

Date: 20 September 2017

Recommendation: **Not Rated**

**Company Information**

ASX Code	TEG
Last Price (\$)	\$0.22
12 month share low	\$0.025
12 month share high	\$0.24
Shares on Issue (m)	167
Market Capitalisation (\$m)	\$36.8m
Daily Volume	0.77m

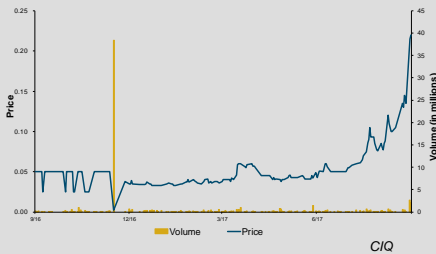
*CIQ, DJC Research*

**Business Description**

TEG is a Perth Basin based oil producer who is the majority owner and operator of the Cliff Head Oil Field and the Arrowsmith onshore processing plant. The Cliff Head field produces circa 1,200 barrels of oil per day. TEG is a 30% partner in the recent Xanadu-1 exploration oil well that is operated by Norwest Energy. TEG will own 35% of the recently announced State Gas IPO whose key asset is the conventional Reids Dome Gas prospect. TEG's share of the proposed listed company could be worth circa \$9.5m on completion of a successful IPO.

*DJC Research*

**Performance**



*CIQ*

**Analyst Details**

Michael Eidne  
 +618 9263 5213  
[meidne@djcarmichael.com.au](mailto:meidne@djcarmichael.com.au)

**Triangle Energy (ASX:TEG): Xanadu-1 Well Intersects Hydrocarbons**

**KEY POINTS**

- **Xanadu-1 Intersects Hydrocarbons:** TEG have confirmed that Xanadu-1 has intersected hydrocarbon bearing reservoirs. This was demonstrated by elevated gas readings, oil shows, fluorescence and cut-fluorescence which were encountered while drilling reservoir sections. The JV is now in the process of running a wire line logging suite in order to better understand the nature of the hydrocarbons intersected in the well. The drilling of the well has gone very well and as a result the JV has elected to drill below the original depth to the base of the Holmwood Shale which will give the JV a complete picture of the prospect. It has also been decided to order casing to so that the JV can elect to complete the well in preparation for a production test pending the results of the upcoming logging program.
- **DJC Capital Raising Successfully Completed:** TEG has completed a placement of shares to raise \$1.4m to sophisticated investors which was managed by DJC. A fee was paid for this service. The additional funding will be used to bolster the balance sheet and contribute to the Xanadu-1 well program.

**IN CONCLUSION**

The Xanadu prospect has been known about for many years and up until now it was one of the largest unexplored oil prospects in the Perth Basin. One of the key risks has been trap seal and the fact the drill intersected hydrocarbons in the reservoir has helped to mitigate this risk. While it is not yet clear if the oil is movable or whether the well will be declared a commercial discovery, the signs a

t this early stage of are very encouraging. We can expect ongoing news flow over the next few weeks as the JV interprets the results. The initial unrisks estimates were 160m barrels of oil but even if there is only 10% of this number in the reservoir, Xanadu could become a transformational asset for the JV partners. A discovery will also be capable of being rapidly commercialised thanks to the proximity of the Arrowsmith facility which can process up to 15,000 barrels of crude per day.

**Disclosure and Disclaimer**

RCAN1430

This Research report, accurately expresses the personal view of the Author.

DJ Carmichael Pty Limited, members of the Research Team; including authors of this report, its directors and employees advise that they may hold securities, may have an interest in and/or earn brokerage and other benefits or advantages, either directly or indirectly from client transactions in stocks mentioned in this report. DJ Carmichael Pty Limited and or its employees hold an immaterial holding in **Triangle Energy Limited**. The author of this report will own an immaterial holding of shares in **Triangle Energy Limited** at the completion of the share placement. DJ Carmichael Pty Ltd acts as Corporate Advisor to **Triangle Energy Limited**.

DJ Carmichael Pty Limited is a wholly owned subsidiary of DJ Carmichael Group Pty Limited ACN 114 921 247.

In accordance with Section 949A of the Corporations Act 2001 DJ Carmichael Pty Limited advises this email contains general financial advice only. In preparing this document DJ Carmichael Pty Limited did not take into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person. Accordingly, before acting on any advice contained in this document, you should assess whether the advice is appropriate in light of your own financial circumstances or contact your DJ Carmichael Pty Limited adviser. DJ Carmichael Pty Limited, its Directors employees and advisers may earn brokerage or commission from any transactions undertaken on your behalf as a result of acting upon this information. DJ Carmichael Pty Limited, its directors and employees advise that they may hold securities, may have an interest in and/or earn brokerage and other benefits or advantages, either directly or indirectly, from client transactions. DJ Carmichael Pty Limited believe that the advice herein is accurate however no warranty of accuracy or reliability is given in relation to any advice or information contained in this publication and no responsibility for any loss or damage whatsoever arising in any way for any representation, act or omission, whether express or implied (including responsibility to any persons by reason of negligence), is accepted by DJ Carmichael Pty Limited or any officer, agent or employee of DJ Carmichael Pty Limited. This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient or employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication and its attachments is strictly prohibited.

The Author of this report made contact with the **Triangle Energy Limited** for assistance with verification of facts, admittance to business sites, access to industry/company information. No inducements have been offered or accepted by the company.

**Recommendation Definitions**

SPECULATIVE BUY – Potential 10% or more outperformance, high risk

BUY – Potential 10% or more outperformance

HOLD – Potential 10% underperformance to 10% over performance

SELL – Potential 10% or more underperformance

Period: During the forthcoming 12 months, at any time during that period and not necessarily just at the end of those 12 months.

Stocks included in this report have their expected performance measured relative to the ASX All Ordinaries index. DJ Carmichael Pty Limited's recommendation is made on the basis of absolute performance. Recommendations are adjusted accordingly as and when the index changes.

To elect not to receive any further direct marketing communications from us, please reply to this email and type 'opt out ' in the subject line. Please allow two weeks for request to be processed.

© 2017 No part of this report may be reproduced or distributed in any manner without permission of DJ Carmichael Pty Limited.