TRINITY
EXPLORATION & PRODUCTION

ANNUAL REPORT & ACCOUNTS

for the year ended 31 December 2016

COMPANY NUMBER: 07535869
STOCK CODE: TRIN

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Who we are?

Trinity Exploration & Production Plc ("Trinity" or "the Company" or "Parent") is an independent oil company focused solely on Trinidad & Tobago ("T&T"). We operate a portfolio of producing and development assets both onshore and offshore in the shallow waters off the West and East Coasts of Trinidad.

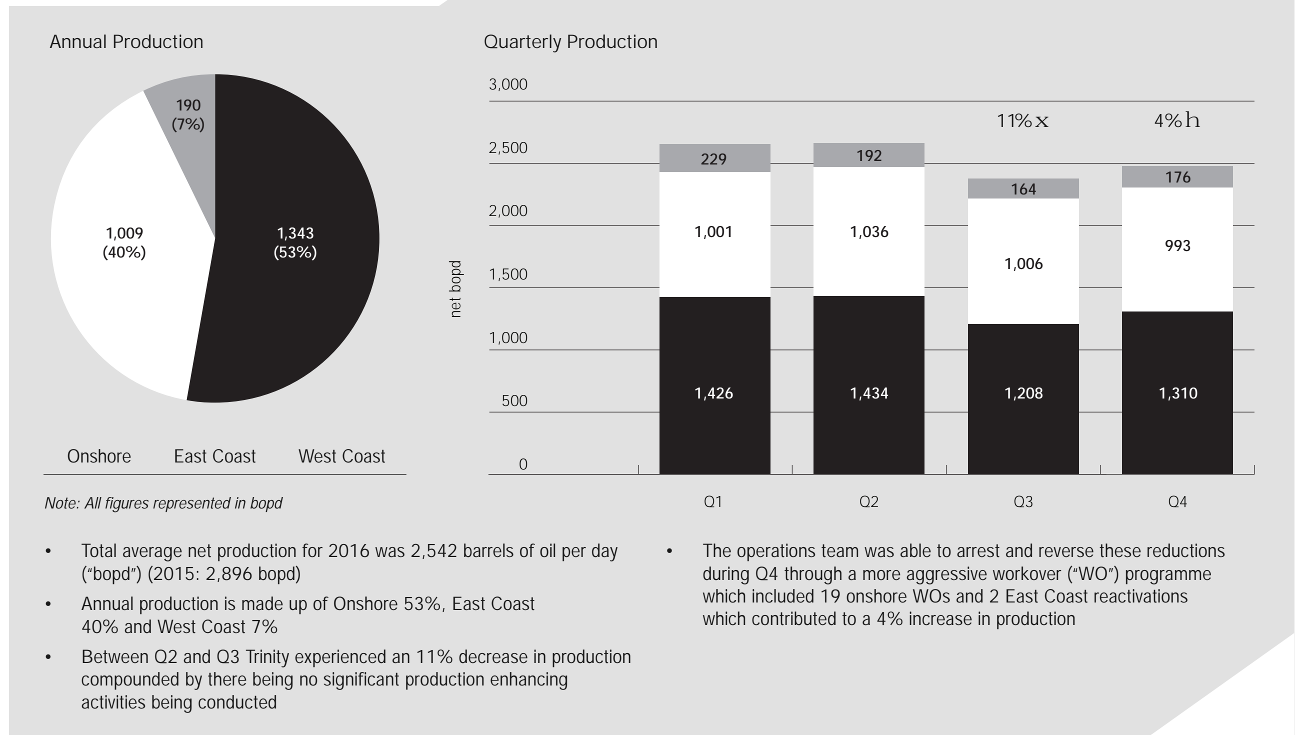
Why Trinidad & Tobago?

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. T&T offers a progressive fiscal regime and favourable regulatory environment. 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.

BEHAVIOUR / RIGOUR / PURPOSE

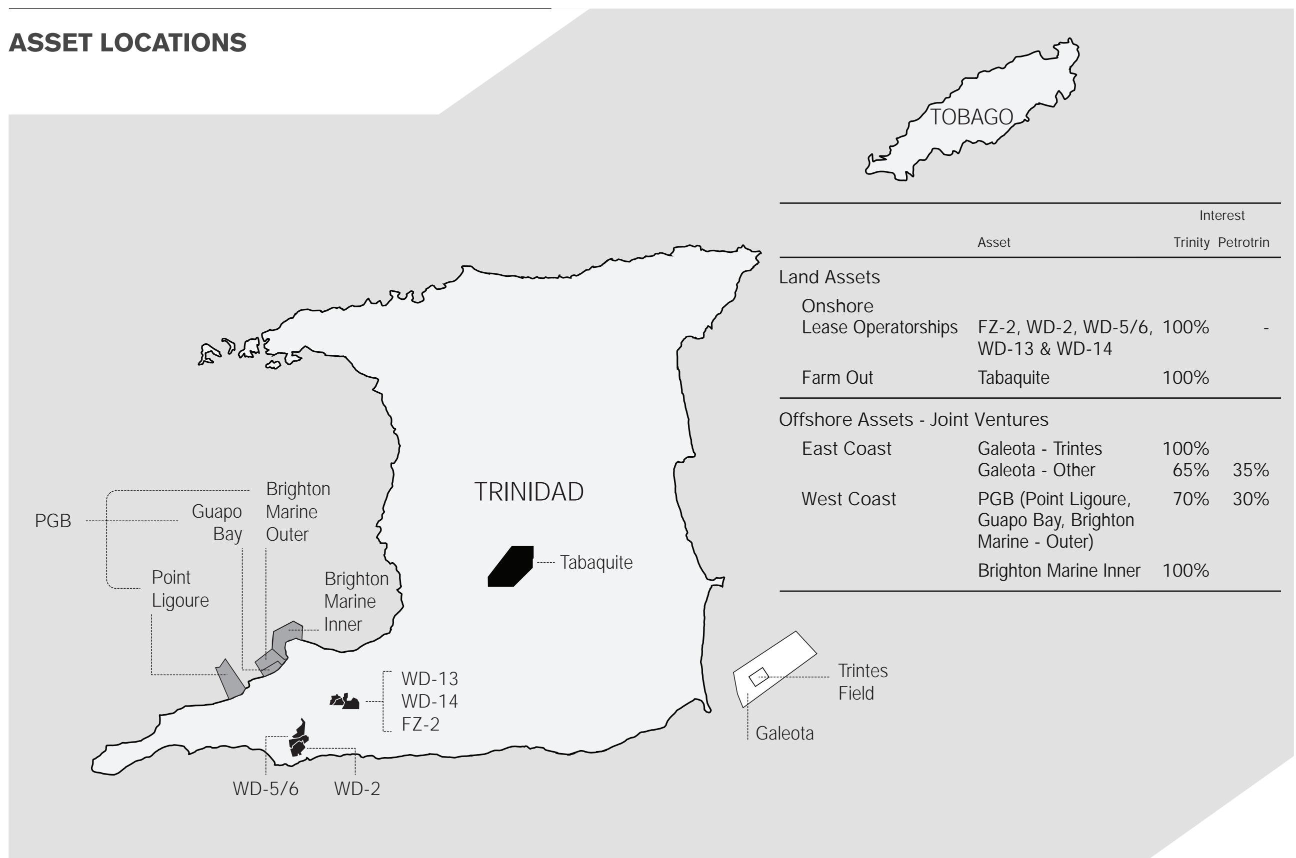
2016 ASSET OVERVIEW

2016 PRODUCTION & HIGHLIGHTS



- Total average net production for 2016 was 2,542 barrels of oil per day ("bopd") (2015: 2,896 bopd)
- Annual production is made up of Onshore 53%, East Coast 40% and West Coast 7%
- Between Q2 and Q3 Trinity experienced an 11% decrease in production compounded by there being no significant production enhancing activities being conducted
- The operations team was able to arrest and reverse these reductions during Q4 through a more aggressive workover ("WO") programme which included 19 onshore WOs and 2 East Coast reactivations which contributed to a 4% increase in production

ASSET LOCATIONS



		Asset	Interest Trinity	Interest Petrotrin
Land Assets				
	Onshore Lease Operatorships	FZ-2, WD-2, WD-5/6, WD-13 & WD-14	100%	-
	Farm Out	Tabaquite	100%	
Offshore Assets - Joint Ventures				
	East Coast	Galeota - Trintes	100%	
		Galeota - Other	65%	35%
	West Coast	PGB (Point Ligoure, Guapo Bay, Brighton Marine - Outer)	70%	30%
		Brighton Marine Inner	100%	

BRUCE A. I. DINGWALL CBE
Executive Chairman

Strategy

Trinity's vision and strategy remains unchanged through the continued focus on Trinidad, retaining the integrity of the core producing proved and probable ("2P") reserves base, investing to grow production and cash flow when appropriate and warehousing further significant resources volumes to monetise in the future.

Securing a Future

Trinity entered 2016 with a distressed Statement of Financial Position compounded by a persistent low oil price environment and reduced production levels as a result of these capital constraints. The Board and Management's primary objectives during 2016 were to deliver a financial solution that would free the Statement of Financial Position from its working capital overhang and return the operating business to profitability, within a depressed oil price environment. During this time, we continued to focus on maintaining the integrity of our producing asset base whilst adopting better operational practices and efficiencies that enabled the Company to materially re-base costs and thus reduce the break-even economics on our assets.

The forbearance and ongoing co-operation from the T&T State creditors, senior debt holder and supply chain creditors allowed the Company the time needed to implement these cost saving initiatives thereby sustaining direct employment, where possible, as well as the services of a significant number of contractors during a difficult economic period in T&T. For that support we remain extremely thankful and look forward to continuing to build on and strengthen the existing relationships with our stakeholders.

The drastic change in the cost structure of the business and return to operating profitability provided the impetus for the Company to accelerate the several potential funding solutions that were presented throughout 2016. In December 2016, we announced the proposed fundraising of approximately USD 15.0 million ("the Fundraising") in relation to the financial restructuring of the Company that not only enabled settlements to be proposed and agreed with outstanding creditors but also enabled the Company to be placed into a more robust position in order to ensure that value is maximised from the current asset base. *Refer to Financial Review Note - Restructuring and Fundraising page 12*. This will be realised by leveraging the benefits from maintaining and growing production with a significantly reduced cost base and operating break-even

levels below a realised price of USD 30.0 per barrel ("/bbl") having been achieved ahead of the end of 2016 targeted schedule.

The execution of agreements with creditors and the subsequent completion of the Fundraising on 11 January 2017 has significantly strengthened Trinity and its subsidiaries ("the Group") Statement of Financial Position by reducing its like-for-like total pre-restructuring liabilities (being outstanding debt plus current liabilities and non-current liabilities) from USD 50.7 million as at 31 December 2016 to USD 14.2 million (pro forma post-completion of the restructuring but excluding the new Convertible Loan Note). The net proceeds from the Fundraising were applied toward the payments to creditors under a proposal for a scheme of arrangement between the Company's T&T incorporated subsidiaries and their creditors ("the Proposal") pursuant to Part V of the Bankruptcy and Insolvency Act (Chapter 9:70) of Trinidad and Tobago ("BIA") and settlement agreements, certain one-off restructuring costs, infrastructure costs to ensure the integrity of production operations going forward and subject to the prevailing market conditions, the re-initiation of drilling activities with an initial programme of 4 new onshore wells.

2016 Trading Summary

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

Details	2013	2014	2015	2016
Realised Price (USD/bbl)	91.6	85.8	45.5	39.4
Production (bopd)				
Onshore	2,088	2,005	1,601	1,343
West Coast	493	491	312	190
East Coast	1,110	1,105	983	1,009
Consolidated	3,691	3,601	2,896	2,542
Operating Break-Even (USD/bbl) (1)				
Onshore (2)*	19.0	21.3	23.3	17.4
West Coast (2)*	21.2	24.5	40.7	37.7
East Coast (2)*	69.8	55.9	41.3	26.3
Consolidated (3)**	62.9	64.6	47.4	29.1
Metrics (USD/bbl)				
Opex/bbl - Onshore	12.8	14.4	15.7	11.8
Opex/bbl - West Coast	17.4	20.2	33.8	31.6
Opex/bbl - East Coast	52.0	41.6	31.6	20.1
G&A/bbl - Consolidated	13.8	11.4	9.9	4.5

Notes:

1. Based on realised price
2. Operating Break-even: Revenue - Over-riding Royalty - Production Royalty - Opex
3. Operating Break-even: Revenue - Over-riding Royalty - Production Royalty - Opex - G&A

The diligent efforts of the Management team and Trinity's staff during 2016 enabled a reduction in the Company's consolidated operating level break-even from USD 47.4/bbl in 2015 to USD 29.1/bbl for the full year 2016. This is all the more impressive given it was achieved despite reduced like-for-like production levels (-12%) and a lower realised oil price (-13%).

The establishment of a leaner, more efficient operating cost base year-on-year came about as follows:

- Opex reduced by 29% to USD 15.6 million (2015: USD 22.0 million). This was achieved through various cost efficiency measures taken with the highest reduction being within the Logistics on the East Coast. Opex is largely of a fixed cost nature and therefore an increase in production over a largely fixed cost base has a significant leverage effect;
- G&A costs reduced, by 61% to USD 4.2 million (2015: USD 10.5 million) and are on target to be sustained at this level; and
- The consolidated operating break-even oil price for the Group for the 12 months ended 31 December 2016, including G&A, was USD 29.1/bbl which compares to consolidated break-even oil prices of USD 62.9/bbl in 2013, USD 64.6/bbl in 2014, USD 47.4/bbl in 2015.

The resultant impact on our financial performance was for the Company to be profitable at an operating level for the majority of 2016 generating an EBITDA of USD 6.3 million (2015: USD 1.2 million) and a robust operating cash flow of USD 9.0 million (2015: USD 2.6 million) and yielding a year-end cash balance of USD 7.6 million (2015: USD 8.2 million). The comparable year-on-year ending cash position is all the stronger given the prudent reclassification of USD 1.1 million of cash as an Abandonment Fund, which is recognised within non-current assets.

Trinity did not pay Supplemental Petroleum Taxes ("SPT") during 2016 having realisations below the USD 50.01/bbl threshold. To be clear SPT is payable on average realised prices which are at a discounted level to the prevailing West Texas Intermediate ("WTI") oil price and are partially sheltered by certain categories of capital expenditure. Furthermore, profits from production continue to be sheltered from Petroleum Profits Taxes ("PPT") by Trinity's significant tax losses and allowances position (current tax loss pool of USD 217.6 million).

Plans for the Future

Across Trinity's asset base the Company has identified clear pathways for value-creating production growth. Whilst the restructuring and realignment of the Company's cost base has created a much stronger platform for growth, the Board is mindful that it must maintain a disciplined approach to costs through the implementation of staged risk mitigated development activities. In the short-term, the Company has embarked upon a work programme to sustain the current production base via routine WOs, whilst growing current production levels from an existing wide inventory of opportunities from Recompletions RCPs and reactivations on its current well stock.

A programme of 12 RCPs is planned for 2017 with 2 having already been undertaken and a further 4 expected to be completed before the end of June. The re-initiation of swabbing activities commenced in April and will continue to take place alongside the drilling of new onshore wells from previously identified locations. The recommenced onshore drilling programme is expected to comprise 4 new onshore wells in each of the next two years, subject to market conditions, most notably the prevailing oil price. Additionally, the Company anticipates capital expenditure works for planned repairs and maintenance to equipment and infrastructure.

These combined activities provide scope to grow production from current levels of c. 2,500 bopd to an eventual target-rate of c.3,000 bopd within 12 months of completing the initial onshore infill well drilling programme.

In addition the Company has initiated an internal review of the Trintes infill drilling programme and the Trintes-TGAL and Galeota Ridge development plan.

Health, Safety, Security and the Environment ("HSSE")

Employees are Trinity's most important resource and personal safety is a paramount driving factor in our HSSE initiatives. The initiatives employed year-on-year since 2013 have resulted in improved safety performance with a 9% improvement of the Incident Rates in 2016 compared to 2015. The Company will seek to maintain a year-on-year improvement for the Incident Rates in 2017 from 2016, despite the increased levels of activity planned for 2017, through the continued development of positive safety behaviours and focusing on areas with potential for further improvement. This endorses the Company's drive to improve its HSSE Management System by progressing towards Safe to Work ("STOW") certification that is expected to be completed during the second half of 2017. This will further advance our ability to respond, control and analyse safety events and performance data.

Production

Total average net production for 2016 was 2,542 bopd (2015: 2,896 bopd) which represents an overall 12% decline in production levels over the year, but normalised to a net overall (2016: 2,518 bopd vs 2015: 2,832 bopd) 11% decline as the GU-1 asset (2016: 5-month average: 57 bopd) was divested in May 2016.

Onshore Assets

Current Onshore production is from Lease Operatorship Blocks; WD-2, WD-5/6, WD-13, WD-14 and FZ-2 in southern and south-western Trinidad.

Average 2016 net production from the Onshore assets (inclusive of GU-1) was 1,343 bopd which accounted for 53% of total production for the year. This represents a 16% decrease in production from the 2015 average net production levels of 1,600 bopd. 2016 net Onshore production exclusive of GU-1 production represents a like-for-like decline of 14%.

The decrease in production was due to natural decline across all assets and certain wells being off for prolonged periods, as the main focus in 2016 was maintaining base production through routine WOs, reactivations and production optimisation. These activities were subject to a highly constrained capital budget. There was also no swabbing conducted during 2016 which compounded the overall lower production trend. In total, 60 routine WOs were executed across the onshore assets utilising Trinity's internal rig resources (2015: 91 routine WOs). The reduction in the quantity of WOs in 2016 was again due to capital constraints. Capital expenditure on production enhancing projects was absent in 2016 resulting in no heavy WOs, RCPs or drilling activities.

East Coast Asset

Current East Coast production is from the Alpha, Bravo and Delta platforms on the Trintes Field. Despite the cessation of investment, ongoing steps to improve operating efficiency have been effective in sustaining production with current levels ranging between 950 – 1,100 bopd.

Average 2016 net production from the East Coast was 1,009 bopd which accounted for 40% of total production for the year. This represented a 3% increase in production from the 2015 average net production levels of 983 bopd.

The retention of such stable production levels via better generator maintenance strategies and improved competency for remote monitoring on important wells, at a time when no capital has been deployed towards new drilling, is testament to the quality of the reservoirs and the technical capability and the knowledge of the operations within Trinity's team.

The 2 WOs completed in Q4 2015 influenced an upward trend in production, as the rates were realised in 2016. Similarly, 2 WOs conducted in Q4 2016, which included the installation of progressing cavity pump ("PCP") technology on the Delta platform added approximately 20 bopd. This significant test of the improved PCP technology will charter a more cost effective strategy in producing from lower rate wells on the East Coast offshore facilities.

Trinity will continue optimising and reviewing alternative artificial lift technologies to maintain base production and augment these production rates in an attempt to improve efficiency and cost effectiveness.

West Coast Assets

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

Average 2016 net production from the West Coast was 190 bopd which accounted for 7% of Trinity's total production for the year. This represented a 39% reduction in production from 2015 average levels of 313 bopd.

There were no major activities conducted on the West Coast assets in 2016, with the exception of 1 routine WO due to funding restrictions. The general downward trend in production is due to the ABM-151 well (c. 89 bopd) being closed-in due to high volume sand production tendencies. Given that this is the main gas source in the field, the resultant production impact was adversely compounded given the absence of the gas lift to optimise production across the field's wells. While gas lift will depend on both the ABM-151 well being brought back on production and the change-out of the high pressure and low pressure pipelines, the incremental production benefit is expected to be significant. Additional production curtailments were experienced across the BM field due to pipeline and platform landing stages integrity issues.

In the latter part of Q4 2016, a pipeline change-out programme was completed in BM resulting in a production increase of 55 bopd. However these rates will only be realised in 2017. The low energy prices and the higher cost of the application being predominantly offshore, has dampened activities on the asset. However, moving forward, the land based wells across both the PGB and BM fields will be targeted for reactivation in addition to minor facility upgrades as the means to increase production.

Reserves and Resources

A comprehensive Management review of all assets has been concluded and has estimated the current 2P reserves to be 21.3 million stock tank barrels ("mmstb") at the end of 2016, compared to the year-end 2015 reserve estimate of 20.9 mmstb (exclusive of 0.8 mmstb for GU-1). This represents an increase of 0.3 mmstb (1.6%) increase vs 2015. This increase, despite the disposal of the GU-1 asset and production for 2016 (0.9 mmstb) is largely due to reduced operating costs, revised capital expenditure and a more favourable crude oil futures price deck (compared to 2015).

The subsurface review has defined investment programmes and constituent drilling targets to commercialise the reserves as detailed, by asset area, in the table below. The 2P reserves estimate is based on the assumption of a fully funded programme.

	Unaudited 2016 2P Reserves			
Asset Net Oil Production	31 December 2015 mmstb	Production mmstb	Revisions mmstb	31 December 2016 mmstb
Onshore *	3.59	(0.48)	0.87	3.98
East Coast	15.35	(0.37)	(0.30)	14.68
West Coast	1.96	(0.07)	0.70	2.59
Total	20.90	(0.92)	1.27	21.25

Note (*): Exclusive of GU-1 asset

The best estimate of contingent resources ("2C") due to the current economic environment and the defining technical work pending is estimated by Management at 21.1 mmstb (2015: 19.9 mmstb).

	Unaudited 2016 2C Resources		
Asset	31 December 2015 mmstb	Revisions mmstb	31 December 2016 mmstb
Onshore*	2.96	(1.96)	1.00
East Coast	15.44	4.10	19.54
West Coast	1.54	(1.02)	0.52
Total	19.94	1.12	21.06

Note (*): Exclusive of GU-1 asset

Unaudited Summary of Reserves and Resources at 31 December 2016

Asset	2P Reserves mmstb	2C Resources mmstb	2P+2C Reserves and Resources mmstb
Onshore*	3.98	1.00	4.98
East Coast	14.68	19.54	34.22
West Coast	2.59	0.52	3.11
Total	21.25	21.06	42.31

Note (*): Exclusive of GU-1 asset

East Coast Hub

On the East Coast, Trinity has an established production hub with 4 offshore marine platforms; (Alpha, Bravo, Charlie & Delta) that across them have 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 14.7 mmstb therefore represents a low incremental recovery factor of 6%. Within contingent resources a further 5.0 mmstb relate to the Trintes field. There are 31 candidate drilling locations identified in addition to the current producing well stock offering visibility on future organic production growth opportunities.

The TGAL (Trinity 65%) discovery, up-dip to the north east of the Trintes field, has booked net contingent resources of 14.5 mmstb (gross: 22.3 mmstb) which represents a low recovery factor of 12% on best estimate STOIIP of 186 mmstb (management resource estimates of STOIIP for the TGAL area remains at 150-210 mmstb). The draft field development plan ("FDP") was submitted to the Ministry of Energy and Energy Industries ("MEEI") in T&T at the end of October 2015 for review and comments. The MEEI has indicated that the document is still under review, although Trinity expects to receive the MEEI's comprehensive review report in short order. However, given that the original FDP development concept arose in a significantly higher oil price environment the Company has initiated an internal review of the Trintes-TGAL and Galeota Ridge development plan for 2018 activity and beyond.

With combined 2P reserves and 2C resources of 34.2 mmstb, the potential production growth from future phased Trintes-TGAL development drilling is significant.

Within the Galeota anticline licence area there is further significant wider prospectivity with 266 mmstb STOIIP having been mapped between the Trintes field and the EG-3 and EG-4 wells.

Onshore Reserves Growth Strategy

Current booked onshore reserves only reflect wells identified and budgeted as opposed to the full well inventory potential across Trinity's extensive acreage positions. The lack of available capital has meant that little or no focus has been applied to growing the onshore well hopper and thus growing reserves via desktop subsurface analysis versus the drill bit. Going forward, this will become an area of focus for Trinity with dedicated subsurface geologists working up locations for future reserves to be booked.

The Way Forward

The combination of capital to deploy towards growing production from 2P reserves, a robust cost structure to facilitate lower break-even levels, a significant volume of additional resources being warehoused, low-risk reserves growth opportunities and significant tax losses allows the Company to look forward with confidence.

However, whilst focusing on the future, the lessons of the past remain. The forbearance of the T&T State creditors, senior debt holder and the supply chain was integral to Trinity getting through an extremely difficult period and it is imperative that we work to honour our future commitments and grow the business within our financial means. Since completion of the Fundraising, the Board has investigated the various alternatives which are available to hedge the Group's exposure to the oil price. The Board's intention is to implement a hedging programme which protects the Group from significant downward movements in the oil

price, thus ensuring that the Group can fulfil its remaining obligations to the T&T State creditors in line with the ratified creditors proposal as well as maintaining production and investment at optimum levels for the given oil price environment. The Board's intention is for its hedging programme to be cost effective, efficient and to allow the Group to maintain exposure to upward oil price movements. To date, the Group has put hedging in place (through purchasing put options) which covers over 35% of the Group's production should the WTI oil price fall below USD 40.0/bbl over the next 12 months. The Board will continue to review the options available to further hedge its oil price exposure, in line with these objectives, as market conditions permit.

Notwithstanding the seemingly insurmountable challenges, during 2016, we continued to prioritise the health, safety, security and well-being of our people while promoting the safe behaviours of contractors and partners. This is evidenced by the initiatives employed during the year having resulted in a 9% reduction in 2016 incident rates when compared to 2015. Good governance is key and we are committed to meeting all of our obligations in a responsible and transparent manner. To that end, I am very pleased to welcome three new directors to the Board: Jeremy N. Bridglalsingh (Executive) our current Chief Financial Officer ("CFO"), David A. Segel (Non-Executive) and Angus C. Winther (Non-Executive).

As we look forward I'd like to thank our staff for their hard work and loyalty. I would also like to thank our wider stakeholders and shareholders for their forbearance and support to date.

Approved by/signed on behalf of
the Board of Directors of
Trinity Exploration & Production plc

Bruce A. I. Dingwall CBE
Executive Chairman
Trinity Exploration & Production Plc

2 May 2017

FINANCIAL REVIEW

2016 RESULTS OVERVIEW

During 2016, the operational focus was to return to a business model capable of being sustained in a low oil price environment. The underlying cost structure and activity set were reviewed in minute detail, taking a rigorous 'fit for purpose' approach. This commenced in late 2015 and in the latter part of H1 2016 Trinity moved from generating an operating loss to an operating profit, that eventually produced a 2016 EBITDA of USD 6.3 million (2015: USD 1.2 million); an increase of 425% in EBITDA even though realised oil prices fell by over 13% during the period.

The following table summarises the 2016 financial results:

FINANCIAL RESULTS SUMMARY

	2016	2015	
Production			
Net production (bopd)	2,542	2,896	(354)
YTD production (mmbbls)	0.9	1.1	(0.2)
Average realised oil price (USD/ bbl)	39.4	45.5	(6.1)

	USD MM	USD MM	USD MM
Statement of Comprehensive Income			
Revenues	35.3	48.2	(12.9)
Operating expenses	(38.6)	(55.3)	16.7
EBITDA	6.3	1.2	5.1
Operating loss before exceptional items	(3.3)	(7.1)	3.8
Exceptional items	(1.7)	(17.2)	15.5
Operating loss after exceptional items	(5.0)	(24.3)	19.3
Finance Costs	(4.7)	(6.7)	2.0
Loss before income tax	(9.7)	(31.0)	21.3
Income tax expense	2.8	(27.0)	29.8
Currency translation	(0.1)	(0.6)	0.5
Total Comprehensive loss for the year	(7.0)	(58.6)	51.6

	USD MM	USD MM	USD MM
Statement of Cash Flows			
Cash inflow from operating activities	9.0	2.5	6.5
Net cash outflow from investing activities	(0.3)	(2.2)	1.9
Net cash outflow from financing activities	(6.2)	(25.1)	18.9
Closing cash balance*	7.6	8.2	(0.6)

Note (*): 2016 closing cash balance excludes USD 1.1 million of cash reclassified to non-current assets as an abandonment fund, under non-current assets, which if included would be USD 8.7 million (2015: USD 8.2 million).

STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

Revenues

2016 revenues were USD 35.3 million (2015: USD 48.2 million). This 27% decrease was mainly attributable to a combination of; (i) a 13% decline in the average realised oil price of USD 39.4/bbl (2015: USD 45.5/bbl) and; (ii) a 12% decrease in production to 2,542 bopd (2015: 2,896 bopd)

Operating expenses

Operating expenses were USD (38.6) million (2015: USD (55.3) million). There was a 33% decrease from the previous year and 2016 comprised:

- Royalties of USD (9.3) million (2015: USD (14.6) million)
- Production costs of USD (15.6) million (2015: USD (22.0) million)
- Depreciation, depletion and amortisation amounted to USD (9.5) million (2015: USD (8.2) million)
- G&A expense of USD (4.2) million (2015: USD (10.5) million)

Exceptional items

Exceptional items USD (1.7) million (2015: USD (17.2) million) comprised:

- Impairment of Property, Plant and Equipment, intangibles, receivables and inventory USD (3.6) million (2015: USD (6.2) million)
- Fees relating to Corporate Restructuring USD (0.9) million (2015: USD (1.1) million)
- Release of provision: potential claim USD 1.2 million (2015: nil)
- (Release)/Record of provision for Restructuring USD 1.9 million (2015: USD (1.9) million)
- Costs relating to unsecured claims and other provisions USD (1.3) million (2015: nil)
- Gain on disposal of GU-1 asset USD 1.0 million (2015: nil)
- Loss on disposal of assets nil (2015: USD (1.6) million)
- Written off 1(a) & 1(b) pre-acquisition cost nil (2015: USD (6.4) million)

See Note 28 to Consolidated Financial Statements - Exceptional items for further details on pages 76 to 77.

The Group and Company's operating loss after exceptional items was USD 5.0 million (2015: USD 24.3 million).

Net Finance Costs

In 2016, finance costs amounted to USD (4.7) million (2015: USD (6.7) million) comprised:

- Unwinding of the decommissioning liability USD (1.6) million (2015: USD (1.5) million)
- Combined interest related to the fully drawn (USD 20.0 million & USD 25.0 million) Citibank (Trinidad & Tobago) Limited ("Citibank") loans USD (0.9) million (2015: USD (1.1) million)
- Interest accrued on outstanding taxes USD (2.2) million (2015: USD (4.1) million)

See Note 20 to Consolidated Financial Statements – Finance Costs for further details on page 68.

Income Tax Expense

Taxation for 2016 was a credit of USD 2.8 million (2015: USD (27.0) million), and its components are described below.

- The SPT for 2016 amounted to a credit of USD 0.9 million (2015: USD (1.8) million). There was no SPT charge in relation to 2016. The credit was as a result of adjustments made to align to the Board of Inland Revenue ("BIR") records as the BIR applied credits to outstanding SPT liabilities from prior years in 2016.
- The PPT charge for the year ended was USD (1.5) million (2015: credit of USD 0.2 million)
- The Corporation Tax ("CT") for the year amounted to nil (2015: USD (0.6) million)
- The Deferred Tax Asset ("DTA") for the year was as a result of tax losses recognised based on tax losses available for utilisation against future profits contributing to the credit of USD 3.4 million (2015: USD (24.7) million DTA derecognised)

See Note 21 to Consolidated Financial Statements – Income Tax Expense for further details on pages 68 to 69.

CONSOLIDATED STATEMENT OF CASH FLOWS ANALYSIS

Cash inflow from operating activities

Cash inflow from operating activities was USD 9.0 million (2015: USD 2.5 million) following adjustments for:

- Operating activities resulting in a net cash inflow of USD 7.6 million (2015: USD 1.1 million inflow)
- Changes in working capital comprising of a net cash inflow of USD 2.9 million (2015: USD 1.5 million)
- Taxation paid of USD (1.6) million (2015: USD (0.1) million)

Cash outflow from investing activities

Cash outflow from investing activities was USD (0.3) million (2015: USD (2.2) million), which was comprised of the following:

- Expenditure on Property, Plant and Equipment for the year was USD (0.3) million (2015: USD (1.0) million) which mainly included infrastructure upgrades
- Costs related to the purchase of Exploration and Evaluation assets (nil) (2015: USD (1.2) million)

Cash outflow from financing activities

Cash outflow from financing activities was USD (6.2) million (2015: USD (25.2) million) as a result of debt repayment and finance costs:

- Repayment of borrowings of USD (3.0) million (2015: USD (20.0) million) includes principal repayment toward the Citibank USD 20.0 million loan and USD 25.0 million loan
- Finance costs of USD (3.2) million (2015: USD (5.2) million) included USD (2.2) million interest accrued on unpaid taxes and USD (1.0) million related to interest paid on loans.

See Note 15 to the Consolidated Financial Statements – Borrowings for further details on pages 62 to 63.

See Note 20 to the Consolidated Financial Statements – Finance Costs for further details on page 68.

Accounting Policies

The Group prepares its financial statements in accordance with the European regulations to report consolidated statements that conform to International Financial Reporting Standards (“IFRS”).

The Group’s accounting policies and details of accounting judgements and critical accounting estimates are disclosed within the *Notes to the Financial Statements on pages 40 to 78*. The Group has not made any changes to its accounting policies in the year ended 31 December 2016.

Formal Sales Process and Asset Sale Update

The Company announced on 8 April 2015 that it was initiating a Formal Sales Process ("FSP") and strategic review of the options available to the Company to maximise value for shareholders.

The sale of the Group’s 100% interest in the Block GU-1 asset to New Horizon Exploration Trinidad and Tobago Unlimited (“New Horizon”) for a cash consideration of USD 2.8 million (the “GU-1 Transaction”) was agreed on 1 September 2015 and reached financial close on 24 May 2016. All the conditions precedent for the GU-1 transaction were satisfied including standard regulatory approvals, which were granted on 15 April 2016. The transaction was subsequently finalised with the closure of the cash settlement on 24 May 2016. The cash proceeds were used by Trinity to repay senior debt and for working capital purposes.

A Sale and Purchase Agreement (“SPA”) was executed on 16 October 2015 between Trinity and Touchstone Exploration Inc. (“Touchstone”) in relation to the proposed purchase of the WD-2, WD-5/6, WD-13, WD-14, and FZ-2 onshore Lease Operatorship assets for a total cash consideration of USD 20.8 million. This SPA had a backstop date of 13 March 2016 which expired without all of the conditions precedent being satisfied. Trinity circulated a termination notice in respect of the SPA to Touchstone on 14 March 2016. As a result, the sale of the blocks to Touchstone was not completed and the deposit of USD 2.1 million, held in escrow, was released to Touchstone under the terms of the SPA.

On 9 December 2016, Trinity announced that the FSP process and offer period for the sale of 1 or more of the Company’s assets had terminated with immediate effect as the Restructuring, along with Fundraising had matured suitably.

Restructuring and Fundraising

On 14 March 2016, following the expiry of the SPA with Touchstone, Trinity announced that the Company had engaged 2 specialist refinancing advisers, Imperial Capital LLC of New York, United States of America ("USA") and Cantor Fitzgerald Europe based in London, United Kingdom ("UK"). Management was encouraged by the interest levels from several potential investors. Trinity's near term objective was to conclude a comprehensive refinancing that would enable the Company to retire its existing senior debt facilities, reduce other outstanding payables and provide sufficient additional capital to retain the integrity of its assets and grow production and cash flow. As part of the deal it was expected that there would have to be significant discounts agreed with the Company's senior debt holder and with Trinity's other creditors. Without such a refinancing, it was envisaged that the Group would unlikely be able to continue as a going concern.

On 16 August 2016, the Group's T&T subsidiaries namely Trinity Exploration and Production (Trinidad and Tobago) Limited, Galeota Oilfield Services Limited, Trinity Exploration and Production (Galeota) Limited, Tabaquite Exploration & Production Company Limited, Trinity Exploration and Production (GOP) Limited, Trinity Exploration and Production (GOP-1B) Limited, Oilbelt Services Limited, Trinity Exploration and Production Services Limited and Ligo Ven Resources Limited (the "Subsidiaries") filed a consolidated Notice of Intention ("NOI") to make a Proposal to creditors under the BIA. The NOI allowed the Trinidad subsidiaries to continue operating while submitting a Proposal to reach a settlement with their outstanding creditors. During this period, that being, post 31 July 2016 and to date, all creditors were kept current for all costs incurred. The filing of the NOI provided the Subsidiaries with a stay of proceedings from all of their creditors. The Directors believed that the Subsidiaries making the Proposal and benefiting from the stay of proceedings provided the most efficient and orderly route to concluding its restructuring negotiations with potential funders and securing refinancing to the benefit of all stakeholders. In accordance with the BIA, Ms. Maria Daniel was appointed to act as trustee under the Proposal (the "Trustee").

On 9 December 2016, the Group announced the proposed fundraising ("the Fundraising") in relation to its financial restructuring. Total gross proceeds of USD 15.0 million were anticipated via an issue of ordinary shares for an aggregate subscription price of USD 11.7 million ("the Placing") and the issue of Convertible Loan Notes ("CLN") for an aggregate subscription price of USD 3.3 million. The Fundraising was premised on, inter alia: (i) the Proposal becoming effective; (ii) the settlement agreements with Citibank and UK unsecured creditors being agreed; and (iii) the passing of relevant shareholder resolutions by the requisite majority of the Company's shareholders. The proceeds of the Fundraising were to be applied toward the payments to creditors under the Proposal, the settlement agreements and restructuring and closing costs in relation to the Placing and CLN.

On 19 December 2016, >99% of the creditors of the Subsidiaries accepted the Proposal which was subsequently approved by Trinity shareholders at the general meeting held on the 29 December 2016. Following the year-end, the Proposal was approved by the High Court of Trinidad & Tobago at a hearing on 6 January 2017 thereby paving the way for its implementation.

Unaudited Pro forma Financial Position as at 31 December 2016

Set out on page 13 is the pro forma Financial Position as at 31 December 2016 ("pro forma") which illustrates the impact of the refinancing and creditor settlements, which took place subsequent to the 31 December year end. The unaudited data specifically the CLN, certain Trade and other payables and Taxation payable are shown prior to any Fair Value adjustment as required by IFRS and therefore the financial position in the table does not comply with IFRS. The Board believes that the gross values of these payables better reflects the pro forma financial position of the Group post refinancing and while this initial disclosure is not IFRS compliant, it will help investors better understand the impact of the refinancing and the creditor settlements on the Group's financial position. The Board intends that the Group's Statement of Financial Position will be measured and recognised in accordance with IFRS in Trinity's 2017 Interim Financial Statements onwards.

Unaudited Pro forma Financial Position

	Notes	Pro forma Dec 16 USD'000	(Audited) Dec 16 USD'000
ASSETS			
Non-current Assets			
Property, plant and equipment		59,632	59,632
Intangible assets		25,406	25,406
Abandonment fund		1,072	1,072
Deferred tax assets		5,496	5,496
		91,606	91,606
Current Assets			
Inventories		3,787	3,787
Trade and other receivables		4,793	5,449
Cash and cash equivalents		11,877	7,615
		20,457	16,851
Total Assets		112,063	108,457
EQUITY & LIABILITIES			
Equity Attributable to Owners of the Parent			
Share capital	1	96,676	94,800
Share premium	1	125,362	116,395
Share warrants		71	71
Share based payment reserve		12,244	12,244
Merger reserves		75,467	75,467
Reverse acquisition reserve		(89,268)	(89,268)
Translation reserve		(1,323)	(1,997)
Accumulated losses		(173,805)	(195,857)
Total Equity		45,424	11,855
Non-current Liabilities			
Provision for other liabilities		38,318	38,318
Deferred tax liabilities		2,927	2,927
Trade and other payable	3	3,217	–
Taxation payable	4	6,185	–
Convertible Loan Notes	2	6,550	–
		57,197	41,245
Current Liabilities			
Trade and other payables	3	5,863	34,009
Provision for other liabilities		106	470
Borrowings	5	–	9,950
Taxation payable	4	3,473	10,928
		9,662	55,357
Total Liabilities		66,639	96,602
Total Equity and Liabilities		112,063	108,457

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL POSITION

1 Share Capital and Share Premium

The increase in share capital and share premium represents the 187,600,000 new ordinary shares issued at 4.98 pence. *Refer to Note 30 (iii) to the Financial Statements on page 78.*

2 Convertible loan notes

The Company issued 6,550,000 USD 1.00 CLNs for proceeds of USD 3.3 million. The summary of the terms of the Notes are as follows:

- Interest compounds quarterly at a rate of 7.25% per annum, and is repayable on redemption of the CLNs;
- Subject to the satisfaction of payments due to the BIR and MEEI under the Creditors Proposal, the CLN may be redeemed by the Company at any time;
- The CLN will become repayable on the occurrence of certain event(s) inter alia material breach of the terms or insolvency of any material Group company;
- The CLN's are convertible, subject to the City Code Rules, by the holder at a conversion price of USD 0.08125 per ordinary share at any time after the second anniversary of issue or on sale of the Company or material disposal; and
- If not otherwise redeemed or converted the balance of the CLNs together with compounded interest will be repayable in full on the seventh anniversary of issue

IFRS requires the CLNs to be initially measured and recognised at Fair Value with the fair value being allocated to both debt and equity. This is likely to result in a material reduction in the liability recognised on the pro forma. Management's initial assessment is that the Fair Value of the CLN will amount to USD 3.3 million in total, based on the funds raised at the time of issue. Management will align the accounting treatment in accordance with the IFRS's recognition and measurement criteria in the 2017 interim financial statements.

3 Trade and other payables

The trade and other payables balance post restructuring and initial settlements as per the pro forma has been split between non-current and current liabilities in line with the repayment terms under the proposal and settlement agreements repayable over 10 quarters commencing June 2017. Included within these liabilities are the amounts due to the MEEI and interest on the tax liabilities (described in Note 4 below). The amounts presented on the pro forma represents the face values of the liabilities outstanding and does not comply with IFRS, which requires the financial liabilities to be recognised at Fair Value (given that the repayment period lasts until 30 September 2019). This is likely to result in a reduction in the liability recognised on the pro-forma. Management will align the accounting treatment in accordance with the IFRS's recognition and measurement criteria in the 2017 interim financial statements.

4 Taxation payable

The Taxation payable has been split between non-current and current and represents the principal balance owed (the treatment of the interest portion is described in Note 3 above) to the BIR and repayable over 10 quarters commencing June 2017 and does not reflect the IFRS treatment which should not be materially different from that presented in the pro forma. Management will align the accounting treatment in accordance with the IFRS's recognition and measurement criteria in the 2017 interim financial statements.

5 Borrowings

The Citibank borrowings of USD 9.95 million have been fully settled on 23 January 2017. *Refer to Note 30 (iv) to the Financial Statements on page 78.*

Events Since Year End

i. Results of Court Hearing – On 6 January 2017, the High Court of Trinidad & Tobago approved the Proposal, which was accepted by the creditors of the Subsidiaries on 19 December 2016.

ii. Completion of Fundraising and share capital restructuring – The Fundraising was completed on 11 January 2017. The Company issued 187,600,000 new ordinary shares in relation to the Placing for an aggregate subscription price of USD 11.7 million and issued CLNs in the principal amount of USD 6.6 million for an aggregate subscription price of USD 3.3 million. The Company received gross proceeds of USD 15.0 million from the Fundraising. Fundraising costs amounted to USD 1.2 million with net proceeds amounting to USD 13.8 million. In order to implement the Fundraising, the Company carried out a share capital reorganisation whereby each existing ordinary share of a nominal value of USD 1.00 was divided and converted into one new ordinary share of a nominal value of USD 0.01 each and one deferred share of a nominal value of USD 0.99 each.

iii. Share trading suspension lifted – The trading of the Company's shares on Alternative Investment Market ("AIM") was temporarily suspended on 13 July 2016, and this suspension was lifted on 11 January 2017.

iv. Creditor settlements and agreed payment plans

- The Citibank principal settlement of USD 3.5 million was paid on 23 January 2017 and the final interest settlement of USD 0.1 million was made on 25 January 2017
- Initial settlements to T&T State creditors, including the BIR and MEEI, of USD 1.9 million were paid over to the Trustee on 8 February 2017. The remaining USD 13.5 million due to the Group's state creditors (that being both taxes due and interest thereon) will be repaid in 10 quarterly instalments which will commence effective June 2017
- Creditor settlements of USD 3.5 million in aggregate in respect of the creditors of the Subsidiaries under the Proposal were also paid over to the Trustee on 8 February 2017
- UK based unsecured creditors were fully settled on 9 February 2017 for a total of USD 0.3 million

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Executive Chairman

Bruce is a Trinidad & Tobago national with over thirty years' experience in the oil and gas industry. He is a Geologist and studied at Aberdeen University. Bruce began his career with Exxon as a Geophysicist in the North Sea before moving to Lasmo where he held numerous senior Management roles in their South East Asian operations. He is recognised locally and internationally for his sound business acumen and extensive industry knowledge. In 1996, Bruce founded Venture Production plc which subsequently became one of Britain's leading independent oil and gas companies and was sold to Centrica plc for GBP 1.3 billion. Bruce founded Trinity in 2004 with the acquisition of the Trinidadian assets of Venture Production plc. Bruce is a humanitarian and a visionary, intent on promoting Trinidad & Tobago's oil and gas sector as a viable and globally competitive investment option.

Executive Director

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 (Trinidad & Tobago) and Operis Group plc (London), mainly in an advisory role on various transactions across a number of jurisdictions. In the past five years with Trinity he has held roles across the financial, ICT and supply chain disciplines, and most recently assumed the role of Chief Financial Officer of Trinity in January 2016. He was appointed as a Director on 11 January 2017.

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NON-EXECUTIVE DIRECTORS

Non-Executive Director

Jonathan ("Jon") is Chairman of Trinity's Remuneration Committee and Chairman of the Audit Committee. He is a Geologist and studied at the University of London. Jon has over thirty years' experience in mid-cap exploration and production companies, and is also Chairman of Northern Petroleum plc, an AIM listed oil and gas exploration and production company. Jon joined Venture Production plc in 1999 as a Director and Chief Operating Officer where he remained until the sale of Venture Productions plc to Centrica plc in 2009.

Non-Executive Director

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. The VGP was acquired by Hulu in 2016. Mr. Segel has been on the Board of Alpha USA and Alpha International since 2004 and he 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. He was appointed as a Director on 11 January 2017.

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Non-Executive Director

Angus has spent 27 years working in the investment banking industry, primarily advising clients in the insurance and financial services industries. He started his career with Chase Manhattan Bank, before becoming the youngest partner at Phoenix Securities, an independent investment banking firm which was subsequently acquired by Donaldson, Lufkin and Jenrette. 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 of the Mako Group (a London based financial services business), a member of the advisory board of Haggie Partners LLP (a financial communications firm), and a trustee of several charities. He has a degree in Politics from Durham University. He was appointed as a Director on 11 January 2017.

CORPORATE GOVERNANCE STATEMENT

The Company is quoted on the AIM market of the London Stock Exchange and is not required to comply with the requirements of the 2012 UK Corporate Governance Code ("the Code"). However, the Board is committed to high standards of good corporate governance and seeks to apply the Code's principles as far as is reasonably practical. Throughout the financial year ended 31 December 2016, the Board consisted of Bruce A. I. Dingwall CBE (the Executive Chairman) and Jonathan Murphy (Non-Executive Director). Whilst the composition of the Board throughout the financial year ended 31 December 2016 met the minimum legal requirements for a public limited company, the Board acknowledged that there was a need for additional directorships, which occurred in January 2017 through the appointments of Jeremy N. Bridglalsingh (Executive), David A. Segel (Non-Executive) and Angus C. Winther (Non-Executive). Currently, the Board comprises of Bruce A. I. Dingwall CBE, Jeremy N. Bridglalsingh, Jonathan Murphy, David A. Segel and Angus C. Winther.

Auditors

At the Annual General Meeting ("AGM") of the Company held in June 2016 the Shareholders approved the re-appointment of PricewaterhouseCoopers LLP ("PwC") as the auditors for the consecutive financial year 2016.

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. It is also responsible for the design of all share incentive plans and the determination each year of individual awards to Executive Directors and other senior executives and the performance targets to be used.

Throughout the financial year ended 31 December 2016, the Remuneration Committee consisted of Jonathan Murphy (Chairman) and Bruce A. I. Dingwall CBE. Mr. Dingwall had been appointed to the Remuneration Committee on an interim basis until additional Directors were appointed to the Board. The Directors endeavour to comply with the terms of reference as far as practical. However, the Directors recognise that as there were no independent Directors on the Remuneration Committee throughout the financial year ended 31 December 2016; the terms of reference were not being complied with in full.

The Remuneration Committee currently comprises of Jonathan Murphy (Chairman), David A. Segel and Angus C. Winther. The Board has ratified the appointment of Mr. Segel and Mr. Winther to the Remuneration Committee.

The Audit Committee

The Audit Committee generally meets 3 times a year. Its main functions 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 auditor, overseeing the approval of their remuneration and terms of engagement and assessing annually their independence, objectivity and effectiveness.

Throughout the financial year ended 31 December 2016, the Audit Committee consisted of Jonathan Murphy (Chairman) and Bruce A. I. Dingwall CBE. Mr. Dingwall had been appointed to the Audit Committee on an interim basis until additional Directors were appointed to the Board. The Directors endeavour to comply with the terms of reference as far as practical. However, the Directors recognise that as there were no independent Directors on the Audit Committee throughout the financial year ended 31 December 2016; the terms of reference were not being complied with in full.

The Audit Committee currently comprises of Jonathan Murphy (Chairman), David A. Segel and Angus C. Winther. The Board has ratified the appointment of Mr. Segel and Mr. Winther to the Audit Committee. The Company's auditor provides additional professional services including tax advisory. The Audit Committee assesses the objectivity and independence of the Company's auditor.

Relationship with Shareholders

The Board remains fully committed to maintaining communication with its shareholders. There is regular dialogue with major institutional 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 will use 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 the Directors, employees and agents with the provisions of the AIM rules relating to dealings in securities.

On behalf of the Board

Bruce A. I. Dingwall CBE
Executive Chairman

2 May 2017

DIRECTORS' REPORT

The Directors' Annual Report on the affairs of the Group, together with the Audited Consolidated Financial Statements and Independent Auditor's Report for the year ended 31 December 2016 is 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. On 9 December 2016 the Company announced the end of the FSP it had entered into on 8 April 2015. The Company successfully raised USD 15.0 million by way of a placing and subscription of 187,600,000 New Ordinary shares at a Placing price of GBP 0.0498 and the issuance of CLN. The proceeds from the Fundraising, which was completed on 11 January 2017, were applied to payments to creditors, re-structuring costs and re-initiation of drilling activities.

Strategic Report

The Company is required by the Companies Act 2006 to include a strategic report in its Annual Report. The information that fulfils the requirements can be found in the *Executive Chairman's Statement from pages 2 to 8.*

Principal Business Risks and Uncertainties

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:

- operational risk;
- reservoir and reserves risk;
- oil price risk;
- HSSE;
- competitive environment;
- changes to (and challenges by environmental and other interest groups to) the regulatory environment;
- changes to the taxation system;
- failure by contractors to carry out their duties;
- retention of key business relationships;
- ability to exploit successful discoveries;
- cost overruns or significant delays in the commercialisation of fields; and
- ongoing access to sources of funding.

These risks and uncertainties are considered typical for an upstream oil and gas exploration and production group of the Company's size and stage of development and the Directors continue to monitor these specific risks and uncertainties faced by the Group. Even though Trinity has downsized, it continues to be run by a highly experienced 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.

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.

Dividend Policy

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

Capital Structure

Following the Company's share capital restructuring and completion of the Fundraising on 11 January 2017, the Company has an issued share capital of 282,399,986 ordinary shares of USD 0.01 each and 94,799,986 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 27 to the Consolidated Financial Statements on pages 74 to 76*. 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 19*.

Directors

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

	Name	Role	Appointment Date
1	Bruce A. I. Dingwall CBE	Executive Chairman	13 November 2015 to present
		Non-Executive Chairman	8 April 2015 to 13 November 2015
		Executive Chairman	14 February 2013 to 8 April 2015
2	Jonathan Murphy	Non-Executive Director	14 February 2013 to present
3	Jeremy N. Bridglalsingh	Executive Director	11 January 2017 to present
4	David A. Segel	Non-Executive Director	11 January 2017 to present
5	Angus C. Winther	Non-Executive Director	11 January 2017 to present

Directors' Interests

The Directors who held office at 31 December 2016 had the following interests in the ordinary shares of USD 1.00 each in the capital of the Company:

	No. of Consolidated Ordinary Shares 2016	No. of Consolidated Ordinary Shares 2015
Bruce A. I. Dingwall CBE	5,815,498	5,815,498
Jonathan Murphy	4,977,421	4,977,421

Directors' share options/LTIP

Details of Directors' share options/LTIPs are provided in the *Directors' Remuneration Report on pages 24 to 29*.

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 2016, Trinity achieved a respectable HSSE performance in an environment facing challenges stemming from low oil prices. We are poised in 2017, to continuously evolve our HSSE strategies and standards through our lessons learnt from previous years and improve our base performance as the Company increases operational activity.

Substantial Shareholdings

The Shareholders holding over 3% of the voting rights as at 31 December 2016 were as follows:

	Shareholder	% of Issued Share capital as at 31 December 2016*	No. of Shares as at 31 December 2016
1.	David & Christina Segel Living Trust Trustees	11.99	11,362,791
2.	Hargreaves Lansdown Asset Management	6.51	6,175,752
3.	Bruce A. I. Dingwall CBE	6.13	5,815,498
4.	Charles Anthony Brash	5.90	5,593,018
5.	Jonathan Murphy	5.25	4,977,421
6.	Seager Rex Harbour	4.86	4,608,010
7.	Andrey Pannikov	4.17	3,955,835
8.	Regent Pacific Group	4.12	3,909,850
9.	Finian O'Sullivan	3.83	3,626,166
10.	TD Direct Investing	3.36	3,186,523
11.	Barclays Wealth & Investment Management (UK)	3.29	3,119,291
12.	Halifax Share Dealing	3.05	2,890,858

Note (*): Shareholding indicated prior to restructuring of share capital.

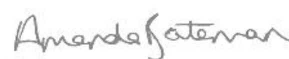
Independent Auditors

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 auditor is 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 auditor is 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. PricewaterhouseCoopers LLP has expressed its willingness to continue in office.

By order of the Board



Amanda Bateman
Company Secretary

2 May 2017

ANNUAL STATEMENT BY THE REMUNERATION COMMITTEE CHAIRMAN

Performance of the Company in 2016

The Company announced on 8 April 2015 that it was undertaking a FSP and strategic review of the options open to the Company to maximise value for Shareholders. The FSP process and offer period for the sale of one or more of the Company's assets was terminated on 9 December 2016 and the proposed Fundraising in relation to the financial restructuring of the Company was also announced. *Refer to Financial Review Note - Restructuring and Fundraising page 12.*

Key pay outcomes:

- Bruce A. I. Dingwall CBE's salary for 2016 was GBP 90,000 (USD 124,047 equiv.) compared to 2015: GBP 123,892 (USD 190,050 equiv.) and remains unchanged for 2017 at GBP 90,000 effective 1 January 2017
- Effective 1 April 2015 the Non-Executive Directors elected to suspend all fees relating to their roles and such fees were re-instated in January 2017 upon completion of the Restructuring

We are committed to maintaining an open and transparent dialogue with Shareholders. The objective of this Report is to communicate clearly how our Directors are paid.

Jonathan Murphy
Remuneration Committee Chairman

2 May 2017

DIRECTORS' REMUNERATION POLICY REPORT

Remuneration Policy Table – Executive Directors

Bruce A. I. Dingwall CBE resumed the role of Executive Chairman during the second half of 2015. Jeremy N. Bridglalsingh, CFO, was appointed to the role of an Executive Director on 11 January 2017 following the completion of the Restructuring process. The main components of the Remuneration Policy and the forthcoming year ending 31 December 2017 and how they are linked to and support the Company's business strategy, are summarised below:

Element	Operation	Maximum potential value	Performance assessment
Base salary			
Reflects level of responsibility and achievement of the individual	Salaries are reviewed annually, and any changes are effective from 1 January each year. When determining salaries for the Executive Directors the Committee takes into consideration: • Market data; • Local employment conditions; • Levels of increases applicable to other employees in the Group Salaries are benchmarked periodically against comparable roles at companies of a similar size, complexity and which operate in the exploration & production sector.	For the year ending 31 December 2016, the salaries for the Executive Directors were: • Bruce A. I. Dingwall CBE: GBP 90,000 (USD 124,047 equiv.) 2017 salaries: • Bruce A. I. Dingwall CBE's salary remained unchanged at GBP 90,000 (USD 124,047 equiv.) • Jeremy N. Bridglalsingh: USD 112,500 Any changes to salary will be determined by the Remuneration Committee.	Not applicable.

Element	Operation	Maximum potential value	Performance assessment
Annual bonus			
The annual bonus aligns reward to key Group strategic objectives and drives short term performance.	Executive Directors may participate in an annual performance related bonus scheme. The performance period is one financial year. 50% of the bonuses paid will be deferred into shares for three years on a mandatory basis. Executive Directors can elect to defer up to 100% of any bonus paid into shares for three years.	Maximum: 100% of base salary. This can be exceeded in exceptional circumstances at the discretion of the Committee. There is no contractual obligation to pay bonuses.	A performance scorecard will be used as a guide for the Committee, which reserves the right to override the formulaic out turn based on a broader assessment of overall Company performance. The measures will be determined by the Committee at the start of each financial year.
Long-Term incentives	The Long-Term Incentive Plan ("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 senior Management team may be provided with whole share awards.	The Committee may grant market competitive levels of award at its discretion. Awards under the LTIP are not contractual.	
Pension			
To provide competitive levels of retirement benefit.	Salary supplement in lieu of pension contributions for both Executive Directors.	10% of base salary.	Not applicable.
Other benefits			
To provide competitive levels of employment benefits.	The Committee may provide a benefits Package to Executives at its discretion. Reviewed periodically to ensure benefit remains 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 two times their salary within a five year period.	Not applicable.	Not applicable.

Executive Directors' service contracts

The Company's policy on Directors' service contracts is that they should be renewed on an annual basis.

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

Remuneration Policy Table – Non-Executive Directors

Jonathan Murphy was the only Non-Executive Directorship serving during 2016. David A. Segel and Angus C. Winther were appointed as Non- Executive Directors on 11 January 2017 following the completion of the Restructuring process.

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.	Non- Executive Directors fees were suspended on 1 April 2015 and were reinstated effective January 2017. These fees were unpaid in 2016 but were accrued for in 2016 for payment in 2017. Fees are to be paid on a quarterly basis to Non-Executive Directors and for 2017 will total GBP 40,000 (USD 55,132 equiv.) per annum per Non-Executive Director Additional Non-Executive Directors payments for 2017: • Audit Committee Chairman: GBP 10,000 (USD 13,780) • Remuneration Committee Chairman: GBP 5,000 (USD 6,890 equiv.) • 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 the Company's remuneration policy for Directors in 2016.

	Base Salary USD	Taxable benefits USD	Annual bonus USD	Pension USD	Housing Allowance USD	Long Term Incentives USD	Other payments USD	Total USD
Executive Directors								
Bruce A. I. Dingwall CBE (2016)	124,047	–	90,000	–	–	–	12,405	226,452
Bruce A. I. Dingwall CBE (2015)	190,050	–	–	–	–	–	19,005	209,055

Single total figure of remuneration

The table above sets out the single total figure of remuneration and breakdown for each Director paid for the 2016 financial year. Comparative figures for 2015 have also been provided where applicable.

Notes:

1. Bruce A. I. 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.)

Non-Executive Directors

	2016 USD	2015 USD
Jonathan Murphy		
Fees in relation to current year	75,807	17,258
Amounts in relation to previous year	49,963	
Total	125,770	17,258

Notes:

1. Jonathan Murphy – Non-Executive Director (appointed 14 February 2013), appointed Remuneration Committee Chairman 14 February 2013 and appointed Audit Committee Chairman 1 September 2015. Fees include Non-Executive Director Fees, Remuneration Committee Chairman Fees and Audit Committee Chairman Fees.
2. GBP fees were converted to USD using an exchange rate of 1.378 for 2016 (2015: 1.534)

Additional details on single figure table

Annual bonus:

A bonus scheme for 2016 was approved by the Remuneration Committee contingent on success of the restructuring which becomes payable in 2017.

Long-Term incentives:

No long-term incentives vested in the year for the Executive Directors.

STATEMENT OF EXECUTIVE DIRECTORS' SHAREHOLDING

Consideration by the Directors of matters relating to Directors' remuneration

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 the senior Management group. The Committee works within its terms of reference, and its role includes:

- Determining and agreeing with the Board the Remuneration Policy for all Executive Directors and other members of the senior Management group.
- Ensuring executive remuneration packages are competitive.
- Determining whether annual bonus payments should be made and recommending levels for individual executives.
- Determining each year whether any awards/grants should be made under the incentive schemes and the value of such awards.
- Considering any new long-term incentive scheme awards and performance criteria.
- Agreeing Directors' service contracts and notice periods.

The Committee's members are currently Jonathan Murphy (Committee Chairman), David A. Segel and Angus C. Winther. 2016 was an unusually difficult year for the Company and with only two directors on the Board those matters that would usually be dealt with at a Remuneration Committee meeting were dealt with during the course of Board meetings. As a result, the Committee did not formally meet during 2016. With the new Board in place the newly formed Committee will recommence formal meetings and did meet during February 2017.

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.

				Outstanding interests				
	Shareholding			Interests subject to conditions		Vested but unexercised interests		
Director	Shares required to be held	Current shareholding[1]	Beneficially owned shares[2]	Options - Mirror Scheme	Share interests – LTIP	Options - Mirror Scheme	Share interests - LTIP	Total held at 31 December 2016
Bruce A. I. Dingwall CBE	200%	113%	5,815,498	625,908	189,600	-	-	6,631,006

Notes:

1. The closing share price of GBP 0.02 (USD 0.02 equiv.) as at 13 July 2016 has been taken for the purpose of calculating the current shareholding as a percentage of the salary at the end of the financial year. The 13 July 2016 was utilised as it was the last day of trading for 2016 prior to the suspension of trading of ordinary shares on AIM
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 1.378

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.

By order of the Board

Bruce A. I. Dingwall CBE
Executive Chairman

2 May 2017

INDEPENDENT AUDITORS' REPORT

to the members of Trinity Exploration & Production plc

REPORT ON THE FINANCIAL STATEMENTS

Our 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 2016 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- the Group's financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union;
- the Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated and company Statement of Financial Position as at 31 December 2016;
- the consolidated Statement of Comprehensive Income for the year then ended;
- the consolidated and company Statement of Cash Flows for the year then ended;
- the consolidated and company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRS as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

OPINION ON ADDITIONAL DISCLOSURES

Directors' Remuneration Report

The Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors have 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- 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

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Richard Spilsbury
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

2 May 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
at 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

	Note	2016 $'000	2015 $'000
Operating Revenues			
Crude oil sales		35,303	48,180
Other income		–	30
		35,303	48,210
Operating Expenses			
Royalties		(9,326)	(14,571)
Production costs		(15,569)	(21,966)
Depreciation, depletion and amortisation	5	(9,539)	(8,219)
General and administrative expenses		(4,154)	(10,497)
		(38,588)	(55,253)
Operating Loss Before Exceptional Items		(3,285)	(7,043)
Exceptional Items	28	(1,675)	(17,229)
Operating Loss After Exceptional Items	19	(4,960)	(24,272)
Net Finance Costs	20	(4,733)	(6,675)
Loss Before Income Tax		(9,693)	(30,947)
Income Tax Expense	21	2,829	(26,976)
Loss For The Year		(6,864)	(57,923)
Other Comprehensive Expense:			
Items that may be subsequently reclassified to profit or loss			
Currency Translation		(112)	(597)
Total Comprehensive Loss For The Year		(6,976)	(58,520)
Earnings per share (expressed in dollars per share)			
Basic	29	(0.07)	(0.62)
Diluted	29	(0.07)	(0.62)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

	Note	2016 $'000	2015 $'000
Non-current Assets			
Property, plant and equipment	5	59,632	46,143
Intangible assets	6	25,406	26,751
Abandonment fund	10	1,072	–
Deferred tax assets	17	5,496	2,460
		91,606	75,354
Current Assets			
Inventories	8	3,787	3,962
Trade and other receivables	7	5,449	10,593
Available-for-sale non-financial assets	14(a)	–	30,491
Taxation recoverable	9	–	192
Cash and cash equivalents	10	7,615	8,200
		16,851	53,438
Total Assets		108,457	128,792
Equity Attributable to Owners of the Parent			
Share capital	11	94,800	94,800
Share premium	11	116,395	116,395
Share warrants	12	71	71
Share based payment reserve	27	12,244	12,178
Merger reserves	13	75,467	75,467
Reverse acquisition reserve	13	(89,268)	(89,268)
Translation reserve		(1,997)	(557)
Accumulated losses		(195,857)	(188,993)
Total Equity		11,855	20,093
Non-current Liabilities			
Provision for other liabilities	16	38,318	19,831
Deferred tax liabilities	17	2,927	3,308
		41,245	23,139
Current Liabilities			
Trade and other payables	18	34,009	30,033
Provision for other liabilities	16	470	1,930
Liabilities of the disposal group classified as held-for-sale	14(b)	–	21,927
Borrowings	15	9,950	13,000
Taxation payable	9	10,928	18,670
		55,357	85,560
Total Liabilities		96,602	108,699
Total Equity and Liabilities		108,457	128,792

The financial statements on pages 33 to 78 were authorised for issue by the Board of Directors on 2 May 2017 and were signed on its behalf by:

Jeremy N. Bridglalsingh
Director

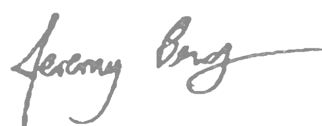
2 May 2017

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

	Note	2016 $'000	2015 $'000
Non-current Assets			
Investment in subsidiaries	22	44,802	44,775
Trade and other receivables	7	–	10,813
		44,802	55,588
Current Assets			
Trade and other receivables	7	2,670	1,176
Cash and cash equivalents	10	758	–
		3,428	1,176
Total Assets		48,230	56,764
Equity Attributable to Owners of the Parent			
Share capital	11	94,800	94,800
Share premium	11	116,395	116,395
Share based payment reserve		1,544	1,505
Merger reserves		56,652	56,652
Accumulated losses		(222,235)	(218,234)
Total Equity		47,156	51,118
Current Liabilities			
Trade and other payables	18	739	859
Tax payable	9	–	1,614
Intercompany		335	3,173
		1,074	5,646
Total Liabilities		1,074	5,646
Total Equity and Liabilities		48,230	56,764

The financial statements on pages 33 to 78 were authorised for issue by the Board of Directors on 2 May 2017 and were signed on its behalf by:



Jeremy N. Bridglalsingh
Director

2 May 2017

Trinity Exploration & Production plc
Registered Number: 07535869

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

	Share Capital $'000	Share Premium $'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 2015	94,800	116,395	71	11,834	(89,268)	75,467	527	(131,070)	78,756
Share based payment charge (Note 27)	–	–	–	344	–	–	–	–	344
Translation difference	–	–	–	–	–	–	(487)	–	(487)
Total comprehensive expense for the year	–	–	–	–	–	–	(597)	(57,923)	(58,520)
At 31 December 2015	94,800	116,395	71	12,178	(89,268)	75,467	(557)	(188,993)	20,093
At 1 January 2016	94,800	116,395	71	12,178	(89,268)	75,467	(557)	(188,993)	20,093
Share based payment charge (Note 27)	–	–	–	66	–	–	–	–	66
Translation difference	–	–	–	–	–	–	(1,328)	–	(1,328)
Total comprehensive expense for the year	–	–	–	–	–	–	(112)	(6,864)	(6,976)
At 31 December 2016	94,800	116,395	71	12,244	(89,268)	75,467	(1,997)	(195,857)	11,855

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

	Share Capital $'000	Share Premium $'000	Share Based Payment Reserve $'000	Merger Reserves $'000	Accumulated Losses $'000	Total Equity $'000
At 1 January 2015	94,800	116,395	1,419	56,652	(215,838)	53,428
Share based payment charge	–	–	86	–	–	86
Total comprehensive expense for the year	–	–	–	–	(2,396)	(2,396)
At 31 December 2015	94,800	116,395	1,505	56,652	(218,234)	51,118
At 1 January 2016	94,800	116,395	1,505	56,652	(218,234)	51,118
Share based payment charge	–	–	39	–	–	39
Total comprehensive expense for the year	–	–	–	–	(4,001)	(4,001)
At 31 December 2016	94,800	116,395	1,544	56,652	(222,235)	47,156

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

		Note	2016 $'000	2015 $'000
Operating Activities				
Loss before taxation			(9,693)	(30,947)
Adjustments for:	Translation difference		2,275	841
	Finance cost – loans and interest	20	3,156	5,151
	Share based payment charge	27	66	344
	Finance cost – decommissioning provision	16	1,577	1,524
	Depreciation, depletion and amortisation	5	9,539	8,219
	Loss on disposal of inventory		–	1,302
	(Gain)/loss on disposal of assets		(954)	108
	Write off of blocks 1(a) & 1 (b)		–	6,385
	Impairment of property, plant and equipment	5	2,420	2,559
	Impairment of intangibles	6	–	131
	(Release)/record of provision for restructuring		(1,870)	1,943
	Impairment of receivables		1,071	1,036
	Impairment of inventory		–	2,483
	Unsecured creditors' claims		697	–
	Provisions recorded		712	–
	Tax write off		(157)	–
	Release of provision for claim		(1,218)	–
			7,621	1,079
Changes In Working Capital				
Inventories		8	26	5,541
Available-for-sale non-financial assets			1,896	104
Trade and other receivables		7	(746)	2,785
Trade and other payables		18	1,741	(6,910)
			10,538	2,599
Taxation paid			(1,551)	(114)
Net Cash Inflow From Operating Activities			8,987	2,485
Investing Activities				
Purchase of exploration and evaluation assets		6	–	(1,206)
Purchase of property, plant and equipment		5	(266)	(1,012)
Net Cash Outflow From Investing Activities			(266)	(2,218)
Financing Activities				
Finance costs		20	(3,156)	(5,151)
Repayment of borrowings		15	(3,050)	(20,000)
Net Cash Outflow From Financing Activities			(6,206)	(25,151)
Increase/(Decrease) in Cash and Cash Equivalents			2,515	(24,884)
Cash And Cash Equivalents				
At beginning of year			8,200	33,084
Less funds held for abandonment			(3,100)	–
Increase/ (Decrease) in cash and cash equivalents			2,515	(24,884)
At end of year		10	7,615	8,200

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

EXPRESSED IN UNITED STATES DOLLARS

		Note	2016 $'000	2015 $'000
Loss before taxation			(4,259)	(2,159)
Adjustments for:	Translation differences		78	70
	Finance income – intragroup loans		(289)	(314)
	Finance cost – interest on taxes		12	129
	Share based payment charge		39	86
	Impairment of intragroup loans		4,014	–
			(405)	(2,188)
Changes In Working Capital				
Trade and other receivables		7	5,246	(893)
Trade and other payables		18	(2,958)	2,886
			1,883	(195)
Taxation Paid			(1,402)	–
Net Cash Inflow/(Outflow) from Operating Activities			481	(195)
Financing Activities				
Finance income – intragroup loans			289	314
Finance cost – interest on taxes			(12)	(129)
Net Cash Inflow from Financing Activities			277	185
Increase/(Decrease) In Cash And Cash Equivalents			758	(10)
Cash And Cash Equivalents				
At beginning of year			–	10
Increase/(Decrease) in cash and cash equivalents			758	(10)
At end of year		10	758	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

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") 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 the London Stock Exchange plc. On 14 February, 2013, Bayfield was acquired by Trinity Exploration & Production (UK) Limited ("TEPL"), a Company incorporated in Scotland, through a reverse acquisition. On the 14 February 2013, the enlarged Group was re-admitted to trading on AIM and Bayfield changed its name to Trinity Exploration & Production plc. Trinity ("the Company") and its subsidiaries (together "the Group") are involved in the exploration, development and production of oil reserves in Trinidad.

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, modified for fair values under IFRS.

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.

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 $4.0 million (2015 $2.4 million loss).

Going Concern

In making their going concern assessment, the Directors have considered the Group's budget and cash flow forecasts. The Group is incurring expenditure in order to continue operations from its existing fields as well as maintain a much reduced level of overheads. At 31 December 2016 the Group had a net current liability of $39.1 million.

During 2016, the Group had challenges as evidenced by its Statement of Financial Position and the objective was to secure a refinancing solution to enable the Company to retire its existing senior debt facilities, reduce outstanding payables and provide sufficient additional capital to continue operating in the foreseeable future. As part of the refinancing deal it was expected that there would have to be significant discounts agreed on the outstanding senior debt holder and with the Group's creditors. Without such a refinancing, it was envisaged that the Group would be unlikely to be able to continue as a going concern.

On 16 August 2016 the Trinidad & Tobago Subsidiaries filed a Notice of Intention ("NOI") under the Bankruptcy and Insolvency Act of Trinidad & Tobago ("BIA") to make a proposal to creditors ("the Proposal") and the BIA allowed the Company to continue operating while it submitted its proposal to reach a settlement with its outstanding creditors whilst only paying for current operational costs post July 2016. The filing of the NOI provided the Subsidiaries with a stay of proceedings from all creditors. The Directors believed that the Subsidiaries making the Proposal and benefiting from the stay on proceedings provided the most efficient and orderly route to conclude its restructuring negotiations with potential funders and securing a refinancing to the benefit of all stakeholders. Maria Daniel of Ernst & Young Services Limited was appointed to act as trustee under the Proposal and formal notice was sent to creditors of the Subsidiaries in accordance with the provisions of the BIA.

On 9 December 2016, the Group announced the proposed fundraising ("the Fundraising") in relation to its financial restructuring. Total gross proceeds of $15.0 million were anticipated via an issue of $11.7 million Ordinary Share Capital ("The Placing") and $3.3 million in Convertible Loan Notes ("CLN"). The Fundraising was conditional on, *inter alia*:

(i) The Proposal becoming effective;

(ii) The Settlement Agreements to Citibank (Trinidad & Tobago) Limited ("Citibank"), Ministry of Energy and Energy Industries of Trinidad & Tobago ("MEEI"), Board of Inland Revenue of Trinidad & Tobago ("BIR"), Petroleum Company of Trinidad and Tobago ("Petrotrin") and United Kingdom ("UK") unsecured creditors becoming effective; and

(iii) The passing of the Shareholder Resolutions by the requisite majority of the Company's Shareholders.

On 19 December 2016, the Trinidad & Tobago Creditors accepted the Proposal which was subsequently approved by Trinity shareholders at the Annual General Meeting ("AGM") held on the 29 December 2016.

Subsequent to year-end the Proposal was formally approved by the Trinidad & Tobago High Court on 6 January 2017 and the Fundraising was executed on 11 January 2017. This has allowed the Group to secure funding through its ultimate Parent Company, whilst also reducing the Group debt and creditor balances. The following actions can now be taken based on the Group's stronger Statement of Financial Position and available cash flows:

- The gross proceeds from the Fundraising was applied in part towards the payments to creditors under the Creditors Proposal and the Settlement Agreements, including its loan to Citibank
- The balance of the gross proceeds alongside current cash balances and organic cash flow was deployed towards certain one-off restructuring and infrastructure costs and the re-initiation of drilling activities
- The Group intends to move forward with a work programme to sustain and grow current production levels from an existing wide inventory of opportunities for Workers ("WOs"), Recompletions ("RCPs") and drilling

The financial statements have been prepared on the going concern basis based on the financing provided by the shareholders which provides the necessary financial support to the Group to enable it to pay its debts as they fall due for the foreseeable future.

The Board of Directors has carefully considered and formed a reasonable judgement that, at the time of approving these financial statements, the Group and Company have completed the funding required to continue operations for the foreseeable future. For this reason, the Board of Directors continues to adopt the going concern basis of preparing these financial statements.

1. Background and Accounting Policies (continued)

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 2016:

IFRS 11 Joint Arrangements	A further amendment to the standard deals with the accounting for acquisitions of interests in joint operations. To account for the acquisition of an interest in a joint operation that is a business was to apply the relevant principles for business combinations in IFRS 3 and other IFRSs. The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.	Periods beginning on / after 1 January 2016
IAS 1 Presentation of Financial Statements	The amendment to the standard aims at addressing perceived impediments to preparers exercising their judgement in presenting their financial reports.	Periods beginning on / after 1 January 2013
IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets)	Another amendment to the standards addresses the Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments provide additional guidance on how the depreciation or amortisation of Property, Plant and Equipment and intangible assets should be calculated.	Periods beginning on / after 1 January 2016

New and amended standards not yet adopted by the Group:

The following standards and amendments to existing standards have been published and are effective for periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. The impact of these will be assessed in due course:

IFRS 15 Revenue from Contracts with Customers	The new standard for revenue replaces IAS 18, and will have a significant impact on some entities. The changes could have an impact on the timing of when revenue is recognised and the period over which it is recognised as well as on the financial statement disclosures.	Periods beginning on / after 1 January 2017
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.	Periods beginning on / after 1 January 2018
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.	Periods beginning on / after 1 Jan 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.

Business combination

The acquisition of subsidiaries is accounted for using the acquisition method. Identifying the acquirer in a business combination is based on the concept of 'control'. However in certain circumstances the positions may be reversed and it is the legal subsidiary entity's shareholders who effectively control the combined Group even though the other party is the legal parent. IFRS 3 requires, in a business combination effected through an exchange of equity interests, all relevant facts and circumstances be considered to determine which of the combining entities has the power to govern the financial and operating policies of the other entity. These combinations are commonly referred to as 'reverse acquisitions'.

For each business combination, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Transaction costs are expensed directly to the Income Statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. Where the Group has acquired assets held in a subsidiary undertaking that do not meet the definition of a business combination, purchase consideration is allocated to the net assets acquired and the interests of non-controlling shareholders are initially measured at their proportionate share of the acquiree's net assets.

Share-based payments

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

1. Background and Accounting Policies (continued)

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 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.

Where the services provided relate solely to the issue of share capital, the expense will be charged to equity within the share premium account.

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.

Foreign currency translation

(a) Functional and presentation currency

The functional currency of the Group operating entity is Trinidad & Tobago Dollars ("TTD") as this is the currency of the primary economic environment in which the entities operate. The presentation currency is United States Dollars ("USD or "$") 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. The following exchange rates have been used in the preparation of these financial statements:

	2016		2015	
	$	£	$	£
Average rate TTD= $/£*	6.626	9.143	6.354	9.784
Closing rate TTD= $/£	6.754	8.401	6.420	9.594

Note (*): £ means Great British Pound ("GBP")

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(c) Translation differences

Differences arising from retranslation of the financial statements at the year-end is 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:

ii) License and property acquisition costs

Exploration and property leasehold acquisition costs are capitalised within Exploration and Evaluation assets.

iii) Exploration and Evaluation expenditure

Costs directly associated with an exploration well are capitalised until the determination of reserves are 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.

iv) 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 to sell and their value in use. 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
- 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 exist 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

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 as 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 CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 Evaluation subsequent to finding commercially viable reserves, development drilling and new reserve type, infrastructure costs and development geological and geophysical costs. Acquisitions of oil and gas properties are accounted for under the purchase 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 qualify as a business combination 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 Geological and Geophysical ("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 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 becomes 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 to sell and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels (its CGU) for which there are separately identifiable cash flows. The CGU 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 and Amortisation*

The provision for depreciation, depletion and amortisation 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 of 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*

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, 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 producing 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.

1. Background and Accounting Policies (continued)

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 to sell 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 (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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, RCPs and WOs are stated at lower of cost and net realisable value. Cost is determined using the average cost method.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade Receivables

Trade receivables are amounts due from customers for crude oil sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. The Group considers the following as indicators of impairment:

- Collectability is in doubt
- Age of the receivable
- Cash flow position of the debtor

Trade receivables are recognised initially at fair value less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of sale.

Trade Payables

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

Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in equity. In this case the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date 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 recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial information. However, the deferred income tax is 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 Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority and the Company intends to settle the balances on a net basis.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of crude oil and services provided in the ordinary course of business, net of discounts and sales related taxes. Revenue from the sale of goods is recognised when it is probable that future economic benefits will flow to the entity and when specific criteria has been met.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, unless collectability is in doubt.

Other income is recognised when earned unless collectability is in doubt.

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.

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.

1. Background and Accounting Policies (continued)

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.

Employee Retirement Benefits

The Group provides retirement benefits for certain employees in the form of individual annuity policies. These are defined contribution arrangements.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Available-for-sale non-financial assets (or disposal groups) held-for-sale

Available-for-sale non-financial assets (or disposal groups) classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell. Available-for-sale non-financial assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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 Statement of Comprehensive Income 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. When issuing shares and share premium has been recognised, the expenses of issuing those shares and any commission paid on the issue of those shares will be written off against the share premium account.

Operating Segment Information

The steering committee is the Group's chief operating decision-maker. Management has determined the operating segments 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 Country Manager, Chief Operating Officer and Chief Financial Officer, that makes strategic decisions in accordance with Board policy.

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. Items presented as exceptional 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 USD. 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 2016, if the functional currency had weakened/strengthened by 10% against USD with all other variables held constant, post- tax(loss)/profit for the year would have been $0.8 million (2015: $1.0 million) higher/lower, mainly as a result of foreign exchange gain/losses on translation of USD-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 2016, if commodity prices had been 20% higher/lower with all other variables held constant, post-tax (loss)/profit for the year would have been $7.0 million (2015: $10.0 million) higher/lower.

(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 2016, if interest rates on foreign currency-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax (loss)/profit for the year would have been $0.1 million (2015: $0.1 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(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 – Petrotrin and management assesses risk based on the credit quality of the customer, their financial position and past experience. The compliance with credit terms are monitored regularly by management.

(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 was facing liquidity issues over its current liabilities which include borrowings, accounts payable, accruals and taxes. The Groups' revenues have decreased considerably as a result of a continued decline in oil prices impacting the main source of revenue generation. Subsequent to the year end the Group was able to favorably improve its liquidity position. Management refers to the disclosures in Note 1 "Going Concern" for more information regarding the factors considered by the Company in managing liquidity risk. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2. Financial Risk Management (continued)

	2016 $'000	2015 $'000
Less than 1 year		
At 31 December		
(i) Borrowings (including interest) (Note 15)	10,766	13,900
(ii) Accounts payable, provisions, accruals and taxes (Note 18,16,9)	45,407	48,703

Note: There were no items in (i) and (ii) which were classified between 2 and 5 years

(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. At the end of 2016 the Citibank debt covenants were in default (Note 15). However the Group was operating under the Proposal which prevented any creditor from issuing a winding up order. Subsequent to the year end the Group utilised certain strategies to ensure capital was available to meet its operating obligations. See Note 1 on Going Concern.

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 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 debt.

	2016 $'000	2015 $'000
Total borrowings*	9,950	13,000
Less: cash and cash equivalents	(7,615)	(8,200)
Net debt	2,335	4,800
Total equity	11,855	20,093
Total capital	14,190	24,893
Gearing ratio	16.46%	19.28%

Note (*): Under the terms of the borrowing facilities the Group is required to comply with certain financial covenants which were breached in 2015 and 2016 resulting in the loan being classified to "current". See Note 15.

(e) Fair value estimation

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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 recognises 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 that the deferred tax asset arose.

(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 to the local market. The provision has been estimated using a discount rate of 3.9% (2015: 3.9%) and a core inflation rate of 3% (2015: 3%). The impact in 2016 of a 1% change in these variables is as follows:

	Statement of Financial Position Obligation 2016 $'000 (Decrease)/Increase	Statement of Comprehensive Income/Expense 2016 $'000 (Decrease)/Increase
Discount rate		
1% increase in assumed rate	(5,943)	(100)
1% decrease in assumed rate	7,090	(184)
Inflation rate		
1% increase in assumed rate	8,383	317
1% decrease in assumed rate	(6,981)	(265)

(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 periodically by independent external reserve evaluators. The last independent external reserve valuation was done in 2012. The Group estimated its own commercial reserves in 2015 and 2016 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.

3. Critical Accounting Estimates and Assumptions (continued)

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

During 2016 all subsidiaries onshore and offshore proved and probable ("2P") reserve estimates were re-evaluated by management and approved by the Board of Directors.

(e) Farm Outs and lease operatorship agreements

The Group's financial statements are prepared on the assumption that its Farm Out and lease operatorship agreements will be renewed upon expiry. If any of these Farm Out or lease operatorship agreements are not renewed or renewed on disadvantageous terms this may severely impact the profitability and ongoing operations of the Group.

(f) 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.

(g) 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. In order to test for impairment, the higher of fair value less costs to sell 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 Trinity.

During 2016 an impairment charge was recognised on the Group's Property, Plant and Equipment of \$2.4 million (2015: \$2.6 million) see Note 5, resulting in the carrying amount of the respective CGUs being written down to their recoverable amount.

(i) Oil and Gas Assets \$1.1 million 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 disposal or 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. For the VIU calculations, the period over which management has projected its cash flow forecast, ranges between an 8-17 year economic life based on the production profile. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of 2P 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 CGUs; and a discount rate utilised for the purposes of deriving a recoverable value.

If the price deck used in the impairment calculation had been 10% lower than management's estimates at 31 December 2016, the Group would have an increase of $0.7 million in impairment of Oil and Gas assets (2015: nil). If the price deck used in the impairment calculation had been 10% higher than management's estimates at 31 December 2016, the Group would have had a decrease of $0.6 million in impairment of Oil and Gas assets in 2016 (2015: nil).

The forward price curve used was as follows:

Price Strip	2017	2018	2019	2020	2021
Thompson reuters USD/bbl	56.1	60.6	64.8	66.7	69.9

If the estimated cost of capital of 10% (2015: 10%) used in determining the post-tax discount rate for the CGUs had been 1% lower than management's estimates the Group would have had $0.1 million increase in its impairment for 2016 (2015: 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 had a $0.03 million decrease in its impairment charge in 2016 (2015: nil).

(ii) Slant Rig $1.3 million (2015: nil) impairment

The Slant Rig is a unique asset specially designed to drill slanted wells on the East Coast Trintes field. The Slant Rig was last utilised by the Group in 2013-14 for offshore drilling on the Trintes field, since then the Slant Rig has not been used. An impairment test was carried out in 2016 and the Slant Rig was impaired as the recoverable amount was deemed lower than the carrying amount. The recoverable amount was determined using a fair value less cost to sell estimate provided by a third party.

(h) Impairment of intangible 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. The amounts of intangible Exploration and Evaluation assets represent the costs of active projects the commerciality of which is not evaluated until reserves can be appraised.

In 2016 an impairment review was carried out and there were no further impairment losses realised against the carrying values of the Group's Exploration and Evaluation assets (2015: $0.1 million).

(i) Provision for restructuring

In 2015, management was required to make assumptions in respect of the assessment used to arrive at the restructuring costs. The provision for restructuring of $1.9 million included the cost of severance and redundancies in accordance with the laws of Trinidad & Tobago ("T&T") where the restructuring was expected to take place. However, in 2016 there was a release of the provision for restructuring as the restructuring was not realised in 2016.

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. All non-current assets of the Group are located in T&T.

5. Property, Plant and Equipment

	Plant & Equipment $'000	Leasehold & Buildings $'000	Oil & Gas Assets $'000	Other $'000	Total $'000
Year ended 31 December 2016					
Opening net book amount at 1 January 2016	3,966	1,629	40,548	–	46,143
Disposal	(16)	–	–	–	(16)
Additions	19	–	247	–	266
Impairment* (Note 28)	–	–	(2,420)	–	(2,420)
Transferred from held for sale (Note 14)	831	399	26,361	–	27,591
Depreciation, depletion and amortisation charge for year	(641)	(176)	(8,722)	–	(9,539)
Translation difference	42	38	(2,473)	–	(2,393)
Closing net book amount at 31 December 2016	4,201	1,890	53,541	–	59,632
At 31 December 2016					
Cost	12,815	3,095	275,081	336	291,327
Accumulated depreciation, depletion, amortisation and impairment	(8,656)	(1,243)	(219,067)	(336)	(229,302)
Translation difference	42	38	(2,473)	–	(2,393)
Closing net book amount	4,201	1,890	53,541	–	59,632

Note (*): An impairment loss of $2.4 million was recognised in respect of several CGUs, (see Note 3 (g), (2015: $2.6 million) as a result of the carrying value being higher than the recoverable amount. The recoverable amount was determined by utilising its fair value less costs of disposal.

	Plant & Equipment $'000	Leasehold & Buildings $'000	Oil & Gas Assets $'000	Other $'000	Total $'000
Year ended 31 December 2015					
Opening net book amount at 1 January 2015	4,974	2,334	78,347	–	85,655
Additions	528	(46)	530	–	1,012
Impairment (Note 28)	–	–	(2,559)	–	(2,559)
Transferred to available for sale	(877)	(416)	(29,306)	–	(30,599)
Adjustment to decommissioning estimate (Note 16)	–	–	853	–	853
Depreciation, depletion and amortisation charge for year	(659)	(243)	(7,317)	–	(8,219)
Closing net book amount at 31 December 2015	3,966	1,629	40,548	–	46,143
At 31 December 2015					
Cost	11,982	2,696	248,473	336	263,487
Accumulated depreciation, depletion, amortisation and impairment	(8,016)	(1,067)	(207,925)	(336)	(217,344)
Closing net book amount	3,966	1,629	40,548	–	46,143

6. Intangible Assets

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

	Exploration and Evaluation assets $'000	Total $'000
At 1 January 2016	26,751	26,751
Translation difference	(1,345)	(1,345)
At 31 December 2016	25,406	25,406
At 1 January 2015	25,676	25,676
Additions	1,206	1,206
Impairment (Note 28)	(131)	(131)
At 31 December 2015	26,751	26,751

In 2016, there were no impairment loss recognised. However, in 2015 an impairment loss of $0.1 million was recognised in relation to certain costs within Intangible assets following an impairment review on intangible assets.

7. Trade and Other Receivables

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Due after more than one year				
Amounts due from Group companies	–	–	–	10,813
Due within one year				
Amount due from Group companies	–	–	1,857	–
Trade receivables	2,849	1,709	–	–
Less: provision for impairment of trade receivables	–	–	–	–
Trade receivables – net	2,849	1,709	1,857	–
Prepayments	1,140	852	334	63
Value Added Tax ("VAT") recoverable	1,315	7,805	479	1,113
Other receivables	145	227	–	–
	5,449	10,593	2,670	1,176

The Company provides funding to other Group companies, through intercompany demand loans, where loans are interest free and repayable on demand.

The fair value of trade and other receivables approximate their carrying amounts.

At 31 December 2016, trade receivables of $2.9 million (2015: $1.7 million) were fully performing. Trade receivables that are less than six months past due are not considered impaired. At the end of 2016 there was an impairment of $1.1 million relating to a recoverable amount from the former owners of the WD-2 and FZ-2 assets. In 2015 there was an impairment loss of $1.0 million recognised against other receivables relating to NIKO Resources Limited ("NIKO") who have ceased operations in T&T (Note 28).

Ageing analysis of these trade receivables is as follows:

	2016 $'000	2015 $'000
Up to 6 months	2,849	1,709
	2,849	1,709

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

	2016 $'000	2015 $'000
USD	2,249	1,358
GBP	1,033	1,730
TTD	2,167	7,505
	5,449	10,593

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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables				
Counterparties without external credit rating:				
Existing customers (more than 6 months) with no defaults in the past	2,849	1,709	–	–

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

8. Inventories

	Crude oil $'000	Materials and supplies $'000	Total $'000
At 1 January 2016	160	3,802	3,962
Inventory movement	(40)	(135)	(175)
At 31 December 2016	120	3,667	3,787
At 1 January 2015	346	11,563	11,909
Inventory movement	(186)	(5,278)	(5,464)
Impairment	–	(2,483)	(2,483)
At 31 December 2015	160	3,802	3,962

The cost of inventories recognised as an expense and included in operating expenses amounted to $0.07 million (2015: $0.1 million). At the end of 2016 an impairment loss of nil (2015: $2.5 million) was recognised against the materials and supplies inventory.

9. Taxation Recoverable/(Payable)

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Taxation recoverable				
Petroleum Profit Tax ("PPT")/ Unemployment Levy ("UL")	–	192	–	–
Taxation payable				
PPT/ UL	(2,233)	(510)	–	–
Corporation Tax ("CT")	(508)	(2,145)	–	(1,614)
Supplemental Petroleum Tax ("SPT")	(8,178)	(16,015)	–	–
	(10,928)	(18,670)	–	(1,614)

10. Cash and Cash Equivalents

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and cash equivalents	7,615	8,200	758	–
	7,615	8,200	758	–

In 2016 restricted cash of $1.1 million (2015:$3.1 million) was reclassified to non-current assets under the heading Abandonment fund. In 2015 this was included within cash and cash equivalents and described as restricted cash which have been put aside in escrow for abandonment and environmental purposes in accordance with contractual obligations to be used any time during the existence of the contract.

11. Share Capital and Share Premium

	Number of shares No.	Ordinary shares $'000	Share premium $'000	Total $'000
As at 1 January 2016	94,799,986	94,800	116,395	211,195
Movement	–	–	–	–
As at 31 December 2016	94,799,986	94,800	116,395	211,195
As at 1 January 2015	94,799,986	94,800	116,395	211,195
Movement	–	–	–	–
As at 31 December 2015	94,799,986	94,800	116,395	211,195

12. Share Warrants

The Group's policy with respect to equity-settled share-based payment transactions is to measure the value of the good or service received with the corresponding increase in equity at the fair value of the services received. If the Group cannot estimate reliably the fair value of the goods or services received it then shall measure their value and the corresponding increase in equity indirectly by reference to the fair value of the equity instrument.

	2016 $'000	2015 $'000
Issued		
Oriel Securities Limited	71	71
	71	71

Oriel Securities Limited warrants

Oriel Securities Limited ("Oriel") was appointed to assist TEPL in introducing potential subscribers for a private placing of new ordinary shares in 2011 (the "Placing"). In consideration for the services under the engagement, and subject to receipt of the gross proceeds as a result of the Placing, Trinity and Oriel agreed a fee in cash to the value of $150,000.

In addition to the cash fee described above, Oriel was granted an option by TEPL over shares equivalent in value to 0.25% (1/4 of 1%) of the value of TEPL following the Placing, such option to be exercisable at the share price at which the new funds were raised in the Placing. The option could be exercised between the 1st and 5th anniversary of the option being granted or if later on the 1st anniversary of any flotation.

The Group recognised the warrants by estimating the services received at fair value at the date of the transaction. In arriving at the fair value of the services received an estimate was received from Oriel indicating that the cost of the service had no warrant been included would have been 1.5 % of the Placing. As the cost is associated with the raising of capital, this expense has been recognised as a deduction from share premium.

Following the Bayfield acquisition on 14 February 2013 Oriel confirmed that it did not intend to exercise its 83 Trinity Warrants and, accordingly, Oriel now holds warrants over 62,027 shares with an exercise price of $5.60 per share (based on the same conversion ratio of 747.8 new shares).

13. Merger and Reverse Acquisition Reserves

	Reverse Acquisition Reserve $'000	Merger Reserve $'000	Total $'000
At 1 January 2016	(89,268)	75,467	(13,801)
Movement	–	–	–
Translation differences	–	–	–
At 31 December 2016	(89,268)	75,467	(13,801)
At 1 January 2015	(89,268)	74,808	(14,460)
Movement	–	–	–
Translation differences	–	659	659
At 31 December 2015	(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 was recorded.

The insertion of the Company as the new parent in 2013 to the Group was accounted for using business combination accounting as described in Note 1. The reverse acquisition difference recorded in the consolidated financial statements represents the difference in accounting for reverse acquisition transactions.

14. Held-for-sale non-financial assets

At the end of 2016 there are no assets or liabilities held-for-sale, these have been reclassified to Property, Plant and Equipment in accordance with IFRS 5 as the criteria for recognition was not met and Management is not committed to the disposal of its assets. In 2015 assets and liabilities relating to Trinity's oil and gas fields owned and operated by its indirect subsidiary Trinity Exploration and Production (Trinidad and Tobago) Limited ("TEPTTL") were classified as available-for-sale as there was an agreement in place for a sale pending regulatory approvals. This related to the Group's onshore and west coast assets. The onshore assets were planned to be sold during 2016 on 14 March 2016. The sale was subsequently terminated and these assets remain part of the Group's production plans going forward. The west coast asset sale didn't qualify to be kept as available for sale as a completed sale within one year from the date of classification was unlikely. On 14 April 2016 the Guapo Onshore Asset ("Block GU-1") was sold and the carrying value of $1.9 million has been removed from assets held-for-sale.

(a) Assets of the disposal Group classified as held-for-sale

	2016 $'000	2015 $'000
Property, Plant & Equipment		
Net Book Value at 1 January	30,491	672
Movement	(1,896)	(780)
Transferred (to)/from Property, Plant & Equipment	(27,591)	30,599
Translation difference	(1,004)	–
Net Book Value	–	30,491

14. Held-for-sale non-financial assets (continued)

(b) Liabilities of the disposal group classified as held-for-sale

	2016 $'000	2015 $'000
Other provisions		
At 1 January	21,927	–
Movement	(117)	–
Transferred (to)/from decommissioning provision	(21,810)	21,927
At 31 December	–	21,927

15. Borrowings

	2016 $'000	2015 $'000
Non-current portion:		
Citibank (Trinidad & Tobago) Limited	–	–
Total	–	–
Current portion:		
Citibank (Trinidad & Tobago) Limited	9,950	13,000
Total	9,950	13,000

Drawn Loan Facilities

i) Citibank (Trinidad & Tobago) Limited Loan 1

Joint Lenders: Citibank (Trinidad & Tobago) Limited and Citicorp Merchant Bank Limited

Borrower: Trinity Exploration and Production (Trinidad and Tobago) Limited

The key terms of the loan are as follows:

- Principal amount $20.0 million
- Interest rate is set at three month US LIBOR plus 600 basis points per annum. Interest payable monthly in arrears commenced 20 March 2013
- Quarterly interest payments are up to date and were paid during the year: March, June, September and December 2016
- Debenture over the fixed and floating assets of Trinity Exploration and Production (Trinidad and Tobago) Limited and its subsidiaries.
- Principal repayment in equal quarterly instalments commencing on 20 March 2013 and ending on 20 December 2017
- Opening loan balance for 2016 was $12.0 million
- $2.6 million in repayments was made during 2016 with a closing outstanding balance of $9.45 million

ii) Citibank (Trinidad & Tobago) Limited Loan 2

Lender: Citibank N.A. (acting through its international banking facility)
Citibank (Trinidad & Tobago) Limited

Joint Borrowers: Trinity Exploration and Production (Trinidad and Tobago) Limited
and Trinity Exploration and Production (Galeota) Limited

The Group negotiated a floating rate medium term facility on 17 August 2013 of $25.0 million with Citibank (Trinidad & Tobago) Limited.

The key terms of the loan are as follows:

- Principal amount $25.0 million. Initial drawdown on 22 January 2015 of $5.0 million and a second drawdown of $20.0 million on 4 August 2015
- Interest rate is set at three month US LIBOR plus 575 basis points per annum. The negotiated principal repayments in two initial quarterly instalments of 16.0% following 6.5% to 7.0% quarterly instalments commencing on 21 November 2015 and ending on 21 August 2017
- Quarterly interest payments are up to date and were paid during the year: February, May, August and November 2016
- Debenture over the fixed and floating assets of Trinity Exploration and Production (Trinidad and Tobago) Limited and its subsidiaries.
- An initial $20.0 million principal repayment was made on 6 February 2015
- Opening loan balance for 2016 was $1.0 million
- A repayment of $0.5 million was made during 2016 with a closing outstanding balance of $0.5 million

Financial covenants applicable to each of the above facilities are:

- Minimum debt service coverage 1.4:1
- Maximum total debt to EBITDA-Operating taxes 2.75:1
- Minimum EBITDA-Operating taxes to Interest Expense 1.5:1

The carrying value of borrowings is not materially different from their fair value. The entire borrowings since 2015 have been classified as current due to the default in the debt service coverage. At the end of 2016 two financial covenants were in default; Debt Service Coverage Ratio and EBITDA/Interest Expense ratios.

On 7 December 2016, Citibank agreed to accept $3.5 million in lieu of full settlement on the loan facilities. Subsequent to the year end the principal and interest was settled in accordance with the agreement (see Note 30).

Analysis of net debt

	At 1 January 2016 $'000	Cash flow $'000	At 31 December 2016 $'000
Cash and cash equivalents	8,200	585	7,615
Financial liabilities - borrowings current and non-current	(13,000)	(3,050)	(9,950)
	(4,800)	(2,465)	(2,335)

16. Provision and Other Liabilities

Non-current:	Potential Claim $'000	Decommissioning cost $'000	Employee Retirement Benefit $'000	Total $'000
Year ended 31 December 2016				
Opening amount as at 1 January 2016	1,270	18,561	–	19,831
Transferred from other payables	–	–	118	118
Transferred from liabilities held for sale	–	21,810	–	21,810
Revision to employee retirement benefit	–	–	230	230
Unwinding of discount (Note 20)	–	1,577	–	1,577
Release of provision	(1,218)	–	–	(1,218)
Decommissioning contribution	–	(1,939)	–	(1,939)
Translation differences	(52)	(2,039)	–	(2,091)
Closing balance at 31 December 2016	–	37,970	348	38,318
Year ended 31 December 2015				
Opening amount as at 1 January 2015	1,270	38,505	–	39,775
Adjustment to estimates (Note 5)	–	853	–	853
Transferred to liabilities held for sale	–	(21,927)	–	(21,927)
Unwinding of discount (Note 20)	–	1,524	–	1,524
Translation differences	–	(394)	–	(394)
Closing balance at 31 December 2015	1,270	18,561	–	19,831

Current:	Litigation claims $'000	Restructuring Cost $'000	Total $'000
Year ended 31 December 2016			
Opening amount as at 1 January 2016	–	1,930	1,930
Release of provision for restructuring	–	(1,870)	(1,870)
Provision for litigation claims	470	–	470
Translation difference	–	(60)	(60)
Closing balance at 31 December 2016	470	–	470
Year ended 31 December 2015			
Opening amount as at 1 January 2015	–	–	–
Provision for restructuring (Note 28)	–	1,930	1,930
Closing balance at 31 December 2015	–	1,930	1,930

Provision for other liabilities

Non-current:

Potential claim

In December 2015, a provision was created in the sum of $1.2 million for a potential claim by a supplier in the oil and gas industry against Trinity Exploration and Production (Galeota) Limited ("TEPGL"), in relation to a matter which arose pre-merger with the Bayfield Group. However, due to the elapse in time (4 years ended September 2016) for the supplier to make a claim under the Limitations of Certain Actions Act Chapter 7:09, (under Trinidad & Tobago law) the provision was released in 2016.

Decommissioning cost

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

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 – 3% (2015: 3%)
b. Risk free rate – 3.95% (2015 3.9%)
c. Estimated market value/decommissioning cost
d. Estimated life of each asset

See Note 3(c) for the rates used and sensitivity analysis.

Employee Retirement benefit

The Group has reinstated a provision under an agreement with a subsidiary company. During 2013 the Group, under a new Collective Bargaining Agreement, intended to transfer the employee retirement benefit into a defined pension fund, which was subsequently treated as a liability under Trade and other payables. This option was not accepted by the employees and during 2016 the subsidiary reclassified the amount from Trade and other payables and revised the estimate of the provision under the existing contractual agreement.

Current:

Restructuring Cost

During 2016 the restructuring provision didn't materialise and was released.

Litigation claims

In 2016 following the creditors' proposal certain claims were made under the Proposal for which the outcome is uncertain and will be decided by the High Court of Trinidad & Tobago. The Group has provided for the specific claims made.

17. Deferred Income Taxation

Group

The analysis of deferred tax assets is as follows:

	2016 $'000	2015 $'000
Deferred tax assets:		
- Deferred tax assets to be recovered in more than 12 months	(5,496)	(2,460)
- Deferred tax assets to be recovered in less than 12 months	–	–
Deferred tax liabilities:		
- Deferred tax liabilities to be settled in more than 12 months	2,927	3,308
- Deferred tax liabilities to be settled in less than 12 months	–	–
Net deferred tax (assets)/liability	(2,569)	848

The movement on the deferred income tax is as follows:

	2016 $'000	2015 $'000
At beginning of year	848	(23,852)
Movement for the year	(3,417)	24,766
Unwinding of deferred tax on fair value uplift	–	(66)
Net deferred tax (asset)/liability	(2,569)	848

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax balances are analysed below:

	2014 $'000	Movement $'000	2015 $'000	Movement $'000	2016 $'000
Deferred tax assets					
Acquisition	(33,436)	–	(33,436)	–	(33,436)
Tax losses recognised	(31,257)	–	(31,257)	(3,036)	(34,293)
Tax losses derecognised	37,063	25,170	62,233	–	62,233
	(27,630)	25,170	(2,460)	(3,036)	(5,496)
Deferred tax liabilities					
Accelerated tax depreciation	14,778	(404)	14,374	–	14,374
Non-current asset impairment	(33,214)	–	(33,214)	–	(33,214)
Acquisitions	19,580	–	19,580	–	19,580
Fair value uplift	2,634	(66)	2,568	(381)	2,187
	3,778	(470)	3,308	(381)	2,927

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets of $3.0 million have been recognised (2015: $25.2 million was derecognised) as recoverability is now considered probable, based on future taxable profits. The Group has unrecognised tax losses amounting to $104.8 million which have no expiry date. Deferred tax liabilities have reduced by $0.4 million as the carrying values of Property, Plant and Equipment and intangible assets which gave rise to the temporary differences have been written down to their recoverable amount.

18. Trade and Other Payables

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables	19,379	15,900	544	411
Accruals	2,677	5,008	152	183
VAT payable	187	230	–	–
Interest on taxes payable	6,994	4,759	–	–
Other payables	3,927	2,150	43	265
Amounts due to related parties (Note 23 (d))	845	1,986	–	–
	34,009	30,033	739	859

19. Operating Profit Before Exceptional Items

	2016 $'000	2015 $'000
Operating profit before exceptional items is stated after taking the following items into account:		
Depreciation, depletion and amortisation (Note 5)	9,539	8,219
Employee costs (Note 26)	7,916	13,673
Operating lease rentals	779	2,315
Inventory recognised as expense, charged to operating expenses	67	116

Auditors' remuneration

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

	2016 $'000	2015 $'000
- Fees payable to the Company's auditors' and its associates for the audit of the parent Company and consolidated financial statements	73	73
- Fees payable to the Company's auditors' and its associates for other services:		
- The audit of Company's subsidiaries	182	162
- Audit related assurance services – interim review	20	50
Total assurance	275	285
- Tax advisory	50	75
- Other advisory	–	5
Total auditors' remuneration	325	365

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

20. Finance Costs

	2016 $'000	2015 $'000
Decommissioning (Note 16)	1,577	1,524
Interest on taxes	2,215	4,079
Interest on loans	941	1,072
	4,733	6,675

Interest on taxes of $2.2 million (2015: $4.1 million) relates to interest accrued on late payment of CT, SPT and PPT.

21. Income Tax Expense

	2016 $'000	2015 $'000
Current tax		
- Current year		
PPT	1,533	(167)
CT	27	586
SPT	(951)	1,830
Deferred tax		
- Current year		
Movement in asset due to tax losses (Note 17)	(3,036)	25,170
Movement in liability due to accelerated tax depreciation (Note 17)	(381)	(470)
Translation difference	(21)	27
Income tax expense	(2,829)	26,976

The Group's effective tax rate varies from the statutory rate for UK companies of 20% as a result of the differences shown below:

	2016 $'000	2015 $'000
Loss before taxation	(9,693)	(30,947)
Tax charge at expected rate of 20% (2015: 20.25%)	(1,939)	(6,267)
Effects of:		
Higher overseas tax rate	(1,783)	(11,626)
Profits not subject to tax	–	–
Disallowable expenses	(745)	39,524
Deferred tax asset not recognised	(5,979)	6,950
Tax loss generated not recognised	(1,197)	20,359
Tax losses utilised	9,993	4,400
Tax losses previously recognised	(2,420)	(25,170)
SPT	524	(1,146)
Green Fund Levy	151	180
Other differences	566	(228)
Tax (credit)/charge	(2,829)	26,976

Taxation losses at 31 December 2016 available for set off against future taxable profits amount to approximately $217.6 million (2015: $205.0 million), with tax losses recognised of $10.0 million in 2016. These losses do not have an expiry date and have not yet been confirmed by the BIR.

22. Investment In Subsidiaries

	Company	
	2016 $'000	2015 $'000
Opening balance	44,775	44,513
Capital contribution relating to share based payment	27	262
Closing balance	44,802	44,775

The investment in Group undertakings is recorded at cost less impairments which is the fair value of the consideration paid. During 2015, two entities from the Trinity Group were wound up; Trinity Exploration and Production (Pletmos) Limited, a subsidiary of Trinity Exploration & Production (UK) Limited and Bayfield Energy Alpha Limited, a subsidiary of Bayfield Energy Limited.

22. Investment In Subsidiaries (continued)

Listing of Subsidiaries

The Group's principal subsidiaries at 31 December 2016 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%

23. 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		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Related party:				
Well Services Petroleum Company Limited	–	1,407	–	–
Rigtech Services Limited	–	1,069	–	–
Blanket Securities Limited	–	1,075	–	–
Group subsidiaries:				
Trinity Exploration and Production Services (UK) Limited – loan	–	–	(8,620)	(328)
Trinity Exploration and Production (Galeota) Limited – loan	–	–	(494)	337
Trinity Exploration and Production Services Limited	–	–	158	698
	–	3,551	(8,956)	707

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.

(b) Purchases of services

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Related party:				
Blanket Security Limited	–	906	–	–
Well Services Petroleum Company Limited	28	291	–	–
	28	1,197	–	–

Goods and services are bought from related entities on normal commercial terms and conditions, with the only purchases coming from Well Services Petroleum Company Limited.

(c) Key management and Directors' compensation

Key management includes Directors' (executive and non-executive), the Country Manager and Chief Financial Officer. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2016 $'000	2015 $'000
Salaries and short-term employee benefits	806	1,114
Post-employment benefits	23	76
Share-based payment (Note 27)	67	150
	896	1,340

23. Related Party Transactions (continued)

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Receivables from related parties:				
Trinity Exploration and Production Services Limited	–	–	856	698
Trinity Exploration and Production (Galeota) Limited	–	–	498	992
Trinity Exploration and Production Services (UK) Limited	–	–	503	9,123
	–	–	1,857	10,813
Payables to related parties:				
Blanket Securities Limited	137	144	–	–
Rigtech Services Limited	(59)	(62)	–	–
Well Services Petroleum Company Limited	767	1,904	–	–
	845	1,986	–	–

Group and Company

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties (2015: 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.

(e) Loans from related parties: There are no loans from related parties

24. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade and other receivables – non current	–	–	–	10,813
Trade and other receivables – current	5,449	10,593	2,670	1,176
Abandonment fund – non current	1,072	–	–	–
Cash and cash equivalents	7,615	8,200	758	–
	14,136	18,793	3,428	11,989

The only category of financial assets held by the Group are loans and receivables. There are no assets held at fair value through profit or loss, derivatives used for hedging and available-for-sale financial instruments.

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Borrowings	9,950	13,000	–	–
Amounts due to related companies	–	–	335	–
Accounts payable and accruals	34,009	30,033	739	859
	43,959	43,033	1,074	859

The only category of financial liabilities held by the Group is liabilities at amortised cost. There are no liabilities held at fair value through profit or loss and derivatives used for hedging.

25. Commitments and Contingencies

a) Commitments

There are commitments for decommissioning costs of the wells and facilities under the Group's agreements with Petrotrin, which have been provided for as described in Note 16.

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 Statement of Comprehensive Income during the year is as follows:

	Group	
	2016 $'000	2015 $'000
Not later than 1 year	675	1,025
Later than 1 year and no later than 5 years	691	1,158
	1,366	2,183

b) Contingent Liabilities

i) A subsidiary company is a defendant in certain legal proceedings. A claim was made against the subsidiary by Mora Ven Holdings Limited. The claim being made was that the subsidiary bought the shares of Ligo Ven Resources Limited, a fellow subsidiary, at gross under-value. Management, after taking appropriate professional advice, is of the view that the likelihood that material liabilities will crystallise is remote and accordingly no provision has been made in the consolidated financial statements for any potential liabilities. This matter was withdrawn on 6 March 2017.

ii) 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.

iii) Parent company guarantees:

- A Letter of Guarantee has been established over the Point Ligoure-Guapo Bay-Brighton Marine ("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. Trinity has submitted the technical data for reducing the performance guarantee at the end of 2015 and is still awaiting a response.
- A letter of Guarantee is in place with Citibank for the full $25.0 million loan facility should there be a default and the bank demands repayment. The Citibank loan was settled on the 23 January 2017 and all Guarantees are expected to be withdrawn.

iv) The Group has certain liabilities in respect of entering a rig share agreement for the Rowan Gorilla III which it used to drill the TGAL-1 well. The agreement was made amongst four parties and the liabilities are joint and several. The liabilities cannot be presently quantified and no estimates have been included in the consolidated financial statements. For 2016 the Group has recorded $0.1 million (2015: $0.06 million) in cost and does not expect that these liabilities will be material. These liabilities fall under the Group refinancing.

v) The Group is party to various claims and actions. Management has 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.

26. Employee Costs

	2016 $'000	2015 $'000
Employee costs for the Group during the year		
Wages and salaries	7,588	12,785
Other pension costs	284	544
Share based payment expense (Note 27)	66	344
	7,938	13,673

	2016 Number	2015 Number
Average monthly number of people (including executive and non-executive Directors') employed by the Group		
Executive and non-executive Directors	2	3
Administrative staff	93	117
Operational staff	126	113
	221	233

27. Share Based Payments

During 2016 the Group had in place two share-based payment arrangements for its employees and 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:

	2016 $'000	2015 $'000
Share based payment expense:		
Share option expense	30	187
Long term incentive plan	36	157
	66	344

Share Option Plan

Share options are granted to Directors and to selected employees. The exercise price of the granted option is equal to management's best estimate of the market price 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 2012, TEPL had 3,638 share options outstanding. On 14 February 2013 following the completion of the acquisition, 120 of the 3,638 share options were exercised. The remaining 3,518 share options were surrendered in return for the grant by Trinity of new options. 747.8 new ordinary shares were issued for each TEPL share over which TEPL options were held. These options were treated as a modification to the original share option scheme. The modification did not increase the fair value of the equity instruments granted, measured immediately before and after the modification, as a result there was no incremental fair value. At the point of acquisition Bayfield had 4,447,546 share options, following completion of the acquisition and share consolidation, the newly combined Group share options outstanding of:

(a) Legacy Bayfield - 444,754 share options
(b) Legacy TEPL - 2,630,759 share options

On 29 May 2013 the Group issued 1,275,660 options at an exercise price of GBP 1.20 per option to certain employees. These options were valued at grant date using a Black-Scholes option pricing model. During 2015 certain Directors and employees who had share options departed and their options lapsed.

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

	2016		2015	
	Average exercise price per share	Number of Options	Average exercise price per share	Number of Options
At 1 January	GBP 0.82	1,975,084	GBP 1.01	3,871,419
Lapsed	–	–	GBP (1.12)	(1,896,335)
At 31 December	GBP 0.82	1,975,084	GBP 0.82	1,975,084

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

		2016		2015	
Grant-Vest	Expiry Date	Exercise price per share options	Number of Options	Exercise price per share options	Number of Options
2012-2015	2022	GBP 0.86	1,685,540	GBP 0.86	1,685,540
2013-2016	2023	GBP 1.20	289,544	GBP 1.20	289,544
			1,975,084		1,975,084

The inputs into the Black-Scholes model for options granted during the period are as follows:

	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

Long Term Incentive Plan

On 14 February 2013, following the completion of the acquisition, 108,712 Bayfield LTIP's were outstanding, these have all lapsed. These LTIP Awards are conditional awards of Existing Unconsolidated Ordinary Shares vested three years from the date of grant, subject to the satisfaction of certain performance conditions (based on the growth in the Company's total shareholder return). No payment is required on vesting and there is no accelerated vesting arising as a result of the Merger.

On 1 July 2013, 739,440 LTIP Awards were granted by the Company to the then Senior Management Group (including the Executive Directors). The LTIP awards will be tested against two performance targets: stretching reserves growth and absolute returns targets (share price). Performance against these measures will be assessed based on performance to the end of the 2016 financial year and following announcement of the Company's audited financial results. Subject to the achievement of the performance targets all Options will be subject to a further holding period whereby Options will vest on 1 January 2017.

The measurement of growth in 2P Reserves is the aggregated total of all fields included in the Trinity Exploration & Production plc (formerly Bayfield Energy Holdings plc) and Trinity Exploration & Production (UK) Limited merged Group as recorded at financial year end 2012 which is 35.6 mmboe. Share price growth will be calculated from the price at which equity was raised at the point of the merger which was GBP 1.20.

27. Share Based Payments (continued)

The conditions of the scheme are market and non-market based, and therefore the scheme is valued on the date of grant and amortised over the vesting period. The grants have been valued using a Monte Carlo simulation model.

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

	2016		2015	
	Average exercise price per share	Number of Options	Average exercise price per share	Number of Options
At 1 January	GBP 0.00	189,600	GBP 0.00	772,312
Lapsed	GBP 0.00	–	GBP 0.00	(582,712)
At 31 December	GBP 0.00	189,600	GBP 0.00	189,600

Inputs into the Monte Carlo Simulation Model for LTIPs granted during the period are as follows:

	1 July 2013
Share price	GBP 1.06
Exercise price	GBP 0.00
Expected volatility	55%
Risk-free rates	4.5%
Expected dividend yields	0%
Vesting period	3.5 years

28. 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 Statement of Comprehensive Income. An analysis of the amounts presented as exceptional items in these financial statements are highlighted below.

	2016 $'000	2015 $'000
Exceptional items:		
Impairment of Property, Plant and Equipment (Note 5)	2,420	2,559
Impairment of receivables	1,071	1,036
Impairment of intangibles (Note 6)	–	131
Impairment of inventory	–	2,483
Fees relating to corporate restructuring	940	1,086
Written off 1(a) & 1(b) pre-acquisition cost	–	6,385
Release of provision – potential claim	(1,218)	–
(Release)/record provision for restructuring	(1,870)	1,943
Other provisions	712	–
Unsecured creditor claims	545	–
(Gain)/loss on disposal of GU-1	(954)	108
Loss on disposal of casing	–	1,302
Loss on winding up of subsidiaries	–	214
Translation difference	11	(18)
	1,657	17,229

Exceptional items 2016:

Impairment – In 2016 impairment reviews were carried out over the non-current and current assets on the Statement of Financial Position with impairment losses being recognised on Property, Plant and Equipment, receivables and payables.

Fees relating to corporate restructuring – Fees relating to the corporate restructuring of the Group include the Formal Sales Process ("FSP"), the Proposal process and the cost of advisors incurred in relation to both in 2016.

Release of provision: potential claim – In December 2015, a provision was created in the sum of $1.2 million for a potential claim, against TEPGL, for a matter that arose pre-merger with the Bayfield Group. However, due to the elapse in time (4 years ended September, 2016) for NIKO to make a 'call' for payments under the Limitations of Certain Actions Act Chapter 7:09, the provision was reversed in 2016.

Other Provisions: restructuring – At the end of 2015 management held a provision for restructuring totaling $1.9 million which wasn't utilised because the intending restructuring did not occur in 2016. Accordingly in line with the Group's policy the restructuring provision was released at the end of 2016.

Other Provisions – $0.7 million

- $0.5 million provision recognised based on litigation obligations raised under the Proposal and;
- $0.2 million revision to the provision recognised for Oilbelt Services Limited retirement benefit

Unsecured creditor claims – An amount of $0.5 million has been recognised following a reconciliation to the Proposal filed and accepted under the NOI.

Gain on disposal of GU-1 – This asset held for sale was disposed in 2016 for a gain of $1.0 million.

Exceptional items 2015:

Loss on disposal – a loss of $0.1 million was recognised on the disposal of the WD-16 block as there were certain operating costs incurred by Trinity whilst awaiting regulatory approvals. The $1.3 million loss on disposal of casing and tubing to the related party the Well Services Petroleum Company Limited was a result of the fall in the casing and tubing market internationally.

Loss on winding up of subsidiaries – $0.2 million related to the write off of carrying values of non-current asset balances following the winding up Trinity Exploration and Production (Pletmos) Limited.

Formal Sales Process – Fees relating to the FSP included data room fees and the cost of advisors incurred for 2015.

Impairments – In 2015 impairment reviews were carried out over the non-current and current assets on the Statement of Financial Position with impairment losses being recognised on Property, Plant and Equipment, intangible assets, inventories and receivables.

Write off of 1(a) & 1(b) pre acquisition cost – On 27 July 2015 Trinity, announced that it has been unable to extend the term of its agreement to complete the purchase of 80% interests in Blocks 1(a) & 1(b) from Centrica plc. Consequently the Sale and Purchase Agreement ("SPA") between Trinity and the two subsidiaries of Centrica plc has been terminated. The cost incurred relating to pre-acquisition cost of these blocks of $6.4 million was written off in 2015.

Provision for restructuring – a provision was created based on the planned restructuring of the Group in 2015 as approved by management and the Board of Directors, and includes the cost of severance and redundancy payments.

29. 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 dilutive potential ordinary shares.

	Earnings $'000	Weighted Average Number Of Shares '000	Earnings Per Share $
Year ended 31 December 2016			
Basic	(6,976)	94,800	(0.07)
Diluted	(6,976)	94,800	(0.07)
Year ended 31 December 2015			
Basic	(58,520)	94,800	(0.62)
Diluted	(58,520)	94,800	(0.62)

Impact of dilutive ordinary shares:

As net losses from continuing operations were recorded in 2015 and 2016, the dilutive potential shares are anti-dilutive and both basic and diluted earnings per share are the same.

30. Events after the Reporting Year

i. Results of Court Hearing – On 6 January 2017, the High Court of Trinidad & Tobago approved the Proposal, which was accepted favourably by the T&T Creditors on 19 December 2016.

ii. Trade Suspension Lifted – Trading in the Company's ordinary shares on AIM was temporarily suspended on 13 July 2016. The suspension was lifted from 11 January 2017.

iii. Completion of Fundraising – The Fundraising was announced as completed on 11 January 2017. The Company issued 187,600,000 new ordinary shares, and an unsecured CLN Instrument. The gross receipts of the Fundraising were $15.0 million. Placing and CLN costs amounted to $1.2 million with net proceeds amounting to $13.8 million.

iv. Creditor settlements and agreed payment plans –

- The Citibank principal settlement of $3.5 million was made on 23 January 2017 and the final interest settlement of $0.1 million was made on 25 January 2017.
- Initial settlements to T&T State Creditors of $1.9 million including the BIR and the MEEI were paid over to the Trustee on 8 February 2017. The remaining $13.5 million due to the BIR and MEEI are due in 10 quarterly installments commencing effective 30 June 2017.
- T&T unsecured creditors settlements of $3.5 million were also paid over to the Trustee on 8 February 2017.
- UK based unsecured creditors were fully settled on 9 February 2017 for a total of $0.3 million.

GLOSSARY OF TERMS

Abbreviation	Meaning
2P	Proved plus probable resources
2C	Resources best estimate
AGM	Annual General Meeting
AIM	Alternative Investment Market
bbl	barrel
BIA	Bankruptcy and Insolvency Act (Chapter 9:70) of Trinidad and Tobago
BIR	Board of Inland Revenue of Trinidad & Tobago
BM	Brighton Marine (West Coast Asset)
bopd	barrels of oil per day
c.	circa (approximately)
Citibank	Citibank (Trinidad & Tobago) Limited
City Code	A set of general principles and rules governing the conduct of takeovers and mergers of companies with registered offices in the UK, the Channel Islands and the Isle of Man. The Code is designed principally to ensure that shareholders are treated fairly and provides an orderly framework within which takeovers are conducted.
CFO	Chief Financial Officer
CGU	Cash generating units
CIMA	Chartered Institute of Management Accountants
CLN	Convertible Loan Notes
CT	Corporation tax
DTA	Deferred Tax Asset
EBITDA	Earnings before interest and tax, depreciation and amortization.
ESP	Electrical submersible pumps
EU	European Union
FDP	Field Development Plan
FSP	Formal Sales Process
FVLCOD	Fair Value less Costs of Disposal
G&A	General and administrative costs
GBP or £	Great British Pound
Group	Trinity and its Subsidiaries
GU-1	Guapo Block (Onshore asset)
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
ISA	International Standards on Auditing
KPI	Key Performance Indicators
LLP	Limited liability partnership
LTIP	Long-Term Incentive Plan
MEEI	Ministry of Energy and Energy Industries of Trinidad & Tobago

Abbreviation	Meaning
MM	million
mmbbls	million barrels
mmstb	million stock tank barrels
New Horizon	New Horizon Exploration Trinidad and Tobago Unlimited
NOI	Notice of Intention
Opex	Operating expenditures
Petrotrin	Petroleum Company of Trinidad & Tobago
PCP	Progressive Cavity Pump
PGB	Point Ligoure-Guapo Bay-Brighton Marine (West Coast Assets)
PLC	Public Limited Company
PPT	Petroleum Profits Tax
PwC	PricewaterhouseCoopers LLP
Q	Year quarter (3 months) i.e. Q1 means first quarter
RCP	Recompletions
Realised price	Actual price received for crude oil sales per bbl. A discount is normally applied to the WTI price by Petrotrin to derive the realise price received by Trinity
SPA	Sale and Purchase Agreement
SPT	Supplemental Petroleum Tax
STOIIP	Stock Tank Oil Initially in Place
STOW	Safe to Work (Certification)
TEP Plc	Trinity Exploration & Production Plc
TEPL	Trinity Exploration & Production (UK) Limited
TEPGL	Trinity Exploration and Production (Galeota) Limited
TEPTTL	Trinity Exploration and Production (Trinidad and Tobago) Limited
Touchstone	Touchstone Exploration Inc.
Trinity/ Company/ Parent	Trinity Exploration & Production plc
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
WTI	West Texas Intermediate- is a grade of crude oil used as a benchmark in oil pricing
WO	Workover
YTD	Year to date

COMPANY INFORMATION

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