

Triangle Energy (Global) Limited

ABN 52 110 411 428

Interim Financial Report

For the six months Ended 31 December 2017



TriangleEnergy



CORPORATE DIRECTORY

DIRECTORS

Edward (Ted) Farrell (Non-Executive Chairman)
Robert Towner (Executive Director)
Darren Bromley (Executive Director)

COMPANY SECRETARY

Lucy Rowe

REGISTERED OFFICE

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Fax: +61 (0)8 9385 5184
Email: info@triangleenergy.com.au
Web: www.triangleenergy.com.au

PRINCIPAL PLACES OF BUSINESS

Australia (Head Office):

Unit 7, 589 Stirling Highway Cottesloe WA 6011, Australia
Ground floor, 100 Havelock Street West Perth WA 6005, Australia

BANKERS

Westpac Banking Corporation
275 Kent Street Sydney NSW 2000, Australia

SECURITIES EXCHANGE LISTING

ASX Limited
20 Bridge Street Sydney NSW 2000, Australia
ASX Code: TEG

SHARE REGISTRY

Automic
Level 2, 267 St Georges Terrace, Perth WA 6000, Australia
Tel: 1300 288 664 (within Australia) and +61 (8) 9324 2099 (outside Australia)
Email: hello@automic.com.au
Web: www.automic.com.au

AUDITORS

HLB Mann Judd (WA) Partnership
Level 4, 130 Stirling Street, PERTH WA 6000, Australia

SOLICITORS

Steinepreis Paganin Corporate Lawyers
16 Milligan Street Perth WA 6000, Australia



CONTENTS

Directors' Report	3
Auditor's Independence Declaration	13
Interim Financial Report	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Cash Flows	16
Condensed Consolidated Statement of Changes in Equity	17
Condensed Notes to the Consolidated Interim Financial Report	18
Directors' Declaration	38
Independent Auditor's Review Report	39



DIRECTORS' REPORT

The Directors present the interim financial report of Triangle Energy (Global) Limited (the **Company, Group** or **TEG**) for the half-year ended 31 December 2017 and the auditor's review report thereon:

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period and until the date of this report are noted below.

Mr Edward (Ted) Farrell,

Non-executive chairman – Appointed: 26 May 2014

Mr Robert Towner,

Executive director – Appointed: 9 July 2014

Mr Darren Bromley,

Executive director – Appointed: 9 July 2014

PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the Group was the sale of oil from its 78.75% share of the Cliff Head producing oil field.

REVIEW OF OPERATIONS

Triangle is an experienced and successful oil and gas production and exploration company based in Perth, Western Australia.

In May 2017 Triangle completed a joint Share Purchase Agreement with Royal Energy Pty Ltd to acquire the 42.5% balance of the Cliff Head Oil Field (Cliff Head) and associated production facilities from Roc Oil Company Ltd. The acquisition increased Triangle's share in Cliff Head to a majority 78.75% interest and the Company also became the Operator. Royal Energy has a 21.25% interest.

On 8 September, Triangle announced that State Gas Ltd (State Gas) formerly a wholly-owned subsidiary of Triangle and the holder of a 60% interest in PL 231 had lodged a Prospectus to raise \$5.25 million and seek admission to the official list of the Australian Stock Exchange (ASX). The successful listing on the ASX has resulted in Triangle holding the largest stake in State Gas with an interest of 35.47%. Mr Rob Towner (Managing Director of Triangle) represents Triangle's interests on the board of State Gas.

Cliff Head, Perth Basin, Western Australia

The Cliff Head oil field is located 10 kilometres off the coast of Western Australia near the coastal town of Dongara, approximately 270 kilometres north of Perth, 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 and the development cost of the field was A\$327m with first oil production commencing in May 2006.

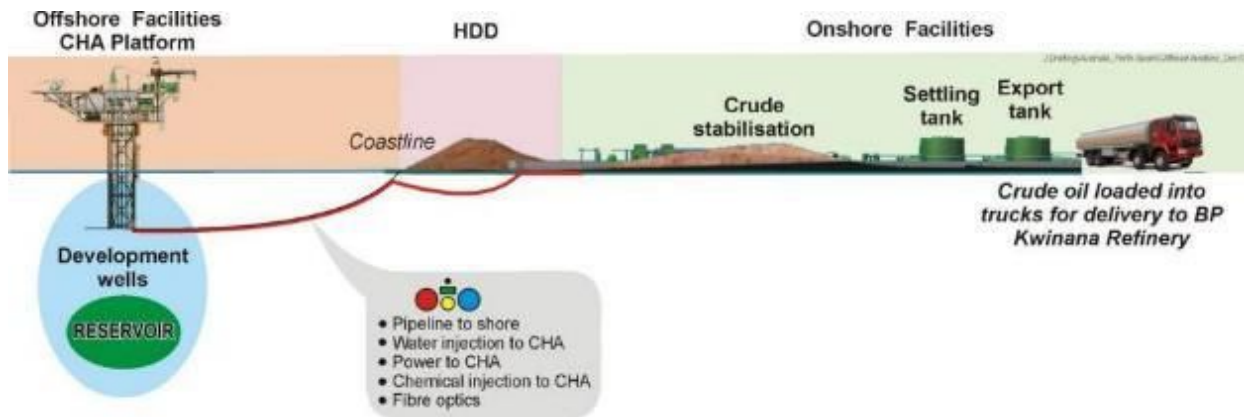
To date, the field has produced 15.7 million barrels and continues to produce at above originally forecast rates. Production in 2017 was 0.444mmbo (0.255 mmbo net to Triangle at 57.5%) averaging 1,205 bopd (693 bopd net). 2018 forecast average rate is 1,000 bopd and at the date of this report is producing 927 bopd.

The economic life in the 2P reserves case is estimated to be until 2024, with 2.5 mmbo remaining.

DIRECTORS' REPORT (CONTINUED)

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 15,000bopd. The crude oil is trucked 350km to the BP refinery in Kwinana.



The remotely operated unmanned offshore platform has 5 production wells and 3 water injection wells. The two 14km, 250mm diameter pipelines connect the offshore platform to the onshore crude stabilisation plant. The facility operates on a closed loop water re-injection system.

Field Redevelopment Program

Following Triangle's acquisition of Roc Oil (WA) Pty Ltd on 23 May 2017, it was a transitional year for the Cliff Head Asset. The second half of the year was focussed on Triangle assessing the operation and identifying where likely upsides lay dormant, and, from this, structuring Triangle's long-term vision and strategic initiatives for the asset.

It is envisaged 2018 will be the start of a transformation for Cliff Head as Triangle begins to execute these initiatives and see important activities being undertaken that will lay a stable foundation for Cliff Head's longevity and growth. Some of these initiatives will include:

- The completion of all necessary repairs and maintenance backlog activities. This expansive program of work will proactively remove existing vulnerabilities, revert to a re-baselined maintenance and inspection requirement and generally prepare the facilities for strong reliable performance over the longer term. This work is related to Triangle's effort to grow its reserve base and resultant production output without the need for distracting yearly "catch-up" maintenance and repair activities.
- A new wave of development studies with potential 2018 upside. An updated and revitalised subsurface model is scheduled to be completed by Q2. This, together with a renewed reservoir management plan, will support the finalisation of a long-term development plan for the Cliff Head Joint Venture as well as a near-term production enhancement program focusing on its existing well stock.

It is expected that a work program involving the re-completion of certain wells, workovers and drilling new wells into previously untapped portions of the reservoir will lead to a substantial upgrade in reserves.

The ongoing program is in the process of identifying and quantifying the amount of crude oil there is behind the pipe and the best way of commercially extracting these potential reserves. This ongoing program could begin to see benefits as soon as H2 2018.

Studies are also being undertaken in 2018 to finalise requirements to fully de-man the Arrowsmith Stabilisation Plant facility and relocate the Operations Room to Perth, which is also part of Triangle's long-term strategy for asset transformation.

DIRECTORS' REPORT (CONTINUED)

Operational Strategic Imperatives

Triangle is focussed on the following key imperatives:

Activity	Expected Timing	Objective
Arrowsmith - repairs and maintenance	Ongoing	Value Driver - Strategic OPEX / Extend Infrastructure Life <ul style="list-style-type: none"> – Remove potential vulnerabilities in production and re-establish baseline maintenance requirements – Support expected enhanced future production rates – Prepare facilities for 3rd party crude
Subsurface Reservoir Model	May 2018	Value Driver - Add Reserves and Extend Field Life <ul style="list-style-type: none"> – Quantify potential enhanced oil-in-place estimate – Identification of additional infill targets for upside oil production
Renew Reservoir Management Plan	May 2018	Value Driver - Add Reserves <ul style="list-style-type: none"> – Optimise production from existing field infrastructure through workovers, recompletion, and new wells
Revised Reserves statement	July 2018	Value Driver - Add Reserves / Add Value <ul style="list-style-type: none"> – Provide corporate and operational opportunities – Increased certainty of reservoir capacity and informed production planning
Workovers - field infrastructure redevelopment plan	Late 2018	Value Driver - Add Reserves / Risk Mitigation <ul style="list-style-type: none"> – Determine best approach for solving well integrity challenges / reviving any shut-in wells – Conclude “Concept Select” studies for workover program; confirm volume add / barrel impact – Generate production plan for redeveloped field to exploit identified reserves
Production Optimisation	Ongoing	Value Driver - Add near term production <ul style="list-style-type: none"> – Add near term production
Operations Restructuring	May 2018	Value Driver – Reduce OPEX <ul style="list-style-type: none"> – Move to a de-manned operating philosophy and move control centre to the Perth office – Complete feasibility studies and risk assessments; update Safety Case for NOPSEMA / DMIRS approval
Asset Integrity	Ongoing	Value Driver – Risk Mitigation / Reduce OPEX <ul style="list-style-type: none"> – Move to a de-manned facility and a proactive campaign maintenance approach – Obtain endorsement from DMIRS

The driving force behind the Operational Strategic Imperatives is to create an integrated, value-based Updated Field Development Plan. This plan will outline an optimal production and well completion strategy, utilising existing infrastructure, to maximise recovery from the field while adequately addressing risk and uncertainty.

Injection Water Pipeline Integrity Project

On 29 November 2017, a water leak was detected in the Company’s onshore water injection pipeline at the Arrowsmith Stabilisation Plant. As a result, oil production from Cliff Head was suspended and recommenced on 1 December 2017 on a deferred production basis. Deferred production during December was approximately 11,100 bbls.

The effect of deferring 11,100 bbls flowed on to the Cliff Head Joint Venture by way of a reduced Operating Margin for the December quarter. Triangle expects the Routine Operating Margin to be in the region of USD 25 – 30 per bbl in 2018 (assuming USD 60/bbl).

Full production was restored on 22 December 2017. Triangle directors and management would like to thank all staff and contractors for an excellent execution of the repair in the 3-week period back to full production.

DIRECTORS' REPORT (CONTINUED)

Integrity in the injection water pipeline has been restored for the life of the Cliff Head asset. At the same time, the crude production pipeline integrity has been enhanced by the Company's decision to replace the existing pipe.



Exploration Upside

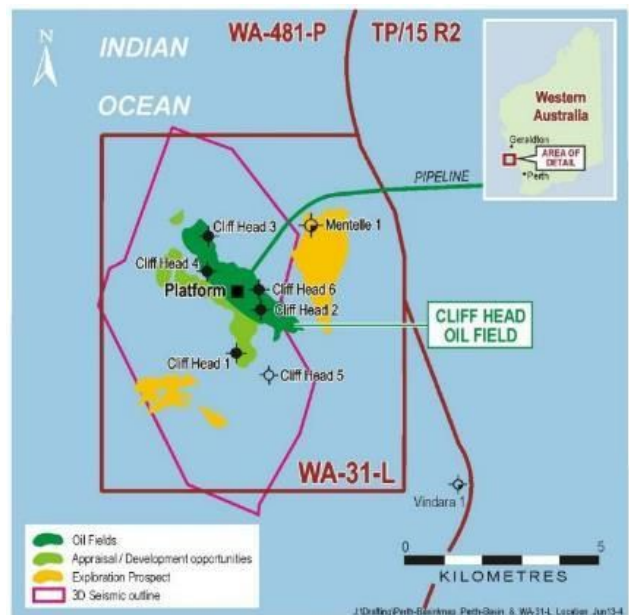
The Perth Basin has over 60 wells drilled offshore (approximately 47 wildcats) and 320 wells drilled onshore. The Northern Perth Basin has 20 commercial oil and gas fields and numerous additional significant discoveries of varying sizes. The Northern Perth Basin has proven production with 10 producing fields and with Cliff Head being the only offshore producing field. The CHJV has identified near term upside opportunities in the license; specifically, one exploration, one appraisal and other development opportunities. Opportunities total approximately 8mmba resources. The CHJV continues to assess other potential development and well optimisation opportunities. Any new producing wells within the vicinity can be tied into the existing production platform.

The CHJV has developed a set of near field opportunities within the WA-31-L permit area. The Cliff Head field and associated prospects comprise fault and dip-closed structures, targeting oil in the stacked sands of the early Permian Irwin River Coal Measures (IRCM) and the underlying High Cliff Sandstone and the late Permian Dongara Sandstone.

Hydrocarbon source is from the early Triassic Kockatea Shale and the early Permian IRCM. The main sealing unit is the regional Kockatea Shale.

Mapping of the Cliff Head field is based primarily on the 32km² Cliff Head 3D Seismic Survey acquired in October 2003. The CHJV also has 2D seismic surveys over the full permit area.

Since Dec 2001, the CHJV has drilled 1 exploration well, 4 appraisal and 8 development wells on the Cliff Head field. Unexploited resource opportunities have been identified in the area of the production license outside of the area currently accessed by the Cliff Head producing wells. If successful, these opportunities could be rapidly tied in to existing facilities and accelerate the production potential. One well has been drilled on the Mentelle structure.



DIRECTORS' REPORT (CONTINUED)

The Perth Basin under-explored with over 320 wells drilled onshore and 60 wells drilled offshore. The recent success Xanadu-1 and at Watsia has led to renewed interest in the offshore Perth Basin. Three quarters of the wells drilled are in the northern part of the Perth Basin. The Northern Perth Basin has 20 commercial oil and gas fields and numerous additional significant discoveries of varying size.

More recently onshore, AWE's appraisal of the Senecio field (tight sands of the Dongara/Wagina Fm) led to discovery of the deeper Waitsia gas field (conventional sands of the Kingia / High Cliff), a new play in the Perth Basin. Watsia is the largest discovery in the basin since Dongara in the 1960s. Recent exploration offshore includes Murphy's exploration program to the west of Cliff Head (now Pilot led JV) and AWE's block to the NW of Cliff Head (in the Houtman-Abrolhos sub basin).

The Cliff Head field and associated prospects in the WA-31-L comprise fault and dip-closed structures, targeting oil in the sands of the Irwin River Coal Measures, the High Cliff Sandstone and the Dongara Sandstone.

There are unexploited resource opportunities identified within the production license. Successful opportunities would leverage current infrastructure leading to rapid tie-in.

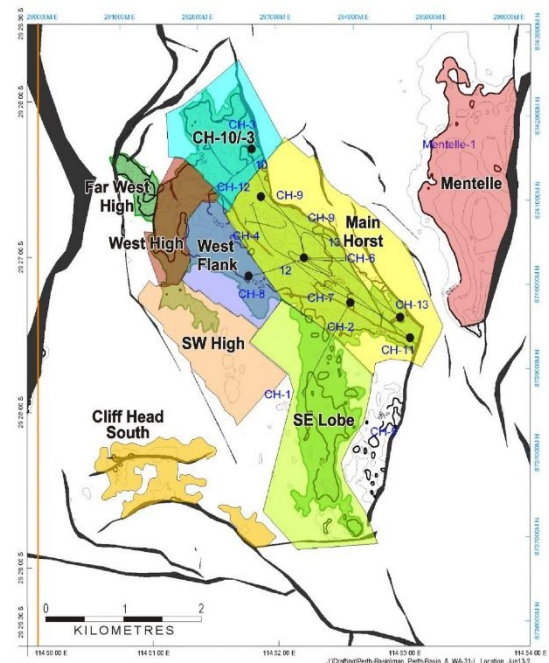
The key opportunities lie within:

- Cliff Head reserves upgrade and management;
- Updip Mentelle exploration prospect;
- West High appraisal prospect;
- Cliff Head-10/3 Area infill well;
- Cliff Head field enhanced oil recovery (EOR) project where this current ongoing feasibility studies.

#	Work Program	Phase	Estimated Resource (gross JV)	Potential Work Program
1	Updip Mentelle prospect	Exploration	2.4mmbo Mean prospective resource	1 exploration well
2	West High prospect	Appraisal	0.8mmbo Mean prospective resource	1 appraisal well
3	CH-10/3 field area	Development	2C: 1.0mmbo Contingent resource	Further subsurface work required for future consideration
4	EOR program	Production	2C: 1.1mmbo Contingent resource	Pending - studies in progress
5	Other prospects & lead	Various	2.5mmbo	Refer to Prospects and Leads table in section 4.0 Exploration Upside

Total estimated recoverable resource of upside opportunities is ~8mmbo

- Key Opportunity
- Potential Opportunity



Health, Safety and Environment

Triangle has 9 years of operational experience in the oil and gas sector. The Company has a track record of performing ahead of industry averages in Health, Safety and Environmental (HSE) performance and will continue to pursue the highest standards in HSE. The CHJV is dedicated to HSE and Asset Integrity Management.

The facility at Cliff Head has been producing oil since May 2006 and the operation has been without significant safety or operation incident since start-up. Offshore Australian projects are subject to the OPGGSA safety case regime and all requirements are being implemented at the offshore and onshore facilities.

All environmental requirements (EIAs, EMPs, Oil Pollution Emergency Plans, carbon emissions reporting) are being met.



DIRECTORS' REPORT (CONTINUED)

Through its existing Cliff Head oil field production operations, the CHJV has established good relations with the regulators, fishing community, landholding sectors, tourism stakeholders and other operators in the area.

Xanadu-1 TP/15 Joint Venture

As announced in the September quarterly report, the Xanadu-1 well was spudded on 4 September 2017 and reached a total depth of 2035 mMDRT on 17 September 2017. It was confirmed that the Xanadu1 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 over 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.

The first phase analysis of the oil recovered from Xanadu-1 samples has now been completed with the initial analyses showing a yield of 34.7o 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.

A work program for the first half of 2018 is currently being prepared, aimed at being a high impact, low cost schedule of activities, with a substantial component dedicated towards oil appraisal and exploration, given the high economic value of oil production, and the high value-add of identifying further reserves. The proposed program will be subject to approval by the TP/15 Joint Venture partners and regulatory authorities and includes:

- Petrophysics, geomechanics and reservoir engineering studies;
- Planning for a proposed 3D seismic survey to map the Xanadu structure. Feedback from seismic contractors, environmental consultants and the Regulator indicate a possible acquisition window of late Q1 2018;
- Planning for a proposed side-track well from the Xanadu-1 location; and
- Ongoing studies over the Xanadu structure and other TP/15 prospects.

The Triangle directors believe that there is significant potential at Xanadu. Once the first phase of analysis and review is complete, and all results have been merged into one comprehensive dataset, the Joint Venture will be well placed to decide upon the best way forward in the development of the Xanadu Discovery.

During the December quarter, on 14 November 2017, Triangle provided a Discovery Update in relation to the Xanadu project with oil analysis confirming similarity with the oil produced at Triangle's own Cliff Head Oil Field, which is located approximately 14km to the north-west of Xanadu, which means the oil could be processed seamlessly at the Company's onshore Arrowsmith stabilisation plant, expediting any production to market.

The similarities between the Xanadu and Cliff Head crude analysis also suggest that the oil in both fields has probably migrated from the same source. If proved correct, this increases the likelihood that other structures within the area of Cliff Head and Xanadu may also be trapped with oil and the approved 3D seismic acquisition over the Xanadu structure will help analyse and identify additional potential targets. The Company believes that the Cliff Head data can also be used as an analogue in developing future exploration, appraisal, production and development scenarios.



DIRECTORS' REPORT (CONTINUED)

JV participants will fund their equal share in TP/15 (Triangle 30%). During the half-year to 31 December 2017, Triangle had contributed AUD 2.954 million to the Xanadu-1 well project, as previously reported in each the September 2017 Quarterly Report and December 2017 Quarterly Report. The Company looks forward to working with the JV to fast-track this exciting opportunity as rapidly as possible.

INVESTMENTS

State Gas Limited (State Gas; ASX: GAS)

During the September 2017 quarter, State Gas Limited (State Gas), which was previously a wholly owned subsidiary of Triangle and is the holder of a 60% interest in PL231 (Reids Dome), lodged a Prospectus to raise \$5.25 million and seek admission to the official list of the Australian Stock Exchange (ASX).

On 10 October 2017, State Gas commenced trading on the ASX following a successful and substantially oversubscribed Initial Public Offering (IPO), raising AUD 5.25 million, debuting with a 75% increase to the IPO price of \$0.20. The funds raised provide State Gas with capital to appraise the shallow, conventional gas target of the Cattle Creek formation and take steps to develop the resource if the appraisal program is successful.

Triangle is the major shareholder of State Gas with an interest of 35.47% and at the date of the Company's December quarterly report, the investment was equivalent to AUD 16.7 million in value at a \$0.35 price per State Gas share. Triangle's Managing Director, Mr Rob Towner, represents Triangle's interests on the board of State Gas as a non-executive Director.

As reported in October 2017 the State Gas board will now focus on accelerating the commercialisation of the PL231 conventional gas project.

Subsequent to the date of this half yearly report, on 9 January 2018, State Gas advised the market that it had successfully completed gas flow-testing, sampling and analysis from existing gas wells at PL 231 in the Bowen Basin, Central Queensland. The three wells flow tested and sampled were Primero 1, Aldinga North 1, and Reid's Dome 4. It was reported that despite the wells being shut in for such an extended period, all wells flowed significant gas, at lowest recorded stabilized rates of between 357,000 cf/d and 658,000 cf/d using a 0.500" orifice plate.

CORPORATE

AGM

Triangle held its Annual General Meeting of shareholders on 28 November 2017 and all resolutions were passed unanimously.

Malaysian Oil and Gas Service Provider acquires substantial stake in Triangle

On 28 July 2017, Triangle announced that Malaysian Securities Exchange listed T7 Global Berhad Company (T7) had taken a strategic stake in the Company.

T7 purchased 16.476 million shares from Tamarind Classic Resources Private Limited (Tamarind) for consideration of USD 500,000. Tamarind has a Convertible Loan Agreement (Loan) with Triangle for USD 1.215 million and converted USD 439k of that Loan at AUD 0.04 to facilitate the purchase by T7. The balance of the Convertible Loan outstanding is USD 775k.

Capital Raising

On 18 September 2017, the Company appointment DJ Carmichael Pty Ltd as Lead Manager for a capital raising to sophisticated investors pursuant to Section 708 of the Corporations Act (2001). The Company completed a Placement of 16.398 million fully paid ordinary shares (Shares) at \$0.09 per Share to raise \$1,475 million.

Settlement Agreement with Monterra Limited

As of 28 February 2018, Triangle has made payments in favour of Monterra Limited totalling USD 1,200,000 under the Award Payment Agreement over the past 11 months, with approximately USD 149,000 remaining to be paid.



DIRECTORS' REPORT (CONTINUED)

Pase PSC – PT Enso Asia

The Company is owed USD 1.02 million, 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 USD1.02 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.

Regulation No. 48/2017 of the ESDM No. 48/2017 (Regulation 48/2017) was released by the Ministry of ESDM on 3 August 2017. Regulation 48/2017 states that the only requirement for Indirect Change of Control of a contractor of a Cooperation Contract, carrying out exploration and exploitation in a working area based on a cooperation contract with the Special Unit for Upstream Oil and Gas Operations (SKKMIGAS), is notification in writing to the Minister through the Head of SKKMIGAS. Regulation 48/2017 no longer requires Ministerial approval for this but rather a simple notification.

The Company has been actively pursuing this written approval and the subsequent release of this consideration from the escrow account and has now made a formal demand for payment from PT Enso Asia.

Should Triangle not receive a favourable outcome from this letter of demand, the Company will be seeking remedy as provided for under the Sale and Purchase Agreement signed with PT Enso Asia, through the Singapore International Arbitration Centre.

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

Capital and Management Expenditure

As at 31 December 2017, Triangle had a cash balance of AUD 1.644 million of which AUD 1.179 million is held in escrow.

The Company also holds a 50% interest in Triangle Energy (Operations) Pty Ltd which had AUD 493k (Triangle: AUD 246k) in cash at 31 December 2017.

The Company continues to implement initiatives to reduce operating expenditure and has achieved significant cost reductions across all aspects of the CHJV operations.

Debt Funding

During the December 2017 quarter, the Company extended its financing arrangements to provide for exploration relating to the Xanadu well and in preparation of the Injection Water Pipeline Integrity Project.

Subsequent to the end of the quarter, Triangle announced Tamarind Classic Resources Private Limited (Tamarind) converted the balance of the outstanding loan under the Convertible Loan Agreement (Loan) with Triangle by converting the remaining USD775,975.61 at AUD0.04 and thereby increasing Tamarind's stake in the Company.

Details of the Loan outstanding at 31 December 2017 is as follows:

Convertible Loan (converted after balance date)

- USD 775,975.61 (Expiry 31 March 2018)
- Convertible at AUD 0.04 into ordinary shares at any time prior to 31 March 2018.
- 10% per annum payable quarterly in advance

Advance Loan (NOT CONVERTIBLE)

- USD 2.259M (Expiry 30 June 2018)
- 10% per annum payable quarterly in advance

Shareholder Analysis

As at 31 December 2017 the Company had 722 shareholders and 192,826,285 ordinary fully paid shares on issue with the top 20 shareholders holding 61.65% of the total issued capital.



DIRECTORS' REPORT (CONTINUED)

Information in relation to ASX Listing Rule 5.4.3

At 31 December 2017, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia;

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

Marketing and Investor Relations

During the half year the Company presented at the Noosa Mining Conference in Queensland, the Mac Equity Conference in Perth and the RIU Good Oil Conference in Perth. An investor site visit to the Cliff Head Oil Field was held during the September quarter and attended by brokers and analysts.

Changes in Capital

- On 2 August 2017, the Company allotted 14,307,925 Fully Paid Ordinary Shares to the holders of the convertible notes after receiving confirmation from the note holders at it wished to convert USD\$439,000 of notes.
- On 22 September, the Company allotted 16,394,445 shares to raise \$1,475,500 (before costs) from sophisticated investors;
- On 23 October, the Company allotted 900,000 shares to consultants for services rendered;
- On 23 October, the Company issued 8,000,000 performance rights which immediately vested into 8,000,000 fully paid ordinary shares to Directors following approval at the Company's General Meeting;
- On 11 December, the Company the Company issued 400,000 fully paid ordinary shares and 400,000 performance rights to a Directors following approval at the Company's Annual General Meeting;

RESULTS

The Company incurred a loss of \$5,469,202 after income tax for the half-year (2016: profit of \$5,034,397). The key reasons for the result for the half year ended 31 December as set out below:

- The Company experienced significant one-off costs within its cost of sales of \$0.66million in relation to a substantial repairs and maintenance item on its pipeline in December 2017;
- The Company incurred a loss of \$1,002,119 from its Associates for the half year ended 31 December 2017;
- The Company issued \$8.9 million shares and performance rights to directors, employees and consultants resulting in a loss of \$1,479,167;
- The Company also wrote down its deferred tax asset by \$1,703,925 as a consequence of changes to its provision for restoration and use of its deferred tax asset from project pool expenditure.

EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events occurred after the end of the reporting period to the date of this report:

- The Company borrowed \$1.2 million to fund its operations;
- The Company issued 25,289,259 to extinguish the convertible notes after receiving confirmation from the note holder;

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the interim period not otherwise disclosed in this report and the interim financial statements.

QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR STATEMENT

In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Jim Tarlton of Tamarind Advisers, who is an Oil & Gas Engineer and has over 30 years experience in the sector. He consents to that information in the form and context in which it appears.



DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA) Partnership, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 13 and forms part of this directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read "Ted Farrell".

Edward Farrell

Chairman

Dated at Perth, Western Australia this 15th day of March 2018.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Triangle Energy (Global) Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
15 March 2018**

**B G McVeigh
Partner**



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(INCOME STATEMENT)
HALF YEAR ENDED 31 DECEMBER 2017

	Notes	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$
Revenue	1.1	6,679,071	6,965,602
Cost of sales	1.2	(5,750,166)	(7,295,022)
Gross profit		928,905	(329,420)
Other income	1.1	5,311	4,556
Employment expenses	1.2	(2,071,229)	(678,093)
General and administration expenses	1.2	(505,242)	(3,020,326)
Occupancy costs		(20,522)	(20,315)
Impairment expense		-	(40,538)
Interest cost		(300,996)	(20,033)
Amortisation and depreciation		(631,438)	(745,647)
Fair value financial instrument through profit and loss		19,333	-
Share of associates loss		(1,002,119)	-
Interest – unwind of discounts for provision for restoration	4.6	(187,281)	(184,581)
(loss) before income tax expense		(3,765,277)	(5,034,397)
Income tax (expense)	1.3	(1,703,925)	-
(loss) after tax from continuing operations		(5,469,202)	(5,034,397)
Discontinued Operations			
(Loss) after tax from discontinued operations		-	-
Net (loss) for the half year		(5,469,202)	(5,034,397)
Other comprehensive income			
<i>Items that may be realised through profit and loss</i>			
Movement in available for sale investments (net of tax)	4.3	-	82,044
Other comprehensive income for the half year net of tax		-	82,044
Total comprehensive (loss) for the half year, net of tax			
Owners of Triangle Energy (Global) Limited		(5,469,202)	(4,952,353)
Loss per share attributed to the owners of the Company			
Basic (loss) per share – (accounting (loss)/number of shares) – cents per share		(0.031)	(0.036)
Diluted (loss) per share – cents per share		(0.031)	(0.036)
Calculation of (loss) per share			
(Loss) for the period		(5,469,202)	(5,034,397)
Number of shares at the beginning of the period		152,823,915	135,960,939
Shares issued but adjusted (pro-rata) for the period of issue		24,851,864	4,414,224
Number of shares used to calculate the loss /profit per shares half year		177,675,779	140,375,163
Add: Dilutive instruments issued (options) and adjusted for the period on issue		-	-
Number of instruments used to calculate the dilutive profit per share for the period		177,675,779	140,375,163

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET)
AS AT 31 DECEMBER 2017

	Notes	31 DECEMBER 2017 \$	30 JUNE 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3.1	1,644,029	2,179,569
Trade receivables	4.1	775,640	1,371,122
Other receivables and assets	4.2	623,466	742,287
Total current assets		3,043,135	4,292,978
NON-CURRENT ASSETS			
Plant and equipment	4.3	5,730	6,528
Exploration and evaluation expenditure	2.2	7,032,167	4,078,214
Investment in associates	2.3	1,093,078	2,095,197
Oil and gas properties	2.1	3,575,155	9,315,795
Deferred tax assets	1.3	9,672,537	11,376,462
Total non-current assets		21,378,667	26,872,196
TOTAL ASSETS		24,421,802	31,165,174
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4.4	4,016,690	4,422,275
Derivative financial instrument	3.3	-	1,666,940
Compound financial instrument	3.4	936,099	-
Borrowings	3.5	1,254,557	-
Provisions	4.5	-	287,501
Total current liabilities		6,207,346	6,376,716
NON-CURRENT LIABILITIES			
Provisions	4.5	20,672,420	25,595,143
Deferred tax liabilities	1.3	-	-
Total non-current liabilities		20,672,420	25,595,143
TOTAL LIABILITIES		26,879,766	31,971,859
NET ASSETS / (LIABILITIES)		(2,457,964)	(806,685)
EQUITY			
Issued capital	3.2	26,440,932	22,634,679
Reserves	3.7	288,577	276,907
(Accumulated losses)	3.8	(29,187,473)	(23,718,271)
TOTAL EQUITY / (DEFICIENCY)		(2,457,964)	(806,685)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2017

	Notes	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$
Cash flows from operating activities			
Receipts from customers		7,895,959	7,412,614
Payments to suppliers and employees		(7,632,631)	(8,856,020)
Interest paid		(104,134)	(20,033)
Income tax (paid)/received PRRT		(455,637)	188,352
interest received		660	4,556
Net cash outflows from operating activities		(295,783)	(1,270,531)
Cash flows from investing activities			
Payment for acquisition of subsidiaries		-	(721,848)
Payment for plant and equipment		-	(7,625)
Payments for exploration expenditure		(2,953,953)	(65,538)
Payments for available for sale investments		-	(65,635)
Amount transferred (payment) from escrow account – PT Enso Asia		-	(138,758)
Net cash outflows from investing activities		(2,953,953)	(999,404)
Cash flows from financing activities			
Proceeds from issue of shares		1,475,500	50,000
Payment for share issue costs		(32,030)	-
Proceeds from borrowings		1,302,707	-
Net cash outflows from financing activities		2,746,177	50,000
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		2,179,569	3,836,646
Net movement in cash flows for the period		(503,559)	(2,219,935)
Effect of exchange rate fluctuations on cash held		(31,981)	58,170
Cash and cash equivalents at end of half year	3.1	1,644,029	1,674,881
<i>Reconciliation of the loss for the half year back to cash paid in running the business</i>			
Loss for the period		(5,469,202)	(5,304,397)
Add back – non-cash items			
Depreciation		-	781
Amortisation		631,436	744,866
Unwind of discount		187,281	184,581
Fair value derivative		(19,333)	-
Loss from associate		1,002,119	-
Impairment of exploration expenditure		-	40,538
Share based payments		1,479,167	458,017
Movements in foreign currency		31,981	(66,080)
Changes in the value of assets and liabilities used in the day to day operations of the business			
Change in value (from opening to closing amounts) of trade and other receivables (received)/owed		595,482	(124,986)
Change in value (from opening to closing amounts) of other assets		94,749	(90,634)
Change in value (from opening to closing amounts) of payables (paid)/owing		209,751	3,573,306
Change in value (from opening to closing amounts) of tax balances (paid)/owing		1,248,288	-
Change in value (from opening to closing amounts) of provisions (paid)/owing		(287,501)	(896,523)
Net cash paid to run the business during the period		(295,783)	(1,270,531)

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated				Total equity
	Issued capital	Accumulated losses	Share based payment reserve	Convertible note reserve	
	\$	\$	\$	\$	\$
Balance at 1 July 2017	22,634,679	(23,718,271)	276,907	-	(806,685)
<i>Transactions with shareholders in their capacity as shareholders</i>					
Issue of shares (cash)	1,475,500	-	-	-	1,475,500
Cost of share issue	(88,530)	-	-	-	(88,530)
Issue of shares (directors)	1,456,000	-	-	-	1,456,000
Issue of shares (consultants)	90,500	-	-	-	90,500
Issue of shares – convertible note	872,783	-	-	-	872,783
Convertible Note – equity portion	-	-	-	7,003	7,003
Issue of Performance Rights	-	-	4,667	-	4,667
<i>Comprehensive Income</i>					
Profit / (Loss) for the period	-	(5,469,202)	-	-	(5,469,202)
Movement in available for sale reserves	-	-	-	-	-
<i>Total comprehensive income/(loss) for the half year</i>	-	(5,469,202)	-	-	(5,469,202)
Balance at 31 Dec 2017	26,440,932	(29,187,473)	281,574	7,003	(2,457,964)

	Issued capital	Accumulated losses	Share based payment reserve	Available for sale reserve	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2016					
<i>Transaction with shareholders in their capacity as shareholders</i>					
Conversion of option	86,174	-	(36,174)	-	50,000
Issue of shares (directors)	72,500	-	-	-	72,500
Issue of shares (directors)	350,000	-	-	-	350,000
Issue of shares (consultants)	-	-	108,017	-	108,017
<i>Comprehensive Income</i>					
Profit / (Loss) for the period	-	(5,034,397)	-	-	(5,034,397)
Movement in available for sale investments reserve	-	-	-	82,044	82,044
<i>Total comprehensive income/(loss) for the half year</i>	-	(5,034,397)	-	82,044	(4,952,353)
Balance at 31 December 2016	22,409,679	(24,166,049)	108,017	82,044	(1,566,309)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

Table of Notes

A. Summary of significant accounting policies

1 Profit and loss items

- 1.1 Revenue
- 1.2 Expenses
- 1.3 Taxation

2 Significant assets

- 2.1 Oil and gas properties
- 2.2 Exploration and evaluation assets
- 2.3 Investments in Associates

3 Financing – Capital, debt, risk management

- 3.1 Cash
- 3.2 Equity
- 3.3 Derivative financial instrument through profit and loss
- 3.4 Compound financial instruments
- 3.5 Borrowings
- 3.6 Going concern
- 3.7 Reserves
- 3.8 Accumulated losses

4 Other assets and liabilities

- 4.1 Trade and other receivables
- 4.2 Other receivables and assets
- 4.3 Plant and equipment
- 4.4 Trade and other payables
- 4.5 Provisions

5 Additional disclosures

- 5.1 Subsequent events
- 5.2 Contingent liabilities
- 5.3 Segment reporting



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year report of Triangle Energy (Global) Limited (the **Company, Group or Triangle Energy**) for the period ended 31 December 2017 was authorised for issue in accordance with a resolution of directors on 15 March 2018.

The Company is a public company limited by shares incorporated and domiciled in Australia whose securities are traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in the director's report above.

(a) Basis of Preparation

The principle accounting policies adopted for the preparation of interim financial report are set out below. These accounting policies have been applied consistently to all periods presented unless otherwise stated.

(i) Statement of compliance

This interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the any public announcements made by Triangle Energy (Global) Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

(ii) Basis of measurement and reporting convention

This interim financial report has been prepared on an accruals basis and is based on historical cost except for assessing the fair value of the Group's derivative financial instruments, compound financial instruments and borrowings. The interim financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Segment Information

Operating Segments – AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This is consistent to the approach used for the comparative period. Operating segments are reported in a uniform manner to which is internally provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

An operating segment is a component of the group that engages in business activity from which it earns revenue or incur expenditure, including those that relate to transactions with other group components. Each operating segment's results are reviewed regularly by the Board to make decisions about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

The Board monitors the operations of the Company based on two segments, operational and corporate. The financial results of each segments are reported to the board to assess the performance of the Group.

The Board has determined that strategic decision making is facilitated by evaluation of the operations of the legal parent and the consolidation of the oil producing subsidiaries which represent the finance, treasury, compliance and funding elements of the Group (legal parent and Triangle (Qld)) and Triangle Perth Basin Pty Ltd, T Offshore and T Oil are the operational performance of the Group's revenues and costs of production and sale.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

(c) Compound financial instrument

Compound financial instruments are recorded at fair value, net of transaction costs. The fair value is allocated to its respective equity and liability portions on initial recognition. Compound financial instruments are subsequently measured at amortised cost. Any difference between the amortised cost and the face value of the instrument is recognised in the income statement as a finance cost. Any difference between the carrying amount of a financial liability that has been extinguished or transferred to equity is recognised in the income statement as a finance cost.

(d) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

(e) Foreign Currency Translation

Both the functional and presentation currency of Triangle Energy (Global) Limited and its Australian subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the average exchange rates for the month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

(f) New accounting standards and interpretations that are not yet mandatory

The following new standards and amendments to standards are applicable to the Company and are mandatory for the first time for the financial year beginning 1 July 2017 and beyond. None of the standards and interpretations have affected any of the amounts recognised in the current period or any prior period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They have not been applied in preparing the interim financial report.

Title and Reference	Nature of Change	Application date for entity
AASB 9 Financial Instruments AASB 9	<p>Financial Instruments</p> <p><i>Classification and measurement</i></p> <p>AASB 9 amends the classification and measurement of financial assets:</p> <ul style="list-style-type: none"> • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. <p>The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9:</p> <ul style="list-style-type: none"> • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p> <p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The entity has a number of receivables which may be subject to the assessment of recoverability under the new standard. This assessment of expected credit losses will be undertaken at each reporting date to determine if, in the directors' opinion, an impairment should be recorded in the financial statements. As at 30 June 2017, if the Company were to make this assessment using the future requirements, the Company would not record an impairment on consolidation. The Company may have significant losses in the parent entity with the adoption of this standard which may result in the impairment of a number of inter-company balances.</p>	1 July 2018



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

(f) **New accounting standards and interpretations that are not yet mandatory (cont'd)**

Title and Reference	Nature of Change	Application date for entity
AASB 15 Revenue from contracts with customers	<p>An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 <i>Revenue</i>.</p> <p>Clarifies AASB 15 application issues relating to:</p> <ul style="list-style-type: none"> • Identifying performance obligations • Principal vs. agent considerations • Licensing • Practical expedients <p>The Group has one sales contract and one counterparty. The agreement is for the delivery of oil and performance obligations are limited to the delivery of the product with the required quality for processing. The Company therefore believes that the only impact to the adoption of this standard is to recognise one months accrued revenue in the transition month and again in the first period of adoption.</p>	1 July 2018
AASB 16 (issued February 2016) Leases	<p>Leases</p> <p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p> <p>The entity has one significant lease, being the rental of its premises. This is due to expire in February 2018. As the Company does not have significant operating leases in place, the impact of the transition to this standard is low with the likely result of an asset and liability recorded at a similar value to the operating lease commitment note at year end.</p>	1 Jan 2019



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

1 Profit and loss items

	31 December 2017 \$	31 December 2016 \$
1.1 Revenue		
Sales of oil	<u>6,679,071</u>	<u>6,965,602</u>
Other Income		
Interest income	660	4,556
Other revenue	<u>4,651</u>	<u>-</u>
	<u>5,311</u>	<u>4,556</u>
Total number of barrels sold by the Company was 98,686 at an average sales price of AUD\$67.61.		
1.2 Expenses		
(a) Employment expenses		
Salaries and wages	530,476	292,178
Other personnel costs	14,757	6,694
Superannuation	42,418	24,036
Increase in leave liabilities	<u>22,911</u>	<u>5,185</u>
	610,562	328,093
Share based payment expenses	1,460,667	350,000
Total	<u>2,071,229</u>	<u>678,093</u>
(b) General and administration costs		
Accounting expenses	23,956	51,274
Audit fees	17,685	19,050
Consulting expenses	151,512	282,305
Legal expenses	58,732	298,396
Insurance expenses	-	262,038
Arbitration expenses	2,975	1,907,389
Foreign exchange (gains) losses	74,037	(45,995)
Other administration expenses	<u>176,345</u>	<u>245,869</u>
	<u>505,242</u>	<u>3,020,326</u>
(c) Cost of sales		
Significant one off costs included in cost of sales		
Repairs and maintenance	606,712	1,803,999
Operating and restructure costs	<u>-</u>	<u>436,312</u>
	<u>606,712</u>	<u>2,240,311</u>



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

1 Profit and loss items

	31 December 2017 \$	31 December 2016 \$
1.3 Taxation		
Income tax recognised in profit or loss		
The components of tax expense comprise:		
Statement of profit or loss and comprehensive income		
<i>Current income</i>		
Current income tax	-	-
Adjustments in respect of previous current income tax	-	-
Receipt of Research and development tax incentive	-	-
<i>Deferred tax</i>		
Decrease / (increase) in deferred tax assets	131,760	-
(Decrease) / increase in deferred tax liabilities	-	-
Income tax expense / (benefit) reported in statement of comprehensive income	<u>131,760</u>	<u>-</u>
Petroleum resource rent tax		
<i>Current income</i>		
Current income tax	-	-
<i>Deferred tax</i>		
Decrease / (increase) in deferred tax assets	1,572,165	-
(Decrease) / increase in deferred tax liabilities	-	-
<i>PRRT Income tax expense (benefit) reported in statement of profit or loss</i>	<u>1,572,165</u>	<u>-</u>
Total Income tax expense for the period	<u>1,703,925</u>	<u>-</u>
Numerical reconciliation between tax expense and pre-tax net loss		
Loss before income tax expense	<u>(3,765,277)</u>	<u>(5,034,397)</u>
Income tax (expense) / benefit calculated at 27.5%. (2016: 30.0%)	(1,035,451)	(1,510,319)
Effect of non-deductible item		
Total non-deductible items	736,323	425
NANE-related expenditure / (income)	-	(2,148,215)
Movements in unrecognised temporary differences	430,888	1,570,319
Movement in PRRT deferred tax assets	1,572,165	-
Income tax (expense) reported in profit or loss and other comprehensive income	<u>1,703,925</u>	<u>-</u>



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017	30 June 2017
	\$	\$
1.3 Taxation		
Deferred tax assets (DTA) / (liabilities) (DTL)		
The balance comprises temporary difference attributable to:		
PRRT (credit on decommissioning) (DTA)	6,361,646	7,933,812
Project Pool costs (DTA) (a)	4,435,276	4,567,035
Exploration assets (DTL) (a)	<u>(1,124,385)</u>	<u>(1,124,385)</u>
Total deferred taxes	<u>9,672,537</u>	<u>1,376,462</u>
(a) Part of the Project Pool DTA has been off-set against the Exploration asset DTL.		
Set-off deferred tax liabilities pursuant to off-set provisions		
Deferred tax asset on project pool costs (oil and gas properties)	(1,124,385)	(1,124,385)
Deferred tax liability on exploration asset (business combination)	<u>1,124,385</u>	<u>1,124,385</u>
	<u>-</u>	<u>-</u>

Estimates and judgements

Assumptions used to carry forward deferred taxes

Deferred tax assets are recognised for PRRT credits and taxation losses when the directors consider that it is probable that sufficient future tax profits will be available to utilise those temporary differences and losses. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next few years together with future tax planning strategies. There are significant variables relating to generating taxable profits in the future and while the directors take care in assessing the current available information, by its nature a forecast may be materially different to the final actual results.

2 Significant assets

	31 December 2017	30 June 2017
	\$	\$
2.1 Oil and gas properties		
Oil and gas properties carried forward – Cliff Head	<u>3,575,155</u>	<u>9,315,795</u>
Reconciliation – Cliff Head		
Carrying amount at the beginning of the period	9,315,795	10,905,000
Additions to the oil and gas properties	-	-
Less: Amortisation	(630,638)	(1,589,205)
Less: Abandonment adjustment (refer to Note 4.6)	<u>(5,110,002)</u>	<u>-</u>
Carrying amount at end of the period	<u>3,575,155</u>	<u>9,315,795</u>



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

2 Significant assets

2.1 Oil and gas properties (continued)

Estimates and judgements

Assumptions used to carry forward the oil and gas properties

The write-off or impairment of oil and gas properties is based on a periodic assessment of pre-determined impairment indicators relevant to the operating asset and with the information available at the time of preparing this report. The directors assess whether there are any clear indicators of impairment and if they exist a value in use calculation is prepared to assess the carrying value of the operating assets. The assessment of impairment indicators requires the directors to make judgements in relation to internal and external factors that impact the assets, however, information may come to light in subsequent periods which the directors were unable to predict at the time of making the assessment of indicators.

	31 December 2017	30 June 2017
	\$	\$
2.2 Exploration and evaluation assets		
Exploration, evaluation and development costs carried forward in respect of areas of interest	7,032,167	4,078,214
Reconciliation – Mentelle & West High prospects		
Carrying amount at the beginning of the period	3,747,951	3,747,951
Carrying amount at end of the period	3,747,951	3,747,951
Reconciliation – Xanadu-1 TP/15 Joint Venture (i)		
Carrying amount at the beginning of the period	330,263	-
Additions to the exploration and evaluation asset	2,953,954	330,263
Carrying amount at end of the period	3,284,217	330,263

(i) Xanadu – 1 TP/15 Joint Venture

During the period the Joint Venture conducted a drilling program at the Norwest Zanadu prospectus. The Company contributed 40% of the drilling costs for its 30% interest in the asset.

Estimates and judgements

Assumptions used to carry forward the exploration assets

The write-off or impairment or carrying forward of exploration expenditure is based on a periodic assessment of the viability of an area of interest and/or the existence of economically recoverable reserves. This assessment is based on pre-determined impairment indicators, taking into account the requirements of the accounting standard, and with the information available at the time of preparing this report. Information may come to light in subsequent periods which requires the asset to be impaired or written down for which the directors are unable to predict the outcome.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

2 Significant assets

2.3 Investment in Associate

	31 December 2017	30 June 2017
	\$	\$
Triangle Energy (Operations) Pty Ltd (i)	369,986	1,260,565
State Gas Ltd (ii)	<u>723,092</u>	<u>834,631</u>
	<u>1,093,078</u>	<u>2,095,197</u>

(i) Triangle Energy (Operations) Pty Ltd

The entity name is Triangle Energy (Operations) Pty Ltd which the Company has a 50% shareholding as at 31 December 2017 and one of two directors. The place of incorporation is Australia, the investment is an associate which the Company measures using the equity method. The carrying value is listed above.

(ii) State Gas Ltd

The Company holds an interest of 35.74% as at 31 December 2017. The place of incorporation is Australia, the investment is an associate which the Company measures using the equity method as a consequence of its holding and one common director. The carrying value is listed above.

Reconciliation - Triangle Energy (Operations) Pty Ltd (i)

Carrying amount at beginning of the period	1,260,565	1,425,837
Loss for the period	<u>(890,579)</u>	<u>(165,272)</u>
Carrying amount at end of the period	<u>369,986</u>	<u>1,260,565</u>

Reconciliation - State Gas Ltd (ii)

Carrying amount at beginning of the period	834,632	842,923
Loss for the period	<u>(111,540)</u>	<u>(8,291)</u>
Carrying amount at end of the period	<u>723,092</u>	<u>834,632</u>



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

	31 December 2017	30 June 2017
	\$	\$
3.1 Cash		
Cash at bank and in hand	181,495	958,572
Joint Venture cash	283,298	23,795
Restricted cash (i)	<u>1,179,236</u>	<u>1,197,203</u>
Balances per statement of cash flows	<u>1,644,029</u>	<u>2,179,569</u>

(i) As part of the disposal of the Pase PSC assets the Company agreed to place in an escrow (trust) account an amount of USD\$1.02 million which would be released after the final administration approval for the transfer of the PSC has been granted by the Indonesian Government. As at balance reporting date, the funds remain in the escrow account pending the Government approval.

Non-cash items

During the period the Company entered into 5 non-cash transactions which were:

On 2 August 2017 the Company issued 14,307,925 shares after receiving confirmation from Tamarind Resources that it had exercised its conversion option to convert USD\$439,000 of notes.

On 23 October 2017 the Company issued 800,000 shares to its broker in relation to a capital raising fee for amounts raised on 18 September 2017.

On 23 October (after receiving approval from a general meeting of shareholders) the Company issued 8,000,000 performance rights to directors which immediately vested into 8,000,000 ordinary shares.

On 23 October 2017 the Company issued 100,000 to consultants for services rendered.

On 28 November 2017 the Company (after receiving shareholder approval at the AGM) issued 400,000 performance rights and 400,000 ordinary shares to a director.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

3.2 Equity (number of shares on issue and the amount paid (or value attributed) for the shares)

192,826,285 fully paid ordinary shares (30 June 2017: 152,823,915) post consolidation.

The following changes to the shares on issue and the attributed value during the periods:

	31 December 2017 Number	30 June 2017 Number	31 December 2017 \$	30 June 2017 \$
Balance at the beginning of the year	152,823,915	3,194,962,382		22,634,679
Conversion of options to Shares		50,000,000		86,174
Shares issue to directors (July)		46,568,854		72,500
Shares issued to directors (November)		175,000,000		350,000
Consolidation of shares		(3,523,768,410)		
Conversion of options to Shares ²		6,000,000		
Conversion of convertible notes ¹	14,307,925		872,783	
Issue of shares (cash) ¹	16,394,445		1,475,500	
Issue of shares - Consultants ²	900,000		90,500	
Shares issued to directors (October) ³	8,000,000		1,400,000	
Shares issued to directors (December) ³	400,000		56,000	
Share issue costs			(88,530)	(36,174)
Balance as at 31 December 2017	<u>192,826,285</u>	<u>152,823,915</u>	<u>26,440,932</u>	<u>22,634,679</u>

1. The Company converted USD\$439,000 of notes which had a fair value on conversion of \$872,783 based on the share price of \$0.061 per share on that day.

2. The Company issued 800,000 shares to its brokers in lieu of \$72,000 of fees in addition to issuing 100,000 to consultants for services rendered with a market value at the date of issue of \$18,500.

3. The Company issued 8,000,000 performance rights to directors (following approval at a general meeting) with a fair value of \$0.175 which immediately vested into shares in addition to issuing 400,000 performance rights and 400,000 shares (following approval at the AGM) with a fair value of \$0.14 per share.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

3.3 Derivative financial instruments through profit and loss

	31 December 2017 \$	30 June 2017 \$
Derivative financial instruments through profit and loss	-	1,666,940
	<u>-</u>	<u>1,666,940</u>
<i>Reconciliation of movements in the balance</i>		
Opening balance	1,666,940	-
Amounts borrowed	-	1,619,973
Fair value of instrument (i)	(19,333)	293,634
Conversion of liability	(872,783)	-
Less: Borrowings costs	-	(328,890)
Less: amortisation of costs	164,444	82,222
Transfer of borrowing costs to convertible note	82,223	-
Transfer of derivative to compound financial instrument	(1,014,488)	-
Transfer of derivative to reserves	(7,003)	-
Closing balance at end of period	<u>-</u>	<u>1,666,940</u>

(i) Fair value of the instrument

The Company has assessed the fair value of the derivative using level 3 inputs and the follow calculation method:

The Company fair valued the derivative financial instrument using the market value of the shares at the date of conversion and at the date of extinguishment. The share price on those dates was \$0.061 & \$0.135.

During the period the Company renegotiated the terms of the convertible note to fix the issue price and the foreign currency conversion value at \$0.04 (conversion price) and 0.7671 USD/AUD respectively. The Company assessed the changes and determined that this was a significant change in the terms which has removed the derivative elements of the note and therefore the Company derecognised the derivative financial instrument to the profit and loss.

3.4 Compound financial instrument

	31 December 2017 \$	30 June 2017 \$
Convertible note	936,099	-
	<u>936,099</u>	<u>-</u>
<i>Reconciliation of movements in the balance</i>		
Opening balance	-	-
Amounts borrowed	-	-
Amount transferred from derivative financial instrument	1,014,488	-
Less: Borrowings costs transferred from derivative financial instrument	(82,223)	-
Amortisation of effective interest	3,834	-
Closing balance at end of period	<u>936,099</u>	<u>-</u>

(i) Fair value of convertible note

On 14 September 2017 the Company renegotiated the convertible note terms to fix the conversion price of the shares at USD 0.7671 and \$0.04 per share. The variation to the loan is considered a material change to the instrument resulting in the derecognition of the derivative financial instrument and the recognition of a compound financial instrument (convertible note). The key inputs to the analysis are as follows:



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

3.4 Compound financial instrument (continued)

The key inputs to the analysis are as follows:

Face value of the notes	USD\$785,762
Interest rate	10% (simple interest)
Expiry date	31 March 2018
Conversion feature	\$0.04 per shares
Foreign currency	AUD\$: 1 USD\$ 0.7671
Discount rate	11.42%
Borrowing costs	Nil

(ii) Terms of convertible note

Face value of the notes	USD\$785,762
Interest rate	10% (simple interest)
Expiry date	30 June 2018
Conversion feature	\$0.04 per shares
Foreign currency	AUD\$: 1 USD\$ 0.7671
Security	Charge over all assets
Borrowing costs	Nil

(ii) Terms of convertible note

3.5 Borrowings

	31 December 2017 \$	30 June 2017 \$
Borrowings	<u>1,254,557</u>	<u>-</u>
<i>Reconciliation of movements in the balance</i>		
Opening balance	-	-
Amounts borrowed	1,302,707	-
Movement in Foreign currency	<u>(48,150)</u>	<u>-</u>
Closing balance at end of period	<u>1,254,557</u>	<u>-</u>

(i) Terms of the borrowings

The Company received a working capital loan from Tamarind Resources Limited during the period. The terms of the loan are as follows:

Facility value	USD\$2,214,238
Interest rate	10% (simple interest)
Expiry date	30 June 2018
Foreign currency	AUD\$: 1 USD\$ 0.7671
Security	Nil
Borrowing costs	Nil



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

3.6 Going concern

The going concern concept relates to the assessment of the Company's ability to continue its operations (and pay its debts when they fall due) for the next 12 months from the date when the directors sign the half year report without the need to raise money from issuing shares or obtaining additional borrowing facilities.

The directors have prepared an estimated cash flow forecast for the period to March 2019 to determine if the Company may require additional funding during the period. Where this cash flow forecast includes the likelihood that additional amounts will be required, and these funds have not yet been secured, it creates uncertainty as to whether the Company will continue to operate in the manner it has planned over the next 12 months.

Where the cash flow forecast includes these uncertainties, the directors will make an assessment of whether it is reasonable to assume that the Company will be able to continue its normal operations based on the following factors and judgements:

- The Company has access to the use of cash reserves of \$181,445 as at 31 December 2017 (30 June 2017: \$958,571)
- The Company has successfully obtained additional sourced of funding through debt and equity over the last six months.
- The Group's oil production is anticipated to generate operating cash flows to fund business activities.

The directors also anticipate the support of its major shareholders and are confident in the Company's ability to raise an appropriate level of funding to execute its plans and continue its activities.

Current assessment of going concern

The cash flow forecast includes a number of assumption regarding settlement of its obligations, continued profitability from its operating assets and obtaining additional funding. As the Company has not yet confirmed a number of its assumptions or secured its additional funding, this results in a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the half year report.

The half year report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

The Company's auditors have referred to this section when completing their report on the Company's interim financial report.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

3.7 Reserves

	31 December 2017	30 June 2017
	\$	\$
Convertible Note reserve	7,003	-
Share based payments reserves	281,574	276,907
	<u>288,577</u>	<u>276,907</u>
Convertible Note reserve		
<i>Reconciliation of movements in the balance</i>		
Opening balance	-	-
Convertible note equity portion (i)	7,003	-
Closing balance at end of period	<u>7,003</u>	<u>-</u>
Share based payments reserves		
<i>Reconciliation of movements in the balance</i>		
Opening balance	276,907	36,174
Additional share based payments (ii)	4,667	108,017
Transfer to share capital (refer 3.2)	-	(36,174)
Additional share based payments	-	168,890
Less: Reversal of cancelled options	-	-
Closing balance at end of period	<u>281,574</u>	<u>276,907</u>

(i) The Company calculated the fair value of the convertible note as \$1,014,488 with the residual value being \$7,003. The input used can be found at note 3.4.

(ii) During the period the Company issues performance rights to its Chairman, Mr E Farrell. The rights were issued after the Company received approval at its Annual General Meeting of shareholders on 29 November 2017. The share price at the grant date was \$0.14 per share valuing the rights at \$56,000. The rights are subject to a hurdle being the share price must be above a VWAP of \$0.15 for 30 consecutive days. The Company has assessed the period of achieving this hurdle is 12 months. The fair value of the rights have been amortised over this period.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

3 Financing – Capital, debt and risk management

	31 December 2017	30 June 2017
	\$	\$
3.8 Accumulated losses		
Accumulated losses at the beginning of the year	23,718,271	19,131,652
Net loss for the period	5,469,202	4,586,618
Accumulated losses at the end of the period	29,187,473	23,718,271

4 Other assets and liabilities

	31 December 2017	30 June 2017
	\$	\$
4.1 Trade and other receivables		
Accrued revenue	775,640	1,371,122
Trade receivables	-	-
	775,640	1,371,122

Estimates and judgement

Recoverability of the assets

The directors have assessed the likelihood that the asset will be received in cash after the reporting date (assessment of the recovery of the assets and impairment (write-off)) and have determined that the assets are expected to be recovered after period end.

Due to the short term nature of the current receivables, their carrying amounts approximate their fair value.

	31 December 2017	30 June 2017
	\$	\$
4.2 Other receivable and assets		
GST receivable	13,819	37,893
Prepayments	-	-
JV GST receivable (Cliff Head)	129,105	240,207
JV other receivables (Cliff Head)	147,236	136,323
PRRT receivable	-	-
Receivable – PT Enso Asia	128,093	130,092
Deposits - Guarantee	193,262	193,262
Other assets	11,951	4,510
	623,466	742,287

Due to the short term nature of the receivables, their carrying amounts approximate their fair value.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

4 Other assets and liabilities

	31 December 2016	30 June 2016
	\$	\$
4.3 Plant and equipment		
Administration office – Plant and Equipment		
Office equipment	7,625	7,625
Accumulated depreciation	<u>(2,198)</u>	<u>(1,424)</u>
	<u>5,427</u>	<u>6,201</u>
Furniture and fittings	914	914
Accumulated depreciation	<u>(611)</u>	<u>(587)</u>
	<u>303</u>	<u>327</u>
Total administration assets	<u>5,730</u>	<u>6,528</u>

A reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and at the end of the current period.

	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$
Opening net book value at 1 July 2017	327	6,201	6,528
Additions during the half year	-	-	-
Disposals during the half year	-	-	-
Depreciation expenses	(24)	(774)	(798)
Closing net book value at 31 Dec 2016	<u>303</u>	<u>5,427</u>	<u>5,730</u>

4.4 Trade and other payables (debts)

	31 December 2017	30 June 2017
	\$	\$
<i><u>Current liabilities (debts payable within 12 months)</u></i>		
Trade payables	791,576	209,159
JV trade payables (Cliff Head)	1,572,455	1,646,284
Accrued expenses	615,525	1,404,590
JV accruals (Cliff Head)	683,140	369,258
Payroll liabilities	31,837	16,520
Dividend payable in trust	7,044	7,044
Share buy-back funds in trust	6,796	6,796
GST liabilities	138,505	160,086
Employee entitlements	169,812	146,901
Acquisition payable	-	455,637
	<u>4,016,690</u>	<u>4,422,275</u>

Due to the short term nature of current payables, the carrying amount of trade and other payables approximates their fair value. Trade payables are non-interest bearing and are normally settled on 30-day terms.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

4 Other assets and liabilities

	31 December 2017 \$	30 June 2017 \$
4.5 Provisions		
JV Provisions	-	287,501
<i><u>JV provisions – current (due for payment within 12 months)</u></i>		
Reconciliation		
Balance brought forward	287,501	1,471,524
Movement during the period / year	<u>(287,501)</u>	<u>(1,184,023)</u>
Balance carried forward	-	287,501
Restoration provision (Cliff Head) – non-current	<u>20,672,420</u>	<u>25,595,143</u>
	20,672,420	25,595,143
Reconciliation		
Balance brought forward	25,595,143	25,574,995
Additions for the year / period	-	-
Unwind of discount (Cliff Head)	187,280	369,161
Adjustment to the restoration provision (i)	(5,110,003)	
Transfer to gain on disposal of subsidiary	-	(349,013)
Balance carried forward	<u>20,672,420</u>	<u>25,595,143</u>

(i) During the period the Joint Venture Partners commissioned an independent study to review the previous rehabilitation estimate prepared in 2015. The review highlighted a number of steps that could be taken to reduce the cost of the rehabilitation for the site. The Company has re-adjusted the provision in line with the new study which has resulted in a reduction to the liability of \$5.1 million (57.5% share) for the half year ended 31 December 2017.

Under the terms within the Joint Venture agreement relating to WA-31-L, Triangle is liable to pay rehabilitation cost of 57.5% relating to the licence.

Estimates and judgement

Assumptions used to assess the rehabilitation provision

The updated study has a substantial number of assumptions embedded in the cost estimate all of which could change and result in the actual amount paid to restore the site being materially different to the carrying value of the liability.



TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2017

5 Additional disclosures

5.1 Subsequent events

The following significant events occurred after the end of the reporting period to the date of this report:

- The Company borrowed \$1.2 million to fund its operations; and
- The Company issued 25,289,259 to extinguish the convertible notes after receiving confirmation from the note holder.

5.2 Contingent liabilities

There has been no changes to the contingent liabilities disclosed at the most recent annual financial statements.

5.4 Segment reporting

	Oil Production \$	Australian Corporate \$	Consolidated \$
Half Year ended 31 December 2017			
Segment Revenue	6,679,071	-	6,679,071
Expenses			
Interest income	-	660	660
Interest expenses	(4,770)	(296,227)	(300,996)
Depreciation and amortisation	(630,638)	(799)	(631,438)
Share of associates loss	(890,579)	(111,540)	(1,002,119)
Deferred taxes and PRRT	(1,703,925)	-	(1,703,925)
Segment net operating profit/(loss) after tax	<u>(5,812,127)</u>	<u>342,925</u>	<u>(5,469,202)</u>
Half Year ended 31 December 2016			
Segment Revenue	6,965,602	-	6,965,602
Expenses			
Interest income	4,556	-	4,556
Interest expenses	(19,187)	(846)	(20,033)
Depreciation and amortisation	(744,866)	(781)	(745,647)
Impairment of assets	-	(40,538)	(40,538)
Segment net operating profit/(loss) after tax	<u>(1,656,255)</u>	<u>(3,378,142)</u>	<u>(5,034,397)</u>
Segment assets			
At 31 December 2017	21,113,468	3,308,335	24,421,802
At 30 June 2017	28,222,593	2,942,582	31,165,174
Segment liabilities			
At 31 December 2017	23,884,286	2,995,479	26,879,766
At 30 June 2017	28,818,252	3,153,607	31,971,859



DIRECTORS' DECLARATION

In the opinion of the directors of Triangle Energy (Global) Limited:

- (a) the financial statements and notes set out on pages 14 to 37 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "Ted Farrell", with a horizontal line extending to the right.

Edward Farrell

Chairman

Dated at Perth, Western Australia this 15th day of March 2018.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Triangle Energy (Global) Limited

Report on the Condensed Consolidated Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Triangle Energy (Global) Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Triangle Energy (Global) Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 3.6 in the half-year financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2018

A handwritten signature in black ink, appearing to read 'B G McVeigh'.

B G McVeigh
Partner