

## ASX: TEG

[www.triangleenergy.com.au](http://www.triangleenergy.com.au)

### 52 Wk Share Price Range

\$0.115 – \$0.021

### Market Capitalisation

\$9.74M (at \$0.027 per share as at 29 April 2020)

### Issued Capital (as at 31 March 2020)

360.8M Outstanding Shares

72.1M Listed Options @ \$0.12

29.1M Performance Rights

1.8M Unlisted Options @\$0.10

0.4M Unlisted Performance Shares

### Cash (as at 31 March 2020)

\$4.17M

### Investment in State Gas Limited

\$16.98 million (at \$0.355 per share, as at 29 April 2020)

### Debt (as at 31 March 2020)

\$0.87M TEO Inter-Company Loan

### Top 20 Shareholders (31 March 2020)

51.66%

### Board and Management

Timothy Monckton

*Non-Executive Chairman*

Rob Towner

*Managing Director/CEO*

Wai-Lid Wong

*Non-Executive Director*

Ted Farrell

*Non-Executive Director*

Lucy Rowe

*Company Secretary*

Troy Brice

*Chief Operating Officer*

Marvin Chan

*Chief Financial Officer*

### Triangle Energy (Global) Ltd

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## HIGHLIGHTS DURING THE QUARTER

### Cliff Head Oil Field (Cliff Head) Production

- Produced and sold: 64,311 bbls (ave. 707 bopd) – a decrease of 13% from last quarter as a result of a Cliff Head Alpha electrical incident that caused production downtime in February and March
- Cliff Head Joint Venture (CHJV) crude sales revenue: AU\$5.31 million (previous quarter AU\$7.10 million) – a decrease of 25% from last quarter resulting from a combination of production downtime and low oil price. Oil price has declined by 20% due to over-supply and low demand caused by COVID-19 pandemic
- Lifting costs: US\$27.04/bbl (previous quarter US\$26.02/bbl) with a slight increase of 4%
- Operating margin: US\$27.26/bbl at an average price for the quarter of \$54.30

### Corporate

- January 29, 2020: Issued 24,574,182 listed shortfall options at \$0.12 with an expiry of 30 September 2020 were issued under the Company's Prospectus for its non-renounceable pro rata Entitlement Offer at the Directors' discretion.
- March 11, 2020: Production resumed at the Cliff Head Alpha Platform at a steady state of 970bbls per day after the Company confirmed on 24 February 2020 it had suspended production as a result of an electrical fault. The resumption of production occurred within the estimated timeframe.
- April 3, 2020: Subsequent to the end of the quarter, the Company announced it had reduced its operating costs and deferred non-essential planned and proposed capital expenditure this financial year of AUD\$2.5 million. The reduction of operating cost coupled with a consistent production uptime is projected to result in lifting costs falling to approximately US\$15.40 per barrel for the remainder of this financial year's Work Programme and Budget. These cost cutting measures are as a result of the impact of the falling oil price in March due to over-supply of crude oil and low demand resulting from COVID-19 lockdown restrictions.
- The Company is the major shareholder of State Gas Limited (ASX:GAS, State Gas) with an interest of 32.71%. The investment is equivalent to \$16.98 million in value at \$0.355 (as at 29 April 2020) per State Gas share.
- During the quarter State Gas commenced a programme to appraise the potential of the Reid's Dome coals and sands across PL231. The Aldinga East 1A well was spudded on 4 October 2019, the Serecold-1 well was spudded on 6 December 2019 and production testing commenced on 17 January 2020. Nylanda-4 well commenced production testing on 4 December 2019.
- Cash: AU\$4.17 million (previous quarter: AU\$3.69 million) which includes AU\$1.66 million in escrow.



## MANAGING DIRECTOR OVERVIEW - Mr Rob Towner

During 2018 the Company assumed direct operatorship of the Cliff Head Oil Field and implemented immediate strategies on restructuring operating costs to maximise profit and enhance a safe and reliable oil production profile. The Company has reduced its operating costs from more than US\$40 per barrel in 2017 to US\$24.95 per barrel in February 2020. With cooperation from our suppliers and vendors we have further reduced our operating costs for the remainder of FY2020 and aim for US\$15.40 per barrel or lower.

The successful restructuring of operations at the Cliff Head Oil Field over the last three years has generated strong gross profits, which has enabled the Company to reinvest into its infrastructure and assets in anticipation of the Company's business growth at Cliff Head and greater Perth Basin. Since July 2019 the Company has invested \$AUD4.47 million which has helped provide a high level of asset integrity ensuring we continue to deliver a steady state of oil production of 970 barrels per day to market.

The Company's commitment to deliver enhanced production and reserves from the Cliff Head Oil Field has provided the Company with enthusiasm for extending the life of the field. Subsequent to the end of the quarter, the Company announced that it had completed the Cliff Head Renewal Project, which confirmed three clearly defined, attractive future drilling opportunities, and unearthed two new longer-term development prospects. The Company seeks to ensure the highest quality work is completed to underpin investment in infield development drilling and near field exploration.

The Board had pleasure in appointing Mr Troy Brice to the position to Chief Operating Officer during the quarter. His recent experience includes executive positions at offshore marine logistics support services group Swire Oilfield Services, the Kellogg Joint Venture at the Gorgon LNG Project, and senior operational and commercial roles at Rio Tinto and Shell Coal and the Company looks forward to working with Mr Brice.

## COVID -19 Response

In line with advice from health authorities, Triangle is taking all reasonable steps to protect its workforce from COVID-19, whilst also ensuring its business can continue to operate safely and efficiently. The Company's Business Continuity Team continues to monitor the changes and efficiently manage the response.

### Business Continuity

- Triangle has enacted its Business Continuity Plan whilst keeping its workforce regularly informed as to changes in procedures, how they can protect themselves and our business.
- Triangle's Cliff Head Oil Field continues to operate in line with schedule at a steady state rate of 970 BOPD.
- The Company has transitioned the majority of its office support staff to work from home with a minimum number of employees working in the office under strict safety rules.
- Triangle is now allowing only safety-or production-critical personnel to its Arrowsmith Stabilisation Plant (**ASP**), putting in place a formal authorisation letter issued by the Company which must be carried by personnel to enter/exit at all times together with a range of further health control measures.
- Health and temperature checks are carried out before entering any Company controlled oil and gas facility, including embarking on Company specific travel. Any personnel with a temperature recorded in excess of 38°C will not be permitted to board transport to the Company's work site.
- A roster system has also been implemented to reduce cross contamination between staff at ASP.
- Road Trains Australia drivers are required to adhere to the same health protocols and security checks as Triangle personnel.

- The Company has introduced company-wide restrictions for domestic and international travel.
- Triangle is working with companies across its supply chain to ensure it is on the front foot when it comes to mitigating any potential material supply issues.

The Company continues to take information provided by State and Federal Government Department sources and review it against our existing policies, protocols and procedures, updating them where and as necessary. The aim is to ensure that Triangle is continually meeting and exceeding the minimum standards for protecting the health and safety of its people, business and the community.

## COMPANY UPDATE

### Cliff Head Oil Field (100%)

#### Production and Revenue

- CHJV oil produced and sold 3 months to 31 March 2020: **64,311 bbls**
- CHJV oil sales revenue March 2020 quarter: **AU\$5.31 million**
- CHJV March 2020 quarter average barrels sold: **707 bopd**

March 2020 Quarter	CHJV Total (100%) AU\$ Millions	CHJV Total (100%) US\$* Millions	Per barrel US\$*
Sales	5.312	3.492	\$54.30/bbl
Lifting costs <sup>1</sup>	(2.645)	(1.739)	(\$27.04)/bbl
Operating margin	<b>2.667</b>	<b>1.753</b>	<b>\$27.26/bbl</b>
Trucking	(0.329)	(0.216)	(\$3.36)/bbl
Routine profit	<b>2.338</b>	<b>1.537</b>	<b>\$23.90/bbl</b>
Non-routine costs <sup>1</sup>	(1.520)	(0.999)	(\$15.54)/bbl
Gross profit (loss)	<b>0.818</b>	<b>0.538</b>	<b>\$8.36/bbl</b>

\* US\$/AU\$ conversion rate of 0.6573

*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.*

<sup>1</sup> Lifting costs are calculated to include routine production costs only. Non-routine costs exclude exploration, capitalisable expenditures and the associated amortisation.

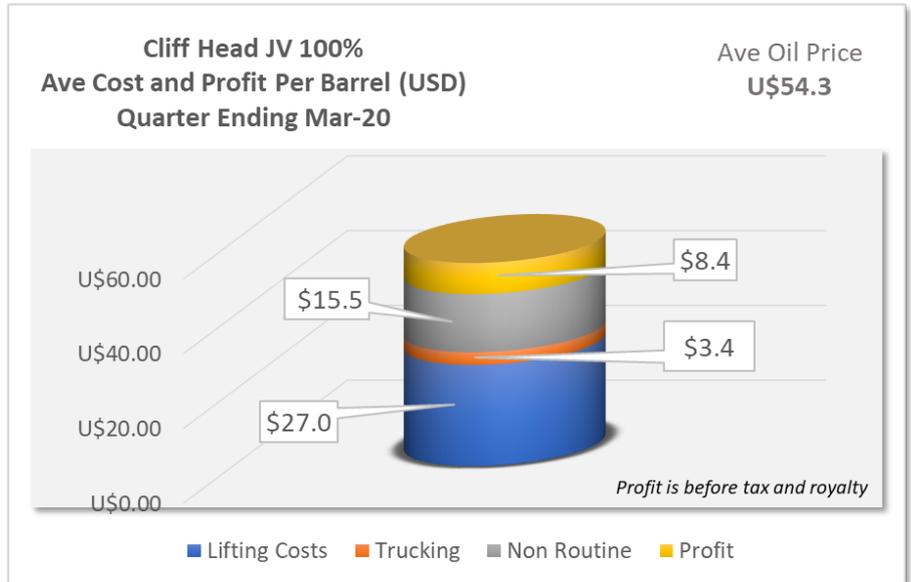


## Cliff Head Operating Margin

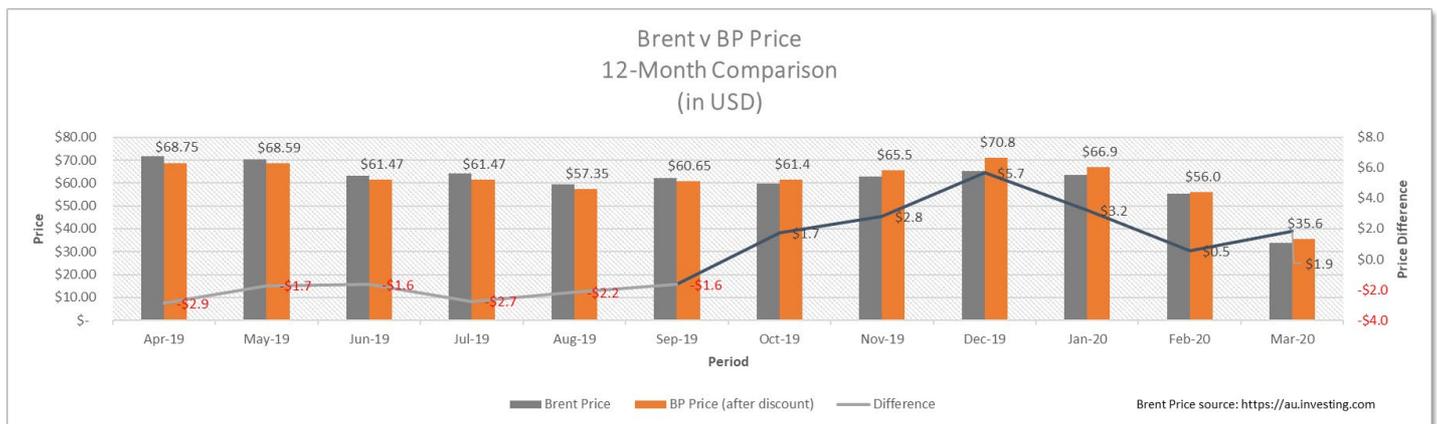
Notwithstanding the low production as a result of the Cliff Head Alpha (CHA) electrical incident and the depressed oil prices, Cliff Head oil field has continued to deliver a decent positive operating margin over the March quarter.

The CHA electrical incident caused production to be suspended for 21 days which translates to approximately 20,000 barrels of deferred oil production in the months of February and March.

Average oil sale price realised for the quarter was US\$54.3/bbl, which is lower than our internal forecasting. The low oil price is a result of over-supply of crude oil in the international market further exacerbated by low demand caused by the COVID-19 pandemic. OPEC+ group, in their March meeting, did not agree to extend the then ongoing production cut which expired on 31 March 2020. Further, the coronavirus pandemic has caused community lockdowns and has constricted economic activities to an unprecedented level thereby resulting in a lower demand for oil.



Similar to the previous quarter, BP oil price was higher than Brent price at an average of US\$2/bbl for the March quarter. This premium over Brent is mainly due to the International Maritime Organisation rule on the use of low sulphur fuel oil on ships which is triggering stronger demand for sweet crude grades. The Cliff Head Oil Field is producing light-sweet crude oil. Starting in October 2019, BP oil price has resulted in a premium over Brent.



Operating margin for the period of US\$27.26/bbl with a gross profit of US\$8.36/bbl demonstrates good economic performance despite the current low oil prices.

## Operational Cost Cutting Measures

On 3 April 2020, subsequent to the end of the quarter, the Company was pleased to provide an update on its Perth Basin Cliff Head oil project operations, exploration interests and operating budget.

Following the successful replacement of an Electric Submersible Pump in one of the five wells producing oil at the Cliff Head Alpha Platform (**Cliff Head**) in December 2019, and the recommencement of production after the electrical fault at Cliff Head in March 2020, Triangle confirmed production at Cliff Head had returned to a steady state at an average of 970 barrels of oil per day.

A strong focus on reducing operating costs even before the current low oil price saw Triangle's lifting costs at Cliff Head decrease from more than US\$40 a barrel in 2017 to just US\$24.95 average from July 2019 to February this year.

Amidst the current extraordinarily low oil price due to over-supply and weak demand, Triangle announced that it had negotiated improved contracts with many of its major suppliers. These negotiations have resulted in substantial and immediate cost savings to the business, positively influencing the cash flow position from April 2020 onwards.

The Company also implemented a 30% salary deferment in respect of executive salaries for the Managing Director, Chief Financial Officer and Chief Operating Officer, as well as Directors' fees by the same amount, which will come into effect from 1 May 2020.

Triangle has reduced the operating costs at Cliff Head for the remainder of this financial year's Work Programme and Budget (April to June 2020) which is expected to result in lifting costs falling to approximately US\$15.40<sup>2</sup> per barrel for these remaining three months assuming a stable production rate. The Company has also deferred non-essential planned and proposed capital expenditure this year of AU\$2.5 million.

The Cliff Head Joint Venture has re-invested AU\$4.47m into its assets since July 2019 and is benefiting from strong and consistent production.

### **Cliff Head Renewal Project**

The Company continues to be active in the Perth Basin with the cashflow arising from its equity in the Cliff Head Joint Venture (**CHJV**) being invested in wider Perth Basin geotechnical work and the Cliff Head Renewal Project (**CHRP**). Several workover, infill and satellite drilling opportunities that could be drilled from the Cliff Head platform, were identified in and around the Cliff Head oil field following a company-wide review of the subsurface opportunities in the first half of 2019. Success with these opportunities would extend the life of the Cliff Head platform and the onshore Arrowsmith Oil Stabilisation Plant.

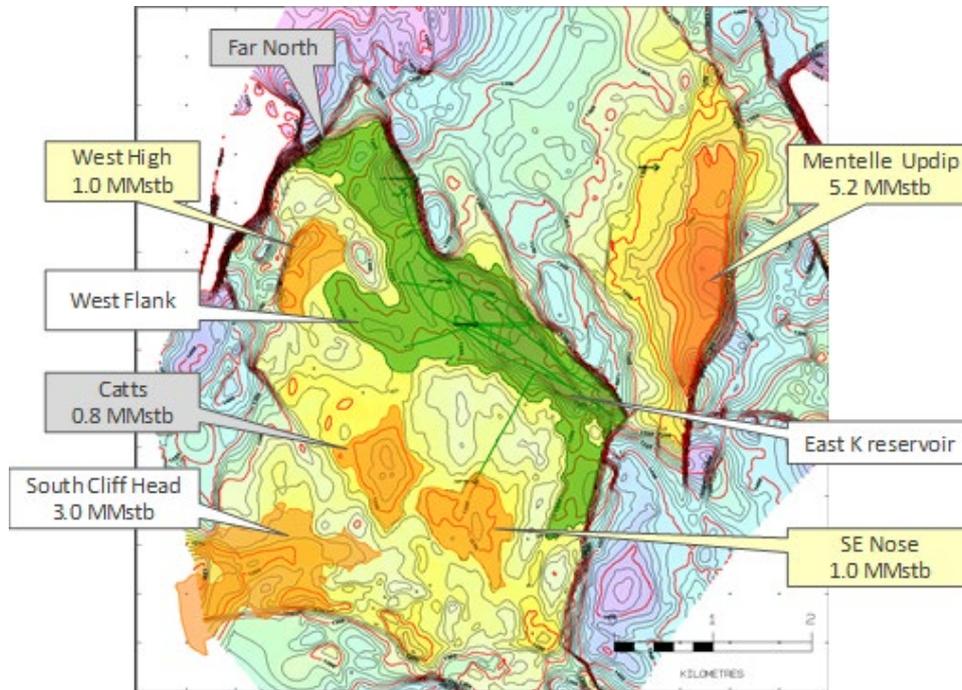
A project to undertake a detailed evaluation of these opportunities and mature them through appraisal/development concept selection (the Cliff Head Renewal Project (CHRP), commenced in mid-2019. Four opportunities within and near Cliff Head field were prioritised for evaluation:

- CH11 upward recompletion;
- West High;
- SE Nose; and
- Mentelle Updip Prospect.

The CHRP work is now complete and the results announced on 23 April 2020, subsequent to the end of the quarter. The CHRP work confirmed 3 attractive opportunities that can be drilled and developed from the Cliff Head platform, the Mentelle Updip exploration prospect, West High appraisal/development and SE Nose development. These opportunities are now technically mature and contingent on an investment decision. An additional new exploration opportunity was also confirmed immediately SSW of Cliff Head platform, the Catts prospect.

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<sup>2</sup> Excluding trucking and non-routine costs.



## Mentelle Updip

The Mentelle Updip prospect was upgraded from previous assessments and developed into an opportunity with sufficient resource potential to materially impact the life-cycle of the Cliff Head asset. Best Estimate Prospective Resources\* are assessed to be of 5.2 MMstb. Further seismic acquisition was evaluated and is not justified because of relative cost and additional time delays. Mentelle Updip is mature for drilling.

## West High

The West High appraisal/development opportunity, on a likely western extension of Cliff Head field, could be drilled by a deviated appraisal well from Cliff Head platform and then completed as a production well in the event of success. Best Estimate Contingent Resource of 0.95 MMstb is assessed and it is also mature for drilling.

## SE Nose

The SE Nose development opportunity, a low relief structure updip of the Cliff Head 1 discovery well, was confirmed by depth conversion studies and is assessed to have Best Estimate Contingent Resources of 1.01 MMstb. Drilling is contingent on a formal Cliff Head Joint Venture approval of a development well, including detailed well design.

## Cliff Head 11

The recompletion of Cliff Head 11 to an uncompleted oil zone was evaluated in detail with dynamic reservoir modelling. The potential recovery from a recompletion of Cliff Head 11 was found to be uneconomic because it was poorly located to be an oil producer.

Several other opportunities were also downgraded or have become higher risk. Cliff Head 13 Updip was not born out by the depth conversion work and both East Horst K and West Flank may be drained by the existing field development.

Two new features were identified from the CHRP, the Catts exploration prospect 1.4 kms SSW of the Cliff Head Alpha platform and the Far North opportunity north of Cliff Head 10. Catts is a subtle two-way-time closure that is enhanced with depth conversion and analogous to the SE Nose structure and can also be developed from the Cliff Head Alpha platform in the event of exploration success. Far North is a possible structural culmination on the northern limit of the field that is indicated by upside scenarios of the depth conversion work. The upside depth model is also supported by the production performance of the Cliff Head 10 well. Far North is in its early stages of evaluation.



The next steps are to commence detailed well planning, targeting a drilling campaign within the constraints of the current oil price and industry down-turn.

The updated assessment of unrisks Contingent Resources and Prospective Resources for the Cliff Head Project (WA-31-L) is listed in the table below:

(b6)

Cliff Head (WA-31-L)						
<b>Gross Contingent Resources</b>				<b>Net TEG (78.75%) Contingent Resources</b>		
(MMstb Oil)	1C (Low)	2C (Best)	3C (High)	(MMstb Oil)	1C (Low)	2C (Best) 3C (High)
SE Nose	0.50	1.01	2.07	SE Nose	0.39	0.80 1.63
West High	0.00	0.95	2.27	West High	0.00	0.75 1.79
West Flank	0.00	0.79	1.14	West Flank	0.00	0.62 0.90
Far North		0.41		Far North		0.32
East Horst K Sand		0.36		East Horst K Sand		0.28
CH11 Block	0	0.06	0.69	CH11 Block	0.00	0.05 0.54
<b>Total (Gross)</b>	<b>0.5</b>	<b>3.52</b>	<b>5.48</b>	<b>Total TEG Share</b>		<b>2.77</b>
<b>Gross Prospective Resources**</b>				<b>Net TEG (78.75%) Prospective Resources**</b>		
(MMstb Oil)	Low	Best	High	(MMstb Oil)	Low	Best High
Mentelle Updip	1.98	5.15	9.18	Mentelle Updip	1.56	4.06 7.23
Catts	0.35	0.77	1.42	Catts	0.28	0.61 1.12
Southern Extension		0.54		Southern Extension		0.43
South Cliff Head		3.00		South Cliff Head		2.36
<b>Total (Gross)</b>		<b>9.46</b>		<b>Total TEG Share</b>		<b>7.45</b>

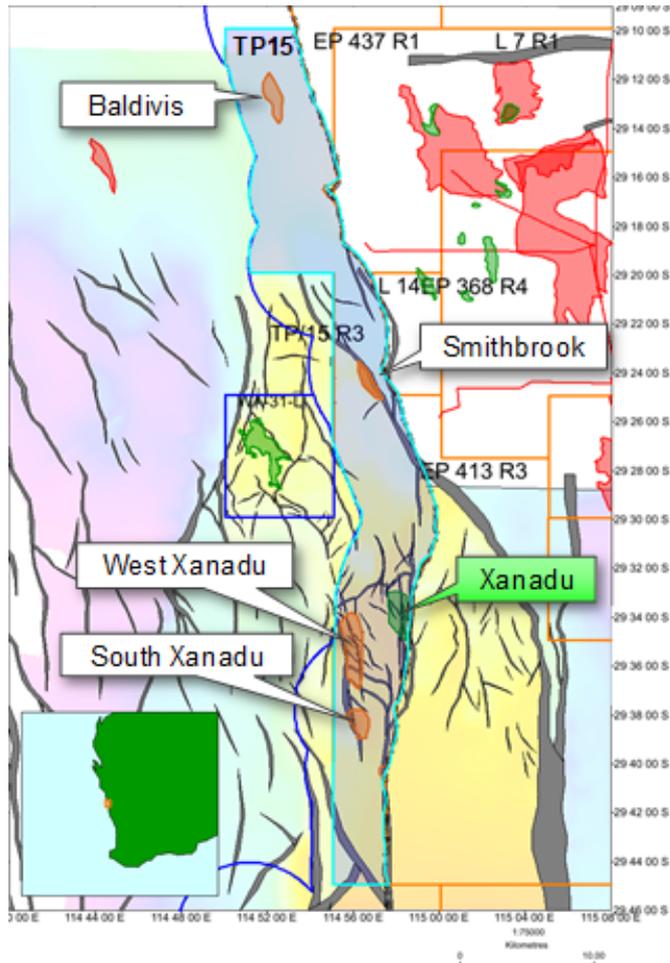
Table 1: Contingent and Prospective Resources Cliff Head (WA-31-L)

\*\* 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 a 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.



## TP/15 Xanadu-1 JV (45%)

TP/15 hosts the Xanadu oil discovery within the large Xanadu structure. Although the reservoir quality is less than optimal, the discovery of oil in the Xanadu-1 well is positive in so far as it demonstrates an oil charge to and moveable oil within TP/15. The Company also expects reservoir quality to improve west of the Xanadu structure.



During the reporting period Norwest Energy Limited, as Operator of the TP/15 Joint Venture, progressed engineering and commercial studies focused on the Xanadu oil discovery, the aim of which is to determine whether further appraisal is justified.

In addition to the remaining prospectivity previously mapped within and adjacent to the Xanadu 3D seismic area, a regional evaluation is underway that has resulted in the mapping of two large structural leads to the south of Xanadu. These leads offer potential for very significant accumulations of oil within the Permian High Cliff Sandstone, in addition to the Dongara and Irwin River Coal Measure Formations that have previously been the main focus of exploration within the offshore Perth Basin. A detailed technical update will be released in due course upon completion of the various studies.

The Company continues to be 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. Acquisition of low cost 2D seismic data to mature the West Xanadu area for drilling will be considered by the Joint Venture.

## 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, the Company announced that the Farmout Agreement had completed with all approvals received.

Upon completion and earning a 50% stake in the Mount Horner Production Licence, the Company has the right to assume Operatorship of L7.

## INVESTMENTS

### State Gas Limited (ASX: GAS)

Triangle is the major shareholder of State Gas Limited (**State Gas**) (ASX:**GAS**) with an interest of 32.71%, the investment is equivalent to \$16.98 million in value at a \$0.355 (as at 29 April 2020) per State Gas share.

For further information on State Gas Limited, please refer to that company's website [www.stategas.com.au](http://www.stategas.com.au).

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 31 March 2020, Triangle had a cash balance of AU\$4.17 million of which AU\$1.67 million is held in escrow.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd which had AU\$0.41 million in cash attributed to the Company at 31 March 2020. This investment is equity accounted for in the Company's financial statements.

### Issue of Shortfall Options

On 8 November 2019, the Company was pleased to announce a pro-rata non-renounceable entitlement offer (**Entitlement Offer**) to eligible shareholders of quoted options in the Company at an issue price of \$0.001 each and on the basis of 1 new quoted option (**New Option**) for every 5 shares held on the record date. Each New Option having an exercise price of \$0.12 and an expiry date of 30 September 2020.

On 2 December 2019 the Company was pleased to announce that it had received valid applications under the Entitlement Offer for 47,576,398 Options pursuant to eligible shareholders' entitlements, raising a total of \$47,576.92 and leaving a shortfall of 24,574,182 Options. The allotment of the New Options occurred on 4 December 2019.

The Directors reserved the right to issue Options pursuant to the shortfall at their absolute discretion within three months of the closing date subject to any restrictions imposed by the Corporations Act and the Listing Rules and on 29 January 2020 the Company announced all the shortfall options under the Entitlement Offer had been placed.

Funds raised from the exercise of the New Options (if any) will be used towards continued development of the Company's existing projects, evaluation of new opportunities and for general working capital.

### Pase PSC – PT Enso Asia

The Company is owed US\$1.02 million (AU\$1.46 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 Acehese government-owned company, with PDPA filing an application for arbitration with the BANI Arbitration Centre located in Jakarta.

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

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

On 9 December 2019, Triangle attended an evidentiary hearing followed by a closing hearing on 20 December 2019 at the BANI Arbitration Centre in Jakarta. On 2 April 2020, Triangle received further information from the Arbitration Centre through its lawyers that the award of judgment is further postponed due to the declaration of the COVID-19 emergency situation by the National Disaster Management Agency. The Company will update the market when the decision is rendered.

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

## Shareholder Analysis

As at 31 March 2020 the Company had 1004 shareholders and 360,753,682 ordinary fully paid shares on issue. The Top 20 shareholders hold 51.66% of the total issued capital.

## Information in relation to ASX Listing Rule 5.4.3

At 31 March 2020, 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% participating interest in Production Licence L7(R1).

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



## 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 72km<sup>2</sup> and the oil field covers 6km<sup>2</sup>. 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.

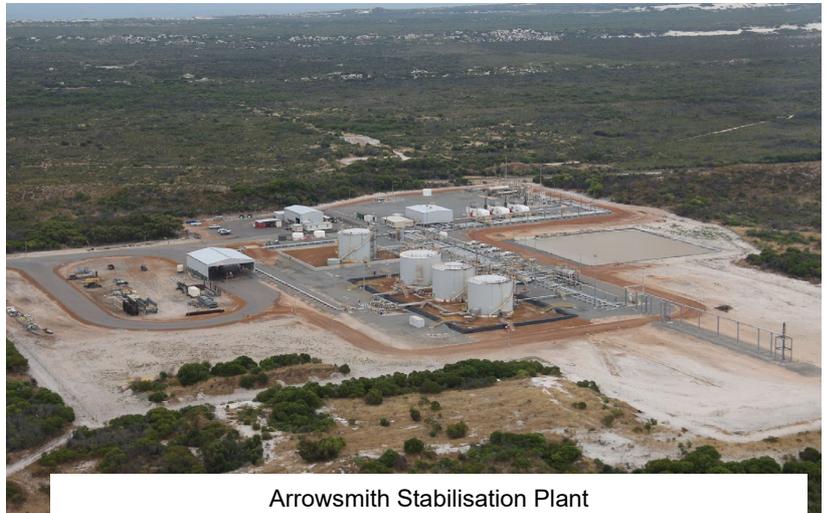
The field has the capacity to produce approximately 1000 bopd from five production wells (3 horizontal and 2 deviated). The production from the field is supported by a water flood with 3 water injection wells (1 horizontal and 2 deviated). An additional unused well slot is available on the platform for 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 645km<sup>2</sup>.

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 H<sub>2</sub>S and extremely low levels of CO<sub>2</sub> (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 CO<sub>2</sub> and no H<sub>2</sub>S 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%

**Authorised for Release by:** Robert E T Towner  
Managing Director

## ENDS

**General Shareholder Enquiries:** info@triangleenergy.com.au

**Investor Relations Enquiries:** Peter Kermode  
Cannings Purple  
+61 411 209 459

### Notes Regarding Contingent and Prospective Resources

1. *The Prospective Resources and Contingent Resources lie within the Cliff Head Production Licence WA-31-L*
2. *Gross Prospective and Contingent Resources are attributed to 100% joint venture interest in WA-31-L.*
3. *Net Prospective and Contingent Resources are attributed to Triangle Energy's 78.75% net interest in WA-31-L.*
4. *The Contingent and Prospective resources reported here are an update to the Contingent and Prospective Resources reported previously on 29 August 2019. The new data and information, and its effect on the previous estimates and other updates to the information disclosed in the announcement of 29 August 2019 are disclosed in this announcement.*
5. *The updated resource estimates here result from a range of sub-surface studies undertaken as part of the Cliff Head Renewal Project, including a review of the mapping and reservoir interpretation, reprocessing of the Cliff Head 3D seismic data, depth conversion studies, and dynamic modelling.*
6. *The Contingent and Prospective Resources are estimated using the probabilistic methodology that incorporates ranges of uncertainty for the reservoir parameters that determine the range of resource outcome, except for Far North, East Horst K Sand, Southern Extension and South Cliff Head which are estimated using the deterministic method.*
7. *Summations of resources, where present, are arithmetic.*
8. *The evaluation date for the Contingent Resources and Prospective Resources reported here is 20 April 2020. 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% interest in State Gas Limited, a company with an 100% 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 or oil and gas exploration entity quarterly cash flow report

Name of entity

Triangle Energy (Global) Limited

ABN

52 110 411 428

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,130	11,675
1.2 Payments for		
(a) exploration & evaluation (if expensed)	0	0
(b) development	0	0
(c) production	(2,617)	(7,332)
(d) staff costs	(622)	(2,315)
(e) administration and corporate costs	(279)	(951)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	6
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes / PRRT paid	0	(280)
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>613</b>	<b>803</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	0	0
(b) tenements	0	0
(c) property, plant and equipment	(133)	(1,246)
(d) exploration & evaluation (if capitalised)	(237)	(1,525)
(e) investments	0	0
(f) other non-current assets	0	0

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) entities	0	0
(b) tenements	0	0
(c) property, plant and equipment	0	0
(d) investments	0	0
(e) other non-current assets	0	0
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(370)</b>	<b>(2,771)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	3,600
3.2 Proceeds from issue of convertible debt securities	0	0
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	0	(243)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	25	72
<b>3.10 Net cash from / (used in) financing activities</b>	<b>25</b>	<b>3,429</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,686	2,490
4.2 Net cash from / (used in) operating activities (item 1.9 above)	613	803
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(370)	(2,771)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	25	3,429

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	212	215
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,166</b>	<b>4,166</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,383	2,221
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	1,783	1,465
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,166</b>	<b>3,686</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(123)
0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	<b>Total financing facilities</b>	0	0
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	613
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(237)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	375
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,166
8.5 Unused finance facilities available at quarter end (Item 7.5)	0
8.6 Total available funding (Item 8.4 + Item 8.5)	4,166
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	11
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	

## 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.

Date: 30 April 2020



Authorised by: .....  
(Robert E T Towner – Managing Director)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.