

The Directors of Triangle Energy (Global) Limited (“Triangle” or “Company”) are pleased to provide the quarterly report for the period ended 31 December 2016.

## HIGHLIGHTS

- **Cliff Head Production and Sales** - production during the December quarter totalled 102,199 bbls of oil (58,764 net to Triangle 57.5%) at an average production rate of 1,111 bopd (639 net). Sales for the quarter totalled \$6.40 million (\$3.68 million net)
- **Cliff Head Joint Venture CH13 Well Intervention workover successfully completed** – increasing production rate to 1,270 bopd following a ESP change out
- **Extension of end date to Conditional Agreement to farm into the Xanadu prospect within TP/15**
- **Optimisation and Budget Review** - The JV continued the 2017 optimisation and budget review process targeting USD\$35 per bbls cost base case. OPEX for 2017 forecast USD\$35-\$37 bbl
- **Reids Dome Conventional Gas Project** - Commenced discussions with Corporate Advisors to develop strategy to realise value for the Reids Dome Conventional Gas Project in Queensland
- **Other Opportunities** -The Company continues to review and consider other opportunities within the sector

## PRODUCTION AND REVENUE

### Cliff Head (57.5% interest)

- Total Production 30 June – 31 December 2016: **205,938 bbls (57.5%: 118,414 bbls)**
- JV Sales Revenue 30 June – 31 December 2016: **\$12.11 million (57.5%: \$6.97 million)**

During the quarter the JV proceeded to bring CH13 production well on line having been shut in since July 2016 due to Electric Submercibal Pump (ESP) failure prior to the Company acquiring it's 57.5% interest. The CH13 well intervention costing the JV \$3.19 million (57.5%: \$1.83 million) was successfully completed on 22 December 2016 and production has recommenced.

The average production rate for the December quarter was constrained to 1,111 bopd. Subsequent to CH13 upgrades, the daily production rate during January increased to 1,270 bopd. All workover and development costs were self funded by Triangle with the Company contributing cash of approximately \$1.40 million to the well intervention during the six months to 31 December 2016. At 31 December 2016, approximately \$770k (57.5% \$443k) is accrued to be paid.

The Company continues to look for further opportunities to optimise production which could provide a lower cost base and increase production rates.

Since acquiring 57.5% of the Cliff Head field on 30 June 2016, Triangle has achieved net revenue of \$6.97 million to 31 December 2016. At the current production profile and oil price, the Company estimates revenue of \$4.55 million for the March 2017 quarter following the successful installation of the CH13 ESP during December 2016.

### Managing Directors Comments

Triangle's interest in the Cliff Head oil field provides a strong foundation for the Company's growth. Improved oil prices will underpin robust operating cash flows together with achieving our forecast OPEX reductions to \$USD\$35–37 bbls. During the quarter, Triangle together with the Joint Venture nominated operator ROC Oil, continued reviews of all contracts to recalibrate the 2017 operating budgets.

In light of the current oil price environment, the Company has a focus and commitment to secure additional and sustainable cost savings and productivity improvements across the business with several key contracts secured on new terms. Considerable cost savings have been achieved and further contracts are currently under review. As a base case, the joint venture is targeting USD\$35 per barrel and are on track to achieve our OPEX forecast for 2017 of USD\$35–37 bbls.

A prudent approach to cost management will accommodate fluctuating oil prices whilst securing significant positive cash flow should oil prices stabilise above USD\$55/bbl. Consensus outlook from global commentators is the oil price will range between USD\$50 - \$60/bbl in the near term.

During the quarter, the Company agreed to extend the end date for the Agreement to participate in the Xanadu prospect within TP/15 in the Perth Basin. This continues our development of a high quality, high conviction Perth Basin portfolio. The Cliff Head oil field offers Triangle unique insight into regional trends and is analogous to Xanadu. We see synergies in exploring and commercialising near field resources. Xanadu is a high impact prospect which is planned to be drilled by a cost effective onshore, deviated well in 2017. We are very pleased to be working alongside Norwest Energy NL and other partners towards a joint venture which will see the drilling of this exciting prospect.

The next six months will be an exciting period for the Company which will benefit from its new Australian focus. Triangle is in a strong financial position with a clear line of sight on future revenues which will enable it to invest in opportunities to progress the Company and build shareholder value.

**Rob Towner**  
**Managing Director**

## COMPANY UPDATE

### WESTERN AUSTRALIAN OPERATIONS

#### Cliff Head Oil Field (57.5%), Offshore Perth Basin

Cliff Head is located ~300km north of Perth and was the first commercial offshore Perth Basin discovery (2001) and commenced production in 2006. The development consisted of the Cliff Head Alpha unmanned platform and twin injection and production pipelines to the onshore Arrowsmith plant for a CAPEX cost of US\$327 million.

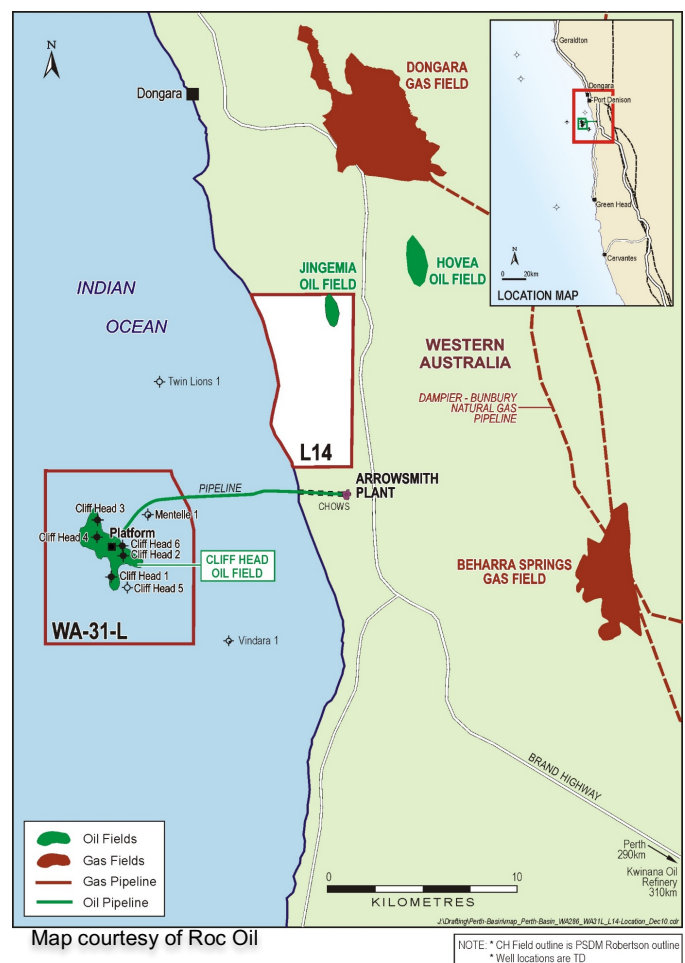
Production is from five Electric Submersible Pumps (ESP) production wells and produced water is reinjected into three injection wells.

Produced Crude oil is trucked to the BP refinery in Kwinana, 42 kms south of Perth.

#### Xanadu Prospect Farm-in Agreement

Triangle extended the end date to 15 February 2017 with Norwest Energy NL (Norwest) to complete the farm in agreement for the Perth Basin offshore exploration permit TP/15 (Xanadu Prospect), subject to the successful formation of a joint venture agreement.

Under the agreement, Triangle will earn up a 30% working interest in TP/15 by contributing 40% and Transerv Energy will earn 15% of the drilling costs by contributing 20% towards costs of the drilling of a well, with customary cost caps to be applied. The farm-in will not be binding until Norwest finalises the make-up of the



joint venture. Triangle has paid Norwest an amount of \$25,000 to progress the development of the joint venture. This amount is refundable if the joint venture cannot be established.

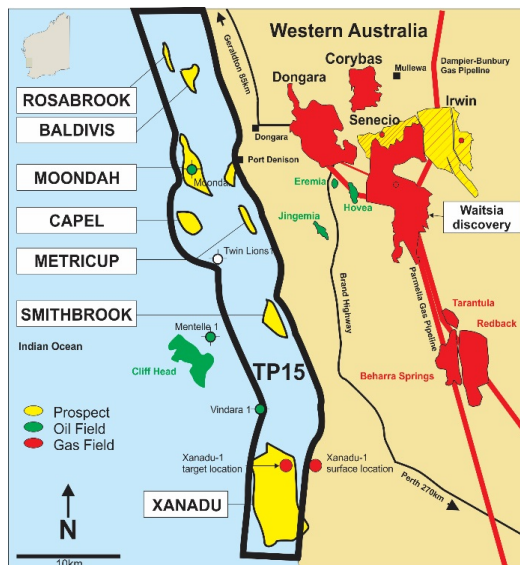
TP/15 is located in the offshore northern Perth Basin, approximately 250km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and covering an area of 645km<sup>2</sup>. Xanadu is a conventional oil prospect located near the southern end of the TP/15 permit.

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

The Xanadu prospect, in the southern end of TP/15, holds an un-risked best estimate prospective resource of 160 mmstb\* (see Table 1) and is planned to be drilled in 2017.

**Table 1**

Un-risked Prospective Resource: recoverable volumes oil (mmstb)*			
Reservoir	Low estimate	Best estimate	High estimate
Dongara Sandstone	3	12	22
Irwin River Coal Measures	13	88	159
High Cliff Sandstone	29	60	256
<b>Total</b>	<b>45</b>	<b>160</b>	<b>437</b>



\*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Norwest's assessment of the chance of discovery and chance of development associated with the Xanadu prospect are provided in Table 2.

**Table 2**

Reservoir	Chance of Success
Dongara Sandstone	14%
Irwin River Coal Measures	13%
High Cliff Sandstone	6%

Refer NWE announcement released to ASX on 29/10/2014.

## QUEENSLAND OPERATIONS

### Reid's Dome (Petroleum Lease 231) – Operator (60%)

The Company owns 60% (Operator) of the Reids Dome conventional gas project in Queensland. During the quarter the Company commenced discussions with Corporate Advisers with the intention of investigating options to fund advanced exploration of the Reids Dome Project.

The Reids Dome Tenement covers an area of 181 square kilometres on the western flank of the Bowen Basin in Queensland. The Reids Dome Gas Field, based on initial reseviior studies indicates a reserve of up to 1 billion cubic feet of gas for the three wells drilled prior to November 1994.

## INVESTMENTS

### Elixir Petroleum Limited

The company holds 3.67% of ASX listed Elixir Petroleum Limited (ASX:EXR). Elixir is well funded to take advantage of opportunities in the Oil and Gas sector.

### Divestment of the Pase PSC

US\$1.02 million (\$1.41 million) of the consideration is held in an escrow account to be released to Triangle after the Ministry of ESDM or SKK MIGAS provides written approval and notification of the Change of Control of the PSC. This amount is held by Triangle under contract and has been reported as cash in the 31 December 2016 Appendix 5B.

## OTHER

### Notice of Arbitration

Further to the notice provided in our ASX Announcement dated 21 December 2015, the Company was in receipt of the Arbitration award at approximately 4.00pm (WST), Monday, 5<sup>th</sup> December 2016 (refer to ASX Announcement dated 7 December 2016).

The Hong Kong International Arbitration Centre made a determination to award in favour of MonTerra Limited. The Company strongly maintains MonTerra's claims bear no basis and continues to seek further advice in respect of all its options or potential settlement arrangements.

Further information will be made available by the Company in due course.

### Capital and Management Expenditure

As at 31 December 2016, Triangle Energy had cash balance of \$1.814 million of which \$1.415 million is held in escrow.

During the quarter the Company completed a capital reconstruction on the basis of 1 new share for every 25 held. This was approved at the Company's Annual General Meeting on 30 November 2016.

### Shareholder Analysis

As at 31 December 2016 the Company had 1,090 shareholders and 146,823,915 ordinary fully paid shares on issue with the top 20 shareholders holding 64.84% of the total issued capital.



### Information in relation to ASX Listing Rule 5.4.3

The Company holds:

- 57.5% participating interest in WA-31-L, the Cliff Head oil field; and,
- 60% participating interest in PL231 located in Queensland, Australia.

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

#### **About Triangle Energy:**

*Triangle Energy is an oil and gas production and exploration company based in Perth. The Company holds a 57.5% working interest in the producing Cliff Head oil field in the Perth Basin and an operating interest in the Reids Dome Production Licence in Queensland. Triangle Energy continues to assess acquisition prospects to diversify and grow the portfolio of assets.*

#### **For Further information, please contact:**

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## 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 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,339	6,949
1.2 Payments for		
(a) exploration & evaluation	(41)	(66)
(b) development	-	-
(c) production	(4,584)	(7,275)
(d) staff costs	(162)	(301)
(e) administration and corporate costs	(490)	(798)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(8)	(20)
1.6 Income taxes paid	-	188
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,944)</b>	<b>(1,318)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(8)
(b) tenements (see item 10)	-	(729)
(c) investments	-	(66)
(d) other non-current assets	-	-

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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1)</b>	<b>(803)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	50
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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 (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>50</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,673	3,837
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,944)	(1,318)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1)	(803)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	50
4.5 Effect of movement in exchange rates on cash held	86	48
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,814</b>	<b>1,814</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	339	1,294
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,415	1,335
- Cliff Head JV cash at bank	60	1,044
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,814</b>	<b>3,673</b>

\*US\$1.019M (AU\$1.415M) of the consideration is held in an escrow account to be released to Triangle after the Ministry of ESDM or SKK MIGAS, provides written approval and notification of the Change of Control of the PSC.

**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	(87)
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:

- Directors fees of \$8k
- Payments made for professional services pursuant to consultancy agreements totalling \$79k

**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



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

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

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(40)
9.2 Development	-
9.3 Production	(3,200)
9.4 Staff costs	(145)
9.5 Administration and corporate costs	(350)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(3,735)</b>

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

### **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:



Date: 31 January 2017

(Director/Company secretary)

Print name: Darren Bromley

### **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.