



# TEG: Booth-1 Drilling in late June/July

TEG.ASX | TRIANGLE ENERGY LIMITED | MATERIALS | OIL & GAS

PRICE  
A\$0.019/sh

TARGET PRICE  
A\$0.031/sh  
(UNCHANGED)

RECOMMENDATION  
SPECULATIVE BUY  
(UNCHANGED)

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## Event

Triangle Energy, and its joint venture partners in the L7 permit Strike Energy (ASX.STX) and New Zealand Oil & Gas (ASX.NZOG), announced that a **firm drilling rig slot has been signed for the drilling of the Booth-1 well**, onshore Perth Basin.

The well is targeting the **Booth gas prospect, estimated to hold 279 Bcf** (gross on-block best estimate prospective resources) in the same reservoirs as the Lockerby Deep/Waitsia/West Erregulla fields. However, there is also the potential to discover either gas/oil in the shallower Cattamarra reservoirs (Mt Horner oil field) and the Dongara Sandstone (Mineral Resources' North Erregulla Deep oil discovery) too.

**The well will be drilled in late June/July, for ~20-30 days**, using the Ventia 106 rig, currently being used by Mitsui/Beach Energy (ASX.BPT) in the Perth Basin.

TEG's share (50% interest, operator) of Booth-1 well costs is estimated to be ~\$1.5m for the gross ~\$10.5 million well cost given the farm-down to STX and NZO (both 25% interest), each carrying 50% of the first \$7.5 million of well costs (\$3.75 million each).

**Additionally, TEG updated that the JV is targeting the drilling of the Becos-1 well in Q3 CY24**, subject to EP and final JV approvals. The well is targeting the Becos oil prospect with a Prospective Resource range of 1 MMbbl to 21 MMbbl, and best estimate of 5 MMbbl (gross). It will be drilled using a smaller, cheaper drilling rig.

## Impact

Booth-1 is the first well in 30 years to be drilled in the L7/EP437 permits and the first to be drilled on 3D seismic, which has unlocked a number of the recent major discoveries in the Perth Basin. **If successful, the well will push the northern extent of the Permian play, increasing the prospectivity of the remaining L7/EP437 prospect portfolio.**

We see the ~\$2/GJ value from the Hancock/Warrego transaction as the best metric to value Triangle's prospective resources at L7/EP437. Given a discovery would result in contingent resources, we value these at ~\$1/GJ which is roughly equivalent to the value of Strike's discovered gas resources based on an EV/2P+2C valuation.

We currently value Triangle's net Booth Best Estimate Prospective Resources (140 Bcf) at \$35 million (\$0.017/sh) based on a risked valuation through \$1/GJ (~\$1/Bcf) and a risking of 75% (25% valued), for a 25% chance of success. If successful and the best estimate resources are discovered, the value could increase to \$140 million (\$0.067/sh).

## Action

We maintain our **Speculative Buy** recommendation and **Price Target of \$0.031/sh**.

**Exploration success from upcoming drilling represents a significant potential value driver** to the share price given the low current enterprise value representing large leverage to potential success.

Additionally, the completion of the Cliff Head Oil Field divestment would remove the abandonment liability and move our current SOTP valuation to \$0.038/sh (assuming \$7.5 million of contingent payments).

## Catalysts

- Booth-1 gas well results (~August) and Becos-1 oil well results (~Q3 CY24)
- Cliff Head Oil Field divestment to Pilot Energy (ASX.PGY) (~mid-year)

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## Triangle Energy Ltd (TEG)

### Market Statistics

Share Price	0.019	A\$/sh
Price Target	0.031	A\$/sh
Valuation	0.031	A\$/sh

Shares on issue (f.d.)	2,089	m
Market Capitalisation	40	A\$m
Enterprise Value	28	A\$m
Debt	0.00	A\$m
Cash	8.4	A\$m
GAS.ASX Val (9.3%)	3.3	A\$m

### Directors & Mgmt

G Hancock	Chair
C Todd	MD
M Collins	NED

### Shareholders

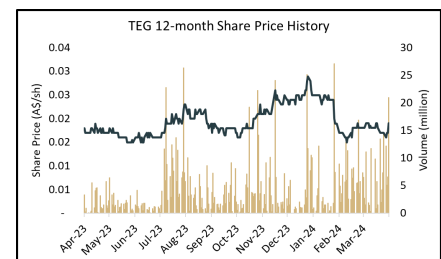
Altor Capital	5.28	%
Board & Mgmt	2.04	%

### Company Details

Ground Floor  
100 Havelock St  
West Perth WA 6005

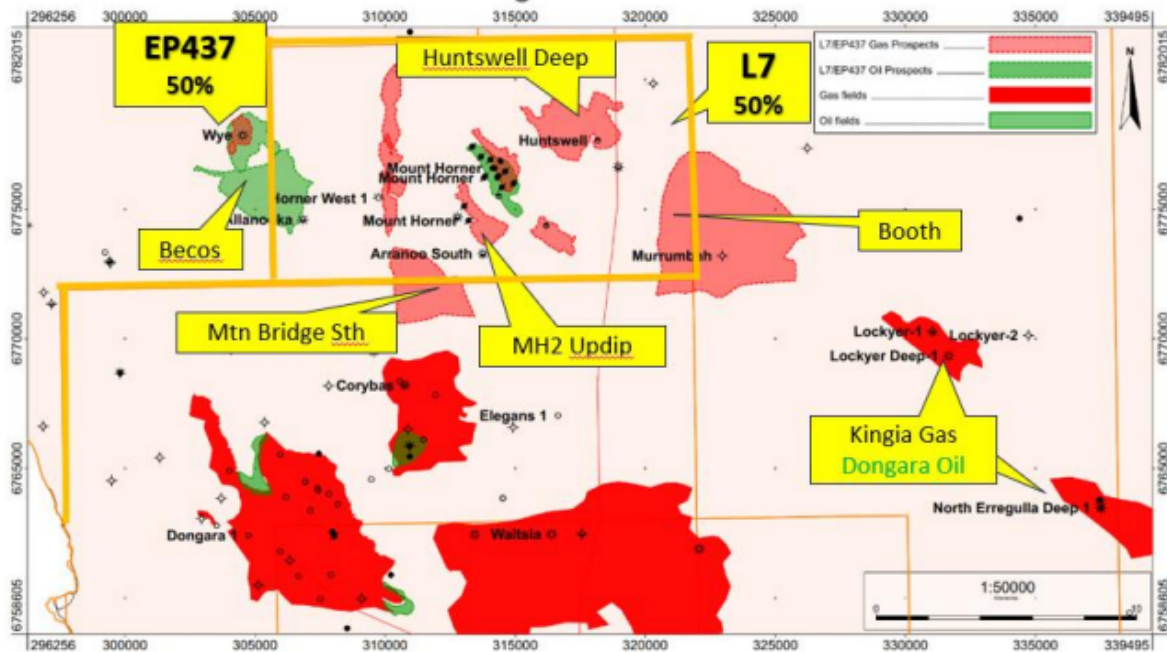
+61 8 9219 7111  
triangleenergy.com.au

## Performance



Source: IRESS

Figure 1: Triangle Energy Onshore Perth Basin Acreage (L7/EP437) with Key Drilling Targets



Source: Company Announcement

Figure 2: L7 Key Gas Prospective Resources

2U Prospective Resources			Prospective Resources (Bcf)					
			Gross, 100%			Net TEG, 50%		
Permit	HC Phase Target	Prospect	Low	Best	High	Low	Best	High
L7	Gas	Booth	113	279	540	57	140	270
L7	Gas	Mtn Bridge South	24	53	98	12	27	49
L7	Gas	Huntswell Deep	30	61	115	15	31	58
<b>Total (arith sum)</b>			<b>167</b>	<b>393</b>	<b>753</b>	<b>84</b>	<b>197</b>	<b>377</b>

Source: Company Report, Euroz Hartleys

Figure 3: EP437 Key Oil Prospective Resources

2U Prospective Resources			Prospective Resources (MMbbl)					
			Gross, 100%			Net TEG, 50%		
Permit	HC Phase Target	Prospect	Low	Best	High	Low	Best	High
EP437	Oil	Becos	1	5	21	0.5	2.5	10.5
<b>Total (arith sum)</b>			<b>1</b>	<b>5</b>	<b>21</b>	<b>0.5</b>	<b>2.5</b>	<b>10.5</b>

Source: Company Report, Euroz Hartleys

Figure 4: TEG SOTP Valuation

Asset Valuation	Unrisked A\$m	Unrisked A\$/sh	Risking	Risked A\$m	Risked A\$/sh
<b>Cliff Head</b>					
(+) Cliff Head Production	0.0	0.000	100%	0.0	0.000
(-) Cliff Head Abandonment Liability	-22.0	-0.011	50%	-11.0	-0.005
(+) CCS Contingent Payments	7.5	0.004	50%	3.8	0.002
<b>L7/EP437</b>					
(+) Booth Gas Prospect	140.0	0.067	25%	35.0	0.017
(+) Becos Oil Prospect	19.2	0.009	30%	5.8	0.003
(+) Exploration (Gas)	16.1	0.008	100%	16.1	0.008
(+) Exploration (Oil)	13.8	0.007	100%	13.8	0.007
(-) Mt Horner Abandonment Liability	-1.4	-0.001	100%	-1.4	-0.001
<b>(+) New Ventures</b>	<b>10.0</b>	<b>0.005</b>	<b>100%</b>	<b>10.0</b>	<b>0.005</b>
<b>(+) State Gas (ASX.GAS) Holding</b>	<b>3.3</b>	<b>0.002</b>	<b>100%</b>	<b>3.3</b>	<b>0.002</b>
(-) Corp O/H	-20.0	-0.010	100%	-20.0	-0.010
(+) Cash	8.4	0.004	100%	8.4	0.004
(-) Debt	0.0	0.000	100%	0.0	0.000
<b>Total</b>	<b>175</b>	<b>0.084</b>		<b>64</b>	<b>0.031</b>

Source: Euroz Hartleys

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Triangle Energy Limited (TEG.ASX) | Price A\$0.019 | Target price A\$0.031 | Recommendation Speculative Buy;

*Price, target price and rating as at 18 April 2024 (\* not covered)*

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