

ASX Announcement

30 January 2020
ASX:TEG



QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B

Triangle Energy (Global) Limited (**TEG/ the Company**) (ASX:TEG) is pleased to provide the following Quarterly Activities Report and Appendix 5B for the period ending 31 December 2019.

ENDS

For more information:

Mr. Robert Towner
Managing Director

E: rtowner@triangleenergy.com.au

Ph: +61 8 9219 7111

Mrs. Lucy Rowe

Company Secretary

E: lrowe@triangleenergy.com.au

Ph: +61 8 9219 7111

General Shareholder Enquiries:

info@triangleenergy.com.au

About Triangle Energy (Global) Ltd

Triangle Energy (Global) Ltd is an ASX listed (ASX:TEG) oil 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. Triangle also has a 50% share of the Mt Horner L7 production licence and a 45% share of the Xanadu-1 Joint Venture, both located in the Perth Basin. Triangle also has a substantial equity interest in State Gas Ltd (ASX:GAS), which has an 100% 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.

ASX: TEG

www.triangleenergy.com.au

52 Wk Share Price Range

\$0.15 – \$0.048

Market Capitalisation

\$18.76M (at \$0.052 per share as at 29 January 2020)

Issued Capital (as at 31 Dec 2019)

360.8M Outstanding Shares
47.6M Listed Options @ \$0.12
11.15M Unlisted Options @\$0.15
1.8M Unlisted Options @\$0.10
0.4M Unlisted Performance Shares

Cash (as at 31 Dec 2019)

\$3.69M

Investment in State Gas Limited

\$29.65 million (at \$0.62 per share, as at 29 January 2020)

Debt (as at 31 Dec 2019) \$0.87M

TEO Inter-Company Loan

Top 20 Shareholders (31 Dec 2019)

50.28%

Directors/Management

Timothy Monckton

Non-Executive Chairman

Rob Towner

Managing Director/CEO

Jason Peacock

Non-Executive Director

Wai-Lid Wong

Non-Executive Director

Ted Farrell

Non-Executive Director

Lucy Rowe

Company Secretary

HIGHLIGHTS DURING THE QUARTER

Cliff Head Oil Field (Cliff Head) Production

- Produced and sold: 73,663 bbls (ave. 801 bopd) – an increase of 3% from last quarter
- Cliff Head Joint Venture (CHJV) crude sales revenue: AU\$7.10 million (previous quarter AU\$6.25 million) – an increase of 14% from last quarter resulting from higher quantities sold coupled with higher prices
- Lifting costs: US\$26.02/bbl (previous quarter US\$23.04/bbl) due to increased activities associated with the CH-13 Electrical Submersible Pump (ESP) workover
- Operating margin: US\$39.87/bbl

Corporate

- 2 October 2019 the Company announced that it had completed the Farmout Agreement for Production Licence L7(R1) containing the Mt Horner Field.
- 24 October 2019, Xanadu 3D Seismic results were released.
- 8 November 2019 the Company lodged a Prospectus for a non-renounceable pro rata Entitlement Offer under which on 4 December 2019, 47,576,398 listed options with an exercise price of \$0.12 and expiry of 30 September 2020 were issued.
- The Company is the major shareholder of State Gas Limited (ASX:GAS, State Gas) with an interest of 32.71%. The investment is equivalent to \$29.65 million in value at \$0.62 (as at 29 January 2020) per State Gas share.
- During the quarter State Gas commenced a programme to appraise the potential of the Reid's Dome coals and sands across PL231. The Aldinga East 1A well was spudded on 4 October 2019, the Serecold-1 well was spudded on 6 December 2019 and Nylanda-4 well placed on production test on 4 December 2019.
- On 13 December 2019 CH-13 resumed production and on 20 December 2019 the Company announced that production across the Cliff Head oil field was exceeding 1000 bopd.
- Cash: \$3.69 million (previous quarter: \$5.48 million) which includes \$1.46 million in escrow.

Triangle Energy (Global) Ltd

Suite 2, 100 Havelock Street,
West Perth, WA 6005

T: +61 8 9219 7111

E: admin@triangleenergy.com.au

MANAGING DIRECTOR OVERVIEW - Mr Rob Towner

The Company's commitment to deliver enhanced production and reserves from our Cliff Head asset has not waived and we are focused on finalising the Cliff Head Renewal Project definition. The Company seeks to ensure the highest quality work is completed to underpin investment in infield development drilling and near field exploration. Whilst this work has taken longer than planned, it is nearing completion.

The Cliff Head Joint Venture (**CHJV**) operations team continues to perform well with continued success in cost management and minimising production downtime resulting in robust operating margins at Cliff Head whilst ensuring that our HSE performance remains strong. Revenue from Cliff Head is higher this quarter mainly due to higher barrels of crude oil delivered to BP and higher than expected oil price. Oil price increased by 10% this quarter due to stronger demand for sweet crude oil triggered by the implementation of IMO rule¹ on low sulfur oil for ships beginning 1 January 2020.

It was pleasing to see the hard work of the CH-13 ESP workover team reach a conclusion with the return of the CH-13 well to production, as announced on 16 December 2019. The team was able to engineer and prove a new method of ESP workover that will significantly improve the costs and downtime associated with an ESP workover in the future.

The results of the 3D seismic and subsequent interpretation of our Xanadu discovery were disappointing but I encourage our shareholders to look beyond the initial disappointment. The significance of moveable oil in the TP/15 exploration permit should not be discounted. There remains good prospectivity, particularly west of Xanadu (the Xanadu West prospect) where we anticipate reservoir may improve. Our geological team believes in the prospectivity of the TP/15 exploration permit.

The Company is well positioned to leverage our operating expertise and infrastructure to secure wider growth opportunities in the Perth Basin beyond the Cliff Head JV in WA-31-L. During the quarter we have been conducting a basin wide review and have prioritised areas of focus beyond our current portfolio. Securing influence in new exploration opportunities remains a focus of the Company and I will update shareholders with the results of this review when finalised.

On 2 December 2019 the Company was pleased to announce that it had received valid applications under the Entitlement Offer for 47,576,398 Options pursuant to eligible shareholders' entitlements, raising a total of \$47,576.92 and leaving a shortfall of 24,574,182 Options. Should the Company's market capitalisation be in the vicinity of \$45 million this could provide up to \$8.6 million upon the exercise of the options (if any) on or before 30 September 2020. Subsequent to the end of the quarter, on 29 January 2020, the Company advised that it had placed all of the shortfall pursuant to the Entitlement Offer

The Company is extremely active, delivering strong operating margins, maintaining strong production upside and finalising our next phase of activity arising from the Cliff Head Renewal Project. I look forward to updating our shareholders on our progress during the next quarter.

¹ IMO International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI Regulation 14

COMPANY UPDATE

Cliff Head Oil Field (100%)

Production and Revenue

- CHJV oil produced and sold 3 months to 31 December 2019: **73,663 bbls**
- CHJV oil sales revenue December 2019 quarter: **AU\$7.10 million**
- CHJV December 2019 quarter average barrels sold: 801 **bopd**

| December 2019 Quarter | CHJV Total (100%) AU\$ Millions | CHJV Total (100%) US\$* Millions | Per barrel US\$* |
|--------------------------------|---------------------------------------|--|---------------------|
| Sales | 7.097 | 4.854 | \$65.89/bbl |
| Lifting costs ² | (2.803) | (1.917) | (\$26.02)/bbl |
| Operating margin | 4.294 | 2.937 | \$39.87/bbl |
| Trucking | (0.382) | (0.261) | (\$3.55)/bbl |
| Routine profit | 3.912 | 2.676 | \$36.32/bbl |
| Non-routine costs ¹ | (0.849) | (0.581) | (\$7.89)/bbl |
| Gross profit (loss) | 3,063 | 2,095 | \$28.43/bbl |

* US\$/AU\$ conversion rate of 0.6839

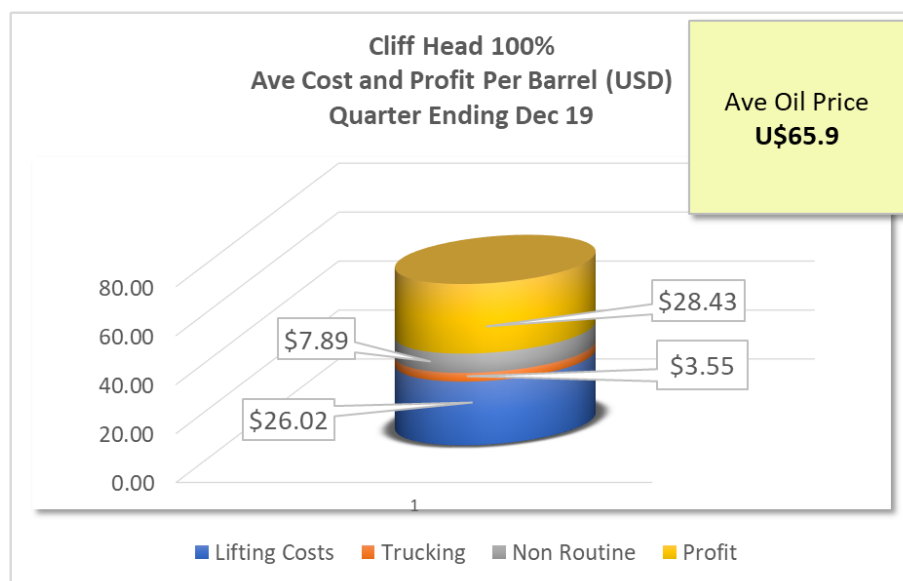
Note: Triangle will be continuing to report for the CHJV at 57.5% as it currently controls two of the three joint venture participants in the CHJV. The 42.5% acquired by Triangle and Royal (21.25% each) on 31 March 2017 is controlled 50/50 and will not be consolidated into the Triangle Group of Companies.

Cliff Head Operating Margin

The Cliff Head Joint Venture (CHJV) has continued to deliver a healthy operating margin over the December quarter. A period of stable production coupled with minimised lifting costs has continued. The Company expects the CHJV to further improve operating margin in the March quarter due to increased production associated with the return of the CH-13 well to production.

The CH-13 well was returned to production on 13 December 2019. Production from the field peaked in excess of 1000 BOPD on 20 December 2019.

Average oil sale price realised for the quarter was USD65.89/bbl, which is higher than our internal forecasting. The higher oil price is mainly due to the implementation of the International Maritime Organisation rule³ on the use of low sulfur

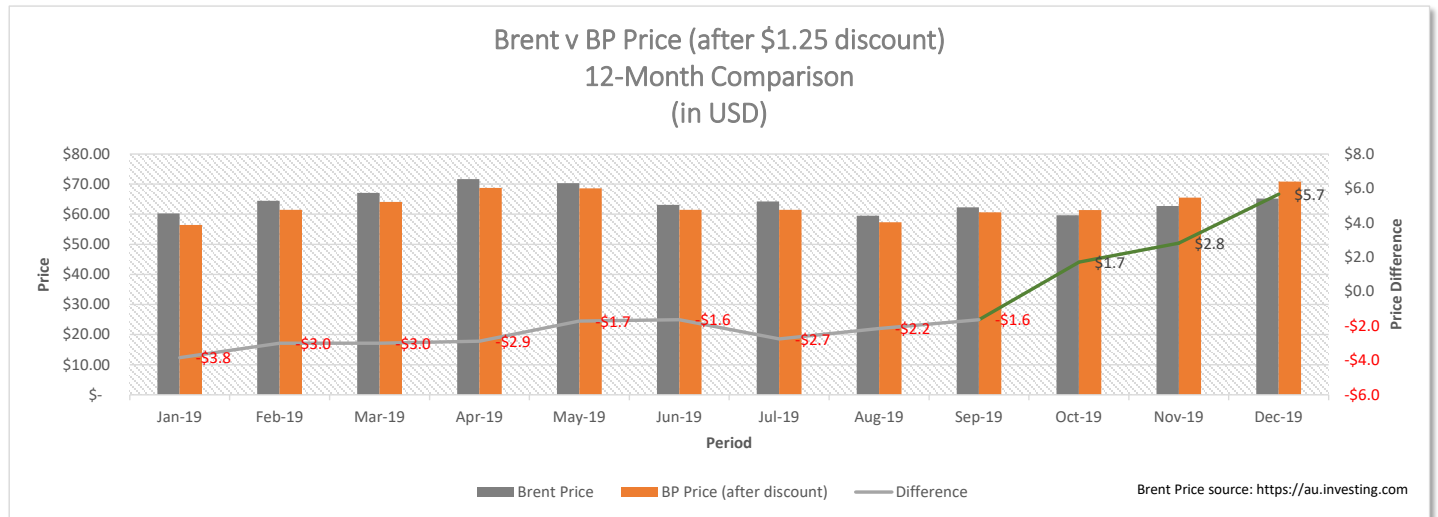


² Lifting costs are calculated to include routine production costs. Non-routine costs exclude exploration, capitalisable expenditures and the associated amortisation.

³ IMO International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI Regulation 14



fuel oil on ships which triggered strong demand for sweet crude grades. Oil produced from Cliff Head is classified as light-sweet crude oil. Based on the prices for the last 12 months, BP oil price has resulted in a premium over Brent.



Operating margin for the period of USD39.87/bbl with a gross profit of USD28.43/bbl demonstrates the robustness of the asset even in the current low oil price scenario.

Cliff Head Renewal Project

The Company continues to be active in the Perth Basin with the cashflow arising from its equity in the CHJV being invested in wider Perth Basin geotechnical work and the Cliff Head Renewal Project. The importance of the efficient execution of the Cliff Head Renewal Project is paramount, requiring a strengthened team to finalise the project definition. Whilst this phase has taken slightly longer than planned, the Company remains confident that in-field and near field opportunities within WA-31-L will be finalised and justified for development.

Several workover, infill and satellite drilling opportunities that could be drilled from the Cliff Head platform, were identified in and around the Cliff Head field following a company-wide review of the subsurface opportunities in the first half of 2019. Contingent Resources for these opportunities were previously reported on 30 August 2019. Success with these opportunities would extend the life of the Cliff Head platform and the onshore Arrowsmith Oil Stabilisation Plant resulting in the deferral of abandonment.

A project to undertake a detailed evaluation of these opportunities and mature them through appraisal/development concept selection to an investment decision (the Cliff Head Renewal Project (CHRP)), commenced in mid-2019. Four opportunities within and near Cliff Head field were prioritised for evaluation:

- CH11 upward recompletion;
- West High;
- SE Nose; and
- Mentelle Updip Prospect.

The plan for the project was to:

- Review and update the seismic interpretation;
- Build a new static geological model for the field; and
- Undertake dynamic modelling of the Cliff Head reservoir to evaluate various drilling and development strategies.

Following the initial review of the seismic interpretation, the decision was made to reprocess the Cliff Head 3D seismic data, utilising the most up to date technologies, to generate a high-density stacking velocity model and to improve the subsurface imaging of the seismic data. The high-density stacking velocity model will constrain the depth conversion and structural mapping which is a key uncertainty for West High and SE Nose opportunities. The reprocessing of the 3D seismic data was completed at the end of December, with interpretation of the data planned during January and February 2020.



An initial phase of geological modelling and dynamic modelling for West High and SE Nose was undertaken based on the initial update to the structural mapping (in advance of the seismic reprocessing) to provide an evaluation and economic screening of the high-graded opportunities.

Based on this initial work, West High appears to be the most robust and an attractive opportunity. Evaluation of the opportunity will be finalised following interpretation of the reprocessed 3D seismic data which will address the remaining structural uncertainties of the feature.

SE Nose also continues to be a viable opportunity and the evaluation of the opportunity will also be finalised following the interpretation of the reprocessed 3D data.

Detailed review of the Mentelle Updip Prospect review has also commenced. Additional seismic acquisition over the prospect was evaluated with a feasibility study which found that additional acquisition was relatively high cost and not justified. The prospect is being evaluated in detail for drilling based on the existing seismic coverage as a result. It is expected to be an attractive opportunity based previous evaluations and comparison to the West High and SE Nose opportunities and has strongest upside potential of the priority opportunities. The seismic interpretation review also suggests that additional appraisal and exploration opportunities may emerge from the Cliff Head area, these will also be evaluated from the interpretation of the reprocessed data.

Ranking of the Cliff Head Renewal Project opportunities will be finalised during the next quarter along with the selection of an optimal drilling strategy, and a recommended workover and drilling program. Initial analysis suggests that the largest volume opportunities, West High and Mentelle Updip exploration prospect, have the most significant impact on the Cliff Head asset and could substantially defer abandonment if successful.

The CH11 well was completed originally as a water disposal well. Analysis indicated that the water re-injection for reservoir management likely had minimal benefit. During the quarter water injection via CH-11 was ceased and the water injection diverted to CH9. The additional water injection into CH9, had a benefit to production from the nearby wells, and reservoir and production observations confirm that the CH11 well had minimal benefit for reservoir/production management. Opportunity for an upward recompletion in the oil zone is under evaluation.

Cliff Head Well Intervention

On 13 March 2019, the Company announced that a technical issue had occurred during steady state operations which caused production well CH13 to stop producing. It was confirmed by both Company and service personnel that the issue was associated with the downhole electric submersible pump (**ESP**).

The Company had evaluated several alternate technologies to replace downhole ESPs. A Hydraulic Jacking Unit or Platform (**HJU**) had been selected being both technically superior and cost effective to the Coiled Tubing Unit retrieval and deployment method that had been historically used to workover the well ESPs.

The CH-13 well was returned to production on the evening of 13 December 2019 following the installation of an ESP replacement which was tested over the weekend 14-15 December. On 16 December 2019, the Company announced that steady-state production rates for the field were 970bopd with the CH-13 well producing 150bopd.



The recently commissioned Hydraulic Jacking Unit at Cliff Head Alpha



The ESP was brought up to full speed over the following four days and the field total production optimised at over 1000bopd as announced on 20 December 2019.

The Company has completed a program of works to review the methodology of ESP replacement. The successful resumption of production on the CH-13 well validates the Company's decision to move to an alternative system for workover operations, ESP design and replacement.

The Company believes, this change in methodology will deliver:

- a safer and more reliable operation under a revised Safety Case.
- an increase in the well uptime that arises from being positioned to maintain inventory and reduce turnaround time post an ESP failure; and
- a significant reduction in capital expenditure on future workovers of the Cliff Head wells.

The Company is well positioned to utilise the HJU method for future workovers and is finalising a strategy to significantly reduce the cost and downtime of any future well ESP workover.



TP/15 Xanadu-1 JV (45%)

The joint venture received the final PreSTM volume of the 40 km² Xanadu 3D seismic survey in early October 2019 with the Operator, Norwest Energy NL (ASX:**NWE**) completing preliminary interpretation and integration of the data into the Xanadu subsurface model. On 24 October 2019 NWE announced the Xanadu 3D Seismic Results.

The Xanadu structure is relatively large but has less than optimal reservoir. Further evaluation of the Xanadu discovery, to determine if an economic opportunity is present, is being investigated.

Further prospective resource potential lies within and adjacent to the 3D seismic area, to the north of the Xanadu horst and in a structural culmination situated to the west of the downdip area (West Xanadu), on the edge of the 3D survey area and to the south of Xanadu beyond the 3D seismic survey (South Xanadu). The Company expects reservoir quality to improve west of the Xanadu structure.

The discovery of oil in the Xanadu-1 well is positive in so far as it was the first demonstration of moveable oil within TP/15. During the quarter the Company also undertook a permit wide review of the prospectivity of Exploration Permit TP-15. This review confirmed several previously identified leads in the wider permit. The Company is encouraged by the additional prospectivity in the permit and is working with our joint venture partners to agree a budget and programme of work to further define this additional prospectivity. Acquisition of low cost 2D seismic data to mature the West Xanadu area for drilling will be considered by the Joint Venture.

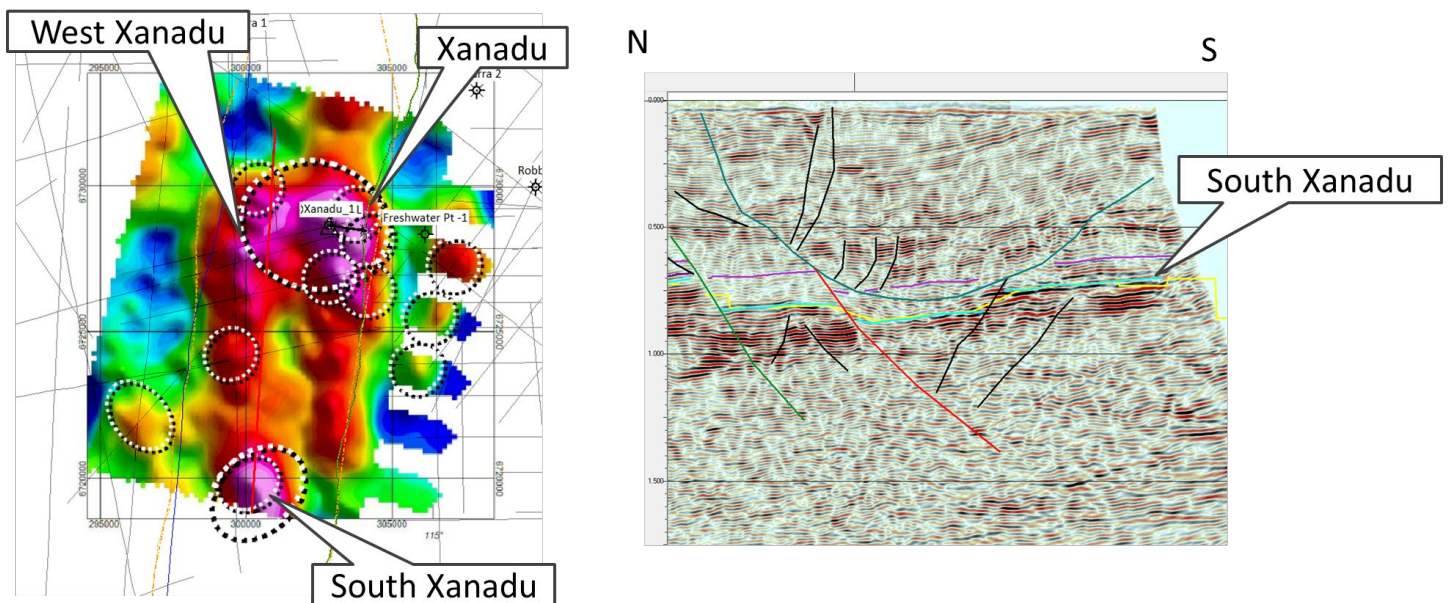


Figure: Possible structure on Full Tensor Gravity and single seismic line

Farmout Agreement with Key Petroleum Limited for Production Licence L7(R1)

On 31 October 2018, the Board of Triangle was pleased to announce that it had entered into a Farmout Agreement with Key Petroleum Limited (ASX:**KEY**) to acquire a 50% participating interest in Production Licence L7(R1) (**Acquisition**). A wholly owned subsidiary of Triangle will hold the relevant interest earned under the Farmout Agreement.

On 2 October 2019, the Company announced that the Farmout Agreement had completed with all approvals received.



Upon completion and earning a 50% stake in the Mount Horner Production Licence, the Company will have the right to assume Operatorship of L7.

The JV is working to finalise the work programme and budget and commence 3D seismic planning activities.

INVESTMENTS

State Gas Limited (ASX: GAS)

Triangle is the major shareholder of State Gas Limited (**State Gas**) (ASX:**GAS**) with an interest of 32.71%, the investment is equivalent to \$29.65 million in value at a \$0.62 (as at 29 January 2020) per State Gas share.

For further information on State Gas Limited, please refer to that company's website www.stategas.com.au.

Triangle's Managing Director, Mr Rob Towner, represents Triangle's interests on the board of State Gas as a non-executive Director.

CORPORATE

Capital and Management Expenditure

As at 31 December 2019, Triangle had a cash balance of AU\$3.69 million of which AU\$1.46 million is held in escrow.

The Company is in the final stages of formulating its basin-wide strategy and its forward funding requirements to deliver this strategy. The Company has been successful in securing adequate funding and is currently evaluating several different funding options to meet its planned activities and expenditure needs and will make further announcements to the market in due course.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd which had \$0.31 million in cash attributed to the Company at 31 December 2019. This investment is equity accounted for in the Company's financial statements.

Pro Rata Non – Renounceable Entitlement Offer

On 8 November 2019, the Company was pleased to announce a pro-rata non-renounceable entitlement offer (**Entitlement Offer**) to eligible shareholders of quoted options in the Company at an issue price of \$0.001 each and on the basis of 1 new quoted option (**New Option**) for every 5 shares held on the record date. Each New Option having an exercise price of \$0.12 and an expiry date of 30 September 2020.

Pursuant to the Entitlement Offer, the Company announced it would issue up to 72,150,736 New Options to raise up to approximately \$72,150 (before costs).

The Entitlement Offer was available to all shareholders (**Shareholders**) registered on the record date on 13 November 2019 (**Record Date**) whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

On 2 December 2019 the Company was pleased to announce that it had received valid applications under the Entitlement Offer for 47,576,398 Options pursuant to eligible shareholders' entitlements, raising a total of \$47,576.92 and leaving a shortfall of 24,574,182 Options. Allotment of the New Options occurred in accordance with the timetable on 4 December 2019.

The Directors reserved the right to issue Options pursuant to the shortfall at their absolute discretion within three months of the closing date subject to any restrictions imposed by the Corporations Act and the Listing Rules and on 29 January 2020, subsequent to the end of the quarter, the Company announced all the shortfall under the Entitlement Offer had been placed.

Funds raised from the issue of the New Options will be used towards the costs of the Entitlement Offer and for general working capital. Funds raised from the exercise of the New Options (if any) will be used towards continued development of the Company's existing projects, evaluation of new opportunities and for general working capital.

Shareholder Meetings

General Meeting

On 25 October 2019 a General Meeting of the Company was held, and shareholders ratified the issue of the above tranches of shares, as well as the further tranche issued in November 2018 in order that its placement capacity under ASX Listing Rules 7.1 and 7.1A be restored to 15% and 10% respectively.

Annual General Meeting

The Company held its Annual General Meeting (**AGM**) on Tuesday 19 November 2019, all resolutions were passed on sufficient majorities as special and ordinary resolutions.

Pase PSC – PT Enso Asia

The Company is owed US\$1.02 million (AU\$1.46 million), cash 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 US\$1.02 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.

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



Request for Arbitration from PDPA

On 6 March 2019, the Company advised shareholders that it had received a request for arbitration from former joint venture partner Perusahaan Daerah Pembangunan Aceh (**PDPA**), an Acehese government-owned company, with PDPA filing an application for arbitration with the BANI Arbitration Centre located in Jakarta.

The claim relates to the Production Sharing Contract for the Pase Concession (in which the Company sold its interest in February 2016). PDPA is alleging Triangle Energy (Global) Limited owe:

- Contribution for CSR: US\$ 0.781 million; and
- Building Road: US\$ 3.35 million.

On 9 December 2019, Triangle attended an evidentiary hearing followed by a closing hearing on 20 December 2019 at the BANI Arbitration Centre in Jakarta. The Company is expecting to hear the outcome of the tribunal award in the near future and will update the market when the decision is rendered.

Upon Triangle successfully defending the allegation, the claimant (PDPA) is obliged to bear all the arbitration costs incurred or borne by the respondent (TEG) in order to defend its interest.

Shareholder Analysis

As at 31 December 2019 the Company had 1024 shareholders and 360,753,682 ordinary fully paid shares on issue. The Top 20 shareholders hold 50.28% of the total issued capital.

Information in relation to ASX Listing Rule 5.4.3

At 31 December 2019, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia;
- 45% interest in TP/15 Joint Venture in the Perth Basin, Western Australia; and
- 50% participating interest in Production Licence L7(R1).

The Group did not acquire or dispose of any other tenements during the quarter.



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 10km 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\$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.

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.

The field has the capacity to produce approximately 1000 bopd from five production wells (3 horizontal and 2 deviated). The production from the field is supported by a water flood with 3 water injection wells (1 horizontal and 2 deviated). An additional unused well slot is available on the platform for future drilling activities.

Production Optimisation and Exploration Upside

The Perth Basin has more than 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 developed a set of near field opportunities within the WA-31-L permit area to enhance production through the asset. These include production optimisation from the existing wells, in-field appraisal and development drilling, and near field exploration.

Potential enhancements to the water flood to maximise oil production rate, at relatively low cost, are being evaluated, along with infield appraisal and development drilling opportunities that can be rapidly brought on stream and providing incremental production if successful. Near field exploration prospects are also being developed that could be rapidly developed through Cliff Head platform and tied-in to existing facilities at the Arrowsmith plant and further increase the production potential of the asset.



Arrowsmith Stabilisation Plant

Health, Safety and Environment

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

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 (45%)

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.

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 reservoir units. The technical understanding of the Xanadu prospect including reservoir seal and trap dynamics, is greatly enhanced by the analogous Cliff Head Oil Field.

The Xanadu-1 well was spudded on 4 September 2017 and reached a total depth of 2035 MDRT 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 more than 15 years ago.

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.

Analysis of the oil recovered from Xanadu-1 samples show is 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.

The Xanadu 3D seismic survey was acquired during June and July 2019 to evaluate the extent and resource potential of the Xanadu structure and evaluate appraisal well locations. The initial results of the Xanadu 3D seismic data, along with the well data, suggests that commercial potential of the Xanadu discovery may be limited. However, upside scenarios involving the down dip extent of the Xanadu oil discovery have been identified and a thorough evaluation of the Xanadu 3D seismic data will be undertaken to fully evaluate potential of Xanadu structure.

The recovery of moveable oil in the Xanadu-1 well is very encouraging for TP/15. It indicates that an oil charge is present south of the Cliff Head and several leads are mapped on the western sector of the Xanadu structure (West Xanadu) that appear to have excellent reservoir potential and are upgraded by the Xanadu discovery. The acquisition of low cost 2D seismic is being considered to mature these leads for drilling. The wider prospectivity of TP/15 is also being re-evaluated for the Xanadu-1 well data.

The value of any discoveries in the near shore TP/15 licence are potentially highly valuable because of the low cost to develop through the Cliff Head and Arrowsmith infra-structure.

TP/15 Joint Venture as at the date of this Report

| JV Participant | ASX Code | Percentage Interest |
|---|----------|---------------------|
| Norwest (via subsidiary) (Operator) | ASX:NWE | 25% |
| Triangle (Global) Energy Ltd (via subsidiary Triangle Xanadu Pty Ltd) | ASX:TEG | 45% |
| 3C Group IC Limited (via subsidiaries) | | 30% |



ENDS

Enquiries:

Company Secretary - +61 8 9219 7111

Peter Kermode

Cannings Purple

0411 209 459

Qualified Petroleum Reserves and Resources Evaluator Statement

In accordance with ASX Listing Rules, Information in this report that relates to all Petroleum Resources and Prospective Resources and proved, and probable reserves has been reviewed and signed off by Mr Matt Fittall, a full-time employee of Triangle Energy (Global) Limited. Information that relates to reserves is based on and fairly represents, information and supporting documentation prepared by or under the supervision of Mr Fittall. He has consented to the form and context in which the information that relates to the reserves is presented. Mr Fittall is a Geologist BSc(hons)Geology with more than 30 years' experience, practising in Petroleum Geology. Mr Fittall is a member of the Petroleum Exploration Society of Australian (PESA).

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, and a 45% share of the Xanadu-1 Joint Venture and has executed a Farmout Agreement with Key Petroleum Limited for its Production Licence L7(R1), all located in the Perth Basin. Triangle also has a 33.34% interest in State Gas Limited, a company with an 100% operating interest in the Reid's 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")

31 December 2019

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 be consolidated into the Triangle Group of Companies.

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 3,954 | 7,545 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (248) | (1,288) |
| (b) development | - | - |
| (c) production | (3,149) | (4,716) |
| (d) staff costs | (1,007) | (1,693) |
| (e) administration and corporate costs | (449) | (672) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 5 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid - PRRT | (280) | (280) |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (1,178) | (1,099) |

| | | |
|--|-------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (610) | (1,113) |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| • Payment to acquire associates | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 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 (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (610) | (1,113) |

| | | | |
|-------------|---|-----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 3,600 |
| 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 | - | (243) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other – Proceeds from issue of options | 48 | 48 |
| 3.10 | Net cash from / (used in) financing activities | 48 | 3,405 |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 5,483 | 2,490 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,178) | (1,099) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (610) | (1,113) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 48 | 3,405 |
| 4.5 | Effect of movement in exchange rates on cash held | (57) | 3 |
| 4.6 | Cash and cash equivalents at end of period | 3,686 | 3,686 |

Mining exploration entity and oil and gas exploration entity quarterly report

| 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 | 2,221 | 3,918 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | | |
| • Funds held in escrow | 1,457 | 1,513 |
| • Cliff Head JV cash at bank | 8 | 52 |
| 5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,686 | 5,483 |

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | (517) |
| 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 | |

Included at 6.1 are:

- Executive director remuneration of \$466k
- Non-executive director's remuneration \$51k

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

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 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 | |

N/A

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| 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 | - | - |
| 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 | (75) |
| 9.2 Development | - |
| 9.3 Production | (2,766) |
| 9.4 Staff costs | (251) |
| 9.5 Administration and corporate costs | (221) |
| 9.6 Other (provide details if material) | |
| • Capital Expenditure | (1,331) |
| • Farmin Work Programme – Mt Horner | (296) |
| 9.7 Total estimated cash outflows | (4,940) |

| 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 | N/A | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | N/A | | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: *(Signed electronically without signature)* Date: 30 January 2020

Print name: Robert Towner (Managing Director)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.