

ASX Announcement

QUARTERLY REPORT

For the period ended 30 June 2017

31 July 2017

ASX: TEG



The Directors of Triangle Energy (Global) Limited (**Triangle** or **Company**) are pleased to provide the quarterly report for the period ended 30 June 2017.

HIGHLIGHTS

- **Cliff Head Oil Field**
 - **Cliff Head Joint Venture (CHJV) production during the June quarter 108,046 bbls at an average production rate of 1,187 bopd**
 - **CHJV oil sales revenue for the June quarter AUD 7.01M**
 - **Completion of Share Purchase Agreement (SPA) in partnership with Royal Energy Pty Ltd (Royal) to acquire the 42.5% balance of the Cliff Head Oil Field and associated production facilities from Roc Oil Company Limited (Roc) - jointly (50/50) - increasing Triangle's interest in the CHJV to a majority 78.75%**
 - **Effective date of transaction 1 January 2017 with cash flow benefits to Triangle during the period to completion totalling ~ USD 1.2M (AUD 1.58M)**
- **Triangle Energy JV at Xanadu-1 to spud mid-September 2017**
- **Malaysian Oil and Gas Service Provider takes 9.86% stake in Triangle**
- **Reids Dome Conventional Gas Project - value realisation strategy gaining momentum**

PRODUCTION AND REVENUE

Cliff Head Oil Field

- CHJV production 12 months to 30 June 2017: **431,068 bbls**
- CHJV oil sales revenue 1 July 2016 - 30 June 2017: **AUD 27.23 million**
- CHJV June quarter production rate **1,187 bopd**

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

Managing Director Comments - Mr Rob Towner

"The Company now controls 78.75% of the Cliff Head Oil Field and Arrowsmith processing plant. We see a great opportunity to progress exploration of nearby appraisal targets and the larger offshore Perth Basin while maintaining strong cash flow from our current production.

As the operator of the Arrowsmith processing plant, Triangle has the capability and capacity to service third party crude. The acquisition is strategically important for us in extending the life of our infrastructure as any further oil discoveries in the surrounding areas, be it onshore or offshore, create a good situation of utilising that existing infrastructure.

Our 30% farm-in interest to drill the neighbouring 160MMbbls Xanadu-1 prospect, puts Triangle in the box seat with immediate exposure to exploration upside together with strong exploration targets within the Cliff Head Oil Field and surrounding Perth Basin."



“There are further opportunities in the underexplored Perth Basin for Triangle beyond Xanadu and we are actively preparing a work program which will unlock the potential to build a material asset in the Perth Basin.”

COMPANY UPDATE

Completion of Share Purchase Agreement increasing Triangle's stake in the Cliff Head Oil Field to 78.75%

On 23 May 2017, Triangle announced the successful completion of the Share Purchase Agreement (**SPA**) in partnership with Royal Energy Pty Ltd (**Royal**) to acquire the 42.5% balance of the Cliff Head joint venture from Roc Oil Company Limited (**Roc**). Triangle now holds a majority 78.75% stake in the Cliff Head Oil Field

Total consideration	USD 3.750M (Triangle 50% USD 1.875M)
Effective date of transaction	1 January 2017
Cash flow benefit to Triangle	~USD 1.200M

Under the SPA, the headline consideration was USD 3.750M (Triangle USD 1.875M), effective from 1 January 2017. Triangle received a cash flow benefit of ~USD 1.2M from that date to completion.

In completing the acquisition, Triangle and Royal purchased the operating entity of Cliff Head, Roc Oil (WA) Pty Ltd, now renamed Triangle Energy (Operations) Pty Ltd, which also came with AUD 0.669M cash at bank (Triangle AUD 0.527M).

The Company is now working with stakeholders to deliver further operations efficiencies in the facility.

Triangle Energy JV at Xanadu-1 to spud mid-September 2017

The Company announced that the spud date for Xanadu-1 is scheduled for the second half of September 2017 (see ASX announcement dated 13 July 2017) in the Company's joint venture with operator Norwest Energy NL (Norwest; ASX: **NWE**).

Xanadu-1 is considered a significant well for the northern Perth Basin with the Xanadu prospect having an unrisks recoverable resource of 160 million barrels (*see NWE's ASX announcement dated 10 February 2017 for ASX Listing Rule 5.25.3 requirements*).

With the majority of approvals now complete, preparations to drill are being accelerated to meet this drilling timeslot.

The Joint Venture contributions towards drilling costs and subsequent interests are as follows:

- Triangle to contribute 40% of the costs to earn a 30% interest
- 3C Group to contribute 40% of the costs to earn a 30% interest
- Whitebark Energy Ltd to contribute 20% of the costs to earn a 15% interest
- Norwest Energy Limited is free-carried for a 25% interest

Xanadu is a unique opportunity to drill a relatively low cost offshore play from onshore with a high (30%) equity position and the Company is well positioned to benefit from any upside. Additionally, any success at Xanadu can be fast tracked to production and market with the ability to process oil recoveries at Triangle's Arrowsmith processing facility in Dongara.

The primary target for the Xanadu-1 well is the Permian Dongara Sandstone, with secondary targets in the Irwin River Coal Measures and the High Cliff Sandstone. It is situated in very shallow water immediately adjacent to the coast, and will be drilled from onshore by way of a deviated well.

Triangle considers this structure to be one of the biggest untested oil targets in the Perth Basin. Xanadu is structurally similar to Triangle's Cliff Head Oil Field and the potential oil will come from the same source, and will fit seamlessly into the Arrowsmith processing plant.

INVESTMENTS

Elixir Petroleum Limited (ASX: EXR).

During the quarter, the Company divested a 3.67% shareholding in ASX listed Elixir Petroleum Limited. The gain of the sale of the investment was approximately \$148k.

CORPORATE

Malaysian Oil and Gas Service Provider takes 9.86% stake in Triangle

Subsequent to the quarter end, the company announced to the ASX on 28 July 2017, that Malaysian Securities Exchange listed T7 Global Berhad Company (T7) had taken a 9.86% strategic stake in the Company.

T7 purchased 16.476 million shares from Tamarind Classic Resources Private Limited (Tamarind) for consideration of USD 500,000. Tamarind has a Convertible Loan Agreement (Loan) with Triangle for USD 1.215 million and converted USD 439k of that Loan at AUD 0.04 to facilitate the purchase by T7. The balance of the Loan outstanding is USD 776k.

Triangle would like to welcome T7 as a new shareholder to the registry and looks forward to leveraging off its knowledge and expertise in oil and gas to develop both Cliff Head and other Perth Basin opportunities.

Less than Marketable Parcel Share Sale Facility

Further to the Company's announcement dated 16 March 2017, the Board of Triangle confirmed that the sale of all shares from the Less Than Marketable Parcel Sale has been completed (see ASX announcement dated 3 July 2017).

The final achieved average price was \$0.042 per share with the sale occurring on 16 June 2017.

Capital and Management Expenditure

As at 30 June 2017, Triangle had a cash balance of \$2.180 million of which \$1.197 million is held in escrow.

The Company continues to work hard to reduce operating expenditure and has achieved efficiencies in many aspects of the Cliff Head joint venture.

Shareholder Analysis

As at 30 June 2017 the Company had 524 shareholders and 152,823,915 ordinary fully paid shares on issue with the top 20 shareholders holding 68.95% of the total issued capital.

Information in relation to ASX Listing Rule 5.4.3

During the quarter, the Company:

- Acquired 21.25% interest WA-31-L, the Cliff Head Oil Field, offshore Perth Basin, Western Australian; and,
- Disposed of 40.8% interest in PL231, Reids Dome, Bowen Basin, Queensland.

At 30 June 2017, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia; and,
- 19.2% interest in PL231 in the Bowen Basin, Queensland, Australia.

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

WESTERN AUSTRALIAN OPERATIONS

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

The Cliff Head Oil Field is located 10 kilometres off the coast of Western Australia at a water depth of 15-20 metres. The Production Licence WA-31-L covers 72km² and the oil field covers 6km². It was the first commercial oil discovery developed in the offshore Perth Basin. The development cost of the field was A\$327m with first oil production commencing in May 2006.

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

To date the Cliff Head Oil field has produced 15.503 mmbbls and continues to produce at above originally forecast rates. CHJV production in the June quarter was 108,046 bbls averaging 1,187 bopd.

Facilities and Infrastructure

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

Exploration Upside

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

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

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

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

Mapping of the Cliff Head Oil Field is based primarily on the 32km² Cliff Head 3D Seismic Survey acquired in October 2003. The Cliff Head joint venture also has 2D seismic surveys over the full permit area.

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

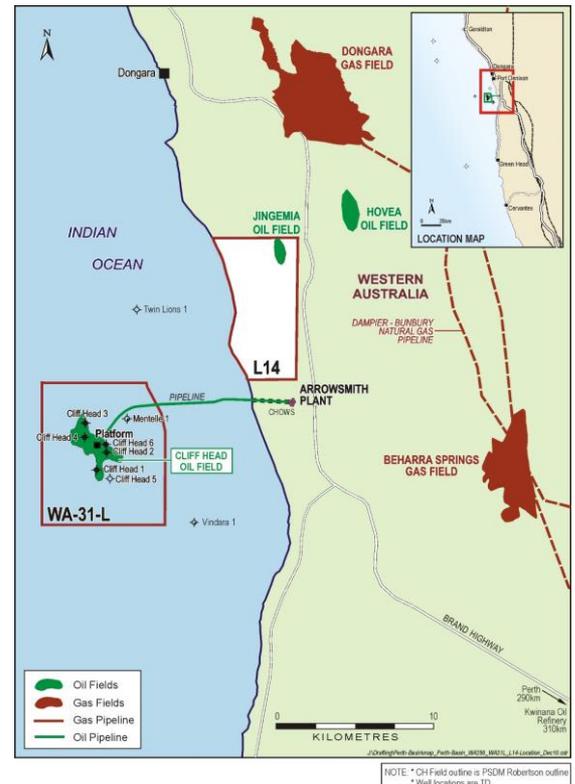
The Perth Basin is well explored with over 320 wells drilled onshore and 60 wells drilled offshore. The recent success at Watsia onshore has led to renewed interest in the offshore Perth Basin. Three quarters of the wells drilled are in the northern part of the Perth Basin. The Northern Perth Basin has 20 commercial oil and gas fields and numerous additional significant discoveries of varying size.

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

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

The key opportunities lie within:

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



Health, Safety and Environment

The Cliff Head joint venture is dedicated to HSE and Asset Integrity Management.

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

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

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

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

TP/15 is located in the offshore northern Perth Basin approximately 280km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and covering an area of 645km². The Operator is planning to drill a well on the Xanadu prospect, located at the southern end of TP/15, and holds an un-risked best estimate prospective recoverable resource of 160MMbbls (see *NWE ASX announcement dated 10 February 2017 for ASX Listing Rule 5.25.3 requirements*).

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

Planning by the Operator for Xanadu-1 is well underway.

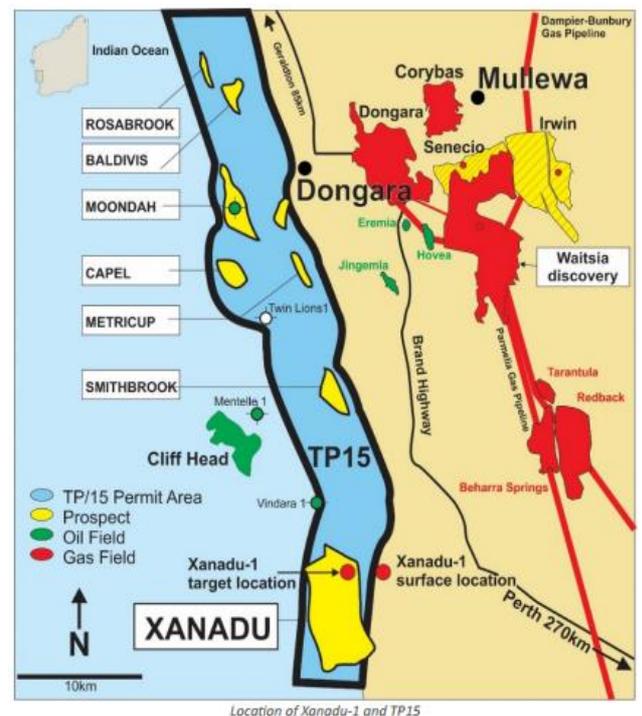
Xanadu-1 is an offshore target, to be drilled from an adjoining onshore permit (EP413) also operated by the Operator removing the need for access negotiations. The surface location for the well is also situated on Crown Land with extinguished Native Title, and is outside the boundaries of any nature reserves.

Project Delivery

Aztech Well Constructions (Aztech) has been working closely with Norwest management since late 2016 on planning for the Xanadu-1 well. Aztech has assisted with identification and selection of qualified third party service providers, liaison with the Department of Mines and Petroleum (“DMP”) and Main Roads Department. Aztech will also provide project management and technical support throughout the operational phase of the project, and is also contracted for project planning and management services by AWE for their imminent Waitsia drilling campaign, providing excellent synergies between the two.

Third Party Services & Consumables

- Work is progressing on finalising all third party services for the drilling campaign. More formal contractual agreements will be prepared and executed in due course.
- Long-lead consumable items have been sourced, and deposits paid where required to secure optimal pricing and delivery timeframes.
- Drilling camp, transportation, communications equipment and other third party services are currently under an Expression of Interest process, with the Operator working hard to secure optimal service and pricing for all work to be completed.



Regulatory Approvals

All regulatory, state and local approvals have been finalised.

Table 2. Un-risked Prospective Resource: Recoverable volumes of oil (MMstb)

Un-risked Prospective Resource: recoverable volumes oil (MMstb) ¹			
Reservoir	Low estimate	Best estimate	High estimate
Dongara Sandstone	3	12	22
Irwin River Coal Measures	13	88	159
High Cliff Sandstone	29	60	256
Total	45	160	437

¹The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Norwest's assessment of the chance of discovery and chance of development associated with Xanadu are provided in Table 3 as per their announcement to the ASX on 29 October 2014.

Table 3. Chance of success

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

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

Competent Person: The information on the Xanadu prospect is based on information compiled by Mr. Dean Powell of Powell Seismic Services. Mr. Powell holds a Bachelor Degree of Applied Science (Physics) and is a member of the Society of Exploration Geophysicists. He has over 40 years of experience in petroleum exploration. Mr. Powell has consented in writing to the inclusion of the information stated in the form and context in which it appears.

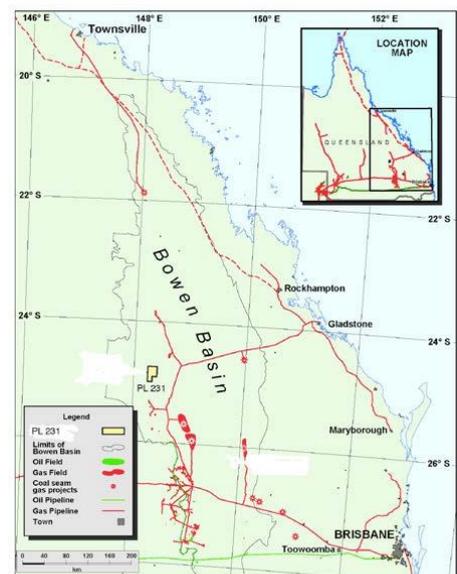
QUEENSLAND OPERATIONS

Reids Dome - Operator PL231 Bowen Basin (19.2% interest)

The Company is progressing plans to develop the Reids Dome conventional gas project. Reids Dome is 60% owned by Triangle non-controlled subsidiary State Gas Pty Ltd as Operator and 40% owned by Dome Petroleum Resources Plc via a joint venture agreement. During the quarter the Company progressed discussions with Corporate Advisers with the intention of investigating options to fund advanced exploration of the Reids Dome Project.

The PL231 investment is carried for nil value on Triangle's balance sheet and historically all capital expenditure in relation to PL231 has been impaired annually. It has not been considered material to Triangle's operations.

On 16 June 2017, Triangle's subsidiary that holds PL231, State Gas Pty Ltd, allotted 24,499,900 shares to raise \$500k to progress further opportunities to develop PL231. Triangle contributed \$150k for 7,499,900 shares. The issue of the 25M shares diluted Triangle's interest State Gas Pty Ltd to 32% and therefore in PL231 from 60% to 19.2%.



The Reids Dome Tenement covers an area of 181 square kilometres and is located over a large surface anticlinal feature on the western margin of the Denison Trough in the Permian - Triassic Bowen Basin in south-east Queensland.

The Denison Trough contains a number of producing gas fields which are connected by pipeline to Brisbane and to Gladstone. PL 231 is located approximately 60km west of this pipeline.

Fifteen exploration wells have been drilled within the area of PL 231 over the past 55 years, seven of which flowed meaningful flows of gas to surface. All gas flows have been from the shallow Cattle Creek Formation at around 400m in depth. In addition, significant shows of gas have been encountered from the deeper Reids Dome Beds below 1,000m. Shallow sands have been tested with flow rates up to 2.8MMcfcpd.

The Reids Dome Gas Field is situated within Reids Dome Tenement and based on initial reservoir studies, a reserve of up to 1 billion cubic feet of gas is indicated for the three wells drilled on the Reids Dome Gas Field prior to November 1994.

Establishing Contingent Resources and Proven Reserves for these accumulations will require further drilling for both reservoir horizons. No definitive calculation of gas reserves is possible on present data, but potential resources have been estimated at up to 30bcf for the Cattle Creek Formation and as much as 300 bcf for the Reids Dome Beds. It must be emphasised, however, that this estimate is highly conjectural.

If sufficient reserves can be established to justify the building of a spur pipeline to the existing system, then profitable field developments should be possible.

Queensland gas prices have increased dramatically in recent years and there is a high demand for domestic gas. Technical assessment of the project is underway and Triangle is working with a partner to expedite the realisation of value from the Reids Dome asset.



Reids Dome Gas flow flare

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ABOUT TRIANGLE ENERGY

Triangle Energy (Global) Ltd is an ASX listed (ASX: TEG) oil and gas producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant located in the Perth Basin, has a 19.2% operating interest in the Reids Dome production licence in Queensland, and has a number of highly prospective exploration programs. The Company continues to assess acquisition prospects to expand its portfolio of assets.