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**Trinity Exploration & Production plc**

**("Trinity" or "the Group" or "the Company")**

# Q2 2021 Operational Update

***Strong production and financial resilience continue to underpin the Group's pursuit of multiple initiatives to meaningfully scale the business***

Trinity Exploration & Production plc (AIM: TRIN), the independent E&P company focused on Trinidad and Tobago, today provides an update on its operations for the three-month period ended 30 June 2021 ("Q2 2021" or "the period").

## Q2 2021 Summary

The Trinity operating model of a low cost break-even and a technically-led operating capability has resulted in continued strong production levels and operating cash generation, both of which underpin the Group's strategic push to meaningfully scale the business.

Significantly, despite the Covid-related state of emergency in Trinidad, production levels remained resilient during Q2 2021 with production volumes averaging 3,047 bopd (Q1 2021: 3,107), yielding a H1 2021 average of 3,032 bopd. The Group's unaudited cash balances remained robust at US$19.0 million as at 30 June 2021 (US$20.2 million (audited) as at 31 December 2020) as a result of strong operating cash generation (US$5.1 million).

The Company remains on track to meet its operating break-even target of below US$ 30/bbl for 2021. Average pre-hedge income operating break-even (revenues less royalties, opex and G&A) for H1 2021 was US$27.8/bbl (unaudited) (H1 2020: US$24.7/bbl (unaudited)). The increase in H1 2021 in part reflects additional costs associated with the Covid pandemic.

## Outlook

The Company remains well placed to pursue multiple growth opportunities organically and inorganically across the energy spectrum due to its unique position in Trinidad, its well-established asset base and operating philosophy and the high quality partnerships that it has developed. Partnerships will continue to play an important part in enhancing our capabilities, reducing risk and increasing our ability to win mandates. Internally the exciting opportunities across both an expanded Onshore acreage and the Galeota Licence area (particularly the Echo development) continue to be advanced, with further developments on both fronts expected to be announced during H2 2021.

**Bruce Dingwall CBE, Executive Chairman of Trinity, commented:**

*"The Board is extremely proud of the Trinity team for, once again, safely delivering a strong operational and financial performance despite the ongoing state of emergency in Trinidad. Strong base production and operating cash generation, and the maintenance of a robust balance sheet, are the foundations that continue*

*to enable us to pursue the numerous initiatives underway to meaningfully scale the business. In addition, the capital reduction which we have recently effected will enable the Company to return value to shareholders via dividends and/or share buybacks as and when appropriate.*

*"As we look to the future with increasing confidence I must again thank our staff and business partners for their unstinting dedication to their responsibilities and to the supply chain and their employees for supporting our operations through the extraordinary period we are all living through."*

**Q2 2021 Operational Highlights**

- Broadly flat quarter-on-quarter production with Group average production volumes of 3,047 bopd for the second quarter (Q1 2021: 3,107 bopd) without any new wells being drilled and despite constrained operational conditions (COVID restrictions).
- H1 2021 average production volumes of 3,032 bopd represent a year-on-year decrease of 7.6% (H1 2020 3,282 bopd) which aligns to typical natural decline.
- Two recompletions ("RCPs") (Q1 2021: 1) and 21 workovers (Q1 2020: 22) were completed during the period, with swabbing continuing across the onshore and west coast assets.
- Deployment of Supervisory, Control and Data Acquisition ("SCADA") platforms with acceleration of roll-out now to be implemented in Q3 2021 following the arrival of 23 additional units in March 2021.
- Galeota Field Development Plan (FDP) submitted in May 2021, and new Licence expected to be signed imminently. Targeting Final Investment Decision (FID) by 2021 year end.
- Initial onshore 3D seismic interpretation encouraging with several, potentially meaningful, new plays and targets already identified.
- Production volumes for the remainder of 2021 will be dependent on several factors including general market conditions supporting the economic case for the resumption of drilling activity, as well as the high grading of high angle and horizontal wells within the drilling inventory.
- Even without a resumption of drilling in the near term, net average production for 2021 is still expected to be in the range of 2,900 - 3,100 bopd (before drilling of new wells) (2020: 3,226 bopd).

**Q2 2021 Financial Highlights**

- Average realisation of US$59.4/bbl for Q2 (Q1 2021: US$52.3/bbl) yielding a H1 2021 average of US$55.9/bbl (H1 2020: US$36.3/bbl).
- Cash balance of US$19.0 million (unaudited) as at 30 June 2021 (31 December 2020: US$20.2 million, audited). The H1 2020 cash balance includes:
    - US$5.1 million operating cash flow.
    - US$0.5 million other income (including net hedge income).
    - US$4.0 million of capex including the Onshore Seismic acquisition, Galeota asset development, PS-4 acquisition and infrastructure investment.
    - US$2.1 million taxes paid including offshore SPT of c.US$ 0.7 million for Q1 2021.
    - US$0.8 million cash outflows related to annual insurance and licence obligations.
- The Company took advantage of the increase in oil prices to purchase two new hedging instruments during Q2 2021 offering downside protection for 15,000 barrels per month for H2 2021 and 12,500 bbls per month for 12M 2022.
    - Post the quarter end, a further instrument was purchased, offering downside protection for an additional 15,000 bbls per month for H2 2022.
    - Additional hedging instruments will be put in place as and when appropriate.
- Strong production levels combined with strict cost controls helped maintain an operating break-even of US$27.8/bbl (unaudited) for H1 2021, despite additional Covid related costs, versus US$24.7bbl (unaudited) for H1 2020. The Company remains on track to meet its target for average operating break-even (inclusive of hedging income) of below US$30.0/bbl for FY 2021.

**Q2 Strategic Developments**

During Q2 2021 Trinity renewed its LOAs for its WD-2, WD-5/6, WD-13 and WD-14 blocks for a 10 year period effective as of 1 January 2021. The combination of improved terms and longer tenure offer the potential to derive greater value from our existing licence areas.

The proposed acquisition of the PS-4 Block, announced in May 2021, will further enhance the Company's onshore acreage, being contiguous to Trinity's largest and most prolific onshore Block, WD-5/6. It offers significant opportunities to add reserves, resources and production on a meaningful scale. This is expected to complete early in Q3 2021.

During the period Trinity continued its 3D seismic interpretation (which covers the PS-4 Block as well as its existing onshore licence areas). The seismic re-mapping and integration of all historical wells and production data is enabling the Company to identify new exploration and appraisal prospects, update reserves, assist in identifying high angle and horizontal well opportunities and to explore the possibilities for enhanced oil recovery. Furthermore, the redefinition of basin fill and deformation (stratigraphy and structure) will enable the development of new plays and the redefinition of old plays on both a local and regional level providing the potential to build a differentiated onshore appraisal and exploration prospect inventory of real scale in the near term.

The Galeota asset development (offshore East Coast) also progresses, with the Field Development Plan ("FDP") submitted to the Ministry of Energy and Energy Industries in May 2021. The execution of a new licence for Galeota is expected imminently, and work is ongoing on pre-Front End Engineering Design ("FEED") studies and environmental approvals as we move towards FID at the earliest opportunity.

We continue to work in the Jubilee data room on the offshore West Coast opportunity and have also been short listed for the North West District ("NWD") onshore exploration bid round from Heritage, the state oil company. We are continuing to jointly evaluate both of these opportunities alongside Cairn Energy plc.

The Company's commitment to explore and develop new energy projects was further strengthened by the memorandum of understanding ("MOU") with The University of the West Indies ("UWI"), St. Augustine – focused on building capacity in renewables while challenging and further reducing carbon output across the region. This remains an exciting potential area of growth for Trinity, with a number of avenues being explored with partners including the National Gas Company of Trinidad and Tobago and UWI with the potential to contribute towards energy transition in Trinidad and, potentially, in the wider Caribbean and Latin America.

**Expanded Executive Management Team ("EMT")**

The EMT has been expanded with the promotion of two internal team leads. Denva Seepersad has assumed the role of Finance Director of the Group (which is not a plc Board position). Having been the Financial Controller for the last six years he benefits from an extremely deep knowledge of the business and the Trinidad commercial environment. The role of the Chief Financial Officer became untenable due to the travel restrictions for Edouard Brain and, as a result, he has left the Company. Dr Ryan Ramsook has also joined the EMT having been the Subsurface Team Lead for Trinity for the past three years. He has 16 years of relevant industry experience and is also a Senior Lecturer at UWI.

**Capital Reorganisation**

In addition to developing its portfolio of growth opportunities to enhance shareholder value, the Company also undertook a capital reorganisation with a view to enabling dividend payments and/or share buybacks to be effected as and when appropriate. The capital reduction was approved by the High Court on 13 July 2021, and the remaining formalities are expected to be concluded imminently.

**Upcoming Results**

The Company will announce its interim results for the six-month period ended 30 June 2021 in mid-September. This announcement will provide further detail on production, margins, operating break-even, costs and profitability - highlighting the growing value of the Company's assets and continued strong financial performance.

***Enquiries***

For further information please visit www.trinityexploration.com or contact:

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| **Trinity Exploration & Production plc**<br>Bruce Dingwall CBE, Executive Chairman<br>Jeremy Bridglalsingh, Managing Director<br>Tracy Mackenzie, Corporate Development Manager | +44 (0)131 240 3860 |
| **SPARK Advisory Partners Limited** (Nominated Adviser and Financial Adviser)<br>Mark Brady<br>James Keeshan | +44 (0)20 3368 3550 |
| **Cenkos Securities PLC** (Broker) | |
| Leif Powis | +44 (0)20 7397 8900 |
| Neil McDonald | +44 (0)131 220 6939 |
| **Walbrook PR Limited** | +44 (0)20 7933 8780 |
| Nick Rome/Nicholas Johnson | trinityexploration@walbrookpr.com |

**About Trinity (www.trinityexploration.com)**

Trinity is an independent production company focused solely on Trinidad and Tobago. Trinity operates producing and development assets both onshore and offshore, in the shallow water West and East Coasts of Trinidad. Trinity's portfolio includes current production, significant near-term production growth opportunities from low risk developments and multiple exploration prospects with the potential to deliver meaningful reserves/resources growth. The Company operates all of its nine licences and, across all of the Group's assets, management's estimate of 2P reserves as at the end of 2020 was 19.55 mmbbls. Group 2C contingent resources are estimated to be 23.25 mmbbls. The Group's overall 2P plus 2C volumes are therefore 42.80 mmbbls.

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