triangle energy
oil gas energy

ANNUAL REPORT 2010

OIL GAS ENERGY


TRIANGLE ENERGY MAP OF PASE LOCATION IN NORTH SUMATRA
MALACCA STRAIT
ARUN LNG PLANT & NSO-ONSHORE FACILITIES
30" P/LINE (100KM)
SUMATRA
MALIKUSSALEH AIRPORT
LHOKSEUMAWE
BUKIT INDAH HOUSING
CUNDA
30 KM
42" GAS & 10" CONDENSATE P/LINE
ARUN FACILITIES
RAYEU
PANTONLABU
SIMPANG ULIM
ARUN
POINT - A
LHOK SUKON
RAYEU B
ALUR RAMBONG
PIM FERTILIZER PLANT
ACEH FERTILIZER PLANT
LIQUID NATURAL GAS (LNG) PLANT
30" GAS & CONDENSATE PIPELINE
35KM
SLS FACILITIES
PASE B
PASE GAS FIELDS
PASE A
PASE A PRODUCTION FACILITIES
ROAD
PIPELINE
PSC BLOCK BOUNDARIES
PASE
WELLS

CONTENTS

CORPORATE DIRECTORY

Directors

John E T Towner (Executive Chairman)
Robert Lemmey (Non-Executive Director)
Steven Hamer (Non-Executive Director)
Lewis Johnson (Non-Executive Director)
Adam Sierakowski (Non-Executive Director)

Company Secretary

Rae Clark

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Australia: Unit 7, 589 Stirling Highway Cottesloe WA 6011 (Head Office)
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Bankers

Westpac Banking Corporation
275 Kent Street Sydney NSW 2000
Australia

National Australia Bank
197 St Georges Terrace Perth WA 6000
Australia

Bank Mandiri
Mandiri: Graha Mandiri 1st floor,
Imam Bonjol Street no 61
Jakarta Pusat Code Post: 10310
Indonesia

Menara Standard Chartered
Ground Floor, Prof. DR. Satrio
Street no 164. Jakarta.
Code Post: 12930
Indonesia

Securities Exchange Listing

ASX Limited
20 Bridge Street Sydney NSW 2000
ASX Code: TEG

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
Telephone (61 8) 9315 2333
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Auditors

HLB Mann Judd
Level 4, 130 Stirling Street, Perth WA 6000

Solicitors

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Blakiston & Crabb
1202 Hay Street West Perth WA 6005

Price Sierakowski
Level 24, 44 St Georges Tce Perth WA 6000

EXECUTIVE CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board of Directors of your Company, I am very pleased to present the first annual report of the Company, under its new name, Triangle Energy (Global) Limited ("Triangle Energy").

The 2009/10 financial year was one which involved a significant transformation for the Company. It commenced the year known as Maverick Energy Limited, before acquiring Triangle Energy Limited and becoming known as Triangle Energy (Global) Limited. These changes were approved by shareholders at an AGM held in Perth on 19 November 2009.

The Company has been transformed from a small exploration company with exploration interests in the Bowen Basin, Queensland (Reids Dome in PL 231) and South Africa (Loopleegte Coal Project at Waterberg) into a company with gas and condensate production from which cashflows are generated. Triangle Energy also has significant potential exploration opportunities in the known hydrocarbon-bearing Aceh Province of North Sumatra, Indonesia.

The appointment of a new Board and management team has given Triangle Energy a renewed focus on delivering shareholder value.

Triangle Energy's wholly-owned subsidiary Triangle Pase Inc. (TPI) is the 100% owner and operator of the Pase Production Sharing Contract (PSC), which contains two blocks in North Sumatra, Indonesia.

The North Sumatra area has well established gas infrastructure and supply facilities to the growing Asian energy markets as well as local gas markets. The southern part of the Pase PSC is located 12 km south of the Arun Gas Field which was one of the world's largest onshore gas discoveries with original reserves of 18.4 Tcf. These large gas reserves underpinned the development of the LNG export industry in North Sumatra.

TPI is focused on the renewal of the Pase PSC which expires in February 2012. Discussions with the PSC Administrator BPMIGAS have been positive and they have allowed the request for the PSC extension however it is difficult to determine a timeframe for the PSC renewal.

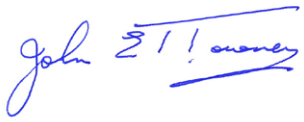
The Pase PSC's exciting potential exploration opportunities were a key factor in the decision to acquire this PSC. TPI management has identified undrilled structures within the Pase A & B Field which will be attractive to delineate and possibly increase TPI's gas reserves.

There is also exploration potential available within the Pase PSC which has had no seismic coverage since 1991. Seismic acquisition (2D & 3D) will be used to assess identifiable leads and to justify drillable prospects, including unconventional hydrocarbon plays.

I wish to take this opportunity to thank my fellow Directors, the management team, employees and contractors for all their hard work and dedication in 2009/10.

I welcome existing shareholders, and new shareholders to Triangle Energy. I would like to particularly thank the seed investors of Triangle Energy Limited for their continuing support.

Yours sincerely



John E T Towner
Executive Chairman

DIRECTORS' REPORT

Your Directors submit the annual financial report of the consolidated entity consisting of Triangle Energy (Global) Limited and the entities it controlled during the period for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act, the Directors Report follows:

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows.

John Towner

Executive Chairman – Appointed 20 November 2009

John Towner has experience in the resources industry combined with knowledge and expertise in public company capital raising and finance. He is renowned for taking oil and gas industry assets from start to public listing as exemplified by companies such as Sydney Gas Ltd (Director 1999-2000), Sunshine Gas Limited (2002-2003) and New Guinea Energy Ltd (2005-2008), all of which he founded and are successfully listed on the ASX.

Through his private Company he acquired all the oil and gas assets of Amoco Australia and founded Sydney Gas Ltd, the first company to produce and retail gas in New South Wales from coal seams. John was also instrumental in the restructure of Anzon Investments to Anzon Energy Limited, a company that has successfully carried out oil exploration and production in South-East Asia. In 2005, John formed New Guinea Energy Ltd, focusing on oil and gas exploration and production in Papua New Guinea. New Guinea Energy listed on the ASX in December 2007.

In the three years immediately before the end of the financial year, John also served as a Director of the following listed companies:

- Ord River Resources Limited 4 May 2004 – 24 December 2008
- New Guinea Energy Limited 4 February 2005 – 24 December 2008

Robert Lemmey

Non-Executive Director – Appointed 28 January 2010

Robert (Rob) Lemmey is an experienced business development manager with in depth knowledge of the Indonesian Oil and Gas industry. Rob has more than thirty five years experience in the Oil and Gas industry across nineteen countries. Rob joined Halliburton in 1977 as an Engineer and remained with the Company for thirty two years until the end of 2009. During this time Rob worked for many Halliburton companies in numerous locations, progressing from Engineer to Superintendent and ultimately to management positions including, District, Regional Managing Director, Country Manager, Country Business Development Manager and Technical Manager.

Rob has worked in Indonesia for more than twelve years over the past thirty years. He has developed a deep understanding of Indonesian business structures and Indonesian Oil and Gas procurement regulations. Rob is a member of the Society of Petroleum Engineers and the Western Australia Petroleum Club.

Steven Hamer

Non-Executive Director – Appointed 20 November 2009

Steven (Steve) Hamer has forty years' of business experience working in both Australia and Indonesia. After completing a Bachelor of Science at Sydney University Steve spent ten years with the Commonwealth Bank of Australia. After leaving the Commonwealth Bank, Steve pursued hotel ownership, home unit-townhouse development and mining activities. His activities in the mining industry and commodity trading continue today with particular involvement in energy and mining in Indonesia.

Special responsibilities: Member of the Audit Committee.

Lewis Johnson

Non-Executive Director – Appointed 20 November 2009

Lewis Johnson has almost forty years experience in all Australian and International investment sectors, involving institutional investment / funds management, development banking (corporate / project finance, private equity / venture capital), property, and stockbroking. He has been a member of numerous investment committees, advisory and corporate boards, and a Director of several non-profit organisations. He is a graduated of the University of Melbourne (B.Comm) and a Graduate of the Australian Institute of Company Directors (GAICD).

For more than twenty years he had direct investment management responsibility for a large successful balanced retirement fund and remains actively involved in stockbroking. He is currently an Advisor with Bell Potter Securities Limited - a Member Firm of the ASX - and a Director and Investment Manager of Bell Asset Management Ltd - members of the Bell Potter group.

Special responsibilities: Chairman of the Audit Committee.

Adam Sierakowski

Non-Executive Director – Appointed 9 October 2009

Adam Sierakowski is a lawyer and partner of the legal firm Price Sierakowski. He has over 15 years' experience in legal practice, much of which he has spent as a corporate lawyer consulting and advising on a range of transactions to a variety of large private and listed public entities. He is the co-founder and director of Perth based corporate advisory business, Trident Capital. Adam has held a number of board positions with ASX listed companies. He is a member of the Australian Institute of Company Directors and the Association of Mining and Exploration Companies.

He has been active and well known for many years in the resources market, with strong personal and professional connections particularly in the exploration and emerging producer sectors in both minerals and energy.

Adam is also Non-Executive Chairman of Carnavale Resources Limited and a Non-Executive Director of Guildford Investments Limited. In the three years immediately before the end of the financial year, Adam also served as a director of the following listed companies:

- Sterling Biofuels International Limited (21 June 2006 – 29 April 2010)
- International Resource Holdings Limited (4 March 2009 – 9 October 2009) (Alternate Director)

Special responsibilities: Member of the Audit Committee.

Frank Jacobs

Executive Director – 20 November 2009 – 18 January 2010

Frank Jacobs has more than thirty years of Oil and Gas industry experience spanning several continents. He commenced his career with Amoco in Canada and since that time has worked for numerous oil and gas companies, implementing "growth through acquisition" strategies.

Richard Wolanksi

Non-Executive Chairman – 2 July 2008 – 20 November 2009

Richard Wolanski has extensive professional experience in both Australia and international finance industries. He has provided corporate, strategic and financial advisory assistance to public companies in Australia, Singapore and the United Kingdom. Mr Wolanski is a Director of Niplats Australia Limited and NT Resources Limited.

Raewyn Clark (CA, ACIS)

Raewyn (Rae) Clark was appointed Company Secretary of the Company on 20 November 2010. Rae holds a Bachelor of Business (with distinction) majoring in Accounting from the University of Technology, Sydney, a Graduate Diploma (ICAA) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia.

Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
John Towner	-	338,691,205
Robert Lemmey	-	3,333,333
Steven Hamer	-	81,849,207
Lewis Johnson	-	10,311,442
Adam Sierakowski	1,319,445	13,365,000

No share options of Triangle Energy (Global) Limited were granted to Directors or to the five most highly remunerated officers of the Company during or since the end of the financial year as part of their remuneration:

Principal Activities

The principal activities of the consolidated entity during the financial year consisted of gas production and exploration in Indonesia.

Operating results

The net profit of the Consolidated Entity after income tax for the year was **$7.186M (2009 loss: $0.390M).** The profit consisted mostly of:

- Oil and gas sales revenues of $14.430M (2009: nil)
- Operating expenses of $2.506M (2009: nil)
- Employee benefits expenses of $1.452M (2009: nil)

Financial position

The net assets of the Consolidated Entity at 30 June 2010 increased to $9.398M (2009:$0.649M). This resulted from the reverse acquisition of Triangle Energy Limited and proceeds from share issues by private placements of $0.597M in December 2009. At 30 June 2010 the Consolidated Group had cash balances of $7.047M (2009:$0.251M) and working capital, being current assets less current liabilities of $8.961M (2009: $0.382M) and no borrowings.

The consolidated net assets consisting largely of the following:

- $7.047M (2009: $0.251M) held in cash assets;
- $4.254M (2009: $0.020M) being receivables;
- $1.218M in tax liabilities (2009: nil);

The group has no debt and sufficient funds to finance its current operations.

Dividends

Since the end of the financial year the Directors declared a maiden dividend of 0.2316 cents per share in respect of the financial year.

Treasury Policy

The Board is responsible for the treasury function and managing the Group's finance facilities. Treasury management is a recurring agenda item at meetings of the Board.

Risk Management

The Board takes a pro-active approach to risk management. The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process and as such has not established a separate risk management committee.

Environmental issues

The Consolidated Entity's operations are subject to environmental and other regulations. The Consolidated Entity has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. The Consolidated Entity monitors compliance with relevant legislation on a continuous basis.

State of Affairs

Significant changes in the state of affairs of the Consolidated Entity during the year were as follows:

- The acquisition of Triangle Energy Limited in December 2009.
- The change of company name from Maverick Energy Limited to Triangle Energy (Global) Limited in December 2009.
- Changed focus of the Company onto the Pase gas field in the Aceh Province of Indonesia which resulted in the Company transforming into an Indonesian gas exploration and production Company with operating revenues.
- Directors John Towner, Steven Hamer, Lewis Johnson, Adam Sierakowski and Robert Lemmey joined the Board.
- The Company's right to acquire a 30% interest in the Loopleegte Coal Project in South Africa expired in December 2009.

REVIEW OF OPERATIONS

Company Activities

Triangle Energy (Global) Limited ("Triangle Energy") is a gas production and exploration company based in Perth with a wholly-owned subsidiary, Triangle Pase Inc. ("TPI"), based in Jakarta, Indonesia. TPI is the 100% holder and operator of the Pase PSC which covers a total area of 922km^2 in Aceh Province, North Sumatra, Indonesia.

TPI has produced gas and condensate from three wells at the Pase A&B Field from which Triangle Energy generates cash flow from the sale of gas through ExxonMobil's nearby facilities to the Arun LNG Plant. Approximately 90% of the gas produced is sold at premium LNG prices.

The Pase PSC has considerable exploration and development opportunities which Triangle Energy will pursue once a commercial PSC renewal is granted. Triangle Energy is continuing to review further acquisition opportunities in the area.

Company Objectives

Triangle Energy's objectives are to:

- Deliver high returns for shareholders by having a disciplined approach to technical and financial management;
- Optimise the company's existing assets by improving gas production to generate cashflows and profits;
- Undertake exploration activities to enhance the Company's portfolio of leads and prospects, and reserves and resources; and
- Act in a socially responsible manner towards: employee safety; the environment; and the communities in which the Company operates.

Company Focus

The Triangle Energy Board and Management Team focus is on:

- Renewing the Pase PSC;
- Optimising gas production;
- Planning an exploration program;
- Growing cashflows and profits;
- Examining further growth strategies; and
- Operating in a safe environment.

Key Achievements in 2009 - 10

- In December 2009 the Company completed the acquisition of Triangle Energy Limited (TEL) and changed its company name to Triangle Energy (Global) Limited. A new Board of directors was appointed as part of the acquisition.
- TEL is the 100% owner of Triangle Pase Inc (TPI) (known as Mobil Pase Inc prior to its acquisition from ExxonMobil). TPI is the 100% interest holder of the Pase Production Sharing Contract (PSC), in Aceh Province, North Sumatra, Indonesia. This area has well established gas infrastructure and supply facilities to LNG and local gas markets, which includes one of the world's largest gas discoveries, the Arun Field.
- On 5 February 2010, TPI submitted a 20 year renewal application to the Government of Indonesia's PSC administrator, BPMIGAS for its Pase PSC.
- In February 2010 the Company secured a contract adjustment of an additional 377 days as a result of the Force Majeure provisions of the PSC (Force Majeure having been called in 2001/02 meaning the PSC will now expire in February 2012).
- Under Triangle Energy ownership, TPI has successfully re-established gas production at three wells. Combined flow rates from these wells increased from 0 MMcf per day at the start of the year to 6.5 MMcf per day at 30 June 2010. In September 2010 combined gas production from the three wells exceeded 10 MMcf per day.

REVIEW OF OPERATIONS (continued)

Corporate Activities

Changes in capital structure

At the Company's Annual General Meeting (AGM) on 19 November 2009, shareholder approval was granted for (amongst other resolutions): the consolidation (on a 3:1 basis) of the company's capital; the issue of 1,018,300,000 vendor and facilitation shares (under Resolutions 3, 4 and 5) as consideration for the acquisition of TEL; and the election of new directors. For more details, refer to the Notice of Annual General Meeting which was released to the ASX on 19 October 2009. Upon acquisition of TEL, 92,000,000 shares were issued as a result of the conversion of convertible notes.

Shareholders also approved the change of name from Maverick Energy Limited to Triangle Energy (Global) Limited (Triangle Energy) which became effective on 8 December 2009. The ASX code was changed to TEG.

On 28 December 2009, 19,886,667 ordinary shares were issued at $0.03 per share to sophisticated investors to raise $596,600 before costs.

In April 2010 the Company completed a sale of unmarketable parcels in accordance with the ASX Listing Rules and Rule 3.10 of the Company's Constitution. Under the sale facility, 1,845,438 TEG shares were sold on the ASX reducing the number of shareholders from approximately 1,490 to approximately 775.

Appointment of New Directors and Executives

As a result of the Company's growth some important personnel appointments were made in 2009/10.

On 29 January 2010, the Board of Triangle Energy (Global) Limited announced the appointment of Mr Robert (Rob) Lemmey as a Director of the Company. Rob Lemmey was appointed Country Manager – Indonesia for the Company's wholly-owned subsidiary, Triangle Pase Inc., in December 2009.

Rob Lemmey is an experienced business development manager with in-depth knowledge of the Indonesian Oil and Gas industry. Rob has more than thirty five years experience in the Oil and Gas industry across nineteen countries.

Rob joined Halliburton in 1977 as an Engineer and remained with the company for thirty two years until the end of 2009. During this time Rob worked for many Halliburton companies in numerous locations, progressing from Engineer to Superintendent and ultimately to management positions including, District, Regional Managing Director, Country Manager, Country Business Development Manage and Technical Manager.

Rob has worked in Indonesia for more than twelve of the past thirty years. He has developed a deep understanding of Indonesian business structures and Indonesian Oil and Gas procurement regulations. Rob is a member of the Society of Petroleum Engineers and the Western Australia Petroleum Club.

Mr Darren Bromley joined the Company as Chief Financial Officer in April 2010 taking over from Mrs Rae Clark who remains with the Company as Company Secretary. Darren has more than eighteen years of business experience and has a well rounded and varied background in financial management, corporate governance, accounting and administration.

Mr Joseph Oravetz joined the Company in June 2010 as Exploration Manager. Joe has a BS in Geophysical Engineering from the Colorado School of Mines and has worked globally for ExxonMobil (20+), Chevron (6), and Premier Oil (2), since 1982. For the past 11+ years, Joe contributed to key exploration and new ventures projects in Indonesia, including the giant Cepu oil discoveries in East Java, deepwater offshore Kalimantan, North Sumatra, Natuna, Eastern Indonesia, etc. Joe is a highly experienced prospect generator with a history of developing quality exploration prospects, new projects, and significant discoveries.

Mr Christian Cordier resigned from the Company on 8 October 2009 and Mr Adam Sierakowski was appointed a Director on 9 October 2009.

DISCUSSIONS WITH PSC ADMINISTRATOR, BPMIGAS, HAVE BEEN POSITIVE AND THEY HAVE ALLOWED THE REQUEST FOR THE PSC EXTENSION

REVIEW OF OPERATIONS (continued)

On 20 November 2009, the Company announced the resignation of Mr Peter Christie and Mr Richard Wolanski as Directors and Mr Mark Clements as Company Secretary. It was also announced the appointment of Mr John Towner, Mr Frank Jacobs, Mr Steven Hamer and Mr Lewis Johnson as directors and of Mrs Rae Clark as Company Secretary of the Company.

Mr Frank Jacobs resigned as a Director of the Company, effective 18 January 2010.

Operational Activities

Overview of the Pase PSC

The Pase PSC was signed between the Government of Indonesia (GOI) and Mobil Pase Inc (MPI)., on 12 February 1981. MPI is now known as TPI and is a wholly owned subsidiary of Triangle Energy (Global) Ltd (via Triangle Energy Limited).

At the time of the Pase PSC assignment, the PSC involved a 30 year term, which was due to expire in February 2011. However, as announced to the ASX on 4 March 2010, Triangle Energy received verbal confirmation from BPMIGAS that an additional 377 day period had been added to the contract period as a result of the PSC's Force Majeure provisions This extends the expiry date of the PSC to 23 February 2012.

The current Production Split between TPI and GOI under the PSC is:

	Oil	Gas
Operator (TPI)	34.0909%	68.1818%
Gov't of Indonesia (GOI)	65.9091%	31.8182%

The PSC allows for Cost Recovery which mostly involves TPI's exploration and development activities in the Pase Field.

On 5 February 2010, following extensive review by TPI's technical team of electronic data obtained from ExxonMobil, TPI submitted a 20 year renewal application for its Pase PSC.

Discussions with PSC Administrator, BPMIGAS, have been positive and they have allowed the request for the PSC extension. The application is currently progressing through the required channels of the GOI, which includes technical and commercial reviews by MIGAS and the Ministry of Energy and Mineral Resources, and approval from the Aceh Government. It is difficult to determine a precise timeframe for the PSC renewal.

Overview of the Pase A&B Field

The Pase Block (which contains the Pase A&B Field and is about 200 km northwest of Medan) is in close proximity to the Arun Gas Field which had a recoverable reserve of about 20 Tcf of condensate-rich gas and at its peak supplied 6.5 million tonnes of LNG to Japan and Korea utilising six LNG trains. While the Arun Gas Field is now in decline, two LNG trains are still operating with most gas being supplied from ExxonMobil's offshore NSO gas fields. Gas is also supplied in smaller quantities from South Lhok Sukon (SLS) adjacent to the Pase PSC, and more recently from the re-established production from Pase A&B Field.

The Pase Block was developed in two parts: Pase A in 1998 and Pase B in 2002. The field produces from a similar aged section to Arun. However, unlike Arun, the Pase reservoir consists of fractured limestone, thin, low-porosity, fractured sandstones and fractured basement.

Cumulative production from the Pase A&B Field, under the ownership of ExxonMobil was about 180 Bcf of gas and 735,000 bbls of condensate. In September 2004 the Field suddenly produced large quantities of water and subsequently gas production rapidly declined.

The gas composition of the Pase A& B Field (approx.) is: CO_2 – 14%; N_2 – 2%; CH_4 – 78%; and C_2+ 6%.

REVIEW OF OPERATIONS (continued)

The LNG and Local Gas Market

TPI has an agreement whereby ExxonMobil Oil Indonesia Inc (EMOI), markets and sells gas from the Pase A&B Field through its well-established and maintained gas infrastructure to PT Arun LNG.

TPI receives payment at premium LNG prices via EMOI based on the percentage of metered TPI gas of the total gas sold by EMOI to the Arun LNG Processing Plant (~ 90% of volume) and to the PIM Fertilizer Plant (~10%). The LNG Sales Prices received by TPI from Arun gas purchase consortia are at a premium to local gas market prices.

Triangle Energy, through its wholly-owned subsidiary, TPI, is ideally situated to supply gas to the existing Arun LNG facility which is geographically and logistically ideally placed to fuel the growing LNG Demand in Asia.

Exploration History of the Pase A&B Field

Seismic coverage over the Pase A&B Field in the 1970s was very sparse and the data quality was poor. Only one strike and one dip line crossed the Pase A Field. In the early 1980s, approximately 1,000 km of seismic data was shot in the South Lhok Sukon and Pase areas. This data provided a grid of data approximately 2.5 by 2.5 km across the Pase A Field and less dense elsewhere in the PSC area. During 1990 and 1991 a further 172 km of 2D seismic data was acquired over the Pase PSC area, just over half being specifically shot for the Pase A Field.

No further 2D seismic acquisition has occurred since the 1991 survey. Several vintages of reprocessing have been performed, both for the Pase A Field area and for the steeply dipping Mountain Front area, with mixed results. A further Pase Field area reprocessing project was completed in 2002.

TPI has the opportunity to apply more advanced 3D seismic techniques over this area to identify further prospects and leads.

A total of 12 wells (not including sidetracks) were drilled by MPI in the Pase PSC area (refer to Figure 2(a)).

THE ACEH FERTILISER PLANT IS IN CLOSE PROXIMITY TO THE PASE FIELD AND HAS A LARGE UNMET DEMAND FOR NATURAL GAS

THE LNG SALES PRICES RECEIVED BY TPI FROM ARUN GAS PURCHASE CONSORTIA ARE AT A PREMIUM TO LOCAL GAS MARKET PRICES.

REVIEW OF OPERATIONS (continued)

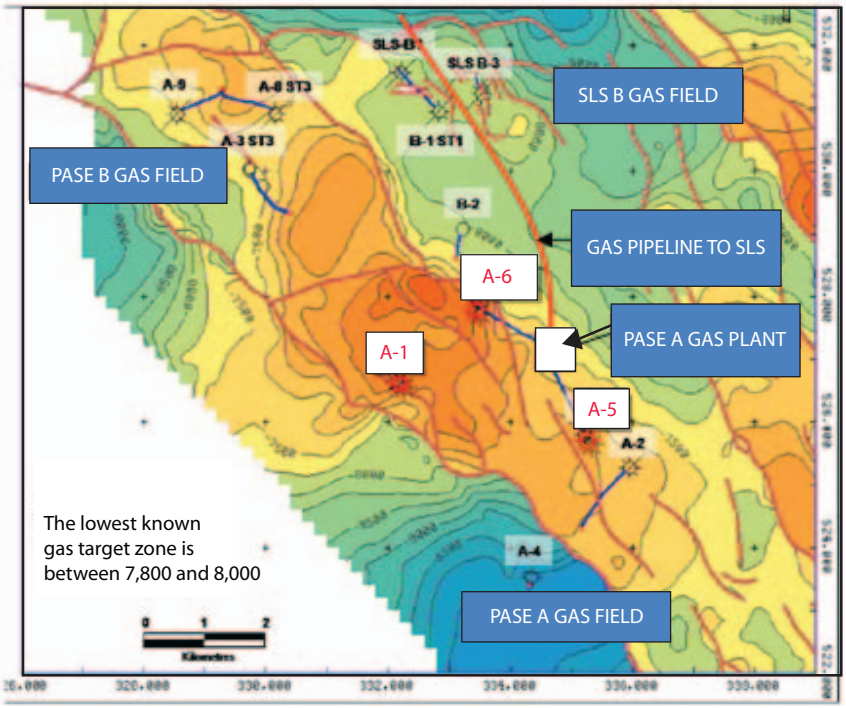


FIGURE 2(a): Base Baong depth structure map (tvdss-ft.) showing the Pase A&B Field well locations. The Pase-A1, A5 and A6 wells have been in production

Nine of the wells were drilled in the southern portion of the Pase South Block. Only two wells did not encounter hydrocarbons, with two others being classed as exhibiting hydrocarbon shows. No wells have been drilled in the western portion of the Pase (North) Block I.

ExxonMobil's exploration program did not favour small oil and gas prospects as it was looking to supply other potential Arun Plants. Several shallow hydrocarbon discoveries were considered "non-commercial" by ExxonMobil in pursuing their gas strategy.

Given ExxonMobil's high cut-off point for discoverable reserves, the relatively smaller and shallower discoveries, and potential new prospects and leads represent important opportunities for Triangle Energy.

Past Pase Production History - MPI

The Pase A & B Gas Field was finally brought into production by ExxonMobil, 15 years after the initial gas discovery, in January 1998, at rates of about 25 MMcf per day. The gas flow rates increased to about 140 MMcf per day in 2003 before water broke through into the reservoirs and the production declined in about March 2004, which is not unusual for fields with fractured reservoirs. Subsequently, production at the Pase A & B Gas Field was suspended in late 2006 and ExxonMobil began a divestment process for the Pase PSC.

Between 1998 and 2009, the Pase A & B Field produced approximately 180 Bcf of gas. The annual distribution of this production is shown in Figure 2(c).

On 9 March 2001 TPI (then named MPI) declared a Force Majeure under the provisions of the Pase PSC which occurred between 9 March 2001 and 21 March 2002 associated with the Aceh autonomy movement. This equated to 377 days of production shutdown. TPI successfully used the Force Majeure provision of the Pase PSC to extend the expiry date of the PSC to 23 February 2012.

REVIEW OF OPERATIONS (continued)

Pase Production under Triangle Energy.

After TEL secured ownership of TPI in June 2009 Pase gas production was successfully re-established as follows:

- the Pase-A5 well on 14 July 2009;
- the Pase-A6 well on 17 October 2009; and
- the Pase-A1 well on 16 April 2010.

The excellent production result was achieved by:

- reconnecting flow lines and changing out over-designed equipment for present (lower) flow rates;
- implementing a reservoir management water production strategy; and
- refurbishing parts of the Pase Gas Processing Plant.

Combined flow rates from these wells increased from 0 MMcf per day at the start of the year to 6.5 MMcf per day at 30 June 2010.

In September 2010 combined gas production from the Pase-A1, A5 and A6 wells exceeded 10 MMcf per day. Condensate production has also been above 20 bbls per day.

The Pase-A1 well was brought online using parts removed from the Pase-A5 well which was subsequently re-piped. Extensive road works were performed to gain access to the Pase-A1 well site. In early August 2010, a Down Hole Video (DHV) and Production Logging Tool (PLT) were used to ascertain the extent of any obstructions (such as a collapsed liner) down the Pase-A1 well. Based on the test results (which indicated that the liner was intact) and gas flow rates of around 7.5 MMcf per day which was recorded over very short time intervals, TPI is considering the use of a work-over rig to more appropriately establish gas and water flow rates.

Plans are being prepared for approval to potentially use a work-over rig to drill out the Pase-A2 well to test and confirm the reservoir capability and flow rates.

IN SEPTEMBER 2010 COMBINED GAS PRODUCTION FROM THE PASE-A1, A5 AND A6 WELLS EXCEEDED 10 MMCF PER DAY

Parts to reconnect the Pase-A5 well were sourced by early July 2010. This well was reconnected using well chokes which allowed for greater pressure control and resulted in increased gas production and reduced water production. The Pase-A6 well has watered out with lack of fine control of the choke. A new choke was installed at this well in early September 2010 which was aiming to replicate the results which were observed at the Pase-A5 well.

In the March quarter 2010, the Pase-A8 well was reconnected following repairs to a bridge and power lines. Despite a number of well intervention and stimulation techniques, the Pase-A8 well did not flow gas due to a high water cut and incorrect completion of the well in October 1999. This well was subsequently shut-in.

As one part of a multi-faceted water handling strategy, TPI completed work in July 2010 on a BP MIGAS approved water treatment ponds which involve aeration and dilution to treat water produced from the Pase wells. These ponds are a contingency back-up plan to the water disposal well. The Reservoir Management Program is to reduce water production in order to increase gas production from the fractured reservoirs in the Pase Field.

Figure 2(c) shows the quarterly gross gas production from the Pase A&B Field since TPI re-established production in early July 2009. The total gross production from this date until 30 June 2010 was 2,038.6 MMcf or 339,829.1 barrels of oil equivalent (boe).

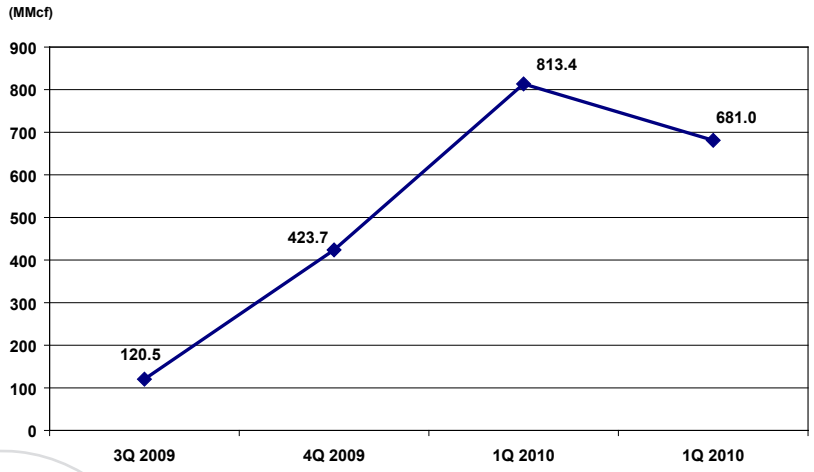


FIGURE 2(c): Gross Total Quarterly Gas Production from the Pase A & B Field since production was re-established by TPI in July 2009

TPI HAS IDENTIFIED SOME UNDRILLED STRUCTURES WHICH WILL BE ATTRACTIVE TO DELINEATE AND POSSIBLY INCREASE TPI'S GAS RESERVES

REVIEW OF OPERATIONS (continued)

Other Assets

Reids Dome Tenement (PL 231, Bowen Basin, Queensland)

The Reids Dome Tenement (PL 231) covers an area of 181 km^2 on the western flank of the Bowen Basin in Queensland. The Reid's Dome Gas Field is situated within Reids Dome Tenement and based on initial reservoir studies, a reserve of up to 1 Bcf of gas is indicated for the three wells drilled on the Reids Dome Gas Field prior to November 1994.

The 1993 appraisal well in the Reids Dome Gas Field, drilled by Victoria Petroleum N.L. Aldinga North-1, flowed gas at a rate of 1.2 million cubic feet per day.

Drilling of the Primero-1 well to 1,565 metres in the northern part of the Reids Dome Tenement twinning the original shallow gas discovery well, AOE-1 commenced in late June 2006. Early success was encountered in July 2006 with Primero-1 testing a gas flow of 2.8 million cubic feet per day from the field's shallow gas sand at 150 metres. Drilling of the deeper target which encountered numerous oil and gas shows in the original heavily mud invaded AOE-1 was carried out. Additional gas zones have been intersected in the Reid's Dome Beds around 1,500 metres.

Following the completion of drilling at Primero-1, an extensive testing program was commenced to determine the reserves of the Reids Dome Gas Field at the shallow horizon with a view to the potential commercialisation of the gas field, subject to sufficient gas reserves being proved.

The Reids Dome Tenement is 40% owned by Victoria Petroleum N.L., 40% owned by Dome Petroleum Resources plc and 20% owned by Triangle Energy (Global) Limited. Victoria Petroleum was the operator of the Reids Dome Tenement, by virtue of a joint venture agreement. Triangle Energy is undertaking a strategic review of this asset.

Loopleegte Coal Project (Waterberg, South Africa)

The Company's right to acquire a 30% equity interest in the Loopleegte Project lapsed on 19 December 2009.

Future Work Program and Strategy

Triangle Energy's focus is on the renewal of the Pase PSC which now expires on 23 February 2012, taking in to account the 377 day contract adjustment under the Force Majeure provision of the PSC. TPI has identified some undrilled structures which will be attractive to delineate and possibly increase TPI's gas reserves.

There is also exploration potential available within the Pase PSC which has had no seismic coverage since 1991. Seismic acquisition (2D & 3D) will be used to assess identifiable leads and to justify drillable prospects, including unconventional hydrocarbon plays.

The proposed future work program for TPI involves:

- Rehabilitation of the existing wells;
- Work-overs and redrill infill wells;
- Acquisition of new 2D and 3D Seismic programs;
- G&G and remapping the entire Pase PSC;
- Exploration drilling of new prospects; and
- Appraisal drilling of new discoveries.

New technology will be used to generate new maps as part of the Geological & Geophysical (G&G), Reprocessing and Re-Interpretation of existing seismic data work programs.

Competent Persons Statement

Information in this Report that relates to exploration has been reviewed and signed off by Mr Joseph Oravetz (TPI Exploration Manager). Joe's qualifications include: B.S. in Geophysical Engineering from the Colorado School of Mines. Joe has over 28 years experience in the oil & gas industry working globally for ExxonMobil, Chevron and Premier Oil. During 11+ years, Joe has been working on significant New Ventures and Exploration projects in Indonesia and SE Asia. Joe is a Member of SEG (Society of Exploration Geophysicists), SEAPEX (South East Asia Petroleum Exploration Society) and IPA (Indonesia Petroleum Association).

Information in this Report that relates to operations has been reviewed and signed off by Mr Rob Lemmey (TEG non-executive Director and TPI Country Manager - Indonesia) who has over 32 years experience in the oil & gas industry, including Senior Executive roles with Haliburton in SE Asia. Rob has been an active Member of the Society of Petroleum Engineers since 1983 and is a Member of the Western Australia Petroleum Club.

For further details on Triangle Energy and the Pase PSC, refer to the "Independent Geologist's Report on the Exploration and Production Assets of Triangle Energy Limited" by Roger Whyte, 22 September 2009. This report was published as part of BDO Kendalls' Independent Expert's Report for the Company (dated 8 October 2009) which was part of the Notice of Annual General Meeting that was released to the ASX on 19 October 2009. It is located on the company website under Investors / Corporate Presentations.

Forward Looking Statements

This Report contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause the actual results to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserves and resources estimates, loss of market, industry competition, environmental risks, physical risks, legislative changes, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Corporate Social Responsibility Environment, Health and Safety

As part of TPI's "Licence to Operate" in the Aceh Province TPI, and TEG, are very aware of their Corporate Social Responsibilities (CSR) in the local communities near the Pase Fields. Several CSR activities have been initiated, including:

- Upgrading Local Mosques and Schools in villages in exchange for work to help clear overgrown vegetation, repair bridges and ensure security of the Radio repeater tower.
- Employing staff from local villages to support families and communities.
- Donating essential equipment to local schools.

TPI has initiated work with the internationally recognised Putera Sampoerna Foundation to better understand and develop the educational requirements of teachers and students at local schools near the Pase Fields.

Since its inception in 2001, the Putera Sampoerna Foundation has changed the lives of thousands of Indonesians through programs that increase access to education, improve the quality of teaching instruction and enhance the effectiveness of the Indonesian education system. The Foundation's vision is to create future leaders with good moral fibre through high quality education.

As reported earlier (in the section *Recent Pase Production – TPI),* as part of TPI's environmental management, TPI completed work in July 2010 on a BP MIGAS approved water treatment ponds which involve aeration and dilution to treat water produced from the Pase wells. These ponds are for an emergency back-up plan to the water disposal well.

TPI has an excellent safety record with no Lost Time Injuries recorded to date and one Medical Assistance Incident.

Tenement Schedule

Project Name	Tenement	Interest
Reids Dome	PL231	20%

TPI HAS INITIATED WORK WITH THE INTERNATIONALLY RECOGNISED PUTERA SAMPOERNA FOUNDATION TO BETTER UNDERSTAND AND DEVELOP THE EDUCATIONAL REQUIREMENTS OF TEACHERS AND STUDENTS

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for the key management personnel of of Triangle Energy (Global) Limited (the "Company") for the financial year ended 30 June 2010. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company, and includes the five executives in the Parent and the Group receiving the higher remuneration.

Key Management Personnel

(i) Directors

John Towner
Executive Chairman – appointed 20 November 2009

Robert Lemmey
Director (Non-Executive) – appointed 28 January 2010

Adam Sierakowski
Director (Non-Executive) – appointed 9 October 2009

Lewis Johnson
Director (Non-Executive) – appointed 20 November 2009

Steven Hamer
Director (Non-Executive) – appointed 20 November 2009

Frank Jacobs
Executive Director – appointed 20 November 2009 resigned 18 January 2010

Christian Cordier
Executive Director – resigned 8 October 2009

Peter Christie
Director (Non-Executive) – resigned 20 November 2009

Richard Wolanski
Chairman (Non-Executive) – resigned 20 November 2009

(ii) Executives

Joseph Oravetz
Exploration Manager – appointed 4 June 2010

Raewyn Clark
Company Secretary – appointed 20 November 2009

Darren Bromley
Chief Financial Officer – appointed 12 April 2010

Remuneration Philosophy

The Consolidated Entity's policy for determining the nature and amount of remuneration of board members and senior executives is as follows:

(i) Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to its Non-Executive Directors and reviews their remuneration annually.

The maximum aggregate annual remuneration of Non-Executive Directors in subject to approval by the shareholders in general meeting. The current maximum aggregate remuneration amount is $150,000 per year. The Directors have resolved that the fees payable to Non-Executive Directors for all Board activities are $40,000 per year.

REMUNERATION REPORT (continued)

(ii) Key management personnel

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

(i) competitiveness and reasonableness;
(ii) acceptability to shareholders;
(iii) performance linkage / alignment of executive compensation;
(iv) transparency; and
(v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

(i) focuses on sustained growth in shareholder wealth; and
(ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

(i) rewards capability and experience; and
(ii) provides a clear structure for earning rewards.

The contract between the Company and the Executive Chairman is for an indefinite period. The contract between the Company's fully owned subsidiary, Triangle Pase Inc, and the Country Manager - Indonesia is for an indefinite period and terminable by either party on three months' notice. There are no retirement allowances or other benefits paid to Directors.

Employee Incentive Plan

The Company does not have an Employee Incentive Plan however a Performance Rights Plan under which the Directors will be able to offer performance rights in the Company to eligible persons will be will be outlined to shareholders for consideration at the annual general meeting to be held in November 2010.

	Cash Salary & fees	Non-cash benefits	Super-annuation	Termination	Security-based payments	Total
	$	$	$	$	$	$
2009/10 Directors						
J Towner[1]	350,000	-	-	-	-	350,000
F Jacobs[2]	257,785	37,168[10]	-	230,968	-	525,921
R Lemmey[3]	168,333	120,554[11]	-	-	-	288,887
S Hamer[4]	23,333	-	-	-	-	23,333
A Sierakowski[5]	20,000	-	-	-	-	20,000
L Johnson[6]	20,000	-	-	-	-	20,000
C Cordier	20,000	-	-	-	-	20,000
P Christie	-	-	-	-	-	-
R Wolanski	-	-	-	-	-	-
Executives						
J Oravetz[7]	224,441	214,645[12]	-	-	-	439,086
R Clark[8]	178,851	-	-	-	-	178,851
D Bromley[9]	42,628	-	3,837	-	-	46,465
	1,305,371	372,367	3,837	230,968	-	1,912,543

[1] Appointed 20 November 2009, [2] Appointed 20 November 2009 and Ceased 18 January 2010, [3] Appointed Country-Manager Indonesia 1 January 2010, appointed Director 28 January 2010, [4] Appointed 20 November 2009, [5] Appointed 9 October 2009, [6] Appointed 20 November 2009, [7] Commenced January 2010 and appointed Exploration Manager on 4 June 2010 [8] Appointed Company Secretary on 20 November 2009 [9] Commenced as Chief Financial Officer on 12 April 2010. [10] Jakarta apartment rental, car and driver, relocation costs [11] Jakarta apartment rental, Indonesian income tax, golf club membership, private health insurance, car and driver [12] Jakarta apartment rental, Indonesian income tax, children's school fees

REMUNERATION REPORT (continued)

	Cash Salary & fees	Non-cash benefits	Super-annuation	Termination	Security-based payments	Total
	$	$	$	$	$	$
2008/09 Directors						
R Wolanski	31,498	-	1,982	-	-	33,480
P Pawlowitsch	64,000	-	-	-	-	64,000
P Christie	24,000	-	-	-	-	24,000
C Cordier	139,489	-	5,400	-	-	144,889
	258,987	-	7,382	-	-	266,369

Directors securities holdings

As at the date of this report, the relevant interests of the Parent Entity Directors in the securities of the Parent Entity were as follows:

	Fully paid ordinary shares	Unlisted options exercisable at $0.03 expiring 31 Dec 2010
J Towner	338,691,205	-
R Lemmey	3,333,333	-
L Johnson	10,311,442	-
A Sierakowski	13,365,000	1,319,445
S Hamer	81,849,207	-
	447,550,187	1,319,445

End of Remuneration Report

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Towner Appointed 20 November 2009	7	7	-	-
R Lemmey Appointed 28 January2009	4	4	-	-
S Hamer Appointed 20 November 2009	7	7	1	1
A Sierakowski Appointed 9 October 2009	7	4	1	-
L Johnson Appointed 20 November 2009	7	7	1	1
F Jacobs Appointed 20 November 2009, ceased 18 January 2010	2	1	-	-
C Cordier Ceased 8 October 2009	-	-	-	-
P Christie Ceased 20 November 2009	-	-	-	-
R Wolanski Ceased 20 November 2009	-	-	-	-

Board business during the year has also been effected by execution of circulated resolutions by Directors.

Indemnification and insurance of Directors and Officers

During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company against a liability incurred by such Directors and Officers to the extent permitted by the Corporations Act 2001. The nature of the liability and the amount of the premium has not been disclosed due to confidentiality of the insurance contracts. The Company has not otherwise during or since the end of the year, indemnified, or agreed to indemnify an officer or an auditor of the Company, or of any related body corporate, against a liability incurred by such an officer or auditor.

Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of the proceedings.

The Company was not a party to any such proceedings in the year.

Matters subsequent to the end of the financial year

In the opinion of the Directors, no items, transactions or events of a material and unusual nature have arisen in the interval between the end of the financial year and the date of this report which have been significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in subsequent financial years other than the following:

- The Company announced a maiden dividend of 0.2316 cents per share in respect of the financial year.

Rounding of amounts

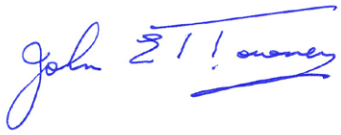
Amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars where indicated in accordance with Australian Securities and investments Commission Class Order 98/100. The Company is an entity to which the Class Order applies.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 35 and forms part of this Directors' Report for the year ended 30 June 2010.

No non-audit services were provided by the auditor.

Signed in accordance with a resolution of the Directors.



John E T Towner

Executive Chairman

Dated this 29th day of September 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Triangle Energy (Global) Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council ('CGC') published guidelines as well as its corporate governance principles and recommendations.

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Triangle Energy (Global) Limited ('Triangle Energy' or the 'Company') is an advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations 2nd edition" (Recommendations) where considered appropriate for a company of Triangle Energy's size and nature.

This document describes the progress by Triangle Energy in addressing these guidelines. The Company's Corporate Governance Statement is structured below with reference to the eight principles, and in a table which references the recommendations to each of these principles.

The CGC's published guidelines are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the Board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

PRINCIPLE 1
LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of the board and management.

The main function of the Board is to set strategic objectives for the Company, supervising and guiding management through the implementation process. The aim is for the Board to provide the entrepreneurial leadership required for the Company to evolve within a framework of prudent and effective risk management.

Triangle Energy has adopted a formal Board Charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual Directors and senior management. A copy of the Board Charter is on the Company's website: www.triangleenergy.com.au under the "Corporate Governance" section.

The Board of Triangle Energy ensures that each member understands their roles and responsibilities and ensures regular meetings (formally approximately 10 times a year but no less than six times per year, and informally with regular phone calls with the Executive Chairman) so as to retain full and effective control of the Company.

The Board specifically applies an emphasis on the following:

- Setting the strategic aims of Triangle and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- Overseeing management's performance and the progress and development of the Company's strategic plan;
- Selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board members, Company Secretary and Senior Management;

- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system risk management and internal controls are in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking; and
- Any other matter considered desirable and in the interest of the Company.

The Executive Director is responsible for:

- The executive management of the Company's operations;
- Policy direction of the operations of Triangle;
- The efficient and effective operation of Triangle; and
- Ensuring all material matters affecting Triangle are brought to the Board's attention.

In addition to these responsibilities, the Executive Chairman is responsible for the following:

- Providing the necessary direction required for an effective Board;
- Ensuring that all the Directors receive timely and accurate information so that they can make informed decisions on matters of the Company;
- Ensuring that the Board collectively and individual Directors' performance is assessed annually; and
- Encouraging active engagement from all members of the Board.

The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- Ensuring a good flow of information between the Board, its committees, Non-Executive Directors and Executive Directors;
- Monitoring policies and procedures of the Board;
- Advising the Board through the Chairman of corporate governance policies;
- Providing support and advice to individual Directors, various board committees, senior executives and the Board in general;
- Conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes;
- Ensuring that compliance systems relating ASX Listing Rules and the Corporations Act are maintained and the Company and Board adhere to those; and
- Disseminating regulatory news announcement to the ASX.

PRINCIPLE 2
STRUCTURE THE BOARD TO ADD VALUE

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Triangle Energy Board has been structured in such a way so as to provide an adequate mix of proficient Directors that lead the Board with enterprise, integrity and judgement. The Board acts in the best interest of the Company and its stakeholders. The Board is directed on the principles of transparency, accountability and responsibility.

In determining whether a Director is independent, according to the Board Charter, the Board considers whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has a material contractual relationship with the Company or other group member other than as a Director of the Company.

The ASX council guidelines recommend that ideally the Board should constitute a majority of independent directors. The Board currently consists of five Directors; four of whom are considered to be Non-Executive Directors of Triangle Energy (Global) Limited: Messrs Adam Sierakowski, Lewis Johnson, Rob Lemmey and Steve Hamer. Of this group, only Mr Lewis Johnson is considered to be an independent director. Mr John Towner (Executive Chairman) who is the major shareholder of Triangle Energy (Global) Limited (holding 26.15% of shares on issue) is a non-independent director.

The Board believes the composition of the Board is appropriate at this stage of the Company's development. The Board endeavours to review this policy from time to time.

A copy of the Board Charter and the Board Performance Evaluation Policy are on the Company's website: www.triangleenergy.com.au under the "Corporate Governance" section.

PRINCIPLE 3
PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making

Triangle Energy is aware that law and regulations alone is no guarantee of fair practice and thus to ensure the integrity of its operations, it has adopted a code of ethics and conduct to sustain its corporate culture.

Triangle Energy's ethical rules demands high standards of integrity, fairness, equity and honesty from all Directors, Senior Management and Employees. Triangle Energy expects its employees to understand that the Company acts morally and that the main goal of the Company is to maximise shareholders value.

The Code of ethics and conduct include the following issues:

- Avoiding conflicts of interest and reporting of any related-party transactions;
- Ensuring protection and proper use of company assets;
- Discharging Directors and Officer's duties responsibly and ethically;
- Maintaining commercial sensitive information confidential;
- Dealing fairly with customers, suppliers, employees and competitors;
- Ensuring effective relationships and a safe working environment;
- Ensuring compliance with laws and regulations (including Environment, Health and Safety); and
- Encouraging the reporting of illegal and unethical behaviour.

The Company has adopted a Company Code of Conduct, Continuous Disclosure Policy and Share Trading Policy which can be accessed on the Company's website: www.triangleenergy.com.au under "Corporate Governance".

The Board will develop a "Diversity" Policy to address the ASX Corporate Governance Council's three new recommendations on diversity. The Oil & Gas Industry is known for its limited gender diversity. However, Triangle Energy has attracted women employees to a number of significant positions within the Company. The Company Secretary, the Executive Chairman's personal assistant and the Indonesian Office Manager are all women. In addition, Triangle Energy's accounting and exploration teams both have female staff members.

PRINCIPLE 4
SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of the company's financial reporting.

Triangle Energy has a financial reporting process which includes half year and full-year results which are signed off by the Board before they are released to the market.

The Audit Committee has been developed as per the guidelines of good corporate governance and its responsibilities are delineated in the Audit Committee Charter. Current members of the Audit Committee are Messer's Johnson (Chairman), Hamer and Sierakowski.

The Board and Audit Committee fulfils its corporate governance and oversight responsibilities, as well as advises on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

The Board and Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The CFO reports in writing on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

The Committee also advises on the modification and maintenance of the Company's risk management systems, the Company's risk profile, compliance and control and assessment of effectiveness.

The Company has adopted an Audit Committee Charter, which can be accessed on the Company's website: www.triangleenergy.com.au under "Corporate Governance".

PRINCIPLE 5
MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Triangle Energy has adopted a formal policy dealing with its disclosure responsibilities.

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. Triangle Energy ensures that all information necessary for investors to make an informed decision is available on its website.

The Executive Chairman has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Board and executives of the Company.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

The Company has adopted a Continuous Disclosure Policy, which can be accessed on the Company's website: www.triangleenergy.com.au under "Corporate Governance".

PRINCIPLE 6
RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Triangle Energy is aware that regular and constructive two-way communications between the Company and its shareholders can help investors understand what the Board of Directors is planning to achieve and how the Company intends to set about achieving its objectives.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively in a timely and accurate way with shareholders through releases to the market via the ASX, Quarterly Activities and Cashflow Reports, Half-Yearly Reports, Annual Reports, the general meetings of the Company and any information mailed to shareholders;
- sending a notice of any general meetings to which they are entitled to attend together with an explanatory memorandum of proposed resolutions (as appropriate). If shareholders cannot attend the General Meeting, they are entitled to lodge a proxy in accordance with the Corporations Act and the Company's Constitution.
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The address made by the Executive Chairman and/or the Executive Director to the Annual General Meeting is released to the ASX.

All ASX announcements are accessible via the Company's website.

The Company has adopted a Shareholder Communication Policy, which can be accessed on the Company's website: www.triangleenergy.com.au under "Corporate Governance".

PRINCIPLE 7
RECOGNISE AND MANAGE RISK

Companies should establish a sound system of risk oversight and management and internal control.

Triangle Energy's policy is to regularly review processes and procedures to ensure the effectiveness of its internal systems control, so as to keep the integrity and accuracy of its reporting and financial results at a high level at all times.

Internal controls are devised and enforced to ensure, as far as practicable in the given circumstances, the orderly and efficient conduct of the business. They include measures to safeguard the assets of the Company, prevent and detect fraud and error, ensure the accuracy and completeness of accounting records and ensure the timely preparation of reliable financial information.

The Board's Charter clearly establishes that it is responsible for ensuring that a sound system risk management and internal controls are in place.

The Board has decided that due size, composition and structure of the Board, there is no current requirement for the formation of a separate Audit & Risk Committee outside the Board forum. As such, the roles of this Committee will be performed by the Board, as and when necessary, but with an Independent Director as the Chairman.

The Executive Chairman and CFO are required to state to the Board, in writing, that to the best of their knowledge the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The Executive Chairman and CFO are also required to report at board meetings on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarizing the effectiveness of the Company's management of material business risks.

Given the speculative nature of the Company's business it is subject to general risks and certain specific risks. Triangle Energy recognises that the risks which could affect the results of the Company include:

- Share market;
- Economic and government risks (Indonesia and Australia);
- Future capital needs;
- Oil & Gas Sector risks;
- Insurance risks;
- Competition risk;
- Exploration and development risks;
- Commercialisation;
- Environmental risks;
- Commodity price volatility and exchange rate risks;
- Acquisitions; and
- Sustainability of future profitability.

The Company has adopted a Risk Management Policy, which can be accessed on the Company's website: www.triangleenergy.com.au under "Corporate Governance".

PRINCIPLE 8
REMUNERATE FAIRLY AND RESPONSIBLY

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

The Company is committed to remunerating its executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders.

Consequently, the Board ensures that executive remuneration follows the guidelines of good governance and the criteria for remuneration are as follows:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved company performance;
- participation in the Performance Rights Plan (which is yet to be approved by shareholders); and
- Statutory superannuation.

The Company's objective is to establish and maintain a board that consists of experienced and motivated Directors who possess appropriate skills and expertise to promote the Company's success. The policy of the Company is to seek to ensure a clear relationship between Director performance, the role they perform and remuneration received.

In relation to the payment of bonuses, issue of securities and other incentive payments, discretion is exercised by the Board having regard to both the Company's performance and the performance of the Director concerned. Details of the Company's remuneration policy are contained in the Remuneration Report section of the Directors' Report in this Annual Report.

The Company has adopted a Remuneration and Nomination Committee Charter, which can be accessed on the Company's website: www.triangleenergy.com.au under "Corporate Governance".

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Triangle Energy (Global) Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Triangle Energy (Global) Limited.

Perth, Western Australia
29 September 2010

N G Neill
Partner, HLB Mann Judd

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FINANCIALS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Revenue	2	14,430	-
Interest revenue	2	11	2
Total revenue		14,441	2
Operating expenses	2	(2,506)	-
Gross profit from operating activities		11,935	2
Exploration write off	2	(70)	-
Other expenses	2	(3,771)	(392)
Profit/(loss) before income tax expense		8,094	(390)
Income tax expense	3	(1,132)	-
Profit/(loss) after tax from continuing operations		6,962	(390)
Net Profit/(loss) for the year		6,962	(390)
Other comprehensive Income			
Exchange differences on translation of foreign operations	2	224	-
Other comprehensive income for the year, net of tax		224	-
Total comprehensive income/(loss) for the year		7,186	(390)
Basic earnings per share (cents per share)	5	0.56	(0.68)
Diluted earnings per share (cents per share)	5	0.55	(0.68)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Current Assets			
Cash and cash equivalents	7	7,047	251
Trade and other receivables	8	4,254	20
Other financial assets		-	286
Other assets		198	-
Total Current Assets		11,499	557
Non-Current Assets			
Other financial assets		-	124
Property, plant and equipment	9	217	20
PSC interest		154	128
Exploration and evaluation expenditure	12	370	-
Total Non-Current Assets		741	272
Total Assets		12,240	829
Current Liabilities			
Trade and other payables	10	473	19
Other payables	10	847	156
Current tax liabilities	10	1,218	-
Total Current Liabilities		2,538	175
Non-Current Liabilities			
Provisions	11	304	5
Total Non-Current Liabilities		304	5
Total Liabilities		2,842	180
Net Assets		9,398	649
Equity			
Issued capital	13	2,606	1,043
Reserves	14	220	(4)
Retained earnings / (Accumulated losses)	14	6,572	(390)
Total Equity		9,398	649

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 $'000	2009 $'000
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		10,205	-
Payments to suppliers and employees		(5,166)	(534)
Interest received		11	2
Net cash provided by/(used in) operating activities	7	5,050	(532)
Cash flows from investing activities			
Purchase of non-current assets		(215)	-
PSC formation costs		(26)	-
Cash acquired on acquisition of subsidiary	16	62	-
Funds on deposit as security for SBLC		124	(124)
Payment for subsidiary, net of cash acquired	7	-	(128)
Net cash provided by/(used in) investing activities		(55)	(252)
Cash flows from financing activities			
Proceeds from borrowings – convertible note funding		860	-
Proceeds from issue of shares (net of costs)		682	1,042
Net cash provided by/(used in) financing activities		1,542	1,042
Net increase/(decrease) in cash and cash equivalents		6,537	258
Cash and cash equivalents at beginning of period		251	-
Effect of exchange rate fluctuations on cash held		259	(7)
Cash and cash equivalents at end of period		**7,047**	**251**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

Consolidated

	Issued capital $'000	Accumulated Losses $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2008	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	(4)	(4)
Shares issued during the half-year	1,043	-	-	1,043
Profit (Loss) for period	-	(390)	-	(390)
Balance at 30 June 2009	**1,043**	**(390)**	**(4)**	**649**

Consolidated

	Issued capital $'000	Retained Earnings $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2009	1,043	(390)	(4)	649
Exchange differences arising on translation of foreign operations	-	-	224	224
Shares issued during the half-year	1,563	-	-	1,563
Profit (Loss) for period	-	6,962	-	6,962
Balance at 30 June 2010	**2,606**	**6,572**	**220**	**9,398**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The Company is a gas production and exploration company based in Perth with a wholly-owned subsidiary, Triangle Pase Inc. ("TPI"), based in Jakarta, Indonesia. TPI is the 100% holder and operator of the Pase PSC which covers two blocks which have a total area of 922km^2 in Aceh Province, North Sumatra, Indonesia.

The group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate*
- Business combinations – revised AASB 3 *Business Combinations*
- Segment reporting – new AASB 8 *Operating Segments*
- Financial Instruments – revised AASB 7 *Financial Instruments: Disclosures*

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on in accordance with a resolution of Directors on 29 September 2010.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS)

(d) Basis of Consolidation

The consolidated financial statements comprise the separate financial statements of Triangle Energy (Global) Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Triangle Energy (Global) Limited (TEG) acquired 100% of Triangle Energy Limited (TEL) on 3 December 2009. The acquisition was implemented by way of issuing shares of TEG to TEL shareholders. The issue of shares resulted in TEL shareholders holding a majority shareholding in TEG. Thus, this transaction has been accounted for as a reverse acquisition in accordance with AASB 3 "Business Combinations" and the consolidated accounts represent a continuation of the accounts of TEL rather than that of TEG.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of Consolidation (continued)

It is important to note that because these numbers represent a continuation of the accounts of TEL, the consolidated comparative numbers are also related to TEL operations and not of TEG's operations. As a result, these comparatives will not compare to the consolidated financial results of TEG published in prior reporting periods.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(m)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in a adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Triangle Energy (Global) Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in accounting policy

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains and losses in profit and loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests in associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill and intangibles with indefinite useful lives:

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the Directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimate future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or
- Future exchange rates

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty (continued)

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

(f) Going Concern

The Directors are of the opinion that the Company is a going concern.

(g) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Triangle Energy (Global) Limited.

Change in accounting policy

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Group as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

(h) Foreign Currency Translation

Both the functional and presentation currency of Triangle Energy (Global) Limited and its Australian subsidiaries is Australian dollars. The functional currency of the foreign operations, Triangle Pase Inc., is United States dollars (US$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Triangle Energy (Global) Limited at the rate of exchange ruling at the balance date and their profit or loss is translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(iv) Change in accounting policy

The Group has changed its accounting policy for dividends paid out of pre-acquisition profits from 1 July 2009 when the revised AASB 127 *Consolidated and Separate Financial Statements* became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(k) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income Tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Triangle Energy (Global) Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which its has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Business Combinations (continued)

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes. All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

(n) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(p) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 45 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Oil and gas production activities

Cost is allocated on an average basis and includes direct material, labour, related transportation costs to the point of sale and other fixed and variable overhead costs directly related to oil and gas production activities.

(r) Derivative financial instruments and hedging

The Group has not used derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations

(s) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the Statement of Comprehensive Income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(u) Investment in associated entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The balance dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Interest in a jointly controlled operation

The Group has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(w) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Machinery and equipment — over 5 - 15 years depending upon the nature of the asset
- Plant and equipment — over 2 - 15 years depending upon the nature of the asset
- Oil and gas properties — over 20 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(ii) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Property, plant and equipment (continued)

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

(iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(x) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 *Segment Reporting* .

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(y) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(z) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits however due to the infancy of the Group, no long service leave has been accrued.

(ab) Share-based payment transactions

(i) Equity settled transactions:

The Group plans to provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently no plans in place to provide these benefits however the Group intends to implement a plan:

- the Employee Share Option Plan (ESOP), which provides benefits to Directors and senior executives;

(ac) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(ad) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ae) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) Exploration and evaluation (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(af) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2010 $'000	2009 $'000
(a) Revenue		
Sale of gas	13,882	-
Sale of condensate	548	-
Bank interest	11	2
	14,441	2
(b) Other comprehensive income		
Foreign exchange gains (net)	224	-
	224	-
(c) Operating expenses		
Production operating costs	1,423	-
Field office administration	1,083	-
	2,506	-
(d) Impairment losses		
Reid's Dome impairment	70	-
	70	-
(e) Other expenses		
Consulting expenses	470	257
Accounting expenses	47	77
Legal expenses	98	-
Employee benefits expense	1,452	21
Directors fees	67	-
Depreciation of non-current assets	18	1
ASX and share registry fees	84	-
Exxon Mobil production revenue payments expense	313	-
Travel	126	36
Geological and geophysical expenses	692	-
Taxation penalty expense	51	-
Other administration expenses	353	-
	3,771	392

NOTE 3: INCOME TAX

	Consolidated	
	2010 $'000	2009 $'000
Income tax recognised in profit or loss		
Major components of income tax expense for the years ended 30 June 2010 and 30 June 2009 are:		
Statement of comprehensive income		
Current income		
Current income tax charge	1,132	-
Adjustments in respect of previous current income tax	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Benefit from previously unrecognised tax loss used to reduce deferred tax expense	-	-
Income tax expense (benefit) reported in statement of comprehensive income	1,132	-
A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2010 and 30 June 2009 is as follows:		
Accounting profit (loss) before tax from continuing operations	8,094	(390)
Accounting profit (loss) before income tax	8,094	(390)
At the statutory income tax rate of 30% (2009: 30%)	2,428	(117)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	3	-
NANE related expenses	334	-
Effect of lower tax rate in Indonesia	(1,925)	-
Temporary differences and tax loss not recognised	292	117
Adjustments in respect of previous current income tax	-	-
At effective income tax rate of 14.0% (Parent: (0%) (2009: 0%, Parent: 0%)	1,132	-
Income tax expense reported in statement of comprehensive income	1,132	-
	1,132	-

NOTE 3: INCOME TAX (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2010 $'000	Assets 2009 $'000	Liabilities 2010 $'000	Liabilities 2009 $'000	Net 2010 $'000	Net 2009 $'000
Consolidated						
Exploration and Evaluation Expenditure	-	-	21	40	21	40
Trade and other payables	-	-	-	-	-	-
Tax Losses	(21)	(40)	-	-	(21)	40
Tax (assets) liabilities	(21)	(40)	21	40	-	-
Set off of tax	21	40	(21)	-	-	40
Net tax (assets) liabilities	-	-	-	40	-	40

Movement in temporary differences during the year	Balance 30 June 2008	Recognised in Income	Recognised in Equity	Balance 30 June 2009
Exploration and Evaluation Expenditure	-	40	-	40
Tax Losses	-	(40)	-	(40)
	-	-	-	-

Movement in temporary differences during the year	Balance 1 July 2009	Recognised in Income	Recognised in Equity	Reverse Acquisition Adjustment	Balance 30 June 2010
Exploration and Evaluation Expenditure	40	(20)	-	1	21
Tax Losses	(40)	20	-	(1)	(21)
	-	-	-	-	-

Unrecognised deferred tax assets	Consolidated 2010 $'000	Consolidated 2009 $'000
Deferred tax assets have not been recognised in respect of the following items:		
Accruals	6	
Business Related Costs	109	
Capitalised Expenditure	2	
Tax Losses	1,115	181
	1,232	181

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2010 as the directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

(a) The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses to be realised;

(b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and

(c) No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses.

NOTE 4: SEGMENT REPORTING

Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Reportable segments have been identified as follows:

- Indonesian exploration
- Australian corporate

The Board monitors performance of each segment.

Segment information

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2010 and 30 June 2009.

	Indonesian Exploration $'000	Australian Corporate $'000	Consolidated $'000
Year ended 30 June 2010			
Revenue			
Sales to external customers	14,430	-	14,430
Interest	-	11	11
Inter-segment sales	-	-	-
Total segment revenue	**14,430**	**11**	**14,441**
Segment net operating profit/(loss) after tax	**8,772**	**(1,810)**	**6,962**
Expenses			
Interest expense	-	-	-
Depreciation and amortisation	(17)	(1)	(18)
Impairment assets	-	(70)	(70)
Income tax expense	(1,132)	-	(1,132)
Other unallocated expenses	(4,509)	(1,750)	(6,259)
Segment assets			
Capital expenditure	205	536	741
Other assets	10,720	730	11,499
Segment liabilities			
Total liabilities	1,851	991	2,842
Cash flow information			
Net cash flow from operating activities	5,289	11	5,300
Net cash flow from investing activities	(204)	(11)	(215)
Net cash flow from financing activities	-	1,472	1,472

NOTE 4: SEGMENT REPORTING (continued)

	Indonesian Exploration $'000	Australian Corporate $'000	Consolidated $'000
Year ended 30 June 2009			
Revenue			
Sales to external customers	-	-	-
Interest	-	2	2
Inter-segment sales	-	-	-
Total segment revenue	**-**	**2**	**2**
Segment net operating profit/(loss) after tax	**(201)**	**(189)**	**(390)**
Expenses			
Interest expense	-	-	-
Depreciation and amortisation	(1)	-	(1)
Impairment assets	-	-	-
Income tax expense	-	-	-
Other unallocated expenses	(200)	(191)	(391)
Segment assets			
Investment in associate	-	128	128
Capital expenditure	19	1	20
Other assets	(128)	809	681
Segment liabilities			
Total liabilities	96	84	180
Cash flow information			
Net cash flow from operating activities	(414)	(118)	(532)
Net cash flow from investing activities	-	(252)	(252)
Net cash flow from financing activities	427	615	1,042

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2010 Cents	**2009 Cents**
(a) Basic Earnings Per Share		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company	0.56	(0.68)
	0.56	(0.68)
(b) Diluted Earnings Per Share		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company	0.55	(0.68)
	0.55	(0.68)

The Company made a loss for the year ended 30 June 2009, the options on issue have no dilutive effect, therefore dilutive earnings per share is equal to basic earnings per share.

(c) Weighted Average Number of Shares Used as the Denominator	**2010 Number**	**2009 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,295,151,207	57,126,667
Adjustments for calculation of diluted earnings per share – Options	21,666,666	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,316,817,873	57,126,667

(d) Information Concerning the Classification of Securities

Options

Options are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

NOTE 6: DIVIDENDS

No dividends were paid or declared during the period. Since the end of the financial year the Directors have declared a maiden dividend of 0.2316 cents per share in respect of the financial year totalling $3,000,000.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2010 $'000	2009 $'000
(a) Reconciliation to cash at the end of the year		
Cash at bank and in hand	7,047	251
Balances per statement of cash flows	7,047	251

(b) Interest rate risk exposure

The Group's and the Parent Entity's exposure to interest rate risk is discussed in Note 15.

(c) Reconciliation of profit/(loss) after income tax to net cash flows provided by operating activities		
Profit / (loss) for the year	6,962	(390)
Amortisation and depreciation	18	-
Impairment loss	70	-
Net exchange differences	-	4
Changes in operating assets and liabilities		
• (Increase)/decrease in trade and other receivables	(4,362)	(325)
• Increase/(decrease) in trade and other payables	2,363	179
• Increase/(decrease) in provisions	(1)	-
Net cash (outflow)/inflow from operating activities	**5,050**	**(532)**

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2010 $'000	2009 $'000
Trade receivables		
Deferred gas sales proceeds	3,587	-
Deferred condensate sales proceeds	565	-
GST recoverable	49	13
Vat Billed	53	5
Sundry Deposits	-	2
	4,254	20

(i) the average credit period on sales of goods and rendering of services is 75 days. No allowance has been made for estimated irrecoverable trade receivable amounts arriving from the past sale of goods and rendering of services, determined by reference to past default experience.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	Plant and equipment $'000	Total $'000
Year ended 30 June 2009		
At 1 July 2008	-	-
Additions	4	4
Disposals	-	-
Acquired through business combinations	17	17
Depreciation charge for the year	(1)	(1)
At 30 June 2009, net of accumulated depreciation and impairment	20	20
At 1 July 2008		
Cost or fair value	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	-	-
At 30 June 2009		
Cost or fair value	21	21
Accumulated depreciation and impairment	(1)	(1)
Net carrying amount	20	20
Year ended 30 June 2010		
At 1 July 2009, net of accumulated depreciation and impairment	20	20
Additions	215	215
Disposals	-	-
Depreciation charge for the year	(18)	(18)
At 30 June 2010, net of accumulated depreciation and impairment	217	217
At 1 July 2009		
Cost or fair value	21	21
Accumulated depreciation and impairment	(1)	(1)
Net carrying amount	20	20
At 30 June 2010		
Cost or fair value	236	236
Accumulated depreciation and impairment	(19)	(19)
Net carrying amount	217	217

NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2010 $'000	2009 $'000
Trade payables (i)	473	19
Accrued expenses	118	156
Payroll liabilities	403	-
Share buy-back funds in trust	13	-
2% production revenue payment	313	-
Corporate and dividends tax Indonesia	1,218	-
	2,538	175

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 11: PROVISIONS

	Consolidated	
	2010 $'000	2009 $'000
Non-current		
Provision for rehabilitation	300	-
Provision for employee entitlements	4	5
	304	5

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	-	-
Acquired as part of Triangle Energy Limited transaction	438	-
Expenditure incurred	2	-
Impairment of deferred exploration expenditure	(70)	-
Total deferred exploration and evaluation expenditure	370	-

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 13: ISSUED CAPITAL

	Consolidated	
Ordinary shares	2010 $'000	2009 $'000
1,295,151,207 (2009: 57,128,667) issued and fully paid shares	2,686	1,094
Share issue costs	(80)	(52)
Net equity	**2,606**	**1,042**

Movements in ordinary shares on issue	No.	$'000
At 1 July 2008	1,000,000	-
Issues February 2009	74,000,000	37
Cancelled 27 February 2009	(75,000,000)	(37)
Shares issued during the reporting period for cash		
April 2009	50,000,000	25
April 2009	300,000	45
May 2009	6,726,667	1,009
June 2009	100,000	15
At 1 July 2009	57,126,667	1,094
Shares issued during the reporting period for cash		
August 2009	107,837,873	114
December 2009	19,886,667	597
1,110,300,000 shares were issued as consideration for the acquisition of Triangle Energy Limited	1,110,300,000	881
Less share issue expenses	-	(80)
At 30 June 2010	1,295,151,207	2,606

NOTE 14: RETAINED EARNINGS AND RESERVES

	Consolidated	
	2010 $'000	2009 $'000
(a) Retained earnings / (accumulated losses)		
Movements in retained earnings / (accumulated losses) were as follows:		
Balance at beginning of financial year	(390)	-
Net profit for the year	6,962	(390)
Dividends	-	-
Balance at end of financial year	6,572	(390)
(b) Reserves		
Foreign currency translation reserve		
Balance at beginning of financial year	(4)	(4)
Gain/(loss) on translation of foreign controlled entities	224	-
Balance at end of financial year	220	(4)

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

NOTE 15: FINANCIAL RISK MANAGEMENT

(a) Capital Risk Management

The Group's principal financial instruments comprise trade receivables, cash and short-term deposits. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

	Consolidated	
	2010 $'000	2009 $'000
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents	7,047	251
Trade and other receivables	4,254	20
Other financial assets	-	286
Financial liabilities		
Trade and other payables	473	19
Other financial liabilities	847	156
Tax liabilities	1,218	-

(c) Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk) and liquidity risk. The Group seeks to minimise the effect of these risks, however it has not used derivative financial instruments to hedge these risk exposures to date. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and commodity prices.

NOTE 15: FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. To date, exchange rate exposures are not managed by utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date explained in Australian dollars are as follows:

	Liabilities		Assets	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
US dollars	1,586	-	9,359	-

Foreign currency sensitivity analysis

The Group's core operations are located in Indonesia and are exposed to US Dollar (USD) and Indonesian Rupiah (IDR) currency fluctuations. Most transactions are conducted in USD with IDR limited to small local transactions that are considered immaterial for this analysis.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	USD impact Consolidated	
	2010 $'000	2009 $'000
Profit or loss (i)	777	-

(i) This is mainly attributable to the exposure outstanding on USD receivables and payables at year end in the Group.

The Group's sensitivity to foreign currency during the period has increased due to the commencement of production in Indonesia where the oil and gas industry transacts in USD.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- net profit would increase by $1,599 and decrease by $1,599 (2009: nil). This is mainly attributable to the Group's exposure to interest rates on cash deposits as the Group has no debt.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading record to rate its major customers.

The Group trades only with recognised, credit worthy third parties. In Indonesia, trade receivables, (balances with oil and gas purchasers) have not exposed the Group to any bad debts to date.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(f) Liquidity risk management

Liquidity risk is the inability to access funds, both anticipated and unforeseen, which may lead to the Group being unable to meet its obligations in an orderly manner as they arise.

The Group's liquidity position is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost effective manner. The Group is primarily funded through on going cash flow, debt funding and equity capital raisings, as and when required.

Management also regularly monitors actual and forecast cash flows to manage liquidity risk.

NOTE 16: BUSINESS COMBINATION

Acquisition of Subsidiaries

Triangle Energy Limited

On 19 November 2009, shareholders approved the acquisition of all the issued share capital in Triangle Energy Limited, and its 100% owned subsidiary company, Triangle Pase Incorporated, the consideration being the issue of 1,018,300,000 Ordinary shares. The acquisition was completed on 3 December 2009 with the issue of 92,000,000 shares as a result of the conversion of convertible notes.

Due to the material nature of the acquisition, the acquisition of Triangle Energy Limited was deemed a reverse acquisition for accounting purposes. Therefore the following represents the net assets of Triangle Energy (Global) Limited and the consideration paid by Triangle Energy Limited.

The major classes of assets and liabilities comprising the acquisition of the companies as at the date of acquisition are as follows:

	2010 $'000
Cash and cash equivalents	62
Trade and other receivables	13
Other financial assets	860
Deferred exploration expenditure	138
Trade and other payables	(192)
Net assets acquired	881
Consideration paid	
Ordinary shares	881
	881

NOTE 17: COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on office premises. These leases have an average life of between 1 and 2 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Within one year	17	3	-	-
After one year but not more than five years	-	-	-	-
More than five years				
	17	3	-	-

Finance lease and hire purchase commitments

The Group has no finance leases or hire purchase contracts for items of plant and machinery.

Remuneration commitments

The Group has no remuneration commitments arising from service contracts of key management personnel referred to in the Remuneration Report that are not recognised as liabilities and are not included in the key management personnel compensation.

NOTE 18: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Triangle Energy (Global) Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment ($'000)	
		2010	2009	2010	2009
Triangle Energy Limited	Australia	100	-	-	-
Triangle Pase Inc	Cayman Islands	100	-	-	-

Triangle Energy (Global) Limited is the ultimate Australian Parent Entity and ultimate Parent of the Group.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		Income from Related Parties[1] $'000	Expenditure Related Parties $'000	Amounts Owed by Related parties $'000	Amounts Owed to Related parties $'000
Consolidated					
Entities with significant influence over the Group:					
Triangle Energy Limited		-	-	1,053	-
Triangle Pase Inc	2010	-	-	-	742
Triangle Energy Limited		-	-	-	-
Triangle Pase Inc	2009	-	-	-	-

Entities with significant influence over the Group

- Jarrad Street Corporate Pty Ltd owns 24.50% of the ordinary shares in Triangle Energy (Global) Limited (2008: nil).
- Mr Kenneth John Bull owns 12.22% of the ordinary shares in Triangle Energy (Global) Limited (2008: nil).
- Ucan Nominees Pty Ltd owns 9.39% of the ordinary shares in Triangle Energy (Global) Limited (2008: nil).
- PT Prestige Global Petroluem owns 6.32% of the ordinary shares in Triangle Energy (Global) Limited (2008: nil).

Transactions with related parties	2010 $'000	2009 $'000
Mandolin Pty Ltd (a company of which Mr John Towner is a Director)		
Management and consulting fees	353	237
Office rent (Perth)	30	-
Cornerstone Corporate (a company associated with Mr John Towner)		
Brokerage fees	13	50
PT Prestige Petroleum (a company associated with Mr Steven Hamer)		
Consulting fees	282	-
Office rent (Jakarta)	57	-
PT Himalaya Assert Management (a company associated with Mr Steven Hamer)		
Office rent (Jakarta)	17	-
Price Sierakowski Corporate (a company associated with Mr Adam Sierakowski)		
Legal services	135	-

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

For the year ended 30 June 2010, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2009: $nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Loans to related parties

At Balance Date, the Company had advanced $1,053,098 (2009: nil) to its wholly owned subsidiary, Triangle Energy Limited to fund on-going operations. The loan is non-interest bearing and has no specific repayment date nor is it subject to any contract. The balance is eliminated on Group consolidation.

At Balance Date, Triangle Energy Limited had loaned $742,206 (2009: nil) from its wholly owned subsidiary, Triangle Pase Inc to fund on-going operations. The loan is non-interest bearing and has no specific repayment date nor is it subject to any contract. The balance is eliminated on Group consolidation.

NOTE 19: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2010 $'000	30 June 2009 $'000
Assets		
Current assets	11,266	248
Non-current assets	371	1,539
Total assets	11,637	1,787
Liabilities		
Current liabilities	31	25
Non-current liabilities	300	-
Total liabilities	331	25
Equity		
Issued capital	13,987	2,333
Accumulated losses	(2,884)	(774)
Reserves		
Foreign currency translation	203	203
Total equity	11,306	1,762

Financial performance

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Loss for the year	(2,097)	(390)
Other comprehensive income	-	2
Total comprehensive loss	(2,097)	(388)

NOTE 20: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of key management personnel

(i) Directors

John Towner	Executive Chairman – appointed 20 November 2009
Robert Lemmey	Director (Non-Executive) – appointed 28 January 2010
Adam Sierakowski	Director (Non-Executive) – appointed 9 October 2009
Lewis Johnson	Director (Non-Executive) – appointed 20 November 2009
Steven Hamer	Director (Non-Executive) – appointed 20 November 2009
Frank Jacobs	Executive Director – appointed 20 November 2009 resigned 18 January 2010
Christian Cordier	Executive Director –resigned 8 October 2009
Peter Christie	Director (Non-Executive) – resigned 20 November 2009
Richard Wolanski	Chairman (Non-Executive) – resigned 20 November 2009

(ii) Executives

Joseph Oravetz	Exploration Manager – appointed 4 June 2010
Raewyn Clark	Company Secretary – appointed 20 November 2009
Darren Bromley	Chief Financial Officer – appointed 12 April 2010

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTE 20: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Key management personnel remuneration

2009/10	Cash Salary & fees	Non-cash benefits	Superann-uation	Termination	Security-based payments	Total
Directors	$	$	$	$	$	$
J Towner[1]	350,000	-	-	-	-	350,000
F Jacobs[2]	257,785	37,168[10]	-	230,968	-	525,921
R Lemmey[3]	168,333	120,554[11]	-	-	-	288,887
S Hamer[4]	23,333	-	-	-	-	23,333
A Sierakowski[5]	20,000	-	-	-	-	20,000
L Johnson[6]	20,000	-	-	-	-	20,000
C Cordier	20,000	-	-	-	-	20,000
P Christie	-	-	-	-	-	-
R Wolanski	-	-	-	-	-	-
Executives						
J Oravetz[7]	224,441	214,645[12]	-	-	-	439,086
R Clark[8]	178,851	-	-	-	-	178,851
D Bromley[9]	42,628	-	3,837	-	-	46,465
	1,305,371	372,367	3,837	230,968	-	1,912,543

[1] Appointed to parent entity 20 November 2009, [2] Appointed to parent entity 20 November 2009 and Ceased 18 January 2010, [3] Appointed Country-Manager Indonesia 1 January 2010, appointed Director 28 January 2010, [4] Appointed to parent entity 20 November 2009, [5] Appointed 9 October 2009, [6] Appointed to parent entity 20 November 2009,[7] Commenced January 2010 and appointed Exploration Manager on 4 June 2010 [8] Appointed Company Secretary to parent entity on 20 November 2009 [9] Commenced as Chief Financial Officer on 12 April 2010 [10] Jakarta apartment rental, relocation costs, car and driver [11] Jakarta apartment rental, Indonesian income tax, golf club membership, private health insurance, car and driver, [12] Jakarta apartment rental, car and driver, Indonesian income tax, children's school fees

(c) Key management personnel share holdings

	Balance at beginning of year or appointment date	Granted as remuneration	Issued on exercise of options	Other changes	Balance at end of year or date of resignation
Directors					
J Towner	-	-	-	338,691,205	338,691,205
R Lemmey	-	-	-	3,333,333	3,333,333
A Sierakowski	17,595,000[1]	-	-	(4,230,000)[2]	13,365,000
L Johnson	-	-	-	10,311,442	10,311,442
S Hamer	-	-	-	81,849,207	81,849,207
F Jacobs	-	-	-	28,010,513[3]	28,010,513
Executives					
J Oravetz	-	-	-	-	-
R Clark	-	-	-	26,571,790	26,571,790
D Bromley	-	-	-	-	-
	17,595,000	-	-	484,537,490	502,132,490

[1]Pre 3:1 consolidation shares [2]11,730,000 shares cancelled upon 3:1 consolidation and 7,500,000 shares acquired [3]31,727,513 acquired, 3,717,000 disposed

NOTE 20: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Key management personnel option holdings

	Balance at beginning of year or appointment date	Granted as remuneration	Options exercised	Net change Other	Balance at end of period	Total	Vested as at end of period Exercisable	Not Exercisable
Directors								
J Towner	-	-	-	-	-	-	-	-
R Lemmey	-	-	-	-	-	-	-	-
A Sierakowski	3,958,335	-	-	(2,638,890)[4]	1,319,445	1,319,445	1,319,445	-
L Johnson	-	-	-	-	-	-	-	-
S Hamer	-	-	-	-	-	-	-	-
F Jacobs	-	-	-	-	-	-	-	-
Executives								-
J Oravetz	-	-	-	-	-	-	-	-
R Clark	-	-	-	-	-	-	-	-
D Bromley	-	-	-	-	-	-	-	-
Total	**3,958,335**	**-**	**-**	**(2,638,890)[5]**	**1,319,445**	**1,319,445**	**1,319,445**	**-**

[4]Cancelled upon 3:1 consolidation [5]Cancelled upon 3:1 consolidation

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

NOTE 21: EVENTS AFTER THE BALANCE DATE

In the opinion of the Directors, no items, transactions or events of a material and unusual nature have arisen in the interval between the end of the financial year and the date of this report which have been significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in subsequent financial years other than the following:

- The Company announced a maiden dividend of 0.2316 cents per share in respect of the financial year.

NOTE 22: AUDITOR'S REMUNERATION

The auditor of Triangle Energy (Global) Limited is HLB Mann Judd

	Consolidated		Parent	
	2010 $	2009 $	2010 $	2009 $
Amounts received or due and receivable by HLB Mann Judd for:				
An audit or review of the financial report of the entity and any other entity in the Group	33,245	29,547	33,245	25,800
	33,245	29,547	33,245	25,800

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Triangle Energy (Global) Limited (the 'Company'):

   a. the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year then ended; and

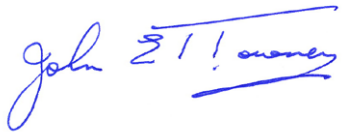
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

This declaration is signed in accordance with a resolution of the Board of Directors.



John Towner

Executive Chairman

Dated this 29th day of September 2010

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of
TRIANGLE ENERGY (GLOBAL) LIMITED

Report on the Financial Report
We have audited the accompanying financial report of Triangle Energy (Global) Limited (formerly Maverick Energy Limited) ("the Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 64.

Directors' Responsibility for the Financial Report
The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(c), the Directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by Directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

HLB Mann Judd

Accountants | Business and Financial Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Triangle Energy (Global) Limited is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the Directors' report for the year ended 30 June 2010.The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Triangle Energy (Global) Limited for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD

Chartered Accountants

Norman Neill

Perth, Western Australia

29 September 2010

N G NEILL

Partner

ADDITIONAL INFORMATION

Additional information included in accordance with Listing Rules of the ASX Limited.

Shareholder information

Name	Shares held	% of total
Jarrad Street Corporate Pty Ltd	317,275,133	24.50
Mr Kenneth John Bull	158,318,783	12.22
Ucan Nominees Pty Ltd	121,622,140	9.39
PT Prestige Global Petroluem	81,849,207	6.32
	679,065,263	52.43

The number of shares held by the substantial shareholders as at 14 October 2010

Voting Rights

The shares carry the right to one vote for each share held.
Distribution of Shareholders as at 14 October 2010

Size of holding	Holders
1-1,000	63
1,001-5,000	63
5,001-10,000	29
10,001-100,000	258
100,000 and over	360
	773

On 14 October 2010, 193 holders with less than 16,667 shares held less than a marketable parcel of 16,667 shares in the Company.

Top Twenty Shareholders as at 14 October 2010

Shareholder	Number of ordinary shares	% Held of Issued Ordinary Capital
Jarrad Street Corporate Pty Ltd	317,275,133	24.50
Mr Kenneth John Bull	158,318,783	12.22
Ucan Nominees Pty Ltd	121,622,140	9.39
PT Prestige Global Petroluem	81,849,207	6.32
Reeve Ventures Pty Ltd	41,999,999	3.24
Milwal Pty Ltd	34,033,334	2.63
Professional Payment Services	26,666,667	2.06
All Bar 1 Pty Ltd	26,571,792	2.05
Samika Pty Ltd	26,571,790	2.05
Professional Payment Services	25,777,778	1.99
Capersia Pte Ltd	23,455,027	1.81
Mandolin Pty Ltd	21,416,072	1.65
Nefco Nominees Pty Ltd	19,300,000	1.49
Mr Jason Peterson & Mrs Lisa Peterson	14,676,923	1.13
Darina Enterprises Pty Ltd	13,333,333	1.03
Msf Nominees Pty Ltd	13,333,333	1.03
Mr Frank Jacobs	12,283,000	0.95
Supergom Holdings Pty Limited	10,311,442	0.80
Celtic Capital Pty Ltd	9,323,077	0.72
Torwood Resources Limited	7,765,462	0.60
Twenty largest shareholders	1,005,884,292	77.66
Others	289,266,915	22.34
	1,295,151,207	100.00

Unlisted option holdings

Distribution of Option holders as at 14 October 2010.
Options exercisable at $0.03 on or before 31 December 2010.

Size of holding	Holders
1-1,000	0
1,001-5,000	0
5,001-10,000	0
10,001-100,000	1
100,000 and over	11
	12

Holder of 20% or more:

Darina Enterprises Pty Ltd	28.46%
MSF Nominees Pty Ltd	28.46%
	56.92%

OIL GAS ENERGY

Triangle Energy (Global) Limited
P 08 9286 8300 F 08 9385 5184 ABN 52 110 411 428
A Unit 7/589 Stirling Hwy Cottesloe WA 6011 / PO Box 337 Cottesloe WA 6911