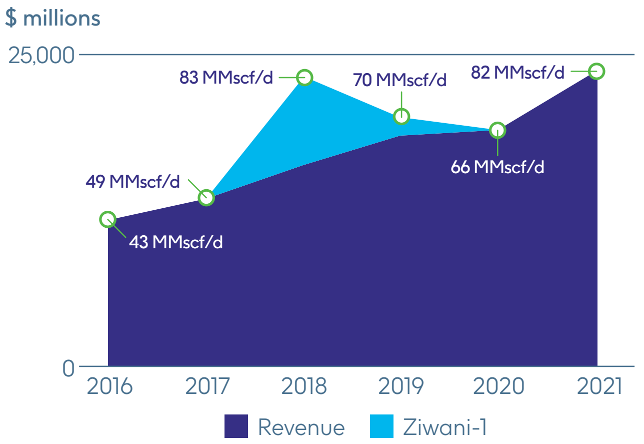
The purpose of the gas compression project is to upgrade the surface facilities at Mnazi Bay. This will help ensure reliable delivery of gas until the end of the development licence in 2031. Following completion and acceptance of pre-FEED and FEED in 2022, fabrication and then installation of a gas compression export system will allow Mnazi Bay wells to sustain and maintain higher production rates, by supplying gas at the pressures required to enter into the NNGI pipeline system.

The Group continues to provide in full against the amortised balance of the Umoja asset, due to the uncertainty over the recoverability of the Government receivable, and the ongoing review by the Government, for which there has been no material update. The Umoja asset was sold in 2012 to TANESCO.

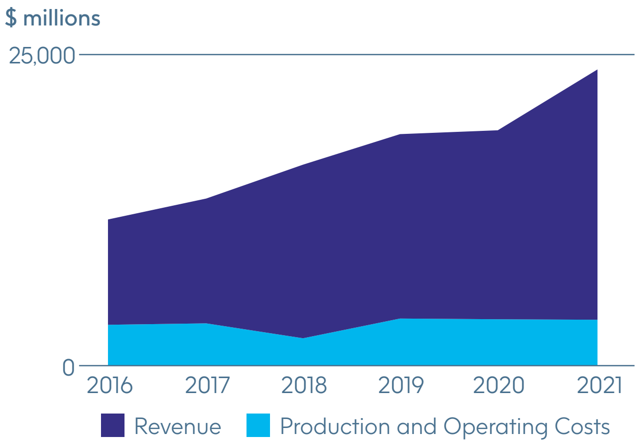
**Revenue vs Cash**




**Revenue vs Production**




**Revenue vs Production and Operating Costs**



### MOZAMBIQUE

We relinquished the Tembo licence in June 2019, and continue to fulfil our administrative and statutory commitments with respect to closing the local subsidiary. This process is ongoing, and whilst the Group had hoped to have completed the closure during 2021, the process is still unresolved due to delays as a result of COVID-19.

### EBITDAX

The Group defines EBITDAX as earnings before interest, taxation, depreciation, depletion, amortisation, impairment costs, share-based payments, provisions, and pre-licence expenditures. This serves to provide more transparency to the reporting process (see summary of EBITDAX on page 26).

Year-on-year, EBITDAX has continued to increase in-line with revenue and gas sales production outputs. Management have projected expected average daily production in 2022 to be broadly in-line with 2021. Whilst there is clearly a proportional relationship between revenue and EBITDAX, given the fixed cost base, there may be further opportunity to drive modest increases through efficiencies and synergies across the wider Group.

### GENERAL AND ADMINISTRATIVE COSTS

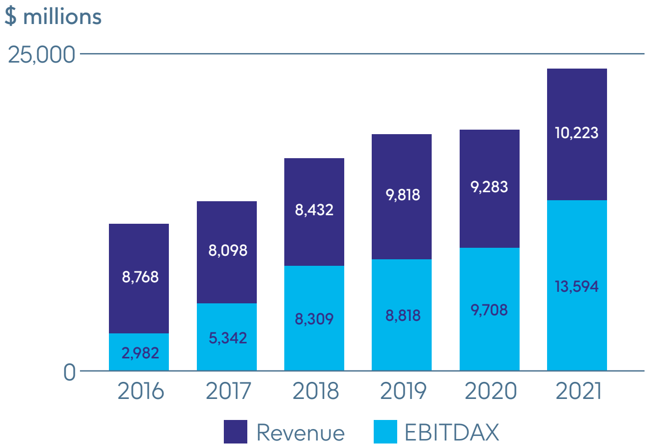
2021 saw the publication of the Group's inaugural Sustainability Report alongside the welcoming of Juliet Kairuki to the Board of Directors. Aaron LeBlanc also joined the executive leadership team as COO. Tim Bushell replaced Bob McBean as Chairman of the Board of Directors, with Bob continuing to offer his extensive Tanzanian experience and insights in his new role as President of Wentworth Tanzania. John Bentley retired as a Director of the Company on 31 December 2021 after 11 years with Wentworth These combined appointments, alongside the additional costs incurred in the collation of data and production of the 2020 Sustainability Report, have increased overheads by approximately $1.1 million.

Our Directors believe that these appointments, as well as the stakeholder engagement that has arisen following publication of our report, have led to immeasurable benefits. Additionally, our management remains committed to ensuring that overheads are continually monitored, whilst maintaining the ability to effectively screen and capitalise on new strategic growth opportunities in as cost-effective a manner as possible.

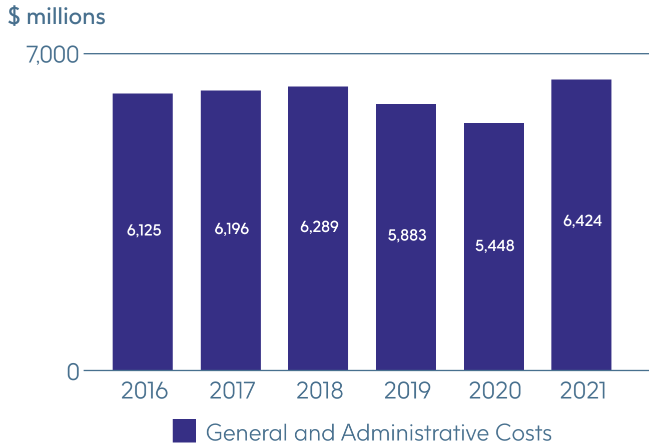
The Group incurred costs totaling $502k (2020: $1.6 million) on screening and evaluating opportunities which were concluded by the year-end. Whilst it has not been possible to reach commercially agreeable terms on these, the Group will continue to seek and appraise appropriate opportunities during 2022.

During the year, Wentworth 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. Following this date, the repatriation of profits from Tanzania to Wentworth were made by way of dividends, which carry a 10% withholding tax charge. These costs totalled $1.2 million (2020: $nil) during the year. There is an ongoing dialogue with the Government on the applicability of these charges to the PSA at Mnazi Bay. However, these charges will continue to be paid in full until such time as talks are concluded and a final settlement is reached.

**Revenue vs EBITDAX**




**General and Administrative Costs**



## TAX AND FISCAL

The tax and fiscal environments in Tanzania remain challenging. The legislative and fiscal frameworks under which we are required to adhere are under constant review and reinterpretation by the Tanzanian Revenue Authority (TRA).

Wentworth engages with the TRA early when it is set to enter a large or complicated transaction, which may be subject to interpretation. We completed our most recent TRA audit for the years of 2018 and 2020 in January 2022, the result of which was an agreed assessment for taxes totalling $9k. A further $126k was assessed by the TRA for Corporate Income Tax (CIT), for which an objection has been filed against CIT assessments in March 2022.

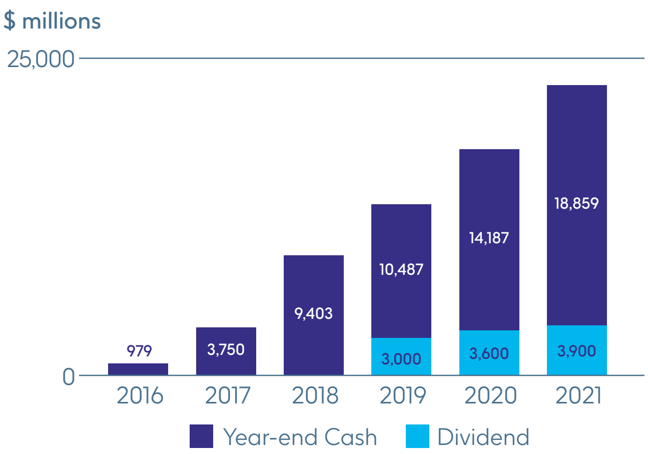
Due to the nature and complexity of the hydrocarbon production fiscal environment in Tanzania, there continues to be the risk of challenges to the adopted treatment of certain material items or transactions. To manage and mitigate this, we appoint independent tax advisors and strictly abide by their guidance. Where there is a choice in treatment for certain items that meet our recognition criteria, we always take the more conservative approach. For further details, we discuss current tax and legislative changes in the Tanzania Legislative and Policy Framework section of this report.

## CASH AND DEBT

At the year end, cash and cash equivalents increased by $5.0 million from $17.8 million to $22.8 million. This increase is the result of the Group's continued fiscal discipline, the increased demand for gas produced from Mnazi Bay and the improved recoverability of historic receivables from TANESCO. This has been partially offset by increased cash dividend distributions to shareholders of $3.9 million in 2021 (2020: $3.3 million).

The $2.5 million overdraft facility was renewed in December 2021 and remains undrawn.

**Dividend and Year-end Cash**




## CAPITAL RETURNS POLICY

A strong balance sheet has enabled the Group to deliver our ambitious, sustainable dividend distribution policy. Since we introduced this in September 2019, we have paid $8.2 million to shareholders, $4.0 million of which was paid during 2021. The declaration of the final 2021 dividend, totalling $2.7 million and to be paid in July 2022 (subject to shareholder approval), will bring the total distribution with respect to the 2021 financial year to $3.9 million, yielding approximately 7%. During 2021, we also initiated a share buyback programme of $2.6million to supplement our return policy of which $2.0 million was completed in 2021.

Our sustainable and progressive dividend policy of distributing returns to shareholders demonstrates the ongoing strong performance of the business, ensuring the right balance between shareholder returns and business continuity. This is of particular importance during times of instability and uncertainty, as is being experienced worldwide.

# By empowering people with energy, we create shared value to improve the lives of all Tanzanians. Through our focus on long-term sustainable growth, environmental performance and good governance, we are improving outcomes for all our stakeholders.

## OUR APPROACH

The way we lead, work and behave is driven by our core Wentworth values. We respect regulatory requirements and promote ethically sound practices. Furthermore, we expect all our employees, consultants and contractors to demonstrate our shared values in practice. This ultimately supports and protects our brand, as well as our social licence to operate and grow our value proposition.

We have modelled our sustainability policy on our values. They also align with the core principles of the Tanzanian Petroleum Local Content Regulations Oil and Gas Industry Act (2017). The bold and influential approach of our sustainability leadership includes:

- Acting in an environmentally conscientious and responsible manner;
- Promoting a healthy work environment, offering equal opportunities for all;
- Maintaining a safe and healthy work environment; and
- Committing time, money and resources to give back to the community.

Our approach and commitment to sustainability is built on five areas of focus: health and safety, ethics, gender equality, community development and environmental protection.

## INVESTING FOR GOOD

Our sustainability policy prioritises managing relationships with shareholders, employees and communities in Tanzania, together with the impact on society and the environment. We recognise our specific responsibilities in each of these areas, and believe that adhering to ESG values is a key factor in securing our long-term success.

Our objective is to support development in local communities and to minimise the impact our operations have on the environment. We value engagement with local and national stakeholders, and take seriously concerns regarding oil and gas development. We believe that working closely with host communities achieves the best possible outcomes for both Wentworth and our stakeholders.

As an international oil and gas company, we have a clear responsibility towards the socio-economic development and welfare of the communities in which we operate. Our work in the community is based on hands-on participation in determining needs, establishing partnerships, and ensuring open and transparent dialogue.

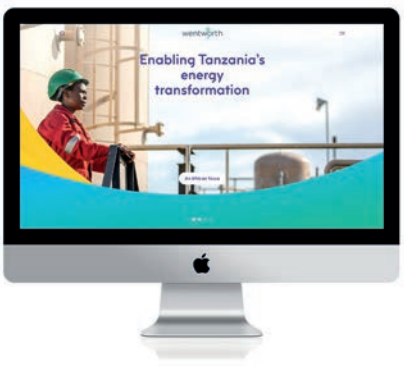
In 2021, we implemented community investment projects in two ways – through the Wentworth Africa Foundation (WAF) and through corporate social responsibility (CSR) programmes directly funded by the local Company, Wentworth Gas Limited (WGL).

The prime vehicle for CSR projects for Wentworth is the WAF. However, at times, when certain projects do not meet the conditions for WAF support, WGL will support them if they are considered worthy, and if they are outside of the scope of WAF. This system expands our ability to engage in CSR work, and ultimately means we support more CSR projects across our local communities and regions. In 2021 we partnered with regional organisations to support numerous health, educational and heritage projects in the local community. For further information see page 35.

## FURTHER INFORMATION

For more information please view our 2021 Sustainability Report

www.wentplc.com



Our approach and commitment to sustainability is built on five areas of focus: health and safety, ethics, gender equality, community development and environmental protection.

# 2021 WAF Highlights

## During 2021, we focused on supporting the following community projects in Tanzania through WAF:

### Library Refurbishment Programme for Secondary Schools

WAF partners with READ (Realising Development Through Education), a local Tanzanian, legally-registered, non-governmental organisation, to implement this programme. In addition to providing text books and non-fictional books, the programme provides schools with computers (with access to the internet) and educational software. In addition, teachers and students receive training to manage the library effectively. In 2021, the programme provided two secondary schools with libraries, donating over 2,000 books, and 7 computers complete with Soma Direct educational software, impacting 470 students.

### Keep a Girl in School programme

Research shows that girls who do not have access to female hygiene products will miss three to four classes each month during their menstruation cycle, to reverse this trend, we support Keep a Girl in School. This programme provides secondary school students with female hygiene products, and provides training on reproductive health. In 2021, WAF conducted 22 hours of health education workshops in eleven secondary schools, with 3,300 girls participating. Approximately 200,000 female hygiene products and Keep-a-Girl-in-School kits were distributed in the Mtwara and Pwani regions.

### Bursary Support Programme

According to UNESCO's 2020 report only 7.8% of Tanzanian students have access to higher education. To address this, WAF provides bursaries for students to attend universities, secondary schools and the Mtwara and Masasi-based Folk Development Colleges (FDC), to ultimately help our local communities in their fight against poverty. The FDCs offer courses covering useful business skills such as tailoring, cookery, painting and decorating, car mechanics, computers and agriculture. In 2021, we are proud to have supported 38 students.

### Folk Development College support project

WAF also supported the Masasi FDC by constructing a 30,000-litre rainwater storage tank. This project has enabled 431 students to access clean and safe drinking water. Furthermore, we provided books to the FDC's Teenage Mother (Mama) Course. Empowering girls who have been expelled from traditional education to re-engage with learning, this programme provides safe and good quality educational opportunities, improving their life chances and contributions to their local community.

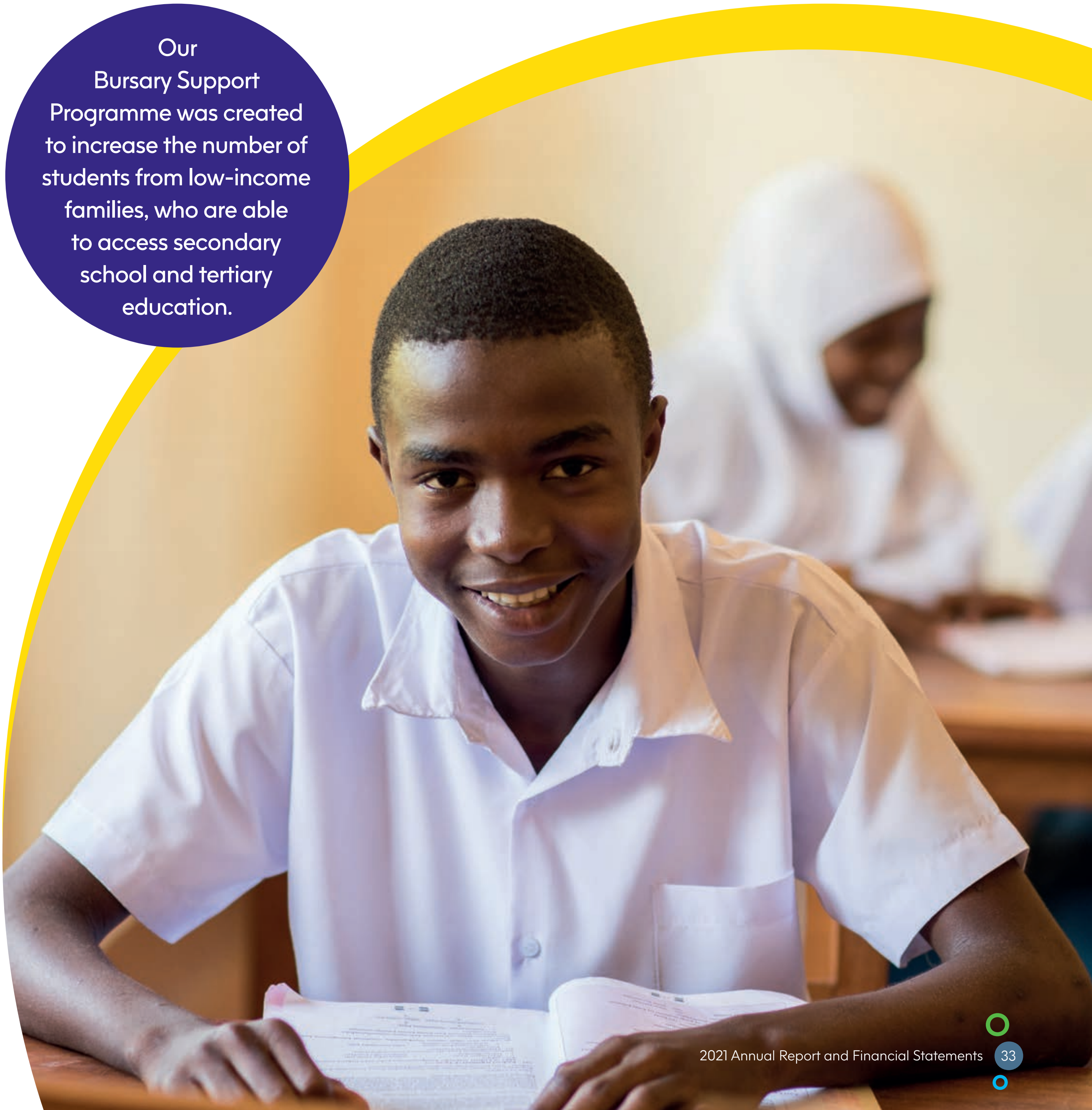
**>2,000**
books donated

**3,300**
provided with reproductive health education

**431**
students provided with access to clean and safe drinking water

**38**
students given bursary support

Our Bursary Support Programme was created to increase the number of students from low-income families, who are able to access secondary school and tertiary education.



# Wentworth CSR Highlights

To build stronger communities, Wentworth invests in projects that promote inclusion and quality of life for all. Our CSR policy is to support national and regional cultural, health and education initiatives, such as:

### Preserving and Celebrating Heritage

We partnered with Trade Aid UK to fund the development of the Makumbusho Mikindani Museum in the Mtwara region, to protect local cultural heritage. Visitors, who are often students, get an opportunity to learn about the history and culture of the south-eastern region. The museum has benefited the local and regional education sector, and will increase national and international interest in the Mikindani community.

### Supporting Sickle Cell Disease Campaigns

Unfortunately, Tanzania has the fourth highest birth prevalence of sickle cell disease in the world. Between 8,000 and 11,000 babies are born with the disease each year, many of whom live in the regions where we operate. We partner with the Muhimibili University of Health and Allied Sciences to raise awareness about sickle cell disease, its symptoms and implications, and the importance of testing to ensure effective medical treatment. In 2021, we supported sickle cell advocacy campaigns in Mtwara public secondary schools, as educating young people can have a multiplying effect, ultimately educating their families, friends and communities. The campaigns reached approximately 2,000 people across 6 schools in Mtwara.

### Raising Awareness of Fistula and Cleft Lip

We also support campaigns to raise community awareness of fistula, cleft lip and available treatments. This is important to Wentworth as we believe supporting community health, through funding regional and national hospitals is our mandate as a socially responsible Company. We partnered with the Comprehensive Community Based Rehabilitation (Hospital) in Tanzania, who carried out a two-week roadshow covering all Mtwara districts. The roadshow reached 5 hospitals, 8 health centres, 3 ward offices, 4 public markets, made home visits to follow up on fistula patients, and participated in broadcasts on two community radio stations. We are proud that this campaign reached 3,000 people in total.

### Introducing a Rainwater Harvest System in Newala

Constructing rainwater harvest systems is a cost-effective way to support communities to access clean and safe drinking water. In fact, in certain parts of Tanzania, catching rainwater for household use is the only affordable solution available. In 2021, to support the community of Kitangari in Newala District, Mtwara region, we donated $3,183 towards the construction of a 30,000-litre water storage tank, benefiting 430 households.

### Supporting Muhimbili National Hospital's Children's Cancer Ward

At Muhimbili National Hospital, we partner with Tumaini la Maisha (TML), a non-governmental organisation that is dedicated to caring for children with cancer. Our financial backing not only helps TML to provide chemotherapy, but also psycho-social therapies free of charge to all children. In 2021, our support helped to train a doctor and two nurses to be paediatric oncologic specialists in palliative care. We donated $3,300 towards the two-week training course and chemotherapy drugs for the children's cancer ward.

### Improving Literacy in Secondary Schools

In 2021, for the first time, the Mnazi Bay partners, Wentworth and M&P came together to implement a joint CSR project. Understanding the importance of education and investing in secondary school literacy programmes in the Mtwara region, we worked in collaboration with the local District government and a local implementing partner, READ to carry-out this project. Two rural secondary schools were selected, providing 927 students with 2,030 textbooks and non-fiction books, 6 computers and 2 internet routers. The project also supported reading clubs, which now have 84 student members, as well as teacher training.

# Guided by the belief that a country's natural resources belong to its citizens, the Extractive Industries Transparency Initiative (EITI) established a global standard to promote the open and accountable management of oil, gas and mineral resources.

The EITI standard requires the disclosure of information throughout the value chain of the extractive industry, from the point of extraction to the revenue allocation to Government, and ultimately, how the revenues benefit the public. In this way, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide data to inform reforms for greater transparency and accountability in the extractives sector.

In each country throughout the world, EITI is supported by a coalition of government, companies, civil societies, donors and partners, to promote openness and accountability.

We work with the Tanzania Extractive Industries Transparency Initiative (TEITI), to increase transparency and accountability in the extractive industries within Tanzania. TEITI was accepted as an EITI implementing country by the EITI International Board in February 2009. We have followed TEITI regulations and been a committed stakeholder since its inception.

During the year ended 31 December 2021, Wentworth made the following tax payments to the Government (figures are as per Government financial years in $000):

| | 2021 | 2020 |
|---|---|---|
| Taxes paid by Wentworth | **1,811** | 935 |

In addition to the Mnazi Bay PSA and the JOA, the following share of gas revenues and royalties were also allocated to the Government in 2021 (figures are as per Government financial years in $000):

| | 2021 | 2020 |
|---|---|---|
| Government entitlements from Mnazi Bay concession: | | |
| Royalty | **12,762** | 10,177 |
| NOC profit gas | **15,324** | 12,124 |
| Profit gas | **2,550** | 2,053 |
| Cost gas | **12,251** | 9,770 |
| | **42,887** | 34,124 |


GERALD
8-600

# Our ongoing success as a profitable natural gas producer depends on our ability to manage our asset and to mitigate risks in a proactive and agile way.

Key
- Increase
- No change
- Decrease

| CATEGORY | RISK(S) |
|---|---|
| **COVID-19 Pandemic** | • Demand for natural gas drops, and/or the Government of Tanzania finds its fiscal budgets constrained through unforeseen reductions in GDP and is unable to meet its monthly gas sales commitments on a timely basis.<br>• The availability of third-party support services and the ability to readily move equipment to and from the well-site may become restricted and inhibit normal operations. |
| | • Staff in large numbers may become ill or need to quarantine, which may limit gas production or the ability to operate safely. |
| **Financial** | • Difficulty in raising external capital or funding for M&A and/or development activities in volatile markets.<br>• The Group's business may require significant capital expenditure, and the future expansion and development of our business could require future debt and equity financing. The future availability of such funding is not certain. |
| **Revenues and Receivables** | • Counterparty default and distress, and concentration of asset(s). |

Our Board regularly monitors risk by sourcing information obtained from internal and external sources. We utilise a risk management approach that identifies key business risks, and implements procedures to actively address and mitigate them. This is especially critical given our East African operating environment.

Other significant elements of our risk management approach include regular Board reviews, a defined process for preparation, monitoring and approval of the annual work programme and budget, monthly management reporting, financial operating procedures and policy, due attention to Health, Safety, Security & Environment (HSSE) and anti-bribery management systems. The relative importance and impact of risks faced by Wentworth will change as our strategy progresses in the external business environment.

### RISK REGISTER

Our executive management team have identified the following principal risks and mitigations in relation to our present and future performance and operations. The overall risk register is regularly reviewed by both the management team and Board, who monitor progress against principal risks. Their focus is on managing exposure to risk, rather than eliminating risk completely. Our Risk Register contains the following risk categories, risks and actions:

| MITIGANTS | RISK CHANGE |
|---|---|
| • Both 2020 and 2021 have seen the TPDC gas sales receivable fall to its lowest levels, with only the current invoice outstanding. We have also seen demand recover from COVID-19 related lows in 2020. The Group has sufficient working capital and cash reserves to continue operations and absorb a slower period of more than one year, should it be required.<br>• If a full national quarantine of industrial and commercial activities becomes necessary, the Group may be subjected to reduced gas sales income, without the imposition of a significant delinquency period, and we are well-placed to deal with this. | ▼ |
| • Mnazi Bay has its own medical facilities and we had made provisions to treat a limited number of cases on-site. A full emergency response plan has been in-place since operations commenced, and we have updated this to take into account any outbreak.<br>• We have put in place World Health Organization (WHO) procedures, designed to limit staff exposure and isolate those suspected of contracting the virus, alongside enhanced hygiene and sanitation protocols. | |
| • The Company remains fully funded, with enough working capital cash reserves for our share of the Mnazi Bay current work programme costs and general and administrative expenses (G&A).<br>• We continually assess existing assets and proposed new acquisitions, considering future capital requirements from a disciplined lifecycle investment perspective.<br>• We maintain strong and sustainable relationships with our key shareholders.<br>• We regularly review cash flow, working capital and funding options. We take a prudent approach to budgeting and planning to ensure enough capital to meet commitments, as well as to decide the correct level of capital return to shareholders.<br>• Diversifying the sources of funding and applying prudent levels of debt to production activities is important, as is strong financial stewardship – managing commitments and liquidity, monitoring delivery of our business plan, and accurate forecasting to build credibility. | ▼ |
| • We regularly monitor and amend cost structure, investment strategy and tactics to include counter-cyclical and/or risk offsetting investments.<br>• Wentworth maintains a strong balance sheet, currently has no debt and remains fully funded for our existing commitments.<br>• Where appropriate, we can also make use of international arbitration. | ▼ |

# PRINCIPAL BUSINESS RISKS CONTINUED

| CATEGORY | RISK(S) |
| --- | --- |
| **Cost/Budget Overruns** | • Financial control of operated and non-operated assets. |
| **Legal and Compliance** | • Fraud and corruption / increased third party and jurisdictional exposure.<br>• Alternative Investment Market (AIM) / Financial Conduct Authority (FCA) and/or other or financial covenant breaches. |
| **Country** | • Governments, regulations, and the security environment may adversely change, including the potential use of exaggerated tax claims.<br>• Security threat due to spillover from Mozambican insurgents.<br>• Wentworth's assets in Tanzania are affected by country specific situations, legal compliance, and regulatory or litigation risk.<br>• PSA Licence extension uncertainty.<br>• Fiscal stability.<br>• Inadvertent or unauthorised non-compliance with regulatory or legal obligations may result in sanction, stock suspension, a loss of integrity and reputation and potential breach of covenants.<br>• Potential for legal recourse against Wentworth. |
| **Portfolio and Assets** | • Company over-reliance on single core (producing) asset in Tanzania.<br>• Competitors have significantly greater financial and technical resources. |
| **HSSE, Operational and Technical** | • Dependent on other operators for the performance of E&P activities.<br>• Counterparty misalignment.<br>• An incident, occurring at the Mnazi Bay production facility, leading to the temporary suspension of production, resulting from damage to a well or any part of the gas gathering system.<br>• Reduced income from gas sales and high levels of fixed operating costs may significantly squeeze cash reserves.<br>• Third party contractors and availability of equipment.<br>• Well shut-ins and reduced cash flow from gas sales. Possible adverse effects of shut-in for extended periods on re-commencement of production. |

| MITIGANTS | RISK CHANGE |
|---|---|
| • We seek to hold most of our cash in US dollars.<br>• We regularly review our business plans to include G&A, ongoing strategy and monthly reporting. We hold regular Board meetings.<br>• We also regularly engage with JV partners to influence cost-effective use of capital, operating and decommissioning expenditures. | |
| • We lead by example, living our values from the top down.<br>• Wentworth places the highest importance on corporate governance matters and upholding the highest ethical standards.<br>• We employ suitably experienced and qualified staff and, when required, external advisors to ensure full compliance.<br>• Legal risk assessment and due diligence (where appropriate) are undertaken for all counterparties with whom we engage.<br>• We carried out an extensive risk assessment in 2020 and 2021, adopting new policies where appropriate, with annual reviews scheduled to ensure policies remain relevant to the current social and economic climate. | |
| • We regularly monitor political, regulatory and HSSE changes.<br>• Engaging in constructive discussions as appropriate, and introducing third-party expertise as required are also important.<br>• We have contingency plans in place to boost security at our facilities, and continued engagement with Government and its security measures.<br>• Wentworth has objectives to acquire additional core assets to assist in diversifying our jurisdictional risk.<br>• New investments are considered in the light of changing environmental regulations, fiscal volatility, and geopolitical dynamics.<br>• Activities are subject to various jurisdictional laws, customs, fiscal and administrative regulations.<br>• We employ suitably experienced and qualified staff and, when required, external advisors to ensure full compliance.<br>• Legal risk assessment and due diligence (where appropriate) are also undertaken for all counterparties with whom we deal. | |
| • Our Board has an active mandate to diversify current portfolio risk, by acquiring appraisal, development and/or producing assets, using Wentworth's existing financial resources and additional capital (as required).<br>• We apply our experience, expertise, and appropriate technology to minimise risk throughout the asset lifecycle.<br>• Our team is highly selective in choosing where and when to develop our business, deploy M&A resources and focus new business activities.<br>• Mnazi Bay is considered a strategic resource in the country. | |
| • Wentworth carefully works with the operating partner to monitor technical and HSSE performance, and works to ensure agreement and resolution of any misalignment.<br>• We ensure that stages of the operation lifecycle are rigorously analysed and risk assessed, in order to prepare and rapidly resolve potential incidents.<br>• In the event of limited production from the current production zones, analysis shows contingent production capacity from additional horizons.<br>• Well shut-ins and plant shutdowns are minimised by planned maintenance schedules and refurbishment and, if necessary, replacement of worn or faulty equipment. | |

## OTHER BUSINESS RISKS

In addition to the above risks, Wentworth is subject to all the risks inherent in oil and gas exploration, development, and production activities. Several of these could have a material impact on our long-term performance, causing actual results to differ materially from expected and historical results.

We have identified other pertinent risks, including:

- Dissatisfied stakeholders;
- Inexact reserve and production determinations;
- Failure to recruit and retain key personnel, and /or engage in adequate succession planning;
- Human error or deliberate negative action(s); and
- Insufficient timely information available to executive management and the Board.

## COMPANY POLICIES

Everyone who works for Wentworth plays a key role in our success. All employees, consultants and contractors are accountable for the way they conduct themselves during their contributions. Our overarching drivers are to ensure honesty, integrity and professionalism, whilst maintaining the highest ethical standards in the jurisdictions where we conduct our business.

Our Directors are particularly mindful of the impact that our business has on our employees and contractors, the environment and on the wider community in the UK and Tanzania. We have dedicated policies and processes in place to safeguard HSSE, sustainability, business integrity, community responsibility and employees.

In 2020 and 2021, we undertook an extensive risk assessment of our business, in order to update our policies. During Q4 2020 and Q1 2021, we reviewed our Company policies, and prepared new policies where we identified the need for additional governance measures.

In February 2021, the Board adopted several revised and new policies, including our Code of Ethics and Business Conduct, Anti-Modern Slavery, Anti-facilitation of tax evasion, Anti-Bribery and Corruption, and Conflicts of Interest policies, as well as other operational policies.

Our comprehensive Company policies align with local, national and international policy and regulatory frameworks where we operate. This is crucial to both the commercial success and the reputation of the business.

Our policies are available on our corporate website.

## HEALTH, SAFETY, SECURITY AND ENVIRONMENT

It is vital for Wentworth that everyone is aware of his or her responsibility in maintaining a safe and secure working environment. HSSE and social responsibility leadership are considered core competencies. Our HSSE risks are managed in a systematic way, by implementing procedures and appropriate staff training, with the aim of reducing any risks to as low as is reasonably practical.

We ensure that appropriate emergency response systems are in place to reduce and mitigate the impact and losses of any incident and any residual risks, and we follow all relevant laws, regulations and industry standards. Furthermore, to achieve continual improvement, we review our HSSE and social responsibility performance at least twice a year.

Committed to minimising our impact on the environment in both field operations and within our offices in Dar es Salaam, all our staff share responsibility for monitoring and improving the performance of our environmental policies, with the objective of reducing our impact on a year-on-year basis.

In addition, we encourage Mnazi Bay JV partners, M&P and TPDC to follow HSSE and social responsibility values. Contractors must demonstrate and deliver a credible HSSE and social responsibility programme.

## SUSTAINABILITY

We are committed to conducting our business responsibly and sustainably, with corporate, environmental and social responsibilities to our local, indigenous communities, our partners including WAF, our employees and our shareholders. In pursuing our business objectives, we undertake not to compromise our ESG priorities.

## BUSINESS INTEGRITY

We are committed to conducting our business with integrity, honesty and fairness. All business activities are reviewed to ensure they meet our high standards, and we train all new and existing staff as appropriate. We also seek to ensure similar standards are applied by our business partners, contractors and suppliers. We hold all staff members individually accountable for their actions, to ensure they apply and maintain these standards consistently.

All employees receive contracts with clear and fair terms, relevant training, and we encourage them to join professional bodies

## COMMUNITY RESPONSIBILITY

Wentworth and our subsidiaries are committed to being good partners in all communities in which we operate. Engagement and dialogue with local stakeholders are essential in ensuring that, where possible, projects benefit both Wentworth and the communities in which a project or asset is located.

## EMPLOYEES

We are committed to providing a workplace free of discrimination, where all employees are offered equal opportunities, and are rewarded based on merit and ability. To this end, all employees receive contracts with clear and fair terms, relevant training, and we encourage them to join professional bodies to enhance their knowledge and skills, and progress in their careers.

Our culture of openness means employees can report legitimate concerns without fear of penalty or punishment, as we strive to achieve the highest possible standards of conduct, accountability and propriety.

Our whistleblowing policy empowers employees to be proactive, report any failure to comply with legal obligations or our own regulations, dangers to health and safety, financial malpractice, damage to the environment, criminal offences and actions that are likely to harm our reputation. This policy allows employees to make anonymous reports directly to the Senior Independent Director.

**Katherine Roe**
**Chief Executive Officer**

6 April 2022

# STATEMENT OF CORPORATE GOVERNANCE

## Dear Shareholder,

**I am honoured to have taken on the role of Non-Executive Chair of Wentworth Resources plc during the year. Continuing in the footsteps of Bob McBean, my goal is to lead the Company in carrying out our ambitious work programme and growth strategy, ensuring that our people behave in accordance with our values at all times.**

These values influence the way we work with respect to the regulatory requirements that govern our business, and the way we promote ethically sound practices within Wentworth. We are committed to responsible and ethical practices when we make business decisions, whether at Board level or in our day-to-day operations.

Our values drive our interactions and relationships with our stakeholders, suppliers, employees and the communities in which we operate. In fact, our values run through everything we do: we are dedicated to Tanzania, our stakeholders, and partners; as a Company we embrace new perspectives and ideas and are proactive in our approach; we remain resilient in the face of external headwinds; and we work hard to build a better future for all.

Wentworth has had a year of record financial results, following growing gas demand and exceptional operational delivery. Our robust fundamentals, our strong corporate governance framework and clear values are the basis on which we delivered progressive returns during the COVID-19 downturn, whilst the health and safety of all our employees remained the priority for the Board and management throughout this period. From a financial perspective, revenues for 2021 were up 25% to $23.8 million and the increase in our year-end cash position to $22.8 million supported the higher dividends that were distributed during 2021. Based on our sustainable dividend policy that has been in place since 2019, and as a reflection of our strong financial performance and robust fiscal discipline, we plan to pay dividends in 2022.

In my role as Chair of the Board, it is also my responsibility, working with my fellow Board members, to ensure we follow the highest practicable standards of corporate governance, and manage the Board in the best interests of our many stakeholders. In addition, I am responsible for ensuring we communicate regularly with shareholders and that the Board is made aware of any shareholder concerns in a timely manner.

As a Board, we place great importance on corporate governance. We believe it is for this reason that we have been able to build a successful and sustainable business, which reflects the long-term interests of all our stakeholders. Our commitment to corporate governance and promoting a culture of honesty, transparency and respect has enabled us to build a healthy corporate culture throughout the Company.

We reported last year how we were developing a comprehensive, transparent and ambitious ESG strategy, bringing to life our purpose, to empower people with low cost and reliable energy to fuel long-term sustainable growth. We are focused on making a meaningful contribution to the areas where we can make the greatest impact. By leveraging the power of natural gas we are enabling Tanzania, the communities where we operate and the people we serve, to thrive by closing the energy access gap, and doing so in a sustainable way.

As our ESG strategy becomes fully embedded in our long-term strategy, the Board has been fully committed to supporting this integration, and a Sustainability Committee has been established to further support the Board in fulfilling this role of oversight. This further strengthens our collaboration with and support of the management team in identifying ESG risks and opportunities inherent in the Company's business strategy, capital structure, and operating plans.

I am very pleased to report that we have made great strides in progressing our ESG strategy, which delivers value for all our stakeholders and to continuing to enhance our performance and reporting in the period ahead..

As previously reported, the Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the QCA Code) as the basis of our governance framework. This is still considered by the Directors to provide the most suitable governance framework for the Company, given our current size and stage of development. In this statement, we report how we have complied in all respects with the QCA Code.

We remain focused on HSSE and are committed to prioritising the health and safety of all who work with us, as well as striving to protect the environments in which we work. The remuneration policy of the Company, as set by the Remuneration Committee, includes a zero LTI target linked to the performance bonus of all staff. In addition, our CEO is tasked with ensuring that our partners adopt the same approach to HSSE that we do. During 2021, Mnazi Bay celebrated 5 years without an LTI, which is testament to our focus on providing a safe working environment.

You can find more information on our culture and Group policies in our Sustainability Report 2021.

In order to understand the value of engaging with our shareholders and provide an opportunity to foster a mutual understanding of expectations, and building our approach to various corporate governance matters, I have reached out to our major shareholders ahead of our 2022 AGM. This marks my first formal outreach to investors, as the recently appointed Chair of the Board, which I look forward to do so, along with my colleagues on the Board, as we evolve our business and corporate governance framework.

## LONG-TERM VALUE AND STRATEGY

We remain dedicated to enabling Tanzania's energy transformation by replacing expensive, heavy polluting, diesel-based energy generation, with cleaner and more sustainable power through providing natural gas. Our purpose is to empower the people of Tanzania with energy and, working closely with our partners in Government, we are now focussed on delivering country-wide energy access by 2030 in Tanzania.

We remain dedicated to creating shared value for all our stakeholders, and to delivering long-term, sustained shareholder value and growth. We are doing this both organically, through our core Mnazi Bay gas producing asset, and through a targeted growth vision. Our strategy and business model are explained in detail within the Strategic Report on pages 12 to 43.

Recognising that effective risk management embedded throughout the business will support us in delivering our strategy, we carried out an extensive risk assessment of our business in 2020. This helped to identify high and medium risk factors and associated mitigation actions. As a result, we undertook a comprehensive review of many of our operational policies and adopted new policies to address areas identified as needing stronger controls. During 2021, we have embedded these new policies by informing and training our staff, as well as engaging with our JV partners about them. This has been supported by an ongoing policy review programme, updating our policies regarding any new developments and risk areas.

One key risk that has impacted the world throughout the past year is COVID-19. I am very pleased to report that the robust precautionary measures we implemented in response to the pandemic have resulted in zero reported cases of COVID-19 to date at Mnazi Bay. Coupled with an internal COVID-19 awareness campaign to promote safe behaviours on site, such as social distancing and routine disinfection of shared equipment and spaces, these measures have effectively mitigated the risks of any outbreaks or operational disruption, resulting in no adverse impacts due to COVID-19 on our business. This is a major achievement, and I would like to extend my sincere thanks to all the Wentworth team for their sterling efforts in prioritising safety.

## BOARD COMPOSITION

Our Board sets the Corporate Governance framework for the Company. The Board has overall responsibility for setting the Company's strategic aims, defining the business plan and strategy, and reviewing performance of the Company, our executive and management team.

As anticipated in last year's report, there have been a number of changes to the Board during the year. Bob McBean stood down as Chair and retired from our Board at the end of June 2021. I took up the position of Non-Executive Chair, in line with the expected handover timeframe, with Bob assuming the role of President of our Tanzanian Company. We are delighted that Wentworth will continue to benefit from Bob's operational experience and stakeholder relationships.

Last year, we confirmed our aim to appoint an additional independent Non-Executive Director to the Board in order to bring further diversity, and to ensure our Board composition contains the right balance of sector, jurisdiction and public market skills. I am pleased to confirm that we appointed Juliet Kairuki to this position in July 2021. Juliet has an impressive track record in the public and private sectors in Tanzania, and elsewhere in Africa, and her regional knowledge on strategy, regulation and financing will bring further depth and expertise to the Board. Following Juliet's appointment, and as indicated last year, John Bentley retired from the Board on 31 December 2021 and we thank him for his long-standing contribution.

As also indicated last year, we extended our Director search programme to cover the appointment of a further independent Non-Executive Director, as both Bob McBean and John Bentley would be retiring from the Board during 2021. As part of this plan the Nomination Committee has been working very closely with an independent executive search firm to secure a further appointment and we look forward to updating shareholders in due course when a candidate that meets the skills and diversity required for the role has been appointed.

With a view to enhancing the skillset across our leadership, we also saw some changes in our executive team, with the appointment of Aaron LeBlanc as COO in November 2021. Aaron has nearly 20 years' experience in the oil and gas sector, during which time he has accumulated a wealth of technical and managerial experience as well as a strong track record in Tanzania and we are pleased to strengthen our executive team under our CEO, Katherine Roe.

We reported last year that I would remain as Chair of the Remuneration Committee and would continue to sit on the Audit Committee and the Nominations Committee until new Independent Directors had been appointed. The Board is committed to reviewing the composition and leadership of our committees as new independent members are appointed to the Board.

Each of the continuing Non-Executive Directors is considered by the Board to be independent in character and judgement.

### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The role of the CEO is a full-time position. Whilst we do not specify a time commitment required from our Non-Executive Directors, we do expect our Board members to devote enough time to their roles as required. All Board members are expected to attend shareholder meetings and be available to shareholders as necessary.

We believe that shareholder engagement should be made as easy as possible. In 2021, we held a virtual AGM, allowing shareholders to attend the meeting through an online platform. The current indications are that COVID-19 restrictions should be lifted prior to the 2022 AGM and we intend to run an inclusive, hybrid meeting, physically as well as virtually, for those unable to attend in person. Whilst those attending virtually will not have the ability to vote online at our AGM, we will facilitate and encourage voting by proxy. The meeting will also be interactive, with shareholders able to submit questions that will be answered by our Board in real time.

In 2021, the Board was unable to hold face-to-face meetings, however, all Board interactions continued online and frequently (as was the case for most of 2020), with regular, virtual board meetings enabling Board communications to continue uninterrupted.

The full Board meets at least four times a year and on any other occasions it deems necessary. During 2021, there were five scheduled Board meetings, six ad-hoc Board meetings convened at short-notice, one Remuneration Committee meeting, three Audit Committee meetings, two Nominations Committee meetings and the inaugural Sustainability Committee meeting. The Directors' attendance is shown below.

| | Scheduled Board Meetings | Ad hoc Board Meetings[1] | Audit Committee | Remuneration Committee | Nomination Committee | Sustainability Committee |
|---|---|---|---|---|---|---|
| Tim Bushell | 5 | 6 | 3 | 4 | 2 | 1 |
| Iain McLaren | 5 | 6 | 3 | 4 | 2 | - |
| Katherine Roe | 5 | 6 | 3 | 3 | 2 | 1 |
| Juliet Kairuki[2] | 2 | 2 | 1 | - | 1 | 1 |
| Robert McBean[3] | 3 | 6 | 2 | 3 | 2 | 1 |
| John Bentley[4] | 5 | 6 | 3 | 3 | 2 | 1 |

1 The Company has established procedures whereby ad-hoc Board meetings can be convened at short-notice to deal with specific matters that need to be considered between scheduled meetings of the Board.
2 Juliet Kairuki was appointed to the Board on 21 July 2021 and the details above include her attendance from this date.
3 Robert Mc Bean stood down from the Board on 30 June 2021 and the details above include his attendance until that date.
4 John Bentley stood down from the Board on 31 December 2021 and the details above include his attendance until that date.

## EXTERNAL ADVISORS AND SENIOR INDEPENDENT DIRECTOR

During the year our Audit Committee secured external advice on tax and legal matters as required and our Remuneration Committee received external legal and market advice. Following its appointment in early 2021, we continue to retain Ellason LLP to advise our Remuneration Committee on Executive and Non-Executive remuneration. Their advice has informed the Remuneration Policy adopted by the Company and presented to shareholders in this Annual Report.

Iain McLaren, as Senior Independent Director, is available to all Board members and shareholders should they have any concerns. The Board is also supported by a qualified Company Secretary.

## BOARD EVALUATION

Our Nominations Committee is responsible for assessing our Board, its committees and individual Directors. Assessments are carried out on an informal basis.

Whilst no formal Board performance evaluation was conducted in 2021, since the year-end we have asked each Board member to complete a questionnaire as part of our formal Board evaluation process. This is a chance to suggest improvements on a number of areas, such as Board structure, functionality, objectives, meetings (including the quality of information presented at such meetings) administration and the committees. The responses to the questionnaire will be collated by the Company Secretary and then passed on to me as Chair in a detailed report to discuss and take forward any resulting action plans. The appointment of our new independent Non-Executive Director was guided by a Board assessment of the balance of skills and experience of the existing Board members, to help inform the Board of the key skills and experience required in the new Director. Appointments are based on merit and objective criteria and, within this context also promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Remuneration Committee assesses the performance of our Executive Director against Key Performance Indicators (KPIs). These are determined at the beginning of each financial year and formally reviewed at the end of the performance period for the award of the Executive's annual bonus. The long-term incentive will only vest conditional on the achievement of the Total Shareholder Return (TSR) targets set across a three-year period. Further detail of the CEO's remuneration can be found in the Remuneration Report on pages 54 to 63.

### Skills, experience and training of Board members

For the Board to function effectively, to achieve our purpose and deliver value to shareholders, our Directors must have an extensive knowledge of Tanzanian gas production operations, the jurisdictional landscape, as well as knowledge of the global oil and gas industry, M&A markets, international capital markets and legislation and regulation in the UK, Jersey and Tanzania.

Iain McLaren and I have considerable experience in the oil and gas sector and international capital markets. Juliet Kairuki has extensive track record in the public and private sector in Tanzania, and elsewhere in Africa, on strategy, regulation and financing. Together, it is considered that we bring significant industry and local market expertise to the integrity and vision to the Board. Katherine Roe, our CEO, also has considerable energy and capital markets experience, as well as demonstrable ability to execute complex transactions.

Collectively, our Directors pursue ongoing training and professional development opportunities and, prior to the travel restrictions caused by the COVID-19 pandemic, regularly visited the Tanzanian assets and met with key in-country stakeholders. Those meetings have continued via video conference, and our in-country manager, Richard Tainton, has remained in the country throughout. Alongside the appointment of Juliet as a Non-Executive Director to the Board since the last AGM, and with Bob McBean taking on the role of President of Wentworth Tanzania, we have maintained and strengthened the Board's expertise in the energy industry generally and insight into our local market specifically.

Our Directors are encouraged to retain membership of professional and/or industry bodies, and to attend external courses as required. Our Board also receives briefing notes, updates and training from the Company's Nominated Advisor, legal advisor and auditor on an ad-hoc basis.

## COMPANY CULTURE

Our core values of respect, integrity, honesty and transparency are the backbone of our Company culture. Our focus on developing our ESG strategy has, more than ever, ensured our Board remains focused on our strong, ethical culture.

Our CEO and I, as Non-Executive Chair, lead on our corporate culture, setting the tone for the Company by exemplifying consistent values of high ethical standards and fairness. As well as overseeing our vision, we are the main spokespeople for the Company, and bear the chief responsibility for ensuring the Company meets our short-term operational, and long-term strategic goals, building Wentworth into an even more resilient business with a continued strong financial performance.

The Company has established key policies, including a Code of Ethics and Business Conduct Policy. These set out the minimum standards of behaviour required by all Directors, officers, employees and contractors in conducting the business affairs of the Company. Other policies cover conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, anti-bribery and corruption, anti-facilitation of tax evasion, anti-modern slavery, maintenance of corporate records and the reporting of illegal and unethical behaviour.

## BOARD COMMITTEES

Our Board is supported by our Audit Committee, Remuneration Committee and Nominations Committee. Details of their activities during 2021 can be found in each of their reports. During 2021, we established a Sustainability Committee, chaired by Juliet Kairuki, to prioritise robust governance of ESG and sustainability, and ensuring that sustainability is part of deliberations at all levels of the Company. This will be further supported by our efforts to enhance our compliance with the Sustainable Accounting Standards Board disclosure standards to provide more meaningful insight into the integration of sustainability considerations into our long-term strategy, and that our approach to sustainability is effectively communicated to the market. Further details of the Sustainability Committee, its remit and oversight are detailed in the Sustainability Report, available from the Company's website at www.wentplc.com.

## COMMUNICATIONS WITH SHAREHOLDERS

The Board is accountable to the Company's stakeholders, including shareholders. Therefore, it is critical for our Board to understand the aspirations of our shareholders, and for our shareholders to understand how the actions of our Board and short-term financial performance relate to our purpose and longer-term goals.

Our Board reports to shareholders on its stewardship of the Company through the publication of interim and final results each year. The Board also updates the market via regulatory announcements and press releases, which are issued throughout the year. The Company maintains a website (www.wentplc.com) on which announcements, press releases, corporate presentations and Annual Reports are available to view. There is also a Q&A page on the corporate website, as well as a corporate page on LinkedIn and Twitter, all of which we update regularly. This Annual Report contains extensive information about the Company's activities. We have also published our second Sustainability Report, which summarises how we have developed and progressed our ESG strategy during 2021.

We very much welcome enquiries from individual shareholders on matters relating to the business of our Company. Shareholders and other interested parties can subscribe to receive notifications of Company updates and other documents via email. In addition, our Directors regularly meet with major shareholders to discuss our progress and our CEO provides periodic feedback to the Board following her meetings with shareholders.

We look forward to further engaging with our shareholders in the coming year.

## CONFLICTS OF INTEREST

We have procedures in place for the disclosure and review of any conflicts, or potential conflicts of interest, which the Directors may have, and for the authorisation of such conflicts by the Board. In deciding whether to authorise a conflict matter or a potential conflict, the Directors must have regard to their general duties under the Companies (Jersey) Law 1991.

## THE QCA CODE

As previously announced, we have adopted the QCA Code which we consider appropriate for a company of our size and current stage of development, however, the following areas of non-compliance have been identified:

- The Chair of the Board is also Chair of our Remuneration Committee and is a member of the Audit and Nomination Committees. As explained in this report, this is a transitional feature due to the retirement of two long-standing Non-Executive Directors in 2021, my appointment as Chair during 2021 and the recruitment and embedding of replacement Directors. The Board and the Nomination Committee will continue to monitor this situation and make recommendations and changes to the Committee Chairs during 2022 in order to meet the guidance recommendation on the Chair's membership of the Company's Committee's; and
- Our CEO is assessed against clear and objective criteria, however, no formal Board evaluation process has been undertaken, whereby the Board, Committees and effectiveness of the individual Non-Executive Directors are assessed.

We will follow the recommendations of the QCA Code for the presentation of our Corporate Governance disclosures. Accordingly, the Company's Corporate Governance Statement published on our website sets out, against each of the 10 Principles of the QCA Code, where the disclosures relating to each principle are located.

**Tim Bushell**
**Chair**

6 April 2022

# BOARD OF DIRECTORS

### KATHERINE ROE
Chief Executive Officer

Katherine was appointed Chief Executive Officer (CEO) in November 2019. Katherine joined the Company in 2014, initially as Vice President Corporate Development and Investor Relations and then as the Company's Chief Financial Officer. Katherine has over 20 years of senior corporate and capital markets experience and prior to joining Wentworth, Katherine spent 11 years at Panmure Gordon & Co, where she headed up the Natural Resources team, with a principal focus on the oil and gas sector. Katherine has experience across a number of international jurisdictions with exposure to emerging and development markets, particularly in Africa.

Further, Katherine has extensive experience with a range of strategic growth options in the public markets through multiple IPO launches, equity capital fundraisings and M&A transactions. Katherine was an AIM Nominated Advisor and Qualified Executive for many years, having moved from Morgan Stanley's investment banking division. She is currently independent Non-Executive Director and Audit Chair of Longboat Energy plc and independent Non-Executive Director of ITM Power plc.

### TIM BUSHELL
Non-Executive Chair

Tim is a qualified geologist with more than 30 years' experience in the oil and gas industry. He has worked at British Gas, Ultramar, LASMO, and Paladin Resources. Tim was Chief Executive Officer at Falkland Oil and Gas Limited until its merger with Rockhopper Exploration.

He was a co-founder of Core Energy AS which via a series of mergers between Point Resources and then Var Energi is now one of the largest E&P companies in Norway. He currently serves on the boards of Genel Energy plc, Petro Matad Limited and Redrock Energy Limited.

**IAIN MCLAREN**
Non-Executive Director

Iain has significant experience in the oil and gas sector, with deep experience as Audit Committee Chair. He is currently a Non-Executive Director and Chair of the Audit Committee of Jadestone Energy Inc. and is a Director and Audit Committee Chair of Ecofin Global Utilities and Infrastructure Trust plc.

Iain was previously Senior Independent Director and Chair of the Audit Committee for Cairn Energy plc. He is a past President of the Institute of Chartered Accountants of Scotland, and was a partner of KPMG for 28 years until 2008.

**JULIET KAIRUKI**
Non-Executive Director

Juliet is a qualified lawyer, having completed her Bachelor of Laws degree at the University of Dar es Salaam and Masters of Law degree at the University of Cape Town. Juliet brings extensive public and private sector experience in Tanzania and Sub-Saharan Africa throughout her time at The Banking Association South Africa, SADC Bankers Association and Tanzania Investment Centre as well as various consulting roles for Finsys, Tanzania Bankers Association and the Central Bank of Seychelles, amongst others. Juliet is a member of the Institute of Directors in South Africa. She is also a Certified PPP Specialist.

With over fifteen years of experience in strategic leadership, institutional development, governance, project execution and stakeholder management, Juliet's practice ranges from banking, financial market infrastructure, public private partnerships and investment.

Key
- Audit Committee
- Remuneration Committee
- Nominations Committee
- Sustainability Committee
- Chair
- Member

# AUDIT COMMITTEE REPORT

The Audit Committee met three times during the year with specific regard to the following standing agenda items:

- Review and recommendation to the Board of annual and interim report and accounts;
- Reviewing significant accounting policies, areas of judgement and uncertainty within the financial statements;
- Reviewing the balance and fairness of the financial statements taken as a whole, and in alignment with the Sustainability Report;
- Reviewing the corporate risk register and appropriateness of the assessments made by Directors therein;
- Reviewing the continued effectiveness of the internal control environment and whistleblowing procedures;
- Ongoing review and consideration as to the requirement for a formal internal audit function; and
- Oversight of the relationship with the external auditor.

## COVID-19

In addition to the items listed above, our Audit Committee paid specific regard to the ongoing risks presented by COVID-19, and the effectiveness of the controls that we put in place since 2020. Whilst the lifting of COVID-19 restrictions and the reopening of economies across the world is welcome news, the risk of a sudden and unanticipated resurgence of the virus is very real, either globally, in Tanzania, or in an isolated incident at the Mnazi Bay production facility. It is for this reason that the Committee assessed that the controls that have been put in-place should remain so for the foreseeable future.

## GAS SALES DEMAND

2021 saw demand for Mnazi Bay gas increase from 5.7 Bscf net to Wentworth, to 6.9 Bscf net, an increase of 21%. Maintaining supply reliability, and sustaining this additional demand, has placed increased burdens on our production operating facilities and its systems. The operator is continuing to look for new ways to enhance production, ahead of the gas compression project, which will commence during 2022 and is expected to take at least three years to complete. The Audit Committee has reviewed the steps that have been jointly taken by the operator and JV partners, to mitigate the risks associated with sustaining these increased production levels.

## GAS SALES RECEIVABLES

The Directors have assessed that the recoverability of gas sales is currently the most significant ongoing risk to the Group. In conjunction with the agreement of a new GSA between Mnazi Bay and TANESCO, the gas sales receivable has been greatly reduced from 14 months to 3 months for TANESCO, and remain at 1 month for TPDC. This improvement has been achieved through maintaining good relationships, and has led to the derecognition of the expected credit losses of $11k previously provided for in December 2020.

## ACCOUNTING AND DISCLOSURE

The specific areas that the Audit Committee paid regard to with respect to the 2021 Annual Report and Accounts were the:

- Carrying value of both producing and non-producing assets capitalised within the statement of financial position, following the identification of certain impairment indicators. Full impairment assessments were conducted at the year-end under IAS 36 and IFRS 6 and, following their completion, the recoverable amount of both producing and non-producing assets were assessed to be higher than their carrying values, requiring no impairment charge;
- Presentation of certain non-recurring administrative costs within the statement of comprehensive income; and
- Continued provision-in-full, made against the Government of Tanzania receivable (Umoja), with respect to the T&D infrastructure sold to TANESCO totalling $6.5 million, and any indicators of a change to the present obligation, probability or amount of anticipated final settlement.

## AREAS OF JUDGEMENT

The Audit Committee reviewed the following areas where the Board of Directors were required to exercise significant judgement, some of which are discussed in more detail within note 3 of the Annual Report and Accounts:

- COVID-19 readiness and contingency planning protocols;
- Mnazi Bay gas supply, demand and settlement assumptions with respect to current receivables, capitalised carrying values and going concern;
- Assumptions included within the assessment of recoverable value of Mnazi Bay Exploration and Evaluation (E&E) and natural gas property costs;
- The application of tax assumptions, which affect the recognition of tax liabilities and deferred tax assets; and
- The continued accounting treatment of Cyprus Mnazi Bay Limited (CMBL) as a joint-operation, and the recognition basis for deferred tax losses attributed to Wentworth's equity share of CMBL.

## INTERNAL AUDIT AND CONTROL ENVIRONMENT

A key role of our Audit Committee is to monitor the effectiveness of the internal control environment. This includes evaluating the Group's internal control, risk management policies and systems, their effectiveness and the requirements for an internal audit function in the context of the Group's overall risk management system.

The Audit Committee is satisfied that the Group does not currently require an internal audit function. However, we will continue to periodically review the situation and, where we deem necessary, commission limited internal audit of controls and processes. These informal audits may be carried out randomly, and on areas where we deem there to be an elevated exposure to risk, or where it is difficult to fully mitigate a particular risk entirely.

The Audit Committee receives and monitors monthly operating and financial reports for unexpected variances, or instances that may indicate a change to the existing risk profile of an activity. We investigate those activities in more detail as required.

### EXTERNAL AUDITOR

The external audit function plays an important part in assessing the effectiveness of financial reporting and internal controls. In turn, the effectiveness and quality of audits is of key importance, with sufficient weight given to new areas of compliance, and existing areas of risk as is deemed appropriate for the relative size and complexity of the Group's activities.

Our auditor, KPMG LLP (UK), has been in place since 2018. In line with the audit profession's ethical guidance, the current audit engagement partner is due to rotate off the Company's account following the year-ending 31 December 2022, having served for a period of five years. KPMG LLP (UK) may serve as external auditor for a total period of 20 years, with a mandatory tender process occurring after no more than 10 years in 2028.

There are no contractual restrictions on the choice of the external auditor. The Audit Committee reviews the auditor's independence and monitors the nature and level of non-audit fees payable to them on an annual basis. From time to time the Audit Committee may instruct the external auditor to undertake work of a non-audit nature: the fee for such work being determined based on the of the scope of the work undertaken. Details of fees payable to the auditor are set out in note 6.

The Audit Committee has reviewed the UK Corporate Governance and QCA Code, including the requirement for FTSE 350 companies to put the external audit contract out to tender at least every 10 years. Having considered the guidance on aligning the timing of such re-tenders with the audit engagement partner rotation cycle, the Audit Committee's current intentions are that it will initiate a re-tendering process in 2028 in line with KPMG LLP (UK)'s own requirements noted above. This policy will be kept under review and the Audit Committee will use its regular reviews of auditor effectiveness to assess whether an earlier date for such a re-tender would be desirable. The Audit Committee has recommended to the Board that we re-appoint KPMG LLP (UK) at the 2022 AGM.

There were no instances to report of circumstances where the Board did not accept a recommendation made to it by our Audit Committee on any matter, including the re-appointment of KPMG LLP (UK) as external auditor.

Finally, the Audit Committee gave due consideration to the adequacy of Wentworth's whistleblowing procedures and the ongoing engagement of KPMG LLP (UK), their independence, associated remuneration and non-audit fees.

**Iain McLaren**
**Chair, Audit Committee**

### COMMITTEE MEMBERS

- Iain McLaren (Chair)
- Tim Bushell
- Juliet Kairuki


### ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- Reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk;
- Monitoring the integrity of the Group's financial statements;
- Monitoring the effectiveness of the internal control environment;
- Making recommendations to the Board on the appointment of the auditor;
- Agreeing the scope of the auditor's annual audit programme and reviewing the output;
- Keeping the relationship with the auditor under review;
- Assessing the effectiveness of the audit process; and
- Developing and implementing policy on the engagement of the auditor to supply non-audit services.

The external auditor have unrestricted access to the Chair of the Audit Committee. Audit Committee meetings are also attended by the external auditor where appropriate and, by invitation, the Chair, CEO, Group Financial Controller and senior management.

# REMUNERATION COMMITTEE REPORT

## INFORMATION NOT SUBJECT TO AUDIT

This report is for the year ended 31 December 2021. It sets out the remuneration policy and the remuneration details for the Executive and Non-Executive Directors of the Company. As an AIM-quoted company, we are required to disclose this information to fulfil the requirements of AIM Rule 19. In accordance with AIM Rule 26, the Company complies with the QCA Code. Whilst the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, we are committed to achieving both high governance standards and a simple and effective remuneration structure.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year-ended 31 December 2021.

The Committee is primarily responsible for determining and recommending to the Board the policy for the remuneration and employment terms of the Executive Director. The Committee is also responsible for reviewing (and making recommendations to the Board about) share incentive plans, and performance related pay schemes and their associated targets, as well as employee benefit structures across the Group. In addition, the Committee also monitors remuneration structures below Board level, and considers proposals and remuneration packages when bringing key talent into the Company.

In carrying out these responsibilities, the Committee takes into account the wider economy, markets in which the Company operates, and the Group's overall performance. The Committee will put an advisory resolution to shareholders at the 2022 AGM to consider and approve this Report.

We firmly believe that our remuneration policy effectively rewards and incentivises our CEO and senior management, as well as ensuring fair pay, well-being and engagement across all of our team members. By considering the distribution of incentives across all of the team, and closely aligning our remuneration with achieving our strategic aims, we believe these incentives result in value creation for our stakeholders for the long-term.

In preparing this report, the Committee was guided by the QCA's Remuneration Committee guide, and we have made appropriate disclosures recommended therein. We believe the steps we have taken to enhance our incentive framework and disclosure will be reflected in your support for this proposal.

On behalf of the Board, I would like to thank the shareholders for their continuing support.

**Tim Bushell**
**Chair, Remuneration Committee**

Tim Bushell
Chair,
Remuneration
Committee

## COMMITTEE MEMBERS

- Tim Bushell (Chair)
- Iain McLaren
- Juliet Kairuki

## ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- Determining the remuneration policy for the Group to be applied to Directors and senior management, and recommending any changes to the remuneration policy;
- Reviewing and agreeing the total remuneration package for the Executive Director and other members of senior management;
- Approving targets for the performance related Long-Term Incentive Plan (LTIP) scheme;
- KPIs for the Executive Director's annual bonus targets and monitoring achievement of those KPIs; and
- Appointing remuneration consultants as may be required by the Committee, to advise in respect of any matters.

## TERMS OF REFERENCE

The Remuneration Committee's terms of reference, including its role and the authority the Board delegates to it, are on the Group's website: www.wentplc.com/sustainability/governance/

## REMUNERATION POLICY

In response to institutional investor feedback after the 2020 AGM, and in combination with our remuneration advisor Ellason LLP, the Committee made a number of changes to the Group's remuneration policy. These were implemented from the date of the Company's AGM, held in June 2021.

A summary of the key changes to our policy and approach to executive remuneration, as detailed in last year's report, were as follows:

- More relevant and challenging KPIs applied to the Executive Director's annual bonus, with a higher level of Remuneration Committee discretion, to ensure the annual bonus award reflects the achievements of the Company and its stakeholders;
- Refocusing the variable pay opportunities towards the long-term, with a removal of the exceptional opportunity under the annual bonus (reducing the bonus opportunity from 170% to 100% of salary), and clarifying the LTIP policy such that the 200% of salary upper limit, previously only available in exceptional circumstances, is available during a financial year;
- A change in the LTIP performance conditions, away from a single measure of absolute share price growth, to dual measure of absolute and relative TSR; and
- The adoption of a new share ownership and retention policy for Executive Directors (note: currently Wentworth only has a single Executive Director, the CEO).

We are aware that certain significant shareholders have expressed a preference that the Company complies with the requirement for larger FTSE companies in respect of LTIP awards to be subject to a three-year performance period, with an additional two-year holding period. This is also featured in the Investment Association's Remuneration Principles and proxy advisors' guidelines for larger FTSE companies. Given that Wentworth is a smaller AIM-listed company, these expectations are not applicable. However, understanding the value of these considerations, and as we continue to grow our business and improve our corporate governance structure, this topic will remain subject to the Committee's evaluation.

Presently, the Company's LTIP has a three-year performance period, with no additional holding period. However, this is supported by an overarching shareholding and retention requirement on Executive Directors to have a holding in the Company equivalent to 200% of their salary, within five years following appointment.

Given the status of our evolution, we consider the present performance period and shareholding requirement to be adequate in order to attract and retain high quality individuals. However, we will keep the matter of holding periods under review, as we mature as a listed company.

Our remuneration policy is focused on ensuring that overall remuneration is set at a competitive level against the Company's peer group to enable us not only to attract but, importantly, retain high-calibre employees with the necessary skill sets to deliver our long-term strategy.

The Committee is tasked with ensuring that the policy is applied in such a way that remuneration of Directors, management and senior staff is set at a level that ensures Wentworth remains competitive in the market and that pay is closely linked to performance.

The focus of the variable remuneration has shifted towards the LTIP to ensure the Executive Director is aligned with long-term shareholder value and that decisions are made to ensure long-term value growth rather than short-term gain.

## Executive Director Policy

| Base Salary | |
|---|---|
| Purpose and link to strategy | Base salary to be set at a competitive level to enable recruitment and retention of Executive Directors and an appropriate reward for their role and responsibilities. |
| Operation | • Base salary is reviewed annually in January considering the Director's performance, individual responsibilities and experience.<br>• Salary increases will be awarded to reflect changes in role or responsibility and any industry benchmarking adjustment and will be effective from 1 January of each year.<br>• The Committee considers matters of retention, motivation and economic climate, as well as the challenges facing the business, and pay and conditions throughout the Company.<br>• As and when required, the Committee obtains benchmarking data and reviews peer group comparator companies' remuneration. |
| **Performance related annual bonus** | |
| Purpose and link to strategy | To incentivise and reward, on an annual basis, the achievement of individual and Group targets set around financial and non-financial metrics. |
| Operation | • Objectives/KPIs are set prior to the year under review, with Group-wide targets, in addition to individual performance considerations.<br>• KPIs, specific to the Executive Director(s) and select senior management, are aligned to the Group's strategy and business plan, and focused on enabling the Group to achieve its long-term objectives.<br>• At the end of each year, the Committee uses its judgement to determine whether the KPIs have been achieved, in addition to individual performance and contributions to the Group.<br>• The maximum level of performance-related bonus for Executive Directors is capped at 100% of annual salary.<br>• As a priority, the Committee considers whether operations have been completed to acceptable HSSE standards and considers whether there were any HSSE incidents when determining the level of bonus payments.<br>• The Committee retains significant discretion to ensure that any bonus is reflective of the underlying performance of the Company, and the experience of our stakeholders during the year.<br>• The bonus is non-contractual, discretionary and paid in cash following the year-end.<br>• Any bonus payment is subject to the Company's malus and claw-back policy. |
| **Pension provision** | |
| Purpose and link to strategy | To provide competitive retirement benefits commensurate with schemes offered by peer companies, in line with legislation. |
| Operation | • During each year, the employer contributes an amount equal to 10% of salary to the Employee's personal pension scheme. Any contributions shall be payable in equal monthly instalments in arrears. |

| Benefits | |
|---|---|
| Purpose and link to strategy | To provide competitive, cost-effective benefits to assist in attracting and retaining the calibre of Directors required to deliver the Group's strategy, and to support individuals in carrying out their roles, including in different locations as may be requested. |
| Operation | • A range of customary benefits, in addition to base salary, is provided including life assurance and private healthcare provisions. |
| **LTIP** | |
| Purpose and link to strategy | To attract and retain the calibre of Executive Directors and senior management required to implement and realise the Company's long-term strategy. The LTIP is intended to align the Executive Directors and senior management's interests with the long-term interests of shareholders through challenging performance targets, linked to vesting of the awards. |
| Operation | • The Committee intends to make annual awards in July of each year, subject to the Company being in an open dealing period, to Executive Directors and senior management. Annual awards to Executive Directors are capped at 200% of annual base salary.<br>• All awards are over nil cost options or conditional rights, with vesting subject to continued employment and performance against relevant metrics measured over a period of at least 3 years. The Committee will determine the performance measures ahead of each cycle, to ensure that they continue to be linked to the delivery of Company strategy and aligned with shareholder interests. Performance conditions for the 2022 LTIP award will be based 50% on Absolute TSR, and 50% on relative TSR, measured against a selection of the constituent companies of the FTSE AIM All-Share Energy Index (AXOIG).<br>• A payment equal to the value of dividends, which would have accrued on vested awards, will be made following the release of awards to participants, either in the form of cash or as additional shares.<br>• Options granted under the Company's previous schemes remain in place.<br>• Any LTIP grant is subject to the Company's malus and claw-back policy. |
| **Shareholding requirement** | |
| Purpose and link to strategy | To align the Executive Director(s) interests with those of shareholders through build-up and retention of a personal shareholding. |
| Operation | • For the duration of their appointment, Executive Director(s) are required to hold shares with a value equivalent to the maximum opportunity under the LTIP (e.g. equivalent to 200% of base salary for the CEO).<br>• Executive Directors have five years from the date of appointment (or the date of adoption of the policy) to reach their shareholding requirement. |

**Remuneration Policy for overseas employees**

The majority of the Group's employees are based in Tanzania. We ensure that employees' remuneration in their country of operation is appropriate to their jurisdiction. Our Company policy is to pay our employees fair salaries and benefits, competitive with market practices.

Key staff participate in a performance incentive scheme based on individual performance against a set of KPIs relevant to their positions within the Company and the Company's achievements relevant to the share price performance.

**Recruitment**

In the case of recruitment of a new Executive Director, the Committee can use all the components of remuneration as set out in the policy table on page 56. In addition:

- Base salary of a new Executive Director will be determined by reference to market rates through peer group analysis, the experience and skills of the individual, and their existing remuneration package. Where new appointees have initial base salaries set below market, any shortfall may be managed with phased increases over a period of two to three years, subject to the individual's development in the role;
- Any annual bonus will be consistent with the policy, with KPIs being agreed with any new appointee as soon as possible after appointment. The relevant maximum bonus percentage will be pro-rated to reflect the period of employment with the Company during the year;
- An award under the LTIP may be made on joining, up to 200% of base salary; and
- In the case of an external hire, the Remuneration Committee may deem it appropriate to compensate an individual for the loss of existing incentive and benefit arrangements, which would be forfeited on termination of their previous employment. In doing so, the Committee will consider relevant factors, including time to vesting, any performance conditions attached to these awards, and the likelihood of those conditions being met. Any such 'buy-out' awards would typically have a fair value no higher than the awards forfeited. In the case of an internal hire, existing awards made to that individual would be retained.

**Executive Director - Service Contract**

The Executive Director signed a new service contract on 6 January 2021, which is not fixed in duration but contains a notice period of 12 months, in line with best practice.

The Executive Director's service contract is available to view at the Company's registered office, and prior to each AGM, at the venue for the meeting.

**Termination of employment**

Clause 17 of the Executive Director's service agreement outlines the termination of the agreement by the employer. This states that "the employer shall have the discretion to terminate the Appointment lawfully without any notice (or part thereof) by paying to the Employee a sum equal to, but no more than, the salary as at the date that such payment is made under this clause".

A bonus payment will not normally be made to an Executive Director under notice, although there may be circumstances relating to a specific, clear and determinable KPI where a limited bonus payment may be agreed.

LTIP awards lapse on termination of employment unless the individual is considered a 'good leaver'. In this case, under the LTIP the award will lapse six months after termination of employment, or after the award vests. The Committee has discretion to determine to what extent any award granted should vest to a good leaver, taking into account the proportion of the performance period falling prior to the event, and the extent to which any performance conditions have been satisfied. The Committee may determine that a good leaver's award may vest early, but where no such determination is made, the award will vest on the original vesting date.

Under the Company's previous Option Plan, which still has some unexercised options in issue, the award will lapse 45 days following termination of employment. However, the Remuneration Committee (approved by the Board) has extended this period to 12 months, where the Committee has determined that individual to be a 'good leaver'. The Committee has the discretion to determine whether a leaver is a 'good leaver'.

### Non-Executive Director Policy

Pursuant to Article 25 in the Company's Articles of Association (Articles), the Board can enter into, vary or terminate an agreement with a Non-Executive Director, and can determine the level of Non-Executive Directors remuneration subject to any limit set by the Company by ordinary resolution.

| | |
|---|---|
| **Fees** | |
| Purpose and link to strategy | Fees are set at a competitive level to attract and retain high-calibre Non-Executive Directors, who collectively bring the required skill set to our Board to support the Executive Director(s), and guide the Company in achieving our objectives. |
| Operation | • Fees for the Chair are determined by the Committee. Fees for the Non-Executive Directors are determined by the Board as a whole. In both cases, the Directors recuse themselves from decisions relating to their own remuneration.<br>• The Board has regard to the level of fees paid to Non-Executive Directors of comparable peer companies and the time commitment and responsibilities of the role. As and when required, the Committee obtains benchmarking data and reviews peer group comparator companies' remuneration.<br>• The Chair of the Audit Committee and the Senior Independent Director each receive an additional £10,000.<br>• The Chair of the Remuneration Committee receives an additional £5,000. No fees are paid to the Chair of the Nominations Committee or the Sustainability Committee. No Director receives fees for sitting on a Board Committee.<br>• Fees are reviewed annually with changes effective from 1 January. |
| **Additional Remuneration** | |
| Performance related annual bonus | Non-Executive Directors do not participate in the Group's annual bonus scheme. |
| Pension provision | Non-Executive Directors are not paid a pension contribution, and are not entitled to benefits other than travel and business expenses incurred in the normal course of business. |
| LTIP | Non-Executive Directors do not participate in the LTIP Scheme. |

## REPORT ON REMUNERATION FOR 2021

### Key activities

- Agreed and set KPIs for the annual bonus for the Executive Director for 2021;
- Agreed the total remuneration package for the Executive Director and members of senior management;
- Continued to consult with Ellason LLP during 2021 to review remuneration for both Executive and Non-Executive Directors; and
- Awarded LTIPs to Katherine Roe and Richard Tainton in July 2021.

The Company Secretary acted as Secretary to the Committee. The Chair of the Board and other Board members attended Committee meetings at the invitation of the Committee, and as appropriate.

### External Advice

The Committee has had access to professional advice from our legal adviser, Pinsent Masons LLP, and remuneration adviser, Ellason LLP.

### Committee Discretion

Except when considering the 2021 bonus for the Executive Director, the Remuneration Committee has not had to exercise discretion in any additional matter.

## DIRECTORS REMUNERATION DURING THE PERIOD ENDED 31 DECEMBER 2021

### Total Remuneration of Executive Director

The table below reports single figure of total remuneration for the Executive Director during the year:

| | Base Remuneration | Bonus | Other Benefits[1] | LTIP charges | 2021 Total | 2020 Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Katherine Roe | 427,564 | 357,732 | 42,744 | 403,387 | 1,231,427 | 988,673 |
| **Total** | **427,564** | **357,732** | **42,744** | **403,387** | **1,231,427** | **988,673** |

[1] Other benefits includes pension.

### Base Salary and Annual Bonus of the Executive Director

Katherine Roe agreed to a salary freeze to her base salary in 2020 to reflect the economic uncertainty due to the COVID-19 pandemic. In 2021, her base salary was increased by 2%, effective from 1 January 2021. Her base salary for 2021 was £311,508 ($427,564) (2020: at £305,400 ($385,476) – reflecting that she was appointed as CEO during the 2020 year).

Following a robust review by the Committee, Katherine Roe was awarded a bonus of £264,782 ($357,732) (equating to 85% of her base salary) in recognition of the achievement of KPIs set at the start of 2021.

Her annual bonus entitlement during the year was capped at 100% of base salary for achievement of key objectives, which had been agreed with Katherine for the financial year ending 31 December 2021.

The annual bonus was earned based on the achievement of a range of financial targets, non-financial KPIs, aligned to our strategic objectives and covering: health and safety; revenue, cash and dividend growth; operational production; stakeholder relations; Board and team engagement; ESG and M&A. The Committee also had the discretion to make an additional award.

The weighting for each element of the 2021 bonus was as follows:

| Metric | Weighting | Performance |
|---|---|---|
| HSSE | 5% | Maximum – targets fully achieved |
| Financial – revenue growth | 7.5% | Maximum – targets fully achieved |
| Financial – increasing cash balance | 7.5% | Maximum – targets fully achieved |
| Financial – dividend growth | 5% | Maximum – targets fully achieved |
| Operational production targets | 15% | Maximum – targets fully achieved |
| Stakeholder relations | 10% | Maximum – targets fully achieved |
| Board and team engagement | 5% | Maximum – targets fully achieved |
| ESG strategy | 10% | Maximum – targets fully achieved |
| M&A | 15% | Not achieved – no M&A in the year |
| Remuneration Committee discretion | 20% | Maximum based on record year, solid stategic progress and strong leadership |
| **Total** | **100%** | **85%** |

### LTIP Awards granted during the financial year

Katherine Roe was awarded an option over 2,586,095 shares in the Company on 1 July 2021, in accordance with the remuneration policy and the rules of the LTIP scheme. The award did not exceed the scheme value limits of awards (200% of salary in any financial year) and the performance conditions for vesting will be dependent on absolute and relative TSR criteria during the performance period.

### Lapsed options

Katherine Roe also had a share option over 890,075 shares that was due to vest in December 2021. The option was granted in 2018 when absolute share price growth during the performance period was the performance criteria for vesting of the option. As the relevant performance criteria was not achieved, the option lapsed.

### LTIP awards table

The following LTIPs were awarded during 2021:

| Director | Date of Grant | Share price at date of grant | Performance Period | Number of options subject to performance conditions set out below | % of salary | Face value of maximum award |
|---|---|---|---|---|---|---|
| Katherine Roe | 1 July 2021 | £0.241[1] | 1 July 2021 to 30 June 2024 | 2,586,095 | 150% | £623,249[2] |

[1] The share price is calculated by reference to a 3-month volume weighted average price of an ordinary share for the 3 months immediately preceding the date of the grant.

[2] The face value of the awards is calculated using the 3-month volume weighted average price of an ordinary share for the 3 months immediately preceding the date of grant. The actual value of the awards to participants will be dependent on the percentage of the award that vests, and the share price at the date of exercise.

The key features of the 2021 LTIP awards are as follows:

- The awards are in the form of nil cost conditional rights to ordinary shares;
- The performance will be measured over a three-year period to 30 June 2024;
- The performance condition is that 50% of the award is subject to absolute TSR and the remaining 50% of the award is subject to relative TSR, measured against a selection of constituent companies of the FTSE AIM All-Share Energy Index (AXOIG). The peer group for this award contains 43 companies taken from that Index;
- The percentage of the award that will vest will be equal to the TSR at the end of the performance period, compared to a 16% compound annual growth rate in TSR over the performance period;
- 25% of the award will vest if the TSR at the end of the performance period has increased by an 8% compounded annual growth rate, and 100% of the award vesting if the TSR has increased by a 16% compound annual growth rate;
- Should the TSR increase between 8% and 16%, awards will vest on a linear sliding scale between 25% and 100%;
- Should the TSR at the end of the performance period be below 8%, no part of the award will vest; and
- In certain situations, including a change of control, the awards may vest early if no replacement award has been made.

### Total Remuneration of Non-Executive Directors

The table below reports remuneration for each Non-Executive Director

| | Base Remuneration | Bonus | Other Benefits[1] | Share options | 2021 Total | 2020 Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Robert McBean | 124,138 | - | 100,000 | - | **224,138** | 383,927 |
| John Bentley | 82,758 | - | - | - | **82,758** | 78,309 |
| Iain McLaren | 82,758 | - | - | - | **82,758** | 78,309 |
| Tim Bushell | 109,045[2] | - | - | - | **109,045** | 78,309 |
| Juliet Kairuki | 30,858[3] | - | - | - | **30,858** | - |
| **Total** | 429,557[1] | - | 100,000 | - | **529,557** | 618,854 |

[1] Gross base remuneration excludes $23,813 employer's National Insurance contributions.
[2] Mr Bushell's fees include 6 months as a Non-Executive Director and 6 months as Non-Executive Chair.
[3] Ms Kairuki's fees cover part-year tenure having been appointed on 21 July 2021.

### Arrangements with Mr McBean, Non-Executive Chairman, Retired

Robert (Bob) McBean was the Company's Non-Executive Chair and stood down on 31 June 2021, in line with the undertaking communicated to shareholders in last year's accounts. All payments due on termination of his agreement have been settled and all outstanding legacy issues relating to his remuneration and benefits under his service agreement have been resolved to the satisfaction of the Committee and the Board.

As President of our Tanzanian Company, a position to be held for a period of two years commencing on 1 July 2021, Bob now receives an annual fee of £180,000. This is a non-Board, senior role, working closely with the CEO and senior management to achieve our growth objectives and support the continued transition of in-country relationships. Bob will also continue to receive c. $25,000 towards his healthcare policy.

## IMPLEMENTATION OF DIRECTOR REMUNERATION POLICY FOR 2021

| Executive Directors | |
|---|---|
| **Base Salary** | Base salaries for the Executive Director and senior management were reviewed in January and adjusted to reflect inflation, with an increase of 5% effective 1 January 2022. This increase is no higher than any other employee's salary increase for 2022. |
| **Annual Bonus** | KPIs have been agreed with the Executive Director for her 2022 annual bonus targets under the following classifications, with the weightings of each element of the bonus as follows:<br>• HSSE & ESG....15%<br>• Financial – revenue....5%<br>• Financial – cash balance....5%<br>• Financial – dividend....5%<br>• Operational – production levels....10%<br>• Key stakeholder relationships....20%<br>• Board and team engagement....10%<br>• M&A....10%<br>• Committee Discretion....20%<br>Total bonus opportunity will be capped at 100% of her 2022 base salary. |

| | |
|---|---|
| LTIP | The Committee intends to grant further LTIP awards during 2022, in accordance with the Policy and the performance periods, and award limits notified to shareholders in 2021. As announced to the market on 11 March 2022, this award is expected to be formalised after the announcement of the Company's results at the start of April 2022. |
| Benefits and Pension contribution | The Executive Director will receive the range of Company benefits and pension contribution, in line with our Remuneration Policy. |
| **Non-Executive Directors** | |
| Fees | The 2022 fees for the Non-Executive Chair remain unchanged, at £95,000 per annum.<br>For the other Non-Executive Directors, fees are unchanged at £50,000 with an additional £10,000 paid to Iain McLaren for his role as Senior Independent Director and Chair of Audit Committee. Tim Bushell receives an additional £5,000 per annum for his role as Chair of our Remuneration Committee. |
| Benefits | Non-Executive Directors do not receive any other benefits. |

## STATEMENT OF DIRECTORS' SHAREHOLDINGS AND OUTSTANDING AWARDS UNDER THE LTIP AND THE COMPANY'S PREVIOUS SHARE OPTION SCHEME

| | Ordinary shares 6 April 2022 | Share options 6 April 2022 | Ordinary shares 24 April 2021 | Share options 24 April 2021 |
|---|---|---|---|---|
| Robert McBean[1] | **9,605,385** | **900,000** | 9,605,385 | 1,900,000 |
| John Bentley[1] | **368,202** | **500,000** | 368,202 | 900,000 |
| Iain McLaren | **345,862** | **-** | 325,277 | - |
| Tim Bushell | **-** | **-** | - | - |
| Katherine Roe | **91,666** | **6,314,309** | 91,666 | 4,618,289 |

[1] Robert McBean and John Bentley stood down from the Board on 31 June 2021 and 31 December 2021 respectively. The details above cover their holdings during their tenure on the Board.

## MISCELLANEOUS DISCLOSURES

The Company has granted an indemnity to its Directors (including subsidiary undertakings) under which the Company will, to the maximum extent possible, indemnify them against all costs, charges, losses and liabilities incurred by them in the performance of their duties.

The Company provides limited Directors' and Officers' liability insurance, at a cost of approximately $122k in 2021 (2020: $88k). The UK Directors' and Officers' liability insurance market has changed considerably in the last couple of years. This continued into 2021, as capacity contracted and there were no new market entrants. As a result, we saw continued increases in the cost of our insurance premiums.

## EXECUTIVE DIRECTOR EXTERNAL APPOINTMENTS

The Company acknowledges the benefit of the CEO accepting appointments as a Non-Executive Director of other companies. However, she is permitted only to engage in other activities and businesses outside the Group provided there is no risk of conflict with her executive duties, these are subject to full Board disclosure and also that they do not interfere with her primary role as CEO of the Company.

The Executive Director held the position of Non-Executive Director of Longboat Energy plc and Non-Executive Director of ITM Power plc during 2021 whilst she was an employee of the Company and continues to do so.

Yours sincerely

**Tim Bushell**
**Chair of the Remuneration Committee**

# NOMINATIONS COMMITTEE REPORT


## Dear Shareholder,

**I am pleased to present the report of the Nominations Committee for 2021. I took up the position of Chair of the Nominations Committee following the departure of John Bentley in December 2021 and would like to extend my thanks to him for his support and leadership of the Committee during his tenure.**

The last year has been a time of change for our Board and whilst we have seen some of our longest-tenured members step down, we are certain that the breadth of new skills and experiences from our recently and future appointed Directors will enrich our deliberations on the Board.

### COMMITTEE COMPOSITION AND MEETINGS

The Committee is comprised of myself chairing and Iain McLaren as well as participation of our CEO, Katherine Roe. During 2021, the Committee met twice to formally consider succession planning for members of the Board and to consider the composition of the senior executive team. All members of the Committee attended these meeting.

Additionally, Board composition has been subject to continuous review during the year through informal conversations and also at meetings of the full Board.

During 2021, the Committee recommended the appointment of two new Independent Directors. It was considered that one or both of these appointments should be people with a background in Tanzania and consequently Juliet Kairuki, was appointed to the Board on 21 July 2021. The Committee is mindful of diversity and its positive impact on Board and leadership deliberations and is keen to make appointments that will support the achievement of the diversity of our Board. The process of recruitment for a second No-Executive Director is ongoing.

### ROLES AND RESPONSIBILITIES OF THE COMMITTEE

Our Committee is responsible for reviewing the structure, size and composition of the Board, and for recommending any changes to the Board. In particular we:

- Carry out succession planning for the Board and senior management;
- Are responsible for filling Board vacancies when they arise and, before any appointment is made, for evaluating the balance of skills, knowledge, experience and diversity of the Board;
- Review the time requirement of Non-Executive Directors;
- Are responsible for using open advertising or appointing any external advisor to facilitate the search for suitable candidates; and
- Are responsible for Board evaluation.

### BOARD COMPOSITION

Our Board has spent some considerable time considering its composition, with a focus on diversity and inclusion.

Guided by Russell Reynolds, and having considered internally the balance of skills on the Board, including reviewing sector, financial and public markets experience, as well as looking at personal qualities and capabilities, and considering diversity, the Committee has prepared an outline of experiences and competencies of ideal candidates to join the Board.

### APPOINTMENTS TO THE BOARD

During the year, the Committee led the succession planning for the retirements from the Board of Bob McBean and John Bentley, and recommended to the Board the appointment of Juliet Kairuki which was publicly announced in July 2021.

I am pleased that Juliet has settled in well, following her appointment to the Board. She is making positive contributions to the Board and the Committees she sits on. As set out in our Statement of Corporate Governance section, we are currently recruiting a further of a Non-Executive Director and the Company looks forward to updating shareholders in due course when a candidate has been appointed. As always, our Committee continues to monitor the balance of skills and experience on the Board, as well as its independence, diversity and knowledge. We have good diversity of thought and an open culture, which allows all Board members to express their opinions and challenge the executives constructively. Our aim is to continue this open culture.

### APPOINTMENTS TO THE EXECUTIVE TEAM

During the year, we have also seen a change to our executive team with the appointment of Aaron LeBlanc as COO in November 2021. His appointment further supports Wentworth in delivering its strategy and strengthening our executive team.

## DIVERSITY AND INCLUSION

Diversity is important when we appoint someone new to our Board, or across the Group. We make sure our recruitment processes do not discriminate against existing team members and applicants. The Group's team members have a broad range of skills, backgrounds, experience and diversity, reflecting both the type of industry we are in and where we operate.

We are committed to equal opportunities in every part of our business, and we promote team members on merit. We recruit, train, promote and retain skilled and motivated people, regardless of gender, age, marital status, disability, sexual orientation, race, religion, ethnicity or national origin.

In line with this, we also promote a culture of openness and responsibility in our business. We want to increase the number of women across all levels of our organisation. As a result, we have seen an increase in women in roles across the Group, with women comprising 40% of our total workforce (2020: 32%), 40% of our Board of Directors (2020: 20%) and 28% of the executive team (2020: 28%). More information on this can be found in our Sustainability Report.

## BOARD AND COMMITTEE EVALUATION

As indicated in the Statement of Corporate Governance section, we have commenced a formal Board and Committee evaluation review in March 2022.

We will also continue to keep our Board composition in mind when recruiting for further Board appointments, as we have done in the last year.

## TERMS OF REFERENCE

The Nomination Committee's terms of reference, including our role and the authority the Board delegates to us, are on the Group's website: www.wentplc.com/sustainability/governance/

**Tim Bushell**
**Chair, Nominations Committee**

We have seen an increase in women in roles across the Group, with women comprising 40% of our total workforce.

# The Directors present the Report and Financial Statements on the affairs of Wentworth and our subsidiaries, together with the Financial Statements and Auditor's Report for the year-ended 31 December 2021.

## PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group and Company throughout the year remained the development and production of natural gas in Tanzania. Significant developments during 2021, and more recently, the other activities of the Group, as well as our future strategy and prospects, are reviewed in detail in the Chair's and CEO's statements, as well the Strategic Report section of this report.

The Group operates through overseas branches and subsidiary undertakings as appropriate to the fiscal environment. Subsidiary undertakings of the Group are set out in note 15 to the financial statements.

## RESULTS AND DIVIDENDS

The Group profit for the financial year was $6.1 million (2020: $3.4 million). Full analysis of the movements in the Group's reserves is provided in the Consolidated Statement of Changes in Equity. The Directors recommend the payment of a final dividend of $2.7 million, with a total distribution of $4.0 million for 2021 (2020: $3.6 million).

## GOING CONCERN

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

With the disruptions to health, wellbeing, businesses and supply chains across the world as a result of the COVID-19 pandemic, we have allocated considerable resources, as well as Director and senior management time, towards ensuring that we are best placed to be able to continue to safely produce gas from Mnazi Bay, alongside our Operator, M&P.

Given the essential nature of services we provide and the forecasted impact of the coronavirus in the country, we do not expect to see an interruption to production or unavailability of key workers. However, we are mindful of the speed with which circumstances may change, both for the better or for the worse, and all modelling is based on information that we currently have available to us.

Our Group has a long established and collaborative working relationship with the Government of Tanzania, having operated in the country for many years. We recognise that our business is dependent upon the continued collection of gas sales invoices, and ongoing operational support of the Government, as our sole gas sales customer through its operating agencies, TPDC and TANESCO.

The Directors have, therefore, judged that on a risk-weighted basis – considering the probability of occurrence and an estimate of the financial impact - the continued, timely settlement of gas-sales invoices continues to be our most significant risk. Should no settlement of future gas sales invoices be received from the date of approval of these financial statements, we have assessed that we would be able to continue operations for up to 23 months without further injection of working capital. Taking into account reasonable and foreseeable sensitivities, including potential changes in demand, capital spend and operating costs, we believe that we are well placed to manage our financial exposures.

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

## CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 21 to the financial statements. The Company has one class of ordinary share, which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding, nor on the transfer of shares. These are both governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Details of the employee share schemes are set out in the Remuneration Committee Report. No person has any special rights of control over the Company's share capital, and all issued shares are fully paid.

## DIRECTORS

The Directors who served during the year were as follows:

- Mr Tim Bushell (Non-Executive Director and Non-Executive Chair from June 2021);
- Ms Katherine Roe (Chief Executive Officer);
- Mr Iain McLaren (Non-Executive Director and Senior Independent Director);
- Ms Juliet Kairuki (Non-Executive Director);
- Mr Robert McBean (Non-Executive Chair, retired on 31 June 2021); and
- Mr John Bentley (Non-Executive Director and Senior Independent Director, retired on 31 December 2021).

Biographical details of serving Directors can be found in the Board of Directors section of this report.

## DIRECTORS AND ELECTION ROTATION

Regarding the appointment and replacement of the Directors, the Company is governed by our Articles, the QCA Corporate Governance Code 2018, the Companies (Jersey) Law 1991 and related legislation. The powers of Directors are described in the Corporate Governance section.

In accordance with Article 20 of the Company's Articles, at every AGM of the Company one-third of the Directors shall retire from office. Accordingly, Iain McLaren will be standing for re-election at this year's AGM and has indicated his willingness to be re-elected. Biographical details of Iain are detailed on page 51.

Furthermore, Juliet Kairuki will stand for election at the AGM, having been appointed as a Director since the last AGM.

## SUBSTANTIAL SHAREHOLDINGS

Except for the holdings of ordinary shares listed below, the Company has not been notified by, or become aware of any persons holding 3% or more of the 185,549,139 issued ordinary shares of no par value of the Company, as at 6 April 2022:

| Shareholder | No. of Shares | % of Issued Share Capital |
|---|---|---|
| Fidelity International | 17,804,913 | 10.00% |
| Vitol SA | 16,813,535 | 9.44% |
| DNB Bank ASA | 15,923,069 | 8.94% |
| OVMK Vermogensbeheer | 11,813,389 | 6.63% |
| Mr Robert McBean | 9,605,385 | 5.39% |
| Hargreaves Landsdown Stockbrokers | 7,005,056 | 3.93% |
| Julius Baer Private Banking | 6,186,315 | 3.47% |

## BUSINESS RISK

A summary of the principal and general business risks can be found within the Strategic Report.

## FINANCIAL INSTRUMENTS

Information about the use of financial instruments, the Group's policy and objectives for financial risk management are given in note 25 to the financial statements.

## AUDITOR

Each of the persons who is a Director at the date of approval of this Report and Financial Statements confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditor are unaware; and
- The Directors have taken all the necessary steps to make themselves aware of any relevant audit information, and to establish that the Company's Auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies (Jersey) Law.

KPMG LLP (UK) has expressed its willingness to continue in office as Auditor, and a resolution to appoint KPMG LLP (UK) will be proposed at the forthcoming AGM.

**Katherine Roe**
**Chief Executive Officer**

6 April 2022

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report and Financial Statements, in accordance with applicable law and regulations.

Jersey Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statement in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies (Jersey) Law 1991.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange (LSE) for companies trading securities on the AIM.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared In accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained, and assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Use the going concern basis of accounting, unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so; and
- The Directors are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

The Directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They have general responsibility for safeguarding the assets of the Group, and for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report is available on a website. Financial statements are published on the Company's website, in accordance with the requirements of the Company's Articles. The maintenance and integrity of corporate and financial information included on the Company's website is the responsibility of our Directors. Their responsibility also extends to the ongoing integrity of the financial statements contained therein.

For and on behalf of the Board,

**Katherine Roe**
**Chief Executive Officer**

6 April 2022

# INDEPENDENT AUDITOR'S REPORT

Year-ended 31 December 2021

## 1. OUR OPINION IS UNMODIFIED

We have audited the consolidated financial statements of Wentworth Resources plc (the "Company") for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion, the consolidated financial statements:

- Give a true and fair view, in accordance with UK-adopted international accounting standards, of the state of the Group's affairs as at 31 December 2021, and of its profit for the year then ended; and
- Have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## 2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

### Recoverability of natural gas properties and exploration and evaluation assets (Risk vs 2020 ◄►)

Property, plant and equipment – $66.3 million (2020: $72.3 million), Exploration and Evaluation Assets – $8.1 million (2020: $8.1 million).

Refer to page 7 in the Audit Committee Report, pages 89 and 90 in note 3, and pages 99 to 100 in notes 12 and 13 of financial disclosures.

**The Risk**

Natural gas properties and exploration and evaluation assets need to be assessed for indicators of impairment when there is an indication that the asset might be impaired. Given the volatile nature of the gas industry and local economic circumstance, there is a real possibility that events will arise that amount to impairment indicators and, if so, that an Impairment test could result in a material change to the carrying value of assets. Identifying and assessing whether impairment indicators have arisen involves judgement and can be subjective. Forecasting the recoverable amount of the Group's cash-generating unit, which has had impairment indicators identified, is a highly subjective area due to the inherent uncertainty involved in forecasting and discounting future cash flows, specifically around reserve estimates. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of the cash generating unit has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 3) disclose the sensitivity estimated by the Group.

**Our response**

We followed a primarily substantive audit approach rather than seeking to rely on any of the group's controls as the nature of the balance is such that we would expect to obtain audit evidence primarily through detailed audit procedures.

Our procedures included:

- *Impairment trigger analysis:* We evaluated the Directors' assessment of indicators of impairment of the Group's natural gas properties and exploration assets with reference to the relevant accounting standards. Key assumptions include production and reserves estimates, discount rate and cost recovery. We considered changes in the political, economic and legal environment along with changes in the production profile, asset obsolescence, significant changes in cost base, and future plans for development of exploration assets.
- *Historical Comparisons:* We assessed the reasonableness of the budgets considering historical accuracy of previous forecasts.
- *Our Sector Experience:* We challenged whether the Group's key assumptions, being production and reserves estimates, discount rate, and cost recovery reflect our knowledge of the business and market.
- *Benchmarking assumptions:* We compared the Group's key inputs used in the discount rate by comparing them to externally derived data, including sources for comparable companies.
- *Evaluating reserves estimation:* We assessed the competence and objectivity of the Group's external expert to satisfy ourselves they were appropriately qualified to carry out estimation of reserves included within the model.
- *Sensitivity analysis:* We performed our own sensitivity analysis including a reasonably possible reduction in production volumes, cost recovery and an alternative higher discount rate assumption to assess the level of sensitivity to these assumptions.
- *Assessing transparency:* We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of natural gas properties and exploration and evaluation assets.

We continued to perform procedures over Going Concern. However, taking into consideration the performance of the Group in the year, we have not assessed this as one of the most significant risks in our current year audit, and, therefore, it is not separately identified in our report this year.

## 3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the consolidated financial statements as a whole was set at $1.115 million (2020: $1.076 million) determined with reference to a benchmark of Group total assets of $111.1 million (2020: $109.9 million), of which it represents 1.0% (2020: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the consolidated financial statements as a whole. Performance materiality for the group was set at 75% (2020: 75%) of materiality for the consolidated financial statements as a whole, which equates to $836k (2020: $807k). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $56k (2020: $54k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 9 (2020: 9) reporting components, we subjected 3 to full scope audit (2020: 3) and 5 to specified risk-focused audit procedures over cash (2020: 2 components to specified risk-focused audit procedures over cash for Group purposes). The components for which we performed work other than audits for group reporting purposes were not individually significant but were included in the scope of our work in order to provide further coverage over the Group's results.

The components within the scope of our work accounted for the following percentages of the group's results:

| | Number of components | Group revenue | Profits and losses that make up Group profit before tax | Group total assets |
|---|---|---|---|---|
| Audits for group reporting purposes (2021) | 3 | 100% | 86% | 87% |
| Specified risk-focused audit procedures (2021) | 5 | 0% | 14% | 11% |
| Audits not in scope (2021) | 1 | 0% | 0% | 0% |
| **Total (2021)** | **9** | **100%** | **100%** | **98%** |
| Audits for group reporting purposes (2020) | 3 | 100% | 100% | 96% |
| Specified risk-focused audit procedures (2020) | 2 | 0% | 0% | 2% |
| Audits not in scope (2020) | 4 | 0% | 0% | 2% |
| **Total (2020)** | **9** | **100%** | **100%** | **100%** |

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the components' materiality, which was set at $948k and $558k (for WGL and CMBL, respectively) (2020: $914k and $538k) having regard to the mix of size and risk profile of the Group across the components. The work for group reporting purposes on 2 (2020: 2) of the 9 (2020: 8) components was performed by the component auditor and the rest, was performed by the Group team.

On account of travel restrictions in place during the performance of the audit, the Group team did not visit the component auditor and instead held virtual conference meetings with the component auditor (2020: did not visit the component auditor and instead held virtual conference meetings with the component auditor). Telephone conference meetings at the planning, execution and finalisation stages of the audit were held with the component auditor. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor. A remote review was also completed by the Group team.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Company's internal control over financial reporting.

### 4. GOING CONCERN

The Directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or to cease its operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources over the period was the cash collection on gas sales invoices from its sole customer the Government of the United Republic of Tanzania.

We also considered less predictable but realistic second order impacts, such as the impact of insurgency in the region and Governmental asset seizure.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from the risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

Our procedures also included:

- We assessed the appropriateness of key assumptions in the cash flow projections (including production costs, production volumes, committed and other planned capital expenditure) against our sector knowledge and experience, historical production information where relevant, internal development plans, market and other externally available information;
- We challenged, with the use of sensitivities, the Directors' reverse stress testing analysis performed to determine the point at which the Group would have working capital issues. Our testing considered whether such scenarios, including reductions in production and delays in receipt of payments from customers were possible in the current macroeconomic climate; and
- We considered the appropriateness of relevant disclosures, including both the going concern disclosure in note 1 of the financial statements and also the commentary elsewhere in the annual report.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in the notes to the consolidated financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

## 5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and other management and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board and Audit Committee minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because price for production is fixed and there is a limited number of customers.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test across components based on risk criteria and comparing the identified entries to supporting documentation. These included entries impacting property plant and equipment and exploration and evaluation assets balances, and material post close entries.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: Tanzanian Oil and Gas Legislation including The Petroleum Act, and Tanzanian Tax Law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the Annual Report together with the consolidated financial statements. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

## 7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies (Jersey) Law 1991, we are required to report to you if, in our opinion:

- Proper accounting records have not been kept by the Company; or
- Proper returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 8. RESPECTIVE RESPONSIBILITIES

### Directors' responsibilities

As explained more fully in their statement set out on page 66, the Directors are responsible for: the preparation of consolidated financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**

## 9. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Mark Smith (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP**

**Chartered Accountants and Recognised Auditor**
15 Canada Square
London
E14 5GL

6 April 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year-ended 31 December 2021

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

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year-ended 31 December 2021

| | 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 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

Year-ended 31 December 2021

| | 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

Year-ended 31 December 2021

| | Note | 31 December 2021 $000 | 31 December 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 LSE (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 coronavirus, 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 and 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 continues 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. 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 Company and of the majority of our 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. WGL, which is a wholly owned subsidiary, owns a 25.40% participation interest. 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 JV. 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 our future development, performance and position are set out in the Strategic Report. The financial position of the Group, our 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 produce gas safely from Mnazi Bay alongside the operator, M&P. Given the essential nature of services provided and the forecasted impact of recent world events to both international capital markets and production operations in Tanzania, the Group believes that an interruption to production is remote. The Directors however are mindful of the speed with which circumstances may change and all modelling is based on the most current information available.

The Group has a long established and collaborative relationship with the Government 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 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 Director's 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) | PP&E – 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 CMBL (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 licence 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 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 holds a 48.06% share in the licence and 20% is owned by TPDC. As such the Group is entitled to its share of production from the licence and therefore revenue generated from the sale of this output. Wentworth also recognises its share of all expenses incurred from 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) 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 whilst 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.

### (iii) 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.

### (iv) 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 and within Property, Plant, and Equipment (PP&E), 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. This means 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, and 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 not 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. This 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 is 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 EIR applicable. This 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 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 Group's 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. Indicators 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 the CGU, market capitalisation and industry trends.

### Key sources of estimation uncertainty

The preparation of discounted cash flows used to assess the recoverable amount of the Group's 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 a 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 5 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/d, rising to 130 MMscf/d 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 on the carrying value of $8.1 million of the Exploration & Evaluation Assets 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 utilised 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. This 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. The financial exposure is accounted for in the financial statements for such matters if is considered probable that a future outflow of cash resources will be required. This is subject to management estimate and judgments 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 GSA, allowed for the recognition of a deferred tax asset within the financial statements. The amount that the Company recognises is subject to the following estimates:

- The timing of future profits for the utilisation 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 utilised throughout the Group, which is currently the tax rate of Tanzania as this is where all of the Company's operations are;
- The status of any current tax assessments and disputes and their impact on the deferred tax pool on a probabilistic basis; and
- 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 alter significantly the carrying amount of the Group's 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 $000 | Consolidated $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 by the Company during the year, analysed by category, was as follows:

| | 2021 Number of employees | 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 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 WGL, 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) and purchased vehicles not yet delivered $147k (2020: $nil). In accordance with IFRS 9, the Company notes no material expected credit losses.

## 11. GOVERNMENT OF TANZANIA RECEIVABLES

The Group has an agreement with the Government 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 owed by it. On 8 February 2018, the Government issued the results. This 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 consider the provision is appropriate.

## 12. EXPLORATION AND EVALUATION ASSETS

| | Tanzania $000 |
|---|---|
| **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 was 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 $000 | Office and other equipment $000 | Right of use $000 | Total $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 at 31 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. Please 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) relates to office space leased in Tanzania. Disposals relates to office furniture and other equipment disposed of 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:

| Legal entity | 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 JV (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 M&P (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 materialised 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 the final liability. Additionally, the inflation rate was updated and amended to 1.4% from 2.0%. Amendments made in 2020 materialised 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 |
|---|---|---|
| Buy-back of 7,500,000 ordinary shares at 20.0 pence (26 cents) each | 1,982 | - |
| Buy-back of 705,894 ordinary shares at NOK 2.91 (33.9 cents) each | - | 220 |
| Buy-back of 236,452 ordinary shares at NOK 2.91 (33.9 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 ($) | Number of options | Weighted average exercise price ($) |
| Outstanding at 1 January | 7,813,711 | 0.30 | 6,385,497 | 0.57 |
| 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:

| | | Outstanding | | Exercisable |
|---|---|---|---|---|
| Exercise price (NOK) | Exercise price ($)[1] | Number of options | Weighted average remaining life (years) | 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] 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:

| | | Outstanding | | Exercisable |
|---|---|---|---|---|
| Exercise price (NOK) | Exercise price ($)[1] | Number of options | Weighted average remaining life (years) | 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 (EPS)

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 shareholders (see Note 18). On 30 December 2021, the Company cancelled repurchased ordinary shares (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

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 unrecognised temporary difference (2020: $1.1 million) and other 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 are 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 $3.4 million (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 is 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 | **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 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 MW 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 under a long-term GSA to TPDC, 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 MEP 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 consider the provision is appropriate.

The Group's cash and cash equivalents stands at $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 receivables 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 recognised | (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 31 December 2021** | | | | |
| Trade and other payables | 2,503 | - | - | 2,503 |
| Lease liability | - | 36 | - | 36 |
| | **2,503** | **36** | **-** | **2,539** |
| Balance at 31 December 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 in 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, whilst 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 receivables | 899 | 645 | 92 | 3,914 | 5,550 |
| 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 would be true for a 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 would be true for a 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; and
- 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 Directors short-term employee benefits | **828** | 906 |
| Non-Executive Director short-term employee benefits | **529** | 619 |
| LTIP charges | **403** | 228 |
| | **1,760** | 1,753 |

Further details of the Directors' remuneration can be found in the Remuneration Report on pages 54 to 63.

## 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 PAYMENTS

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 FEED 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 MMscf/d (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) |
|---|---|---|---|---|
| 07-Feb-22 | 25,000 | 20.35 | 27.53 | 6.80 |
| 21-Feb-22 | 52,080 | 21.00 | 28.52 | 14.85 |
| 22-Feb-22 | 46,326 | 21.00 | 28.59 | 13.24 |
| 23-Feb-22 | 47,500 | 21.00 | 28.52 | 13.55 |
| 28-Feb-22 | 47,156 | 21.50 | 28.82 | 13.59 |
| 07-Mar-22 | 52,560 | 21.11 | 27.92 | 14.67 |
| 08-Mar-22 | 34,321 | 21.11 | 27.92 | 9.58 |
| 08-Mar-22 | 10,875 | 21.02 | 27.67 | 3.01 |
| 11-Mar-22 | 61,416 | 21.00 | 27.60 | 16.95 |
| 14-Mar-22 | 60,973 | 21.25 | 27.70 | 16.89 |
| 15-Mar-22 | 20,000 | 21.00 | 27.36 | 5.47 |
| 16-Mar-22 | 25,000 | 21.05 | 27.45 | 6.86 |
| 16-Mar-22 | 40,000 | 21.00 | 27.38 | 10.95 |
| 23-Mar-22 | 7,500 | 21.40 | 28.26 | 2.12 |
| 24-Mar-22 | 50,000 | 21.40 | 28.31 | 14.16 |
| 24-Mar-22 | 13,890 | 21.00 | 27.78 | 3.86 |
| 25-Mar-22 | 35,271 | 21.40 | 28.31 | 9.80 |
| 28-Mar-22 | 64,250 | 21.00 | 27.36 | 17.58 |
| 31-Mar-22 | 68,157 | 21.50 | 28.89 | 19.69 |
| 01-Apr-22 | 70,013 | 21.50 | 28.82 | 19.75 |
| **Total** | **832,378** | **21.13** | **28.04** | **233.37** |

# GLOSSARY OF TERMS

| | |
|---|---|
| $ or US Dollar | United States Dollar |
| £ | UK Pound Sterling |
| 2D | Two Dimensional |
| 2P | 1P (proven reserves) + probable reserves, hence "proved AND probable" |
| 3D | Three Dimensional |
| AIM | Alternative Investment Market, an SME Growth Market of the London Stock Exchange |
| AGM | Annual General Meeting |
| Articles | The Articles of Association of the Company |
| Bcf | Billion standard cubic fee |
| bbl | Billion barrels of petroleum liquids |
| boe | Barrel of oil equivalent, a measure of the gas component converted into its equivalence in barrels of oil. |
| Board | The Board of Directors of the Company |
| CCBRT | Comprehensive Community Based Rehabilitation (Hospital) in Tanzania (CCBRT) |
| CEO | Chief Executive Officer |
| COO | Chief Operating Officer |
| CGU | Cash Generating Units |
| CIT | Corporate Income Tax |
| CMBL | Cyprus Mnazi Bay Limited |
| the Company | Wentworth Resources plc |
| Companies (Jersey) Law | The Companies (Jersey) Law 1991 |
| CPI | Consumer Price Index |
| CPR | Competent Person's Report |
| CSR | Corporate Social Responsibility |
| Directors | The Directors of the Company |
| Dissent Rights | Alberta Business Corporations Act Dissent Right in compliance with Section 191 of that Act entitling shareholders compensation for the fair value of the common shares determined as of the close of business on the last business day (in Alberta) before the day on which the Continuance is approved by the shareholders. |
| E&E | Exploration and Evaluation assets |
| E&P | Exploration and Production |
| EBITDAX | (Adjusted) earnings before interest, taxation, depreciation, depletion and amortisation, impairment, share-based payments, provisions, and pre-licence expenditure. |
| EIR | Effective Interest Rate |
| EITI | Extractive Industries Transparency Initiative |
| EPS | Earnings Per Share |
| ESG | Environmental, social and governance |
| FCA | Financial Conduct Authority of the United Kingdom |
| FDC | Folk Development College |
| FEED | Front End Engineering Design |
| FTSE | The Financial Times Stock Exchange |
| G&A | General and Administrative Expenses |
| GDP | Gross Domestic Product |

| | |
|---|---|
| GGM | Geita Gold Mine |
| GoT | Government of Tanzania |
| GPF | Gas Production Facility |
| GRF | Gas Receiving Facility |
| Group | The Company and its subsidiary undertakings |
| GSA | Gas Sales Agreement |
| GW | Gigawatt |
| HSSE | Health, Safety, Security & Environment |
| IAS | International Accounting Standard |
| IASB | International Accounting Standard Board |
| IFRS | International Financial Reporting Standards |
| IPO | Initial Public Offer |
| ISAs (UK) | International Standards on Auditing (UK) |
| JOA | Joint Operating Agreement |
| JV | Joint Venture |
| K | Thousands |
| Km | Kilometre(s) |
| km2 | Square kilometre(s) |
| KPIs | Key Performance Indicators |
| kV | kilo-Volt |
| London Stock Exchange or LSE | London Stock Exchange plc |
| LTI | Lost Time Incident |
| LTIP | Long-Term Incentive Plan |
| M&A | Mergers and Acquisitions |
| MEM | Ministry of Energy and Minerals, currently referred to as Ministry of Energy (MoE) |
| MEP | Mtwara Energy Project |
| Mcf | Thousand cubic feet |
| MMboe | Million barrels of oil equivalent |
| MMBtu | Million British Thermal Unit |
| MMscf/d | Million standard cubic feet per day of gas |
| M&P | Maurel et Prom |
| MW | Megawatt |
| NNGI | National Natural Gas Infrastructure |
| NOC | National Oil Company |
| NOK | Norwegian Kroner |
| NPV | Net Present Value |
| OCI | Other Comprehensive Income |
| Ordinary Shares | Ordinary share capital (no par value) |
| PAYE | Pay-As-You-Earn. A withholding tax on the taxable incomes of employees. Under this system, an employer is required by law to deduct income tax from an employee's taxable salary. |
| PDP | Proved Developed Producing |
| Petroleum | Oil, gas, condensate and natural gas liquids |

# GLOSSARY OF TERMS

| | |
|---|---|
| PPE | Property, Plant and Equipment |
| PPP | Public-Private Partnership |
| PSA | Production Sharing Agreement |
| PURA | Petroleum Upstream Regulatory Authority |
| Q&A | Questions and Answers |
| READ | Realising Development Through Education |
| 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; they must be discovered, recoverable, commercial and remaining based on the development projects applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status. |
| Reservoir | A porous and permeable rock capable of containing fluids |
| RMBO | Register of Members and Beneficial Owners |
| RPS | RPS Energy Canada Ltd is an independent international consultancy that provides independent technical and economic assessments of oil and gas assets internationally; and more specifically CPR and Annual Reserve Reports. |
| SCF | Standard cubic feet |
| Seismic | Data, obtained using a sound source and receiver, that is processed to provide a representation of a vertical cross-section through the subsurface layers. |
| Shares | Ordinary shares |
| Shareholders | Ordinary shareholders in the Company |
| Subsidiary | A subsidiary undertaking as defined in the 2006 Act |
| T&D | Transmission and Distribution |
| TANESCO | The Tanzania Electric Supply Company |
| TEITI | Tanzania Extractive Industries Transparency Initiative |
| Tembo | The Tembo Block Appraisal Licence, Mozambique (85% Wentworth, 15% ENH) |
| TIN | Tax Identification Number |
| TML | Tumaini la Maisha, in English means “Hope for Life” |
| TPDC | Tanzania Petroleum Development Corporation |
| TRA | Tanzanian Revenue Authority |
| TSR | Total Shareholder Return |
| UK | United Kingdom |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNGC | United Nations Global Compact |
| UN SDGs | United Nation's Sustainable Development Goals |
| VAT | Value Added Tax |
| WAF | Wentworth Africa Foundation |
| Wentworth | Wentworth Resources plc and subsidiaries |
| WEN | Wentworth Resources plc's ticker at AIM an SME Growth Market of the London Stock Exchange |
| WGL | Wentworth Gas Limited |
| WHO | World Health Organization |
| Working Interest or WI | A company’s equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms Working interest attributable to Wentworth. |

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