

Triangle's WA assets are undervalued: DJs

ANALYST DJ Carmichael has reiterated its 'buy' recommendation for Triangle Energy believing its Perth Basin oil assets are undervalued and that the potential to leverage existing infrastructure is being ignored.

- Sally Bogle
- 14 February 2018
- 10:44
- News



Carmichael thinks Triangle is under valued and sees an upgrade of Cliff Head as offering upside. DJ

"The recent discovery of Xanadu oil field and the Waitsia gas field along with several other regional discoveries made some years ago is increasing interest in the North Perth Basin as an exploration play," the analysts said.

In a recent briefing note, DJ Carmichael said an upgrade program at Cliff Head and its recent oil discovery further south at Xanadu-1 offered strong upside, particularly when

combined with the company's processing plant at Arrowsmith, which is likely to be used to commercialise any new liquids resources.

Triangle has a 30% share in the Xanadu joint venture, along with partners Norwest Energy, 3C Group and Whitebark Energy.

"The current market pricing seems to assume that these programs will not deliver any value to the business which in our view is an unlikely outcome given the state of the oil market and the quality of the underlying assets," DJ Carmichael noted.

At Cliff Head near Dongara, DJ Carmichael believes there is potential for extending the life of the field in an economically prudent way.

"Increasing the available oil reserves in a mature field has become an important source of new producible crude oil in many oil-producing regions. Exploration is expensive and risky and expanding the resource base of an already developed oil field can result in a better return on invested capital," the analysts said.

The analysts are recommending a base case price of 31cps for Triangle which compares to the last trading of 10c reached during trading today.

Triangle's share price has been on a downward trajectory since topping 21c late last year with the Xanadu-1 discovery.

Triangle was up this morning trading at 9.9c.