

2 May 2017



Trinity Exploration & Production plc
("Trinity" or "the Group" or "the Company")

Preliminary Results

Trinity, the independent E&P company focused on Trinidad and Tobago, today announces its preliminary results for the 12 months ended 31 December 2016.

This was a transformational period for the Group during which it re-established itself as a robust entity with high quality producing assets and strong growth potential. As such, the main focus was on maintaining production, rebasing costs and returning to profitability.

Financial Highlights*

- Revenues of USD 35.3 million (2015: USD 48.2 million)
- Pre-tax operating expenditures ("OPEX") reduced by 29% to USD 15.6 million (2015: USD 22.0 million)
- General and Administrative ("G&A") costs reduced by 61% to USD 4.2 million (2015: USD 10.5 million)
- The Group was profitable at an operating level for the majority of 2016 generating EBITDA (before exceptional items/ exploration costs written off) of USD 6.3 million (2015: USD 1.2 million)
- Net Loss after tax and exceptional items of USD 7.0 million (2015: USD 58.6 million loss)
- Positive cash inflow from operating activities of USD 9.0 million (2015: USD 2.5 million)
- Operating break-even levels below a realised price of USD 30.0 per barrel ("/bbl") achieved ahead of target
- Cash balance at end of period of USD 7.6 million (2015: USD 8.2 million). The comparable year on year cash position is all the stronger given the prudent reclassification of USD 1.1 million of cash as an Abandonment Fund within non-current assets
- The comparable year on year ending cash position is all the stronger given the prudent reclassification of USD 1.1 million of cash as an Abandonment Fund within non-current assets
- Following the successful fundraising completed in January 2017, and payments of creditor settlements, cash balances at the end of February 2017 had increased to USD 13.0 million
- Creditor settlements have resulted in a reduction in like-for-like total pre-restructuring liabilities (outstanding debt plus current and non-current liabilities) from USD 50.7 million (as at 31 December 2016) to USD 14.2 million (pro forma post-completion of the restructuring but excluding the new Convertible Loan Note, "CLN"). This includes the remaining amounts due to State Creditors (USD 13.5 million) which are due to be repaid in 10 quarterly instalments commencing in June 2017
- No Supplementary Petroleum Taxes ("SPT") relating to 2016 payable, realisations having been below the USD 50.01/bbl threshold
- Profits from production continue to be sheltered from Petroleum Profits Taxes ("PPT") by Trinity's significant tax losses and allowances position (current tax loss pool of USD 217.6 million)
- To date, the Group has put hedging in place (through purchasing put options) which covers over 35% of the Group's production should the WTI oil price fall below USD 40.0/bbl over the next 12 months
- The Board will continue to review the options available to further hedge its oil price exposure, as market conditions permit

****All figures for the financial year 2016 are audited. Q1 2017 figures are unaudited***

Operating Update

- Group average net production volumes of 2,542 bopd for the year to 31 December 2016 (2015: 2,896 bopd) due to a lack of capital investment
- Average realised price of USD 39.4/bbl (2015: USD 45.4/bbl)
- High quality reservoirs, low natural decline rates and successful low-cost workovers continue to assist in maintaining production levels, despite the backdrop of reduced investment in 2016

- Improved operating metrics (higher oil price and reduced operating costs) supported an increase in Management estimated 2P reserves to 21.3 mmbbls as at 31 December 2016 (2015: 21.0 mmbbls) despite producing 0.9 mmbbls during the year and Guapo field divestment (2P: 0.8 mmbbls)
- Combined 2P reserves and 2C resources base of 42.3 mmbbls with significant additional prospective resources
- For Q1 2017 daily production averaged c.2,500 bopd, a satisfactory performance given the reduced levels of investment in 2016
- Contingent upon the prevailing oil price environment, and subsequent investment, net average production for 2017 is expected to be in the range of 2,600 - 2,800 bopd
- Trinity is continuing to target an eventual run-rate closer to 3,000 bopd over the next 12 months (predominately contingent upon the results of the pending onshore infill drilling programme)

Corporate Update

- Completion of successful fundraising in January 2017 of approximately USD 15.0 million through an issue of ordinary shares (USD 11.7 million) and convertible loan notes (USD 3.3 million)
- Successful execution of agreements with creditors to settle outstanding debts
- All trade, senior debt and initial state creditor settlements have been made to the Trustee in accordance with the creditor arrangement
- Board significantly strengthened by the appointments of three new directors on completion of the fundraising: Jeremy N. Bridglalsingh (Executive) our current Chief Financial Officer, David A. Segel (Non-Executive) and Angus C. Winther (Non-Executive)

Strategic & Portfolio Update

- Programme of 12 recompletions ("RCP's") planned for 2017
 - Two have already been undertaken
 - A further four are expected to be completed before the end of June
- Re-initiation of swabbing activities, which re-commenced in April, to take place alongside drilling of new onshore wells from previously identified locations
- Initial onshore drilling programme expected to comprise four new wells in each of the next two years, again subject to market conditions
- The Company anticipates additional capital expenditure works for planned repairs and maintenance to its equipment and infrastructure
- These combined activities have the potential to increase production from current levels of c. 2,500 bopd to an eventual target-rate of approximately 3,000 bopd within 12 months of completing the initial onshore infill well drilling programme
- In addition, the Company has initiated an internal review of the Trinites infill drilling programme and the Trinites-TGAL and Galeota Ridge development plan

Bruce A. I. Dingwall CBE, Executive Chairman of Trinity, commented:

"The Board and management endeavoured during the period to preserve as much value for shareholders and stakeholders as we could, delivering the refinancing and restructuring needed to restore the Group's financial position. We are delighted to have now completed the balance sheet restructuring and we are now focused on growing our reserves and production levels, and achieving a market value that is more reflective of our underlying assets and business.

During the period production declined due to lack of investment. However, we are now focused on reversing this trend having made significant reductions to OPEX and G&A costs, enabling the Company to maintain and enhance cash margins despite a lower oil price environment. As such, we are well placed to grow as a producing, cash flow positive business. With a low-cost asset base and strong management team in place we look forward to a busy year ahead.

On behalf of the Board, I would like to express our thanks to all of our various stakeholders and to Trinity's staff for their continued commitment and hard work to sustain and maximise the portfolio's value.”

The Board currently expects to publish its annual report and accounts for the year to 31 December 2016 during May 2017, with the annual general meeting expected to take place in Edinburgh on 23 June 2017.

Competent Person's Statement

The information contained in this announcement has been reviewed and approved by Graham Stuart, the Company's Technical Advisor who has 34 years of relevant global experience in the oil industry. Mr. Stuart holds a BSC (Hons) in Geology. Reserves and resources in this announcement are based on internal management estimates in accordance with SPE PRMS guidelines (Petroleum Resources Management System 2007 & Revisions).

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About Trinity

Trinity is an independent oil and gas exploration and production company focused solely on Trinidad and Tobago. Trinity operates producing and development assets both onshore and offshore, in the shallow water West and East Coasts of Trinidad. Trinity's portfolio includes current production, significant near-term production growth opportunities from low risk developments and multiple exploration prospects with the potential to deliver meaningful reserves/resources growth. The Company operates all of its nine licences and, across all of the Group's assets, management's estimate of 2P reserves as at the end of 2016 was 21.3 mmbbls (excluding the Guapo-1 license which was disposed of in April 2016). Group 2C contingent resources are estimated to be 21.1 mmbbls. The Group's overall 2P plus 2C volumes are therefore 42.3 mmbbls.

Trinity is listed on the AIM market of the London Stock Exchange under the ticker TRIN.

Executive Chairman's Statement

Strategic Report

Strategy

Trinity's vision and strategy remains unchanged through the continued focus on Trinidad, retaining the integrity of the core producing proved and probable ("2P") reserves base, investing to grow production and cash flow when appropriate and warehousing further significant resource volumes to monetise in the future.

Securing a Future

Trinity entered 2016 with a distressed balance sheet compounded by a persistent low oil price environment and reduced production levels as a result of these capital constraints. The Board and Management's primary objectives during 2016 were to deliver a financial solution that would free the balance sheet from its working capital overhang and return the operating business to profitability, within a depressed oil price environment. During this time, we continued to focus on maintaining the integrity of our producing asset base whilst adopting better operational practices and efficiencies that enabled the Company to materially rebase its costs and thus reduce the break-even economics on our assets.

The forbearance and ongoing co-operation from the Trinidad & Tobago State creditors, senior debt holder and supply chain creditors allowed the Company the time needed to implement these cost saving initiatives thereby sustaining direct employment, where possible, as well as the services of a significant number of contractors during a difficult economic period in Trinidad & Tobago. For that support we remain extremely thankful and look forward to continuing to build on and strengthen the existing relationships with our stakeholders.

The drastic change in the cost structure of the business and return to operating profitability provided the impetus for the Company to accelerate the several potential funding solutions that were presented throughout 2016. In December 2016, we announced the proposed fundraising of approximately USD 15.0 million ("the Fundraising") in relation to the financial restructuring of the Company that not only enabled settlements to be proposed and agreed with outstanding creditors but also enabled the Company to be placed into a more robust position in order to ensure that value is maximised from the current asset base. This will be realised by leveraging the benefits from maintaining and growing production with a significantly reduced cost base and operating break-even levels below a realised price of USD 30.0 per barrel ("/bbl") having been achieved ahead of the end of 2016 targeted schedule.

The execution of agreements with creditors and the subsequent completion of the Fundraising on 11 January 2017 has significantly strengthened the Group's balance sheet by reducing its like-for-like total pre-restructuring liabilities (being outstanding debt plus current liabilities and non-current liabilities) from USD 50.7 million as at 31 December 2016 to USD 14.2 million (pro forma post-completion of the restructuring but excluding the new Convertible Loan Note). The net proceeds from the Fundraising were applied toward the payments to creditors under a proposal for a scheme of arrangement between the Company's T&T incorporated subsidiaries and their creditors pursuant to Part V of the Bankruptcy and Insolvency Act (No. 27 of 2007) of Trinidad and Tobago ("the Proposal") and settlement agreements, certain one-off restructuring costs, infrastructure costs to ensure the integrity of production operations going forward and, subject to the prevailing market conditions, the re-initiation of drilling activities with an initial programme of four (4) new onshore wells.

2016 Trading Summary

A four-year historical summary of realised price, production, operating break-evens and Operating Expenditure (“Opex”) and General and Administrative (“G&A”) expenditure metrics is set out below:

Details	2013	2014	2015	2016
Realised Price (USD/bbl)	91.6	85.8	45.5	39.4
Production (bopd)				
Onshore	2,088	2,005	1,601	1,343
West Coast	493	491	312	190
East Coast	1,110	1,105	983	1,009
Consolidated	3,691	3,601	2,896	2,542
Operating Break Even (USD/bbl) ⁽¹⁾				
Onshore ⁽²⁾	19.0	21.3	23.3	17.4
West Coast ⁽²⁾	21.2	24.5	40.7	37.7
East Coast ⁽²⁾	69.8	55.9	41.3	26.3
Consolidated ⁽³⁾	62.9	64.6	47.4	29.1
Metrics (USD/bbl)				
Opex/bbl - Onshore	12.8	14.4	15.7	11.8
Opex/bbl - West Coast	17.4	20.2	33.8	31.6
Opex/bbl - East Coast	52.0	41.6	31.6	20.1
G&A/bbl - Consolidated	13.8	11.4	9.9	4.5

Notes:

1. Based on realised price
2. Operating Break-even: Revenue - Over-riding Royalty - Production Royalty - Opex
3. Operating Break-even: Revenue - Over-riding Royalty - Production Royalty - Opex - G&A

The diligent efforts of the Management team and Trinity’s staff during 2016 enabled a reduction in the Company’s consolidated operating level break-even from USD 47.4/bbl in 2015 to USD 29.1/bbl for the full year 2016. This is all the more impressive given it was achieved despite reduced like-for-like production levels (-12%) and a lower realised oil price (-13%).

The establishment of a leaner, more efficient operating cost base year-on-year came about as follows:

- Opex reduced by 29% to USD 15.6 million (2015: USD 22.0 million). This was achieved through various cost efficiency measures taken with the highest reduction being within the Logistics on the East Coast. Opex is largely of a fixed cost nature and therefore an increase in production over a largely fixed cost base has a significant leverage effect;
- G&A costs reduced by 61% to USD 4.2 million (2015: USD 10.5 million) and are on target to be sustained at this level; and
- The consolidated operating break-even oil price for the Group for the 12 months ended 31 December 2016, including G&A, was USD 29.1/bbl which compares to consolidated break-even oil prices of USD 62.9/bbl in 2013, USD 64.6/bbl in 2014, USD 47.4/bbl in 2015.

The resultant impact on our financial performance was for the Company to be profitable at an operating level for the majority of 2016 generating an EBITDA of USD 6.3 million (2015: USD 1.2 million) and a robust operating cash flow of USD 9.0 million (2015: USD 2.6 million) and yielding a year-end cash balance of USD 7.6 million (2015: USD 8.2 million). The comparable year on year ending cash position is all the stronger given the prudent reclassification of USD 1.1 million of cash as an Abandonment Fund, which is recognised within non-current assets.

Trinity did not pay Supplementary Petroleum Taxes (“SPT”) during 2016 having realisations below the USD 50.01/bbl threshold. To be clear SPT is payable on average realised prices which are at a discounted level to the prevailing West Texas Intermediate (“WTI”) oil price and are partially sheltered by certain categories of capital expenditure. Furthermore, profits from production continue to be sheltered from Petroleum Profits Taxes (“PPT”) by Trinity’s significant tax losses and allowances position (current tax loss pool of USD 217.6 million).

Plans for the Future

Across Trinity’s asset base the Company has identified clear pathways for value-creating production growth. Whilst the restructuring and re-alignment of the Company’s cost base has created a much stronger platform for growth, the Board is mindful that it must maintain a disciplined approach to costs through the implementation of staged, risk-mitigated, development activities. In the short-term, the Company has embarked upon a work programme to sustain the current production base via routine work-overs (“WOs”), whilst growing current production levels from an existing wide inventory of opportunities from recompletions (“RCP’s”) and reactivations on its current well stock.

A programme of 12 RCP’s is planned for 2017 with 2 having already been undertaken and a further 4 expected to be completed before the end of June. The re-initiation of swabbing activities commenced in April and will continue to take place alongside the drilling of new onshore wells from previously identified locations. The recommenced onshore drilling programme is expected to comprise four new onshore wells in each of the next two years, subject to market conditions, most notably the prevailing oil price. Additionally, the Company anticipates capital expenditure works for planned repairs and maintenance to equipment and infrastructure.

These combined activities provide scope to grow production from current levels of c. 2,500 bopd to an eventual target-rate of approximately 3,000 bopd within 12 months of completing the initial onshore infill well drilling programme.

In addition the Company has initiated an internal review of the Trinites infill drilling programme and the Trinites-TGAL and Galeota Ridge development plan.

Operational Review

Health, Safety, Security and the Environment (“HSSE”)

Employees are Trinity’s most important resource and personal safety is a paramount driving factor in our HSSE initiatives. The initiatives employed year-on-year since 2013 have resulted in improved safety performance with a 9% improvement of the Incident Rates in 2016 compared to 2015. The Company will seek to maintain a year on year improvement for the Incident Rates in 2017 from 2016, despite the increased levels of activity planned for 2017, through the continued development of positive safety behaviours and focusing on areas with potential for further improvement. This endorses the Company’s drive to improve its HSSE Management System by progressing towards Safe to Work (“STOW”) certification that is expected to be completed during the second half of 2017. This will further advance our ability to respond, control and analyse safety events and performance data.

Production

Total average net production for 2016 was 2,542 bopd (2015: 2,896 bopd) which represents an overall 12% decline in production levels over the year, but normalised to a net overall (2016: 2,518 bopd vs 2015: 2,832 bopd) 11% decline as the GU-1 asset (2016: 5-month average: 57 bopd) was divested in May 2016.

Onshore Assets

Current onshore production is from Lease Operatorship Blocks; WD-2, WD-5/6, WD-13, WD-14 and FZ-2 in southern and south-western Trinidad.

Average 2016 net production from the Onshore assets (inclusive of GU-1) was 1,343 bopd which accounted for 53% of total production for the year. This represents a 16% decrease in production from the 2015 average

net production levels of 1,600 bopd. 2016 net Onshore production exclusive of GU-1 production represents a like-for-like decline of 14%.

The decrease in production was due to natural decline across all assets and certain wells being off for prolonged periods, as the main focus in 2016 was maintaining base production through routine WOs, reactivations and production optimisation. These activities were subject to a highly constrained capital budget. There was also no swabbing conducted during 2016 which compounded the overall lower production trend. In total, 60 routine WOs were executed across the onshore assets utilising Trinity's internal rig resources (2015: 91 routine WOs). The reduction in the quantity of WOs in 2016 was again due to capital constraints. Capital expenditure on production enhancing projects was absent in 2016 resulting in no heavy WOs, RCPs or drilling activities.

East Coast Asset

Current East Coast production is from the Alpha, Bravo and Delta platforms on the Trintes Field. Despite the cessation of investment, ongoing steps to improve operating efficiency have been effective in sustaining production with current levels ranging between 950 – 1,100 bopd.

Average 2016 net production from the East Coast was 1,009 bopd which accounted for 40% of total production for the year. This represented a 3% increase in production from the 2015 average net production levels of 983 bopd.

The retention of such stable production levels via better generator maintenance strategies and improved competency for remote monitoring on important wells, at a time when no capital has been deployed towards new drilling, is testament to the quality of the reservoirs and the technical capability and the knowledge of the operations within Trinity's team.

The two WOs completed in Q4 2015 influenced an upward trend in production, as the rates were realised in 2016. Similarly, two WOs conducted in Q4 2016, which included the installation of progressing cavity pump ("PCP") technology on the Delta platform added approximately 20 bopd. This significant test of the improved PCP technology will charter a more cost effective strategy in producing from lower rate wells on the East Coast offshore facilities.

Trinity will continue optimising and reviewing alternative artificial lift technologies to maintain base production and augment these production rates in an attempt to further improve efficiency and cost effectiveness.

West Coast Assets

Currently, West Coast production is from the Point Ligoure-Guapo Bay ("PGB") and Brighton Marine ("BM") fields.

Average 2016 net production from the West Coast was 190 bopd which accounted for 7% of Trinity's total production for the year. This represented a 39% reduction in production from 2015 average levels of 313 bopd.

There were no major activities conducted on the West Coast assets in 2016, with the exception of one routine WO, and no WOs were conducted in 2015 due to funding restrictions. The general downward trend in production is due to the ABM-151 well (~89 bopd) being closed-in due to high volume sand production tendencies. Given that this is the main gas source in the field, the resultant production impact was adversely compounded given the absence of the gas lift to optimise production across the field's wells. While gas lift will depend on both the ABM-151 well being brought back on production and the change-out of the high pressure and low pressure pipelines, the incremental production benefit is expected to be significant. Additional production curtailments were experienced across the BM field due to pipeline and platform landing stage integrity issues.

In the latter part of Q4 2016, a pipeline change-out programme was completed in BM resulting in a production increase of 55 bopd. However these rates will only be realised in 2017. The low energy prices and the higher cost of the application being predominantly offshore, has dampened activities on the asset.

However, moving forward, the land based wells across both the PGB and BM fields will be targeted for reactivation in addition to minor facility upgrades as the means to increase production.

Reserves and Resources

A comprehensive Management review of all assets has been concluded and has estimated the current 2P reserves to be 21.3 mmstb at the end of 2016, compared to the year-end 2015 reserve estimate of 20.9 mmstb (exclusive of 0.8 mmstb for GU-1). This represents an increase of 0.3 mmstb (1.6%) increase vs 2015. This increase, despite the disposal of the GU-1 asset and production for 2016 (0.9 mmstb) is largely due to reduced operating costs, revised capital expenditure and a more favourable crude oil futures price deck (compared to 2015).

The subsurface review has defined investment programmes and constituent drilling targets to commercialise the reserves as detailed, by asset area, in the table below. The 2P reserves estimate is based on the assumption of a fully funded programme.

Asset	31 December 2015	Unaudited 2016 2P Reserves			31 December 2016
		Production	Revisions		
Net Oil Production	mmstb	mmstb	mmstb	mmstb	mmstb
Onshore *	3.59	(0.48)	0.87		3.98
East Coast	15.35	(0.37)	(0.30)		14.68
West Coast	1.96	(0.07)	0.70		2.59
Total	20.90	(0.92)	1.27		21.25

Note (*): Exclusive of GU-1 asset

The best estimate of contingent resources ("2C") due to the current economic environment and the defining technical work pending is estimated by Management at 21.1 mmstb (2015: 19.9 mmstb).

Asset	31 December 2015	Unaudited 2016 2C Resources	
		Revisions	31 December 2016
	mmstb	mmstb	mmstb
Onshore*	2.96	(1.96)	1.00
East Coast	15.44	4.10	19.54
West Coast	1.54	(1.02)	0.52
Total	19.94	1.12	21.06

Note (*): Exclusive of GU-1 asset

Unaudited Summary of Reserves and Resources at 31 December 2016

Asset	2P	2C	2P+2C
	Reserves	Resources	Reserves and
	mmstb	mmstb	Resources mmstb
Onshore*	3.98	1.00	4.98
East Coast	14.68	19.54	34.22
West Coast	2.59	0.52	3.11
Total	21.25	21.06	42.31

Note (*): Exclusive of GU-1 asset

East Coast Hub

On the East Coast, Trinity has an established production hub with four offshore marine platforms (Alpha, Bravo, Charlie & Delta) that across them have 61 platform wells. Current 2P reserves underpin only the producing Trintes field. However, across the East Coast Galeota anticline licence area Management estimates total gross Stock Tank Oil Initially In Place ("STOIIP") of over 700 mmstb of which 249 mmstb of STOIIP is mapped against the Trintes field. Trintes (current booked East Coast) 2P reserves of 19.5 mmstb therefore represents a low recovery factor of 8%. Within contingent resources a further 5.0 mmstb relate to the Trintes

field. There are 31 candidate drilling locations identified in addition to the current producing well stock offering visibility on future organic production growth opportunities.

The TGAL (Trinity 65%) discovery, up-dip to the north east of the Trintes field, has booked net contingent resources of 14.5 mmstb (gross: 22.3 mmstb) which represents a low recovery factor of 12% on best estimate STOIP of 186 mmstb (management resource estimates of STOIP for the TGAL area remains at 150-210 mmstb). The draft field development plan ("FDP") was submitted to the MEEI in Trinidad & Tobago at the end of October 2015 for review and comments. The MEEI has indicated that the document is still under review, although Trinity expects to receive the MEEI's comprehensive review report in short order. However, given that the original FDP development concept arose in a significantly higher oil price environment the Company has initiated an internal review of the Trintes-TGAL and Galeota Ridge development plan for 2018 activity and beyond.

With combined 2P reserves and 2C resources of 34.2 mmstb, the potential production growth from future phased Trintes-TGAL development drilling is significant.

Within the Galeota anticline licence area there is further significant wider prospectivity with 266 mmstb STOIP having been mapped between the Trintes field and the EG-3 and EG-4 wells.

Onshore Reserves Growth Strategy

Current booked onshore reserves only reflect wells identified and budgeted as opposed to the full well inventory potential across Trinity's extensive acreage positions. The lack of available capital has meant that little or no focus has been applied to growing the onshore well hopper and thus growing reserves via desktop subsurface analysis versus the drill bit. Going forward, this will become an area of focus for Trinity with dedicated subsurface geologists working up locations for future reserves to be booked.

The Way Forward

The combination of capital to deploy towards growing production from 2P reserves, a robust cost structure to facilitate lower break-even levels, a significant volume of additional resources being warehoused, low-risk reserves growth opportunities and significant tax losses allows the Company to look forward with confidence.

However, whilst focusing on the future, the lessons of the past remain. The forbearance of the T&T State creditors, senior debt holder and the supply chain was integral to Trinity getting through an extremely difficult period and it is imperative that we work to honour our future commitments and grow the business within its financial means.

Since completing the Fundraising, the Board has investigated the various alternatives which are available to hedge the Group's exposure to the oil price. The Board's intention is to implement a hedging programme which protects the Group from significant downward movements in the oil price, thus ensuring that the Group can fulfil its remaining obligations to the BIR and MEEI in line with the ratified creditors' proposal as well as maintaining production and investment at optimum levels for the given oil price environment. The Board's intention is for its hedging programme to be cost effective, efficient and to allow the Group to maintain exposure to upward oil price movements. To date, the Group has put hedging in place (through purchasing put options) which covers over 35% of the Group's production should the WTI oil price fall below US\$40.0/bbl over the next 12 months. The Board will continue to review the options available to further hedge its oil price exposure, in line with these objectives, as market conditions permit.

Notwithstanding the seemingly insurmountable challenges, during 2016, we continued to prioritise the health, safety, security and well-being of our people while promoting the safe behaviours of contractors and partners. This is evidenced by the initiatives employed during the year having resulted in a 9% reduction in 2016 incident rates when compared to 2015. Good governance is key and we are committed to meeting all of our obligations in a responsible and transparent manner. To that end, I am very pleased to welcome three new directors to the Board: Jeremy N. Bridglalsingh (Executive) our current Chief Financial Officer ("CFO"), David A. Segel (Non-Executive) and Angus C. Winther (Non-Executive).

As we look forward I'd like to thank our staff for their hard work and loyalty. I would also like to thank our wider stakeholders and shareholders for their forbearance and support to date.

Financial Review

2016 Results Overview

During 2016, the operational focus was to return to a business model capable of being sustained in a low oil price environment. The underlying cost structure and activity set were reviewed in minute detail, taking a rigorous 'fit for purpose' approach. This commenced in late 2015 and, in the latter part of H1 2016, Trinity moved from generating an operating loss to an operating profit, that eventually produced a 2016 EBITDA of USD 6.3 million (2015: USD 1.2 million); an increase of 425% in EBITDA even though realised oil prices fell by over 13% during the period.

The following table summarises the 2016 financial results:

Financial Results Summary

	2016	2015	Δ
Production			
Net production (bopd)	2,542	2,896	(354)
YTD production (mmbbls)	0.9	1.1	(0.2)
Average realised oil price (USD/ bbl)	39.4	45.5	(6.1)
Statement of Comprehensive Income	USD MM	USD MM	USD MM
Revenues	35.3	48.2	(12.9)
Operating expenses	(38.6)	(55.3)	16.7
EBITDA	6.3	1.2	5.1
Operating (loss)/profit before exceptional items	(3.3)	(7.1)	3.8
Exceptional items	(1.7)	(17.2)	15.5
Operating loss after exceptional items	(5.0)	(24.3)	19.3
Finance Costs	(4.7)	(6.7)	2.0
Loss before income tax	(9.7)	(31.0)	21.3
Income tax expense	2.8	(27.0)	29.8
Currency translation	(0.1)	(0.6)	0.5
Total Comprehensive loss for the year	(7.0)	(58.6)	51.6
Statement of Cash Flows	USD MM	USD MM	USD MM
Cash inflow from operating activities	9.0	2.5	6.5
Net cash outflow from investing activities	(0.3)	(2.2)	1.9
Net cash (outflow)/inflow from financing activities	(6.2)	(25.1)	18.9
Closing cash balance*	7.6	8.2	(0.6)

Note (): 2016 closing cash balance excludes USD 1.1 million of cash reclassified as an Abandonment Fund, under non-current assets, which if included would be USD 8.7 million (2015: USD 8.2 million).*

Statement of Comprehensive Income Analysis

Revenues

2016 revenues were USD 35.3 million (2015: USD 48.2 million). This 27% decrease was mainly attributable to a combination of; (i) a 13% decline in the average realised oil price of USD 39.4/bbl (2015: USD 45.5/bbl) and; (ii) a 12% decrease in production to 2,542 bopd (2015: 2,896 bopd)

Operating expenses

Operating expenses were USD (38.6) million (2015: USD (55.3) million). There was a 33% decrease from the previous year and 2016 comprised:

- Royalties of USD (9.3) million (2015: USD (14.6) million)

- Production costs of USD (15.6) million (2015: USD (22.0) million)
- Depreciation, depletion and amortisation amounted to USD (9.5) million (2015: USD (8.2) million)
- G&A expense of USD (4.2) million (2015: USD (10.5) million)

Exceptional items

Exceptional items USD (1.7) million (2015: USD (17.2) million) comprised:

- Impairment of property, plant and equipment, intangibles, receivables and inventory USD (3.6) million (2015: USD (6.2) million)
- Fees relating to Corporate Restructuring USD (0.9) million (2015: USD (1.1) million)
- Release of provision for NIKO claim USD 1.2 million (2015: nil)
- Provision for Restructuring USD 1.9 million (2015: USD (1.9) million)
- Costs relating to unsecured claims and other provisions USD (1.3) million (2015: nil)
- Gain on disposal of GU-1 asset USD 1.0 million (2015: nil)
- Loss on disposal of assets nil (2015: USD (1.6) million)
- Written off 1(a) & 1(b) pre-acquisition cost nil (2015: USD (6.4) million)

See Note 28 to Consolidated Financial Statements - Exceptional items for further details.

The Group and Company's operating loss after exceptional items was USD 5.0 million (2015: USD 24.3 million).

Net Finance Costs

In 2016, finance costs amounted to USD (4.7) million (2015: USD (6.7) million) comprised of the following:

- Unwinding of the decommissioning liability USD (1.6) million (2015: USD (1.5) million)
- Combined interest related to the fully drawn (USD 20.0 million & USD 25.0 million) Citibank (Trinidad & Tobago) Limited ("Citibank") loans USD (0.9) million (2015: USD (1.1) million)
- Interest accrued on outstanding taxes USD (2.2) million (2015: USD (4.1) million)

See Note 20 to Consolidated Financial Statements – Finance Costs for further details.

Income Tax Expense

Taxation for 2016 was a credit of USD 2.8 million (2015: USD (27.0) million), and its components are described below.

- Supplemental Petroleum Tax ("SPT") for 2016 amounted to a credit of USD 0.9 million (2015: USD (1.8) million). There were no SPT charges in relation to 2016. The credit was as a result of adjustments made to align to the BIR records as the BIR applied credits to outstanding SPT liabilities from prior years in 2016
- The Petroleum Profits Taxes ("PPT") charge for the year ended was USD (1.5) million (2015: credit of USD 0.2 million)
- Corporation Tax ("CT") for the year amounted to nil (2015: USD (0.6) million)
- The Deferred Tax Asset ("DTA") for the year was as a result of tax losses recognised based on tax losses available for utilisation against future profits contributing to the credit of USD 3.4 million (2015: USD (24.7) million DTA derecognised)

See Note 21 to Consolidated Financial Statements – Income Tax Expense for further details.

Consolidated Statement of Cash Flows Analysis

Cash inflow from operating activities

Cash inflow from operating activities was USD 9.0 million (2015: USD 2.5 million) following adjustments for:

- Operating activities resulting in a net cash inflow of USD 7.6 million (2015: USD 1.1 million inflow)
- Changes in working capital of comprising a net cash inflow of USD 2.9 million (2015: USD 1.5 million)
- Taxation paid of USD (1.6) million (2015: USD (0.1) million)

Cash outflow from investing activities

Cash outflow from investing activities was USD (0.3) million (2015: USD (2.2) million), which was comprised of the following:

- Expenditure on property, plant and equipment for the year was USD (0.3) million (2015: USD (1.0) million) which mainly included infrastructure upgrades
- Costs related to the purchase of exploration and evaluation assets (nil) (2015: USD (1.2) million)

Cash outflow from financing activities

Cash outflow from financing activities was USD (6.2) million (2015: USD (25.2) million) as a result of debt repayment and finance costs:

- Repayment of borrowings of USD (3.0) million (2015: USD (20.0) million) includes principal repayment toward the Citibank USD 20.0 million loan and USD 25.0 million loan
- Finance costs of USD (3.2) million (2015: USD (5.2) million) included USD (2.2) million interest accrued on unpaid taxes and USD (1.0) million related to interest paid on loans.

See Note 15 to the Consolidated Financial Statements – Borrowings for further details.

See Note 20 to the Consolidated Financial Statements – Finance Costs for further details.

Accounting Policies

The Group prepares its financial statements in accordance with the European regulations to report consolidated statements that conform to International Financial Reporting Standards (“IFRS”).

The Group and Company’s accounting policies and details of accounting judgements and critical accounting estimates are disclosed within the notes to the financial statements. The Group has not made any changes to its accounting policies in the year ended 31 December 2016.

Formal Sales Process and Asset Sale Update

The Company announced on 8 April 2015 that it was initiating a Formal Sales Process (“FSP”) and strategic review of the options available to the Company to maximise value for shareholders.

The sale of the Group’s 100% interest in the Block GU-1 asset to New Horizon Exploration Trinidad and Tobago Unlimited (“New Horizon”) for a cash consideration of USD 2.8 million (the “GU-1 Transaction”) was agreed on 1 September 2015 and reached financial close on 24 May 2016. All the conditions precedent for the GU-1 transaction were satisfied including standard regulatory approvals, which were granted on 15 April 2016. The transaction was subsequently finalised with the closure of the cash settlement on 24 May 2016. The cash proceeds were used by Trinity to repay senior debt and for working capital purposes.

A Sale and Purchase Agreement (“SPA”) was executed on 16 October 2015 between Trinity and Touchstone Exploration Inc. (“Touchstone”) in relation to the proposed purchase of the WD-2, WD-5/6, WD-13, WD-14, and FZ-2 onshore Lease Operatorship assets for a total cash consideration of USD 20.8 million. This SPA had a backstop date of 13 March 2016 which expired without all of the conditions precedent being satisfied. Trinity circulated a termination notice in respect of the SPA to Touchstone on 14 March 2016. As a result, the sale of the blocks to Touchstone was not completed and the deposit of USD 2.1 million, held in escrow, was released to Touchstone under the terms of the SPA.

On 9 December 2016, Trinity announced that the FSP process and offer period for the sale of one or more of the Company’s assets had terminated with immediate effect as the Restructuring, along with Fundraising had matured suitably.

Restructuring and Fundraising

On 14 March 2016, following the expiry of the SPA with Touchstone, Trinity announced that the Company had engaged two specialist refinancing advisers, Imperial Capital LLC of New York, USA and Cantor Fitzgerald Europe based in London, UK. Management was encouraged by the interest levels from several potential

investors. Trinity's near term objective was to conclude a comprehensive refinancing that would enable the Company to retire its existing senior debt facilities, reduce other outstanding payables and provide sufficient additional capital to retain the integrity of its assets and grow production and cash flow. As part of the refinancing it was expected that there would have to be significant discounts agreed with the Company's senior debt holder and with Trinity's other creditors. Without such a refinancing, it was envisaged that the Group would be unlikely to be able to continue as a going concern.

On 16 August 2016, the Group's Trinidad & Tobago subsidiaries namely Trinity Exploration and Production (Trinidad and Tobago) Limited, Galeota Oilfield Services Limited, Trinity Exploration and Production (Galeota) Limited, Tabaquite Exploration & Production Company Limited, Trinity Exploration and Production (GOP) Limited, Trinity Exploration and Production (GOP-1B) Limited, Oilbelt Services Limited, Trinity Exploration and Production Services Limited and Ligo Ven Resources Limited (together the "Subsidiaries") filed a consolidated Notice of Intention ("NOI") to make a proposal to creditors ("the Proposal") under the Bankruptcy and Insolvency Act Ch. 9:70 of Trinidad and Tobago ("the BIA"). The NOI allowed the Trinidad subsidiaries to continue operating while submitting a Proposal to reach a settlement with their outstanding creditors. During this period, that being post 31 July 2016 and to date, all creditors were kept current for all costs incurred. The filing of the NOI provided the subsidiaries with a stay of proceedings from all of their creditors. The Directors believed that the Subsidiaries making the Proposal and benefiting from the stay of proceedings provided the most efficient and orderly route to concluding its restructuring negotiations with potential funders and securing refinancing to the benefit of all stakeholders. In accordance with the BIA, Ms. Maria Daniel was appointed to act as trustee under the Proposal (the "Trustee").

On 9 December 2016, the Group announced the proposed fundraising ("the Fundraising") in relation to its financial restructuring. Total gross proceeds of USD 15.0 million were anticipated via an issue of ordinary shares for an aggregate subscription price of USD 11.7 million ("the Placing") and the issue of Convertible Loan Notes ("CLN") for an aggregate subscription price of USD 3.3 million. The Fundraising was premised on, inter alia: (i) the Proposal becoming effective; (ii) the settlement agreements with Citibank (Trinidad & Tobago) Limited ("Citibank") and UK unsecured creditors being agreed; and (iii) the passing of relevant shareholder resolutions by the requisite majority of the Company's shareholders. The proceeds of the Fundraising were to be applied toward the payments to creditors under the Proposal, the settlement agreements and restructuring and closing costs in relation to the Placing and CLN.

On 19 December 2016, >99% of the creditors of the Subsidiaries accepted the Proposal which was subsequently approved by Trinity shareholders at the general meeting held on the 29 December 2016. Following the year-end, the Proposal was approved by the Trinidad & Tobago High Court at a hearing on 6 January 2017 thereby paving the way for its implementation.

Events Since Year End

- i. Results of Court Hearing – On 6 January 2017, the High Court of Trinidad & Tobago approved the Proposal, which was accepted by the creditors of the Subsidiaries on 19 December 2016.
- ii. Completion of Fundraising and share capital restructuring – The Fundraising was completed on 11 January 2017. The Company issued 187,600,000 new ordinary shares in relation to the Placing for an aggregate subscription price of USD 11.7 million and issued CLNs in the principal amount of USD 6.6 million for an aggregate subscription price of USD 3.3 million. The Company received gross proceeds of USD 15.0 million from the Fundraising. Fundraising costs amounted to USD 1.2 million with net proceeds amounting to USD 13.8 million. In order to implement the Fundraising, the Company carried out a share capital reorganisation whereby each existing ordinary share of a nominal value of USD 1.00 was divided and converted into one new ordinary share of a nominal value of USD 0.01 each and one deferred share of a nominal value of USD 0.99 each.
- iii. Share trading suspension lifted – The trading of the Company's shares on AIM was temporarily suspended on 13 July 2016, and this suspension was lifted on 11 January 2017.

- iv. Creditor settlements and agreed payment plans
- The Citibank principal settlement of USD 3.5 million was paid on 23 January 2017 and the final interest settlement of USD 0.1 million was made on 25 January 2017
 - Initial settlements to state creditors, including the BIR and MEEI, of USD 1.9 million were paid over to the Trustee on 8 February 2017. The remaining USD 13.5 million due to the Group’s state creditors (that being both taxes due and interest thereon) will be repaid in 10 quarterly instalments which will commence effective June 2017
 - Creditor settlements of USD 3.5 million in aggregate in respect of the creditors of the Subsidiaries under the Proposal were also paid over to the Trustee on 8 February 2017
 - UK based unsecured creditors were fully settled on 9 February 2017 for a total of USD 0.3 million

Unaudited Pro forma Financial Position as at 31 December 2016

Set out below is the pro forma Financial Position as at 31 December 2016 which illustrates the impact of the refinancing and creditor settlements, which took place subsequent to the 31 December year end. The unaudited data specifically the Convertible Loan Notes, certain Trade and other payables and Taxation payable are shown prior to any fair value adjustment as required by International Financial Reporting Standard (“IFRS”) and therefore the financial position in the table does not comply with IFRS. The Board believes that the gross values of these payables better reflects the pro forma financial position of the Group post refinancing and while this initial disclosure is not IFRS compliant, it will help investors better understand the impact of the refinancing and the creditor settlements on the Group’s financial position. The Board intends that the Group’s Statement of Financial Position will be measured and recognised in accordance with IFRS in Trinity’s 2017 Interim Financial Statements onwards.

Unaudited Pro forma Financial Position	Pro forma	(Audited)
Notes	Dec-16	Dec-16
	USD’000	USD’000
ASSETS		
Non-current Assets		
Property, plant and equipment	59,632	59,632
Intangible assets	25,406	25,406
Abandonment fund	1,072	1,072
Deferred tax assets	5,496	5,496
	91,606	91,606
Current Assets		
Inventories	3,787	3,787
Trade and other receivables	4,793	5,449
Cash and cash equivalents	11,877	7,615
	20,457	16,851
Total Assets	112,063	108,457
EQUITY & LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	1	96,676
Share premium	1	125,362
Share warrants		71
Share based payment reserve		12,244
Merger reserves		75,467
Reverse acquisition reserve		(89,268)
Translation reserve		(1,323)
Accumulated losses		(173,805)
	(173,805)	(195,857)

Total Equity		45,424	11,855
Non-current Liabilities			
Provision for other liabilities		38,318	38,318
Deferred tax liabilities		2,927	2,927
Trade and other payable	3	3,217	--
Taxation payable	4	6,185	--
Convertible Loan Notes	2	6,550	--
		57,197	41,245
Current Liabilities			
Trade and other payables	3	5,863	34,009
Provision for other liabilities		106	470
Borrowings	5	--	9,950
Taxation payable	4	3,473	10,928
		9,662	55,357
Total Liabilities		66,639	96,602
Total Equity and Liabilities		112,063	108,457

Notes to the Unaudited Pro forma Financial Position

1 Share Capital and Share Premium

The increase in share capital and share premium represents the 187,600,000 new ordinary shares issued at 4.98 pence. Refer to note 30 (iii) to the Financial Statements

2 Convertible loan notes

The Company issued 6,550,000 USD 1.00 Convertible loan notes ("CLNs") for proceeds of USD 3.3 million. The summary of the terms of the notes are as follows:

- Interest compounds quarterly at a rate of 7.25% per annum, and is repayable on redemption of the CLNs;
- Subject to the satisfaction of payments due to the BIR and MEEI under the Creditors Proposal, the CLN may be redeemed by the Company at any time;
- The CLN will become repayable on the occurrence of certain event(s) *inter alia* material breach of the terms or insolvency of any material Group company;
- The CLN's are convertible, subject to the City Code Rules, by the holder at a conversion price of USD 0.08125 per ordinary share at any time after the second anniversary of issue or on sale of the Company or material disposal; and
- If not otherwise redeemed or converted the balance of the CLNs together with compounded interest will be repayable in full on the seventh anniversary of issue

IFRS requires the CLNs to be initially measured and recognised at Fair Value with the fair value being allocated to both debt and equity. This is likely to result in a material reduction in the liability recognised on the pro forma Financial Position ("pro forma") at 31 December 2016. Management's initial assessment is that the Fair Value of the CLN will amount to USD 3.3 million in total, based on the funds raised at the time of issue. Management will align the accounting treatment in accordance with the IFRS's recognition and measurement criteria in the 2017 interim financial statements.

3 Trade and other payables

The trade and other payable balance post restructuring and initial settlements as per the pro forma has been split between non-current and current liabilities in line with the repayment terms under the proposal and settlement agreements repayable over 10 quarters commencing June 2017. Included within these liabilities are the amounts due to the MEEI and interest on the tax liabilities (described in note 4

below). The amounts presented on the pro forma represents the face values of the liabilities outstanding and does not comply with IFRS, which requires the financial liabilities to be recognised at Fair Value (given that the repayment period lasts until 30 September 2019). This is likely to result in a reduction in the liability recognised on the pro-forma. Management will align the accounting treatment in accordance with the IFRS's recognition and measurement criteria in the 2017 interim financial statements.

4 Taxation payable

The Taxation payable has been split between non-current and current and represents the principal balance owed (the treatment of the interest portion is described in point 3 above) to the BIR and repayable over 10 quarters commencing June 2017 and does not reflect the IFRS treatment which should not be materially different from that presented in the pro forma. Management will align the accounting treatment in accordance with the IFRS's recognition and measurement criteria in the 2017 interim financial statements.

5 Borrowings

The Citibank borrowings of USD 9.95 million have been fully settled on 23 January 2017 refer to Note 30 (iv) to the Financial Statements.

Trinity Exploration & Production Plc
Consolidated Statement of Comprehensive Income
at 31 December 2016

(Expressed in United States Dollars)

	Note	2016 \$'000	2015 \$'000
Operating Revenues			
Crude oil sales		35,303	48,180
Other income		--	30
		<u>35,303</u>	<u>48,210</u>
Operating Expenses			
Royalties		(9,326)	(14,571)
Production costs		(15,569)	(21,966)
Depreciation, depletion and amortisation	5	(9,539)	(8,219)
General and administrative expenses		(4,154)	(10,497)
		<u>(38,588)</u>	<u>(55,253)</u>
Operating Loss Before Exceptional Items		(3,285)	(7,043)
Exceptional Items	28	(1,675)	(17,229)
Operating Loss After Exceptional Items	19	(4,960)	(24,272)
Net Finance Costs	20	<u>(4,733)</u>	<u>(6,675)</u>
Loss Before Income Tax		(9,693)	(30,947)
Income Tax Expense	21	<u>2,829</u>	<u>(26,976)</u>
Loss For The Year		(6,864)	(57,923)
Other Comprehensive Expense:			
Items that may be subsequently reclassified to profit or loss			
Currency Translation		<u>(112)</u>	<u>(597)</u>
Total Comprehensive Loss For The Year		<u>(6,976)</u>	<u>(58,520)</u>
Earnings per share (expressed in dollars per share)			
Basic	29	(0.07)	(0.62)
Diluted	29	<u>(0.07)</u>	<u>(0.62)</u>

Trinity Exploration & Production Plc
Consolidated Statement of Financial Position
at 31 December 2016

(Expressed in United States Dollars)

	Note	2016 \$'000	2015 \$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	5	59,632	46,143
Intangible assets	6	25,406	26,751
Abandonment fund	10	1,072	--
Deferred tax assets	17	5,496	2,460
		<u>91,606</u>	<u>75,354</u>
Current Assets			
Inventories	8	3,787	3,962
Trade and other receivables	7	5,449	10,593
Available-for-sale non-financial assets	14(a)	--	30,491
Taxation recoverable	9	--	192
Cash and cash equivalents	10	7,615	8,200
		<u>16,851</u>	<u>53,438</u>
Total Assets		<u>108,457</u>	<u>128,792</u>
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Parent			
Share capital	11	94,800	94,800
Share premium	11	116,395	116,395
Share warrants	12	71	71
Share based payment reserve	27	12,244	12,178
Merger reserves	13	75,467	75,467
Reverse acquisition reserve	13	(89,268)	(89,268)
Translation reserve		(1,997)	(557)
Accumulated losses		(195,857)	(188,993)
Total Equity		<u>11,855</u>	<u>20,093</u>
Non-current Liabilities			
Provision for other liabilities	16	38,318	19,831
Deferred tax liabilities	17	2,927	3,308
		<u>41,245</u>	<u>23,139</u>
Current Liabilities			
Trade and other payables	18	34,009	30,033
Provision for other liabilities	16	470	1,930
Liabilities of the disposal group classified as held-for-sale	14(b)	--	21,927
Borrowings	15	9,950	13,000
Taxation payable	9	10,928	18,670
		<u>55,357</u>	<u>85,560</u>
Total Liabilities		<u>96,602</u>	<u>108,699</u>
Total Equity and Liabilities		<u>108,457</u>	<u>128,792</u>

Trinity Exploration & Production Plc
Company Statement of Financial Position
at 31 December 2016

(Expressed in United States Dollars)

	Note	2016 \$'000	2015 \$'000
ASSETS			
Non-current Assets			
Investment in subsidiaries	22	44,802	44,775
Trade and other receivables	7	--	10,813
		<u>44,802</u>	<u>55,588</u>
Current Assets			
Trade and other receivables	7	2,670	1,176
Cash and cash equivalents	10	758	--
		<u>3,428</u>	<u>1,176</u>
Total Assets		<u>48,230</u>	<u>56,764</u>
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Parent			
Share capital	11	94,800	94,800
Share premium	11	116,395	116,395
Share based payment reserve		1,544	1,505
Merger reserves		56,652	56,652
Accumulated losses		<u>(222,235)</u>	<u>(218,234)</u>
Total Equity		<u>47,156</u>	<u>51,118</u>
Current Liabilities			
Trade and other payables	18	739	859
Tax payable	9	--	1,614
Intercompany		<u>335</u>	<u>3,173</u>
		<u>1,074</u>	<u>5,646</u>
Total Liabilities		<u>1,074</u>	<u>5,646</u>
Total Equity and Liabilities		<u>48,230</u>	<u>56,764</u>

Trinity Exploration & Production Plc

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

(Expressed in United States Dollars)

Year ended 31 December 2015	Share Capital	Share Premium	Share Warrants	Share Based Payment Reserve	Reverse Acquisition Reserve	Merger Reserves	Translation Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015	94,800	116,395	71	11,834	(89,268)	75,467	527	(131,070)	78,756
Share based payment charge (note 27)	--	--	--	344	--	--	--	--	344
Translation difference	--	--	--	--	--	--	(487)	--	(487)
Total comprehensive expense for the year	--	--	--	--	--	--	(597)	(57,923)	(58,520)
At 31 December 2015	94,800	116,395	71	12,178	(89,268)	75,467	(557)	(188,993)	20,093
At 1 January 2016	94,800	116,395	71	12,178	(89,268)	75,467	(557)	(188,993)	20,093
Share based payment charge (note 27)	--	--	--	66	--	--	--	--	66
Translation difference	--	--	--	--	--	--	(1,328)	--	(1,328)
Total comprehensive expense for the year	--	--	--	--	--	--	(112)	(6,864)	(6,976)
At 31 December 2016	94,800	116,395	71	12,244	(89,268)	75,467	(1,997)	(195,857)	11,855

Trinity Exploration & Production Plc

Company Statement of Changes in Equity for the year ended 31 December 2016

(Expressed in United States Dollars)

	Share Capital	Share Premium	Share Based Payment Reserve	Merger Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2015						
At 1 January 2015	94,800	116,395	1,419	56,652	(215,838)	53,428
Share based payment charge	--	--	86	--	--	86
Total comprehensive expense for the year	--	--	--	--	(2,396)	(2,396)
At 31 December 2015	94,800	116,395	1,505	56,652	(218,234)	51,118
At 1 January 2016	94,800	116,395	1,505	56,652	(218,234)	51,118
Share based payment charge	--	--	39	--	--	39
Total comprehensive expense for the year	--	--	--	--	(4,001)	(4,001)
At 31 December 2016	94,800	116,395	1,544	56,652	(222,235)	47,156

Trinity Exploration & Production Plc

Consolidated Statement of Cash Flows for the year ended 31 December 2016

(Expressed in United States Dollars)

	Note	2016 \$'000	2015 \$'000
Operating Activities			
Loss before taxation		(9,693)	(30,947)
Adjustments for:			
Translation difference		2,275	841
Finance cost – loans and interest	20	3,156	5,151
Share based payment charge	27	66	344
Finance cost – decommissioning provision	16	1,577	1,524
Depreciation, depletion and amortisation	5	9,539	8,219
Loss on disposal of inventory		--	1,302
(Gain)/loss on disposal of assets		(954)	108
Write off of blocks 1(a) & 1 (b)		--	6,385
Impairment of property, plant and equipment	5	2,420	2,559
Impairment of intangibles	6	--	131
(Release)/record of provision for restructuring		(1,870)	1,943
Impairment of receivables		1,071	1,036
Impairment of inventory		--	2,483
Unsecured creditors' claims		697	--
Provisions recorded		712	--
Tax write off		(157)	--
Release of provision for claim		(1,218)	--
		7,621	1,079
Changes In Working Capital			
Inventories	8	26	5,541
Available for-sale non-financial assets		1,896	104
Trade and other receivables	7	(746)	2,785
Trade and other payables	18	1,741	(6,910)
		10,538	2,599
Taxation paid		(1,551)	(114)
Net Cash Inflow From Operating Activities		8,987	2,485
Investing Activities			
Purchase of exploration and evaluation assets	6	--	(1,206)
Purchase of property, plant and equipment	5	(266)	(1,012)
Net Cash Outflow From Investing Activities		(266)	(2,218)
Financing Activities			
Finance costs	20	(3,156)	(5,151)
Repayment of borrowings	15	(3,050)	(20,000)
Net Cash Outflow From Financing Activities		(6,206)	(25,151)
Increase/(Decrease) in Cash and Cash Equivalents		2,515	(24,884)
Cash And Cash Equivalents			
At beginning of year		8,200	33,084
Less funds held for abandonment		(3,100)	--
Increase/ (Decrease) in cash and cash equivalents		2,515	(24,884)
At end of year	10	7,615	8,200

Trinity Exploration & Production Plc

Company Statement of Cash Flows for the year ended 31 December 2016

(Expressed in United States Dollars)

	Note	2016 \$'000	2015 \$'000
Operating Activities			
Loss before taxation		(4,259)	(2,159)
Adjustments for:			
Exchanges differences		78	70
Finance income – intragroup loans		(289)	(314)
Finance cost – interest on taxes		12	129
Share based payment charge		39	86
Impairment of intragroup loans		4,014	--
		<u>(405)</u>	<u>(2,188)</u>
Changes In Working Capital			
Trade and other receivables	7	5,246	(893)
Trade and other payables	18	<u>(2,958)</u>	<u>2,886</u>
		1,883	(195)
Taxation Paid			
		(1,402)	--
Net Cash Inflow/(Outflow) from Operating Activities			
		<u>481</u>	<u>(195)</u>
Financing Activities			
Finance income – intragroup loans		289	314
Finance cost – interest on taxes		<u>(12)</u>	<u>(129)</u>
Net Cash Inflow from Financing Activities			
		<u>277</u>	<u>185</u>
Increase/(Decrease) In Cash And Cash Equivalents			
		<u>758</u>	<u>(10)</u>
Cash And Cash Equivalents			
At beginning of year		--	10
Increase/(Decrease) in cash and cash equivalents		758	(10)
At end of year			
	10	<u>758</u>	<u>--</u>

Trinity Exploration & Production Plc

Notes to the Consolidated Financial Statements

31 December 2016

(Expressed in United States Dollars)

1 Background and Accounting Policies

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

Background

Trinity Exploration & Production plc ("Trinity") previously Bayfield Energy Holdings plc ("Bayfield") was incorporated and registered in England and Wales on 21 February, 2011 and traded on the Alternative Investment Market ("AIM"), a market operated by London Stock Exchange plc. On 14 February, 2013, Bayfield was acquired by Trinity Exploration & Production (UK) Limited ("TEPL"), a Company incorporated in Scotland, through a reverse acquisition. On the 14 February 2013, the enlarged Group was re-admitted to trading on AIM and Bayfield changed its name to Trinity Exploration & Production plc. Trinity ("the Company") and its subsidiaries (together "the Group") are involved in the exploration, development and production of oil and gas reserves in Trinidad.

Basis of Preparation

This consolidated financial information has been prepared on a going concern basis, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the EU and those parts of the Companies Act 2006 as applicable to companies reporting under IFRS. This consolidated financial information has been prepared under the historical cost convention, modified for fair values under IFRS.

The preparation of the consolidated financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in note 3.

The Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its own income statement or statement of comprehensive income. The loss for the Company for the year was \$4.0 million (2015 \$2.4 million loss).

Going Concern

In making their going concern assessment, the Directors have considered the Group's budget and cash flow forecasts. The Group is incurring expenditure in order to continue operations from its existing fields as well as maintain a much reduced level of overheads. At the 31 December 2016 the Group had a net current liability of \$39.1 million.

During 2016, the Group had challenges as evidenced by its Statement of Financial position and the objective was to secure a refinancing solution to enable the Company to retire its existing senior debt facilities, reduce outstanding payables and provide sufficient additional capital to continue operating in the foreseeable future. As part of the refinancing deal it was expected that there would have to be significant discounts agreed on the outstanding senior debt holder and with the Groups creditors. Without such a refinancing, it was envisaged that the Group and Company would be unlikely to be able to continue as a going concern.

On 16 August 2016 the Trinidad & Tobago subsidiaries filed for a Notice of Intentions ("NOIs") under the Bankruptcy and Insolvency Act of Trinidad & Tobago ("BIA") to make a proposal to creditors ("the Proposal") and the BIA allowed the company to continue operating while it submitted its proposal to reach a settlement with its outstanding creditors whilst only paying for current operational costs post July 2016. The filing of the NOIs provided the Subsidiaries with a stay of proceedings from all creditors. The Directors believed that the Subsidiaries making the Proposal and benefiting from the stay on proceedings provided the most efficient and orderly route to conclude its restructuring negotiations with potential funders and securing a refinancing to the benefit of all stakeholders. Maria Daniel of Ernst & Young Services Limited was appointed to act as trustee under the Proposal and formal notice was sent to creditors of the Subsidiaries in accordance with the provisions of the BIA.

On 9 December 2016, the Group announced the proposed fundraising ("the Fundraising") in relation to its financial restructuring. Total gross proceeds of \$15.0 million were anticipated via an issue of \$11.7 million Ordinary Share

Capital (“The Placing”) and \$3.3 million in Convertible Loan Notes (“CLN”). The Fundraising was conditional on, inter alia:

- (i) The Proposal becoming effective;
- (ii) The Settlement Agreements to Citibank (Trinidad & Tobago) Limited (“Citibank”), Ministry of Energy and Energy Affairs of Trinidad & Tobago (“MEEI”), Board of Inland Revenue of Trinidad & Tobago (“BIR”), Petroleum Company of Trinidad & Tobago (“Petrotrin”) and United Kingdom (“UK”) unsecured creditors becoming effective; and
- (iii) The passing of the Shareholder Resolutions by the requisite majority of the Company's Shareholders.

On 19 December 2016, the Trinidad & Tobago Creditors accepted the Proposal which was subsequently approved by Trinity plc shareholders at the Annual General Meeting (“AGM”) held on the 29 December 2016.

Subsequent to year-end the Proposal was formally approved by the Trinidad & Tobago High Court on 6 January 2017 and the fundraising was executed on 11 January 2017. This has allowed the Group to secure funding through its ultimate parent company, whilst also reducing the group debt and creditor balances. The following actions can now be taken based on the Group's stronger Statement of Financial position and available cash flows::

- The gross proceeds from the fundraising was applied in part towards the payments to creditors under the Creditors Proposal and the Settlement Agreements, including its loan to Citibank
- The balance of the gross proceeds alongside current cash balances and organic cash flow was deployed towards certain one-off restructuring and infrastructure costs and the re-initiation of drilling activities
- The Group intends to move forward with a work programme to sustain and grow current production levels from an existing wide inventory of opportunities for workovers, recompletions and drilling

The financial statements have been prepared on the going concern basis based on the financing provided by the shareholders which provides the necessary financial support to the Group to enable it to pay its debts as they fall due for the foreseeable future.

The Board of Directors has carefully considered and formed a reasonable judgement that, at the time of approving these financial statements, the Group and Company have completed the funding required to continue operations for the foreseeable future. For this reason, the Board of Directors continues to adopt the going concern basis of preparing these financial statements.

New and amended standards adopted by the Group:

The group has applied the following standards and amendments for the first time for annual reporting period commencing 1 January 2016:

IFRS 11 Joint Arrangements	A further amendment to the standard deals with the accounting for acquisitions of interests in joint operations. To account for the acquisition of an interest in a joint operation that is a business was to apply the relevant principles for business combinations in IFRS 3 and other IFRSs. The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.	Periods beginning on / after 1 January 2016
IAS 1 Presentation of Financial Statements	The amendment to the standard aims at addressing perceived impediments to preparers exercising their judgement in presenting their financial reports.	Periods beginning on / after 1 January 2013
IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets)	Another amendment to the standards addresses the Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	Periods beginning on / after 1 January 2016

New and amended standards not yet adopted by the Group:

The following standards and amendments to existing standards have been published and are effective for periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. The impact of these will be assessed in due course:

IFRS 15 Revenue	The new standard for revenue replaces IAS 18, and will have a significant impact on	Periods beginning on
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from Contracts with Customers	some entities. The changes could have an impact on the timing of when revenue is recognised and the period over which it is recognised as well as on the financial statement disclosures.	/ after 1 January 2017
IFRS 9 Financial Instruments	The standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	Periods beginning on / after 1 January 2018
IFRS 16 Leases	This is a new accounting standard which will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	Periods beginning on / after 1 Jan 2019

Basis of consolidation

The consolidated financial information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Costs related to an acquisition are expensed as incurred.

Uniform accounting policies have been adopted across the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combination

The acquisition of subsidiaries is accounted for using the acquisition method. Identifying the acquirer in a business combination is based on the concept of 'control'. However in certain circumstances the positions may be reversed and it is the legal subsidiary entity's shareholders who effectively control the combined Group even though the other party is the legal parent. IFRS 3 requires, in a business combination effected through an exchange of equity interests, all relevant facts and circumstances be considered to determine which of the combining entities has the power to govern the financial and operating policies of the other entity. These combinations are commonly referred to as 'reverse acquisitions'.

For each business combination, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Transaction costs are expensed directly to the Income Statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. Where the Group has acquired assets held in a subsidiary undertaking that do not meet the definition of a business combination, purchase consideration is allocated to the net assets acquired and the interests of non-controlling shareholders are initially measured at their proportionate share of the acquiree's net assets.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans comprised of warrants, options and Long Term Incentive Plans ("LTIP") as consideration for services rendered by the Group's employees. The fair value of the services received in exchange for the grant of share-based payment is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of share-based payments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Where the services provided relate solely to the issue of share capital, the expense will be charged to equity within the share premium account.

The grant by the Company of options and LTIPs over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Foreign currency translation

(a) *Functional and presentation currency*

The functional currency of the Group operating entity is Trinidad & Tobago dollars as this is the currency of the primary economic environment in which the entities operate. The presentation currency is United States Dollars which better reflects the Group's business activities and improves ability of users of the financial statements to compare financial results with others in the International Oil and Gas industry. The Consolidated Statement of Financial Position is translated at the closing rate and Consolidated Statement of Comprehensive Income is translated at the average rate. The following exchange rates have been used in the preparation of these financial statements:

	2016		2015	
	\$	£	\$	£
Average rate TTD= \$/£*	6.626	9.143	6.354	9.784
Closing rate TTD= \$/£	6.754	8.4011	6.420	9.594

Note (*): £ means Great British Pound ("GBP")
TTD means Trinidad & Tobago Dollar

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) *Translation differences*

Differences arising from retranslation of the financial statements at the year-end is recognised in the Translation reserve through "Other comprehensive income".

Intangible assets

(a) *Exploration and evaluation assets*

i) *Capitalisation*

Exploration and Evaluation assets are initially classified as intangible assets. Such costs include those directly

associated with an exploration area. Upon discovery of commercial reserves capitalisation is recognised within Property, Plant and Equipment.

Oil and natural gas exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Under this method, costs are accumulated on a prospect-by-prospect basis and capitalised upon discovery of commercially viable mineral reserves. If the commercial viability is not achieved or achievable, such costs are charged to expense.

Costs incurred in the exploration and evaluation of assets includes:

ii) License and property acquisition costs

Exploration and property leasehold acquisition costs are capitalised within exploration and evaluation assets.

iii) Exploration and evaluation expenditure

Costs directly associated with an exploration well are capitalised until the determination of reserves is evaluated. Such costs include topographical, geological, geochemical, and geophysical studies, exploratory drilling costs, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. Capitalisation is made within property, plant and equipment or intangible assets according to its nature however a majority of such expenditure is capitalised as an intangible asset. If commercial reserves are found, the costs continue to be carried as an asset. If commercial reserves are not found, exploration and evaluation expenditures are written off as a dry hole when that determination is made.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets as applicable. No depreciation and/or amortisation are charged during the exploration and evaluation phase.

iv) Impairment

Exploration and evaluation assets are tested for impairment (in accordance with the criteria set out in IFRS 6: Exploration for and Evaluation of Mineral Resources) whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceed their recoverable amount. The recoverable amount is the higher of the exploration and evaluations assets' fair value less costs to sell and their value in use. For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are Grouped with existing cash generating units ("CGU") of related production fields located in the same geographical region. The geographical region is the same as that used for reserves reporting purposes.

The following indicators are evaluated to determine whether these assets should be tested for impairment:

- The period for which the Group has the right to explore in the specific area.
- Whether substantive expenditure on further exploration and evaluation in the specific area is budgeted or planned.
- Whether exploration and evaluation in the specific area have not led to the discovery of commercially viable quantities and the Company has decided to discontinue such activities in the specific area.
- Whether sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(b) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Property, plant and equipment

(a) Oil and gas assets

i) Development and Producing Assets – Capitalisation

Development expenditures are costs incurred to obtain access to proven reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. These costs include transfers from exploration and evaluations subsequent to finding commercially viable reserves, development drilling and new reserve type, infrastructure costs and development geological and geophysical costs. Acquisitions of oil and gas properties are accounted for under the purchase method where the transaction meets the definition of a business combination.

Transactions involving the purchases of an individual field interest, or a Group of field interests, that do not qualify as a business combination are treated as asset purchases, irrespective of whether the specific transactions involve the transfer of the field interests directly, or the transfer of an incorporated entity. Accordingly, the consideration is allocated to the assets and liabilities purchased on a relative fair value basis.

Proceeds on disposal are applied to the carrying amount of the specific asset or development and production assets disposed of. Any excess is recorded as a gain on disposal in the statement of comprehensive income and any shortfall between the proceeds and the carrying amount is recorded as a loss on disposal in the statement of comprehensive income.

Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development commercially proven wells is capitalised according to its nature. When development is completed on a specific field it is transferred to Production Assets. No depreciation and/or amortisation are charged during the development phase.

Expenditure on Geological and Geophysical (G&G) surveys used to locate and identify properties with the potential to produce commercial quantities of oil and gas as well as to determine the optimal location for development wells are capitalised.

ii) Development and Producing Assets – Impairment

An impairment test is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount. Impairment triggers include but not limited to, declining long term market prices for oil and gas, significant downward reserve revisions, increased regulations or fiscal changes, deteriorating local conditions such that it become unsafe to continue operations and obsolescence.

The carrying value is compared against the expected recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels (its cash generating unit) for which there are separately identifiable cash flows. The cash generating unit applied for impairment test purposes is generally the field. These fields are the same as that used for reserves reporting purposes.

iii) Producing Assets – Depreciation, depletion and amortisation

The provision for depreciation, depletion and amortisation of developed and producing oil and gas assets are calculated using the unit-of-production method. Oil and gas assets are depreciated generally on a field-by-field basis using the unit-of-production method which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future development costs. Changes in the estimates of commercial reserves or future development costs are dealt with prospectively.

iv) Decommissioning

Provision for decommissioning is recognised in accordance with the contractual obligations at the commencement of oil and gas production. The amount recognised is the net present value of the estimated cost of decommissioning at the end of the economic producing lives of the wells and the end of the useful lives of refinery and storage units. Such costs include removal of equipment, restoration of land or seabed. The unwinding of the discount on the provision is included in the statement of comprehensive income within finance costs.

A corresponding asset is also created at an amount equal to the provision. This is subsequently depleted as part of the capital costs of the production assets. Any change in the present value of the estimated expenditure or discount rates are reflected as an adjustment to the provision and the asset and dealt with prospectively.

(b) Non-oil and gas assets

All property, plant and equipment are recorded at historical cost less accumulated depreciation and any impairment losses. Historical cost includes the original purchase price of the asset and expenditure that is directly attributable to bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The provision for depreciation with respect to operations other than oil and gas producing activities is computed using the straight-line method based on estimated useful lives as follows:

Leasehold and buildings	-	20 years
Plant and equipment	-	4 years
Other	-	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing assets will flow to the Group. Major renovations such as leasehold improvements are depreciated over the remaining useful life of the related asset.

Impairment of non-financial assets

At each reporting date, assets that have an indefinite useful life, (for example goodwill) are not subject to amortisation and are tested for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Crude oil is stated at the lower of cost and net realisable value. Cost is determined by the average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Materials and supplies used mainly in drilling wells, recompletion and workovers are stated at lower of cost and net realisable value. Cost is determined using the average cost method.

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are amounts due from customers for crude oil sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. The Group considers the following as indicators of impairment:

- Collectability is in doubt
- Age of the receivable

- Cashflow position of the debtor

Trade receivables are recognised initially at fair value less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of sale.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in equity. In this case the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle the balances on a net basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of crude oil and services provided in the ordinary course of business, net of discounts and sales related taxes. Revenue from the sale of goods is recognised when it is probable that future economic benefits will flow to the entity and when specific criteria have been met.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, unless collectability is in doubt.

Other income is recognised when earned unless collectability is in doubt.

Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or

sale.

All other borrowing costs are recognised in comprehensive income in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Employee retirement benefits

The Group provides retirement benefits for certain employees in the form of individual annuity policies. These are defined contribution arrangements.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Available-for-sale non-financial assets (or disposal Groups) held-for-sale

Available-for-sale non-financial assets (or disposal Groups) classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell. Available-for-sale non-financial assets and disposal Groups are classified as held or sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal Group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. The nominal value of any shares issued is recognised in share capital with the excess above the nominal amount paid being shown within share premium.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity. Where, on issuing shares, share premium has been recognised, the expenses of issuing those shares and any commission paid on the issue of those shares have been written off against the share premium account.

Operating segment information

The steering committee of Management is the Group's chief operating decision-maker. Management has determined the operating segments reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for making strategic decisions inclusive of; allocating resources and assessing performance of the operating segments. The chief operating decision - maker has been identified as the steering committee of Management which comprises; the Country Manager, Chief Operating Officer and Chief Financial Officer, that makes strategic decisions in accordance with Board policy.

Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. Items presented as exceptional are material items of income or expense that have been shown separately due to the non-recurring nature and the significance of their nature or amount.

2 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's overall risk management program seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management. Management identifies and evaluates financial risks.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily with respect to the United States dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency.

At 31 December 2016, if the functional currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax (loss)/profit for the year would have been \$0.8 million (2015: \$1.0 million) lower/higher, mainly as a result of foreign exchange gain/losses on translation of US dollar-denominated borrowings and sales.

(ii) Price risk

The Group is exposed to commodity price risk regarding its sales of crude oil which is an internationally traded commodity.

At 31 December 2016, if commodity prices had been 20% higher/lower with all other variables held constant, post-tax (loss)/profit for the year would have been \$7.0million (2015: \$10.0million) lower/higher.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from borrowings which expose the Group to cash flow interest rate risk. The Group manages risk by limiting the exposure to floating interest rates and maintain a balance between floating and fixed contract rates.

At 31 December 2016, if interest rates on foreign currency-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax (loss)/profit for the year would have been \$0.1 million (2015: \$0.1 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, management determines the placement of funds based on its judgement and experience to minimise risk.

All sales are made to a state-owned entity – Petrotrin and management assesses risk based on the credit quality of the customer, their financial position and past experience. The compliance with credit terms are monitored regularly by management.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow. At the end of the year the Group was facing liquidity issues over its current liabilities which include borrowings, accounts payable, accruals and

taxes. The Groups' revenues have decreased considerably as a result of a continued decline in oil prices impacting the main source of revenue generation. Subsequent to the year end the Group was able to favorably improve its liquidity position. Management refers to the disclosures in note 1 "Going Concern" for more information regarding the factors considered by the Company in managing liquidity risk. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

<u>Less than 1 year</u>	2016	2015
At 31 December	\$'000	\$'000
(i) Borrowings (including interest) (note 15)	10,766	13,900
(ii) Accounts payable, provisions, accruals and taxes (note 18,16,9)	45,407	48,703

Note: There were no items in (i) and (ii) which were classified between 2 and 5 years

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the end of 2016 the Citibank debt covenants were in default (note 15). However the Group was operating under the Proposal which prevented any creditor from issuing a winding up order. Subsequent to the year end the Group utilised certain strategies to ensure capital was available to meet its operating obligations. See note 1 on Going Concern.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2016	2015
	\$'000	\$'000
Total borrowings ¹	9,950	13,000
Less: cash and cash equivalents	(7,615)	(8,200)
Net debt	2,335	4,800
Total equity	11,855	20,093
Total capital	14,190	24,893
Gearing ratio	16.46%	19.28%

¹ Under the terms of the borrowing facilities the Group is required to comply with certain financial covenants which were breached in 2015 and 2016 resulting in the loan being classified to "current". See note 15.

Fair value estimation

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3 Critical Accounting Estimates and Assumptions

The preparation of the financial statements requires the use of accounting estimates which, by definition, seldom equal the actual results. Management also exercise judgement in applying the Group's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) **Income taxes**

Some judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. Management recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) **Recoverability of deferred tax assets**

Deferred tax assets mainly arise from tax losses and are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit in which the change occurs. The Group has concluded that the deferred tax asset recognised will be recoverable using approved business plans and budgets for the specific subsidiaries that the deferred tax asset arose.

(c) **Provision for decommissioning costs**

This provision is significantly affected by changes in technology, laws and regulations which may affect the actual cost of decommissioning to be incurred at a future date. The estimate is also impacted by the discount rates used in the provisioning calculations. The discount rates used are the Group's risk-free rate and the core inflation rate applicable to the local market. The provision has been estimated using a discount rate of 3.9% (2015: 3.9%) and a core inflation rate of 3% (2015: 3%). The impact in 2016 of a 1% change in these variables is as follows:

	Statement of Financial Position Obligation	Statement of Comprehensive Income/Expense
	2016 \$'000	2016 \$'000
	<i>(Decrease)/Increase</i>	<i>(Decrease)/Increase</i>
<u>Discount rate</u>		
1% increase in assumed rate	(5,943)	(100)
1% decrease in assumed rate	7,090	(184)
<u>Inflation rate</u>		
1% increase in assumed rate	8,383	317
1% decrease in assumed rate	(6,981)	(265)

(d) **Estimation of reserves**

All reserve estimates involve some degree of uncertainty, which depends chiefly on the amount of reliable geological and engineering data available at the time of the estimate. Generally, reserve estimates are revised as additional data become available. The Group's reserve estimates are also evaluated periodically by independent external reserve evaluators, the last independent external reserve valuation was done in 2012. The Group estimated its own commercial reserves in 2015 and 2016 based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may also change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets, oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the unit of production method, or where the useful life of the related assets change.

- Provisions for decommissioning may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

During 2016 all subsidiaries onshore and offshore 2P reserve estimates were re-evaluated by management and approved by the Board of Directors.

(e) Farm outs and lease operatorship agreements

The Group financial statements are prepared on the assumption that its farmout and lease operatorship agreements will be renewed upon expiry. If any of these farmout or lease operatorship agreements are not renewed or renewed on disadvantageous terms this may severely impact the profitability and ongoing operations of the Group.

(f) Share-based payments

Management is required to make assumptions in respect of the inputs used to calculate the fair values of share-based payment arrangements which include expected volatility, risk free interest rate and current share price.

(g) Impairment of property, plant and equipment

Management performs impairment assessments on the Group's property, plant and equipment once there are indicators of impairment with reference to IAS 36: Impairment of Assets and in accordance with the accounting policy stated in note 1. In order to test for impairment, the higher of fair value less costs to sell and values in use calculations are prepared which require arm's length offers and an estimate of the timing and amount of cash flows expected respectively to arise from the cash generating unit (CGU). A CGU represents an individual field or asset held by Trinity.

During 2016 an impairment charge was recognised on the Group's property, plant and equipment of \$2.4 million (2015: \$2.6 million) see note 5, resulting in the carrying amount of the respective CGUs being written down to their recoverable amount.

(i) Oil and Gas Assets \$ 1.1 million impairment

As part of this assessment, management has carried out an impairment test on the oil and gas assets classified as property, plant and equipment. This test compares the carrying value of the assets at the reporting date with the recoverable amount for each CGU. The recoverable amount is the higher of the Fair Value Less Costs of Disposal ("FVLCO") and value in use ("VIU"). The FVLCO is the amount that a market participant would pay for the CGU less the cost disposal or utilising a discounted cash flow approach to FVLCO. The FVLCO approach utilised a discounted cash flow based on the proved and probable (2P) reserve estimates of the CGUs of the Group. The FVLCO calculations, the period over which management has projected its cash flow forecast, ranges between an 8-17 year economic lives based on the reserve limit profile. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of each CGU and a range of assumptions, including an external oil and gas price profile and a discount rate which, taking into account other assumptions used in the calculation, management considers to be reflective of the risks.

The discounted cash flow approach assessment involves judgement as to the likely commerciality of the asset; its proven and probable ('2P') reserves which are estimated using standard recognised evaluation techniques on a fully funded basis; future revenues and estimated development costs pertaining to the CGUs; and a discount rate utilised for the purposes of deriving a recoverable value.

The forward price curve used was as follows:

Price Strip	2017	2018	2019	2020	2021
Thompson reuters US\$ bbl	56.1	60.6	64.8	66.7	69.9

If the price deck used in the impairment calculation had been 10% lower than management's estimates at 31 December 2016, the Group would have an increase of \$0.7 million in impairment of Oil and Gas assets (2015: nil). If the price deck used in the impairment calculation had been 10% higher than management's estimates at 31 December 2016, the Group would have had a decrease of \$0.6 million in impairment of Oil and Gas assets in 2016 (2015: nil).

If the estimated cost of capital of 10% (2015: 10%) used in determining the post-tax discount rate for the CGUs had been 1% lower than management's estimates the Group would have had \$0.1 million increase in its impairment for 2016 (2015: nil) against Oil and Gas assets within property, plant and equipment. If the estimated cost of capital had been 1% higher than management's estimates the Group would have had a \$0.03 million decrease in its impairment charge in 2016 (2015: nil).

(ii) Slant Rig \$1.3 million (2015: nil) impairment.

The Slant Rig is a unique asset specially designed to drill slanted wells on the East Coast Trintes field. The Slant Rig was last utilised by the Group in 2013-14 for offshore drilling on the Trintes field. An impairment test was carried out in 2016 and the Slant Rig was impaired as the recoverable amount was deemed lower than the carrying amount. The recoverable amount was determined using a fair value less cost to sell estimate provided by a third party.

(h) Impairment of intangible exploration and evaluation assets

The Group reviews the carrying values of intangible exploration and evaluation assets when there are impairment indicators which would tell whether an exploration and evaluation asset has suffered any impairment, in accordance with the accounting policy stated in note 1. The amounts of intangible exploration and evaluation assets represent the costs of active projects the commerciality of which is not evaluated until reserves can be appraised.

In 2016 an impairment review was carried out and there were no further impairments losses realised against the carrying values of the Group's exploration and evaluation assets (2015: \$0.1 million).

(i) Provision for restructuring

In 2015, management was required to make assumptions in respect of the assessment used to arrive at the restructuring costs. The provision for restructuring of \$1.9 million included the cost of severance and redundancies in accordance with the laws of Trinidad and Tobago where the restructuring was expected to take place. However, in 2016 there was a release of the provision for restructuring as the restructuring was not realised in 2016.

4 Segment Information

Management have considered the requirements of IFRS 8, in regard to the determination of operating segments, and concluded that the Group has only one significant operating segment being the production, development and exploration and extraction of hydrocarbons.

All revenue is generated from sales to one customer in Petrotrin. All non-current assets of the Group are located in Trinidad & Tobago.

5 Property, Plant and Equipment

	Plant & Equipment \$'000	Leasehold & Buildings \$'000	Oil & Gas Assets \$'000	Other \$'000	Total \$'000
Year ended 31 December 2016					
Opening net book amount at 1 January 2016	3,966	1,629	40,548	--	46,143
Disposal	(16)	--	--	--	(16)
Additions	19	--	247	--	266
Impairment ¹ (note 28)	--	--	(2,420)	--	(2,420)
Transferred from held for sale (note 14)	831	399	26,361	--	27,591
Depreciation, depletion and amortisation charge for year	(641)	(176)	(8,722)	--	(9,539)
Translation difference	42	38	(2,473)	--	(2,393)
Closing net book amount at 31 December 2016	4,201	1,890	53,541	--	59,632
At 31 December 2016					
Cost	12,815	3,095	275,081	336	291,327
Accumulated depreciation, depletion, amortisation and impairment	(8,656)	(1,243)	(219,067)	(336)	(229,302)
Translation difference	42	38	(2,473)	--	(2,393)

Closing net book amount	4,201	1,890	53,541	--	59,632
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Note ⁽¹⁾: An impairment loss of \$2.4 million was recognised in respect of several CGUs, (see note 3 (g), (2015: \$2.6 million) as a result of the carrying value being higher than the recoverable amount. The recoverable amount was determined by utilising its fair value less costs of disposal.

	Plant & Equipment \$'000	Leasehold & Buildings \$'000	Oil & Gas Assets \$'000	Other \$'000	Total \$'000
Year ended 31 December 2015					
Opening net book amount at 1 January 2015	4,974	2,334	78,347	--	85,655
Additions	528	(46)	530	--	1,012
Impairment (note 28)	--	--	(2,559)	--	(2,559)
Transferred to available for sale	(877)	(416)	(29,306)	--	(30,599)
Adjustment to decommissioning estimate (note 16)	--	--	853	--	853
Depreciation, depletion and amortisation charge for year	(659)	(243)	(7,317)	--	(8,219)
Closing net book amount at 31 December 2015	3,966	1,629	40,548	--	46,143
At 31 December 2015					
Cost	11,982	2,696	248,473	336	263,487
Accumulated depreciation, depletion, amortisation and impairment	(8,016)	(1,067)	(207,925)	(336)	(217,344)
Closing net book amount	3,966	1,629	40,548	--	46,143

6 Intangible Assets

The carrying amounts and changes in the year are as follows:

	Exploration and evaluation assets \$'000	Total \$'000
At 1 January 2016	26,751	26,751
Translation difference	(1,345)	(1,345)
At 31 December 2016	25,406	25,406
At 1 January 2015	25,676	25,676
Additions	1,206	1,206
Impairment (note 28)	(131)	(131)
At 31 December 2015	26,751	26,751

In 2016, there were no impairment losses recognised. However, in 2015 an impairment loss of \$0.1 million was recognised in relation to certain costs within Intangible assets following an impairment review on intangible assets.

7 Trade and Other Receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Due after more than one year				
Amounts due from Group companies	--	--	--	10,813
Due within one year				
Amount due from Group companies	--	--	1,857	--

Trade receivables	2,849	1,709	--	--
Less: provision for impairment of trade receivables	--	--	--	--
Trade receivables – net	2,849	1,709	1,857	--
Prepayments	1,140	852	334	63
VAT recoverable	1,315	7,805	479	1,113
Other receivables	145	227	--	--
	5,449	10,593	2,670	1,176

The Company provides funding to other Group companies, through intercompany demand loans, where loans are interest free and repayable on demand.

The fair value of trade and other receivables approximate their carrying amounts.

At 31 December 2016, trade receivables of \$2.9 million (2015: \$1.7 million) were fully performing. Trade receivables that are less than six months past due are not considered impaired. At the end of 2016 there was an impairment of \$1.1 million relating to a recoverable amount from the former owners of the WD2 and FZ2 assets. In 2015 there was an impairment loss of \$1.0 million recognised against other receivables relating NIKO Resources Limited (“NIKO”) who have ceased operations in Trinidad and Tobago (note 28).

Ageing analysis of these trade receivables is as follows:

	2016	2015
	\$'000	\$'000
Up to 6 months	2,849	1,709
	2,849	1,709

The carrying amount of the Group’s trade and other receivables are denominated in the following currencies:

	2016	2015
	\$'000	\$'000
United States Dollar	2,249	1,358
Great British Pound Sterling	1,033	1,730
Trinidad and Tobago Dollar	2,167	7,505
	5,449	10,593

The maximum exposure to credit risk at the reporting date is the value of each class of receivable as shown above. The Group does not hold any collateral as security.

The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to historical information about the counterparty default rates:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
Counterparties without external credit rating:				
Existing customers (more than 6 months) with no defaults in the past	2,849	1,709	--	--

All trade receivables are with the Group’s only customer, Petrotrin.

8 Inventories

	Crude oil	Materials and supplies	Total
	\$'000	\$'000	\$'000
At 1 January 2016	160	3,802	3,962
Inventory movement	(40)	(135)	(175)
At 31 December 2016	120	3,667	3,787

At 1 January 2015	346	11,563	11,909
Inventory movement	(186)	(5,278)	(5,464)
Impairment	--	(2,483)	(2,483)
At 31 December 2015	160	3,802	3,962

The cost of inventories recognised as an expense and included in operating expenses amounted to \$0.07 million (2015: \$0.1 million). At the end of 2016 an impairment loss of nil (2015: \$2.5 million) was recognised against the materials and supplies inventory.

9 Taxation Recoverable/(Payable)

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Taxation recoverable</u>				
Production Petroleum Tax ("PPT")/ Unemployment Levy ("UL")	--	192	--	--
<u>Taxation payable</u>				
PPT/ UL	(2,233)	(510)	--	--
Corporation Tax	(508)	(2,145)	--	(1,614)
Supplemental Petroleum Tax ("SPT")	(8,187)	(16,015)	--	--
	(10,928)	(18,670)	--	(1,614)

10 Cash and Cash Equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents	7,615	8,200	758	--
	7,615	8,200	758	--

In 2016 restricted cash of \$1.1 million (2015:\$3.1 million) was reclassified to non-current assets under the heading Abandonment fund. In 2015 this was included within cash and cash equivalents and described as restricted cash which have been put aside in escrow for abandonment and environmental purposes in accordance with contractual obligations to be used any time during the existence of the contract.

11 Share Capital and Share Premium

	Number of shares No.	Ordinary shares \$'000	Share premium \$'000	Total \$'000
	As at 1 January 2016	94,799,986	94,800	116,395
Movement	--	--	--	--
As at 31 December 2016	94,799,986	94,800	116,395	211,195
As at 1 January 2015	94,799,986	94,800	116,395	211,195
Movement	--	--	--	--
As at 31 December 2015	94,799,986	94,800	116,395	211,195

12 Share Warrants

The Group's policy with respect to equity-settled share-based payment transactions is to measure the value of the good or service received with the corresponding increase in equity at the fair value of the services received. If the Group cannot estimate reliably the fair value of the good or services received it then shall measure their value and the corresponding increase in equity indirectly by reference to the fair value of the equity instrument.

	2016	2015
	\$'000	\$'000
Issued		
Oriel Securities Limited	71	71
	71	71

Oriel Securities Limited warrants

Oriel Securities Limited ('Oriel') was appointed to assist TEPL in introducing potential subscribers for a private placing of new ordinary shares in 2011 (the 'Placing'). In consideration for the services under the engagement, and subject to receipt of the gross proceeds as a result of the Placing, Trinity and Oriel agreed a fee in cash to the value of \$150,000.

In addition to the cash fee described above, Oriel was granted an option by TEPL over shares equivalent in value to 0.25% (1/4 of 1%) of the value of TEPL following the Placing, such option to be exercisable at the share price at which the new funds were raised in the Placing. The option could be exercised between the 1st and 5th anniversary of the option being granted or if later on the 1st anniversary of any flotation.

The Group recognised the warrants by estimating the services received at fair value at the date of the transaction. In arriving at the fair value of the services received an estimate was received from Oriel indicating that the cost of the service had no warrant been included would have been 1.5 % of the Placing. As the cost is associated with the raising of capital, this expense has been recognised as a deduction from share premium.

Following the acquisition on 14 February 2013 Oriel confirmed that it did not intend to exercise its 83 Trinity Warrants and, accordingly, Oriel now holds warrants over 62,027 shares with an exercise price of \$5.60 per share (based on the same conversion ratio of 747.8 new shares).

13 Merger and Reverse Acquisition Reserves

	Reverse Acquisition Reserve	Merger Reserve	Total
	\$'000	\$'000	\$'000
At 1 January 2016	(89,268)	75,467	(13,801)
Movement	--	--	--
Translation differences	--	--	--
At 31 December 2016	(89,268)	75,467	(13,801)
At 1 January 2015	(89,268)	74,808	(14,460)
Movement	--	--	--
Translation differences	--	659	659
At 31 December 2015	(89,268)	75,467	(13,801)

The issue of shares by the Company as part of the reverse acquisition met the criteria for merger relief such that no share premium was recorded. As allowed under the UK Companies Act 2006 and required by IAS 27 ('Consolidated and separate financial statements'), a merger reserve equal to the difference between the fair value of the shares acquired by the Company and the aggregation of the nominal value of the shares issued by the Company was recorded.

The insertion of the Company as the new parent in 2013 to the Group was accounted for using business combination accounting as described in note 1. The reverse acquisition difference recorded in the consolidated financial statements represents the difference in accounting for reverse acquisition transactions.

14 Held-for-sale non-financial assets

At the end of 2016 there are no assets or liabilities held-for-sale, these have been reclassified to Property, plant and equipment in accordance with IFRS 5 as the criteria for recognition was not met and Management is not committed to the disposal of its assets. In 2015 assets and liabilities relating to Trinity's oil and gas fields owned and operated by its indirect subsidiary Trinity Exploration and Production (Trinidad and Tobago) Limited ("TEPTTL") were classified as available-for-sale as there was an agreement in place for a sale pending regulatory approvals. This related to the Group's onshore and west coast assets. The onshore assets were planned to be sold during 2016, on 14 March 2016, the sale was subsequently terminated and these assets remain part of the Group's production plans going forward. The west coast asset sale didn't qualify to be kept as available for sale as a completed sale within one year from the date of classification was unlikely. On 14 April 2016 the Guapo Onshore Asset ("Block GU-1") was sold and the carrying value of \$1.9 million has been removed from assets held-for-sale.

(a) Assets of the disposal Group classified as held-for-sale

	2016	2015
	\$'000	\$'000
<i>Property, plant & equipment</i>		
Net Book Value at 1 January	30,491	672
Movement	(1,896)	(780)
Transferred (to)/from property, plant & equipment	(27,591)	30,599
Translation difference	(1,004)	--
Net Book Value	<u> --</u>	<u>30,491</u>

(b) Liabilities of the disposal group classified as held-for-sale

	2016	2015
	\$'000	\$'000
<i>Other provisions</i>		
At 1 January	21,927	--
Movement	(117)	--
Transferred (to)/from decommissioning provision	(21,810)	21,927
At 31 December	<u> --</u>	<u>21,927</u>

15 Borrowings

	2016	2015
	\$'000	\$'000
Non-current portion:		
Citibank (Trinidad & Tobago) Limited	--	--
Total	<u> --</u>	<u> --</u>
Current portion:		
Citibank (Trinidad & Tobago) Limited	9,950	13,000
Total	<u>9,950</u>	<u>13,000</u>

Drawn Loan Facilities

Citibank (Trinidad & Tobago) Limited Loan 1

Joint Lenders: Citibank (Trinidad & Tobago) Limited and Citicorp Merchant Bank Limited
Borrower: Trinity Exploration and Production (Trinidad and Tobago) Limited

The key terms of the loan are as follows:

- Principal amount \$20.0 million
- Interest rate is set at three month US LIBOR plus 600 basis points per annum. Interest payable monthly in arrears commenced 20 March 2013
- Quarterly interest payments are up to date and were paid during the year: March, June, September and December 2016
- Debenture over the fixed and floating assets of Trinity Exploration and Production (Trinidad and Tobago) Limited and its subsidiaries.

- Principal repayment in equal quarterly instalments commencing on 20 March 2013 and ending on 20 December 2017
- Opening loan balance for 2016 was \$12.0 million
- \$2.6 million in repayments was made during 2016 with a closing outstanding balance of \$9.4 million

Citibank (Trinidad & Tobago) Limited Loan 2

Lender: Citibank N.A. (*acting through its international banking facility*) Citibank (Trinidad & Tobago) Limited
 Joint Borrowers: Trinity Exploration and Production (Trinidad and Tobago) Limited and Trinity Exploration and Production (Galeota) Limited

The Group negotiated a floating rate medium term facility on 17 August 2013 of \$25.0 million with Citibank (Trinidad & Tobago) Limited.

The key terms of the loan are as follows:

- Principal amount \$25.0 million. Initial drawdown on 22 January 2015 of \$5.0 million and a second drawdown of \$20.0 million on 4 August 2015
- Interest rate is set at three month US LIBOR plus 575 basis points per annum. The negotiated principal repayments in two initial quarterly instalments of 16.0% following 6.5% to 7.0% quarterly instalments commencing on 21 November 2015 and ending on 21 August 2017
- Quarterly interest payments are up to date and were paid during the year: February, May, August and November 2016
- Debenture over the fixed and floating assets of Trinity Exploration and Production (Trinidad and Tobago) Limited and its subsidiaries.
- An initial \$20.0 million principal repayment was made on 6 February 2015
- Opening loan balance for 2016 was \$1.0 million
- A repayment of \$0.5 million was made during 2016 with a closing outstanding balance of \$0.5 million

Financial covenants applicable to each of the above facilities are:

- Minimum debt service coverage 1.4:1
- Maximum total debt to EBITDA-Operating taxes 2.75:1
- Minimum EBITDA-Operating taxes to Interest Expense 1.5:1

The carrying value of borrowings is not materially different from their fair value. The entire borrowings since 2015 have been classified as current due to the default in the debt service coverage. At the end of 2016 two financial covenants were in default; Debt Service Coverage Ratio and EBITDA/Interest Expense ratios.

On 7 December 2016, Citibank agreed to accept \$3.5 million in lieu of full settlement on the loan facilities. Subsequent to the year end the principal and interest was settled in accordance with the agreement (see note 30).

Analysis of net debt

	At 1 January 2016 \$'000	Cash flow \$'000	At 31 December 2016 \$'000
Cash and cash equivalents	8,200	585	7,615
Financial liabilities - borrowings current and non-current	(13,000)	(3,050)	(9,950)
	(4,800)	(2,465)	(2,335)

16 Provision for Other Liabilities

Non-current:	Potential Claim \$'000	Decommissioning cost \$'000	Employee Retirement Benefit \$'000	Total \$'000
Year ended 31 December 2016				
Opening amount as at 1 January 2016	1,270	18,561	--	19,831
Transferred from other payables	--	--	118	118
Transferred from liabilities held for sale	--	21,810	--	21,810
Revision to employee retirement benefit	--	--	230	230
Unwinding of discount (note 20)	--	1,577	--	1,577
Release of provision	(1,218)	--	--	(1,218)
Decommissioning contribution	--	(1,939)	--	(1,939)

Translation differences	(52)	(2,039)	--	(2,091)
Closing balance at 31 December 2016	--	37,970	348	38,318
Year ended 31 December 2015				
Opening amount as at 1 January 2015	1,270	38,505	--	39,775
Adjustment to estimates (note 5)	--	853	--	853
Transferred to liabilities held for sale	--	(21,927)	--	(21,927)
Unwinding of discount (note 20)	--	1,524	--	1,524
Translation differences	--	(394)	--	(394)
Closing balance at 31 December 2015	1,270	18,561	--	19,831

Current:

	Restructuring Cost		Total \$'000
	Litigation claims \$'000	\$'000	
Year ended 31 December 2016			
Opening amount as at 1 January 2016	--	1,930	1,930
Release of provision for restructuring	--	(1,870)	(1,870)
Provision for litigation claims	470	--	470
Translation difference	--	(60)	(60)
Closing balance at 31 December 2016	470	--	470
Year ended 31 December 2015			
Opening amount as at 1 January 2016	--	--	--
Provision for restructuring (note 28)	--	1,930	1,930
Closing balance at 31 December 2015	--	1,930	1,930

Provision for other liabilities

Non-current:

Potential claim

In December 2015, a provision was created in the sum of \$1.2 million for a potential claim by a supplier in the oil and gas industry against Trinity Exploration and Production (Galeota) Limited, in relation to a matter which arose pre-merger with the Bayfield Group. However, due to the elapse in time (4 years ended September, 2016) for the supplier to make a claim under the Limitations of Certain Actions Act Chapter 7:09, (under Trinidad and Tobago law) the provision was released in 2016.

Decommissioning cost

The Group operates Oil and Gas fields and this cost represents an estimate of the amounts required for abandonment of the Group's wells, platforms and pipeline infrastructures. The amounts are calculated based on the provisions of existing contractual agreements with Petrotrin. Furthermore, liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the facility or item of plant. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment. Some of the key assumptions made in the present value decommissioning calculation include the following:

- Core inflation rate – 3% (2015: 3%)
- Risk free rate – 3.95% (2015 3.9%)
- Estimated market value/decommissioning cost
- Estimated life of each asset

See note 3(c) for the rates used and sensitivity analysis.

Employee Retirement benefit

The Group has reinstated a provision under an agreement with a subsidiary company. During 2013 the Group, under a new collective bargaining agreement, intended to transfer the employee retirement benefit into a defined pension fund, which was subsequently treated as a liability under Trade and other payables. This option was not accepted by the employees and during 2016 the subsidiary reclassified the amount from Trade and other payables and revised the estimate of the provision under the existing contractual agreement.

Current:

Restructuring Cost

During 2016 the restructuring provision didn't materialise and was released.

Litigation claims

In 2016 following the creditors' proposal certain claims were made under the proposal for which the outcome is uncertain and will be decided by the Court of Trinidad and Tobago. The Group has provided for the specific claims made.

17 Deferred Income Taxation

Group

The analysis of deferred tax assets is as follows:

	2016 \$'000	2015 \$'000
Deferred tax assets:		
-Deferred tax assets to be recovered in more than 12 months	(5,496)	(2,460)
-Deferred tax assets to be recovered in less than 12 months	--	--
Deferred tax liabilities:		
-Deferred tax liabilities to be settled in more than 12 months	2,927	3,308
-Deferred tax liabilities to be settled in less than 12 months	--	--
Net deferred tax (assets)/liability	(2,569)	848

The movement on the deferred income tax is as follows:

	2016 \$'000	2015 \$'000
At beginning of year	848	(23,852)
Movement for the year	(3,417)	24,766
Unwinding of deferred tax on fair value uplift	--	(66)
Net deferred tax (asset)/liability	(2,569)	848

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax balances are analysed below:

	2014 \$'000	Movement \$'000	2015 \$'000	Movement \$'000	2016 \$'000
Deferred tax assets					
Acquisition	(33,436)	--	(33,436)	--	(33,436)
Tax losses recognised	(31,257)	--	(31,257)	(3,036)	(34,293)
Tax losses derecognised	37,063	25,170	62,233	--	62,233
	(27,630)	25,170	(2,460)	(3,036)	(5,496)
Deferred tax liabilities					
Accelerated tax depreciation	14,778	(404)	14,374	--	14,374
Non-current asset impairment	(33,214)	--	(33,214)	--	(33,214)

Acquisitions	19,580	--	19,580	--	19,580
Fair value uplift	2,634	(66)	2,568	(381)	2,187
	3,778	(470)	3,308	(381)	2,927

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets of \$3.0 million have been recognised (2015: \$25.2 million was derecognised) as recoverability is now considered probable, based on future taxable profits. The Group has unrecognised tax losses amounting to \$ 104.8 million which have no expiry date. Deferred tax liabilities have reduced by \$0.4 million as the carrying values of property, plant and equipment and intangible assets which gave rise to the temporary differences have been written down to their recoverable amount.

18 Trade and Other Payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	19,379	15,900	544	411
Accruals	2,677	5,008	152	183
VAT payable	187	230	--	--
Interest on taxes payable	6,994	4,759	--	--
Other payables	3,927	2,150	43	265
Amounts due to related parties (note 23 (d))	845	1,986	--	--
	34,009	30,033	739	859

19 Operating Profit Before Exceptional Items

	2016 \$'000	2015 \$'000
Operating profit before exceptional items is stated after taking the following items into account:		
Depreciation, depletion and amortisation (note 5)	9,539	8,219
Employee costs (note 26)	7,916	13,673
Operating lease rentals	779	2,315
Inventory recognised as expense, charged to operating expenses	67	116

Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditors as detailed below:

	2016 \$'000	2015 \$'000
- Fees payable to the Company's auditors' and its associates for the audit of the parent Company and consolidated financial statements	73	73
- Fees payable to the Company's auditors' and its associates for other services:		
- The audit of Company's subsidiaries	182	162
- Audit related assurance services – interim review	20	50
Total assurance	275	285
- Tax advisory	50	75
- Other advisory	--	5
Total auditors' remuneration	325	365

All fees are in respect of services provided by PricewaterhouseCoopers LLP (PwC). The independence and objectivity of the external auditors is considered on a regular basis by the Audit Committee, with particular regard to the level of non-audit fees incurred.

20 Finance Costs

	2016 \$'000	2015 \$'000
Decommissioning (note 16)	1,577	1,524

Interest on taxes	2,215	4,079
Interest on loans	941	1,072
	4,733	6,675

Interest on taxes of \$2.2 million (2015: 4.1 million) relates to interest accrued on late payment of corporation tax, supplemental petroleum taxes and petroleum profits taxes.

21 Income Tax Expense

	2016	2015
	\$'000	\$'000
Current tax		
- Current year		
Petroleum profits tax	1,533	(167)
Corporation tax	27	586
Supplemental petroleum tax	(951)	1,830
Deferred tax		
- Current year		
Movement in asset due to tax losses (note 17)	(3,036)	25,170
Movement in liability due to accelerated tax depreciation (note 17)	(381)	(470)
Translation difference	(21)	27
Income tax expense	(2,829)	26,976

The Group's effective tax rate varies from the statutory rate for UK companies of 20% as a result of the differences shown below:

	2016	2015
	\$'000	\$'000
Loss before taxation	(9,693)	(30,947)
Tax charge at expected rate of 20% (2015: 20.25%)	(1,939)	(6,267)
Effects of:		
Higher overseas tax rate	(1,783)	(11,626)
Profits not subject to tax	--	--
Disallowable expenses	(745)	39,524
Deferred tax asset not recognised	(5,979)	6,950
Tax loss generated not recognised	(1,197)	20,359
Tax losses utilised	9,993	4,400
Tax losses previously recognised	(2,420)	(25,170)
Supplemental petroleum tax	524	(1,146)
Green fund levy	151	180
Other differences	566	(228)
Tax (credit)/charge	(2,829)	26,976

Taxation losses at 31 December 2016 available for set off against future taxable profits amount to approximately \$217.6 million (2015: \$205.0 million), with tax losses recognised of \$10.0 million in 2016. These losses do not have an expiry date and have not yet been confirmed by the Trinidad and Tobago Board of Inland Revenue.

22 Investment In Subsidiaries

	Company	
	2016	2015
	\$'000	\$'000
Opening balance	44,775	44,513
Capital contribution relating to share based payment	27	262
Closing balance	44,802	44,775

The investment in Group undertakings is recorded at cost less impairments which is the fair value of the consideration paid. During 2015, two entities from the Trinity Group were up wound up; Trinity Exploration and Production (Pletmos) Limited, a subsidiary of Trinity Exploration & Production (UK) Limited and Bayfield Energy Alpha Limited, a subsidiary of Bayfield Energy Limited.

Listing of Subsidiaries

The Group's principal subsidiaries at 31 December 2016 are listed below:

Name	Registered Address/Country of Incorporation	Nature of Business	% Shares held by the Group
Bayfield Energy Limited	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England, LS1 5AB, United Kingdom	Holding Company	99.99998 %
Trinity Exploration and Production (UK) Limited	13 Queen's Road, Aberdeen, AB15 4YL, United Kingdom	Holding Company	100 %
Trinity Exploration and Production Services (UK) Limited	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England, LS1 5AB, United Kingdom	Service Company	100 %
Bayfield Energy do Brasil Ltda	Av. Presidente Vargas 509, Rio de Janeiro, 20071-003, Brazil	Dormant	100 %
Trinity Exploration & Production (Barbados) Limited	Ground Floor, One Welches, Welches, St. Thomas BB22025, Barbados	Holding Company	100 %
Trinity Exploration and Production (Trinidad and Tobago) Limited	3 rd Floor Southern Supplies Limited Building, 40 -44 Sutton Street, San Fernando, Trinidad & Tobago ("Trinidad address")	Holding Company	100 %
Galeota Oilfield Services Limited	Trinidad address	Oil and Gas	100 %
Trinity Exploration and Production (Galeota) Limited	Trinidad address	Oil and Gas	100 %
Oilbelt Services Limited	Trinidad address	Oil and Gas	100 %
Ligo Ven Resources Limited	Trinidad address	Oil and Gas	100 %
Trinity Exploration and Production Services Limited	Trinidad address	Service Company	100 %
Tabaquite Exploration & Production Company Limited	Trinidad address	Oil and Gas	100 %
Trinity Exploration and Production (GOP) Limited	Trinidad address	Oil and Gas	100 %
Trinity Exploration and Production (GOP-1B) Limited	Trinidad address	Oil and Gas	100 %

23 Related Party Transactions

Group

The following transactions were carried out with the Group's subsidiaries and related parties. These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The following are the major transactions and balances with related parties:

(a) Sales of services and loans issued to subsidiaries

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Related party:				
Well Services Petroleum Company Limited	--	1,407	.	--
Rigtech Services Limited	--	1,069	.	--
Blanket Securities Limited	--	1,075	.	--
Group subsidiaries:				
Trinity Exploration and Production Services (UK) Limited – loan	--	--	(8,620	(328)
Trinity Exploration and Production (Galeota) Limited – loan	--	--	(494	337
Trinity Exploration and Production Services Limited	--	--	15	698
	--	3,551	(8,950	707

Related party sales transactions and loans issued to subsidiaries are exchanged at arm's length and are comparable to terms that would be available to third parties.

(b) Purchases of services

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Related party:				
Blanket Security Limited	--	906	--	--
Well Services Petroleum Company Limited	28	291	--	--
	28	1,197	--	--

Goods and services are bought from related entities on normal commercial terms and conditions, with the only purchases coming from Well Services Petroleum Company Limited,

(c) Key management and Directors' compensation

Key management includes Directors' (executive and non-executive), the Country Manager and Chief Financial Officer. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and short-term employee benefits	806	1,114
Post-employment benefits	23	76
Share-based payment (note 27)	67	150
	896	1,340

(d) Year-end balances arising from sales/purchases of services

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Receivables from related parties:				
Trinity Exploration and Production Services Limited	--	--	856	698
Trinity Exploration and Production (Galeota) Limited	--	--	498	992
Trinity Exploration and Production Services (UK) Limited	--	--	503	9,123
	--	--	1,857	10,813
Payables to related parties:				
Blanket Securities Limited	137	144	--	--
Rigtech Services Limited	(59)	(62)	--	--
Well Services Petroleum Company Limited	767	1,904	--	--
	845	1,986	--	--

Group and Company

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties (2015: nil).

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

(e) Loans from related parties: There are no loans from related parties

24 **Financial Instruments by Category**

The accounting policies for financial instruments have been applied to the line items below:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000

Trade and other receivables – non current	--	--	--	10,813
Trade and other receivables – current	5,449	10,593	2,670	1,176
Abandonment fund – non current	1,072	--	--	--
Cash and cash equivalents	7,615	8,200	758	--
	14,136	18,793	3,428	11,989

The only category of financial assets held by the Group are loans and receivables. There are no assets held at fair value through profit or loss, derivatives used for hedging and available-for-sale financial instruments.

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Borrowings	9,950	13,000	--	--
Amounts due to related companies	--	--	335	--
Accounts payable and accruals	34,009	30,033	739	859
	43,959	43,033	1,074	859

The only category of financial liabilities held by the Group is liabilities at amortised cost. There are no liabilities held at fair value through profit or loss and derivatives used for hedging.

25 Commitments and Contingencies

a) Commitments

There are commitments for decommissioning costs of the wells and facilities under the Group's agreements with Petrotrin, which have been provided for as described in note 16.

The Group leases vehicles, offices and copiers under cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period. The lease expenditure charged to the income statement during the year is as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than 1 year	675	1,025
Later than 1 year and no later than 5 years	691	1,158
	1,366	2,183

b) Contingent Liabilities

- i) A subsidiary company is a defendant in certain legal proceedings. A claim was made against the subsidiary by Mora Ven Holdings limited. The claim being made was that the subsidiary bought the shares of Ligo Ven Resources Limited, a fellow subsidiary, at gross under-value. Management, after taking appropriate professional advice, is of the view that the likelihood that material liabilities will crystallise is remote and accordingly no provision has been made in the consolidated financial statements for any potential liabilities. This matter was withdrawn on 6 March 2017
- ii) The farm-out agreement for the Tabaquite Block (held by Coastline International Inc.) has expired. There may be additional liabilities arising when a new agreement is finalised, but these cannot be presently quantified until a new agreement is available.
- iii) Parent company guarantees:
 - A Letter of Guarantee has been established over the Point Ligoure-Guapo Bay-Brighton ("PGB") Block where a subsidiary of Trinity is obliged to carry out a Minimum Work Programme to the value of \$8.4 million. The guarantee shall be reduced at the end of each twelve month period upon presentation of all technical data and results of the Minimum Work Programme performed. Trinity has submitted the technical data for reducing the performance guarantee at the end of 2015 and is still awaiting a response.
 - A letter of Guarantee is in place with Citibank (Trinidad & Tobago) Limited for the full \$25.0 million loan facility should there be a default and the bank demands repayment. The Citibank loan was settled on the 23 January 2017 and all Guarantees are expected to be withdrawn.

- iv) The Group has certain liabilities in respect of entering a rig share agreement for the Rowan Gorilla III which it used to drill the TGAL-1 well. The agreement was made amongst four parties and the liabilities are joint and several. The liabilities cannot be presently quantified and no estimates have been included in the consolidated financial statements. For 2016 the Group has recorded \$0.1 million (2015: \$0.06 million) in cost and does not expect that these liabilities will be material. These liabilities fall under the Group refinancing.
- v) The Group is party to various claims and actions. Management have considered the matters and where appropriate has obtained external legal advice. No material additional liabilities are expected to arise in connection with these matters, other than those already provided for in these financial statements.

26 Employee Costs

Employee costs for the Group during the year

	2016	2015
	\$'000	\$'000
Wages and salaries	7,588	12,785
Other pension costs	284	544
Share based payment expense (note 27)	66	344
	7,938	13,673

Average monthly number of people (including executive and non-executive Directors') employed by the Group

	2016	2015
	number	number
Executive and non-executive Directors	2	3
Administrative staff	93	117
Operational staff	126	113
	221	233

27 Share Based Payments

During 2016 the Group had in place two share-based payment arrangements for its employees and Directors, the Share Option Plan and the Long Term Incentive Plan ('LTIP'). The charge in relation to these arrangements is shown below, with further details of each scheme following:

	2016	2015
	\$'000	\$'000
Share based payment expense:		
Share option expense	30	187
Long term incentive plan	36	157
	66	344

Share Option Plan

Share options are granted to Directors and to selected employees. The exercise price of the granted option is equal to management's best estimate of the market price of the shares at the time of the award of the options. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

At 31 December 2012, TEPL had 3,638 share options outstanding. On 14 February 2013 following the completion of the acquisition, 120 of the 3,638 share options were exercised. The remaining 3,518 share options were surrendered in return for the grant by Trinity of new options. 747.8 new ordinary shares were issued for each TEPL share over which TEPL options were held. These options were treated as a modification to the original share option scheme. The modification did not increase the fair value of the equity instruments granted, measured immediately before and after the modification, as a result there was no incremental fair value. At the point of acquisition Bayfield had 4,447,546 share options, following completion of the acquisition and share consolidation, the newly combined Group share options outstanding of:

- (a) Legacy Bayfield - 444,754 share options
 (b) Legacy TEPL - 2,630,759 share options

On 29 May 2013 the Group issued 1,275,660 options at an exercise price of GBP 1.20 per option to certain employees.

These options were valued at grant date using a Black-Scholes option pricing model. During 2015 certain Directors and employees who had share options departed and their options lapsed.

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

	2016		2015	
	Average exercise price per share	Number of Options	Average exercise price per share	Number of Options
At 1 January	GBP 0.82	1,975,084	GBP 1.01	3,871,419
Lapsed	--	--	GBP (1.12)	(1,896,335)
At 31 December	GBP 0.82	1,975,084	GBP 0.82	1,975,084

Share Options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-Vest	Expiry Date	2016		2015	
		Exercise price per share options	Number of Options	Exercise price per share options	Number of Options
2012-2015	2022	GBP0.86	1,685,540	GBP0.86	1,685,540
2013-2016	2023	GBP1.20	289,544	GBP1.20	289,544
			1,975,084		1,975,084

The inputs into the Black-Scholes model for options granted during the period are as follows:

	29 May 2013	14 February 2013
Share price	GBP 1.19	GBP 1.20
Average Exercise price	GBP 1.20	GBP 0.89
Expected volatility	55%	78%
Risk-free rates	4.5%	4.5%
Expected dividend yields	0%	0%
Vesting period	3 years	3 years

Long Term Incentive Plan

On 14 February 2013, following the completion of the acquisition, 108,712 Bayfield LTIP's were outstanding, these have all lapsed. These LTIP Awards are conditional awards of Existing Unconsolidated Ordinary Shares vested three years from the date of grant, subject to the satisfaction of certain performance conditions (based on the growth in the Company's total shareholder return). No payment is required on vesting and there is no accelerated vesting arising as a result of the Merger.

On 1 July 2013, 739,440 LTIP Awards were granted by the Company to the then Senior Management Group (including the Executive Directors). The LTIP awards will be tested against two performance targets: stretching reserves growth and absolute returns targets (share price). Performance against these measures will be assessed based on performance to the end of the 2016 financial year and following announcement of the Company's audited financial results. Subject to the achievement of the performance targets all Options will be subject to a further holding period whereby Options will vest on 1 January 2017.

The measurement of growth in 2P Reserves is the aggregated total of all fields included in the Trinity Exploration & Production plc (formerly Bayfield Energy Holdings plc) and Trinity Exploration & Production (UK) Limited merged Group as recorded at financial year end 2012 which is 35.6 mboe. Share price growth will be calculated from the price at which equity was raised at the point of the merger which was GBP 1.20.

The conditions of the scheme are market and non-market based, and therefore the scheme is valued on the date of grant and amortised over the vesting period. The grants have been valued using a Monte Carlo simulation model.

Movements in the number of LTIPs outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Average exercise price per share	Number of Options	Average exercise price per share	Number of Options
At 1 January	GBP0.00	189,600	GBP0.00	772,312
Lapsed	GBP0.00	--	GBP0.00	(582,712)

At 31 December

GBP0.00	189,600	GBP0.00	189,600
---------	---------	---------	---------

Inputs into the Monte Carlo Simulation Model for LTIPs granted during the period are as follows:

	1 July 2013
Share price	GBP1.06
Exercise price	GBP0.00
Expected volatility	55%
Risk-free rates	4.5%
Expected dividend yields	0%
Vesting period	3.5 years

28 Exceptional Items

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. During the current period, exceptional items as detailed below have been included as exceptional expenses below operating profit in the Income Statement. An analysis of the amounts presented as exceptional items in these financial statements are highlighted below.

	2016	2015
Exceptional items:	\$'000	\$'000
Impairment of property, plant and equipment (note 5)	2,420	2,559
Impairment of receivables	1,071	1,036
Impairment of intangibles (note 6)	--	131
Impairment of inventory	--	2,483
Fees relating to corporate restructuring	940	1,086
Written off 1(a) & 1(b) pre-acquisition cost	--	6,385
Release of provision – potential claim	(1,218)	--
(Release)/record provision for restructuring	(1,870)	1,943
Other provisions	712	--
Unsecured creditor claims	545	--
(Gain)/loss on disposal of GU-1	(954)	108
Loss on disposal of casing	--	1,302
Loss on winding up of subsidiaries	--	214
Translation difference	11	(18)
	1,657	17,229

Exceptional items 2016:

Impairment – In 2016 impairment reviews were carried out over the non-current and current assets on the Statement of Financial Position with impairment losses being recognised on property, plant and equipment, receivables and payables.

Fees relating to corporate restructuring – Fees relating to the corporate restructuring of the Group include the Formal Sales Process (“FSP”), the Proposal process and the cost of advisors incurred in relation to both in 2016.

Release of provision: potential claim – In December 2015, a provision was created in the sum of \$1.2 million for a potential claim, against Trinity Exploration and Production (Galeota) Limited, for a matter that arose pre-merger with the Bayfield Group. However, due to the elapse in time (4 years ended September, 2016) for NIKO to make a ‘call’ for payments under the Limitations of Certain Actions Act Chapter 7:09, the provision was reversed in 2016.

Other Provisions: restructuring – At the end of 2015 management held a provision for restructuring totalling \$1.9 million which wasn't utilised because the intending restructuring did not occur in 2016. Accordingly in line with the Group's policy the restructuring provision was released at the end of 2016.

Other Provisions – \$0.7 million

- \$0.5 million provision recognised based on litigation obligations raised under the Proposal and;
- \$0.2 million revision to the provision recognised for Oilbelt Services Limited retirement benefit

Unsecured creditor claims – An amount of \$0.5 million has been recognised following a reconciliation to the Proposal filed and accepted under the Notice of Intention.

Gain on disposal of GU-1 – This asset held for sale was disposed in 2016 for a gain of \$1.0 million.

Exceptional items 2015:

Loss on disposal – a loss of \$0.1 million was recognised on the disposal of the WD 16 block as there were certain operating costs incurred by Trinity whilst awaiting regulatory approvals. The \$1.3 million loss on disposal of casing and tubing to the related party Well Services Petroleum Company Limited was a result of the fall in the casing and tubing market internationally.

Loss on winding up of subsidiaries – \$0.2 million related to the write off of carrying values of non-current asset balances following the winding up Trinity Exploration and Production (Pletmos) Limited.

Formal Sales Process – Fees relating to the FSP included data room fees and the cost of advisors incurred for 2015.

Impairments – In 2015 impairment reviews were carried out over the non-current and current assets on the Statement of Financial Position with impairment losses being recognised on property, plant and equipment, intangible assets, inventories and receivables.

Write off of 1(a) & 1(b) pre acquisition cost – On 27 July 2015 Trinity, announced that it has been unable to extend the term of its agreement to complete the purchase of 80% interests in Blocks 1(a) & 1(b) from Centrica plc. Consequently the Sale and Purchase Agreement between Trinity and the two subsidiaries of Centrica plc has been terminated. The cost incurred relating to pre-acquisition cost of these blocks of \$6.4 million was written off in 2015.

Provision for restructuring – a provision was created based on the planned restructuring of the Group in 2015 as approved by management and the board of directors, and includes the cost of severance and redundancy payments.

29 Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated using the weighted average number of ordinary shares adjusted to assume the conversion of all dilutive potential ordinary shares.

	Earnings \$'000	Weighted Average Number Of Shares '000'	Earnings Per Share \$
Year ended 31 December 2016			
Basic	(6,976)	94,800	(0.07)
Diluted	(6,976)	94,800	(0.07)
Year ended 31 December 2015			
Basic	(58,520)	94,800	(0.62)
Diluted	(58,520)	94,800	(0.62)

Impact of dilutive ordinary shares:

As net losses from continuing operations were recorded in 2015 and 2016, the dilutive potential shares are anti-dilutive and both basic and diluted earnings per share are the same.

30 Events after the Reporting Year

- v. Results of Court Hearing – On 6 January 2017, the High Court of Trinidad & Tobago approved the Proposal, which was accepted favourably by the Trinidad & Tobago Creditors on 19 December 2016.
- vi. Trade Suspension Lifted – Trading in the Company’s ordinary shares on AIM was temporarily suspended on 13 July 2016. The suspension was lifted from 11 January 2017.
- vii. Completion of Fundraising – The Fundraising was announced as completed on 11 January 2017. The Company issued 187,600,000 new ordinary shares, and an unsecured Convertible Loan Note Instrument. The gross receipts of the Fundraising were \$15.0 million. Placing and CLN costs amounted to \$1.2 million with net proceeds amounting to \$13.8 million.
- viii. Creditor settlements and agreed payment plans –
 - The Citibank principal settlement of \$3.5 million was made on 23 January 2017 and the final interest settlement of \$0.1 million was made on 25 January 2017
 - Initial settlements to State Creditors of \$1.9 million including the Board of Inland Revenue (“BIR”) and the Ministry of Energy & Energy Affairs (“MEEI”) were paid over to the Trustee on 8 February 2017. The remaining \$13.5 million due to the BIR and MEEI are due in 10 quarterly installments commencing effective 30 June 2017
 - Trinidad & Tobago unsecured creditors settlements of \$3.5 million were also paid over to the Trustee on 8 February 2017
 - United Kingdom based unsecured creditors were fully settled on 9 February 2017 for a total of \$0.3 million

~END~