



TRIANGLE ENERGY (GLOBAL) LIMITED

ABN 52 110 411 428

INTERIM FINANCIAL REPORT

For the six months ended 31 December 2021



CORPORATE DIRECTORY

DIRECTORS

Mr Greg Hancock (Non-Executive Chairman)
Mr Conrad Todd (Managing Director)
Mr Mike Collins (Non-Executive Director)

COMPANY SECRETARY

Mr Henko Vos

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PRINCIPAL PLACE OF BUSINESS

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BANKERS

Westpac Banking Corporation
275 Kent Street Sydney NSW 2000, Australia

SECURITIES EXCHANGE LISTING

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ASX Code: TEG

SHARE REGISTRY

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Email: hello@automic.com.au
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AUDITORS

HLB Mann Judd (WA Partnership)
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SOLICITORS

Hamilton Locke
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DIRECTORS' REPORT

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DIRECTORS' REPORT

The Directors present the interim financial report of Triangle Energy (Global) Limited (the **Company, Group, Consolidated Entity or TEG**) for the half-year ended 31 December 2021 and the Auditor's review report therein:

Directors

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

Mr Greg Hancock (Non-Executive Chairman) – appointed 14 February 2022, Chairman 15 February 2022
Mr Conrad Todd (Managing Director) – appointed 14 February 2022, Managing Director 15 February 2022
Mr Mike Collins (Non-Executive Director) – appointed 14 February 2022

Mr Timothy Monckton (Non-Executive Chairman) – resigned 14 February 2022
Mr Robert Towner (Managing Director) - resigned 8 February 2022
Mr Wai-lid Wong (Non-Executive Director) - resigned 8 February 2022
Mr Malcolm King (Non – Executive Director) – resigned 14 February 2022
Ms Deanna Carpenter (Non – Executive Director) – resigned 14 February 2022

REVIEW OF OPERATIONS

Company Overview

Triangle is an oil production and exploration company based in Perth, Western Australia. The Company currently holds a 78.75% interest in, and is the Registered Operator of, the producing Cliff Head Oil Field (WA-31-L) located in the Perth Basin.

Further, the Company has a 45% joint venture interest in Licence TP-15 which includes the Xanadu-1 oil discovery, a 50% participating interest in Production Licence L7(R1). With an agreement to purchase the remaining 50% in L7 and 86.94% in Exploration Permit 437, subject to Completion¹. All permits are in the Perth Basin.

The Company holds 23.96% equity interest in Australian Securities Exchange-listed State Gas Limited (**ASX:GAS**) which has a 100% operating interest in the Reid's Dome production Licence PL 231 and Rolleston-West (ATP 2062) in Queensland.

Triangle has twelve years of operational experience in the oil and gas sector. The Company has a track record of performing ahead of industry averages in safety performance and will continue to pursue the highest standards in HSE.

Cliff Head, Perth Basin, Western Australia

The Cliff Head Oil Field (**Cliff Head**) is located approximately 300 kilometres north of Perth and 12 kilometres off the coast of Dongara in 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 with a development cost of AU\$327m and first oil production commencing in May 2006.

Ownership/Operatorship

Triangle has a majority 78.75% interest in, and is the Registered Operator of, the producing Cliff Head Oil Field.

The Company is committed to maintaining the Cliff Head onshore and offshore infrastructure. The investment in infrastructure supports future anticipated increases in field production and enables the handling of regional oil through the Arrowsmith Stabilisation Plant (**Arrowsmith: ASP**) which has a nameplate capacity to process 15,000 barrels of oil per day.

¹ In January 2021. The Company and Key Petroleum entered into a Sale and Purchase Agreement for the acquisition of Key Petroleum's 50% participating interest in Production Licence L7(R1) and 86.94% interest in Exploration Permit EP 437.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Production

Production in the Cliff Head Oil Field is from five electric submersible pump production wells. Produced crude oil is processed at ASP and is trucked to the BP facilities in Kwinana, 42kms south of Perth. This arrangement will cease in April 2022. The Cliff Head JV is currently working on alternate oil export solutions.

Prior to the start of the financial period, the Company planned for the Cliff Head 11 Water Injector slickline intervention and Cliff Head 6 workover. On 29 July 2021, the Company announced the successful completion of the slickline intervention. It was expected that the reconfiguration of the injection zone will contribute to increased oil recovery. Subsequently, on 24 August 2021, the completion of Cliff Head 6 electric submersible pump workover was announced.

It was expected that the additional production associated with Cliff Head 6 well was to stabilise at approximately 120 barrels of oil per day. The joint campaigns provide the Company with the rare opportunity to evaluate the condition of the downhole completion and the wellbore equipment with regard to long term well integrity and corrosion management.

On 28 September 2021, a downhole electrical fault caused a shut-in on the Cliff Head 10 well. The well had produced reliably for nearly 12 years with the same electric submersible pump which exceeded the field average of four years. The Cliff Head Joint Venture (Cliff Head JV) has experts optimising the performance and production from Cliff Head who have been assessing possible scenarios in relation to the Cliff Head 10 well which range from replacing the electric submersible pump to a possible updip sidetrack well.

As at 31 December 2021 the field has produced 16.70 million barrels of oil (**mmbbls**) and continues to produce at above originally forecast rates.

Oil sales revenue from 1 July 2021 to 31 December 2021 was US\$8.9 million (Cliff Head JV 100%) for a volume of 117,948 barrels of crude oil. Average production rate for the period is 699 barrels of oil per day.

Facilities and Infrastructure

The Cliff Head Alpha Platform and Arrowsmith Stabilisation Plant is the only offshore and operational onshore infrastructure in the highly prospective and under-explored Perth Basin. These infrastructures are important for any exploration success or development in the surrounding area. The unmanned platform in 15m to 20m of water with a 14km pipeline, carries the crude oil to a dedicated stabilisation processing plant at Arrowsmith. The crude oil is presently trucked 350km to BP in Kwinana. The Arrowsmith stabilisation processing plant has the capacity to process third party crude.

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



DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Exploration Upside

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. Subject to positive investment decisions and development drilling success, these opportunities could 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.

On 14 October 2021, the Company announced the execution of the BP Offtake Agreement. Accordingly, it has announced the Cliff Head Reserves as follows:

Developed Reserves 30 June 2021 (Cliff Head JV 100%)				Developed Reserves 30 June 2021 (Net TEG 78.75%)			
(MMstb Oil)	1P (Proven)	2P (Proven + Probable)	3P (Proven + Probable + Possible)	(MMstb Oil)	1P (Proven)	2P (Proven + Probable)	3P (Proven + Probable + Possible)
Cliff Head	0.27	1.04	1.33	Cliff Head	0.21	0.81	1.04

Cliff Head Reserves at 30 June 2021

On 15 March 2021, Triangle confirmed its Contingent and Prospective Resource estimates, as outlined below, there has been no material changes to the previous assessment as announced on 29 October 2020.

Contingent and Prospective Resources are tabulated below:

Contingent Resources (Cliff Head JV 100%)				Contingent Resources (Net TEG 78.75%)			
(MMstb Oil)	1C (Low)	2C (Best Estimate)	3C (High)	(MMstb Oil)	1C (Low)	2C (Best Estimate)	3C (High)
SE Nose	0.49	0.81	1.25	Cliff Head	0.39	0.64	0.98
Western Development		1.43		Western Development		1.13	
Far North		0.41		Far North		0.32	
CH11 Updip		0.33		CH11 Updip		0.26	
CH10 HCA		0.43		CH10 HCA		0.34	
CH Field Life Extension		0.99		CH Field Life Extension		0.78	
Total		4.40		Total		3.47	

Prospective Resources* (Cliff Head JV 100%)				Prospective Resources* (Net TEG 78.75%)			
(MMstb Oil)	Low	Best	High	(MMstb Oil)	Low	Best	High
Mentelle	1.71	5.44	9.96	Mentelle	1.35	4.28	7.84
Catt	0.35	0.83	1.42	Catt	0.28	0.65	1.12
South Cliff Head		3.00		South Cliff Head		2.36	
Total		9.27		Total		7.30	

WA-31-L 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.

DIRECTORS' REPORT

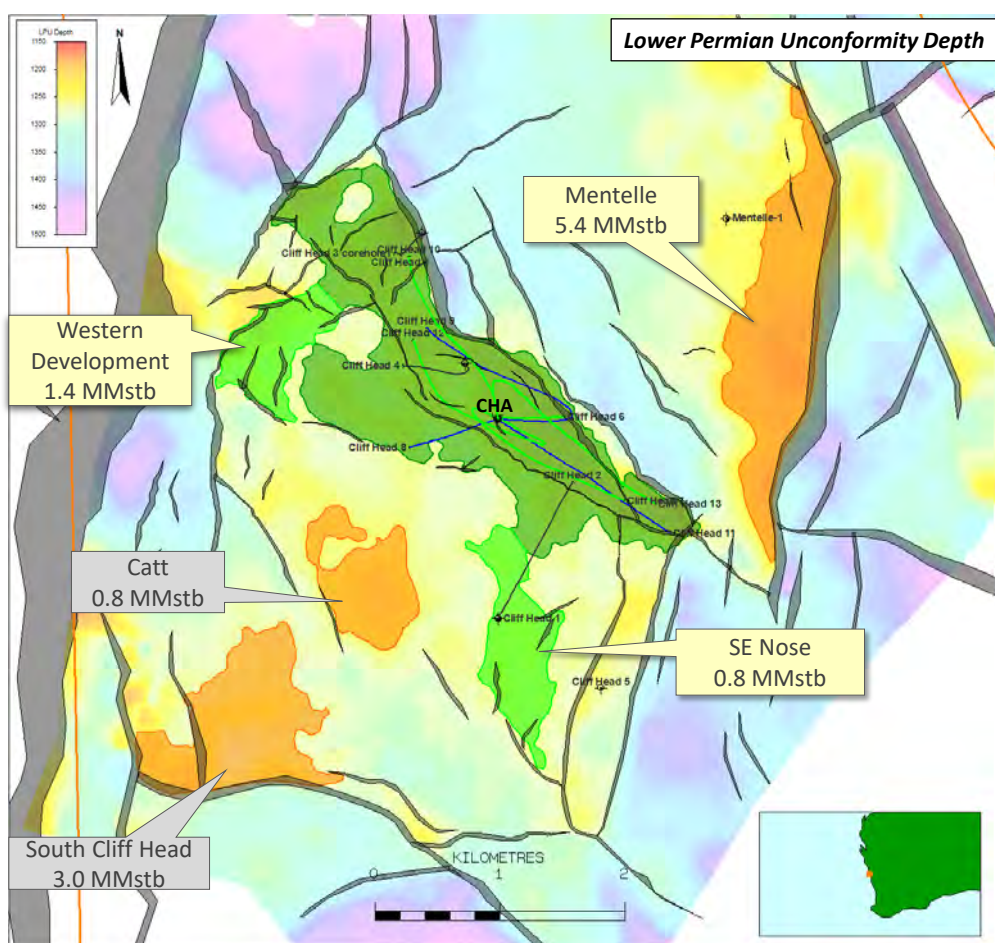
REVIEW OF OPERATIONS (continued)

Three attractive drilling opportunities that could be drilled and developed from the Cliff Head platform and are technically mature and economically justified for drilling were developed from the previously completed Cliff Head Renewal Project (CHRP); the South-East Nose development, West High appraisal/development and Mentelle Updip exploration prospect.

The company has continued to mature the West High well, which has evolved into a very strong drilling candidate, now referred to as the West Development well. The Contingent and Prospective Resources as outlined above were announced on 28 October 2021. Success with these opportunities could materially extend the life of the Cliff Head oil field subject to oil price and operating costs.

Well Planning

The company has progressed well planning for West Development, SE Nose and Mentelle Updip to a detailed design milestone and will be seeking partners to join in the drilling of these wells.



Cliff Head Mark 2 Opportunities

Safety and Asset Integrity

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

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

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

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Cliff Head Joint Venture interests

JV Participant	ASX Code	Percentage Interest
Triangle Energy (Global) Ltd (via subsidiary)	ASX:TEG	78.75%
Pilot Energy Ltd (via subsidiary)	ASX:PGY	21.25%

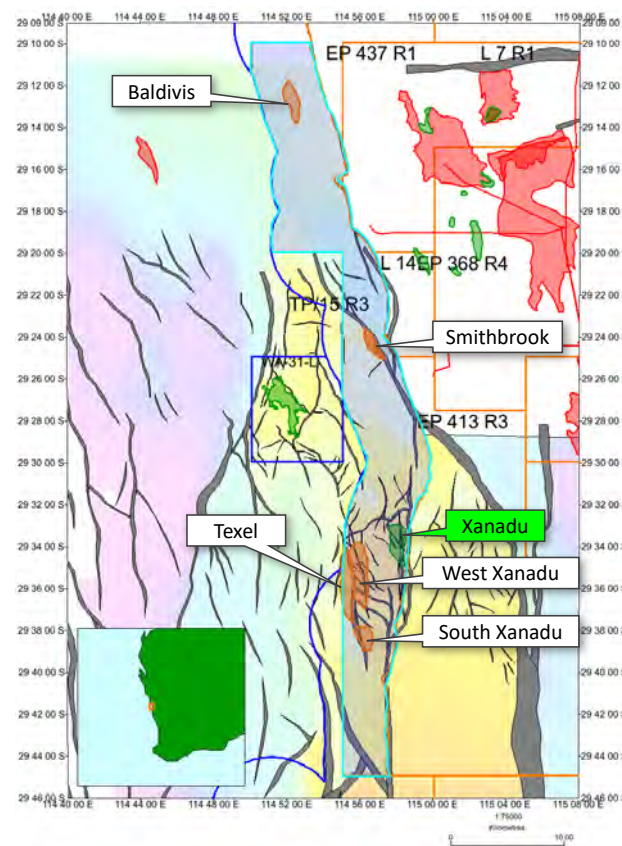
TP/15 Joint Venture, Perth Basin, Western Australia

The Company has at 31 December 2021 a 45% interest in the TP/15 Joint Venture, soon to increase to 60% subsequent to the withdrawal of Norwest Energy, which is located in the Perth Basin approximately 300 kms north of Perth. The permit occupies the three nautical mile wide state territorial waters of Western Australia, adjacent to Port Denison, and covering an area of 645km². Norwest Energy NL (**Norwest**; ASX:NWE) has subsequently resigned as Operator of the Joint Venture.

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. Therefore exploration potential remains in TP/15 with the West Xanadu and in the Texel leads, located some 10km to the southwest of Xanadu. Texel is a high potential Permian oil play, targeting the High Cliff Sandstone which hosts the prolific gas discoveries onshore, on the onshore side of the Beagle Ridge.

Additional seismic coverage is required to progress Texel and West Xanadu to drillable status. The company is actively reviewing the opportunity to cost effectively acquire additional seismic data.

On 4 October 2021 Norwest, Operator of TP/15, advised its intention to withdraw from TP/15 at the end of the current permit year being 6th December 2021. The transition of Operatorship is being discussed within the Joint Venture.



TP/15 Prospects and Leads

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Joint Venture interests

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

*Norwest notified the Joint Venture of the intention to withdraw from TP15 on 4th October. The Norwest equity will be redistributed to the remaining Joint Venturers.

Mt Horner Production Licence L7(R1) Joint Venture, Perth Basin, Western Australia

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.

Subsequently on 29 January 2021, the Company announced that it had entered into a Sale and Purchase Agreement (Agreement) and Royalty Deed (Royalty Deed) with subsidiaries of Key Petroleum Limited's 50% remaining participating interest in Production Licence L7(R1) and 86.94% interest in Exploration Permit EP 437. A wholly owned subsidiary of Triangle will hold the relevant interests acquired under the Agreement and Pilot Energy Limited (Pilot) holds the remaining 13.06% interest in EP 437. Subsequent to December 2021, the Company and Key Petroleum agreed to extend the Cut-Off date for the Agreement to 31 March 2022. This is likely to be extended once more as the final transfer is reliant on approval of all conditions precedent by the State Authorities.

As part of Triangle's review of the Prospects and Leads portfolio within L7 (Review), the historical well results in the area were reviewed in detail, an up-to-date petrophysical analysis of the wells was undertaken, and the initial mapping performed by KEY, as Operator of the L7 Joint Venture, was reviewed. A portfolio of some 18 oil opportunities and 4 gas leads were confirmed from the Review and announced to the ASX on 20th August 2021.

The company also commenced a re-evaluation of the Lower Permian High Cliff/Kingia gas potential in the permits, at the same level and on-trend from the recent Lockyer Deep discovery. These prospects and leads will be evaluated for drilling with the Bookara 3D seismic survey that is planned to be acquired in the near future.

Mt Horner Decommissioning

Substantial decommissioning of the disused Mt Horner production facility was undertaken. The Mt Horner production facilities, consisting of production separators, storage tanks, process pipework, unloading facility and ancillary structures were placed under care and maintenance in 2011 and deemed to be not suitable for reuse. The production facility has now been completely decommissioned and the associated land recontoured. The former evaporation pond was also completely cleaned and backfilled. The Mt Horner decommissioning activities are almost complete with minor rehabilitation of some well pads remaining.

L7(R1) Oil Opportunities

The Mount Horner/Bookara Shelf area is an oil prone part of the North Perth Basin as evidenced by the Mt Horner oil field and numerous oil shows in wells in the area. The oil targets in L7 range from low-risk Mt Horner field attic/infill wells, Lower Jurassic exploration (Eneabba and Lesueur Formations), moderate risk Dongara Formation exploration, and higher risk Permian (Irwin River Coal Measures, Kingia and High Cliff sandstones) exploration.

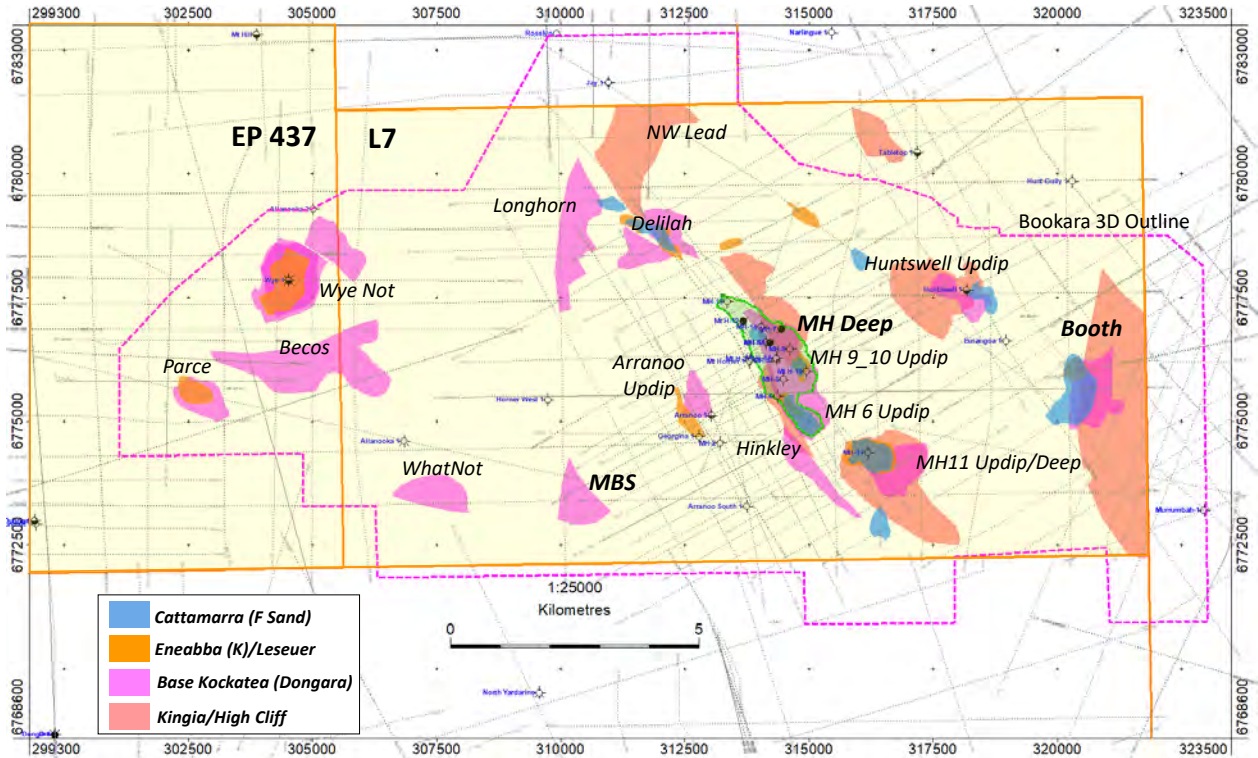
The Dongara Formation targets, which are analogous to the highly productive reservoirs in the Hovea, Jingemina and Eremia oil fields to the south, provide the largest opportunity in the portfolio with the Mount Horner Hangingwall, Arranoo Updip and Longhorn/Delilah closures.

The Company's geological review also confirmed the correlation of the Permian Kingia and High Cliff Formation sandstone reservoirs, that are proven in the Waitsia and West Erregulla gas discoveries to the south, into wells in L7. Several wells in the Mount Horner fault block have strong oil shows in the Permian and the Company's petrophysical review suggests that live oil columns may be present in the Permian. The imaging of the Permian to further evaluate these opportunities will be a key objective of the planned Bookara 3D Seismic Survey.

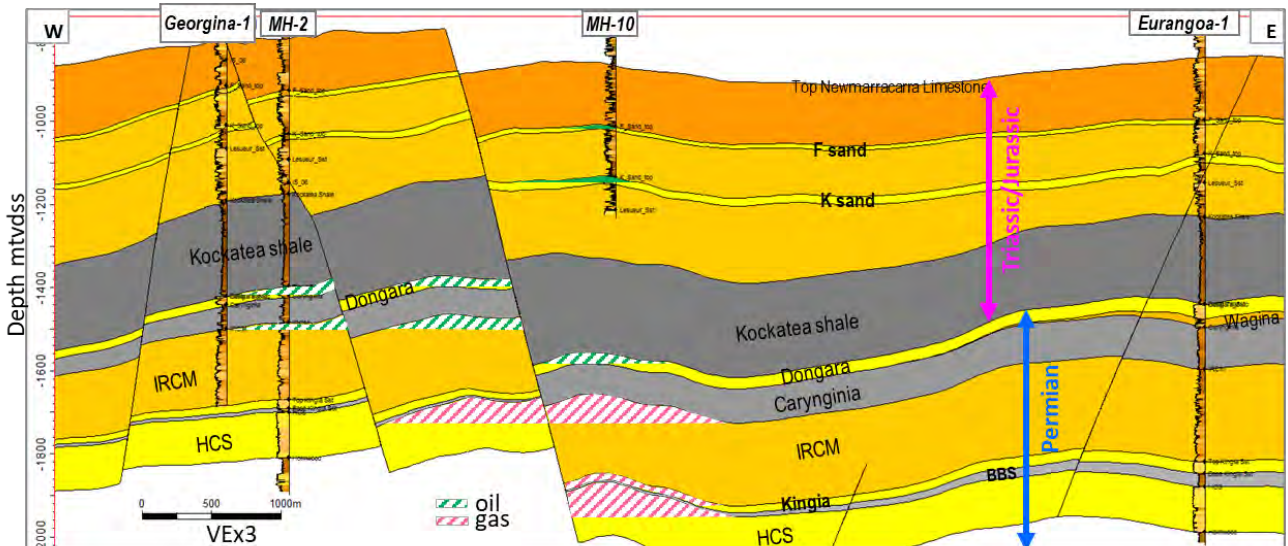
DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Several of the opportunities are also stacked and could be tested with a single vertical well. For example, a well targeting the Mount Horner Hanging wall Wagina Formation objective could also intersect one of the Mt Horner attic/infill targets and a Lower Jurassic Eneabba Formation objective.



L7 and EP437 Prospects and Leads map



Schematic geological cross section, Mt Horner area

DIRECTORS' REPORT

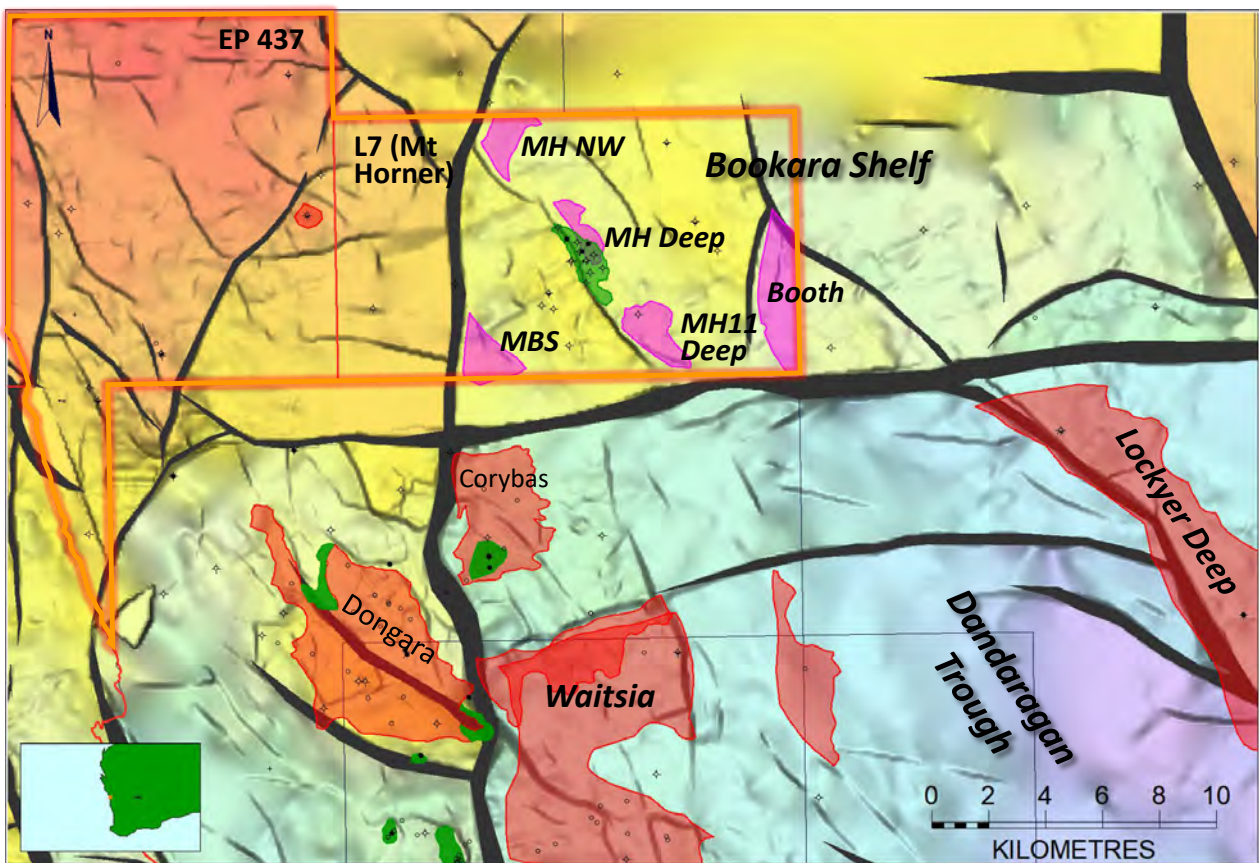
REVIEW OF OPERATIONS (continued)

L7(R1) Gas Opportunities

Gas exploration targets in the Permian, at the same geological level as the nearby Waitsia and West Erregulla fields and the objective of the recent Lockyer Deep discovery in the adjacent exploration permit, are also confirmed. The Permian Kingia and High Cliff reservoirs are correlated into several wells in L7 and Exploration Permit 437 (EP 437) proving the extension of this objective level on the Bookara Shelf.

The Booth, MH11 Deep and MBS structures lie adjacent to the gas fairway to the south and are well positioned for any gas migration from the south that may be occurring within the Permian Kingia/High Cliff Formation sandstones. The gas exploration targets are considered to have substantial resource potential with moderate to high risk. Additional Kingia/High Cliff gas prospects are also present in the Mount Horner hanging wall block at (Mt Horner Deep and MH11 Deep) and NW Deep.

The company commenced a re-evaluation of these high upside gas opportunities which will also be addressed by the Bookara 3D seismic survey. These Permian gas leads, particularly the Booth structure, provide a valuable additional gas exploration play to the previously identified oil targets in L7. It is thought that substantial upside may be present in the gas opportunity.



Regional Permian structure showing Permian gas leads

Bookara 3D Seismic Survey

The L7 and EP437 Joint Ventures are working through the final planning phases of the Bookara 3D seismic survey and are targeting commencement of the survey immediately following the seeding season, in April/May 2022.

No new seismic acquisition has been undertaken in the Mt Horner area since the 1990's and 3D seismic technology has never been applied. Following processing and interpretation of the data, the Company is targeting a multi-well drilling campaign in 2023. The Company expects that a multi-well gas exploration and oil exploration and appraisal drilling program could be delivered from the Bookara 3D seismic survey, which, if successful could be rapidly brought into production.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Joint Venture interests as at 31 December 2021²

JV Participant	ASX Code	Percentage Interest
Triangle Energy (Global) Ltd (via subsidiary)	ASX:TEG	50%*
Key Petroleum (Australia) Pty Ltd	ASX:KEY	50%

*Triangle Energy is increasing to 100% equity under the SPA of 29 January 2021 with Key Petroleum, subject to regulatory approval of the transfer of title.

Acquisition of 78.75% of WA-481-P and Formation of Joint Venture

On 9 November 2020, the Company advised it had entered into an agreement with Pilot Energy Limited (**Pilot**) to acquire a 78.75% interest in offshore Perth Basin exploration permit WA-481-P.

Subsequent to that, on 31 December 2021, the agreement to sell and purchase 78.75% of WA-481-P was terminated on the basis that the conditions have not been satisfied or waived by the cut-off date.

Investments

State Gas Limited (ASX: GAS)

Triangle is a major shareholder of State Gas Limited (**ASX:GAS**) with an interest of 23.96%. The investment is equivalent to \$14.13 million in value at a \$0.295 price (as at 31 December 2021) per State Gas share.

For further information on State Gas Limited, please refer to that company's website www.stategas.com.au.

CORPORATE

Shareholder Meetings:

Annual General Meeting

Triangle held its Annual General Meeting of shareholders on 18 November 2021 and all resolutions were passed by a sufficient majority.

Capital Raising

Private Placement of Shares to Professional and Sophisticated Investors

On 17 June 2021, the Company was pleased to announce it had received firm commitments to raise AU\$10 million (before costs) from professional and sophisticated investors who subscribed for approximately 454 million new fully paid ordinary shares (Shares) at AU\$0.022 per Share (Placement).

The Company appointed CPS Capital Group Pty Ltd (CPS) to act as lead manager and broker to this successful capital raising.

Under the terms of the placement, the Company has agreed to issue up to 454,545,455 fully paid ordinary shares in the capital of the Company to sophisticated and professional investor clients of CPS at an issue price of AU\$0.022 per Share together with one (1) free attaching listed option exercisable at \$0.035 per option with a two year term from the date of listing (Options) for every two (2) Shares subscribed for and issued to raise up to AU\$10,000,000 before costs (Placement).

The Placement was conducted in two tranches with the shares to be issued under Tranche 1 upon completion, utilising the Company's available capacity under ASX Listing Rule 7.1. Upon completion of the First Tranche 1 of the Placement, the 80,649,566 new shares represented approximately 11.5% of the share capital of the Company. The issue of the balance of the Shares and all of the free-attaching Options (in respect of both Tranche 1 and Tranche 2) occurred in Tranche 2.

Directors of the Company (or their nominees) participated in Tranche 2 of the Placement. Tranche 2 of the Placement was completed during the period.

² Subject to the Completion of the Sale and Purchase Agreement announced on 29 January 2021

DIRECTORS' REPORT

CORPORATE (continued)

Investors are advised that while it is the Company's current intention to seek quotation of the Options, the Company provides no certainty that the quotation of the Options will be granted. The quotation of the Options will be subject to the Company offering the Options under a prospectus prepared in accordance with Chapter 6D of the Corporations Act 2001 (Cth) and lodged with ASIC and satisfying the quotation conditions as set out in the ASX Listing Rules.

Capital and Management Expenditure

As at 31 December 2021, Triangle had a cash balance of \$8.33 million.

The Company also holds a 50% equity interest in Triangle Energy (Operations) Pty Ltd. This investment is equity accounted for in the Group's financial statements and is carried at cost.

Loan and borrowings

The Company considers loans to be part of its capital management. The Company has repaid all of its obligation to its 50% jointly controlled subsidiary, Triangle Energy (Operations) Pty Ltd.

The Company also lent money to Triangle Energy (Operations) Pty Ltd with a balance as at 31 December 2021 of \$547,500.

Shareholder Analysis

As at 31 December 2021 the Company had 2,163 shareholders and 1,075,308,936 Shares on issue. The Top 20 shareholders hold 32.59% of the total issued capital.

RESULTS

The net loss of the Consolidated Entity after income tax for the half-year was \$1.034 million (2020 net loss: \$5.039 million) due to a combination of significant cash and non- cash items set out below:

- Reduction in deferred tax assets of \$0.937 million; and
- Non-cash amounts of \$0.217 for amortisation and interest for unwinding the provision for restoration discount factor.

Financial Position

Triangle holds a 50% shareholding of Cliff Head's operating company, Triangle Energy (Operations) Pty Ltd with Royal Energy Pty Ltd holding the other 50%. The Company currently accounts for this investment as an associate on the basis that it is jointly controlled by both shareholders.

The Company continues to hold an investment in State Gas Limited of 23.96%. The investment is considered to be an associate, for accounting purposes given the Company's significant shareholding and one director on the Board as at 31 December 2021.

The Company financial statements show the following key movements in the Group's assets and liabilities over the period:

- Increase in cash assets by \$7.731 million to \$8.329 million (30 June 2021: \$0.598 million);
- Decrease in trade receivables by \$1.271 million to \$0 (30 June 2021: \$1.271 million);
- Increase in oil inventory by \$0.249 million to \$2.145 million (30 June 2021: \$1.896 million);
- Increase in trade and other payables by \$0.145 million to \$3.557 million (30 June 2021: \$3.411 million);
- Decrease in other receivables by \$0.858 million to \$1.265 million (30 June 2021: \$2.123 million);
- Non-current assets \$21.919 million (30 June 2021: \$20.768 million); and
- Non-current liabilities \$15.690 million (30 June 2021 \$15.672 million).

Events Subsequent to Reporting Date

Termination of 78.75% WA-481-P Sale Agreement

On 2 February 2022, Pilot Energy Ltd announced the termination of the sale agreement for the acquisition of the Company of 78.75% of WA-481-P on the basis that the conditions have not been satisfied or waived by the cut-off date. Consequently, the agreements entered into by Pilot Energy Ltd and the Company in association with the sale agreement were also terminated and have no binding effect. Both parties are released from any obligation (if any) under these agreements.

Extension of Cut-Off Date for the acquisition of 50% in L7(R1) and 86.94% in EP 437 with Key Petroleum

The Company and Key Petroleum agreed to extend the cut-off date of the Sale and Purchase Agreement to 31 March 2022. The remaining \$100,000 of the balance owing to Key Petroleum will be paid upon Completion. Further, under the terms of

DIRECTORS' REPORT

CORPORATE (continued)

the agreement, after Completion, Key Petroleum retains a 5% gross overriding royalty payable on production from L7(R1) and EP 437.

Resignation and appointment of new set of Board of Directors

On 8 February 2022, Mr Rob Towner resigned as Managing Director of the Company. Mr Wai-lid Wong also resigned as a non-executive director on the 8th of February 2022. Subsequently, on 14 February 2022, Mr Timothy Monckton, Mr Malcolm King, Ms Deanna Carpenter resigned as Directors of the Company together with the Mrs Lucy Rowe as Company Secretary. Effective on their resignation, Mr Greg Hancock, Mr Conrad Todd and Mr Mike Collins were appointed as Directors of the Company. On 15 February 2022, Mr Hancock was appointed as Non-Executive Chairman and Mr Todd as Managing Director.

As at balance date, the Company held 47,884,693 fully ordinary shares representing approximately 23.96% of the issued capital of State Gas Limited (ASX:GAS) at that date. The fair value of the Company's holding as at 31 December 2021 was \$14,125,984 (at \$0.295 per share). The Company's holding is not subject to an escrow.

Significant Changes in The State of Affairs

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

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 26 October 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).

DIRECTORS' REPORT

CORPORATE (continued)

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA) Partnership to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 15 and forms part of this Directors' report for the half-year ended 31 December 2021.

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



Conrad Todd
Managing Director
Date: 14 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Triangle Energy (Global) Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

**Perth, Western Australia
14 March 2022**


**D I Buckley
Partner**

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(INCOME STATEMENT)
HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 DECEMBER 2021 \$	31 DECEMBER 2020 \$
Revenue	1.1	6,925,173	3,649,190
Cost of sales		(4,243,677)	(3,513,825)
Gross profit		2,681,496	135,365
Other income	1.1	423,677	385,368
Employment expenses	1.2	(1,623,187)	(1,536,835)
General and administration expenses	1.2	(1,309,795)	(722,400)
Impairment expense		-	(3,155,217)
Interest and facility expenses		(51,711)	(6,263)
Amortisation and depreciation expense		(103,317)	(404,041)
Share of associate's (loss)		-	(30,000)
Interest – unwind of discounts for provision for restoration		(113,968)	(156,854)
(Loss) before income tax expense		(96,805)	(5,490,877)
Income tax (expense) / benefit	1.3	(937,295)	452,201
(Loss) after tax from continuing operations		(1,034,100)	(5,038,676)
Other comprehensive income			
<i>Items that may be realised through profit or loss</i>			
Movement in reserves (net of tax)		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive (loss) for the half-year, net of tax			
Owners of Triangle Energy (Global) Limited		(1,034,100)	(5,038,676)
Loss per share attributed to the owners of the Company			
Basic (loss) per share – cents per share		(0.103)	(1.084)
Diluted (loss) per share – cents per share		(0.103)	(1.084)

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

TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET)
AS AT 31 DECEMBER 2021

	Notes	31 DECEMBER 2021 \$	30 JUNE 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3.1	8,328,538	597,504
Trade receivables	4.1	-	1,271,036
Oil inventory	4.7	2,145,047	1,895,810
Other receivables and assets	4.2	1,265,256	2,122,673
Total current assets		11,738,841	5,887,023
NON-CURRENT ASSETS			
Plant and equipment	4.4	67,616	86,648
Other receivables	4.1	-	127,500
Exploration and evaluation expenditure	2.2	14,441,644	13,479,294
Fair value through Other Comprehensive Income	4.3	110,000	110,000
Investment in associates	2.3	-	-
Oil and gas properties	2.1	1,271,385	-
Deferred tax assets	1.3	6,028,528	6,964,823
Total non-current assets		21,919,173	20,768,265
TOTAL ASSETS		33,658,014	26,655,288
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4.5	3,556,941	3,411,300
Borrowings	3.3	-	250,000
Lease liability	3.5	26,452	35,280
Total current liabilities		3,583,393	3,696,580
NON-CURRENT LIABILITIES			
Provisions	4.6	15,689,606	15,575,638
Borrowings	3.3	-	96,367
Total non-current liabilities		15,689,606	15,672,005
TOTAL LIABILITIES		19,272,999	19,368,585
NET ASSETS		14,385,015	7,286,703
EQUITY			
Issued capital	3.2	53,137,985	45,424,440
Reserves	3.6	1,415,421	996,554
Accumulated losses	3.7	(40,168,391)	(39,134,291)
TOTAL EQUITY		14,385,015	7,286,703

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

TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 DECEMBER 2021 \$	31 DECEMBER 2020 \$
Cash flows from operating activities			
Receipts from customers		8,416,481	4,201,851
Payments to suppliers and employees		(6,536,277)	(7,665,976)
Interest paid		(10,044)	(3,356)
Income tax (paid) / received including PRRT		(7,138)	279,920
interest received		132,541	1,002
Net cash inflows / (outflows) from operating activities		1,995,563	(3,186,559)
Cash flows from investing activities			
Payment for plant, property and equipment		(1,470,712)	(710,745)
Payment to acquire associates' shares		-	(30,000)
Receipts from associates – loan		2,322,246	-
Payment to associate – loan		(1,849,746)	(800,000)
Payments for exploration expenditure		(962,349)	(340,800)
Net cash (outflows) from investing activities		(1,960,561)	(1,881,545)
Cash flows from financing activities			
Proceeds from issue of shares		8,225,710	6,107,303
Payment for share issue costs		(512,165)	(117,624)
Proceeds from the issue of options		311,732	-
Repayment of borrowings		(355,195)	(28,537)
Net cash inflows from financing activities		7,670,082	5,961,142
Cash and cash equivalents at the beginning of the period		597,504	2,405,103
Net increase in cash and cash equivalents		7,705,084	893,038
Effect of exchange rate fluctuations on cash held		25,950	(241,124)
Cash and cash equivalents at end of half-year	3.1	8,328,538	3,057,017

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

TRIANGLE ENERGY (GLOBAL) LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2021

	Issued capital	Accumulated losses	Share based payment reserve	Option Reserve	Convertible note reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	45,424,440	(39,134,291)	917,400	72,151	7,003	7,286,703
<i>Transaction with shareholders in their capacity as shareholders</i>						
Issue of shares (cash)	8,225,710	-	-	-	-	8,225,710
Cost of share issue	(512,165)	-	-	-	-	(512,165)
Issue of options	-	-	-	311,732	-	311,732
Issue of performance rights	-	-	107,135	-	-	107,135
<i>Comprehensive Income (Loss) for the period</i>	-	(1,034,100)	-	-	-	(1,034,100)
<i>Movement reserves</i>						
<i>Total comprehensive (loss) for the half-year</i>	-	(1,034,100)	-	-	-	(1,034,100)
Balance at 31 December 2021	53,137,985	(40,168,391)	1,024,535	383,883	7,003	14,385,015

	Issued capital	Accumulated losses	Share based payment reserve	Option reserve	Convertible note reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	36,715,029	(35,202,574)	691,780	72,151	7,003	2,283,389
<i>Transactions with shareholders in their capacity as shareholders</i>						
Issue of shares (cash)	6,107,303	-	-	-	-	6,107,303
Cost of share issue	(132,024)	-	-	-	-	(132,024)
Issue of Performance Rights	-	-	49,900	-	-	49,900
<i>Comprehensive Income (Loss) for the period</i>	-	(5,038,676)	-	-	-	(5,038,676)
<i>Total comprehensive (loss) for the half-year</i>	-	(5,038,676)	-	-	-	(5,038,676)
Balance at 31 December 2020	42,690,308	(40,241,250)	741,680	72,151	7,003	3,269,892

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

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year report of Triangle Energy (Global) Limited (the **Company, Group or Triangle Energy**) for the period ended 31 December 2021 was authorised for issue in accordance with a resolution of directors on 14 March 2022.

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

The nature of the operations and principal activities of the Company are described in the directors' report.

(a) Basis of Preparation

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

(i) *Statement of compliance*

This interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

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

(ii) *Basis of measurement and reporting convention*

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

(b) Segment Information

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

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

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

The Board has determined that strategic decision making is facilitated by evaluation of the operations of the legal parent and the consolidation of the oil producing subsidiaries which represent the finance, treasury, compliance and funding elements of the Group (legal parent and Triangle (Qld)) and Triangle Perth Basin Pty Ltd, Triangle Energy Onshore Pty Ltd and Triangle Energy Offshore Pty Ltd are the operational performance of the Group's revenues and costs of production and sale.

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

The new standards and amendments to standards are applicable to the Company and are mandatory for the first time for the financial year beginning 1 July 2021 and beyond. None of the standards and interpretations have affected any of the amounts recognised in the current period or any prior period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Company has made an assessment and there are no standards which would affect the future periods.

1 Profit and loss items

	31 December 2021 \$	31 December 2020 \$
1.1 Revenue		
At a point in time:		
Sales of oil	6,925,173	3,649,190
Other income		
Interest income	75,946	13,271
Sundry revenue	347,731	372,097
	<u>423,677</u>	<u>385,368</u>

Total number of barrels sold by the Company was 67,820.70 at an average sales price of AUD\$102.11.

	31 December 2021 \$	31 December 2020 \$
1.2 Expenses		
(a) Employment expenses		
Salaries and wages	1,256,221	1,249,294
Other personnel costs	68,909	61,170
Superannuation	118,657	98,602
Increase in leave liabilities	72,265	77,869
	<u>1,516,052</u>	<u>1,486,935</u>
Share based payment expense	107,135	49,900
Total	<u>1,623,187</u>	<u>1,536,835</u>
(b) General and administration costs		
Accounting expenses	29,071	27,328
ASX fees	72,053	-
Audit fees	18,035	16,000
Consulting expenses	253,027	64,602
Legal expenses	44,651	88,296
Arbitration expenses	-	7,867
Storage and handling fees	438,692	-
Foreign exchange (gains) / loss	(254,604)	247,654
Other administration expenses	708,870	270,653
	<u>1,309,795</u>	<u>722,400</u>

1 Profit and loss items

1.3 Taxation

Income tax recognised in profit or loss

The components of tax expense comprise:

Statement of profit or loss and comprehensive income

Current income

Current income tax

Deferred tax

Decrease in deferred tax assets

Increase in deferred tax liabilities

Under provision in prior periods

Income tax expense reported in *statement of profit or loss*

Petroleum resource rent tax

Current income

Current income tax

Deferred tax

Decrease / (increase) in deferred tax assets

PRRT Income tax expense / (benefit) reported in *statement of profit or loss*

Total Income tax expense / (benefit) for the period

Numerical reconciliation between tax expense and pre-tax net loss

Loss before income tax expense

Income tax benefit calculated at 25%. (2020: 26%)

Effect of non-deductible item

Total non-deductible items

Movements in unrecognised temporary differences

Under / (over) provision in prior periods

DTA on project pool

Derecognised / (recognised) DTA on PRRT

31 December
2021
\$

31 December
2020
\$

-	-
496,156	-
-	23,533
1,000	-
497,156	23,533
-	-
-	-
440,139	(475,734)
440,139	(475,734)
937,295	(452,201)
96,806	5,490,877
24,201	1,427,628
(28,370)	(898,089)
4,169	(529,539)
1,000	-
496,156	-
440,139	(452,201)
937,295	(452,201)

The tax benefits of the above deferred tax assets will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in income tax legislation adversely affects the Company in utilising the benefits.

	31 December 2021 \$	30 June 2021 \$
Deferred tax assets / (liabilities)		
PRRT (credit on decommissioning) (DTA)	5,327,404	5,994,178
Project Pool costs (DTA) (a)	3,157,361	3,653,517
Assessable receipts PRRT (DTL) (a)	(1,331,851)	(1,558,486)
Tax losses recognised (DTA) (a)	1,960,940	1,766,128
Exploration assets (DTL) (a)	(3,085,326)	(2,890,514)
Total deferred taxes	6,028,528	6,964,823

(a) Part of the project pool DTA has been off-set against the Exploration asset DTL

Set-off deferred tax liabilities pursuant to off-set provisions

Deferred tax asset on project pool costs

Assessable receipts PRRT

Tax losses recognised (DTA)

Deferred tax liability on exploration asset

2,456,236	2,682,872
(1,331,851)	(1,558,486)
1,960,941	1,766,128
(3,085,326)	(2,890,514)
-	-

1 Profit and loss items

1.3 Taxation (continued)

Estimates and judgement

Assumptions used to carry forward deferred taxes

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

2 Significant assets

	31 December 2021 \$	30 June 2021 \$
2.1 Oil and gas properties		
Oil and gas properties carried forward – Cliff Head	1,271,385	-
Reconciliation – Cliff Head		
Carrying amount at the beginning of the period	-	4,264,580
Additions to the oil and gas properties	1,355,670	2,206,608
Less: Impairment	-	(3,155,217)
Less: Amortisation	(84,285)	(703,729)
Less: Unwind of provision for restoration	-	(2,612,242)
Carrying amount at end of the period	1,271,385	-

Estimates and judgement

Assumptions used to carry forward the Oil & Gas properties

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

The estimation of reserves requires significant management judgement and interpretation of complex geological and geophysical models in order to make an assessment of the size, share, depth and quality of reservoirs and their anticipated recoveries. Estimates have been used to determine the fair value of the oil and gas properties for the purpose of the business combination and the assessment of depletion and amortisation charges.

	31 December 2021 \$	30 June 2021 \$
2.2 Exploration and evaluation assets		
Exploration and evaluation costs carried forward in respect of areas of interest	14,441,644	13,479,295
Reconciliation – Mentelle & West High prospects (i)		
Carrying amount at the beginning of the period	4,748,977	4,368,914
Additions to the exploration and evaluation asset	75,464	380,063
Carrying amount at end of the period	4,824,441	4,748,977
Reconciliation – Xanadu-1 TP/15 Joint Venture (ii)		
Carrying amount at the beginning of the period	7,961,216	7,947,891
Additions to the exploration and evaluation asset	-	13,324
Carrying amount at end of the period	7,961,216	7,961,215

2 Significant assets

2.2 Exploration and evaluation assets (continued)

	31 December 2021 \$	30 June 2021 \$
Reconciliation - L7 (iii)		
Carrying amount at beginning of the period	769,103	133,667
Additions to the exploration and evaluation asset	886,884	635,435
Carrying amount at end of the period	<u>1,655,987</u>	<u>769,102</u>

(i) Cliff Head Joint Venture

The Company holds a direct interest of 57.5% as at 31 December 2021. The joint venture is unincorporated and has three joint venture partners. The Company has recognised its share of the exploration expenditure from the joint venture. The carrying value is listed above and includes the initial acquisition fair value of \$3,747,951.

(ii) Xanadu Joint Venture

The Company holds an interest of 45% as at 31 December 2021. The joint venture is unincorporated and has three joint venture partners. The Company has recognised its share of the exploration expenditure from the joint venture. The carrying value is listed above.

(iii) Mount Horner

The Company has a 50% interest in the Mount Horner licence. During the prior period, the Company entered into an agreement with Key Petroleum to acquire the remaining 50% interest in the permit. The agreement has not completed as of the date of this report.

Estimates and judgement

Assumptions used to carry forward the exploration assets

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

2.3 Investment in Associate

	31 December 2021 \$	30 June 2021 \$
Triangle Energy (Operations) Pty Ltd (i)	-	-
State Gas Ltd (ii)	-	-
	<u>-</u>	<u>-</u>

(i) Triangle Energy (Operations) Pty Ltd

The entity name is Triangle Energy (Operations) Pty Ltd which the Company has a 50% shareholding as at 31 December 2021 and one of two directors. The place of incorporation is Australia, the investment is an associate which the Company measures using the equity method. The carrying value is listed above.

(ii) State Gas Limited

The Company holds an interest of approximately 23.96% as at 31 December 2021. The place of incorporation is Australia, the investment is an associate which the Company measures using the equity method as a consequence of its holding and one common director. The carrying value is listed above.

2 Significant assets

2.3 Investment in Associate (continued)

(iii) Commitments and contingencies

There are no capital commitments or contingencies as at 31 December 2021.

(iv) Fair value of State Gas Ltd investment

As at balance date, the Company held 47,884,693 fully ordinary shares representing approximately 23.96% of the issued capital of State Gas Limited (ASX:GAS) at that date. The fair value of the Company's holding as at 31 December 2021 was \$14,125,984 (at \$0.295 per share). The Company's holding is not subject to an escrow.

3 Financing – Capital, debt and risk management

	31 December 2021 \$	30 June 2021 \$
3.1 Cash		
Cash at bank and in hand	8,196,455	519,349
Joint Venture cash	132,083	78,155
Balances per statement of cash flows	<u>8,328,538</u>	<u>597,504</u>
<i>Credit risk</i>		
A-1+ 1	8,328,538	597,504
B 1	<u>-</u>	<u>-</u>

1. The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

Non-cash items

The Company did not enter into any non-cash transactions during the period.

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

(a) Share capital – 1,075,308,936 fully paid ordinary shares (30 June 2021: 701,413,047).

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

	31 December 2021 Number	30 June 2021 Number	31 December 2021 \$	30 June 2021 \$
Balance at the beginning of the year	701,413,047	360,753,682	45,424,440	36,715,029
Issue of shares (placement) 1	-	73,346,667	-	2,200,400
Issue of Share Rights issue 2	-	130,230,089	-	3,906,903
Issue of shares (placement) 3	-	56,433,043	-	1,185,094
Issue of shares (placement) 4	-	80,649,566	-	1,774,290
Issue of shares (placement) 5	373,895,889	-	8,225,710	-
Share issue costs	-	-	(512,165)	(357,276)
Balance as at period end	<u>1,075,308,936</u>	<u>701,413,047</u>	<u>53,137,985</u>	<u>45,424,440</u>

3 Financing – Capital, debt and risk management

3.2 Equity (continued)

Transactions for the periods:

1. On 4 September 2020 the company issued 73,346,667 shares at an issue price of \$0.03 per share to sophisticated investors.
2. On 13 October 2020, the Company completed a share rights placement to existing shareholders and issued 130,230,089 shares at an issue price of \$0.03 per share.
3. On 8 February 2021 the Company issued 56,433,043 at an issue price of \$0.021 per share to sophisticated investors.
4. On 29 June 2021 the Company issued 80,649,566 at an issue price of \$0.022 per share to sophisticated investors.
5. On 4 and 9 August 2021 the Company issued 368,441,347 and 5,454,542 shares at an issue price of \$0.022 per share to sophisticated investors.

(b) Options – share-based payments

	31 December 2021 Number	30 June 2021 Number	31 December 2021 \$	30 June 2021 \$
Balance at the beginning of the year	5,803,768	1,803,768	617,424	559,840
Issue of options ¹	-	4,000,000	-	57,584
Expiry of options ²	(1,803,768)	-	-	-
Balance as at period end	4,000,000	5,803,768	617,424	617,424

1. On 8 February 2021 the Company issued 4,000,000 options with an exercise price of \$0.03 per option expiring on 8 February 2022 to external consultants.
2. On 12 November 2021 the options expired without being exercised.

(c) Performance Rights – share based payments

	31 December 2021 Number	30 June 2021 Number	31 December 2021 \$	30 June 2021 \$
Balance at the beginning of the year ²	49,047,173	29,486,757	299,975	131,940
Rights forfeited ¹	-	(400,000)	-	-
Rights granted during the prior period ²	-	-	41,721	33,585
Rights granted during the prior period ³	-	4,492,698	9,452	18,699
Rights granted during the prior period ³	-	15,467,718	55,962	115,751
Balance as at period end	49,047,173	49,047,173	407,110	299,975

1. On 30 June 2020, Mr Farrell resigned as a director of the Company. The Rights require continued service to be maintained and therefore the Rights have been forfeited at this date. In July 2020, the Rights have been redeemed.
2. The Company issued 24,292,237 Rights to the Managing Director (after shareholder approval) on 19 November 2019. On 17 February 2020, the Company issued 4,794,520 Rights to the Chief Financial Officer after approval from the Board. The annual cost of amortising the fair value over the vesting period has been recorded in this period.
3. The Company issued 4,492,698 Rights to the Managing Director (after shareholder approval) in November 2020. On 8 February 2021, the Company issued 15,467,718 Rights to some key management personnel and staff after approval from the Board. The annual cost of amortising the fair value over the vesting period has been recorded in this period.

3 Financing – Capital, debt and risk management

3.2 Equity (continued)

(d) Option Reserve

	31 December 2021	30 June 2021	31 December 2021	30 June 2021
Balance at the beginning of the year	-	72,150,580	72,151	72,151
Lapse of options ¹	-	(72,150,580)	-	-
Issue of option under Entitlement offer ²	311,732,420	-	311,732	-
Issue of free attaching options ³	360,921,878	-	-	-
Balance as at period end	672,654,298	-	383,883	72,151

1. The Company issued 72,150,580 listed options at \$0.001 per option exercisable at \$0.12 which expired on 30 September 2020 for cash to existing shareholders under a Rights issue in October 2019.

2. On 4 and 9 August 2021 the Company issued 311,732,420 options under an entitlement issue to shareholders at an issue price of \$0.001 per option exercisable at \$0.035 per option expiring on 4 August 2023.

3. On 4 and 9 August 2021 the Company issued 360,921,878 free attaching options to shareholders whom participant in the placement with an exercise price of \$0.035 per option expiring on 4 August 2023.

3.3 Borrowings

	31 December 2021 \$	30 June 2021 \$
Borrowings – current ²	-	250,000
Borrowings – non-current ¹	-	96,367
<i>Reconciliation of movements in the balances</i>		
<i>– current</i>		
Opening balance	250,000	-
Amounts borrowed - loan	-	250,000
Less: amount repaid	(250,000)	-
Closing balance at end of period	-	250,000
<i>Reconciliation of movements in the balances</i>		
<i>– non-current</i>		
Opening balance	96,367	870,967
Amount borrowed	-	-
Amount repaid	(96,367)	(774,600)
	-	96,367

1. Related party loan

The Company has received a loan from its Joint Venture, Triangle Energy (Operations) Pty Ltd of \$870,967. During the prior period the Company entered into a formal agreement with the entity which was subject to an interest rate based on the RBA rate as at March 2020 (compounded daily), unsecured and repayable after 5 years or upon a default event. The Company made the final payment during the current period.

2. Third party loan

During the period the Company established a loan facility of \$500,000 from Pentin Pty Ltd with the following terms:

Interest rate: 8% pa

Facility fee: \$50,000

Repayment date: Earlier of 6 months from drawdown or the date of a capital raising

Security: nil

3 Financing – Capital, debt and risk management

3.4 Going concern

The financial report has been prepared on a going concern basis.

The Board considers that there are sufficient grounds to believe that the Company will be able to continue to pay its debts as and when they fall due. This is based on future cash forecasts, existing cash reserves and the ability to vary activity to preserve cash if necessary. Furthermore, the Directors are also of the opinion that a capital raising could be achieved to raise additional funds if required or alternatively the Company could consider the sale of its listed entity investment.

3.5 Leases

	31 December 2021 \$	30 June 2021 \$
Lease – current ¹	26,452	35,280
Lease – non-current ¹	-	-
<i><u>Reconciliation of movements in the balances – current</u></i>		
Opening balance	35,280	116,128
Derecognition of lease liability	-	(47,479)
Less: Amount repaid	(8,828)	(33,369)
Closing balance at period end	26,452	35,280

Leases

The Group's inputs for the lease calculation are below. During the prior period a vehicle was returned to lessor.

Motor vehicles
 Time Period: 36 months
 Rate: 4.55%
 Fair Value at lease date: \$119,165

3 Financing – Capital, debt and risk management

3.6 Reserves

	31 December 2021 \$	30 June 2021 \$
Convertible note reserve ¹	7,003	7,003
Option reserve ²	383,883	72,151
Share-based payments reserves	1,024,535	917,400
	<u>1,415,421</u>	<u>996,554</u>
Convertible Note reserve		
<u>Reconciliation of movements in the balance</u>		
Opening balance	7,003	7,003
Closing balance at end of period	<u>7,003</u>	<u>7,003</u>
Share-based payments reserves		
<u>Reconciliation of movements in the balance</u>		
Opening balance	917,400	691,780
Additional share-based payments ³	41,721	33,586
Additional share-based payments ⁴	65,414	134,450
Options ⁵	-	57,584
Closing balance at end of period	<u>1,024,535</u>	<u>917,400</u>

1. The Company calculated the fair value of the convertible note as \$1,014,488 with the residual value being \$7,003.

2. The Company announced a non-renounceable rights issue to Shareholders on 8 November 2019 which was a 1 new option for every 5 shares held to issue up to 72,150,736 at an issue price of \$0.001 to raise \$72,150 before costs. On 4 and 9 August 2021 the Company issued 311,732,420 options under an entitlement issue to shareholders at an issue price of \$0.001 per option exercisable at \$0.035 per option expiring on 4 August 2023.

3. During the prior period the Company issued the following Rights:

	Date Issued	Number of rights granted	Value of rights at grant date \$
2020			
Directors of Triangle Energy (Global) Limited			
Robert Towner (ATSR)	19/11/19	12,146,119	198,849
Robert Towner (RRR)	19/11/19	12,146,118	327,945
Executive			
Marvin Chan (ATSR)	17/02/20	2,397,260	30,525
Marvin Chan (RRR)	17/02/20	2,397,260	50,342
		<u>29,086,757</u>	<u>607,661</u>

Fair value of Rights

Absolute Total Shareholder Return (ATSR) – the Company used a statistical model to review the likely outcomes of the share price after 3 years based on the previous 12-month historical share price movements in a simple Monte Carlo simulation model. Taking the combined average and standard deviation over 10,000 iterations, the result was compared to the share price hurdles to determine the ultimate fair value of Rights. The fair value was \$0.016 and \$0.013.

Reserves replacement ratio (RRR) – the fair value of Rights was determined using the closing share price at grant date, which was \$0.054 and \$0.042 respectively per share.

The expense recognised during the period relates to the rights issues above and recognised over the vesting period (3 years).

3 Financing – Capital, debt and risk management

4. During the prior period the Company issued the following Rights:

	Date Issued	Number of rights granted	Value of rights at grant date \$
2021			
Directors of Triangle Energy (Global) Limited			
Robert Towner (ATSR)	27/11/20	2,246,349	43,284
Robert Towner (RRR)	27/11/20	2,246,349	12,917
Executive			
Staff (ATSR)	17/02/21	7,733,859	224,473
Staff (RRR)	17/02/21	7,733,859	63,804
		<u>19,960,416</u>	<u>344,478</u>

Fair value of Rights

Absolute Total Shareholder Return (ATSR) – the Company used a statistical model to review the likely outcomes of the share price after 3 years based on the previous 12-month historical share price movements in a simple Monte Carlo simulation model. Taking the combined average and standard deviation over 10,000 iterations, the result was compared to the share price hurdles to determine the ultimate fair value of Rights. The fair value was \$0.019 and \$0.029.

Reserves replacement ratio (RRR) – the fair value of Rights was determined using the closing share price at grant date, which was \$0.023 and \$0.017 respectively per share.

The expense recognised during the period relates to the rights issued above and recognised over the vesting period (3 years). The total expense for this period is \$107,135.

5.Options

On 8 February 2021 the Company issued 4,000,000 unlisted options exercisable at \$0.03 which expire on 8 February 2022 to external consultants with a fair value of \$0.0144. The input using the Black Scholes Pricing Model were:

- (a) Grant Date – 8 February 2021
- (b) Exercise date – 8 February 2022
- (c) Market price of securities - \$0.035
- (d) Exercise price of securities - \$0.03
- (e) Risk free rate – 0.09%
- (f) Volatility – 93.88%

3 Financing – Capital, debt and risk management

3.7 Accumulated losses

	31 December 2021	30 June 2021
	\$	\$
Accumulated losses at the beginning of the year	39,134,291	35,202,574
Net loss for the period	1,034,100	3,931,717
Accumulated losses at the end of the period	<u>40,168,391</u>	<u>39,134,291</u>

3.8 Commitments

There are no additional commitments for the period

4 Other assets and liabilities

4.1 Trade and other receivables

	31 December 2021	30 June 2021
	\$	\$
Trade receivables	-	1,271,036
	<u>-</u>	<u>1,271,036</u>

Estimates and judgement

Recoverability of the assets

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

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

As at 31 December 2021, the Company did not have any outstanding trade receivables as all prior sales of oil had been collected during the period.

	31 December 2021	30 June 2021
	\$	\$
4.2 Other receivable and assets		
GST receivable	44,427	44,974
Prepayments	98,809	74,448
JV GST receivable	71,720	63,344
JV other receivables	163,993	541,946
Deposits and guarantees	193,262	193,262
Other assets	145,545	312,199
Other receivable – loan (i)	<u>547,500</u>	<u>892,500</u>
	<u>1,265,256</u>	<u>2,122,673</u>
Non-current asset		
Other receivable – loan (i)	<u>-</u>	<u>127,500</u>

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

(i) During the prior period the Company agreed to provide a loan facility to its jointly controlled entity, Triangle Energy (Operations) Pty Ltd. The terms of the loan are as follows:

Term: 2 years
Facility limit: A\$2million
Interest rate: 10% payable quarterly in arrears
Security: Over all assets of the entity

4 Other assets and liabilities

4.3 Fair value through Other Comprehensive Income

	31 December 2021 \$	30 June 2021 \$
Investments	110,000	110,000
	<u>110,000</u>	<u>110,000</u>
Fair value has been determined based on the latest market value of the shares issued.		
Investments		
Reconciliation of movements in the balance		
Opening balance	110,000	110,000
Fair value movement	-	-
Closing balance at end of period	<u>110,000</u>	<u>110,000</u>

During the period, the Company held financial instruments carried at fair value in the form of investments, Fair value through other comprehensive income. These assets were measured using level 2, observable prices at an arm's length price. There has been no change to the method during the period.

4.4 Plant and equipment

	31 December 2021 \$	30 June 2021 \$
Plant and Equipment		
Right of use asset	53,550	53,550
Accumulated depreciation	<u>(29,750)</u>	<u>(20,825)</u>
	<u>23,800</u>	<u>32,725</u>
Office equipment	10,345	10,345
Accumulated depreciation	<u>(8,456)</u>	<u>(6,224)</u>
	<u>1,889</u>	<u>4,121</u>
Furniture and fittings	78,747	78,747
Accumulated depreciation	<u>(36,820)</u>	<u>(28,945)</u>
	<u>41,927</u>	<u>49,802</u>
Total administration assets	<u>67,616</u>	<u>86,648</u>

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

	Right of use assets \$	Furniture & Fittings \$	Office Equipme nt \$	Total \$
Opening net book value at 1 July 2021	49,802	4,121	32,725	86,648
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
Depreciation expenses	(7,875)	(2,232)	(8,925)	(19,032)
Closing net book value at 31 December 2021	<u>41,927</u>	<u>1,889</u>	<u>23,800</u>	<u>67,616</u>

4 Other assets and liabilities

4.5 Trade and other payables (debts)

	31 December 2021 \$	30 June 2021 \$
<i>Current liabilities (debts payable within 12 months)</i>		
Trade payables	149,021	312,680
JV trade payables	1,234,073	1,205,400
Accrued expenses	910,731	781,902
JV accruals	883,113	684,427
Payroll liabilities	58,041	51,559
Dividend payable in trust	7,044	7,044
Share buy-back funds in trust	6,796	6,796
GST liabilities	12,037	137,672
Employee entitlements	296,085	223,820
	<u>3,556,941</u>	<u>3,411,300</u>

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

	31 December 2021 \$	30 June 2021 \$
4.6 Provisions		
JV Provisions	-	-
Restoration provision (Cliff Head) – non-current	<u>15,689,606</u>	<u>15,575,638</u>
<i>Restoration provisions</i>		
Reconciliation		
Balance brought forward	15,575,638	21,436,622
Additions for the year	-	-
Unwind of discount (Cliff Head)	113,968	313,707
Remeasurement of provision (i)	-	(6,174,691)
Balance carried forward	<u>15,689,606</u>	<u>15,575,638</u>

The non-current provision relates to the Cliff Head production licence WA-31-L (located in the Perth Basin, WA).

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

(i) During the prior period the Joint Venture Partners commissioned an independent study to review the previous rehabilitation estimate prepared in 2015 and updated in 2018. The review highlighted a number of steps that could be taken to reduce the cost of the rehabilitation for the site. The Company has re-adjusted the provision in line with the new study which has resulted in a reduction to the liability of \$5.86million (57.5% share) for the year ended 30 June 2021.

Estimates and judgement

Assumptions used to assess the rehabilitation provision

The updated study has a substantial number of assumptions embedded in the cost estimate all of which could change and result in the actual amount paid to restore the site being materially different to the carrying value of the liability. The provision for future restoration costs is the best estimate of the present value (including an appropriate discount rate relevant to the time value of money plus any risk premium associated with the liability) of the expenditure required to settle the restoration obligation at the balance date.

4 Other assets and liabilities

	31 December 2021 \$	30 June 2021 \$
4.7 Oil Inventory		
Oil Inventory	2,145,047	1,895,810
	<u>2,145,047</u>	<u>1,895,810</u>

The Company has measured the cost and net realisable value and no impairment has been recorded during the period.

5 Additional disclosures

5.1 Subsequent events

On 2 February 2022 the Company announced the termination of the WA-481-P sale and purchase agreement including the farm-in to the renewals project.

On 8 February 2022 the Company announced the resignation of the Managing Director, and additionally, a non-executive director of the Company.

On 14 February 2022 the Company announced changes in the Board and the appointment of Mr Greg Hancock, Mr Conrad Todd and Mr Mike Collins with the resignation of all other Board members.

On 14 February 2022 the Company announced the expiry of 4,000,000 options without conversion to shares and 4,000 options without conversion to shares.

5.2 Contingent liabilities

All contingent liabilities remain consistent from those disclosed in the annual report.

5 Additional disclosures

5.3 Segment reporting

	Oil Production \$	Australian Corporate \$	Consolidated \$
Half-Year ended 31 December 2021			
Segment Revenue	6,925,173	-	6,925,173
Expenses			
Interest income	25,800	50,146	75,946
Depreciation and amortisation	(84,285)	(19,032)	(103,317)
Deferred taxes and PRRT	(937,295)	-	(937,295)
Impairment expenses	-	-	-
Segment net operating (loss) after tax	<u>697,855</u>	<u>(1,731,955)</u>	<u>(1,034,100)</u>
Half-Year ended 31 December 2020			
Segment Revenue	3,649,190	-	3,649,190
Expenses			
Interest income	4,485	8,785	13,270
Finance expenses	(2,973)	(3,290)	(6,263)
Depreciation and amortisation	(375,754)	(28,287)	(404,041)
Share of associates loss	-	(30,000)	(30,000)
Deferred taxes and PRRT	452,201	-	452,201
Impairment of assets	(3,155,217)	-	(3,155,217)
Segment net operating (loss) after tax	<u>(3,980,215)</u>	<u>(1,058,461)</u>	<u>(5,038,676)</u>
Segment assets			
At 31 December 2021	18,803,281	14,854,734	33,658,015
At 30 June 2021	12,477,133	14,178,155	26,655,288
Segment liabilities			
At 31 December 2021	18,568,419	704,581	19,273,000
At 30 June 2021	18,150,512	1,218,073	19,368,585
Movements in non-current assets - Oil production segment			
	31 December 2021 \$	30 June 2021 \$	
Oil and Gas additions	1,355,670	2,206,608	
Exploration and evaluation additions	962,348	1,015,498	
	<u>2,318,018</u>	<u>3,222,106</u>	
Movements in non-current assets - corporate segment			
Plant and equipment	-	2,720	
Investment in associate	-	30,000	
Exploration and evaluation additions	-	13,324	
	<u>-</u>	<u>46,044</u>	

5 Additional disclosures

5.4 Related party transactions

There have been no additional related party transactions during the period.

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes set out on pages 18 to 36 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Conrad Todd

Managing Director

Dated at Perth, Western Australia this 14th day of March 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Triangle Energy (Global) Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Triangle Energy (Global) Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2022



D I Buckley
Partner