

Trillion Energy International Inc.

(TCF-CSE: C\$0.28) *intraday*

BUY

Target: C\$4.00

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TCF Announces Positive Operations Update on Well Perforations

TCF announced results from its first two of three well perforations. We view the update as positive on production rates tracking to meet the company's exit 2023 production guidance of 7.5 MMcf/d and is currently in-line with our Q4/23 production estimate of 7.1 MMcf/d. However, we believe the positive news is slightly offset by the company having to deal with handling pressure across the field which is causing delays to the perforations at Guluc-2. We look forward to a future update with all three wells flowing from the re-perforated zones.

Production is ramping and tracking guidance: two of the total three planned well perforations have been commenced or completed at Guluc-2 and West Akcakoca-2 which has increased SASB field production to 7.1 MMcf/d, net to TCF, which is tracking to meet the company's exit 2023 guidance of 7.5 MMcf/d and is already in-line with our Q4/23 production estimate of 7.1 MMcf/d. We note that the company has one more perforation to start at Akcakoca-3 and is working to fully complete perforations at Guluc-2 and West Akcakoca-2. TCF is expecting to receive more information on stabilized production rates in the coming week as the perforation program is completed.

Highlights of the program to-date:

Guluc-2: The company perforated the top three "C" sands, which resulted in pressure increasing to 1,735 psi and caused the company to delay perforating the "B", "A" and "AA" sands until the West Akcakoca-2 perforations are fully completed. The perforation program at Guluc-2 will target 30 meters of gas pay over five sand intervals.

West Akcakoca-2: The company has perforated the "A" and "B" sands, totaling 6 meters of gas pay, causing pressure to increase to 1,742 psi, and the perforation of two additional zones is ongoing.

Akcakoca-3: This is the final well to be perforated, with TCF targeting the "C" and "E" sands, which will allow for an additional 19 meters of gas pay to be produced.

Finally, TCF has recently installed a new compressor at the Cayagzi gas field to reduce back pressure from the field into the gas processing plant. Installation of well pumps and reduced tubing sizes will come at a later date.

Our price target reflects a 50/50 blend of 5.0x EV/2024E DACFs and 1x our risked NAVPS of C\$3.15 which factors in a 60% chance of success in development. Risks to our price target include foreign currency exchange risk, commodity pricing, single asset concentration and political/economic risk within Türkiye.

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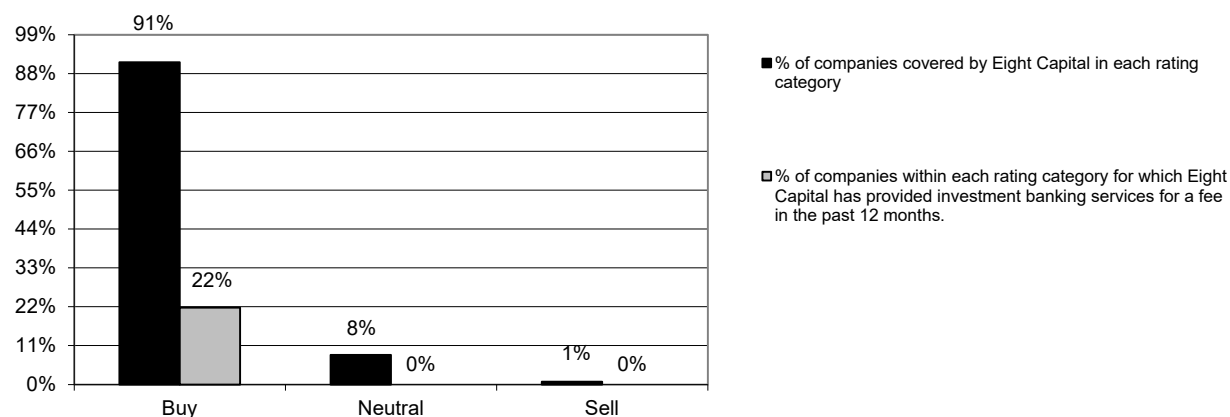
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Trillion Energy International Inc (TCF-CA)



| Date | Rating | Share Price (C\$) | Target Price (C\$) |
|------------|--------|-------------------|--------------------|
| 2023-02-01 | BUY | \$1.93 | B, C\$1.50 |
| 2023-08-02 | BUY | \$1.73 | B, C\$0.80 |
| 2023-09-19 | BUY | \$1.36 | B, C\$4.00 |
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Source: FactSet, Eight Capital

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