



# TRINITY – SHARES INVESTOR EVENING

October 2019

Bruce Dingwall CBE (Executive Chairman)

[www.trinityexploration.com](http://www.trinityexploration.com)

BEHAVIOUR | RIGOUR | PURPOSE

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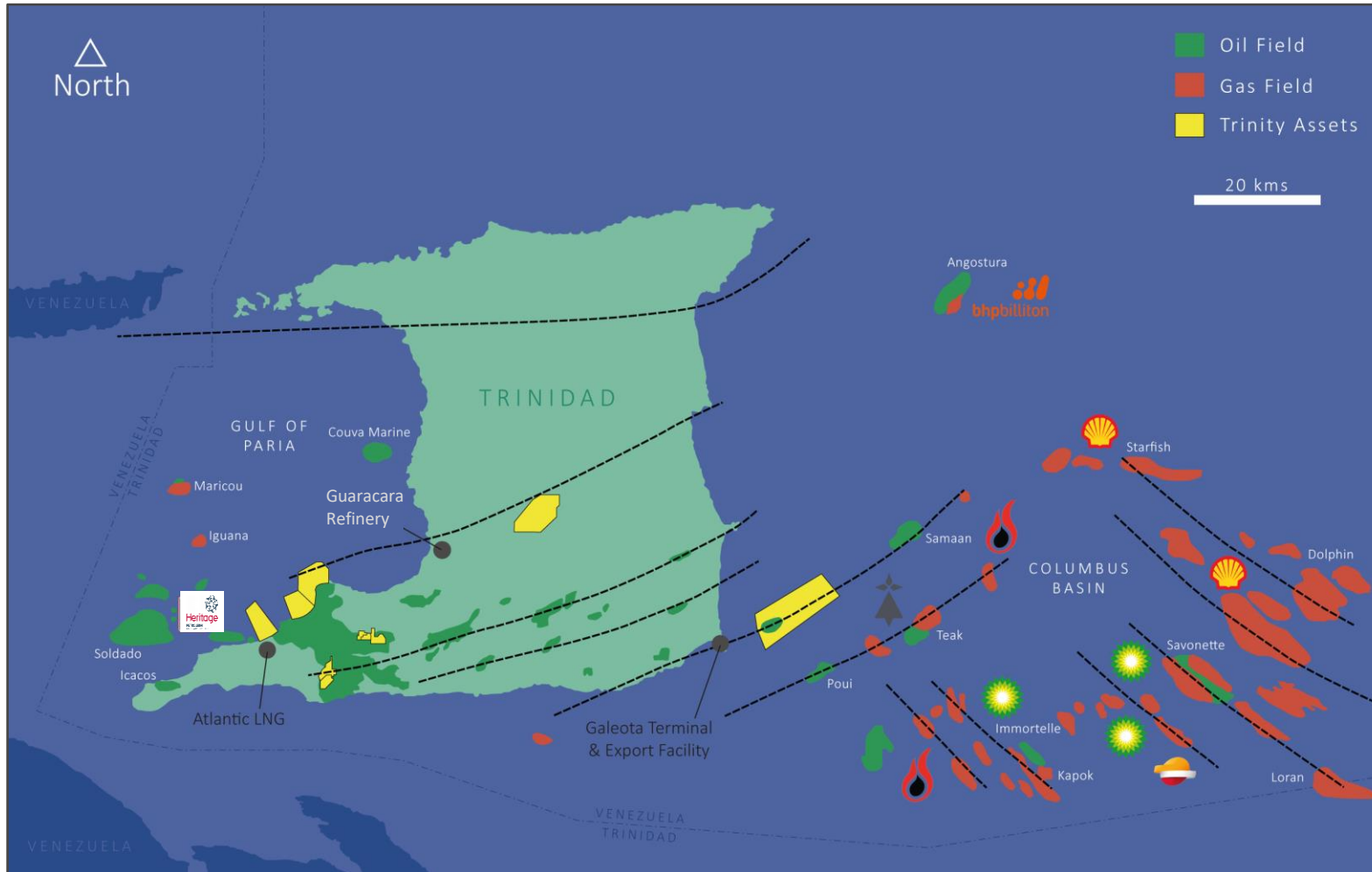
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# Why Trinidad? – A world class hydrocarbon basin

Growth opportunities, application of new technology on old fields, skilled workforce



## BASIN OVERVIEW



## ESTABLISHED BASIN

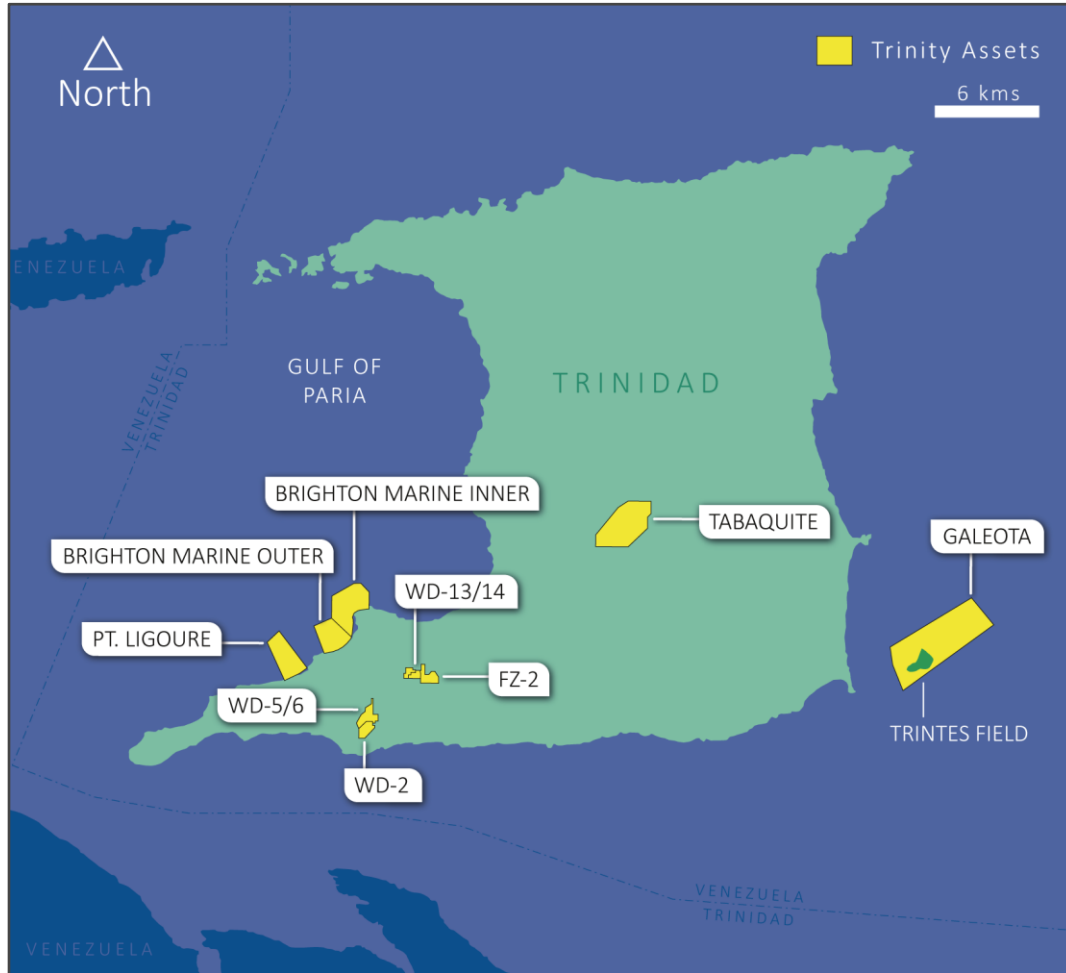
- Majors in Trinidad include Repsol, Shell, BP, BHP, ENI and CNOOC
- Independents include privates such as Perenco and listed operators such as EOG, Range, Touchstone and Columbus
- Sophisticated local and international oilfield supply chain
- Mature infrastructure for oil and gas operations
- ~700,000 boepd
- 7<sup>th</sup> largest LNG exporter in the world<sup>1</sup>
- Largest exporter of ammonia and urea in the world
- Highly educated workforce



1. LNG exporting countries (2017): [www.statista.com](http://www.statista.com)

# Who we are

Local, Lean & Aligned



## WE'RE LOCAL

- Local oil producer of scale (5% of total country oil production)
- Good support and working relationships with GORTT, BIR & Heritage
- Natural Leaders in the local landscape

## WE'RE LEAN & INNOVATIVE

- Low cost operator
- Low oil price break-even
- Pioneering the digitisation of production operations
- Pioneering the deployment of High Angle Wells (HAW's)

## WE HAVE THE ASSETS

- World class hydrocarbon basin
- Large reserves & resources base
- Grown onshore reserves by 80% over last 2 years

## WE'RE DIVERSIFIED & ALIGNED

- Full cycle, revenue generating operator not reliant on single asset/project
- Parallel activity sets (reduces production delivery risk) to increase production
- Interests aligned – Board & management ownership c. 23%

**MULTIPLE RESERVOIRS, PRODUCTION GROWTH & LARGE SCALE DEVELOPMENT**

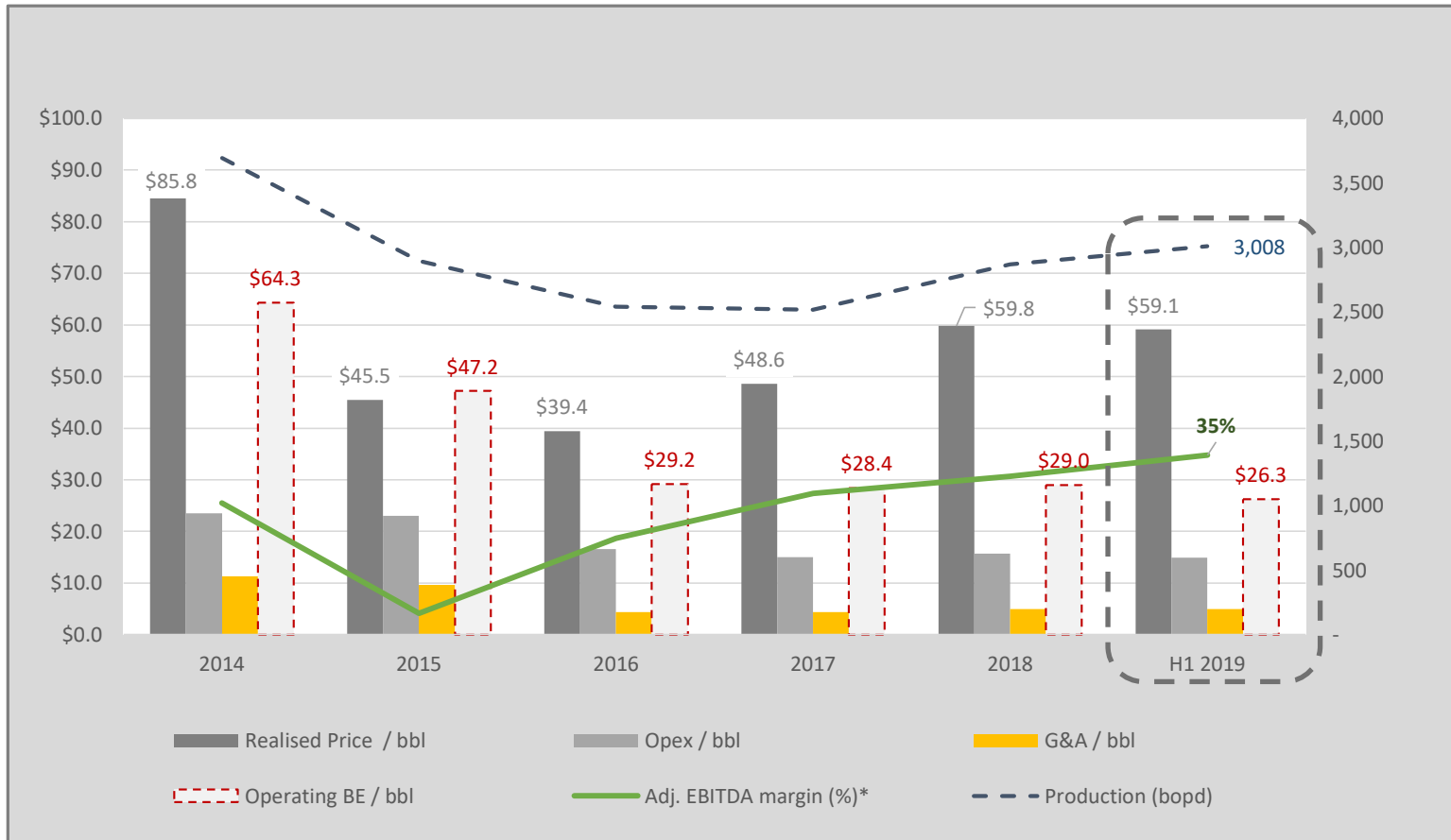


# A transformed operating business model

New management enacted dramatic cost cutting and subsequent control



## OPERATIONAL PERFORMANCE EVOLUTION



## What's changed?

- In 2014, oil prices were high, production was high but so too were costs => high operating breakeven of US\$ 64.3 per barrel
- New management in place end 2015 with a relentless focus on retaining cost discipline
- Re-basing and constant efficiencies drove reduced OPEX & G&A per barrel dramatically from 2016
- OPEX/bbl went from US\$ 23.5 -> US\$ 14.9/bbl
- G&A/bbl went from US\$11.3/bbl -> US\$ 5.0/bbl
- Operating break-even more than halved from US\$ 64.3/bbl -> US\$ 26.3/bbl
- Achievement all the more impressive given backdrop of a 31% reduction in realised price
- Despite lower revenues operating margins up significantly
- Adj. EBITDA margin went from 26% to 35%

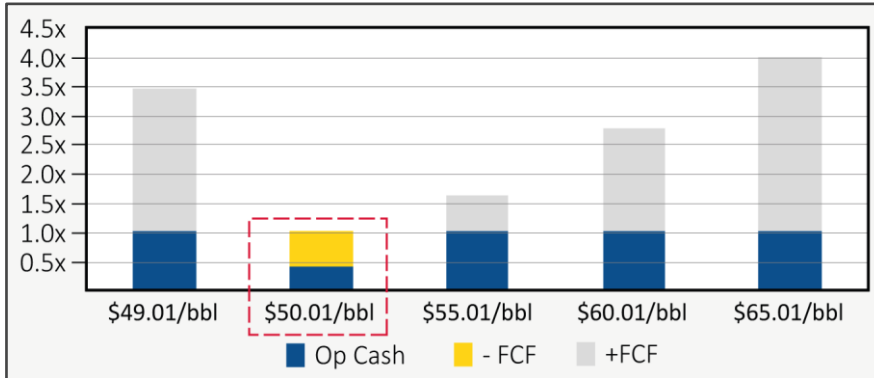
OPEX/bbl: **-37%**
G&A/bbl: **-56%**
BE/bbl: **-59%**
➔
Adj. EBITDA margin: **+37%**

# Free Cash Flow (FCF) Generative - across a broad range of oil prices

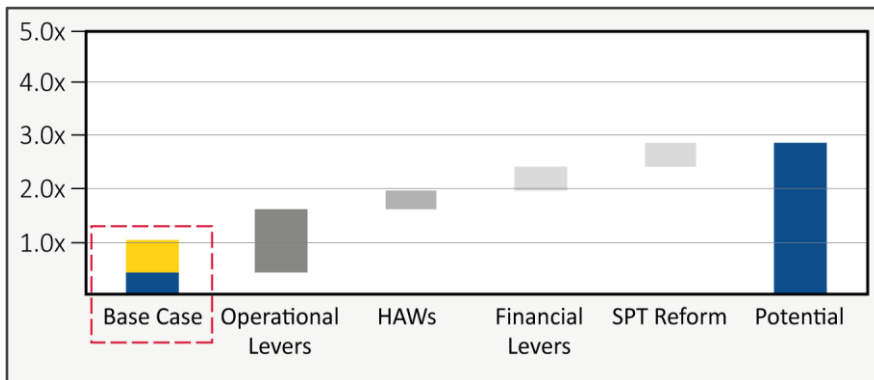


Real cash conversion upside

## FCF ACCRETION (RANGE OF WTI PRICES)



## LEVERS (USD 50.01/bbl)



## Medium Term FCF Outlook

- Today Trinity can drill 8 wells per annum and manage FCFs for a broad range of oil prices
- At USD 50.01/bbl (SPT worst case prices), Trinity manages levers to mitigate impact of SPT

## Levers (potentially generating 3x FCFs)

### Internal Levers:

- Operationally geared towards reducing cost structures and in optimising production (SCADA)
- High Angle Wells (HAWs), increasing IP (initial production) rates

### External Levers:

- Financial (*example: hedging instruments*)
- Further tax Reform

## Outcomes

- Increased cashflow for reinvestment through the cycle
- Generate returns to shareholders
- Create debt capacity
- Create multiple strategic options

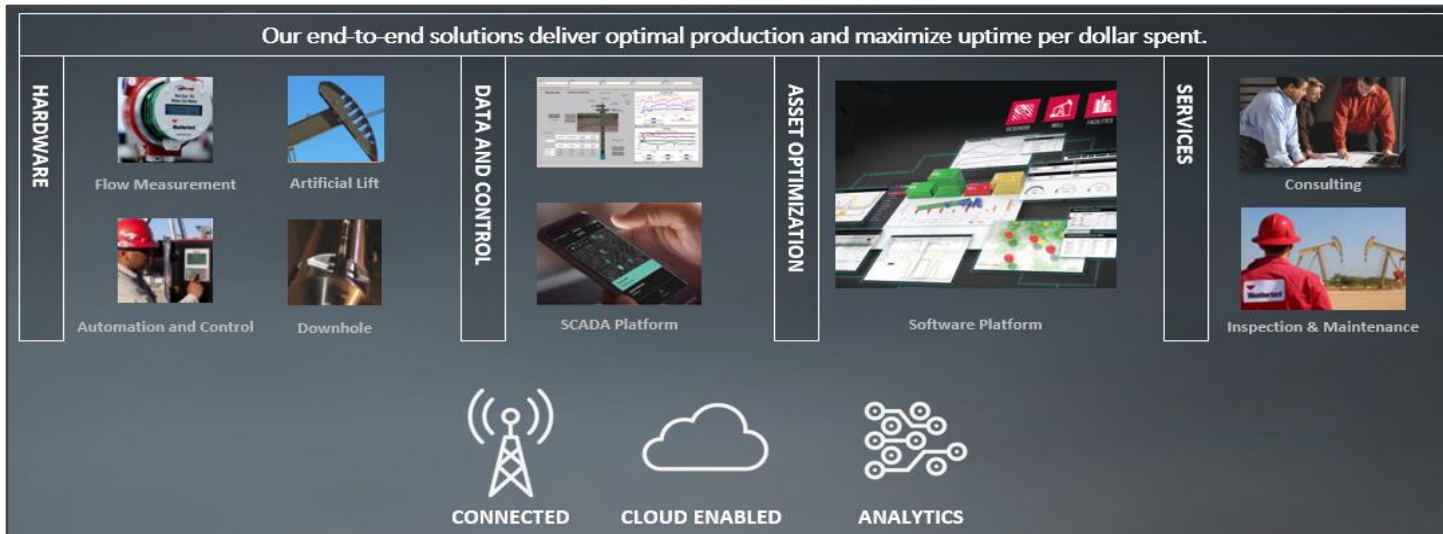
**ABILITY TO GENERATE FREE CASH FLOW REGARDLESS OF OIL PRICE AND TAX RATE OVER THE PERIOD**

# Initiative 1: Digitising our oilfields

## Preserving, Protecting & Optimising Production

Trinity Pioneering New Technology in Trinidad to optimise production wells

- Supervisory Control and Data Acquisition (“SCADA”) approach to production optimization using Weatherford's ForeSite® Production Optimization Production 4.0 Technology has been deployed on both progressive cavity and sucker rod pumps
- Ability to automatically optimise well performance remotely
- Increase production, reduce opex, better planning efficiency
- Decrease decline rates, increase reserves and add value
- Aim is to roll out over 30-50 wells in coming months

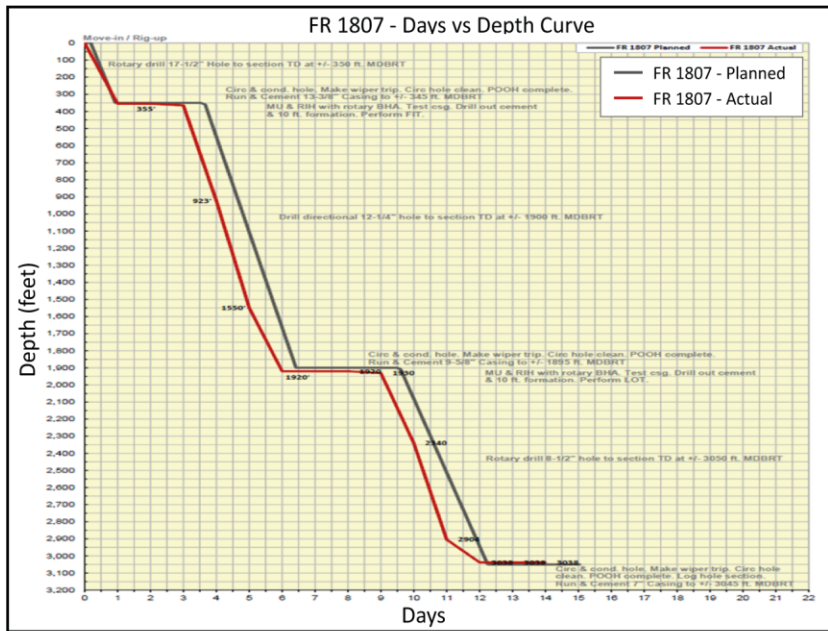


# Initiative 2: The High Angle Well

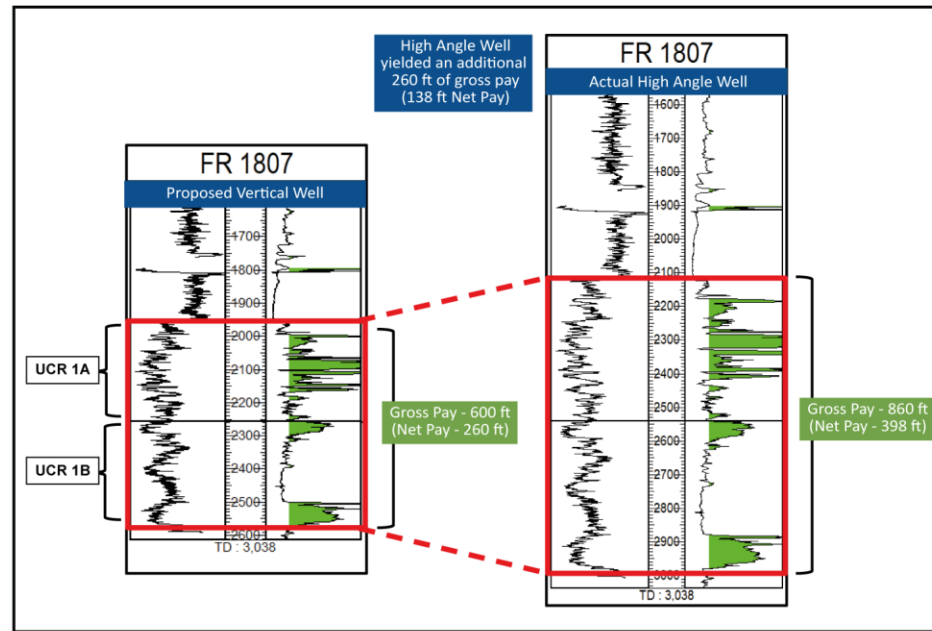
## A step change, but the first step

### Well FR 1807 - A new approach onshore T&T

#### First high-angle well successfully drilled on prognosis



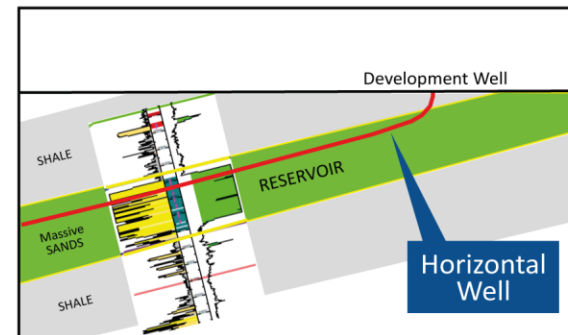
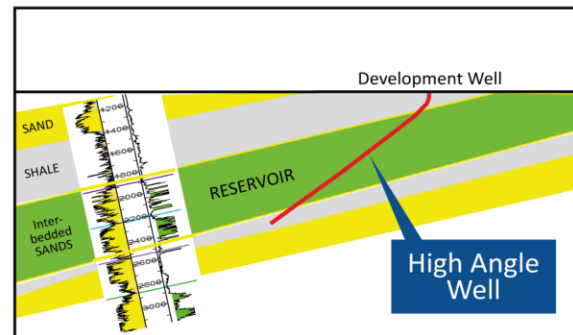
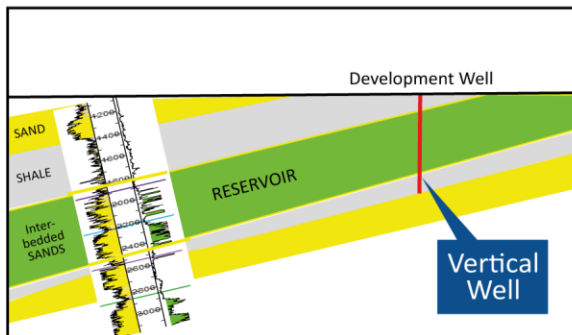
#### Conventional vertical vs. high-angle well comparison



#### FR 1807

| Pre-Drill Vertical Option         | Pre-Drill HAW Prognosis | Post-Drill HAW Actual |
|-----------------------------------|-------------------------|-----------------------|
| <b>Net Oil Sand (ft)</b>          |                         |                       |
| 260                               | 360                     | 398                   |
| <b>GROSS Pay Interval (ft)</b>    |                         |                       |
| 600                               | 770                     | 850                   |
| <b>Top of Target Sand (Tvdss)</b> |                         |                       |
| -1880                             | -1880                   | -1841                 |
| <b>Well Inclination (Deg)</b>     |                         |                       |
| 7                                 | 45                      | 46                    |
| <b>TD (ft - MD)</b>               |                         |                       |
| 2600                              | 3050                    | 3038                  |

- Drilled & Completed better than planned (days vs. depth)
- Net pay thickness 1.5x vertical expectation & ahead of pre-drill prognosis
- Monitor progress, high-grade HAW targets and move towards full horizontals

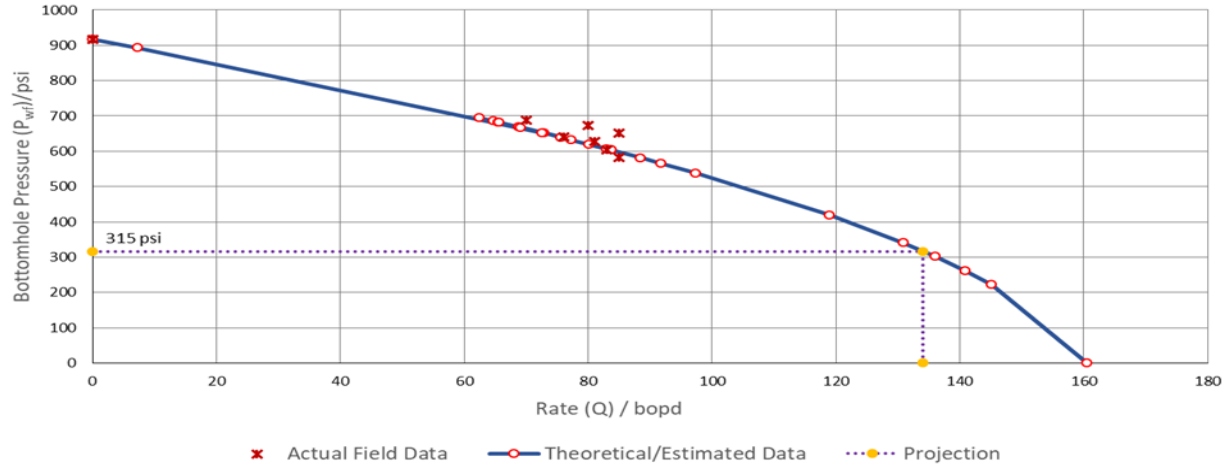




# Initiative 2: FR 1807 High Angle Well Optimisation plan

Outcome requires good science and a staged approach to getting it right (learning)

FR-1807 Inflow Performance Relationship



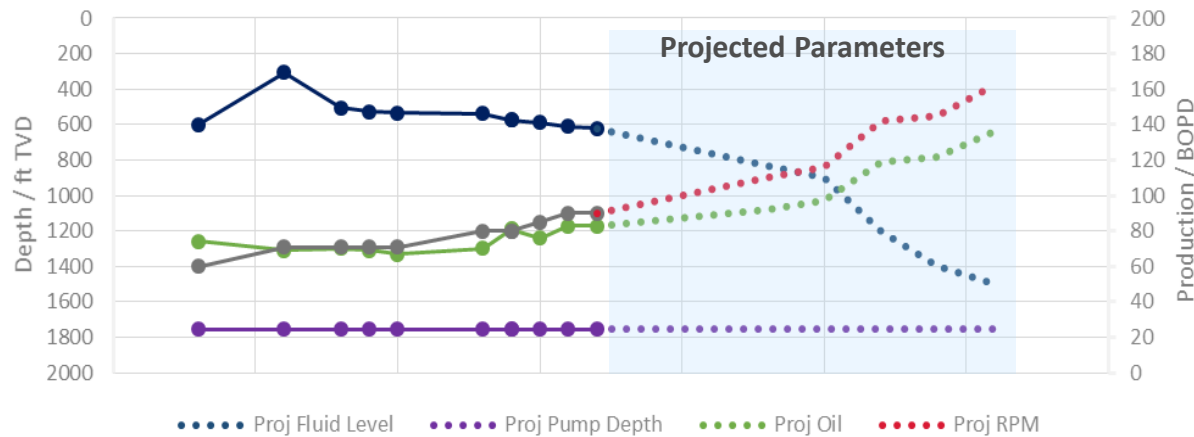
## Present Parameters

| Production | RPM |
|------------|-----|
| 84         | 100 |

## Projected Parameters

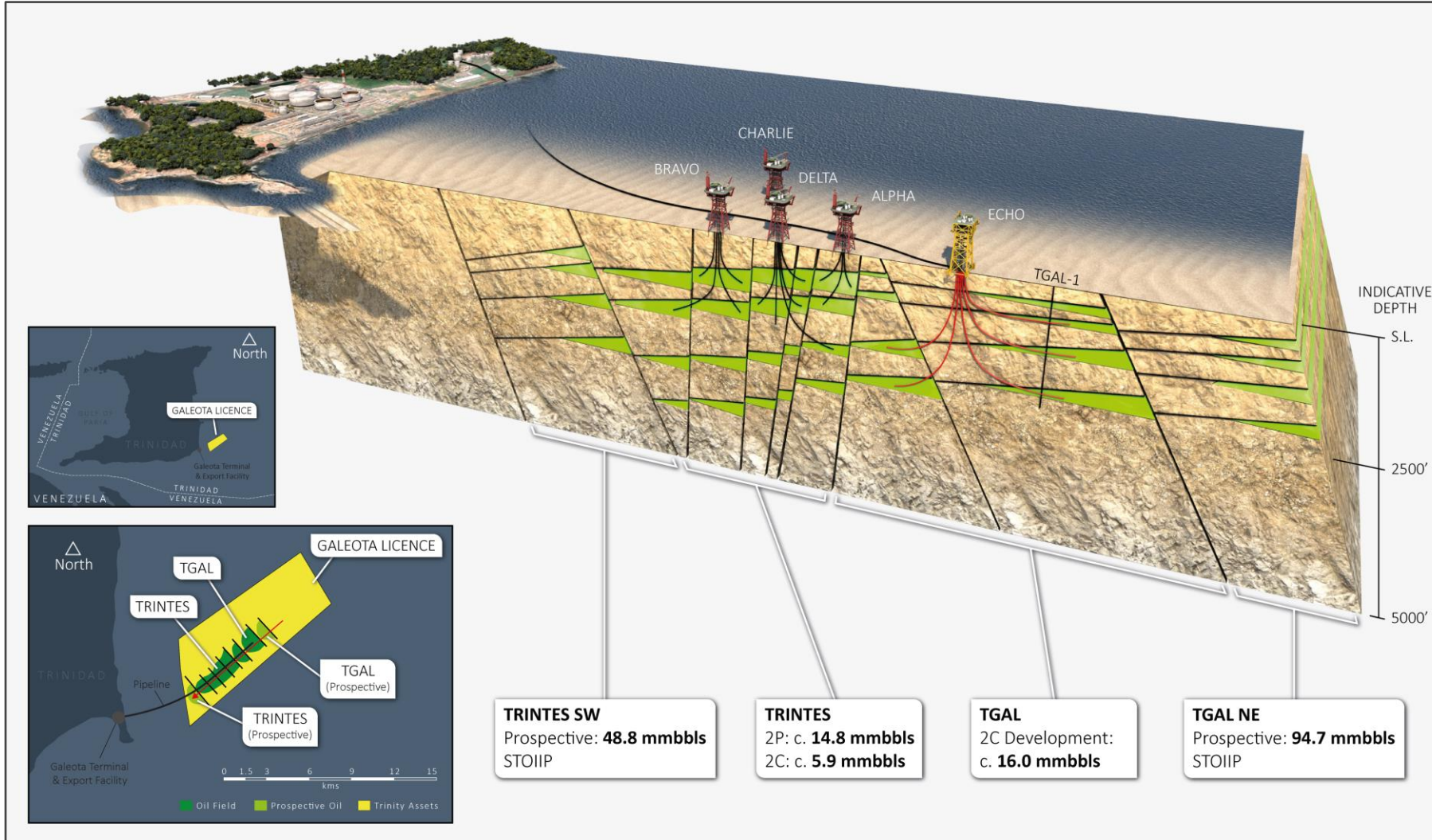
| Production | RPM |
|------------|-----|
| 134        | 162 |

FR-1807 Well and Operating Parameters



# Offshore: Further Development of Galeota Anticline Echo Platform

A step-change in future production: Plumbing for further future expansion



- Low cost Conductor Supported Jacket
- Hybrid development - platform Echo with 8 to 12 wells accessing reservoirs across TGAL structure and Trintes
- Pipeline from Echo to shore, Trintes tied in and “T” sections installed for potentially TGAL NE and Trintes SW areas in future
- Thermoplastic pipelines (low cost)
- Expansion of the onshore facilities to accommodate additional crude oil volumes in a commingled manner
- Power from shore (offshoot of offshore wind power cable technologies) with tiebacks to Trintes platforms
- No offshore powergen no diesel, no generators, no logistics, unmanned – tiny carbon footprint

# Organic Growth Path: Reserves & Production

Portfolio in place to provide step-change in growth -> medium term potential of 7,500 bopd



## Near Term Potential Onshore

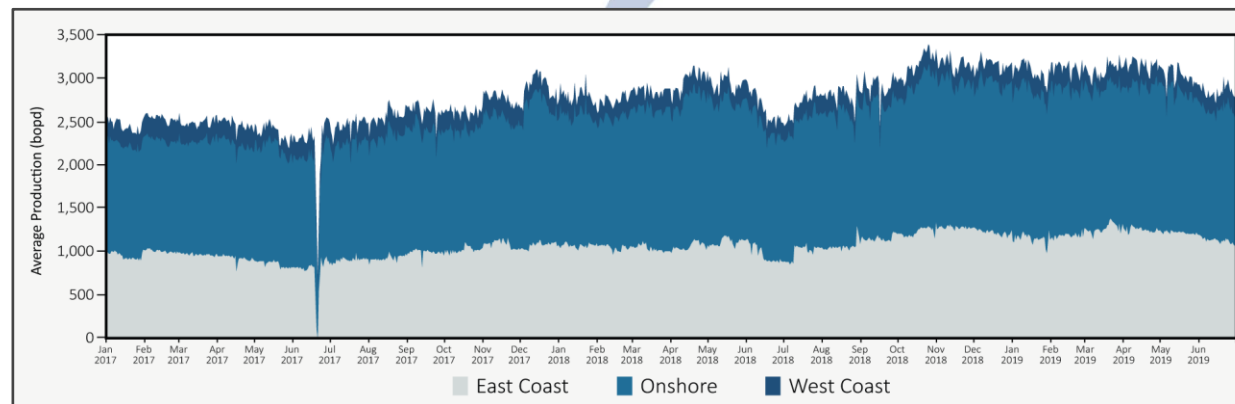
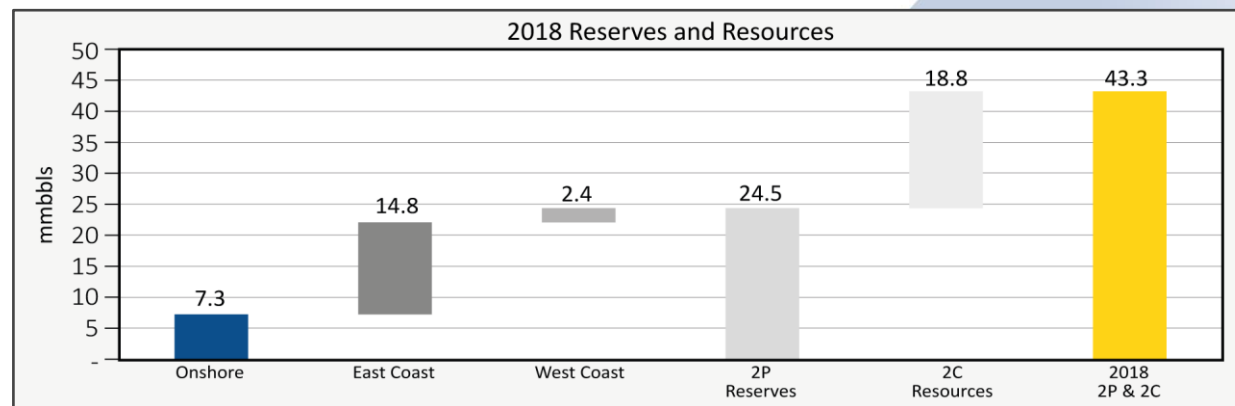
- Onshore reserves growth of over 80% growth in 2 years
- Group 2P reserves of 24.5 MMbbls + 2C resources of 18.8 MMbbls
- Group Reserves life Index of 23 years
- Group Production increase of c. 20% to over 3,000 bopd since a return to investment in 2017
- Drilling hopper in place to continue production growth trajectory

## Medium Term Potential Offshore

- Significant opportunity across both 2P (14.8 mmbbls) in the Trintes field and net 2C (16.4 mmbbls) in offshore East Coast (Galeota)
- A phased approach being worked up. Progressing at pace with pre-FEED studies underway & progressing towards FID
- Peak additional production estimated of 5,000 – 6,000 bopd

All reserves and resources estimates are management estimates for the y/e 2018  
See Appendix for Reserves and Resources breakdown

## RESERVES AND RESOURCES (MMBBLS) & PRODUCTION (BOPD)

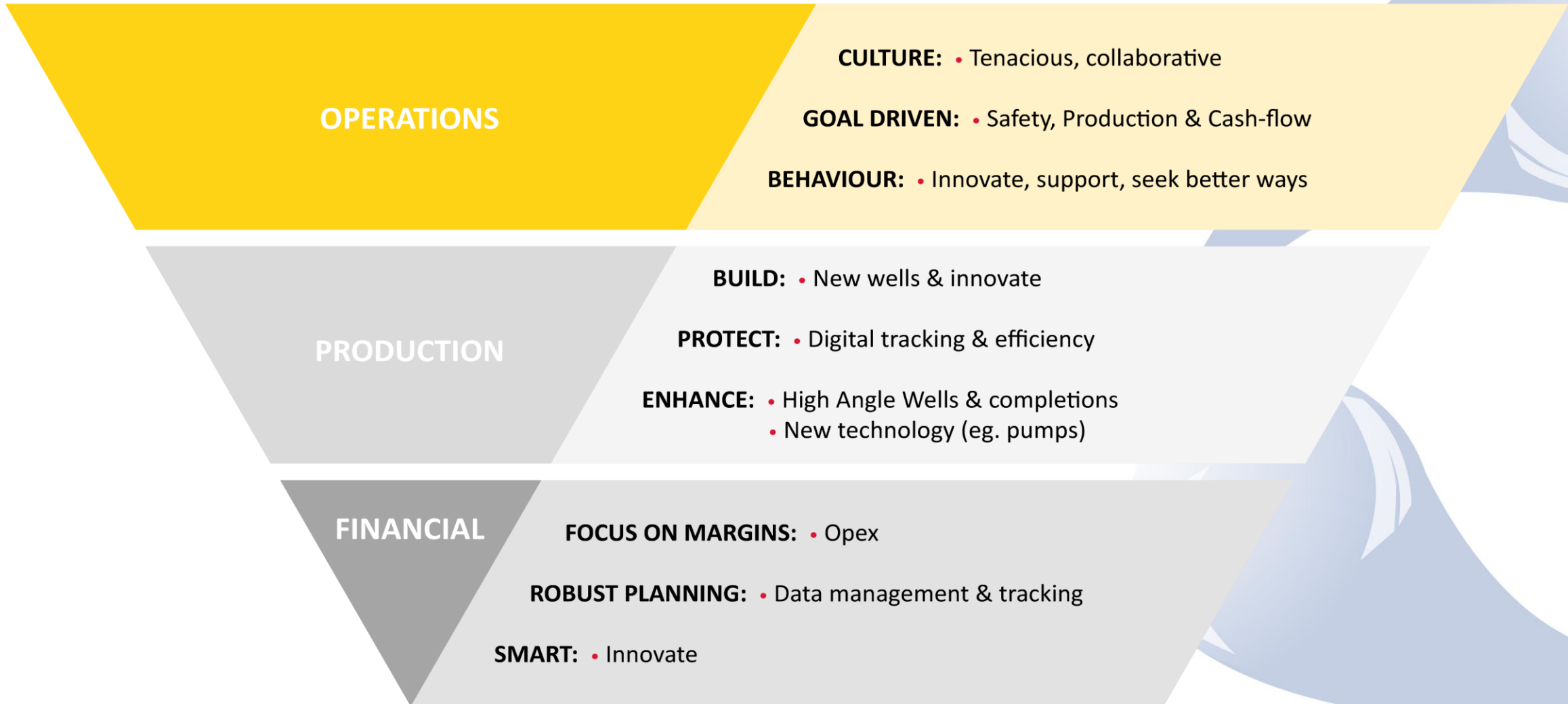


**EXISTING PIPELINE OF RESERVES TO GROW 2P AND CONVERT 2C TO 2P AND CASH**



# Modus Operandi

Behaviour - Rigour - Purpose



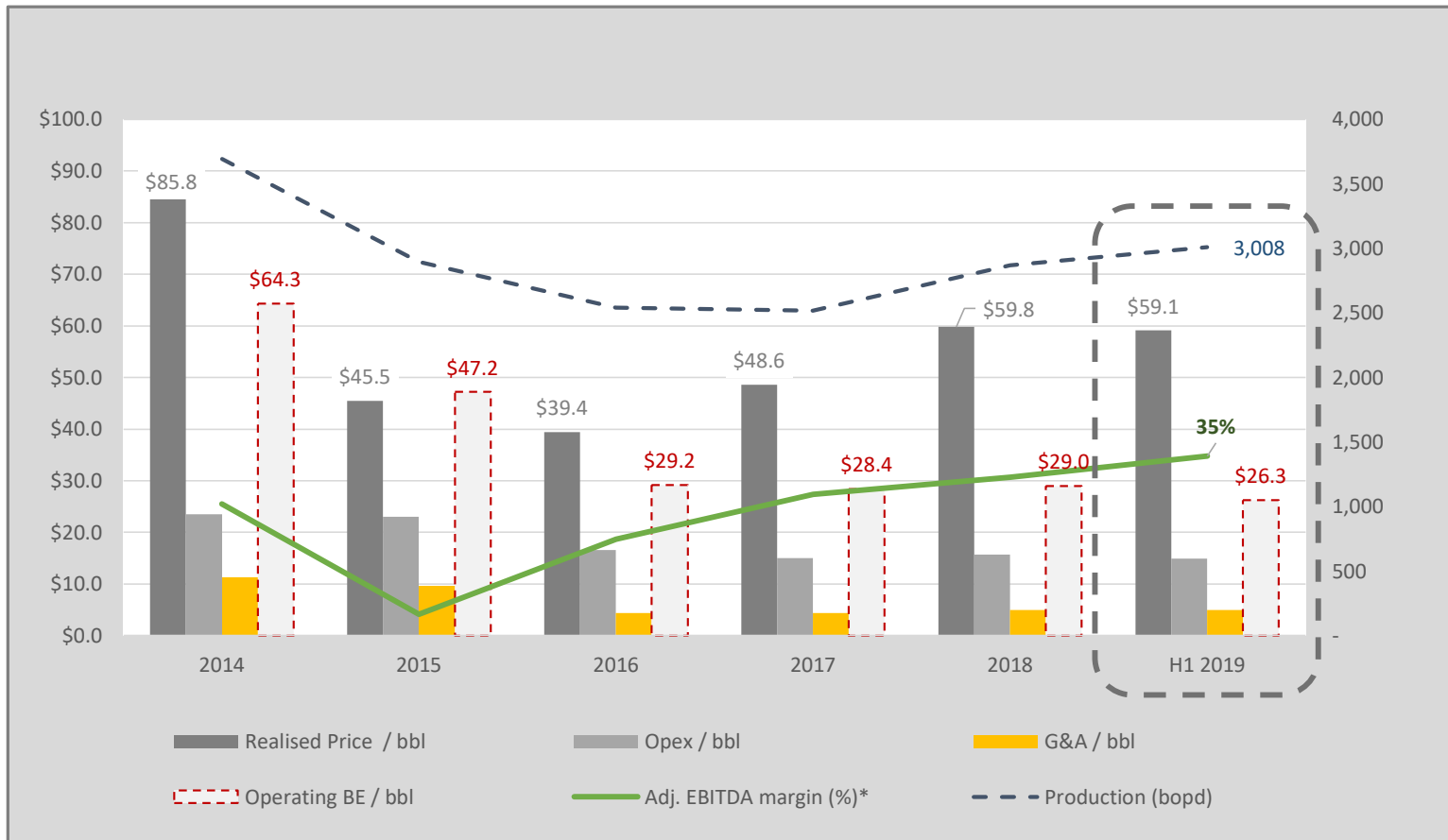


# A transformed operating business model

But market rating yet to catch up



## OPERATING BASE IS STRONG BUT MARKET RATING BELOW WHERE IT WAS UNDER HISTORIC STRUCTURE



## Investment Case

- Fully funded active onshore drilling programme
- Proven ability to deliver significant onshore reserves & production growth
- Largely fixed cost base
  - putting more production (barrels) over this base
  - continued strong margins/growth
- Line of sight on growing balance sheet strength (CASH)
  - building launch pad & optionality
- In short term, benefits yet to come through from majority of new wells drilled and SCADA roll-out
- Unusually high level of Board alignment via share ownership: 23%
- Current rating at a significant discount to asset values & majority of AIM listed producing peers
- Ultimate aspiration is to be a 30,000 bopd company (NOT 3,000 bopd)

**P/NAV = 0.3x**

**EV/2P = \$1.0**

**EV/bopd = \$8,084**

# Summary

Delivering as Trinity's strategy and return to investment is now fully embedded



## STRONG PRODUCTION PLATFORM

- Proven ability to deliver significant production growth on deployment of capital via onshore drilling, offshore optimisation and RCPs
- Production growth of c. 20% to 3,017 bopd (Oct 2019 ave. as @ 15th) since returning to investment (2017: 2,519 bopd)
- Up to 8 well drilling campaign onshore commenced, inc. first HAW
- Top-line growth to be balanced against optimising returns and capital preservation
- Production expected to average between 3,000 - 3,300 bopd for 2019

## WITH ROBUST FINANCIALS

- Excellent operating/ adjusted EBITDA growth (+20% to US\$11.2 million in H1 2019 vs. H1 2018: US\$9.3 million) and strong margins sustained
- Increase in production and/ or oil price will lever operating financial upwards, underpinned by a relatively fixed operating cost base
- Bottom-line earnings impacted by SPT but negated by active hedging strategy and low operating cost leverage
- Debt free

## & LARGE OPPORTUNITY SET

- East Coast investment activity – maintaining current production, Trintes in field drilling and TGAL Development preparation
- Company primed to deliver further Onshore growth and East Coast development plans
- Onshore horizontal/ high-angle drilling opportunities
- Potential onshore 3D seismic
- Petrotrin restructuring/ Heritage new practices & structures
- Current portfolio has potential to increase production to >7,500 bopd in the medium term

**> 7,500 BOPD IN MEDIUM TERM FROM EXISTING PORTFOLIO**

THANK YOU!

# Glossary of Abbreviations

| Term                           | Definition  |
|--------------------------------|---|
| 2P / 2C                        | Proved Plus Probable Reserves / Best Case Contingent Resources  |
| AIM                            | London Stock Exchange's International Market for smaller growing companies  |
| bbl                            | Barrel  |
| BIR                            | Board of Inland Revenue   |
| bopd                           | Barrels of oil per day  |
| boepd                          | Barrels of oil equivalent per day   |
| Adjusted EBITDA                | Operating Profit before SPT and PT for the period, adjusted for Depreciation, Depletion & Amortisation ("DD&A"), non-cash share option expenses and Other Expenses (derivative hedge instruments) |
| Cash + working capital surplus | Current assets less CLN less Trade and other payables less Taxation payable less Derivative financial instrument (CLN and MEEI is face value of debt, including accrued interest)                 |
| CLN                            | Convertible loan note   |
| ESPs                           | Electrical submersible pumps  |
| FDP                            | Field Development Plan  |
| G&A                            | General and Administrative  |
| GORTT                          | Government of the Republic of Trinidad and Tobago   |
| Group operating break even     | The realised price/bbl for which the adjusted EBITDA/bbl for the Group is equal to zero   |
| Heritage                       | Heritage Petroleum Company Limited  |
| IP                             | Initial Production  |
| OPEX                           | Operating Expenditure   |
| mm / MM                        | Million   |
| mmbbls                         | Million Barrels   |
| mmstb                          | Million Stock Tank Barrels  |
| PPT                            | Petroleum Profits Tax   |
| RCP                            | Recompletion  |
| Realised price                 | Actual price received for crude oil sales per barrel ("bbl")  |
| SPT                            | Supplemental Petroleum Tax  |
| STOIIP                         | Stock Tank Oil Initially in Place   |
| USD/\$/US\$                    | United States Dollars   |
| WO                             | Workover  |
| WTI                            | West Texas Intermediate   |