

Trinity Exploration & Production plc
(the "Company" or "Trinity"; AIM:TRIN)

Asset Acquisition

Near-term offshore development to grow Trinity's resource base by 42%

17 July 2014

Trinity, the leading independent E&P company focused on Trinidad and Tobago, has secured an agreement with Centrica plc to acquire its 80% interests in Blocks 1a and 1b (the "Assets") offshore the west coast of Trinidad for a headline consideration of US\$23 million. The Assets contain four gas discoveries with aggregate gross 2C resources of 268 Bcf (215 Bcf net)⁽¹⁾.

The gas is fully appraised but currently undeveloped and Trinity is targeting first production from this project in 2017-2018 for sale to the domestic gas market.

Highlights

- Builds on Trinity's growth strategy, targeting the basin's growing set of undeveloped discoveries while diversifying the portfolio into gas production
- Significant growth in Trinity's resource base (adds 36 mmboe 2C resources, increase of 42%)
- Fully appraised asset with six wells and high quality 3D dataset, excellent reservoir quality and proven well deliverability located in shallow (20-35m) water
- Located 25km from Trinity operated Brighton Marine infrastructure and close to downstream market which includes seven methanol plants, eleven ammonia plants, one steel plant, four power generation plants and Atlantic LNG, the sixth largest LNG plant globally
- This will be a fast track, low cost greenfield development with an expected plateau production rate of 80 mmcf/d (64 mmcf/d or 10,700 boepd net)
- Trinidad's domestic market requires additional natural gas supply due to excess demand, as such market risk is minimal
- Approximately US\$220 million invested by previous owners (substantially all Petro-Canada), significantly enhancing project economics

Joel "Monty" Pemberton, Chief Executive Officer of Trinity, commented:

"This is an important strategic transaction for Trinity, both in terms of our resource base and the development potential of our business. Trinidad & Tobago is evolving similar to other mature oil and gas provinces, with material assets becoming available to capable operators for immediate development. Trinity was created to exploit such opportunities.

We are acquiring four high quality gas discoveries which can be rapidly monetised with a conventional low cost field development plan. Trinidad is a well-developed, world class domestic gas market with a need for significant new volumes in the near term. It is our intention to secure a Gas Sales Agreement and finalise a Field Development Plan in the next 12-18 months.

With the addition of this new, high quality asset to the portfolio, Trinity is reviewing how best to allocate its capital in order to drive shareholder returns. The Company is reviewing a range of funding alternatives, including debt financing and partnering solutions, to ensure it has the optimal capital structure to grow the business and deliver shareholder value."

A presentation summarising the acquisition is available on the Company's website and a conference call will take place at 8.30am (UK time) today. Dial in details are as follows:

International Dial-In: +44 (0) 1452 555 566

Conference ID: 74012055#

Further information

The Blocks are located offshore the west coast of Trinidad and Tobago in the shallow waters of the Gulf of Paria (depths range from 20-35m). The Blocks contain four discoveries: Iguana, Zandolie East and Zandolie West on Block 1a and Anole on Block 1b. The Iguana discovery was drilled by Texaco in 1982 but the acreage was relinquished and was subsequently licensed to Petro-Canada in 2005. Petro-Canada drilled four wells in 2007-2008 which included the Zandolie West and Anole discoveries and a successful appraisal well at Zandolie East. Drill stem tests were run in both Iguana and Zandolie East wells which indicate production wells would be capable of delivering in excess of 50mmcf/d. Petro-Canada was acquired by Suncor in 2009 and in 2010 Suncor sold its Trinidad portfolio to Centrica.

Trinity is seeking to rapidly develop the Assets and is currently targeting first gas in 2017-2018. Significant scoping work has been undertaken by prior owners of the Assets (and various external contractors) and the current base development plan is a dry tree solution with unmanned tripods connected to shore via a newbuild pipeline landed at Trinity's onshore Brighton land base which would host onshore compression and processing. Trinity plans to phase the project to mitigate cost and subsurface risks, with Phase I being the development of the Iguana discovery and development of Zandolie and Anole following as Phases II and III. Preliminary estimates indicate gross capex requirements to first gas of c. US\$160 million⁽²⁾. Project economics are enhanced by a large cost recovery pool of c. US\$220 million which increases post tax cash flows in the initial years of production.

Trinidad has a highly developed gas market with current production of approximately 4.2 Bcf/d. Of this, approximately 2.8 Bcf/d is exported as LNG while the rest is directed to a sophisticated local gas market which includes eleven ammonia plants, seven methanol plants as well as power generation and demand from industrial end-users for gas. The government of Trinidad and Tobago remains enthusiastic about growing the downstream market and encouraging new industrial users to invest in the country. In order to achieve this in a mature basin, undeveloped resources need to be brought into production quickly, which fits into Trinity's business model. Against this backdrop, Trinity is confident it can secure a gas sales agreement for the Block 1a and 1b gas to ensure rapid development of the project.

The effective date of the transaction is January 1st 2014. The transaction is expected to complete in the third quarter of 2014 and is subject to standard regulatory approvals. At completion, the consideration paid will be subject to normal industry adjustments to reflect income and costs incurred since the effective date.

Trinity will fund the initial acquisition utilising its US\$20 million undrawn debt facility and existing cash resources.

Notes

- (1) As per Senergy, who were retained to perform a third party audit of the resources and cost estimates, for Block 1a (240 Bcf gross) and management estimates for Block 1b (28 Bcf gross)
- (2) As per Senergy, includes 17.5% project management charges and 30% contingency

Enquiries:

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About Trinity

Trinity is the largest independent E&P company focused on Trinidad and Tobago. Trinity 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/resources growth. The Company operates all of its licences and has 2P reserves of 48 mmbbl. Trinity is listed on the AIM market of the London Stock Exchange under the ticker TRIN.LN.