



TRIANGLE PETROLEUM CORP.

Initiating Coverage: Exploring Significant Resource Potential

Highlights

- We are initiating coverage of Triangle Petroleum with a **SPECULATIVE BUY** rating and a 12-month target price of **US\$0.55 per share, or C\$0.63**. Our target price is based on a target NAV of US\$0.54.
- Triangle was an early mover and acquired a large position (475,000 gross acres) in the Windsor Block, in Nova Scotia, which has significant natural gas resource potential. The Company is focusing on the Horton Bluff shale in the area, and if successful and commercial rates of production can be achieved, there may be hundreds of wells that could be drilled in the area. The Nova Scotia location offers benefits such as close proximity to the Maritimes & Northeast Pipeline (M&NP), quality gas, favourable royalty regimes, and premium pricing.
- The Company is currently seeking a joint venture partner, in order to accelerate its drilling operations. The presence of joint venture partners helps to mitigate exploration risk, accelerate drilling programs, and is necessary in securing additional capital. **If additional financial resources cannot be acquired, operations would likely come to a halt.**
- Triangle is in an early stage of its exploration operations, and there remains a significant amount of risk involved. There is still much that is unknown with regards to the reservoir quality of the prospects. It has yet to be determined as to whether commercial rates of production can be achieved. While the Horton Bluff shale holds a significant amount of potential, we believe the substantial risk of this shale gas play warrants a SPECULATIVE BUY rating.

TPLM-OTC
TPE-TSXV
July 16, 2009
Stock Rating: SPECULATIVE BUY
Target Price: US\$0.55 (C\$0.63)
Closing Price (07/15/09) : US\$0.16
52 Week Range: US\$0.09-US\$1.13

(US\$ Millions except per share data, January Year End)

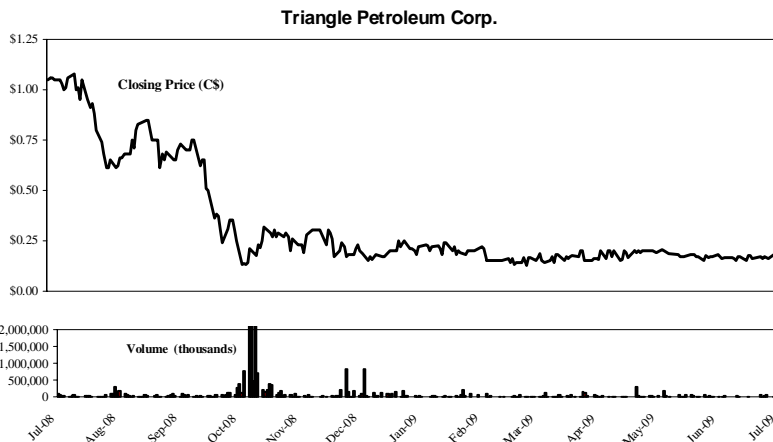
	F2009A	F2010E	F2011E
Production (Mmcf/d)	0.16	0.11	0.09
Production (BOE/d)	27.33	18.13	14.31
EBITDA	-\$3.78	-\$3.24	-\$3.23
EPS (FD)	-\$0.23	-\$0.05	-\$0.05
CFPS (FD)	-\$0.06	-\$0.04	-\$0.04
P/E	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/EBITDA	N/A	N/A	N/A
Shares O/S FD	69.9		
Market Cap.	\$11.2		
EV	\$5.0		
Net Cash	\$6.2		
Working Capital	\$6.7		

Change in CFPS Forecasts

F2010E: new
F2011E: new

Company Description

Triangle Petroleum Corp. is a junior exploration company focused primarily on Canadian shale gas projects. Triangle's core shale project is the Windsor Block in Nova Scotia (87% WI). Triangle acquired a large position (475,000 gross acres) in the Windsor Block, which has significant resource potential. The Company is focusing on the Horton Bluff shale in the area.



*Please view the disclaimer at the end of this report

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Investment Summary

Triangle was an early mover and acquired a large position (475,000 gross acres) in the Windsor Block, in Nova Scotia, which has significant resource potential. The Company is focusing on the Horton Bluff shale in the area. Triangle currently has an 87% working interest in the Windsor Block, and continues to search for one or more joint venture partners. The presence of the joint venture partners helps to mitigate exploration risk and accelerate drilling programs. Triangle's recent acquisition of Contact Exploration's (CEX-TSXV; not rated) working interest strengthens the Company's pitch to potential joint venture partners, as a greater working interest percentage can be offered out. The 10-year production lease will also contribute to attracting a partner for the Windsor Block operations.

The Nova Scotia location offers benefits such as close proximity to the Maritimes & Northeast Pipeline (M&NP), quality gas, favourable royalty regimes, premium pricing, and neighbours the high-demand markets of the U.S. Northeast.

An independent evaluation has **estimated the resource potential for the Horton Bluff shale in the Windsor Block to be 69 Tcf of gas-in-place.** Triangle has stated it is premature to estimate a potential recovery rate at such an early stage in the operations. Assuming a 10% recovery rate, with an 87% working interest we estimate Triangle's current resource potential at 6.0 Tcf. If a joint venture partner can be obtained, this would significantly lower Triangle's working interest. If we assume a working interest percentage of around 45-50%, this would bring the resource potential to 3.1-3.4 Tcf. We believe this is the more likely scenario, as a joint venture partner is required to advance the drilling operations. If successful and commercial rates of production can be achieved, there may be hundreds of wells that could be drilled in the area.

While Triangle has the cash to fund its planned F2010 capital expenditures of approximately \$2 million, and no debt, the Company currently does not generate cash flow. There is currently no production, with the exception of a negligible amount of net production from the two producing wells in Alberta. **A joint venture partner is essential in advancing the Windsor Block operations.**

There is a significant amount of risk. Triangle is in an early stage of its exploration operations. The reservoir quality within these basins is highly variable depending on the location. There is still much that is unknown with regards to the reservoir quality of the prospects. It has yet to be determined as to whether commercial rates of production can be achieved. It could take another year or more, before it can be determined whether commercial production is viable. **The next catalysts for the stock will be the announcement of the results from the E-38-A well, which are expected in August 2009, and hopefully an announcement of a joint venture partner.** Triangle is currently undergoing completion operations on the E-38-A well. (See page 7 for a map of the area including well sites.)

Triangle should benefit from the technical expertise gained from its previous projects. Due to management's experience with other shale plays in North America, the Company is moving up on the shale learning curve. While there is still a lot left to learn, Triangle has positioned itself well to potentially reap the benefits of a potential multi-Tcf shale gas play.

We are initiating coverage of Triangle Petroleum with a SPECULATIVE BUY rating and a 12-month target price of US\$0.55 per share, or C\$0.63. Our target price is based on a NAVPS of US\$0.33, which reflects the Net Asset Value from the balance sheet, and a

value of US\$0.21 per share for the Horton Bluff shale. This equates to a total target NAVPS of US\$0.54. While the Horton Bluff shale holds a significant amount of potential, we believe the substantial risk of this shale gas play warrants a SPECULATIVE BUY rating.

Company Profile

Triangle Petroleum Corp. is a junior exploration company focused primarily on Canadian shale gas projects. Triangle's core shale project covers a considerable amount of land (474,625 gross acres) in the Maritimes Basin in Nova Scotia. This project is covered through its wholly-owned Canadian operating subsidiary, Elmworth Energy Corp. The Company is currently in the midst of evaluating a potential secondary shale gas project in Western Canada.

The Company's strategy is to benefit from its experience in U.S. shale, in order to secure early stage shale gas projects in Canada. Triangle has participated in projects in the Barnett Shale trend in Texas. Other projects include the Fayetteville Shale trend in Arkansas, in addition to conventional oil and gas plays in the states of Montana, Colorado, Wyoming, and the province of Alberta where it has two producing wells. These projects are currently designated as non-core, due to its strategy of focusing its limited manpower resources on the one core project in Nova Scotia. Triangle is also in the process of evaluating a potential secondary shale gas project in Western Canada.

Triangle's common shares trade on the TSX Venture Exchange under the symbol TPE, and on the OTC Bulletin Board under TPLM.

Triangle should benefit from the technical expertise gained from its previous projects. Triangle currently has an 87% working interest in the Windsor Block, and continues to search for one or more joint venture partners. The presence of the joint venture partners helps to mitigate exploration risk and accelerate drilling programs. Zodiac Exploration has a 13% working interest in the Windsor Block.

Company History

Prior to May 2005, the Company was known as Peloton Resources Inc., a mining exploration company searching for gold in British Columbia. In 2005, the focus changed to oil and gas exploration, and the name also changed.

In May 2007, Triangle acquired an interest in the Windsor Block through a farm-in agreement with Contact Exploration. Triangle had been looking to acquire an early position in large, contiguous blocks with significant resource potential and close proximity to existing infrastructure. In 2007, seismic data on the area was acquired, and Triangle drilled two test wells, Kennetcook #1 (KC#1) and Kennetcook #2 (KC#2). A third-party assessment of the data was also commissioned. The review of the seismic data and the independent assessment indicated the Horton Bluff shale contains a significant resource. At that time, Triangle earned a 70% working interest by drilling and completing the first vertical test well in early 2008.

The KC#1 and KC#2 wells were drilled to provide geological information on the Horton Bluff shale. Free gas flow production was not observed from the KC#1 well, and the well was shut-in. The KC#2 tested at a rate of up to 60 Mcf/d in June 2008. Management stated these wells were successful in providing quality technical data and earning title to the Windsor Block.

In June 2008, Triangle and Zodiac Exploration Corp. reached a joint venture agreement. Zodiac paid 50% of the \$16 million exploration and delineation program, to earn a 13% working interest. Triangle operated the program, and covered 20% of the costs, bringing Triangle's working interest down to 57%. The program consisted of three wells to delineate the resource and work towards determining whether commercial production is viable. These three wells are to be used towards testing the gas content and productivity of the Horton Bluff shale across the block. Triangle will also be evaluating potential conventional oil and gas reservoirs. These three wells include the N-14-A, O-61-C, and E-38-A.

Zodiac Exploration has spent approximately \$8 million thus far, in order to earn its 13% working interest in the Windsor Block. Zodiac has decided to maintain its future capital expenditures at the 13% working interest level. Zodiac had an option to commit an additional \$7.5 million to earn an additional 12.5% working interest, but declined. We believe this may have been due to the economic downturn and lack of access to capital.

On June 11, 2009, Triangle reported that it had acquired Contact's 30% working interest in the Windsor Block, bringing Triangle's total working interest up to 87%. The deal includes Contact retaining a 5.75% non-convertible gross overriding royalty interest, and a cash payment of \$270,000. Triangle assumed the liabilities related to Contact's former working interest.

Windsor Block

Considerable resource potential exists from the Horton Bluff shale in the Windsor Block. In May 2008, an independent evaluation, performed by Ryder Scott Company Petroleum Consultants, has **estimated the resource potential for the Horton Bluff Shale in the Windsor Block to be 69 Tcf of gas-in-place.** Ryder Scott calculated gas-in-place at the Kennetcook #1 well using the extensive database of log and core data for the well, and rock volume within Triangle's 25 square mile 3D seismic survey. Within this subset land block, Ryder Scott estimates a resource potential of 3 Tcf, which is included in the 69 Tcf total.

Triangle is currently working to determine whether commercial production is viable. Triangle has stated it is premature to estimate a potential recovery rate at such an early stage in the operations. Assuming a 10% recovery rate, with an 87% working interest we estimate Triangle's current resource potential at 6.0 Tcf. If a joint venture partner can be obtained, this would significantly lower Triangle's working interest. If we assume a working interest percentage of around 45-50%, this would bring the resource potential to 3.1-3.4Tcf. We believe, this is the more likely scenario, as a joint venture partner is required to advance the drilling operations. We could see Triangle agreeing to a 45% working interest, as the Company was prepared to drop to 45% if Zodiac had wanted to increase its working interest. If successful and commercial rates of production can be achieved, there may be hundreds of wells that could be drilled in the area.

On April 16, 2009, Triangle reported that it had executed a 10-year production lease on the Windsor Block. The Company had received approval for a production lease from the province of Nova Scotia at the end of December 2008. Triangle has the rights to conventional oil and gas (including shale gas) in the area, from the Windsor and Horton groups. Triangle does not have the rights to gas from coal, and the Company does not believe there are any prospective coals within the Windsor Block.

In order to retain the rights to this block, Triangle is to drill seven wells distributed across the block to evaluate the Windsor Block, complete three wells previously drilled, and acquire seismic by April 15, 2014. The Company may have to surrender areas of the land

block not drilled or evaluated by the designated deadline. During the first year of the lease, Triangle has agreed to perform completion operations on the three wells drilled in 2008 and acquire seismic, which was estimated to cost \$2 million gross. Tenure on some or all of the lands is eligible for renewal after the first ten years, depending on whether commercial production was established, and/or the satisfaction of drilling and evaluation criteria.

The Basin runs as deep as 3,000m, with most of the hydrocarbon potential between 1,500m and 2,500m. This is a good quality gas, with little CO₂ (almost pure methane) and minimal processing required. **The challenge will be getting the gas out.** Porosity in the better areas of the basin is currently estimated at approximately 2-6%; however, it is too soon to estimate porosity with much confidence. Triangle noted during the exploration operations that pressure has been depth dependent, with an estimated range of 1,500-2,500 psi.

The Windsor Block is well located, within 40km of the Maritimes and Northeast Pipeline. Exhibit 1, below, demonstrates the Windsor Block's close proximity to the M&NP. Triangle is aiming to be in production in approximately two years, if it is successful in the current exploration program. If this goal is reached, the Company may qualify for a two-year royalty holiday. Even if the royalty holiday cannot be achieved, the Nova Scotia royalty rate is still favourable at 10%. The Nova Scotia location positions the operations close to the U.S. Northeast, which would result in Triangle receiving Boston City Gate pricing, a premium price to the NYMEX. This premium would assist in offsetting the M&NP transportation costs.

Exhibit 1. Windsor Block in Nova Scotia



Source: Company Reports, Beacon Securities

Current Operations

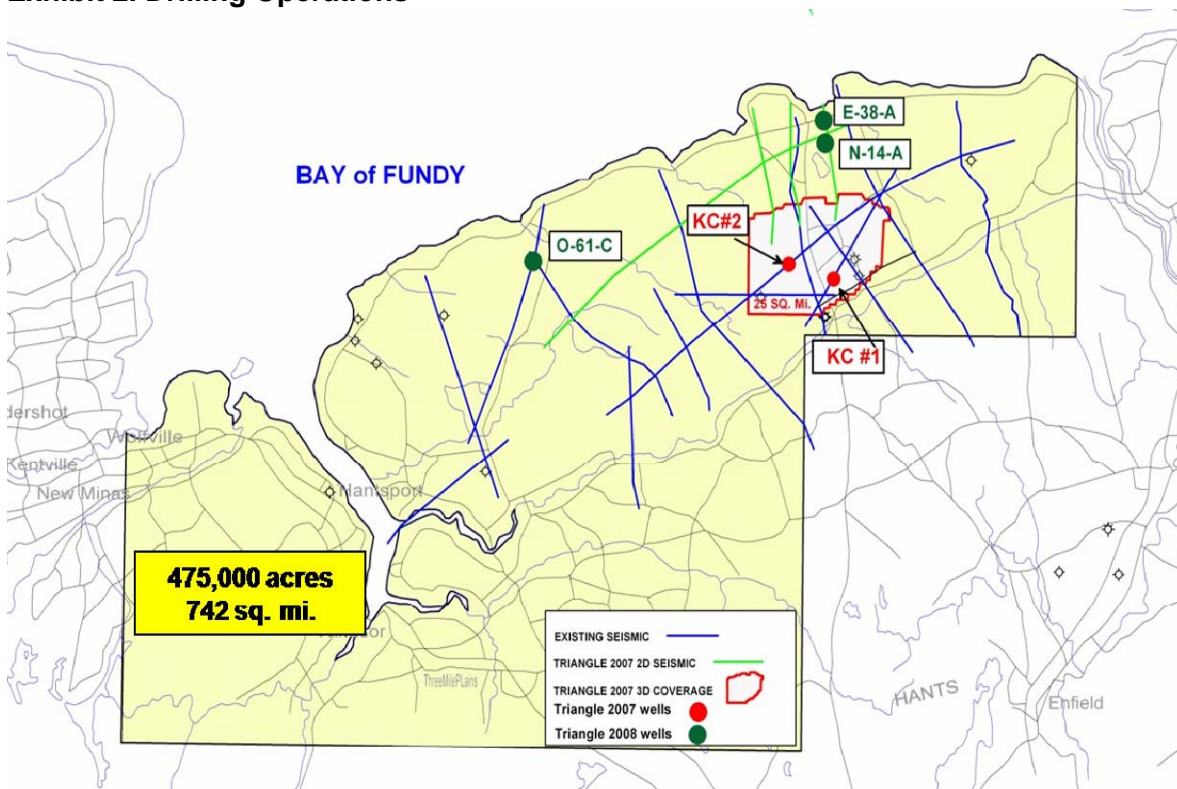
The **N-14-A well** was drilled to a total depth of 2,600m and has over 1,000m of prospective gas-bearing shales, siltstones, and sandstones. The Horton Bluff shale was encountered

at 1,100m, with the highest gas response found between 1,300m and 2,500m. A completion program on a 100m interval at approximately 1,900m was performed in late 2008. Four discrete zones were perforated and then individually fractured in a four-stage, 200 tonne operation. Triangle tested the N-14-A well during Q1 2010. In April 2009, frac flowback operations were suspended after only 15% of load fluid was recovered from the well and a negligible amount of gas was produced. Analysis of the well indicates an unusually high insitu stress regime where the well is located. This is likely the result of the close proximity to a major fault, which contributed to fracture ineffectiveness. Triangle may perform completion activities higher in the well.

The **O-61-C well**, located approximately 22 km west of N-14-A, was drilled to a total depth of 2,960m. This well is located in a separate fault block which extends the geologic trend from the original two test wells drilled by Triangle. Logs indicate over 300m of shale within the Horton Bluff section. The well also encountered several other intervals in the Windsor and Horton groups, which may contain conventional hydrocarbons. The O-61-C well was completed in May 2009. Several tight sand and carbonate intervals were perforated. The well was not fracture treated, nor did any hydrocarbon flow from the well. The O-61-C well did provide information that will assist in future exploration operations.

The **E-38-A well** was drilled to a total depth of 1,700m. The well is located in the Kennetcook area near N-14-A, but in a separate fault block. A shale section of approximately 1,000m is being evaluated for completion. This well will evaluate an area that is structurally and geologically distinct from that of the previous four wells drilled. Triangle is currently undergoing preliminary completion operations on this well.

Exhibit 2. Drilling Operations



Source: Company Reports

The Horton Bluff shale is comparable to other shale gas plays in the U.S., such as the Barnett and Fayetteville shale plays. Exhibit 3, below, indicates the Horton Bluff shale is considerably thicker, than both the Barnett and Fayetteville shale. The Total

Organic Carbon (TOC) provides information on the organic richness of the formation. Usually, a TOC of at least 1% is required for commercial production – the higher the better. The Horton Bluff has a greater TOC range, than the other two shale formations, at 2-10%. A higher thermal maturity often produces higher rate gas wells. The Horton Bluff maturity is estimated at 1.5-3.0 %Ro, inline with the other two plays.

Exhibit 3. Comparison of the Windsor Block to Barnett and Fayetteville

	<i>Horton Bluff (Nova Scotia)</i>	<i>Barnett (Texas)</i>	<i>Fayetteville (Arkansas)</i>
Geological Age	Devonian/Mississippian	Mississippian	Mississippian
Thickness (ft.)	1,000-3,000	300-500	10-400
Depth (ft.)	4,500-9,000	6,000-9,000	1,500-6,500
Total Organic Carbon (TOC)	2-10%	3-8%	4-9.5%
Maturity (Ro)	1.5-3.0	1.2-2.0	1.5-4.0
Gas in Place (bcf/section)	89-109	30-40	55-65

Source: Company Reports

Outlook & Capital Expenditures

For the remainder of F2010 ending January 31, 2010, Triangle plans to continue to evaluate the five wells drilled. The Company expects to finish the completion of the E-38-A well, acquire additional seismic, and continue the hunt for a joint venture partner. Total capital expenditures for F2010 are estimated at \$2 million. This includes fiscal year-to-date expenditures, such as completing the three wells drilled in 2008. These capital expenditures are necessary to meet the requirements of the 10-year production lease, mentioned above.

Once a new joint venture partner is determined, Triangle expects to revise its capital expenditures for the next year. Available capital is to be allocated towards the Windsor Block; however, current working capital is not adequate to meet the planned exploration program. If a joint venture partner can be obtained, Triangle plans to drill an additional 4-6 wells. Exploration of the basin through these wells is expected to cost \$20 to 30 million. A horizontal well may be included among these wells. Approximately \$30-\$32 million has been spent on the Windsor Block to-date, with approximately \$17 million incurred by Triangle since May 2007.

Other Projects

Western Canada

Triangle continues to pursue entry into potential shale gas plays in Alberta. The Company's goal is to establish an initial land position, and begin an exploration program in 2009 or 2010. Triangle has identified prospective shale areas where it believes it may have a technical advantage, due to its experience with other shale gas plays in North America. Like with Windsor, Triangle will seek out a joint venture partner, in order to provide funding and mitigate exploration risk.

The Company is currently studying a number of plays in Alberta, and analyzing factors such as depth and complexity, in order to make the appropriate selection that complements the Company's niche expertise in shale. This Alberta project represents Triangle's long-term plan to diversify the Company. We do not expect a significant amount of resources will be invested in the area over the next couple of years, as Triangle

currently has its hands full with the Windsor Block. In the near-term, Triangle may purchase some data on the area and some in-house geologic studies.

Non-Core Properties

Triangle is producing a negligible net amount from two wells in the Alberta Deep Basin, which generate little revenue. The Company sold its low working interest in shale gas wells in the Barnett Shale. In regards to undeveloped properties, the Company has 9,852 non-operated net acres in the Fayetteville Shale trend (Arkansas), 8,754 non-operated net acres in the U.S. Rocky Mountains, and 3,656 net acres in the Alberta Deep Basin of Canada. In F2009, there was no exploration activity on these undeveloped land positions, and no exploration activity is planned for these projects in F2010.

Comparable Companies

It is difficult to compare Triangle with other shale exploration companies, such as in Alberta or the Utica shale in Québec. The shale gas plays outside the Maritimes are quite different geologically. Exhibit 4, below, presents some comparables from Atlantic Canada. While comparisons with companies in Alberta are a stretch, we have included Stealth Ventures in our Exhibit below. Stealth also has a CBM play at Cumberland, Nova Scotia, but its focus is on shale gas development in Alberta. Forent Energy's Alton Block is adjacent to the Windsor Block.

Exhibit 4. Canadian Comparable Companies

Company			Market Cap (C\$Mm)	Primary Shale Gas Plays	Net Acres
Contact Exploration	CEX	Not Rated	\$5.7	Frederick Brook shale, in Beech Hill, NB	68,000
Corridor Resources	CDH	BUY	\$241.0	Frederick Brook shale in McCully Field/Elgin, NB	321,000
Forent Energy	FEN	Not Rated	\$4.3	Horton Bluff shale in Alton Block and Beech Hill Block, NS	1,206,000
Stealth Ventures	SLV	Not Rated	\$7.7	Colorado Group shale in Wildmere, AB	56,000
Triangle Petroleum	TPLM, TPE	Speculative BUY	\$12.8	Horton Bluff shale in Windsor Group, NS	413,000

Source: Beacon Securities, Bloomberg, Company Reports

Financials (in U.S. dollars)

Q1 2010 ending April 30, 2009

Triangle reported a net loss per diluted share of \$0.01, compared to a loss of \$0.04 per share in Q1 2009. The decrease in net loss was largely the result of the elimination of debt in Q4 2009. Also lowering net loss, G&A expenses were almost 32% lower year-over year. Cost reductions were implemented, such as staff reductions and lower office costs. The stronger U.S. dollar during the quarter also reduced G&A expenses, as these costs are largely incurred in Canadian dollars, but reported in U.S. dollars.

Liquidity and Capital Resources

The Company has a clean balance sheet. In December 2008, Triangle entered into agreements with its convertible debenture holders to settle in full the principal and interest of its debentures, which totalled US\$12.2 million. The Company agreed to pay an aggregate of US\$6.5 million in cash and to issue an aggregate of 2.5 million common shares.

Triangle currently has a cash position of \$6.2 million, with no net debt. Working capital is \$6.7 million at the end of Q1 2010. Looking at the near-term only, Triangle has tailored its operations to the current level of capitalization, and should have sufficient cash to cover near-term cash outflows.

This is not the case in the medium to long-term. With such a large focus on exploration, cash flows are limited to very few producing wells. The Company has not generated significant revenues from its operations. In order to continue with its exploration and development projects, and expand its operations to the point of profitability, Triangle will have to raise debt or equity, divest assets, and/or attract a joint venture partner(s). Failure to obtain additional funding for its operations, to discover and exploit economically recoverable reserves, and inability to operate profitably, would hinder Triangle's ability to continue as a going concern. The Company currently does not have any available credit, bank financing, or other external sources of liquidity. With few wells producing, Triangle's operations have not been a source of liquidity.

A joint venture partner would be a more ideal way of securing additional capital. The current low share price and the economic slowdown would likely make equity or debt financing difficult. **If additional financial resources cannot be acquired, operations would likely come to a halt.** It would be incredibly difficult for Triangle to continue with its plans to drill 4-6 additional wells, and the Company would be unlikely to meet the requirements laid out for the Nova Scotia 10-year production lease. These requirements have a deadline of April 2014.

Forecast & Outlook

We have provided financial estimates for F2010 and F2011, below in Exhibit 5. As the Exhibit demonstrates, we expect Triangle will continue to experience negative cash flows over the next couple of years. The Company receives only a negligible amount of net production from its non-core operations. We calculate a normalized EBITDA that excludes impairment losses on oil and gas properties.

Exhibit 5. Beacon Securities' Forecast

Estimates	F2010 New	F2011 New
Average Production (Mmcf/d)	0.11	0.09
Average Production (BOE/d)	18.1	14.3
EBITDA (US\$ Thousand)	-\$3,240.2	-\$3,234.0
Earnings (US\$ Thousand)	-\$3,471.6	-\$3,333.8
EPS (FD)	-\$0.050	-\$0.048
Cash Flow (US\$ Thousand)	-\$2,920.9	-\$2,694.3
CFPS (FD)	-\$0.042	-\$0.039

Source: Beacon Securities

If Triangle obtains a joint venture partner, and can therefore continue with its plans for 4-6 exploration wells, these wells can be costly to complete due the level of fracturing necessary to generate production. However, since the current preferred well locations are in the 1,500m range (and will not likely ever be deeper than 2,500m), future exploration wells are likely to be cheaper than the first few wells drilled. The average well costs approximately \$5-\$6 million to drill and complete. In the more shallow areas of the basin, costs are lower, and have been as low as \$2 million. Some wells can cost as high \$8 million or more, if the well is deeper and a large number of fracs are required. While service costs have come down somewhat in the Western Canadian Sedimentary Basin, Triangle has yet to really benefit from any discounts due to the cost of transporting this equipment from Alberta to Nova Scotia.

Valuation and Recommendation

We are initiating coverage of Triangle Petroleum with a **SPECULATIVE BUY** rating and a **12-month target price of US\$0.55 per share, or C\$0.63**. Our target price is based on a NAVPS of US\$0.33, which reflects the Net Asset Value from the balance sheet, and a value of US\$0.21 per share for the Horton Bluff shale, as demonstrated in Exhibit 6. This equates to a total target NAVPS of US\$0.54. While the Horton Bluff shale holds a significant amount of potential, we believe the immense risk of this shale gas play warrants a SPECULATIVE BUY rating.

Exhibit 6. Triangle's Target Net Asset Value (in US\$)

	Net Asset Value (\$Thousands)		NAVPS	
Assets & Liabilities	\$23,267		\$0.33	
Triangle NAV	\$23,267		\$0.33	
	Potential NAV (\$Thousands)	Potential NAVPS	% Weighting	Risk Adjusted NAVPS
Horton Bluff Shale	\$1,495,022	\$21.38	1%	\$0.21
Exploration Project NAV	\$1,495,022	\$21.38		\$0.21
Triangle NAV				\$0.33
Total	\$1,518,288	\$21.71		\$0.54

Source: Beacon Securities, Bloomberg, Ryder Scott

We are placing a low weighting (1%) on the Horton Bluff shale due to the insufficient amount of financial resources currently available to significantly advance the exploration operations. Also impacting the weighting, is the substantial amount of risk involved, as it has not yet been determined whether commercial production is viable, and much more information is required. We will increase the weighting of the Horton Bluff shale upon Triangle attracting a joint venture partner. Other information that could increase that weighting includes positive data, which indicates an increase in the probability that commercial rates of production can be achieved.

There is a significant amount of risk. Triangle is in an early stage of its exploration operations. The reservoir quality within these basins is highly variable depending on the location. There is still much that is unknown with regards to the reservoir quality of the prospects. It has yet to be determined as to whether commercial rates of production can be achieved. It could take another year or more, before it can be determined whether commercial production is viable. More information is required in order to formulate reasonable estimates on various factors, such as the porosity, the number of wells that could be drilled, and the recovery rate. The Company's exploration operations in F2010 should assist in filling in these missing pieces to the puzzle.

Please note that the lack of this information makes estimating a NAV for the Horton Bluff shale very difficult at this stage. Our Horton Bluff NAV estimate assumes a 45% working interest, as Triangle is seeking a joint venture partner. Since the Company was prepared to go to 45%, in order for Zodiac to increase its working interest, we believe Triangle would give up approximately half of its current working interest to attract another partner.

The next catalysts for the stock will be the announcement of the results from the E-38-A well, which are expected in August, and hopefully an announcement of a joint venture

partner. Triangle is currently undergoing completion operations on the E-38-A well. Increases in natural gas prices would also contribute to boosting the share price.

Triangle should benefit from the technical expertise gained from its previous projects. Due to management's experience with other shale plays in North America, the Company is moving up on the shale learning curve. While there is still a lot left to learn, Triangle has positioned itself well to potentially reap the benefits of a potential multi-Tcf shale gas play.

Management Team

Mark Gustafson has been the **Chief Executive Officer and Chairman of the Board** since May 2005. Mr. Gustafson began his career with Price Waterhouse in 1981. He received his Chartered Accountant designation in 1983, and continued to work with Price Waterhouse's Calgary office until 1987. He has since held numerous senior executive positions in both private and public oil and gas, and oilfield service companies including EnServ Corporation, Total Energy Services Ltd., and Torrent Energy Corporation.

Howard Anderson is currently **President & Chief Operating Officer** of Triangle and its two wholly-owned operating subsidiaries – Elmworth Energy (Canada) and Triangle USA Corporation (US). Mr. Anderson joined Triangle Petroleum Corporation in February 2008 and brings more than 28 years of senior management and petroleum engineering experience to Triangle from organizations such as Esso Resources, Canadian Hunter Exploration (which later became Burlington Resources), Pioneer Natural Resources Canada Inc., and Rockyview Energy. Mr. Anderson received a Bachelor of Science in Engineering Physics from Queen's University at Kingston in 1979.

Shaun Toker was appointed **Chief Financial Officer** in August 2007. Prior to joining Triangle he was controller for an international, publicly traded company. Mr. Toker obtained a Chartered Accountant designation during his tenure as a Senior Accountant at KPMG. Prior to his position at KPMG he worked as a financial accountant with BP Amoco.

Board of Directors

Exhibit 7. Board of Directors

Name	Occupation	Shares Owned
Mark G. Gustafson	Chairman & CEO of Triangle Petroleum Corp.	2,573,500
Stephen A. Holditch	Head of Harold Vance Department of Petroleum Engineering at Texas A&M University	38,600
David L. Bradshaw	Former Chairman & CEO of Tipperary Corp.	20,000
Randal J. Matkaluk	Former co-founder & CFO of Relentless Energy Corp.	0

Note: Stephen Holditch, David Bradshaw, and Randal Matkaluk are on both the Audit Committee and the Compensation Committee.

Source: Company Reports

Ownership

Insider ownership is approximately 5%, while institutional ownership is approximately 56%.

Exhibit 8. Five Largest Holders (July 2009)

Holder Name	% Out
Palo Alto Investors	21.1%
Sprott Asset Management	9.8%
Luxor Capital Group	9.2%
Chilton Global Natural Resources	4.1%
Mark G Gustafson	3.7%

Source: Bloomberg, Company

Risks

- **Commodity Prices** - Volatility in natural gas prices will likely hamper results from Triangle and its share price.
- **Foreign Exchange Rates** – The Company’s reporting currency is U.S. dollars, but incurs many costs in Canadian dollars.
- **Geological Structure** - The geological structure and composition of the properties may hinder or inhibit production. Certain areas may be unable to produce gas due to low permeability, low porosity, or the presence of high pressure water. The composition of the properties is largely unknown and is highly variable, and varies depending on the location in the basin.
- **Government Regulations** - Energy companies are subject to controls and regulations implemented by various levels of government. There is no guarantee that an organization will be able to obtain all the necessary licenses and permits that may be necessary to carry out its exploration and development operations. Furthermore, the energy industry is subject to environmental regulation under various levels of government. Compliance with such regulations may require significant expenditures, while a breach could result in penalties and fines. As concerns continue to increase regarding greenhouse gas emissions and energy consumption, environmental standards are becoming stricter. This may result in increased fines and liabilities for companies, and higher capital expenditures required in order to comply with these regulations.
- **Joint Venture Partner** – Triangle may not be able to secure an additional joint venture partner for its Windsor operations. Furthermore, if Zodiac is unable to pay for its portion of the costs, this could slow down or halt the exploration operations.
- **Junior Exploration Company** – Triangle trades on the TSX Venture Exchange and on the OTC Bulletin Board, and may be volatile and illiquid.

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Ending Q2 2009	# Stocks	Distribution		
BUY	11	52.4%	BUY	Total 12-month return expected to be >15%
HOLD	8	38.1%	SPECULATIVE BUY	Potential total 12-month return is high (>15%), but given elevated risk, investment could result in a material loss
SELL	2	9.5%	HOLD	Total 12-month return expected to be between 0% and 15%
Total	21	100.0%	SELL	Total 12-month return expected to be negative

*as of quarter end

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