

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended July 31, 2009

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-51321

**TRIANGLE PETROLEUM CORPORATION**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**98-0430762**  
(IRS Employer  
Identification No.)

Suite 1250, 521 - 3 Avenue SW  
Calgary, Alberta  
Canada T2P 3T3  
(Address of Principal Executive Offices)

(403) 262-4471  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of September 1, 2009, there were 69,926,043 shares of registrant's common stock outstanding.

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# TRIANGLE PETROLEUM CORPORATION AND SUBSIDIARIES

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Triangle Petroleum Corporation  
Consolidated Balance Sheets  
(Expressed in U.S. dollars)  
(Unaudited)

	July 31, 2009 \$	January 31, 2009 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,520,030	8,449,471
Prepaid expenses	340,945	339,839
Other receivables	<u>301,432</u>	<u>998,511</u>
<b>Total Current Assets</b>	<b>6,162,407</b>	<b>9,787,821</b>
Property and Equipment	51,598	39,765
Oil and Gas Properties (Note 3)	<u>18,135,879</u>	<u>16,942,864</u>
<b>Total Assets</b>	<b><u>24,349,884</u></b>	<b><u>26,770,450</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	218,819	2,123,079
Accrued liabilities	<u>33,697</u>	<u>90,539</u>
<b>Total Current Liabilities</b>	<b>252,516</b>	<b>2,213,618</b>
Asset Retirement Obligations (Note 4)	<u>927,235</u>	<u>727,862</u>
<b>Total Liabilities</b>	<b><u>1,179,751</u></b>	<b><u>2,941,480</u></b>
Going Concern (Note 1)		
Commitment (Note 8)		
<b>Stockholders' Equity</b>		
<b>Common Stock (Note 5)</b>		
Authorized: 100,000,000 shares, par value \$0.00001		
Issued: 69,926,043 shares (January 31, 2009 – 69,926,043 shares)	699	699
Additional Paid-In Capital (Note 5)	81,426,178	81,155,715
Warrants (Note 6)	4,237,100	4,237,100
Deficit	<u>(62,493,844)</u>	<u>(61,564,544)</u>
<b>Total Stockholders' Equity</b>	<b><u>23,170,133</u></b>	<b><u>23,828,970</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>24,349,884</u></b>	<b><u>26,770,450</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

Triangle Petroleum Corporation  
Consolidated Statements of Operations  
(Expressed in U.S. dollars)  
(Unaudited)

	Three Months Ended July 31, 2009 \$	Three Months Ended July 31, 2008 \$	Six Months Ended July 31, 2009 \$	Six Months Ended July 31, 2008 \$
Revenue, net of royalties	<u>29,183</u>	<u>107,831</u>	<u>63,087</u>	<u>259,950</u>
<b>Operating Expenses</b>				
Oil and gas production	31,875	4,154	52,576	63,381
Depletion and accretion (Notes 3 and 4)	50,262	23,268	91,477	93,567
Depreciation – property and equipment	7,335	9,988	11,674	19,747
General and administrative (Note 7)	855,300	1,142,684	1,675,148	2,343,402
Gain on sale of assets	(124,621)	(10,705)	(124,621)	(10,705)
Foreign exchange loss (gain)	<u>(558,575)</u>	<u>28,595</u>	<u>(707,654)</u>	<u>24,589</u>
	<u>261,576</u>	<u>1,197,984</u>	<u>998,600</u>	<u>2,533,981</u>
Loss from Operations	<u>(232,393)</u>	<u>(1,090,153)</u>	<u>(935,513)</u>	<u>(2,274,031)</u>
<b>Other Income (Expense)</b>				
Accretion of discounts on convertible debentures	-	(791,042)	-	(2,006,400)
Amortization of debt issue costs	-	(73,056)	-	(182,640)
Loss on debt extinguishment	-	(160,662)	-	(160,662)
Interest expense	-	(211,353)	-	(465,333)
Interest and royalty income	41	65,014	6,213	82,229
Unrealized gain on fair value of derivatives	<u>-</u>	<u>(125,741)</u>	<u>-</u>	<u>793,589</u>
Total Other Income (Expense)	<u>41</u>	<u>(1,296,840)</u>	<u>6,213</u>	<u>(1,939,217)</u>
Loss for the Period	<u>(232,352)</u>	<u>(2,386,993)</u>	<u>(929,300)</u>	<u>(4,213,248)</u>
Loss Per Share – Basic and Diluted	<u>(0.003)</u>	<u>(0.039)</u>	<u>(0.013)</u>	<u>(0.078)</u>
Weighted Average Number of Shares Outstanding – Basic and Diluted	<u>69,926,000</u>	<u>60,673,000</u>	<u>69,926,000</u>	<u>54,126,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

Triangle Petroleum Corporation  
Consolidated Statements of Cash Flows  
(Expressed in U.S. dollars)  
(Unaudited)

	Three Months Ended July 31, 2009 \$	Three Months Ended July 31, 2008 \$	Six Months Ended July 31, 2009, \$	Six Months Ended July 31, 2008 \$
<b>Operating Activities</b>				
Loss for the period	(232,352)	(2,386,993)	(929,300)	(4,213,248)
Adjustments to reconcile loss for the period to net cash used in operating activities:				
Accretion of discounts on convertible debentures	-	791,042	-	2,006,400
Amortization of debt issue costs	-	73,056	-	182,640
Depletion and accretion (Notes 3 and 4)	50,262	23,268	91,477	93,567
Depreciation – property and equipment	7,335	9,988	11,674	19,747
Stock-based compensation (Note 7)	135,543	227,756	270,463	341,036
Gain on sale of assets	(124,621)	(10,705)	(124,621)	(10,705)
Loss on debt extinguishment	-	160,662	-	160,662
Unrealized gain on fair value of derivatives	-	125,741	-	(793,589)
Unrealized foreign exchange changes	(547,225)	-	(709,812)	-
Asset retirement costs (Note 4)	-	(200,937)	(6,509)	(371,637)
Changes in operating assets and liabilities				
Unrealized foreign exchange changes	3,664	(1,583)	(4,494)	18,242
Prepaid expenses	(1,745)	102,925	(23,621)	54,639
Other receivables	11,992	1,222,469	683,244	1,109,526
Accounts payable	(40,268)	(501,737)	(154,402)	(295,071)
Accrued interest on convertible debentures	-	(1,087,957)	-	(833,977)
Accrued liabilities	4,251	(77,896)	5,739	(30,404)
<b>Cash Used in Operating Activities</b>	<b>(733,164)</b>	<b>(1,530,901)</b>	<b>(890,162)</b>	<b>(2,562,172)</b>
<b>Investing Activities</b>				
Purchase of property and equipment	(503)	(2,216)	(23,507)	(3,941)
Oil and gas property expenditures (Note 3)	(586,952)	(1,382,851)	(2,144,778)	(3,735,909)
Cash advances from partners	-	2,567,084	(677,843)	2,567,084
Proceeds received from sale of oil and gas properties	133,325	3,908,998	133,325	3,908,998
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(454,130)</b>	<b>5,091,015</b>	<b>(2,712,803)</b>	<b>2,736,232</b>
<b>Financing Activities</b>				
Proceeds from issuance of common stock	-	25,560,500	-	25,560,500
Share issuance costs	-	(2,022,587)	-	(2,022,587)
Convertible debenture repayment	-	(4,800,000)	-	(4,800,000)
<b>Cash Provided by Financing Activities</b>	<b>-</b>	<b>18,737,913</b>	<b>-</b>	<b>18,737,913</b>
Unrealized foreign exchange change on cash and cash equivalents	547,557	-	673,524	-
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(639,737)</b>	<b>22,298,027</b>	<b>(2,929,441)</b>	<b>18,911,973</b>
Cash and Cash Equivalents – Beginning of Period	6,159,767	1,195,535	8,449,471	4,581,589
Cash and Cash Equivalents – End of Period	5,520,030	23,493,562	5,520,030	23,493,562
Cash			5,520,030	110,315
Cash equivalents			-	23,383,247
<b>Non-cash Investing and Financing Activities</b>				

Common stock issued for conversion of debentures	<u>-</u>	<u>625,000</u>	<u>-</u>	<u>2,100,140</u>
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The accompanying notes are an integral part of these consolidated financial statements.

Triangle Petroleum Corporation  
Statement of Stockholders' Equity  
Six Months Ended July 31, 2009  
(Expressed in U.S. dollars)  
(Unaudited)

	Common Stock Shares #	Common Stock Amount \$	Additional Paid-in Capital \$	Warrants \$	Deficit \$	Total \$
Balance – January 31, 2009	69,926,043	699	81,155,715	4,237,100	(61,564,544)	23,828,970
Stock based compensation (Note 7)	-	-	270,463	-	-	270,463
Net loss for the period	-	-	-	-	(929,300)	(929,300)
Balance – July 31, 2009	<u>69,926,043</u>	<u>699</u>	<u>81,426,178</u>	<u>4,237,100</u>	<u>(62,493,844)</u>	<u>23,170,133</u>

Triangle Petroleum Corporation  
Statement of Stockholders' Equity  
Six Months Ended July 31, 2008  
(Expressed in U.S. dollars)  
(Unaudited)

	Common Stock Shares #	Common Stock Amount \$	Additional Paid-in Capital \$	Warrants \$	Deficit \$	Total \$
Balance – January 31, 2008	46,794,530	468	57,852,277	-	(47,794,059)	10,058,686
Issuance of common stock for cash pursuant to private placement at \$1.40 per unit in June 2008	18,257,500	183	21,323,217	4,237,100	-	25,560,500
Share issuance costs	-	-	(2,022,587)	-	-	(2,022,587)
Issuance of common stock on conversion of convertible debentures at a weighted average price of \$0.88 per share	2,374,013	23	2,100,117	-	-	2,100,140
Fair value of conversion feature of convertible debentures converted	-	-	1,039,906	-	-	1,039,906
Stock based compensation (Note 7)	-	-	341,036	-	-	341,036
Net loss for the period	-	-	-	-	(4,213,248)	(4,213,248)
Balance – July 31, 2008	<u>67,426,043</u>	<u>674</u>	<u>80,633,966</u>	<u>4,237,100</u>	<u>(52,007,307)</u>	<u>32,864,433</u>

The accompanying notes are an integral part of these consolidated financial statements.

Triangle Petroleum Corporation, together with its consolidated subsidiaries (“Triangle” or the “Company”), is an independent oil and gas company focused primarily on the acquisition, exploration and development of resource properties consisting mainly of shale gas reserves. The Company’s primary exploration and development acreage is located in the Horton Bluff formation of the Maritimes Basin in Canada. The Company also has minor producing properties in the Fort Worth Basin and in the Alberta Deep Basin.

## 1. Going Concern

The Company is primarily engaged in the acquisition, exploration and development of oil and gas resource properties and has a limited number of producing wells that generate cash flows from operations. The Company has not generated significant revenues from operations and has incurred significant losses since inception. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern.

The Company will have to raise additional funds through equity or debt offerings, dispositions of assets or other means to fund general and administrative expenses and to complete the exploration and development phase of its programs. While the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary additional funds to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company’s interests in the underlying properties, and the attainment of profitable operations.

Failure to obtain additional financing will result in the going concern assumption being inappropriate and adjustments would be required to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

## 2. Accounting Policies

### (a) Basis of Presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. These consolidated financial statements include the accounts of the Company and its two wholly-owned subsidiaries, Elmworth Energy Corporation, incorporated in the Province of Alberta, Canada, and Triangle USA Petroleum Corporation, incorporated in the State of Colorado, USA. All significant intercompany balances and transactions have been eliminated. The Company’s fiscal year-end is January 31.

In the opinion of management, the accompanying financial statements reflect all adjustments necessary of a normal recurring nature to present fairly our financial position at July 31, 2009 and our operations and cash flows for the three and six month periods ended July 31, 2009 and 2008. In preparing the accompanying financial statements, management has made certain estimates and assumptions that affect reported amounts in the financial statements and disclosures of contingencies. Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results.

Certain reclassifications have been made to the prior period’s financial statements to conform to the current period’s presentation. Certain disclosures have been condensed or omitted from these financial statements. Accordingly, they should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended January 31, 2009.

The Company’s oil and gas operations are generally conducted jointly with others and, as such, these financial statements reflect the Company’s proportionate share of these operations.

## 2. Accounting Policies (continued)

### (b) Recently Adopted Accounting Pronouncements

In December 2007, the Financial Accounting Standard Board (FASB) revised the Statement of Financial Accounting Standard (SFAS) No. 141, "Business Combinations". SFAS No. 141R requires an acquirer to be identified for all business combinations and applies the same method of accounting for business combinations – the acquisition method – to all transactions. In addition, transaction costs associated with acquisitions are required to be expensed. The revised statement was effective to business combinations in the year February 1, 2009. The adoption of this statement will impact business combinations, if any, after February 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements". SFAS No. 160 requires the Company to report non-controlling interest in subsidiaries as equity in the consolidated financial statements; and all transactions between equity and non controlling interests as equity. SFAS No. 160 was effective for the Company commencing on February 1, 2009. The adoption of this statement did not effect the Company's financial statements.

In March 2008, the FASB has issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities", which requires disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 was effective on February 1, 2009. The adoption of this statement did not effect the Company's financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events". SFAS No. 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This Statement is effective for interim and annual periods ending after June 15, 2009. The adoption of this standard did not impact the second quarter financial statements except for disclosures with respect to the financial statement approval date. Subsequent events have been evaluated through September 1, 2009, the date at which the financial statements were approved for distribution.

## 3. Oil and Gas Properties

Six months ended July 31, 2009:

	Costs			Accumulated Depletion				Net Carrying Value
	Opening \$	Additions \$	Closing \$	Opening \$	Depletion \$	Gain \$	Closing \$	
Proved Properties	12,775,959	21,921	12,797,880	12,703,090	30,345	-	12,733,435	64,445
Unproven Properties	34,746,896	1,076,818	35,823,714	17,876,901	-	(124,621)	17,752,280	18,071,434
<b>Total</b>	<b>47,522,855</b>	<b>1,098,739</b>	<b>48,621,594</b>	<b>30,579,991</b>	<b>30,345</b>	<b>(124,621)</b>	<b>30,485,715</b>	<b>18,135,879</b>

### 3. Oil and Gas Properties (continued)

For the six month period ended July 31, 2009, the Company's net cash outflow for oil and gas additions was \$2,144,778, which includes \$1,098,739 of additions incurred in the period (net of \$133,325 of disposition proceeds in the quarter) and \$1,057,464 of payments mainly for January 31, 2009 accounts payable related to oil and gas additions.

#### Proved Properties

At July 31, 2009, the carrying value of the Company's proved properties was \$64,445 (January 31, 2009 - \$72,869), which were all located in the Alberta Deep Basin of Canada. For the three month period ended July 31, 2009, depletion expense was \$7,854 (2008 - \$18,200) in Canada and \$nil (2008 - \$nil) in the United States. For the six month period ended July 31, 2009, depletion expense was \$15,891 (2008 - \$45,106) in Canada and \$14,454 (2008 - \$5,922) in the United States.

#### Unproven Properties

All of the Company's unproven properties are not subject to depletion.

In June 2009, the Company sold its 25% working interest in 17,307 acres in the Nugget area of Colorado (Rocky Mountains project) for cash of \$83,325 and recovered a drilling deposit in the Fayetteville area of Arkansas for cash of \$50,000. The net book value of the U.S. properties at the time of sale was \$8,704. As such, the Company recorded a gain on sale of assets of \$124,621.

In June 2009, the Company acquired an additional 30% working interest in the Windsor Block of the Maritimes Basin in Nova Scotia from Contact Exploration Inc. ("Contact") for a cash payment of C\$270,000 (US\$244,750). The Company also agreed to provide Contact a 5.75% non-convertible gross overriding royalty interest and assumed the liabilities related to Contact's former working interest.

The Company's unproven acquisition and exploration costs were distributed in the following geographic areas:

	July 31, 2009 \$	January 31, 2009 \$
Windsor Block of Maritimes Basin (Nova Scotia)	17,947,965	16,818,586
Western Canadian Shale (Alberta and B.C.)	123,469	51,409
Total unproven acquisition and exploration costs	<u>18,071,434</u>	<u>16,869,995</u>

### 4. Asset Retirement Obligations

	Six Months July 31, 2009 \$	Six Months July 31, 2008 \$
Balance, beginning of period	727,862	1,003,353
Liabilities incurred	144,750	45,450
Liabilities settled as part of disposition	-	(137,429)
Liabilities settled in cash	(6,509)	(371,637)
Accretion	61,132	42,539
Balance, end of period	<u>927,235</u>	<u>582,276</u>

**5. Common Stock**

	Shares #	Common Stock \$	Additional Paid- In Capital \$
January 31, 2009	69,926,043	699	81,155,715
Stock based compensation	-	-	270,463
July 31, 2009	<u>69,926,043</u>	<u>699</u>	<u>81,426,178</u>

**6. Warrants**

As at July 31, 2009, the Company had 9,128,750 warrants outstanding that can be exercised into 9,128,750 shares of common stock at a price of \$2.25 per share, which expire on June 3, 2010. The warrants were granted on June 3, 2008, at which time they had a relative fair value compared to the common stock issued of \$4,237,100.

**7. Stock Options**

The weighted average grant date fair value of stock options granted during the three and six month periods ended July 31, 2009 was \$0.213. No stock options were exercised during the three and six month periods ended July 31, 2009. During the three and six month periods ended July 31, 2009, the Company recorded stock-based compensation of \$135,463 and \$270,463 (2008 - \$227,756 and \$341,036), respectively, as general and administrative expense.

A summary of the Company's stock options outstanding is as follows:

	Options #	Weighted Average Exercise Price \$	Aggregate Intrinsic Value \$
Outstanding, January 31, 2009	4,985,000	1.14	
Granted	250,000	0.27	
Forfeited	(100,000)	0.24	
Outstanding, July 31, 2009	<u>5,135,000</u>	<u>1.11</u>	<u>-</u>
Exercisable, July 31, 2009	<u>1,855,000</u>	<u>2.18</u>	<u>-</u>

The weighted average remaining contractual life of stock options outstanding as of July 31, 2009 was 3.8 years.

As at July 31, 2009, there was \$839,735 of total unrecognized compensation costs related to non-vested share-based compensation arrangements which are expected to be recognized over a weighted-average period of 26 months.

**7. Stock Options (continued)**

A summary of the status of the Company's non-vested share options as of July 31, 2009, and changes during the six month period ended July 31, 2009, is presented below:

	Options #	Weighted Average Grant-Date Fair Value \$
Non-vested at January 31, 2009	3,525,000	0.31
Granted	250,000	0.21
Vested	(395,000)	0.73
Forfeited	<u>(100,000)</u>	<u>0.09</u>
Non-vested at July 31, 2009	<u>3,280,000</u>	<u>0.26</u>

**8. Commitment**

The Company entered into a 10-year production lease for 474,625 gross acres on the Windsor Block in Nova Scotia, Canada on April 15, 2009. During the first five years of the lease, Triangle has agreed to continue to evaluate the Windsor Block by drilling seven wells, completing three wells previously drilled and acquiring seismic, which was estimated to cost C\$12.7 million gross (approximately US\$11.8 million). At the end of the fifth year of the lease, areas of the block not adequately drilled or otherwise evaluated may be subject to surrender. Furthermore, at the end of the second year of the lease, a technical report is required to be provided to and assessed by the Nova Scotia government to maintain certain lands.

During the first year of the lease, the Company has agreed to perform completion operations on the three wells drilled in the prior year and acquire seismic, which was estimated to cost C\$2,000,000 gross. The Company posted a C\$200,000 gross refundable deposit related to the first year commitment; should the Company not perform the work, a portion or all of the deposit could be forfeited. As of July 31, 2009, two of the three required well completions have been performed, the third is in progress and permitting commenced for the seismic program.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.*

*Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. The following Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the Consolidated Financial Statements and notes related thereto included in this Quarterly Report on Form 10-Q. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions. Factors that could cause differences include, but are not limited to, expected market demand for our products, fluctuations in pricing for materials, and competition.*

### Overview

We are an exploration company focused on emerging shale gas opportunities. Our corporate strategy is to utilize our U.S. shale gas experience to secure early stage shale gas projects in Canada. In conjunction with this strategy, we have screened and participated in various projects in North America with numerous potential joint venture partners. These project areas include the Barnett Shale trend in Texas (three producing wells), the Fayetteville Shale trend in Arkansas, the Beech Hill Block in New Brunswick and the Windsor Block in Nova Scotia. We have also participated in conventional oil and gas plays in the province of Alberta (two producing wells) and the states of Montana, Colorado and Wyoming.

We have selected the Windsor Block in Nova Scotia as our core project, which is focused on a shale gas opportunity located in the Maritimes Basin of Eastern Canada. We intend to execute our operating plan in order to realize the full value of the land base that has been established in the Maritimes Basin. We are also in the process of evaluating a potential secondary shale gas project in Western Canada. All other projects are currently designated as non-core due to our desire to focus our limited manpower resources on the one core project.

Prior to May 2005, we were known as Peloton Resources Inc., a mining exploration company. Peloton was actively searching for ore bodies containing gold in British Columbia. A consultant was hired to assess the economic viability of exploring for and developing gold reserves on Peloton's properties. Based upon his report, Peloton decided to abandon all mining activities and to change its focus towards oil and gas exploration. In connection with the shift in operational focus, we changed our name to Triangle Petroleum Corporation.

### Plan of Operations

During the first half of fiscal 2010, we finalized the Windsor Block production lease (April 15, 2009), tested one of the exploration wells that was completed in 2008, completed the remaining two exploration wells drilled in 2008 and retested the two wells drilled in 2007. For the balance of fiscal 2010, we plan on continuing the technical evaluation of the five wells drilled to date on the Windsor Block, including further completion operations and testing of the exploration wells that were drilled in 2008, acquiring additional seismic, and searching for one or more new joint venture partners to join us in the next phase of our Windsor Block exploration program. Once we have more certainty on the terms of a new joint venture partner, we plan to revise our work program and budget for the remainder of the 2010 fiscal year. We intend to allocate our available working capital to the Windsor Block as described above. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. Furthermore, while we intend to use our working capital as described above, our current working capital is not sufficient to complete the anticipated exploration program.

## Properties

All of our oil and gas properties are located in the United States and Canada.

### *Core Property*

***Eastern Canadian Shale Gas Project – Windsor Block*** – We have an 87% working interest in 474,625 gross acres (412,924 net acres) in the Windsor Sub-Basin of the Maritimes Basin located in the Province of Nova Scotia, Canada and serve as operator of the Windsor Block; Zodiac Exploration Corp. has earned a 13% working interest in the Windsor Block. We acquired an additional 30% working interest in the Windsor Block in June 2009 from Contact Exploration Inc. (“Contact”) in exchange for agreeing to provide Contact a 5.75% non-convertible gross overriding royalty interest. Contact also received a cash payment of C\$270,000 (approximately US\$245,000) and we assumed the liabilities related to Contact's former working interest. Up to April 15, 2009, the land was governed by an exploration agreement. On April 15, 2009, the Windsor Block exploration agreement was transferred to a 10-year production lease. Under the terms of this lease:

- The production lease grants rights to 474,625 gross acres (412,924 net acres), covering substantially all of the land which we had leased previously under the terms of the exploration agreement. Fringe acreage deemed non-prospective was voluntarily surrendered;
- We hold rights to conventional oil and gas within the lease, which includes shale gas, in the Windsor and Horton Groups, excluding natural gas from coal. We believe coals are not prospective within the Windsor Block;
- To retain rights to this land block, we have agreed to continue to evaluate the lands during the first five years of the lease by drilling seven wells, completing three exploration wells previously drilled, and acquiring seismic, which was estimated to cost C\$12.7 million gross. These wells are to be distributed across the land block to fully evaluate conventional and shale resources. In addition to annual progress reporting to maintain the lease in good standing, on the second anniversary of the lease, we are obliged to provide a detailed report to the Nova Scotia government to assess our evaluation activities to maintain certain lands. After the fifth anniversary, leased areas not adequately drilled or otherwise evaluated may be subject to surrender;
- During the first year of the lease, we agreed to complete the three exploration wells that were drilled in the prior year and acquire seismic, which was estimated to cost C\$2 million gross. A C\$200,000 gross refundable deposit was posted related to the first year commitment; should the work not be completed, a portion or all of the deposit could be forfeited;
- Current royalty rates are set at 10% in Nova Scotia; and
- Tenure on some or all of the lands is eligible for renewal after the first 10 years, based on the establishment of commercial production and/or the satisfaction of certain drilling and evaluation criteria.

From May 2007 to June 2008, we executed the first phase of the Windsor Block exploration program consisting of a 2D and 3D seismic program, geological studies, and drilling and completing two vertical test wells (Kennetcook #1 and Kennetcook #2). From July 2008 to March 2009, we executed the second phase of the Windsor Block shale gas exploration program consisting of drilling three vertical exploration wells (N-14-A, O-61-C and E-38-A) and completing one of these wells (N-14-A).

During the first quarter of fiscal 2010, we tested the N-14-A well, which was completed in early December 2008 with a four-stage perforation and fracture treatment. The frac flowback operations were suspended in April 2009 after the well recovered 15% of load fluid but negligible gas production. Subsequent analysis indicates an unusually high insitu stress regime in the immediate vicinity of the well, likely due to proximity to a major fault, which contributed to fracture ineffectiveness. Completion operations on the O-61-C well commenced in March 2009 and continued into early May. Several tight sand and carbonate intervals were perforated but not fracture-treated. We obtained useful geological information from the well that will help guide subsequent exploration efforts. No hydrocarbons flowed from the well.

During the second quarter of fiscal 2010, operations on the E-38-A well moved forward with three zones having been perforated and treated with diagnostic “micro-fracs.” Engineering data from these tests are currently being evaluated. E-38-A evaluates an area of the Windsor Block which is structurally and geologically distinct from previous wells drilled in the field. Also in the second quarter, the two wells drilled in 2007, Kennetcook #1 and Kennetcook #2, were re-entered to isolate and test individual zones to identify the “gassiest” intervals in each well. From these tests, it appears the fracture treatments undertaken previously have commingled multiple zones together, making it difficult to separate gas from water in the subsurface.

**Other Properties**

**Western Canadian Shale Project** – We continue to actively position ourselves for an entry into potential shale gas plays in Alberta and British Columbia. Our objective is to potentially establish an initial land position and to commence an exploration program in 2009 or 2010. To date, we have undertaken in-depth technical studies of several prospective shale horizons using our proprietary shale knowledge and experience, and have identified prospective areas where we believe we may have a technical and business advantage. A joint venture partner will be added at the appropriate time to provide funding and mitigate exploration risk. This approach is consistent with the strategy we employed to establish our position in the Windsor Block in Nova Scotia.

**Non-Core Producing Properties** – We are producing from two wells in the Alberta Deep Basin of Canada and three low working interest shale gas wells in the Barnett Shale trend of the Fort Worth Basin of Texas, U.S.

**Non-Core Undeveloped Properties** – In June 2009, we sold 4,327 non-operated net acres in the U.S. Rocky Mountains for gross proceeds of \$83,325. We currently have 9,852 non-operated net acres in the Fayetteville Shale trend (Arkoma Basin – Arkansas, U.S.), 4,747 non-operated net acres in the U.S. Rocky Mountains and 3,656 net acres in the Alberta Deep Basin of Canada. In fiscal 2009, there was no exploration activity on these undeveloped land positions and there continues to be no exploration activity planned for these projects in fiscal 2010.

**Results of operations for the three and six months ended July 31, 2009 compared to the three and six months ended July 31, 2008**

**Daily Sales Volumes, Working Interest before royalties**

		Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
Barnett Shale in Texas, USA	Mcf/day	56	35	56	70
Deep Basin in Alberta, Canada	Mcf/day	62	100	66	122
<b>Total Company</b>	<b>Mcf/day</b>	<b>118</b>	<b>135</b>	<b>122</b>	<b>192</b>
Total Company	Boe/day*	20	23	20	32

\* Thousand Cubic Feet (“Mcf”) converted into Barrel of Oil Equivalent (“Boe”) on a basis of 6:1

### Net Operating Results

		Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
Volumes	Mcf	10,825	12,250	22,140	34,905
Price	\$/Mcf	3.19	10.53	3.43	9.05
Revenue		\$ 34,584	\$ 128,939	\$ 75,984	\$ 315,962
Royalties		5,401	21,108	12,897	56,012
Revenue, net of royalties		29,183	107,831	63,087	259,950
Production expenses		31,875	4,154	52,576	63,381
Net		\$ (2,692)	\$ 103,677	\$ 10,511	\$ 196,569

For the three and six month periods ended July 31, 2009, we realized \$34,584 and \$75,984, respectively, in revenue from sales of natural gas and natural gas liquids, as compared to \$128,939 and \$315,962 in the same periods of the prior year. Revenue decreased mainly due to reduced natural gas prices and reduced production volumes. Royalties as a percent of revenue were 16% and 17% for the three and six month periods ended July 31, 2009, respectively, which was consistent with 16% and 18% in the same periods of the prior year. Production expenses related to this revenue were \$17.67/Boe and \$14.25/Boe for the three and six month periods ended July 31, 2009, respectively, compared to \$2.03/Boe and \$10.89/Boe in the same periods of the prior year; the increase in the per Boe rate in the three and six month period ended July 31, 2009 was mainly due to the higher non-routine maintenance costs of wells.

### Depletion, Depreciation and Accretion

	Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
Depletion – oil and gas properties	\$ 7,854	\$ 13,557	\$ 30,345	\$ 51,028
Accretion	42,408	9,711	61,132	42,539
Depletion and Accretion	50,262	23,268	91,477	93,567
Depreciation – property and equipment	7,335	9,988	11,674	19,747
Total	\$ 57,597	\$ 33,256	\$ 103,151	\$ 113,314
Depletion per BOE	\$ 4.35	\$ 6.64	\$ 8.22	\$ 8.77

Unproven property costs of \$18,071,434 (January 31, 2009 – \$16,869,995) were excluded from costs subject to depletion at July 31, 2009. Depletion expense per Boe related to oil and gas properties in the three and six month periods ended July 31, 2009 decreased as compared with the same period of the prior year mainly as a result of the ceiling test write-downs on proved properties in the previous year which decreased the depletion base.

**General and Administrative (“G&A”)**

	Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
Salaries, benefits and consulting fees	\$ 462,076	\$ 558,182	\$ 764,983	\$ 958,109
Office costs	142,278	191,552	303,127	458,709
Professional fees	42,910	23,559	183,848	288,725
Public company costs	92,962	172,122	185,055	329,001
Operating overhead recoveries	(20,469)	(30,487)	(32,328)	(32,178)
Stock-based compensation	135,543	227,756	270,463	341,036
<b>Total G&amp;A</b>	<b>\$ 855,300</b>	<b>\$ 1,142,684</b>	<b>\$ 1,675,148</b>	<b>\$ 2,343,402</b>

G&A expenses decreased in the three and six month periods ended July 31, 2009 compared to the same period of the prior year primarily due to management implementing cost reductions and the strengthening of the U.S. dollar versus the Canadian dollar.

- Salaries, benefits and consulting fees, which are primarily incurred in Canadian dollars, decreased in the three and six month periods \$96,106 and \$193,126, respectively, mainly due to reduced staff and consultants of \$27,000 and \$61,000, respectively, and the strengthening of the U.S. dollar versus the Canadian dollar by 12% and 18%, respectively, causing a decrease of \$61,000 and \$146,000, respectively;
- Office costs, which are primarily incurred in Canadian dollars, decreased in the three and six month periods \$49,274 and \$155,582, respectively, mainly due to reduced software, insurance and travel costs of \$19,000 and \$74,000, respectively, and the strengthening of the U.S. dollar versus the Canadian dollar by 12% and 18%, respectively, causing a decrease of \$21,000 and \$70,000, respectively;
- Professional fees, which are primarily incurred in Canadian dollars, decreased in the six month period \$104,877 mainly due to reduced audit and accounting fees of \$83,000, which were higher in the prior year due to non-recurring audit and accounting fees for restatements of financial statements, and the strengthening of the U.S. dollar versus the Canadian dollar by 18% causing a \$44,000 decrease, which was offset by increased legal fees of \$22,000 due to the TSX Venture listing late in the prior year. Professional fees increased in the three month period \$19,351 mainly due to increased reserve evaluation fees of \$16,000 and increased legal fees of \$6,000 due to the TSX Venture listing late in the prior year; and
- Public company costs decreased in the three and six month periods \$79,160 and \$143,946, respectively, mainly due to reduced investor relation costs of \$66,000 and \$137,000, respectively. Public company costs consist mainly of fees for investor relations and also include directors' fees, press release and Securities Exchange Commission (“SEC”) filing costs, printing costs and transfer agent fees.

**Accretion of Discounts on Convertible Debentures**

Agreement Date	Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
December 8, 2005	\$ -	\$ 186,764	\$ -	\$ 813,337
December 28, 2005	-	604,278	-	1,193,063
<b>Total accretion of discounts</b>	<b>\$ -</b>	<b>\$ 791,042</b>	<b>\$ -</b>	<b>\$ 2,006,400</b>

The accretion of discounts was fully recognized in the prior year since the December 8, 2005 debentures were fully converted and repaid June 5, 2008 and the December 28, 2005 debentures were settled December 18, 2008.

**Interest Expense**

Agreement Date	Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
December 8, 2005	\$ -	\$ 22,312	\$ -	\$ 91,360
December 28, 2005	-	189,041	-	373,973
Total interest expense	<u>\$ -</u>	<u>\$ 211,353</u>	<u>\$ -</u>	<u>\$ 465,333</u>

There was no interest expense in the current period since the December 8, 2005 debentures were fully converted and repaid June 5, 2008 and the December 28, 2005 debentures were settled December 18, 2008.

**Oil and Gas Properties**

	Net Book Value January 31, 2008	Additions	Depletion and Impairment	Dispositions	Gain (Loss)	Net Book Value July 31, 2009
<b><u>Unproven</u></b>						
Windsor Block Maritimes Shale – Nova Scotia, Canada	\$ 16,818,586	\$ 1,129,379	\$ -	\$ -	\$ -	\$ 17,947,965
Western Canadian Shale – Alberta and B.C., Canada	51,409	72,060	-	-	-	123,469
Fayetteville and Rocky Mountains	-	8,704	-	(133,325)	124,621	-
<b><u>Proved</u></b>						
Canada	72,869	7,467	(15,891)	-	-	64,445
U.S.A.	-	14,454	(14,454)	-	-	-
Net	<u>\$ 16,942,864</u>	<u>\$ 1,232,064</u>	<u>\$ (30,345)</u>	<u>\$ (133,325)</u>	<u>\$ 124,621</u>	<u>\$ 18,135,879</u>

During the six month period ended July 31, 2009, we focused on the Windsor Block and spent \$1,129,379 primarily for:

- completing the second phase of the Windsor Block exploration program consisting of testing the N-14-A well (approximately \$163,000), completion operations on the O-61-C well (approximately \$200,000), and completion operations on the E-38-A well (approximately \$123,000);
- retesting the Kennetcook #1 and #2 wells (approximately \$214,000); and
- acquiring Contact's 30% working interest in the Windsor Block for cash of \$245,000 and the assumption of future estimated non-cash asset retirement costs of \$144,750. We also agreed to provide Contact a 5.75% non-convertible gross overriding royalty interest.

**Net Cash Oil and Gas Additions:**

	Six Months Ended July 31, 2009	Six Months Ended July 31, 2008
Net additions, per above table	\$ 1,232,064	\$ 1,743,591
Non-cash ARO additions	(144,750)	(45,450)
Non-cash ARO dispositions	-	137,429
Changes in investing working capital	1,057,464	1,900,339
Net oil and gas additions, per Statements of Cash Flows	<u>\$ 2,144,778</u>	<u>\$ 3,735,909</u>

## Liquidity and Capital Resources

To date, we have not generated significant revenues and have incurred significant operating losses in every quarter. These factors among others raise substantial doubt about our ability to continue as a going concern.

As at July 31, 2009, we had working capital of \$5,909,891, resulting primarily from our cash of \$5,520,030, prepaid expenses of \$340,945 and other receivables of \$301,432, offset by payables and accrued liabilities of \$252,516. For the six month period ended July 31, 2009, we had net cash outflow from operating activities before changes in working capital of \$1,396,628, mainly related to \$1,404,685 of cash general and administrative expenses, which is equal to general and administrative expenses net of non-cash stock based compensation expense.

On April 15, 2009 we converted the Windsor Block exploration agreement to a 10 year production lease on 474,625 gross acres (412,924 net acres) of land. During the first five years of the lease, we agreed to continue to evaluate the Block by drilling seven wells, completing three exploration wells previously drilled and acquiring seismic at a total gross estimate cost of C\$12.7 million. At the end of the second year of the lease, a technical report is due and the Nova Scotia government may request the surrender of certain lands they deem not adequately evaluated. At the end of the fifth year of the lease, areas of the land block not adequately drilled or otherwise evaluated may be subject to surrender. During the first year of the lease, we have agreed to spend an estimated gross C\$2,000,000 to complete the three exploration wells drilled in the prior year and to acquire seismic. We paid a C\$200,000 gross refundable deposit related to the first year commitment; should we not perform the work, a portion or all of the deposit could be forfeited.

We expect significant capital expenditures during the next 12 months for drilling programs on our Canadian shale program, overhead and working capital purposes. There is a risk that our joint venture partner in the Windsor Block will not be able to pay for their portion (13%) of the well costs, which would slow down or stop exploration on the Windsor Block. There is also a risk we may not secure a new joint operating partner in the Windsor Block, which would slow down or stop exploration on the Windsor Block. We will have to raise additional funds to complete the exploration and development phase of our programs and, while we have been successful in doing so in the past, there can be no assurance that we will be able to do so in the future. Our continuation as a going concern for a period longer than the 2010 fiscal year is dependent upon our ability to obtain necessary additional funds to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in our resource properties and the attainment of profitable operations.

By adjusting our operations to the current level of capitalization, we believe we have sufficient capital resources to meet projected cash flow deficits in the near term. However, if during that period, or thereafter, we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

We presently do not have any available credit, bank financing or other external sources of liquidity. Due to our brief history and historical operating losses, our operations have not been a source of liquidity. We will need to obtain additional capital in order to expand operations and become profitable. In order to obtain capital, we may need to sell additional shares of our common stock or borrow funds from private lenders. There can be no assurance that we will be successful in obtaining additional funding.

We will still need additional capital in order to continue operations until we are able to achieve positive operating cash flow. Additional capital is being sought, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, the trading price of our common stock and a downturn in the North American stock and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

## **Critical Accounting Policies**

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

### **Investment in Oil and Gas Properties**

We utilize the full cost method to account for our investment in oil and gas properties. Accordingly, all costs associated with acquisition and exploration of oil and gas reserves, including such costs as leasehold acquisition costs, interest costs relating to unproven properties, geological expenditures and direct internal costs are capitalized into the full cost pool. We have properties in two countries with proved reserves. For our proved oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proved reserves. Investments in unproven properties and major development projects including capitalized interest, if any, are not amortized until proved reserves associated with the projects can be determined. If the future exploration of unproven properties is determined uneconomical, the amounts of such properties are added to the capitalized cost to be amortized. The capitalized costs included in the full cost pool are subject to a ceiling test.

### **Asset Retirement Obligations**

We recognize a liability for future retirement obligations associated with our oil and gas properties. The estimated fair value of the asset retirement obligations is based on the current estimated cost escalated at an inflation rate and discounted at a credit adjusted risk-free rate. This liability is capitalized as part of the cost of the related asset and amortized over its useful life. The liability accretes until we settle the obligation. The costs are estimated by management based on its knowledge of industry practices, current laws and past experiences. The costs could increase significantly from management's current estimate.

### **Stock-Based Compensation**

We record compensation expense in the consolidated financial statements for stock options granted to employees, consultants and directors using the fair value method. Fair values are determined using the Black Scholes option pricing model, which is sensitive to the estimate of our stock price volatility and the options expected life. Compensation costs are recognized over the vesting period.

### Recently Issued Accounting Pronouncements

In 2008, the SEC adopted major revisions to its required oil and gas reporting disclosures which become effective as of January 1, 2010. Among other things, the amendments provide for the use of the 12-month average price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period for purposes of both the disclosure and full-cost accounting rules. With respect to accounting pronouncements that currently make reference to a single-day pricing regime with respect to oil and gas reserves, the SEC indicated that it was communicating with the FASB staff to align the standards used in the FASB's pronouncements with the new 12-month average price and that it will consider whether to delay the compliance date based on its discussions with the FASB. The SEC expressed the view that the change from using single-day year-end price to an average price should be treated as a change in accounting principle, or a change in the method of applying an accounting principle, that is inseparable from a change in accounting estimate and that the change would be considered a change in accounting estimate pursuant to Statement of Financial Accounting Standard No. 154 "Accounting Changes and Error Corrections" (SFAS 154) and accounted for prospectively. The SEC further expressed the view that any accounting change resulting from the changes in definitions and required pricing assumptions in Rule 4-10 of Regulation S-X should be treated as a change in accounting principle that is inseparable from a change in accounting estimate, not requiring retroactive revision but requiring recognition in the independent auditor's report through the addition of an explanatory paragraph. We will not be able to determine the impact of these amendments on our results of operation or financial condition until the FASB issues its pronouncements.

### **ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required under Regulation S-K for "smaller reporting companies."

### **ITEM 4T - CONTROLS AND PROCEDURES**

#### *(a) Evaluation of disclosure controls and procedures.*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of July 31, 2009. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as a result of the material weaknesses described below, our disclosure controls and procedures are not designed at a reasonable assurance level and are ineffective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is not accumulated nor communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The material weaknesses, which relate to internal control over financial reporting, that were identified are:

- a) We did not have sufficient personnel in our accounting and financial reporting functions. As a result, we were not able to achieve adequate segregation of duties and were not able to provide for adequate reviewing of the financial statements. This control deficiency, which is pervasive in nature, results in a reasonable possibility that material misstatements of the financial statements will not be prevented or detected on a timely basis; and
- b) We did not maintain sufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of US GAAP commensurate with our complexity and our financial accounting and reporting requirements. This control deficiency is pervasive in nature and specifically resulted in us restating previously filed annual and quarterly financial statements as a result of errors in the accounting for convertible debentures and warrants. Further, there is a reasonable possibility that material misstatements of the consolidated financial statements including disclosures will not be prevented or detected on a timely basis as a result.

Management believes that hiring additional knowledgeable personnel with technical accounting expertise will remedy the material weaknesses. Due to the fact that our accounting staff consists of a Chief Financial Officer and accounting clerk, additional personnel will also ensure the proper segregation of duties and provide more checks and balances within the department. We believe this will greatly decrease any control and procedure issues we may encounter in the future. To compensate for the current limited number of personnel in the accounting and reporting group, we focus on audit committee oversight and the use of external consultants for complex accounting matters. Furthermore, we will continue to engage consultants in the future as necessary in order to ensure proper accounting treatment of complex transactions.

Management will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. As part of this commitment, we will continue to assess our current personnel resources and technical accounting expertise within the accounting function. As our activities levels increase, we will look to increase our personnel resources to increase segregation of duties and provide in-house non-routine or complex accounting expertise. When funds are available to us and as operations increase, we will hire additional knowledgeable personnel with technical accounting expertise to further support our current accounting personnel, which management estimates could cost approximately \$100,000 per annum.

*(b) Changes in internal control over financial reporting.*

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results.

### Item 1A. Risk Factors.

Not required under Regulation S-K for “smaller reporting companies.”

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Submission of Matters to a Vote of Security Holders.

None.

### Item 5. Other Information.

None.

### Item 6. Exhibits

- 10.01 Overriding Royalty Agreement, dated as of June 10, 2009, by and between Elmworth Energy Corporation and Contact Exploration Inc.
- 31.01 Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.02 Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.01 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

## SIGNATURES

In accordance with requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### TRIANGLE PETROLEUM CORPORATION

Date: September 2, 2009

By: /s/ MARK GUSTAFSON

Mark Gustafson

Chief Executive Officer (Principal Executive Officer)

Date: September 2, 2009

By: /s/ SHAUN TOKER

Shaun Toker

Chief Financial Officer (Principal Financial Officer and  
Principal Accounting Officer)

**OVERRIDING ROYALTY AGREEMENT**

**THIS AGREEMENT** dated as of the 10<sup>th</sup> day of June, 2009

**BETWEEN:**

**CONTACT EXPLORATION INC.**, a body corporate, having an office in the City of Calgary, in the Province of Alberta (“**Contact**”)

- and -

**ELMWORTH ENERGY CORPORATION**, a body corporate, having an office in the City of Calgary, in the Province of Alberta (“**Elmworth**”)

**WHEREAS** the Royalty Owner has agreed to convey to the Royalty Payor the Royalty Owner’s entire interest in the Royalty Lands subject to the reservation of the Overriding Royalty.

**NOW THEREFORE** the parties hereto enter into this Agreement in consideration of mutual covenants and other good and valuable consideration, which the parties hereby acknowledge.

**1.0** **DEFINITIONS**

The definitions contained in the Overriding Royalty Procedure shall apply to this Agreement and in addition:

- a) “Overriding Royalty Procedure” means the 1997 CAPL Overriding Royalty Procedure attached as Schedule “B”.
  - b) “Royalty Lands” means those lands described in Schedule “A”.
  - c) “Royalty Owner” means Contact.
  - d) “Royalty Payor” means Elmworth.
  - e) “Effective Date” means the 1<sup>st</sup> day of May, 2009.
-

## **2.0 SCHEDULES**

The following Schedules are attached hereto and made part of this Agreement:

- a) Schedule "A" which describes the Title Documents, the Royalty Lands and the Encumbrances.
- b) Schedule "B" which is the Overriding Royalty Procedure

## **3.0 CONVEYANCE**

Royalty Owner hereby conveys to Royalty Payor all of Royalty Owner's undivided 30% interest (the "Working Interest") in the Royalty Lands and the Title Documents subject to the reservation to Royalty Owner of an Overriding Royalty. Royalty Payor shall assume all costs, expenses, risk and liability associated with the Working Interest from and after the Effective Date. The parties hereto agree to enter into a General Conveyance Agreement to evidence the agreement to sell, assign, transfer and convey the Working Interest from Royalty Owner to Royalty Payor as of the Effective Date

## **4.0 FURTHER CONSIDERATION**

In further consideration of Royalty Owner conveying the Working Interest in the Royalty Lands to Royalty Payor, Royalty Payor hereby agrees to pay to Royalty Owner the amount of \$270,000.00. In consideration of this payment by Royalty Payor, Royalty Owner hereby agrees to reimburse Royalty Payor for all outstanding amounts payable by Royalty Owner to Royalty Payor up to the Effective Date. The total amounts payable under this provision shall not exceed \$270,000.00 regardless whether such costs occurred before or after the Effective Date. Upon settlement of these outstanding amounts, Royalty Payor shall relieve Royalty Owner of any future obligations to reimburse Royalty Payor for any outstanding costs and expenses associated with the Royalty Lands from and after the Effective Date.

In addition, Royalty Payor shall assume all of Royalty Owner's liabilities and future costs related to the reclamation of the well site and any access roads associated with the well Oiltec et al Cogmagun #1 located at or near coordinates 45.082285 degrees North and 64.043977 degrees West. It is further understood and agreed to by the parties that Royalty Payor will take over the surface lease for the above referenced well and shall assume responsibility for the annual surface rental payments from and after the Effective Date.

## **5.0 AREA OF MUTUAL INTEREST**

The provisions of Clause 6, Area of Mutual Interest ("AMI"), of the Farmout Agreement dated May 10, 2007 between Royalty Owner and Royalty Payor, shall remain in effect until September 15, 2009, whereby any new working interests acquired by Royalty Payor within the AMI shall be subject to the Overriding Royalty payable to Royalty Owner.

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**6.0**      **TITLE**

- a) Each of the parties hereto represents and warrants that it has the requisite capacity and authority to enter into this Agreement and to perform the obligations to which it thereby becomes subject.
- b) The Royalty Owner does not warrant title to its interest in the Royalty Lands, but confirms that:
  - i) it has complied with the terms of the Title Documents to the extent necessary to keep them in full force and effect; and
  - ii) as of the Effective Date, it has not received any notice of default related to the Title Documents which makes them subject to forfeiture; and
  - iii) its interest in the Title Documents is only encumbered with the applicable lessor's royalty and such other encumbrances or royalties as are set out in Schedule "A".
- c) No party to this Agreement shall do, or cause to be done, anything to encumber the Royalty Lands which:
  - i) adversely and materially affects the interest of any other party; or
  - ii) results in the Title Documents becoming subject to termination or forfeiture.

**7.0**      **OVERRIDING ROYALTY**

The Royalty Owner reserves to itself a 5.75% overriding royalty interest in 87% of the Petroleum Substances produced, or deemed to be produced from the Royalty Lands (resulting in a 5.0025% overriding royalty based on 100% of production) (the "Overriding Royalty") as described in Article 2.00 of the Overriding Royalty Procedure.

**8.0**      **RIGHT TO COMMINGLE**

The Royalty Payor shall have the right to commingle production from the Royalty Lands with production from other lands, provided methods acceptable to the Royalty Owner are used to determine the proper measurement of individual well production. Where governmental regulations or orders require segregated production tests of individual wells at intervals not greater than two months, such tests will be deemed acceptable to the Royalty Owner under this Clause and no further tests will be required.

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**9.0**     **ASSIGNMENT PROCEDURE**

As provided in Clause 5.01 of the Overriding Royalty Procedure, assignments of interest under this Agreement shall be carried out according to the 1993 CAPL Assignment Procedure (“Assignment Procedure”).

**10.0**    **NOTICES**

The address for service of notices hereunder of each of the parties shall be as follows:

Royalty Payor:   Elmworth Energy Corporation  
                  Suite 1250, 521 – 3<sup>rd</sup> Avenue S.W.  
                  Calgary, Alberta  
                  T2P 3T3

Attention: President & Chief Operating Officer

Royalty Owner:   Contact Exploration Inc.  
                  Suite 400, 510 – 5<sup>th</sup> Street S.W.  
                  Calgary, Alberta  
                  T2P 3S2

Attention: President

**11.0**    **LIMITATIONS ACT**

The two year period for seeking a remedial order under Section 3 of the Limitations Act, R.S.A. 2000 c.L 12, as amended, for any claim (as defined in that Act) arising in connection with this Agreement is extended to:

- a)       for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
  - b)       for all other claims, four (4) years.
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**12.0 MISCELLANEOUS**

- a) Nothing in this Agreement is to be construed as an express or implied covenant by the Royalty Payor to develop the Royalty Lands.
- b) This Agreement shall be construed and enforced in accordance with the laws in effect in the province in which the Royalty Lands are located. Each of the parties hereto attorns to the jurisdiction of the Courts of the Province of Alberta and all Courts of appeal therefrom.
- c) This Agreement and the schedules attached hereto shall terminate when all Title Documents have terminated and all Royalty Wells have been abandoned.
- d) This Agreement shall supersede all previous agreements by the parties relating to the Royalty Lands.
- e) This Agreement may be executed in counterpart and, when each party has executed a counterpart, all counterparts taken together shall constitute this Agreement.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first above written.

**CONTACT EXPLORATION INC.**

Per: /s/ DARCY SPADY

**ELMWORTH ENERGY CORPORATION**

Per: /s/ HOWARD ANDERSON

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This is execution page attached to and forming part of the Overriding Royalty Agreement dated June 10, 2009 between Contact Exploration Inc. and Elmworth Energy Corporation.

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**SCHEDULE "A"**

This is Schedule "A" attached to and forming part of the Overriding Royalty Agreement dated June 10, 2009 between Contact Exploration Inc. and Elmworth Energy Corporation.

For a description of the Title Documents and the Royalty Lands – see attached Schedule I to Production Lease No. PL #09-04-15-01.

**Encumbrances:**

Lessor Royalty of 10% payable to the Province of Nova Scotia

Overriding Royalty of 3% payable to Devon ARL Corporation on a 90% interest in the Royalty Lands

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CERTIFICATION

I, Mark Gustafson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triangle Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 2, 2009

/s/ MARK GUSTAFSON

Mark Gustafson  
Chief Executive Officer

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CERTIFICATION

I, Shaun Toker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triangle Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 2, 2009

/s/ SHAUN TOKER

Shaun Toker  
Chief Financial Officer

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**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Gustafson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Triangle Petroleum Corporation on Form 10-Q for the fiscal quarter ended July 31, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Triangle Petroleum Corporation.

Date: September 2, 2009

By: /s/ MARK GUSTAFSON

Name: Mark Gustafson

Title: *Chief Executive Officer*

I, Shaun Toker, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Triangle Petroleum Corporation on Form 10-Q for the fiscal quarter ended July 31, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Triangle Petroleum Corporation.

Date: September 2, 2009

By: /s/ SHAUN TOKER

Name: Shaun Toker

Title: *Chief Financial Officer*

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