

ASX Announcement

QUARTERLY REPORT

For the period ended 30 September 2017

31 October 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 September 2017.

HIGHLIGHTS

- **Cliff Head Oil Field**
 - **Cliff Head Joint Venture (CHJV) production during the September quarter 99,860 bbls at an average production rate of 1,097 bopd**
 - **CHJV oil sales revenue for the September quarter AUD 6.361 million**
- **Oil discovery Xanadu-1 confirmed, initial results indicate similarities with crude produced at Cliff Head Oil Field**
- **Malaysian Oil and Gas Service Provider acquires substantial shareholding in Triangle**
- **State Gas Limited (State Gas), the holder of a 60% interest in PL 231 (Reids Dome), lodged a Prospectus to raise \$5.25 million and seek admission to the official list of the ASX with Triangle holding 35.47% (Listed on ASX 10 October 2017)**
- **Capital raising completed with a Placement of 16.398 million fully paid ordinary shares at \$0.09 per Share to raise circa \$1,475k.**

Managing Director Comments - Mr Rob Towner

"The September quarter was an outstanding period for Triangle and its shareholders with the oil discovery at the Xanadu prospect confirmed.

"Xanadu is the first oil discovery in the Perth Basin since Cliff Head over 15 years ago. Based on the current appraisal of the well, we have confidence there is significant quantities of oil within the field.

"Triangle's onshore Arrowsmith Stabilisation Plant (ASP) has the available infrastructure to fast-track produced crude from Xanadu to market.

"Also during the quarter, State Gas Limited, holder of a 60% interest in PL 231 Reids Dome, lodged a Prospectus to raise \$5.25 million and seek admission to the official list of the ASX.

"Triangle shareholders will benefit from the success of State Gas through the meaningful equity stake of 35.47% and subsequent to the quarter's end, I am happy to report that State Gas successfully completed its initial public offering and listed on the ASX with its shares up 75% on its debut.

"Triangle holds the largest stake in State Gas with an interest of 35.47%. Today, at a closing share price of 32 cents, equates to an investment of \$15.3 million that was previously valued at nil on Triangle's balance sheet.

"The Triangle Board looks forward to reporting further success across its interests in the coming quarter"

COMPANY UPDATE

Cliff Head Oil Field (Cliff Head) (78.75%)

Production and Revenue

- CHJV production 3 months to 30 September 2017: **99,860 bbls**
- CHJV oil sales revenue September quarter: **AUD 6.361 million**
- CHJV September quarter production rate **1,085 bopd** (Deferred production of 5,225 bbls due to facility shutdown and CH7 pump performance issues)

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

The Company continues to work with stakeholders to deliver further operational efficiencies across the facility.

In mid September, the Cliff Head production was shut down for routine maintenance. Production well CH7 failed to restart resulting in a deferment of approximately 120 bbls per day. The Company is working through a suite of projects and studies to enhance long-term production profiles within the Cliff Head Field including the following:

- Study of reserves and decline prognoses work;
- Improved production rates;
- Mapping out potential workovers to increase production and prolong field life and asset integrity;
- Initiated new Abandonment Study to reflect the current low cost environment.

Triangle Energy Xanadu-1 JV (30%)

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

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



Figure 1: Drilling of Xanadu-1 well

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

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

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

The first phase analysis of the oil recovered from Xanadu-1 samples has now been completed with the initial analyses showing a yield of 34.7° API crude oil with no H₂S and extremely low levels of CO₂ (0.02%). The Xanadu crude is similar to that produced at Cliff Head Oil Field and, upon development, is expected to receive similar pricing in the market. The minimal levels of CO₂ and no H₂S characteristics of the crude oil enable the use of lower-cost, schedule efficient development options.

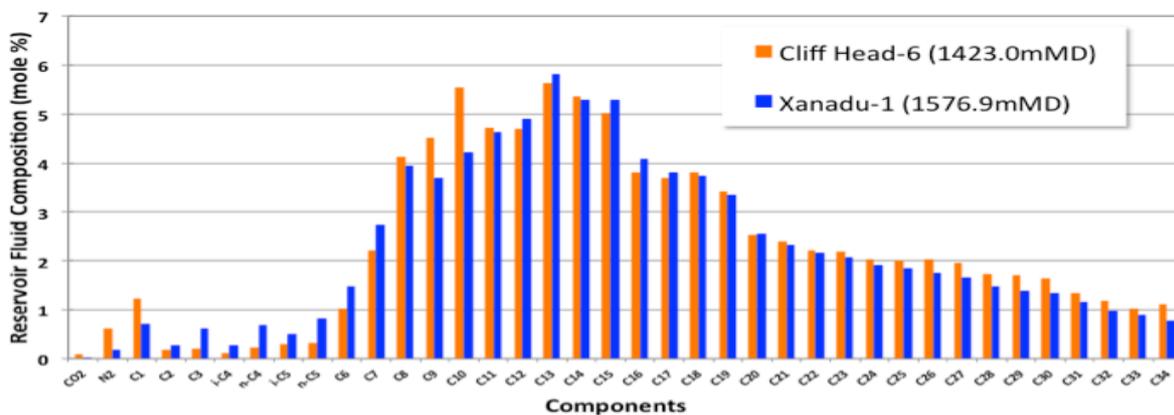
Xanadu is structurally similar to Triangle's Cliff Head Oil Field and the oil will fit seamlessly into the Arrowsmith processing plant.

A work program for the first half of 2018 is currently being prepared, aimed at being a high impact, low cost schedule of activities, with a substantial component dedicated towards oil appraisal and exploration, given the high economic value of oil production, and the high value-add of identifying further reserves. The proposed program will be subject to approval by the TP/15 Joint Venture partners and regulatory authorities and includes:

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

At this early stage, there is significant potential at Xanadu, and Norwest as Operator will continue to manage the evaluation program in a thorough and diligent manner. Once the first phase of analysis and review is complete, and all results have been merged into one comprehensive dataset, the Joint Venture will be well placed to decide upon the best way forward in the development of the Xanadu Discovery.

JV participants will fund their equal share in TP/15 (Triangle 30%). During the quarter, Triangle has contributed \$1.704 million to the Xanadu-1 well as reported under section 1.2(a) of the attached Appendix 5B. The Company looks forward to working with the JV to fast-track this exciting opportunity as rapidly as possible.



Graph 1: chemical composition of Xanadu-1 crude

INVESTMENTS

State Gas Limited (ASX: GAS)

During the quarter, State Gas Limited (State Gas), until recently a wholly owned subsidiary of Triangle and the holder of a 60% interest in PL231 (Reids Dome), lodged a Prospectus to raise \$5.25 million and seek admission to the official list of the Australian Stock Exchange (ASX). The funds raised will provide State Gas with capital to appraise the shallow, conventional gas target of the Cattle Creek formation and steps to develop the resource if the appraisal program is successful.

Subsequent to the end of the quarter, on 10 October 2017, State Gas commenced trading on the ASX following a successful and substantially oversubscribed IPO. Triangle Energy holds the largest stake in State Gas with an interest of 35.47% (at the date of this report the investment is equivalent to \$15.3 million in value at \$0.32 per share).

Triangle's managing director, Mr Rob Towner, will represent Triangle's interests on the board of State Gas as a non-executive Director. The State Gas board will now focus on accelerating the commercialisation of the PL231 conventional gas project.

CORPORATE

Malaysian Oil and Gas Service Provider acquires substantial stake in Triangle

On 28 July 2017, Triangle announced that Malaysian Securities Exchange listed T7 Global Berhad Company (T7) had taken a 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 Convertible Loan outstanding is USD 715k.

Capital Raising

On 18 September 2017, the Company appointment DJ Carmichael Pty Ltd as Lead Manager for a capital raising to sophisticated investors pursuant to Section 708 of the Corporations Act (2001). The Company completed a Placement of 16.398 million fully paid ordinary shares (Shares) at \$0.09 per Share to raise \$1,475 million.

Capital and Management Expenditure

As at 30 September 2017, Triangle had a cash balance of \$2.357 million of which \$1.175 million is held in escrow. The Company also holds a 50% interest in Triangle Energy (Operations) Pty Ltd (previously Roc Oil (WA) Pty Ltd which had \$1.204 million (Triangle: \$602k) in cash at 30 September 2017.

The Company continues implement initiatives to reduce operating expenditure and has achieved significant cost reductions across all aspects of the Cliff Head joint venture.

Shareholder Analysis

As at 30 September 2017 the Company had 722 shareholders and 183,526,2855 ordinary fully paid shares on issue with the top 20 shareholders holding 62.29% of the total issued capital.

Information in relation to ASX Listing Rule 5.4.3

At 30 September 2017, the Company held:

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

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

Marketing and Investor Relations

During the quarter the Company presented at the Noosa Mining Conference in Queensland, the Mac Equity Conference in Perth and the RIU Good Oil Conference in Perth.

An investor site visit to the Cliff Head Oil Field was held during the Quarter and attended by brokers and analysts.

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 AUD 327 million with first oil production commencing in May 2006.

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

To date the Cliff Head Oil field has produced 15.603 mmbbls and continues to produce at above originally forecast rates. CHJV production in the September quarter was 99,860 bbls averaging 1,085 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 8mbo 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.

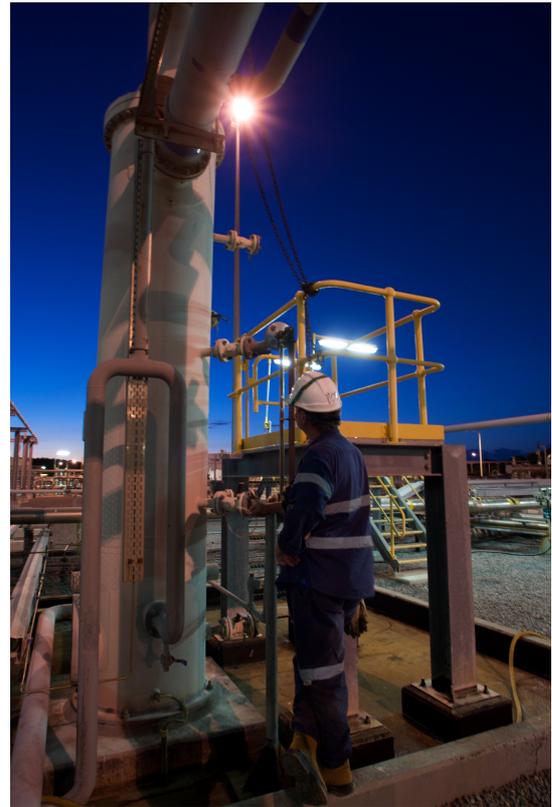


Figure 2: Arrowsmith Stabilisation Plant

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

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

The key opportunities lie within:

- Updip Mentelle exploration prospect
- West High appraisal prospect
- Cliff Head-10/3 Area infill well
- 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. 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.

Xanadu-1 is an offshore target, and was drilled from an adjoining onshore permit (EP413) also operated by NWE 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.

TP/15 Joint Venture

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

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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, and a 30% share of the Xanadu-1 Joint Venture in the Perth Basin. Triangle also has a substantial equity interest (35.47%) in State Gas Limited, a company with a 60% operating interest in the Reids Dome production licence (PL 231) in Queensland. The Company continues to assess acquisition prospects to expand its portfolio of assets.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Triangle Energy (Global) Limited

ABN

52 110 411 428

Quarter ended ("current quarter")

30 September 2017

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,702	3,702
1.2 Payments for		
(a) exploration & evaluation	(1,704)	(1,704)
(b) development	-	-
(c) production	(2,932)	(2,932)
(d) staff costs	(221)	(221)
(e) administration and corporate costs	(480)	(480)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(59)	(59)
1.6 Income taxes / PRRT paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,693)	(1,693)

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1450	1450
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	453	453
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,903	1,903

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,180	2,180
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,693)	(1,693)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,903	1,903
4.5 Effect of movement in exchange rates on cash held	(33)	(33)
4.6 Cash and cash equivalents at end of period	2,357	2,357

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,116	959
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,175	1,197
- Cliff Head JV cash at bank	66	24
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,357	2,180

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(223)

-

Included at 6.1 are:

- Directors fees of \$12k
- Payments made for professional services pursuant to consultancy agreements totalling \$211k

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	786	786
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(582)
9.2 Development	-
9.3 Production	(2,920)
9.4 Staff costs	(216)
9.5 Administration and corporate costs	(688)
9.6 Other – net cash flow for costs of acquisition	-
9.7 Total estimated cash outflows	(4,406)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL231 Bowen Basin QLD	PL213 (Reids Dome gas production licence). TEG now has a 35.478% shareholding in State Gas Ltd (ASX: GAS). GAS holds a 60% interest in PL231.	19.2%	nil
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

