

QUARTERLY REPORT

For the period ended 30 June 2016



HIGHLIGHTS

- **Acquisition of 57.5% of the producing Cliff Head oil field (Cliff Head) located in the offshore Perth Basin, Western Australia.**
- **Total Cliff Head production in the second quarter of 2016 was 106,852 barrels of oil equivalent (boe), an average production rate of 1,174 boepd.**
- **Total Cliff Head revenue for the quarter was \$5.9 million (\$3.4 million attributable to Triangle's 57.5%), 20.8% higher than the first quarter of 2016, taking The Joint Venture's total revenue for the first half of 2016 to \$11.9 million.**
- **Cliff Head asset significantly reduces the risk profile of Triangle with secure production laying a solid foundation for future growth.**
- **Since completion of the acquisition of 57.5% of Cliff Head on 30 June 2016, Triangle has revenue receipts of \$1.2 million.**
- **30 June 2016 cash balance of \$1.8 million and no debt.**

MANAGING DIRECTOR'S COMMENTS

Triangle's focus for the quarter was the execution of a share sale agreement with AWE Limited (**AWE**) and completion of the 57.5% acquisition of the producing Cliff Head oil field.

The purchase of Cliff Head marks Triangle's successful execution of its new strategy to become an Australian focused oil producing company post sale completion of the Indonesian Pase Field asset in February 2016.

Cliff Head offers significant production and cash flow to Triangle with an average June daily production rate of 1,174 bbl/d of oil and significant remaining 2P reserves of 3.8 mmboe¹. We are currently working with the Operator (ROC Oil 42.5%) to optimise production and reduce operating costs.

Since the acquisition on 30 June 2016, Triangle has received June 2016 revenue of \$1.2 million with estimates for the next quarter revenue of \$3.3 million. Triangle's Cliff Head asset provides a strong foundation for the company's growth by providing robust operating cash flows with potential for margin expansion through further reducing operating costs. Furthermore, Triangle is debt free.

As previously announced, Triangle has undertaken a strategic review. The outcomes of the review and other corporate and shareholder items will be addressed at the company's annual general meeting, expected to take place in November.

The next 12 months will be an exciting period for the company which will benefit from its new Australian focus. Triangle is in a strong financial position with a clear line of sight on future revenues which will enable it to invest in opportunities to progress the Company and build shareholder value.

Rob Towner
Managing Director

¹ Recoverable reserves estimates as at 1 January 2016.

COMPANY UPDATE

WESTERN AUSTRALIAN OPERATIONS

Cliff Head Oil Field (57.5%), Offshore Perth Basin

Triangle acquired 57.5% of the Cliff Head oil field, located in the offshore Western Australian permit WA-31-L, from AWE in June for a purchase price of \$3.2 million in addition to a royalty of US\$5/bbl for oil sales in excess of US\$70/bbl. ROC Oil (WA) Pty Ltd, a subsidiary of Fosun International Limited is the operator and holds a 42.5% interest.

Cliff Head is located ~300km north of Perth and was the first commercial offshore Perth Basin discovery (2001) and commenced production in 2006. The development consisted of the Cliff Head Alpha (CHA) unmanned platform and twin injection & production pipelines to the onshore Arrowsmith plant for a capex cost of US\$327 million. The June 2016 quarter average oil production was 1,174 bbl/d. Remaining recoverable 2P reserves estimated at 3.8 mmboe as at 1 January 2016.

The Cliff Head acquisition represents the first step in Triangle Energy's Perth Basin strategy with the effective date of the transaction being 1 January 2016. Cash benefits accrued and payable to Triangle since the effective date to 30 June 2016 total \$0.9 million including hedges and has been reconciled against the purchase price consideration via a completion adjustment.

Post balance date, on 28 July 2016 Triangle paid the final consideration amount of \$0.7 million to AWE which represents a total cash payment of \$2.3 million.

Cliff Head Abandonment Study

In May 2015, the Cliff Head Joint Venture undertook an abandonment study. Triangle's net share of the abandonment costs is estimated to be \$28.3 million of the total figure.

In addition to the Cliff Head asset acquisition, Triangle Energy is entitled to the Petroleum Resource Rent Tax (PRRT) credits being in excess of \$18 million. Positively, these PRRT credits will be utilised against abandonment costs. Triangle estimate its share of abandonment cost, utilising its PRRT credits is in the range of \$10-17 million. The Company is satisfied that future cash flows will adequately fund the abandonment liabilities.



Figure 1: Cliff Head Alpha (CHA) - unmanned platform



Figure 2: Arrowsmith processing facility

QUEENSLAND OPERATIONS

Reids Dome (Petroleum Lease 231) – Operator (60%)

In the first quarter of 2016, the Company acquired of an additional 40% interest and operatorship in the Reids Dome Production Licence (PL231). Reids Dome is now 60% owned by Triangle Energy and 40% owned by Dome Petroleum Resources PLC.

The Joint Venture will undertake some initial technical work and the Company will update the market in due course.

DISPOSAL OF THE PASE PSC

In February 2016, Triangle finalised the disposal of the Pase Production Sharing Contract via the sale of all the shares held by the Company in Triangle Energy Limited.

US\$1.0 million (A\$1.4 million) of the consideration is held in an escrow account to be released to Triangle after the Ministry of ESDM or SKK MIGAS, provides written approval and notification of the Change of Control of the PSC. This amount is held by Triangle under contract and has been reported as cash in the June 2016 Appendix 5B.

NOTICE OF ARBITRATION

As announced on 21 December 2015, Triangle received a notice of arbitration issued by MonTerra Ltd, a company previously engaged as a strategic advisor to Triangle.

The Company is working through the process with the Hong Kong International Arbitration Commission and will update the market on material aspects of the process.

CAPITAL MANAGEMENT AND EXPENDITURE

As at 30 June 2016, Triangle Energy had cash of \$1.8 million, compared to \$3.6 million at the end of March 2016. Expenditure consisted mostly of:

- \$1.5 million for the acquisition of 57.5% of Cliff Head (\$0.7 million balance of the consideration after completion adjustments was paid on 28 July 2016);
- \$95k in salaries and director's fees;
- \$58k for consultant fees relating to the acquisition of Cliff Head;
- \$82k in equity investments;
- \$26k for reconciliation of cash calls for 2014-2016 in relation to the Reids Dome Joint Venture; and,
- \$38k legal, compliance and other administration costs

The year to date administrative costs reflect 7 months of having offices in Australia, Jakarta, and operations in Aceh with a combined staff of 17, as well as the associated office and travel costs. Going forward, these costs are expected to rationalise significantly.

REVENUE

Triangle's first cash receipt from Cliff Head of \$1.2 million was received on 18 July 2016 for the June 2016 oil deliverables to the BP Kwinana Refinery.

The Company expects to realise revenue of \$3.4 million from its share of Cliff Head production in the September 2016 quarter.

The effective date of the acquisition was 1 January 2016 and the Company will receive \$0.9 million in revenue benefits including hedges versus costs of the project for the period to completion on 30 June 2016.

SHAREHOLDER ANALYSIS

As at 31 June 2016 the Company had 1,124 shareholders and 3,399,023,471 ordinary fully paid shares on issue with the top 20 shareholders holding 62.6% of the total issued capital.

INFORMATION IN RELATION TO ASX LISTING RULE 5.4.3

During the quarter, the Company:

- Acquired 57.5% participating interest the Cliff Head oil field, located in the offshore Western Australian permit WA-31-L.

About Triangle Energy:

Triangle Energy is an oil and gas production and exploration company based in Perth. The Company holds a non-operating interest in the producing Cliff Head oil field in the Perth Basin and an operating interest in the Reids Dome Production Licence in Queensland. Triangle Energy continues to assess acquisition prospects to diversify and grow the portfolio of assets.

For Further information, please contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

TRIANGLE ENERGY (GLOBAL) LIMITED

ABN

52 110 411 428

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	(181)
(b) development	-	(201)
(c) production	-	(161)
(d) administration	(217)	(1,594)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(217)	(2,137)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(1,543)	(1,543)
(b) equity investments	(82)	(82)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	5,304
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1,625)	3,679
1.13 Total operating and investing cash flows (carried forward)	(1,842)	1,542

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,842)	1,542
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,842)	1,542
1.20	Cash at beginning of quarter/year to date	3,619	238
1.21	Exchange rate adjustments to item 1.20	53	50
1.22	Cash at end of quarter*	1,830	1,830

*US\$1.02M (AU\$1.37M) of the consideration is held in an escrow account to be released to Triangle after the Ministry of ESDM or SKK MIGAS, provides written approval and notification of the Change of Control of the PSC.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	(95)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Included at 1.23 are:

- Directors fees of \$8k
- Payments made for professional services pursuant to consultancy agreements totalling \$87k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development – <i>final Cliff Head consideration paid in July 2016</i>	(730)
4.3 Production	(2,710)
4.4 Administration	(215)
Total	(3,655)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	460	2,290
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Funds held in trust pending SKK Migas change of control approval	1,370	1,329
Total: cash at end of quarter (item 1.22)	1,830	3,619

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	WA-31-L Joint Venture with ROC Oil (WA) Pty Ltd	nil	57.5%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	3,399,023,471	3,399,023,471	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	50,000,000	50,000,000	ordinary shares issued to a consultant as fees	nil
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	50,000,000	-	Unlisted options exercisable at \$0.001 expiring on 9 October 2017	-
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

[Signed electronically without signature]

Sign here: Date: 30 July 2016
(Director/Company secretary)

Print name: Darren Bromley

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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