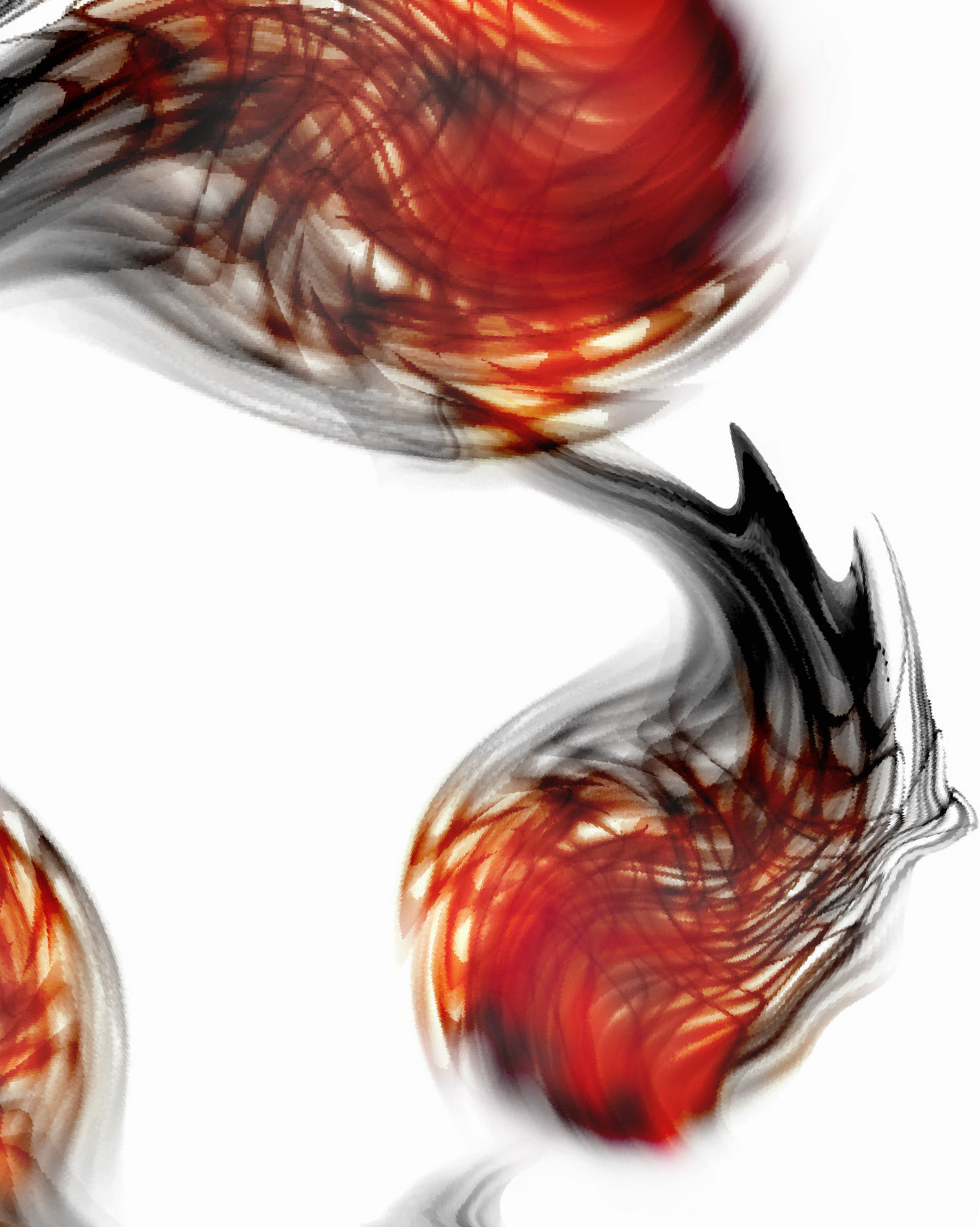


Trinity Exploration
& Production plc

Annual Report And Accounts

for the year ended 31 December 2013

stock code: TRIN

Behaviour, Rigour, Purpose

Trinity Exploration & Production is an independent full-cycle oil and gas company with a portfolio of onshore and offshore assets in Trinidad and South Africa.

Trinity Exploration & Production plc ("Trinity") and its subsidiaries (together, the "Group") core focus is in Trinidad & Tobago, where the Group operates assets onshore and offshore on both the west and east coasts. 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 growth. Trinity is headquartered in San Fernando, Trinidad, where the executive management team is based. Trinity strongly believes that having our executive management team in the country where the assets are located ensures greater focus on setting the appropriate culture, with staff having a clear line of sight to their leaders.

Trinidad & Tobago's world class hydrocarbon province provides Trinity with a wealth of high quality growth opportunities both in the short and medium-term. With the Group being the largest local independent, Trinity is uniquely positioned to monetise reserves that fall below the materiality thresholds of the current owners.

But for Trinity "it's not just about oil": our core values are behaviour, rigour and purpose. An organisation is defined by its people and it is therefore important that we hold true to our values. These values in turn drive our strategy, our decision-making processes thereby achieving alignment with all of our stakeholders.

We believe that our philosophy must be expressed in how we build and maintain relationships with our employees, shareholders, customers, suppliers, government, and other legislative partners.

Our philosophy is comprised of three elements:

- Behaviour – that mirrors professionalism, respect and fairness
- Rigour – initiate thought before action
- Purpose – fit for delivering our business goals

Vision

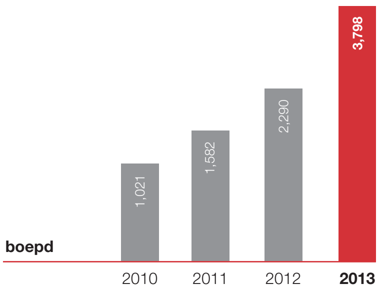
Trinity is seeking to build Trinidad's first independent oil and gas company of scale. The energy industry in Trinidad & Tobago is mature and our vision of growing reserves and production through exploration, development activities, and partnering with other companies to monetise stranded reserves is key to our success. We will achieve this by being fit for purpose, adopting the right behaviour, and being rigorous in our decision-making process.

TRINITY
EXPLORATION & PRODUCTION

HIGHLIGHTS

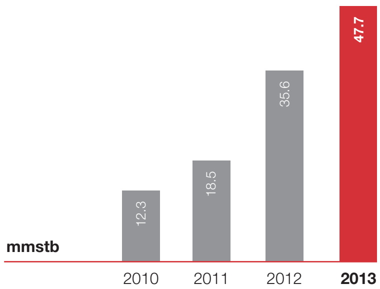
Production (boepd)

31 December 2010 to 31 December 2013



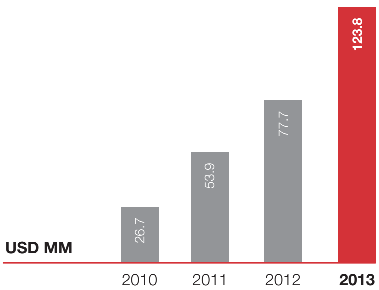
2P Reserve Growth

31 December 2010 to 31 December 2013



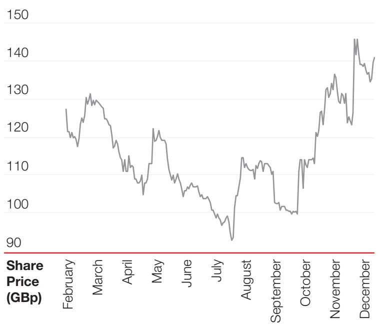
Revenue Growth

31 December 2010 to 31 December 2013



Share Price since re-admission

14 February 2013 to 31 December 2013



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Trinidad at a Glance

Key Facts

- **Trinidad has been producing hydrocarbons for over 100 years.** Prolific hydrocarbon basin with significant energy infrastructure to monetise both oil and gas. Commercial production since 1910 and 3.5 billion bbls of oil (1.6 billion bbls onshore) and 23 tcf of gas recovered to date. 31% of BP's and 15% of BG's 2013 gas production came from Trinidad.
- **6th largest exporter of LNG in the world.** Gas primarily delivered to South America, the USA, Europe and Asia.
- **A ready market for crude oil.** The Petroleum Company of Trinidad and Tobago (Petrotrin) refinery has a capacity to refine 160,000 bopd, however, it currently has to import circa 80 kbopd to supplement indigenous production in order to maintain optimal processing levels.
- **A stable and progressive fiscal and legal regime.** A supportive and energy knowledgeable government that respects the sanctity of contracts and subscribes to international arbitration. State has never expropriated any assets. No foreign exchange controls; no restrictions on repatriation of profits. The government is re-focused on maximizing indigenous crude flows by ensuring that the upstream petroleum fiscal regime remains globally competitive.
- **Educated, skilled, experienced and competitive labour force**
- **Steady flow of acreage.** Additional acreage created via periodic bid rounds (onshore, offshore and deepwater) and merger/acquisition opportunities.
- **Strategically located at the gateway to South America.** Access to regional and international emerging and developed markets through various trade agreements. Trinidad is now also exporting energy services to Suriname, Canada and Africa.

Economic Indicators

1. **Trinidad and Tobago Credit Rating Stable Outlook** – Moody's: Baa1
Standard and Poor's: A/A-1
2. **Gross Domestic Product (GDP)** – approx. USD 24 billion
3. **GDP per capita** – USD 17,935
4. **External Debt** – approx. USD 2 billion (8% of GDP)
5. **Internal Debt** – approx. USD 4 billion (16% of GDP)
6. **Foreign Reserves** – USD 10 billion
7. **Inflation Rate** – headline 5.2% and core 2.4%
8. **Unemployment Rate** – 4.8%
9. **Heritage and Stabilisation Fund** – approx. USD 5 billion as at 31 December 2013

- **Trinidad has extensive energy infrastructure** and is the largest global exporter of methanol and ammonia:
  - 4 LNG Trains
  - 1 NGL Processing Facility
  - 160,000 bopd Refinery
  - 4 Power Generation Sites
  - 4 Iron and Steel Plants
  - 1 Cement Plant
  - 3 Deep Water Ports

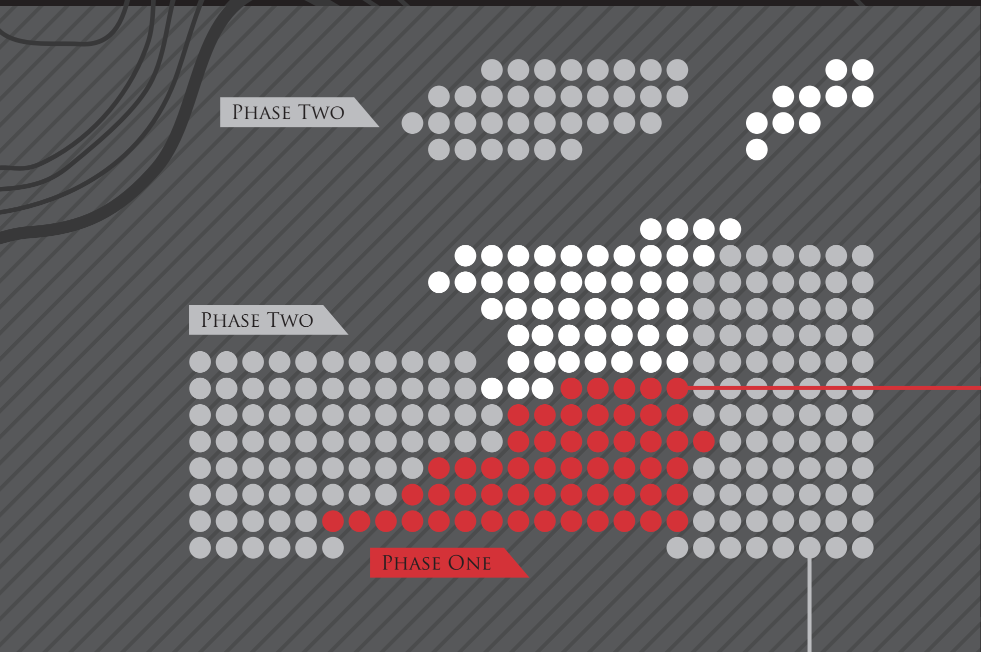
Source:

1 Review of the Economy 2013. The Ministry of Finance and the Economy, Government of the Republic of Trinidad and Tobago

2 3 RBC Caribbean Economic Report, March 2014

4 5 6 7 8 Central Bank of Trinidad and Tobago

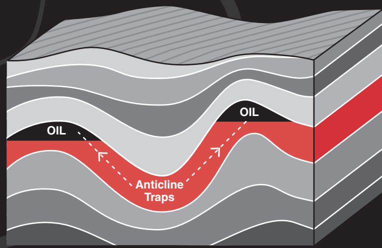
Historical Development of Upstream Industry



Phase One

The easy stuff, rudimentary geological methods

(Field mapping, onshore seeps and anticlines)

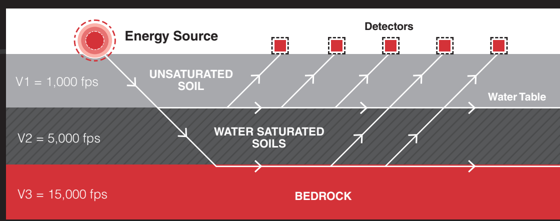


Phase Two

Introduction of geophysical surveys (seismic etc.)

- First west coast shallow
- Then east and north coast deeper water
- Oil then gas

Seismic refraction method

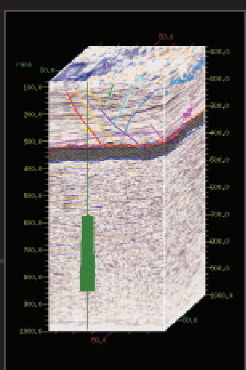


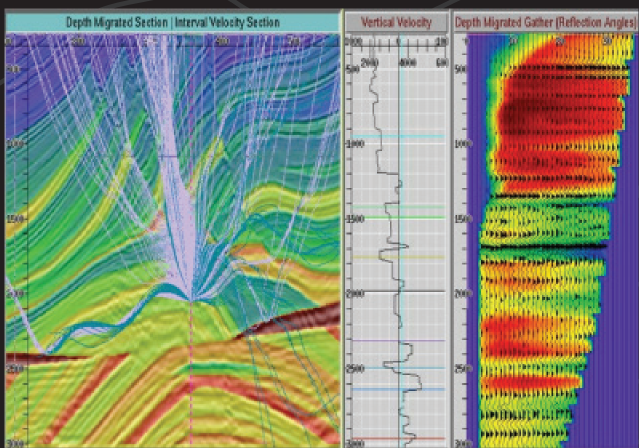
Phase Three

The re-examination of all acreage

- Driven by increasing recovery from current producing reservoirs
- High materiality thresholds of existing ownership vs. low materiality thresholds of incoming nimble and agile companies accessing stranded gas fields
- Unexplored deep water acreage
- Introducing appropriate technology and being innovative
- Laser-like focus on wells that go off production
- Performance and safety-driven culture
- Developing synergies and long-term relationships with contractors and suppliers
- Partnering with all stakeholders

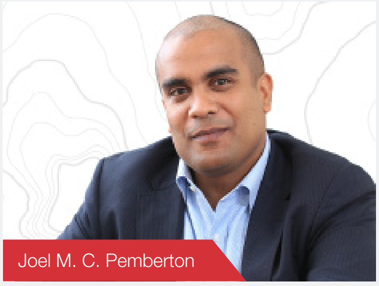
Trinity Exploration and Production is at the forefront of Phase 3



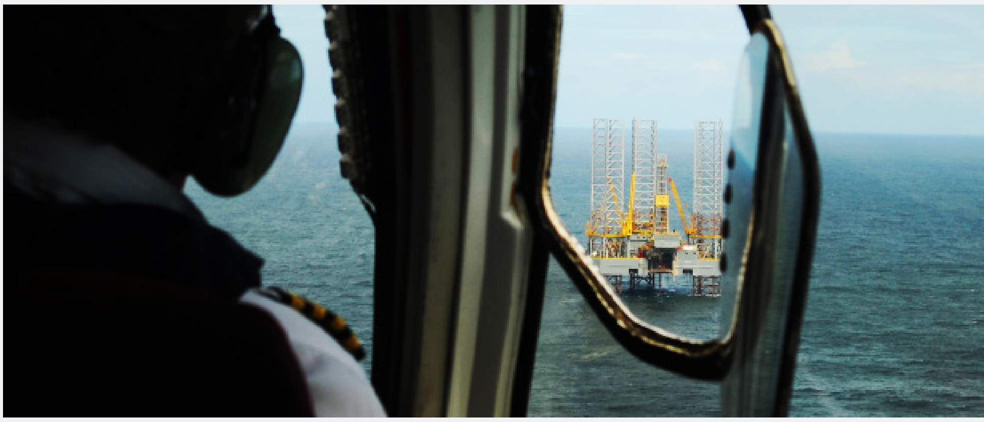


"Get the Right Assets into the Right Hands"

EXECUTIVE CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT



Trinity recorded the highest level of activity in its history in 2013. Trinity drilled 2 offshore exploration wells, completed 11 development wells, and 163 workovers on land and offshore, along with numerous infrastructure projects



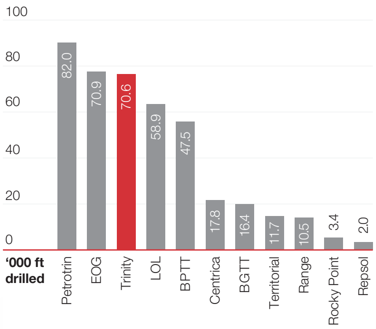
2013 was a transformational year for Trinity as we positioned the Group as the leading independent in Trinidad & Tobago. Trinity has been operating in Trinidad & Tobago for 9 years, 8 of which were as a private entity. Our strategy from inception was focused on building a business of scale in a prolific, mature, hydrocarbon basin where there was a lack of smaller independent companies available to assist larger companies bring value to their portfolios. That strategy is now unfolding and it is important that we maintain focus and work with other industry players to help them monetise stranded reserves.

Highlights

- Closed acquisition and re-admission process in February 2013, concurrently raising USD 90.0 million of equity
- Successfully integrated two businesses and delivered all operations safely
- Delivered production growth of 23% since taking operational control on 14 February 2013
- Delivered reserves growth of 34% vs. year end 2012 (excluding TGAL-1 discovery)
- Drilled the successful TGAL-1 exploration well offshore the east coast with estimated original oil in place ("OOIP") of 50-115 million barrels ("mmbbl")
- Secured USD 25.0 million additional debt facility to fund the Group's future growth
- Led fiscal lobbying to secure increased capital allowances
- Converted Petrotrin's working interest in Trintes to an overriding royalty ("ORR") in order to increase operating flexibility and remove a significant work obligation

The year began with the conclusion of the reverse-takeover and re-admission process in February, concurrent with a USD 90.0 million equity raise to capitalise the business. These funds have been focused on drilling operations with Trinity completing nine onshore wells, one offshore infill well and two offshore exploration wells during 2013, making Trinity the 3rd most active driller in Trinidad and Tobago.

Onshore and offshore footage drilled in 2013 in Trinidad and Tobago industry



Source: *Ministry of Energy and Energy Affairs Trinidad and Tobago – January to December 2013 Consolidated Monthly Bulletins.*

Health, safety and the environment

Trinity recorded the highest level of activity in its history in 2013. Trinity drilled 2 offshore exploration wells, completed 11 development wells, and 163 workovers on land and offshore, along with numerous infrastructure projects. In total Trinity recorded 1,064,129 man hours with a total of 7 lost time incidents ('LTI's). Of these LTIs, 3 were recorded on the east coast before completion of the acquisition. Whilst any LTI incident is regrettable all were minor injuries and the employees, all of whom were employed by Trinity's contractors, were able to return to work within a minimal time frame. It is a testament to Trinity's focus on safety that over 10,000 training hours were recorded for the year which resulted in a noticeable change in safety performance during the course of the year.

Trinity recorded one major environmental incident for the year when 65 barrels of oil and 25 barrels of water were released from a well side tank in Trinity's lease-operatorship license WD 2. Within 24 hours of the incident 85 barrels were recovered, and the surrounding environment remediated. Trinity has treated this matter as an act of sabotage and reported the matter to the relevant authorities.

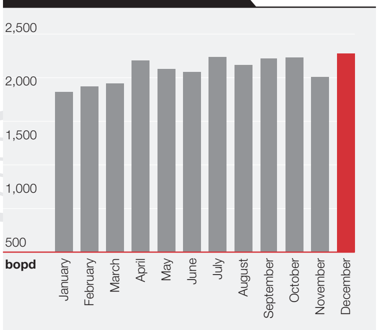
Pictured:

Top right: *Rowan Gorilla III drilling the TGAL-1 exploration well in the Trintes Field, Galeota, East Coast*

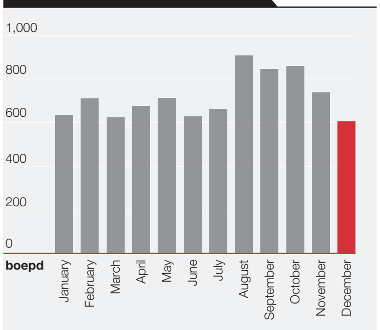
Executive Chairman's and Chief Executive Officer's Statement continued

Production

Onshore Assets



West Coast Assets



Trinity's focus will be to grow production and reserves through infill drilling, exploration and business development opportunities.

Average 2013 net production for Onshore was 2,088 bopd.

In 2013, Trinity drilled 9 new onshore wells (5 in WD-5/6, 3 in WD-2 and 1 in GU-1), brought 10 wells onto production (including 2 drilled in 2012). This programme was very successful with actual initial production rates averaging c. 100 bopd per well versus budget of 50 bopd. Since year end, Trinity has suspended drilling operations while discussions are ongoing with Petrotrin regarding upgrading the Group's onshore licenses to improve efficiency, reduce operating costs, and assess enhanced oil recovery opportunities on the combined acreage.

Trinity also completed various modifications and infrastructure upgrades including relocation of the Fyzabad office, and upgraded the fire suppressant system at its FZ-2 lease operatorship battery station.

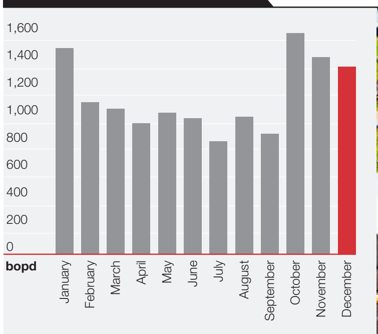
Average 2013 net production for West Coast was 596 boepd.

During 2013 Trinity completed a major workover programme at its Brighton Marine field. This project involved the commissioning and replacement of a new deck at the MP-8 platform to facilitate heavy workovers on 7 wells. These recompleted wells declined more rapidly than expected due to gas management issues. Following gas lift optimisation in the Brighton field and workovers and recompletions at various PGB wells during early 2014, west coast production has stabilised at c. 600 boepd. Workover and recompletion work is also planned for the ABM-151 and ABM-150 wells.

Incremental production associated with this project is estimated at up to 200 bopd, and Trinity is currently working to secure a jackup workover barge to complete these operations.

In 2013, Trinity successfully commissioned a lease automatic custody transfer ("LACT") metering facility on the onshore Brighton Marine facilities.

East Coast Assets



Average 2013 net production for East Coast was 1,114 bopd.

The Trintes field provided some challenges during the course of the year and several steps were taken to improve operating efficiency. Generator and pump issues significantly impacted production in January 2013, and Trinity's planned infill drilling programme was delayed by ongoing challenges with its drilling rig. The B11XX sidetrack was successfully drilled and was brought on production in September 2013. The well had an actual initial production rate of 265 bopd. The B5X sidetrack was suspended in February 2013 due to drilling difficulties and the cost for this well has been impaired in 2013. Drilling activities were suspended from September to early December 2013 as the rig was demobilised for upgrades. Drilling resumed in December 2013 on the B9X well.

During 2013, 18 workovers were performed on the Trintes field, restoring in excess of 550 bopd. Trinity also leased two new surfer boats from Turbine Transfers in the United Kingdom in order to provide a safer and more efficient personnel transfer system.

In 2013 the Galeota tank farm was modified and upgraded. These upgrades are intended to facilitate the pumping of fiscalised crude directly into the Petrotrin sales line.

In addition, the Galeota office was refurbished and upgraded to build office space for both the projects and maintenance teams. Additional platform upgrades were conducted which included the installation of 2 generators on the Bravo platform, refurbishment of the Delta crane, and upgrade of the master control centre rooms on the Bravo and Delta platforms.

Pictured:

Opposite left: *Battery Station in WD5/6 showing three (3) Sales Tanks, each with capacity 3,000 bbls*

Top: *Workover Rig 6 and Brighton Tank Farm, West Coast*

Commercial

Effective 1 October 2013 the Trintes area of the Galeota Licence was converted to an ORR. This conversion means that in respect of the Trintes area and associated facilities, Petrotrin has given up its participating interest of 35%, for an ORR payment that is calculated on a sliding scale basis, and applied to sales for the month. Trinity's participating interest is now 100% in the Trintes assets. The joint operating agreement ("JOA") remains in force, as modified by the Farmout Agreement, in respect of all other areas of the Galeota license.

In August 2013, Trinity renewed the crude oil sales agreement ("COSA") on Trintes. The new agreement for sales is based on Petrotrin's land blend crude with an incentive for higher American Petroleum Institute ("API") crude ratings.

South Africa: Pletmos Inshore Block

Trinity has initiated a farmout process to find a partner for the next exploration phase on this license. Trinity expects to make an announcement on this process during 2014.

Exploration

East Coast: TGAL-1 Exploration Well

Trinity drilled two exploration wells during 2013. The Trinity operated TGAL-1 exploration well (Trinity 65% working interest) was spudded on 28 October 2013 to target an updip extension of the producing Trintes field. Drilling operations were undertaken utilising the Rowan Gorilla III jackup rig.

The TGAL-1 well drilled to a total depth of 5,694 feet. The well intersected five targets all containing good quality oil bearing reservoir sands. The TGAL-1 well encountered a total of 547 feet net oil sands containing high quality 28–30 degree API oil. OOIP volumes are estimated to be in the range of 50–115 mmbbl of oil (gross).

Under the terms of the license minimum work obligations, Trinity paid 100% of the TGAL-1 well costs.

West Coast: El Dorado Exploration Well

The Trinity operated El Dorado-1 exploration well (Trinity 70% working interest) was spudded on 7 December 2013, and completed on 3 February 2014, utilising the WS-152 jackup rig.

The primary objective of the well was to test an undrilled fault block on the west flank of the Trinity operated Brighton field.

The well was drilled to a total depth of 6,174 feet measured depth ("MD"), and intersected a shallow gas sand in the Pliocene section and marginal thin bedded oil pay in the Miocene section. In aggregate approximately 13 feet of net oil sands and 32 feet of net gas sands were encountered, however these were not deemed commercial, and the well was plugged and abandoned. Under the terms of the license minimum work obligations, Trinity paid 100% of the El Dorado-1 well costs.

Reserves

Trinity's management completed a review of the assets and has estimated the current 2P reserves to be 47.7 mmstb at the end of 2013 (2012: 35.6 mmstb), an increase of 34% compared to 2012.

The 31 December 2012 2P reserves estimates by management were 35.6 mmstb. The increase is mainly due to the conversion of Petrotrin's working interest to a gross over-riding royalty on the Trintes field. All areas have been adjusted for retired production. The following is a comparison of management estimates for 31 December 2012 vs. 31 December 2013.

Pictured:

Opposite left: *Well Services Work Horse and Well Services Rig 152 used to drill the El Dorado exploration well at the LABIDCO Port, West Coast*

Opposite right: *Pumping Jack at Well 14 in Pt. Ligoure*

Below: *Well head on the Rowan Gorilla III drilling the TGAL-1 exploration well, Trintes Field, Galeota, East Coast*

2P Reserves Estimates	Management Estimates 31 December 2012 (mmstb)	Management Estimates 31 December 2013 (mmstb)
Onshore	6.5	6.8
West Coast	5.0	4.6
East Coast	24.1	36.3
Total	**35.6**	**47.7**

Financial

Trinity recorded a year of strong financial performance with operating profit (before exceptional items) of USD 21.6 million on revenues of USD 123.8 million whilst generating cash flow from operating activities of USD 17.0 million.

In August 2013, Trinity announced it had secured a new USD 25.0 million credit facility to provide the Group with additional funding headroom.

Trinity finished the year with cash on its balance sheet of USD 25.1 million and USD 25.0 million in undrawn credit facilities (USD 5.0 million of which has subsequently been drawn in February) leaving it in a good financial position to execute on its 2014 work programme.

Corporate social responsibility

In October 2013, Trinity together with Tiger Tanks Unlimited conducted an oil spill first responder training session for residents of La Brea. The session was conducted over a five day period which involved a combination of theoretical and practical activities that included well modelling, spill stimulation, spill site safety and hazard recognition. Onshore and offshore equipment response training and waste management and removal mechanisms were also part of the course.

A month earlier, on 21 September 2013, Trinity made a significant impact in La Brea for the International Coastal Clean-up. The event was spearheaded by the Heroes Foundation and the Energy Chamber of Trinidad and Tobago and involved cleaning up beaches around Trinidad and Tobago. About 50 of Trinity's employees came together on the day and spent hours clearing debris from the Vessigny Beach.

In December 2013, Trinity signed a deed of covenant with the Heroes Foundation, the Adult Literacy Tutors Association ("ALTA") and United Way. Under this initiative Trinity's staff will volunteer their time and skills as well as make financial contributions to a cause which will improve the lives of those in the communities in which we operate.

Strategic outlook

Trinity's focus in 2014 will be to continue production growth through infill drilling and recompletions, with particular emphasis on our east coast operations where we will be introducing a new "J" type well profile to increase initial production rates and recoverable volumes per well. We continue to focus on the TGAL-1 discovery by dedicating a team to work on the development and engineering solutions targeting an FDP submission by Q1 2015 to deliver first oil as rapidly as possible. Trinity also continues to accelerate high grading of exploration prospects along the Galeota Ridge on the east coast, Trinidad. If successful, these prospects will form part of a phased Galeota Ridge development. In addition, we continue to actively review business development opportunities in Trinidad consistent with the Group's stated strategy.

In conclusion, we would like to take this opportunity to thank the staff of Trinity for all their hard work as well as our key stakeholders who have supported us, and continue to do so as we strive towards delivering on the results to maximize shareholder value.

Bruce A. I. Dingwall CBE
Executive Chairman
29 April 2014

Joel M. C. Pemberton
Chief Executive Officer
29 April 2014

Board of Directors

Executive Directors

Bruce A. I. Dingwall, CBE
Executive Chairman
Bruce has over 30 years of experience in oil and gas and is recognized locally and abroad for his business acumen and extensive knowledge of the industry. He is a Trinidad and Tobago national who is committed to the development of the citizens of this country and to improving lives internationally. His vision for an oil and gas sector which benefits everyone is at the core of Trinity's operations.

Bruce founded Trinity in 2004 with the acquisition of the Trinidadian assets of Venture Production plc and the success of Venture under his stewardship is well known around the world. On returning to the UK in 1996 he saw that the UK oil and gas sector was ripe for structural change. To that end he designed Venture around the central strategy of assisting the major operators in releasing value from assets that were to them no longer material. Venture was sold to Centrica following a hostile takeover for over £2.0 billion. At the time of the takeover Venture was producing 45,000 bopd and had reserves of 225 million barrels.

Bruce began his career with Exxon as a geophysicist in the North Sea before moving to Lasmo where he held numerous senior management roles in their South East Asian operations. He is a geologist and studied at Aberdeen University. Bruce Dingwall is an astute businessman, a humanitarian and a visionary, intent on promoting Trinidad and Tobago's oil and gas sector as a viable, lucrative and globally competitive investment option.

Joel M. C. Pemberton
Chief Executive Officer
Monty began his career at Trinity in 2005 when he joined the Group as Chief Financial Officer, becoming CEO in 2009. Since then, Trinity has grown into the leading Independent in the energy industry in Trinidad & Tobago. It became the first Trinidad and Tobago Company to list on the London Stock Exchange (AIM), raising USD 90.0 million in the process. The Group has raised USD 105.0 million in equity and arranged debt facilities in excess of USD 50.0 million to fund growth by corporate acquisitions, mergers and core operations.

Monty first worked as a Chartered Accountant auditing with Ernst & Young in Trinidad & Tobago and in London where he gained insights into major companies and exposure to the energy industry. This was the foundation for him to later take up the position of Assistant Vice President-Energy Sector of RBTT Merchant Bank Limited when he returned to Trinidad and Tobago in 2004. He was instrumental in establishing the Energy Division of the Merchant Bank, leading the initiative with the formation of a private equity fund.

Exposure to international business while working in London broadened Monty's appreciation of various cultures. It widened his knowledge of the energy sector and helped him develop a deep understanding and appreciation for the importance of sound internal control as well as effective governance. In addition, his ability to manage change and harness the power of diversity became key factors in his leadership style. This unique arrangement of skills, experience and exposure produced the qualities required to manage a business successfully.

Monty continues to bring an international business perspective to the fast-paced and dynamic Trinidad and Tobago energy sector. He has developed his own success formula and has found his niche in an environment where his professional training, exposure overseas and knowledge of the energy industry combine. His positive leadership style embodies an all-encompassing approach and it is this commitment to inclusiveness which continues to propel Trinity forward.

Non-Executive Directors

Charles Anthony Brash Junior

Non-Executive Director

Anthony has been involved in the oil and gas industry for over 25 years and is Managing Director of Well Services Holdings Limited. Well Service Holdings Limited is the owner of a large drilling rig fleet in Trinidad and offers a wide range of other oilfield services as well as being a material onshore oil producer. Anthony has directly negotiated and managed the service contracts with BP, EOG, Repsol and Petrotrin. Anthony holds a BA in Management and a MBA in General Business from St. Edward's University in Austin, Texas.

Anthony joined the Board as a Non-Executive Director following completion of the merger on 14 February 2013.

David MacFarlane

Non-Executive Director

David is an economics graduate and chartered accountant, with more than 30 years' experience in financial control and management in the upstream oil and gas industry. Between 1985 and 1993 he was Finance Director of the MOM Group, later becoming Finance Director for two key sub-groups of John Wood Group plc. He joined Dana Petroleum in 2002 from Amerada Hess where, during the previous six years, he headed finance for its fast growing international exploration and production group. David was Finance Director of Dana Petroleum when it was acquired by Korea National Oil Corporation in 2010. He is also a non-executive director of Energy Assets Group, Kentz and Atlantic Petroleum plc.

David MacFarlane joined the Trinity board when the Group floated in July 2011. He is a member of both the audit and remuneration committee, and is Chairman of the audit committee.

Finian O'Sullivan

Non-Executive Director

Finian holds an honours degree in Geology from the University College Galway and has pursued an international career in the oil industry with Chevron, Geophysical Systems and Olympic Oil and Gas. He founded Burren Energy in 1994 and developed its business in Turkmenistan and West Africa leading to Burren's flotation on the London Stock Exchange with a market capitalisation of £175.0 million in 2003. As Chief Executive, Finian expanded Burren's activities with a successful exploration and steady growth production. In 2008, Burren Energy was sold to Eni for £1.7 billion.

Finian joined the Group in 2008 as Chairman. He stepped down as Chairman following completion of the merger with Trinity Exploration & Production (UK) Limited on 14 February 2013 but remains as a Non-Executive Director.

Jonathan Murphy

Non-Executive Director

Jon joined at the time of acquisition from Venture Production (Trinidad) Limited in 2005 and has over 30 years' experience in mid-cap exploration and production companies. Jon's career includes several years with Lasmo where he held various positions in geology, planning and new business, based in the UK and Asia. In 1999, Jon joined Venture Production as Chief Operating Officer. Jon holds a BSc. in geology from the University of London. He joined the Trinity board on 14 February 2013; he is a member of both the remuneration and audit committee and Chairman of the remuneration committee.

Jon joined the board as non-executive director following completion of the merger on 14 February 2013.

Ronald Harford

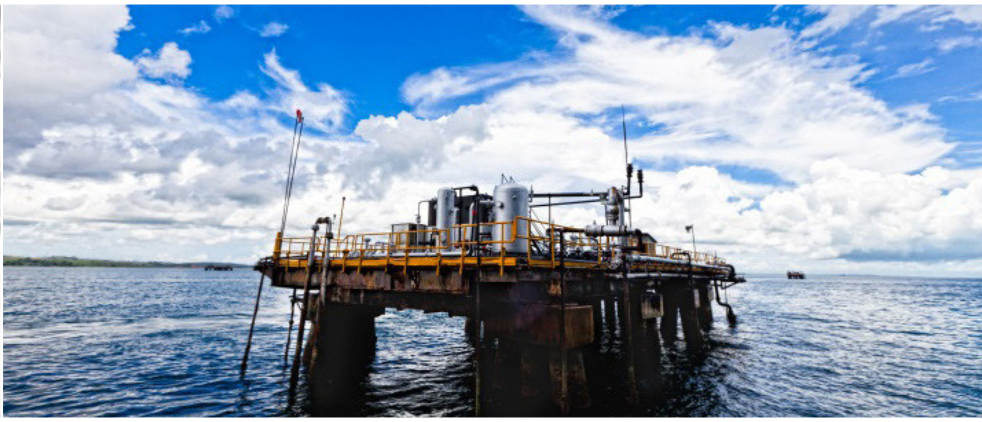
Non-Executive Director

Ronald is Chairman of Republic Bank Limited; he is a career banker with over 46 years of service with Republic Bank Limited (formerly Barclays), the leading indigenous financial institution in the Caribbean.

Ronald is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. He is the Chairman of the University of the West Indies (UWI) Development and Endowment Fund, serves as the financial advisor of the Red Cross Society of Trinidad and Tobago and was a campaign chairman in 2006 and 2007 for the international charity body, United Way. Ronald is a member of the board of directors of the Arthur Lok Jack Graduate School of Business-UWI and the Caribbean Information & Credit Rating Services Limited. He is a past president of the Bankers Association of Trinidad & Tobago.

Ronald joined the board as a non-executive director following completion of the merger on 14 February 2013 and is a member of both the remuneration and audit committees.

Corporate Governance Statement



Auditors

At the Annual General Meeting of the Group held in June 2013 the shareholders voted the new appointment of PricewaterhouseCoopers LLP as the auditors for the financial year 2013.

The Remuneration Committee

The remuneration committee comprises Jonathan Murphy (Chairman), David MacFarlane and Ronald Harford. The committee is responsible for determining and agreeing with the board the framework for the remuneration of the Group's chairman, executive directors and other members of the executive management. It is responsible for the design of all share incentive plans and the determination each year of individual awards to executive directors and other senior executives and the performance targets to be used. The remuneration of the non-executive directors is agreed by the chairman and executive director. No director may participate in any meeting at which discussion or any decision regarding his own remuneration takes place.

The Audit Committee

The audit committee comprises David MacFarlane (Chairman), Ronald Harford and Jonathan Murphy. The committee will generally meet twice a year. Its main functions include monitoring the integrity of the Group's financial statements, reviewing the effectiveness of the Group's internal controls and risk management systems. The committee makes recommendations to the board in relation to the appointment of the Group's auditor, overseeing the approval of their remuneration and terms of engagement and assessing annually their independence, objectivity and effectiveness.

The Group's auditors provide additional professional services including tax advice. The audit committee assesses the objectivity and independence of the Group's auditor.

Relationship with shareholders

The board remains fully committed to maintaining communication with its shareholders. There is regular dialogue with major institutional shareholders and meetings following significant announcements. Trinity's website (www.trinityexploration.com) contains all announcements, press releases, major corporate presentations and interim and year end results. The board will use its Annual General Meeting to communicate with both private and institutional investors.

The Share Dealing Code

The Group has adopted a code on dealings in securities which the board regards as appropriate for an AIM listed Group. The Group takes all reasonable steps to ensure compliance by the directors, employees and agents with the provisions of the AIM rules relating to dealings in securities.

On behalf of the board

Bruce A. I. Dingwall, CBE
Executive Chairman
29 May 2014

Pictured:

Left: *2-7/8" tubing on a rack at Fyzabad*

Right: *Brighton Marine Platform 8, West Coast (pre modifications)*

Directors' Report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 31 December 2013.

Principal activities

Trinity is a full cycle independent exploration and production oil and gas Group with assets primarily in Trinidad. The principal activities of the Group are the exploration, development, production and sale of crude oil and natural gas.

Trinity's core focus is Trinidad where the Group operates assets onshore and offshore on both the west and east coasts. 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 production and reserves growth.

Strategic report

The Group is required by the Companies Act 2006 to include a strategic report in its annual report. The information that fulfils the requirements can be found in the Executive Chairman's and CEO's statement from pages 04–09.

Principal business risks

As a participant in the upstream oil and gas industry, the Group encounters and has to manage several business risks of varying degrees. Such risks include:

- Operational risk.
- Reservoir and reserves risk.
- Oil price risk.
- HSE.
- Competitive environment.
- Changes to (and challenges by environmental and other interest groups to) the regulatory environment.
- Changes to the taxation system.
- Failure by contractors to carry out their duties.
- Retention of key business relationships.
- Ability to exploit successful discoveries.
- Cost overruns or significant delays in the commercialisation of fields.
- Ongoing access to sources of funding.

These risks are considered typical for an upstream oil and gas exploration and production group of Trinity's size and stage of development and the directors continue to monitor these specific risks faced by the Group.

Trinity has assembled a highly experienced team combining strong technical expertise with financial and transactional knowledge of the oil and gas sector. Trinity's strategy for managing these risks includes building and maintaining a portfolio of assets; focusing on delivering production and maintaining financial and operational flexibility.

Dividend policy

It is the intention of the directors to achieve capital growth for the shareholders. In the short term, the directors therefore intend to retain any future profits in Trinity for reinvestment in the business and, accordingly, are unlikely to declare dividends in the foreseeable future. However, the directors will consider the payment of dividends, subject to the availability of distributable reserves, when they consider it appropriate to do so.

Capital structure

The company has one class of ordinary shares. On 14 February 2013, the company's ordinary shares of USD 0.10 each were consolidated on a one-for-ten basis, resulting in an issued share capital of 94,799,986 ordinary shares of USD 1.00 each.

Each share carries the right to one vote at general meetings of the company. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in Note 28. No person has any special rights of control over the company's share capital and all issued shares are fully paid. With regard to the appointment and replacement of directors, the company is governed by its articles of association, the Companies Act 2006 and related legislation. The articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the main board terms of reference, copies of which are available on request and the corporate governance statement on page 12.

Directors

The directors who served during the period and at the date of this report were as follows:

- Finian O'Sullivan – Non-Executive Director (previously Executive Chairman) (appointed 21 February 2011)
- David MacFarlane – Non-Executive Director (appointed 8 July 2011)
- Bruce Alan Ian Dingwall – Executive Chairman (appointed 14 February 2013)
- Joel Montgomery Christopher Pemberton – Chief Executive Officer (appointed 14 February 2013)
- Jonathan Murphy – Non-Executive Director (appointed 14 February 2013)
- Charles Anthony Brash Junior – Non-Executive Director (appointed 14 February 2013)
- Ronald Harford – Non-Executive Director (appointed 14 February 2013)

Directors' Interests

The directors who held office at 31 December 2013 had the following interests in the ordinary shares of USD 1.00 each in the capital of the Company:

	No. of Consolidated Ordinary Shares 2013 (at USD 1.00 each)	No. of Consolidated Ordinary Shares 2012 (at USD 0.10 each)
Charles Anthony Brash Junior	**5,593,018**	–
David MacFarlane	**–**	–
Bruce A. I. Dingwall CBE	**5,781,472**	–
Finian O'Sullivan	**3,626,166**	36,261,665
Joel M. C. Pemberton	**525,960**	–
Jonathan Murphy	**4,977,421**	–
Ronald Harford	**–**	–

Notes:
1. Joel M. C. Pemberton: 28,500 shares acquired 8 May 2013 and 3,145 shares acquired 18 July 2013
2. Jonathan Murphy: 100,000 shares acquired 9 May 2013

Directors' share options/LTIPs

Details of directors' share options/LTIPs are provided in the directors' remuneration report on pages 19–23.

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Political contributions

The Group has made no political contribution to any source during both the current and preceding years.

Health, safety and environment (HSE)

Trinity continuously monitors and evaluates all aspects of HSE performance with a goal of ensuring a strong HSE culture across its operations. The Group has implemented a robust HSE plan focusing on key elements to ensure continuous improvement in important areas such as safe operations, emergency management, incident investigation, environmental stewardship, third party services, compliance assurance, management of change, reliability and efficiency and the security of personnel and assets.

HSE objectives form an integral part of the Group's annual key performance indicators ("KPIs") and include zero lost time incidents, a low rate of total recordable incidents and continuous delivery and improvement against the HSE plan. HSE KPIs, performance and deliverables are regularly reviewed both at the business unit level as well as with the Board of Directors.

The Group's HSE Policy is predicated on:

- managing all Group activities and contractors through their life-cycles in a way that protects the health, safety and welfare of all employees and ensures the protection of the environment;
- ensuring that the management of HSE is seen as a critical business activity;
- managing HSE in order to achieve our objective of incident free operations;
- playing a leading role in promoting 'best practice' in all our activities; and
- creating a culture where the Group's employees and its contractors share these commitments.

The Group will conduct its operations in a responsible manner with the aim of not harming the environment or affect the ecosystem in the areas in which it operates.

Prior to undertaking any drilling activity, extensive surveys are undertaken to identify, and assist in minimising, the key risks to the environment. The workforce are also educated to ensure that awareness of the environment pervades the Group's operational approach.

Systems are in place to help to ensure that catastrophic events will not take place, but situation-specific exercises are held on a weekly basis to ensure all personnel are trained and ready for any contingency. The Group and the drilling contractor have a Tier 1 response capability on board as part of standard operating procedure. The Group has a Tier 2 capability through a local service provider, along with mutual aid agreements with other operators to ensure that if any spills occur, an appropriate response will be undertaken swiftly. For Tier 3 response, the Group is a member of Clean Caribbean and Americas (CCA), which ensures that international experts and equipment are in place within 24 hours.

Pictured:

Left: *Manifold pressure gauge, Brighton Facility, West Coast*

Right: *Trinity's Brighton Facility, West Coast*

Substantial Shareholdings

Those shareholders with a discloseable interest as at 31 March 2014 were as follows:

Shareholder	% of issued share capital	No. of shares
Legal & General Investment Management	15.70%	14,885,411
Bruce A I Dingwall, CBE	6.13%	5,781,472
Charles Anthony Brash Junior	5.90%	5,593,018
Jonathan Murphy	5.25%	4,977,421
Threadneedle Asset Management	5.13%	4,863,104
Andrey Pannikov	4.17%	3,955,836
Regent Pacific Group	4.12%	3,909,850
David & Christina Segal Living Trust Trustees	4.06%	3,849,025
Finian O'Sullivan	3.83%	3,626,166

Independent Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that;

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

By order of the board

Amanda Bateman
Company Secretary
29 April 2014

Financial Review

2013 Results overview

In 2013 Trinity generated USD 38.6 million profit after tax, and strengthened the business through drilling, exploration and raising both equity and debt capital. The following summarises the 2013 financial results:

The comparative results for 2012 presented are those of Trinity Exploration & Production (UK) Limited in accordance with reverse acquisition rules and does not reflect the former Bayfield Energy Holdings plc prior year results.

Financial results summary

Net production	2013	2012	Δ
Production (boepd)	**3,798**	2,284	1,514
YTD production (mmboe)	**1.4**	0.8	0.6
Average realised oil price (USD/bbl)	**91.6**	92.5	(0.9)

Statement of Comprehensive Income	USD MM	USD MM	USD MM
Revenues	**123.8**	77.7	46.1
Operating expenses	**102.2**	61.4	40.8
EBITDA	**34.8**	24.1	10.7
Operating profit before exceptional items	**21.6**	16.4	5.2
Exceptional items	**28.8**	(17.4)	46.2
Operating profit/(loss) after exceptional items	**50.4**	(1.0)	51.4
Profit/(loss) before income tax	**48.0**	(2.7)	50.7
Profit/(loss) for the year	**38.6**	(15.2)	53.8

Statement of Cash Flows	USD MM	USD MM	JSD MM
Cash inflow from operating activities	**17.0**	3.7	13.3
Net cash outflow from investing activities	**85.6**	13.5	72.1
Net cash inflow from financing activities	**71.1**	5.7	65.4
Closing cash balance	**25.1**	22.7	2.4

Production volumes and oil prices

- *Production for 2013* was 1.4 mmbbls (2012: 0.8 mmbbls)
- *Realised oil price* for 2013 averaged USD 91.6/bbl (2012: 92.5/bbl)

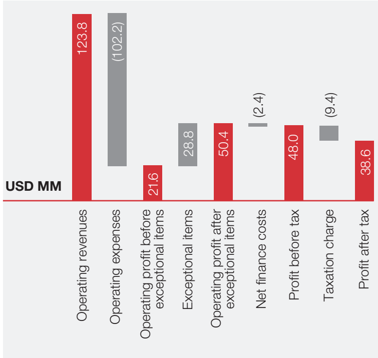
Statement of comprehensive income

- *Revenues* were USD 123.8 million (2012: USD 77.7 million)
- *Operating expenses* were USD 102.2 million (2012: USD 61.4 million)
- *EBITDA* was USD 34.8 million (2012: USD 24.1 million)
- *Operating profit before exceptional items* was USD 21.6 million (2012: USD 16.4 million loss)
- *Exceptional items* amounted to USD 28.8 million (2012: USD 17.4 million loss), comprising mainly of the negative goodwill of USD 52.1 million
- *Profit before tax* was USD 48.0 million (2012: USD 2.7 million loss)
- *Profit after tax* was USD 38.6 million (2012: USD 15.2 million loss)

Statement of cash flows

- *Cash inflow from operating activities:* The Group generated USD 17.0 million (2012: USD 3.7 million) from its operations
- *Cash outflow from investing activities:* USD 85.6 million (2012: USD 13.5 million) spent across all assets, including exploration wells, development wells and facilities upgrades
- *Cash inflow from financing activities:* Net cash inflow from financing activities was USD 71.1 million (2012: USD 5.7 million), made up of:
  - — Net equity raise proceeds of USD 84.9 million (2012: nil)
  - — Debt proceeds/repayment and financing costs of USD 13.8 million (2012: USD 5.7 million)

Consolidated statement of comprehensive income analysis



Revenues

2013 revenues were USD 123.8 million (2012: USD 77.7 million). This increase is mainly attributable to the combination of (i) increased onshore production and (ii) the revenues generated by the Galeota Asset, which was acquired in February 2013.

Operating expenses

Operating expenses were USD 102.2 million (2012: USD 61.4 million) which are made up as follows:

- Royalties of USD 37.3 million (2012: USD 29.2 million)
- Production costs of USD 33.1 million (2012: USD 12.2 million)
- Depreciation, depletion and amortisation amounted to USD 13.2 million (2012: USD 7.7 million)
- General and administrative expenses of USD 18.5 million (2012: USD 12.3 million)

Exceptional items

Exceptional items amounted to USD 28.8 million (2012: USD 17.4 million loss) comprising the following:

- Negative goodwill of USD 52.1 million, which is a gain on purchase and was recognised in respect of the reverse acquisition of Bayfield by Trinity Exploration & Production (UK) Limited, as the fair value of net assets acquired was in excess of the fair value of consideration exchanged
- Other exceptional items combined to a total expense of USD 23.3 million

See Note. 29 to Consolidated Financial Statements — Exceptional items for details.

The Group's operating profit after exceptional items was USD 50.4 million (2012: USD 1.0 million loss).

Net finance costs

In 2013 finance costs amounted to USD 2.4 million (2012: USD 1.8 million), which is made up of the unwinding of the decommissioning liability USD 1.2 million (2012: USD 0.5 million) and interest on the fully drawn (USD 20.0 million) Citibank loan of USD 1.2 million (2012: USD 1.3 million).

Taxation charge

The tax charge for 2013 was USD 9.4 million (2012: USD 12.5 million), and its components are described below:

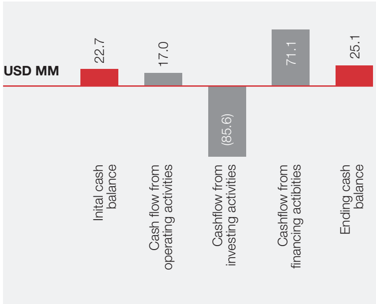
Supplemental Petroleum Tax (SPT): All SPT due for 2013 was paid over to the BIR as it fell due. The SPT charge for 2013 amounted to USD 10.4 million (2012: 8.4 USD million).

Petroleum Profits Tax (PPT): The PPT charge for the year was USD 5.8 million (2012: USD 5.5 million), mainly incurred by Oilbelt Services Limited and Lennox Petroleum Services Limited.

Corporation Tax (CT): The CT for the year amounted to USD 0.9 million (2012: nil).

Deferred tax: The combined movement of the deferred tax asset and liability accounts was a net credit of USD 7.7 million (2012: USD 1.3 million). There was an increase in the deferred tax asset of USD 17.9 million (2012: USD 0.9 million), due to increases in tax losses carried forward.

Consolidated statement of cash flows analysis



The opening cash balance as at 1 January 2013 was USD 22.7 million and the ending cash balance at 31 December 2013 was USD 25.1 million.

Cash inflow from operating activities

Cash inflow from operating activities was USD 17.0 million (2012: USD 3.7 million), being the net effect of:

- Adjusted profit inflow of USD 32.0 million (2012: USD 23.0 million)
- Changes in working capital inflow of USD 10.5 million (2012: outflow of USD 9.3 million)
  - VAT refunds due at year-end totalled USD 20.7 million with the majority relating to VAT due from the T&T tax authority. Notably, VAT refunds of USD 3.2 million were received in Q4 2013
  - Taxation paid of USD 25.4 million (2012: USD 11.8 million)

Financial Review continued

Cash outflow from investing activities

Cash outflow from investing activities was USD 85.6 million (2012: USD 13.6 million), and is made up of capital expenditure and cash acquired in acquisition.

Capital expenditure during 2013 totalled USD 92.1 million (2012: USD 13.6 million) with spend occurring across all of the Group's assets:

- *Exploration and evaluation assets:* The majority of expenditure in 2013 relates to two exploration wells: TGAL-1 and El Dorado-1. TGAL-1 (USD 23.7 million) drilled during 2013 was a success, however, El Dorado-1 (USD 9.4 million at year-end), started in December 2013 and completed in February 2014 at a total cost of USD 17.4 million was unsuccessful and will be impaired in 2014. The remainder of expenditure on exploration and evaluation activities relates to Exploration Geological and Geophysical studies
- *Property, plant and equipment:* expenditure on property, plant and equipment for the year was USD 56.7 million (2012: USD 13.6 million). This included:
  - *Wells drilled:* USD 31.4 million was spent to drill 11 wells, which included 9 onshore wells and 2 east coast. All of these wells were successful and all brought onto production.
  - *Infrastructure upgrades:* USD 18.2 million was spent on a number of projects, across the onshore, west coast and east coast assets, which were required to sustain current production and create capacity for future production growth
  - The remainder of expenditure relates to various leasehold improvements for the corporate office

Cash acquired on acquisition relates to the cash and cash equivalents held by Bayfield Energy Holdings plc at the date of acquisition date totalling USD 6.5 million.

Cash inflow from financing activities

Cash inflow from financing activities was USD 71.1 million (2012: USD 5.7 million), being the net effect of:

Equity Raise: USD 84.9 million (2012: Nil) of equity raised in February, net proceeds

Debt repayment and finance costs:

- Repayment of convertible shareholder loan to Centrica notes of USD 6.4 million (2012: USD 0.5 million)
- Repayment of borrowings of USD 6.2 million (2012: USD 7.4 million inflow) includes; repayment of Segel debt facilities (USD 2.1 million) and principal repayments of the Citibank loan (USD 4.1 million)
- Payment of loan finance costs of USD 1.2 million (2012: USD 1.3 million)

Additional debt facility: In August 2013, Trinity secured an additional USD 25.0 million debt facility with Citibank to fund future growth. As at 31 December 2013 this facility remained undrawn. *See Note. 15 to Consolidated Financial Statements — Borrowings for details.*

Accounting policies

AIM listed companies are required to comply with the European regulation to report consolidated statements that conform to International Financial Reporting Standards (IFRS). The Group's significant accounting policies and details of the significant 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 2013.

Events since year-end

On 6 February 2014 the El Dorado exploration well was completed at a cost of USD 17.4 million. The well was drilled to a total depth of 6,174 feet measured depth (MD) and intersected shallow gas sand in the Pliocene section and marginal thin bedded oil pay in the Miocene section. In aggregate approximately 13 feet of net oil sands and 32 feet of net gas sands were encountered, however these are not deemed commercial and the well was plugged and abandoned and the full amount of USD 17.4 million will be written off during the 2014 financial year.

In January 2014, the Group made an initial drawdown of USD 5.0 million from the Citibank USD 25.0 million debt facility.

Directors' Remuneration Report

For the year ended 31 December 2013

Annual statement by the Remuneration Committee Chairman

Dear Shareholder,

On behalf of the board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2013. This report has been prepared by the remuneration committee and approved by the board of the directors of Trinity.

Background to this report

The remuneration committee is supportive of the UK Department for Business, Innovation & Skills' drive to improve the transparency and clarity in the reporting of directors' remuneration. While the new regulations do not apply to companies listed on the Alternative Investment Market, we have adopted certain aspects of the new rules to improve the quality of disclosure.

The two sections of the report cover the following matters:

- The Company's intended executive remuneration policy for 2014 and beyond (the "Directors' Remuneration Policy Report").
- How the policy has been implemented in the year ended 31 December 2013 (the "Annual Remuneration Report").

We hope that you find our report comprehensive, clear and informative.

Performance of the Group in 2013

As the leading Trinidad focused independent exploration and production company, Trinity delivered credible results for the financial year ending 2013. Key highlights include:

- Increased production by 23% and reserves by 34% since readmission.
- Successfully drilled the TGAL-1 exploration well with estimate oil in place of 50–115 mmbbl.
- Converted Petrotrin's working in Trintes to an overriding royalty thereby increasing operating flexibility and removing a major work obligation.
- Enhanced the liquidity position of the Group by obtaining a USD 25.0 million credit facility.
- Produced net cash flow from operating activities of USD 17.0 million.

Key pay outcomes

- At the end of the financial year, performance was carefully reviewed by the remuneration committee against a performance scorecard comprising of finance and business development, operations, health and safety and organisation performance measures. Based on the scorecard assessment and a review of the Group's underlying financial performance, the remuneration committee determined an overall bonus payment of USD 75,000 to each executive director (Executive Chairman: 25% and CEO: 21% of salary for 2013). Executive directors are required to defer 50% of any bonus payment into shares on a mandatory basis. For 2013, the executive directors elected to defer 100% of their bonus payments into shares.
- During the course of the year Trinity revised its long-term incentive plans ("LTIPs") for executive directors and senior executives. The purpose of the revised arrangement is to ensure executive director interests are aligned with those of shareholders and drive superior long-term performance. Trinity's long-term incentive plans have 2 components, a share based incentive plan and a share option incentive plan.
- No awards vested under the Group's long-term incentive plans during the year.
- Following a review of base salaries by the remuneration committee, the executive directors received an increase of 5% with effect from 1 January 2014.

We are committed to maintaining an open and transparent dialogue with shareholders. The objective of this report is to communicate clearly how much our executive directors are earning and how this is strongly linked to performance.

J.D. Murphy

Jonathan Murphy
Remuneration Committee Chairman
29 April 2014

Directors' Remuneration Policy Report

The remuneration committee has established the policy on the remuneration of the executive directors and the board has established a policy on the remuneration of the non-executive directors.

Remuneration policy table

Executive Directors

The Group's remuneration strategy aims to provide a competitive remuneration package which rewards executive directors and other employees fairly and responsibly for their contributions.

The main components of the remuneration policy for the year ending 31 December 2013 and the forthcoming year ending 31 December 2014, and how they are linked to and support the Group's business strategy, are summarised below:

Objective and link to the strategy	Operation	Maximum potential value	Performance assessment
Base salary			
Reflects level of responsibility and achievement of individual.	Salaries are reviewed annually, and any changes are effective from 1 January each year. When determining salaries for the executive directors the remuneration committee takes into consideration: • Market data. • Local employment conditions. • Levels of increases applicable to other employees in the Group. Salaries are benchmarked periodically against comparable roles at companies of a similar size, complexity and in the exploration & production sector.	For the year ending 31 December 2014 the salaries for the executive directors are: • Bruce A. I. Dingwall – USD 300,000 • Joel M. C. Pemberton – USD 350,000 2014 executive director salaries (5% increase from 2013): • Bruce A. I. Dingwall – USD 315,000 • Joel M. C. Pemberton – USD 367,500 Any salary increases in future years will be determined on a discretionary basis by the remuneration committee.	Not applicable.
Annual bonus			
The annual bonus aligns reward to key Group strategic objectives and drives short term performance.	Executive directors participate in an annual performance related bonus scheme. The performance period is one financial year. 50% of the bonuses paid will be deferred into shares for three years on a mandatory basis. Executive directors can elect to defer up to 100% of any bonus paid into shares for three years.	Maximum 100% of base salary. This can be exceeded in exceptional circumstances at the discretion of the remuneration committee. There is no contractual obligation to pay bonuses.	A performance scorecard will be used as a guide for the remuneration committee, which reserves the right to override the formulaic outturn based on a broader assessment of overall Group performance. The measures will determined by the remuneration committee at the start of each financial year.

Pictured:

Left: *Land Pumping Jacks in Oibelt field*

Right: *Changing a pressure valve on the casing annulus of ALS 0014 located in the Pt Liguore Field*

Objective and link to the strategy	Operation	Maximum potential value	Performance assessment
Long-term incentives			
The long-term incentive plan aligns executive director interests with those of shareholders and drives superior long-term performance.	Under the share based payment LTIP, executive directors and other members of the senior management team are provided with whole share awards. The first award ("Tranche 1") was granted in July 2013. Participants may be granted further awards, of a similar size as those awarded under Tranche 1, in 2014 ("Tranche 2") and 2015 ("Tranche 3"), provided that the Group's underlying financial and non-financial performance is satisfactory. Tranches 1, 2 and 3 will vest on 1 January 2017. If the Group is in a closed period the shares will be issued at the earliest opportunity thereafter, subject to the achievement of stretching performance conditions that will be tested in 2016 following the announcement of the Group's audited financial results for the 2015 financial year.	A maximum of 0.25% of the company issued share capital can be granted to an executive director under any single tranche. Awards under the LTIP are not contractual.	The award will be tested against a matrix of stretching reserves growth and absolute share price growth targets.
Pension			
To provide competitive levels of retirement benefit.	Salary supplement in lieu of pension contributions for both executive directors.	10% of base salary.	Not applicable.
Other benefits			
To provide competitive levels of employment benefits.	Reviewed periodically to ensure benefits remain market competitive. Benefits for the CEO include: • Company vehicle. • Group medical. No benefits were paid to the Executive Chairman during 2013.	Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.	Not applicable.

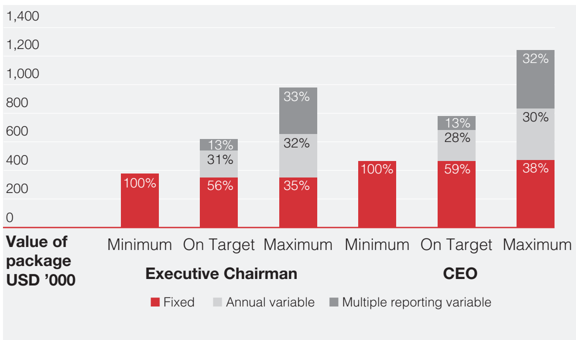
Objective and link to the strategy	Operation	Maximum potential value	Performance assessment
Shareholding policy			
To ensure that executive directors' interests are aligned with those of shareholders over a longer time horizon.	Requirement to build and maintain a holding of shares equivalent in value to a minimum of two times their salary within a five year period.	Not applicable.	Not applicable.

Non-Executive Directors

Objective	Operation	Maximum potential value	Performance assessment
To attract non-executive directors with the requisite skills and experience.	Fee levels are set at the level paid for comparable roles at companies of a similar size, complexity and in the exploration & production sector. Fee levels are reviewed annually.	Fees for non-executive directors for 2014 are USD 62,400. Non-executive directors do not participate in any variable remuneration element or any other benefits arrangements. Additional non-executive director payments for 2014: • Audit Committee Chairman: USD 15,500. • Remuneration Committee Chairman USD 7,800.	Not applicable.

Illustrations of application of remuneration policy for 2014

The chart below seeks to demonstrate how pay varies with performance for the Executive Chairman and Chief Executive Officer based on our stated remuneration policy.



Element	Description
Fixed	2014 salary and pension and estimate of benefits for 2014.
Annual variable	Money or other assets received or receivable for the reporting period as a result of the achievement of performance conditions that relate to that period (i.e. annual bonus payments). Annual bonus opportunity is 100% of base salary for executive directors.
Multiple period variable	Money or other assets received or receivable for multiple reporting periods as a result of the achievement of performance conditions. Maximum LTIP opportunity is based on latest LTIP grants for the executive directors (i.e. Tranche 1).

Assumptions used under given scenarios are as follows:

Scenario	Description
Minimum	Fixed pay only (no variable payments under annual bonus and LTIP).
On-target	Based on 60% of maximum annual bonus pay-out and 25% LTIP vesting.
Maximum	Based on 100% of maximum annual bonus pay-out and 100% LTIP vesting.

Executive Directors' service contracts

The Group's policy on directors' service contracts is that they should be on a rolling basis without a specific end date.

Director	Effective term	Notice period
Bruce A. I. Dingwall	Rolling with no fixed expiry date	6 months
Joel M. C. Pemberton	Rolling with no fixed expiry date	12 months

ANNUAL REPORT ON REMUNERATION

This section of the remuneration report contains details of how the Group's remuneration policy for directors was implemented during the financial year ending on 31 December 2013.

Single total figure of remuneration

The table below sets out the single total figure of remuneration and breakdown for each director paid for the 2013 financial year. Comparative figures for 2012 have also been provided where applicable.

Executive Directors

	Base Salary USD	Taxable benefits USD	Annual bonus USD	Pensions USD	Long-term incentives USD	Other payments USD	Total USD
Bruce A. I. Dingwall (2013)[1]	263,846	–	75,000	–	–	–	338,846
Finian O'Sullivan (2013)[2]	17,800	–	–	–	–	–	17,800
Finian O'Sullivan (2012)[2]	156,000	–	–	–	–	–	156,000
Joel M. C. Pemberton (2013)[3]	304,167	36,406	75,000	30,417	–	20,414	466,404
Hywel John (2013)[4]	35,600	2,400	–	–	–	390,000	428,000
Hywel John (2012)[4]	312,000	18,835	–	–	–	–	330,835

Notes:

1. Bruce A. I. Dingwall – Executive Chairman (appointed 14 February 2013)
2. Finian O' Sullivan – Previously Executive Chairman (appointed Non-Executive Director 14 February 2013)
3. Joel M. C. Pemberton – Chief Executive Officer (appointed 14 February 2013). The "Other payments" represents health insurance benefits received during 2013
4. Hywel John – Former Chief Executive Officer (resigned 14 February 2013) and payment represented for the period served as Executive Chairman between 1 January 2013 and 14 January 2013. Other payments include severance payment received for the sum of USD 390,000

Non-Executive Directors

	Fees USD	Benefits USD	Total USD
Andrey Pannikov (2013)[1]	–	–	–
Andrey Pannikov (2012)[1]	–	–	–
Charles Anthony Brash Junior (2013)[2]	54,880	–	54,880
David MacFarlane (2013)[3]	68,600	–	68,600
David MacFarlane (2012)[3]	78,000	4,959	82,959
Finian O'Sullivan (2013)[4]	54,880	–	54,880
Jonathan Cooke OBE (2013)[5]	13,371	1,029	14,400
Jonathan Cooke OBE (2012)[5]	70,200	618	70,818
Jonathan Murphy (2013)[6]	61,740	–	61,740
Ronald Harford (2013)[7]	54,880	–	54,880

Notes:

1. Andrey Pannikov – Non-Executive Director (resigned 14 February 2013). No fees or benefits were received for the years 2013 and 2012
2. Charles Anthony Brash Junior – Non-Executive Director (appointed 14 February 2013)
3. David MacFarlane – Non-Executive Director (appointed 8 July 2011) and re-appointed Audit Committee Chairman 14 February 2014. Fees include both Non-Executive Director fees and Audit Committee Chairman fees
4. Finian O' Sullivan – Previously Executive Chairman (appointed Non-Executive Director 14 February 2013)
5. Jonathan Cooke OBE – Non-Executive Director (resigned 14 February 2013). Fees for 2013 included pro-rated fees before 14 February 2013 as a Non-Executive Director and Remuneration Committee Chairman and an additional monthly fee of USD 5,850
6. Jonathan Murphy – Non-Executive Director (appointed 14 February 2013) and appointed Remuneration Committee Chairman 14 February 2013. Fees include both Non-Executive Director fees and Remuneration Committee Chairman fees
7. Ronald Harford – Non-Executive Director (appointed 14 February 2013)

Additional Note: All GBP fees were converted to USD using an exchange rate of 1.56

Additional details on single figure table

Annual bonus

For the executive directors, the maximum annual bonus opportunity for 2013 was 100% of salary. At the end of the financial year, performance was carefully reviewed by the remuneration committee against a performance scorecard comprising finance and business development, operations, health and safety and organisation performance measures. Based on the scorecard assessment and a review of the Group's underlying financial performance, the remuneration committee determined an overall bonus payment of USD 75,000 to each executive director.

Performance condition	Summary of measures	Performance outcome (% of maximum)		Annual bonus value achieved USD '000	
		B. A. I. Dingwall	J. M. C. Pemberton	B. A. I. Dingwall	J. M. C. Pemberton
Finance & Business Development	Improve financial efficiency of business and generate new assets				
Operations	Deliver projects on time and on budget moving toward production targets Demonstrate that Group is on track to make a material exploration success and deliver new ventures to replenish reserves	25%	21%	USD 75,000	USD 75,000
Health & Safety	Achieving improvement in Trinity's Health, Safety and Environmental performance				
Organisation	Continue to develop our people and the process/system within which they work				

Executive directors are required to defer 50% of any bonus payment into shares on a mandatory basis. For 2013, the executive directors elected to defer 100% of their bonus payments into shares.

Long-term incentives

No long-term incentives vested in the year for the executive directors.

Pension entitlements

Executive directors are not members of a Group pension plan. For the year ending 31 December 2013, Joel M. C. Pemberton received cash in lieu of Group pension contributions of 10% of base salary.

Long-term incentives awarded in 2013 financial year

Under the LTIP share based incentive plan, executive directors are provided with whole share awards. The first award ("Tranche 1") was granted in July 2013. Executive directors may be granted further awards, of a similar size as those awarded under Tranche 1, in 2014 ("Tranche 2") and 2015 ("Tranche 3"), provided that the Group's underlying financial and non-financial performance is satisfactory.

Tranches 1, 2 and 3 will vest on 1 January 2017. If the Group is in a closed period the shares will be issued at the earliest opportunity thereafter, subject to the achievement of stretching performance conditions that will be tested in 2016 following the announcement of the Group's audited financial results for the 2015 financial year.

The following table sets out the details of the LTIP awards granted in the 2013 financial year where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Director	Award type	Number of awards	Face value of award[1]	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance period end date	Performance conditions
Bruce A. I. Dingwall	Conditional award of shares – Tranche 1	189,600	USD 315,741	0%	100%	31 December 2015	See table below
Joel M. C. Pemberton	Conditional award of shares – Tranche 1	237,000	USD 394,677	0%	100%	31 December 2015	See table below

1. Calculated as number of awards granted multiplied by the closing share price preceding the date of grant of [USD 1.6653].
2. Conditional award of shares have been granted in the form of nil-cost options.

The performance matrix below sets out the targets and the potential level of vesting applicable to awards granted in the 2013 financial year ("Tranche 1"). The same performance matrix applies to awards that may be made in the 2014 and 2015 financial years ("Tranches 2 and 3"):

			2P Reserves growth (per annum ("p.a."))		
			Threshold	Target	Stretch
		Level of vesting	10% p.a.	15% p.a.	25% p.a.
Share price growth (p.a.)	**Threshold**	0% p.a.	0%	10%	25%
	Target	15% p.a.	0%	25%	50%
	Stretch	25% p.a.	0%	50%	100%

1. Straight-line release between threshold, target and stretch levels.
2. Tranches 1, 2 and 3 – performance will be tested following the financial year-end 2015 in 2016 on the following basis:
   - Reserves growth per annum will be measured using the aggregated reserves of Bayfield and Trinity at the time of the merger as approved by the board and the audited reserves for the financial year-end 2015.
   - Share price growth per annum will be measured from the float price of USD 1.87 (equivalent of £1.20) to the 30 day trading average closing share price up to 31 December 2015.

Mirror Scheme

As part of the merger of Trinity with Bayfield, the holders of Trinity options were offered the opportunity to surrender their Trinity options (conditionally upon completion of the merger) in return for the grant of new options over approximately 747.8 new consolidated ordinary shares for each Trinity share over which a Trinity option was held. Details of the new options are set out below:

Director	Number of Trinity shares subject to options	Number of new consolidated ordinary shares issued following exercise and transfer at admission	Number of consolidated ordinary shares subject to new options issued	Exercise price of each new option (US$)
Bruce A. I. Dingwall	837	0	625,908	1.3416
Joel M. C. Pemberton	660	0	493,548	1.3416

1. The Trinity shares subject to options had an exercise price USD 1000 per share, the aggregate exercise price of the consolidated ordinary shares subject to new options is the same as the aggregate exercise price for the surrendered Trinity option held.

The options granted to the executive directors under the Mirror Scheme will not vest until the third anniversary of the date of grant on 14 February 2014.

Statement of Executive Directors' shareholding

The executive directors are required to build and maintain a holding of shares equivalent in value to a minimum of two times their salary within a five year period. This can be satisfied through shares released under the LTIPs, Mirror Scheme, shares acquired through own resources and/or the deferred annual bonus shares.

The table below summarises the executive directors' interests in shares and the extent to which the shareholding requirement applicable has been achieved.

	Shareholding				Outstanding interests				
					Interests subject to conditions		Vested but unexercised interests		
Executive Director	Minimum shares required to be held (% salary)[1]	Beneficially owned shares)[1]	Current share-holding[2] (% salary)	Share-holding requirement met?	Options — Mirror Scheme	Share interests — LTIP	Options — Mirror Scheme	Share interests — LTIP	Total shareholding and interests held at 31 December 2013
B. A. I. Dingwall	200%	5,781,472	4,182%	Yes	625,908	189,600	–	–	6,596,980
J. M. C. Pemberton	200%	525,960	326%	Yes	493,548	237,000	–	–	1,256,508

Notes:
1. Beneficial interests include shares held directly or indirectly by connected persons.
2. The share price of USD 2.17 as at 31 December 2013 has been taken for the purpose of calculating the current shareholding as a percentage of the salary at the end of the financial year.

Consideration by the directors of matters relating to directors' remuneration

Role of the Remuneration Committee and activities

The remuneration committee is responsible for making recommendations to the board regarding the framework for the remuneration of the executive directors and others members of the senior management group. The remuneration committee works within its terms of reference, and its role includes:

- Determining and agreeing with the board the remuneration policy for all executive directors and other members of the senior management group.
- Ensuring executive remuneration packages are competitive.
- Determining whether annual bonus payments should be made and recommending levels for individual executives.
- Determining each year whether any awards/grants should be made under the incentive schemes and the value of such awards.
- Considering any new long term incentive scheme awards and performance criteria.
- Agreeing directors' service contracts and notice periods.

Members of the Remuneration Committee

The remuneration committee's members are currently Jonathan Murphy (Committee Chairman), David MacFarlane and Ronald Harford. The executive directors are invited to attend the remuneration committee meetings, but do not participate in decisions regarding their own remuneration. The remuneration committee met three times during the year.

Advisors to the Remuneration Committee

During the year, PricewaterhouseCoopers ("PwC") provided general advice to the remuneration committee on remuneration trends and incentive design. PwC is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The remuneration committee is satisfied that advice received from PwC during the year was objective and independent.

Directors' Responsibility Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

Joel M. C. Pemberton
Chief Executive Officer
29 April 2014

Independent Auditors' Report

on the Financial Statements to the Members of Trinity Exploration & Production plc

Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by Trinity Exploration & Production plc comprise:

- the consolidated and parent company statement of financial position as at 31 December 2013;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated and parent company cash flow statement for the year then ended;
- the consolidated and parent company statement of changes in equity; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Executive Chairman's and Chief Executive Officer's Statement, Directors' Report and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Richard Spilsbury
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
29 April 2014

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2013

	Notes	2013 $'000	2012 $'000
Operating Revenues			
Crude oil sales		**123,585**	77,285
Other income		**234**	427
		123,819	77,712
Operating Expenses			
Royalties		**(37,343)**	(29,154)
Production costs		**(33,099)**	(12,200)
Depreciation, depletion and amortisation	5	**(13,211)**	(7,690)
General and administrative expenses		**(18,539)**	(12,308)
		(102,192)	(61,352)
Operating Profit Before Exceptional Items		**21,627**	16,360
Exceptional Items	29	**28,766**	(17,357)
Operating Profit/(Loss) After Exceptional Items	19	**50,393**	(997)
Finance Income		**–**	65
Finance Costs	20	**(2,357)**	(1,764)
Profit/(Loss) Before Income Tax		**48,036**	(2,696)
Income Tax Expense	21	**(9,481)**	(12,532)
Profit/(Loss) For The Year		**38,555**	(15,228)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Currency Translation		**277**	7
Total Comprehensive Income/(Loss) For The Year		**38,832**	(15,221)
Total Comprehensive Income/(Loss) attributed to:			
Owners of the parent		**38,832**	(15,221)
Non-controlling interest		**–**	–
Earnings per share (expressed in dollars per share)			
Basic		**0.45**	(0.59)
Diluted		**0.43**	(0.59)

Consolidated Statement of Financial Position

as at 31 December 2013

	Notes	2013 $'000	2012 $'000
Assets			
Non-current Assets			
Property, plant and equipment	5	**177,592**	64,720
Intangible assets	6	**59,002**	7,856
Deferred tax assets	17	**64,693**	13,787
		301,287	86,363
Current Assets			
Inventories	8	**12,029**	3,333
Trade and other receivables	7	**36,803**	23,203
Taxation recoverable	9	**528**	471
Cash and cash equivalents	10	**25,145**	22,655
		74,505	49,662
Total Assets		**375,792**	136,025
Equity and liabilities			
Equity Attributable to Owners of the Parent			
Share capital	11	**94,800**	34
Share premium	11	**116,395**	17,550
Share warrants	12	**71**	71
Share based payment reserve	28	**11,523**	7,295
Merger reserves	13	**74,808**	52,853
Reverse acquisition reserve	13	**(89,268)**	–
Translation reserve		**567**	290
Accumulated surplus/(deficit)		**10,375**	(27,180)
Total Equity		**219,271**	50,913
Non-current Liabilities			
Convertible loan notes	14	**–**	6,355
Borrowings	15	**11,910**	18,104
Provision for other liabilities	16	**29,027**	10,576
Deferred tax liabilities	17	**46,387**	19,054
		87,324	54,089
Current Liabilities			
Trade and other payables	18	**61,117**	15,695
Borrowings	15	**3,989**	4,012
Taxation payable	9	**4,091**	11,316
		69,197	31,023
Total Liabilities		**156,521**	85,112
Total Equity and Liabilities		**375,792**	136,025

The financial statements on pages 31 to 72 were authorised for issue by the Board of Directors on 29 April 2014 and were signed on its behalf by:

Joel M. C. Pemberton
Chief Executive Officer
29 April 2014

Company Statement of Financial Position

as at 31 December 2013

	Notes	2013 $'000	2012 $'000
Assets			
Non-current Assets			
Investment in subsidiaries	22	**94,401**	46,085
Trade and other receivables	7	**160,760**	84,664
		255,161	130,749
Current Assets			
Trade and other receivables	7	**1,007**	1,384
Cash and cash equivalents	10	**4,189**	154
		5,196	1,538
Total Assets		**260,357**	132,287
Equity and liabilities			
Equity Attributable to Owners of the Parent			
Share capital	11	**94,800**	21,648
Share premium	11	**116,395**	80,817
Share based payment reserve	28	**1,127**	1,117
Merger reserves	13	**56,652**	34,228
Accumulated deficit		**(9,991)**	(7,296)
Total Equity		**258,983**	130,514
Current Liabilities			
Trade and other payables	18	**1,374**	1,773
		1,374	1,773
Total Liabilities		**1,374**	1,773
Total Equity and Liabilities		**260,357**	132,287

The financial statements on pages 31 to 72 were authorised for issue by the Board of Directors on 29 April 2014 and were signed on its behalf by:

Joel M. C. Pemberton
Chief Executive Officer
29 April 2014

Trinity Exploration & Production plc
Registered Number: 07535869

Consolidated Statement of Changes in Equity

For the period ended 31 December 2013

Year ended 31 December 2012

	Share Capital $'000	Share Premium $'000	Share Warrant $'000	Share Based Payment Reserve $'000	Merger Reserve $'000	Translation Reserve $'000	Accumulated Deficit $'000	Total $'000
At 1 January 2012	33	13,751	71	–	53,172	283	(11,952)	55,358
Financial liability converted to shares	1	3,870	–	–	–	–	–	3,871
Share options granted	–	–	–	7,295	–	–	–	7,295
Translation difference	–	(71)	–	–	(319)	7	–	(383)
Comprehensive loss for the year	–	–	–	–	–	–	(15,228)	(15,228)
At 31 December 2012	**34**	**17,550**	**71**	**7,295**	**52,853**	**290**	**(27,180)**	**50,913**

Year ended 31 December 2013

	Share Capital $'000	Share Premium $'000	Share Warrant $'000	Share Based Payment Reserve $'000	Reverse Acquisition Reserve $'000	Merger Reserve $'000	Translation Reserve $'000	Accumulated Deficit $'000	Total $'000
At 1 January 2013	34	17,550	71	7,295	–	52,853	290	(27,180)	50,913
Acceleration of share options	–	–	–	4,708	–	–	–	–	4,708
Placing shares issued	47,500	41,523	–	–	–	–	–	–	89,023
Share options exercised	–	–	–	(411)	–	–	–	–	(411)
Shares issued to previous equity holders of TEPL	25,618	(17,550)	–	–	(30,421)	22,353	–	–	–
Legacy Trinity share capital	21,648	80,817	–	–	(58,800)	–	–	–	43,665
Cost of raising equity	–	(5,945)	–	–	–	–	–	–	(5,945)
Share options granted	–	–	–	187	–	–	–	–	187
LTIP's granted	–	–	–	88	–	–	–	–	88
Legacy share options	–	–	–	(262)	–	–	–	–	(262)
Non-controlling interest	–	–	–	–	–	–	–	(1,000)	(1,000)
Translation difference	–	–	–	(82)	(47)	(398)	–	–	(527)
Comprehensive income for the year	–	–	–	–	–	–	277	38,555	38,832
At 31 December 2013	**94,800**	**116,395**	**71**	**11,523**	**(89,268)**	**74,808**	**567**	**10,375**	**219,271**

Company Statement of Changes in Equity

for the year ended 31 December 2013

	Share Capital $'000	Share Pemium $'000	Share Based Payment Reserve $'000	Merger Reserve $'000	Accumulated Deficit $'000	Total $'000
Year ended 31 December 2012						
At 1 January 2012	21,498	80,586	872	34,228	(4,252)	132,932
Loss for the year	–	–	–	–	(3,044)	(3,044)
Issue of share capital (net of share issue cost)	150	225	–	–	–	375
Share based payments	–	–	245	–	–	245
Translation difference	–	6	–	–	–	6
At 31 December 2012	**21,648**	**80,817**	**1,117**	**34,228**	**(7,296)**	**130,514**
Year ended 31 December 2013						
At 1 January 2013	21,648	80,817	1,117	34,228	(7,296)	130,514
Shares issued to previous holders of TEPL	25,652	–	–	22,424	–	48,076
Placing shares issued	47,500	41,523	–	–	–	89,023
Cost of raising equity	–	(5,945)	–	–	–	(5,945)
Legacy share option adjustment	–	–	(262)	–	–	(262)
Share options granted	–	–	226	–	–	226
LTIP granted	–	–	53	–	–	53
Translation difference	–	–	(7)	–	–	(7)
Comprehensive loss for the year	–	–	–	–	(2,695)	(2,695)
At 31 December 2013	**94,800**	**116,395**	**1,127**	**56,652**	**(9,991)**	**258,983**

Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Notes	2013 $'000	2012 $'000
Operating Activities			
Profit/(Loss) before taxation		**48,036**	(2,696)
Adjustments for:			
Translation difference		**79**	134
Profit on disposal of property, plant and equipment	5	**–**	(57)
Finance cost – loans	20	**1,179**	1,256
Share options granted	29	**4,721**	7,295
Finance cost – decommissioning provision	16	**1,178**	508
Finance income		**–**	(66)
Depreciation, depletion and amortisation	5	**13,211**	7,690
Goodwill	29	**2,746**	
Negative goodwill	29	**(52,070)**	–
Abandonment	5	**1,624**	–
Impairment of property, plant and equipment	5	**3,468**	–
Impairment of intangibles	6	**7,786**	8,963
		31,958	23,027
Changes In Working Capital			
Inventories	8	**(472)**	(1,834)
Trade and other receivables	7	**(2,922)**	(12,310)
Trade and other payables	18	**13,842**	4,839
		42,406	13,722
Taxation paid		**(25,430)**	(10,061)
Net Cash Inflow From Operating Activities		**16,976**	3,661
Investing Activities			
Purchase of exploration and evaluation assets	6	**(35,396)**	–
Purchase of property, plant and equipment	5	**(56,736)**	(13,591)
Disposal of property, plant and equipment		**–**	64
Cash and cash equivalent acquired in acquisition		**6,529**	–
Net Cash Outflow From Investing Activities		**(85,603)**	(13,527)
Financing Activities			
Finance income		**–**	66
Issue of shares (net of costs)		**84,868**	–
Repayment of convertible shareholder loan notes	14	**(6,355)**	(500)
Finance cost – loans	20	**(1,179)**	(1,256)
Repayment of borrowings	15	**(6,217)**	(14,711)
Proceeds from new borrowings	15	**–**	22,116
Net Cash Inflow From Financing Activities		**71,117**	5,715
Increase/(decrease) in Cash and Cash Equivalents		**2,490**	(4,151)
Cash And Cash Equivalents	10		
At beginning of year		**22,655**	26,806
Increase/(decrease) in cash and cash equivalents		**2,490**	(4,151)
At end of year		**25,145**	22,655

Company Statement of Cash Flows

for the year ended 31 December 2013

	Notes	2013 $'000	2012 $'000
Operating Activities			
Loss before taxation		**(2,695)**	(5,577)
Adjustments for:			
Finance income		**(1,311)**	–
Share based payments		**(224)**	245
Impairment of receivables from Group companies		**–**	2,617
		(4,230)	(2,715)
Changes In Working Capital			
Trade and other receivables	7	**(75,719)**	(33,143)
Trade and other payables	18	**(407)**	1,683
Net Cash (Outflow) from Operating Activities		**(80,356)**	(34,175)
Financing Activities			
Finance income		**1,311**	(2)
Share capital issued (net of costs)	11	**83,078**	375
Net Cash Inflow from Financing Activities		**84,389**	373
Increase/(Decrease) In Cash And Cash Equivalents		**4,033**	(33,802)
Cash And Cash Equivalents	10		
At beginning of period		**154**	33,952
Increase/(Decrease) in cash and cash equivalents		**4,033**	(33,802)
Exchange rate differences		**2**	4
At end of year		**4,189**	154

Notes to the Consolidated Financial Statements

31 December 2013

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 and South Africa.

Basis of Preparation

This consolidated financial information has been prepared on a going concern basis, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS 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 judgment 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 period was $2.7 million (2012 $3.0 million loss).

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted

The Group is yet to assess the full impact of these new standards and amendments but does not expect them to have a material impact on the financial statements.

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 expenses 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’. A detailed summary of the business combination and financial implication of this is provided within note 27.

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.

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 is recognised when goods are delivered and title has passed when the oil is transferred to Petrotrin’s pipelines, at which point revenue will be recognised.

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

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans (warrants/options/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 and Tobago dollars as this is the currency of the primary economic environment in which the entities operate. The presentation currency is United State 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 Statement of Financial Position is translated at the closing rate and Statement of Comprehensive Income is translated at the average rate. The following exchange rates have been used in the preparation of these accounts:

	2013		2012	
	USD	**GBP**	USD	GBP
Average rate TTD= USD/GBP	**6.416**	**10.009**	6.403	10.121
Closing rate TTD= USD/GBP	**6.436**	**10.580**	6.381	10.340

(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, and recognised in the statement of comprehensive income.

Intangible assets

(a) Exploration and evaluation assets

Capitalisation

Exploration and Evaluation assets are initially classified as intangible assets. Such costs include costs directly associated with an exploration area. Upon discovery of commercial reserves capitalisation is recognised within Property, Plant & 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:

(i) License and property acquisition costs

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

(ii) 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.

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 (CGUs) 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

Development and Producing Assets – Capitalisation

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.

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.

Notes to the Consolidated Financial Statements continued

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.

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.

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.

Decommissioning
Provision for decommissioning is recognised in full 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:

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 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 first in first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Materials and supplies 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. If not, they are presented as non-current assets.

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 initially recognised at fair value.

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 or 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.

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.

In respect of the employees of a subsidiary, retirement benefits were provided for in accordance with the terms of a Union Agreement which in the current year has been renegotiated and the existing liabilities extinguished.

Convertible loan note
Convertible loan notes are accounted for as borrowings (see note 14) in accordance with contractual terms. If loan notes are converted to shares the carrying amount is reduced with a corresponding increase in equity. Convertible loan notes are classified as a liability except where the settlement of the loan will be in shares and the number of shares to be issued upon conversion is fixed, in which case the loan notes will be classified within equity.

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 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 Chief Executive Officer, 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. They 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 programme 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 recognized assets and liabilities which are denominated in a currency that is not the entity's functional currency.

At 31 December 2013, 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 $3.2 million (2012: $2.0 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 2013, if commodity prices had been 1% higher/lower with all other variables held constant, post-tax (loss)/profit for the year would have been $1.2 million (2012: $0.8 million) lower/higher.

(iii) Interest rate risk
The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At 31 December 2013, 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 $0.2 million (2012: $0.4 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 and committed-transactions. For banks and financial institutions, management determines the placement of funds based on its judgement and experience.

All sales are made to a state-owned entity – Petrotrin. As Petrotrin is state owned, credit risk is considered to be low.

(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 maintains flexibility in funding.

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.

	Less than 1 year $'000	Between 2 and 5 years $'000
At 31 December 2013		
Borrowings (including interest) (note 15)	**5,197**	**18,137**
Accounts payable and accruals (note 18)	**61,117**	**–**
At 31 December 2012		
Borrowings (note 15)	5,423	20,299
Accounts payable and accruals (note 18)	15,695	–

(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. Trinity has complied with all banking covenants during the period.

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 (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2013 $'000	2012 $'000
Total borrowings (including convertible loan notes)	**15,899**	28,471
Less: cash and cash equivalents	**(25,145)**	(22,655)
(Funds)/net debt	**(9,246)**	5,816
Total equity	**219,271**	50,913
Total capital	**210,025**	56,729
Gearing ratio	**(0.04)%**	10.25%

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 Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 many 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 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.

(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 oil and gas industry. The provision has been estimated using a discount rate of 3.9% (2012: 4.50%) and a core inflation rate of 3% (2012: 3%). The impact in 2013 of a 1% change in these variables is as follows:

	Statement of Financial Position Obligation 2013 $'000	**Statement of Comprehensive Income/Expense 2013 $'000**
Discount rate		
1% increase in assumed rate	**(4,632)**	**20**
1% decrease in assumed rate	**5,621**	**(71)**
Inflation rate		
1% increase in assumed rate	**5,617**	**229**
1% decrease in assumed rate	**(4,712)**	**(190)**

(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 estimates its own commercial reserves 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. The Group's reserve estimates are also evaluated periodically by independent external reserve evaluators.

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.

All subsidiaries onshore and offshore reserve estimates were evaluated at 1 July 2012 by an independent external reserve auditor, RPS Energy Consultants Limited ("RPS Energy") and Gaffney Cline and Associates, with a report dated 12 November 2012. Management has subsequently at the end of 2013 re-evaluated the reserve estimates for all assets as a result of new information being available in respect of planned drilling and development activity. Accordingly the final reserve estimates incorporated into these financial statements have been arrived at using management's estimates for all offshore and onshore assets respectively.

Effective 1 October 2013, Trinity's joint venture partner Petrotrin agreed to convert its 35% working interest in the Trintes field to an Overriding Royalty Agreement 'ORR'. No other financial consideration is payable beyond the ORR. The net effect of the conversion is to increase Trinity's working interest in the field to 100% and adds an additional 13 mmbl in 2P reserves. This ORR agreement only covers the Trintes field (which excludes the recent TGAL-1 discovery) and Petrotrin retains a 35% working interest in the remainder of the Galeota License.

(e) Farm outs and lease operatorship agreements

The Group accounts for its farmout and lease operatorship agreements on the basis that they 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) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Should the actual amounts recovered differ significantly from these estimates the carrying value of the goodwill may be impaired.

An impairment charge on goodwill of $7.8 million arose in the CGU, of Oilbelt Services Limited, at the end of 2013, resulting in the entire carrying amount of goodwill attributable to the CGU being written down to nil. If the price used in the value-in-use calculation had been 10% lower than management's estimates at 31 December 2013 the resulting goodwill impairment would be unchanged.

If the estimated cost of capital used in determining the post-tax discount rate for the CGU in Oilbelt Services Limited had been 1% higher than management's estimates the resulting goodwill impairment would be unchanged.

(g) 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.

(h) Carrying value of property, plant and equipment

Management perform impairment assessments on the Group's property, plant and equipment once there are indicators of impairment with reference to IAS 36: Impairment of Assets. In order to test for impairment, values in use calculations are prepared which require an estimate of the timing and amount of cash flows expected to arise from the cash generating unit.

At the end of the 2013 year An impairment charge on property, plant and equipment of $2.46 million arose in the CGU of Oilbelt Services Limited and $0.2 million in the CGU of Coastline International Inc., resulting in the carrying amount of the respective CGUs being written down to their recoverable amount. If the price used in the value-in-use calculation had been 10% lower than management's estimates at 31 December 2013, the group would have recognised a further impairment of Oil and Gas assets by $3.0 million reducing the carrying value of property, plant and equipment.

If the estimated cost of capital used in determining the post-tax discount rate for the CGU in Oilbelt Services Limited and Coastline International Inc. had been 1% higher than management's estimates the group would have recognised a further impairment of $0.6 million against Oil and Gas assets within property, plant and equipment.

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 Trinidad and Tobago The Petroleum Company of Trinidad and Tobago (Petrotrin). All non-current assets of the Group are located in Trinidad and Tobago except for $1.2 million, (2012: nil) located in South Africa.

5. Property, Plant and Equipment

	Plant & Equipment $'000	Land & Buildings $'000	Oil & Gas Assets $'000	Other $'000	Total $'000
Year ended 31 December 2013					
Opening net book amount at 1 January 2013	2,071	1,541	61,102	6	64,720
Acquisition (note 27)	911	197	70,525	–	71,633
Additions	4,203	1,185	51,348	–	56,736
Abandonment	–	–	(1,624)	–	(1,624)
Impairment (note 29)	–	–	(3,468)	–	(3,468)
Adjustment to decommissioning estimate (note 16)	–	–	3,179	–	3,179
Depreciation, depletion and amortisation charge for year	(944)	(342)	(11,919)	(6)	(13,211)
Translation difference	(108)	(23)	(242)	–	(373)
Closing net book amount on 31 December 2013	**6,133**	**2,558**	**168,901**	**–**	**177,592**
At 31 December 2013					
Cost	12,220	3,231	255,793	336	271,580
Accumulated depreciation, depletion, amortisation and impairment	(5,979)	(650)	(86,650)	(336)	(93,615)
Translation difference	(108)	(23)	(242)	–	(373)
Closing net book amount	**6,133**	**2,558**	**168,901**	**–**	**177,592**
Year ended 31 December 2012					
Opening net book amount at 1 January 2012	897	1,158	54,012	181	56,248
Additions	1,660	612	11,478	(159)	13,591
Adjustment to decommissioning estimate (note 16)	–	–	3,018	–	3,018
Depreciation, depletion and amortisation charge for year	(472)	(218)	(6,984)	(16)	(7,690)
Translation difference	(14)	(11)	(422)	–	(447)
Closing net book amount at 31 December 2012	**2,071**	**1,541**	**61,102**	**6**	**64,720**
At 31 December 2012					
Cost	7,120	1,860	133,440	336	142,756
Accumulated depreciation, depletion, amortisation and impairment	(5,035)	(308)	(71,916)	(330)	(77,589)
Translation difference	(14)	(11)	(422)	–	(447)
Closing net book amount	**2,071**	**1,541**	**61,102**	**6**	**64,720**

6. Intangible Assets

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

	Exploration and evaluation assets $'000	Goodwill $'000	Total $'000
At 1 January 2013	–	7,856	7,856
Acquisition (note 27)	23,606	–	23,606
Additions	35,396	–	35,396
Impairment (note 29)	–	(7,786)	(7,786)
Translation difference	–	(70)	(70)
At 31 December 2013	**59,002**	**–**	**59,002**
At 1 January 2012	–	16,952	16,952
Impairment charge	–	(8,963)	(8,963)
Translation difference	–	(133)	(133)
At 31 December 2012	**–**	**7,856**	**7,856**

Goodwill arose on the business combination with Oilbelt Holdings Limited and represents the excess of the purchase price over the fair value of the net assets. The acquisition of Oilbelt was effected by the amalgamation of Oilbelt Holdings Limited with a Trinity subsidiary. Oilbelt Services Limited was a subsidiary of Oilbelt Holdings Limited prior to the amalgamation, and afterwards it became a subsidiary of the Group.

After initial recognition, goodwill on acquisition 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 Group'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. The entire goodwill balance has been allocated to the WD 5/6 block which is considered to be one cash generating unit (CGU), the recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use after tax cash flow projections based on financial budgets approved by management covering a thirteen year period. Cash flows beyond the first year assume a growth rate of 3%. The discount rate used was 10%.

Management re-evaluated the reserve estimate for all assets at the end of 2013 as a result of new information being available. The results of this report indicated a downward revision in the reserves estimate of the WD 5/6 onshore block which triggered an impairment assessment. This assessment resulted in the WD 5/6 block having an impairment loss of $10.4 million. The impairment loss was taken against the full amount of goodwill with the remaining $2.6 million charge attributable to Oil & Gas assets within the overall propertry, plant and equipment impairment (note 5).

Additions:

Exploration well TGAL 1 was drilled in the offshore Galeota block at a cost of $23.7 million and El Dorado in the offshore Point Ligoure-Guapo Bay-Brighton Block was in progress at a cost of $9.4 million at the end of 2013. Subsequent to the year ended 2013 the El Dorado well was not deemed to be commercial and was permanently plugged and abandoned with the full amount of $17.4 million written off during the 2014 financial year (note 31).

7. Trade and Other Receivables

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Due after more than one year				
Amounts due from Group companies	**–**	–	**160,760**	84,664
Due within one year				
Trade receivables	**12,637**	6,527	**–**	–
Less: provision for impairment of trade receivables	**–**	–	**–**	–
Trade receivables – net	**12,637**	6,527		–
Prepayments	**1,906**	1,287	**134**	136
VAT recoverable	**20,653**	4,923	**873**	61
Other receivables	**1,529**	357	**–**	–
Short term loan receivable	**–**	10,029	**–**	–
Receivables from related parties (note 23 (d))	**78**	80	**–**	1,187
	36,803	23,203	**1,007**	1,384

The Company provides funding to other Group companies.

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

As at 31 December 2013, trade receivables of $12.6 million (2012: $6.5 million) were fully performing. Trade receivables that are less than three months past due are not considered impaired. As at 31 December 2013, no trade receivables (2012: nil) were impaired and provided for.

The uncommitted term loan of $10.0 million to the borrower (Bayfield Energy (Galeota) Limited) has been fully repaid in the year.

Ageing analysis of these trade receivables is as follows:

	2013 $'000	2012 $'000
Up to 3 months	**12,637**	6,527
	12,637	6,527

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

	2013 $'000	2012 $'000
US Dollar	**6,548**	11,248
GBP	**873**	–
Trinidad & Tobago Dollar	**29,382**	11,955
	36,803	23,203

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	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Trade receivables				
Counterparties without external credit rating:				
Existing customers (more than 6 months) with no defaults in the past	**12,637**	6,527	**–**	–

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

8. Inventories

	2013 $'000	2012 $'000
Crude oil	**435**	104
Materials and supplies	**11,594**	3,229
	12,029	3,333

The cost of inventories recognised as an expense and included in operating expenses amounted to $1.2 million (2012: $0.2 million).

9. Taxation Recoverable/(Payable)

	2013 $'000	2012 $'000
Taxation recoverable		
Petroleum Profits tax (PPT)/Unemployment Levy (UL)	**528**	471
Taxation payable		
Petroleum Profits tax (PPT)/Unemployment Levy (UL)	**(313)**	(4,889)
Supplemental petroleum tax (SPT)	**(3,778)**	(6,427)
	(4,091)	(11,316)

10. Cash and Cash Equivalents

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Cash and cash equivalents	**25,145**	22,655	**4,189**	154
	25,145	22,655	**4,189**	154

11. Share Capital and Share Premium

	Number of shares No.	Ordinary shares $'000	Share premium $'000	Total $'000
As at 1 January 2013	34,182	34	17,550	17,584
Shares issued to previous equity holders of TEPL	25,617,859	25,618	(17,550)	8,068
Legacy Bayfield share capital	21,647,945	21,648	80,817	102,465
Share placing	47,500,000	47,500	41,523	89,023
Cost of equity	–	–	(5,945)	(5,945)
As at 31 December 2013	**94,799,986**	**94,800**	**116,395**	**211,195**

On 14 February 2013 TEPL acquired Bayfield through a reverse acquisition. Bayfield issued 25,652,041 ordinary shares to the shareholders of TEPL which gave a 55% controlling interest in the combined entity. Bayfield changed its name to Trinity. On the same date a total of 47,500,000 shares were issued at GBP 1.20 and the Company was readmitted to AIM (note 27). The associated cost of the share placing was $5.9 million.

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.

	2013 $'000	2012 $'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 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 fees above, Oriel was granted an option by TEPL over shares equivalent in value to 0.25% (one quarter of one per cent) 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 can 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 in the financial year 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 has confirmed that it does not intend to exercise its 83 Trinity Warrants; Oriel shall hold 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 $'000	Merger Reserve $'000	Total $'000
At 1 January 2013	–	52,853	52,853
Acquisition (note 27)	–	22,353	22,353
Movement	(89,221)	–	(89,221)
Translation differences	(47)	(398)	(445)
At 31 December 2013	**(89,268)**	**74,808**	**(14,460)**

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 has been recorded.

The insertion of the Company as the new parent to the Group has been 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. A detailed summary of the business combination and financial implication of this is provided within note 27.

14. Convertible Loan Notes

	Group and Company	
	2013 $'000	2012 $'000
At 1 January 2013	**6,355**	6,837
Payments	**(6,355)**	(500)
Translation differences	**–**	18
At 31 December 2013	**–**	6,355

Trinity Exploration and Production (Trinidad and Tobago) Limited a subsidiary of the Group (formerly known as Ten° North Energy Limited) created $15.0 million of Unsecured Convertible Subordinated Loan Notes due 2010–2014 by virtue of a Converted Loan Note instrument dated 16 December 2005. Trinity Exploration and Production (Trinidad and Tobago) Limited (formerly known as Ten° North Energy Limited) issued $10.0 million of Unsecured Convertible Subordinated Loan Notes 2010–2014 created by that loan note instrument (the 'Original Notes') to Venture Production plc (now Venture Production Limited) on 16 December 2005 which were transferred to Centrica Upstream Investment Limited (formerly named Venture Investment Holdings Limited ('Centrica')) by way of a Deed of Transfer dated 26 June 2007.

During 2010, Trinity Exploration and Production (Trinidad and Tobago) Limited (formerly known as Ten° North Energy Limited) repaid $1.5 million of the Original Notes issued to Centrica leaving $8.5million in principal amount of the Original Notes outstanding.

The Original Notes were transferred and novated to the Company by way of a deed of novation so that Trinity became liable to Centrica for the repayment of the amount outstanding under the Original Notes. Trinity entered into a new restated and amended loan converted loan note instrument on 8 December 2011 (the 'Restated and Amended Loan Note Instrument') which replaced the original loan note instrument issued in 2005 and issued $9,337,246 of new unsecured convertible subordinated loan notes thereunder (the $8.5 million principal plus a further $837,246 of interest) to Centrica in replacement of the Original Notes (the 'Convertible Loan Notes').

$2.5 million of the Convertible Loan Notes were repaid after the Amalgamations in 2011 in accordance with the Restated and Amended Loan Note Instrument and a further $0.5 million of the Convertible Loan Notes were repaid at the end of 2012 resulting in $6,337,246 of principal outstanding under the Convertible Loan Notes to Centrica as at 31 December 2012. The full amount outstanding under the Convertible Loan Notes (the principal plus accrued interest) was repaid on 6 March 2013 shortly after the completion of the merger of with Trinity Exploration & Production plc.

15. Borrowings

	2013 $'000	2012 $'000
Non-current portion:		
Citibank (Trinidad & Tobago) Limited	**11,910**	16,047
David & Christina Segel Living Trust loan note (see note 23(e))	**–**	2,057
Total	**11,910**	18,104
Current portion:		
Citibank (Trinidad & Tobago) Limited	**3,989**	4,012
Total	**3,989**	4,012

Drawn Loan Facilities

Citibank (Trinidad & Tobago) Limited Loan 1

The key terms of the loan are as follows:

- Principal amount $20.0 million
- Maturity date 20 December 2017 Interest rate three month US LIBOR plus 600 basis points per annum
- 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
- Interest payable monthly in arrears commencing on 20 March 2013

Financial covenants:

- The Group/Company was in compliance with its covenants throughout the year
- Minimum debt service coverage 1.4:1
- Maximum total debt to EBITDA 2.75:1
- Minimum EBITDA to Interest Expense 1.5:1

The comparative current portion was due to Citibank (Trinidad & Tobago) Limited and was repaid in the financial year ended 31 December 2013. The carrying value is not materially different from the fair value.

Undrawn Loan Facilities

Citibank (Trinidad & Tobago) Limited Loan 2

The Group has on 17 August 2013 negotiated a floating rate medium term facility of $25.0 million with Citibank (Trinidad and Tobago) Limited which at 31 December 2013 remains undrawn.

The key terms of the loan are as follows:

- Tenor four years from closing date.
- Interest rate is set at US LIBOR for a period of three months plus 575 bps per annum.
- Principal repayment is quarterly in amounts to be determined beginning three months after the end of the availability period (20 August 2014).
- Multiple drawdowns permitted within the availability period.

Financial covenants:

- Minimum debt service coverage 1.4:1
- Maximum total debt to EBITDA-Operating taxes 3.0:1
- Minimum EBITDA-Operating taxes to Interest Expense 1.5:1

David & Christina Segel Living Trust Promissory note

Key terms of the loan note are as follows:

- Issue Date – 1 October 2012
- Interest Rate – Fixed 10% per annum (30/360 day basis)
- Principal sum – $2,051,111.11
- Maturity Date – 30 September 2014
- Interest and principal will be repaid on the Maturity Date
- Rollover Provision – The Issuer may request that some or the entire outstanding principal of the note be rolled-over following conditions disclosed in the agreement

On 1 July 2012, Oilbelt Services Limited a subsidiary of the Group borrowed $2.0 million from David & Christina Segel Living Trust. This has been fully repaid on 6 March 2013.

Analysis of net debt

	At 1 January 2013 $'000	Cashflow $'000	At 31 December 2013 $'000
Cash and cash equivalents	22,655	2,490	25,145
Financial liabilities – borrowings current	(4,012)	23	(3,989)
Financial liabilities – borrowings non-current	(18,104)	6,194	(11,910)
Convertible loan note (note 13)	(6,355)	6,355	–
	(5,816)	**15,062**	**9,246**

16. Provisions and Other Liabilities

	Decommissioning cost $'000	Employee retirement benefit $'000	Total $'000
Year ended 31 December 2013			
Opening amount as at 1 January 2013	9,891	685	10,576
Acquisition (note 27)	14,869	–	14,869
Adjustment to estimates (note 5)	3,179	–	3,179
Unwinding of discount (note 20)	1,178	–	1,178
Decrease in the provision	(90)	(685)	(775)
Closing balance at 31 December 2013	**29,027**	**–**	**29,027**
Year ended 31 December 2012			
Opening amount as at 1 January 2012	6,402	728	7,130
Adjustment to estimates (note 5)	3,018	–	3,018
Unwinding of discount (note 20)	508	–	508
Decrease in the provision	(37)	(43)	(80)
Closing balance at 31 December 2012	**9,891**	**685**	**10,576**

Decommissioning cost

This represents an estimate of the amounts required for abandonment of the Group's wells and facilities. 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:

a. Core inflation rate – 3% (2012: 3%)

b. Risk free rate – 3.9% (2012: 4.5%)

c. Estimated market value/decommissioning cost

d. Estimated life of each asset

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

Adjustment to estimates

The Group makes provision for the cost of decommissioning its producing wells at the completion of their useful lives. Decommissioning is estimated to be required in various fields during 2024-2036. In the current year there was an increase in the provision mainly due to a revision of assumptions used in determining the estimated cost to decommission the Group's oil and gas facilities. There has been a corresponding increase in the carrying amount of property plant and equipment (note 5).

Employee Retirement Benefit

Upon the acquisition of Oilbelt Services Limited, the Group assumed a legal obligation based on an agreement between Oilbelt Services Limited and the Oilfield Workers Trade Union which entitles members to certain service benefits. This arrangement is a defined contribution scheme. The final level of benefit is not defined and can vary based upon certain criteria, such as the length of service. During 2013 this liability was extinguished under the new collective bargaining agreement.

17. Deferred Income Taxation

	2013 $'000	2012 $'000
At beginning of year	**5,267**	6,622
Deferred tax assumed on acquisition	**(18,606)**	–
Deferred tax on fair value uplift arising from acquisition	**2,746**	–
Movement for the year	**(5,412)**	(10)
Unwinding of deferred tax on fair value uplift	**(2,247)**	(1,345)
Translation differences	**(54)**	–
Net deferred tax (liability)/asset	**(18,306)**	5,267

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:

	2011 $'000	Movement $'000	2012 $'000	Movement $'000	2013 $'000
Deferred tax assets					
Acquisition	(410)	–	(410)	(33,026)	(33,436)
Tax losses recognised	(12,472)	(905)	(13,377)	(17,880)	(31,257)
	(12,882)	**(905)**	**(13,787)**	**(50,906)**	**(64,693)**
Deferred tax liabilities					
Accelerated tax depreciation	1,469	895	2,364	12,414	14,778
Acquisitions	5,160	–	5,160	14,420	19,580
Fair value uplift	12,875	(1,345)	11,530	499	12,029
	19,504	**(450)**	**19,054**	**27,333**	**46,387**

Tax losses were recognised. These losses relate to Ten° North Operating Company. Pioneer Petroleum Company Limited and Trinity Exploration and Production (Galeota) Limited. It is expected that the losses will be recovered within the next five years.

18. Trade and Other Payables

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Trade payables	**19,224**	4,857	**36**	765
Accruals	**37,170**	9,149	**92**	1,008
VAT payable	**2,289**	536	**–**	–
Other payables	**1,393**	669	**–**	–
Amounts due to related parties (note 23 (d))	**1,041**	484	**1,246**	–
	61,117	15,695	**1,374**	1,773

19. Operating Profit Before Exceptional Items

	2013 $'000	2012 $'000
Operating profit before exceptional items is stated after taking the following items into account:		
Depreciation, depletion and amortisation (note 5)	**13,198**	7,690
Profit on disposal of property, plant and equipment	**–**	(57)
Employee costs (note 26)	**21,598**	15,777
Abandonment (note 5)	**1,624**	–
Operating lease rentals	**1,374**	1,432
Inventory recognised as expense, charged to operating expenses	**1,235**	216

Auditors' remuneration

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

	2013 $'000	2012 $'000
— Fees payable to the Company's auditors' and its associates for the audit of the parent company and consolidated financial statements	**73**	53
— Fees payable to the Company's auditors' and its associates for other services:		
— The audit of company's subsidiaries	**167**	117
— Audit related assurance services – interim review	**50**	29
— Reporting accountant in respect of the merger and admission to trading on AIM	**318**	852
Total assurance	**608**	1,051
— Tax advisory	**26**	–
— Other advisory	**216**	17
Total auditors' remuneration	**850**	1,068

All fees are in respect of services provided by PwC with the majority relating to reporting accountants work during the merger of Trinity and Bayfield. Following the merger, Trinity have completed a competitive tender for audit services and have selected PwC as the external auditors of the enlarged group. 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

	2013 $'000	2012 $'000
Decommissioning (note 16)	**1,178**	508
Interest on loans	**1,179**	1,256
	2,357	1,764

21. Income Tax Expense

	2013 $'000	2012 $'000
Current tax		
— Current year		
Petroleum profits tax	**5,821**	5,452
Corporation tax	**926**	–
Supplemental petroleum tax	**10,393**	8,391
Deferred tax		
— Current year		
Movement in asset due to tax losses (note 17)	**(17,880)**	(905)
Movement in liability due to accelerated tax depreciation	**12,414**	895
Unwinding of deferred tax on fair value uplift	**(2,247)**	(1,345)
Translation difference	**54**	44
Income tax expense	**9,481**	12,532

The Group's effective tax rate varies from the statutory rate for UK companies of 23.25% as a result of the differences shown below:

	2013 $'000	2012 $'000
Profit/(loss) before taxation	**48,036**	(2,696)
Tax charge at expected rate of 23.25% (2012: 24.5%)	**11,048**	(661)
Effects of:		
Higher overseas tax rate	**15,372**	836
Profits not subject to tax	**(32,276)**	–
Disallowable expenses	**11,772**	8,275
Deferred tax asset not recognised	**20**	179
Tax loss generated not recognised	**915**	554
Tax losses utilised but not previously recognised	**(626)**	(1,310)
Supplemental petroleum tax	**3,110**	3,755
Green fund levy	**178**	148
Other differences	**(32)**	756
Tax charge	**9,481**	12,532

Taxation losses as at 31 December 2013 available for set off against future taxable profits amount to approximately $127.0 million (2012: $36.0 million), with tax losses recognised as a deferred tax asset of $118.0 million.

22. Investment In Subsidiaries

	Company 2013 $'000	2012 $'000
Opening balance	**46,085**	46,979
Additions	**48,076**	–
Capital contribution relating to share based payment	**240**	(894)
Closing balance	**94,401**	46,085

The investment in group undertakings is recorded at cost which is the fair value of the consideration paid.

The capital contribution relating to share based payments granted by the Company to employees of subsidiary undertakings in the Group. Refer to note 28 for further details of the group's share based schemes.

Astrakhanskaya Gas and Oil Company (AGOC), a subsidiary of Trinity Exploration & Production plc which held an interest in the Karalatsky licence, was in an exploration phase and was wound up. The winding up of this entity was completed on 5 September 2013.

Listing of Subsidiaries

The Group's principal subsidiaries at 31 December 2013 are listed below:

Name	Country of Incorporation	Nature of Business	Proportion of ordinary shares held by the group (%)
Bayfield Energy Limited	UK	Holding Company	100%
Trinity Exploration and Production Services (UK) Ltd	UK	Service company	100%
Bayfield Energy (Alpha) Limited	UK	Holding Company	100%
Trinity Exploration and Production (Pletmos) Limited	UK	Oil and Gas	100%
Bayfield Energy do Brasil Ltda	Brazil	Dormant	100%
Bayfield Energy New Ventures Limited	UK	Holding Company	100%
Bayfield Energy (St Lucia) Limited	St Lucia	Holding Company	100%
Trinity Exploration & Production (Barbados) Limited	Barbados	Holding Company	100%
Trinity Exploration and Production (Trinidad and Tobago) Limited	Trinidad & Tobago	Holding Company	100%
Galeota Oilfield Services Limited	Trinidad & Tobago	Oil and Gas	100%
Trinity Exploration and Production (Galeota) Limited	Trinidad & Tobago	Oil and Gas	100%
Ten° North Operating Company Limited	Trinidad & Tobago	Holding Company	100%
NAKT Company Limited	Trinidad & Tobago	Oil and Gas	100%
Antilles Resources Limited	Trinidad & Tobago	Oil and Gas	100%
Lennox Production Services Limited	Trinidad & Tobago	Oil and Gas	100%
Pioneer Petroleum Company Limited	Trinidad & Tobago	Oil and Gas	100%
Oilbelt Services Limited	Trinidad & Tobago	Oil and Gas	100%
Coastline International Inc.	Trinidad & Tobago	Oil and Gas	100%
Ligo Ven Resources Limited	Trinidad & Tobago	Oil and Gas	100%
Trinity Exploration and Production Services Limited	Trinidad & Tobago	Service company	100%
Tabaquite Exploration & Production Company Limited	Trinidad & Tobago	Oil and Gas	100%

23. Related Party Transactions

Group

The following transactions were carried out with the Group's subsidiaries. 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	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Well Services Petroleum Company Limited	**–**	159	**–**	–
Bayfield Energy Limited — loan	**–**	–	**–**	531
Trinity Exploration and Production Services (UK) — loan	**–**	–	**9,513**	–
Trinity Exploration and Production (Galeota) Limited — loan	**–**	–	**65,400**	656
	–	159	**74,913**	1,187

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	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Purchases of services:				
Blanket Securities Limited	**866**	760	**–**	–
Rigtech Services Limited	**996**	940	**–**	–
Well Services Petroleum Company Limited	**9,875**	1,250	**–**	–
Dingwall Energy Advisors Limited	**–**	365	**–**	–
Trinity Infrastructure Construction Limited	**–**	91	**–**	–
Bayfield Energy Limited	**–**	–	**5**	–
	11,737	3,406	**5**	–

Goods and services are bought from entities controlled by certain Directors' on normal commercial terms and conditions, with the majority coming from the Well Services Group, which includes: Blanket Securities Limited, Rigtech Services Limited, Well Services Petroleum Company Limited and Trinity Infrastructure Construction Limited.

(c) Key management and directors' compensation

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

	Group	
	2013 $'000	2012 $'000
Short-term employee benefits	**2,469**	2,833
Post-employment benefits	**53**	7
Share-based payment (note 28)	**2,590**	4,454
	5,112	7,294

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Receivables from related parties:				
Well Services Petroleum Company Limited	**78**	80	**–**	–
Bayfield Energy Limited — loan	**–**	–	**84,659**	84,664
Trinity Exploration and Production Services (UK) Limited — loan	**–**	–	**9,513**	–
Bayfield Energy Alpha — loan	**–**	–	**531**	531
Trinity Exploration and Production (Galeota) Limited — loan	**–**	–	**66,057**	656
	78	80	**160,760**	85,851
Payables to related parties:				
Blanket Securities Limited	**164**	21	**–**	–
Rigtech Services Limited	**238**	372	**–**	–
Well Services Petroleum Company Limited	**639**	–	**–**	–
Trinity Exploration and Production Services (UK) Limited	**–**	–	**4**	–
Trinity Exploration & Production (UK) Limited	**–**	–	**1,242**	–
Trinity Infrastructure Construction Limited	**–**	91	**–**	–
	1,041	484	**1,246**	–

Loans to subsidiaries

Loans receivable from Bayfield Energy Limited and Trinity Exploration and Production (Galeota) Limited carry interest of LIBOR + 3% per annum.

Loans receivable from Trinity Exploration and Production Services (UK) Limited carry interest of 1.5% per annum.

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 (2012: 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. This loan was repaid in 2013.

(e) Loans from related parties

	Group	
	2013 **$'000**	2012 $'000
David & Christina Segel Living Trust loan note (note 15)	**–**	2,057
	–	2,057

24. Financial Instruments by Category

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

	Group		Company	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Trade and other receivables – non current	**–**	–	**160,760**	84,664
Trade and other receivables – current	**36,803**	23,203	**1,007**	1,384
Cash and cash equivalents	**25,145**	22,655	**4,189**	154
	61,948	45,858	**165,956**	86,202

The only category of financial assets held by the Group is 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	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Borrowings	**15,899**	28,471	**–**	–
Amounts due to related party	**–**	–	**1,246**	–
Accounts payable and accruals	**61,117**	15,695	**128**	1,773
	77,016	44,166	**1,374**	1,773

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

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	
	2013 **$'000**	2012 $'000
Not later than 1 year	**442**	330
Later than 1 year and no later than 5 years	**932**	1,102
	1,374	1,432

Contingent Liabilities

i. One of the subsidiaries has received an assessment from the tax authority of Trinidad and Tobago namely, the Board of Inland Revenue (BIR), in respect of Petroleum Profits Tax. The subsidiary has filed a notice of objection with the BIR and until the matters are determined, the assessments raised are not considered final. No material unrecorded liabilities are expected to crystallise and accordingly no provision has been made in these financial statements.

ii. 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 no material liabilities will crystallise and accordingly no provision has been made in the financial statements for any potential liabilities.

iii. The farmout 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 as a new agreement has not yet been finalised by both parties which would agree any terms or conditions inherent the financial statements do not include any estimates of such liabilities.

iv. Parent company guarantees:

a) A Letter of Guarantee has been established over the Point Ligoure-Guapo Bay-Brighton Block where a subsidiary of Trinity is obliged to carry out a Minimum Work Programme to the value of $8.4 million.

b) A letter of Guarantee is in place with Citibank (Trinidad and Tobago) Limited for the full $25.0 million loan facility should there be a default.

v. 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 financial statements. The Group does not expect that these liabilities will be material.

26. Employee Costs

Employee costs for the Group during the year

	2013 $'000	2012 $'000
Wages and salaries	**16,484**	8,426
Other pension costs	**393**	56
Share based payment expense (note 28)	**4,721**	7,295
	21,598	15,777

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

	2013 Number	2012 Number
Executive and non-executive Directors	**7**	5
Administrative staff	**138**	67
Operational staff	**140**	152
	285	225

27. Business Combination

a) Summary of acquisition

On 14 February 2013, Trinity Exploration & Production (UK) Limited (formerly Trinity Exploration & Production Limited) ("TEPL") acquired Bayfield Energy Holdings plc ("Bayfield") by way of a reverse acquisition.

Whilst Bayfield became the legal parent of the group on that date, the shareholders of TEPL obtained control of Bayfield and the transaction was deemed a reverse acquisition. In order to execute the transaction Bayfield issued 25,652,041 ordinary shares, representing 55% of its share capital, to the shareholders of TEPL in exchange for 100% (34,182 shares) of the share capital of TEPL. Bayfield changed its name to Trinity Exploration & Production plc and was readmitted to trading on AIM on 14 February 2013.

The acquisition represented a strategic fit for TEPL as it has allowed TEPL to acquire production and reserves in a hydrocarbon basin which it previously had no exposure to whilst simultaneously providing an opportunity to recapitalize the company through the issue of new shares.

Details of the fair value of the assets and liabilities acquired are as follows:

	$'000
Purchase consideration (refer to b)	40,525
Fair value of net identifiable assets acquired (refer to c)	92,595
Negative goodwill (refer to c)	(52,070)

b) Purchase consideration

The purchase consideration is calculated as the fair value of all equity instruments of Bayfield (21,647,945 ordinary shares) prior to the acquisition, based on a share price of GBP 1.20 which was the value of placing shares traded on the day of the admission and the acquisition being unconditional. An exchange rate of USD: GBP is used, being $1.56 on the date of the acquisition.

c) Assets and liabilities acquired

Recognised amounts of identified assets acquired and liabilities assumed:

	$'000
Cash and cash equivalents	6,529
Trade and other receivables (note 7)	10,735
Inventories (note 8)	8,224
Deferred tax asset (note 17)	18,606
Exploration and evaluation assets (note 6)	23,606
Property, plant and equipment (note 5)	71,633
Trade and other payables (note 18)	(31,869)
Decommissioning liability (note 16)	(14,869)
Fair Value of Net assets	**92,595**

At the acquisition date, all contractual cash flows are expected to be collected. The decommissioning liability was increased by $8.9 million and is in respect of decommissioning of wells and platform which is expected at the end of the field life when production ceases. An impairment loss of $11.1 million was recognised on exploration and evaluation assets in respect of costs which did not relate to exploration and evaluation activity with a further reallocation of $1.9 million to property, plant and equipment. There was an impairment of $1.0 million within property, plant and equipment for a rig which was in a state of disrepair and unuseable at the acquisition date.

In undertaking the acquisition, costs of $2.3 million were incurred and have been expensed to the consolidated statement of comprehensive income as an exceptional item (note 29).

The acquisition of Bayfield by TEPL resulted in a gain or bargain purchase as defined within IFRS 3, specifically paragraphs 32 and 34. The reason that the net assets acquired was greater than the consideration transferred was due to the Bayfield group experiencing liquidity issues and from a going concern perspective the group was distressed. This was the result of lower than expected cash flows as the underlying production growth was slower than expected and an inability to secure any additional funding. This eventually led to the Bayfield group agreeing to be acquired by TEPL. The negative goodwill recognised represents that gain where the aggregate fair value of the identifiable assets and liabilities at the acquisition date exceeded the fair value of the consideration transferred. In accordance with IFRS, the gain has been recognised immediately within the consolidated statement of comprehensive income as an exceptional item (note 29).

Since the acquisition date, revenue of $34.9 million and loss of $1.2 million have been included in the consolidated statement of comprehensive income in respect of Bayfield Energy Holdings plc. If the acquisition had occurred on 1 January 2013, the combined group would report additional revenue of $4.5 million and loss of $15.8 million for the period.

28. Share Based Payments

During 2013 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:

	2013 $'000	2012 $'000
Share based payment expense:		
Accelerated share option charge	**4,708**	7,295
Share option expense	**187**	–
Legacy share options adjustment	**(262)**	–
Long term incentive plan	**88**	–
	4,721	7,295

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 over 747.8 new ordinary shares 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.

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

	31 December 2013		31 December 2012	
	Average exercise price per share	**Number of Options**	Average exercise price per share	Number of Options
At 1 January	**USD 1,394**	**3,638**	–	–
Acquired 14 February	**GBP 2.25**	**444,754**	–	–
Granted 14 February	**GBP 0.99**	**2,630,759**	USD 1,394	3,638
Granted 29 May	**GBP 1.20**	**1,275,660**		
Exercised 14 February	**USD (1,000)**	**(120)**	–	–
Surrendered	**USD (1,407)**	**(3,518)**	–	–
Lapsed	**GBP (2.57)**	**(94,754)**	–	–
At 31 December	**GBP 1.14**	**4,256,419**	USD 1,394	3,638

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

		31 December 2013		31 December 2012	
Grant–Vest	**Expiry Date**	**Exercise price per share options**	**Number of Options**	Exercise price per share options	Number of Option
2011–15	2015	**GBP 1.61**	**350,000**	–	–
2012–15	2022	**GBP 0.86**	**2,294,249**	USD 1,000	3,188
2012–15	2022	**GBP 0.86**	**336,510**	USD 4,185	450
2013–16	2023	**GBP 1.20**	**1,275,660**	–	–
			4,256,419		3,638

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 LTIP Awards are conditional awards of Existing Unconsolidated Ordinary Shares and vest 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 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 2015 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 not vest until 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 Group as recorded at financial year end 2012 which is 35.6 mmboe. Share price growth will be calculated from the price at which equity was raised at the point of the merger which was £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:

	31 December 2013		31 December 2012	
	Average exercise price per share	**Number of Options**	Average exercise price per share	Number of Options
At 1 January	**–**	**–**	–	–
Acquired	**GBP 0.00**	**108,712**	–	–
Granted	**GBP 0.00**	**739,440**	–	–
At 31 December	**–**	**848,152**	–	–

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

	1 July 2013
Share price	GBP 1.06
Exercise price	GBP 0.00
Expected volatility	55%
Risk-free rates	4.5%
Expected dividend yields	0%
Vesting period	3.5 years

29. 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.

	31 December 2013 $'000	31 December 2012 $'000
Negative goodwill (note 27)	**(52,070)**	–
Goodwill	**2,746**	–
Business combination cost	**2,254**	–
Unrealised forex loss	**2,342**	–
Arbitration settlement with Petrotrin	**–**	1,099
Impairment of property, plant and equipment (note 5)	**3,468**	
Impairment of intangibles (note 6)	**7,786**	8,963
Share based payment expense (note 28)	**4,708**	7,295
	(28,766)	17,357

Negative goodwill — A gain on purchase was recognised in the reverse acquisition of Bayfield by TEPL as the fair value of net assets acquired was in excess of the fair value of consideration exchanged.

Goodwill — A deferred tax liability has been realised on the acquired Oil and Gas properties acquired, this has resulted in the goodwill.

Business combination costs — These are advisor and other legal costs specifically associated with the acquisition of Bayfield.

Unrealised forex loss — Unrealised foreign exchange loss recorded on the translation of share placing receipts.

Impairment of property plant and equipment — On the Trintes field a development well was suspended and will not be completed as a result this has been impaired $0.7 million. A downward revision in the reserves estimate led to an impairment loss recognised in Oilbelt Services Limited $2.6 million and Coastline International Inc. $0.2 million.

Impairment of intangibles — Goodwill fully attributable to the Oilbelt Services Limited CGU has been fully impaired.

Share based payment expense — During 2012 share options were granted to certain Directors and employees. The exceptional charge represents the acceleration of the share option charge in 2013 as the vesting period was accelerated due to the announcement of the acquisition of Bayfield.

30. 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 $'000	Weighted average number of shares $'000	Earnings per share $
Year ended 31 December 2012			
Basic	**(15,221)**	**25,652**	**(0.59)**
Impact of dilutive ordinary shares:			
As net losses from continuing operations were recorded in 2012, the dilutive potential shares are anti-dilutive and both basic and diluted earnings per share are the same.			
Diluted	**(15,221)**	**25,652**	**(0.59)**
Year ended 31 December 2013			
Basic	**38,832**	**86,275**	**0.45**
Impact of dilutive ordinary shares:			
Assumed conversion of warrants	–	54	–
Long term incentive plan	–	96	–
Share options – Legacy Trinity	–	390	–
Share options – Legacy TEPL	–	2,306	–
Share options granted 29 May 2013	–	790	–
Long term incentive plan granted 1 July 2013	–	371	–
Diluted	**38,832**	**90,282**	**0.43**

The earnings per share figures for the year ended 31 December 2013 are presented based upon the Group and capital structure following the reverse acquisition of Bayfield. As a result, the comparative figures are based upon the TEPL's historic weighted average number of ordinary shares that were outstanding multiplied by the exchange ratio established by the business combination.

31. Events after the Reporting Period

On 17 January 2014 $5.0 million of the $25.0 million debt facility signed by Trinity and Citibank on 21 August 2013 was drawn.

On 6 February 2014 the El Dorado exploration well was completed at a cost of $17.4 million to a total depth of 6,174 feet measured depth ("MD") and intersected shallow gas sand in the Pliocene section and marginal thin bedded oil pay in the Miocene section. In aggregate approximately 13 feet of net oil sands and 32 feet of net gas sands were encountered, however these are not deemed commercial and the well was permanently plugged and abandoned with the full amount of $17.4 million written off during the 2014 financial year.

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Shareholder Notes

The Trinity Story

Trinity Exploration & Production plc exited 2013 with the discovery of 50–115 mmbbl original oil in place from the TGAL-1 exploration well in the Galeota block. This significant discovery came just months after Trinity became the first Trinbagonian company to list on the London Stock Exchange. Trinity is a full-cycle oil and gas company that has grown to become the largest Trinidad and Tobago focused independent energy firm, with a portfolio of onshore and offshore assets in Trinidad and South Africa.

The Trinity story began in 1996, when Trinidadian born Bruce A. I. Dingwall founded Venture Production plc which subsequently became one of Britain's leading independent oil and gas companies. Bruce resigned as Venture's Chief Executive Officer in 2004 and was joined by Joel 'Monty' Pemberton to lead a management buyout of Venture's Trinidad and Tobago assets, forming Ten Degrees North Energy Limited ('Ten Degrees'). From there Bruce, and Monty as Chief Financial Officer, grew the Company through capitalisation, acquisitions and mergers. In 2009, Monty was appointed to his current role as Chief Executive Officer, leading the Company's recapitalisation and increasing production from approximately 1,000 bopd to 4,000 boepd.

The initial asset base of Ten Degrees comprised of three lease operatorship blocks (WD-13, Block WD-14, GU-1), two Joint ventures (Guapo Bay/Brighton Marine and Point Ligoure Marine Area) and the Tabaquite Farm Out block. In 2007, Ten Degrees continued to expand its portfolio with the acquisition of Lennox Petroleum Services Limited and Pioneer Petroleum Company Limited, which together provided the FZ-2, WD-2 and WD-16 lease operatorship blocks. In 2011, the buyout of Oilbelt Services Limited further enhanced the Company's asset-base as blocks WD5/6 were added and increased total production by 1,500 bopd.

As the Company's asset portfolio grew, so too did its vision and motivation to become the region's first independent oil and gas company of scale. In 2011, a corporate reorganisation gave birth to Trinity Exploration and Production Limited, and later in 2012, the renewal of the Point Ligoure Marine Area joint venture brought with it additional nearshore Gulf of Paria blocks (Point Ligoure/Guapo/Brighton Outer Marine (PGB licence). The reverse takeover of AIM listed Bayfield Energy Holdings plc in 2013 paved the way for Trinity to become a publically listed Company of the London Stock Exchange on 14 February 2013. The Company was re-admitted under the ticker TRIN as Trinity Exploration & Production plc and exited 2013 with average 4th quarter production of 4,200 boepd.

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