

Triangle Petroleum Corp.

TPLM : OTC : US\$0.14
TPE : TSX-V

HOLD

Target: US\$0.20 ↓

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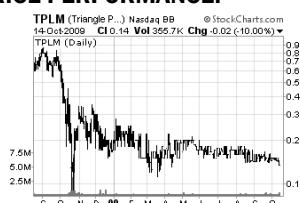
COMPANY STATISTICS:

52-week Range: US\$0.09 - 0.45
Market Cap (M): US\$9.4
Shares Out (M) fd: 83.8
Forecast Return: 48%
Ent Value (M): US\$3.9
Debt/Capitalization: 0%
Current NAV /shr: US\$0.20
Avg. Daily Vol. (000s): 240

EARNINGS SUMMARY:

FYE Jan	2008A	2009A	2010E
Production (boe/d):	48.2	23.3	21.0
% Natural Gas:	NM	100%	100%
EBITDA (M):	-15.2	-5.7	-2.6
EV/EBITDA:	NM	NM	NM
P/CF:	NM	10.0x	NM
EPS:			
Q1	(0.16)	(0.06)	(0.01)A
Q2	(0.12)	(0.04)	(0.01)A
Q3	(0.10)	(0.02)	(0.01)
Q4	(0.06)	0.05	(0.01)
Total	(0.41)	(0.06)	(0.05)
CFPS:			
Q1	(0.02)	(0.03)	(0.01)A
Q2	(0.03)	(0.01)	(0.01)A
Q3	(0.04)	(0.01)	(0.01)
Q4	0.00	0.05	(0.01)
Total	(0.08)	0.01	(0.03)

SHARE PRICE PERFORMANCE:



COMPANY SUMMARY:

Triangle Petroleum is an exploration company focusing on emerging Canadian shale gas projects in Nova Scotia and New Brunswick. Triangle has two operating subsidiaries: Elmworth Energy in Canada and Triangle USA Petroleum in the US.

All amounts in US\$ unless otherwise noted.

Energy -- Oil and Gas, Exploration and Production

UPDATING ESTIMATES

Event

We are maintaining our crude oil and gas price outlook for 2009 and 2010. Our previous price targets were based on 2009 commodity price trends, which we believe represent the bottom of this commodity cycle. We are revising our break-up values and price targets to reflect our 2010 forecasts.

Impact

We are maintaining our HOLD recommendation and lowering our price target from \$0.60 to \$0.20, which is based on break-up value of \$0.20 per share.

Valuation

In valuing our E&P companies, we use a combination of price-to-cash flow multiple for most of the companies and a break-up value estimate, which equals the net asset value plus the option value estimate. We establish a reasonable range based on the historical averages of a group of broad-based E&P companies, which includes fifteen E&P companies with market capitalizations ranging from about US\$1 billion to US\$50 billion. The price-to-cash flow multiple for the group has typically averaged in the range of 3.9 times to 6.5 times and the enterprise value to EBITDA multiple has averaged in the range of 4.2 to 6.4 times.

Next Catalyst

For more details on next catalyst, please refer to our recent Industry piece "A choppy recovery" dated October 14, 2009.

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Investment risks

Triangle's resource exposure is highly concentrated in two shale plays within the Canadian Maritimes. There are exploration risks at this stage of the Nova Scotia and New Brunswick shale gas programs. If the company is not successful in proving up the viability of these plays in a reasonable amount of time, there will be very little upside to the company's current valuation.

The company's small production base is leveraged to natural gas. Any rapid decline in gas prices could negatively impact the share price and decrease free cash flow.

The company is going through a growth period and will need to raise money or sell down acreage to sustain its drilling program. This could increase the company's debt load and share count, and could be dilutive to the net asset value.

Unconventional gas producers and companies operating in environmentally sensitive areas could be subject to regulatory-related delays.

Triangle Petroleum Corporation is a small company, trading on the OTC Bulletin Board and the TSE venture exchange. Triangle has relatively few shares that might not be illiquid and could be volatile.

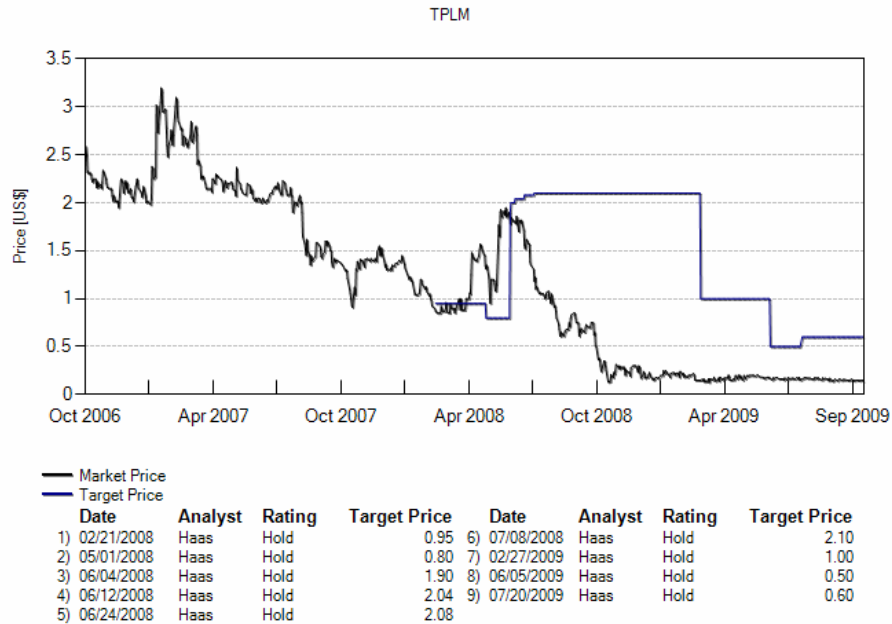
Triangle Petroleum Corporation is a young company, and we expect growing pains in the early years as the company ramps up its activities. Despite the company's best planning, logistical delays could occur that could impact share price negatively.

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Price Chart:*



*Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

Distribution of Ratings:

Global Stock Ratings
(as of 1 October 2009)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
Buy	369	56.5%	26	26.6%
Speculative Buy	70	10.7%	45	45.7%
Hold	190	29.1%	14	14.2%
Sell	24	3.7%	4	4.2%
	653	100.0%		

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BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
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SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.
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Company	Disclosure
Triangle Petroleum Corp.	7

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