



Summary Consolidated Financial Statements for the year ended 30 September 2023

Chairman's Statement Audited Financials for the year ended 30 September 2023

Heritage Petroleum Company Limited ("Heritage") continues to deliver robust financial and operational results, following its strategic aim to Stabilize, Strengthen, and Optimize its entrusted national hydrocarbon assets. The 2023 outcome reflects a consistent pattern of safe operations, solid financial health, and dependable resources, all contributing to a stable foundation for handling mature fields and assets. These achievements come alongside continuous investment in infrastructural upgrades, the resumption of offshore drilling, and attentive management of ongoing legacy challenges. Heritage's prudent fiscal practices have also ensured that it covers operational costs and capital investments, as well as fulfilling all financial commitments, including taxes and loan repayments. The figures presented are in Trinidad and Tobago dollars.

Generating Value and Steady Financial Performance

Heritage delivered strong financial performance in the face of the fall in global crude prices, with Molo down 17% year on year, US\$78/bbl (2022: US\$94/bbl), while revenue for the year decreased by 10% to \$9.1 billion (2022: \$10.2 billion). Heritage was able to effectively mitigate this decrease in revenue by implementing cost savings and tax strategies, which resulted in a profit for the year of \$1.5 billion, an increase of 36% (2022: \$1.1 billion).

Cash generated from operating activities before Production Profits Tax was \$4.2 billion. The company remains focused on disciplined cost control to improve margins and cash from operations. This strong performance resulted in self-funding all key operational, capital, government and debt commitments including:

- Investment in production, integrity, developmental drilling, infrastructure and technology by increasing our capital expenditure by 82% to \$880 million (2022: \$484 million).
- Paying \$2.8 billion in royalties, levies and taxes to the Government of the Republic of Trinidad and Tobago.
- Paying \$898 million in principal and interest and meeting all legacy debt commitments for the Trinidad Petroleum Holdings Limited (TPHL) Group of Companies.

Reserves and Production

The Reserve Replacement Ratio (RRR) has averaged 110 % over the last four years (2020 to 2023) and was 65% for 2023, with a Reserves to Production Ratio (R/P) of 7.2 years. We expect RRR and R/P to increase in the coming years based on planned activities both onshore and offshore.

Crude production for the year was 39,483 bopd compared to the prior year of 39,028 bopd. Crude production remained stable with a growth rate of 1% from 2022 to 2023. Both onshore and offshore drilling campaigns were successful with our best well since inception drill in East Soldado delivering an initial rate of over 900 bopd. To further grow production, we continue to optimize our processes for better project execution, accelerate our drilling programmes, and improve our field optimization.

ESG Commitment

Heritage has successfully completed three reporting cycles and published its most recent assured ESG Report in May 2024. The company remains dedicated to improving its environmental initiatives by accurately measuring Greenhouse Gas Emissions (GHG) and evaluating ways to lower our emissions, investing in asset integrity, and addressing biodiversity, waste, and water management. Heritage has identified multiple projects to meet its target of reducing methane emissions by 30% by 2030. We are committed to sustainable practices that minimize our carbon footprint, enhance social well-being, and uphold strong governance standards. This includes reducing emissions, promoting diversity and inclusion, and ensuring transparent and ethical business practices.

Building Community Capacity

Heritage continues to contribute to Trinidad and Tobago through our Corporate Social Responsibility programmes. Over the last five (5) years, Heritage has invested time and resources on impactful and sustainable social programmes with special emphasis on the people who live in our surrounding communities.

In the past year, we increased our spending on social programmes contributing TT\$12.2 million to support our local communities, generating 1,251 employee and third-party contractor jobs and funnelling 96% of our spend into local suppliers and vendors.

Heritage's social investment strategy encourages employee volunteerism, donations, and sponsorship initiatives, in programmes that empower future leaders, build community capacity, focus on education and food security, and promote environmental sustainability.

Positioning for Growth

Heritage continues to invest in its core programmes to manage decline and protect base production, deliver infill development drilling, and repair and renew aging infrastructure. This work has offset

the 7-9% decline in our offshore and onshore fields while modestly increasing production by 1% year over year. We continue to be focused on investing in high-margin opportunities to sustainably grow production.

To drive high-margin growth, we plan to execute ten (10) new drilling projects, twenty (20) Heavy Workovers (HWO), and progress secondary recovery projects onshore in fiscal year 2024. These projects are expected to increase our output, improve recovery, and extend the life of our existing fields. Additionally, we are evaluating new license opportunities and extending our core licenses to include deeper potential.

We will continue to invest in integrity projects that maintain and enhance the safety, reliability, and efficiency of our operations. This includes regular maintenance, renewals and replacements, and the application of cutting-edge technologies to prevent failures and extend asset life. In this regard, we recently installed remote monitoring well surveillance technology that improves the uptime of our top offshore wells and drives efficiency in our operations to lower lifting costs.

With a robust track record of performance for the last five years, we are well-positioned to face any challenges ahead. Price volatility, coupled with supply chain inflationary pressures, will continue to apply pressure to net cash flows. Our plan generates robust margins through disciplined cost management, high-grading our portfolio, executing high-margin opportunities, and protecting the base by ensuring sustainability and integrity in our operations. By focusing on these key areas, we are poised to achieve long-term success and deliver value to our stakeholders, while adapting to the dynamic energy landscape.

I conclude by once again extending my gratitude to the entire Heritage team for their commitment, hard work, tenacity and enthusiasm. As One Team on One Journey, we will continue to be a source of pride for Trinidad and Tobago and a key player in the energy ecosystem.



Michael A.A. Quamina, SC
 Chairman



Heritage

PETROLEUM
COMPANY LIMITED
AND ITS SUBSIDIARIES



Summary Consolidated Financial Statements for the year ended 30 September 2023 (continued)

Independent Auditor's Report

TO THE SHAREHOLDER OF HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARY

Report on the Audit of the Summary Consolidated Financial Statements

Opinion

The summary consolidated financial statements of Heritage Petroleum Company Limited and its subsidiary, which comprise the summary consolidated statement of financial position as at 30 September 2023, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended and related notes, are derived from the audited consolidated financial statements of Heritage Petroleum Company Limited and its subsidiaries (the "Group") for the year ended 30 September 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 2.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards (IFRS). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified opinion on the audited consolidated financial statements in our report dated 26 April 2024. The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

Auditor's Responsibility for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

Port of Spain,
TRINIDAD:
6 September 2024

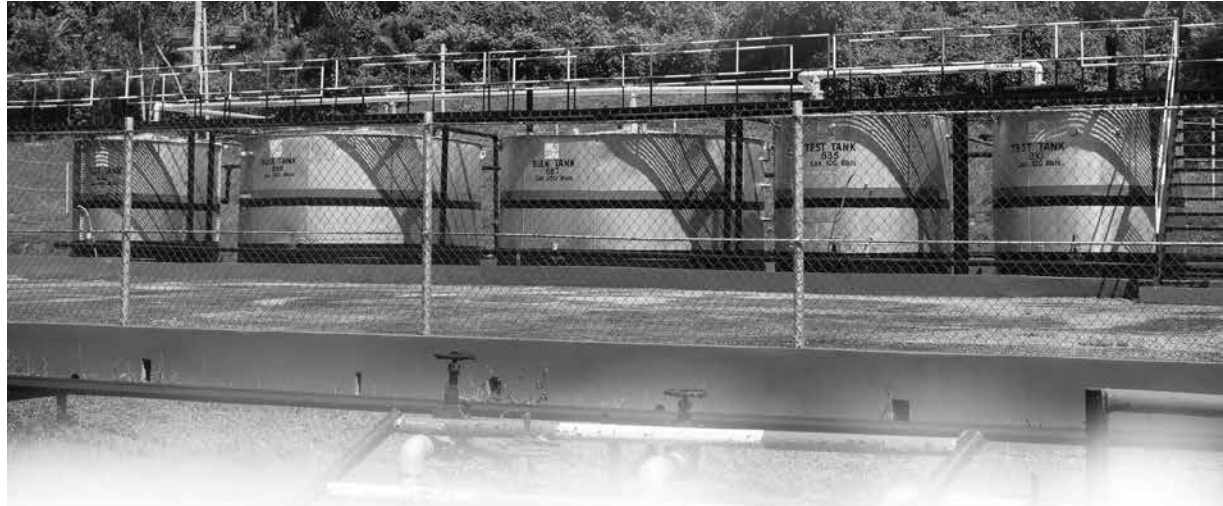
SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(Presented in thousands of Trinidad and Tobago Dollars)

	2023 \$	2022 \$
Assets		
Non-current assets		
Oil and gas properties and exploration and evaluation assets	3,713,229	4,527,884
Other property, plant and equipment and intangible assets	751,961	685,837
Right of use assets	25,428	37,302
Other non-current financial assets	7,445	7,428
Due from related parties	9,984,408	9,534,921
Cash in escrow	345,957	314,287
Deferred tax assets	1,546,523	1,757,203
	<u>16,374,951</u>	<u>16,864,862</u>
Current assets		
Inventories	400,984	328,467
Trade and other receivables	518,617	517,050
Due from related parties	1,043,548	1,050,470
Restricted cash - debt service reserve	92,862	177,198
Income taxes recoverable	16,544	3,294
Other current financial assets	-	27,445
Short-term investment	13,092	13,062
Cash and cash equivalents	1,340,312	2,041,852
	<u>3,425,959</u>	<u>4,158,838</u>
Total Assets	<u>19,800,910</u>	<u>21,023,700</u>
Equity attributable to owners of the parent		
Capital and reserves		
Stated capital	-	-
Retained earnings	5,043,097	3,627,163
Consolidated reserve	(237,366)	(237,366)
Currency translation differences	(157,055)	(157,593)
	<u>4,648,676</u>	<u>3,232,204</u>
Non-controlling interests	557	(63,444)
Total Equity	<u>4,649,233</u>	<u>3,168,760</u>
Non-current liabilities		
Trade and other payables	73,638	60,632
Decommissioning provision	4,594,250	5,429,905
Lease liabilities	17,625	39,180
Borrowings	5,926,723	6,280,722
Deferred tax liability	1,981,957	2,467,403
	<u>12,594,193</u>	<u>14,277,842</u>
Current liabilities		
Trade and other payables	1,127,880	933,833
Lease liabilities	12,351	1,067
Income tax liability	394,504	593,000
Due to related parties	649,636	949,362
Borrowings	373,113	499,836
Dividend proposed	-	600,000
	<u>2,557,484</u>	<u>3,577,098</u>
Total Liabilities	<u>15,151,677</u>	<u>17,854,940</u>
Total Equity and Liabilities	<u>19,800,910</u>	<u>21,023,700</u>

On 31 July 2024, the Board of Directors of Heritage Petroleum Company Limited authorised these summary consolidated financial statements for issue.

The accompanying notes form an integral part of these summary consolidated financial statements.



Summary Consolidated Financial Statements for the year ended 30 September 2023 (continued)

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

(Presented in thousands of Trinidad and Tobago Dollars)

	2023 \$	2022 \$
Revenue from contracts with customers	9,101,286	10,160,394
Cost of sales	<u>(6,553,923)</u>	<u>(6,612,570)</u>
Gross profit	2,547,363	3,547,824
Other operating income	397,102	433,079
Impairment reversal/(expense) on oil and gas properties and exploration and evaluation assets	28,094	(68,436)
Administrative expenses	<u>(258,795)</u>	<u>(211,477)</u>
Operating profit	2,713,764	3,700,990
Net finance costs	<u>(538,337)</u>	<u>(441,819)</u>
Profit before taxation	2,175,427	3,259,171
Taxation expense	<u>(695,492)</u>	<u>(2,145,900)</u>
Profit for the year	1,479,935	1,113,271
Other comprehensive income		
<i>Items that would not be reclassified to profit or loss</i>		
Currency translation differences	538	(9,114)
Total comprehensive income for the year	<u>1,480,473</u>	<u>1,104,157</u>
Profit attributable to:		
Equity holders of the parent	1,415,934	1,116,259
Non-controlling interests	<u>64,001</u>	<u>(2,988)</u>
	<u>1,479,935</u>	<u>1,113,271</u>
Total comprehensive income attributable to:		
Equity holders of the parent	1,416,472	1,107,145
Non-controlling interests	<u>64,001</u>	<u>(2,988)</u>
	<u>1,480,473</u>	<u>1,104,157</u>

The accompanying notes form an integral part of these summary consolidated financial statements.

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

(Presented in thousands of Trinidad and Tobago Dollars)

	2023 \$	2022 \$
Operating activities		
Profit before taxation	2,175,427	3,259,171
Adjustments to reconcile profit to net cash from operating activities:		
Depreciation, depletion and amortisation	480,344	423,446
Impairment (reversal)/expense on oil and gas properties	(28,094)	68,436
Gain on disposal	-	(412,343)
Change in decommissioning provision	(27,729)	93,443
Finance cost - unwinding of decommissioning provision	381,260	192,614
Finance cost - leases	1,558	2,081
Finance income	-	(202)
Dividend income	(269)	(60)
Amortised costs on borrowings	17,491	6,362
Trintomar debt forgiveness	(321,842)	-
Interest expense on borrowings	704,896	78,641
Working capital changes		
Supplemental petroleum tax	1,144,573	1,472,732
Increase in cash in escrow	(31,670)	(23,841)
Increase in inventory	(72,517)	(11,305)
(Increase)/decrease in trade and other receivables	(1,567)	7,418
Increase in due from related parties	(194,744)	(192,250)
(Decrease)/increase in due to related parties	(216,862)	226,595
Increase in trade and other payables	207,053	236,049
	4,217,308	5,426,987
Taxes paid	<u>(2,326,788)</u>	<u>(3,414,513)</u>
Net cash generated from operating activities	<u>1,890,520</u>	<u>2,012,474</u>
Net cash used in investing activities	<u>(852,709)</u>	<u>(302,041)</u>
Net cash used in financing activities	<u>(1,756,474)</u>	<u>(1,734,712)</u>
Currency translation differences relating to cash and cash equivalents	17,123	(4,855)
Net decrease in cash and cash equivalents	(718,663)	(24,279)
Cash and cash equivalent at the beginning of the year	<u>2,041,852</u>	<u>2,070,986</u>
Cash and cash equivalents, at end of year	<u>1,340,312</u>	<u>2,041,852</u>

The accompanying notes form an integral part of these summary consolidated financial statements.



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Summary Consolidated Financial Statements for the year ended 30 September 2023 (continued)

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023 (Presented in thousands of Trinidad and Tobago Dollars)

	Stated Capital	Retained Earnings	Consolidation Reserve	Currency Translation Differences	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 September 2023						
Balance at 1 October 2022	-	3,627,163	(237,366)	(157,593)	(63,444)	3,168,760
Profit for the year	-	1,415,934	-	-	64,001	1,479,935
Other comprehensive income for the year	-	-	-	538	-	538
Total comprehensive income for the year	-	1,415,934	-	538	64,001	1,480,473
Balance as at 30 September 2023	-	5,043,097	(237,366)	(157,055)	557	4,649,233
Year ended 30 September 2022						
Balance at 1 October 2021	-	3,110,904	(237,366)	(148,479)	(60,456)	2,664,603
Profit for the year	-	1,116,259	-	-	(2,988)	1,113,271
Other comprehensive loss for the year	-	-	-	(9,114)	-	(9,114)
Total comprehensive income for the year	-	1,116,259	-	(9,114)	(2,988)	1,104,157
Dividend proposed	-	(600,000)	-	-	-	(600,000)
Balance as at 30 September 2022	-	3,627,163	(237,366)	(157,593)	(63,444)	3,168,760

The accompanying notes form an integral part of these summary consolidated financial statements.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

(Presented in thousands of Trinidad and Tobago Dollars)

1. Corporate Information

Heritage Petroleum Company Limited ("Heritage" or "Parent") was incorporated in the Republic of Trinidad and Tobago on 5 October 2018. Heritage is primarily engaged in exploration, development, production and marketing of crude oil. The sole shareholder is Trinidad Petroleum Holdings Limited (TPHL). The registered office is 9 Queen's Park West, Port of Spain, Trinidad and Tobago, West Indies. Heritage Petroleum Company Limited and its consolidated subsidiary ("the Group") operate in Trinidad and Tobago.

Prior to Heritage's formation, its exploration and production activities were conducted by a related party, Petroleum Company of Trinidad and Tobago Limited (Petrotrin). Petrotrin undertook a restructuring in 2018 and by virtue of the Miscellaneous Provisions (Heritage Petroleum Company Limited, Paria Fuel Trading Company Limited (Paria), Guaracara Refining Company Limited (Guaracara) Vesting) Bill, 2018 ("Vesting Act"); effective 1 December 2018, Petrotrin's assets relative to exploration and production (E&P), were vested in Heritage Petroleum Company Limited. Petrotrin's assets related to terminalling and refinery operations were vested to Paria and Guaracara respectively. The associated decommissioning and dismantlement obligations in respect of E&P, terminalling and refining operations were also transferred to the respective entities. As a result, Heritage's opening assets and liabilities originated as a result of the above, with the corresponding liability due to Petrotrin. The carrying amounts of the assets and liabilities were accounted for using the predecessor values method because they arose from a common-control transaction. The ultimate ownership of Heritage is with Corporation Sole, the same as before the restructuring described above.

The Group's subsidiary as at 30 September 2023 consists of Trinidad and Tobago Marine Petroleum Company Limited (Trintomar).

2. Basis of preparation

Management has prepared a full set of consolidated financial statements in accordance with the International Financial Reporting Standards but

has summarized it by disclosing the summary consolidated statement of financial position, summary consolidated statement of comprehensive income, summary consolidated changes in equity and summary consolidated statement of cash flows for the year ended 30 September 2023 and selected notes to the summary consolidated financial statements comprising certain significant accounting policies and other explanatory information. The summary consolidated financial statements are expressed in thousands of Trinidad and Tobago Dollars.

The full set of the audited consolidated financial statements are available at: <http://trinidadpetroleum.co.tt/investor-relations/financial-statements/>.

The summary consolidated financial statements have been extracted from the audited consolidated financial statements for the year ended 30 September 2023 and do not include the accounting policies notes that are contained in the audited consolidated financial statements.

Going concern

The summary consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its legal and financial obligations. The validity of the going concern basis is dependent on finances being available for the continuing working capital requirements of the Group for the foreseeable future, being a period of at least twelve months from the reporting date of the consolidated financial statements.

3. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) of which the summary consolidated financial statements have been derived.



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Summary Consolidated Financial Statements for the year ended 30 September 2023 (continued)

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 (CONTINUED)

(Presented in thousands of Trinidad and Tobago Dollars)

4. Functional and presentation currency

Items included in the summary consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The United States dollar is the Parent's functional currency. The consolidated financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Group's presentation currency. The Group's main stakeholders are the Government of the Republic of Trinidad and Tobago, the Ministry of Finance and its employees.

5. Use of estimates and judgements

The preparation of the summary consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of

future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

6. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these summary consolidated financial statements are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 30 September 2023.

7. Subsequent events

- a. The letter of credit established to meet Heritage's 15% share of its abandonment liability with respect to its TSP Joint Interest was increased to US\$25,000 (TT equivalent \$168,714) effective 1 January 2024.
- b. In December 2023, the Board of Directors approved an amount of \$400,000 in relation to dividends payable to TPHL.
- c. Subsequent to year end, crude prices have averaged US\$80.829/barrel up to February 2024 compared to US\$78.44/barrel for the 12 months ended 30 September 2023.

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