

17 October 2019

**RNS ANNOUNCEMENT: The information communicated in this announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.**

**Trinity Exploration & Production plc  
("Trinity" or "the Group" or "the Company")**

### **Q3 2019 Operational Update**

#### ***Return to drilling, positive results from SCADA trial and increasing base production***

Trinity, the independent E&P company focused on Trinidad and Tobago, today provides an update on its operations for the three-month period ended 30 September 2019 ("Q3 2019" or "the period"). During the period, Trinity continued to focus on maintaining base production, drilling new infill wells, generating free cash flow and protecting the business from downside risk.

Trinity has now completed four new onshore infill wells as part of its H2 drilling programme, including the Company's first High Angle Well ("HAW"), FR 1807, which has to date performed in line with expectations. Two of the four new infill wells drilled to date were brought on production during Q3 2019, with a third brought on production subsequent to the period end. As a result, base production has risen steadily (October average to date: 3,017 bopd) with an expected year end exit production rate of c.3,400 bopd.

Focus on optimising and protecting base production is a strategic company priority, including piloting the use of Weatherford International plc's proprietary Supervisory Control and Data Acquisition ("SCADA") platform. The two wells being trialed with the new SCADA technology have, to date, seen material production increases and the Company is very encouraged by the early results of the trial.

During the period, Trinity also took advantage of a spike in oil prices following the Saudi Arabia drone attacks to implement a further tranche of its hedging programme which is designed to partially mitigate the impact of Supplementary Petroleum Tax ("SPT") whilst retaining upside exposure to rising oil prices over the majority of production,. As a result, Trinity now has a total of 35,000 bbls per month hedged (c. 41% of Q3 2019 production).

#### **Q3 Operational Highlights**

- Group average production volumes were 2,816 bopd for the period, which is a 3% increase on the same period last year (Q3 2018: 2,734 bopd) but represents a 6% quarter on quarter decline (Q2 2019: 2,996 bopd). The lower than expected Q3 2019 production volumes was due to a combination of weather-related electrical supply disruptions, low availability of swabbing and workover rigs due to a bottleneck in rig certifications and higher than normal closing stocks (sold post period end). The rig issue is being resolved with the backlog of pending approvals beginning to clear
- A total of 10 recompletions ("RCPs") (Q2 2019: 3) and 25 workovers (Q2 2019: 36) were completed during the period
- The RCP at Trintes was completed and brought on production on 30 September 2019
- FR1807, our first HAW, has to date met our expectations. Reservoir pressure data, as we continue to optimise the well and draw down the downhole pressure, points to the well being able to produce its pre-drill prognosed rate of 134 bopd once fully optimised. We continue to monitor the well for oil, water and sand production but to date those parameters remain stable
- The Company commenced continuous production monitoring and optimisation through the use of SCADA onshore via the partnership with Weatherford International plc
  - The two onshore trial wells using the SCADA system are deployed on a progressive cavity pump well and a sucker rod pump well, the two most common pumps used onshore. Results

from both wells to date are giving material production increases and important new production data, in real time. The results and learnings to date are enabling the selection of wells for a more extensive roll out programme that is being planned for the coming months

- Technical and commercial discussions on Galeota with the Ministry for Energy and Energy-Related Industries, our partner Heritage Petroleum Company Limited and technical providers have continued.

### **Strong Balance Sheet**

- Cash balance of US\$15.6 million (unaudited) as at 30 September 2019 (30 June 2019: US\$17.8 million)
  - The reduction in cash balances is largely a function of new drilling related investment capex in the period ahead of the commensurate benefit in production revenues
- Trinity has continued to implement its hedging strategy which is designed to protect the Group's free cash flows by partially mitigating the impact of SPT whilst retaining upside exposure to rising oil prices over the majority of production
- A further hedge was put in place, on attractive terms, during the short period when oil prices spiked as a result of drone attacks in Saudi Arabia
  - 3-Way Option (12 month tenor) for 10,000 barrels per month
  - Put spread of US\$50.0 – US\$56.0/bbl with a call strike of US\$65.5/bbl
  - Total of 35,000 barrels per month now hedged (41% of Q3 production)

### **Post Period End Highlights**

- The third infill well in the H2 drilling campaign commenced production on 9 October
- The fourth infill well which spudded on 30 September was completed on 8 October and will be perforated and brought on production in the next few days
- The rig will move on to the fifth well location shortly, following routine maintenance work, and the Company now expects to complete this, and a sixth, well during Q4 2019
- Initial Cumulative Production ("ICP") from the three new wells that have currently commenced production has been over 50% ahead of the pre-drill prognosis (despite still not yet including the full impact of the ongoing HAW optimisation)
- Strong contributions from these three new infill wells have seen current production rising steadily (October average to date: 3,017 bopd) with an expected year end production exit rate of c.3,400 bopd

### **Outlook**

The focus for the remainder of the year will be on completing and evaluating lessons learned from the H2 2019 onshore drilling campaign, preparation for further drilling in H1 2020, the continued monitoring of the two trial SCADA wells and the preservation of base production. Results from the first HAW will help determine future well locations with the Company fully focused on growing production whilst maximising free cash flow generation. With a low operating break-even and with new infill wells increasing production, the Company intends to further strengthen cash generation levels and the balance sheet.

In addition, the Company will continue to progress the Galeota development and consider opportunities that may arise in the changing local market with the aim of affecting a step change in longer-term production capabilities.

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

*"We continue to focus on increasing our low-cost high margin production while developing our asset base and utilising new technologies in order to maximise the resultant returns. The Company is pleased with the production achieved by the three new completed infill wells, including from our first HAW which we see as integral to achieving our growth ambitions going forward."*

*“When we couple these new higher production levels, our low cost base and the increased production rates seen on our trial digital SCADA wells, we believe we are in a great place to move forward as a free cash flow generating business with significant upside potential.”*

#### **Enquiries:**

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

Trinity is an independent oil and gas exploration and 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 2018 was 24.5 mmbbls. Group 2C contingent resources are estimated to be 18.8 mmbbls. The Group's overall 2P plus 2C volumes are therefore 43.3 mmbbls.

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