

Triangle Energy (Global) Limited

# Quarterly Report

For the Period Ending 31 December 2017



**Triangle**Energy

# ASX Announcement

QUARTERLY REPORT for the period ending 31 December 2017

31 January 2018

ASX: TEG



## HIGHLIGHTS

- **Cliff Head Oil Field (Cliff Head) production during the December 2017 quarter was 75,327 bbls at an average production rate of 819 bopd generated oil sales revenue for the Cliff Head Joint Venture (CHJV) of AUD 5.805 million (September quarter AUD 6.361 million) due to the reduced production during the injection water pipeline integrity project**
  - Lifting costs per barrel for the quarter up to USD 38.21 from USD 30.56 in prior quarter due to the reduced production
  - After transport to BP refinery, the Cliff Head Joint Venture provides an operating margin of AUD 25 - 30 per barrel at USD 60 Brent oil price and 0.79 AUD/USD exchange rate
  - Potential for further cost savings through optimisation initiatives currently under review
  - Margins substantially improved in the current oil price environment
- **Redevelopment program for Cliff Head underway**
  - Studies to identify enhanced oil reserves are currently in process. This including subsurface Reservoir Modelling and a Reservoir Management Plan with the potential to substantially upgrade the near-term production, recoverable reserves, contingent resources, and prospective resource potential
  - Production Optimisation Studies underway - since the initial development of the field and commissioning of infrastructure, there has been minimal work in field optimisation which provides a significant opportunity to increase the producible oil from the field
  - Ongoing Investment in Arrowsmith plant to support future expected increases to field production and to enable the handling of regional oil including Xanadu and mature oil fields in the Perth Basin, including Replacement of a section to the Water Injection Pipeline during the quarter
- **Confirmed oil discovery at Xanadu-1**
  - Xanadu Discovery Report lodged with DMIRS on 20 December 2017
  - Oil analysis results confirms API oil gravity of 34.7o, no H2S and extremely low levels of CO2
  - Approvals for Xanadu-1 sidetrack well received
  - Approvals documentation for proposed 3D seismic survey submitted
- **Successful ASX IPO listing of State Gas Limited (ASX:GAS)**
  - Triangle is the largest GAS shareholder with an interest of 35.47%
  - Current value to Triangle of AUD 16.7 million

The Directors of Triangle Energy (Global) Limited (**Triangle or Company**) are pleased to provide the quarterly report for the period ending 31 December 2017.

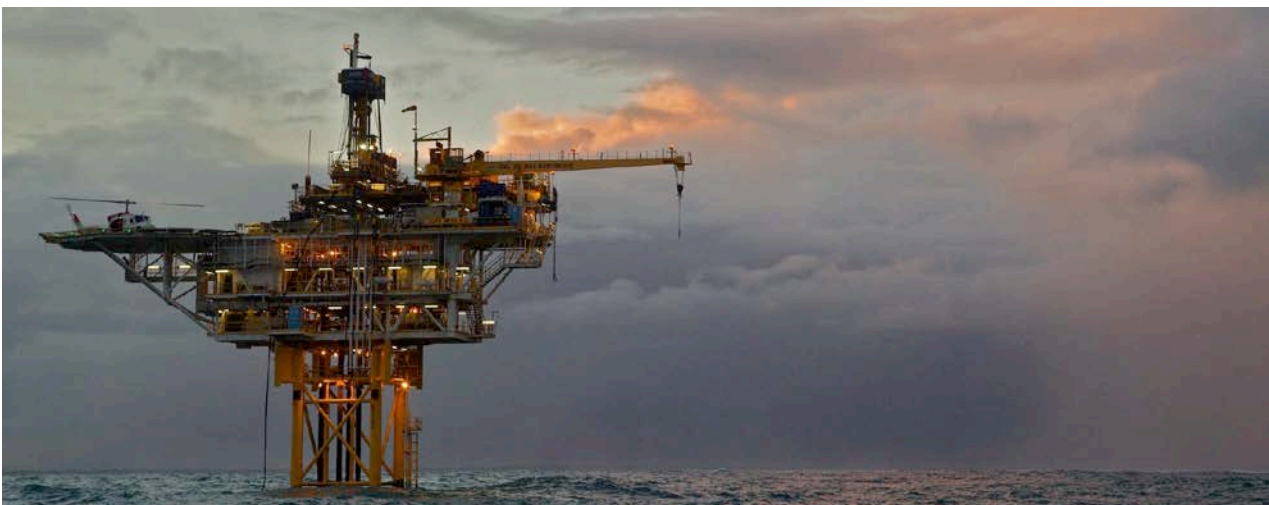
## 2017 ACHIEVEMENTS

It was an extremely busy and transitional year for the Company in 2017 with many milestones achieved including:

- Completion of the JV Partnership to drill TP/15 Xanadu-1 exploration well with Norwest Energy N.L. (Operator), Whitebark Energy Limited and 3C IC Group Limited;
- Completion of a 50/50 Share Purchase Agreement with Royal Energy Pty Ltd to acquire the 42.5% balance of the Cliff Head Oil Field operating entity and associated production facilities, including the Arrowsmith Stabilisation Plant, from Roc Oil Company Limited (Triangle became majority shareholder with 78.75%);
- Strategic Investor placement of 9.86% stake in Triangle by Malaysian Oil and Gas Service Provider, T7 Global Berhard Company;
- Continued optimisation of operations and a great team effort from all personnel involved to lower costs to sub-USD 30/bbl;
- Spudding of TP/15 Xanadu-1 exploration well, with confirmation of first major oil discovery in the Perth Basin in fifteen years;
- State Gas Limited (TEG 35.47% Interest) admitted to Official List of the Australian Securities Exchange (**ASX**) in October 2017, debuting at a 75% premium on the IPO price of \$0.20, turning a stranded remote gas asset into one of the great IPO successes in Australia during the year; and
- Significant investment in the Arrowsmith Stabilisation Plant with the installation of a new water injection pipeline.

## 2018 OUTLOOK

- Continued focus on optimising operations, targeting lifting costs of USD 25/bbl;
- Ongoing progress in expanding the producible crude oil in the Cliff Head field in order to prolong the life of the field well beyond current expectations;
- With the recent oil discovery at Xanadu-1, the JV will actively progress the exploration program commencing with a proposed 3D seismic survey over the prospect as early as Q1 CY2018;
- Energetic and targeted marketing to investors, brokers and institutions to enhance shareholder returns; and
- Inorganic growth through assessment of opportunities in the Perth Basin.



Cliff Head Alpha Unmanned platform

## MANAGING DIRECTOR COMMENTS - Mr Rob Towner

“The December Quarter continued what was an outstanding year for Triangle and its shareholders.

“With a new oil discovery at the Xanadu prospect confirmed, we have clearly demonstrated our commitment to unlocking the full potential of the Perth Basin. Xanadu is the first oil discovery in the Perth Basin since Cliff Head in over 15 years and based on the current appraisal of the well, we have confidence there are significant quantities of oil within the field.

“Triangle’s onshore Arrowsmith Stabilisation Plant has the available infrastructure to fast-track produced crude from Xanadu to market.

“We would also like to congratulate State Gas Limited, holder of a 60% interest in PL 231 Reid’s Dome, on their successful capital raise, listing on the ASX with its shares debuting at a 75% premium. Triangle shareholders will benefit from the success of State Gas through the meaningful equity stake of 35.47%. At a closing share price of \$0.35 on 30 January 2018, the Triangle investment in State Gas equates to AUD 16.7 million that was previously valued at nil on Triangle’s balance sheet.

“The Triangle Board looks forward to reporting further success across its portfolio in the coming Quarter”.

## COMPANY UPDATE

### Cliff Head Oil Field (78.75%)

#### Production and Revenue

- CHJV production 3 months to 31 December 2017: **75,327 bbls**
- CHJV oil sales revenue December quarter: **AUD 5.805 million**
- CHJV December quarter production rate **819 bopd** (Deferred production of 11,100 bbls due to facility shutdown and pipeline replacement)

December 2017 Quarter	CHJV Total (100%) AUD	Per Barrel USD	Including Deferred Production (Pipeline Shutdown) USD
<b>Sales (75,764 bbls sold)</b>	AUD 5.663 million	USD 57.51 per bbl	USD 57.51 per bbl
<b>Lifting costs</b>	(AUD 4,409,492)	(USD 38.21 per bbl)	(USD 33.21 per bbl)
<b>Operating Margin</b>	<b>AUD 1,253,605</b>	<b>USD 19.30</b>	<b>USD 24.18</b>

*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.*

#### Field Redevelopment Program

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

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

- The completion of all necessary repairs and maintenance backlog activities. This expansive program of work will proactively remove existing vulnerabilities, revert to a re-baselined maintenance and inspection requirement and generally prepare the facilities for strong reliable performance over the longer term. This work is related to Triangle’s effort to grow its reserve base and resultant production output without the need for distracting yearly “catch-up” maintenance and repair activities.

- A new wave of development studies with potential 2018 upside. An updated and revitalised subsurface model is scheduled to be completed by early Q2. This, together with a renewed reservoir management plan, will support the finalisation of a long-term development plan for the Cliff Head Joint Venture as well as a near-term production enhancement program focusing on its existing well stock.

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

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

Studies are also being undertaken in 2018 to finalise requirements to fully de-man the Arrowsmith Stabilisation Plant facility and relocate the Operations Room to Perth, which is also part of Triangle's long-term strategy for asset transformation.



Testing of new Operations Centre in West Perth

### Operational Strategic Imperatives

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

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



Activity	Expected Timing	Objective
		<ul style="list-style-type: none"> <li>– Complete feasibility studies and risk assessments; update Safety Case for NOPSEMA / DMIRS approval</li> </ul>
<b>Asset Integrity</b>	Ongoing	<p><b>Value Driver – Risk Mitigation / Reduce OPEX</b></p> <ul style="list-style-type: none"> <li>– Move to a de-manned facility and a proactive campaign maintenance approach</li> <li>– Obtain endorsement from DMIRS</li> </ul>

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

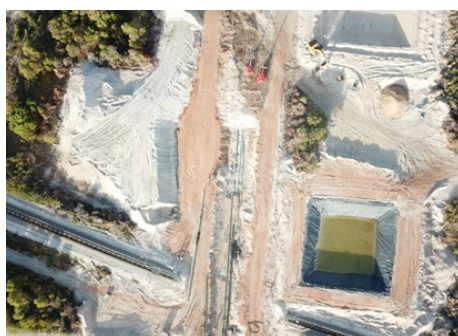
### Injection Water Pipeline Integrity Project

On 29 November 2017, a water leak was detected in the Company's onshore water injection pipeline at the Arrowsmith Stabilisation Plant. As a result, oil production from Cliff Head was suspended and recommenced on 1 December 2017 on a deferred production basis. Deferred production during December was approximately 11,100 bbls.

The effect of deferring 11,100 bbls flows on to the Cliff Head Joint Venture by way of a reduced Operating Margin for the December quarter. Triangle expects the Operating Margin to be in the region of USD 25 – 30 per bbl in the March 2018 quarter.

Full production was restored on 22 December 2017. Triangle directors and management would like to thank all staff and contractors for an excellent execution of the repair in the 3-week period back to full production.

Integrity in the injection water pipeline has been restored for the life of the Cliff Head asset. At the same time, the crude production pipeline integrity has been enhanced by the Company's decision to invest by replacing the existing pipe.



Injection Water Pipeline Integrity Project

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

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

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



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 34.7o API crude oil with no H<sub>2</sub>S and extremely low levels of CO<sub>2</sub> (0.02%). The Xanadu crude is similar to that produced at Cliff Head Oil Field and, upon development, is expected to receive similar pricing in the market. The minimal levels of CO<sub>2</sub> and no H<sub>2</sub>S characteristics of the crude oil enable the use of lower-cost, schedule efficient development options.

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

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

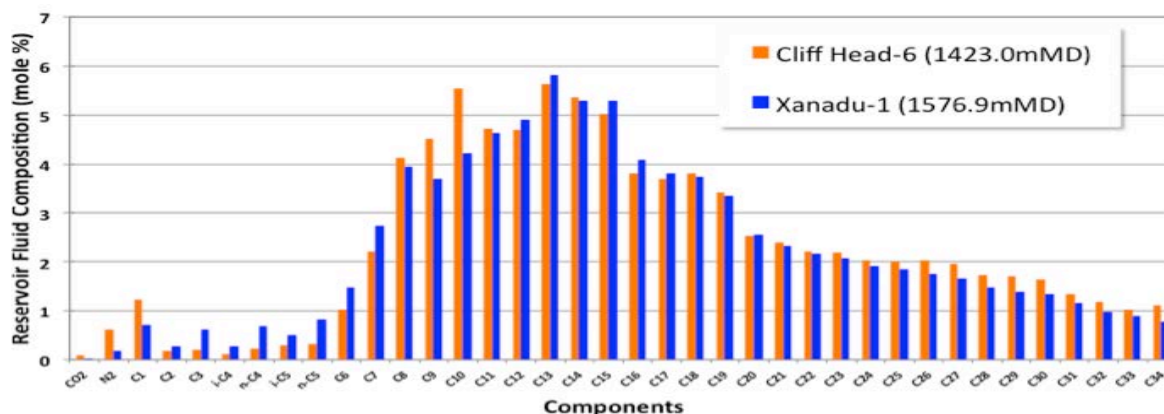
The Triangle directors believe that there is significant potential at Xanadu. Once the first phase of analysis and review is complete, and all results have been merged into one comprehensive dataset, the Joint Venture will be well placed to decide upon the best way forward in the development of the Xanadu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

During the December quarter, on 14 November 2017, Triangle provided a Discovery Update in relation to the Xanadu project with oil analysis confirming similarity with the oil produced at Triangle's own Cliff Head Oil Field, which is located approximately 14km to the north-west of Xanadu, which means the oil could be processed seamlessly at the Company's onshore Arrowsmith stabilisation plant, expediting any production to market.

The similarities between the Xanadu and Cliff Head crude analysis also suggest that the oil in both fields has probably migrated from the same source. If proved correct, this increases the likelihood that other structures within the area

of Cliff Head and Xanadu may also be trapped with oil and the approved 3D seismic acquisition over the Xanadu structure will help analyse and identify additional potential targets. The Company believes that the Cliff Head data can also be used as an analogue in developing future exploration, appraisal, production and development scenarios.

JV participants will fund their equal share in TP/15 (Triangle 30%). During the quarter, Triangle contributed AUD 2.954 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)

On 10 October 2017, State Gas Limited (**State Gas**) (holder of a 60% interest in PL231 (Reid's Dome), commenced trading on the ASX following a successful and substantially oversubscribed IPO, raising AUD 5.25 million, debuting with a 75% increase to the IPO price of \$0.20. The funds raised will provide State Gas with capital to appraise the shallow, conventional gas target of the Cattle Creek formation and take steps to develop the resource if the appraisal program is successful.

Triangle is the major shareholder of State Gas with an interest of 35.47% and at the date of this report, the investment is equivalent to AUD 16.7 million in value at a \$0.35 price per State Gas share.

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

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



Triangle Managing Director and Non Executive Director of State Gas, Mr Rob Towner together with Triangle Executive Director and CFO, Mr Darren Bromley at the listing of State Gas, ASX, Sydney

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



## CORPORATE

### Annual General Meeting

On 28 November 2017, the Company held its Annual General Meeting. All resolutions were passed unanimously, and the Company is looking forward to a successful year ahead.

### Settlement Agreement with Monterra Limited

As of 31 January 2018, date, Triangle has made payments in favour of Monterra Limited totalling USD 1,100,000 under the Award Payment Agreement over the past 11 months, with approximately USD 249,000 remaining to be paid.

### Pase PSC – PT Enso Asia

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

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

Regulation No. 48/2017 of the ESDM No. 48/2017 (**Regulation 48/2017**) was released by the Ministry of ESDM on 3 August 2017. Regulation 48/2017 states that the only requirement for Indirect Change of Control of a contractor of a Cooperation Contract, carrying out exploration and exploitation in a working area based on a cooperation contract with the Special Unit for Upstream Oil and Gas Operations (**SKKMIGAS**), is notification in writing to the Minister through the Head of SKKMIGAS. Regulation 48/2017 no longer requires Ministerial approval for this but rather a simple notification.

The Company has been actively pursuing this written approval and the subsequent release of this consideration from the escrow account and has now made a formal demand for payment from PT Enso Asia.

Should Triangle not receive a favourable outcome from this letter of demand, the Company will be seeking remedy as provided for under the Sale and Purchase Agreement signed with PT Enso Asia, through the Singapore International Arbitration Centre.

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

### Capital and Management Expenditure

As at 31 December 2017, Triangle had a cash balance of AUD 1.644 million of which AUD 1.179 million is held in escrow. The Company also holds a 50% interest in Triangle Energy (Operations) Pty Ltd which had AUD 493k (Triangle: AUD 246k) in cash at 31 December 2017.

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

### Debt Funding

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

Subsequent to the end of the quarter, Triangle announced an amendment to the Convertible Loan Agreement (**Loan**) with Tamarind Classic Resources Private Limited (**Tamarind**).

Details of the Loan outstanding is as follows:

<b>Convertible Loan</b>	<ul style="list-style-type: none"> <li>▪ USD 775,975.61 (Expiry 31 March 2018)</li> <li>▪ Convertible at AUD 0.04 into ordinary shares at any time prior to 31 March 2018.</li> <li>▪ 10% per annum payable quarterly in advance</li> </ul>
<b>Advance Loan (NOT CONVERTIBLE)</b>	<ul style="list-style-type: none"> <li>▪ USD 2,259,071.29 (Expiry 30 June 2018)</li> <li>▪ 10% per annum payable quarterly in advance</li> </ul>

## Shareholder Analysis

As at 31 December 2017 the Company had 722 shareholders and 192,826,2855 ordinary fully paid shares on issue with the top 20 shareholders holding 61.65% of the total issued capital.

## Information in relation to ASX Listing Rule 5.4.3

At 31 December 2017, the Company held:

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

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

## Marketing and Investor Relations

The Company will be presenting at the Australian Energy Conference in Brisbane from 14 – 15 March 2018.

## BACKGROUND TO OPERATIONS

### WESTERN AUSTRALIA

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

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

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

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

#### Facilities and Infrastructure

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



Arrowsmith Stabilisation Plant

#### 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 8mmbbo resources. The Cliff Head joint venture continues to assess other potential development and well optimisation opportunities. Any new producing wells within the vicinity can be tied into the existing production platform.

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

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

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

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

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

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

The key opportunities lie within:

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

### **Health, Safety and Environment**

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

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

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

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

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

TP/15 is located in the offshore northern Perth Basin approximately 280km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and covering an area of 645km<sup>2</sup>.

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

### 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%

### ENDS

#### For further information:

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#### About Triangle Energy (Global) Ltd

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

#### Qualified Petroleum Reserves and Resources Evaluator Statement

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



## Appendix 5B

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

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

### Name of entity

Triangle Energy (Global) Limited

### ABN

52 110 411 428

### Quarter ended ("current quarter")

31 December 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 (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,632	7,334
1.2 Payments for		
(a) exploration & evaluation	(1,251)	(2,954)
(b) development	-	-
(c) production	(2,287)	(5,219)
(d) staff costs	(328)	(549)
(e) administration and corporate costs	(822)	(1,305)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(49)	(107)
1.6 Income taxes / PRRT paid	(456)	(456)
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,561)</b>	<b>(3,255)</b>

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

**Appendix 5B**

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	25	1475
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(32)	(32)
3.5 Proceeds from borrowings	849	1,303
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>842</b>	<b>2,746</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,357	2,180
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,561)	(3,255)
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)	842	2,746
4.5 Effect of movement in exchange rates on cash held	6	(27)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,644</b>	<b>1,644</b>

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	182	1,116
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,179	1,175
- Cliff Head JV cash at bank	283	66
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,644</b>	<b>2,357</b>

**6. Payments to directors of the entity and their associates**

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

Current quarter \$A'000
(210)
-

Included at 6.1 are:

- Directors fees of \$18k
- Payments made for professional services pursuant to consultancy agreements totalling \$192k

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

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

Current quarter \$A'000
-
-

N/A

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	1,048	1,048
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(5)
9.2 Development	-
9.3 Production	(3,750)
9.4 Staff costs	(324)
9.5 Administration and corporate costs	(696)
9.6 Other – net cash flow for costs of acquisition	-
<b>9.7 Total estimated cash outflows</b>	<b>(4,775)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				



