

## ASX: TEG

[www.triangleenergy.com.au](http://www.triangleenergy.com.au)

### 52 Wk Share Price Range

\$0.129 – \$0.064

### Market Capitalisation (at \$0.087)

\$26M (as at 30 Jan 19)

### Issued Capital

306.8M Outstanding Shares

6.0M Unlisted Options @ \$0.06

11.1M Unlisted Options @ \$0.15

0.4M Unlisted Performance Shares

### Cash (as at 31 December 2018)

\$5.15M

### Debt (as at 31 December 2018)

US\$1.25M Loan (Tamarind Energy)

AU\$0.37M TEO Related Party Loan

### Top 20 Shareholders (31 December 2018)

61.91%

### Directors/Management

Ted Farrell

*Non-Executive Chairman*

Rob Towner

*Managing Director/CEO*

Darren Bromley

*Executive Director/CFO/ COO*

Jason Peacock

*Non-Executive Director*

Wai-Lid Wong

*Non-Executive Director*

Tim Monckton

*Non-Executive Director*

Lucy Rowe

*Company Secretary*

### Triangle Energy (Global) Ltd

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## HIGHLIGHTS

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

- 93% increase in average daily production compared with the previous quarter
- Produced and sold: 70,491 bbls (ave. 766 bopd)
- Cliff Head Joint Venture (CHJV) crude sales revenue: AU\$6.35 million (previous quarter AU\$3.53 million)
- Lifting costs: US\$28.52/bbl (previous quarter US\$62.08/bbl) due to higher production for the quarter
- Operating margin: US\$36.08/bbl
- On the 10 October 2018 CH12H was successfully returned to production
- Subsequent to the end of the quarter, CH07 was successfully returned to production increasing total field production to approximately 1000 bbls/day (100% JV basis)

### Execution of Sale and Purchase Agreement with Whitebark Energy Limited

- On 25 October 2018, the Company executed a Sale and Purchase agreement with a wholly-owned subsidiary of Whitebark Energy Limited (Whitebark) to acquire an additional 15% participating interest in Exploration Permit TP/15 within which lies the Xanadu – 1
- Planning and regulatory approvals for 40km<sup>2</sup> 3D seismic ongoing
- On 24 December 2018, the Company issued 11,191,05 fully paid ordinary shares to Whitebark as part consideration for this transaction

### Execution of Farmout Agreement with Key Petroleum Limited

- On 31 October 2018, the Company entered into a Farmout Agreement with Key Petroleum Limited (Key) to acquire a 50% participating interest in Production Licence L7(R1)
- Planning to return Mt Horner field to production ongoing

### Significant uplift in the value of the Company's equity in State Gas Limited (ASX: GAS)

- During the quarter State Gas Limited (ASX:GAS) announced the successful drilling and testing of the Nyanda – 4 well at Reid's Dome (PL 231) resulting in a significant uplift in the value of the Company's 35.47% interest in State Gas Limited

### Corporate

- Successful Completion of Placement and Entitlement Offer Raising \$4,530M after costs
- Cash: \$5.15 million (previous quarter: \$2.87 million)

## MANAGING DIRECTOR OVERVIEW - Mr Rob Towner

During the December quarter, Triangle Energy (Global) Limited (**Triangle, the Company**) delivered a 93% increase in production over the previous quarter. The Company has focused on the work over of the CH12H and CH07 wells and this work has now concluded successfully. I am very pleased to report production from Cliff Head is now at approximately 1000 bbls per day (100% JV basis).

The Company was very busy during the quarter and our strategy to increase our footprint in the Perth Basin continued. The opportunity to increase our stake in the Xanadu oil discovery in TP/15 via acquiring Whitebark's 15% interest is now almost complete and the Company is actively engaged with the Operator, Norwest Energy Limited in progressing the planned 3D seismic survey. In addition, our farmin to Production Licence L7(R1) Mt Horner provides another opportunity to enhance oil production in the medium term.

Over the period the Company successfully completed a placement and entitlements offer raising \$4,530M after costs and I welcome all new shareholders and thank those existing shareholders who participated in the capital raising.

The quarter saw a significant uplift in the value Triangle's 35.47% interest in State Gas Limited (**State Gas**) due to successful drilling and test work at the Nyanda-4 well. The Company will continue to monitor developments at State Gas.

Triangle is well positioned to deliver on its strategy to grow oil production in the Perth Basin and we will continue to assess opportunities as they arise, which will enhance our exploration and production portfolio.

## COMPANY UPDATE

### Cliff Head Oil Field (100%)

#### Production and Revenue

- CHJV production 3 months to 31 December 2018: **70,491 bbls**
- CHJV oil sales revenue December 2018 quarter: **AU\$6.35 million**
- CHJV December 2018 quarter production rate: **766 bopd**

December 2018 Quarter	CHJV Total (100%) AU\$ Millions	CHJV Total (100%) US\$* Millions	Per barrel US\$*
Sales	6.350	4.554	\$64.60/bbl
Lifting costs	(2.803)	(2.010)	(\$28.52)/bbl
Operating margin	<b>3.546</b>	<b>2.543</b>	<b>\$36.08/bbl</b>
Trucking	(0.360)	(0.258)	(\$3.66)/bbl
Routine profit	<b>3.186</b>	<b>2.285</b>	<b>\$32.42/bbl</b>
Non-routine costs	(2.459)	(1.764)	(\$25.02)/bbl
Gross loss	<b>0.727</b>	<b>0.521</b>	<b>\$7.40/bbl</b>

\* US\$/AU\$ conversion rate of 0.7172

*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% acquired by Triangle and Royal (21.25% each) on 31 March 2017 is controlled 50/50 and will not be consolidated into the Triangle Group of Companies.*

#### Cliff Head Well Intervention

On 30 May 2018 a technical issue occurred during steady state production operations which caused well CH12H to stop producing. Company personnel were immediately mobilised to the unmanned production platform and following diagnostic tests, confirmed the issue was associated with production well CH12H's downhole electric submersible pump (ESP).

During the September quarter Triangle implemented a workover for a CH12H ESP replacement using the Company's coil tubing (if required) within a wider offshore campaign which aims to target other identified production optimisation opportunities.

On 15 October 2018, Triangle was pleased to advise production well CH12H was successfully returned to production. After the installation of a new downhole electric submersible pump (ESP) and following a cycle of performance testing and verification, the Company stated that it expects production associated with CH12H to stabilise at approximately 230 bopd after a period of higher flush production.

With the CH12H work-over successfully completed, focus shifted to the CH07 well work-over where activities commenced using the Company's coil tubing unit (**CTU**).

Subsequent to the end of the quarter, on 16 January 2019 the Company announced that production well CH07 had returned to operation after a successful work-over programme which included the installation of a new, increased capacity downhole electric submersible pump (**ESP**). Following a cycle of performance testing and verification, production associated with CH07 stabilised at approximately 180 bopd after a period of higher flush production.

Cliff Head field production has now returned to approximately 1000 bopd (100% JV basis) from all five producing wells within the Cliff Head oil field.

## TP/15 Xanadu-1 JV (45%<sup>1</sup>)

On 25 October 2018, the Company executed a Sale and Purchase agreement with a wholly-owned subsidiary of Whitebark Energy Limited (**Whitebark**) to acquire an additional 15% participating interest in Exploration Permit TP/15 (**Acquisition**).

### Key terms of the Sale and Purchase Agreement are:

- i. Upfront consideration of \$3m, made up of:
  - \$2m in cash payable within three business days after the execution and delivery of the ancillary assumption deeds and transfer forms in connection with the Acquisition; and
  - \$1m in Triangle shares satisfied by the issue of 11,191,052 shares (**Consideration Shares**).
- ii. \$1m Appraisal Outcome Consideration: Following the completion of an independent competent person's report demonstrating that gross 2P plus 2C reserves exceed 8 million barrels of oil in aggregate within 4 years of the Effective Date, pay either \$1m in cash or at WBE's election, \$500,000 in cash and \$500,000 in Triangle shares (subject to the receipt of shareholder approval).
- iii. \$1m First Oil Bonus: Payment on first commercial production, being the sale of oil in excess of 1,000 barrels produced from within TP/15 provided such sale occurs within 7 years of the Effective Date.
- iv. Effective Date of the Transaction is the 24 October 2018.
- v. Completion of the Acquisition was subject to the satisfaction (or waiver, where permitted) of the following material conditions precedent:
  - customary regulatory approvals;
  - an enforcement right has not arisen under the security agreement with Whitebark and the Vendor, entered into at the same time as the Sale and Purchase Agreement, whereby Whitebark grants Triangle security over its shares in the Vendor to secure the repayment of the \$2m (if required);
  - receipt of all necessary consents under the joint operating agreement in respect of TP/15 to give effect to the Acquisition;

<sup>1</sup> Subject to final approval and registration under section 81 of PSL Act.

- the execution of an orderly sales agreement, providing for a voluntary escrow to be applied over the Consideration Shares for the first six months following completion of the Acquisition, and an orderly sale process in respect of the Consideration Shares for the following six months; and
- the receipt of the Shareholder approval for the issue of the Consideration Shares.

The issue of 11,191,052 Fully Paid Ordinary shares to Kubla Oil Pty Ltd or its nominees (**Consideration Shares**), was subject to certain completion conditions including shareholder approval received at the Company's Annual General Meeting on 26 November 2018.

As at 24 December 2018, all of the completion conditions had been met, other than the receipt of approval and registration of the Sale and Purchase Agreement under section 81 of the PSL Act, which the Company is confident will be received shortly as a matter of course. On that basis the Company issued the Consideration Shares on this date, together with the New Shares being issued pursuant to the Company's Entitlement Offer which closed on 13 December 2018.

The Consideration Shares are subject to a voluntary escrow period up to 13 May 2019.

The Board believes this agreement strengthens the continuation of the Company's strategy to secure a premier position in the Perth Basin focused on oil and believes the Perth Basin continues to show signs of a heavily underexplored hydrocarbon system and that belief has underpinned the Company's decision to increase its equity in the TP/15 exploration permit.

Currently the TP/15 permit has limited 2D seismic coverage and a 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.

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.

On 5 October 2018, Norwest advised that ongoing delays in the regulatory approvals process for the Xanadu 3D Seismic Survey meant that the survey acquisition would be unavoidably delayed beyond the targeted window of late 2018, with the next available opportunity for acquisition commencing in March 2019. The Company is working with Norwest to undertake the seismic program as soon as regulatory approvals have been attained.

The objective of the seismic survey is to be able to map the structure at Xanadu, and to assist with designing well locations and trajectories. The approval for a side-track well at Xanadu-1 location is already in place, and a rig is expected to be available in the Perth Basin later in 2019.

## Farmout Agreement with Key Petroleum Limited for Production Licence L7(R1)

On 31 October 2018, the Board of Triangle was pleased to announce that it entered into a Farmout Agreement with Key Petroleum Limited (ASX:KEY) to acquire a 50% participating interest in Production Licence L7(R1) (**Acquisition**). A wholly owned subsidiary of Triangle will hold the relevant interest earned under the Farmout Agreement and Triangle is providing a guarantee of that subsidiary's obligations under the Farmout Agreement.

## Summary of the Key Terms of the Farmout Agreement

The Farmout Agreement is conditional on usual regulatory approvals and the consent of a landholder under an existing compensation agreement. Under the terms of the Farmout Agreement:

- The Joint Venture will commence an Early Work Programme which will include the workover of two of the existing wells at the Mount Horner Oil Field, whereby Triangle and Key are each to contribute 50% of all associated costs;

- ii. In parallel with the Early Works Programme, Triangle will develop a work programme that will include a 3D seismic survey of at least 50 km<sup>2</sup> and a drilling programme of at least two new wells (Farmin Programme);
- iii. Triangle shall be responsible for 100% of the cost of the Farmin Programme up to a limit of US\$3 million. Costs of developing and completing the Farmin Programme in excess of US\$3million will be shared in accordance with the participating interests of Key and the Company (with each currently holding 50% each);
- iv. Triangle will earn a 50% equity interest in L7 by completing the Farmin Programme and by carrying Key's proportional costs associated with the development and execution of the Farmin Programme (Payback Amount) ;
- v. Triangle will recover the Payback Amount through the entitlement of 87.5% (based on Triangle holding a 50% participating interest) of production from L7, after completion of well drilling under the Farmin Programme, for the first two years of commercial production. Triangle shall be entitled to 75% (based on Triangle holding a 50% participating interest) of production in L7 thereafter until the Payback Amount has been recovered;
- vi. Triangle retains the option of assuming Operatorship of L7 upon completion of the Early Work Programme and Farmin Programme;
- vii. Key is solely responsible for all activities and costs associated with the decommissioning of the existing Mt Horner wells including removal of the surface facilities and rehabilitation of the facility site and access roads. Triangle and Key will share any decommissioning costs which would arise from new wells and any infrastructure to be added to the L7 permit.

Following the completion of the Farmin Programme, Key may elect for its participating interest share of ongoing joint venture costs to be paid for by Triangle. If such an election is made after Triangle has received the Payback Amount, Triangle will be entitled to the receipts of 100% of the production from L7 until the amount that Triangle has paid for on behalf of Key has been recovered by Triangle.

## Successful Completion of Placement and Pro – Rata Non – Renounceable Entitlement Offer

On 13 November 2018, the Company was pleased to announce it had received irrevocable commitments to raise AU\$1.25 million (before costs) from both Professional and Sophisticated investors who subscribed for 19,282,629 million new ordinary shares at AU\$0.065 per New Share (**Placement**).

The Placement was completed utilising the Company's existing placement capacity, at that date under ASX Listing Rule 7.1A.

In addition, Triangle was pleased to announce an underwritten pro-rata non-renounceable entitlement offer (**Entitlement Offer**) for approximately 58.16 million new shares on the basis of 4 shares for every 15 shares on issue to raise approximately AU\$3.78 million (before costs).

The issue to shareholders was offered on the same terms as the Placement shares. The issue price of AU\$0.065 per share representing an 18.8% discount to Triangle's last closing price of AU\$0.080 on 7 November 2018.

On 30 November 2018, the Company advised that it had issued a replacement prospectus (**Replacement Prospectus**) to reflect changes made to the underwriting of the Entitlement Offer, which moved from being fully underwritten (\$3.78 million) to partially underwritten up to \$2.78 million. The changes to the underwriting of the Entitlement Offer were necessary following the termination of the original underwriting agreement due to the Brent Crude price falling below US\$65 per barrel (ASX: BRENT.IF) and remaining at that level for at least 3 consecutive business days.

The Replacement Prospectus included (among other things) a summary of the terms of the new underwriting agreement inserted a new shortfall offer open to the general public for any shortfall which could have been placed by the Company up to three months after close of the Entitlement Offer, extended the closing date of the Entitlement Offer from 6 December 2018 to 13 December 2018 and included a revised use of funds and pro-forma balance sheet based on the partially underwritten amount.

Following the issue of the Replacement prospectus and the Closing Date of the Entitlement Offer, on 18 December 2018, the Company was pleased to advise that it had received valid applications under its Entitlement Offer under the



Replacement Prospectus dated 30 November 2018, for 25,946,490 New Shares pursuant to eligible shareholders' entitlements and applications for 9,191,043 additional New Shares.

As 26,975,910 New Shares were to be issued to the Underwriter and priority Sub Underwriters, the Company scaled back applications for additional New Shares to a total of 5,242,054 New Shares.

New Shares, the subject of the Entitlement Offer, were issued on 24 December 2018.

Argonaut acted as Underwriter for the partially underwritten Entitlement Offer and Triangle's long-term supportive shareholder Tamarind Resources Pte Ltd (**Tamarind**), subscribed for its 14.28% pro-rata entitlement and acted as priority sub-underwriter to the Entitlement Offer such that Tamarind and its associates now hold a 19.9% relevant interest in Triangle upon the issue of the New Shares.

## INVESTMENTS

### State Gas Limited (ASX: GAS)

Triangle is the major shareholder of State Gas Limited (**State Gas**) (ASX:**GAS**) with an interest of 35.47% and at the date of this report, the investment is equivalent to \$35.86 million in value at a \$0.75 price (as at 30 January 2019) 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 previously announced, the Phase 1 (Northern Area) seismic reprocessing undertaken by State Gas 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 appears to consist of multiple zones to a depth of approximately 500 metres.

On 22 October 2018, State Gas announced that it had engaged Silver City Drilling to drill Primero West-1 in the northern half of the PL 231 permit. With a planned depth of 250m, Primero wet-1 will test the Cattle Creek formation. Further, on 30 October 2018 State Gas was also pleased to advise that the Reid's Dome Gas Project Joint Operating Committee formally approved the drilling of the proposed Nyanda-4 coal seam gas and conventional gas well at the PL231 Reid's Dome Gas Project. Nyanda -4 was planned to be also drilled by Silver City Drilling immediately following the aforementioned drilling of Primero West-1.

On 28 November 2018, GAS announced that it had increased its participating interest in the Reid's Dome Gas Project (PL 231) from 60% to 80%. At this new participating interest level State Gas will be responsible for 80% of the ongoing costs of the Reid's Dome joint venture, including the drilling of the Nyanda – 4 coal seam and conventional gas well that was underway at the beginning of December. On 5 December 2018 GAS announced that it would be initiating the process to increase its participating interest in this Joint Venture to 100% and that it had issued the relevant notices to commence these proceedings.

Further on 5 December, GAS announced the successful drilling at Reid's Dome (PL 231) of the NYANDA-4 coal seam gas and conventional gas well. Coring, logging and testing and the Nyanda-4 well in PL 231 had been successfully completed with drilling extended 200M to a Total Depth of 1,200M.

## CORPORATE

### Capital and Management Expenditure

As at 31 December 2018, Triangle had a cash balance of AU\$5.15 million of which AU\$1.45 million is held in escrow.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd and the CHJV which had \$0.570 million in cash attributed to Triangle at 31 December 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.

## Partial Repayment and Extension of Tamarind Loan Agreement

The balance of the outstanding loan under the Tamarind Loan Agreement is currently US\$1,259,071.29.

The Agreement provides for a Loan of up to US\$2,259,071.29 (announced 24 January 2018) and can be repaid in instalments or in full at any time during the 12-month period.

Key terms of the Loan are as follows:

Lender	Tamarind Resources Pte Ltd
Advance Loan Outstanding	US\$1,259,071.29
Advance Loan Term	Expiry 30 June 2019
Interest	10% per annum payable quarterly in advance
Security	the Facility is to be secured by a charge over all assets of the Borrower

## Pase PSC – PT Enso Asia

The Company is owed US\$1.02 million (AU\$1.41 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 US\$1.02 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 December 2018 the Company had 853 shareholders and 306,753,682 ordinary fully paid shares on issue with the top 20 shareholders holding 61.91% of the total issued capital.

## Information in relation to ASX Listing Rule 5.4.3

At 31 December 2018, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia;
- 45%<sup>2</sup> interest in TP/15 Joint Venture in the Perth Basin, Western Australia; and
- a 50%<sup>3</sup> participating interest in Production Licence L7(R1), in the Perth Basin, Western Australia.

The Group did not acquire or dispose of any other tenements during the quarter.

<sup>2</sup> Subject to final approval and registration under Section 81 of the PSL Act.

<sup>3</sup> Subject to completion of the Farmout Agreement with Key Petroleum Limited.

## 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 AU\$A\$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 licence; 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.

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.



Arrowsmith Stabilisation Plant

be tied



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 licence. Successful opportunities would leverage current infrastructure leading to rapid tie-in.

### **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 (45%)**

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.

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 is currently being undertaken that is aimed at 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 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 2019;
- 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.



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 as at the date of this Report

JV Participant	ASX Code	Percentage Interest
Norwest (via subsidiary) (Operator)	ASX:NWE	25%
Triangle (Global) Energy Ltd (via subsidiary Triangle Xanadu Pty Ltd)	ASX:TEG	45% <sup>4</sup>
3C Group IC Limited (via subsidiaries)		30%

## ENDS

### For further information:

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<sup>4</sup> Subject to final approval and registration under section 81 of the PSL Act



## 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 45%<sup>5</sup> share of the Xanadu-1 Joint Venture and has executed a Farmout Agreement with Key Petroleum Limited for its Production Licence L7(R1), all located in the Perth Basin. Triangle also has a 35.47% interest in State Gas Limited, a company with an 80% operating interest in the Reid's 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.*

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<sup>5</sup> Subject to approval and registration under section 81 of the PSL Act.

## 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 December 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 be consolidated into the Triangle Group of Companies.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,286	5,479
1.2 Payments for		
(a) exploration & evaluation	(35)	(35)
(b) development	-	-
(c) production	(1,928)	(4,423)
(d) staff costs	(208)	(572)
(e) administration and corporate costs	(168)	(425)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	8
1.5 Interest and other costs of finance paid	-	(33)
1.6 Income taxes / PRRT paid	-	-
1.7 Research and development refunds	-	1,028
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>948</b>	<b>1,027</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(922)	(1,142)
(b) tenements (see item 10)	(2,000)	(2,000)
(c) investments	-	-
(d) other non-current assets	-	-
• reduction in restricted cash	-	-
• Payment to acquire associate	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 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</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,922)</b>	<b>(3,142)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	4,855	4,855
3.2	Proceeds from issue of convertible notes	(325)	(325)
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(300)	(300)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,230</b>	<b>4,230</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,959	2,959
4.2	Net cash from / (used in) operating activities (item 1.9 above)	79	79
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(220)	(220)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	55	55
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,148</b>	<b>2,873</b>



<b>5. 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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	3,628	1,153
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,446	1,412
- Cliff Head JV cash at bank	714	308
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,148</b>	<b>2,873</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**

(219)

-

Included at 6.1 are:

- Directors fees of \$27k
- Payments made for professional services pursuant to employment and consultancy agreements totalling \$192k

**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. <b>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	1,771
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.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(186)
9.2 Development	-
9.3 Production	(4,412)
9.4 Staff costs	(247)
9.5 Administration and corporate costs	(135)
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>(4,980)</b>

10. <b>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	TP/15 Perth Basin	15 %  Participating Interest	30%	45%

### **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: 31 January 2019

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.