TRINITY
EXPLORATION & PRODUCTION

Annual Report & Accounts
for the year ended 31 December 2018

Company Number: **07535869**
Stock Code: **TRIN**

TRINITY
EXPLORATION & PRODUCTION

Trinity Exploration & Production Plc ("Trinity" or "the Company" or "Parent") is an independent oil company focused solely on Trinidad & Tobago ("T&T"). Trinity and its subsidiaries (together "the Group") operate a portfolio of producing, development and exploration assets both onshore and offshore in the shallow waters off the west and east coasts of Trinidad.

T&T is a prolific hydrocarbon basin where sustained growth in oil and gas production remains a strategic national interest. A mature network of infrastructure is supported by easy access to downstream markets, equipment, services and skilled labour within the country. Opportunities exist to build a business of scale through the re-development of proven fields and through the development of stranded discoveries that offer near term development projects in a low cost operating environment.

Our Core Values

Behaviour
that mirrors professionalism, respect and fairness

Rigour
initiate thought before action

Purpose
fit for delivering our business goals

www.trinityexploration.com

Who we are

01
We are local
- > 100% Trinidad focused and managed
- > Local oil producer of scale
- > 5% of total country oil production

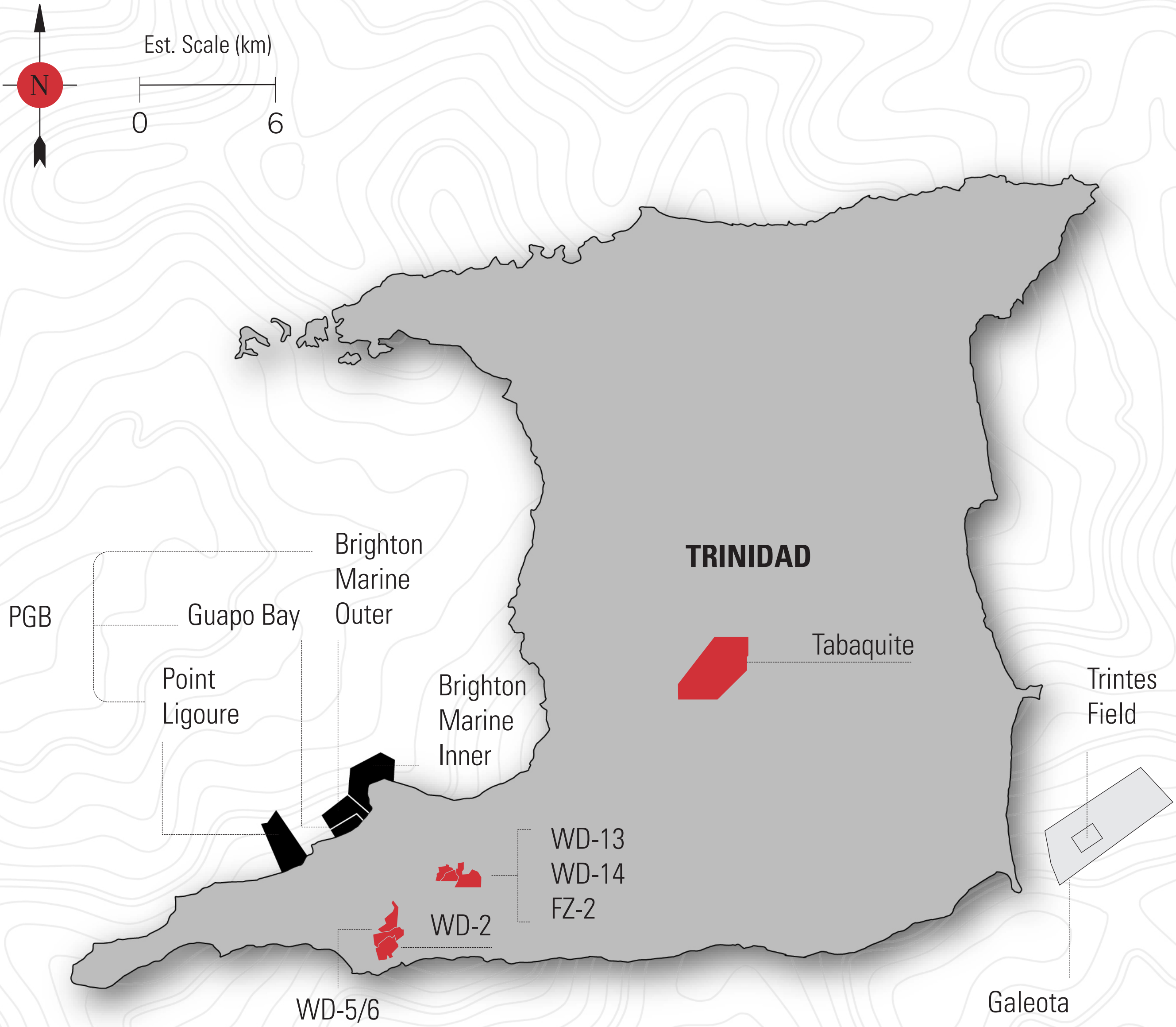
02
We're lean
- > Low cost operator
- > Profitable with low oil price break-even

03
We have assets
- > Location: world class hydrocarbon basin
- > A large well inventory
- > Multiple reservoirs to target (lower risk)
- > Large reserves & resources base

04
We're diversified and aligned
- > Parallel activity sets (reduce production delivery risk) to increase production
- > Interests aligned - Board of Directors share ownership c. 22%

Contents

Our Assets



N
Est. Scale (km)
0
6
TRINIDAD
Brighton
Marine
Outer
PGB
Guapo Bay
Point
Ligoure
Brighton
Marine
Inner
Tabaquite
Trintes
Field
WD-13
WD-14
FZ-2
WD-2
WD-5/6
Galeota

Asset	Trinity	Petrotrin	2P	2C	Total Reserves and Resources	Production	2P	2C	Exploration
Onshore			**7.30**	**1.50**	**8.80**				
Lease Operatorships									
FZ-2, WD-2, WD-5/6, WD-13 & WD-14	100%								
Farm Out									
Tabaquite	100%								
East Coast			**14.80**	**16.38**	**31.18**				
Joint Ventures									
Galeota - Trintes	100%								
Galeota - Other (ie. TGAL)	65%	35%							
West Coast			**2.39**	**0.89**	**3.28**				
Joint Ventures									
PGB (Point Ligoure, Guapo Marine, Brighton Marine - Outer)	70%	30%							
BM (Brighton Marine - Inner)	100%								
			24.49	**18.77**	**43.26**				

Note (*): On 28 August 2018 the Petroleum Company of Trinidad and Tobago Limited ("Petrotrin") announced its intention to discontinue refining operations to focus on its upstream exploration and production activities. Effective 1 December 2018 Heritage Petroleum Company Limited ("Heritage"), a T&T state-owned, oil and gas company has taken over ownership and rights for the Crude Oil Sales Agreements which Petrotrin held with Trinity for the purchase of its crude oil production.

- Crude oil production
- Land infastructure
- Offshore infrastructure
- Offshore exploration
- Drilling, recompletions ("RCPs") & Workovers ("WOs")
- Field Development Plan ("FDP")

Key Highlights

Corporate & Financial

Fundraise & Debt Free
USD 20.0 million
T&T state creditors[1] and CLN[2] balances fully repaid

Revenues
USD 62.6 million
2017: USD 45.2 million
↑ 38%

Capital Expenditure
USD 12.5 million
2017: USD 3.1 million
↑ 303%

TGAL FDP[3]
Revised FDP submitted to MEEI
Est. peak production
c.5,800 bopd

Adjusted EBITDA[4]
USD 19.2 million
2017: USD 12.7 million
↑ 51%

Adjusted EBITDA after SPT[5] & PT[6]
USD 12.8 million
2017 USD 10.6 million
↑ 21%

Reserves & Production

8 new wells
Drilled and completed.
6 of these wells completed in Q4 2018

Exit rate of
3,000+ bopd
Exit rate achieved due to intensive work programme of new infill wells, RCPs[8] and WOs[8]/ reactivations

Onshore 2P Reserves
7.30 mmstb
2017: 5.78 mmstb
↑ 26%

Annual average production
2,871 bopd[7]
2017: 2,519 bopd
↑ 14%

Notes:
1. T&T State Creditors: Ministry of Energy and Energy Industries of T&T ("MEEI") and Board of Inland Revenue of T&T ("BIR")
2. CLN(s): Convertible Loan Note(s)
3. FDP: Field Development Plan
4. Adjusted EBITDA: Operating Profit before Taxes for the period, adjusted for depreciation, depletion & Amortisation ("DD&A"), non-cash share option expenses and Other Expenses (derivative hedge instruments)
5. SPT: Supplemental Petroleum Tax
6. PT: Property Tax
7. bopd: barrels of oil per day
8. RCP(s): Recompletions
9. WO(s): Workover(s)

Executive Chairman's Statement

2018 was a significant year for Trinity with the recommencement of onshore drilling activities, continuation of our low cost work programme and strengthening of our balance sheet. The maintenance of our high operating margins and increase in production propelled us to exit the year in a strong financial and operational position as evidenced by our Q4 2018 production levels being in excess of 3,000 bopd and our Adjusted EBITDA margin for the year exceeding 30%.

The Fundraise which we completed in July 2018 means that we are fully funded and debt free. Equally important, the sustained generation of strong operating cash flows and a consolidated operating break-even below USD 30.0/bbl, providing significant downside protection in the event of a decline in the oil price.

We continue to focus on delivering our planned work programme, with our fully funded drilling operations providing near-term production upside and targeting year-on-year production growth of at least 10%. In addition, as the development effort continues to mature on our TGAL Area development plan, the Company is increasingly excited by the value in the project. The TGAL development has the potential to achieve a step change in production and value for the Company as we target our medium-term production goal of 7,500 bopd. Furthermore, we believe there are a number of inorganic growth opportunities that the Company could pursue, and we are well placed to take advantage of any suitable opportunities that may arise.

The broader environment in T&T remains extremely promising. Whilst there have been some one-off challenges in the transition from The Petroleum Company of Trinidad and Tobago Limited ("Petrotrin") to Heritage Petroleum Company Limited ("Heritage"), we are confident that our locally led business model is well suited to the future, based on our incumbent position and strong relationships on the ground in T&T.

With average realisations being above USD 50.0/bbl for 2018, the regressive Supplemental Petroleum Tax ("SPT") impacted cash conversion levels. SPT in its current structure is a global anomaly and disadvantages oil producers when compared to gas producers. Trinity, alongside other crude oil producers in T&T, continue to lobby for its reform as was promised by the current Government. We believe that reform would re-calibrate the economics for all crude oil operators in the region, while potentially opening up new investment opportunities.

Alongside working towards a more equitable fiscal environment for oil producers, Trinity continues to strive to optimise the economic returns from its asset base; with a determined focus on subsurface analysis, using the best data available and adopting new technological approaches to include (high angle or horizontal drilling).

Given the strength of our ongoing work programme and visibility afforded by our balance sheet, we face the future with growing confidence. We anticipate further strategic opportunities arising in 2019 and are committed to delivering value for all our stakeholders and with our local model, we are ideally positioned to take advantage of such changes.

Executive Chairman's Statement (continued)

Trinity's aim is to position itself as the leading independent producer in T&T on the Alternative Investment Market ("AIM"). To achieve this, our strategy is simple; to retain the integrity of the core producing proved and probable ("2P") reserves base, to continue to grow production safely, to efficiently deliver profitable returns and to prudently convert our significant contingent ("2C") resources to 2P reserves and future inventory.

Delivering production growth whilst sustaining a low operating break-even

Trinity's focus in recent years has been on preserving the integrity of our producing asset base, whilst improving operational practices and efficiencies to materially re-base costs. 2018 was the first year since 2014 that Trinity undertook new onshore drilling, with 2 new wells in H1 and 6 new wells in H2. The resulting production growth, and improved crude oil prices, had a positive impact on our revenues in 2018. As we progress into 2019, the financial impact of higher base production and new production growth from our continuing drilling programme should become even more apparent.

Average production volumes grew in aggregate by 14% to 2,871 bopd in 2018 (2017: 2,519 bopd). With increased activity levels during H2 2018 there was a 15% quarter on quarter increase in average production volumes to 3,205 bopd for Q4 2018 (Q3 2018: 2,734 bopd). The increase in annualised production was underpinned by a combination of 8 new onshore development wells coming on stream during 2018, an increase in active offshore wells producing from 17 to 31 and the continuation of the Group's low-cost ongoing work programme of RCPs, WOs, reactivations and swabbing. The 2018 work programme included a total of 17 RCPs (2017: 37), and 143 WOs and reactivations (2017: 97). On the East Coast, the first offshore RCP on the Trintes field was undertaken by Trinity since assuming operatorship in 2013. It was successfully completed during Q4 2018 and put on production at a rate ahead of management's expectations.

Financial Performance

The result of the 14% growth in production volumes and 23% improvement in oil prices was a 38% increase in revenues to USD 62.6 million (2017: USD 45.2 million). This resulted in a strong operating performance with a 51% increase in Adjusted EBITDA to USD 19.2 million (2017: USD 12.7 million) which is the equivalent of USD 18.3/bbl (2017: USD 13.8/bbl) and US 5.4 cents per share (diluted) (2017: US 3.2 cents) representing a 69% year-on-year increase.

However, bottom-line profitability and cash conversion was negatively affected by the application of SPT, which is a regressive tax on net revenues when realised oil prices are above USD 50.0/bbl (2018 average realisations of USD 59.8/bbl vs 2017 of USD 48.6/bbl). The like for like comparison of Adjusted EBITDA after SPT and Property Tax ("PT") was USD 12.8 million (USD 12.2/bbl) for 2018, a 21% increase versus USD 10.6 million (USD 11.6/bbl) for 2017, which equated to a 33% year-on-year increase in Adjusted EBITDA after taxes of US 3.6 cents per share (diluted) (2017: 2.7 cents).

Operating Cash Flow ("OCF") for 2018 was USD 12.1 million (2017: USD 8.7 million). Net OCF after changes in working capital movements and income taxes was USD 5.2 million (2017: USD 9.6 million). The reduction is mainly a function of a USD 4.4 million year on year increase in cash taxes paid (largely related to SPT) and an increase in trade receivables totalling USD 6.7 million. The increase in trade receivables was due to delayed revenue receipts of USD 6.7 million as a result of the Petrotrin restructuring (see details below). Post the year end, USD 4.1 million of the outstanding receivables from Petrotrin have been collected and full collection of the remaining USD 2.6 million is expected to occur by the end of H1 2019. Stripping out the increase in receivables, the like for like OCF after changes in working capital would have been USD 11.8 million versus USD 9.6 million for 2017.

The Group's cash balances at the year-end stood at USD 10.2 million (2017: USD 11.8 million). The lower cash balance is as a result of capital expenditures of USD 12.5 million (2017: USD 3.1 million) and the repayment of all outstanding debts to Board of Inland Revenue of T&T ("BIR") and Ministry of Energy and Energy Industries of T&T ("MEEI") (Together "T&T State Creditors") and Convertible Loan Notes ("CLN") holders (USD 5.8 million and USD 7.2 million respectively). However, more importantly, the Company is now debt free, with no dilutive CLN overhang, and has the financial flexibility required to grow by the most effective means. In aggregate, the resultant cash plus working capital surplus (cash plus net operating working capital) stood at an impressive USD 18.1 million (2017: USD 0.1 million)

Reserve base continues to grow

Management's estimate of the Company's total 2P reserves (Onshore and Offshore) increased by 6% to 24.49 million stock tank barrels ("mmstb") (2017: 23.21 mmstb), despite total production of 1.04 mmstb. This increase is testament to the quality of our onshore and offshore producing assets and the benefits of the return to robust subsurface evaluation to identify additional infill drilling, RCP and WO candidates. Onshore reserves grew significantly by 26%, following on from a 45% increase in 2017 as the subsurface team continued to add locations to the onshore drilling inventory.

2C resources decreased by 22% to 18.77 mmstb (2017: 23.98 mmstb). The movement in 2C resources primarily reflects moving some 5.98 mmstb (net) of TGAL resources to 3C until a formal development solution is finalised. This follows the high grading of a first phase development stage targeting 10.41 mmstb (net) with more robust overall economics. In aggregate, total 2P reserves and 2C resources amounted to 43.26 mmstb at 31 December 2018 (2017: 47.19 mmstb).

Corporate

Funded and Debt Free

In July 2018, the Company raised gross proceeds of USD 20.0 million through a Fundraising exercise comprising a placing and an open offer. Of this, USD 6.4 million comprised a non-cash rollover by holders of 88% of the CLNs electing to convert the value of their CLNs into new ordinary shares at the issue price. This enabled the full and final repayment of all outstanding debts to the T&T State Creditors as well as redemption of the remaining CLNs which were outstanding. The Fundraise has enabled the Company to accelerate its onshore drilling programme and production, with a planned 8-10 wells per year going forward subject to a conducive landscape and economic environment.

East Coast Asset Development

In November 2018 the Company, as operator of the Galeota licence, submitted the first phase of its revised Field Development Plan ("FDP") for the TGAL Area to the MEEI. Work is now ongoing on pre Front End Engineering Design ("FEED") studies and environmental approvals as we move towards a Final Investment Decision ("FID") during H1 2020.

This FDP is the first phase of a potential wider development strategy moving across the Galeota anticline to fully develop the reserves potential from the large volumes of oil in place (c. 700 mmbbls). The first phase currently contemplates the installation of a low cost, 10 well conductor supported platform, the installation of a new generation thermoplastic composite subsea export pipeline, the laying of a subsea power cable to provide power to the offshore facilities, and the drilling of horizontal production wells. The development of these assets would underpin our medium-term group onshore and offshore production target of over 7,500 bopd.

Petrotrin Restructuring and Heritage Update

On 28 August 2018, Petrotrin announced its intention to discontinue refining operations to focus on its upstream exploration and production activities following a restructuring exercise. To that end, the new national oil company, Heritage began trading on 1 December 2018. Whilst the transition has been relatively seamless with regards to production, supply and distribution, there have been delays in the timing of payments for October and November oil production from Petrotrin. As a result, Trinity's receivables increased by USD 6.7 million at the year end. To date, USD 4.1 million of the USD 6.7 million delayed revenues have been collected and under Heritage's stewardship since December 2018 to present all payments have been received in line with payment terms. The management of both Petrotrin and Heritage have been in close contact with Trinity's Executive Management Team and have provided the requisite comfort that all outstanding revenues is expected to be received in full during H1 2019.

Trinity currently accounts for approximately 5% of all crude oil production in T&T and we are optimistic of our ability to deliver continued production growth in the short-term. Having established a locally driven, efficient and low-cost operating model, Trinity will work alongside Heritage wherever possible to help facilitate efficiency drives and production growth in T&T with the resultant economic benefits for all citizens and stakeholders.

Overview

This time last year, our aim was to stabilise base production, build well inventory and execute a limited investment programme whilst maintaining controls on operating costs and Health, Safety, Security and Environment ("HSSE"). The Company managed to deliver on that initial programme resulting in a significant improvement in our operational performance and key performance indicators ("KPIs").

During 2018, we continued to prioritise HSSE and the well-being of our people, promoting safe behaviours among all stakeholders whilst undertaking a step-change in activity levels. The dedication, hard work and expertise to

Executive Chairman's Statement (continued)

deliver this growth on a portfolio of 1,094 wells with 216 active wells at the end of 2018 (2017:182) across 9 licences and multiple reservoirs has required a huge effort from those involved. As such, we remain extremely thankful to our employees and the continued support of the supply chain, with whom we look forward to working alongside as we continue to build on, and strengthen relationships with all of our stakeholders.

We are ideally placed to continue to grow organically but also very well positioned to make the most of the significant number of other development opportunities that may arise locally. Whilst we work with the Petrotrin restructuring and transition changes with Heritage, we are assured that our locally led Business Model is well suited to the future based on our strong relationships on the ground in T&T.

Good governance remains at the core and we remain committed to delivering our strategy in a responsible and transparent manner. In November 2018, the Company expanded its Board with the appointment of Nicholas Clayton as a Senior Independent Director. The breadth and depth of his sector specific advisory experience will provide the Board with additional perspective and, combined with our existing Board members, strengthens our collective industry, merger and acquisitions ("M&A") and capital markets expertise as we continue to grow and develop Trinity's business.

Plans for 2019 and beyond

The Company's successful drilling programme completed during Q4 means that it fulfilled stated >10% per annum ("p.a.") production growth target for 2018 and is targeting similar growth in 2019, subject to the scheduling of the drilling programme. The fully funded onshore drilling programme will continue, but given recent oil price volatility, the timing and scale of the programme will be determined with a view to optimising capital allocation.

We see a number of options for further value creation across Trinity's asset base both organically and from wider portfolio management. Our programme of phased and risk mitigated development activities through infill development wells onshore, routine RCPs, WOs, reactivations and swabbing on the current well stock has succeeded in arresting decline and provided for a step-change in base production on which to further grow.

The Company intends to build on base production to reach a targeted annual average production range of 3,000 – 3,300 bopd for 2019. The absolute level of growth from production will be determined by oil price and activity levels which will be set with a view to optimising profitability and cash flows, and not just top-line production growth.

The Company's strengthened balance sheet and low operating break-even provides financial resilience to low oil prices and gives confidence that the Company's growth and investment plans can be optimised according to the prevailing macro and fiscal environment.

The Board of Directors ("Board") remains confident that the successful execution of our strategy can deliver sustainable cash generation throughout oil price cycles and thus preserve and optimise value for shareholders in 2019 and beyond.

On behalf of the Board, I must thank all our staff and suppliers in T&T for their diligence, commitment and support which has allowed Trinity to focus on growth whilst maintaining a safe working environment. The Board would additionally like to take this opportunity to thank existing shareholders and other stakeholders, notably Petrotrin, Heritage, BIR, and the MEEI, for their support and to welcome new shareholders as we move forward debt free and strongly positioned to add value from future opportunities in the changing environment in T&T.

2018 was a notable year for Trinity and the Board is confident that the quality and low cost nature of our underlying assets will deliver excellent returns for shareholders from the execution of our strategy in 2019 and beyond.

Bruce Dingwall, CBE
Executive Chairman

3 April 2019

Key Performance Indicators

The Group was profitable at an operating level throughout 2018 with a 51% increase in Adjusted EBITDA of USD 19.2 million (2017: USD 12.7 million), year-end cash balance of USD 10.2 million (2017: USD 11.8 million) and a cash plus working capital surplus of USD 18.1 million (2017: USD 0.1 million).

A summary of the year-on-year operational and financial highlights are set out below:

		FY 2018	FY 2017	Change %
Average realised oil price[1]	USD/bbl	**59.8**	48.6	23 ↑
Average net production	bopd	**2,871**	2,519	14 ↑
Annual production[2]	mmbbls	**1.05**	0.92	14 ↑
Revenues	USD MM	**62.6**	45.2	38 ↑
Adjusted EBITDA[3]	USD MM	**19.2**	12.7	51 ↑
Adjusted EBITDA[4]	USD/bbl	**18.3**	13.8	33 ↑
Adjusted EBITDA margin[5]	%	**30.7**	28.0	10 ↑
Adjusted EBITDA Per Share - Diluted[6]	US cents	**5.4**	3.2	69 ↑
Adjusted EBITDA after SPT and PT[7]	USD MM	**12.8**	10.6	21 ↑
Adjusted EBITDA after SPT and PT[8]	USD/bbl	**12.2**	11.6	6 ↑
Adjusted EBITDA after SPT and PT Per Share - Diluted[9]	US cents	**3.6**	2.7	33 ↑
Consolidated operating break-even[10]	USD/bbl	**29.0**	28.4	-2 ↓
Cash balance	USD MM	**10.2**	11.8	-14 ↓
Cash plus working capital surplus[11]	USD MM	**18.1**	0.1	18000 ↑

1. Realised price: Actual price received for crude oil sales per barrel ("bbl"). A discount is normally applied to the West Texas Intermediate ("WTI") price by Petrotrin (1 January 2018 to 30 November 2018) and Heritage (effective 1 December 2018 to present) to derive the realised price received by Trinity.
2. Annual production (mmbbls) - Production from a reserves perspective is what is produced from the reservoir in a given year - which is 1.04 mmbbls (2,855 bopd) in 2018. For cash flow purposes it is the sold production in a given year which for 2018 is 1.05 mmbbls (2,871 bopd). These minor differences occur at year end due to stock sales in December and carry forward to subsequent year. See Reserves and Resources section pages 16 and 17 for further details.
3. Adjusted EBITDA (USD MM): 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).
4. Adjusted EBITDA (USD/bbl): Adjusted EBITDA/Annual production.
5. Adjusted EBITDA margin (%): Adjusted EBITDA/Revenues.
6. Adjusted EBITDA Per Share - Diluted: Adjusted EBITDA / Weighted average ordinary shares outstanding - diluted.
7. Adjusted EBITDA after SPT and PT (USD MM): Adjusted EBITDA less SPT and PT.
8. Adjusted EBITDA after SPT and PT (USD/bbl): Adjusted EBITDA after SPT and PT / Annual production.
9. Adjusted EBITDA after SPT and PT Per Share - Diluted: Adjusted EBITDA after SPT and PT / Weighted average ordinary shares outstanding - diluted.
10.. Consolidated operating break-even: The realised price where Adjusted EBITDA for the entire Group is equal to zero.
11. Cash plus 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).

Key Performance Indicators (continued)

Adjusted EBITDA Calculation

Adjusted EBITDA is a non-IFRS measure used by the Group to measure business performance. The Group presents Adjusted EBITDA metrics as they are used in assessing the Group's growth and operational efficiencies as they better illustrate the underlying performance of the Group's business by excluding items not considered by Management to reflect the underlying operations of the Group.

	2018 USD MM	2017 USD MM
Operating Profit before SPT and PT	**6.7**	3.9
DD&A	**10.7**	7.1
Share option expenses	**0.7**	0.2
Other Expenses (derivative hedge instruments)	**1.1**	1.4
Adjusted EBITDA	**19.2**	12.6
Less: SPT and PT	**(6.4)**	(2.0)
Adjusted EBITDA after SPT and PT	**12.8**	10.6
Expressed in US cents		
Adjusted EBITDA Per Share - diluted	**5.4**	3.2
Adjusted EBITDA after SPT and PT per Share - diluted	**3.6**	2.7

See Note 22 to Consolidated Financial Statements – Adjusted EBITDA for further details on pages 89 and 90.

2018 Trading Summary

A 5-year historical summary of realised price, production, operating break-evens and Production Costs ("Opex") and General & Administrative ("G&A") expenditure metrics is set out below:

Details	2014	2015	2016	2017	**2018**
Realised Price (USD/bbl)	85.8	45.5	39.4	48.6	**59.8**
Production (bopd)					
Onshore	2,005	1,601	1,343	1,347	**1,563**
West Coast	491	312	190	212	**198**
East Coast	1,105	983	1,009	961	**1,110**
Consolidated	3,601	2,896	2,542	2,519	**2,871**
Operating Break-Even (USD/bbl)[1]					
Onshore	21.3	23.3	17.4	16.6	**16.1**
West Coast	24.5	40.7	37.7	26.6	**26.8**
East Coast	55.9	41.3	26.3	24.9	**25.9**
Consolidated[2]	64.3	47.2	29.2	28.4	**29.0**
Metrics (USD/bbl)					
Opex/bbl - Onshore	14.4	15.7	11.8	11.1	**11.7**
Opex/bbl - West Coast	20.2	33.8	31.6	22.1	**22.1**
Opex/bbl - East Coast	41.6	31.6	20.1	18.9	**20.1**
G&A/bbl - Consolidated[3]	11.3	9.6	4.4	4.4	**5.0**

Notes:
1. Operating break-even: The realised price where Adjusted EBITDA for the respective asset or the entire Group (Consolidated) is equal to zero.
2. Consolidated operating break-even: Includes G&A but excludes share option expenses.
3. G&A/bbl – Consolidated: Excludes share option expenses.

The above production trends show clearly the impact that returning to drilling has had with Onshore production up over 16% year-on-year despite the new drilling mainly impacting in the final quarter of the financial year. Similarly, the impressive impact of active production and well management offshore the East Coast has been to deliver a 5 year average volume of 1,033 bopd and a very stable platform from which to grow when development recommences on the East Coast.

Of particular note from a financial standpoint is that robust constituent asset and corporate level operating break-evens were sustained with an aggregate increase of only 2% in the Group consolidated operating break-even to USD 29.0/bbl (2017: USD 28.4/bbl). The consolidated operating break-even includes the Group's G&A costs and therefore captures the corporate costs associated with supporting the asset base.

At the aggregated corporate level the maintenance of such a robust consolidated operating level break-even reflects higher production volumes offsetting higher expenses as detailed below:

> Overall Opex increased by 21% to USD 17.8 million (2017: USD 14.7 million). This variance was largely a function of a larger WO programme, production optimisation and increased vessel and equipment rental from higher activity levels.

> G&A costs increased by 40% to USD 6.0 million (2017: USD 4.3 million). This is predominately a function of non-cash related expenses (unrealised foreign exchange gain USD (0.0) million (2017: USD (0.5) million) and share option expenses USD 0.7 million (2017: USD 0.3 million)) as well as increased staff costs, levies and corporate expenses.

Business Model and Strategy

In delivering on our strategy, it is critical to ensure that we maintain both the quality of our asset base and our capability to monetise it. The successful execution of our strategy will deliver sustainable cash generation throughout reasonable oil price cycles and preserve and optimise value for all stakeholders irrespective of the oil cycle.

The execution of our Business Model during 2018 has ensured we are strategically well positioned to continue monetising our assets (43.3 mmbbls of 2P reserves & 2C resources with exit production > 3,000 bopd) whilst maintaining financial flexibility (USD 18.1 million net cash plus working capital surplus at 31 December 2018) and with the ability to focus on growth opportunities at a time when the oil and gas landscape in T&T is subject to reform and evolving at pace.

We update, and where appropriate seek feedback, from all key stakeholders via regular meetings and communications throughout the year. Specifically in regards to shareholders, both retail investor events and institutional investor meetings are held during the year to provide updates and receive feedback.

Business Model

Our Business Model is designed to deliver our strategy of sustaining and adding value to shareholders whilst working closely and respectfully with all stakeholders in an ethical and transparent manner.

Ensure our business can endure and grow value throughout oil price cycles

01

Operate Safely and Responsibly

Preserving the integrity of our producing asset base whilst targeting future value growth

Protecting our people, our community and the environment is paramount

Gives us the social and legal rights to operate and is critical to our business

02

Focus on optimising asset and shareholder value from active portfolio management, commercial innovation / negotiations and corporate oversight

Target a balance of short-term growth via production and monetising 2P reserves; medium-term growth via developments (2C -> 2P) and longer-term growth from adding acreage/assets to the portfolio

Maintain strong local knowledge and relationships

Aim to optimise commercial terms across the asset portfolio

Screen opportunities to add production and/or development assets to the portfolio

03

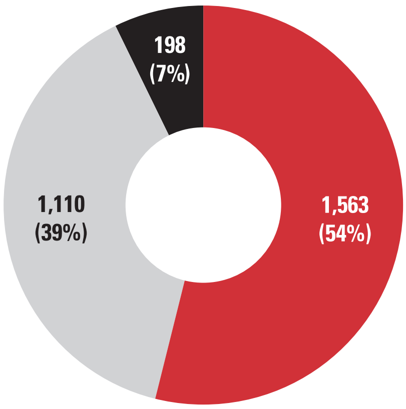
Ensure access to internal and external capital

Continuing to optimise and improve operational practices and efficiencies (that enabled the Company to materially re-base costs in recent years)

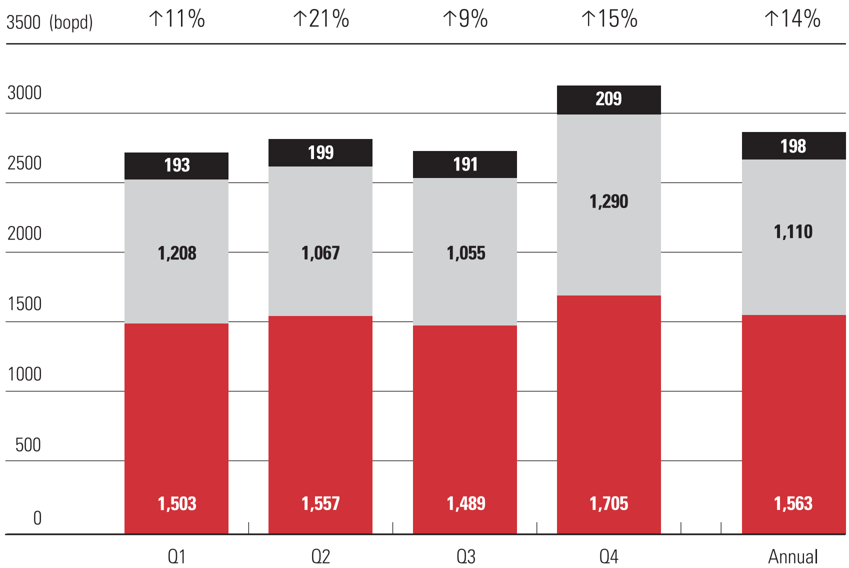
Focus on financial discipline and retaining a low-operating break-even to protect the business during downturns whilst maximising leverage when the market backdrop is favourable

Maintain a close dialogue with shareholders and other potential capital providers

Production & Operational Highlights



Onshore
East Coast
West Coast



Note: %s indicate year-on-year comparative (2018 vs 2017) i.e. Q1 2018 vs Q1 2017.

01 **Successful 8 well onshore drilling program:** In February 2018 the Company recommenced onshore drilling activities for the first time since 2014. 2 wells were drilled in Q1 2018 with a further 6 wells being drilled between Q3-Q4 2018.

02 **Attainment of 3,000+ barrels of oil per day ("bopd"):** Q4 2018 average production volumes of 3,205 bopd.

03 **Average net production for 2018 was up 14%** to 2,871 bopd (2017: 2,519 bopd)

04 **Low-cost production base** delivered robust operating margins through an extensive 2018 work programme which included 17 recompletions ("RCPs") (2017: 37) and 143 workovers ("WOs") and reactivations (2017: 97)

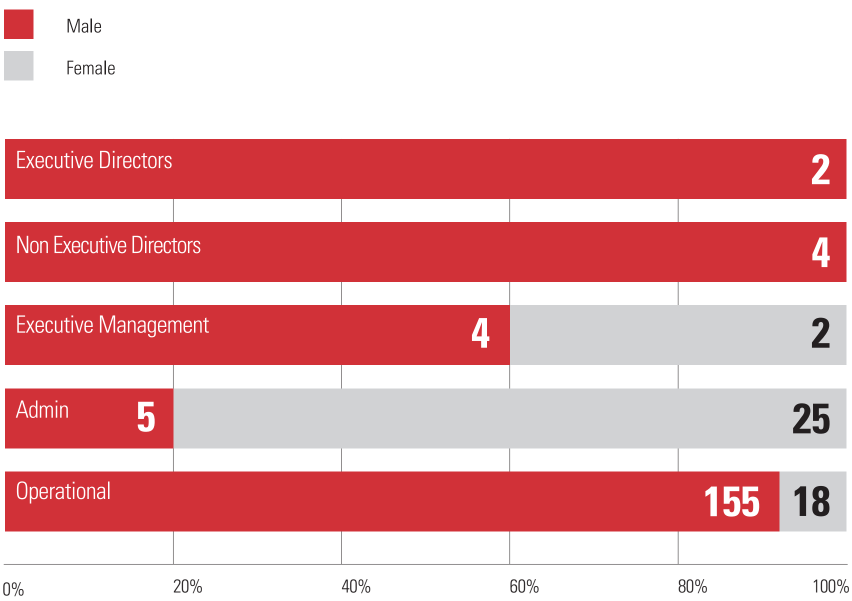
05 **Annual production was 1.0 million barrels** ("mmbbls") (2017: 0.9 mmbbls) with Onshore 54%, East Coast 39% and West Coast 7%

Operational Review

Management continues to encourage and harness the experience and expertise of our multi-skilled personnel to operate in accordance with acceptable industry standards of safety, integrity and accountability with the aim of propelling the Company towards further growth and development.

Nirmala Maharaj
Country Manager

Gender Breakdown



Our People

Trinity's workforce stood at 215 (2017: 188) at the year-end December 2018 with 79% (170) male and 21% (45) female employees. Our employees are located both in the United Kingdom ("UK") and T&T, with the majority (97%) based in T&T at our core operations.

Health, Safety, Security & Environment ("HSSE")

Trinity continues to place HSSE at the forefront of our operations as we strive towards further improving our safety performance by ongoing sensitisation, training, increased monitoring, frequent reviews of our internal controls and implementing corrective action when necessary.

The Board is fully apprised of the Company's HSSE performance via quarterly updates. The HSSE report is considered at each Board meeting and is one of the first matters considered on the agenda.

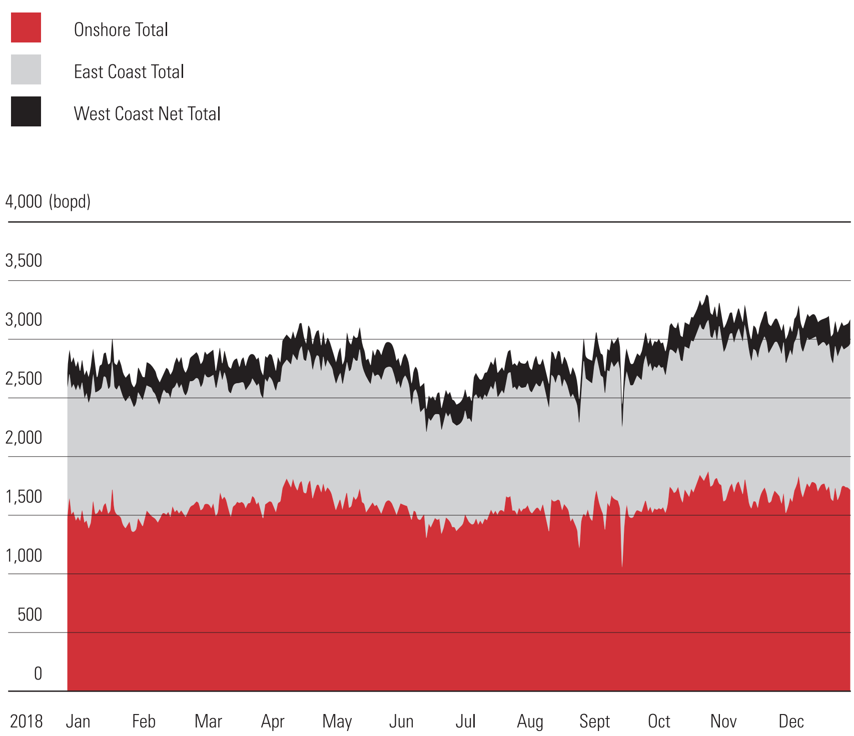
Management's commitment to the See, Think, Act, Reinforce and Track ("START") card programme has positively impacted our HSSE culture. Behaviour based safety has been recognised as an integral factor in our drive to an incident free environment. Notable improvements in our HSSE performance were achieved due to our continued emphasis on a strong HSSE culture, facilitated by an increase in Management visits to all assets, increased communication of lessons learned and several proactive initiatives implemented across all operations. Trinity recorded 643,400 man hours in 2018 (2017: 486,200 man hours), a 32% increase, mainly due to the 2018 work programme which included onshore drilling as well as onshore and offshore RCPs and workovers. Training hours recorded also saw an increase of 14% to 2,718 hours from 2,384 hours as safety remained as a top priority to Trinity to ensure that employees are competent to execute all tasks in a safe and efficient manner.

Trinity continues to build its HSSE management system as per our Safe to Work ("STOW") T&T certification attained in February 2018 from the Energy Chamber of T&T. The renewal process and audit commences in Q3 2019 in preparation for recertification in February 2020. Trinity was able to attain a 2 year certification within a 4 month period which surpassed the 6-12 month standard process. This is considered a great achievement since new companies to the STOW T&T certification process rarely achieve a 2 year certification. This certification provides the assurance that our HSSE management system is developed in such a form to allow us to have the ability to respond, control and analyse safety events and performance data as well as allowing us to be proactive in mitigating and managing risk. Notwithstanding our 2018 achievements, in 2019 Trinity intends to continue its focus on sustaining and improving our HSSE management system to ensure that we deliver our production targets safely and efficiently.

Production

Average net production for 2018 was 2,871 bopd (2017: 2,519 bopd), an increase of 14%. A total of 8 new infill development wells, 17 RCPs, 143 WOs and reactivations along with swabbing activities were undertaken during 2018.

2018 Production



We are constantly striving towards re-setting base production upwards. This requires continuous efforts, good acreage and the application of new technologies. An overview of these activities by asset is given below.

Onshore Assets

Current Onshore production is from Lease Operatorship Blocks: FZ-2, WD-2, WD-5/6, WD-13, WD-14 and Farmout Block: Tabaquite.

Average 2018 net production from the Onshore assets was 1,563 bopd which accounted for 54% of total annual average production. This represented a 16% increase in production from the 2017 average net production levels of 1,347 bopd. The growth in year-on-year production averages is reflective of the step-change in investment activities beginning to impact in adding new production whilst simultaneously successfully maintaining base production.

The drilling programme carded for 2018 initially consisted of 4 new infill wells. The first 2 wells were drilled in H1 2018 before expanding the campaign by drilling a further 6 wells in H2 2018.

Trinity's RCP campaign contemplated the completion of 12 RCPs onshore. The programme was executed in the first 10 months of the year, eventually recompleting 16 wells (2017: 37) across all Onshore blocks. The RCPs and WOs were executed utilising Trinity's internal rigs through H1, while contracting 2 rigs for the remainder of the year. The internal rigs were removed from service during H2 for upgrades and overhaul.

The Onshore WO and reactivations campaign contemplated the completion of 84 WO's onshore. For 2018, 113 were completed (2017: 78).

Going forward, the Company intends to continue with development activities via infill development drilling, RCPs, WOs, reactivations and swabbing on the current well stock and identified drilling locations to maintain base production and provide for further production growth.

"Trinity's focus on operational efficiency and production growth with HSSE at the forefront has the Company heading in the right direction for continued success"

Rajesh Rajpaulsingh
Chief Operations Officer
Length of Employment: 8 years

East Coast Assets

Current East Coast production is derived from the Alpha, Bravo and Delta platforms in the Trintes Field which sits within the Galeota Block.

Average 2018 net production from the East Coast was 1,110 bopd which accounted for 39% of total annual average production. This represented a 16% increase in production from the 2017 average net production levels of 961 bopd. The increase was largely as a result of the successful execution of a rigorous WO and reactivation campaign. Alongside these activities the successful completion of the first RCP undertaken by Trinity since assuming operatorship in 2013 was undertaken during Q4 2018 and put on production at a rate ahead of Management's expectations.

In 2018, 23 restorative WOs were completed (2017: 18) which contributed to an upward trend in production. In 2018 production was derived from 32 of a possible 61 wellbores in the Trintes field. The Trintes field produced by deploying numerous pumping technologies across our well stock including; Mechanical Pumping Hydraulic Unit ("MPHU"), Hydraulic Diaphragm Electric Submersible Pump ("HDESP"), Electric Submersible Pump ("ESP") and Progressing Cavity Pumps ("PCP"). The team continues to explore further means of optimising production through the utilisation of downhole remote monitoring, chemical treatment for the prevention of scale formation and modified artificial lift technologies.

Various infrastructure projects were undertaken during 2018 which included crane assessment and recertification works, the acquisition of four new generators, accommodation upgrades and the commencement of phase 1 Front-End Engineering Design ("FEED") process for the installation of a new 10,000 bbl oil storage tank at the Galeota tank farm.

Trinity continues to invest in stabilising production levels via better generator maintenance strategies and continued optimisation of alternative artificial lift technologies to augment production rates and maintain efficiency and cost effectiveness.

West Coast Assets

West Coast production is from the Point Ligoure-Guapo Bay-Brighton Marine ("PGB") and Brighton Marine ("BM") fields.

Average 2018 net production from the West Coast was 198 bopd which accounted for 7% of total annual average production. This represented a 6% decrease in production from 2017 average levels of 212 bopd and was mainly as a result of natural production decline.

There were no major production related activities conducted on the West Coast assets in 2018, with the exception of 3 WO (2017: 1) in the PGB field and 4 WO (2017:1) on the land based wells in the Brighton Field which were undertaken with the intention of reducing natural production decline and stabilising base production levels. Minor infrastructural works were undertaken on the offshore platforms to maintain asset integrity and production.

Management are continuing to keep the potential sale of the West Coast assets under review. In the interim, the assets continue to generate a positive cash flow and going forward, the land based wells across both the PGB and BM fields will be targeted for reactivations in addition to minor facility upgrades to increase production. These assets will continue to be closely monitored as progressive steps are taken to further optimise production through swabbing and minimal well intervention at low operating costs.

Reserves and Resources

A comprehensive management review of all assets has been concluded and has estimated the current 2P reserves to be 24.49 mmstb at the end of 2018, compared to the year-end 2017 reserve estimate of 23.21 mmstb. This represents a 6% increase of 1.28 mmstb from 2017 levels, despite production for 2018 of 1.04 mmstb (2017: 0.92 mmstb). This increase reflects contributions from new wells, sustained RCP production, updated decline curve analysis on producing wells, low cost well reinstatements and, most significantly, extensive subsurface work to generate additional infill drilling, RCP and WO candidates.

Onshore reserves grew by 26% as a result of our ongoing continued investment in subsurface analysis. This follows on from a 45% increase delivered in 2017. Management considers this to be the best estimate of the quantity of reserves that will actually be recovered from the assets at the end of 2018. It represents production which is commercially recoverable, either to licence/relevant permitted extension end or earlier via the application of the economic limit test.

The subsurface review has defined investment programmes and constituent drilling targets to commercialise the reserves as detailed, by asset area, in the following table:

“Trinity is poised for exciting growth and is on a clear path towards delivering continued success”

Denesh Ramnarace
Executive Manager – Galeota Asset Development
Length of employment: 6 years

Unaudited 2018 2P Reserves

Asset Net Oil Production	31 December 2017 mmstb	Production[1] mmstb	Revisions mmstb	**31 December 2018** **mmstb**
Onshore	5.78	(0.56)	2.08	**7.30**
East Coast	14.78	(0.41)	0.43	**14.80**
West Coast[2]	2.65	(0.07)	(0.19)	**2.39**
Total	23.21	(1.04)	2.32	**24.49**

Notes:
1. Production from a reserves perspective is what is produced from the reservoir in a given year-in this case 2,855 bopd. For cash flow purposes it is the sold production in a given year and this figure is given elsewhere as 2,871 bopd. These minor differences occur at year end due to stock sales in December and carry forward to subsequent year.
2. East Coast 2C resources reflect the movement of c. 5.98 mmstb (net) of TGAL resources to 3C until a formal development solution is finalised. This follows the high grading of a first phase development stage targeting 10.41 mmstb (net) with more robust overall economics. See TGAL FDP on pages 17 to 18 for further details.

The best estimate of 2C resources due to the current economic environment and the defining technical work pending is estimated by Management at 18.77 mmstb (2017: 23.98 mmstb).

Unaudited 2018 2C Resources

Asset	31 December 2017 mmstb	Revisions mmstb	**31 December 2018** **mmstb**
Onshore	2.18	(0.68)	**1.50**
East Coast	20.87	(4.49)	**16.38**
West Coast	0.93	(0.04)	**0.89**
Total	23.98	(5.21)	**18.77**

Unaudited Summary of Reserves and Resources
at 31 December 2018

Asset	2P Reserves mmstb	2C Resources mmstb	2P+2C Reserves and Resources mmstb
Onshore	7.30	1.50	8.80
East Coast	14.80	16.38	31.18
West Coast	2.39	0.89	3.28
Total	**24.49**	**18.77**	**43.26**

East Coast

Trintes (Trinity: 100% WI)

On the East Coast, Trinity has an established production hub on the Trintes field with 4 offshore marine platforms; (Alpha, Bravo, Charlie & Delta) that have an aggregate of 61 platform wells. Current 2P reserves underpin only the producing Trintes field. However, across the East Coast Galeota anticline licence area, Management estimates total gross Stock Tank Oil Initially In Place (“STOIIP”) of over 700 mmstb of which 249 mmstb of STOIIP is mapped against the Trintes field. Trintes (current booked East Coast) 2P reserves of 14.8 mmstb therefore represents a incremental recovery factor of 6%. Within contingent resources a further 5.96 mmstb relates to the Trintes field.

TGAL Field Development Plan (Trinity: 65% WI)

The TGAL area carries an internal best estimate STOIIP of 186 mmstb. The TGAL updip fault panel was confirmed as oil bearing in all major reservoir horizons by the TGAL-1 discovery well and is now incorporated in the 2018 FDP. In November 2018 the first phase of the FDP for the TGAL Area, located on the Galeota Block (updip from and on the same anticline as the Trintes field), was submitted to the MEEI. This FDP is the first phase of a potential wider step-out development moving across the Galeota anticline to fully develop the reserves potential from the large volumes of oil in place (see Reserves & Resources review for further details).

Operational Review (continued)

"An agile approach geared towards a common goal"

Raymond Rooplal
Drilling Team Leader
Length of Employment: 11 years

Work is progressing on FEED studies and environmental approvals as we move towards a FID during H1 2020, at which time the optimal scheme for financing the development will have been selected and agreed between all stakeholders. The 2018 FDP envisages 10 wells and is a lower development cost solution targeting the deeper sands using vertical conductors when compared to scheme outlined in the 2015 FDP which previously outlined 17 wells and the following key features:

> Conductor Support Platform ("CSP") designed to accommodate a platform rig

> 25 year design life

> A 6" ID Thermoplastic Composite Pipeline ("TCP") from the TGAL platform to shore

> Subsea power cable from shore to the platform

> First oil estimated being produced by H1 2022 and peak production estimated at 5,800 bopd

> 2C resources c.16.02 mmstb gross (10.41 mmstb net)

> At FID Trinity anticipate the net 2C resources would be reclassified as 2P reserves

This 2018 FDP is viewed as the first phase of a potential broader development moving across the Galeota anticline to commercialise the reserves potential from the large volumes of oil in place (c. 700 mmstb). The shallow sands (which were to be accessed via 7 wells in the 2015 FDP) but necessitate drilling slanted conductors/drilling have been moved to the 3C category (9.20 mmstb gross, 5.98 mmstb net) pending the integration of a technical solution into the current vertical conductor CSP platform concept. The current TGAL total 2C+3C volumes are therefore 25.22 mmstb (16.4 mmstb net). Within the Galeota anticline licence area there is also significant additional prospectivity with 266 mmstb STOIIP having been mapped over and above the Trintes and TGAL areas. Even excluding this further upside potential, with current combined 2P reserves and 2C resources of 32.68 mmstb, the potential growth from future Trintes drilling and TGAL development is substantial.

Financial Review

2018 was an encouraging year; raising capital further strengthened our balance sheet and broadened our investor base, expunging the CLN and T&T State Creditor debts and enabled the return to drilling, one of our major catalysts for near term growth, all while retaining an operationally profitable and oil price resilient Business Model.

Jeremy Bridglalsingh
Chief Financial Officer

Trinity and its subsidiaries ("the Group's") consolidated financial information has been prepared on a going concern basis, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), IFRS Interpretations Committee ("IFRS IC") interpretations 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 Group's accounting policies and details of accounting judgements and critical accounting estimates are disclosed within Note 3 of the Financial Statements on pages 73 to 75. The Group has adopted additional accounting policies in the year ended 31 December 2018 as set out in Note 1 of the Financial Statements on page 62.

Throughout this report reference is made to adjusted results and measures. The directors believe that the selected adjusted measures allow management and other stakeholders to better compare the normalised performance of the Group between the current and prior year, without the effects of one-off or non-operational items and better reflects the normalised underlying cash earnings achieved in the year. In exercising this judgment, the directors have taken appropriate regard of International Accounting Standards ("IAS") 1 "Presentation of financial statements". For the reasons stated above, Adjusted EBITDA excludes the impact of DD&A, non-cash share option expenses, and the impact of derivative hedge instruments ("adjustment items") and these are summarised on the face of the Consolidated Income Statement as well as being described in Note 22 to the financial statements.

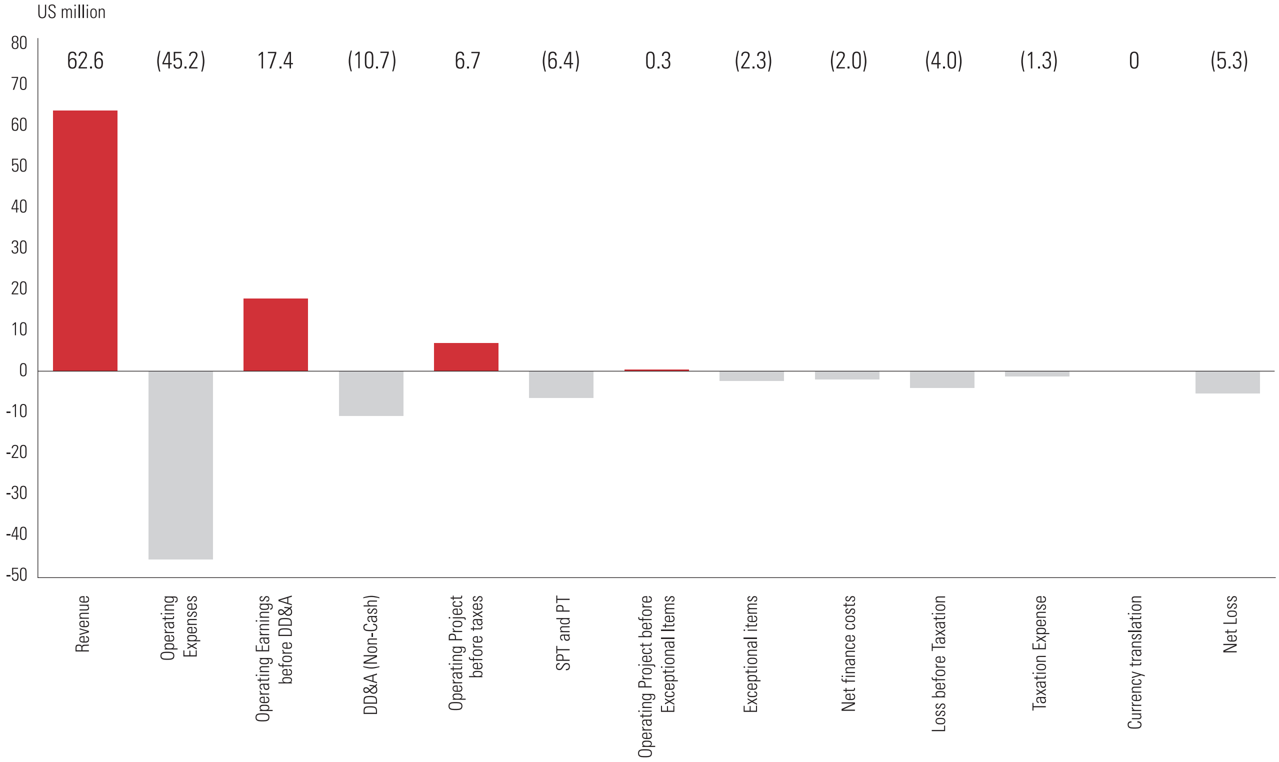
Results for the year

The Group recorded an Adjusted EBITDA of USD 19.2 million (2017: USD 12.6 million), a reported loss for the year of USD (5.3) million (2017: USD 25.4 million profit), an ending cash balance of USD 10.2 million (2017: USD 11.8 million) and a net cash plus working capital surplus position of USD 18.1 million (2017: USD 0.1 million).

- Revenue growth from increased production and oil price realisations: The combination of a 14% increase in production to 2,871 bopd (2017: 2,519 bopd) and a 23% increase in average oil price realisations to USD 59.8/bbl (2017: USD 48.6/bbl) resulted in a 38% increase in revenues to USD 62.6 million (2017: USD 45.2 million).
- Successful capital expenditure work programme: USD 12.5 million (2017: USD 3.1 million) incurred in predominately production related and infrastructure expenditure. 2018 saw the Company return to drilling, with 8 Onshore development wells, 16 Onshore RCP's and the first RCP on the East Coast since acquiring the asset in 2013. Infrastructure capital expenditure were also conducted across the assets to support the production initiatives.
- Further growth in operating margins and increased operating profitability: The Company maintained its focus on growing margins and increasing operating profitability which is evident in a 51% increase in Adjusted EBITDA to USD 19.2 million (2017: USD 12.7 million) and maintaining a robust consolidated operating break-even price of USD 29.0/bbl (2017: USD 28.5/bbl), while increasing Adjusted EBITDA Margin to 31% in 2018 (2017: 28%). On a per barrel basis this represents a 33% increase in Adjusted EBITDA to USD 18.3/bbl (2017: USD 13.8/bbl) and Adjusted EBITDA per

Financial Review (continued)

Statement of Comprehensive Income



share - diluted increased 69% to 5.4 cents (2017: 3.2 cents).

> **Supplementary Petroleum Taxes ("SPT") and Property Taxes ("PT"):** 2018 saw average oil price realisations rise above USD 50.0/bbl (2018: USD 59.8/bbl) into the SPT paying range. As a result, SPT of USD 7.1 million was incurred in 2018 (2017: USD 1.5 million). For each quarter that realised oil prices are higher than USD 50.01/bbl SPT is charged at a rate of 18% and 26% on net revenues (gross revenue – royalties – incentives) on Onshore and Offshore assets respectively. The headline SPT rates are, however, partially mitigated by investment tax credits of 20%. SPT is seen by many commentators as being a regressive tax, which negatively impacts on investment and unfairly penalises oil (as opposed to gas) companies. SPT reform has been earmarked by the Government of Trinidad and Tobago ("GORTT") but has not yet been effected.

The passing of the Property Tax Amendment Bill by the T&T House of Representatives resulted in a PT credit of USD 0.7 million (2017: USD (0.5) million charge) with the USD 1.1 million reversal for 2016 and 2017 offsetting a USD 0.4 million charge for the current year.

> **Impairment loss**: During the year the Group recorded an impairment loss of USD 2.6 million (2017: nil) within exceptional items on its oil and gas assets held within property plant and equipment. The carrying values of certain of the Group's cash generating units were higher than their recoverable amount measured utilising discounted cash flow approach to Fair Value less Cost of Disposal. This was largely driven by the lower oil price forward curve at 31 December 2018, and a more conservative cost of capital assumption being applied.

> **Reported Profitability and Cash conversion:** Bottom-line profitability and cash conversion was negatively impacted by SPT. The like for like comparison of Adjusted EBITDA after SPT and PT is USD 12.8 million (USD 12.2/bbl and 3.6 cents

per share - diluted) for 2018 versus USD 10.6 million (USD 11.5/bbl and USD 2.7 cents per share - diluted) for 2017.

The inclusion of DD&A, hedging costs, other non-cash items, exceptional items and net finance costs yielded a reported post tax loss for the period of USD 5.3 million (2017: USD 25.4 million profit). Notably, in 2017 there was an exceptional non-cash credit of USD 26.7 million, which related to the restructuring that occurred in January of that year.

Operating Cash Flow ("OCF") for 2018 was USD 12.1 million (2017: USD 8.7 million). Net OCF after changes in working capital movements and income taxes was USD 5.2 million (2017: USD 9.6 million). The reduction is mainly a function of a USD 4.4 million year on year increase in cash taxes paid (largely related to SPT) and an increase in trade receivables totalling USD 6.7 million. The increase in trade receivables was due to delayed revenue receipts of USD 6.7 million as a result of the Petrotrin restructuring (see details below). Post the year end, USD 4.1 million of the outstanding receivables from Petrotrin have been collected and full collection of the remaining USD 2.6 million is expected to occur by the end of H1 2019. Stripping out the increase in receivables, the like for like OCF after changes in working capital would have been USD 11.8 million versus USD 9.6 million for 2017.

> Strong net cash plus working capital surplus: The lower OFC after changes in working capital combined with higher capital expenditure of USD 12.5 million (2017: USD 3.1 million) and the repayment of all outstanding debts to T&T state creditors and CLN holders (USD 5.8 million and USD 7.2 million respectively) pushed down cash balances at year end. Cash balances at the year-end stood at USD 10.2 million (2017: USD 11.8 million). Nevertheless, Trinity had a strong net cash plus working capital surplus of USD 18.1 million (versus USD 0.1 million in 2017). Crucially, the Company is now debt free, with no dilutive CLN overhang, and has the financial flexibility to grow by the most effective means.

> Mitigating downside price risk: In 2018, a USD 1.0 million loss was incurred on the crude oil derivative instrument and recorded within Other Expenses which protected against downside oil prices below USD 45.0/ bbl utilising a Zero Cost Collar. For 2018 the WTI price ranged from USD 62.3/bbl to USD 70.7/bbl between January and October 2018. The WTI price traded in a range of USD 59.8/bbl to USD 56.7/bbl in November and USD 49.1/bbl for December 2018, hence no settlements were incurred in those months. This hedge expired on 31 December 2018 and so no hedge valuations are included for the year end financials.

Revenues

2018 crude oil sales revenues were USD 62.6 million (2017: USD 45.2 million). This 38% increase was attributable to a 14% increase in production volumes to 2,871 bopd (2017: 2,519 bopd) and a 23% increase in the average realised oil price to USD 59.8/bbl (2017: USD 48.6/bbl).

Operating expenses

Operating expenses increased by 24% in 2018 to USD (55.9) million (2017: USD (41.2) million). Operating expenses comprised:

> Royalties of USD 20.4 million (2017: USD 13.8 million) have increased due to a combination of increased sales volume and price.

> Production costs of USD (17.8) million (2017: USD (14.7) million) have increased due to more workovers, production optimisation and vessel and equipment costs complimenting the increased activity levels.

> G&A expense of USD (6.0) million (2017: USD (4.3) million), increased mainly due to non-cash share option expense of USD (0.7) million (2017: USD (0.3) million) and unrealised foreign exchange gain USD 0.0 million (2017: USD 0.5 million)

> Depreciation, Depletion and Amortisation ("DD&A") of USD (10.7) million (2017: USD (7.0) million).

> Other Expenses of USD (1.0) million (2017: (1.4) million) includes the impact of derivative hedge instruments in relation to the Zero Cost Collar in effect during 2018 USD (1.0) million (2017: USD (0.8) million) and Put Options nil (2017: USD (0.6) million).

Supplemental Petroleum Tax and Property Tax

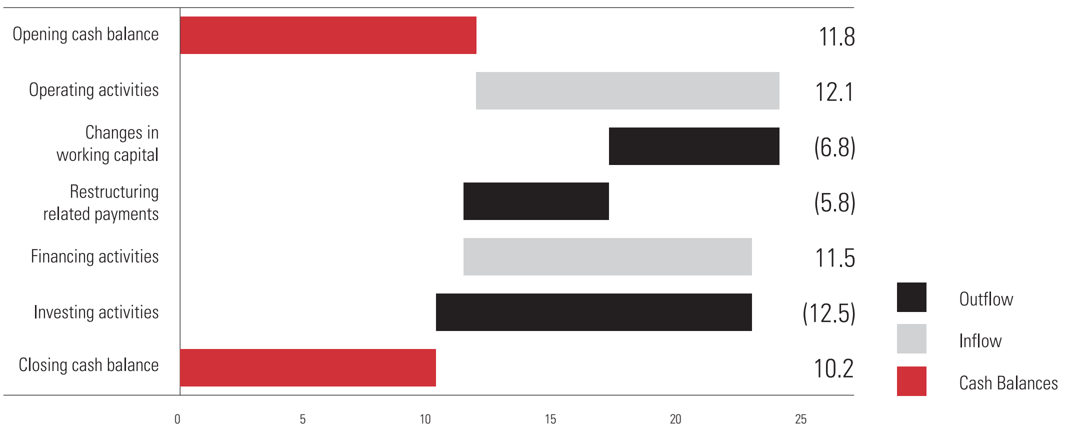
SPT and PT were USD (6.5) million (2017: USD (2.0) million) and comprised:

> SPT of USD (7.1) million (2017: USD (1.5) million) due to realised oil prices being above USD 50.01/bbl.

> PT credit of USD 0.6 million (2017: USD (0.5) million) which included the current year charge of USD (0.4) million and the reversal of the 2016 and 2017 accrual of USD 1.1 million.

Financial Review (continued)

Consolidated Statement of Cash Flows Analysis



Exceptional items

Exceptional items were USD (2.3) million (2017: USD 25.7 million credit) and comprised:

> Impairment of plant property, equipment, receivables, recompletions and inventory USD (2.6) million (2017: USD (0.6) million).

> Reversal of bad debt USD 0.2 million credit (2017: nil) for recovered VAT refunds in relation to 2013 previously written off.

> Restructuring USD (0.0) million (2017: USD 26.3 million credit).

> Unsecured creditors' compromised USD 0.1 million credit (2017: nil) relating to write off of remaining creditor balances compromised.

See Note 6 to Consolidated Financial Statements - Exceptional items for further details on page 77. The Group's operating loss after exceptional items was USD (2.0) million (2017: USD 27.6 million profit).

Net Finance Costs

In 2018, finance costs amounted to USD (2.1) million (2018: USD (2.3) million) and comprised:

> Unwinding of the decommissioning liability USD (1.6) million (2017: USD (1.6) million).

> Interest accrued on the CLNs USD (0.5) million (2017: (0.7) million).

See Note 7 to Consolidated Financial Statements – Finance Costs for further details on page 78.

Income Tax Expense

Taxation charge for 2018 of USD (1.3) million (2017: USD 0.03 million credit), and its components are described below.

> Increase in Deferred Tax Asset ("DTA") for the year with tax losses recognised of USD 1.8 million credit (2017: USD (1.3) million).

> Increase in Deferred Tax Liabilities ("DTL") for the year resulting from accelerated tax depreciation USD (3.1) million (2017: credit of USD 0.4 million).

> Unemployment Levy ("UL") USD (0.0) million (2017: USD 0.03 million credit).

See Note 8 to Consolidated Financial Statements – Taxation (expense)/credit for further details on page 78.

Cash inflow from operating activities

Operating Cash Flow ("OCF") was USD 12.1 million (2017: USD 8.7 million):

> Loss before income tax of USD (4.1) million (2017: USD 25.3 million profit) included non-cash items amounting to USD 16.2 million (2017: USD (16.7) million).

> Changes in working capital of USD (6.8) million (2017: USD 0.9 million inflow), primarily as a result of the increased level of trade receivables at the year end.

> Current income taxation paid USD (0.1) million outflow (2017: nil).

Cash outflow relating to the restructuring

Cash outflow relating to full and final repayment of T&T State Creditors amounted to USD (5.8) million (2017: USD (12.6) million).

Cash outflow from investing activities

Cash outflow from investing activities was USD (12.5) million (2017: USD (3.1) million):

> Expenditure on Property, Plant and Equipment for the year was USD (12.3) million (2017: USD (2.8) million) which mainly included 8 Onshore development wells, 17 recompletions and infrastructure upgrades.

> Expenditure on exploration and evaluation assets USD (0.2 million) (2017: nil).

> Expenditure on new software USD (0.0) million (2017: USD (0.3) million).

Cash inflow from financing activities

Cash inflow from financing activities was USD 11.5 million (2017: USD 10.3 million):

> Issue of shares (net of costs and conversion of CLN) USD 12.4 million (2017: 10.8 million).

> Repayment of CLN USD (0.9) million (2017: nil.).

> Issue of CLN (net of costs) nil (2017: USD 3.0 million) inclusive of interest.

> Settlement of the compromised Citibank loan nil (2017: USD (3.5) million).

Cash Plus Working Capital Surplus

		FY 2018 USD MM Audited	FY 2017 USD MM Audited[1]	FY 2017 USD MM Unaudited[2] Mgmt. View
A:	**Current Assets**			
	Cash and cash equivalents	**10.2**	11.8	11.8
	Trade and other receivables	**13.3**	5.2	5.2
	Inventories	**3.7**	3.8	3.8
Total Current Assets		**27.2**	20.8	20.8
B:	**Liabilities**			
	Non-current[3]			
	Trade and other payables	—	0.9	1.0
	CLN	—	3.0	7.0
Total Non-Current Liabilities		—	3.9	8.0
Current[4]				
Trade and other payables		**9.1**	10.1	10.2
Taxation payable		—	1.7	1.7
Derivative Financial Instrument		—	0.8	0.8
Total Current Liabilities		**9.1**	12.6	12.7
Total Liabilities		**9.1**	16.5	20.7
(A-B):	**Cash plus working capital surplus**	**18.1**	4.3	0.1

Notes:

1. States the amortised cost of the CLN and MEEI liabilities as stated in the Financials (see Notes 2, 23 and 25 to the financial statements)
2. States the Face Value of the CLN and MEEI liabilities as opposed to amortised cost stated in the audited financials
3. Non-Current Liabilities excludes Deferred tax liability & Provision for other liabilities
4. Current Liabilities excludes Provision for other liabilities

See Note 23 to the Consolidated Financial Statements – Convertible Loan Notes (net of costs) for further details on page 90 and 91 and see Note 19 to the Consolidated Financial Statements – Share Capital and Share Premium for further details on page 86.

Events since the Year End

1. On 2 January 2019 the Company issued awards under its Long-Term Incentive Plan ("LTIP"). The Company awarded the grant of Options over 2,824,000 ordinary shares (representing 0.735% of the Company's issued share capital) under the LTIP.

   The LTIP Awards are subject to the achievement of relative Total Shareholder Return ("TSR") performance targets measured over a 3 year performance period ending on 1 January 2021. These awards have been made in accordance with the policy announced to the market on 25 August 2017 and have been made to certain individuals in respect of the performance of the Group for the financial year ended 31 December 2017.

2. On 15 January 2019, the Group announced that the effective transition date to the new national oil company, Heritage, was 1 December 2018 and the restructuring process with Petrotrin was ongoing. There have been some delays in the receipt of payments for October and November crude oil revenues from Petrotrin with an amount outstanding of USD 6.7 million at year end. The Group has to date received USD 4.1 million of these delayed payments, with the remaining USD 2.6 million which is outstanding expected to be collected by the end of H1 2019.

Risk Management and Internal Controls

Aside from the generic risks that face all businesses, as a participant in the upstream oil and gas industry, the Group encounters and has to manage several business risks and uncertainties of varying degrees. Such risks and uncertainties include those listed below. These risks should not however be taken as a complete and comprehensive statement of all potential risks and uncertainties that the Group faces. Additional risks and uncertainties that are not presently known to the Board, or which they currently deem immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects.

Area	Description	Mitigation
Operational Risks		
HSSE	Management of HSSE risk exposure is key and of paramount importance to the Board and Executive Management Team. As a participant in the onshore and offshore development and production of oil, the Group is exposed to material risk in the event of a major safety incident, operational accident, weather related/natural disasters, pandemics, social unrest, any failure to comply with approved policies/processes or other external cause. Should such risks materialise the consequences could be injuries, loss of life, environmental damage and disruption to activities and financial loss.	These HSSE risks are managed through the Group's dedicated HSSE personnel and the Group's risk management and internal controls alongside third parties such as contractors and other operators the Group may partner with. The Group has insurance in place to cover such exposure up to recommended industry limits but should an incident occur of a scale in excess of these recommended limits, the Group would be fully exposed to the financial consequences. A fully comprehensive HSSE update is provided to the directors at every Board meeting, being one of the first items on the Agenda. In addition to this HSSE statistics are circulated to the Board on a monthly basis.
Production risk	The Group aims to manage natural production decline and grow production via RCPs, workovers, reactivations, swabbing and infill drilling. There is a risk that these measures do not deliver as prognosed and that production performance is below expectations for a variety of reasons including uncertain subsurface geology, reservoir and well performance. The Group produces from wells within fields both onshore and offshore and so is not reliant on any one well or field. However, certain wells and fields do contribute disproportionately to overall Group production. If mechanical or technical problems, storms or other events or problems affect the production on one or more of these key wells or fields, facilities or the downstream infrastructure, it may have direct and significant impact on a substantial portion of the Group's production. Long-term unscheduled or scheduled shutdowns of production may have a material impact on the business, as the Group will lose production income whilst also bearing its share of any continuing fixed operating expenditure along with associated remedial or repair works which may be unquantifiable at the outset and/or subject to cost overruns.	The Group ensures it has a wide suite of measures to minimise natural decline and grow production by having a dedicated technical team to continually review wells, optimise targets and generate and high grade new drilling targets. Production risks are mitigated by production being spread over 216 currently producing wells throughout three primary locations (onshore T&T, offshore east coast T&T and offshore west coast T&T). These risks are further mitigated by production coming from multiple reservoirs and the deployment of a range of production methodologies. The Group continues to seek to balance these risks by maintaining and building a portfolio of assets that carry a range of differing technical and commercial risks.

Area	Description	Mitigation
Development risk	The Group is participating in certain development projects notably the TGAL offshore development. The Group's ongoing development projects may, once they have reached the Final Investment Decision stage, involve advanced engineering work, extensive procurement activities and complex construction work to be carried out under various contract packages at different locations, both offshore and onshore. Furthermore, the Group (together with its licence partners), must carry out drilling operations, install, test and commission offshore installations and obtain governmental approval to take them into use, prior to the commencement of production. The complexity of such development projects makes them sensitive to circumstances which may affect the planned progress or sequence of the various activities, as this may result in delays or cost increases. The current or future projected target dates for production commencement may be delayed and significant cost overruns may incur due to delays, changes in any part of the development projects, technical difficulties, actual reserves not being as high as estimated, project mismanagement, equipment failure, natural disasters, political, economic, taxation, legal, regulatory uncertainties, terrorism and protests, which again may materially adversely affect the Group's future business, operating results, financial condition and cash flow. Ultimately, the Group may be unable to meet its ongoing share of expenditure and be forced to withdraw and/or default on its committed obligations, which would have a material adverse effect on the Group.	The Group is seeking to limit its exposure to any one aspect of development risk by taking projects forward in a measured and sequential manner with FEED ongoing and where possible outsourced to larger international contractors. The limited number of projects expected to be undertaken at any one time ought to reduce the probability of a development risk materialising.
Counterparty/ contractor exposure	Many aspects of operations and projects in the industry are undertaken by third party contractors and facilitated by suppliers. We rely on these counterparties to deliver on time, within budget and to a sufficient quality in a safe and ethical manner. Failure by counterparties to deliver on their commitments on time and within budget creates a risk of delay and/or overspend on any given project.	In order to mitigate this risk the Group pays competitive packages for products and services from carefully selected service suppliers. Where appropriate the Group will also enter into fixed cost turn-key supply arrangements.

Risk Management & Internal Controls (continued)

Area	Description	Mitigation
Commercial Risks		
Oil price risk	The market price of oil is affected by global supply and demand and can be very volatile and could be at a level below the operating costs of the Group for an extended period. This may not only reduce short-term cash flow required to meet the Group's commitments as they fall due, but also reduce the economic value and funding capacity of the Group's projects which may be significantly reduced in value or deemed uneconomic. There is particular risk when committing to long-term development projects and associated contracts or acquisitions based on assumed future oil prices.	Where and when appropriate the Group will put in place suitable hedging arrangements to mitigate the risk of a fall in oil prices. However, such arrangements only cover the short-term, leaving the Group exposed to any longer-term protracted period of low oil prices. The Group therefore seeks to maintain a low operating break-even to provide a natural hedge to mitigate against prolonged periods of low oil prices. This ensures Trinity's investment opportunities are robust to most plausible downside oil price scenarios.
Competition risk and cost inflation	There remains strong competition within the petroleum industry for the acquisition of good quality hydrocarbon assets. The Group competes with other oil and gas companies, many of which have greater financial resources than the Group, for the acquisition of such properties, licences and other interests as well as for the recruitment and retention of skilled personnel. The challenge to management is to secure assets and recruit and retain key staff without having to pay excessive premiums. In the current market many capital and operating costs have decreased. If the recovery in hydrocarbon prices is sustained we can expect a return of cost inflation which can have a major impact on both the cash outlay and economic viability of a project.	In formulating bids to acquire assets, the Group utilises experienced senior professionals within the Group to ensure that any bids are submitted at a competitive price that reflects the potential risked asset value and can generate appropriate returns for the Group's shareholders. Prior to any asset being evaluated, senior management review the target to ensure it fits within robust economic parameters.
Regulatory/Fiscal risk	The Group enters into commitments assuming a relatively stable fiscal regime and any material change represents a risk to the Group's ability to fund its operations and projects.	The Group operates in a jurisdiction with sophisticated tax authorities capable of assessing the adverse impact of any change in legislation before it is enacted.
Cash flow & financing risk	The ability to finance firm commitments, participate in the Group's developments (notably TGAL) and generally develop the Group's business depends upon: > cash flow from the Group's producing assets: cash flow is dependent upon a combination of factors including field performance (both reservoir and facilities), oil prices, fiscal regime and operating costs, most of which are substantially beyond the control of the Group; and > financing from the equity capital markets, debt finance, farm downs and other means. A number of the Group's development commitments and infill opportunities are long term in nature and there is no assurance that the Group will be successful in generating or obtaining the required financing. In those circumstances some interests may be relinquished, sold at an undervaluation and/or the scope of operations reduced or ultimately the Group may default on its obligations. In the event that sufficient funds are not available to finance the business, it would have a material adverse effect on the Group's financial condition and its ability to conduct operations.	The Group seeks to mitigate these risks through a number of measures including: > maintaining a diverse portfolio of oil and gas producing interests; > rigid financial discipline and maintaining a strong balance sheet; > the Board reviewing and approving the financial strategy of the Group; > regular review of short-term and longer-term cash flow forecasts by Executive Management and the Board; > maintaining strong relations with its institutional shareholders and banking organisations.

Area	Description	Mitigation
Uninsured liabilities	There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. In addition, the Group insures most of its assets in line with the insurance values prepared by the operators but there is no guarantee that such estimates will cover the full extent of any liability or indeed that such estimates are reflective of the actual replacement costs.	The Group maintains a range of energy and other insurance cover in accordance with industry practice. The insurances are reviewed annually and considered at Board level.
Cyber risks	The Group is at risk of financial loss, reputational damage and general disruption from a failure of its IT systems or an attack for the purposes of espionage, extortion or to cause embarrassment. Any failure of or attack against the Group's IT systems may be difficult to prevent or detect. The Group may not be able to recover any losses that may arise from a failure or attack.	The Group has a fully staffed IT department which ensures that the Group's systems are protected in so far as is practicable. In addition, the Group has internal policies in place to mitigate these risks, but no system is infallible. The Group has a comprehensive cyber security system that supports restricted access to network infrastructure assets, awareness programs and monitors probable and possible threats on a real time basis. The security of the cyber environment was upgraded during 2017 and regular updates are undertaken.
Dependence on key personnel	The Group is dependent upon its Executive Management and technical staff. There is a risk that the unexpected loss of services of any such member of staff could have a material adverse effect on the Group. Attracting and retaining additional skilled personnel is a key aspect of ensuring the development of the Group's business. As noted above (in relation to Competition risk and cost inflation), the Group faces significant competition for skilled key personnel in the oil and gas sector. There is no assurance that the Group will successfully attract new personnel or retain existing key personnel required to continue to develop its business and to execute and implement its business strategy.	In order to mitigate this risk the Group offers competitive remuneration and retention packages including bonus and long-term incentive plans to incentivise loyalty and good performance from the existing highly skilled workforce. Consideration is given to succession planning for members of the Executive Management / Board.

These risks and uncertainties are considered typical for an upstream oil and gas exploration and production group of the Group's size and stage of development and the Board continue to monitor these specific risks and uncertainties faced by the Group. Trinity continues to be run by a highly experienced Executive Management Team combining strong technical expertise with financial and transactional knowledge of the oil and gas sector. Trinity's strategy to managing these risks and uncertainties includes managing internal and external stakeholders both strategically and operationally whilst delivering production and maintaining financial and operational flexibility regardless of the macroeconomic environment.

Board of Directors

Executive Directors

Bruce Dingwall, CBE
Executive Chairman

(14 February 2013 to present)

Bruce has over 30 years' experience in the oil and gas industry. Bruce founded Trinity in 2005 with the acquisition of Venture Production Plc's Trinidadian assets. Bruce founded Venture Production in 1997 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 for over USD 2.0 billion following a hostile takeover. At the time of the takeover Venture was producing 45,000 barrels of oil equivalent per day ("boepd") and had reserves of 225 mmbbls.

Bruce is a Geologist and studied at Aberdeen University. He began his career with Exxon as a Geophysicist in the North Sea before moving to London and Scottish Marine Oil ("Lasmo") where he held numerous senior management roles in its South-East Asian operations.

Jeremy Bridglalsign
Executive Director

(11 January 2017 to present)

Jeremy is a qualified accountant (Chartered Institute of Management Accountants ("CIMA"), 2006) with a BSc. in Management Studies from the University of the West Indies (2000). Prior to joining Trinity in 2012, he worked in financial services at PricewaterhouseCoopers (T&T) and Operis Group plc (London), mainly in an advisory role on various transactions across a number of jurisdictions. In the past 7 years with Trinity, he has held roles across the financial, ICT and supply chain disciplines and assumed the role of Chief Financial Officer ("CFO") of Trinity in January 2016.

Non-Executive Directors

David Segel
Non-Executive Director

(11 January 2017 to present)

David is the Founding Partner of the Mako Group (est. 1999), a London based financial services business, and currently serves as the Mako Group's Chairman. He also operates a portfolio of businesses in media and technology. He co-founded Mpower Pictures, LLC in 2006, which is an independent motion picture production company. He co-founded The Video Genome Project ("The VGP") in 2013; a video metadata insights business that analyses the actual content of movies and television content which was acquired by Hulu in 2016. David has been on the Board of Alpha USA and Alpha International since 2004 and has served on the Advisory Board of the Yale Divinity School since 2011. He attended Yale University and earned a B.A. in Physics and Philosophy in 1986. David is a member of Trinity's Audit Committee and Remuneration Committee.

Independent Non-Executive Directors

Angus Winther
Non-Executive Director

(11 January 2017 to present)

Angus spent 27 years working in the investment banking industry, primarily advising clients in insurance and financial services. He co-founded Lexicon Partners, a London based investment banking advisory firm, in 2000 and was closely involved in the leadership of that firm until it was acquired by Evercore in 2011. He served as a senior adviser at Evercore until October 2016, when he left the firm to pursue other interests. He is a non-executive director of Hiscox Syndicates Limited (a Lloyd's managing agent) and the Ecclesiastical Insurance Office plc (a specialist insurance group) and a member of the advisory boards of Haggie Partners (a financial communications firm) and of the Mako Group (a London based financial services business) as well as a trustee of several charities. He has a degree in Politics from Durham University. Angus is the Chairman of Trinity's Audit Committee and a member of the Remuneration Committee.

Nicholas Clayton
Senior Independent Non-Executive Director

(28 November 2018 to present)

Nicholas has provided strategic and corporate finance advice to, and has been a non-executive director of, a number of public and private oil and gas companies since 2007. Prior to that, he held a series of senior oil and gas corporate finance roles, including Global Co-Head of Oil and Gas Corporate Finance for Canaccord Adams and Global Head of Oil and Gas Corporate Finance for Dresdner Kleinwort Wasserstein. He started his career with BP, before moving into financial services where he specialised in the oil and gas sector. He brings to the Board 37 years of experience within the oil and gas sector both as a practitioner, a director, and as an adviser. He currently serves as a Non-Executive Director of Alpha Petroleum Resources Limited. Nicholas is the Chairman of Trinity's Remuneration Committee and a member of the Audit Committee.

James Menzies
Independent Non-Executive Director

(23 June 2017 to present)

James is currently chief executive officer of Coro Energy plc, and is based in London. As a qualified Geophysicist, James brings to the Board a broad range of industrial and corporate expertise as he has thirty two (32) years of experience within the oil and gas industry both as a technical practitioner and as a Senior Executive.

James founded Salamander Energy plc in 2004 and was the Chief Executive Officer up until its takeover by Ophir Energy that valued the business at USD 850.0 million. James is a member of Trinity's Audit Committee and Remuneration Committee.

Corporate Governance

Chairman's Corporate Governance Statement

As Chairman of the Company I have a keen interest in ensuring that an effective and focused Board leads the business and builds upon its successes to date.

Following the requirement by AIM that all AIM listed companies comply with a recognised corporate governance code by 28 September 2018, the decision was made by the Board that the Company would adopt the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code'). The directors believe the QCA code to be the most appropriate recognised corporate governance code for the Company.

Strong corporate governance helps underpin the foundations of a solid and successful business. The Board is committed to ensuring good corporate governance, at Board level and throughout the operations of the business.

As Chairman it is my duty to ensure that good standards of governance are delivered and fed down throughout the organisation. The Board, as a whole, looks to instil a culture across the Company, delivering strong values and behaviours. The last few years was a time of rebuilding and strengthening for the Company. Throughout this period the importance of good governance and working for the benefit of all stakeholders has been at the forefront of the Board and executive management's thinking. As the Company enters the next phase of development I, as Executive Chairman, will work with the Board to build upon the existing values that are in place and ensure that good corporate governance and strong principles continue to be present throughout the organisation, for the benefit of all stakeholders.

Bruce Dingwall,CBE
Executive Chairman

QCA Principles

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance, commensurate with the size and nature of the Company and the interests of its shareholders. The Corporate Governance Code does not apply to companies admitted to trading on AIM and there is no formal alternative for AIM companies. However, the Quoted Companies Alliance has published the QCA Code, which includes a standard of minimum best practice for AIM companies and recommendations for reporting corporate governance matters. The Directors have adopted the QCA Code which they consider appropriate given the size and resources of the Company.

The QCA has 10 principles which the Company is required to adhere to and in relation to which the Company is required to make certain disclosures within its report and accounts and on its website www.trinityexploration.com.

This section outlines the 10 QCA principles and identifies how Trinity adheres to each in detail:

1. Establish a strategy and business model which promotes long-term value for shareholders

Trinity's strategy is focused on positioning the Group to create long-term shareholder value by developing and growing the resources base of our T&T based assets, whilst maintaining rigorous attention to cost control, capital deployment and value creation.

Our Business Model and Strategy is clearly articulated on page 12 and outlined in pages 5 to 8 of the Strategic Reports.

The Board keeps abreast of the key challenges associated with protecting the Group from unnecessary risk and securing its long-term future. We achieve this through regular reviews and meetings with all stakeholders, and the ongoing identification, evaluation and mitigation of risks. This is crucial to keeping the level of risk associated to activities within the Group to an acceptable level.

Details of the key risks for the business and how these are mitigated can be found on pages 24 to 27.

2. Seek to understand and meet shareholder needs and expectations.

The Company welcomes the opportunity to maintain an ongoing open dialogue with its shareholders, to ensure that it is able to understand and meet shareholder needs and expectations.

General inquiries can be submitted directly to the Company or our PR advisors (Walbrook PR) by either calling +1 868 612 0067 or emailing info@trinioil.com or trinityexploration@walbrookpr.com. The Executive Directors and the Company's PR advisors seek to respond to shareholder queries directly (whilst remaining cognisant of the Market Abuse Regulations' restrictions on inside information and the requirements of the AIM Rules for Companies). Non-deal roadshows are arranged throughout the year to meet with existing and potential new shareholders to maintain, as much as possible, an ongoing dialogue.

Our Senior Independent Director, Nicholas Clayton, is also available to discuss any issues or concerns that shareholders may have regarding the Company's performance and its governance arrangements.

Our AGM is an annual opportunity for all shareholders to meet with the Chairman and other members of the Board, including the CFO and the Senior Independent Director. The meeting is open to all shareholders, giving them a forum for two-way communication and the opportunity to raise issues during the formal business or more informally following the meeting.

At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. Our registrars, Link Asset Services, count the proxy votes which are properly recorded and the results of the AGM are announced through an RNS.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code. In the event that a significant proportion of votes was ever cast against a resolution, the Company would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and where appropriate, any different action it has taken, or will take, as a result of the vote.

3. Take into account wider stakeholder and social responsibilities and their implications for long term success

The Board recognises that the long-term success of the Company is dependent upon the efforts of its directors and employees, and those of our contractors, suppliers, JV partners and regulators.

The Company is committed to being honest and fair in all its dealings with its partners, contractors, suppliers and key stakeholders and encourages the same in return. The Group expects its partners, suppliers and operators to adhere to business principles which are aligned to its own.

QCA Principles (continued)

Delivery of our business model is underpinned by our core values of Behaviour, Rigour and Purpose:

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

We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered. The T&T employees are given the opportunity to participate in regular Town Hall Meetings, an open forum attended by members of the Executive Management Team which take place on a quarterly basis (and ad hoc as required). Employees' opinions and suggestions are considered and valued, particularly with regards to HSSE matters through the SMART card system.

Delivery of our business model is underpinned by our core values of Behaviour, Rigour and Purpose:

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board understands that the Group's financial standing and reputation may be impacted by various risks, not all of which are within its control. It believes that the principal risk categories for the business are: corporate/strategic; JV misalignment; operational (exploration, development and operating); financial; political/regulatory; HSSE and management/organisational. The risk management framework and processes adopted by the Board involve the identification, assessment, mitigation, monitoring and reporting of all key risks on a regular basis to minimise the impact of such risks. An element of risk is inherent to the Group's activities of oil and gas exploration and development and as such the Board has established formal arrangements for determining the extent of exposure to the risk.

The Board is responsible for regularly reviewing and considering the key risks and uncertainties facing the business. Newly identified risks are noted and communicated throughout the organisation.

The principal risk areas for the business and the respective mitigating actions are listed in the key risks on pages 24 to 27.

5. Maintain the Board as a well-functioning, balanced team led by the chair.

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent. The Board is currently six strong, and has a 1/3, 1/3, 1/3 balance between executive, non-executive directors and independent non-executive directors.

The Board believes that all of the non-executive directors are independent in character and judgement and have the range of experience and calibre to bring independence on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. However, two of the non-executive directors (David Segel and Angus Winther) are not deemed to be independent under the QCA Code given their significant interests in the Company's shares.

During 2018 the Board appointed Nick Clayton as Senior Independent Director. This is an important step in bringing the governance structure of the Board more into line with the requirements of QCA Code and general good governance. Mr Clayton's appointment helps assist with the independence required given the Company has an Executive Chairman and two of the non-executive directors are not deemed to be independent under the QCA Code.

The Board, led by the Chair, has the necessary skills and knowledge to discharge their duties and responsibilities effectively, setting clear expectations and ensuring stringent measures for corporate governance standards are met particularly in relation to executive remuneration, accountability and audit.

The Board meets as regularly as necessary. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. Appointments to the Board are made by the Board as a whole and so the Company has not created a Nomination Committee.

6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities.

The Board comprises the Executive Chairman, 4 non-executive directors and 1 executive director, the Chief Financial Officer. The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.

Whilst the Board recognises that having an Executive Chairman is not considered best practice under the QCA Code, Bruce Dingwall's role as a member of the executive team continues to be extremely important in leading the business forward. The Company at present does not have a Chief Executive Officer. The role of the Chairman and the potential appointment of a Chief Executive Officer will continue to be reviewed periodically by the Board.

The Company is mindful of the issue of gender balance, although Board appointments are made with the primary aim of ensuring that the candidate offers the required skills, knowledge and experience. It is noted that there are currently no female members of the Board. However, the Company has a female Country Manager, Nirmala Maharaj, as well as a female Corporate Development Manager, Tracy Mackenzie, in the Executive Management Team and embraces equality across the work place.

The Board is also mindful of the need for considering succession planning.

Biography details of the Board of Directors are outlined on pages 28 and 29.

7. Evaluate Board performance on clear and relevant objectives, seeking continuous improvement.

Internal evaluation of the Board, its Committees and individual directors is important and will develop as the Company grows in the future. The expectation is that, going forward, Board reviews will be undertaken on an annual basis to determine the effectiveness and performance in various areas as well as the Directors' continued independence.

Whilst the Board has not undertaken any formal training, this is something that will be considered as the business grows and the Board is further established. The Directors have a wide knowledge of the business and requirements of Directors' fiduciary duties. The Directors receive briefings and updates from the Company's advisors (legal, auditors, NOMAD and broker) on developments and initiatives as they deem appropriate. All Directors receive regular Boardroom briefings from Trinity's legal advisors (Pinsent Masons) and the Company's auditors brief the Audit Committee on accounting and regulatory developments impacting the Company. Individual directors may engage external advisors at the expense of the Company upon approval by the Board in appropriate circumstances.

8. Promote a corporate culture that is based on ethical values and behaviours.

The Directors are committed to promoting positive ethical values and behaviours across the Group as a whole. The Directors are mindful of the industry that the business operates in and take all issues of ethical values and behaviours very seriously.

The Board is very aware that the tone and culture set by it will greatly impact all aspects of the Group's performance. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the long term performance of the Company. The importance of delivering success whilst maintaining a safe environment is continually stressed by the Board and the Executive Management Team.

Maintaining sound ethical values and behaviour is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this and seeks to ensure that this flows throughout the organisation. The Company's Employee Manual is in place, which is provided to staff as part of their induction and can be accessed at all times. Staff are made aware that they must adhere to the standards set out in the Company's Employee Manual at all times and are encouraged to ask questions and seek clarification on any uncertainties. The Board's assessment of the culture within the Company at the present time is one where there is respect for all individuals, open dialogue is actively encouraged and there is commitment to best practice and continuous improvement.

Anti-corruption & anti-bribery training is compulsory for all staff and contractors and the anti-bribery statement and policy is contained in the Company's Employee Manual as well as on the Company website. The Company's expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the Company.

A Whistleblowing policy is also in place which enables staff to confidentially raise any concerns. The Company considers it essential that all staff should be made to feel safe in their environment and therefore has the means available to freely discuss any issues that arise. Strong financial controls are in place and are well documented. Staff are annually provided with refresher courses to ensure that the issues of bribery and corruption remain at the forefront of peoples' mind. The Country Manager has assumed the role of whistleblowing officer.

A Delegation of Authority is in place which details the authorisation process and accountability in the organisation detailing the financial, corporate and operational controls that are in place.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Board retains full and effective control over the Company. The Board schedule provides for 5 board meetings per annum and, in addition, meets on an ad-hoc basis as required. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting and Board and Committee papers are typically distributed 1 week before meetings take place. Any Director may challenge the Executive Management's proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

The Executive Chairman has overall responsibility for corporate governance and the promotion of high standards throughout the Group. He leads and chairs the Board, ensures that committees are properly structured and operate within the appropriate terms of reference. He also leads in the development of strategy and setting objectives, and oversees communication between the Group and its shareholders.

The Senior Independent Director is an important interlocteur between shareholders and the Board, especially in cases where contact via the normal channel of the Chairman or Executive Directors has failed to resolve an important issue. The Senior Independent Director also acts as a sounding board for the Chairman and an intermediary for other Directors. He is responsible for holding regular informal meetings with other Directors and is responsible for leading the annual appraisal of the Chairman's performance.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in the day-to-day operation of the Group, providing executive leadership to Managers, championing the Group's core values and promoting talent management.

The Non-Executive Directors and Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the Executive Directors and ensure that the Group is operating within the governance and risk framework approved by the Board.

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational and other reports are considered and where appropriate

QCA Principles (continued)

voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues.

There are certain matters that are reserved for the Board, they include:

- approval of the Group's strategic aims and objectives;
- approval of the Group's annual operating and capital expenditure budgets and any material changes to them;
- review of Group performance and approving any necessary corrective action that is to be taken;
- extension on the Group's activities into new business or geographical areas;
- any decision to cease to operate all or any part of the Group's business;
- major changes to the Group's corporate structure and Management and control structure;
- any changes to the Company's listing;
- changes to governance and key business policies;
- ensure maintenance of a sound system of internal control and risk management;
- approval of half yearly and annual report, accounts and preliminary announcements of final year results;
- review material contracts and contracts not in the ordinary course of business.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this Code on an annual basis and revise its governance framework as appropriate as the Group evolves.

The Board has a Remuneration Committee and Audit Committee, further details relating to which are set out below. The Board has made the decision not to have an HSE Committee. HSE is considered to be of the upmost importance to the Board and throughout the organisation. An HSE report is provided and a verbal update given at every Board meeting, being one of the first items on the agenda. At present the directors feel that HSE matters being discussed by the Board in its entirety is of benefit. At some stage, especially if the operations of the business grow significantly, the decision may be made to establish an HSE Committee.

The Remuneration Committee

The Remuneration Committee is responsible for determining and recommending to the Board the remuneration of the Company's Chairman, Executive Directors and other members of the Executive Management Team. It is also responsible for the design of all share incentive plans and the determination of individual awards to Executive Directors and other senior executives and the performance targets to be used.

The Remuneration Committee currently comprises of Nicholas Clayton (Chairman), James Menzies, David Segel and Angus Winther. The Committee generally meets twice a year.

The Audit Committee

The main functions of the Audit Committee include monitoring the integrity of the Company's financial statements and reviewing the effectiveness of the Company's internal controls and risk management systems. The Audit Committee makes recommendations to the Board in relation to the appointment of the Company's auditors, overseeing the approval of their remuneration and terms of engagement and assessing annually their independence, objectivity and effectiveness. It also ensures that the Company is compliant with its relevant regulatory requirements.

The Audit Committee currently comprises of Angus Winther (Chairman), James Menzies, David Segel and Nicholas Clayton. The Audit Committee generally meets three times a year.

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10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board places a high priority on transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders. The Board recognises the importance of engaging with all stakeholders including investors, partners, suppliers, media, communities and the T&T Government.

The primary communication tool with our shareholders is the Company's website, www.trinityexploration.com.

The Company's Annual Report and Notice of Annual General Meetings (AGM) are mailed to all shareholders. The Interim Report and other investor presentations are also available for the last 6 years and can be downloaded from our website.

Our shareholders are also kept up to date through Regulatory News Service, ("RNS") on regulatory matters and matters of material substance. Quarterly updates are provided to the market and any deviations to these updates are announced through RNS.

The Company also communicates with shareholders and potential investors through a variety of other methods including investor presentations, analyst meetings, social media (Twitter, LinkedIn), PR media, emails and one-on-one and group meetings. The Executive Chairman and, as necessary, the Senior Independent Director liaises regularly with the Company's major shareholders and other relevant stakeholders and ensures that their views are communicated to the Board. Encouraging effective two-way communication with shareholders encourages mutual understanding and better connection with them. The benefits include improved transparency of information on the business and its performance, appropriate consideration of all shareholders views, as well as instilling trust and confidence to allow informed investment decisions to be made by the Board.

On behalf of the Board

Bruce Dingwall, CBE
Executive Chairman

3 April 2019

Audit Committee Report

2018 was a significant year for the Group, with the completion of the USD 20.0 million Fundraise, repayment of the remaining amounts due to the T&T State Creditors, redemption of the CLNs and re-commencement of Onshore drilling all having a significant impact on the Group's accounts. The Audit Committee has also overseen the Group's transition to a new software accounting package, the implementation of new accounting standards and the move to a more timely publication of its preliminary and interim results.

Angus Winther
Audit Committee Chairman

2018 Highlights

> Review and approval of key financial reporting issues, assumptions, judgements and accounting particularly around complex calculations including, impairments, provision for decommissioning, deferred taxes and going concern assessment

> Focus on new accounting standards, especially IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and, for 2019 onwards, IFRS 16 Lease Accounting

> Appointment of Senior Independent Director Nicholas Clayton as a member of the Audit Committee

> Review of the Group's financial reporting procedures

> Review of the PricewaterhouseCoopers 2018 Audit Report and 2018 Interim Review Report

> Review of the financial restructuring of the Group in 2018 including the Fundraise, T&T State Creditor repayments and CLN redemption

Audit Committee Report (continued)

An important part of the role of the Audit Committee is its responsibility for reviewing the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk. The latter two areas are integral to the Group's core management processes and the Committee devotes significant time to their review.

An essential part of the integrity of the financial statements lies around the key assumptions and estimates or judgments to be made. The Committee reviews key judgments prior to publication of the financial statements at both the end of the financial year and at the end of the 6 month interim period, as well as considering significant issues throughout the year. In particular, this includes reviewing any subjective material assumptions within the Group's activities to enable an appropriate determination of asset valuation, provisioning and the accounting treatment thereof. The Committee reviewed and was satisfied that the judgments exercised by management on material items contained within the Report and Financial Statements are reasonable.

Although not a member of the Audit Committee, the CFO is invited to attend meetings. The Committee has engaged PricewaterhouseCoopers LLP ("PwC") to act as external auditors and they are also invited to attend Committee meetings, unless they have a conflict of interest. During the year, the Committee met 3 times and the members' attendance record at Committee meetings during the financial year is set out in the Director's Report on page 46.

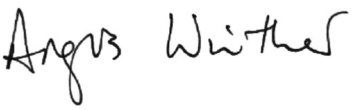
The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness and the requirements for an internal audit function in the context of the Group's overall risk management system. The Committee is satisfied that the Group does not currently require an internal audit function; however, it will continue to periodically review the situation.

The external auditors, PwC, were first appointed in 2013. The Trinity Group fee to PwC for the financial year to 31 December 2018 is USD 0.3 million. The Audit Committee undertakes a comprehensive review of the quality, effectiveness, value and independence of the audit provided by PwC each year, seeking the views of the wider Board, together with relevant members of the Executive Management.

Responsibilities

The Committee reviews and makes recommendations to the Board on:

> any change in accounting policies
> decisions requiring a major element of judgement and risk
> compliance with accounting standards and legal and regulatory requirements
> disclosures in the interim and annual report and financial statements
> reviewing the effectiveness of the Group's financial and internal controls
> any significant concerns of the external auditor about the conduct, results or overall outcome of the annual audit of the Group
> any matters that may significantly affect the independence of the external auditor



Angus Winther
Chairman of the Audit Committee

3 April 2019

"From a remuneration perspective, 2018 was a period of realignment in terms of the remuneration paid to the Executive Directors and Executive Management Team. Remuneration was below market but improved corporate performance has enabled the Board to adjust salaries, bonuses and benefits back towards market levels. Further adjustments which take effect in 2019 will complete the transition."

Nicholas Clayton
Remuneration Committee Chairman

Annual Statement by the Remuneration Committee Chairman

Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board regarding the framework for the remuneration of the Executive Directors and other members of Executive Management. The Committee works within its terms of reference, and its role includes:

> Review, evaluate, determine and agree with the Board, the Remuneration Policy for all Executive Directors and under guidance of the Executive Directors, other members of Executive Management Team.
> Ensure executive remuneration packages are competitive.
> Determine whether annual bonus payments should be made and recommending levels for individual executives.
> Determine each year whether any awards/grants should be made under the incentive schemes and the value of such awards.
> Consider any new long-term incentive scheme awards and performance criteria.
> Agree Directors' service contracts and notice periods.

During the year, PwC provided general advice to the 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 Committee is satisfied that advice received from PwC during the year was objective and independent.

Remuneration Committee Report (continued)

2018 Performance and Review

> **Fundraise:** On 11 July 2018, Trinity shareholders approved a USD 20.0 million fundraise at a General Meeting. The net proceeds of this fundraising event supplemented the Company's existing cash resources and forecast cash flow from operations, which together were intended to be applied as follows:

i. Debt Repayments:

- Repaid outstanding balances to the T&T State Creditors
- Repaid CLN balances due to noteholders:

ii. Growth:

- **Funding of organic growth:** capital expenditure and associated infrastructure investment to accelerate its T&T onshore drilling programme, positioning the Company to grow production at more than 10% per annum in the short-term. As a result of a largely fixed operating cost base this should enable the Company to generate significant free cash flow and self-fund new onshore drilling activity and sustain growth from 2020 onwards; and
- **Funding of acquisition-led growth:** to selectively pursue acquisitions and other value accretive opportunities that become available in the future.

iii. Working Capital:

- To maintain adequate levels of working capital to ensure that all near term operational funding requirements are met.

> **Debt free declaration:** In August 2018 the Company declared its status as debt free post repayment of:

- USD 3.8 million to the T&T State Creditors
- USD 0.9 million to the remaining 12% of the CLN holders who had not elected to convert their CLNs into ordinary shares as part of the Fundraise.

> **Enlarged Board:** The Board's composition has also increased during 2018, with the appointment of myself as Senior Independent Non-Executive Director on 28 November 2018. The Board will continue to serve and support Trinity with complementary backgrounds and skillsets to continue to steer Trinity through its growth phase.

> **Key pay outcomes:**

- Bruce Dingwall's base salary for 2018 was USD 250,000 (2017: USD 161,819). Effective 1 January 2019 the Executive Chairman's salary has been revised to USD 360,000 per annum
- Jeremy Bridglalsingh's base salary for 2018 was USD 180,000 (2017: USD 135,000). Effective 1 January 2019 the Executive Director's salary has been revised to USD 240,000 per annum

We believe that these adjustments to salaries bring them more into line with market norms. Trinity is committed to maintaining an open and transparent dialogue with Shareholders on all aspects of Remuneration within the Group.

Nicholas Clayton
Remuneration Committee Chairman

3 April 2019

Review and Approval Process

The Company prepares the Remuneration Report on an annual basis and presents it to the Remuneration Committee alongside the existing Remuneration Policy. The Committee would review and evaluate the content and would advise of any amendments or recommendations before final approval is granted for publication.

Remuneration Policy Table – Executive Directors

Bruce Dingwall, CBE maintained the role of Executive Chairman and Jeremy Bridglalsingh served as Executive Director throughout 2018.

The main components of the Remuneration Policy and how they are linked to and support the Company's business strategy, are summarised below:

Element	Operation	Maximum opportunity	Performance assessment
Base salary			
Reflects level of responsibility and achievement of the individual	Salaries are reviewed as required by the Remuneration Committee and adjustments are made accordingly. When determining salaries for the Executive Directors the Committee takes into consideration: > Market data; > Local market employment conditions; > Salary increases awarded to other employees in the Group. Salaries are benchmarked periodically against comparable roles at companies of a similar size, complexity and which operate primarily in the exploration & production sector and the AIM market.	Any salary increases in future years will be determined by the Remuneration Committee.	Not applicable.
Annual bonus			
The annual bonus aligns reward to key Group strategic objectives agreed by the Committee and drives short term performance of the Company.	Executive Directors may participate in an annual performance driven bonus scheme. The performance period is 1 financial year.	Maximum: 100% of base salary. This can be exceeded in exceptional circumstances at the discretion of the Committee. It may also be paid wholly or in part in shares, or deferred at the discretion of the Committee. There is no contractual obligation to pay bonuses.	A performance scorecard will be used as a guide by the Committee, which can be overridden based on a broader assessment of overall Company performance. The measures are determined by the Committee, typically at the commencement of the financial year.
Pension			
To provide competitive levels of retirement benefit.	Salary supplement in lieu of pension contributions for both Executive Directors.	Up to 10% of base salary.	Not applicable.

Directors' Remuneration Report (continued)

Element	Operation	Maximum opportunity	Performance assessment
Long-Term Incentive Plan ("LTIP")			
The LTIP aligns Executive Director interests with those of Shareholders and drives superior long-term performance.	Under the LTIP, Executive Directors and other members of the Executive Management may be provided with awards in the form of a conditional shares or nil-cost options.	In 2017, a one-off grant was made to the Executive Directors and other Executive Management, further details of which can be found on page 47. In future, aggregate annual awards made to Executive Directors and other Executive Management will normally be capped at 1% of the market capitalisation of the Company. Awards under the LTIP are non-contractual.	Annual awards will normally vest at the end of a 3 year period subject to performance conditions. Further details of the performance conditions of these awards can be found on pages 42 and 43.
Other benefits			
To provide competitive levels of employment benefits.	The Committee may provide a benefits package to Executive Management at its discretion. Reviewed periodically to ensure benefits remain market competitive.	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.
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 2 times their salary within a 5 year period.	Not applicable.	Not applicable.

Executive Directors' service contracts

The Company's policy on Directors' service contracts are indicated below:

Director	Effective term	Notice period
Bruce Dingwall, CBE	Rolling with no fixed expiry date.	6 months
Jeremy Bridglalsingh	Rolling with no fixed expiry date.	6 months

Non-executive director remuneration

Nicholas Clayton was appointed as Senior Independent Director on 28 November 2018. James Menzies was appointed as Non-Executive Director and Chairman of Remuneration Committee on 23 June 2017 after Jonathan Murphy's resignation was announced, and Angus Winther was appointed Chairman of the Audit Committee with effect from that date. Mr Clayton since joining the Board has assumed the role of chairman of the Remuneration Committee, in place of Mr Menzies, who remains on the Remuneration Committee.

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 which operate in the exploration & production sector. Fee levels are reviewed annually.	Fees are to be paid on a quarterly basis to Non-Executive Directors. Whilst there is no maximum individual fee level, fees are set at a level which is considered appropriate to attract and retain the calibre of individual required by the Company. Fee increases may be made in line with the market and to take into account the time commitment and duties involved. Non-Executive Directors do not participate in any variable remuneration element or any other benefits arrangements.	Not applicable.

Annual Report on Remuneration

This section of the Remuneration Report contains details of how the Company's Remuneration Policy was implemented for Directors in 2018.

Executive Remuneration

The table below sets out the single total figure of remuneration and breakdown for each Director paid for the 2018 financial year. Comparative figures for 2017 have also been provided where applicable.

	Bruce Dingwall, CBE[1]		Jeremy Bridglalsingh[2]	
All figures expressed in USD	**2018**	2017	**2018**	2017
Base Salary	**250,000**	161,819	**180,000**	135,000
Taxable Benefits [3]	**25,000**	16,182	**24,622**	24,276
Annual Bonus	**125,000**	125,000	**90,000**	125,000
Pension	**—**	—	**18,000**	13,500
LTIPs	**—**	—	**—**	—
Total	**400,000**	303,001	**312,622**	297,776

Notes:

1. Bruce Dingwall, CBE – Executive Chairman effective 13 November 2015 (previously Executive Chairman appointed 14 February 2013 to 8 April 2015, Non-Executive Chairman 8 April 2015 to 13 November 2015).
2. Jeremy Bridglalsingh – Executive Director effective since 11 January 2017
3. Taxable benefits include: Chairman's benefits allowance which is 10% of salary and vehicle allowance in favour of Executive Director.
4. Foreign Exchange ("FX") Conversions:
   i. GBP fees were converted to USD using an exchange rate of 1: 1.3469 for 2018 (2017: 1: 1.3081).
   ii. TTD fees were converted to USD using an exchange rate of 1: 6.7615 for 2018 (2017: 1: 6.7509).

Directors' Remuneration Report (continued)

Additional Details on single Figure Table

Annual bonus:

An approved bonus scheme for 2018 was approved by the Remuneration Committee and an annual bonus was paid to Executive Management in February 2019.

Long-Term Incentive Plan ("LTIP"):

The LTIP comprises an important aspect of Trinity's remuneration philosophy and allows Management to share in the Company's success when the business strategy is executed successfully.

2019 Grant of LTIP's

On 2 January 2019 the Company issued awards under its LTIP in accordance with the policy announced to the market on 25 August 2017 in respect of the performance of the Company for the financial year ended 31 December 2017. It is anticipated that, going forward, annual awards shall be made shortly after the announcement of the preliminary results.

The Company announced the grant of Options over 2,824,000 ordinary shares (representing 0.735% of the Company's issued share capital) under the LTIP on 2 January 2019, including the awards to Executive Directors shown in the table below.

Name	Position	Number of Ordinary Shares Subject to the Option
Bruce Dingwall	Executive Chairman	664,219
Jeremy Bridglalsingh	Chief Financial Officer	478,238

The above Options will vest on 1 January 2021, subject to meeting the performance criteria set and continued employment in the Company. The Options are exercisable at nil cost by the participants.

The LTIP Awards are subject to the achievement of relative Total Shareholder Return ("TSR") performance targets measured over a three year performance period ending on 1 January 2021. The amounts shown above represent the maximum possible opportunity.

TSR is the increase in share price plus the value of any dividends paid over a period of time and captures the full return shareholders see on an investment. Relative TSR is the comparison of these returns against peer companies over a set period of time. For Trinity, the performance will be assessed over a three year period.

The Relative TSR ranking will be determined by calculating the three month average TSR to the end of the performance period and dividing this by the three month average TSR to the beginning of the performance period for all companies in the agreed comparator group. Companies will be ranked on this basis with the highest performing company ranked first. The share price used to calculate the start of the TSR calculation in respect of these awards is based on the three month average TSR leading into 31 December 2017, being 16.77p.

The amount of the award which will vest at the end of the three year period is based on performance against a comparator group. Threshold vesting occurs when Trinity is ranked at median against the comparator group and maximum vesting occurs when Trinity is ranked at upper quartile (or above). The table below shows the level of vesting at threshold and maximum:

Vesting occurs on a straight line basis between threshold and maximum.

Performance	Vesting
Below the Median	None of the award will vest
Median (50th percentile)	30% of the maximum award will vest
Between Median and Upper Quartile	Straight Line basis between these points
Upper Quartile (75%)	100% of the maximum award will vest.
Above the Upper Quartile	100% of the maximum award will vest

2017 Grant of one-off awards

On 25 August 2017 Trinity issued awards under its LTIP to the Executive Directors and other key employees.

The Company wished to recognise the need to ensure that Management is retained and incentivised to grow the value of the business and generate shareholder returns over its next phase of development following the funding and share reorganisation in January 2017.

The Company believed that this one-off award will give Management the opportunity to build up a meaningful shareholding in Trinity which further aligns its interest with shareholders and will help maintain the culture within Trinity which encourages strong and sustained corporate performance that drives absolute returns to shareholders over the longer-term. As a result, the Company announced the grant of Options over 25,415,998 ordinary shares (representing 9% of the Company's issued share capital) under the LTIP on 25 August 2017, including awards to the Executive Directors; Bruce Dingwall, CBE (9,022,129 ordinary shares) and Jeremy Bridglalsingh (5,171,221 ordinary shares).

The Options will vest on 30 June 2022, subject to meeting performance targets relating to:

> In respect of 70% of the award, the Company's share price growth from the 2017 placing price of 4.98 pence per share. If the 3 month Volume-Weighted Average Price ("VWAP") at the testing date is 35 pence or more per share, this part of the award will vest in full. If the VWAP at the testing date is 4.98 pence per share or less, this part of the award will not vest at all. If the VWAP at the testing date is between 4.98 pence and 35 pence per share, this part of the award will vest on a pro-rated straight-line basis;

> In respect of 20% of the award, full repayment of the amount due to the BIR on or before 30 September 2019, in accordance with the terms of the Creditors' Proposal approved in 2017. The final payment to the BIR under the Creditors' Proposal occurred on [x] 2018; and

> In respect of 10% of the award, redemption of all the CLNs issued in January 2017 before the second anniversary of their issue. The CLNs were redeemed pursuant to and following the Fundraising in 2018.

The Options will vest in whole or in part on 30 June 2020 or 30 June 2021 to the extent that the relevant performance conditions have been met. Subject to meeting these conditions and continued employment in the Company, the Options are exercisable at nil cost by the participants.

The Company may in future make additional one off awards in respect of Options over a further 2,824,000 ordinary shares (representing an additional 1% of the Company's issued share capital as at 25 August 2017) on the same terms as the 2017 LTIP Awards. It is intended that such awards, if made, will be to newly recruited employees or to award exceptional performance.

The current intention of the Company is that the aggregate number of ordinary shares that may be issued or reserved for issuance under awards granted pursuant to the LTIP may not exceed 15% of the Company's issued share capital. This includes the 10% relating to the one-off 2017 LTIP Awards and up to 1% per annum for future awards.

2013 Conditional award

Conditional LTIP awards were granted in the 2013 financial year to Bruce Dingwall, CBE which amounted to 189,000 options. The conditional award of shares was granted in the form of nil-cost options. The vesting of these options were subject to 2 performance targets; stretching reserves growth and absolute returns targets. The performance was tested at the end of the 2015 financial year and subject to a further holding period of 2 years. The performance targets were not met and the options did not vest in 2017.

Directors' Remuneration Report (continued)

Non-Executive Directors

2018 Non-Executive Director fees

	USD Equiv.
Basic Fee	53,876
Audit Committee Chairman	13,469
Remuneration Committee Chairman	6,735

All figures expressed in USD	Director Fees 2018	Director Fees 2017	Committee Chairman Fees 2018	Committee Chairman Fees 2017	Total 2018	Total 2017
Non-Executive Directors						
Angus Winther [1]	**53,876**	50,890	**13,469**	6,845	**67,345**	57,735
David Segel	**53,876**	50,890	**—**	—	**53,876**	50,890
Jonathan Murphy [2]	**—**	24,943	**—**	9,354	**-**	34,297
Independent Non-Executive Directors						
James Menzies [3]	**53,876**	27,524	**6,107**	3,423	**59,983**	30,947
Nicholas Clayton [4]	**5,019**		**627**		**5,646**	
Total	**166,647**	154,247	**20,203**	19,622	**186,850**	173,869

Notes:

1. Angus Winther – Non-Executive Director effective 11 January 2017 and appointed Audit Committee Chairman effective 23 June 2017. Fees include Non-Executive Director and Audit Committee Chairman Fees during 2018.
2. Jonathan Murphy – Non-Executive Director (appointed 14 February 2013 - 23 June 2017), appointed Remuneration Committee Chairman 14 February 2013 to 23 June 2017 and appointed Audit Committee Chairman 1 September 2015 to 23 June 2017. Fees include Non-Executive Director, Remuneration Committee Chairman and Audit Committee Chairman Fees during 2018.
3. James Menzies – Independent Non-Executive Director and appointed Remuneration Committee Chairman effective 23 June 2017 to 23 November 2018. Fees include Non-Executive Director and Remuneration Committee Chairman Fees during 2018.
4. Nicholas Clayton – Senior Independent Non-Executive Director and appointed Remuneration Committee Chairman effective 28 November 2018. Fees include Non-Executive Director and Remuneration Committee Chairman Fees during 2018.
5. Non-Executive Director Fees are paid in GBP and were converted to USD using an exchange rate of 1: 1.3469 for 2018 (2017: 1: 1.3081)

Company Remuneration Spend

The following table indicates the Group's total remuneration for 2018:

Director & Key Managers 2018	Director & Key Managers Total[1] 2017	Other Employees 2018	Other Employees Total 2017	Total Remuneration 2018	Total Remuneration Total[2] 2017	Director & Key Managers: Total Remuneration 2018	Director & Key Managers: Total Remuneration % 2017	Year-on-Year Remuneration Change Director & Key Managers %	Year-on-Year Remuneration Change Other Employees %
1.9	1.4	**6.1**	6.1	**8.0**	7.5	**24%**	19%	**36%**	0%

Note:

1. Refer to Note 26(c) Related Party Transactions – Key Management and Directors' compensation in the Financial Statements on page 94.
2. Refer to Note 31 Employee Costs on page 96.
3. All figures expressed in USD million.

Statement of Executive Directors' Shareholding

The table below summarises the Executive Directors' interests in shares at 31 December 2018:

				Outstanding interests			
	Shareholding			Interests subject to conditions		Vested but unexercised interests	
Director	Current shareholding (% salary)	Beneficially owned shares	Options - Mirror Scheme	Share interests – LTIP	Options/ Mirror Scheme	Share interests - LTIP	**Total held at 31 December 2018**
Bruce Dingwall, CBE	545%	13,486,114	—	9,022,129	625,908	—	**23,134,151**
Jeremy Bridglalsingh	19%	207,062	—	5,171,221	20,000	—	**5,398,283**

Notes:

1. The closing share price of GBP 0.12 (USD 0.16 equiv.) as at 31 December 2018 (2017: GBP 0.13 [USD 0.17 equiv.] as at 29 December 2017) has been taken for the purpose of calculating the current shareholding as a percentage of the salary at the last day of trading for the financial year.
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. All GBP fees were converted to USD using an exchange rate of 1.3469.

Total Shareholder Return 2016-2018

	Average Share price	Closing	Opening	TSR GBp %	TSR USD equiv.*%
2018	**17.7**	**12.0**	**14.5**	**(17)**	**(23)**
2017	13.2	14.5	1.9	671	904
2016	2.3	1.9	4.2	(55)	(75)

Note (*): FX: USD:GBP rate used 1.3469

Directors' Report

The Directors' Annual Report on the affairs of the Group, together with the Audited Consolidated Financial Statements and Independent Auditors' Report for the year ended 31 December 2018 are as follows:

Principal Activities

Trinity is an independent oil company whose principal activities are the exploration, development, production and sale of crude oil. Its core focus is Trinidad where the Company 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, multiple exploration prospects with the potential to deliver meaningful production and reserves growth.

Strategic Report

The Company is required by the Companies Act 2006 to include a Strategic Report in its Annual Report. The information that fulfils this requirement can be found from pages 5 to 8.

Going Concern

In making their going concern assessment, the Directors have considered the Group's budget and cash flow forecasts. Following the successful Restructuring, the Company has managed to complete the creditor proposal and settlement agreements, restructure the business and re-initiate a work programme which includes drilling activities. As a result the Group expects to continue as a going concern. See Note 1 to Consolidated Financial Statements Going Concern on page 61.

Dividend Policy

No dividend payments were recommended to be issued by the Directors.

Capital Structure

As at 31 December 2018 the Company's Share Capital comprised of 384,049,246 ordinary shares of USD 0.01 each and deferred shares of USD 0.99 each. Each ordinary share carries the right to one vote at general meetings of the Company.

The deferred shares have no voting or dividend rights and on a return of capital on a winding up, have no valuable economic rights.

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 20 to the Consolidated Financial Statements on pages 87 and 88. 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 of Association may be amended by special resolution of the Shareholders. The powers of Directors are described in the main Board's terms of reference, copies of which are available on request and the Corporate Governance Statement on page 30.

Directors

The Directors who served during the period and at the date of this Report are as follows:

	Name	Role	Appointment Date
1	Bruce Dingwall, CBE	Executive Chairman	13 November 2015 to present
2	Jeremy Bridglalsingh	Executive Director	11 January 2017 to present
3	David Segel	Non-Executive Director	11 January 2017 to present
4	Angus Winther	Non-Executive Director	11 January 2017 to present
5	James Menzies	Independent Non-Executive Director	23 June 2017 to present
6	Nicholas Clayton	Senior Independent Director	28 November 2018 to present

Attendance at Board Meetings 2018

	Board meetings (5 scheduled, 3 ad hoc)	Audit Committee meetings (3)	Remuneration Committee meetings (3)
Bruce Dingwall, CBE	8	N/A	N/A
Jeremy Bridglalsingh	8	N/A	N/A
James Menzies	8	3	3
David Segel	8	3	3
Angus Winther	8	3	3
Nicholas Clayton (appointed 28 November 2018	1	N/A	1

Directors' Interests

The Directors who held office at 31 December 2018 had the following interests in the ordinary shares in the capital of the Company:

	No. of Consolidated Ordinary Shares – USD 0.01 2018	No. of Consolidated Ordinary Shares – USD 0.01 2017
Bruce Dingwall, CBE	**13,486,114**	12,215,498
Jeremy Bridglalsingh	**207,062**	80,000
James Menzies	**975,000**	675,000
David Segel	**40,527,722**	33,917,256
Angus Winther	**29,675,644**	23,065,178
Nicholas Clayton	**Nil**	N/A

Substantial Shareholdings

The Shareholders holding over 3% of the voting rights as at 5 March 2019 were as follows:

	Shareholder	% of Issued Share capital as at 31 December 2018	No. of Shares as at 31 December 2018
1.	David & Christina Segel Living Trust	10.55	40,527,722
2.	Angus Winther	7.73	29,675,644
3.	Gavin White	7.62	29,267,481
4.	Hargreaves Lansdown Asset Management (clients)	7.19	27,620,425
5.	Hargreave Hale / Marlborough Nano-Cap Growth Fund	5.23	20,100,000
6.	Jan-Dirk Lueders	4.19	16,103,163
7.	Scott Casto	4.10	15,748,348
8.	Tim & Lisa Robertson	3.81	14,633,743
9.	Bruce Dingwall, CBE	3.51	13,486,114
10.	Interactive Investor clients	3.01	11,386,851

Notes:
1. Previously Hargreave Hale
2. Includes 1,114,605 shares held jointly between Scott Casto & Jan -Dirk Lueders through CMT Investments LLC

Directors' share options/ Long-Term Incentive Plans ("LTIPs")

Details of Directors' share options/LTIPs are provided in the Directors' Remuneration Report on pages 39 to 45.

Directors' Indemnities

The Company 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, Security and Environment

In 2018, Trinity achieved a respectable HSSE performance. We are poised in 2019, to continuously evolve our HSSE strategies and standards through lessons learnt from previous years and improve our base performance as the Company increases operational activity.

Relationship with Shareholders

The Board remains fully committed to maintaining communication with its shareholders. There is regular dialogue with major shareholders and meetings following significant announcements. The Company's website (www.trinityexploration.com) contains all announcements, press releases, major corporate presentations and interim and year end results. The Board also uses its AGMs to communicate with both private and institutional investors.

The Share Dealing Code

The Company has adopted a code on dealings in securities which the Board regards as appropriate for an AIM listed company and is compliant with the Market Abuse Regulations. The Company takes all reasonable steps to ensure compliance by Directors, employees and agents with the provisions of the AIM rules relating to dealings in securities.

Independent Auditors

At the Annual General Meeting ("AGM") of the Company held in June 2018, the Shareholders approved the re-appointment of PricewaterhouseCoopers LLP ("PwC") as the auditors for the consecutive financial year 2018.

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 Company'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 Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. PwC has expressed its willingness to continue in office.

On behalf of the Board

Amanda Bateman
For and on behalf of
AMBA Secretaries Limited
Company Secretary

3 April 2019

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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 IFRS as adopted by the European Union ("EU"). 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 IFRS as adopted by the EU 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 Company'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 Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of Board

Bruce Dingwall, CBE
Executive Chairman

3 April 2019

Independent Auditors' Report

to the members of Trinity Exploration & Production Plc

Report on the audit of the financial statements

Opinion

In our opinion, Trinity Exploration & Production Plc's Group financial statements and company financial statements (the "financial statements"):

> give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;

> have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and

> have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

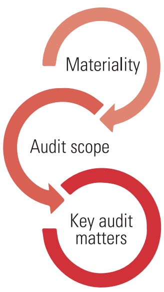
The context for our audit is set by Trinity Exploration & Production Plc's ("Trinity") major activities in 2018 combined with an improved average oil price during the year when compared to 2017.

> In July 2018, Trinity raised gross proceeds of $20.0 million through a fundraising programme.

> This enabled Trinity to make full repayment of its outstanding amounts due to the Trinidadian state creditors as well as its convertible loan note holders.

> During the year, Trinity also continued its wells work programme comprising 17 recompletions, 143 wells workovers and reactivations and 8 new onshore development wells which has significantly increased its annualised production.

Overview



> Overall Group materiality: $600,000 (2017: $450,000), based on 1% of Total Revenue.

> Overall Company materiality: $400,000 (2017: $600,000), based on 1% of Total Assets.

> Trinity operates solely in Trinidad & Tobago. Management prepare a sub-consolidation containing all Trinidadian operations at the Trinity Exploration and Production (Trinidad and Tobago) Limited level. We considered this to be the only financially significant component with 100% of revenue and 100% of total assets contained within this component.

> Carrying value of intangible and tangible assets (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report (continued)

Key audit matter

Carrying value of intangible and tangible assets (Group)

Refer to pages 65 to 66 Background and Accounting Policies Note 1, pages 73 to 75 Critical Accounting Estimates and Assumptions Note 3, page 81 Property, Plant and Equipment Note 11 and page 82 Intangible Assets Note 12

As at 31 December 2018, the consolidated balance sheet contained $53.6 million of property, plant and equipment (comprising $50.9 million of oil and gas assets) and $25.5 million of capitalised exploration costs.

Management did not identify any qualitative impairment triggers on individually material assets. However, the market capitalisation of the Group continued to be below the consolidated net asset position. This is an indicator that some or all of these assets may be impaired.

Management therefore prepared an impairment assessment in relation to the Group's producing assets based on a Fair Value Less Costs of Disposal methodology. Key assumptions inherent within management's analysis include:

> long term oil price;
> reserve estimates;
> production volume profiles;
> cost profiles and escalation applied; and
> discount rates.

Management has also assessed exploration assets for impairment triggers under IFRS 6, and have concluded no triggers exist.

Management recorded an impairment charge of $2.6 million (2017: nil) on its producing oil and gas assets during the year.

We focused on this area due to the significant values and the nature of the judgements and assumptions management are required to make in determining the existence of impairment triggers and the amount of impairment.

How our audit addressed the key audit matter

Intangible assets (exploration assets)

We reviewed management's assessment of impairment triggers for exploration assets under IFRS 6 including challenge and validation of management's plans to perform further evaluation of the development opportunity on the TGAL field, located on the Galeota Block, offshore of the East Coast of Trinidad. We corroborated that a first phase of Field Development Plan (FDP) of the TGAL area was submitted to the Ministry of Energy in November 2018 and it is currently being assessed by the Ministry. We observed that further evaluation activities were planned and underway.

Tangible assets (producing oil and gas assets)

We tested management's impairment analysis on their oil and gas assets by performing the work described below:

Obtained management's model and checked the mathematical accuracy;

Validated management's underlying cash flow projections to other external and internal sources where appropriate, including recent production, oil price forecasts and comparing cost assumptions to historic actuals and underlying budgets;

We assessed the competency, independence and objectivity of management's experts in relation to oil and gas reserves. We discussed and gained an understanding of the impact of the key judgments and assumptions used in the reserves report directly with management's experts.

We benchmarked oil price assumptions to external sources including forward curves and found these to be reasonable and at the lower end of the range compared to many external sources.

With the assistance of our Valuations specialists, assessed the discount rates used in the calculation. The discount rate used by management has been agreed by our Valuations specialists to sit within a reasonable range.

Our review focused on the sensitivity of the impairment assessments to movements in the oil price. We ran additional sensitivities on these assumptions and did not identify any additional impairment to be recorded.

After performing the above tests, the evidence we had obtained supported management's conclusion on the impairment recorded.

We have also reviewed the related disclosures in the financial statements for compliance with accounting standards and consistency with the results of our work.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of six components and the Group has only one operating segment in Trinidad. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the components either by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instruction.

We identified two components ('Trinity Exploration and Production (Trinidad and Tobago) Limited Group' which represents the sub-consolidation of the Group's Trinidadian subsidiaries' and 'Trinity Exploration & Production Plc ("the Company")) that, in our view, required full scope audits due to their relative size or risk characteristics. The full scope audit of the Trinity Exploration and Production (Trinidad and Tobago) Limited Group was performed by a combination of members of the group engagement team and our component audit team in Trinidad & Tobago. All other audit work was performed by the Group audit team.

Together, the two full scope components and specified balances scoped into our audit include 100% of Group revenue and 100% of total assets.

Our interactions and procedures over our component auditors in Trinidad & Tobago comprised of the following:

> We determined the areas of key audit risks that related to Trinity Exploration and Production (Trinidad and Tobago) Limited Group's business activities and the audit procedures that would be required to address these risks. We allocated the execution of these procedures between the Group audit team and our component team in Trinidad & Tobago.

> The Group audit team had ongoing communication with our component team in Trinidad & Tobago throughout the interim and year end audit, which included a visit to Trinidad & Tobago by the Group engagement senior manager.

> We reviewed the component auditor's file documentation in order to assess their conclusion and to confirm that the audit work had been undertaken as instructed.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	$600,000 (2017: $450,000).	$400,000 (2017: $600,000).
How we determined it	1% of Total Revenue.	1% of Total Assets.
Rationale for benchmark applied	The benchmark reflects the Group's primary focus on generating sustainable growth in revenue through production volume.	This benchmark reflects the facts that the primary activity of the Company is to hold investments in the subsidiaries of the Group.

Independent auditors' report (continued)

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $400,000 and $550,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $30,000 (Group audit) (2017: $20,000) and $20,000 (Company audit) (2017: $18,750) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

In accordance with ISAs (UK) we report as follows:

> the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

> the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 company, or returns adequate for our audit have not been received from branches not visited by us; or

> certain disclosures of directors' remuneration specified by law are not made; or

> the 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

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the Company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Bruce Collins
(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Aberdeen

3 April 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

(Expressed in United States Dollars)	Note	2018 $'000	2017 $'000
Operating Revenues			
Crude oil sales		**62,578**	44,957
Other income		**15**	210
		62,593	45,167
Operating Expenses			
Royalties		**(20,390)**	(13,755)
Production costs		**(17,754)**	(14,737)
Depreciation, Depletion & Amortisation ("DD&A")	11, 12	**(10,694)**	(7,055)
General and administrative expenses		**(5,960)**	(4,326)
Other expenses		**(1,075)**	(1,362)
		(55,873)	(41,235)
Operating Profit Before Supplemental Petroleum Taxes ("SPT") and Property Tax ("PT")		**6,720**	3,932
SPT		**(7,050)**	(1,533)
PT		**607**	(497)
Operating Profit Before Exceptional Items		**277**	1,902
Exceptional Items	6	**(2,312)**	25,718
Operating (Loss)/Profit		**(2,035)**	27,620
Net finance costs	7	**(2,056)**	(2,300)
(Loss)/Profit Before Income Taxation		**(4,091)**	25,320
Income Taxation (expense)/credit	8	**(1,270)**	28
(Loss)/Profit for the year		**(5,361)**	25,348
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Currency translation		**40**	76
Total Comprehensive (Loss)/ Income For The Year		**(5,321)**	25,424
Earnings per share (expressed in dollars per share)			
Basic	9	**(0.02)**	0.09
Diluted	9	**(0.02)**	0.06

Consolidated Statement of Financial Position

at 31 December 2018

(Expressed in United States Dollars)	Note	2018 $'000	2017 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	11	**53,599**	52,450
Intangible assets	12	**25,757**	25,591
Abandonment fund	13	**2,979**	1,650
Performance bond	14	**253**	253
Deferred tax assets	15	**5,973**	4,179
		88,561	84,123
Current Assets			
Inventories	16	**3,738**	3,766
Trade and other receivables	17	**13,343**	5,155
Cash and cash equivalents	18	**10,201**	11,792
		27,282	20,713
Total Assets		**115,843**	104,836
EQUITY AND LIABILITIES			
Capital and Reserves Attributable to Equity Holders			
Share capital	19	**97,692**	96,676
Share premium	19	**139,879**	125,362
Other equity		**—**	590
Share based payment reserve	20	**13,290**	12,553
Merger reserves	21	**75,467**	75,467
Reverse acquisition reserve	21	**(89,268)**	(89,268)
Translation reserve		**(1,638)**	(1,678)
Accumulated losses		**(176,473)**	(171,112)
Total Equity		**58,949**	48,590
Non-current Liabilities			
Trade and other payables	25	**—**	881
Convertible Loan Notes ("CLN")	23	**—**	3,019
Deferred tax liabilities	15	**5,598**	2,538
Provision for other liabilities	24	**41,802**	37,151
		47,400	43,589
Current Liabilities			
Trade and other payables	25	**9,147**	10,092
Provision for other liabilities	24	**347**	115
Derivative financial instruments	27	**—**	762
Taxation payable	28	**—**	1,688
		9,494	12,657
Total Liabilities		**56,894**	56,246
Total Equity and Liabilities		**115,843**	104,836

The financial statements on pages 54 to 97 were authorised for issue by the Board of Directors on 3 April 2019 and were signed on its behalf by:

Jeremy Bridglalsingh
Executive Director

3 April 2019

Company Statement of Financial Position

at 31 December 2018

(Expressed in United States Dollars)	Note	**2018 $'000**	2017 $'000
ASSETS			
Non-current Assets			
Investment in subsidiaries	**10**	**58,489**	51,416
Current Assets			
Trade and other receivables	**17**	**84**	89
Intercompany	**17**	**6,539**	2,447
Cash and cash equivalents	**18**	**4,056**	6,024
		10,679	8,560
Total Assets		**69,168**	59,976
EQUITY AND LIABILITIES			
Capital and Reserves Attributable to Equity Holders			
Share capital	**19**	**97,692**	96,676
Share premium	**19**	**139,879**	125,362
Other equity		—	590
Share based payment reserve		**2,590**	1,853
Merger reserves		**56,652**	56,652
Accumulated losses		**(228,126)**	(225,459)
Total Equity		**68,687**	55,674
Non - Current Liabilities			
CLN	**23**	—	3,019
Current Liabilities			
Trade and other payables	**25**	**481**	521
Derivative financial instruments	**27**	—	762
Intercompany	**25**	—	—
		481	1,283
Total Liabilities		**481**	4,302
Total Equity and Liabilities		**69,168**	59,976

The financial statements on pages 54 to 97 were authorised for issue by the Board of Directors on 3 April 2019 and were signed on its behalf by:

Jeremy Bridglalsingh
Executive Director

3 April 2019

Trinity Exploration & Production plc
Registered Number: 07535869

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

(Expressed in United States Dollars) Year ended 31 December 2017	Share Capital $'000	Share Premium $'000	Other Equity $'000	Share Warrants $'000	Share Based Payment Reserve $'000	Reverse Acquisition Reserve $'000	Merger Reserves $'000	Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 January 2017	94,800	116,395	—	71	12,244	(89,268)	75,467	(1,997)	(196,460)	11,252
Other equity net of transaction cost	—	—	590	—	—	—	—	—	—	590
Issue of shares	1,876	8,967	—	—	—	—	—	—	—	10,843
Share based payment expense (Note 20)	—	—	—	—	309	—	—	—	—	309
Share warrants expired	—	—	—	(71)	—	—	—	—	—	(71)
Translation difference	—	—	—	—	—	—	—	243	—	243
Total comprehensive income for the period	—	—	—	—	—	—	—	76	25,348	25,424
At 31 December 2017	**96,676**	**125,362**	**590**	**—**	**12,553**	**(89,268)**	**75,467**	**(1,678)**	**(171,112)**	**48,590**

Year ended 31 December 2018	Share Capital $'000	Share Premium $'000	Other Equity $'000	Share Warrants $'000	Share Based Payment Reserve $'000	Reverse Acquisition Reserve $'000	Merger Reserves $'000	Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 January 2018	96,676	125,362	590	—	12,553	(89,268)	75,467	(1,678)	(171,112)	48,590
Issue of shares	1,016	18,984	—	—	—	—	—	—	—	20,000
CLN – conversion	—	—	(590)	—	—	—	—	—	—	(590)
Share based payment expense (Note 20)	—	—	—	—	737	—	—	—	—	737
Cost of raising equity	—	(1,202)	—	—	—	—	—	—	—	(1,202)
CLN - discount	—	(3,265)	—	—	—	—	—	—	—	(3,265)
Total comprehensive expense for the year	—	—	—	—	—	—	—	40	(5,361)	(5,321)
At 31 December 2018	**97,692**	**139,879**	**—**	**—**	**13,290**	**(89,268)**	**75,467**	**(1,638)**	**(176,473)**	**58,949**

Company Statement of Changes in Equity

for the year 31 December 2018

(Expressed in United States Dollars) Year ended 31 December 2017	Share Capital $'000	Share Premium $'000	Other Equity $'000	Share Based Payment Reserve $'000	Merger Reserves $'000	Accumulated Losses $'000	Total Equity $'000
At 1 January 2017	94,800	116,395	—	1,544	56,652	(222,235)	47,156
Other equity net of transaction costs	—	—	590	—	—	—	590
Issue of ordinary shares	1,876	8,967	—	—	—	—	10,843
Share based payment expense	—	—	—	309	—	—	309
Total comprehensive expense for the year	—	—	—	—	—	(3,224)	(3,224)
At 31 December 2017	**96,676**	**125,362**	**590**	**1,853**	**56,652**	**(225,459)**	**55,674**
Year ended 31 December 2018							
At 1 January 2018	96,676	125,362	590	1,853	56,652	(225,459)	55,674
Issue of ordinary shares	1,016	18,984	—	—	—	—	20,000
CLN – conversion	—	—	(590)	—	—	—	(590)
Share based payment expense	—	—	—	737	—	—	737
Cost of raising equity	—	(1,202)	—	—	—	—	(1,202)
CLN - discount	—	(3,265)	—	—	—	—	(3,265)
Total comprehensive expense for the year	—	—	—	—	—	(2,667)	(2,667)
At 31 December 2018	**97,692**	**139,879**	**—**	**2,590**	**56,652**	**(228,126)**	**68,687**

Consolidated Statement of Cash Flows

for the year ended 31 December 2018

(Expressed in United States Dollars)		Note	2018 $'000	2017 $'000
Operating Activities				
(Loss)/Profit before taxation			**(4,091)**	25,320
Adjustments for:	Translation difference		**330**	(663)
	Finance cost – loans and interest	**7**	**499**	579
	Share based payment expense	**20**	**737**	235
	Finance cost – decommissioning provision	**24**	**1,557**	1,643
	DD&A	**11**	**10,694**	7,055
	Loss on disposal of assets	**11**	**(6)**	—
	Impairment of property, plant and equipment	**11**	**2,561**	—
	Impairment of receivables		**—**	348
	Impairment of inventory		**—**	264
	Gain on extinguishment of financial liabilities		**—**	(210)
	Unsecured creditors' claims		**(192)**	—
	Fair value zero cost collar		**—**	762
	Compromised creditor balances		**—**	(26,672)
			12,089	8,661
Changes In Working Capital				
Inventories		**16**	**28**	(243)
Trade and other receivables		**17**	**(9,513)**	(887)
Trade and other payables		**25**	**2,731**	2,023
Income Taxation paid			**(128)**	—
Net Cash Inflow From Operating Activities			**5,207**	9,554
Restructuring related payments				
Unsecured creditors			**—**	(3,857)
T&T State creditors (BIR and MEEI)			**(5,835)**	(8,775)
			(5,835)	(12,632)
Investing Activities				
Purchase of exploration and evaluation assets		**12**	**(170)**	—
Purchase of computer software		**12**	**(26)**	(250)
Purchase of property, plant and equipment		**11**	**(12,264)**	(2,868)
Net Cash Outflow From Investing Activities			**(12,460)**	(3,118)
Financing Activities				
Issue of shares (net of costs)		**19**	**12,361**	10,843
Repayment of CLN		**23**	**(770)**	—
Issue of CLN (net of costs)		**23**	**—**	3,030
Finance Cost – CLN Interest		**23**	**(94)**	—
Repayment of borrowings			**—**	(3,500)
Net Cash Inflow From Financing Activities			**11,497**	10,373
(Decrease)/Increase in Cash and Cash Equivalents			**(1,591)**	4,177
Cash And Cash Equivalents				
At beginning of year			**11,792**	7,615
(Decrease)/increase in cash and cash equivalents			**(1,591)**	4,177
At end of year		**18**	**10,201**	11,792

Company Statement of Cash Flows

for the year ended 31 December 2018

(Expressed in United States Dollars)	Note	2018 $'000	2017 $'000
Operating Activities			
Loss before taxation		**(2,667)**	(3,161)
Adjustments for:			
Translation differences		**10**	69
Finance income		**(215)**	(270)
Finance cost		**418**	579
Share based payment expense		**123**	91
Fair value zero cost collar		**—**	762
Compromised creditor balances		**—**	446
		(2,331)	(1,484)
Changes In Working Capital			
Trade and other receivables		**(4,088)**	134
Trade and other payables		**(802)**	(553)
Income Taxation paid		**—**	—
Net Cash Outflow from Operating Activities		**(7,221)**	(1,903)
Financing Activities			
Finance income		**215**	270
Finance cost		**(94)**	(579)
Capital contributed to subsidiary	10	**(6,459)**	(6,395)
Issue of shares (net of costs)	19	**12,361**	10,843
Issue of CLN (net of costs)	23	**—**	3,030
Repayment of CLN		**(770)**	—
Net Cash Inflow from Financing Activities		**5,253**	7,169
(Decrease)/Increase In Cash And Cash Equivalents		**(1,968)**	5,266
Cash And Cash Equivalents			
At beginning of year		**6,024**	758
(Decrease)/Increase in cash and cash equivalents		**(1,968)**	5,266
At end of year	18	**4,056**	6,024

Notes to the Consolidated Financial Statements

31 December 2018

(Express in United States Dollars)

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" or "the Company") 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 ("TEPUKL"), a Company incorporated in Scotland, through a reverse acquisition. Bayfield changed its name to Trinity Exploration & Production plc and the enlarged group was re-admitted to trading on AIM. Trinity and its subsidiaries (together "the Group") are involved in the exploration, development and production of oil reserves in Trinidad & Tobago ("T&T").

Basis of Preparation

This consolidated financial information has been prepared on a going concern basis, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), IFRS Interpretations Committee ("IFRS IC") interpretations 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, except certain financial assets and liabilities (including derivative instruments and the CLN) and certain classes of property, plant and equipment – which are measured at fair value

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 judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in Note 3: Critical Accounting Estimates and Assumptions.

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 year was $2.7 million (2017: $3.2 million loss).

Going Concern

In making their going concern assessment, the Board of Directors (the "Board") have considered the Group's budget and cash flow forecasts. The Group's main objective in 2018 was to grow production, through a fully funded onshore drilling programme and a low cost work programme of Recompletions ("RCPs"), Workovers ("WOs"), reactivations and swabbing.

In July 2018, gross proceeds of $20.0 million were raised through the Fundraising.

The Fundraising allowed the Group to repay all outstanding debt to its T&T State Creditors ("BIR and the MEEI"). Contingent to this repayment, on 15 August 2018 Trinity settled the remaining balance of the redeemable CLN plus accrued interest. Through the settlement of all outstanding debts, the Group improved on its' prior year net current asset position. At 31 December 2018, the Group had net current assets of $17.8 million (2017: $8.1 million).

The Group meets its day-to-day working capital requirements through revenue generation and positive operating cash flows. The Group's forecast and projections, taking account of reasonable possible changes in oil price and sales volume, show that the Group will be able to operate within the level of its current cash resources. Should there be a decline in the oil prices, within the industry the Board believe there are a number of actions within control that can be effected. These include deferral of capital expenditure spend and further reducing operating costs to manageable levels. For these reasons, the Board have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

1. Background and Accounting Policies (continued)

The Board has carefully considered and formed a reasonable judgement that, at the time of approving these financial statements, the Group and Company are in a stable position, the Group is able to pay its debts as they fall due for at least 12 months post approval of the financial statements and is poised for continued growth. For this reason, the Board continues to adopt the going concern basis of preparing these financial statements.

New and amended standards adopted by the Group:

The Group has applied the following standards and amendments for the first time for annual reporting period commencing 1 January 2018:

IFRS 9 Financial Instruments	The standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group assessed the impact with the introduction of the new guidance on the classification and measurement of these financial assets. There is no material impact in accounting for financial liabilities that are designated at fair value through profit or loss.	Periods beginning on / after 1 January 2018
IFRS 15 Revenue from Contracts with Customers	The new standard for revenue replaces IAS 18. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of the financial statements with more informative, relevant disclosures. The Group reviewed its sales contracts with customers and determined that IFRS 15 did not have a material impact on its revenue recognition and accordingly, no material impact on the Consolidated Financial Statements. Trinity adopted this standard using the modified retrospective approach, whereby the cumulative effect of initial adoption of the standard is recognised as an adjustment to retain earnings. There was no effect on the Company's retained earnings or prior period amounts as a result of adopting this standard.	Periods beginning on / after 1 January 2018
IFRS 2 Share-based payment IFRS	The amendments to the classification and measurement of share-based payment transactions. The amendments affect three distinct areas. 1) Classification of share-based payments that have a net settlement feature within the framework of an equity-settled plan. 2) Accounting for modifications that change the classification of payments from cash-settled to equity-settled. 3) The effects of vesting/non-vesting conditions on cash-settled share-based payments.	Periods beginning on / after 1 January 2018

New and amended standards not yet adopted by the Group:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 Leases	This is a new accounting standard which will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. Management has assessed the estimated impact of the adoption of IFRS 16 on the existing leases and have determined that in the first year there would be a $0.5 million reclassification of operating cost to depreciation and interest. The impact to the balance sheet would be the recognition of a right of use asset of $0.5 million and a lease liability of $0.5 million. The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).	Periods beginning on / after 1 January 2019

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 expensed as incurred.

Uniform accounting policies have been adopted across the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans comprised of share options and Long Term Incentive Plans ("LTIPs") 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 payments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options or LTIP awards 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 or LTIP awards 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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Background and Accounting Policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Company: The functional and presentation currency of the Company is United States Dollars ("USD" or "$").

Group: The functional currency of the Group operating entities is Trinidad & Tobago Dollars ("TTD") as this is the currency of the primary economic environment in which the entities operate. The presentation currency is USD which better reflects the Group's business activities and improves the ability of users of the financial statements to compare financial results with others in the International Oil and Gas industry. The Consolidated Statement of Financial Position is translated at the closing rate and Consolidated Statement of Comprehensive Income is translated at the average rate from both USD and Great British Pound ("GBP" or "£") currencies. The following exchange rates have been used in the preparation of these financial statements:

	2018		2017	
	$	**£**	$	£
Average rate TTD= $/£	**6.762**	**9.107**	6.751	8.831
Closing rate TTD= $/£	**6.781**	**8.644**	6.771	9.207

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within administrative expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

> assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

> income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

> all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(d) Translation differences

Differences arising from retranslation of the financial statements at the year-end are recognised in the Translation reserve through "Other comprehensive income".

Intangible assets

(a) Exploration and evaluation assets

i) Capitalisation

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

1. Licence and property acquisition costs

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

> *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.

ii) 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 of disposal and their Value In Use ("VIU"). For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing Cash Generating Units ("CGU") 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 has lapsed.

> 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 exists 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.

Notes to the Consolidated Financial Statements (continued)

1. Background and Accounting Policies (continued)

(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.

(c) Computer software

Computer software is initially recognised at cost, once it is purchased. Internally generated software is capitalised once it is proven technological feasibility, probable future benefits, intent and ability to use the software, resources to complete the software, and ability to measure cost. It is amortised over its useful life, based on pattern of benefits (straight-line is the default).

Property, plant and equipment

(a) Oil and gas assets

i) Development and Producing Assets – Capitalisation

Development expenditures are costs incurred to obtain access to proven reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. These costs include transfers from exploration and evaluations subsequent to finding commercially viable reserves, development drilling and new reserve type, infrastructure costs and development Geological and Geophysical ("G&G") costs. Acquisitions of oil and gas properties are accounted for under the acquisition 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 meet the definition of a business (therefore do not apply business combination accounting) 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.

Development 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 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.

ii) 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. Impairment triggers include but are not limited to, declining long term market prices for oil and gas, significant downward reserve revisions, increased regulations or fiscal changes, deteriorating local conditions such that it become unsafe to continue operations) and obsolescence.

The carrying value is compared against the expected recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the VIU. 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.

iii) *Producing Assets – Depreciation, Depletion & Amortisation ("DD&A")*

The provision for DD&A 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.

iv) *Decommissioning asset*

Provision for decommissioning is recognised in accordance with the contractual obligations 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 and 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:

Leasehold and 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 such as leasehold improvements 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 of disposal 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.

Notes to the Consolidated Financial Statements (continued)

1. Background and Accounting Policies (continued)

Inventories

Crude oil is stated at the lower of cost and net realisable value. Cost is determined by the average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Materials and supplies used mainly in drilling wells, recompletions and workovers are stated at lower of cost and net realisable value. Cost is determined using the average cost method.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are amounts due from customers for crude oil sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group applies the simplified approach to determine impairment of trade receivables. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the lost allowance for the period.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets Recognition of impairment provisions under IFRS 9 is based on the expected credit losses ("ECL") model. The ECL model is applicable to financial assets classified at amortised costs and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability weighted amount that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions. The Group applied the simplified approach to determine impairment of its trade and other receivables. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivables and adjusted forward looking estimates. This is then applied to the gross carrying amount of the receivables to arrive at the loss allowance for the period.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period 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 provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Property Tax ("PT")

PT are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Assessments are based on the Annual Rental Value ("ARV") of property. The Annual Taxable Value ("ATV") is the ARV subject to deductions and allowances in respect of voids and loss of rent multiplied by the respective PT rate. The PT rate applicable to the Group are industrial with building rates at 6% and industrial without building 3%.

Revenue recognition

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 with effect from accounting periods commencing 1 January 2018. The new standard requires that revenue is recognised by performance obligation, as or when each performance obligation is satisfied, and that variable elements of pricing are recognised, to the extent that it is not highly probable they will be reversed.

The Group has evaluated its customer contract with Petrotrin/Heritage to identify the performance obligations, the timing of the revenue recognition and the treatment of variable elements of pricing. Sales revenue represents the sales value of the Group's oil sold in the year.

Oil revenue is recognised when title of the crude has passed to the buyer by means of a sales ticket document. Typically, payment for the sale of the oil is received by the end of the month following the month in which the sale is recognised.

Prices are based on prices determined by Petrotrin/Heritage, with agreed contractual adjustments for quality.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for oil and gas products in the normal course of business.

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.

Compound Financial Instruments

Compound financial instruments issued by the Group comprise the CLN that could, in certain circumstances, have been converted to share capital at the option of the holder, and the number of shares to be issued did not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Notes to the Consolidated Financial Statements (continued)

1. Background and Accounting Policies (continued)

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.

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.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. Financial assets are derecognised when the rights to the cash flows expire, risks and rewards are transferred or control of the asset is transferred.

A financial liability is removed from the balance sheet only when it is extinguished – that is, when the obligation specified in the contract is discharged or cancelled – or expires.

Operating segment information

The steering committee is the Group's chief operating decision-maker. Management has determined the operating segments which are Onshore, West Coast and East Coast 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 Executive Chairman, Country Manager, Chief Operations Officer and Chief Financial Officer, that makes strategic decisions in accordance with Board policy.

Investments

Investments are shown at cost less provision for any impairment in value. The Company performs impairment reviews in respect of investments whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss is recognised when the higher of the investment's net realisable value and fair value less cost of disposal is less than the carrying amount.

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 program 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 recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency.

At 31 December 2018, if the functional currency of the main operating subsidiary had weakened/ strengthened by 10% against the US dollar with all other variables held constant, post-tax profit/(loss) for the year would have been $2.9 million (2017: $2.1 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 2018, if commodity prices had been 20% higher/lower with all other variables held constant, post-tax profit/(loss) for the year would have been $12.5 million (2017: $8.7 million) lower/higher. The sensitivity doesn't take into consideration the impact of the derivative instruments in place over commodity prices.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from borrowings which expose the Group to cash flow interest rate risk. The Group manages risk by limiting the exposure to floating interest rates and maintain a balance between floating and fixed contract rates.

At 31 December 2018, there were no loan commitments to attract interest rates on foreign currency-denominated borrowings, (2017: nil).

(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. For banks and financial institutions, management determines the placement of funds based on its judgement and experience to minimise risk.

All sales are made to a state-owned entity – the Petroleum Company of Trinidad and Tobago Limited ("Petrotrin") Limited/ Heritage Petroleum Company Limited ("Heritage").

The Group applies IFRS 9 simplified model for measuring the ECL which uses a lifetime expected loss allowance and are measured on the days past due criterion. Having reviewed past payments combined with the credit profile of its existing trade debtors in order to assess the potential for impairment, the Company has concluded that this is insignificant as there has been no history of default or disputes arising on invoiced amounts since inception and as such the credit loss percentage is assumed to be almost zero. No provision for doubtful accounts against these sales has been recorded as at 31 December 2018 and 31 December 2017.

Notes to the Consolidated Financial Statements (continued)

2. Financial Risk Management (continued)

(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 monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow. At the end of the year the Group held cash at bank of $10.2 million (2017: $11.8 million).

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flows. This is carried out at the Group level in accordance with practice and limits set by the Group, refer to the disclosures in Note 1: Background and accounting policies – Going Concern for more information regarding the factors considered by the Company in managing liquidity risk.

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) All non-derivative financial liabilities, and

(b) Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2018	Less than 1 year $'000	Between 1-2 years $'000	Between 2-5 years $'000	Total Contractual Cash flows $'000	Carrying amount $'000
Non-derivatives					
Trade and other payables	9,147	—	—	9,147	9,147
Total Non-derivatives	**9,147**	**—**	**—**	**9,147**	**9,147**

At 31 December 2017	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Trade and other payables	10,092	881	—	10,973	10,973
CLN(including interest)	—	7,547	3,290	10,837	3,019
Total Non-derivatives	**10,092**	**8,428**	**3,290**	**21,810**	**13,992**
Derivatives					
Trading derivatives	762	—	—	762	762

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

	2018 $'000	2017 $'000
CLN and borrowings*	—	3,019
Less: cash and cash equivalents	**(10,201)**	(11,792)
Net cash	**(10,201)**	(8,773)
Total equity	**58,949**	48,590
Total capital	**48,748**	39,817
Gearing ratio	**(21.0%)**	(22.0%)

Note (*): 2017 relates to the fair value of the CLN at 31 December 2017. The face value of the CLN's principal plus interest was $7.0 million at 31 December, 2017. In August 2018, the CLN was fully settled.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

> Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

> Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

> Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value measurements using significant unobservable inputs (Level 3)

	Zero cost collar $'000
1 January 2018	762
Purchased	—
Payment	(1,837)
Expense	1,075
31 December 2018	—

3. Critical Accounting Estimates and Assumptions

The preparation of the financial statements requires the use of accounting estimates which, by definition, seldom equal the actual results. Management also exercise judgement in applying the Group's accounting policies. 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 certain transactions and calculations for which the ultimate tax determination is uncertain. Management recognised 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 mainly arise from tax losses and 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. The Group has concluded that the deferred tax asset recognised will be recoverable using approved business plans and budgets for the specific subsidiaries in which the deferred tax asset arose.

Notes to the Consolidated Financial Statements (continued)

3. Critical Accounting Estimates and Assumptions (continued)

(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. The provision has been estimated using specific risk free rates for each asset ranging between 2.69%-2.90% (2017: 3.09%-4.65%) and a core inflation rate at 2% (2017: 3%), See Note 24: Provision for other liabilities. The impact in 2018 of a 1% change in these variables is as follows:

	Statement of Financial Position Obligation 2018 $'000 (Decrease)/Increase	Statement of Comprehensive Income/Expense 2018 $'000 Increase/(Decrease)
Discount rate		
1% increase in assumed rate	**(6,639)**	95
1% decrease in assumed rate	**8,083**	(168)
Inflation rate		
1% increase in assumed rate	**8,070**	291
1% decrease in assumed rate	**(6,749)**	(243)

(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 becomes available. The Group's reserve estimates are also evaluated when required by independent external reserve evaluators. The last independent external reserve valuation was done in 2012. Since 2012 up to and including 2018 the Group estimated 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.

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.

As at 31 December 2018 all subsidiaries onshore and offshore proved and probable ("2P") reserve estimates were re-evaluated by management and approved by the Board.

(e) 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.

(f) Impairment of property, plant and equipment

Management performs impairment assessments on the Group's property, plant and equipment once there are indicators of impairment with reference to IAS 36: Impairment of Assets and in accordance with the accounting policy stated in Note 1: Background and accounting policies – Going Concern. In order to test for impairment, the higher of fair value less costs of disposal and values in use calculations are prepared which require arm's length offers and an estimate of the timing and amount of cash flows expected respectively to arise from the CGU. A CGU represents an individual field or asset held by the Group.

During 2018 an impairment charge of $2.6 million was recognised on the Group's property, plant and equipment (2017: no impairment) see Note 11: Property, Plant & Equipment. The impairment charge resulted in the carrying amount of the respective CGUs being written down to their recoverable amount.

(g) Oil and Gas Assets $2.6 million (2017: nil) impairment

As part of this assessment, management has carried out an impairment test on the oil and gas assets classified as property, plant and equipment. This test compares the carrying value of the assets at the reporting date with the recoverable amount for each CGU. The recoverable amount is the higher of the Fair Value less Costs of Disposal ("FVLCOD") and Value In Use ("VIU"). The FVLCOD is the amount that a market participant would pay for the CGU less the cost of disposal utilising a discounted cash flow approach to FVLCOD. The FVLCOD approach utilised a discounted cash flow based on the 2P reserve estimates of the CGUs of the Group. VIU is the present value of the future cash flows expected to be derived from an asset or CGU in its current condition. The period over which management has projected its cash flow forecast, ranges between 9-24 year economic lives based on the field economic life profile. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of each CGU and a range of assumptions, including an external oil and gas price profile and a discount rate which, taking into account other assumptions used in the calculation, management considers to be reflective of the risks.

The discounted cash flow approach assessment involves judgement as to the likely commerciality of the asset; its 2P reserves which are estimated using standard recognised evaluation techniques on a fully funded basis; future revenues and estimated development costs pertaining to the CGU's; and a discount rate utilised for the purposes of deriving a recoverable value.

	2019	2020	2021	2022	2023	2024
Realised price	43.6	45.4	46.4	47.2	47.9	48.5

If the price deck used in the impairment calculation had been 10% lower than management's estimates at 31 December 2018, the group would have $3.4 million increase on impairment of Oil and Gas assets (2017: nil). If the price deck used in the impairment calculation had been 10% higher than management's estimates at 31 December 2018, the group would $0.2 million decrease on impairment of the Oil and Gas assets (2017: nil).

For the year ended 31 December 2018, management's estimate of the Group's cost of capital was 13% (2017:10%). If the estimated cost of capital of 13% (2017: 10%) used in determining the post-tax discount rate for the CGU's had been 1% lower than management's estimates the Group would have $0.6 million decrease on impairment position for 2018 (2017: nil) against Oil and Gas assets within property, plant and equipment. If the estimated cost of capital had been 1% higher than management's estimates the Group would have $0.6 million increase on impairment for 2018 (2017: nil).

(h) Impairment of intangible exploration and evaluation assets

In 2018 a review for impairment triggers was carried out and there were no further impairment losses realised against the carrying values of the Group's Exploration and Evaluation assets.

The Group reviews the carrying values of intangible exploration and evaluation assets when there are impairment indicators which would tell whether an exploration and evaluation asset has suffered any impairment, in accordance with the accounting policy stated in Note 1: Background and accounting policies. The amounts of intangible exploration and evaluation assets represent the costs of active projects the commerciality of which is unevaluated until reserves can be appraised.

Notes to the Consolidated Financial Statements (continued)

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, Petrotrin/ Heritage. All non-current assets of the Group are located in T&T.

5. Operating Profit Before Exceptional Items

	2018 $'000	2017 $'000
Operating profit before exceptional items is stated after taking the following items into account:		
DD&A (Note 11)	**10,664**	7,055
Amortisation of computer software (Note 12)	**30**	—
Employee costs (Note 31)	**7,972**	7,478
Operating lease rentals	**568**	675
Inventory recognised as expense, charged to operating expenses	**175**	67

Auditors' remuneration

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

	2018 $'000	2017 $'000
- Fees payable to the Company's auditors' and their associates for the audit of the parent Company and consolidated financial statements:		
> PricewaterhouseCoopers LLP (UK based)	**153**	119
> PricewaterhouseCoopers Limited (T&T based)	**95**	112
- Fees payable to the Company's auditors' and their associates for other services:		
- The audit of Company's subsidiaries	**18**	19
- Audit related assurance services – interim review	**35**	30
Total assurance	**301**	280
- Tax advisory	**3**	—
- Other advisory	**12**	54
Total auditors' remuneration	**316**	334

All fees are in respect of services provided by PricewaterhouseCoopers LLP. The independence and objectivity of the external auditors are considered on a regular basis by the Audit Committee, with particular regard to the level of non-audit fees incurred.

6. 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.

	2018 $'000	2017 $'000
Exceptional items:		
Reversal of bad debt written off	**(205)**	—
Secured creditor compromise	—	(6,472)
Unsecured creditor compromise	**(70)**	(15,639)
Interest on tax compromise	—	(5,247)
Foreign exchange loss on compromised balance	—	687
Impairment of property, plant and equipment (Note 11)	**2,561**	—
Impairment of receivables	—	234
Impairment of recompletions	—	135
Impairment of inventory	—	264
Fees relating to corporate restructuring	**26**	532
Gain on extinguishment of liability	—	(210)
Translation difference	—	(2)
Exceptional charge/(credit)	**2,312**	(25,718)

Exceptional items 2018:

Reversal of Bad debt

$0.2 million gain recovered in UK Value Added Tax ("VAT") relating to 2013 previously written off in 2017

Unsecured creditor compromise

$0.1 million gain under the creditor settlements arising from compromised balances with suppliers

Impairment on Property, Plant and Equipment

$2.6 million charge resulting from impairment losses in Onshore and West Coast assets

Fees relating to corporate restructuring

$0.0 million charge in relation to trustee fees incurred in 2018 in wrapping up the state creditor process

Exceptional items 2017:

Secured creditor compromise

$6.5 million gain under the senior debt settlement agreement where the unpaid balance was compromised

Unsecured creditor compromise

$15.6 million gain under the creditor settlements arising from compromised balances with suppliers

Interest on tax compromise

$5.2 million gain under the creditor settlement where interest outstanding was waived with the Board of Inland Revenue ("BIR")

Foreign exchange loss on compromised balances

$0.7 million charge under the creditor settlements arising from compromised balances with suppliers

Impairment on receivables

$0.2 million charge resulting from impairment of deal cost UK VAT recoverable from 2013

Impairment of recompletions

$0.1 million charge resulting from impairment of recompletions

Impairment of inventory

$0.3 million charge resulting from impairment of inventory

Gain on extinguishment of liability

$0.2 million gain as a result of accounting for the liability due to the MEEI at fair value

Fees relating to corporate restructuring

$0.5 million in fees relating to the corporate restructuring of the Group include the Formal Sales Process ("FSP"), the Proposal process, the cost of advisors, as well as field restructuring

Notes to the Consolidated Financial Statements (continued)

7. Net Finance Costs

	2018 $'000	2017 $'000
Decommissioning – Unwinding of discount (Note 24)	**1,557**	1,643
Interest on loans	**499**	657
	2,056	2,300

8. Income Taxation (expense)/credit

	2018 $'000	2017 $'000
Current tax		
Petroleum profits tax	**5**	(926)
Unemployment levy	**—**	(26)
Deferred tax		
- Current year		
Movement in asset due to tax losses (Note 15)	**(1,794)**	1,317
Movement in liability due to accelerated tax depreciation (Note 15)	**3,059**	(389)
Translation difference	**—**	(4)
Income tax expense/credit	**1,270**	(28)

Group's effective tax rate varies from the statutory rate for UK companies of 19.0% (2017:19.25%) as a result of the differences shown below:

	2018 $'000	2017 $'000
(Loss)/Profit before taxation	**(4,091)**	25,320
Tax (credit)/charge at expected rate of 19% (2017: 19.25%)	**(777)**	4,874
Effects of:		
Higher overseas tax rate	**28**	10,722
Disallowable expenses	**1,917**	(8,635)
Allowable expenses	**(9,549)**	(8,960)
Tax losses recognised for deferred tax assets	**3,363**	—
Tax losses utilised to recognise deferred tax assets	**10,860**	7,630
Deferred tax asset previously recognised	**(4,197)**	(5,496)
Green fund and business levy	**230**	149
Other differences	**(605)**	(312)
Income tax expense/ (credit)	**1,270**	(28)

Taxation losses at 31 December 2018 available for set off against future taxable profits amounts to approximately $244.1 million (2017: $226.1 million).Tax losses of $10.9 million were recognised as deferred tax assets in 2018 (2017:$7.6 million). These losses do not have an expiry date and have not yet been confirmed by the BIR and HMRC.

9. 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 year. Diluted earnings per share is calculated using the weighted average number of ordinary shares adjusted to assume the conversion of all potentially dilutive ordinary shares.

	(Loss)/ Earnings $'000	Weighted Average Number Of Shares '000	Earnings Per Share $
Year ended 31 December 2018			
Basic	**(5,321)**	**330,579**	**(0.02)**
Diluted	**(5,321)**	**330,579**	**(0.02)**
Year ended 31 December 2017			
Basic	25,424	276,746	0.09
Diluted	25,424	395,054	0.06

Impact of dilutive ordinary shares:

There was no impact on the weighted average number of shares outstanding during 2018 as all share options and LTIP's were excluded from the weighted average dilutive share calculation because their effect would be anti-dilutive and therefore both basic and diluted earnings per share are the same in 2018.

In 2017, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company had two categories of dilutive ordinary shares: CLNs and share based payments. The CLNs issued in 2017 were considered to be potential ordinary shares and had been included in the determination of diluted earnings per share for 2017. This is calculated as the CLN nominal value of $6.55 million plus accrued interest after the second anniversary of $1.0 million divided by the conversion price of $0.08125. Long term incentives of 24,415,998 were considered potential ordinary shares and were included in the determination of the diluted earnings per share for 2017. Share options of 1,975,084 were considered potential ordinary shares but were not included as the exercise hurdle would not have been met.

10. Investment In Subsidiaries

Company	**2018 $'000**	2017 $'000
Opening balance	**51,416**	44,802
Capital contributed to subsidiary	**6,459**	6,395
Share based payment	**614**	219
Closing balance	**58,489**	51,416

The investment in subsidiaries is recognised initially at the fair value of the consideration paid. The Group subsequently measures the investment in subsidiaries at cost less impairments. Increases in the investment in subsidiaries relate to capital contributed by the Company to its subsidiary undertakings.

Notes to the Consolidated Financial Statements (continued)

10. Investment In Subsidiaries (continued)

Listing of Subsidiaries

The Group's principal subsidiaries at 31 December 2018 are listed below:

Name	Registered Address /Country of Incorporation	Nature of Business	% Shares held by the Group
Bayfield Energy Limited	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England, LS1 5AB, United Kingdom	Holding Company	99.99998%
Trinity Exploration & Production (UK) Limited	13 Queen's Road, Aberdeen, AB15 4YL, United Kingdom	Holding Company	100%
Trinity Exploration and Production Services (UK) Limited	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England, LS1 5AB, United Kingdom	Service Company	100%
Bayfield Energy do Brasil Ltda	Av. Presidente Vargas 509, Rio de Janeiro, 20071-003, Brazil	Dormant	100%
Trinity Exploration & Production (Barbados) Limited	Ground Floor, One Welches, Welches, St. Thomas BB22025, Barbados	Holding Company	100%
Trinity Exploration and Production (Trinidad and Tobago) Limited	3rd Floor Southern Supplies Limited Building, 40-44 Sutton Street, San Fernando, Trinidad & Tobago ("Trinidad address")	Holding Company	100%
Galeota Oilfield Services Limited	Trinidad address	Oil and Gas	100%
Trinity Exploration and Production (Galeota) Limited	Trinidad address	Oil and Gas	100%
Oilbelt Services Limited	Trinidad address	Oil and Gas	100%
Ligo Ven Resources Limited	Trinidad address	Oil and Gas	100 %
Trinity Exploration and Production Services Limited	Trinidad address	Service Company	100%
Tabaquite Exploration & Production Company Limited	Trinidad address	Oil and Gas	100%
Trinity Exploration and Production (GOP) Limited	Trinidad address	Oil and Gas	100%
Trinity Exploration and Production (GOP-1B) Limited	Trinidad address	Oil and Gas	100%

11. Property, Plant and Equipment

Year ended 31 December 2018	Plant & Equipment $'000	Leasehold & Buildings $'000	Oil & Gas Assets $'000	Other $'000	Total $'000
Opening net book amount at 1 January 2018	3,767	1,726	46,957	—	52,450
Disposal	—	(6)	—	—	(6)
Additions	483	135	11,646	—	12,264
Adjustment to decommissioning estimate (Note 24)	—	—	2,076	—	2,076
Impairment[1]	—	—	(2,561)	—	(2,561)
Reclassification of assets between categories	(2,470)	—	2,470		—
DD&A charge for year	(818)	(150)	(9,696)	—	(10,664)
Translation difference	—	—	40	—	40
Closing net book amount at 31 December 2018	**962**	**1,705**	**50,932**	**—**	**53,599**
At 31 December 2018					
Cost	13,391	3,245	286,172	336	303,144
Accumulated DD&A and impairment	(12,429)	(1,540)	(235,280)	(336)	(249,585)
Translation difference	—	—	40	—	40
Closing net book amount	**962**	**1,705**	**50,932**	**—**	**53,599**

Year ended 31 December 2017	Plant & Equipment $'000	Leasehold & Buildings $'000	Oil & Gas Assets $'000	Other $'000	Total $'000
Opening net book amount at 1 January 2017	4,201	1,890	53,541	—	59,632
Disposal	—	(9)	—	—	(9)
Additions	42	2	2,824	—	2,868
Adjustment to decommissioning estimate (Note 24)	—	—	(2,868)	—	(2,868)
DD&A charge for year	(483)	(147)	(6,425)	—	(7,055)
Translation difference	7	(10)	(115)	—	(118)
Closing net book amount at 31 December 2017	**3,767**	**1,726**	**46,957**	**—**	**52,450**
At 31 December 2017					
Cost	12,901	3,126	272,565	336	288,928
Accumulated DD&A and impairment	(9,141)	(1,390)	(225,493)	(336)	(236,360)
Translation difference	7	(10)	(115)	—	(118)
Closing net book amount	**3,767**	**1,726**	**46,957**	**—**	**52,450**

Note (1):
An impairment loss of $2.6 million was recognised on Oil and Gas Assets (see Note 3 (g (i)), as a result of the carrying value being higher than the recoverable amount. The recoverable amount was determined by assessing its fair value less costs of disposal.

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets

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

	Computer Software $'000	Exploration and evaluation assets $'000	Total $'000
At 1 January 2018	250	25,341	25,591
Computer software	26	—	26
Exploration and evaluation assets	—	170	170
Amortisation	(30)	—	(30)
At 31 December 2018	**246**	**25,511**	**25,757**
At 1 January 2017	—	25,406	25,406
Computer software	250	—	250
Translation difference	—	(65)	(65)
At 31 December 2017	**250**	**25,341**	**25,591**

> Computer Software: In 2018, capital cost incurred for accounting software

> Exploration and evaluation assets: Includes the TGAL-1 exploration well and associated cost. The Group tests whether exploration and evaluation assets has suffered any impairment triggers on an annual basis and there were no impairment triggers (2017: nil)

13. Abandonment Fund

	2018 $'000	2017 $'000
At 1 January	**1,650**	1,072
Additions	**1,329**	578
At 31 December	**2,979**	1,650

Abandonment funds are restricted cash put aside in escrow for abandonment and environmental purposes in accordance with contractual obligations to be used in accordance with the contract.

14. Performance Bond

	2018 $'000	2017 $'000
At 1 January	**253**	—
Additions	**—**	253
At 31 December	**253**	253

A performance bond was put in place on 3 July 2017 of $ 0.3 million at 1.75% rate per annum in favour of Petrotrin/Heritage, executed with First Citizens Bank Limited (T&T based bank) and is effective until 31 December 2020. These funds have been restricted to a Fixed Deposit for 36 months at the agreed interest rate of 1.25%. The performance bond is a requirement under the Lease Operatorship Agreement ("LOAs") as Trinity is the Operator of the FZ2, WD2, WD 5/6, WD 13 and WD 14 fields.

15. Deferred Income Taxation

Group

The analysis of deferred tax assets is as follows:

	2018 $'000	2017 $'000
Deferred tax assets:		
- Deferred tax assets to be recovered in more than 12 months	**(5,238)**	(4,179)
- Deferred tax assets to be recovered in less than 12 months	**(735)**	—
Deferred tax liabilities:		
- Deferred tax liabilities to be settled in more than 12 months	**5,598**	2,538
Net deferred tax assets	**(375)**	(1,641)

The movement on the deferred income tax is as follows:

	2018 $'000	2017 $'000
At beginning of year	**(1,641)**	(2,569)
Movement for the year	**1,334**	986
Unwinding of deferred tax on fair value uplift	**(68)**	(58)
Net deferred tax asset	**(375)**	(1,641)

The deferred tax balances are analysed below:

	2016 $'000	Movement $'000	2017 $'000	Movement $'000	**2018 $'000**
Deferred tax assets					
Acquisition	(33,436)	—	(33,436)	—	**(33,436)**
Tax losses recognised	(34,293)	—	(34,293)	(1,794)	**(36,087)**
Tax losses derecognised	62,233	1,317	63,550	—	**63,550**
	(5,496)	**1,317**	**(4,179)**	**(1,794)**	**(5,973)**

	2016 $'000	Movement $'000	2017 $'000	Movement $'000	**2018 $'000**
Deferred tax liabilities					
Accelerated tax depreciation	14,374	(331)	14,043	3,128	**17,171**
Non-current asset impairment	(33,214)	—	(33,214)	—	**(33,214)**
Acquisitions	19,580	—	19,580	—	**19,580**
Fair value uplift	2,187	(58)	2,129	(68)	**2,061**
	2,927	**(389)**	**2,538**	**3,059**	**5,598**

- Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits are probable. Deferred tax assets of $1.8 million has been recognised for the year (2017: $1.3 million was de-recognised) based on future taxable profits. The Group has unrecognised deferred tax assets amounting to $117.7 million which have no expiry date.
- Deferred tax liabilities have increased by $3.1 million as the carrying values of property, plant and equipment and intangible assets was higher than the tax written down values.
- Deferred tax assets and deferred tax liabilities can only be offset in the Statement of Financial Position if an entity has a legal right to settle current tax amounts on a net basis and Deferred Tax amounts are levied by the same tax authority (as per IAS 12).

Notes to the Consolidated Financial Statements (continued)

16. Inventories

	Crude oil $'000	Materials and supplies $'000	Total $'000
At 1 January 2018	130	3,636	3,766
Net inventory movement	(41)	13	(28)
At 31 December 2018	**89**	**3,649**	**3,738**
At 1 January 2017	120	3,667	3,787
Inventory movement	10	233	243
Impairment	—	(264)	(264)
At 31 December 2017	**130**	**3,636**	**3,766**

(i) Assigning costs to inventories

The costs of individual items of inventory within the category material and supplies are determined using weighted average costs. The cost assigned for crude oil is based on the lower of cost and net realisable value.

(ii) Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2018 amounted to $0.2 million (2017: $0.1 million); these were included in production costs.

At the end of 2018 there were no impairments (2017: $0.3 million impairment loss).

17. Trade and Other Receivables

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Due after more than one year				
Amounts due from Group companies (Note 26 (d))	**—**	—	**—**	—
Due within one year				
Amounts due from related parties (Note 26 (d))	**—**	—	**6,539**	2,447
Trade receivables	**10,408**	3,272	**—**	—
Less: provision for impairment of trade receivables	**—**	—	**—**	—
Trade receivables – net	**10,408**	3,272	**6,539**	2,447
Prepayments	**846**	631	**50**	58
VAT recoverable	**1,610**	807	**34**	31
Other receivables	**479**	445	**—**	—
	13,343	5,155	**6,623**	**2,536**

The fair value of trade and other receivables approximate their carrying amounts. The Group applies the IFRS 9 simplified model for measuring ECL which uses a lifetime expected loss allowance and are measured on the days past due criterion.

Amounts due from related parties are repayable on demand and entities have the ability to repay if called immediately

Having reviewed past payment performance combined with the credit rating of Petrotin/Heritage in order to assess the potential for impairment, the Group has concluded this to be insignificant as there has been no history of default or disputes arising on invoiced amounts in the past 5 years and as such the credit loss % is assumed to be almost zero.

Trade receivables that are less than six months past due are not considered impaired and at 31 December 2018, trade receivables of $10.4 million (2017: $3.3 million) were considered to be fully performing. There was a delay in collecting trade receivables for October and November amounting to $6.7 million due to the restructuring of the Group's sole customer Petrotrin/ Heritage. However, subsequent to the year-end $4.1 million of these have been collected to date and Management remain confident that the remaining balance of $2.6 million will be collected during H1 2019.

At the end of 2017 there was an impairment of $0.3 million relating to UK VAT on invoices that were no longer recoverable.

Ageing analysis of these trade receivables as at 31 December 2018 is as follows:

	2018 $'000	2017 $'000
Up to 30 days	**7,616**	3,272
30 – 60 days	**2,792**	—
	10,408	3,272

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

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
USD	**7,918**	2,631	**6,547**	2,464
GBP	**62**	60	**76**	72
TTD	**5,363**	2,464	**—**	—
	13,343	5,155	**6,623**	2,536

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables				
Counterparties without external credit rating:				
Existing customers with no defaults in the past	**10,408**	3,272	**—**	—

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

18. Cash and Cash Equivalents

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash and cash equivalents	**10,201**	11,792	**4,056**	6,024
	10,201	11,792	**4,056**	6,024

Cash and cash equivalents disclosed above and in the statement of cash flows exclude restricted cash and are available for general use by the Group. At the end of the year the cash balance was impacted due to the restructuring of the Group's sole customer Petrotrin/ Heritage where $6.7 million in trade receivables relating to October and November were not received within the expected payment terms. These are included within the Group's trade receivables (see Note 17: Trade and other receivables). Subsequent to the year-end $4.1 million of these trade receivables have been collected to date and Management remains confident that the outstanding $2.6 million will be collected during H1 2019.

Notes to the Consolidated Financial Statements (continued)

19. Share Capital and Share Premium

	Number of shares	No. Ordinary shares $'000	Share premium $'000	Total $'000
As at 1 January 2018	282,399,986	96,676	125,362	222,038
Issue of shares	101,649,260	1,016	14,517	15,533
As at 31 December 2018	**384,049,246**	**97,692**	**139,879**	**237,571**
As at 1 January 2017	94,799,986	94,800	116,395	211,195
Share Capital Reorganisation ("SCR")	187,600,000	1,876	8,967	10,843
As at 31 December 2017	**282,399,986**	**96,676**	**125,362**	**222,038**

In July, 2018 the Company raised gross proceeds of $20.0 million pursuant to the Fundraising comprising of $13.6 million proceeds of shares issuance and $6.4 million from conversion of CLNs (Note 23: Convertible Loan Notes). Details of the Fundraising are as follows:

- Certain existing and new institutional investors in the Company participated in the Placing of 56,370,645 new ordinary shares;
- Directors and senior management subscribed for 2,398,185 new ordinary shares;
- 88% of CLN holders elected to convert their redeemable CLNs into 32,715,504 new ordinary shares; and
- Other qualifying participants had the opportunity to subscribe for 10,164,926 new ordinary shares.

Originally the CLN was recorded at its fair value which was significantly lower than its face value. Upon conversion and settlement of the CLN holders, this $ 3.3 million discount was credited to share premium.

Share Capital and Share Premium **Year ended 31 December 2018**		No. of Shares	Ordinary Shares $'000	Deferred Shares $'000	Share Premium $'000	Total $'000
At 1 January 2018		282,399,986	2,824	93,852	125,362	222,038
New ordinary shares issued	0.01	101,649,260	1,016	—	—	1,016
Ordinary share premium	0.19	—	—	—	18,984	18,984
CLN discount		—	—	—	(3,265)	(3,265)
Cost of raising equity		—	—	—	(1,202)	(1,202)
At 31 December 2018		**384,049,246**	**3,840**	**93,852**	**139,879**	**237,571**

Note: $:GBP rate 1.312:1

Year ended 31 December 2017			$'000	$'000	$'000	$'000
At 1 January 2017	1.00	94,799,986	94,800	—	116,395	211,195
SCR	1.00	(94,799,986)	(94,800)	—	—	(94,800)
New ordinary shares following the SCR	0.01	94,799,986	948	—	—	948
Deferred ordinary shares following SCR	0.99	—	—	93,852	—	93,852
New ordinary shares issued	0.01	187,600,000	1,876	—	—	1,876
Ordinary share premium	0.05	—	—	—	9,849	9,849
Cost of raising equity		—	—	—	(882)	(882)
At 31 December 2017		**282,399,986**	**2,824**	**93,852**	**125,362**	**222,038**

Note: $:GBP rate 1.255:1

20. Share Based Payment Reserve

The share-based payments reserve is used to recognise:

- The grant date fair value of options issued to employees but not exercised
- The grant date fair value of shares issued to employees
- The grant date fair value of deferred shares granted to employees but not yet vested
- The issue of shares held by the Employee Share Trust to employees.

During 2018 the Group had in place share-based payment arrangements for its employees and Executive Directors, the Share Option Plan and the LTIP. The charge in relation to these arrangements is shown below, with further details of each scheme following:

	2018 $'000	2017 $'000
At 1 January	**12,553**	12,244
Share based payment expense:		
LTIP	**737**	309
At 31 December	**13,290**	12,553

Share Option Plan

Share options are granted to Executive Directors and to selected employees. The exercise price of the granted option is equal to management's best estimate of the fair value 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 2018, the Group had two employee share option plans which were fully vested.

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

		2018		2017	
Grant-Vest	Expiry Date	**Exercise price per share options**	**Number of Options**	Exercise price per share options	Number of Options
2012-2015	2022	**GBP0.86**	**1,685,540**	GBP0.86	1,685,540
2013-2016	2023	**GBP1.20**	**289,544**	GBP1.20	289,544
			1,975,084		1,975,084

The inputs into the Black-Scholes model for options granted in prior periods were as follows:

Grant date	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

Notes to the Consolidated Financial Statements (continued)

20. Share Based Payment Reserve (continued)

Long Term Incentive Plan ("LTIP")

LTIP awards are designed to provide long-term incentives for Senior Managers and Executive Directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

LTIP awards were granted in August 2017 over 25,415,998 ordinary shares ("2017 LTIP Award"). The 2017 LTIP Awards will normally vest on 30 June 2022, although they may vest in full or in part on 30 June 2020 or 2021 subject to meeting performance targets relating to:

> In respect of 70% of the award, the Company's share price growth from the 2017 placing price of 4.98 pence per share. If the 3 month volume-weighted price ("VWAP") at the testing date is 35 pence or more per share, this part of the award will vest in full. If the VWAP at the testing date is 4.98 pence per share or less, this part of the award will not vest at all. If the VWAP at the testing date is between 4.98 pence and 35 pence per share, this part of the award will vest on a pro-rated straight-line basis;

> In respect of 20% of the award, repayment of the amount due to the BIR on or before 30 September 2019, in accordance with the terms of the Creditors' Proposal approved in 2017. The final payment occurred following completion of the Fundraising in 2018; and

> In respect of 10% of the award, redemption of all the CLNs issued in January 2017 before the second anniversary of their issue. All of the CLNs were redeemed as part of the Fundraising in 2018.

All remaining awards under the LTIP (which were granted in 2013) lapsed during 2017 as the performance targets were not satisfied.

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

	2018 Average exercise price per share option	**Number of Options**	2017 Average exercise price per share option	Number of Options
At 1 January	**GBP 0.00**	**25,415,998**	GBP 0.00	189,600
Lapsed		—	GBP 0.00	(189,600)
Granted during the year		—	GBP 0.00	25,415,998
At 31 December	**GBP 0.00**	**25,415,998**	GBP 0.00	25,415,998

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

Grant-Vest	Expiry date	Exercise price	**2018**	2017
2017-2022	2022	GBP 0.00	**25,415,998**	25,415,998

The total fair value of the 2017 LTIP Award is $2.6 million and will be expensed over the vesting period with the full charge pro-rated over the period up to 30 June 2022. However, the LTIP Award may vest in full or in part on 30 June 2020 or 2021 with the appropriate charge being taken at that time. The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies. The model inputs for LTIP Awards granted in 2017:

Grant Date	24 August 2017
Share price at grant date	GBP10.75
Exercise price	GBP0.00
Expected volatility	73.3%
Risk-free interest rates	0.44%
Expected dividend yields	0%
Vesting period 1	30 June 2020
Vesting period 2	30 June 2021
Vesting period 3	30 June 2022

21. Merger and Reverse Acquisition Reserves

	Reverse Acquisition Reserve $'000	Merger Reserve $'000	Total $'000
At 1 January 2018	(89,268)	75,467	(13,801)
Movement	—	—	—
Translation differences	—	—	—
At 31 December 2018	**(89,268)**	**75,467**	**(13,801)**
At 1 January 2017	(89,268)	75,467	(13,801)
Movement	—	—	—
Translation differences	—	—	—
At 31 December 2017	**(89,268)**	**75,467**	**(13,801)**

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: Background and Accounting Policies. The reverse acquisition difference recorded in the consolidated financial statements represents the difference in accounting for reverse acquisition transactions.

22. Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure used by the Group to measure business performance. It is calculated as Operating Profit before SPT and PT for the period, adjusted for DD&A, share option expenses and Other Expenses (derivative hedge instruments).

The Group presents adjusted EBITDA as it is used in assessing the Group's growth and operational efficiencies as it illustrates the underlying performance of the Group's business by excluding items not considered by management to reflect the underlying operations of the Group.

Adjusted EBITDA is calculated as follows:

	2018 $'000	2017 $'000
Operating Profit Before SPT and PT	**6,720**	3,932
DD&A	**10,694**	7,055
Share option expenses	**737**	235
Loss on oil derivative hedge instruments	**1,075**	1,362
Adjusted EBITDA	**19,226**	12,584

	'000	'000
Weighted average ordinary shares outstanding - basic	**330,579**	276,746
Weighted average ordinary shares outstanding - diluted	**355,995**	395,054

	$	$
Adjusted EBITDA per share - basic	**0.058**	0.045
Adjusted EBITDA per share - diluted	**0.054**	0.032

Notes to the Consolidated Financial Statements (continued)

22. Adjusted EBITDA (continued)

Adjusted EBITDA after the impact of SPT and PT is calculated as follows:

	2018 $'000	2017 $'000
Adjusted EBITDA	**19,226**	12,584
SPT	**(7,050)**	(1,533)
PT	**607**	(497)
Adjusted EBITDA after SPT and PT	**12,783**	10,554

	'000	'000
Weighted average ordinary shares outstanding - basic	**330,579**	276,746
Weighted average ordinary shares outstanding - diluted	**355,995**	395,054

	$	$
Adjusted EBITDA after SPT/PT per share - basic	**0.039**	0.038
Adjusted EBITDA after SPT/PT per share - diluted	**0.036**	0.027

23. Convertible Loan Notes ("CLN")

On 11 January 2017 the Company issued at a 50% discount 6,550,000 one dollar, unsecured CLNs. The notes mature 7 years from the issue date at their nominal value of $6.55 million plus quarterly accrued, aggregated and compounded interest. Repayments or conversion prior to the maturity date can be made in certain circumstances:

> *Early Redemption*

Subject to the settlement of the debts owed to the BIR and the MEEI the Company can before the second anniversary of the CLN's issue date, redeem all or a portion of the CLN giving 5 business days' written notice to the Noteholder. The Noteholders do not have the option to convert under this arrangement.

> *Redemption*

The Company can, after satisfying the debts owed to the BIR and the MEEI or after two years from the issue dates (whichever is the latter), elect to redeem all the CLN before the maturity date. The redemption date in this scenario must not be less than 20 days from the Early Redemption Notice. The Noteholders can serve a Conversion Notice.

> *Conversion*

Each Noteholder can after the second anniversary of the issue date serve a Conversion Notice. The principal amount plus the outstanding interest shall be converted into new fully paid ordinary shares at a Conversion Price of $0.08125.

On 12 July 2018, $6.4 million in relation to the holders of CLNs opted to convert the value of their CLNs inclusive of accrued interest in ordinary shares and on 15 August 2018 the remaining holders of the CLNs who did not elect to convert their CLNs pursuant to the subscription were repaid in cash, which amounted to $0.9 million.

Year ended 31 December 2018	Total $'000
Opening amount as at 1 January 2018	3,019
Effective interest	118
Interest accrued[2]	300
Equity component	590
Share premium (difference in fair value on CLN)	3,265
Settlement of CLN via conversion to ordinary shares	(6,437)
Settlement of CLN in cash	(864)
Translation difference	9
Closing balance at 31 December 2018	—

Year ended 31 December 2017	
Opening amount as at 1 January 2017	—
Nominal value of CLN issued[1]	6,550
Issued at a 50% discount	(3,275)
Fair value of CLN	3,275
Expenses incurred	(245)
Fair value of CLN (net of costs)	3,030
Equity component	(590)
Liability component at initial recognition	2,440
Effective interest	105
Interest accrued[2]	474
Closing balance at 31 December 2017	**3,019**

Notes:

1 The amount repayable on the CLN is the nominal value of $6.6 million plus accrued interest.

2 Interest is calculated by applying the effective interest rate of 23.7 % to the liability component.

In 2017 the CLN was initially recognised and measured at its fair value of $3.3 million. The fair value of the liability component was determined using a market interest rate of 22.4% for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds are allocated to the conversion option and recognised in shareholders' equity net of transaction cost, and not subsequently re-measured.

24. Provision for Other Liabilities

(a) Non-current:

Year ended 31 December 2018	Decommissioning cost $'000	Employee Retirement Benefit $'000	Total $'000
Opening amount as at 1 January 2018	37,151	—	37,151
Unwinding of discount (Note 7)	1,557	—	1,557
Increase in provisions for new wells	1,164	—	1,164
Revision to estimates	867	—	867
Decommissioning contribution	1,074	—	1,074
Translation differences	(11)	—	(11)
Closing balance at 31 December 2018	**41,802**	**—**	**41,802**
Year ended 31 December 2017			
Opening amount as at 1 January 2017	37,970	348	38,318
Unwinding of discount (Note 7)	1,643	—	1,643
Restructuring provision settled	—	(348)	(348)
Revision to estimates	(2,868)	—	(2,868)
Decommissioning contribution	497	—	497
Translation differences	(91)	—	(91)
Closing balance at 31 December 2017	**37,151**	**—**	**37,151**

Decommissioning cost

The Group operates Oil fields and this cost represents an estimate of the amounts required for abandonment of the Group's wells, platforms, gathering station and pipeline infrastructures. The amounts are calculated based on the provisions of existing contractual agreements with Petrotrin/ Heritage and MEEI. 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.

Notes to the Consolidated Financial Statements (continued)

24. Provision for Other Liabilities (continued)

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 – 2% (2017: 3%)

b. Risk free rate – 2.69% - 2.90% (2017: 3.09% - 4.65%)

c. Estimated market value/decommissioning cost

d. Estimated life of each asset

See Note 3(c): Critical Accounting Estimates and Assumptions for the rates used and sensitivity analysis.

Employee Retirement benefit

In 2017 the employee retirement benefit provision was extinguished under the restructuring process.

(b) Current:

Year ended 31 December 2018	Litigation claims $'000	Closure of pits $'000	Total $'000
Opening amount as at 1 January 2018	115	-	115
Increase in provision	232	232	232
Closing balance at 31 December 2018	**347**	**232**	**347**
Year ended 31 December 2017			
Opening amount as at 1 January 2017	470	-	470
Decrease in provision	(355)	-	(355)
Closing balance at 31 December 2017	**115**	**-**	**115**

Litigation claims

In 2017 the Litigation claims were written down to the compromised amount.

Closure of Pits

In 2018 there was an increase in the provision of $0.2 million relating to the remedy and closure of pits associated with drilling new onshore wells.

25. Trade and Other Payables

(a) Non-Current:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Due to BIR Interest on taxes[1]	**—**	417	**—**	—
Due to MEEI[2]	**—**	231	**—**	—
Other Payables	**—**	233	**—**	—
	—	881	**—**	—

(b) Current:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Trade payables	**3,076**	555	**58**	67
Accruals	**3,454**	2,547	**423**	454
VAT payable	**—**	272	**—**	—
Other payables	**701**	701	**—**	—
SPT and PT	**1,916**	2,626	**—**	—
Due to BIR Interest on taxes and SPT[1]	**—**	2,865	**—**	—
Due to MEEI[2]	**—**	526	**—**	—
	9,147	10,092	**481**	521

Notes:

1. The amounts due to the BIR under the settlement agreement was fully repaid in 2018.
2. The amounts due to the MEEI under the settlement agreement was fully repaid in 2018

26. Related Party Transactions

Group

The following transactions were carried out with the Group's subsidiaries and related parties. 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 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Group subsidiaries:				
Trinity Exploration and Production Services (UK) Limited	**—**	—	**3,176**	347
Trinity Exploration and Production (UK) Limited	**—**	—	**14**	—
Trinity Exploration and Production (Galeota) Limited	**—**	—	**13**	(498)
Bayfield Energy Limited	**—**	—	**14**	—
Oilbelt Services Limited	**—**	—	**1,197**	—
Trinity Exploration and Production (Trinidad and Tobago) Limited	**—**	—	**(501)**	910
Trinity Exploration and Production Services Limited	**—**	—	**179**	(168)
	—	—	**4,092**	591

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.

Notes to the Consolidated Financial Statements (continued)

26. Related Party Transactions (continued)

(b) Purchases of services

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Related party:				
Trinity Exploration and Production Services Limited	**—**	—	**—**	—
Trinity Exploration and Production Services (UK) Limited	**—**	—	**—**	(335)
	—	—	**—**	(335)

(c) Key Management and Directors' compensation

Key Management includes Directors (Executive & Non-Executive) and the Country Manager. The compensation paid or payable to Key Management for employee services is shown below:

	Group	
	2018 $'000	2017 $'000
Salaries and short-term employee benefits	**1,108**	993
Post-employment benefits	**33**	53
Share-based payment expense (Note 20)	**737**	309
	1,878	1,355

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

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Receivables from related parties:				
Trinity Exploration and Production Services Limited	**—**	—	**867**	688
Trinity Exploration & Production (UK) Limited	**—**	—	**14**	—
Trinity Exploration and Production (Galeota) Limited	**—**	—	**13**	—
Bayfield Energy Limited	**—**	—	**14**	—
Oilbelt Services Limited	**—**	—	**1,197**	—
Trinity Exploration and Production (Trinidad and Tobago) Limited	**—**	—	**408**	909
Trinity Exploration and Production Services (UK) Limited	**—**	—	**4,026**	850
	—	—	**6,539**	2,447

Payables to related parties:				
Trinity Exploration and Production Services Limited	**—**	—	**—**	—
Trinity Exploration and Production Services (UK) Limited	**—**	—	**—**	—
	—	—	**—**	—

Group and Company

The receivables from related parties arise mainly from sales. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties (2017: 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.

27. Derivative financial instruments

	31 December 2018 $'000	31 December 2017 $'000
Zero cost collar	—	762
	—	762

28. Taxation Payable

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Taxation payable				
PPT/ UL	—	66	—	—
Due to BIR (PPT, CT and UL)[1]	—	1,622	—	—
	—	1,688	—	—

Notes:

1. 2018 nil balance. 2017: Due to the BIR under the settlement agreement is PPT; CT and UL taxes of $1.6 million

29. Financial Instruments by Category

At 31 December 2018 and 2017, the Group held the following financial assets at amortised cost:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade and other receivables – current	**13,343**	5,155	**6,623**	2,536
Abandonment fund – non current	**2,979**	1,650	—	—
Cash and cash equivalents	**10,201**	11,792	**4,056**	6,024
	26,523	18,597	**10,679**	8,560

At 31 December 2018 and 2017, the Group held the following financial liabilities at amortised cost:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Accounts payable and accruals	**9,147**	10,092	**481**	521
CLN	—	3,019	—	3,019
	9,147	13,111	**481**	3,540

At 31 December 2018 and 2017, the Group held the following financial liabilities at fair value:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Derivative financial instrument	—	762	—	762
	—	762	—	762

Notes to the Consolidated Financial Statements (continued)

30. Commitments and Contingencies

a) Commitments

There are commitments for decommissioning costs of the wells and facilities under the Group's agreements with Petrotrin/ Heritage, which have been provided for as described in Note 24: Provision for other liabilities.

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	
	2018 $'000	2017 $'000
Not later than 1 year	**139**	534
Later than 1 year and no later than 5 years	**21**	34
	160	568

b) Contingent Liabilities

i) The farm-out 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 until a new agreement is available.

ii) Parent company guarantee. A Letter of Guarantee has been established over the Point Ligoure, Guapo Bay & Brighton ("PGB") Block where a subsidiary of Trinity is obliged to carry out a Minimum Work Programme to the value of $8.4 million. The guarantee shall be reduced at the end of each twelve month period upon presentation of all technical data and results of the Minimum Work Programme performed.

iii) The Group is party to various claims and actions. Management have considered the matters and where appropriate has obtained external legal advice. No material additional liabilities are expected to arise in connection with these matters, other than those already provided for in these financial statements.

iv) On 3 June 2017 a performance bond was established by the Group's Lease Operatorship Assets ("LOA"). A performance bond in the form of a cash deposit of $0.3 million in the name of the beneficiary Petrotrin/ Heritage was established for due and punctual observance of the of conditions, things and matters under the LOA effective until 31 December 2020.

31. Employee Costs

	2018 $'000	2017 $'000
Employee costs for the Group during the year		
Wages and salaries	**6,602**	6,778
Other pension costs	**633**	391
Share based payment expense (Note 20)	**737**	309
	7,972	7,478

	2018 number	2017 number
Average monthly number of people (including Executive and Non-Executive Directors') employed by the Group		
Executive and Non-Executive Directors	**6**	5
Administrative staff	**76**	64
Operational staff	**120**	122
	202	191

32. Events after the Reporting Year

1. On 2 January 2019 the Company issued awards under its LTIP ("2019 LTIP award"). The Company awarded the grant of Options over 2,824,000 ordinary shares (representing 0.735% of the Company's issued share capital) under the 2019 LTIP award.

   The LTIP Awards are subject to the achievement of relative Total Shareholder Return ("TSR") performance targets measured over a three year performance period ending on 1 January 2021. These awards have been made in accordance with the policy announced to the market on 25 August 2017 and have been made to certain individuals in respect of the performance of the Group as at the end of the financial year ended 31 December 2017.

2. On 15 January 2019, the Group announced that the effective transition date to the new national oil company, Heritage was 1 December 2018 and the restructuring process with Petrotrin to date is ongoing. There have been some delays in the timing of payments for October and November crude oil revenues from Petrotrin with an amount outstanding of $6.7 million at year end. The Group has received $4.1 million of these delayed payments to date, with the remaining $2.6 million which is outstanding expected to be collected during H1 2019.

Glossary of Terms

Abbreviation	Meaning
2P	Proved and probable resources
2C	Best estimate of contingent resources
Adjusted EBITDA	Operating Profit before SPT and PT for the period, adjusted for DD&A, non-cash share option expenses and the Other Expenses
AGM	Annual General Meeting
AIM	Alternative Investment Market
Bayfield	Bayfield Energy Holdings plc
bbl	barrel
BIR	Board of Inland Revenue of T&T
BM	Brighton Marine
Board	Board of Directors
bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
c.	circa (approximately)
CFO	Chief Financial Officer
CGU	Cash generating units
CIMA	Chartered Institute of Management Accountants
CLN	Convertible Loan Notes
CT	Corporation tax
DD&A	Depreciation, depletion and amortisation
DTA	Deferred Tax Asset
DTL	Deferred Tax Liabilities
EU	European Union
FDP	Field Development Plan
FID	Final Investment Decision
FRC	Financial Reporting Council
FVLCOD	Fair Value less Costs of Disposal
FX	Foreign Exchange
G&A	General & Administrative expenses
GBP or £	Great British Pound
Group	Trinity and its Subsidiaries
H	Half Year i.e. H1 means first half
HSSE	Health, Safety, Security & Environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretations Committee
KPI(s)	Key Performance Indicator(s)

Abbreviation	Meaning
LLP	Limited liability partnership
LOAs	Lease Operatorship Agreement
LTIP	Long-Term Incentive Plan
MEEI	Ministry of Energy and Energy Industries of Trinidad & Tobago
MM	million
mmbbls	million barrels
mmstb	million stock tank barrels
MPHU	Mechanical Pumping Hydraulic Unit
Net debt	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)
Operating Break-even	The realised price where the Adjusted EBITDA for the respective asset is equal to zero. Consolidated Operating Break-even is the realised price where the Adjusted EBITDA for the entire Group is equal to zero)
OCF	Net Cash Flow From Operating Activities
Operating Expenses	Royalties plus Opex plus DD&A plus G&A plus Other Expenses
Opex	Production costs
Operating Profit	Operating Profit from business operations (Operating Revenues less Operating Expenses less SPT & PT less Exceptional items)
Other Expenses	Derivative Hedge Instruments
Petrotrin	The Petroleum Company of Trinidad and Tobago Limited
PGB	Point Ligoure-Guapo Bay-Brighton Marine (West Coast Assets)
Plc	Public Limited Company
PPT	Petroleum Profits Tax
PT	Property Tax
PwC	PricewaterhouseCoopers LLP
Q	Year quarter (3 months) i.e. Q1 means first quarter
RNS	Regulatory News Service
RCP(s)	Recompletion(s)
Realised price	Actual price received for crude oil sales per bbl. A discount is normally applied to the WTI price by Petrotrin and, since 1 December 2018, Heritage to derive the realised price received by Trinity
SPT	Supplemental Petroleum Tax
START Card	See Think Act Reinforce Track Card
STOIIP	Stock Tank Oil Initially in Place
STOW	Safe to Work
T&T based bank	First Citizens Bank Limited
TEPUKL	Trinity Exploration & Production (UK) Limited
TEPGL	Trinity Exploration and Production (Galeota) Limited
Trinity/Company/Parent	Trinity Exploration & Production plc
TEPTTL	Trinity Exploration and Production (Trinidad and Tobago) Limited

Glossary of Terms (continued)

Abbreviation	Meaning
TSR	Total Shareholder Return
TTD	Trinidad & Tobago Dollars
T&T	Trinidad & Tobago
T&T State creditors	Reference to both BIR and MEEI
UK	United Kingdom
UL	Unemployment Levy
USA	United States of America
USD or **$**	United States Dollars
VAT	Value Added Tax
VIU	Value in Use
vs	versus
VWAP	Volume-Weighted Average Price
WTI	West Texas Intermediate- is a grade of crude oil used as a benchmark in oil pricing
WO(s)	Workover(s)

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