

Triangle Energy (Global) Limited

# Quarterly Report

For the Period Ending 31 March 2018



**Triangle**Energy

# ASX Announcement

QUARTERLY REPORT for the period ending 31 March 2018  
30 April 2018  
ASX: TEG



## HIGHLIGHTS

### Corporate

- Cash: \$1.866 million (31 Dec: \$1.644 million); plus
- Cash attributed to the Company in Triangle Energy (Operations) Pty Ltd: \$0.416 million (31 Dec: \$0.493 million)
- \$1.088 million reduction in trade creditors
- Settlement Agreement with MonTerra Limited – final payment made. No further monies are payable
- Tamarind Classic Resources Private Limited (Tamarind) converted their USD 775,975.61 convertible loan at AUD0.04 for the issue of 25,289,259 ordinary shares
- A further USD 2,259,071.29 Advance Loan (non-convertible) was provided by Tamarind with a repayment date of 30 June 2018

### Cliff Head Oil Field (Cliff Head) Production

- Production: 83,650 bbls (929 bopd)
- Cliff Head Joint Venture (CHJV) crude sales revenue: \$6,409 million (Dec quarter \$5.805 million)
- Lifting costs per barrel: USD 27.84 (previous quarter USD 38.21)
- Operating margin USD 34.51/bbl (USD 62.35 Brent, AUD/USD 0.7862)
- Further cost savings, optimisation, and operating initiatives being implemented
- Margins substantially improved in the current oil price environment

### Cliff Head Life Extension Program

- Triangle committed \$5.5 million in 2018 to an Asset Life Extension Program
- Remodelling the subsurface Cliff Head Oil Field reservoir to identify previously undrained sections
- Upgrading the Cliff Head onshore and offshore infrastructure
- Reserves review upgrade is due for completion in the second Quarter 2018

### Xanadu 3D Seismic

- 40km<sup>2</sup> 3D seismic survey contract awarded to Synterra Technologies
- Xanadu 3D seismic survey approvals progressing
- Approvals for Xanadu-1 sidetrack well received
- Low cost, high impact follow-up program to fast-track future drilling locations, development planning, Original Oil in Place (OOIP) and recoverable volume calculations

## MANAGING DIRECTOR COMMENTS - Mr Rob Towner

"In the March Quarter, Triangle confirmed its commitment to the Perth Basin and Cliff Head with a substantial \$5.5 million Asset Life Extension program.

"The program includes remodelling the subsurface Cliff Head Oil Field reservoir to identify previously undrained sections of the field and upgrading the Cliff Head onshore and offshore infrastructure. We expect to be able to report a reserves upgrade in the second Quarter 2018.

"The investment in infrastructure supports future expected increases in field production and enables the handling of regional oil through our Arrowsmith Stabilisation Plant.

"It is more than likely that any oil produced at Xanadu-1 will be processed through the Arrowsmith Plant to fast-track the crude to market and Triangle's infrastructure has the capacity and longevity, through planned maintenance programs, to handle this and any other discovery in the Perth Basin.

"Triangle's Arrowsmith Stabilisation Plant is the only operating onshore processing facility in the Perth Basin and is essential infrastructure for expediting current and new crude to market.

"Mature fields like Cliff Head often deliver additional reserves through technological advances which can identify and extract trapped oil, and we look forward to reporting on progress made through our Asset Life Extension program during the next Quarter."

## COMPANY UPDATE

### Cliff Head Oil Field (78.75%)

#### Production and Revenue

- CHJV production 3 months to 31 March 2018: **83,650 bbls**
- CHJV oil sales revenue March quarter: **AUD 6.409 million**
- CHJV March quarter production rate **929 bopd**

March 2018 Quarter	CHJV Total (100%) AUD '000	CHJV Total (100%) USD* '000	Per barrel USD*
<b>Sales (80,742 bbls)</b>	6.409	5.040	\$62.35
<b>Lifting costs</b>	(2.859)	(2.248)	(\$27.84)
<b>Operating margin</b>	<b>3.551</b>	<b>2.792</b>	<b>\$34.51</b>
<b>Trucking</b>	(0.382)	e	(\$3.72)
<b>Routine profit</b>	<b>3.168</b>	<b>2.492</b>	<b>\$30.79</b>
<b>Non-routine costs</b>	(1.372)	(1.079)	(\$13.36)
<b>Gross profit before tax</b>	<b>1.796</b>	<b>1.413</b>	<b>\$17.43</b>

\* USD/AUD conversion rate of 0.7862

*Note: Triangle will be continuing to report for the CHJV at 57.5% as it currently controls two of the three joint venture participants in the CHJV. The 42.5% recently acquired by Triangle and Royal (21.25% each) is controlled 50/50 and will not be consolidated into the Triangle Group of Companies.*

## Asset Life Extension Program Announced March 2018

On 6 March 2018, Triangle announced an Asset Life Extension Program with the Company activating a comprehensive forward works program to upgrade reserves in the Cliff Head field. As previously announced, the Company is in the process of remodelling the subsurface Cliff Head reservoir to identify previously undrained sections of the field and has committed to a \$5.5 million investment to this Program.

Once the reservoir extensions have been identified Triangle can then access the untapped pools of oil with new, more accurate and more economical drilling technology thus resulting in an increased production and field life.

A reserves review upgrade is due for completion in the second Quarter 2018 and this, coupled with the Asset Life Extension Program should demonstrate that the Company is anticipating a substantial increase in production both in the short term and the longer term.

Triangle is also analysing historical well and field performance data and developing a new reservoir management plan to better optimise the production of identified crude oil in the field. Management expects Cliff Head to produce 2.5 million barrels from the existing wells and hopes to identify additional resources which will be developed through side-tracking and drilling new wells.

Based on the initial re-modelling work being done on Cliff Head, the first such fundamental reservoir and field level modelling update to be completed in many years, several strategies have been identified including:

- improved reservoir management and optimisation of water injection;
- continued operational cost reduction which will result in extended economic field life;
- completion of workovers and infill wells;
- near-field appraisal and low-risk exploration.

Management believes these strategies could extend the life of Cliff Head and generate additional reserves.

## Field Redevelopment Program

Following Triangle's acquisition of Roc Oil (WA) Pty Ltd on 23 May last year, 2017 was a transitional year for the Cliff Head Asset. The second half of the year was focussed on Triangle's assessment of the operation and identifying where likely upsides lay dormant, and, from this, structuring the Company's long-term vision and strategic initiatives for the asset.

It is envisaged 2018 will be the start of a transformation for Cliff Head as Triangle begins to execute these initiatives and see important activities being undertaken that will lay a stable foundation for Cliff Head's longevity and growth. Some of these initiatives will include:

- The completion of all necessary repairs and maintenance backlog activities. This expansive program of work will revert to a re-baselined maintenance and inspection requirement and generally prepare the facilities for strong reliable performance over the longer term. This work is related to Triangle's effort to grow its reserve base and resultant production output.
- A new wave of development studies with potential 2018 upside. An updated and revitalised subsurface model is scheduled to be completed by early Q3. This, together with a renewed reservoir management plan, will support the finalisation of a long-term development plan for the Cliff Head Joint Venture as well as a near-term production enhancement program focusing on its existing well stock.

It is expected that a work program involving the re-completion of certain wells, workovers and drilling new wells into previously untapped portions of the reservoir will lead to a substantial upgrade in reserves.

The ongoing program is in the process of identifying and quantifying the amount of crude oil there is behind the pipe and the best way of commercially extracting these potential reserves. This ongoing program could begin to see benefits as soon as H2 2018.

## Operational Strategic Imperatives

Triangle's assessment of the "transitional year" for the Cliff Head operations has the Company focussed on the following key imperatives:

Activity	Expected Timing	Objective
<b>Arrowsmith - repairs and maintenance</b>	Ongoing	<b>Value Driver - Strategic OPEX / Extend Infrastructure Life</b> <ul style="list-style-type: none"> <li>- Remove potential vulnerabilities in production and re-establish baseline maintenance requirements</li> <li>- Support expected enhanced future production rates</li> <li>- Prepare facilities for 3<sup>rd</sup> party crude</li> </ul>
<b>Subsurface Reservoir Model</b>	July 2018	<b>Value Driver - Add Reserves and Extend Field Life</b> <ul style="list-style-type: none"> <li>- Quantify potential enhanced oil-in-place estimate</li> <li>- Identification of additional infill targets for upside oil production</li> </ul>
<b>Renew Reservoir Management Plan</b>	July 2018	<b>Value Driver - Add Reserves</b> <ul style="list-style-type: none"> <li>- Optimise production from existing field infrastructure through workovers, recompletion, and new wells</li> </ul>
<b>Revised Reserves statement</b>	August 2018	<b>Value Driver - Add Reserves / Add Value</b> <ul style="list-style-type: none"> <li>- Provide corporate and operational opportunities</li> <li>- Increased certainty of reservoir capacity and informed production planning</li> </ul>
<b>Workovers - field infrastructure redevelopment plan</b>	Late 2018	<b>Value Driver - Add Reserves / Risk Mitigation</b> <ul style="list-style-type: none"> <li>- Determine best approach for solving well integrity challenges / reviving any shut-in wells</li> <li>- Conclude "Concept Select" studies for workover program; confirm volume add / barrel impact</li> <li>- Generate production plan for redeveloped field to exploit identified reserves</li> </ul>
<b>Production Optimisation</b>	Ongoing	<b>Value Driver - Add near term production</b> <ul style="list-style-type: none"> <li>- Add near term production</li> </ul>
<b>Operations Restructuring</b>	June 2018	<b>Value Driver – Reduce OPEX</b> <ul style="list-style-type: none"> <li>- Move to a de-manned operating philosophy</li> <li>- Complete feasibility studies and risk assessments; NOPSEMA Safety Case approval / DMIRS approval gained in February 2018</li> </ul>
<b>Asset Integrity</b>	Ongoing	<b>Value Driver – Risk Mitigation / Reduce OPEX</b> <ul style="list-style-type: none"> <li>- Move to a de-manned facility and a proactive campaign maintenance approach</li> </ul>

The driving force behind the Operational Strategic Imperatives is to create an integrated, value based Updated Field Development Plan. A plan that outlines the optimal production and well completion strategy utilising existing infrastructure to maximise recovery from the field while adequately addressing risk and uncertainty.



## TP/15 Xanadu-1 JV (30%)

Progress continues at the new oil discovery at the Xanadu-1 JV.

On 23 February 2018, the Joint Venture Operator, Norwest, announced that a contract for the acquisition of a 40-square-kilometre seismic survey had been awarded to Synterra Technologies Pty Ltd, a leading global provider of geophysical and technical services.

As Operator, Norwest completed an extensive volume of due diligence work in planning and preparing for this 3D seismic survey. Testing of the acquisition equipment was completed within the TP/15 permit acquisition area to fine-tune and confirm the survey design, and a rigorous technical review has been carried out to ensure the highest quality data is acquired.

Following the award of the acquisition contract, the seismic program is subject only to final regulatory approvals. These regulatory approvals are well advanced. At this time, it has been identified that additional consultation is still required before the Environmental Plan can be considered for approval by the Regulator. Consequently, the timing for the 3D seismic survey has been delayed. The Company will keep the market informed as this process is progressed.

Currently the TP/15 permit has limited 2D seismic coverage and the Xanadu 3D seismic survey has been designed to test the extent of the Xanadu Discovery and map the Xanadu structure in greater detail. The 3D seismic survey will form the basis for future well locations, expected commercial production rates, a conceptual development plan, oil-in-place analysis, and recoverable volume calculations.

The extensive 40 km<sup>2</sup> area is designed to fully map the northern up-dip region, and the southern down-dip region extending out to the western flank of the Xanadu structure. Refer above for the survey acquisition envelope, highlighting the up-dip and down-dip areas of interest.

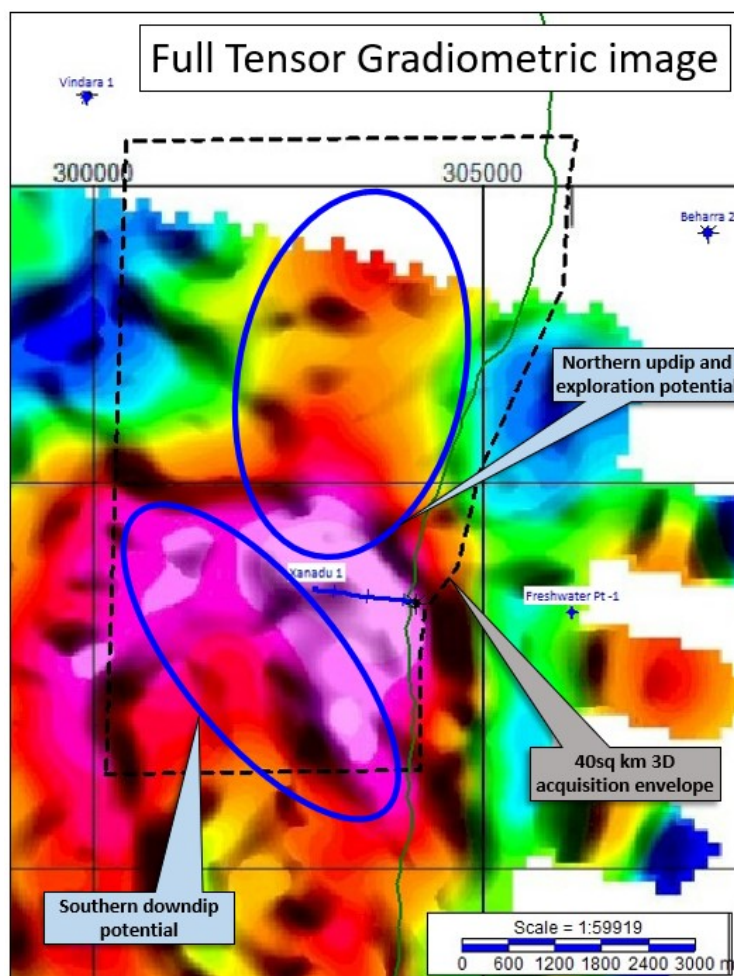
Once the survey data has been processed, interpreted and integrated with Norwest's existing dataset, the TP/15 Joint Venture will consider an appraisal well on the Xanadu structure. The seismic data will enable the well surface location and trajectory to be optimally designed to provide the best chance for a significant commercial appraisal.

The TP/15 Joint Venture remains fully committed to the development of the Xanadu Discovery, and a five-year permit renewal application has now been submitted to the Department of Mines, Industry Regulation and Safety, with the Xanadu 3D seismic survey fulfilling the Year One commitment of the five-year work program.

## INVESTMENTS

### State Gas Limited (ASX: GAS)

On 10 October 2017, State Gas Limited (**State Gas**) (holder of a 60% interest in PL231 (Reid's Dome), commenced trading on the ASX following a successful and substantially oversubscribed IPO, raising \$5.25 million, debuting with a 75% increase to the IPO price of \$0.20. The funds raised will provide State Gas with capital to appraise the shallow,



*Xanadu 40 km<sup>2</sup> 3D Seismic Survey Acquisition area overlying a full tensor gradiometric image, highlighting up-dip and down-dip potential at Xanadu*

conventional gas target of the Cattle Creek formation and take steps to develop the resource if the appraisal program is successful.

Triangle is the major shareholder of State Gas with an interest of 35.47% and at the date of this report, the investment is equivalent to \$11.2 million in value at a \$0.235 price per State Gas share.

Triangle's Managing Director, Mr Rob Towner, represents Triangle's interests on the board of State Gas as a non-executive Director. As reported in October 2017 the State Gas board will now focus on accelerating the commercialisation of the PL231 conventional gas project.

On 9 January 2018, State Gas advised the market that it had successfully completed gas flow-testing, sampling and analysis from existing gas wells at PL 231 in the Bowen Basin, Central Queensland. The three wells flow tested and sampled were Primero 1, Aldinga North 1, and Reid's Dome 4.

It was reported that despite the wells being shut in for such an extended period, all wells flowed significant gas, at lowest recorded stabilized rates of between 357,000 cf/d and 658,000 cf/d using a 0.500" orifice plate.

On 12 March 2018, State Gas reported that it had received the results of the Phase 1 (Northern Area) seismic reprocessing.

The Phase 1 reprocessing was calibrated to known gas sands from existing wells and is providing more advanced geophysical information that includes the Central North gas pool (centred on Primero – 1) and other areas further to the North West where existing seismic was available.

The interpretation results from the reprocessed seismic in the Northern area of PL 231 has been considered by State Gas in the context of the aforementioned flow testing results and well inspections conducted in December 2017.

With the flow testing and well inspections data State Gas stated that it appeared there are 2 - 3 existing wells currently in place that will be sufficient to produce from the Central North Gas Pool.

The Phase-1 reprocessing also identified a new potential gas pool located in the North West of PL 231 (North West Gas Prospect). The North West Gas Prospect appears to be hosted within the Cattle Creek Gas Sands and is anticipated to occur at a depth of 220m in this area of the permit.

Work is now underway to better define the scope of this Prospect and assess appropriate exploration and drilling programs.

## CORPORATE

### Cash and Management of Expenditure

As at 31 March 2018, Triangle had a cash balance of \$1.866 million of which \$1.197 million is held in escrow.

Triangle also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd which had \$416k in cash attributed to Triangle at 31 March 2018. This investment is equity accounted for in the Company's financial statements.

The Company continues to implement initiatives to reduce operating expenditure and has achieved significant cost reductions across all aspects of the CHJV operations.

### Convertible Loan Agreement

During the December 2017 quarter, the Company extended its financing arrangements to provide for exploration relating to the Xanadu well and in preparation of the Injection Water Pipeline Integrity Project.

On 24 January 2018, Triangle announced an amendment to the Convertible Loan Agreement (Loan) with Tamarind Classic Resources Private Limited (Tamarind).

On 5 February 2018, Triangle further announced that Tamarind had converted the balance of the outstanding loan under the Convertible Loan Agreement (Loan) with Triangle by converting the remaining USD\$775,975.61 at AUD0.04 and thereby increasing Tamarind's stake in the Company with the issue of 25,289,259 ordinary shares, the subject of this conversion.

Details of the Advance Loan outstanding is now as follows:

**Advance Loan (NOT CONVERTIBLE)**

- USD 2,259,071.29 (Expiry 30 June 2018)
- 10% per annum payable quarterly in advance

**Settlement Agreement with MonTerra Limited**

As at 26 April 2018, Triangle has finalised payments to MonTerra Limited totalling USD 1.35 million under the Award Payment Agreement over the past 14 months. No further funds are payable.

**Pase PSC – PT Enso Asia**

The Company is owed USD 1.02 million, held in escrow, in relation to the Sale and Purchase Agreement of the Pase Production Sharing Contract (PSC) to PT Enso Asia which completed in February 2016.

The USD1.02 million held under contract, is to be released to Triangle after the Indonesian Ministry of Energy and Resources (ESDM) or Special Unit for Upstream Oil and Gas Operations (SKKMIGAS) provides written approval of the Change of Control of the Pase PSC.

The Company will provide further updates as and when they are available.

**Shareholder Analysis**

As at 31 March 2018 the Company had 812 shareholders and 218,115,544 ordinary fully paid shares on issue with the top 20 shareholders holding 63.58% of the total issued capital.

**Information in relation to ASX Listing Rule 5.4.3**

At 31 March 2018, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia;

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

**Marketing and Investor Relations**

On 2 and 3 May 2018, Rob Towner will be attending the 121 Oil and Gas Investment Summit in Hong Kong.

During the Quarter, Triangle's Managing Director Rob Towner presented at the Australian Energy & Battery Minerals Investor Conference in Brisbane. The conference was attended by sophisticated and retail investors and the presentation was well received.

**BACKGROUND TO OPERATIONS**

**WESTERN AUSTRALIA**

**Cliff Head Oil Field - Operator WA-31-L Offshore Perth Basin (78.75%)**

The Cliff Head Oil Field is located 10 kilometres off the coast of Western Australia at a water depth of 15-20 metres. The Production Licence WA-31-L covers 72km<sup>2</sup> and the oil field covers 6km<sup>2</sup>. It was the first commercial oil discovery developed in the offshore Perth Basin. The development cost of the field was AUD 327 million with first oil production commencing in May 2006.

Production is from five ESP production wells and produced water is reinjected into three injection wells. Produced Crude oil is trucked to the BP refinery in Kwinana, 42kms south of Perth.

To date the Cliff Head Oil field has produced 15.771 mmbbls and continues to produce at above originally forecast rates.

**Facilities and Infrastructure**

The Cliff Head facilities are the only offshore infrastructure in the Perth Basin and are therefore important for any development in the surrounding area. An unmanned platform with a 14km pipeline carries the crude oil to a dedicated stabilisation processing plant at Arrowsmith with a production capacity of 15,000 bopd.



### Exploration Upside

The Perth Basin has over 60 wells drilled offshore (approximately 47 wildcat wells) and 320 wells drilled onshore. The Northern Perth Basin has 20 commercial oil and gas fields and numerous additional significant discoveries of varying sizes. The Northern Perth Basin has proven production with 10 producing fields and with Cliff Head being the only offshore producing field.

The Cliff Head joint venture has identified near term upside opportunities in the license; specifically, one exploration, one appraisal and other development opportunities. Opportunities total approximately 8mmbo resources. The Cliff Head joint venture continues to assess other potential development and well optimisation opportunities. Any new producing wells within the vicinity can be tied into the existing production platform.



Arrowsmith Stabilisation Plant

The Cliff Head joint venture has developed a set of near field opportunities within the WA-31-L permit area. The Cliff Head Oil Field and associated prospects comprise fault and dip-closed structures, targeting oil in the stacked sands of the early Permian Irwin River Coal Measures (IRCM) and the underlying High Cliff Sandstone and the late Permian Dongara Sandstone.

Hydrocarbon source is from the early Triassic Kockatea Shale and the early Permian IRCM. The main sealing unit is the regional Kockatea Shale.

Mapping of the Cliff Head Oil Field is based primarily on the 32km<sup>2</sup> Cliff Head 3D Seismic Survey acquired in October 2003. The Cliff Head joint venture also has 2D seismic surveys over the full permit area.

Since December 2001, the Cliff Head joint venture has drilled 1 exploration well, 4 appraisal and 8 development wells on the Cliff Head Oil Field. Unexploited resource opportunities have been identified in the area of the production license outside of the area currently accessed by the Cliff Head producing wells. If successful, these opportunities could be rapidly tied in to existing facilities and accelerate the production potential. One well has been drilled on the Mentelle structure.

The recent success at Watsia onshore has led to renewed interest in the offshore Perth Basin. Three quarters of the wells drilled are in the northern part of the Perth Basin. The Northern Perth Basin has 20 commercial oil and gas fields and numerous additional significant discoveries of varying size.

More recently onshore, AWE Limited's (**AWE**) appraisal of the Senecio field (tight sands of the Dongara/Wagina Fm) led to discovery of the deeper Watsia gas field (conventional sands of the Kingia / High Cliff), a new play in the Perth Basin. Watsia is the largest discovery in the basin since Dongara in the 1960s. Recent exploration offshore includes Murphy's exploration program to the west of Cliff Head (now Pilot Energy Ltd's led JV) and AWE's new block to the northwest of Cliff Head (in the Houtman-Abrolhos sub basin).

There are unexploited resource opportunities identified within the Cliff Head production license. Successful opportunities would leverage current infrastructure leading to rapid tie-in.

The key opportunities lie within:

- Updip Mentelle exploration prospect;
- West High appraisal prospect;
- Cliff Head-10/3 Area infill well; and
- Cliff Head field enhanced oil recovery (EOR) project.

## **Health, Safety and Environment**

The Cliff Head Joint Venture is dedicated to HSE and Asset Integrity Management.

The facility at Cliff Head has been producing oil since May 2006 and the operation has been without significant safety or operation incident since start-up. Offshore Australian projects are subject to the OPGGSA safety case regime and all requirements are implemented at the offshore and onshore facilities.

All environmental requirements (EIAs, EMPs, Oil Pollution Emergency Plans, carbon emissions reporting) are being met.

Through its existing Cliff Head Oil Field production operations, the Cliff Head Joint Venture has established good relations with the regulators, fishing community, landholding sectors, tourism stakeholders and other operators in the area.

### **Xanadu - TP/15 Offshore Perth Basin (30%)**

TP/15 is located in the offshore northern Perth Basin approximately 280km 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 645km<sup>2</sup>.

Both Cliff Head and Xanadu lie on Beagle Ridge, east of the major Geraldton fault. The oil generation kitchen filling the Cliff Head Oil 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 Oil Field.



Drilling of Xanadu-1 well

The Xanadu-1 well was spudded on 4 September 2017 and reached a total depth of 2035 MDRT on 17 September 2017. It was confirmed that the Xanadu-1 well had intersected hydrocarbon bearing intervals as demonstrated by elevated gas readings, oil shows, fluorescence and cut-fluorescence while drilling (see ASX announcement dated 18 September 2017). These drilling results provided sufficient encouragement for the TP/15 Joint Venture (JV) to commit to running a wireline logging suite that included pressure testing and fluid sampling.

On 25 September 2017, Triangle announced that an oil discovery at Xanadu-1 was confirmed. This was an outstanding achievement and the first oil discovery in the offshore Perth Basin since Cliff Head over 15 years ago.

The wireline logs over a 330m section confirmed reservoir quality sand intervals throughout the Irwin River Coal Measures (IRCM) with porosities ranging from 15-16%. Three discrete sand intervals (A, B, C) at the top of the IRCM had log-derived hydrocarbon saturations between 41-66% with 4.6m of net pay in sand "A".

Fluorescence in rock cuttings were observed while drilling and log-derived hydrocarbon saturations persist for 120m in sands below these upper zones.

Norwest Energy NL (ASX: NWE) as Operator, and on behalf of the JV, has lodged a Discovery Notice with the Minister for Mines, Industry, Regulation and Safety. This is a requirement under the Guidelines to Petroleum and Geothermal Energy Resources and Petroleum (Submerged Lands) Regulations 2015.

The first phase analysis of the oil recovered from Xanadu-1 samples has now been completed with the initial analyses showing a yield of 34.7o API crude oil with no H<sub>2</sub>S and extremely low levels of CO<sub>2</sub> (0.02%). The Xanadu crude is similar to that produced at Cliff Head Oil Field and, upon development, is expected to receive similar pricing in the market. The minimal levels of CO<sub>2</sub> and no H<sub>2</sub>S characteristics of the crude oil enable the use of lower-cost, schedule efficient development options.

A work program for the first half of 2018 is currently being prepared, aimed at being a high impact, low cost schedule of activities, with a substantial component dedicated towards oil appraisal and exploration, given the high economic

value of oil production, and the high value-add of identifying further reserves. The proposed program will be subject to approval by the TP/15 Joint Venture partners and regulatory authorities and includes:

- Petrophysics, geomechanics and reservoir engineering studies;
- Planning for a proposed 3D seismic survey to map the Xanadu structure. Feedback from seismic contractors, environmental consultants and the Regulator indicate a possible acquisition window of late Q1 2018;
- Planning for a proposed side-track well from the Xanadu-1 location; and
- Ongoing studies over the Xanadu structure and other TP/15 prospects.

The Triangle directors believe that there is significant potential at Xanadu. Once the first phase of analysis and review is complete, and all results have been merged into one comprehensive dataset, the Joint Venture will be well placed to decide upon the best way forward in the development of the Xanadu Discovery.

During the December quarter, Triangle provided a Discovery Update in relation to the Xanadu project with oil analysis confirming similarity with the oil produced at Triangle's own Cliff Head Oil Field, which is located approximately 14km to the north-west of Xanadu, which means the oil could be processed seamlessly at the Company's onshore Arrowsmith stabilisation plant, expediting any production to market.

The similarities between the Xanadu and Cliff Head crude analysis also suggest that the oil in both fields has probably migrated from the same source. If proved correct, this increases the likelihood that other structures within the area of Cliff Head and Xanadu may also be trapped with oil and the approved 3D seismic acquisition over the Xanadu structure will help analyse and identify additional potential targets. The Company believes that the Cliff Head data can also be used as an analogue in developing future exploration, appraisal, production and development scenarios.

#### **TP/15 Joint Venture**

<b>JV Participant</b>	<b>ASX Code</b>	<b>Percentage Interest</b>
Norwest (via subsidiary) (Operator)	ASX:NWE	25%
Triangle (Global) Energy Ltd (via subsidiary)	ASX:TEG	30%
Whitebark Energy Ltd (via subsidiary)	ASX:WBE	15%
3C Group IC Limited (via subsidiaries)		30%

#### **ENDS**

##### **For further information:**

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##### **About Triangle Energy (Global) Ltd**

*Triangle Energy (Global) Ltd is an ASX listed (ASX: TEG) oil and gas producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant, and a 30% share of the Xanadu-1 Joint Venture, both located in the Perth Basin. Triangle also has a 35.47% interest in State Gas Limited, a company with a 60% operating interest in the Reids Dome production licence (PL 231) in Queensland. The Company continues to assess acquisition prospects to expand its portfolio of assets.*

### Qualified Petroleum Reserves and Resources Evaluator Statement

*In accordance with ASX Listing Rules, Information in this report that relates to proved and probable oil reserves has been reviewed and signed off by Mr James Tarlton (Tamarind Resources, Director). Information that relates to reserves is based on and fairly represents, information and supporting documentation prepared by or under the supervision of Mr Tarlton. He has consented to the form and context in which the information that relates to the reserves presented. Mr Tarlton's qualifications include: Bachelor of Applied Science (Honours) from Queen's University at Kingston Ontario Canada. He has 34 years of operating company experience developed through drilling, production and reservoir engineering before transitioning to asset management in Canada, the North Sea and South East Asia. He is a member of the Society of Petroleum Engineers in Malaysia and he is also a registered professional engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA). He consents to that information in the form and context in which it appears.*

## 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")

31 March 2018

**Note:** Triangle will be continuing to report for the CHJV at 57.5% as it currently controls two of the three joint venture participants in the CHJV. The 42.5% recently acquired by Triangle and Royal (21.25% each) is controlled 50/50 has not been consolidated into the Triangle Group of Companies.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,273	10,607
1.2 Payments for		
(a) exploration & evaluation	-	(2,954)
(b) development	-	-
(c) production	(3,531)	(8,751)
(d) staff costs	(345)	(894)
(e) administration and corporate costs	(766)	(2,071)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(53)	(160)
1.6 Income taxes / PRRT paid	-	(456)
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,422)</b>	<b>(4,678)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
• reduction in restricted cash	-	-
• Payment to acquire associate	-	-



Appendix 5B

**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	1475
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(32)
3.5 Proceeds from borrowings	1,612	2,915
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,612</b>	<b>4,358</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,644	2,180
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,422)	(4,678)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,612	4,358
4.5 Effect of movement in exchange rates on cash held	32	6
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,866</b>	<b>1,866</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	236	182
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,197	1,179
- Cliff Head JV cash at bank	433	283
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,866</b>	<b>1,644</b>

**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**

(267)

-

Included at 6.1 are:

- Directors fees of \$12k
- Payments made for professional services pursuant to consultancy agreements totalling \$255k

**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

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	2,915	2,915
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	(2,968)
9.4 Staff costs	(324)
9.5 Administration and corporate costs	(407)
9.6 Other – net cash flow for costs of acquisition	(73)
<b>9.7 Total estimated cash outflows</b>	<b>(3,872)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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:       *(Signed electronically without signature)*                      Date: 30 April 2018

Print name:        Darren Bromley (Director)

**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.