

ASX: TEG

www.triangleenergy.com.au

52 Wk Share Price Range

\$0.055 – \$0.022

Market Capitalisation

\$16.37M (at \$0.029 per share as at 28 January 2021)

Issued Capital (as at 31 December 2020)

564.3M Outstanding Shares

29.1M Performance Rights

1.8M Unlisted Options @\$0.10

Cash (as at 31 December 2020)

\$3.06M

Investment in State Gas Limited

\$27.77 million (at \$0.58 per share, as at 28 January 2021)

Debt (as at 31 December 2020)

\$60K, net TEO Inter-Company Loan

Top 20 Shareholders (31 December 2020)

41.55%

Board and Management

Timothy Monckton

Non-Executive Chairman

Rob Towner

Managing Director/CEO

Wai-Lid Wong

Non-Executive Director

Malcolm King

Non – Executive Director

Marvin Chan

Chief Financial Officer

Lucy Rowe

Company Secretary

Triangle Energy (Global) Ltd

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HIGHLIGHTS OF THE QUARTER

- ❖ CH7 workover completed with on-going production of up to approximately 800 bopd
- ❖ Share Purchase Plan Completed with overwhelming support, \$3.9M
- ❖ Acquisition of 78.75% of WA-481-P and Formation of Joint Venture
- ❖ Progressing discussions with crude oil marketing firms regarding offtake alternatives available to Triangle following BP's intended conversion of the Kwinana oil refinery to a fuel import terminal

Cliff Head Oil Field (Cliff Head) Production

- Average Oil Price: US\$42.4 per barrel
- Produced and sold: 58,148 bbls (ave. 632 bopd) – an increase of 9% from last quarter
- Cliff Head Joint Venture (CHJV) crude sales revenue: AU\$3.37 million (previous quarter AU\$2.97 million) – an increase of 14% from last quarter due to increased production and improved oil price
- Lifting costs: US\$26.92/bbl (previous quarter US\$29.56/bbl) - improved cost per barrel due to additional production from CH7
- Operating loss: US\$2.72/bbl

Corporate

- October 7, 2020, successfully completed the SPP with AU\$3.91million raised
- November 9, 2020, Acquisition of 78.75% of WA-481-P from Pilot Energy Limited and formation of Joint Venture
- December 1, 2020, CH7 successfully brought back online, bringing production up by 237 bopd to an estimated 800 bopd, CH6 workover is suspended until 2021
- December 2, 2020, commenced arbitration proceedings against PT Enso Asia for the release of US\$1.02M escrowed funds. Subsequent to the end of the quarter on January 21, 2021, the Company announced PT Enso had released these funds as cleared funds
- The Company is the major shareholder of State Gas Limited (ASX:GAS, State Gas) with an interest of 27.67% as at the date of this report. The investment is equivalent to AU\$27.77 million in value at \$0.58 (as at 28 January 2021) per State Gas share
- Cash: AU\$3.06 million (previous quarter: AU\$3.47 million) which includes AU\$1.33 million in escrow. Subsequent to the end of the quarter, the escrowed funds were received by the Company as cleared funds, free from any restriction

COMPANY UPDATE

Cliff Head Oil Field (100%)

Production and Revenue

- CHJV oil produced and sold 3 months to 31 December 2020: **58,148 bbls**
- CHJV oil sales revenue December 2020 quarter: **AU\$3.37 million**
- CHJV December 2020 quarter average barrels sold: **632 bopd**

December 2020 Quarter	CHJV Total (100%) AU\$ Millions	CHJV Total (100%) US\$* Millions	Per barrel US\$*
Sales	3.372	2.465	\$42.39/bbl
Lifting costs ¹	(2.141)	(1.565)	(\$26.92)/bbl
Operating margin	1.231	0.900	\$15.47/bbl
Trucking	(0.281)	(0.205)	(\$3.53)/bbl
Routine profit	0.950	0.695	\$11.94/bbl
Non-routine costs ¹	(1.166)	(0.853)	(\$14.66)/bbl
Gross profit (loss)	(0.216)	(0.158)	(\$2.72)/bbl

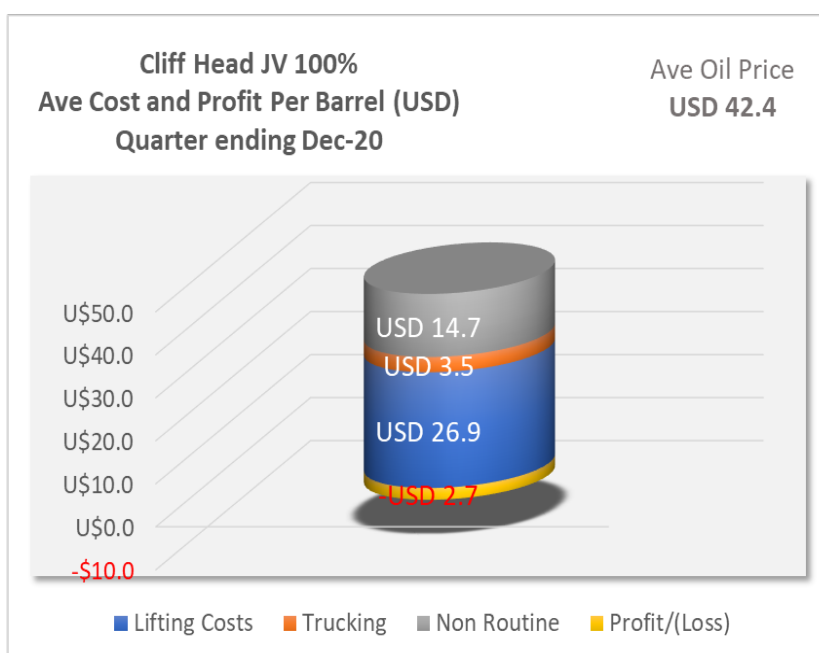
* US\$/AU\$ conversion rate of 0.731

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 Energy Pty Ltd² (21.25% each) on 31 March 2017 is controlled 50/50 and is not consolidated into the Triangle Group of Companies.

Cliff Head Operating Margin

Cliff Head 7 (CH7) well intervention workover proceeded as planned and completed during the quarter. On 1 December 2020, CH7 was brought back to production while the Cliff Head 6 (CH6) workover has been temporarily suspended pending the determination of a suitable solution to retrieve the old Electric Submersible Pump (ESP).

Operations at Cliff Head (routine and non-routine) continued to spend below budget. With the additional production from CH7 in December 2020 and the improving oil price, the Company managed to improve its financial performance compared to last quarter.



¹ Lifting costs are calculated to include routine production costs only. Non-routine costs exclude exploration, capitalisable expenditures and the associated amortisation.

² On 25 September 2020, Pilot Energy Limited announced that it had entered into a definitive share sale deed with Royal Energy Pty Ltd subject to shareholder approval.

CH6 and CH7 Workover Campaign

On 26 October 2020, the Company was pleased to provide an update on its Cliff Head Operations in respect of the commencement of CH6 and CH7 workover campaign.

On Sunday, 25 October 2020, the Hydraulic Workover Unit (**HWU**) arrived at the Cliff Head Alpha Platform (**CHA**) from Fremantle marking the start of the CH6 and CH7 workover campaign. Over the coming months the ESP system on both wells will be replaced, enabling the production from these wells to be restarted by year-end 2020.

As previously announced, the CH6 and CH7 wells were shut in since June this year. On 1 December 2020 the Company was pleased to advise that the CH7 well at the Cliff Head Oil Field (Cliff Head) returned to production on the afternoon of 28 November 2020.

Operations returned after a successful Workover Programme (**Workover**) which included the installation of a new, downhole ESP and was completed ahead of schedule and under budget.

Production has stabilised at approximately 220 bopd, and as at 31 December 2020 the field total production to approximately 800 bopd.

The successful resumption of production on the CH7 well revalidates the Company's decision in 2019 to move to the HWU alternative system for safe and lower cost operations, ESP design and replacement.

On this date, the Company also took the opportunity to update shareholders on the CH6 Workover, which commenced concurrently with the CH7 Workover. This Workover has been temporarily suspended after initial attempts to retrieve the old ESP were unsuccessful. The failed ESP had been in production for over ten years. This exceptional runlife is a testament to the operation of the well and the Cliff Head field from the Triangle team in Dongara.

This pause in operations enables the Company to progress with contingency planning without incurring any standby costs. The target date for resumption of workover activities for CH6, under the current contracting agreements, is anticipated to be Q1 2021.

The Company looks forward to keeping shareholders updated on the campaign's progress.

BP Kwinana Refinery Conversion

On 30 October 2020, BP announced its intention to cease fuel production at its Kwinana Refinery and convert the refinery into a fuel import terminal.

Triangle continues to deliver crude oil produced at its Cliff Head Oil Project in the Perth Basin to the BP Kwinana Refinery under a Crude Oil Supply Agreement (Supply Agreement).

Triangle has investigated several export and domestic markets for its product in the past and will continue these efforts in parallel with government policy measures aimed at protecting Australia's domestic refining capability. Triangle shares the concerns voiced by the Western Australian and Federal governments and believes ongoing refining capability is vital for the nation's future energy security.

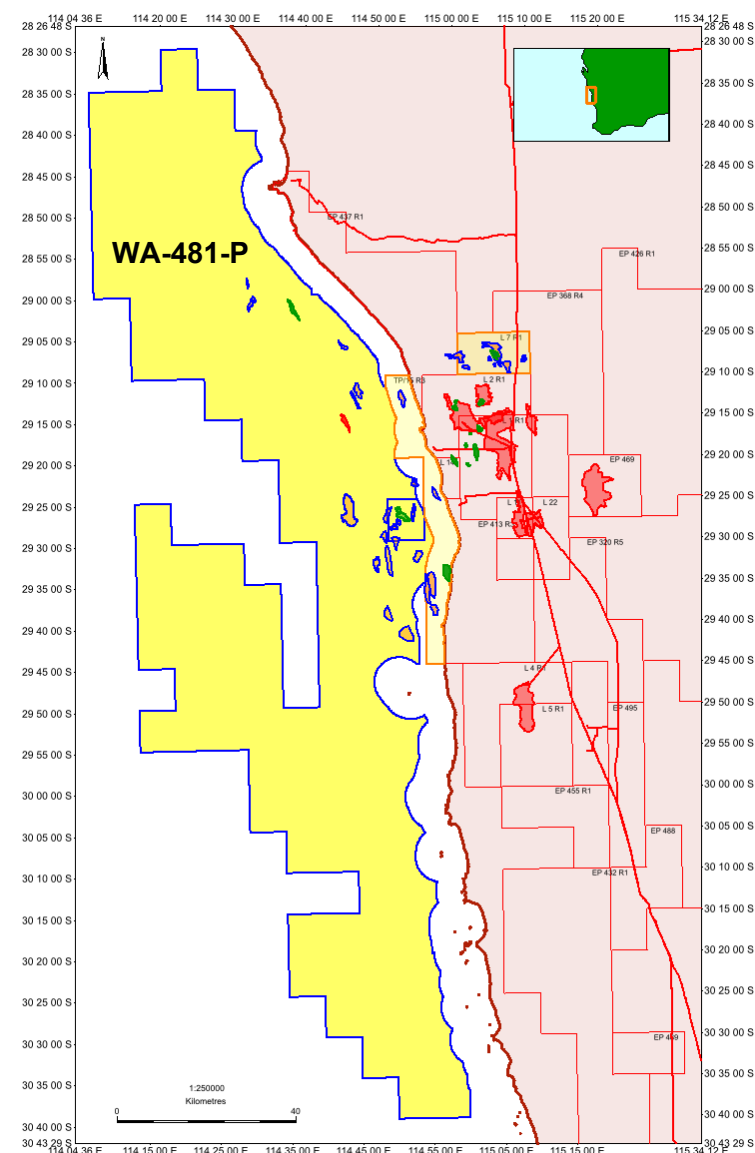
On 29 October 2020, the Company announced an updated Reserves and Resources summary for the Cliff Head Field. The impact of the cessation of production at the Refinery and the need to transition to an alternate opportunity on the economic parameters underpinning these Reserves and Resources is still unknown at this time.

Accordingly, the Company withdrew its Reserves and Resources statements while the position is confirmed. The Company will release an update once the underlying economic assumptions can be confirmed with a reasonable degree of certainty.

On 4 January 2021, subsequent to the end of the quarter, the Company announced that it had received formal notice of termination from BP under the Crude Oil Supply Agreement with the termination effective date being 16 February 2021.

The Cliff Head Oil Field will continue to produce and deliver its product to the BP refinery in Kwinana until this time and the Company is continuing discussions with crude oil marketing firms regarding offtake alternatives available to the Company.

The Company is continuing to assess the alternate opportunities which may be available once production at the Kwinana Refinery ceases.



Acquisition of 78.75% of WA-481-P and Formation of Joint Venture

On 9 November 2020, the Company was pleased to advise it had entered into an agreement with Pilot Energy Limited (Pilot) to acquire a 78.75% interest in offshore Perth Basin exploration permit WA-481-P covering 8,605km². WA-481-P is located immediately adjacent to, and contiguous with, the Triangle owned and operated offshore Cliff Head Oil

Field. Pilot is currently the 60% owner and operator of offshore Exploration Permit WA-481-P and has entered into definitive agreements to acquire the remaining 40% interest from Key Petroleum Limited (ASX:KEY), subject to Pilot shareholder approval.

Upon Completion of the acquisition of Key's 40% interest, Pilot will hold a 100% interest in WA-481-P.

Triangle has entered into a binding agreement with Pilot to acquire a 78.75% interest in, and operatorship of, WA-481-P, with Pilot retaining a 21.25% non-operated working interest in the permit. This transaction is conditional on Pilot acquiring Key's 40% interest in WA-481-P and Pilot and Triangle agreeing

- (i) a revised joint operating agreement in respect of WA-481-P;
- (ii) a joint operating agreement in respect of the Cliff Head Wind & Solar Project Joint Venture; and
- (iii) access agreements in respect of the Cliff Head and Arrowsmith infrastructure and operations on the area of WA-481-P. The transfer of WA-481-P is subject to standard regulatory approvals.

The cut-off date to agree these documents and for the WA-481-P transaction to complete is 15 March 2021 (or as otherwise agreed). As consideration for the acquisition, Triangle will:

- Pay Pilot \$300,000 at completion; and
- Carry Pilot's 21.25% share of costs for the first 3 years of the WA-481-P minimum work program (up to a maximum of \$1.22 million based on the current minimum work program).

Triangle is majority owner and operator of the Cliff Head Oil Field (located in the Offshore Production Licence WA-31-L) and the onshore Arrowsmith Separation and Processing Facilities. As previously announced to ASX on 25 September 2020, Pilot has entered into definitive agreements to acquire Royal Energy Pty Ltd, which holds an effective 21.25% interest in the Cliff Head Oil Field through its ownership of 50% interest in Triangle Energy Operations Pty Ltd (TEO), the operator and owner of 42.5% joint venture interest in the Cliff Head Oil Field.

Upon completion of the sale of the majority 78.75% interest in and transfer of operatorship of WA-481-P, Pilot and Triangle will have created substantial alignment through the newly created WA-481-P Joint Venture and the existing Cliff Head Oil

Field Joint Venture (in which Pilot will acquire an effective 21.25% interest upon the completion of the Royal Energy Acquisition).

Triangle has agreed that Pilot's share in any oil and gas discoveries in WA-481-P will be developed and produced through the Cliff Head Oil Field facilities and that Pilot will have access to these facilities on the same basis as Triangle (subject to market standard terms).

The WA-481-P permit contains numerous leads and prospects located within close proximity to the Cliff Head Alpha Production Platform. As part of the definitive agreement to acquire the majority interest in WA-481-P, Triangle has also agreed that the work program to be conducted in the permit will be directed in the defined area around Cliff Head covering these numerous previously identified leads and prospects.

Triangle's initial focus in WA-481-P will be on the prospectivity west and south of Cliff Head field. This area is considered highly prospective for oil as evidenced by Cliff Head oil field and the Xanadu oil discovery. Several leads are mapped in this area which require further definition with seismic acquisition. Any discovery that could arise from these leads could potentially be developed through the Cliff Head infrastructure.

The wider WA-481-P area is also highly prospective for oil and gas. Triangle will evaluate and develop the greenfield exploration potential of this very large permit which lies on the eastern margin of the Abrolhos Sub-basin, a proven source kitchen. Development of the Dunsborough oil and gas discovery will also be further investigated. Triangle and Pilot will enter into a conventional offshore oil and gas joint operating agreement covering the establishment of the joint venture managing the permit and the operatorship of the permit with Triangle as the operator. Under these arrangements, Pilot will be designated the operator's representative in connection with all matters relating to the interface with any potential offshore wind development affecting the WA-481-P permit area.

Cliff Head Wind and Solar Project Joint Venture

In addition to and in parallel with the sale of the majority interest in WA-481-P, Triangle and Pilot have also agreed to form the Cliff Head Wind and Solar Project Joint Venture (Wind & Solar JV) with Pilot owning 80% and Triangle 20% (subject to agreeing the terms of a joint operating agreement and the WA-481-P transaction completing).

The Wind & Solar JV will assess the feasibility of the development of an offshore wind and onshore wind and solar power project centred around the Cliff Head Offshore Oil Field production facilities, Cliff Head Alpha and the onshore Arrowsmith Separation and Processing Facilities, encompassing:

- taking advantage of well-recognised, world-class wind and solar resources of Western Australia's Mid-West Region.
- multi-tasking the existing Cliff Head Oil Field offshore and onshore facilities to improve their utilisation and extend their life.
- Triangle and Pilot negotiating an access and coordination agreement to establish the basis for providing access to the existing Cliff Head Alpha Platform, the offshore/onshore pipeline right of way from the platform and to the onshore Arrowsmith Separation and Processing Facilities; and
- Pilot carrying Triangle's costs in conducting the feasibility study for the development of the wind and solar power project.

Cliff Head Renewal Project

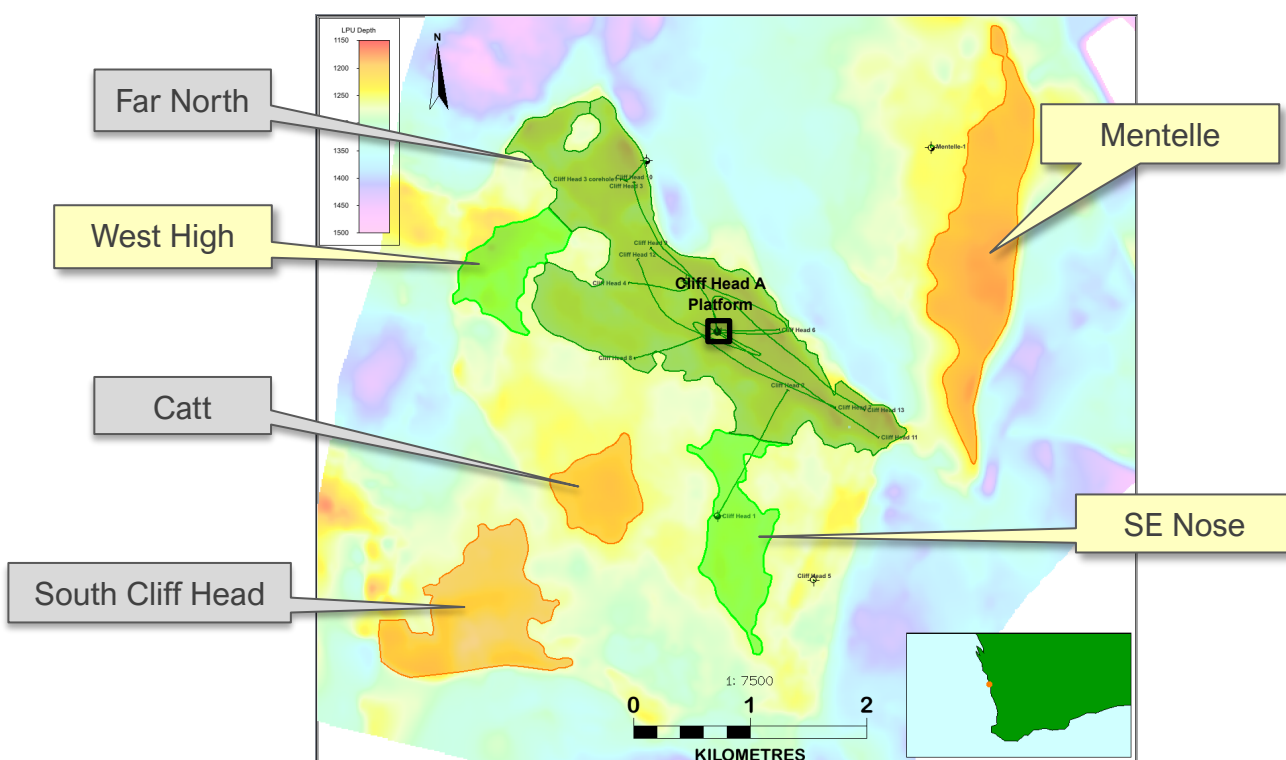
Three attractive drilling opportunities that could be drilled and developed from the Cliff Head platform and are technically mature and economically justified for drilling were developed from the previously completed Cliff Head Renewal Project (CHRP), the South-East Nose development, West High appraisal/development and Mentelle Updip exploration prospect. The results of this work were announced on 23 April 2020. If these opportunities are successful, it could materially extend the life of the Cliff Head oil field.



Farmout Campaign and Commencement of Well Planning

During the quarter, the Company commenced a farmout campaign on behalf of the Cliff Head Joint Venture, to seek interested parties to participate in the drilling of West High, Mentelle and/or SE Nose. A number of companies were approached with several still evaluating the opportunity.

The company has also commenced well planning for SE Nose, West High and Mentelle Updip targeting a drilling campaign during the first half of 2022. The well planning is moving into the detailed design phase to meet a 2022 drilling timetable.



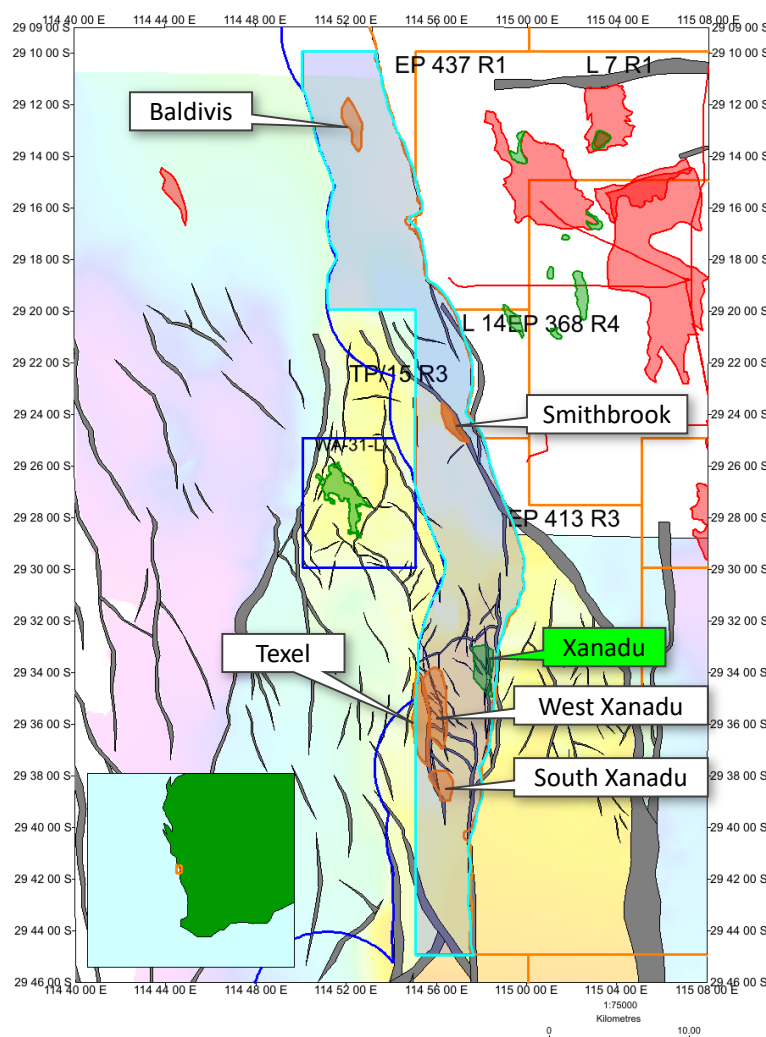
Cliff Head Field, Prospects and Leads

TP/15 Xanadu-1 JV (45%)

TP/15 hosts the Xanadu oil discovery within the large Xanadu structure. Although the reservoir quality is less than optimal, the discovery of oil in the Xanadu-1 well is positive in so far as it demonstrates an oil charge to and moveable oil within TP/15. The Company also expects reservoir quality to improve west of the Xanadu structure.

Significant exploration potential remains in TP/15 with the West Xanadu and in the Texel leads, located some 10km to the southwest of Xanadu. Texel is a Permian oil play, targeting the High Cliff Sandstone which hosts the prolific gas discoveries onshore, on the other side of the Beagle Ridge. Additional oil potential exists in the Dongara Sandstone and Irwin River Coal Measures, the latter being the reservoir at the Cliff Head oil field.

Additional seismic coverage is required to progress Texel and West Xanadu to drillable status. The company is actively reviewing the opportunity to cost effectively combine seismic acquisition in TP/15 along with data acquisition in the adjacent WA-481-P to mature these leads for drilling.



TP/15 Prospects and Leads

Farmout Agreement with Key Petroleum Limited for Mt Horner Production Licence L7(R1) (TEG 50%)

Subsequent to the end of the quarter on 29 January 2021, the Board of Directors was pleased to announce that the Company has entered into a Sale and Purchase Agreement (**Agreement**) and Royalty Deed (**Royalty Deed**) with subsidiaries of Key Petroleum Limited (ASX:KEY) to acquire Key Petroleum (Australia) Pty Ltd's (**Key Petroleum**) 50% participating interest in Production Licence L7(R1) (**L7**) and Key Petroleum and Key Midwest Pty Ltd's (Key Midwest) combined 86.94% interest in Exploration Permit EP 437 (**EP 437**) (together, **the Acquisition**). A wholly owned subsidiary of Triangle will hold the relevant interests acquired under the Agreement and Pilot Energy Limited (**Pilot**) holds the remaining 13.06% interest in EP 437.

Summary of the key terms of the Agreement and Royalty Deed

Completion of the Agreement is conditional on usual regulatory approvals, execution of a deed of covenant in respect of the EP 437 JOA, Triangle receiving binding commitments for a capital raising of at least \$1,000,000 and, if required, Key obtaining the approval of its shareholders under Chapter 11 of the ASX Listing Rules for the Key subsidiaries to sell its interests in these assets. Under the terms of the Agreement:

- Triangle will pay to Key a cash consideration of A\$600,000 (\$A200,000 of which is payable as a non-refundable deposit, unless Key does not obtain shareholder approval), any outstanding cash calls in respect of L7 based on

an agreed work program and budget plus a 5% gross overriding royalty payable on production from L7 and EP 437;

- subject to Completion occurring, the existing Farmout Agreement between Triangle and Key in relation to the L7 licence at Mt Horner, the execution of which was announced on 31 October 2018, will terminate and the parties will release each other from all claims and liabilities in respect of L7 and the Farmout Agreement, except in relation to certain rehabilitation work undertaken by Key Petroleum prior to execution of the Agreement, including any disputes in respect of the Farmout Agreement (refer announcement by TEG on 4 August 2020); and
- TEG is guaranteeing the performance by the Triangle subsidiary acquiring the interest under the Agreement and the Royalty Deed.

Triangle has agreed to assume all of Key's ongoing work program commitments within EP 437, which now requires the acquisition of 20 square kilometres of 3D seismic and the drilling of one well prior to the end of Year 3 of the permit term on 27 May 2022 with a second discretionary well due by the end of the permit term on 22 May 2023. The terms of the original Farmout Agreement for L7 are removed, allowing Triangle to acquire a much larger 3D survey across the area, which will also tie into the existing Irwin 3D survey to the south and extend into EP 437 to the west. The primary aim of the larger 3D is to provide a near complete coverage of the Bookara Shelf hydrocarbon fairway. The terms of the Sale and Purchase Agreement require Triangle to assume all ongoing liabilities associated with L7 and EP 437 upon completion of the sale.

During the Quarter planning activities were undertaken for the Bookara 3D Seismic Survey, with the Survey to be conducted in 2021 as part of the agreed Farmin Work Program under the Farmout Agreement signed on 31 October 2018, to be funded by Triangle Energy (Global) Limited.

Subsequent to the end of the Quarter activities commenced including, survey design, Botanical Survey, and high-resolution aerial photo survey as part of the environmental approvals. Stakeholder engagement pertaining to access is also well underway.

INVESTMENTS

State Gas Limited (ASX: GAS)

Triangle is the major shareholder of State Gas Limited (**State Gas**) (ASX:**GAS**) with an interest of 27.67% (as at the date of this report), the investment is equivalent to AU\$27.77 million in value at AU\$0.58 (as at 28 January 2021) per State Gas share.

The following developments occurred during the quarter ending 31 December 2020:

- On 1 October 2020, State Gas announced it is well-positioned to commence Phase 2 drilling by mid-November 2020. The Phase 2 campaign will obtain additional data to secure a significant certified reserves booking and enable field development planning and infrastructure design for early commercialisation of the Nyanda area. Phase 2 of the program will involve drilling and production testing of at least four step out wells from Nyanda-4, with the possibility of two optional additional wells to further delineate gas resources across PL 231.
- State Gas has undertaken a planning for an initial gas well to be drilled within new acreage awarded to the Company in the recent Queensland Petroleum Land Release – proposed Authority to Prospect 2062, ("Rolleston-West"). The proposed well, to be named Rougemont-1, will investigate the highly-prospective and well-understood Bandanna coals in the eastern region of the acreage. The Rougemont-1 well will facilitate down-hole logging to determine coal thickness and depth of seams, along with permeability testing of seams. The proposed Rougemont-1 will be strategically located within Rolleston-West to be close to State Gas' proposed northern route option for the export pipeline from PL 231 (Reid's Dome)
- On 15 December 2020, the first well (Nyanda-7) in its Phase 2 exploration and appraisal program for the Reid's Dome Gas Project (PL 231) was spudded. The Nyanda-7 well is part of State Gas' 100% owned Reid's Dome Gas Project on PL231. Approximately 2.6 km north of the Nyanda-4 well, the Nyanda-7 well is being drilled as a step

out well to Nyanda-4, from which gas was produced at rates approaching 500,000 cubic feet per day³. On 19 December Target Depth of 1212m was reached at Nyanda 7.

- On 24 December 2020 State Gas announced that further evaluation of the Nyanda 7 coal seam gas well logs indicated 38.2 m net coal using parameters determined from Nyanda 4 core and desorption data. The net coal and seam thicknesses and good quality gas shows between 486 – 1210m in the Reid's Dome Beds coal measures are similar to those encountered in Nyanda 4. Borehole image data indicates numerous open natural fractures intersecting the coal seams in Nyanda 7. The well has been suspended awaiting completion.
- Before the end of 2020, Nyanda-8 has spudded and drilling reached the targeted Total Depth of 1200 metres. Wireline logs indicated the well has intersected 19.7m net coal with open fractures apparent on the image log, exhibiting good potential for CSG production.

For further information on State Gas Limited, please refer to the company's website at 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

Share Purchase Plan

On 4 September 2020, the Company launched a Share Purchase Plan (**SPP**) to raise up to approximately AU\$1 million (before costs) via the issue of Shares at an issue price of AU\$0.03 per Share.

The SPP enabled existing eligible shareholders, irrespective of the size of their holding, to participate in the capital raising at the same issue price as the Placement, and not incur any brokerage or transaction costs.

Eligible shareholders, being those holders of Shares with an address in Australia or New Zealand as at 5.00pm (WST) on 26 August 2020, had the opportunity to apply for up to AU\$30,000 worth of new Shares in the Company. The Shares issued under the SPP will rank equally with existing Shares of the Company.

Initially, the maximum gross amount raised under the SPP was capped at a total of AU\$1,000,000, however the Company reserved the right to change this cap at its discretion by announcement to ASX. Each applicant was to be treated equally and scaled back on a pro rata basis.

On 15 September 2020, the Board extended the closing date of the SPP to 2 October 2020 and on 7 October 2020, subsequent to the end of the quarter, the Board was very pleased to announce the successful completion of the SPP.

The Company received SPP applications totalling \$4,934,000 and the Board exercised its absolute discretion in accepting all valid oversubscriptions to the maximum threshold permitted under ASX Listing Rule 7.2 Exception 5 (being up to 30% of the Company's issued capital) and pursuant to the terms and conditions of the Company's SPP. Therefore, the total amount raised under the SPP was \$3,906,903.15, representing 130,230,084 Shares.

All applications received over and above this threshold were scaled back on a pro rata basis and the monies refunded to shareholders.

The SPP Shares were issued, during the quarter, on 13 October 2020.

Net proceeds raised from the SPP were used towards the workover program for CH6 and CH7, the continued development of the Company's drilling prospects and for general working capital.

Annual General Meeting

The Annual General Meeting (**AGM**) of the Company was held on 27 November 2020, all resolutions were passed by a sufficient majority.

Private Placement of Shares

On 29 January 2021, subsequent to the end of the quarter, the Company announced that it had received binding commitments under the Placement to raise A\$1.19 million (before costs) from professional and sophisticated investors who subscribed for 56,433,043 new ordinary shares at an issue price of A\$0.021 per new share.

The funds raised pursuant to the Placement are intended to be applied towards the cash consideration payable to Key pursuant to the Acquisition, also announced on 29 January 2021, the work program for Mt Horner and EP 437, and general working capital.

The issue price of A\$0.021 represents a 21.36% discount to the 15-trading day VWAP.

Upon completion of the Placement, the 56,433,043 new shares will represent approximately 9.09% of the share capital of the Company, which will have 620,763,481 ordinary shares on issue.

The Placement shares are proposed to be issued under the Company's 10% placement capacity under ASX Listing Rule 7.1A.

Settlement of the placement is expected to occur on or before 5 February 2021.

Capital and Management Expenditure

As at 31 December 2020, Triangle had a cash balance of AU\$3.06 million of which AU\$1.33 which was held in escrow (and was released from escrow to Triangle following the quarter-end).

During the quarter, the Company made payments on the following expenditures:

- **Production expenditure:** Normal production operations at Cliff Head of AU\$3,422K. This amount represents 57.5% participating interest in CHJV;
- **Exploration and evaluation expenditure:** the Company paid AU\$230K for subsurface works in Cliff Head and L7 (Mt Horner);
- **Staff cost:** Payments to staff not directly involved in the Cliff Head operations of AU\$897K (including payments of deferred salaries of Key Management Personnel and directors); and
- **Administration and corporate:** other general and administration expenses of AU\$303K incurred by the Company in other areas of the business.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty. This investment is equity accounted for in the Company's financial statements.

Payments to Related Parties of the Company and its Associates

During the quarter ending 31 December 2020, the Company paid AU\$204K to related parties of the entity and their associates. The payment is broken down as follows:

1. payments to executive director of AU\$144K, and
2. payments to non-executive directors of AU\$60K.

These payments included settlement of the deferred 30% salaries and director fees.

Pase PSC – PT Enso Asia

On 2 December 2020, the Company advised it had commenced arbitration proceedings against PT Enso Asia by filing a Notice of Arbitration with the Singapore International Arbitration Centre over unpaid consideration from the Company's sale of its Indonesian asset (Pase PSC) in 2016.

Triangle was owed US\$1.02 million, held in escrow (Escrowed Funds), in relation to the Sale and Purchase Agreement for the Pase PSC (Sale Agreement) with PT Enso Asia. All the conditions precedent on the Sale Agreement were satisfied



and/or waived in February 2016. Subsequent to the end of the quarter, PT Enso Asia agreed to release the Escrowed Funds to the Company and the Company received the funds in full and without any deduction on 21 January 2021. On the same day, the Company instructed its lawyers to withdraw the arbitration proceedings against PT Enso Asia.

Shareholder Analysis

As at 31 December 2020 the Company had 1417 shareholders and 564,330,438 Shares on issue. The Top 20 shareholders hold 41.55% of the total issued capital.

Information in relation to ASX Listing Rule 5.4.3

At 31 December 2020, the Company held a:

- 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;
- 50% participating interest in Production Licence L7(R1), Perth Basin, Western Australia; and
- 78.75% participating interest in WA-418-L³, Perth Basin, Western Australia.

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

³ On 9 November 2020 the Company announced it had entered into agreements with Pilot Energy Limited, this transaction is still subject to Completion

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 in-field appraisal and development drilling, and near field exploration. Three opportunities are both technically mature and economically justified for drilling.



Arrowsmith Stabilisation Plant

West High

The West High appraisal/development opportunity, on a likely western extension of the Cliff Head field, could be drilled by a deviated appraisal well from the Cliff Head platform, and then completed as a production well in the event of success. Best Estimate Contingent Resource of 1.06 MMstb (100%) is assessed, and it is also mature for drilling.

SE Nose

The SE Nose development opportunity is a low relief structure updip of the original Cliff Head 1 discovery well, that was confirmed and de-risked by depth conversion studies and is assessed to have Best Estimate Contingent Resources of 0.81 MMstb (100%) and is also mature for drilling.

Mentelle Updip

The Mentelle Updip prospect has developed into an opportunity with sufficient resource potential to materially impact the life-cycle of the Cliff Head asset. Further seismic acquisition was evaluated and is not justified because of relative cost and additional time delays. Mentelle Updip is mature for drilling.

Two new features were identified from the CHRP, the Catts exploration prospect 1.4 kms SSW of the Cliff Head Alpha platform, and the Far North opportunity north of Cliff Head 10. Catts is a subtle two-way-time closure that is enhanced with depth conversion and analogous to the SE Nose structure and can also be developed from the Cliff Head Alpha platform in the event of exploration success. Far North is a possible structural culmination on the northern limit of the field that is indicated by upside scenarios of the depth conversion work. The upside depth model is supported by the production performance of the Cliff Head 10 well. Far North is still under evaluation. The Cliff Head south area also appears to provide long term exploration potential that could be drilled from the Cliff Head Alpha Platform, which requires further seismic acquisition to adequately define it.

The next steps are to commence detailed well planning, targeting a drilling campaign within the constraints of the current oil price and industry down-turn.

Health, Safety and Environment (HSE)

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

Offshore Australian projects are subject to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* 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 covers 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. 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.

Analysis of the oil recovered from Xanadu-1 samples show 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 would be 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 and 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 results of the Xanadu 3D seismic data, along with the well data, suggests that commercial potential of the Xanadu discovery may be limited.

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. A number of potentially large 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%

Authorised for Release by: Robert E T Towner
Managing Director

ENDS

General Shareholder Enquiries: info@triangleenergy.com.au

Notes Regarding Contingent and Prospective Resources

1. The Contingent Resources and Prospective Resources lie within the Cliff Head Production Licence WA-31-L, operated by Triangle Energy (Operations).
2. Gross Contingent Resources and Prospective Resources are attributed to 100% joint venture interest in WA-31-L.
3. The Company's net Contingent Resources and Prospective Resources are attributed to Triangle Energy's 78.75% net interest in WA-31-L.
4. The Contingent and Prospective resources reported here were reported on 29 October 2020.
5. The Petroleum Resources were prepared in accordance with the SPE-PRMS (2018).

Qualified Petroleum Reserves and Resources Evaluator Statement

The Reserves, Contingent Resources and Prospective Resources are based on and fairly represent information and supporting documentation prepared by, or under the supervision of, the Company's Sub-Surface Manager Mr Matt Fittall, who is a full time employee of Triangle Energy (Global) Limited. Mr Fittall has provided his prior written consent 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. The Company also has a 27.67% 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 or oil and gas exploration entity quarterly cash flow report

Name of entity

Triangle Energy (Global) Limited

ABN

52 110 411 428

Quarter ended ("current quarter")

31 December 2020

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	1,916	4,090
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	0	0
	(b) development	0	0
	(c) production	(3,422)	(5,501)
	(d) staff costs	(897)	(1,410)
	(e) administration and corporate costs	(303)	(645)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	0	(3)
1.6	Income taxes / PRRT (paid) / received	0	280
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material)	0	0
1.9	Net cash from / (used in) operating activities	(2,705)	(3,188)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	(325)	(708)
	(d) exploration & evaluation (if capitalised)	(230)	(341)
	(e) investments	(30)	(30)
	(f) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	(800)	(800)
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(1,385)	(1,879)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,907	6,107
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(60)	(118)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(9)	(29)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	3,838	5,960

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,468	2,405
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,705)	(3,188)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,385)	(1,879)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,838	5,960

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(159)	(241)
4.6	Cash and cash equivalents at end of period	3,057	3,057

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,688	1,937
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details) Escrow and Joint Venture Cash	1,369	1,531
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,057	3,468

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(204)
0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	0	0

7.5 Unused financing facilities available at quarter end	0
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7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,705)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(230)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(2,935)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,057
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	3,057
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, we are not expecting to continue with the same level of net operating cash flows. The net operating cash flow for this quarter ending 31 December 2020 is unusual as it includes a payment of prior period trade liabilities and capital expenditure for CH6 and CH7 workovers.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, the Company has taken steps to raise further cash. Subsequent to the end of the quarter, on 21 January 2021, the Company announced the receipt of US\$1.02 in cleared funds from PT Enso Asia. On 29 January 2021, the Company successfully completed a capital raising with binding commitments of AU\$1.19 million. Further, the Company owns a significant shareholding in ASX-listed State Gas Limited.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company is able to continue its operations and meet its business objectives based on its responses to above.

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.

Date: 29 January 2021



Authorised by: Robert E T Towner on behalf of the Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.