

Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR).

**Trinity Exploration & Production plc**  
**("Trinity")**

**Interim Results**

*Balance sheet cleansed, increased profitability and production set to grow*

Trinity, the independent E&P Company focused on Trinidad & Tobago, today announces its unaudited interim results for the six months ended 30th June 2017 ("the period"). H1 2017 was a pivotal period for Trinity with the completion of a refinancing and restructuring in January 2017 and a ramp up in operating activity. The Company's focus is now centred on safely increasing production, and this, along with its strong cash flows, low net debt and continued financial discipline provides a platform to grow profitable production from its significant reserve base.

**H1 2017 Highlights**

	<b>H1 2017</b>	<b>H1 2016</b>	<b>% Change</b>
Average realised oil price (USD/ bbl)	46.3	32.8	41
Average net production (bopd) <sup>1</sup>	2,397	2,612	(8)
EBITDA (USD MM) <sup>2</sup>	5.5	1.5	267
Consolidated EBITDA (USD/bbl) <sup>3</sup>	12.6	3.8	232
Consolidated Break-even (USD/bbl) <sup>4</sup>	28.2	29.9	(6)
Cash Balance (USD MM)	11.5	5.1	125
Net Debt (USD MM) <sup>5</sup>	(1.2)	(34.3)	(97)

*Notes:*

- 1. Average net production for H1 2016 is exclusive of the Guapo block which illustrates a like-for-like comparative. The year-on-year comparative inclusive of the Guapo block was 2,659 bopd which equated to an overall 10% decline*
- 2. EBITDA: Operating profit before Depreciation, Depletion and Amortisation*
- 3. Consolidated EBITDA/bbl: EBITDA / Net production*
- 4. Consolidated operating break-even/bbl: See Appendix 1-Trading Summary Table*
- 5. Net debt position is detailed in Appendix 2, unaudited Management view*

## H1 2017 Highlights

### Financial Highlights

- ***Growing margins and increasing profitability within the current oil price environment***
  - Increased consolidated operating netback by 232% to USD 12.6/bbl (H1 2016: USD 3.8/bbl); and
  - Reduced consolidated operating breakeven price by 6% to USD 28.2/bbl (H1 2016: USD 29.9/bbl).
- ***Strengthened balance sheet***
  - Reduction in net debt by 97% to USD (1.2) million (H1 2016: USD (34.3) million); and
  - Increase in cash balance by 125% at period end of USD 11.5 million (H1 2016: USD 5.1 million).

### Operating Highlights

- ***Safely growing production profitably***
  - 8% year-on-year, like for like production decline to 2,397 bopd (H1 2016: 2,612 bopd) was mainly due to natural decline and a lack of production investment in 2016;
  - H1 activity set included:
    - 5 Onshore Recompletions (“RCPs”) (H1 2016: nil)
    - 4 Onshore Reactivations (H1 2016: nil)
    - 40 Workovers (“WOs”) completed: 34 Onshore, 5 East Coast and 1 West Coast (H1 2016: 33);
    - Resumption of Swabbing across 5 Onshore fields. (Swabbing is a process to mechanically remove liquids from the production zone of a gas or oil well)
  - H1 production performance:
    - During Q1 there was a proportionate return to production investment while ensuring that financial discipline was maintained;
    - An upward production trajectory in Q2 was stymied by Tropical Storm Bret in June, with a quick recovery in July, and continued into August;
  - Pioneered new technology on East Coast in June with the installation of an alternative low cost artificial lift; Mechanically Pumping Hydraulic Unit (“MPHU”) on a slanted wellhead;
  - Increased activity was commensurately matched with increased HSE focus through training and audits;
  - Trinity received an HSE award for Safety Leadership Engagement from the national oil company; Petroleum Company of Trinidad and Tobago (“Petrotrin”).

### Corporate Highlights

- Reduced downside exposure to commodity risk/low oil prices by hedging over 35% of production should the WTI oil price fall below USD 40.0/bbl in the period from 1st April 2017 to 31st March 2018, through the purchase of put options;
- Board changes, with Jeremy Bridglalsingh, David Segel and Angus Winther joining the board on the completion of the refinancing and restructuring in January 2017 and Jonathan Murphy stepping down and James Menzies joining the Board after the AGM in June 2017; and
- Retained the services of Walbrook PR Limited as financial PR advisor and Whitman Howard Limited as equity advisor.

### Post Period End Highlights

- ***Continued upward trajectory in production***
  - A further increase in operating activities across core assets during July-August 2017 restored production with average production of 2,609 bopd in August 2017; and
  - H2 2017 planned work programme consists of; at least 30 RCPs, 30 reactivations, 30 routine WOs and increased swabbing, which should enable the lower end of the initial production guidance (2,600-2,800 average bopd for 2017) to be achieved, and at a lower cost, and better economics, than originally planned.
- ***Sale of West Coast assets***
  - On 11th August 2017 Trinity announced that it entered into a binding sale and purchase agreement (“SPA”) to sell its interests in the West Coast licences and related fixed assets to Range Resources Trinidad Limited (“Range”) for a cash consideration of USD 4.55 million. The transaction is expected to complete in Q4 2017.

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

*“Having secured Trinity’s future in January, H1 2017 saw a directional change in the organisation’s activities with the focus on preparing the Company for growing production safely while maintaining financial discipline in order to maximise the returns from our high-quality asset base. I am proud of the effort the team has given to date and grateful for the support the Company has received from our key suppliers and stakeholders. Our progress thus far is testament to that combined effort.*

*With the challenges of the last two years behind us our attention is now on safely increasing levels of profitable production from our core Onshore and East Coast assets and on obtaining the regulatory approvals that will allow the West Coast sale to reach financial close thereby further strengthening our balance sheet. H2 2017 has already seen operational activity ramping up with RCPs and WOs headlining the programme. Work on new infill targets is progressing well and the results may support an expansion of drilling options going forward.*

*Asset integrity is a fundamental part of our business cycle. We are undertaking several key infrastructure projects during H2 2017 to underpin further growth. Combined, these activities provide scope to grow production from current levels to an initial target run-rate of 3,000 bopd in the near future.*

*On behalf of the Board I must thank all our staff and stakeholders for their hard work and support which has allowed Trinity to focus on profitable growth. H1 2017 has been transformational and we are intent on building our business based on a sure footing in this new oil price environment.*

*We look forward with confidence and in providing a further quarterly update in November.”*

**Enquiries**

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**Competent Person’s Statement**

All reserves and resources related information contained in this announcement has been reviewed and approved by Graham Stuart, Trinity’s Technical Adviser, who has 35 years of relevant global experience in the oil industry. Mr. Stuart holds a BSC (Hons) in Geology.

**About Trinity ([www.trinityexploration.com](http://www.trinityexploration.com))**

Trinity is an independent oil and gas exploration and production Company focused solely on Trinidad & Tobago. Trinity operates producing and development assets both onshore and offshore, in the shallow waters off the 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. Trinity 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. 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.

## **OPERATIONS REVIEW**

The refinancing and restructuring completed in January 2017 allowed our operational team to refocus its efforts from maintaining base production to incrementally growing production to accelerate value extraction from the asset base. With minimal spend on asset integrity and base well maintenance in 2016, revitalisation of production in a safe and efficient manner required a methodical approach in Q1 2017. One impediment Trinity faced in Q2 2017 was the passage of Tropical Storm Bret in June 2017 which temporarily impacted our operations. The operations team met the challenge and production growth continued. Having created growth momentum in H1 2017, Trinity is positioned to progress with delivery of the planned H2 2017 activity set across its portfolio via a series of low cost, high return activities inclusive of RCPs, re-activations, WOs and swabbing.

### **Onshore operations**

- H1 2017 average like-for-like net production exclusive of the Guapo block was 1,278 bopd (H1 2016: 1,383 bopd). The 8% decrease in production volumes resulted mainly from natural decline rates.
- H1 2017 work programme involved the completion of 5 RCPs, 34 WOs and 4 re-activations (H1 2016: 33 workovers and no reactivations);
- H2 2017 planned work programme anticipates, at least, an additional 30 RCPs, 15 reactivations, 27 WOs and increased swabbing across all fields. Additional rigs have been procured to support the increased activity set. Further to this, work continues in parallel to expand the number of drill-ready infill well locations.

### **East Coast operations**

- H1 2017 average production was 909 bopd (H1 2016: 1,018 bopd). The 11% decrease in production was largely the result of natural production decline;
- H1 2017 work programme comprised 5 WOs (H1 2016: nil), one of which was the installation of an MPHU in June 2017. This is the first offshore installation of an MPHU on a slanted wellhead and the well has since produced at a consistent rate and continues to be monitored. Priority on infrastructure projects during H1 2017 included; the Bravo crane upgrade and recertification works, replacement of the Galeota tank farm fire water pump, Trintes crane assessments and installation of additional diesel storage;
- H2 2017 planned work programme anticipates 11 reactivations and 3 WOs to maintain and optimise base production levels. Infrastructure projects for H2 2017 comprise; Alpha crane boom change out and phase one of the installation of a new 10,000 bbl tank. H2 2017 activities also being progressed include:
  - Continuation of the geological, geophysical and engineering review of the Trintes infill drilling programme and the development plan for TGAL and wider Galeota Ridge
  - Demobilisation of Trinity's slant drilling rig in preparation for; inspection, repair and upgrade for future drilling.

### **West Coast operations**

- H1 2017 average net production was 210 bopd (H1 2016: 211 bopd). Production was maintained from the previous year as a result of a pipeline change-out programme completed in the Brighton Marine field in the latter part of Q4 2016, resulting in a production increase of c. 55 bopd which was realised in H1 2017;
- H1 2017 work programme entailed 1 workover (H1 2016: nil) and the commencement of asset integrity infrastructure projects;
- H2 2017 planned work programme anticipates 4 reactivations to maintain and grow production levels and the continuation of asset integrity related projects.

## FINANCIAL REVIEW

### Income Statement Analysis

	H1 2017	H1 2016	Δ Change
<b>Production</b>			
Average realised oil price (USD/ bbl)	46.3	32.8	13.5
Average Net production (bopd) <sup>1</sup>	2,397	2,612	(215)
<b>Statement of Comprehensive Income</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Operating Revenues	20,180	16,074	4,106
Operating Expenses <sup>2</sup> (excluding DD&A <sup>3</sup> )	(14,695)	(14,569)	(126)
Operating profit before DD&A	5,485	1,505	3,980
DD&A	(3,551)	(2,450)	(1,101)
Consolidated operating profit/(loss)	1,934	(945)	2,879
Exceptional items	25,123	1,064	24,059
Operating profit/(loss) after exceptional items	27,057	119	26,938
Finance Cost	(1,177)	(1,763)	586
Profit/(loss) before income tax	25,880	(1,644)	27,524
Income tax expense	(2,452)	143	(2,595)
Profit/(loss) after income tax	23,428	(1,501)	24,929
Currency translation	352	(25)	377
Total Comprehensive income/(expense)	23,780	(1,526)	25,306

#### Notes:

1. Average net production for H1 2016 is exclusive of the Guapo block which illustrates a like-for-like comparative.
2. Operating Expenses: Royalties, Production Costs, G&A and other operating expenses
3. DD&A: Depreciation, Depletion and Amortisation

### Operating Revenues

Operating revenues of USD 20.2 million (H1 2016: USD 16.1 million). The USD 4.1 million increase was mainly as a result of an increase in average realised crude prices.

### Operating Expenses

Operating expenses of USD (18.2) million (H1 2016: USD (17.0) million) comprised of the following:

- Royalties of USD (5.9) million (H1 2016: USD (4.0) million)
- Production costs ("OPEX") of USD (6.7) million (H1 2016: USD (8.7) million)
- DD&A charges of USD (3.6) million (H1 2016: USD (2.5) million)
- G&A expenditure of USD (1.6) million (H1 2016: USD (1.8) million)
- Other operating expenses of USD (0.4) million (H1 2016: nil) include Fair Value adjustments to Put Options related to commodity hedge

### Operating Profit/ (Loss)

The operating profit (before exceptional items) for the period amounted to USD 1.9 million (H1 2016: USD (0.9) million loss) and was mainly driven by an increase in crude oil prices and a lower operating cost structure.

## Exceptional items

Exceptional items of USD 25.1 million (H1 2016: USD 1.1 million) related to:

- Unsecured creditor balances compromise following the successful creditor proposal filed and approved by the High Court of Trinidad and Tobago, which saw USD 15.5 million in Trade and other payables being written off
- Citibank loan compromise, which allowed a USD 6.5 million write off on the USD 10.0 million debt
- Board of Inland Revenue of Trinidad and Tobago (“BIR”) agreement to write off USD 5.2 million of Interest on Taxes
- Gain on extinguishment of financial liability of MEEI USD 0.2 million
- Net foreign exchange loss on compromised balances of USD (0.7) million
- Impairment of oil and gas assets of USD (0.7) million
- Restructuring costs incurred, net of amounts provided of USD (0.6) million
- Impairment of receivables of USD (0.3) million

## Net Finance Cost

Finance cost for the period totaled USD (1.2) million (H1 2016: USD (1.8) million), made up of:

- Unwinding of the discount rate on the decommissioning provision of USD (0.8) million (H1 2016: USD (0.8) million)
- Interest on taxes of nil (H1 2016: USD (0.5) million)
- Interest on loans: USD (0.4) million (H1 2016: USD (0.4) million)
  - Accrued interest on CLN H1 2017 of USD (0.3) million (H1 2016: nil)
  - Interest expense on loan facilities from Citibank (Trinidad & Tobago) Limited USD (0.1) million (H1 2016: USD (0.4) million)

## Taxation

Taxation charge for the period was USD (2.5) million (H1 2016: 0.1 million) which is made up of:

- De-recognition of deferred tax assets of USD (2.8) million (H1 2016: nil)
- Decrease in deferred tax liability of USD 0.4 million (H1 2016: USD 0.0 million)
- Unemployment Levy of USD (0.1) million (H1 2016: USD (0.3) million)
- Supplemental Petroleum Tax: nil (H1 2016: USD 0.4 million credit)

As at 30th June 2017, the Group has unrecognised income tax losses of USD 205.1 million which have no expiry date.

## Total Comprehensive Income/ (Expenses)

Total Comprehensive Profit for the period was USD 23.8 million (H1 2016: USD (1.5) million loss)

## Cash Flow Analysis

### Summary of Statement of Cash Flows

	H1 2017 USD'000	H1 2016 USD'000	FY 2016 USD'000
Opening Cash Balance	7,615	8,200	8,200
<b>Cash Movement</b>			
Net cash (outflow)/inflow from operating activities	(5,458)	(1,097)	8,987
Net cash outflow from investing activities	(650)	(24)	(266)
Net cash inflow/(outflow)from financing activities	10,025	(1,967)	(6,206)
Increase/ (decrease) in cash and cash equivalents	3,917	(3,088)	2,515
<i>Less: Funds held for abandonment</i>	--	--	(3,100)
<b>Closing cash balance</b>	<b>11,532</b>	<b>5,112</b>	<b>7,615</b>

### Opening Cash Balance

Trinity began the year with an initial cash balance of USD 7.6 million (2016: USD 8.2 million).

### Operating Activities

Trinity's net cash outflow from operating activities was USD (5.4) million (H1 2016: USD (1.1) million). H1 2017 included USD 8.6 million in relation to the restructuring in the form of settlement payments to unsecured creditors (trade creditors, Petrotrin, BIR and MEEI) and quarterly payments (BIR and MEEI) in line with the creditors' proposal.

### Investing Activities

Trinity incurred capital expenditures mainly on production related capex conducted on onshore assets and infrastructure related capex conducted on the west and east coast assets totaling USD 0.7 million (H1 2016: USD 0.0 million).

### Financing Activities

H1 2017 saw the refinancing of Trinity through the placing of ordinary shares and issue of an unsecured CLN. The funding from these activities were used in settling outstanding debt and unsecured creditor balances in accordance with the proposal and settlement agreements. Net inflows from financing activities were USD 10.0 million which comprised of:

- Issue of ordinary shares from the Placing (net of costs) USD 10.8 million
- Net proceeds from CLN USD 3.0 million
- Repayment of borrowings USD (3.5) million (H1 2016: USD (1.1) million)
- Finance costs USD (0.3) million (H1 2016: USD (0.9) million)

### Closing Cash Balance

Trinity's cash balance at 30th June 2017 was USD 11.5 million (H1 2016: USD 5.1 million).



## APPENDIX 1: TRADING SUMMARY

A summary of realised price, production, operating break-evens, Opex and G&A expenditure metrics is set out below:

### Trading Summary Table

Details	H1 2017	H1 2016	% Change
<b>Realised Price (USD/bbl)</b>	46.3	32.8	41
<b>Production (bopd)</b>			
Onshore*	1,278	1,383	(8)
West Coast	210	211	(0)
East Coast	909	1,018	(11)
Consolidated	2,397	2,612	(8)
<b>Operating Break-even (USD/bbl)</b>			
Onshore	16.1	17.8	(10)
West Coast	29.0	34.9	(17)
East Coast	23.2	30.1	(23)
Consolidated	28.2	29.9	(6)
<b>Metrics (USD/bbl)</b>			
Opex/bbl - Onshore	10.8	12.0	(10)
Opex/bbl - West Coast	24.0	29.1	(18)
Opex/bbl - East Coast	17.6	23.0	(23)
G&A/bbl - Consol	3.8	3.9	(3)

*Note (\*): Both years are exclusive of the Guapo block. Production inclusive of the Guapo block will be 1,430 bopd with consolidated production of 2,659 bopd with a resultant Onshore Operating Break-even USD 18.4/bbl) and Onshore Opex/bbl at USD 12.4/bbl*

## APPENDIX 2: NET CASH/ (DEBT) CALCULATION

Balance Sheet Extract	H1 2017 USD MM Unaudited <sup>1</sup>	H1 2017 USD MM Unaudited Mgmt. View <sup>2</sup>	H1 2016 USD MM Unaudited	FY 2016 USD MM Audited
<b>A: Current Assets</b>				
Cash and cash equivalents	11.5	11.5	5.1	7.6
Trade and other receivables	3.7	3.7	9.6	5.5
Inventories	3.7	3.7	3.9	3.8
Derivative financial instrument	0.2	0.2	-	-
<b>Total Current Assets</b>	<b>19.1</b>	<b>19.1</b>	<b>18.6</b>	<b>16.9</b>
<b>B: Liabilities</b>				
<b>Non-current</b>				
Trade and other payables	1.6	1.8	-	-
Taxation payable	3.6	3.6	-	-
Convertible loan note	2.7	6.8	-	-
<b>Total Non-Current Liabilities<sup>3</sup></b>	<b>7.9</b>	<b>12.2</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
Trade and other payables	4.2	4.3	28.6	34.0
Taxation payable	3.8	3.8	12.3	10.9
Borrowings	-	-	12.0	10.0
<b>Total Current Liabilities<sup>4</sup></b>	<b>8.0</b>	<b>8.1</b>	<b>52.9</b>	<b>54.9</b>
<b>Total Liabilities</b>	<b>15.9</b>	<b>20.3</b>	<b>52.9</b>	<b>54.9</b>
<b>(A-B): Net cash/(debt) position</b>	<b>3.2</b>	<b>(1.2)</b>	<b>(34.3)</b>	<b>(38.0)</b>

### Notes:

1. States the amortised cost of the CLN and MEEI liabilities as stated in the Financials (see notes 2, 15 and 17 to the financial statements)
2. States the Face Value of the CLN and MEEI liabilities as opposed to amortised cost stated in the Financials
3. Non-Current Liabilities excludes Deferred tax liability & Provision for other liabilities
4. Current Liabilities excludes Provision for other liabilities

## **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of the current Directors is maintained on the Trinity Exploration & Production plc website [www.trinityexploration.com](http://www.trinityexploration.com).

By order of the Board

Bruce A. I. Dingwall, CBE  
Executive Chairman

# ***Independent review report to Trinity Exploration & Production Plc***

## **Report on the Condensed Consolidated Interim Financial Statements**

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### **Our conclusion**

We have reviewed Trinity Exploration & Production Plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Condensed Consolidated Interim Financial Statements of Trinity Exploration & Production Plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

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### **What we have reviewed**

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2017;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cashflow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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## **Responsibilities for the interim financial statements and the review**

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### **Our responsibilities and those of the directors**

The Condensed Consolidated Interim Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Condensed Consolidated Interim Financial Statements in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the Condensed Consolidated Interim Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What a review of interim financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Condensed Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants  
Aberdeen  
25th September 2017

- a) The maintenance and integrity of the Trinity Exploration & Production Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Trinity Exploration & Production plc

## Condensed Consolidated Statement of Comprehensive Income for the period ended 30th June 2017

(Expressed in United States Dollars)

	Notes	6 months to 30th June 2017	6 months to 30th June 2016	Year ended December 2016
		\$'000 (unaudited)	\$'000 (unaudited)	\$'000 (audited)
<b>Operating Revenues</b>				
Crude oil sales		20,120	16,074	35,303
Other income		60	--	--
		<u>20,180</u>	<u>16,074</u>	<u>35,303</u>
<b>Operating Expenses</b>				
Royalties		(5,906)	(4,043)	(9,326)
Production costs		(6,759)	(8,699)	(15,569)
Depreciation, depletion and amortisation	7	(3,551)	(2,450)	(9,539)
General and administrative expenses		(1,630)	(1,827)	(4,154)
Other operating expenses	2	(400)	--	--
		<u>(18,246)</u>	<u>(17,019)</u>	<u>(38,588)</u>
<b>Operating Profit/(Loss) before Exceptional Items</b>				
		<b>1,934</b>	<b>(945)</b>	<b>(3,285)</b>
Exceptional items	4	25,123	1,064	(1,675)
Finance Cost	6	<u>(1,177)</u>	<u>(1,763)</u>	<u>(4,733)</u>
<b>Profit/(Loss) Before Taxation</b>				
		<b>25,880</b>	<b>(1,644)</b>	<b>(9,693)</b>
Taxation (Charge)/Credit	5	<u>(2,452)</u>	<u>143</u>	<u>2,829</u>
<b>Profit/(Loss) for the period</b>				
		<b>23,428</b>	<b>(1,501)</b>	<b>(6,864)</b>
<b>Other Comprehensive Income/(Expense)</b>				
Currency Translation		<u>352</u>	<u>(25)</u>	<u>(112)</u>
<b>Total Comprehensive Income/(Expense) for the period</b>				
		<b><u>23,780</u></b>	<b><u>(1,526)</u></b>	<b><u>(6,976)</u></b>
<b>Earnings per share (expressed in dollars per share)</b>				
Basic	18	0.09	(0.02)	(0.07)
Diluted	18	0.07	(0.02)	(0.07)

# Trinity Exploration & Production plc

## Condensed Consolidated Statement of Financial Position for the period ended 30th June 2017

(Expressed in United States Dollars)

	Notes	As at 30th June 2017 \$'000 (unaudited)	As at 30th June 2016 \$'000 (unaudited)	As at 31st December 2016 \$'000 (audited)
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	7	48,202	58,600	59,632
Intangible assets	8	25,362	25,823	25,406
Abandonment fund		1,135	--	1,072
Performance bond		253	--	--
Deferred tax asset	12	2,665	2,375	5,496
		<b>77,617</b>	<b>86,798</b>	<b>91,606</b>
<b>Current Assets</b>				
Inventories		3,730	3,894	3,787
Trade and other receivables	9	3,658	9,587	5,449
Derivative financial instrument	10	200	--	--
Cash and cash equivalents		11,532	5,112	7,615
		19,120	18,593	16,851
Assets held-for-sale		7,696	11,039	--
		<b>26,816</b>	<b>29,632</b>	<b>16,851</b>
<b>Total Assets</b>		<b>104,433</b>	<b>116,430</b>	<b>108,457</b>
<b>EQUITY</b>				
<b>Capital and Reserves Attributable to Equity Holders</b>				
Share capital	13	96,676	94,800	94,800
Share premium	13	125,362	116,395	116,395
Share warrants		71	71	71
Other Equity	15	590	--	--
Share based payment reserve		12,247	12,178	12,244
Reverse acquisition reserve		(89,268)	(89,268)	(89,268)
Merger reserves		75,467	75,467	75,467
Translation reserve		(1,645)	(1,583)	(1,997)
Accumulated (deficit)		(172,429)	(190,518)	(195,857)
<b>Total Equity</b>		<b>47,071</b>	<b>17,542</b>	<b>11,855</b>
<b>Non-current Liabilities</b>				
Trade and other payables	17	1,640	--	--
Taxation payable	5	3,634	--	--
Convertible loan note	15	2,729	--	--
Deferred tax liability	12	2,503	3,161	2,927
Provision for other liabilities	16	26,348	28,858	38,318
		<b>36,854</b>	<b>32,019</b>	<b>41,245</b>
<b>Current Liabilities</b>				
Trade and other payables	17	4,210	28,555	34,009
Taxation payable	5	3,794	12,331	10,928
Borrowings	14	--	11,950	9,950
Provision for other liabilities	16	106	1,863	470
		8,110	54,699	55,357
Liabilities held-for-sale	11	12,398	12,170	--
		<b>20,508</b>	<b>66,869</b>	<b>55,357</b>
<b>Total Liabilities</b>		<b>57,362</b>	<b>98,888</b>	<b>96,602</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>104,433</b>	<b>116,430</b>	<b>108,457</b>

## Trinity Exploration & Production plc

### Condensed Consolidated Statement of Changes in Equity for the period ended 30th June 2017

(Expressed in United States Dollars)

	Share Capital	Share Premium	Share Warrant	Other Equity	Share Based Payment Reserve	Reverse Acquisition Reserve	Merger Reserve	Translation Reserve	Accumulated Deficit	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30th June 2016</b> (unaudited)	94,800	116,395	71	--	12,178	(89,268)	75,467	(1,583)	(190,518)	17,542
Share based payment charge	--	--	--	--	66	--	--	--	--	66
Translation difference	--	--	--	--	--	--	--	(302)	--	(302)
Total comprehensive expense for the period	--	--	--	--	--	--	--	(112)	(5,339)	(5,451)
<b>Balance at end of 2016</b> (audited)	<b>94,800</b>	<b>116,395</b>	<b>71</b>	<b>--</b>	<b>12,244</b>	<b>(89,268)</b>	<b>75,467</b>	<b>(1,997)</b>	<b>(195,857)</b>	<b>11,855</b>
Share based payment charge	--	--	--	--	3	--	--	--	--	3
Other equity net of transaction cost	--	--	--	590	--	--	--	--	--	590
Issue of ordinary shares	1,876	8,967	--	--	--	--	--	--	--	10,843
Total comprehensive income for the period	--	--	--	--	--	--	--	352	23,428	23,780
<b>Balance at 30th June 2017</b> (unaudited)	<b>96,676</b>	<b>125,362</b>	<b>71</b>	<b>590</b>	<b>12,247</b>	<b>(89,268)</b>	<b>75,467</b>	<b>(1,645)</b>	<b>(172,429)</b>	<b>47,071</b>



# Trinity Exploration & Production plc

## Condensed Consolidated Cashflow Statement for the period ended 30th June 2017

(Expressed in United States Dollars)

	Notes	6 months to 30th June 2017 \$'000 (unaudited)	6 months to 30th June 2016 \$'000 (unaudited)	Year ended 31st December 2016 \$'000 (audited)
<b>Operating Activities</b>				
Profit/(Loss) before taxation		25,880	(1,644)	(9,693)
Adjustments for:				
Translation difference		(735)	1,711	2,275
Finance cost	6	348	917	3,156
Share option expense		3	49	66
Finance cost – decommissioning provision	6	829	846	1,577
Depreciation, depletion and amortisation	7	3,551	2,450	9,539
Gain on disposal of Guapo-1	7	--	(963)	(954)
Impairment of property, plant and equipment	7	732	--	2,420
Release of provision for restructuring		--	--	(1,870)
Release of provision for claim		--	--	(1,218)
Other provisions		--	--	712
Impairment of payables		--	(447)	(157)
Impairment of receivables	4	348	--	1,071
Gain on extinguishment of financial liabilities	4	(210)	--	--
Unsecured creditors' claims		--	--	697
Compromised creditor balances	4	(26,568)	--	--
		<u>4,178</u>	<u>2,906</u>	<u>7,621</u>
<b>Changes In Working Capital</b>				
Inventory		57	68	26
Assets held for sale	11	--	1,926	1,896
Decrease/(Increase)Trade and other receivables		451	(3,774)	(746)
(Decrease)/IncreaseTrade and other payables		(7,577)	(681)	1,741
		<u>(2,891)</u>	<u>445</u>	<u>10,538</u>
Taxation paid		(2,567)	(1,542)	(1,551)
<b>Net Cash Inflow/ (Outflow) From Operating Activities</b>		<u>(5,458)</u>	<u>(1,097)</u>	<u>8,987</u>
<b>Investing Activities</b>				
Purchase of property, plant & equipment	7	(650)	(24)	(266)
<b>Net Cash Inflow/(Outflow) From Investing Activities</b>		<u>(650)</u>	<u>(24)</u>	<u>(266)</u>
<b>Financing Activities</b>				
Finance cost	6	(348)	(917)	(3,156)
Issue of shares (net of costs)	13	10,843	--	--
Issue of convertible notes (net of costs)	15	3,030	--	--
Repayments of borrowings	14	(3,500)	(1,050)	(3,050)
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>		<u>10,025</u>	<u>(1,967)</u>	<u>(6,206)</u>
<b>Increase/ (Decrease) in Cash and Cash Equivalents</b>		<u>3,917</u>	<u>(3,088)</u>	<u>2,515</u>
<b>Cash And Cash Equivalents</b>				
At beginning of period		7,615	8,200	8,200
Less funds held for abandonment		--	--	(3,100)
Increase/(Decrease)		3,917	(3,088)	2,515
At end of period		<u>11,532</u>	<u>5,112</u>	<u>7,615</u>

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# Trinity Exploration & Production plc

## Notes to the Condensed Consolidated Financial Statements for the period ended 30th June 2017

### 1 Background and Accounting Policies

#### Background

Trinity Exploration & Production plc (“Trinity”) is incorporated and registered in England and trades on the Alternative Investment Market (“AIM”), a market operated by London Stock Exchange plc. Trinity (“the Company”) and its subsidiaries (together “the Group”) are involved in the exploration, development and production of oil reserves in Trinidad.

#### Basis of Preparation

These condensed interim financial statements for the six months ended 30<sup>th</sup> June 2017 have been prepared in accordance with IAS 34, ‘Interim financial reporting’, as adopted by the European Union (“EU”), on a going concern basis. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU.

The results for the six months ended 30th June 2017 and 30th June 2016 are unaudited and do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2016 were approved by the board of directors and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified.

#### Going Concern

In making their going concern assessment, the Directors have considered the Group’s budget and cash flow forecasts. On the 11th January 2017 the Group was able to secure a refinancing solution enabling the Company to retire its existing senior debt facility (see note 14), reduce outstanding payables to unsecured trade creditors, significantly modify repayment terms to state creditors namely the Board of Inland Revenue (“BIR”) and the Ministry of Energy and Energy Industry (“MEEI”) (see notes 5&17) and provide sufficient additional capital through the issuing of ordinary shares and a convertible loan note (“CLN”) to continue operating (see notes 13 and 15 respectively). As part of the refinancing significant balances were compromised with the senior debt holder and with the Group’s unsecured creditors in accordance with the senior debt settlement and unsecured creditor settlement agreements.

Subsequent to the refinancing the Group meets its day-to-day working capital requirements through revenue generation and positive operating cash flows. The Group’s forecast and projections, taking account of reasonable possible changes in oil price and sales volume, show that the group should be able to operate within the level of its current cash resources. For these reasons, the Board of Directors have a reasonable expectation that the group has adequate resources to continue operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of preparing the financial statements.

#### Accounting policies

The accounting policies adopted are consistent with those of the previous financial year, as set out in the consolidated financial statements for the year ended 31st December 2016, except for income taxes in the interim periods which are accrued using the tax rate that would be applicable to the expected total annual profit and loss and the other policies outlined below. The business is not affected by seasonality.

There are no IFRS or IFRS Interpretations Committee (“IFRIC”) interpretations that are effective for the first time for the financial year beginning on or after 1st January 2017 that would be expected to have a material impact on the group.

#### Estimates

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

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In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Condensed Consolidated Financial Statements for the year ended 31st December 2016.

### **Non-current assets (or disposal Groups) held for sale**

Non-current assets (or disposal Groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal Groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued 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.

### **Compound Financial Instruments**

Compound financial instruments issued by the group comprise convertible notes that can, in certain circumstances, be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

### **Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

### **Derivative financial Instruments and hedging activities**

The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Financial assets at fair value through profit or loss financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

## **2 Financial risk management**

### **Financial risk factors**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements for 2016, which can be found at [www.trinityexploration.com](http://www.trinityexploration.com). On 1st April 2017 a put option was put in place which hedged a portion of the Group's production against downside movement in crude oil price below \$40.00/bbl. The introduction of a put option is the only new change in any risk management policies or management since the year end.

## Liquidity risk

Compared to year end, there were changes in the contractual undiscounted cash out flows for certain financial liabilities as follows:

- Borrowings of \$10.0 million due to Citibank Trinidad and Tobago Limited was fully settled in accordance with the senior debt settlement agreement.
- Outstanding trade payables were compromised and settled in accordance with the unsecured creditor settlement agreement.
- Taxes due to the BIR were significantly modified following the restructuring of the Group in January 2017. Interest on taxes of \$5.2 million were compromised and a repayment term over 10 quarters were agreed.
- Payables to the MEEI were significantly modified following the restructuring of the Group in January 2017. The terms of repayment of these financial liabilities has been substantially modified from the original financial liability, the transaction was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability was recognised at fair value by discounting the future cash outflows at 10% discount rate with a gain recognised through the Condensed consolidated statement of comprehensive Income.

## Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 June 2017.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Put options			200	200
Total assets	-	-	200	200

The group had no financial assets and liabilities measured at fair value at 31st December 2016.

## Fair value measurements using significant unobservable inputs (Level 3)

	Put options
	\$'000
<b>1st January 2017</b>	
Purchased put options	--
(Losses)/gain recognised	600
Accretion	(400)
Payments	--
<b>30th June 2017</b>	<b>200</b>

For put options at fair value through the profit or loss, an assessment of oil price movement in terms of the volatility at 30 June 2017 was done recognising a loss of \$0.4 million (2016: nil) included within 'Other operating costs' in the Condensed consolidated statement of comprehensive income.

## Group's valuation processes

The group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer ("CFO") who in turn reports to the Audit Committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least twice per year, in line with the group's interim reporting dates.

### 3 Operating segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. 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 in Trinidad.

All revenue is generated from sales to one customer in Trinidad & Tobago: The Petroleum Company of Trinidad & Tobago ("Petrotrin"). All non-current assets of the Group are located in Trinidad & Tobago.

### 4 Exceptional Items

Items that are material either because of their size, 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 in the Condensed Consolidated Statement of Comprehensive Income. An analysis of the amounts presented as exceptional items in these financial statements are highlighted below.

	30th June 2017 \$'000	30th June 2016 \$'000	31st December 2016 \$'000
Secured creditor compromise	(6,450)	--	--
Interest on tax compromise	(5,249)	--	--
Unsecured creditors' compromise	(15,532)	--	--
Foreign exchange loss on compromised balance	663	--	--
Impairment of property, plant & equipment – FZ 2	732	--	2,420
Impairment of receivable	348	--	1,071
Restructuring	577	350	940
Gain on extinguishment of financial liabilities	(210)	--	--
Gain on disposal of Guapo-1	--	(963)	(954)
Other provisions	--	--	712
Unsecured creditor claims	--	--	545
Release of provision – potential claim	--	--	(1,218)
Provision for restructuring	--	--	(1,870)
Impairment of payables	--	(447)	--
Translation difference	(2)	(4)	11
	<b>(25,123)</b>	<b>(1,064)</b>	<b>1,657</b>

Exceptional items related to:

- *Secured creditor compromise* – \$ 6.5 million gain under the senior debt settlement agreement where the unpaid balance was compromised
- *Interest on tax compromise* – \$ 5.2 million gain under the creditor settlement where interest outstanding was waived with the Board of Inland Revenue ("BIR")
- *Unsecured creditors' compromise* – \$ 15.5 million gain under the creditor settlements arising from compromised balances with suppliers
- *Foreign exchange loss on compromised balance* – \$ 0.7 million charge under the creditor settlements arising from compromised balances with suppliers
- *Impairment of property, plant & equipment* – \$ 0.7 million charge resulting from an impairment loss on the FZ 2 asset
- *Impairment of receivable* – \$ 0.3 million charge resulting from impairment of deal cost VAT recoverable from 2013
- *Restructuring* – \$ 0.6 million charge as a result of field restructuring costs incurred
- *Gain on extinguishment of financial liabilities* – \$ 0.2 million gain due to the modification in payment terms with the MEEI. The old liability of \$ 2.1 million was extinguished and a new liability of \$ 1.9 million was recorded at fair value, the difference being the gain recognised

## 5 Taxation Charge/ (Credit)

<b>a. <u>Taxation Charge</u></b>	<b>30th June 2017 \$'000</b>	<b>30th June 2016 \$'000</b>	<b>31st December 2016 \$'000</b>
<b>Current tax</b>			
- Current period			
Petroleum profits tax	44	307	1,533
Corporation tax	--	--	27
Supplemental petroleum tax	--	(418)	(951)
<b>Deferred tax</b>			
- Current period			
Movement in asset due to tax losses	2,822	--	(3,036)
Movement in liability due to accelerated tax depreciation	(392)	(32)	(381)
Unwinding deferred tax on Fair Value uplift	(27)	--	--
Translation differences	5	--	(21)
<b>Tax charge/(credit)</b>	<b>2,452</b>	<b>(143)</b>	<b>(2,829)</b>

The Group has a deferred tax asset of \$2.7 million on its Condensed Consolidated Statement of Financial Position which it expects to recover in more than 12 months based on the expected taxable profits generated by Group companies.

<b>b. <u>Taxation payable current</u></b>	<b>30th June 2017 \$'000</b>	<b>30th June 2016 \$'000</b>	<b>31st December 2016 \$'000</b>
Petroleum Profits Tax/ Unemployment Levy	86	1,464	2,233
Corporation Tax	--	539	508
Supplemental Petroleum Tax	3,708	10,328	8,187
<b>Taxation payable</b>	<b>3,794</b>	<b>12,331</b>	<b>10,928</b>
<b>c. <u>Taxation payable non-current</u></b>			
Petroleum Profits Tax/ Unemployment Levy	2,222	--	--
Corporation Tax	508	--	--
Supplemental Petroleum Tax	904	--	--
<b>Taxation payable</b>	<b>3,634</b>	<b>--</b>	<b>--</b>

The Taxation payable has been split between current and non-current and represents the principal balance owed to the BIR. The amount agreed with the BIR and outstanding at the point of restructuring was \$10.9 million of which \$3.5 million has been repaid for the period ended 30th June 2017 with the remaining balance of \$7.4 million repayable over 9 quarters commencing September 2017. The interest portion outstanding on taxes are classified within current and non-current trade and other payables see note 17.

## 6 Finance Cost

	<b>30th June 2017 \$'000</b>	<b>30th June 2016 \$'000</b>	<b>31st December 2016 \$'000</b>
Decommissioning	829	845	1,577
Interest on taxes	--	428	2,215
Interest on loans	348	490	941
	<b>1,177</b>	<b>1,763</b>	<b>4,733</b>

## 7 Property, Plant and Equipment

	Land & Buildings \$'000	Oil & Gas Property \$'000	Plant & Equipment \$'000	Other \$'000	Total \$'000
Opening net book amount at 1st January 2017	1,890	53,541	4,201	--	59,632
Additions	1	622	27	--	650
Disposal	(9)	--	--	--	(9)
Impairment <sup>1</sup>	--	(732)	--	--	(732)
Depreciation, depletion and amortisation charge for period	(76)	(3,170)	(305)	--	(3,551)
Transferred to disposal group held for sale	(108)	(7,401)	(187)	--	(7,696)
Translation difference	(1)	(84)	(7)	--	(92)
<b>Closing net book amount 30th June 2017</b>	<b>1,697</b>	<b>42,776</b>	<b>3,729</b>	<b>--</b>	<b>48,202</b>
<b>Period ended 30th June 2017</b>					
Cost	3,125	273,230	12,884	336	289,575
Accumulated depreciation, depletion, amortisation and impairment	(1,427)	(230,370)	(9,148)	(336)	(241,281)
Translation difference	(1)	(84)	(7)	--	(92)
<b>Closing net book amount 30th June 2017</b>	<b>1,697</b>	<b>42,776</b>	<b>3,729</b>	<b>--</b>	<b>48,202</b>
<b>Period ended 30th June 2016</b>					
Opening net book amount at 1st January 2016	1,629	40,548	3,966	--	46,143
Additions	--	--	24	--	24
Depreciation, depletion and amortisation charge for period	(80)	(2,058)	(312)	--	(2,450)
Transferred from disposal group held for sale	279	15,988	226	--	16,493
Translation difference	(49)	(1,457)	(104)	--	(1,610)
<b>Closing net book amount 30th June 2016</b>	<b>1,779</b>	<b>53,021</b>	<b>3,800</b>	<b>--</b>	<b>58,600</b>
<b>Period ended 30th June 2016</b>					
Cost	2,975	264,461	12,232	--	279,668
Accumulated depreciation, depletion, amortisation and impairment	(1,147)	(209,983)	(8,328)	--	(219,458)
Translation difference	(49)	(1,457)	(104)	--	(1,610)
<b>Closing net book amount 30th June 2016</b>	<b>1,779</b>	<b>53,021</b>	<b>3,800</b>	<b>--</b>	<b>58,600</b>
<b>Year ended 31st December 2016</b>					
Opening net book amount at 1st January 2016	1,629	40,548	3,966	--	46,143
Additions	--	247	19	--	266
Disposal	--	--	(16)	--	(16)
Impairment	--	(2,420)	--	--	(2,420)
Transferred from held for sale	399	26,361	831	--	27,591
Depreciation, depletion and amortisation charge for year	(176)	(8,722)	(641)	--	(9,539)
Translation difference	38	(2,473)	42	--	(2,393)
<b>Closing net book amount 31st December 2016</b>	<b>1,890</b>	<b>53,541</b>	<b>4,201</b>	<b>--</b>	<b>59,632</b>
<b>At 31st December 2016</b>					
Cost	3,095	275,081	12,815	336	291,327
Accumulated depreciation, depletion, amortisation and impairment	(1,243)	(219,067)	(8,656)	(336)	(229,302)
Translation difference	38	(2,473)	42	--	(2,393)
<b>Closing net book amount</b>	<b>1,890</b>	<b>53,541</b>	<b>4,201</b>	<b>--</b>	<b>59,632</b>

<sup>1</sup> Impairment loss for one of the Cash Generating Units ("CGU") FZ 2 of \$0.7 million was recognised during the period ended 30th June 2017. The recoverable amount was determined by estimating its fair value less costs of disposal. There were no impairment losses recognised in June 2016.

## 8 Intangible Assets

	<b>Exploration and evaluation assets \$'000</b>
At 1st January 2017	25,406
Translation difference	(44)
<b>At 30th June 2017</b>	<b>25,362</b>
At 1st January 2016	26,751
Translation difference	(928)
<b>At 30th June 2016</b>	<b>25,823</b>
At 1st January 2016	26,751
Translation difference	(1,345)
<b>At 31st December 2016</b>	<b>25,406</b>

Exploration and evaluation assets related to the TGAL exploration well and field development plan.

## 9 Trade and Other Receivables

	<b>30th June 2017 \$'000</b>	<b>30th June 2016 \$'000</b>	<b>31st December 2016 \$'000</b>
<b>Due within one year</b>			
Trade receivables	1,967	2,767	2,849
Prepayments	1,001	870	1,140
VAT recoverable	506	4,009	1,315
Other receivables	184	1,941	145
	<b>3,658</b>	<b>9,587</b>	<b>5,449</b>

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

## 10 Derivative financial instrument

	<b>30th June 2017 \$'000 Assets</b>	<b>30th June 2016 \$'000 Assets</b>	<b>31st December 2016 \$'000 Assets</b>
Put Option-commodity price hedge	200	--	--
	<b>200</b>	<b>--</b>	<b>--</b>

A put option was implemented on 1st April 2017 which hedged a portion of the Group's production against downside movements in crude oil price below \$40.00/barrel. (See note 2)

## 11 Assets held for sale

The West Coast assets and liabilities holding the Group's oil and gas interest in the Brighton Marine and Point Ligoure-Guapo Bay-Brighton ("PGB") fields owned and operated by its indirect subsidiary Oilbelt Services Limited have been presented as held for sale.



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

	30th June 2017 \$'000	30th June 2016 \$'000	31st December 2016 \$'000
Property, plant & equipment			
Net Book Value at 1st January 2017	--	30,491	30,491
Disposal	--	(1,926)	(1,896)
Reclassified as property, plant & equipment	--	(16,493)	--
Transferred from/(to) property, plant & equipment	7,696	--	(27,591)
Translation difference	--	(1,033)	(1,004)
Closing balance	<b>7,696</b>	<b>11,039</b>	--

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

	30th June 2017 \$'000	30th June 2016 \$'000	31st December 2016 \$'000
<i>Other provisions</i>			
Decommissioning provision 1st January 2017	--	21,927	21,927
Reclassified as provision and other liabilities	--	(9,233)	--
Transferred from/(to) provision and other liabilities	12,398	--	(21,810)
Unwinding of discount rate	--	363	--
Disposal	--	(112)	(117)
Translation difference	--	(775)	--
Closing balance	<b>12,398</b>	<b>12,170</b>	--

In accordance with IFRS 5, the assets and liabilities held for sale criteria were met at the balance sheet date and the date that the Condensed Consolidated Financial Statements were authorised.

## 12 Deferred Income Taxation

The analysis of deferred tax assets is as follows:

	30th June 2017 \$'000	30th June 2016 \$'000	31st December 2016 \$'000
<b>Deferred tax assets:</b>			
-Deferred tax assets to be recovered in more than 12 months	(2,665)	(2,375)	(5,496)
-Deferred tax assets to be recovered in less than 12 months	--	--	--
<b>Deferred tax liabilities:</b>			
-Deferred tax liabilities to be settled in more than 12 months	2,503	3,161	2,927
-Deferred tax liabilities to be settled in less than 12 months	--	--	--
<b>Net deferred tax (assets)/liability</b>	<b>(162)</b>	<b>786</b>	<b>(2,569)</b>

The movement on the deferred income tax is as follows:

	30th June 2017 \$'000	30th June 2016 \$'000	31st December 2016 \$'000
At beginning of year	(2,569)	848	848
Movement for the year	2,407	(32)	(3,417)
Translation difference	--	(30)	--
<b>Net deferred tax (asset)/liability</b>	<b>(162)</b>	<b>786</b>	<b>(2,569)</b>

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:

	1st January 2016 \$'000	Movement \$'000	30th June 2016 \$'000	Movement \$'000	31st December 2016 \$'000	Movement \$'000	30th June 2017 \$'000
<b>Deferred tax assets</b>							
Acquisition	(33,436)	--	(33,436)	--	(33,436)	--	(33,436)
Tax losses recognised	(31,257)	85	(31,172)	(3,121)	(34,293)	--	(34,293)
Tax losses derecognised	62,233	--	62,233	--	62,233	2,831	65,064
	<b>(2,460)</b>	<b>85</b>	<b>(2,375)</b>	<b>(3,121)</b>	<b>(5,496)</b>	<b>2,831</b>	<b>(2,665)</b>

	1st January 2016	Movement	30th June 2016	Movement	31st December 2016	Movement	30th June 2017
<b>Deferred tax liabilities</b>							
Accelerated tax depreciation	14,374	--	14,374	--	14,374	(395)	13,979
Non-current asset impairment	(33,214)	--	(33,214)	--	(33,214)	--	(33,214)
Acquisitions	19,580	--	19,580	--	19,580	--	19,580
Fair value uplift	2,568	(147)	2,421	(234)	2,187	(29)	2,158
	<b>3,308</b>	<b>(147)</b>	<b>3,161</b>	<b>(234)</b>	<b>2,927</b>	<b>(424)</b>	<b>2,503</b>

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 \$2.8 million have been derecognised (2016: \$3.1 million was recognised) based on unavailable future taxable profits. Deferred tax liabilities have reduced by \$0.4 million (2016: \$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.

The Group has unrecognised income tax losses amounting to \$205.1 million which have no expiry date.

### 13 Share capital

	Number of shares	Ordinary shares \$'000	Share premium \$'000	Total \$'000
As at 1st January 2016	94,799,986	94,800	116,395	211,195
Share Capital Reorganisation	187,600,000	1,876	8,967	10,843
<b>As at 30th June 2017</b>	<b>282,399,986</b>	<b>96,676</b>	<b>125,362</b>	<b>222,038</b>

The Company effected a Share Capital Reorganisation "SCR" on the 11th January 2017 whereby each existing Ordinary Share was divided and converted into one new Ordinary Share of a nominal value of \$0.01 each and one Deferred Share of a nominal value of \$0.99 each. The deferred shares have no voting or dividend rights and on a return of capital on a winding up has no valuable economic rights. Subsequent to the SCR the company raised \$11.7 million before expenses by issuing 187,600,000 new ordinary shares at a placing price of £0.0498. The nominal value of the new ordinary shares are \$0.01 each issued at a premium of \$0.05 per share.

Share Capital and Share Premium		No. of Shares	Ordinary Shares \$'000	Deferred Shares \$'000	Share Premium \$'000	Total \$'000
As at 1st January 2016	1.00	94,799,986	94,800	--	116,395	211,195
Share capital reorganisation	1.00	(94,799,986)	(94,800)	--	--	(94,800)
New ordinary shares following the SCR	0.01	94,799,986	948	--	--	948
Deferred ordinary shares following SCR	0.99	--	--	93,852	--	93,852
New ordinary shares issued	0.01	187,600,000	1,876	--	--	1,876
Ordinary share premium	0.05	--	--	--	9,849	9,849
Cost of raising equity		--	--	--	(882)	(882)
		<b>282,399,986</b>	<b>2,824</b>	<b>93,852</b>	<b>125,362</b>	<b>222,038</b>

Note: \$:GBP rate 1.255:1

## 14 Borrowings

	30th June 2017 \$'000	30th June 2016 \$'000	31st December 2016 \$'000
Current	--	11,950	9,950
Non-Current	--	--	--
	<b>--</b>	<b>11,950</b>	<b>9,950</b>

Movements in borrowings are analysed as follows:

	\$'000
<b>6 months ended 30th June 2017</b>	
Opening amount as at 1st January 2017	9,950
Repayment	(3,500)
Compromised balance	(6,450)
<b>Closing amount as at 30th June 2017</b>	<b>--</b>
<b>6 months ended 30th June 2016</b>	
Opening amount as at 1st January 2016	13,000
Repayments of borrowings	(1,050)
<b>Closing amount as at 30th June 2016</b>	<b>11,950</b>

On the 23rd January 2017 the borrowings from secured lender Citibank Trinidad and Tobago Limited was repaid in full via the senior debt settlement agreement whereby an amount of \$3.5 million plus interest was paid in lieu of full settlement on the outstanding balance owed of \$10.0 million and the entire financial liability was extinguished. The compromised balance of \$6.5 million was recognised within exceptional items through the Condensed Consolidated Statement of Comprehensive Income.

## 15 Convertible Loan Note (“CLN”)

On 11th January 2017 the Company issued at a 50% discount 6,550,000 one dollar, unsecured CLNs. The notes mature 7 years from the issue date at their nominal value of \$6.55 million plus quarterly accrued, aggregated and compounded interest at a rate of 7.25% per annum. As at 30 June 2017, the nominal value plus accrued interest amounted to US\$ 6.8 million. Repayments or conversion prior to the maturity date can be made in certain circumstances:

- *Early Redemption*  
Subject to the settlement of the debts owed to the BIR and the MEEI (see note 2, 5 b & c, 15) the Company can before the second anniversary of the CLN’s issue date, redeem all or a portion of the CLN giving 5 business days’ written notice to the Noteholder. The Noteholders do not have the option to convert under this arrangement.
- *Redemption*  
The Company can, after satisfying the debts owed to the BIR and the MEEI or after two years from the issue dates (whichever is the latter), elect to redeem all the CLN before the maturity date. The redemption date in this scenario must not be less than 20 days from the Early Redemption Notice. The Noteholders can serve a Conversion Notice.
- *Conversion*  
Each Noteholder can after the second anniversary of the issue date serve a Conversion Notice. The principal amount plus the outstanding interest shall be converted into new fully paid ordinary shares at a Conversion Price of \$0.08125.

The fair values of the CLN’s liability and equity component were determined at the issuance of the note. The CLN recognised in the Statement of Financial Position was calculated as follows:

	30th June 2017 \$’000	30th June 2016 \$’000	31st December 2016 \$’000
Nominal value of convertible loan note issued <sup>1</sup>	6,550	--	--
Issued at a 50% discount	(3,275)	--	--
Fair value of convertible loan note	3,275	--	--
Expenses incurred	(245)	--	--
Fair value of convertible loan note (net of costs)	3,030	--	--
Equity component	(590)	--	--
Liability component at initial recognition	2,440	--	--
Interest accrued <sup>2</sup>	289	--	--
Closing balance	<b>2,729</b>	--	--

*Notes:*

1. *The amount repayable on the CLN is the nominal value of \$6.6 million plus accrued interest.*
2. *Interest is calculated by applying the effective interest rate of 23.7 % to the liability component.*

For accounting purposes, the CLN was initially recognised and measured at its fair value of \$3.3 million. The fair value of the liability component was determined using a market interest rate of 22.4% for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders’ equity net of transaction cost, and not subsequently remeasured.

## 16 Provisions and Other Liabilities

Non-Current:	Potential Claim	Decommissioning cost	Employee Retirement Benefit	Total
	\$'000	\$'000	\$'000	\$'000
<b>6 months ended 30th June 2017</b>				
Opening amount as at 1st January 2017	--	37,970	348	38,318
Unwinding of discount	--	829	--	829
Transferred to disposal groups held for sale (note 11)	--	(12,398)	--	(12,398)
Unwind of employee retirement provision	--	--	(348)	(348)
Translation differences	--	(53)	--	(53)
<b>Closing balance as at 30th June 2017</b>	<b>--</b>	<b>26,348</b>	<b>--</b>	<b>26,348</b>
<b>6 months ended 30th June 2016</b>				
Opening amount as at 1st January 2016	1,270	18,561	--	19,831
Unwinding of discount	--	483	--	483
Transferred to disposal groups held for sale (note 11)	--	9,233	--	9,233
Translation differences	--	(689)	--	(689)
<b>Closing balance as at 30th June 2016</b>	<b>1,270</b>	<b>27,588</b>	<b>--</b>	<b>28,858</b>
<b>Year ended 31st December 2016</b>				
Opening amount as at 1st 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	--	1,577	--	1,577
Release of provision	(1,218)	--	--	(1,218)
Decommissioning contribution	--	(1,939)	--	(1,939)
Translation differences	(52)	(2,039)	--	(2,091)
<b>Closing balance at 31st December 2016</b>	<b>--</b>	<b>37,970</b>	<b>348</b>	<b>38,318</b>
<b>Current:</b>				
	Litigation claims \$'000	Restructuring Cost		Total
	\$'000	\$'000		\$'000
<b>6 months ended 30th June 2017</b>				
Opening amount as at 1st January 2017	470	--	--	470
Litigation claims compromised	(364)	--	--	(364)
<b>Closing balance as at 30th June 2017</b>	<b>106</b>	<b>--</b>	<b>--</b>	<b>106</b>
<b>6 months ended 30th June 2016</b>				
Opening amount as at 1st January 2016	--	1,930	--	1,930
Translation difference	--	(67)	--	(67)
<b>Closing balance at 30th June 2016</b>	<b>--</b>	<b>1,863</b>	<b>--</b>	<b>1,863</b>
<b>Year ended 31st December 2016</b>				
Opening amount as at 1st 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)
<b>Closing balance at 31st December 2016</b>	<b>470</b>	<b>--</b>	<b>--</b>	<b>470</b>

## 17 Trade and Other Payables

	30th June 2017	30th June 2016	31st December 2016
	\$'000	\$'000	\$'000
<b>Non-current:</b>			
Due to BIR Interest on taxes <sup>1</sup>	970	--	--
Due to MEEI <sup>2</sup>	670	--	--
	<b>1,640</b>	<b>--</b>	<b>--</b>
<b>Current:</b>			
Trade payables	419	17,061	19,379
Accruals	1,503	2,320	2,677
VAT payable	129	184	187
Other payables	903	3,116	4,772
Due to BIR Interest on taxes <sup>1</sup>	775	4,944	6,994
Due to MEEI <sup>2</sup>	481	930	--
	<b>4,210</b>	<b>28,555</b>	<b>34,009</b>

### Notes:

1. Due to the BIR is interest on taxes totaling \$1.8 million. Principal taxes of \$7.4 million is shown in note 5 b&c
2. Financial liabilities due to the MEEI of \$2.1 million were substantially modified based on the new terms of repayment. This transaction was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability of \$1.9 million was recognised based on fair value (see note 2). During the period \$0.7 million was repaid with a nominal value of \$1.4 million outstanding at 30th June 2017

On 6th January 2017 the High Court of Trinidad and Tobago approved the unsecured creditors' proposal allowing the Group to settle its outstanding liabilities with unsecured creditors in accordance with the unsecured creditor settlement agreement. A total of \$15.5 million in unsecured creditors and \$ 5.2 million in interest on taxes due to the BIR were compromised in accordance with the unsecured creditor settlements see Exceptional items note 4.the settlement

## 18 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 period. 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 – Total Comprehensive Income/(Loss) For The Period \$'000	Weighted Average Number Of Shares '000	Earnings Per Share \$
<b>Period ended 30th June 2017</b>			
<b>Basic</b>	23,780	270,936	0.09
Impact of dilutive ordinary shares:	--	92,892	(0.02)
<b>Diluted</b>	<b>23,780</b>	<b>363,828</b>	<b>0.07</b>
<b>Period ended 30th June 2016</b>			
<b>Basic</b>	(1,526)	94,800	(0.02)
Impact of dilutive ordinary shares:	--	--	--
<b>Diluted</b>	<b>(1,526)</b>	<b>94,800</b>	<b>(0.02)</b>
<b>Year ended 31st December 2016</b>			
<b>Basic</b>	(6,976)	94,800	(0.07)
Impact of dilutive ordinary shares:	--	--	--
<b>Diluted</b>	<b>(6,976)</b>	<b>94,800</b>	<b>(0.07)</b>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible loan notes and share options. The convertible notes issued during the year are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. This is calculated as the CLN nominal value \$6.55 million plus accrued interest

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after the second anniversary \$1.0 million divided by conversion price of \$0.08125. Share options are considered potential ordinary shares. They have not been included in the determination of diluted earnings per share as the exercise hurdle would not have been met.

## **19 Contingent Liabilities**

- 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.
- A Letter of Guarantee has been established over the 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 and is still awaiting a response.
- 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.

## **20 Events after the Reporting Period**

On 11th August 2017 Trinity, entered into a binding sale and purchase agreement ("SPA") to sell its interests in the Brighton Marine and the PGB Exploration and Production Licences and related fixed assets to a subsidiary of AIM quoted Range Resources Trinidad Limited ("Range") for a cash consideration of \$4.55 million. Together, the West Coast Assets constitute all of Trinity's West Coast Asset portfolio. The sale is subject to customary regulatory approvals, including Petrotrin and the MEEI. Under the terms of the transaction, Range has agreed to deposit the full consideration of \$4.55 million into escrow to be released on completion. The transaction is expected to complete in the fourth quarter of 2017. The transaction is not considered to constitute a 'material disposal' which would trigger the conversion of the CLNs and the funds received will be used for general corporate purposes.

On 25th August 2017 Trinity announced the grant of options over 25,415,998 ordinary shares (representing 9.0% of the company's issued share capital) to the Executive Directors and other key employees under its Long Term Incentive Plan. The performance targets relating to these options are detailed in that announcement.