

QUARTERLY REPORT

For the period ended 30 September 2016



HIGHLIGHTS

- **Cliff Head production in the first quarter of 2016/17 was 103,739 bbl oil, an average production rate of 1,128 bopd.**
- **Cliff Head revenue for the first quarter was \$5.75 million (\$3.3 million attributable to Triangle), 2.6% lower than the previous quarter of 2016.**
- **30 September 2016 cash balance of \$3.2 million (30 June 2016: \$3.8 million) and no debt.**
- **The Cliff Head Joint Venture (JV) approved the CH13 Well Intervention to remove and replace the electric submersible pump (ESP). This work is ongoing and post replacement, production is anticipated to return to 1,450 - 1,550 barrels bopd.**
- **The JV commenced the 2017 budget review process targeting \$35 per bbl cost base case.**
- **The JV achieved a 5 year extension of the Cliff Head Safety Case from NOPSEMA which allows it to have a medium-term planning horizon around which operational and long term planning can occur.**
- **Conditional agreement to farm in to the 160 million barrel Xanadu prospect within TP/15 in the off-shore Perth Basin adjacent to Cliff Head.**
- **Triangle owns 3.67% of ASX listed Elixir Petroleum Limited.**
- **The Company continues to review and consider other opportunities within the sector.**

MANAGING DIRECTOR'S COMMENTS

Since the acquisition of 57.5% of the Cliff Head field on 30 June 2016, Triangle Energy (Global) Ltd (Triangle or the Company) has received revenue of \$3.3 million. The Company estimates revenue of \$3.7 million for the next quarter following a successful replacement of the CH13 ESP in late November. Monthly revenue is expected to be \$1.5 million at current oil prices upon the ESP replacement.

Triangle's 57.5% interest provides a strong foundation for the Company's growth providing robust operating cash flows with potential for margin expansion through further reduction of operating costs. During the quarter, Triangle together with the Joint Venture nominated operator ROC Oil, actively initiated reviews to recalibrate the 2017 operating budgets and support the CH13 Well Intervention.

The current environment provides opportunity for significant cost reductions to be secured immediately and over the coming years. As a base case, the joint venture is targeting \$35 per barrel and we are pleased that significant progress is being made toward that target.

A prudent approach to cost management will accommodate oil price falls whilst securing significant positive cash flow should oil prices stabilise above \$55/bbl. Consensus from global commentators is the oil price will range between \$50 - \$60/bbl in the near term.

During the quarter the Company entered an agreement to participate in the Xanadu prospect within TP/15 in the Perth Basin. This continues our development of a high quality, high conviction Perth Basin portfolio. The Cliff Head oil field offers Triangle unique insight into regional trends and is analogous to Xanadu. We see synergies in exploring and commercialising near field resources. Xanadu is a high impact prospect which is planned to be drilled by a cost effective onshore, deviated well in 2017. We are very pleased to be working alongside Norwest Energy NL and other partners towards a joint venture which will see the drilling of this exciting prospect.

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

COMPANY UPDATE

WESTERN AUSTRALIAN OPERATIONS

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

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 unmanned platform and twin injection and production pipelines to the onshore Arrowsmith plant for a capex cost of US\$327 million. The September 2016 quarter average oil production was 1,128 bbl/d.

Safety Case / Regulatory Approvals

On the 6th September 2016, the Department of Mines and Petroleum (DMP), formally accepted for use the TPL/18 Cliff Head Development Pipeline Management Plan in accordance with Regulation 25 of the Petroleum (Submerged Lands) (Pipelines) Regulations 2007 along with the PL70 Cliff Head Development Safety Case in accordance with Regulation 36(1) of the Petroleum Pipeline (MoSoPO) Regulations 2010.

This five yearly statutory revision incorporated the relevant Asset Life Extension (ALE) work completed to date. The next five yearly revision, is now due during September 2021.

Xanadu Prospect Farm-in Agreement

Triangle entered into an agreement with a wholly owned subsidiary of Norwest Energy NL (ASX:NWE) (Norwest) to farm-in to the Perth Basin offshore exploration permit TP/15, subject to the successful formation of a joint venture agreement.

Under the agreement, Triangle will earn up a 30% working interest in TP/15 by contributing 40% and Transerv Energy will contribute 20% of the drilling costs to earn 15% of the drilling of a well, with customary cost caps to be applied. The farm-in will not be binding until Norwest finalises the make-up of the joint venture, expected to be completed by December 2016. Triangle has paid Norwest an amount of \$25,000 to progress the development of the joint venture. This amount is refundable if the joint venture cannot be established.

TP/15 is located in the offshore northern Perth Basin, approximately 250km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and covering an area of 645km². Xanadu is a conventional oil prospect located near the southern end of the TP/15 permit.

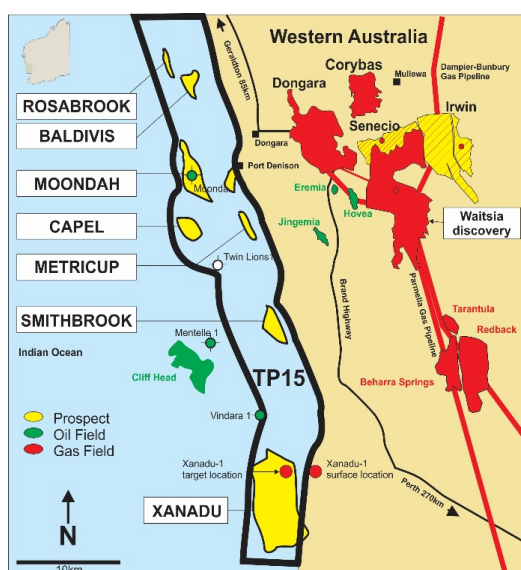
Both Cliff Head and Xanadu lie on Beagle Ridge, east of the major Geraldton fault. Xanadu is one of the few remaining untested structures along this trend. The oil generation kitchen filling the Cliff Head field is viewed as the same source kitchen for the Xanadu prospect. Cliff Head and Xanadu also share the same sand packages and target reservoirs. The technical understanding of the Xanadu prospect including reservoir seal and trap dynamics, is greatly enhanced by the analogous Cliff Head field.

The Xanadu prospect, in the southern end of TP/15, holds an un-risked best estimate prospective resource of 160 mmstb* (see Table 1) and is planned to be drilled in 2017.



Table 1

Un-risked Prospective Resource: recoverable volumes oil (mmstb)*			
Reservoir	Low estimate	Best estimate	High estimate
Dongara Sandstone	3	12	22
Irwin River Coal Measures	13	88	159
High Cliff Sandstone	29	60	256
Total	45	160	437



*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Norwest's assessment of the chance of discovery and chance of development associated with the Xanadu prospect are provided in Table 2.

Table 2

Reservoir	Chance of Success
Dongara Sandstone	14%
Irwin River Coal Measures	13%
High Cliff Sandstone	6%

Refer NWE announcement released to ASX on 29/10/2014.

QUEENSLAND OPERATIONS

Reid's Dome (Petroleum Lease 231) – Operator (60%)

In the first quarter of 2016, the Company acquired of an additional 40% interest and operatorship in the Reid's Dome Production Licence (PL231). Reid's 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.

INVESTMENTS

The company acquired 3.67% of ASX listed Elixir Petroleum Limited (ASX:EXR) for consideration of \$141k of which \$66k was paid in the September quarter. Elixir is well funded to take advantage of opportunities in the Oil and Gas sector.

DISPOSAL OF THE PASE PSC

US\$1.0 million (\$1.3 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 30 September 2016 Appendix 5B.

NOTICE OF ARBITRATION:

Subsequent to the quarter end, Triangle attended an arbitration hearing at the Hong Kong International Arbitration Commission (HKIAC). The Company has now completed requirements under the notice of arbitration instigated by MonTerra Limited and awaits the final decision from the HKIAC.

CAPITAL MANAGEMENT AND EXPENDITURE

As at 30 September 2016, Triangle Energy had cash of \$3.2 million, compared to \$3.8 million at 30 June 2016.

In July 2016, Triangle paid the final \$0.755 million to AWE Ltd for the acquisition of Cliff Head.

REVENUE

Revenue of \$3.3 million has been received for oil production attributable to the September 2016 quarter. The Company estimates revenue of \$3.7 million for the next quarter following a successful replacement of the CH13 ESP in late November.

SHAREHOLDER ANALYSIS

As at 30 September 2016 the Company had 1,122 shareholders and 3,495,592,235 ordinary fully paid shares on issue with the top 20 shareholders holding 62.06% of the total issued capital.

INFORMATION IN RELATION TO ASX LISTING RULE 5.4.3

The Company holds:

- 57.5% participating interest in WA-31-L, the Cliff Head oil field; and,
- 60% participating interest in PL231 located in Queensland, Australia.

The Group has not acquired or disposed of any other tenements during the June 2015 quarter.

About Triangle Energy:

Triangle Energy is an oil and gas production and exploration company based in Perth. The Company holds a 57.5% working interest in the producing Cliff Head oil field in the Perth Basin and a 60% 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, 01/05/13, 01/09/16

Name of entity

Triangle Energy (Global) Limited

ABN

52 110 411 428

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,650	3,650
1.2 Payments for		
(a) exploration & evaluation	(158)	(158)
(b) development	(294)	(294)
(c) production	(2,743)	(2,743)
(d) staff costs	(95)	(95)
(e) administration and corporate costs	(266)	(266)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	94	94

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) tenements (see item 10)	(755)	(755)
(c) investments	(66)	(66)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(827)	(827)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	50	50
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	50	50

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,837	3,837
4.2	Net cash from / (used in) operating activities (item 1.9 above)	94	94
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(827)	(827)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	50	50
4.5	Effect of movement in exchange rates on cash held	50	50
4.6	Cash and cash equivalents at end of period	3,204	3,204

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,294	461
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,335	1,370
- Cliff Head JV cash at bank	575	2,006
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,204	3,837

*US\$1.019M (AU\$1.335M) 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.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(95)

-

Included at 6.1 are:

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

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

(90)

9.2 Development

(450)

9.3 Production

(2,700)

9.4 Staff costs

(125)

9.5 Administration and corporate costs

(250)

9.6 Other (provide details if material)

-

9.7 Total estimated cash outflows

(3,615)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.