



TriangleEnergy

Quarterly Report

Period ending 30 September 2018

ASX: TEG

www.triangleenergy.com.au

52 Wk Share Price Range

\$0.077 – \$0.165

Market Capitalisation (at \$0.085)

\$18.5M

Issued Capital

218.1M Outstanding Shares

6.0M Unlisted Options @ \$0.06

11.1M Unlisted Options @ \$0.15

0.4M Unlisted Performance Shares

Cash (as at 30 September 2018)

\$2.87M

Debt (as at 30 September 2018)

US\$1.25M Loan (Tamarind Energy)

AU\$0.62M TEO Related Party Loan

Top 20 Shareholders (30 September 2018)

63.39%

Directors/Management

Ted Farrell

Non-Executive Chairman

Rob Towner

Managing Director/CEO

Darren Bromley

Executive Director/CFO/ COO

Jason Peacock

Non-Executive Director

Wai-Lid Wong

Non-Executive Director

Tim Monckton

Non-Executive Director

Lucy Rowe

Company Secretary

Triangle Energy (Global) Ltd

Suite 2, 100 Havelock Street,

West Perth, WA 6005

T: +61 8 9219 7111

E: admin@triangleenergy.com.au

HIGHLIGHTS

Cliff Head Oil Field (Cliff Head) Production

- Produced and sold: 36,575 bbls (ave. 397 bopd)
- Cliff Head Joint Venture (CHJV) crude sales revenue: AU\$3.53 million (June quarter \$6.22 million)
- Lifting costs: US\$62.08/bbl (previous quarter US\$31.71/bbl) due to lower production for the quarter
- Operating margin: US\$8.50/bbl

Static Modelling Complete / Dynamic Modelling Ongoing

- Potential to recover further resources and reserves from the Company's discovered, already producing reservoirs as well as near-field prospects

Cliff Head Operatorship

- Triangle becomes Registered Operator of Cliff Head

Corporate

- Cash: \$2.87 million (30 June: \$2.73 million); plus
- Cash attributed to Triangle in its Associate (Triangle Energy (Operations) Pty Ltd): \$0.14 million (30 June: \$0.12 million)

MANAGING DIRECTOR OVERVIEW - Mr Rob Towner

During the September Quarter, Triangle was very pleased to become the Registered Operator of Cliff Head which provides many benefits to the Company including more effective communication between the operation and management teams, improved response times to opportunities or issues, and increased in-house knowledge and accountability. Strategically, operational control now allows us to drive systemic changes to the Cliff Head Operation, including updating maintenance plans and optimising operating models, all of which will increase cost savings and increase margins.

In July, Triangle announced that static modelling of the Cliff Head field indicated there is potential to recover further resources and reserves from the Company's discovered, already producing reservoirs (Main Horst, West, South and South East Fault Blocks) which can potentially extend the life of field.

The Company announced that the static modelling also indicated potential in near field targets, revealing up to 29 million barrels (unrisked, best estimate, evaluation date 2 July 2018) of prospective oil initially-in-place (OIIP), representing 10.2 million barrels of prospective resource in near field exploration targets within the Cliff Head Oil Field (Cliff Head) licence area.

Dynamic modelling is now underway in the Cliff Head Oil Field to confirm and quantify any additional contingent resource and reserve volumes. It is an exciting time for the Company with so much potential lying within our license areas. The Arrowsmith Stabilisation Plant has the capacity to process more barrels of oil per day, so we are well positioned for any future increase in resources.

COMPANY UPDATE

Cliff Head Oil Field (100%)

Production and Revenue

- CHJV production 3 months to 30 September 2018: **36,575 bbls**
- CHJV oil sales revenue September 2018 quarter: **AU\$3.531 million**
- CHJV September 2018 quarter production rate: **397 bopd**

September 2018 Quarter	CHJV Total (100%) AU\$ Millions	CHJV Total (100%) US\$* Millions	Per barrel US\$*
Sales	3.531	2.581	\$70.58/bbl
Lifting costs	(3.105)	(2.271)	(\$62.08)/bbl
Operating margin	0.426	0.310	\$8.50/bbl
Trucking	(0.176)	(0.128)	(\$3.52)/bbl
Routine profit	0.25	0.182	\$4.98/bbl
Non-routine costs	(1.567)	(1.146)	(\$31.32)/bbl
Gross loss	(1.317)	(0.964)	(\$26.34)/bbl

* US\$/AU\$ conversion rate of 0.731154

Note: Triangle will be continuing to report for the CHJV at 57.5% as it currently controls two of the three joint venture participants in the CHJV. The 42.5% acquired by Triangle and Royal (21.25% each) on 31 March 2017 is controlled 50/50 and will not be consolidated into the Triangle Group of Companies.

Increase in Non-Routine Costs

During the quarter the Company's non-routine costs were impacted by:

- the rectification activities associated with a Production Interruption (outlined below); and
- by Well Intervention activities (outlined below).

Asset Life Extension and Field Redevelopment Programs

Triangle's Asset Life Extension Program focuses on reservoir remodelling, investment in infrastructure and additional development opportunities.

Triangle has invested significant time and resources to undertake the integrated program of full field remodelling and subsurface re-interpretation and is confident of positive outcomes.

On 2 July 2018, Triangle announced that the static modelling was completed, and results indicated the potential to recover further resources and reserves from the Company's discovered, already producing reservoirs (Main Horst, West, South and South East Fault Blocks) which can potentially extend the life of field.

The static modelling work included, among other analyses:

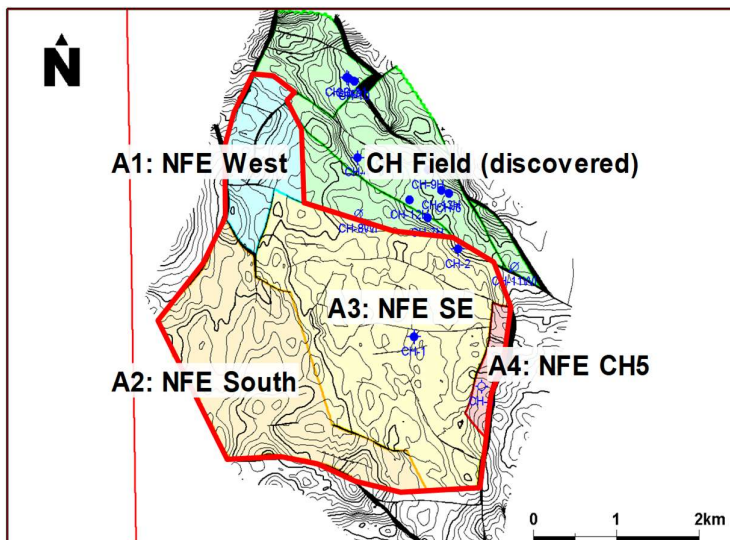
- re-interpretation of the seismic static model, which has refined Triangle's understanding of the size and shape of the reservoirs; and
- petrophysical re-interpretation, which updates and revises water saturation, reservoir rock quality and other parameters across the reservoir.

A total of 15.8 million barrels has already been produced from the Cliff Head reservoirs equating to a current oil recovery of 28%, and static modelling indicates this could potentially be increased to a recovery factor of 35% to 40%.

Dynamic modelling is underway to confirm and quantify any additional contingent resource and reserve volumes. The dynamic modelling will then feed into a more holistic development study which will aim to select the best development concept to extract maximum reserves. The dynamic model is expected to be completed in the first quarter of 2019.

In addition to the potential in the already producing reservoirs mentioned above, on 10 July 2018, the Company announced that the static modelling also indicated potential in near field targets. The static modelling revealed up to 29 million barrels (unrisked, best estimate, evaluation date 2 July 2018) of prospective oil initially-in-place (OIIP), representing 10.2 million barrels of prospective resource in near field exploration targets within the Cliff Head licence area (assuming a recovery factor up to 35%).

Cautionary statement				
The disclosure of prospective oil initially-in-place in the announcement dated 10 July 2018 is solely based on the Company's prospective resource estimate detailed below. It is not based on any estimate of petroleum reserves or contingent resources. The prospective resources have not been adjusted for risk.				
Reservoir	Area	Low Estimate	Best Estimate	High Estimate
Dongara Sandstone	A1: NFE West	0.5	0.6	0.7
Irwin River Coal Measures	A1: NFE West	1.1	1.6	2.2
	A2: NFE South	1.6	2.2	2.9
	A3: NFE South East	3.2	4.2	5.8
	A4: NFE CH5	1.2	1.6	1.9
TOTAL		7.6	10.2	13.5
The estimated quantities of petroleum that may potentially be recovered by the application of a future development project 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.				



These “near field” prospects are located in close proximity to Cliff Head’s discovered, producing reservoirs. The development of these volumes would therefore likely take advantage of existing pipelines and infrastructure as opposed to requiring a costly installation of new infrastructure. Prospective OIIP volumes are in addition to OIIP in the discovered, already producing Cliff Head reservoirs. It is intended that OIIP in these discovered reservoirs, along with associated reserve and contingent resource values, will be reported once dynamic modelling is complete.

Triangle's full field re-modelling and subsurface re-interpretation included remapping and geological modelling extended to cover four recognised near field exploration areas: the NFE West (A1), South (A2), South East (A3) and CH5 (A4) areas (see Figure 1).

Figure 1: Field block outline, red out line highlighting Near Field Exploration areas. Field contains already discovered (producing) reservoirs



In addition to the immediate production enhancement opportunities and a potential development project in the Main Cliff Head discovered field, the static model defines a near field exploration potential that could lead to a multi-phased field development program, potentially recovering a further 10.2 million barrels (unrisked, best estimate) and extending field life into the 2030's and beyond.

Where previous static models were incrementally updated as drilling and workover programs progressed, Triangle's current model takes a holistic approach with a completely refreshed petrophysical evaluation.

This method resulted in a consistent set of geological characteristics, including a single fault model, for the producing field and near field exploration targets. Triangle can now "see" the seven prospects directly alongside oil in the discovered, currently producing, Cliff Head areas (Figure 2).

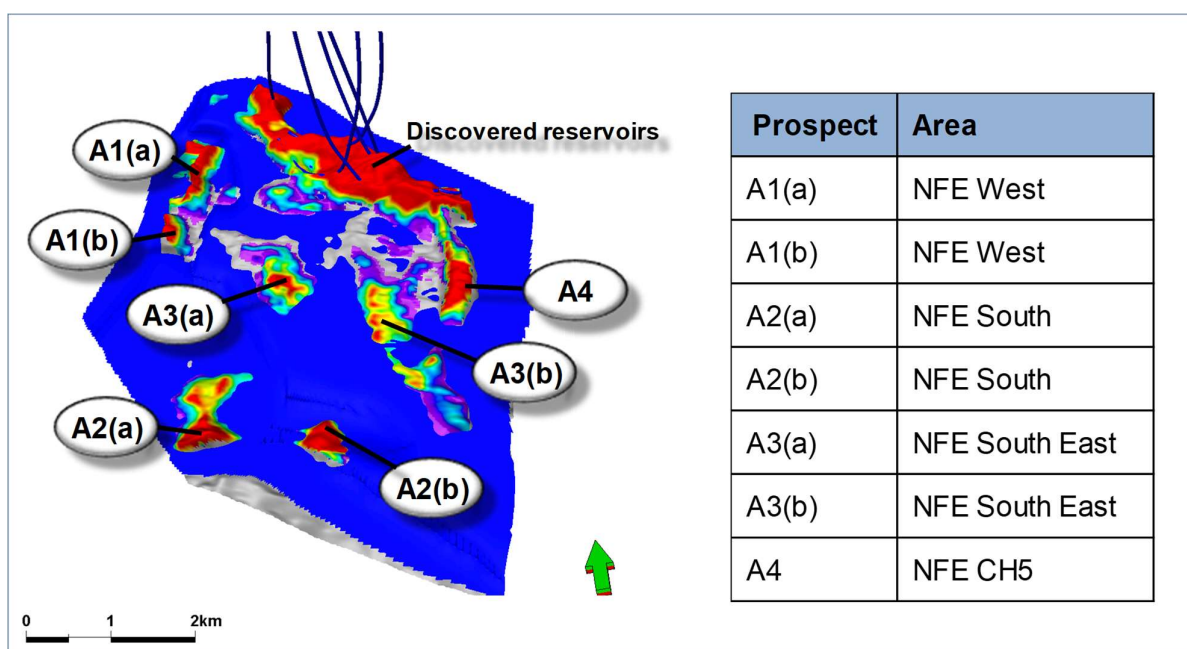


Figure 2: Perspective view of Cliff Head area showing discovered reservoirs and near field exploration prospects - red areas highlight high concentration of oil

Triangle's approach gives the Company a high degree of confidence in the prospect evaluation. Triangle can now see a prospective volume of 29 million barrels against a previous estimate of 15.7 million barrels which is over an 80% increase.

The results from the static model completes the picture on what the future of Cliff Head could look like. With this result, the Triangle team will now generate a full near field exploration program to test and confirm the volumes.

The near field exploration program will be executed in conjunction with Cliff Head development activity, where an integrated Cliff Head development-exploration offshore program is expected to be put in place for 2019.

Triangle Becomes Registered Operator of Cliff Head

On 17 July 2018 Triangle was pleased to announce, that the Company's operating affiliate Triangle Energy (Operations) Pty Ltd (TEO) became the Registered Operator of the Cliff Head Joint Venture (Cliff Head) onshore and offshore facilities.

When Triangle became the majority (78.75%) owner and operator of Cliff Head in May 2017, a third-party contractor was the Registered Operator of the facilities on behalf of the Joint Venture.

To become the Registered Operator, TEO successfully developed two Safety Cases for the Cliff Head facilities which were accepted and approved by the relevant Regulatory Authorities: the Western Australian Department of Mines, Industry



Regulation and Safety (DMIRS) for the onshore Arrowsmith Stabilisation Plant (ASP), and the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for the offshore Cliff Head Alpha Platform.

Approval of the Safety Cases demonstrated that TEO, as the new Operator of Cliff Head, had properly identified hazards and risks, can describe how the risks are controlled, and defined the safety management system in place to ensure these controls are effectively and consistently applied.

To strengthen the Company's accountability as the Registered Operator, Triangle commissioned a full and independent Operational Readiness Review. This successful review ensures that TEO has the capabilities to not only comply with the approved Safety Cases but also has the full suite of processes, systems and competent people to seamlessly and safely execute production operations upon operatorship handover.

Production Interruption

On 25 July 2018 Triangle confirmed that an interruption to production occurred on Tuesday 24 July 2018 at the Cliff Head Alpha Offshore Platform located approximately 14 kilometres offshore in the Perth Basin.

Severe weather and sea conditions caused a small crack in the flow meter (Coriolis) on the CH6 Well resulting in a loss of produced fluid (a mix of water and oil) and the interruption to production.

Triangle responded immediately, in accordance with the National Offshore Petroleum Safety and Environmental Management Authority (**NOPSEMA**) accepted Oil Pollution Emergency Plan (**OPEP**). Under the National Plan for Maritime Environmental Emergencies, the incident is classified as a Level 1 (low level) oil spill, which is in the range of zero to 10,000 litres. Current estimates reflect the lower end of this range.

Triangle's Person-In-Charge observed the loss of produced fluid during an inspection on the platform at 7:20am and immediately shut down the affected Well. Production from additional Wells was shut down at 7:45am while an engineering investigation commenced.

The Company notified all Regulatory Authorities including NOPSEMA, the Department of Transport (**DOT**), the Department of Mines Industry Regulation and Safety, and the Australian Maritime Safety Authority.

Triangle implemented oil pollution mitigation measures and strategies which reduced potential environmental impacts of the spill and activated its contracts with The Australian Marine Oil Spill Centre (AMOSC) for the management of the incident.

On 30 July 2018, Triangle confirmed that after following the requirements in its OPEP and safety and environmental assessments, the Company stood down the Incident Management Team and was pleased to report that after extensive observations no evidence of hydrocarbons were sighted, reaffirming Triangle's belief that the vast majority of produced fluid remained on the platform itself and any amount which entered the marine environment was negligible and most likely dissipated naturally in the rough seas.

Following continued monitoring of the situation, on 13 August 2018, the Company was pleased to advise that production had resumed. The resumption of production occurred after thorough inspections to the Cliff Head Alpha (CHA) platform and approval from the offshore regulator, the National Offshore Petroleum Safety and Environmental Management Authority (**NOPSEMA**).

The Company followed the strict policies and procedures in its Oil Pollution Emergency Plan and satisfied safety and environmental requirements. No evidence of hydrocarbons was sighted in the marine environment or along the shoreline which reaffirmed Triangle's finding that the vast majority of produced fluid remained in the platform bund.

Cliff Head Well Intervention

On 30 May 2018 a technical issue occurred during steady state production operations which caused well CH12H to stop producing. Company personnel were immediately mobilised to the unmanned production platform and following diagnostic tests, confirmed the issue was associated with production well CH12H's downhole electric submersible pump (ESP).



During the quarter Triangle started a plan for a CH12H ESP replacement using the Company's coil tubing (if required) within a wider offshore campaign which aims to target other identified production optimisation opportunities.

Subsequent to the end of the Quarter on 15 October 2018, Triangle was pleased to advise that on 10 October 2018, production well CH12H was successfully returned to production. After the installation of a new downhole electric submersible pump (ESP) and following a cycle of performance testing and verification (carried out over the weekend commencing 12 October 2018), the Company stated that it expects production associated with CH12H to stabilise at approximately 230 bopd after a period of higher flush production. Cliff Head field production has returned to approximately 750 bopd (100% JV basis).

The Company continues its program to identify and capture production optimisation opportunities. Focus is now shifted to the CH07 production well where activities associated with the well work over have commenced using the Company's coil tubing unit (CTU).

TP/15 Xanadu-1 JV (45%¹)

Subsequent to the end of the Quarter, on 25 October 2018, the Company executed a Sale and Purchase agreement with a wholly-owned subsidiary of Whitebark Energy Limited (**Whitebark**) to acquire an additional 15% participating interest in Exploration Permit TP/15 (**Acquisition**).

Key terms of the Sale and Purchase Agreement are:

- i. Upfront consideration of \$3m, made up of:
 - \$2m in cash payable within 3 business days after the execution and delivery of the ancillary assumption deeds and transfer forms in connection with the Acquisition; and
 - \$1m in Triangle shares satisfied by the issue of 11,191,052 shares (**Consideration Shares**).
- ii. \$1m Appraisal Outcome Consideration: Following the completion of an independent competent person's report demonstrating that gross 2P plus 2C reserves exceed 8 million barrels of oil in aggregate within 4 years of the Effective Date, pay either \$1m in cash or at WBE's election, \$500,000 in cash and \$500,000 in Triangle shares (subject to the receipt of shareholder approval).
- iii. \$1m First Oil Bonus: Payment on first commercial production, being the sale of oil in excess of 1,000 barrels produced from within TP/15 provided such sale occurs within 7 years of the Effective Date.
- iv. Effective Date of the Transaction is the 24 October 2018.
- v. Completion of the Acquisition remains subject to the satisfaction (or waiver, where permitted) of the following material conditions precedent:
 - customary regulatory approvals;
 - an enforcement right has not arisen under the security agreement with Whitebark and the Vendor, entered into at the same time as the Sale and Purchase Agreement, whereby Whitebark grants Triangle security over its shares in the Vendor to secure the repayment of the \$2m (if required);
 - receipt of all necessary consents under the joint operating agreement in respect of TP/15 to give effect to the Acquisition;
 - the execution of an orderly sales agreement, providing for a voluntary escrow to be applied over the Consideration Shares for the first six months following completion of the Acquisition, and an orderly sale process in respect of the Consideration Shares for the following six months; and
 - the receipt of the Shareholder approval for the issue of the Consideration Shares.

¹ Subject to the completion of a Sale and Purchase Agreement with Whitebark Energy Limited. See ASX announcement dated 25 October 2018



The Board believes this agreement strengthens the continuation of the Company's strategy to secure a premier position in the Perth Basin focused on oil and believes the Perth Basin continues to show signs of a heavily underexplored hydrocarbon system and that belief has underpinned our decision to increase our equity in the TP/15 exploration permit.

On 23 February 2018, the Joint Venture Operator, Norwest Energy NL (**Norwest**), announced that a contract for the acquisition of a 40-square-kilometre seismic survey had been awarded to Synterra Technologies Pty Ltd, a leading global provider of geophysical and technical services.

As Operator, Norwest completed an extensive volume of due diligence work in planning and preparing for this 3D seismic survey. Testing of the acquisition equipment was completed within the TP/15 permit acquisition area to fine-tune and confirm the survey design, and a rigorous technical review has been carried out to ensure the highest quality data is acquired.

Currently the TP/15 permit has limited 2D seismic coverage and the Xanadu 3D seismic survey has been designed to test the extent of the Xanadu Discovery and map the Xanadu structure in greater detail. The 3D seismic survey will form the basis for future well locations, expected commercial production rates, a conceptual development plan, oil-in-place analysis, and recoverable volume calculations.

The extensive 40 km² area is designed to fully map the northern up-dip region, and the southern down-dip region extending out to the western flank of the Xanadu structure.

Once the survey data has been processed, interpreted and integrated with Norwest's existing dataset, the TP/15 Joint Venture will consider an appraisal well on the Xanadu structure. The seismic data will enable the well surface location and trajectory to be optimally designed to provide the best chance for a significant commercial appraisal.

Subsequent to the end of the Quarter on 5 October 2018, Norwest advised that ongoing delays in the regulatory approvals process for the Xanadu 3D Seismic Survey mean that survey acquisition will be unavoidably delayed beyond the targeted window of late 2018, with the next available opportunity for acquisition commencing in March 2019.

Norwest noted this delay is due to its application with the Department of Mines, Industry Regulation and Safety (**Regulator**) still not being finalised. This cannot happen until stakeholder consultation is completed to the satisfaction of the Regulator.

The acquisition timeline is impacted by exclusion periods for the migration of humpback whales, western rock lobster spawning and migration, commercial fishing peak periods and school holidays. It is also important that acquisition is undertaken over a period when sea and wind conditions are favourable to attain the highest quality dataset possible.

The objective of the seismic survey is to be able to map the structure at Xanadu, and to assist with designing well locations and trajectories. The approval for a side-track well at Xanadu-1 location is already in place, and a rig is expected to be available in the Perth Basin later in 2019.

Farmout Agreement with Key Petroleum Limited for Production Licence L7(R1)

On 31 October 2018, subsequent to the end of the Quarter, the Board of Triangle was pleased to announce that it has entered into a Farmout Agreement with Key Petroleum Limited (ASX:**KEY**) to acquire a 50% participating interest in Production Licence L7(R1) (**Acquisition**). A wholly owned subsidiary of Triangle will hold the relevant interest earned under the Farmout Agreement and Triangle is providing a guarantee of that subsidiary's obligations under the Farmout Agreement.

Summary of the Key Terms of the Farmout Agreement

The Farmout Agreement is conditional on usual regulatory approvals and the consent of a landholder under an existing compensation agreement. Under the terms of the Farmout Agreement:



- i. The Joint Venture will commence an Early Work Programme which will include the workover of two of the existing wells at the Mount Horner Oil Field, whereby Triangle and Key are each to contribute 50% of all associated costs
 - ii. In parallel with the Early Works Programme, Triangle will develop a work programme that will include a 3D seismic survey of at least 50 km² and a drilling programme of at least two new wells (Farmin Programme)
 - iii. Triangle shall be responsible for 100% of the cost of the Farmin Programme up to a limit of US\$3 million. Costs of developing and completing the Farmin Programme in excess of US\$3million will be shared in accordance with the participating interests of Key and the Company (with each currently holding 50% each)
 - iv. Triangle will earn a 50% equity interest in L7 by completing the Farmin Programme and by carrying Key's proportional costs associated with the development and execution of the Farmin Programme (Payback Amount)
 - v. Triangle will recover the Payback Amount through the entitlement of 87.5% (based on Triangle holding a 50% participating interest) of production from L7, after completion of well drilling under the Farmin Programme, for the first two years of commercial production. Triangle shall be entitled to 75% (based on Triangle holding a 50% participating interest) of production in L7 thereafter until the Payback Amount has been recovered
 - vi. Triangle retains the option of assuming Operatorship of L7 upon completion of the Early Work Programme and Farmin Programme
 - vii. Key is solely responsible for all activities and costs associated with the decommissioning of the existing Mt Horner wells including removal of the surface facilities and rehabilitation of the facility site and access roads. Triangle and Key will share any decommissioning costs which would arise from new wells and any infrastructure to be added to the L7 permit.

Following the completion of the Farmin Programme, Key may elect for its participating interest share of ongoing joint venture costs to be paid for by Triangle. If such an election is made after Triangle has received the Payback Amount, Triangle will be entitled to the receipts of 100% of the production from L7 until the amount that Triangle has paid for on behalf of Key has been recovered by Triangle.

INVESTMENTS

State Gas Limited (ASX: GAS)

Triangle is the major shareholder of State Gas Limited (**State Gas**) with an interest of 35.47% and at the date of this report, the investment is equivalent to \$11.96 million in value at a \$0.25 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 previously announced, the Phase 1 (Northern Area) seismic reprocessing undertaken by State Gas identified a new potential gas pool located in the north-west of PL 231 (North-West Gas Prospect). The North-West Gas Prospect appears to be hosted within the Cattle Creek Gas Sands and appears to consist of multiple zones to a depth of approximately 500 metres.

State Gas is currently preparing to undertake drilling to test the North-West Gas Prospect. Reid's Dome North-West-1 will be drilled into the target zones. If gas is detected, the well will be logged and tested to provide information on the flow and permeability characteristics of the formation.

As at 31 July 2018, the Phase 1 reprocessing also identified a further, previously unidentified target below the already discovered gas pool in the Cattle Creek Gas Sands in the area to the west of Primero-1. State Gas is currently preparing to undertake drilling to test both the North-West Gas Prospect and the deeper target near Primero-1. If successful, the wells will be logged and tested to provide information on the flow and permeability characteristics of the formations. The drilling of the first of these wells will complete State Gas' sole funding obligations under the Joint Operating Agreement for PL 231.

It has also undertaken a detailed review of the geology of the permit and the results of historical drilling, both in the permit area and of analogous wells into the same formations beyond the permit boundaries. This review indicates that in addition to conventional gas in the Cattle Creek Formation and Reid's Dome Beds, PL 231 may have potential for significant quantities of coal seam gas due to positive pressure maintenance. In this regard, potential for coal seam gas exists within



the early Permian Reid's Dome beds, which are composed of interbedded coals, siltstones, shales, sandstones and conglomerates. State Gas is currently in discussions with its Joint Venture Partner with a view to including in the current drilling program a core-hole to evaluate this coal seam gas potential.

On 22 October 2018, subsequent to the end of the Quarter, announced that it had engaged Silver City Drilling to drill Primero West-1 in the northern half of the PL 231 permit. With a planned depth of 250m, Primero wet-1 will test the Cattle Creek formation. Further, on 30 October 2018 State Gas was also pleased to advise that the Reids Dome Gas Project Joint Operating Committee formally approved the drilling of the proposed Nyanda-4 coal seam gas and conventional gas well at the PL231 Reids Dome Gas Project. Nyanda -4 is planned to be also drilled by Silver City Drilling immediately following the aforementioned drilling of Primero West-1.

CORPORATE

Capital and Management Expenditure

As at 30 September 2018, Triangle had a cash balance of \$2.87 million of which \$1.41 million is held in escrow.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd and the CHJV which had \$0.14 million in cash attributed to Triangle at 30 September 2018. This investment is equity accounted for in the Company's financial statements.

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

Partial Repayment and Extension of Tamarind Loan Agreement

On 28 June 2018, Triangle repaid US\$1,000,000 out of operational cash flow to Tamarind Resources Pte Ltd (Tamarind) and entered into an Amendment Deed to extend the funding arrangement through to 30 June 2019.

The balance of the outstanding loan became US\$1,259,071.29.

The Deed provides for a Loan of up to US\$2,259,071.29 (announced 24 January 2018) and can be repaid in instalments or in full at any time during the 12-month period.

Key terms of the Loan are as follows:

Lender	Tamarind Resources Pte Ltd
Advance Loan Outstanding	US\$1,259,071.29
Advance Loan Term	Expiry 30 June 2019
Interest	10% per annum payable quarterly in advance
Security	the Facility is to be secured by a charge over all assets of the Borrower

Pase PSC – PT Enso Asia

The Company is owed US\$1.02 million (AU\$1.41 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 US\$1.02 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.

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

Shareholder Analysis

As at 30 September 2018 the Company had 790 shareholders and 218,115,544 ordinary fully paid shares on issue with the top 20 shareholders holding 63.39% of the total issued capital.

Information in relation to ASX Listing Rule 5.4.3

At 30 September 2018, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia; and
- 30% interest in TP/15 Joint Venture in the Perth Basin, Western Australia.

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

Marketing and Investor Relations

During the Quarter, Triangle's Managing Director, Rob Towner and Director / Chief Financial and Operating Officer, Darren Bromley presented to brokers, analysts and sophisticated and retail investors around Australia.

On 12 – 13 September 2018, Management attended and presented at the Good Oil Conference in Perth.

BACKGROUND TO OPERATIONS

WESTERN AUSTRALIA

Cliff Head Oil Field - Operator WA-31-L Offshore Perth Basin (78.75%)

The Cliff Head Oil Field is located 10 kilometres off the coast of Western Australia at a water depth of 15-20 metres. The Production Licence WA-31-L covers 72km² and the oil field covers 6km². It was the first commercial oil discovery developed in the offshore Perth Basin. The development cost of the field was AU\$A\$327 million with first oil production commencing in May 2006.

Production is from five ESP production wells and produced water is reinjected into three injection wells. Produced Crude oil is trucked to the BP refinery in Kwinana, 42kms south of Perth.

To date the Cliff Head Oil field has produced 15.771 mmbbls and continues to produce at above originally forecast rates.

Facilities and Infrastructure

The Cliff Head facilities are the only offshore infrastructure in the Perth Basin and are therefore important for any development in the surrounding area. An unmanned platform with a 14km pipeline carries the crude oil to a dedicated stabilisation processing plant at Arrowsmith with a production capacity of 15,000 bopd.

Exploration Upside

The Perth Basin has over 60 wells drilled offshore (approximately 47 wildcat wells) and 320 wells drilled onshore. The Northern Perth Basin has 20 commercial oil and gas fields and numerous additional significant discoveries of varying sizes. The Northern Perth Basin has proven production with 10 producing fields and with Cliff Head being the only offshore producing field.

The Cliff Head joint venture has identified near term upside opportunities in the licence; specifically, one exploration, one appraisal and other development opportunities. Opportunities total approximately 8mmbo resources.

The Cliff Head joint venture continues to assess other potential development and well optimisation opportunities.



Arrowsmith Stabilisation Plant



Any new producing wells within the vicinity can be tied into the existing production platform.

The Cliff Head joint venture has developed a set of near field opportunities within the WA-31-L permit area. The Cliff Head Oil 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 Oil Field is based primarily on the 32km² Cliff Head 3D Seismic Survey acquired in October 2003. The Cliff Head joint venture also has 2D seismic surveys over the full permit area.

Since December 2001, the Cliff Head joint venture has drilled 1 exploration well, 4 appraisal and 8 development wells on the Cliff Head Oil 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.

The recent success at Watsia onshore 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 Limited's (**AWE**) 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 Energy Ltd's led JV) and AWE's new block to the northwest of Cliff Head (in the Houtman-Abrolhos sub basin).

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

Health, Safety and Environment

The Cliff Head Joint Venture 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 implemented at the offshore and onshore facilities.

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

Through its existing Cliff Head Oil Field production operations, the Cliff Head Joint Venture has established good relations with the regulators, fishing community, landholding sectors, tourism stakeholders and other operators in the area.

Xanadu - TP/15 Offshore Perth Basin (30%)

TP/15 is located in the offshore northern Perth Basin approximately 280km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and covering an area of 645km².

Both Cliff Head and Xanadu lie on Beagle Ridge, east of the major Geraldton fault. The oil generation kitchen filling the Cliff Head Oil Field is viewed as the same source kitchen for the Xanadu prospect. Cliff Head and Xanadu also share the same 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 Oil Field.

The Xanadu-1 well was spudded on 4 September 2017 and reached a total depth of 2035 MDRT on 17 September 2017. It was confirmed that the Xanadu-1 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 is currently being undertaken that is aimed at 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 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 2019;
- 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, 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.



TP/15 Joint Venture as at the date of this Report

JV Participant	ASX Code	Percentage Interest
Norwest (via subsidiary) (Operator)	ASX:NWE	25%
Triangle (Global) Energy Ltd (via subsidiary Triangle Xanadu Pty Ltd)	ASX:TEG	45% ²
3C Group IC Limited (via subsidiaries)		30%

ENDS

For further information:

Rob Towner Managing Director +61 414 594 868
Darren Bromley Executive Director / CFO +61 419 940 587
admin@triangleenergy.com.au | www.triangleenergy.com.au

Media enquiries:

Margie Livingston, Ignite Communications, +61 438 661 131

About Triangle Energy (Global) Ltd

Triangle Energy (Global) Ltd is an ASX listed (ASX: TEG) oil and gas producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant, and a 45%² share of the Xanadu-1 Joint Venture and has executed a Farmout Agreement with Key Petroleum Limited for its Production Licence L7(R1), all located in the Perth Basin. Triangle also has a 35.47% interest in State Gas Limited, a company with a 60% operating interest in the Reids Dome production licence (PL 231) in Queensland. The Company continues to assess acquisition prospects to expand its portfolio of assets.

Qualified Petroleum Reserves and Resources Evaluator Statement

In accordance with ASX Listing Rules, Information in this report that relates to proved and probable oil reserves has been reviewed and signed off by Mr James Tarlton (Tamarind Resources, Director). Information that relates to reserves is based on and fairly represents, information and supporting documentation prepared by or under the supervision of Mr Tarlton. He has consented to the form and context in which the information that relates to the reserves presented. Mr Tarlton's qualifications include: Bachelor of Applied Science (Honours) from Queen's University at Kingston Ontario Canada. He has 34 years of operating company experience developed through drilling, production and reservoir engineering before transitioning to asset management in Canada, the North Sea and South East Asia. He is a member of the Society of Petroleum Engineers in Malaysia and he is also a registered professional engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA). He consents to that information in the form and context in which it appears.

² Subject to the completion of a Sale and Purchase Agreement with Whitebark Energy Limited. See ASX announcement dated 25 October 2018

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")

30 September 2018

Note: Triangle will be continuing to report for the CHJV at 57.5% as it currently controls two of the three joint venture participants in the CHJV. The 42.5% recently acquired by Triangle and Royal (21.25% each) is controlled 50/50 has not been consolidated into the Triangle Group of Companies.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,193	2,193
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(2,495)	(2,495)
(d) staff costs	(364)	(364)
(e) administration and corporate costs	(257)	(257)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(33)	(33)
1.6 Income taxes / PRRT paid	-	-
1.7 Research and development refunds	1,028	1,028
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	79	79

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(220)	(220)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
• reduction in restricted cash	-	-
• Payment to acquire associate	-	-

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	-	-
2.6 Net cash from / (used in) investing activities	(220)	(220)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
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)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,959	2,959
4.2 Net cash from / (used in) operating activities (item 1.9 above)	79	79
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(220)	(220)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	55	55
4.6 Cash and cash equivalents at end of period	2,873	2,873

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,153	1,349
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other:		
- Funds held in escrow	1,412	1,377
- Cliff Head JV cash at bank	308	233
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,873	2,959

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

(204)

-

Included at 6.1 are:

- Directors fees of \$12k
- Payments made for professional services pursuant to employment and consultancy agreements totalling \$192k

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$A'000**

-

-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,915	1,729
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.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(33)
9.2 Development	-
9.3 Production	(3,516)
9.4 Staff costs	(270)
9.5 Administration and corporate costs	(152)
9.6 Other	-
9.7 Total estimated cash outflows	(3,971)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: *(Signed electronically without signature)* Date: 31 October 2018

Print name: Darren Bromley (Director)

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.