

5 October 2012

The Manager  
Company Announcements Office  
Australian Securities Exchange Ltd  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**TRIPLE TO ACQUIRE COAL SEAM GAS PROJECT NORTHERN CHINA**  
**Estimated 2-7 Tcf of gas in place**

Triple Energy Limited (ASX: TNP) (**Triple**) advises that further to the exclusivity agreement it signed with CFT Holdings (HK) Ltd (**CFT**) and announced on Monday 10 September 2012, it has now executed a share purchase agreement (**Agreement**) to acquire CFT's coal seam gas project and interests in Northern China. The Agreement remains subject to a number of conditions precedent, including final due diligence sign off and shareholder approval.

The board of Triple considers that this project provides a medium to low risk opportunity for the shareholders to be exposed to significant value.

The project comes with expert Coal Bed Methane (**CBM**) management in a highly prospective area with proven evidence of gas production from nearby coal seams and gas flow from coal mining operations. It is an excellent opportunity for the company to be exposed to the possibility of a meaningful gas production business in the near term.

The project has the following attributes;

- Experienced oil and gas board and CBM expert management ✓
- Excellent fiscal terms and equity position (80%)
- Material acreage position ✓
- Potential for material reserves ✓
- Ready gas market for any/all produced gas - huge proximate potential customer base ✓
- Good gas price – A\$7.00 to A\$8.00 / mmscf ✓
- Near term news-flow – drilling DST well this month – considered low/moderate risk ✓
- If successful, time to development is very short – could be as early as mid next year ✓
- Strong Chinese partner – motivated for project to succeed (mine safety) ✓

**EQUITY POSITION AND TENURE**

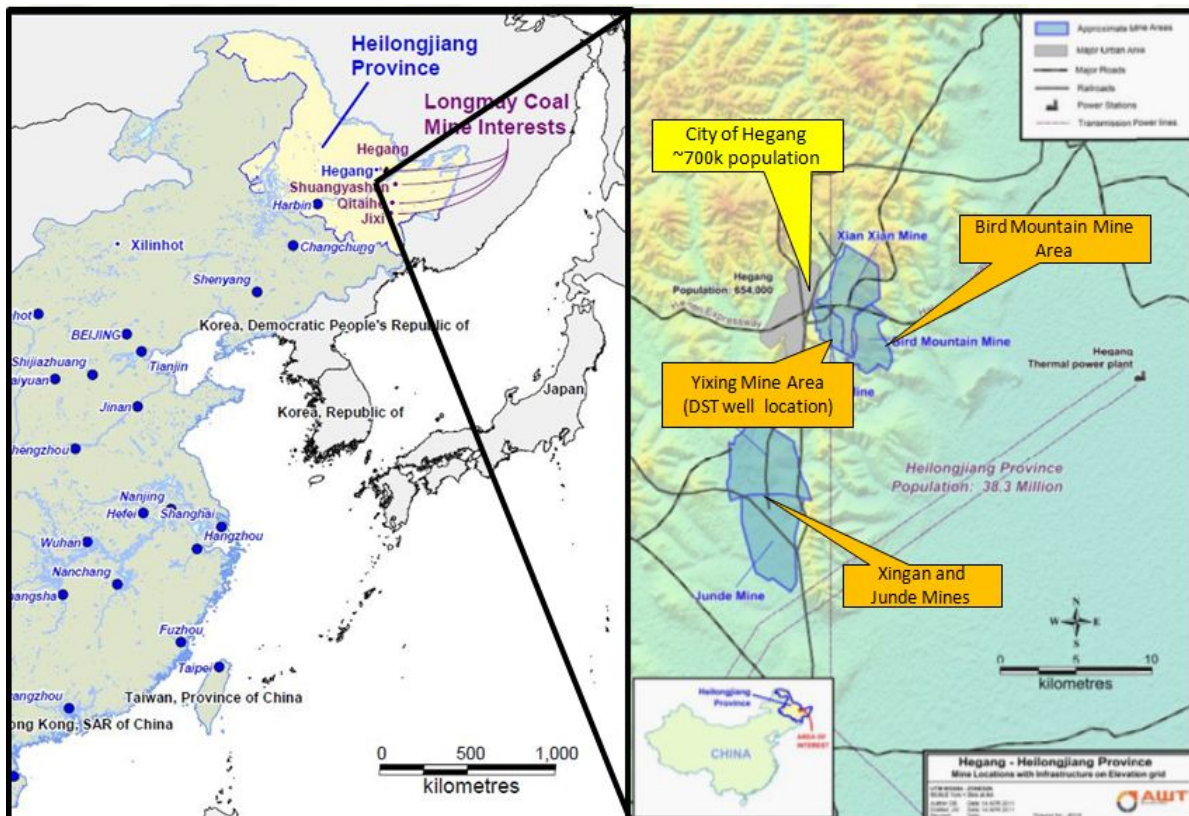
Under the Agreement, Triple will acquire an 80% interest in a coal bed methane project in northern China. The project is conducted via a 45 year Cooperative Joint Venture (“CJV”) with Longmay Coal Mining Company (**Longmay**), one of China’s largest coal miners and the largest employer in the area.

The Cooperative Joint Venture equity will be as follows;

- Triple Energy Ltd - 80%
- Longmay Coal Mining Company – 20%

## BACKGROUND TO THE PROJECT

The Joint Venture operates under the coal mining leases held by Longmay with the JV Agreement registered with the relevant Chinese Government authorities. The CJV is staged, initially covering five mine areas, with exclusive access that can ultimately extend the CJV area to cover a total of 42 mine areas. It was formed such that Longmay can de-gas its coal mining areas to facilitate safer mining operations into the future. This is required as the coals in these areas have a history of explosions whilst mining, due to high gas content. This CJV has been two years in the making.



Location of CBM Project in China – initial mine areas for degassing

## AVAILABILITY OF RIGS AND CBM EXPERTISE

A near new US purpose built CBM drilling unit owned by Longmay is on site and ready to use. Hence the drilling campaign will not require expensive and time consuming rig mob/demob costs as is often the case. Further, the transaction will come with proven Australian CBM management expertise under the executive management of Mr Rod Bresnehen, an acknowledged CBM expert in Australia and Internationally.

## FUNDING

Subject to completion of due diligence, Triple intends to make available to CFT a loan facility of \$500,000 to fund drilling of the initial test well. Triple will use its existing treasury but will also seek to raise ~\$2m in new capital to fund subsequent near-term test wells and working capital. The transaction is conditional on these funds being committed as “firm” and Triple is in discussion with selected brokers on this funding.

## TRANSACTION STRUCTURE

Under the Agreement, Triple will acquire 100% of CFT Heilongjiang (HK) Ltd which in turn owns 80% of Heilongjiang Aolong Energy Co CJV (“Aolong”), the CJV with Longmay. As consideration for the Acquisition, Triple intends to issue 380,000,000 Shares of which 350,000,000 Performance Shares will vest in accordance with “milestones” as value is added at each.

Triple will also pay a cash amount of \$150,000 which together with 30,000,000 shares to be issued at Settlement is consideration for expenses incurred in the Cooperative Joint Venture since 1 January 2012.

The Performance Shares will vest with the vendors as follows;

Milestone #1	50m shares vest on positive results of DST well planned for October 2012
Milestone #2	50m shares vest on positive results of pressurised core hole results - planned for next March/April 13
Milestone #3	125m shares in Triple when 10 development wells have been drilled/completed
Milestone #4	125m shares in Triple when 20 development wells have been drilled/completed

Thus, the project consideration is linked to the achievement of measurable value adding events.

## RESOURCE POTENTIAL AND DATA ON THE PROJECT

Resource estimates provided by CFT indicate that 2-7 Tcf of gas is in place in the greater CJV area and hence there is potential for a meaningful scale gas production in the near term should the upcoming drilling campaign be successful.

There is already a significant amount of data over these areas as Longmay has mapped the coal seams by drilling boreholes which have been electrically logged. Gas in place on just the initial five mine areas to be drilled has been estimated at around 540 bcf by an independent petroleum consultant. The specific location and approvals etc for the upcoming DST (drill stem test) well are established and the drilling pad is prepared in readiness for the rig mobilisation later this month.



Triple Energy Ltd

Triple fully expects the 2012/13 drilling campaign to facilitate a maiden reserves booking for the assets as well as significantly de-risk the entire CJV area.

#### MARKET FOR THE GAS

There is understood to be an immediate market for any gas that may be produced at an attractive price, regulated by the Chinese Government which is currently around A\$7.00 to A\$8.00/mmscf.

An existing gas reticulation network of 118kms is believed to be available for the domestic market, covering a city of around ¾ million people. Within 60kms, there is an additional 3 million people.

#### GENERAL MEETING

As noted, the proposed acquisition is subject to shareholder approval. Subject to the satisfactory completion of due diligence and funding negotiations, Triple expects to despatch a Notice of Meeting to shareholders by the end of October.

Yours faithfully

**ALEX NEULING**  
Company Secretary

#### CONTACT DETAILS FOR FURTHER INFORMATION:

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Technical Information contained in this release is based on information reviewed by Richard Hayward (Technical Non Executive Director). Mr Hayward has an Honours Degree in Geology from Imperial College, London and a Master's Degree in Basin Evolution and Dynamics from Royal Holloway College, London. He is a fellow of the Geological Society of London and a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers. Mr Hayward has in excess of 24 years experience in petroleum geology and has consented to the inclusion of the information in the form and context in which it appears.