



TriangleEnergy

Quarterly Report

Period ending 30 September 2019

ASX: TEG

www.triangleenergy.com.au

52 Wk Share Price Range

\$0.082 – \$0.052

Market Capitalisation

\$19.12M (at \$0.052 per share as at 25 October 19)

Issued Capital (as at 30 Sept 2019)

360.8M Outstanding Shares

11.1M Unlisted Options @ \$0.15

0.4M Unlisted Performance Shares

Cash (as at 30 Sept 2019)

\$5.48M

Investment in State Gas Limited

\$37.78 million (at \$0.79 per share, as at 25 October 19)

Debt (as at 30 Sept 2019) \$0.87M

TEO Inter-Company Loan

Top 20 Shareholders (30 Sept 2019)

51%

Directors/Management

Timothy Monckton

Non-Executive Chairman

Rob Townner

Managing Director/CEO

Darren Bromley

Executive Director/CFO/ COO

Jason Peacock

Non-Executive Director

Wai-Lid Wong

Non-Executive Director

Ted Farrell

Non-Executive Director

Lucy Rowe

Company Secretary

Triangle Energy (Global) Ltd

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HIGHLIGHTS DURING THE QUARTER

Cliff Head Oil Field (Cliff Head) Production

- Produced and sold: 71,557 bbls (ave. 778 bopd)
- Cliff Head Joint Venture (CHJV) crude sales revenue: AU\$6.25 million (previous quarter AU\$6.89 million)
- Lifting costs: US\$23.04/bbl (previous quarter US\$25.31/bbl) due to higher production for the quarter
- Operating margin: US\$36.79/bbl

Corporate

- On 11 July 2019, the Xanadu 3D seismic program was completed. Preliminary results of the final interpreted seismic were released to the ASX by the Joint Venture Operator subsequent to the end of the quarter.
- On 29 August 2019, the Company released its WA-31-L Cliff Head Contingent Resource Update introducing the Cliff Head Renewal Project.
- The Cliff Head Renewal Project is currently finalising definition of multiple in-field and a near field drilling opportunities aiming to progress to a December 2019 investment decision.
- The Company is the major shareholder of State Gas Limited (ASX:GAS, State Gas) with an interest of 33.34%. The investment is equivalent to \$37.78 million in value at \$0.79 (as at 25 October 2019) per State Gas share.
- On 21 August 2019, State Gas announced a new drilling and testing programme for their Reid's Dome Gas Project in PL231. The Aldinga East 1A well was spudded subsequent to the quarter on 4 October 2019.
- On 9 October 2019, subsequent to the end of the Quarter, 47,062,500 of the Company's 47,830,148 shares held in State Gas were released from escrow. As a result, there are no longer any State Gas shares held in escrow.
- On 5 September 2019, the Company announced the successful placement of 48,000,000 fully paid ordinary shares to professional and sophisticated investors, raising a total of \$3.6 million.
- Cash: \$5.48 million (previous quarter: \$2.49 million) which includes \$1.51 million in escrow.
- Completion of Farmout Agreement with Key Petroleum Limited, subsequent to the end of the Quarter.



MANAGING DIRECTOR OVERVIEW - Mr Rob Towner

The Company's commitment to deliver enhanced production and reserves from our Cliff Head asset continued throughout the quarter, as the rebuilding of the geological model and dynamic modelling nears finalisation. It was most pleasing to refine previously identified Prospective Resources to Contingent Resources and announce plans to progress these resource opportunities to reserves and enhance production through the planned implementation of the Cliff Head Renewal Project.

Our priority at Cliff Head remains developing the opportunity to deliver increased production utilising the benefits of the existing infrastructure we own. Our recent announcement outlines the Cliff Head Renewal Project, where we are targeting the conversion of more than 2 million barrels of 2C Contingent Resource¹ to Reserves with an Investment Decision anticipated in the fourth quarter this year for the West High, SE Nose and CH-11 recompletion.

Our focus on reducing operating costs has continued with new logistical agreements finalised realising significant savings. Production reliability has been above expectations over the period with average daily production above target at 778 bopd. It has been pleasing to see our initial decision to invest in this late life asset vindicated, with our focus on operating cost reduction resulting in an operating margin of \$A36.79 for the period (see below).

At Cliff Head we have four-out-of-five producing wells on-line and the team is ready to return the CH-13 well to production in the next quarter. Our target is to return to a peak production of 1000 bopd when CH-13 is back on-line thereby improving our operating margin for the next quarter².

It is the Company's strategy and aim to be the preeminent oil producer in the Perth Basin and a partner of choice. Our entry into the L7(R1) Mt Horner production licence complemented this strategy and it was pleasing to have our Farmout Agreement with Key Petroleum Limited reach completion recently. Over the next quarter we will work with the Mount Horner joint venture to agree a programme of exploration in this production licence.

The completion of the Xanadu 3D seismic program on 11 July 2019, and the subsequent results, while disappointing, still demonstrate that the significance of moveable oil in the TP/15 exploration permit should not be discounted. The Xanadu structure is large but with less than optimal reservoir. There remains good prospectivity particularly west of Xanadu (the Xanadu West prospect) where we anticipate reservoir may improve. The Xanadu discovery was positive in so far as it demonstrated there is a live oil system. The Company has commenced a wider prospectivity review of our licences that will include our own interpretation of the TP/15 exploration permit. I expect outcomes of this review to be made available to shareholders during the next quarter.

During 2019, the Company has expanded its in-house technical team to identify and define its growth opportunities, particularly within our Cliff Head asset. The Company is committed to ensuring our strategy is underpinned by the highest quality technical work, capable of endorsement by our peers. I appreciate the support, patience and understanding of our shareholders and I am looking forward to providing further updates during the next quarter.

¹ TEG 78.75% equity share, see ASX announcement dated 29 August 2019

² Subject to oil price and exchange rate changes

COMPANY UPDATE

Cliff Head Oil Field (100%)

Production and Revenue

- CHJV oil produced and sold 3 months to 30 September 2019: **71,557 bbls**
- CHJV oil sales revenue September 2019 quarter: **AU\$6.25 million**
- CHJV September 2019 quarter production rate: **778 bopd**

September 2019 Quarter	CHJV Total (100%) AU\$ Millions	CHJV Total (100%) US\$* Millions	Per barrel US\$*
Sales	6.246	4.281	\$59.83/bbl
Lifting costs³	(2.405)	(1.649)	(\$23.04)/bbl
Operating margin	3,841	2.632	\$36.79/bbl
Trucking	(0.366)	(0.251)	(\$3.51)/bbl
Routine profit	3.475	2.381	\$33.28/bbl
Non-routine costs¹	(1,059)	(0.726)	(\$10.15)/bbl
Gross profit (loss)	2,416	1.655	\$23.14/bbl

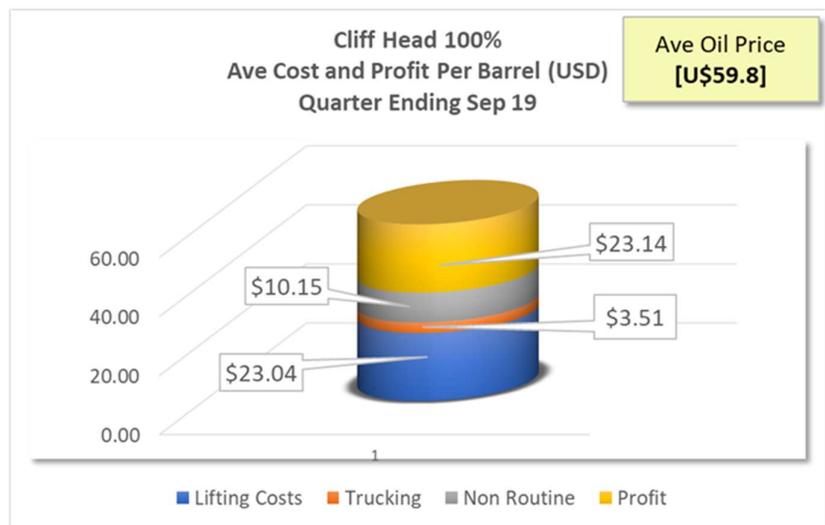
* US\$/AU\$ conversion rate of 0.6855

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.

Cliff Head Operating Margin

Triangle Energy (Operations) Pty Ltd became the registered operator of Cliff Head on 17 July 2018. Since that time the CHJV has focused on delivering stable production and operating efficiencies leading to operational expenditure reductions on a per bbl basis. The CHJV has continued to review its service contracts seeking to re-tender where appropriate or move the services in-house. Recently, the CHJV welcomed new helicopter and vessel service providers, delivering significant savings to the operation. The Company has also successfully extended and revised the terms of our gas transportation agreement with the APA Group delivering further savings.

Average oil sale price realised for the quarter was USD59.83/bbl, which is below our internal forecasting. Operating margin for the period of USD36.79/bbl with a gross profit of USD23.14/bbl demonstrates the robustness of the asset even in the current low oil price scenario.



³ Lifting costs are calculated to include routine production costs. Non-routine costs exclude exploration, capitalisable expenditures and associated amortisation.

The planned return of the CH-13 well to production in late November is expected to result in peak production returning to approximately 1000 bopd. The expected increase in average daily production for the next quarter will result in an increase in operating margin and gross profit per barrel of oil.

The Company is not idle and will continue to invest the cashflow arising from its equity in the CHJV in growth opportunities such as the Cliff Head Geotechnical Work and the Cliff Head Renewal Project with increased manpower being engaged to finalise the definition phase of this project.

Cliff Head Geotechnical Work

Throughout 2019, work has been progressing to identify opportunities to transform production rates and economic life at Cliff Head (Cliff Head Renewal Project).

The Company has been progressing several opportunities within and near the Cliff Head field to enhance production, thereby extending the economic life of the offshore Cliff Head platform, and onshore Arrowsmith Oil Stabilisation Plant.

Several drilling and workover opportunities in the Cliff Head area have matured to Contingent Resources. Investment decisions for these opportunities are planned for December 2019. Subject to positive investment decisions and development drilling success, these opportunities will provide new production streams and represents a step change to oil production rates at Cliff Head. Upon positive investment decisions and key stakeholder approvals, it is intended that the contingent resource will be classed as reserves for the Cliff Head field.

Contingent and Prospective Resources are tabulated below.

Cliff Head							
Gross Contingent Resources				Net TEG 78.75% Contingent Resources			
(MMstb Oil)	1C	2C	3C	(MMstb Oil)	1C	2C	3C
CH11 Recompletion	0.13	0.28	0.85	CH11 Recompletion	0.10	0.22	0.67
SE Nose	0.86	1.43	2.4	SE Nose	0.68	1.13	1.89
West High	0	1.42	1.95	West High	0.00	1.12	1.54
West Flank	0	0.79	1.14	West Flank	0.00	0.62	0.90
CH13 Attic		0.51		CH13 Attic		0.40	
East Horst K Sand		0.36		East Horst K Sand		0.28	
				Total TEG Share		3.77	
Gross Prospective Resources**				Net TEG 78.75% Prospective Resources**			
(MMstb Oil)	Low	Best	High	(MMstb Oil)	Low	Best	High
Cliff Head				Cliff Head (78.75% TEG share)			
Mentelle Updip	0.3	3.3	10	Mentelle Updip	0.24	2.60	7.88
South Cliff Head		3		South Cliff Head		2.36	
				Total TEG Share		4.96	

Table 1 Contingent and Prospective Resources

**The estimated quantities of petroleum that may potentially be recovered by the application of future development projects 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.

The Company previously announced initial results from static modelling and the geological interpretation of Cliff Head field that identified several opportunities (ASX announcement 2 July 2018) and Prospective Resources for several near field features in July 2018 (ASX announcement 10 July 2018).

Over 2019, these opportunities have been further refined. An update of the geological model for the field in advance of the final dynamic modelling is now complete and a dynamic model update is ongoing.

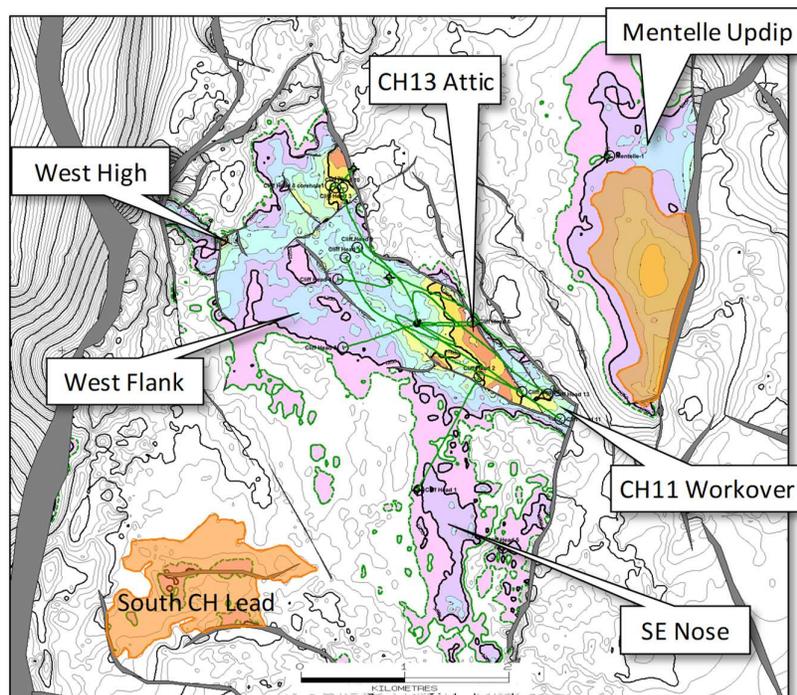
From the geomodel update, previously identified Prospective Resources warrant progression to Contingent Resources at SE Nose (previously referred to as Area A3: NFE South East – ASX announcement 10 July 2018) and West High (previously



referred to as Area A1: NFE West – see ASX announcement 10 July 2018). Both opportunities are attractive targets for new wells and will be thoroughly assessed with the dynamic model and evaluated for drilling. Final investment decisions are expected to be made in December 2019. Drilling will follow on Q4 2020/Q1 2021 allowing for planning and approval lead times.

West High is an undrilled culmination of the Cliff Head structure that appears to extend the field. A development well for West High can be drilled from the Cliff Head platform. This opportunity is assessed to have 2C Contingent Resources of 1.42 MMstb (gross). Potential production profiles and final resources will be evaluated with the dynamic model. Early assessment of the drilling strategy and expenditure has provided confidence of the robust economic associated with West High. This work will be refined further leading to an investment decision in December.

SE Nose is a broad, low relief culmination immediately updip of the CH-1 discovery well. This opportunity can also be developed by a single horizontal well from Cliff Head platform. Potential production profiles and final resources will be evaluated with the dynamic model and a drilling strategy and capex defined during 2H 2019 also leading to an investment decision in December.



Cliff Head area structure map



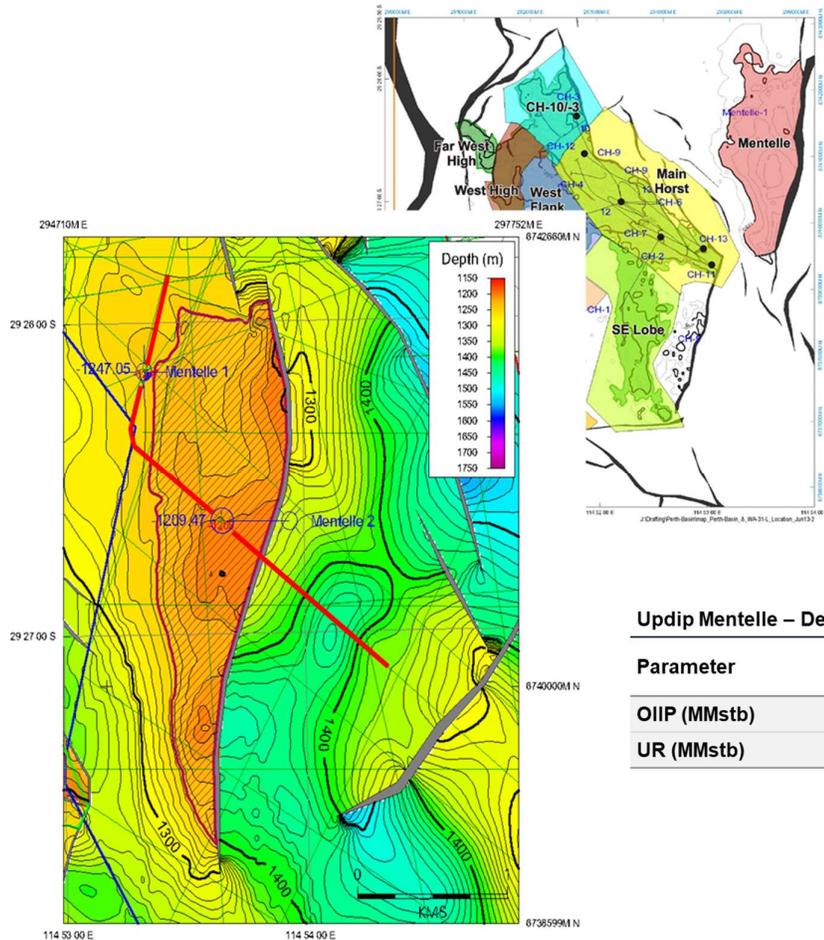
Multiple bypassed oil and infill opportunities identified

Several bypassed and infill oil opportunities have been identified within Cliff Head field and are being evaluated. These include the shut-in of water injection at Cliff Head followed by the upward recompletion of this well as an oil producer from an upper oil zone, potential attic/bypassed oil at the eastern extent of the field updip of CH-13. Infill opportunities at the deeper IRCM K previously reported in July 2018 continue to be assessed.

The conversion of the CH-11 well to an oil producer is the most mature and highest priority of the infill opportunities under review. It potentially provides an additional production stream at relatively low cost. An investment decision for the workover is planned for December 2019, allowing for planning and procurement lead times, execution of the workover is expected in Q4 2020.

Mentelle near field prospect prioritised for drilling

The near field exploration prospects at Mentelle has been prioritised because it can be developed from Cliff Head platform and has material Prospective Resource. The ability to undertake additional 2D seismic prior to the drilling is under review. The drilling of Mentelle prospect based on the current seismic coverage is also being considered.



Updip Mentelle – Deterministic Prospective Resource Estimation

Parameter	Low Estimate	Best Estimate	High Estimate
OIIP (MMstb)	2.6	18.4	43.5
UR (MMstb)	0.3	3.3	10.0



Cliff Head Renewal Project

On 29 August 2019 the Company provided an update on work to define multiple opportunities to deliver a significant production uplift. Three opportunities are being progressed to development decisions this year (Cliff Head Renewal Project);

- (a) a workover to convert CH-11 to an oil producer;
- (b) a development well on SE Nose; and
- (c) an appraisal/development well on West High.

A multiple development drilling programme is planned to commence late Q42020 (subject to FID).

If successful, the development of the 2C Contingent Resource associated with the Cliff Head Renewal Project to reserves and production would significantly delay the requirement to abandon the Cliff Head asset.

Cliff Head Well Intervention

On 13 March 2019, the Company announced that a technical issue had occurred during steady state operations which caused production well CH13 to stop producing. It was confirmed by both Company and service personnel that the issue is associated with the downhole electric submersible pump (**ESP**).

The Company had evaluated several alternate technologies to replace downhole ESPs. A Hydraulic Jacking Unit or Platform (**HJU**) has been selected being both technically superior and cost effective to the Coiled Tubing Unit retrieval and deployment method (Workover Step change Project).

CH-13 is planned for production restart in 2H November 2019 (subject to regulatory approval) following completion of the Workover Step Change Project.

Conventionally deployed ESPs will replace the current Electric Coiled Tubing deployed ESPs.

Production downtime is to be significantly reduced, with days offline, due to ESP failure, to reduce from >180 days to <90 days.

Following successful re-completion and fishing operations (to remove an ESP that was left in the well under the previous operator's regime) Cliff Head production will be back to full capacity.

The production impact of CH-13 being offline is approximately 240 bopd. With the resumption of production from the CH-13 well production is expected to return to approximately 1000 bopd.



TP/15 Xanadu-1 JV (45%)

The 40km² 3D seismic program designed to fully delineate the Xanadu oil discovery was completed on 11 July 2019.

The joint venture received the final PreSTM volume in early October 2019 with the Operator, Norwest Energy NL (ASX:NWE) completing preliminary interpretation and integration of the data into the Xanadu subsurface model. Subsequent to the end of the quarter on 24 October 2019 NWE announced the Xanadu 3D Seismic Results.

Further untapped prospective resource potential lies within and adjacent to the 3D seismic area, to the north of the Xanadu horst and in a structural culmination situated to the west of the downdip area (West Xanadu), on the edge of the 3D survey area. The Company expects reservoir quality to improve west of the Xanadu structure.

The Xanadu structure was large but less than optimal reservoir. The discovery of oil in the Xanadu-1 well is positive in so far as it was the first demonstration of moveable oil in the system within TP/15. During the next quarter the Company will be undertaking a review of the final processed 3D seismic volume and a wider regional review of prospectivity.

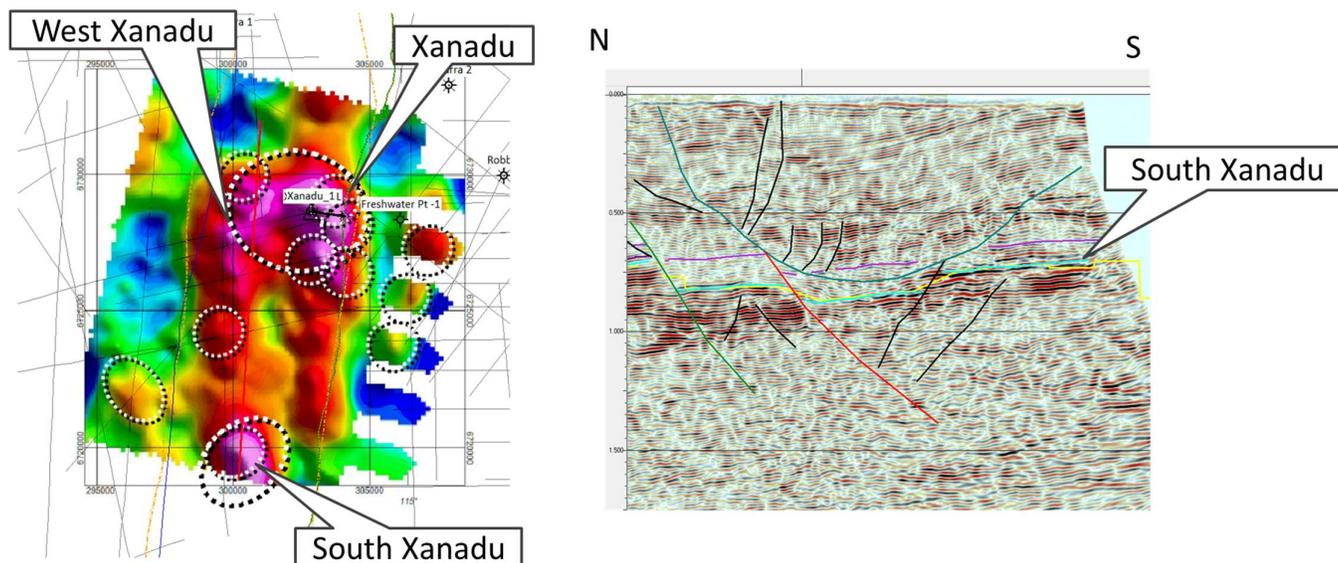


Figure: Possible structure on Full Tensor Gravity and single seismic line

During the quarter the Company continued its detailed review of the forward work plan in Exploration Permit TP-15. Acquisition of low cost 2D seismic data to mature the West Xanadu area for drilling will be considered by the Joint Venture. The Company is encouraged by the additional prospectivity in the permit and is working with our joint venture partners to agree a budget and programme of work to further define this additional prospectivity.

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

On 31 October 2018, the Board of Triangle was pleased to announce that it had 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.

On 2 October 2019, subsequent to the end of the Quarter, the Company announced that the Farmout Agreement had completed with all approvals received. The Company will formulate and agree a work program and budget with KEY during the December quarter.



INVESTMENTS

State Gas Limited (ASX: GAS)

Triangle is the major shareholder of State Gas Limited (**State Gas**) (ASX:GAS) with an interest of 33.34%, the investment is equivalent to \$37.78 million in value at a \$0.79 (as at 25 October 2019) per State Gas share. On 9 October 2019, subsequent to the end of the Quarter, 47,062,500 of the Company's 47,830,148 shares held in State Gas were released from escrow, as a result there are no longer any shares held in escrow.

Triangle's present intention is to retain its interest in these shares for the immediate future. Triangle will assess market conditions and its own position on an ongoing basis with respect to its investment decisions regarding these shares.

On 31 May 2019, State Gas provided an update on its process to increase its Participating Interest in the Reid's Dome Gas Project (PL 231) from 80% to 100% in accordance with the provisions of the Joint Operating Agreement (**JOA**) for PL 231. The Company commenced proceedings in the Supreme Court of Queensland on 8 February 2019 seeking specific performance by Dome Petroleum Resources Plc (Dome) of its obligations under the JOA.

On 16 September 2019 State Gas announced it was successful in Supreme Court action to acquire final 20% interest in Reid's Dome with a court order made requiring Dome Petroleum Resources Plc (Dome) to execute transfer of its remaining 20% interest in PL 231. Dome was ordered to pay the costs of State Gas on an indemnity basis.

On 21 August 2019 State Gas announced a targeted strategy to bring gas to market from the Reid's Dome Gas Project (PL 231) in 2021 to meet east coast shortfalls with the drilling of two new wells (one cored) and two production tests. The first well in the program Aldinga East-1 was spudded subsequent to the quarter.

Triangle's Managing Director, Mr Rob Towner, represents Triangle's interests on the board of State Gas as a non-executive Director.

CORPORATE

Capital and Management Expenditure

As at 30 September 2019, Triangle had a cash balance of AU\$5.48 million of which AU\$1.51 million is held in escrow.

The Company is in the final stages of formulating its basin-wide strategy and its forward funding requirements to deliver this strategy. The Company has been successful in securing adequate funding and is currently evaluating several different funding options to meet its planned activities and expenditure needs and will make further announcements to the market in due course.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd which had \$0.15 million in cash attributed to the Company at 30 September 2019. This investment is equity accounted for in the Company's financial statements.



Private Placement of Shares

On 5 September 2019, the Company was pleased to announce it had received irrevocable commitments to raise AU\$3.6 million (before costs) from both professional and sophisticated investors who subscribed for 48,000,000 new ordinary shares at AU\$0.075 per new share (**Placement**).

On 11 September 2019, 10,064,476 of the Placement shares were issued under the Company's placement capacity under ASX Listing Rule 7.1A, and the remaining 37,935,524 Placement shares were issued under the Company's placement capacity under ASX Listing Rule 7.1.

Upon completion of the Placement, the 48,000,000 new shares represented approximately 13.3% of the share capital of the Company, which now has 360,753,682 ordinary shares on issue.

The proceeds from the Placement are being used:

- a) to replenish funds following the completion of the acquisition of long-lead items required to return CH-13 to production;
- b) to provide working capital to allow the Company to progress the Cliff Head Renewal Project to FID; and
- c) for ongoing general working capital to allow the Company to progress its wider Perth Basin Strategy.

General Meeting

On 25 October 2019, subsequent to the end of the quarter, a General Meeting of the Company was held and shareholders ratified the issue of the above tranches of shares, as well as the further tranche issued in November 2018 in order that its placement capacity under ASX Listing Rules 7.1 and 7.1A be restored to 15% and 10% respectively.

Pase PSC – PT Enso Asia

The Company is owed US\$1.02 million (AU\$1.45 million), cash 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.



Request for Arbitration from PDPA

On 6 March 2019, the Company advised shareholders that it had received a request for arbitration from former joint venture partner Perusahaan Daerah Pembangunan Aceh (**PDPA**), an Acehnese government-owned company, with PDPA filing an application for arbitration with the BANI Arbitration Centre located in Jakarta.

The claim relates to the Production Share Contract for the Pase Concession (in which the Company sold its interest in February 2016, as stated above). PDPA is alleging Triangle Energy (Global) Limited owe:

- Contribution for CSR: US\$ 0.781 million; and
- Building Road: US\$ 3.35 million.

Upon Triangle Energy (Global) Limited successfully defending the allegation, the claimant (PDPA) is obliged to bear all the arbitration cost and costs incurred or borne by the respondent (TEG) in order to defend its interest.

Shareholder Analysis

As at 30 September 2019 the Company had 1032 shareholders and 360,753,682 ordinary fully paid shares on issue. The Top 20 shareholders hold 51% of the total issued capital.

Information in relation to ASX Listing Rule 5.4.3

At 30 September 2019, the Company held:

- 78.75% interest in WA-31-L in the Perth Basin, Western Australia;
- 45% interest in TP/15 Joint Venture in the Perth Basin, Western Australia; and
- 50%⁴ participating interest in Production Licence L7(R1).

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

⁴ Completion of the Farmout Agreement occurred subsequent to the end of the Quarter on 2 October 2019.

BACKGROUND TO OPERATIONS

WESTERN AUSTRALIA

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

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

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

Facilities and Infrastructure

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

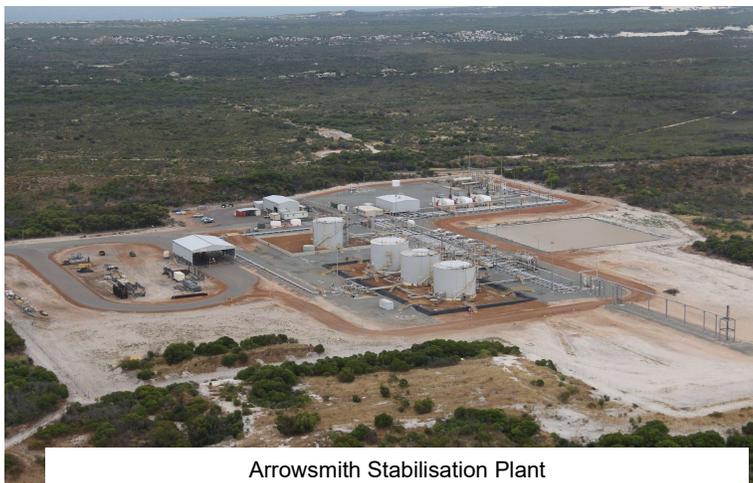
The field has the capacity to produce approximately 1000 bopd from five production wells (3 horizontal and 2 deviated). The production from the field is supported by a water flood with 3 water injection wells (1 horizontal and 2 deviated). An additional unused well slot is available on the platform for future drilling activities.

Production Optimisation and Exploration Upside

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

The Cliff Head joint venture has developed a set of near field opportunities within the WA-31-L permit area to enhance production through the asset. These include production optimisation from the existing wells, in-field appraisal and development drilling, and near field exploration.

Potential enhancements to the water flood to maximise oil production rate, at relatively low cost, are being evaluated, along with infield appraisal and development drilling opportunities that can be rapidly brought on stream and providing incremental production if successful. Near field exploration prospects are also being developed that could be rapidly developed through Cliff Head platform and tied-in to existing facilities at the Arrowsmith plant and further increase the production potential of the asset.



Arrowsmith Stabilisation Plant

Health, Safety and Environment

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

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 (45%)

TP/15 is located in the offshore northern Perth Basin approximately 280km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and 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 reservoir units. The technical understanding of the Xanadu prospect including reservoir seal and trap dynamics, is greatly enhanced by the analogous Cliff Head Oil Field.

The Xanadu-1 well was spudded on 4 September 2017 and reached a total depth of 2035 MDRT on 17 September 2017. 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 more than 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.

Analysis of the oil recovered from Xanadu-1 samples show is a yield of 34.7° API crude oil with no H₂S and extremely low levels of CO₂ (0.02%). The Xanadu crude is similar to that produced at Cliff Head Oil Field and, 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.

The Xanadu 3D seismic survey was acquired during June and July 2019 to evaluate the extent and resource potential of the Xanadu structure and evaluate appraisal well locations. The initial results of the Xanadu 3D seismic data, along with the well data, suggests that commercial potential of the Xanadu discovery may be limited. However, upside scenarios involving the down dip extent of the Xanadu oil discovery have been identified and a thorough evaluation of the Xanadu 3D seismic data will be undertaken to fully evaluate potential of Xanadu structure.

The recovery of moveable oil in the Xanadu-1 well is very encouraging for TP/15. It indicates that an oil charge is present south of the Cliff Head and several leads are mapped on the western sector of the Xanadu structure (West Xanadu) that appear to have excellent reservoir potential and are upgraded by the Xanadu discovery. The acquisition of low cost 2D seismic is being considered to mature these leads for drilling. The wider prospectivity of TP/15 is also being re-evaluated for the Xanadu-1 well data.

The value of any discoveries in the near shore TP/15 licence are potentially highly valuable because of the low cost to develop through the Cliff Head and Arrowsmith infra-structure.

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

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

ENDS

Enquiries:

Company Secretary - +61 8 9219 7111

Peter Kermode

Cannings Purple

0411 209 459

Notes Regarding Contingent and Prospective Resources

The Contingent Resources for the Cliff Head asset are held under the Production Licence WA-31-L in which Triangle holds a net equity share of 78.75%. Some of these Contingent Resources were previously reported as Prospective Resources (Triangle Energy ASX announcement of 18 July 2018). West High was previously reported as A1(a):NFE West and SE Nose as A3(b): NFE South East. West High and West Flank are interpreted to be a western extension of the main Cliff Head field and nearby the Cliff Head 8 oil column. SE Nose is updip of the Cliff Head-1 oil recovery. The Contingent Resources are based on detailed interpretation of the Cliff Head 3D seismic survey and geological interpretation based on the Cliff Head exploration, appraisal and development wells that were undertaken as part of the 2019 geological modelling update. The CH11, West High, West Flank and SE Nose Contingent Resources were prepared using the probabilistic method and those for CH13 attic and East Horst K sand were prepared using the deterministic method. These Contingent Resources are contingent on further field development studies and economic evaluation.

The Prospective Resources are also held under the Production Licence WA-31-L in which Triangle holds a net equity share of 78.75%. The Mentelle and Cliff Head South Prospects are based on the interpretation of 2D seismic data and Cliff Head area wells. The Mentelle Prospective Resources were prepared using the probabilistic method and the South Cliff Head Prospective Resources using the deterministic method. The South Cliff Head prospect was previously referred to as A2(a) NFE South. The acquisition of additional seismic data is planned for 2020 and exploration drilling in 2021. They are considered to have a moderate chance of discovery and a high chance of development if exploration drilling is successful development and can be developed through the Cliff Head infra-structure.

Summations of resources, where present, are arithmetic.

The evaluation date for the Contingent Resources and Prospective Resources reported here is 23 August 2019. The Petroleum Resources were prepared in accordance with the SPE-PRMS (2018).

Qualified Petroleum Reserves and Resources Evaluator Statement

In accordance with ASX Listing Rules, Information in this report that relates to all Petroleum Resources and Prospective Resources and proved, and probable reserves has been reviewed and signed off by Mr Matt Fittall, a full-time employee of Triangle Energy (Global) Limited. Information that relates to reserves is based on and fairly represents, information and supporting documentation prepared by or under the supervision of Mr Fittall. He has consented to the form and context in which the information that relates to the reserves is presented. Mr Fittall is a Geologist BSc(hons)Geology with more than 30 years' experience, practising in Petroleum Geology. Mr Fittall is a member of the Petroleum Exploration Society of Australian (PESA).

About Triangle Energy (Global) Ltd

Triangle Energy (Global) Ltd is an ASX listed (ASX: TEG) oil and gas producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant, and a 45% share of the Xanadu-1 Joint Venture and has executed a Farmout Agreement with Key Petroleum Limited for its Production Licence L7(R1), all located in the Perth Basin. Triangle also has a 33.34%



TriangleEnergy

interest in State Gas Limited, a company with an 80% operating interest in the Reid's Dome production licence (PL 231) in Queensland. The Company continues to assess acquisition prospects to expand its portfolio of assets.

Appendix 5B

Mining exploration entity 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 2019

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 be 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	3,591	3,591
1.2 Payments for		
(a) exploration & evaluation	(1,040)	(1,040)
(b) development	-	-
(c) production	(1,568)	(1,568)
(d) staff costs	(686)	(686)
(e) administration and corporate costs	(222)	(222)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
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	(504)	(504)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
• Payment to acquire associates	-	-

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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(504)	(504)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,600	3,600
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	(243)	(243)
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	3,357	3,357

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,490	2,490
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)	(504)	(504)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,357	3,357
4.5	Effect of movement in exchange rates on cash held	61	61
4.6	Cash and cash equivalents at end of period	5,483	5,483

Mining exploration entity and oil and gas exploration entity quarterly report

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	3,918	919
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)		
• Funds held in escrow	1,513	1,452
• Cliff Head JV cash at bank	52	119
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,483	2,490

6. Payments to directors of the entity and their associates**Current quarter
\$A'000**

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

(219)

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Included at 6.1 are:

- Executive director remuneration of \$192k
- Non-executive director's remuneration \$27k

7. Payments to related entities of the entity and their associates**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

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	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(159)
9.2 Development	-
9.3 Production	(2,594)
9.4 Staff costs	(326)
9.5 Administration and corporate costs	(186)
9.6 Other (provide details if material)	
• Capital Expenditure	(1,226)
9.7 Total estimated cash outflows	(4,491)

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	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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: 29 October 2019

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.