Petroleum Company of Trinidad and Tobago Limited

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MEDIA RELEASE

Petrotrin's Mid-Year Update

As Petrotrin forges ahead with its strategic objectives, the Company is reporting positive results, much of which have helped the organization to withstand the increasing pressures brought on by reduced crude prices in the global energy market.

Returns to the Shareholder

According to President Khalid Hassanali, results for the first half of the fiscal year (through April 2015) have demonstrated the Company's value to the shareholder, the Government of the Republic of Trinidad and Tobago. He said Petrotrin has generated over TT$960 million in direct taxes and fees plus an additional TT$704 million in indirect benefits and taxes for a total of approximately TT$1,664 million in benefits to its shareholder.

In addition, he said, "We are proud that Petrotrin is the driving force behind the low energy prices enjoyed by the nation and fuels numerous other industry related entities that together drive nearly 50% of overall GDP and economic output."

Exploration and Production

In its Exploration and Production Operations, the Company continues to pursue an aggressive drilling programme, with two onshore drilling rigs and one offshore jack-up drilling rig currently in operations.

Vice President, Exploration and Production Mr. Jamaludin Khan also reports that there are approximately 17 onshore workover rigs in operation as well as two offshore workover rigs. This drive to increase production is also supported by Petrotrin's partnerships with other local and international oil and gas producing companies.

Petrotrin's total average production for the past seven months of the current fiscal year has been 48,238 barrels of oil per day and 148.12 mmscfd of natural gas. Of this total, Petrotrin operated oil production has averaged 34,586 barrels per day as at April 2015.

Petrotrin's non-operated interests have also seen an average oil production for this fiscal year of 13,653 barrels per day onshore.

Refining Operations

Vice President, Refining Mr. Jonathan Barden has confirmed that all of Petrotrin's refinery units are available for operation. In addition, he says mechanical availability has improved and averaged >90% over the past three months. Refinery utilization has increased from approximately 38% in 2014 to 70% for the past two months. Crude oil processing has increased from the 2014 average of 112 kbbl/day to approximately 140 kbbl/day for the past two months.

In a report to investors, Mr. Barden noted that despite the reductions in absolute oil prices, refining margins in 2014 and 2015 have been similar. In fact, recently completed analyses suggest that the increases in crude processing rates and the refinery units being available have improved refinery performance by **TT$160-TT$192** million/mth on a '*Like for Like'* margin basis.

Energy efficiency in the refinery has improved by over 20% compared to the 2014 average and flaring losses have been reduced.

Meanwhile, the Refining Division is completing a thorough analysis of all the potential weak spots in its process units and is developing plans to address them. A revised 10-year Turnaround schedule is being developed to improve asset integrity and to reduce the economic impact of turnarounds on the refinery's earnings.

Work has also commenced on improving the integrity of the tanks and the tank farm areas. Designs have been completed for new tank bunds and the bidding process for construction has started. Tenders have also been issued for tank repairs and the demolition of redundant tanks.

Finance Operations

Since joining the organization in January 2015, Chief Financial Officer Mr. Ronald Huff has been focused on stabilizing Petrotrin's short term cash position and recommending a shift in capital position between the Company's short term debt facilities meant for inventory and receivable financing and the need for medium term capital for recurring working capital.

In his update to investors in May 2015, Mr. Huff revealed that Petrotrin's Board of Directors had approved a TT$3,200 million 3.5 year revolving debt facility to be put in place to deal with the short term cash shortfall created by the inventory losses in October 2014 through December 2014. He said this revolving feature will help to bridge any need for drilling capital over the next three years that internal cash flow may be insufficient to cover. The company launched the debt syndication effort in May 2015 with a view to close the facility in July 2015.

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Commenting on recent assessments by rating agencies Moody's Investor Services and Standard & Poor's, Mr. Huff said Petrotrin's move away from total reliance on short term debt facilities to a medium term revolver will help the ratings agency lower the financial risk profile and serve to strengthen our ratings position in the future.

Courtesy the Corporate Communications Department

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