



INTERIM FINANCIAL REPORT
31 December 2015

Triangle Energy (Global) Limited
ABN 52 110 411 428

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CORPORATE DIRECTORY

Directors

Edward (Ted) Farrell (Non-Executive Chairman)
Robert Towner (Executive Director)
Darren Bromley (Executive Director)

Company Secretary

Darren Bromley

Registered Office

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Email: admin@triangleenergy.com.au
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Principal Places of Business

Australia (Head Office):

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Cottesloe WA 6011
Australia

Indonesia:

Beltway Office Park, Tower A, 8th Floor
Jln. TB Simatupang No. 41
Jakarta Selatan 12550 Indonesia

Bankers

Westpac Banking Corporation
275 Kent Street Sydney NSW 2000
Australia

Bank Mandiri
Mandiri: Graha Mandiri 1st floor, Imam Bonjol Street no 61
Jakarta Pusat Code Post: 10310
Indonesia

Menara Standard Chartered Bank
Ground Floor, Prof. DR. Satrio Street no 164. Jakarta.
Code Post: 12930
Indonesia

Securities Exchange Listing

ASX Limited
20 Bridge Street Sydney NSW 2000
ASX Code: TEG

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
Telephone (61 8) 9315 2333
Facsimile (61 8) 9315 2233

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street Subiaco WA 6008

Solicitors

Steinepreis Paganin Corporate Lawyers
16 Milligan Street Perth WA 6000
Australia

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Triangle Energy (Global) Limited (**Triangle** or the **Company**) and the entities it controlled for the half-year ended 31 December 2015.

Directors

The names of persons who were Directors and Company Secretary of Triangle Energy (Global) Limited during the whole of the half-year and up to the date of this report are:

Edward (Ted) Farrell	Non-executive Chairman
Robert Towner	Executive Director (Appointed 9 July 2014)
Darren Bromley	Executive Director (Appointed 9 July 2014) and Company Secretary

Principal Activities

The principal activities of the consolidated entity during the financial half-year were gas production and exploration.

Review of Operations

Pase Production Sharing Contract, Indonesia

During the half year, Triangle continued as the temporary operator of the Production Sharing Contract over the Pase Block oil and gas fields in Aceh, Indonesia (**PSC**). Production at Pase was shut in on 11th October 2014 and has remained shut in due to the expiry of the Arun LNG export contract.

In February 2015, SKK Migas informed the Company that it had been awarded an extension of the Pase PSC for 20 years. During the June 2015 quarter the Company finalised negotiation of all other PSC terms with SKK Migas and Migas. The Pase PSC was executed at a formal signing ceremony held at the Indonesian Petroleum Association's annual conference on 22 May 2015.

In order to secure the PSC, Triangle was required to provide commitments in favour of the Indonesian Government of a US\$1.5M 'Performance Bond' and pay a US\$1.5M 'Signature Bonus'. The Company has been unable to do this on its own right due to difficult financial and oil and gas markets which have led to the decision to dispose of the project.

On 16 February 2016, the Company finalised the disposal of the Pase PSC via the sale of all the shares held by the Company in its subsidiary Triangle Energy Limited (**TEL**) to Indonesian based company PT Enso Asia (**PTEA**). TEL was a 100% owned subsidiary of Triangle and holds 100% of the shares in Triangle Pase Inc. (**TPI**), the operator of the PSC. PTEA have secured the Pase PSC by providing the US\$1.5M Performance Bond and paying the US\$1.5M Signature Bonus.

Upon completion, Triangle was to receive cash consideration for the sale of US\$4.5M less loan funds provided by PTEA to Triangle (approx. US\$0.862M). As at the date of this report, US\$1.020M is outstanding as a receivable.

Post completion, Triangle will maintain an economic interest in the Pase PSC with up to US\$7.0 million in cost recovery payments in respect of existing sunk cost from past expenditure in the Pase A and Pase B fields and production royalty on new developments on the PSC equal to 5% of PTEA's profit share (excluding cost recovery) up to a maximum of US\$2.0 million per annum and capped at US\$25.0 million in aggregate.

Triangle is in a sufficiently strong financial position to invest in suitable assets in order to secure the Company's future growth.

Reids Dome (Petroleum Lease 231), Queensland

The Reid's Dome Tenement covers an area of 181 square kilometres on the western flank of the Bowen Basin in Queensland. The Reid's Dome Gas Field is situated within Reid's Dome Tenement and based on initial reservoir studies, a reserve of up to 1 billion cubic feet of gas is indicated for the three wells drilled on the Reid's Dome Gas Field prior to November 1994

Petroleum Lease 231 (PL231) is currently 40% owned by Senex Energy Ltd (Senex), 40% owned by Dome Petroleum Resources Plc and 20% owned by Triangle. Senex is the operator of the project under the terms of the joint venture agreement between the parties.

As previously announced, the Company has entered into an agreement to acquire the 40% interest in the project held by Senex and conduct of operations of the joint venture.

The Queensland Department of Natural Resources and Minerals has given indicative approval to the Senex/Triangle transfer and has approved the Later Development Plan submitted by Triangle. Completion of the transaction will increase the Company's interests in the project to 60%.

Corporate

Triangle held an extraordinary general meeting of shareholders on 24 December 2015 and received overwhelming support from shareholders for the sale of its Indonesian oil and gas asset to Indonesian company PT Enso Asia.

DIRECTORS' REPORT continued

Changes in Capital

On 9 October 2015 the Company:

- Issued 50,000,000 unlisted options exercisable at \$0.001 expiring on 9 October 2017 to Mac Equity Partners as a capital raising fee pursuant to the mandate for the capital raising completed in March 2015; and,
- Issued 50,000,000 ordinary shares to a consultant as fees.

On 30 November 2015 the Company:

- Issued 104,061,089 shares to Directors after approval from shareholders at the 2015 Annual General Meeting as outlined in the Notice of Annual General Meeting dated 12 October 2015; and
- Cancelled all of the 54,500,000 Unlisted Share Rights under TEG Employee Rights Plan with Performance Vesting Criteria.

As at 31 December 2015 the Company had 1,080 shareholders and 3,349,023,471 ordinary fully paid shares on issue with the top 20 shareholders holding 60.2% of the total issued capital.

Operating results

The net profit of the Consolidated Entity after income tax for the period ended 31 December 2015 was \$0.230M (2014 stated net loss: \$1.845M). The net profit consisted mostly of:

- Oil and gas sales revenues reduced to nil (2014: \$0.831M) due to decline of well production and ceasing of production in October 2014;
- Operating expenses decreased to \$0.192M (2014: \$0.944M) again due to decline of well production and ceasing of production in October 2014;
- Share based payments expenses of \$1.788M were reversed in the half year due to participants in the Company's employee rights Plan not meeting non-market vesting conditions. As a result the share based payments expense decreased to (\$1.588M) (2014: (\$0.071M)) thereby having a significant effect on the overall profit position of the Company.

Financial position

The net assets of the Consolidated entity at 31 December 2015 decreased to (\$2.908M) (June 2015: (\$1.534M)). This resulted mostly from a reduction in current assets \$0.297M (June 2015: \$0.436M) and an increase in trade and other payables to \$2.860M (June 2015: \$1.626M).

The consolidated net assets consisting largely of the following:

- \$0.080M (June 2015: \$0.238M) held in cash assets;
- \$2.055M (June 2015: \$1.959M) of PSC interest;
- \$2.860M (June 2015: \$1.626M) being trade payables;
- \$2.055M (June 2015: \$1.959M) of Pase PSC payable.

At 31 December 2015 the Consolidated Group had cash of \$0.080M (June 2015: \$0.238M) and no debt.

Dividends

During the period the Company did not pay a dividend (2014: nil).

DIRECTORS' REPORT continued

Treasury Policy

The Board is responsible for the treasury function and managing the Group's finance facilities. Treasury management is a recurring agenda item at meetings of the Board.

Risk Management

The Board takes a pro-active approach to risk management. The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process and as such has not established a separate risk management committee. Risk management is a recurring agenda item at meetings of the Board.

Business Strategy for future financial years

The Company will continue to pursue its growth strategy of reviewing other projects

Events Subsequent to Reporting Date

On 16 February 2016, the Company finalised the disposal of the PSC via the sale of all the shares held by the Company in Triangle Energy Limited (TEL) to Indonesian based company PT Enso Asia (PTEA). TEL was a 100% owned subsidiary of Triangle and holds 100% of the shares in Triangle Pase Inc. (TPI), the operator of the PSC. Other than as disclosed above, at the date of this report there were no significant events occurring after reporting date requiring disclosure.

Qualified Petroleum Reserves and Resources Evaluator Statement

Information in this report that relates to exploration has been reviewed and signed off by Mr Witan Odakar Ardjakusumah (Triangle Pase Inc. Exploration Manager). Information that relates to exploration is based on and fairly represents, information and supporting documentation prepared by or under the supervision of Mr Ardjakusumah and he has consented to the form and context in which the information that relates to exploration is presented. Witan's qualifications include: Master of Science in Petroleum Geology, Bandung Institute of Technology Bandung, Indonesia. Witan has over 34 years' experience in the oil & gas industry working globally for KAPEX, EMP, Lasmo, Kondur and Semco. For in excess of 26 years, he has been working on significant New Ventures and Exploration projects in Indonesia and SE Asia. Witan is a Member of American Association of Petroleum Geologist, Indonesian Association of Geologist, Indonesian Association of Geophysicist and IPA (Indonesia Petroleum Association)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Edward (Ted) Farrell
Non-executive Chairman
11 March 2015



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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF TRIANGLE ENERGY
(GLOBAL) LIMITED

As lead auditor for the review of Triangle Energy (Global) Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Triangle Energy (Global) Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a light blue circular stamp.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	31 Dec 2015 \$	31 Dec 2014 \$
Revenue	2(a)	17,669	830,594
Interest revenue	2(a)	136	5,977
Total revenue	2(a)	17,805	836,571
Operating expenses	2(b)	(192,421)	(944,426)
Gross (loss)/profit from operating activities		(174,616)	(107,855)
Exploration write off	2(d)	(4,690)	(28,960)
PSC interest write off	2(c)	-	(127,551)
Other expenses	2(e)	409,319	(1,580,185)
Profit (loss) before income tax expense	2(f)	230,013	(1,844,551)
Income tax expense		-	-
Profit (loss) after tax from continuing operations		230,013	(1,844,551)
Net profit (loss) for the half-year attributable to the members of Triangle Energy (Global) Limited		230,013	(1,844,551)
Other comprehensive income			
Items that might be realised through profit or loss			
Exchange differences on translation of foreign operations		(16,344)	(227,484)
Other comprehensive income/(loss) for the half-year, net of tax		(16,344)	(227,484)
Total comprehensive income/(loss) for the half-year attributable to the members of Triangle Energy (Global) Limited		213,669	(2,072,035)
Basic earnings (loss) per share (cents per share)		0.0030	(0.069)
Diluted earnings (loss) per share (cents per share)		0.0029	N/A

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31 Dec 2015 \$	30 June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		63,755	238,409
Other receivables		18,258	-
Other assets		10,348	197,738
Assets classified as held for sale	7	2,267,773	-
Total Current Assets		2,360,134	436,147
Non-Current Assets			
Property, plant and equipment		4,453	4,817
PSC interest	8	-	1,958,850
Total Non-Current Assets		4,453	1,963,667
TOTAL ASSETS		2,364,588	2,399,814
LIABILITIES			
Current Liabilities			
Trade and other payables		1,755,013	1,625,735
Pase PSC Payable	9	-	1,958,850
Liabilities classified as held for sale	7	3,168,677	-
Total Current Liabilities		4,923,690	3,584,585
Non-Current Liabilities			
Provisions		349,013	349,013
Total Non-Current Liabilities		349,013	349,013
Total Liabilities		5,272,703	3,933,598
Net Liabilities		(2,908,115)	(1,533,784)
EQUITY			
Issued capital	6	10,469,149	10,305,323
Reserves		(1,524,354)	243,815
Accumulated losses		(11,852,910)	(12,082,922)
Total Deficiency		(2,908,115)	(1,533,784)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 Dec 2015	31 Dec 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	26,454	1,587,613
Payments to suppliers and employees	(1,285,967)	(2,937,172)
Interest received	136	5,977
Net cash outflows from operating activities	(1,259,377)	(1,343,582)
Cash flows from investing activities		
Advance payment from sale of subsidiary	1,099,334	-
Net cash flows from investing activities	1,099,334	-
Cash flows from financing activities		
Proceeds from the issue of shares (net of costs)	-	421,232
Net cash inflows from financing activities	-	421,232
Net increase/(decrease) in cash held	(160,043)	(922,350)
Cash and cash equivalents at the beginning of the period	238,409	1,509,987
Effect of foreign exchange fluctuations on cash held	2,110	95,656
Cash and cash equivalents at the end of the period	80,476	683,293

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued Capital \$	Accumulated Profits/(Losses) \$	Foreign Currency Exchange Reserves \$	Share Based Payment Reserve \$	Total Equity \$
At 1 July 2014	8,949,870	(9,061,524)	(1,164,116)	2,174,240	898,470
- Loss for the period	-	(1,844,551)	-	-	(1,844,551)
- Exchange differences arising on translation of foreign operations	-	-	(227,484)	-	(227,484)
Total comprehensive loss for the half-year	-	(1,844,551)	(227,484)	-	(2,072,035)
Transactions with owners in their capacity as owners					
- Shares placements	882,218	-	-	-	882,218
- Recognition of share based payments	-	-	-	26,156	26,156
- Transfer of reserves due to cancelled/lapsed rights and options	-	315,196	-	(412,396)	(97,200)
At 31 December 2014	9,832,088	(10,590,879)	(1,391,600)	1,788,000	(362,391)
At 1 July 2015	10,305,323	(12,082,922)	(1,544,184)	1,787,999	(1,533,784)
- Profit for the period	-	230,013	-	-	230,013
- Exchange differences arising on translation of foreign operations	-	-	(16,344)	-	(16,344)
Total comprehensive income/(loss) for the half-year	-	230,013	(16,344)	-	213,669
Transactions with owners in their capacity as owners					
- Issue of shares for immediate vesting of share rights	200,000	-	-	-	200,000
- Recognition of share based payments	(36,174)	-	-	36,174	-
- Recognition of lapsed share rights	-	-	-	(1,787,999)	(1,787,999)
At 31 December 2015	10,469,149	(11,852,910)	(1,560,528)	36,174	(2,908,115)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The half-year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard 134 Interim Financial Reporting. The historical cost basis has been used, except for derivatives and available-for-sale financial assets that have been measured at fair value. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by Triangle Energy (Global) Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2015 that have been applied by Triangle Energy (Global) Limited. The 30 June 2015 annual report disclosed that Triangle Energy (Global) Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2015.

Going Concern

The financial statements have been prepared on the going concern basis of accounting, which contemplates the continuity of normal business activity and the Group being able to realise its assets and the settlement of its liabilities in the ordinary course of business.

Subsequent to period end, the Group finalised the disposal of its interest in the Pase production sharing contract ('PSC') via the sale of all the shares held by the Company in Triangle Energy Limited (TEL) to Indonesian based company PT Enso Asia (PTEA). TEL was a 100% owned subsidiary of Triangle and holds 100% of the shares in Triangle Pase Inc. (TPI), the operator of the PSC.

This resulted in the Company receiving \$2.974M (US\$2.138M) which is sufficient to fund the Company's operations. A further US\$1.020M is receivable as part of the transaction to dispose of Pase PSC and is expected to be received during 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 2: REVENUE AND EXPENSES

	31 Dec 2015	31 Dec 2014
	\$	\$
(a) Revenue		
Sale of gas	-	743,614
Sale of condensate	-	86,980
Revenue from sales	-	830,594
Consulting revenue	17,669	-
Bank interest	136	5,977
Total revenue	17,805	836,571
(b) Operating expenses		
Production operating costs	55,788	226,580
Field office administration	136,633	717,846
	192,421	944,426
(c) Write offs		
PSC Interest write off	-	127,551
	-	127,551
(d) Impairment losses		
Reid's Dome impairment	4,690	28,960
	4,690	28,960
(e) Other expenses		
Jakarta administration	281,049	310,577
Consulting expenses	50,109	377,530
Accounting expenses	8,387	4,080
Audit fees	17,556	20,831
Legal expenses	124,040	13,616
Employee benefits expense	547,185	569,634
Share based payments	(1,587,999)	(71,044)
Superannuation	7,521	10,107
Directors fees	5,000	25,000
Depreciation of non-current assets	364	6,221
ASX and share registry fees	20,457	16,104
Telecommunications	5,938	5,884
Exxon Mobil production revenue payments expense	-	20,319
Travel	39,765	53,660
Geological and geophysical expenses	134,782	483,890
Due Diligence and project generation expense	22,754	2,010
Rental expense	19,366	19,273
VAT receivable impairment	3,428	-
Provision for impairment of receivable	14,332	(1,113)
Foreign exchange (gains) losses	(133,864)	(320,345)
Other administration expenses	10,514	33,951
	(409,319)	1,580,185
(f) Net profit/(loss) for the half-year		
	230,013	(1,844,551)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 3: DIVIDENDS

The Company paid no dividend during the period (2014: Nil).

NOTE 4: SEGMENT REPORTING

Description of Segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Reportable segments have been identified as follows:

- Indonesian exploration
- Australian corporate

The Board monitors performance of each segment.

Segment Information

The following table presents the revenue and profit information regarding the segment information provided to the Board for the half-year periods ended 31 December 2015 and 31 December 2014.

Half year ended 31 December 2015

Operations	Australia \$	Indonesia \$	Unallocated \$	Consolidated \$
Segment revenue	17,669	136	-	17,805
Segment result	1,133,843	(903,831)	-	230,012
Segment assets	97,114	2,267,474	-	2,364,588
Segment liabilities	(2,165,672)	(3,107,031)	-	(5,272,703)

Half year ended 31 December 2014

Operations	Australia \$	Indonesia \$	Unallocated \$	Consolidated \$
Segment revenue	-	830,594	-	830,594
Segment result	(920,499)	(924,052)	-	(1,844,551)

Year ended 30 June 2015

Segment assets	226,616	2,173,198	-	2,399,814
Segment liabilities	(1,026,802)	(2,906,796)	-	(3,933,598)

NOTE 5: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short-term nature the carrying amounts of current receivables and current payables are assumed to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 6: ISSUED CAPITAL

	31 Dec 2015	31 Dec 2014
	\$	\$
Ordinary shares		
Opening balance at 1 July: 3,194,962,382		
(Dec 2014: 1,822,494,339) issued and fully paid shares	10,305,323	8,949,870
Share issues	200,000	882,218
Capital raising costs	(36,174)	-
Net equity	10,469,149	9,832,088
Movements in ordinary shares on issue	No.	\$
At 1 July 2014	1,822,494,339	8,949,870
Shares issued during the reporting period:		
• July 2014 share placement	882,218,043	882,218
At 1 December 2014	2,704,712,382	9,832,088
At 1 July 2015	3,194,962,382	10,305,323
Shares issued during the reporting period:		
• October 2015	50,000,000	50,000
• Capital raising costs	-	(36,174)
• November 2015 vested performance rights	104,061,089	150,000
At 31 December 2015	3,349,023,471	10,469,149

NOTE 7: ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale, and liabilities associated with those assets, are directly attributable to the sale of the subsidiaries Triangle Energy Limited and Triangle Pase Inc. that directly holds the Pase PSC. Prior to the balance date, deposits of \$1.099M have been paid to Triangle.

The transaction completed on 16 February 2016 and the Company received \$2.974M (US\$2.138M). A further US\$1.020M is receivable and expected to be received in the 6 months post balance date.

Assets classified as held for sale (at carrying value)

Cash and cash equivalents	16,720	
Deposits and prepayments	196,203	-
Pase PSC interest	2,054,850	-
	2,267,773	-

Liabilities directly associated with assets classified as held for sale (at carrying value)

Trade and other payables	1,113,827	
Pase PSC payable	2,054,850	-
	3,168,677	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 8: PASE PSC INTEREST

	Consolidated	
	2015	2014
	\$	\$
PSC interest – signature bonus	2,054,850	-
	<u>2,054,850</u>	<u>-</u>
Opening balance	1,958,850	-
FX adjustment	96,000	-
	<u>2,054,850</u>	<u>-</u>

- (i) The US\$1.5M signature bonus is payable to SKK Migas following the award of the Pase PSC extension for 20 years as executed in May 2015.

NOTE 9: PASE PSC PAYABLE

Opening balance	1,958,850	-
FX adjustment	96,000	-
	<u>2,054,850</u>	<u>-</u>

- (i) The signature bonus is payable to SKK Migas within 30 days following the execution of the 20 year extension of the Pase PSC. The consolidated entity entered into a Sale and Purchase Agreement (“SPA”) with Indonesian based company PT Enso Asia for the sale of its 100% interest in the PSC. The signature bonus remains outstanding and is a condition for the PSC to be binding and secured and was settled by PT Enso Asia following completion of the sale in February 2016.

NOTE 10: SHARE BASED PAYMENTS

The Share Based Payment Reserve consists of Performance Share Rights in 2014/15 and as at 31 December 2015, the balance was \$36,174. On 30 November 2015, 54,500,000 Share Rights issued to previous consultants and employees lapsed due to not meeting non-market vesting conditions of securing a Pase PSC.

	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	No.	No.	\$	\$
Options				
Opening balance	-	27,000,000	-	44,696
- Options issued	50,000,000	-	36,174	-
- Options lapsed	-	(27,000,000)	-	(44,696)
Closing balance	<u>50,000,000</u>	<u>-</u>	<u>36,174</u>	<u>-</u>
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	No.	No.	\$	\$
Performance Rights				
Opening balance	54,500,000	91,500,000	1,787,999	2,129,544
<i>Issue of Share Rights During the Half-Year</i>				
- Performance rights issued	104,061,089	-	-	26,156
- Performance rights immediately vesting to shares	(104,061,089)	-	-	-
- Performance rights lapsed	(54,500,000)	(32,000,000)	(1,787,999)	(97,200)
- Transfer of reserves due to lapsed rights in prior period	-	-	-	(270,500)
Closing balance	<u>-</u>	<u>59,500,000</u>	<u>-</u>	<u>1,788,000</u>
Total Share Based Payments Reserve			<u>-</u>	<u>1,788,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 10: SHARE BASED PAYMENTS (CONTINUED)

The establishment of the TEG Employee Rights Plan was approved by shareholders at the 2010 Annual General Meeting and approval was renewed at the 2013 Annual General Meeting. The Plan is designed to provide incentives for directors, employees and consultants to deliver long-term shareholder returns. Under the plan, participants are granted Share Rights, some which may vest immediately and the remainder have vesting conditions with performance criteria. There are currently no Share Rights on issue.

Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share based payments expense recognised in the profit or loss during the half-year is shown in the table below:

	31 Dec 2015 \$	31 Dec 2014 \$
Expense arising from equity-settled share-based payment transactions	200,000	26,156
Transfer of reserves due to lapsed performance Share Rights	(1,787,999)	(97,200)
Total gain arising from share-based payment transactions	<u>(1,587,999)</u>	<u>(71,044)</u>

Share Based Payments 2015

During the 2015 half-year, the board granted Share Rights to employees and consultants as per the following table:

	Number of Rights
Share Rights that vest to ordinary shares immediately*	104,061,089
	<u>104,061,089</u>

*Related Party approval for issue to directors as approved by shareholders at the Company's AGM held on 26 November 2015.

NOTE 11: RELATED PARTY TRANSACTIONS

Transactions with related parties	31 Dec 2015 \$	31 Dec 2014 \$
<i>Hammergin Pty Ltd (a company of which Mr Ted Farrell is a Director)</i>		
- Directors fees	25,000	25,594
<i>Cornerstone Corporate Pty Ltd (a company of which Mr Robert Towner is a Director)</i>		
- Management and consulting fees	139,064	145,000
<i>Mandolin Pty Ltd (a company of which Mr Robert Towner and Mr John Towner are Directors)</i>		
- Consulting fees	-	56,000

NOTE 12: COMMITMENTS AND CONTINGENCIES**Contingent liabilities**

On 17 November 2014, Triangle Energy entered into a contract with MonTerra Ltd who was to assist the Company in:

- (i) Exploring strategic alternatives that may lead to a possible joint venture or strategic partnership for the Company's business in Indonesia ("Strategic Advisory");
- (ii) Developing and implementing strategies to secure a long-term production sharing contract for the Company's Pase gas project in Aceh province, Indonesia ("Pase Advisory"); and,
- (iii) Securing investment into TEG or TEG's projects ("Investment Advisory")

For Pase Advisory and only in the event of Triangle Energy securing a Production Sharing Contract (PSC) equal to or greater than 15 years, a success fee of US\$750,000 was to be payable within 60 days of the announcement and includes all the consents and approvals from all the appropriate bodies.

For Investment Advisory and only in the event MonTerra Ltd successfully introduces an investor or financier to the Company, a fee of 7% of the proceeds raised from the relevant investor or financier was to be payable at the time of completion.

MonTerra Ltd was unable to successfully introduce an investor or financier to the Company and as a result, the Company has not been successful in securing the Pase PSC.

On 20 April 2015, Triangle terminated the agreement with Monterra Ltd as the Company considered that MonTerra Ltd had not provided the services required under the Services Agreement with the proper and reasonable care, skill and diligence required of a corporate adviser experienced in corporate oil and gas companies with operations in Indonesia.

In December 2015 the Company received a notice of arbitration issued by MonTerra Ltd. The notice of arbitration relates to payments which MonTerra alleges are owed by Triangle, amounting to US\$1,000,000 or a 19.99% equity stake in Triangle.

In accordance with the terms of the Services Agreement, the arbitration is to be administered by the Hong Kong International Arbitration Centre (HKIAC) under the HKIAC Administered Arbitration Rules in force when the notice of arbitration was submitted. The arbitration shall be governed by Hong Kong law.

There is a risk that there may be a successful claim against the Company in relation to the arbitration however as at the reporting date, it is still not practical to estimate the potential effect of this claim as it is still in the process of arbitration.

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

On 16 February 2016, the Company finalised the disposal of the PSC via the sale of all the shares held by the Company in Triangle Energy Limited (TEL) to Indonesian based company PT Enso Asia (PTEA). TEL was a 100% owned subsidiary of Triangle and holds 100% of the shares in Triangle Pase Inc. (TPI), the operator of the PSC.

Other than as disclosed above, at the date of this report there were no significant events occurring after reporting date requiring disclosure.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.



Edward (Ted) Farrell
Non-executive Chairman
11 March 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Triangle Energy (Global) Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Triangle Energy (Global) Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Triangle Energy (Global) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Triangle Energy (Global) Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Triangle Energy (Global) Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

We draw attention to Note 12 in the half-year financial report which describes the uncertainty related to the outcome of the matter filed against the company by MonTerra Ltd. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint, larger 'BDO' logo.

Dean Just

Director

Perth, 11 March 2016