



ASX ANNOUNCEMENT

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By e-lodgement

CORPORATE AND OPERATIONAL UPDATE

- **MoU signed for potential acquisition of interest in Oil and Gas field onshore PRC with existing production**
- **Shaanmei Co-operation Agreement to be terminated (at no cost to TNP)**
- **Triple continuing to actively pursue other new project opportunities to augment existing operations and strategy**

Triple Energy Ltd (ASX: **TNP**, **Company** or **Triple**) is pleased to provide the following update on activities.

Xin 214 Project – Songyuan

Triple has signed a non-binding Memorandum of Understanding (**MoU**) with Guangzhou Bofu Investment Co. Ltd (**GBIC**), which intends to acquire an 80% interest in Songyuan Petroleum Development Co. Ltd (**SPDC**), which in turn has the right to derive income from the development of 4 oil blocks in Songyuan City, Jilin Province in the People's Republic of China (**PRC**).

The terms of the MoU provides for an initial period of approximately 6 months (unless extended) and contemplates that the parties will negotiate a transaction whereby Triple indirectly or directly acquires GBIC, thereby obtaining the right to derive income from the above-mentioned oil blocks.

There are understood to be hydrocarbon quantities associated with the exploration areas based on existing wells and, subject to being able to agree terms, the Company intends to engage a suitably qualified reserves evaluator to undertake a review of the relevant technical information to produce an SPE-PRMS compliant report.

Triple's major shareholder BGBS operates natural gas businesses in Jilin which are expected to lead to future operational and strategic synergies for the Company.

MoUs of the type entered into are commonly used within the PRC as a pre-cursor to more formal documentation however there can be no guarantee that a binding agreement on acceptable terms will be able to be negotiated. Any transaction is expected to be subject to completion of due diligence, Triple shareholder and / or regulatory approval (including consultation with ASX when the expected terms are determined).



Shaanmei Project Areas

As previously advised by the Company on 14 December 2016, a cooperation agreement (**Agreement**) was reached with Shaanxi Province Coal Bed Methane Exploitation and Utilization Co. Ltd., a subsidiary of Shaanmei Coal Mining Company (**Shaanmei**).

The Agreement is in the form of production sharing for Coal Bed Methane Drainage of three linked areas in Wangfeng and Sangshuping Mining Areas in Hancheng, Shaanxi Province covering approximately 162km² and provided for a profit sharing arrangement whereby Triple, through wholly-owned HK and PRC subsidiaries, was to hold 80% profit interest. Under the Agreement terms Triple was required to provide RMB5,000,000 (~A\$1,000,000) as a performance surety. TNP's largest shareholder, BGBS arranged and advanced this funding in support of TNP, with the funding initially in the form of a renewable loan facility.

Technical evaluation has indicated that coal quality is soft, mostly pulverised coal, able to support fracturing only for a short period, such that commercial production is difficult to achieve using conventional vertical and fracturing drainage. An alternative strategy to use newer technologies including staged fracturing of horizontal wells in drilling roof was considered, however it has never been implemented in the Hangcheng mining area and the very substantial capital investment risk associated is not considered to fit the Company's investment criteria.

Having regard to this, the Triple Board has now resolved to endorse termination of the Agreement, which it is expected will be able to be completed without financial penalty. Triple is pleased to advise that it has agreed with BGBS that the RMB 5,000,000 loan advanced to the project will not be repayable by Triple or any of its subsidiaries.

Other New Projects

Triple continues to actively investigate other potential acquisition and investment opportunities with the potential to add to Shareholder value and consistent with its strategic objectives.