



ABN: 53 109 213 470

Annual Report 2016



CORPORATE DIRECTORY

DIRECTORS:	Darren Levy (Chairman) Paul Garner Bradley J Simmons
COMPANY SECRETARY:	Jack Hugh Toby FCA MACS
ABN:	53 109 213 470
REGISTERED OFFICE:	Suite 3, 28 Outram St West Perth, Western Australia 6005 Tel: +61 (8) 9322 6955 Fax: +61 (8) 6267-8155
AUDITORS:	Greenwich & Co Audit Pty Ltd Level 2, 35 Outram St, West Perth WA 6005 PO Box 709, West Perth WA 6872 Tel: +61 (8) 9426 4500 Fax: +61 (8) 9481 5645
SHARE REGISTRY:	Computershare Investor Services Pty Ltd Level 11 172 St Georges Terrace Perth, Western Australia 6000 GPO Box D182 Perth, Western Australia 6840 Tel: +61 1300 787 272 Fax: +61 (8) 9323 2033

This annual report covers both TTE Petroleum Ltd as an individual entity and the consolidated entity comprising TTE Petroleum Ltd and its subsidiaries. The Group's presentation currency is Australian Dollars (\$). The functional currency of TTE Petroleum Ltd is Australian Dollars (\$) and the functional currency of all subsidiaries of TTE Petroleum Ltd is United States Dollars (US\$), except for North Perth Basin Pty Ltd whose functional currency was Australian Dollars (\$). A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report. The directors' report is not part of the financial report.



DIRECTORS' REPORT

The directors of TTE Petroleum Ltd A.C.N. 109 213 470 ("TTE" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity" or "Group") for the year ended 30 June 2016. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company in office at any time during or since the financial year and up to the date of this financial report are as follows. Directors were in office for the entire period unless otherwise stated.

Darren Stephen Levy
Paul Charles Garner
Bradley Jay Simmons
Andrew Van Der Zwan (resigned 30 April 2016)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were exploration, development and production for oil and gas and investment in the resources industry.

There were no significant changes in the nature of the principal activities during the financial year.

OPERATING RESULTS

The operating loss for the Consolidated Entity, after income tax amounted to \$3,574,795 (2015: \$2,722,502).

DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Company.

The directors have recommended that no dividend be paid by the Company in respect of the year ended 30 June 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND REVIEW OF OPERATIONS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year:

The Company increased its interest in a high profile area of Allen Dome following an agreement with the previous Operator to be re-assigned a 100% WI in 244 acres on the Perry Ranch. The Company received acreage on both sides of the Ward #1 discovery well after agreeing to sell its 40% WI in a 58 acre unit surrounding the Ward #1 location back to the Operator for US\$500,000.

On 16 July 2015, the Company issued 1,770,000 convertible notes of \$1.00 each and an additional 200,000 convertible notes of \$1.00 each on 14 September 2015. These convertible notes had an expiry date of 15 July 2016 with interest payable on a 9.50% per annum basis. Each convertible note may be converted to fully paid ordinary shares in Titan Energy Ltd prior to maturity at an issue price of \$0.04 per Share at the election of the noteholder. Convertible notes that are not converted are repayable at maturity.

On 30 June 2016, 1,800,000 convertible notes expiring on 15 July 2016 were rolled over into a new series of convertible notes and were included in the issue of 1,996,666 convertible notes of \$1.00 each. These convertible notes have an expiry date of 31 October 2017 with interest payable on a 9.75% per annum basis. Each of the new convertible notes may be converted at the election of the noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.



DIRECTORS' REPORT

AWE Limited (ASX: AWE), as Operator of Exploration Permit 455 advised it will not proceed with hydraulically stimulating the well. The well was decommissioned and rehabilitated. The Company holds an 18.5% WI in the permit. The Joint Venture has been granted a 5 year renewal of the Exploration Permit 455.

The Company announced drilling success in the first test well the Hudson #55 on the Markham salt dome in Matagorda County, Texas. The Company holds a 100% WI in this well. The Hudson #55 was drilled to 3,750 feet and ultimately side tracked to a Total Depth (TD) of 3,715 feet. Wireline logging and coring in conjunction with Sidewall Core Analysis has confirmed the presence of approximately 50 net feet of Frio oil pay from 3628 to 3678 feet. The well was perforated across the target from 3636 to 3663 feet and swabbed to assess fluid entry. It was determined after testing the well that the low permeability of the formation will require stimulation in order to connect with optimum permeability of the cored oil zone. The Company is working with down-hole specialists to develop the best approach for a successful completion.

The JT Reese #23, the fourth development well is on pump producing 100% high gravity (43°) oil on a 14/64 choke at a rate of 110 BOPD. This is the initial zone tested of five oil productive pay zones as defined by sidewall core analysis. The well has been temporarily shut in and operations suspended for further evaluation.

The producing interval in the JT Reese #17 was perforated across a ten-foot Miocene section from 3575 to 3585 feet. The well was initially producing at a rate of over 400,000 cubic feet of natural gas per day and 20 BOPD of 100% high gravity (42°) oil at 860 psi on a 9/64 choke. The well has been temporarily shut in and operations suspended for further evaluation.

Zones tested to date in the JT Reese #15 have currently proved non-commercial. Although the first tested zone from 3976 to 3981 demonstrated initial oil productivity, further testing and the change in oil cut and fluid entry did not meet the Company's standards. The well has been shut in and operations suspended for further evaluation and planned testing of additional zones.

JT Reese #14 has produced over 7000 barrels of oil in the first 3 months of production. The well has been temporarily shut in and operations suspended for further evaluation.

The Rosalee #5150, a 5300 foot test, is the first well of the 2015 program as part of TTE's joint development program with funding partner Gulf South Energy Partners LP (Gulf South) was successfully completed and brought on production. The Company has identified several drilling prospects on the Rosalee acreage, formerly described as the Perry Ranch, from its recent 3D seismic reprocessing analysis.

The Rosalee #40 was drilled to target depth however wireline logs indicated the well to be non-productive. The Rosalee #40 was a 5,400 foot test and the second well of TTE's 2015 joint development program with Gulf South.

On 31 August 2015, the Company changed its name from Titan Energy Ltd to TTE Petroleum Ltd.

The Company expanded its holding to over 1500 net acres in the Markham Dome Field, located in Matagorda County, Texas and acquired 361 net acres on the Blue Ridge salt dome known as the Occidental Fee lease which represents a significant portion of the south-western corner of the Blue Ridge field in Fort Bend County, Texas, approximately 20 miles south of Houston.

The Company issued 11,500,000 ordinary shares on 6 July 2015 for US\$0.02 each, 7,000,000 ordinary shares on 23 December 2015 at a deemed issue price of US\$0.025 plus an additional 500,000 free ordinary shares on 30 June 2016 as part consideration for acquisition of Markham Dome, 1,570,000 free ordinary shares on 23 December 2015 and 4,750,000 free ordinary shares on 10 March 2016 pursuant to the Company's employee share plan and 12,500,000 ordinary shares on 10 March 2016 for AU\$0.008 each.



DIRECTORS' REPORT

On 23 December 2015, the Company issued 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights and 6,000,000 Class C Performance Rights to nominees of director Bradley Simmons. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share, Class B Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.075 per share and Class C Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.10 per share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A and Class B Performance Rights lapse on 23 December 2017. The Class C Performance Rights lapse on 23 December 2018. The issue of these Performance Rights was approved at the Annual General Meeting of shareholders held on 25 November 2015.

On 10 March 2016, the Company issued 1,000,000 Class A Performance Rights in consideration for services provided.

The Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 on 6 July 2016, pursuant to an agreement on 30 June 2016.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

On 29 July 2016, the Company issued 102,060,903 ordinary shares for AU\$0.003 each. These shares were issued on the basis that subscribers will be entitled to free Options, subject to approval by TTE shareholders, on the basis of one free Option for every three (3) Shares issued. Each Option will entitle the holder to acquire one ordinary share of the Company for \$0.005 per share and expire on 31 May 2020. The Options will be issued after shareholder approval.

On 5 August 2016, the Company announced Agreement with Viceroy Petroleum LP (Viceroy) whereby Viceroy will assume operatorship and acquire a 70% Working Interest (W.I) in the Allen Dome field (which includes the acquisition of the 50% W.I currently owned by Gulf South Energy Partners LP and Gulf South Holding Inc). TTE will retain a 30% W.I in this field. In addition, Viceroy will purchase the Boling Dome and Markham Dome Assets from the Company. TTE will retain Overriding Royalty Interests across all three fields.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

LIKELY DEVELOPMENTS

The directors intend to actively pursue the exploration and development of the oil and gas leases in the USA in which it has an interest. In particular, it intends to accelerate its drilling activities in its salt dome leases in Texas, USA.

ENVIRONMENTAL ISSUES

The Company's operations in Western Australia are subject to environmental regulation under Australian Commonwealth and Western Australia State legislation. The Company has fully complied or is in the process of complying, with all of its environmental obligations in Australia. The Group's operations in the United States of America are subject to federal, state and local environmental regulation. The board has adequate systems in place for the management of its environmental obligations and is not aware of any significant breach of these requirements.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

DARREN STEPHEN LEVY

CHAIRMAN (NON-EXECUTIVE)

Qualifications and Experience:

Mr Levy holds a Bachelor of Commerce degree from Melbourne University, Post Graduate Diploma from the Securities Institute of Australia and has been admitted as a Fellow of the financial services institute of Australia (F.Fin.). He has had 29 years experience in the finance and stockbroking industry.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

Director of Tomizone Limited from 29 January 2013 to 3 July 2014.

Special Responsibilities:

Executive Chairman to 1 July 2016 and Non-Executive Chairman subsequent to 1 July 2016.

Interest in shares and options of the Company as at the date of signing this report:

31,609,817 Ordinary Shares in TTE Petroleum Ltd.

Directors meetings attended during the financial year: 13.

BRADLEY JAY SIMMONS

DIRECTOR (NON-EXECUTIVE)

Qualifications and Experience:

Bradley Simmons is a seasoned veteran of the oil patch with over 36 years of Gulf Coast drilling and production operations experience. His career includes investment banking specialising in oil companies and the founding and building of several oil, gas and drilling companies. He has a hands-on style and in roles as Chairman and/or Chief Executive, has nurtured oil and gas companies through development and expansion. Most recently, he retired from his position as Executive Director of Maverick Drilling & Exploration Limited. He holds a Bachelor of Science degree from Yale University and is a former Olympic athlete.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

Director of Maverick Drilling & Exploration Limited from 12 November 2007 to 14 October 2013.

Special Responsibilities:

Chief Executive Officer and Executive Director to 5 August 2016 and Non-Executive Director subsequent to 5 August 2016.

Interest in shares and options of the Company as at the date of signing this report:

25,000,000 Ordinary Shares in TTE Petroleum Ltd.

Directors meetings attended during the financial year: 13.

PAUL CHARLES GARNER

MANAGING DIRECTOR

Qualifications and Experience:

Mr Garner has extensive experience in international business and over 39 years experience in the property and equities market. He has extensive experience with public company capital raising and restructuring. He has served on the Boards of various listed oil and gas companies at various stages of their development.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:

Director of Tomizone Limited from 29 January 2013 to 22 May 2015.

Interest in shares and options of the Company as at the date of signing this report:

81,000,000 Ordinary Shares and 150,000 Convertible Notes expiring 31-Oct-17 in TTE Petroleum Ltd.

DIRECTORS' REPORT

Directors meetings attended during the financial year: 13.

JACK TOBY

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Qualifications

Mr Toby is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate member of the Australian Computer Society.

Experience

Mr Toby has extensive experience as Company Secretary and Chief Financial Officer of several listed public companies and major corporations over the last 30 years.

DIRECTORS MEETINGS

During the year ended 30 June 2016, 13 meetings of directors were held.

Mr Andrew Van Der Zwan, who resigned as a director during the financial year attended 11 of the 11 meetings held during the financial year while he was a director.

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

There is no relationship between the performance or the impact on shareholder wealth of the Company for the current financial year or the previous four financial years and either the remuneration of directors and executives or the issue of shares and options to directors. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

Remuneration is based on fees set by resolution of the Board of directors.

Remuneration for Mr Darren Levy has been set at \$150,000 per year. Subsequent to the end of the financial year, Mr Levy's role was changed to Non-Executive Chairman and his remuneration was reduced to \$60,000 per year from 1 July 2016.

Remuneration for Mr Paul Garner was set at US\$250,000 per year plus a utilities allowance of US\$1,000 per month. Subsequent to the end of the financial year, Mr Garner's remuneration was reduced to AU\$120,000 per year plus a utilities allowance of AU\$1,000 per month from 1 July 2016.

Remuneration for Mr Andrew Van Der Zwan was set at \$100,000 per year. Mr Van Der Zwan resigned on 30 April 2016.

Remuneration for Mr Bradley Simmons was set at US\$600,000 per year and a utilities allowance of US\$1,000 per month, plus additional remuneration of US\$10,000 in January 2016. Furthermore, during the previous financial year ended 30 June 2015, the Company had paid Mr Simmons advance directors fees in respect of future periods. Advance directors fees of US\$169,650 were recouped during the financial year leaving a balance of advance directors fees paid of US\$57,350 as at 30 June 2016, which are not included in the remuneration below. Subsequent to the end of the financial year, Mr Simmons' remuneration was reduced to US\$120,000 per year from 1 July 2016 and then to US\$60,000 per year on his change of role to Non-Executive Director from 1 August 2016.

Directors are also awarded additional fees for extra services or special exertions. Remuneration consultants were not engaged during the financial year.

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

DIRECTORS' REPORT

DIRECTORS

Darren Stephen Levy	Executive Chairman
Paul Charles Garner	Managing Director
Bradley Simmons	Executive Director and joint CEO
Andrew Van Der Zwan	Non-Executive Director (resigned 30 April 2016)

EXECUTIVES

John McKnight	Director and Chairman of Titan Energy Inc (resigned 12 September 2014)
Jack Toby	Company Secretary and Chief Financial Officer

	Salary and Fees \$	Bonus \$	Primary Remuneration 2016 Super- annuation \$	Total \$
REMUNERATION OF DIRECTORS BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS.				
Darren Levy	150,000	—	—	150,000
Bradley Simmons	854,088	—	—	854,088
Paul Garner	364,978	—	—	364,978
Andrew Van Der Zwan	77,549	—	5,784	83,333
TOTAL PRIMARY REMUNERATION FOR DIRECTORS	1,446,615	—	5,784	1,452,399

REMUNERATION OF EXECUTIVES BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS.				
Jack Toby	104,000	—	—	104,000
TOTAL PRIMARY REMUNERATION FOR OTHER KEY MANAGEMENT PERSONNEL	104,000	—	—	104,000

	Primary Remuneration \$	Total Remuneration 2016 Equity Remuneration \$	Total \$	Equity Remuneration % of Total
REMUNERATION OF DIRECTORS BASED ON APPROVAL BY THE BOARD OF DIRECTORS.				
Darren Levy	150,000	—	150,000	—
Bradley Simmons	854,088	—	854,088	—
Paul Garner	364,978	—	364,978	—
Andrew Van Der Zwan	83,333	—	83,333	—
TOTAL REMUNERATION FOR DIRECTORS	1,452,399	—	1,452,399	—
REMUNERATION OF EXECUTIVES BASED ON APPROVAL BY THE BOARD OF DIRECTORS.				
Jack Toby	104,000	16,500	120,500	14%
TOTAL REMUNERATION FOR OTHER KEY MANAGEMENT PERSONNEL	104,000	16,500	120,500	14%

DIRECTORS' REPORT

On 23 December 2015, the Company issued 2,500,000 Class A Performance Rights valued at \$53,275, 4,000,000 Class B Performance Rights valued at \$67,770 and 6,000,000 Class C Performance Rights valued at \$104,460 to nominees of director Bradley Simmons. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share, Class B Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.075 per share and Class C Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.10 per share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A and Class B Performance Rights lapse on 23 December 2017. The Class C Performance Rights lapse on 23 December 2018. The issue of these Performance Rights was approved at the Annual General Meeting of shareholders held on 25 November 2015. The Performance Rights were valued using a Monte-Carlo pricing model that simulates the share price of the Company's shares over the period until expiration. The Australian Government 2-year bond rate of 2% was used as the risk free interest rate.

The Company issued 1,500,000 free ordinary shares valued at \$16,500 to Mr Jack Toby on 10 March 2016. The shares were valued at \$0.011 per share based on the market price of the shares on the day of issue.

The Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 held by nominees of director Bradley Simmons pursuant to an agreement on 30 June 2016.

	Primary Remuneration 2015			Total \$
	Salary and Fees \$	Bonus \$	Super- annuation \$	
REMUNERATION OF DIRECTORS BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS.				
Darren Levy	175,000	—	—	175,000
Bradley Simmons	703,963	—	—	703,963
Paul Garner	299,960	—	—	299,960
Andrew Van Der Zwan	65,068	—	6,182	71,250
TOTAL PRIMARY REMUNERATION FOR DIRECTORS	1,243,991	—	6,182	1,250,173
REMUNERATION OF EXECUTIVES BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS.				
John McKnight	231,004	—	—	231,004
Jack Toby	120,000	—	—	120,000
TOTAL PRIMARY REMUNERATION FOR OTHER KEY MANAGEMENT PERSONNEL	351,004	—	—	351,004

	Total Remuneration 2015			Equity Remuneration % of Total
	Primary Remuneration \$	Equity Remuneration \$	Total \$	
REMUNERATION OF DIRECTORS BASED ON APPROVAL BY THE BOARD OF DIRECTORS.				
Darren Levy	175,000	—	175,000	—
Bradley Simmons	703,963	429,979	1,133,942	38%
Paul Garner	299,960	210,000	509,960	41%
Andrew Van Der Zwan	71,250	—	71,250	—
TOTAL REMUNERATION FOR DIRECTORS	1,250,173	639,979	1,890,152	34%

DIRECTORS' REPORT

	Total Remuneration 2015			Equity Remuneration % of Total
	Primary Remuneration \$	Equity Remuneration \$	Total \$	
REMUNERATION OF EXECUTIVES BASED ON APPROVAL BY THE BOARD OF DIRECTORS.				
John McKnight	231,004	63,000	294,004	21%
Jack Toby	120,000	6,930	126,930	5%
TOTAL REMUNERATION FOR OTHER KEY MANAGEMENT PERSONNEL	351,004	69,930	420,934	17%

On 26 September 2014, the Company issued 3,000,000 free ordinary shares valued at \$63,000 to Mr John McKnight as part of his employee severance package. The shares were valued at \$0.021 per share based on the market price of the shares on the day of issue.

The Company issued the following securities on 11 December 2014 which were approved at the annual general shareholder meeting held on 26 November 2014:

10,000,000 free ordinary shares valued at \$210,000 to nominees of Mr Paul Garner, a director of the Company.

10,000,000 free ordinary shares valued at \$210,000

10,000,000 options exercisable at \$0.025 each and expiring on 31 March 2015 valued at \$25,668

20,000,000 options exercisable at \$0.03 each and expiring on 30 November 2015 valued at \$92,613

20,000,000 options exercisable at \$0.05 each and expiring on 30 November 2016 valued at \$101,698

to nominees of Mr Bradley Simmons, a director of the Company.

The ordinary shares were valued at \$0.021 each based on the market price of the shares on the day of issue.

The options were valued at \$219,979 using a binomial option pricing model based on a risk free rate 5.00%, an underlying security spot price \$0.021 and an average volatility factor of 83.24%.

The Company issued 330,000 free ordinary shares valued at \$6,930 to Mr Jack Toby on 24 December 2014. The shares were valued at \$0.021 per share based on the market price of the shares on the day of issue.

SHARES HELD BY KEY MANAGEMENT PERSONNEL

Year Ended 30 June 2016

	Number of Ordinary Shares			30 June 2016 or Resignation
	1 July 2015 or Appointment	Issued as Remuneration	Net Change Other	
Darren Levy	30,609,817	—	1,000,000	31,609,817
Bradley Simmons	25,000,000	—	—	25,000,000
Paul Garner	76,197,170	—	4,802,830	81,000,000
Andrew Van Der Zwan	13,271,939	—	2,500,000	15,771,939
Jack Toby	10,962,274	1,500,000	—	12,462,274
	156,041,200	1,500,000	8,302,830	165,844,030

DIRECTORS' REPORT

Year Ended 30 June 2015

	1 July 2014 or Appointment	Number of Ordinary Shares Issued as Remuneration	Net Change Other	30 June 2015 or Resignation
Darren Levy	9,900,000	—	20,709,817	30,609,817
Bradley Simmons	—	10,000,000	15,000,000	25,000,000
Paul Garner	34,763,828	10,000,000	31,433,342	76,197,170
Andrew Van Der Zwan	4,029,382	—	9,242,557	13,271,939
John McKnight	2,122,000	—	—	2,122,000
Jack Toby	4,420,889	330,000	6,211,385	10,962,274
	55,236,099	20,330,000	82,597,101	158,163,200

OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

Year Ended 30 June 2016

	1 July 2015 or Appointment	Number of Options Granted as Remuneration	Net Change Other	30 June 2016 or Resignation
Darren Levy	—	—	—	—
Bradley Simmons	40,000,000	—	(20,000,000)	20,000,000
Paul Garner	—	—	—	—
Andrew Van Der Zwan	—	—	—	—
Jack Toby	—	—	—	—
	40,000,000	—	(20,000,000)	20,000,000

Year Ended 30 June 2015

	1 July 2014 or Appointment	Number of Options Granted as Remuneration	Net Change Other	30 June 2015 or Resignation
Darren Levy	500,000	—	(500,000)	—
Bradley Simmons	—	50,000,000	(10,000,000)	40,000,000
Paul Garner	2,399,353	—	(2,399,353)	—
Andrew Van Der Zwan	2,100,000	—	(2,100,000)	—
John McKnight	1,256,000	—	(1,000,000)	256,000
Jack Toby	4,157,076	—	(4,157,076)	—
	10,412,429	50,000,000	(20,156,429)	40,256,000

All options are vested and exercisable.

CONVERTIBLE NOTES HELD BY KEY MANAGEMENT PERSONNEL

Year Ended 30 June 2016

	1 July 2015 or Appointment	Number of Convertible Notes Granted as Remuneration	Net Change Other	30 June 2016 or Resignation
Darren Levy	—	—	—	—
Bradley Simmons	—	—	—	—
Paul Garner	—	—	200,000	200,000
Andrew Van Der Zwan	—	—	—	—
Jack Toby	—	—	100,000	100,000
	—	—	300,000	300,000

DIRECTORS' REPORT

Year Ended 30 June 2015

	1 July 2014 or Appointment	Number of Convertible Notes Granted as Remuneration	Net Change Other	30 June 2015 or Resignation
Darren Levy	100,000	—	(100,000)	—
Bradley Simmons	—	—	—	—
Paul Garner	330,000	—	(330,000)	—
Andrew Van Der Zwan	65,000	—	(65,000)	—
John McKnight	—	—	—	—
Jack Toby	100,000	—	(100,000)	—
	595,000	—	(595,000)	—

End of Audited Section

OPTIONS GRANTED OVER UNISSUED SHARES

On 16 July 2015, the Company issued 1,770,000 convertible notes of \$1.00 each and an additional 200,000 convertible notes of \$1.00 each on 14 September 2015. These convertible notes had an expiry date of 15 July 2016 with interest payable on a 9.50% per annum basis. Each convertible note may be converted to fully paid ordinary shares in Titan Energy Ltd prior to maturity at an issue price of \$0.04 per Share at the election of the noteholder. Convertible notes that are not converted are repayable at maturity.

On 30 June 2016, 1,800,000 convertible notes expiring on 15 July 2016 were rolled over into a new series of convertible notes and were included in the issue of 1,996,666 convertible notes of \$1.00 each. These convertible notes have an expiry date of 31 October 2017 with interest payable on a 9.75% per annum basis. Each of the new convertible notes may be converted at the election of the noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.

On 23 December 2015, the Company issued 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights and 6,000,000 Class C Performance Rights to nominees of director Bradley Simmons. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share, Class B Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.075 per share and Class C Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.10 per share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A and Class B Performance Rights lapse on 23 December 2017. The Class C Performance Rights lapse on 23 December 2018. The issue of these Performance Rights was approved at the Annual General Meeting of shareholders held on 25 November 2015.

On 10 March 2016, the Company issued 1,000,000 Class A Performance Rights in consideration for services provided.

OPTIONS OVER UNISSUED SHARES EXPIRED

During the year ended 30 June 2016, 6,679,509 options exercisable at \$0.30 per share expired unexercised on 31 October 2015 and 20,000,000 options exercisable at \$0.03 per share expired unexercised on 30 November 2015.

Subsequent to the end of the financial year ended 30 June 2016, the Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 held by nominees of director Bradley Simmons.

DIRECTORS' REPORT

OPTIONS OVER UNISSUED SHARES EXERCISED

During and subsequent to the year ended 30 June 2016, no shares were issued by virtue of the exercise of options.

OPTIONS OVER UNISSUED SHARES OUTSTANDING

The following options to subscribe for unissued fully paid ordinary shares in the Company are outstanding at the date of this report:

1,000,000 Class A Performance Rights which vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A Performance Rights will lapse if not exercised on 23 December 2017.

No person entitled to exercise any of these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

CONVERTIBLE NOTES OUTSTANDING

1,996,666 convertible notes of \$1.00 each are outstanding at the date of this report. These convertible notes have an expiry date of 31 October 2017 with interest payable on a 9.75% per annum basis. Each convertible note may be converted at the election of the Noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.

INDEMNIFYING AND INSURING DIRECTORS, OFFICERS OR AUDITORS

During the financial year, the Company paid premiums for Directors and Officers liability insurance. Except as disclosed above, the Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

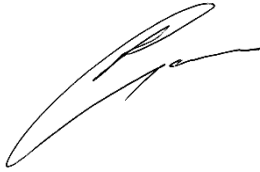
AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2016 has been provided to the Company. This declaration has been included in this document.

Other fees charged by the auditors to the Company or related entities were tax advice and tax return preparation costs of \$8,750. The directors are satisfied that the services disclosed did not compromise the auditor's independence.

DIRECTORS' REPORT

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "Paul Garner".

Paul Garner
Director

22 September 2016
Perth, Western Australia

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of TTE Petroleum Ltd A.C.N. 109 213 470 ("Company"), I state that:

In the opinion of the directors:

- 1) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001* including:
 - a) complying with International Financial Reporting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Consolidated Entity; and
 - c) the remuneration report disclosures set out on pages 5 to 10 of the directors' report (as part of the Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the *Corporations Act 2001*.
- 2) As required by section 295A of the *Corporations Act 2001*, the Chief Executive Officer, Mr Paul Garner, and Chief Finance Officer, Mr Jack Toby, have each declared in writing that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the International Financial Reporting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
- 3) in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.



Paul Garner
Director

22 September 2016
Perth, Western Australia



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Consolidated Entity 2016 \$	2015 \$
Revenue from operating activities	2	988,605	1,361,668
Cost of sales	2	(383,483)	(1,117,745)
GROSS PROFIT		605,122	243,923
Revenue from non-operating activities	2	954,295	4,216,581
Exploration expenses	2	(3,756,069)	(4,873,933)
Share based payments	20	(314,535)	(1,136,265)
Other expenses	2	(1,063,608)	(1,172,808)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		(3,574,795)	(2,722,502)
Income tax expense	3	—	—
PROFIT/(LOSS) AFTER RELATED INCOME TAX EXPENSE		(3,574,795)	(2,722,502)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		(559,735)	(2,938,584)
Income tax relating to components of other comprehensive income		—	—
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX		(559,735)	(2,938,584)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(4,134,530)	(5,661,086)
BASIC EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)	4	(0.53)	(0.55)
DILUTED EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)	4	(0.53)	(0.55)

The accompanying notes form part of these financial statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated Entity 2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	16	148,537	1,350,694
Trade and other receivables	5	328,957	1,567,486
TOTAL CURRENT ASSETS		477,494	2,918,180
NON-CURRENT ASSETS			
Plant and equipment	6	81,299	117,078
Receivables	7	30,291	72,878
Capitalised oil and gas expenditure	8	4,072,261	2,852,009
TOTAL NON-CURRENT ASSETS		4,183,851	3,041,965
TOTAL ASSETS		4,661,345	5,960,145
CURRENT LIABILITIES			
Trade and other payables	9	861,984	941,078
Borrowings	10	1,791,403	455,000
Other financial liabilities	11	698,832	—
Provisions	12	4,684	13,574
TOTAL CURRENT LIABILITIES		3,356,903	1,409,652
TOTAL LIABILITIES		3,356,903	1,409,652
NET ASSETS		1,304,442	4,550,493
EQUITY			
Issued capital	13	37,491,165	36,830,431
Reserves	14	(1,596,244)	(1,264,254)
Accumulated losses		(34,590,479)	(31,015,684)
TOTAL EQUITY		1,304,442	4,550,493

The accompanying notes form part of these financial statements



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated Entity	
	Note	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		575,144	620,211
Payments to suppliers and employees		(716,107)	(987,688)
Production costs		(296,929)	(214,218)
Interest received		6,546	16,465
Interest and finance costs paid		(203,976)	(127,942)
Oil sales proceeds received/(paid) and held in suspense pending resolution of entitlements		(468)	(39,518)
Oil sales proceeds received/(paid) and held for other joint venture participants		—	(834)
Other income		545,773	838,232
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	(90,017)	104,708
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of oil and gas interests		(933,179)	(645,135)
Proceeds from disposal of oil and gas interests		749,101	875,701
Payments for exploration expenditure		(3,079,823)	(5,177,647)
Payments for development expenditure		(119,307)	(1,272,773)
Payments for purchase of plant and equipment		(56,144)	(84,529)
Joint Development Agreement funding		—	2,564,974
Proceeds from disposal of plant and equipment		41,880	—
Other		16,159	—
NET CASH OUTFLOW USED IN INVESTING ACTIVITIES		(3,381,313)	(3,739,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		298,197	2,494,803
Proceeds from issue of convertible notes		1,695,000	1,145,000
Capital raising costs		(68,700)	(133,686)
Borrowings		345,050	530,000
Repayment of borrowings		(30,050)	(30,000)
NET CASH INFLOW FROM FINANCING ACTIVITIES		2,239,497	4,006,117
NET INCREASE/(DECREASE) IN CASH HELD		(1,231,833)	371,416
Net foreign exchange differences		29,676	70,292
Cash and cash equivalents at beginning of year		1,350,694	908,986
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	148,537	1,350,694

The accompanying notes form part of these financial statements



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

CONSOLIDATED ENTITY					
ATTRIBUTABLE TO MEMBERS OF THE COMPANY	Issued Capital \$	Option Premium Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2014	30,669,355	1,157,525	236,417	(28,293,182)	3,770,115
Currency translation	—	—	(2,938,584)	—	(2,938,584)
Loss for year	—	—	—	(2,722,502)	(2,722,502)
TOTAL LOSS FOR THE YEAR	—	—	(2,938,584)	(2,722,502)	(5,661,086)
Securities issued	6,245,596	280,388	—	—	6,525,984
Equity raising costs	(84,520)	—	—	—	(84,520)
At 30 June 2015	36,830,431	1,437,913	(2,702,167)	(31,015,684)	4,550,493
Currency translation	—	—	(559,735)	—	(559,735)
Loss for year	—	—	—	(3,574,795)	(3,574,795)
TOTAL LOSS FOR THE YEAR	—	—	(3,261,902)	(34,590,479)	(4,134,530)
Securities issued	729,434	227,745	—	—	957,179
Equity raising costs	(68,700)	—	—	—	(68,700)
At 30 June 2016	37,491,165	1,665,658	(3,261,902)	(34,590,479)	1,304,442

The accompanying notes form part of these financial statements

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by TTE Petroleum Ltd A.C.N. 109 213 470 ("Parent Entity" or "Company") and by the Parent Entity and its controlled entities ("Consolidated Entity" or "Group") in the preparation of these financial statements.

Basis of Preparation of Accounts

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the *Corporations Act 2001*. The consolidated financial report of the Group also complies with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for any available-for-sale financial assets that have been measured at fair value. The presentation currency used in this financial report is Australian Dollars.

This financial report is issued in accordance with a resolution of the directors of the Company on the same date as the Directors' Declaration above.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies.

At the date of authorisation of the financial report, Standards and Interpretations that have been issued but are not yet effective do not have a material impact on these financial statements.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at and for the period ended 30 June each year (the Group). Interests in associates are equity accounted and are not part of the consolidated Group. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary; derecognises the carrying amount of any non-controlling interest; derecognises the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

b) *Foreign currency translation*

The presentation currency of the Company and its Australian subsidiaries is Australian dollars. The functional currency of the Company is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The functional currency of overseas subsidiaries is United States dollars. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement as part of the gain or loss on sale as applicable.

c) *Taxes*

Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

d) *Employee Benefits*

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Employee benefits, expenses and revenues arising in respect of wages and salaries; non monetary benefits; annual leave; long service leave and other leave and other employee entitlements are charged against profits on a net basis.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in any superannuation fund's obligation to provide benefits to employees on retirement.

e) *Cash and cash equivalents*

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

f) *Revenue recognition*

Revenue from services rendered is recognised upon the delivery of goods or services to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Oil sales are recognised when an invoice for the sale is issued. Management fees are recognised on a proportional basis.

g) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except: where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

h) *Impairment of assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i) *Leases*

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

j) *Issued capital*

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k) *Property, Plant and Equipment*

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 1 to 15 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l) *Trade and other receivables*

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivable) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default and delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. Cashflows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised in the income statements within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

m) *Trade and other payables*

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Company.

n) *Investments*

Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

*Impairment of financial assets**Impairment of available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

o) *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of mineral stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

p) *Significant accounting judgements, estimates and assumptions*

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Exploration and development assets

The Group's accounting policy for exploration and development expenditure is set out below. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, we conclude that we are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key Estimates - Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the taxation authorities in the jurisdictions in which the Group operates.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or a binomial model, using the assumptions detailed. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

q) *Exploration and Development Expenditure*

Oil and gas properties include capitalised project expenditure and development expenditure. The Group uses the units of production method to amortise costs carried forward in relation to its oil and gas properties. For this approach, the calculations are based on proved and probable reserves as determined by the Group's estimates. Impairment of the carrying value of oil and gas expenditure is calculated on a field by field basis.

An area of interest refers to an individual geographical area where the presence of oil or a natural gas field is considered favourable or has been proved to exist.

Acquisition costs of rights to explore are accumulated in respect of each identifiable area of interest. These costs are only carried forward while the right to tenure of the area of interest remains current and only to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Other exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the right to tenure of the area of interest remains current and only to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Exploration and evaluation expenditures that do not meet the above criteria are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

r) *Share-based payment transactions*

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes or a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

s) *Earnings/(loss) per share*

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity
2016 **2015**
\$ **\$**

NOTE 2. REVENUE AND EXPENSES

The profit/(loss) before income tax has been determined after:

REVENUE FROM CONTINUING OPERATIONS

Operating activities

Oil and gas sales	507,307	638,556
Operator fees, net of costs	481,298	723,112

TOTAL REVENUE FROM OPERATING ACTIVITIES

	988,605	1,361,668
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Non-Operating activities

Interest received from other persons	6,546	12,115
Unrealised exchange gains	745,760	3,859,942
Profit on disposal of oil and gas interests	—	304,472
Other revenue	201,989	40,052

TOTAL REVENUE FROM NON-OPERATING ACTIVITIES

	954,295	4,216,581
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TOTAL REVENUE FROM CONTINUING OPERATIONS

	1,942,900	5,578,249
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CHARGING AS EXPENSES

Cost of sales

Production costs	300,749	227,431
Depletion of production leases	82,734	890,314

	383,483	1,117,745
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Exploration expenses

Exploration expenditure written off	1,393,600	1,416,316
Other exploration expenses	2,362,469	3,457,617

	3,756,069	4,873,933
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Other expenses

Employee benefits and consultants expenses	470,497	585,877
Depreciation	32,615	20,087
Administrative expenses	232,895	368,343
Rental expense on operating lease	42,635	67,123
Loss on sale of plant and equipment	21,590	436
Interest expense and borrowing fees	263,376	130,942

	1,063,608	1,172,808
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	2015
	\$	\$
NOTE 3. INCOME TAX		
INCOME TAX BENEFIT	—	—
Numerical reconciliation between tax expense and pre-tax net loss:		
LOSS BEFORE INCOME TAX BENEFIT	(3,574,795)	(2,722,502)
Income tax using the Company's domestic tax rate of 30%	(1,072,439)	(816,751)
Share based payments	94,361	340,879
Capital raising costs	(77,480)	(71,012)
Other non-deductible expenses/(deductible tax adjustments)	(247,650)	(111,039)
Current deferred tax asset was recognised	1,303,208	657,923
INCOME TAX BENEFIT (EXPENSE) ATTRIBUTABLE TO ENTITY	—	—

Estimated unused tax losses of \$30,688,638 (2015: \$27,203,220) have not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Company satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Company operates. The benefit of deferred tax assets not brought to account will only be brought to account if future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised and the conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

NOTE 4. EARNINGS PER SHARE

Basic loss per share (cents per share)	(0.53)	(0.55)
Diluted loss per share (cents per share)	(0.53)	(0.55)
Profit/(loss) used in the calculation of basic EPS	(3,574,795)	(2,722,502)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share (i)	674,228,435	494,025,927
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share (i)	674,228,435	494,025,927

During the year ended 30 June 2016, 13,500,000 Performance Rights were issued which convert to ordinary shares subject to various share price hurdles, no options were exercised and 26,679,509 options expired unexercised, leaving 13,500,000 Performance Rights and 20,000,000 options outstanding at 30 June 2016 (note 13). In addition, 2,166,666 convertible notes of \$1.00 each with rights to conversion to ordinary shares were issued during the year. 1,800,000 convertible notes of \$1.00 each were rolled over to a new class of convertible notes, leaving 2,166,666 convertible notes of \$1.00 each outstanding at 30 June 2016. These securities are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share nor increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

During the year ended 30 June 2015, 170,376,403 options to subscribe for ordinary shares were issued, 10,146,110 options were exercised and 196,493,486 options expired unexercised, leaving 46,679,509 options outstanding at 30 June 2015 (note 13). These options are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share nor increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity
2016 **2015**
\$ **\$**

NOTE 5. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade debtors	210,851	559,956
Other debtors and prepayments	118,106	1,007,530
	328,957	1,567,486
	328,957	1,567,486

Other debtors are non-interest bearing and generally on 30 day terms.

NOTE 6. PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

At cost	103,693	281,218
Accumulated depreciation	(22,394)	(164,140)
	81,299	117,078
	81,299	117,078

TOTAL PLANT AND EQUIPMENT

MOVEMENTS IN THE CARRYING AMOUNT OF PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

At the beginning of the financial year	117,078	49,174
Additions	56,144	84,529
Depreciation expense	(32,615)	(20,087)
Disposals	(41,880)	—
Loss on disposals	(21,590)	(436)
Currency exchange adjustment	4,162	3,898

TOTAL PLANT AND EQUIPMENT

81,299 117,078

81,299 117,078

NOTE 7. TRADE AND OTHER RECEIVABLES (NON-CURRENT)

Deposits	30,291	72,878
	30,291	72,878
	30,291	72,878

NOTE 8. CAPITALISED OIL AND GAS EXPENDITURE

MOVEMENTS IN THE CARRYING AMOUNT OF LEASE ACQUISITION COSTS FOR PRODUCING PROPERTIES

At the beginning of the financial year	286,275	615,912
Transfer from undeveloped properties	—	40,939
Expenditure incurred during the year	171,173	26,663
Depletion	(56,779)	(453,460)
Written off during the year	—	(54,494)
Disposals	(34,722)	—
Exchange rate adjustment	8,138	110,715

AT THE END OF THE FINANCIAL YEAR

374,085 286,275

374,085 286,275

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	2015
	\$	\$
MOVEMENTS IN THE CARRYING AMOUNT OF LEASE ACQUISITION COSTS FOR UNDEVELOPED PROPERTIES		
At the beginning of the financial year	1,506,083	1,493,886
Transfer to producing properties	—	(40,939)
Expenditure incurred during the year	1,209,622	622,219
Written off during the year	(356,133)	(443,297)
Disposals	(65,414)	(314,003)
Profit on disposals	—	(120,718)
Exchange rate adjustment	35,172	308,935
AT THE END OF THE FINANCIAL YEAR	2,329,330	1,506,083
MOVEMENTS IN THE CARRYING AMOUNT OF EXPLORATION AND DEVELOPMENT COSTS ON PRODUCING PROPERTIES		
At the beginning of the financial year	593,120	828,026
Transfer from undeveloped properties	—	199,565
Expenditure incurred during the year	773,131	2,078,264
Joint Development Agreement funding	—	(1,663,436)
Depletion	(5,437)	(436,854)
Written off during the year	(986,050)	(596,308)
Disposals	(16,502)	—
Exchange rate adjustment	25,157	183,863
AT THE END OF THE FINANCIAL YEAR	383,419	593,120
MOVEMENTS IN THE CARRYING AMOUNT OF EXPLORATION AND DEVELOPMENT COSTS ON UNDEVELOPED PROPERTIES		
At the beginning of the financial year	466,531	891,249
Transfer to producing properties	—	(199,565)
Expenditure incurred during the year	572,286	643,917
Disposals	—	(1,100,740)
Profit on disposals	—	425,190
Written off during the year	(71,935)	(322,217)
Exchange rate adjustment	18,545	128,697
AT THE END OF THE FINANCIAL YEAR	985,427	466,531
TOTAL CAPITALISED OIL AND GAS EXPENDITURE	4,072,261	2,852,009

Amortisation for producing properties is based on total production compared with the estimated life of production assets. Recoverability of the carrying amount of the capitalised oil and gas expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

NOTE 9. TRADE AND OTHER PAYABLES (CURRENT)

Trade creditors	756,998	752,552
Sundry creditors and accrued expenses	104,986	188,526
	861,984	941,078
	861,984	941,078

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity
2016 **2015**
\$ **\$**

NOTE 10. BORROWINGS (CURRENT)

Loans	323,569	455,000
Convertible Notes expiring on 15 July 2016	170,000	—
Convertible Notes expiring on 31 October 2017	1,297,834	—
	1,791,403	455,000
	1,791,403	455,000

Loans outstanding at 30 June 2016 are unsecured, repayable on demand and subject to interest at rates of between 9.50% to 9.75% per year.

Convertible notes expiring on 15 July 2016 attract interest on a 9.50% per annum basis. Each convertible note may be converted to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.04 per Share at the election of the noteholder. Convertible notes that are not converted are repayable at maturity.

There are 1,996,666 Convertible notes of \$1.00 each on issue which expire on 31 October 2017 and attract interest on a 9.75% per annum basis. Each of the new convertible notes may be converted at the election of the noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.

NOTE 11. OTHER FINANCIAL LIABILITIES (CURRENT)

Convertible Note derivatives	698,832	—
	698,832	—
	698,832	—

The Company issued 1,996,666 Convertible notes of \$1.00 each on 30 June 2016 which expire on 31 October 2017 and contain embedded derivatives. The embedded derivatives were valued on issue date and have been separated out from the convertible notes (refer note 10). The embedded derivatives are carried at fair value through the Statement of Profit or Loss and Other Comprehensive Income.

The derivatives relate to the convertible notes issued during the current period. There are two contained derivatives being the conversion feature of the notes and the bonus options. The bonus options fail the fixed for fixed test due to the interest being payable in a variable number of shares and therefore, do not meet the definition of equity. The fair values are determined using a Black & Scholes model, which takes into account factors including the exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying shares at the transaction date and the expected life of the notes. Below are the inputs used to value the derivative:

	Convertible Notes	Bonus Options
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	2.00%	2.00%
Expected life (yrs)	1.33	3.92
Option exercise price (\$)	\$0.00208	\$0.02
Share price at grant date (\$)	\$0.005	\$0.005
Maturity Date	31-Oct-17	31-May-20

The derivative was valued at \$471,939 on inception being 30 June 2016. The bonus options were valued at \$226,893 on inception being 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	2015
	\$	\$
NOTE 12. PROVISIONS (CURRENT)		
Employee benefits	4,684	13,574
	4,684	13,574
	4,684	13,574

NOTE 13. ISSUED CAPITAL

690,906,031 (2015: 653,086,031) fully paid ordinary shares	37,491,165	36,830,431
	37,491,165	36,830,431
	37,491,165	36,830,431

MOVEMENTS IN ORDINARY SHARES

At the beginning of the financial year	36,830,431	30,669,355
11,500,000 shares issued on 6 July 2015	298,197	—
7,000,000 shares issued on 23 December 2015	241,947	—
1,570,000 shares issued on 23 December 2015	34,540	—
12,500,000 shares issued on 10 March 2016	100,000	—
4,750,000 shares issued on 10 March 2015	52,250	—
500,000 shares issued on 30 June 2016	2,500	—
972,220 shares issued on 7 July 2014	—	17,500
8,333,333 shares issued on 7 July 2014	—	150,000
1,027,780 shares issued on 23 July 2014	—	11,634
58,220,692 shares issued on 23 July 2014	—	659,000
11,154,490 shares issued on 7 August 2014	—	120,000
7,086,963 shares issued on 9 September 2014	—	96,000
5,576,554 shares issued on 10 September 2014	—	90,000
3,000,000 shares issued on 26 September 2014	—	63,000
9,944,447 shares issued on 26 September 2014	—	179,000
9,833,333 shares issued on 10 December 2014	—	177,000
4,571,293 shares issued on 11 December 2014	—	95,997
8,999,999 shares issued on 11 December 2014	—	194,687
20,000,000 shares issued on 11 December 2014	—	420,000
19,249,500 shares issued on 11 December 2014	—	384,990
34,241,667 shares issued on 11 December 2014	—	740,538
555,556 shares issued on 24 December 2014	—	10,000
500,000 shares issued on 24 December 2014	—	11,095
830,000 shares issued on 24 December 2014	—	17,430
2,111,112 shares issued on 20 February 2015	—	38,000
8,000,000 shares issued on 20 February 2015	—	224,000
10,000,000 shares issued on 20 March 2015	—	250,000
25,777,779 shares issued on 7 April 2015	—	464,000
400,000 shares issued on 2 May 2015	—	12,400
45,000,000 shares issued on 2 May 2015	—	1,127,681
800,000 shares issued on 20 May 2015	—	28,800
36,500,001 shares issued on 20 May 2015	—	657,000
146,110 shares issued on 22 June 2015	—	5,844
Share issue expenses	(68,700)	(84,520)
AT THE END OF THE FINANCIAL YEAR	37,491,165	36,830,431
	37,491,165	36,830,431

During the year ended 30 June 2016, the Company issued 11,500,000 ordinary shares on 6 July 2015 for US\$0.02 each, 7,000,000 ordinary shares on 23 December 2015 at a deemed issue price of US\$0.025 plus an additional 500,000 free ordinary shares on 30 June 2016 as part consideration for acquisition of Markham Dome, 1,570,000 free ordinary shares on 23 December 2015 and 4,750,000 free ordinary shares on 10 March 2016 pursuant to the Company's employee share plan and 12,500,000 ordinary shares on 10 March 2016 for AU\$0.008 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

At 30 June 2016:

170,000 convertible notes of \$1.00 each were outstanding. These convertible notes had an expiry date of 15 July 2016 with interest payable on a 9.50% per annum basis. Each convertible note may be converted to fully paid ordinary shares in Titan Energy Ltd prior to maturity at an issue price of \$0.04 per Share at the election of the noteholder. Convertible notes that are not converted are repayable at maturity.

1,996,666 convertible notes of \$1.00 each were outstanding. These convertible notes had an expiry date of 31 October 2017 with interest payable on a 9.75% per annum basis. Each convertible note may be converted at the election of the Noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.

1,000,000 Class A Performance Rights were outstanding. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A Performance Rights lapse on 23 December 2017.

At 30 June 2015

46,679,509 unissued ordinary shares for which options were outstanding, comprising:

6,679,509 options which entitle the holder to subscribe for one ordinary share in the Company for 30 cents per share and expire on 31 October 2015.

20,000,000 options which entitle the holder to subscribe for one ordinary share in the Company for 3 cents per share and expire on 30 November 2015.

20,000,000 options which entitle the holder to subscribe for one ordinary share in the Company for 5 cents per share and expire on 30 November 2016.

CAPITAL MANAGEMENT

Management controls the capital of the Group comprising the liquid assets held by the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	2015
	\$	\$
NOTE 14. RESERVES		
Option premium reserve	1,665,658	1,437,913
Currency translation reserve	(3,261,902)	(2,702,167)
	(1,596,244)	(1,264,254)

MOVEMENTS IN OPTION PREMIUM RESERVE

At the beginning of the financial year	1,437,913	1,157,525
2,500,000 Class A Performance Rights issued on 23 December 2015	53,275	—
4,000,000 Class B Performance Rights issued on 23 December 2015	67,770	—
6,000,000 Class C Performance Rights issued on 23 December 2015	104,460	—
1,000,000 Class A Performance Rights issued on 10 March 2016	2,240	—
7,000,000 options issued on 6 July 2014	—	3,500
1,500,000 options issued on 7 July 2014	—	4,500
6,000,000 options issued on 7 July 2014	—	18,000
1,500,000 options issued on 23 July 2014	—	750
1,500,000 options issued on 23 July 2014	—	4,500
3,000,000 options issued on 23 July 2014	—	9,000
3,000,000 options issued on 7 August 2014	—	1,500
6,500,000 options issued on 7 August 2014	—	13,000
50,000,000 options issued on 11 December 2014	—	219,979
2,829,258 options issued on 20 February 2015	—	5,659
AT THE END OF THE FINANCIAL YEAR	1,665,658	1,437,913

MOVEMENTS IN CURRENCY TRANSLATION RESERVE

At the beginning of the financial year	(2,702,167)
Movement for the year	(559,735)
AT THE END OF THE FINANCIAL YEAR	(3,261,902)

The option premium reserve is used to accumulate the fair value of options issued and premiums received on the issue of options. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

During the year ended 30 June 2016, the Company issued the following securities:

On 23 December 2015, the Company issued 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights and 6,000,000 Class C Performance Rights to nominees of director Bradley Simmons. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share, Class B Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.075 per share and Class C Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.10 per share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A and Class B Performance Rights lapse on 23 December 2017. The Class C Performance Rights lapse on 23 December 2018.

On 10 March 2016, the Company issued 1,000,000 Class A Performance Rights in consideration for services provided.

The Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 on 6 July 2016, pursuant to an agreement on 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Company	
	2016	2015
	\$	\$
NOTE 15. PARENT ENTITY		
FINANCIAL INFORMATION ON THE PARENT ENTITY AS AT THE END OF THE FINANCIAL YEAR:		
CURRENT ASSETS		
Cash and cash equivalents	24,778	483,091
Trade and other receivables	91,577	323,848
TOTAL CURRENT ASSETS	116,355	806,939
NON-CURRENT ASSETS		
Plant and equipment	2,780	19,663
Receivables	24,422,553	21,020,851
Capitalised oil and gas expenditure	625,061	—
Other financial assets	10	10
TOTAL NON-CURRENT ASSETS	25,050,404	21,040,524
TOTAL ASSETS	25,166,759	21,847,463
CURRENT LIABILITIES		
Trade and other payables	184,908	286,280
Borrowings	2,490,235	455,000
TOTAL CURRENT LIABILITIES	2,675,143	741,280
TOTAL LIABILITIES	2,675,143	741,280
NET ASSETS/(LIABILITIES)	22,491,616	21,106,183
EQUITY		
Issued capital	37,491,165	36,830,431
Reserves	1,665,658	1,437,913
Accumulated losses	(16,665,207)	(17,162,161)
TOTAL EQUITY	22,491,616	21,106,183
FINANCIAL INFORMATION ON THE PARENT ENTITY FOR THE FINANCIAL YEAR:		
Profit/(loss) after related income tax expense	496,955	1,772,495
Other comprehensive income	—	—
TOTAL COMPREHENSIVE INCOME	496,955	1,772,495

There are no contingent liabilities of the Parent Entity as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity
2016 **2015**
\$ **\$**

NOTE 16. CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT/(LOSS) AFTER INCOME TAX

Profit/(loss) after tax	(3,574,795)	(2,722,502)
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Cash flows in profit/(loss) attributable to non-operating activities

Exploration expenditure	2,362,469	3,457,617
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Non-cash flows in profit/(loss)

Depletion	82,734	890,314
Depreciation of plant and equipment	32,615	20,087
Exploration expenditure written off	1,393,601	918,525
Lease acquisition expenditure written off	—	497,791
Joint Development Agreement funding	—	(689,363)
Cost of share based payment	314,535	1,136,265
Loss/(Profit) on disposal of oil and gas properties		(304,472)
Loss/(Profit) on disposal of plant & equipment	21,590	436
Foreign exchange (profit)/loss	(745,760)	(3,859,942)
Charges to provisions	(8,890)	4,039

Changes in assets and liabilities

Decrease/(increase) in debtors and receivables relating to operating activities	(13,163)	757,440
Increase/(decrease) in creditors and accruals relating to operating activities	45,047	(1,527)

NET CASH FROM/(USED IN) OPERATING ACTIVITIES

	(90,017)	104,708
	(90,017)	104,708

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year is shown in the accounts as:

Cash	148,537	1,350,694
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CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR

	148,537	1,350,694
	148,537	1,350,694

NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, the Company entered into the following non-cash financing and investing transactions:

Loan funds of \$455,000 applied to subscriptions for convertible notes.
 Director's fees of \$16,666 applied to subscriptions for convertible notes.
 Loan funds of \$100,000 applied to subscriptions for shares.
 Issue of free shares valued at \$86,790 pursuant to an Employee Share Plan.
 Issue of performance rights valued at \$227,745.
 Acquisition of oil and gas interests for US\$138,954 by set-off against monies owed to the Company.
 Issue of shares valued at \$244,447 as part consideration for the acquisition of oil and gas leases.
 Rollover of 1,800,000 convertible notes of \$1.00 each to a new series of convertible notes.

There were no other non-cash financing and investing activities during the year.

There were no financing facilities in place for the Company at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	2015
	\$	\$
NOTE 17. AUDITOR'S REMUNERATION		
Remuneration of the auditor for:		
Auditing or reviewing the financial reports	29,000	32,000
Tax compliance services	4,500	8,750
	33,500	40,750

NOTE 18. EXPENDITURE COMMITMENTS

Non-Cancellable operating leases contracted for but not capitalised in the accounts:

Payable

not later than one year	16,956	113,645
later than 1 year but not later than 5 years	—	14,845

AGGREGATE EXPENDITURE CONTRACTED FOR AT REPORTING DATE

	16,956	128,490
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The property leases are non-cancellable leases with rent payable monthly in advance.

CAPITAL EXPENDITURE COMMITMENTS

Onshore Western Australia

	Consolidated Entity	
	2016	2015
	\$	\$
<i>Payable</i>		
not later than one year	—	175,750
	—	175,750

AGGREGATE EXPENDITURE CONTRACTED FOR AT REPORTING DATE

Onshore USA

	Consolidated Entity	
	2016	2015
	\$	\$
<i>Payable</i>		
not later than one year	—	—
later than 1 year but not later than 5 years	—	29,948
	—	29,948

AGGREGATE EXPENDITURE CONTRACTED FOR AT REPORTING DATE

NOTE 19. KEY MANAGEMENT PERSONNEL

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Consolidated Entity	
	2016	2015
	\$	\$
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Short term employee benefits	1,550,615	1,594,995
Post employment benefits	5,784	6,182
Share based payment benefits	16,500	709,909
	1,572,899	2,311,086

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The Company issued the following securities:

On 23 December 2015, the Company issued 2,500,000 Class A Performance Rights valued at \$53,275, 4,000,000 Class B Performance Rights valued at \$67,770 and 6,000,000 Class C Performance Rights valued at \$104,460 to nominees of director Bradley Simmons. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share, Class B Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.075 per share and Class C Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.10 per share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A and Class B Performance Rights lapse on 23 December 2017. The Class C Performance Rights lapse on 23 December 2018. The issue of these Performance Rights was approved at the Annual General Meeting of shareholders held on 25 November 2015. The Performance Rights were valued using a Monte-Carlo pricing model that simulates the share price of the Company's shares over the period until expiration. The Australian Government 2-year bond rate of 2% was used as the risk free interest rate.

The Company issued 1,500,000 free ordinary shares valued at \$16,500 to Mr Jack Toby on 10 March 2016. The shares were valued at \$0.011 per share based on the market price of the shares on the day of issue.

The Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 held by nominees of director Bradley Simmons pursuant to an agreement on 30 June 2016.

NOTE 20. SHARE BASED PAYMENTS

OPTIONS ISSUED AS SHARE BASED PAYMENTS	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	40,350,000	\$0.0423
Granted	—	—
Forfeited	—	—
Exercised	—	—
Expired	(20,350,000)	\$0.0346
OUTSTANDING AND EXERCISABLE AT YEAR END	20,000,000	\$0.0500

The weighted average remaining contractual life as at 30 June 2016 of these options is 153 days.

PERFORMANCE RIGHTS ISSUED AS SHARE BASED PAYMENTS	Number of Options	Weighted Average Hurdle Price
Outstanding at beginning of year	—	—
Granted	13,500,000	\$0.0796
Forfeited	—	—
Exercised	—	—
Expired	—	—
OUTSTANDING AND EXERCISABLE AT YEAR END	13,500,000	\$0.0796

The weighted average remaining contractual life as at 30 June 2016 of these options is 703 days.

During the year ended 30 June 2015, the Company issued 13,820,000 ordinary shares as share based payments, valued at \$331,237.

The Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 on 6 July 2016, pursuant to an agreement on 30 June 2016.

The cost of all share based payments, including shares, options and performance rights, for the year ended 30 June 2016 was \$558,982 (2015: \$1,371,181).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21. SEGMENT INFORMATION

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has identified its operating segments based on internal reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group's principal activities are exploration, development and production for oil and gas and investment in the resources industry. These activities are managed on a project by project basis. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrance of the liability and the operations of the segment. Segment liabilities include trade and other payable and certain direct borrowings.

Items of revenue, expense, assets and liabilities are not allocated to operating segments if they are not considered part of the core operations of any segment.

	YEAR TO 30 JUNE 2016			YEAR TO 30 JUNE 2015		
	Oil and Gas Australia \$	Oil and Gas USA \$	Total \$	Oil and Gas Australia \$	Oil and Gas USA \$	Total \$
SEGMENT PERFORMANCE						
External revenue	—	1,083,765	1,083,765	—	1,361,668	1,361,668
TOTAL SEGMENT REVENUE	—	1,083,765	1,083,765	—	1,361,668	1,361,668
Segment net profit/(loss) before tax	<u>(1,078,471)</u>	<u>(3,681,115)</u>	(4,759,586)	<u>(1,734,655)</u>	<u>(4,494,997)</u>	(6,229,652)
RECONCILIATION OF SEGMENT RESULT TO NET PROFIT/(LOSS) BEFORE TAX						
<i>Amounts not included in segment results but reviewed by the Board:</i>						
Interest received			6,546			12,115
Interest expense			(203,976)			(127,942)
Borrowing fees			(59,400)			—
Other income			106,829			—
Unrealised exchange gain/(loss)			745,760			3,859,942
Other expenses			589,032			(236,965)
NET PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			<u>(3,574,795)</u>			<u>(2,722,502)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	30 JUNE 2015			30 JUNE 2015		
	Oil and Gas Australia \$	Oil and Gas USA \$	Total \$	Oil and Gas Australia \$	Oil and Gas USA \$	Total \$
	SEGMENT ASSETS					
Segment assets	625,061	3,638,803	4,263,864	—	3,981,019	3,981,019
RECONCILIATION OF SEGMENT ASSETS TO TOTAL ASSETS						
<i>Unallocated assets:</i>						
Cash and cash equivalents			148,537			1,350,694
Receivables			167,645			511,354
Plant and equipment			81,299			117,078
TOTAL ASSETS FROM CONTINUING OPERATIONS			4,661,345			5,960,145

	30 JUNE 2015			30 JUNE 2015		
	Oil and Gas Australia \$	Oil and Gas USA \$	Total \$	Oil and Gas Australia \$	Oil and Gas USA \$	Total \$
	SEGMENT LIABILITIES					
Segment liabilities	86,696	677,077	763,773	—	668,372	668,372
RECONCILIATION OF SEGMENT LIABILITIES TO TOTAL LIABILITIES						
<i>Unallocated liabilities:</i>						
Other liabilities			2,593,130			741,280
TOTAL LIABILITIES FROM CONTINUING OPERATIONS			3,356,903			1,409,652

REVENUE BY GEOGRAPHICAL REGION

Revenue attributed to external customers is disclosed below based on the location of the external customers.

	Year to 30 June 2016 \$	Year to 30 June 2015 \$
Australia	—	—
USA	988,605	1,361,668
	988,605	1,361,668

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

ASSETS BY GEOGRAPHICAL REGION

The location of assets is disclosed below by the geographical location of the assets.

	30 June 2016	30 June 2015
	\$	\$
Australia	745,193	838,602
USA	3,916,152	5,121,543
	4,661,345	5,960,145

MAJOR CUSTOMERS

Due to the nature of its current operations, the Group does not provide products and services.

NOTE 22. CONTROLLED ENTITIES

	% Owned		Book value of shares held		Contribution to consolidated profit/(loss)	
	2016	2015	2016	2015	2015	2014
			\$	\$	\$	\$
<i>Parent Entity</i>						
TTE Petroleum Ltd					(1,217,899)	(85,094)
<i>Entities controlled by TTE Petroleum Ltd</i>						
TTE Petroleum Inc	100%	100%	10	10	(989,327)	(1,223,721)
TTE Royalties LLC	100%	100%	—	—	42,796	(213,634)
North Perth Basin Pty Ltd	Nil	100%	—	—	—	—
<i>Entities controlled by Titan Energy Inc</i>						
TTE Petroleum LLC	100%	100%	—	—	(1,880,495)	(907,423)
TTE Operating LLC	100%	100%	—	—	470,130	(296,627)
Titan Energy Nevada LLC	Nil	Nil	—	—	—	3,997
			10	10	(3,574,795)	(2,722,502)

During the year:

Titan Energy Inc changed its name to TTE Petroleum Inc
 Titan Operating LLC changed its name to TTE Operating LLC.
 Titan Energy LLC changed its name to TTE Petroleum LLC
 Titan Royalty LLC changed its name to TTE Royalties LLC.

On 11 May 2016

North Perth Basin Pty Ltd was deregistered.

On 9 December 2014

Titan Energy Nevada LLC was dissolved.

TTE Petroleum Inc, TTE Operating LLC, TTE Petroleum LLC, and TTE Royalties LLC are registered in the State of Delaware in the United States of America.

NOTE 23. SUPERANNUATION COMMITMENTS

The Company makes contributions to complying superannuation funds based on the requirements of the Australian Superannuation Guarantee Charge or such higher amount as has been agreed with individual employees. There is a legally enforceable obligation on the Company to contribute to the superannuation plan for those contributions that have been agreed with individual employees as part of their conditions of employment.

NOTE 24. CONTINGENT LIABILITIES

There are no significant contingent liabilities as at 30 June 2016.

NOTE 25. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, convertible notes and loans to and from subsidiaries, which arise directly from its operations. The Group's policy is that no trading in financial instruments shall be undertaken. The main purpose of non-derivative financial instruments is to finance Group operations. Derivatives are not used by the Group and the Group does not speculate in the trading of derivative instruments.

TREASURY RISK MANAGEMENT

The Board considers the Group's financial risk exposure and treasury management strategies in the context of the Group's operations. The Board's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. The Board reviews each of these risks on an on-going basis.

INTEREST RATE RISK

The Company has a policy of minimising its exposure to interest payable on debt. The Group pays interest on loans and convertible notes. It has no other debt that requires the payment of interest.

FINANCIAL INSTRUMENTS	TERMS AND CONDITIONS AND INTEREST RATE RISK
Bank Deposits	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk.
Receivables	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Convertible Notes	<p>On 16 July 2015, the Company issued 1,770,000 convertible notes of \$1.00 each and an additional 200,000 convertible notes of \$1.00 each on 14 September 2015. These convertible notes had an expiry date of 15 July 2016 with interest payable on a 9.50% per annum basis. Each convertible note may be converted to fully paid ordinary shares in Titan Energy Ltd prior to maturity at an issue price of \$0.04 per Share at the election of the noteholder. Convertible notes that are not converted are repayable at maturity.</p> <p>On 30 June 2016, 1,800,000 convertible notes expiring on 15 July 2016 were rolled over into a new series of convertible notes and were included in the issue of 1,996,666 convertible notes of \$1.00 each. These convertible notes have an expiry date of 31 October 2017 with interest payable on a 9.75% per annum basis. Each of the new convertible notes may be converted at the election of the noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.</p>
Other Accounts Payable	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

FOREIGN CURRENCY RISK

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group is also exposed to fluctuations in foreign currencies arising from deposits with banks denominated in foreign currencies. The Group does not seek to hedge this exposure.

The aggregate values of the Consolidated Entity's financial assets and financial liabilities denominated in Australian dollars and US dollars are as follows:

	DENOMINATED IN AUD\$ 2016 AUD\$	DENOMINATED IN USD\$ 2016 AUD\$	DENOMINATED IN AUD\$ 2015 AUD\$	DENOMINATED IN USD\$ 2015 AUD\$
<i>Financial Assets</i>				
Cash assets	24,778	123,759	483,091	867,603
Receivables	15,345	343,903	335,848	1,304,516
<i>Financial Liabilities</i>				
Payables and borrowings	2,675,142	677,077	741,280	654,798

LIQUIDITY RISK

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available through on-going business activity, the sale of assets, joint venture arrangements and capital raising.

CREDIT RISK

At 30 June 2016, cash deposits of US\$65,038 were committed as collateral security for credit cards (2015: US\$65,002)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There are no other material amounts of collateral held as security at 30 June 2016 or at 30 June 2015. Credit risk is managed on a Group basis and reviewed by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only banks are utilised for deposits and all potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. The counterparties included in trade and other receivables at 30 June 2016 and at 30 June 2015 are not rated, however given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk for the Group. There are no significant concentrations of credit risk within the Group.

PRICE RISK

The Group is exposed to commodity price risk through its own activities and its joint venture interests. Oil and gas prices have remained approximately consistent over the last 12 months and the Group does not currently hedge the price at which it sells oil and gas.

FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	2015
	\$	\$
TRADE AND SUNDRY PAYABLES ARE EXPECTED TO BE PAID AS FOLLOWS:		
Less than 6 months	861,984	941,078
6 months to 1 year	—	—
later than 1 year but not later than 5 years	—	—
over 5 years	—	—
	861,984	941,078
	861,984	941,078

FAIR VALUES

The aggregate net fair values of the Consolidated Entity's financial assets and financial liabilities, both recognised and unrecognised are as follows:

	CARRYING AMOUNT IN THE FINANCIAL STATEMENTS 2015 \$	AGGREGATE NET FAIR VALUE 2015 \$	CARRYING AMOUNT IN THE FINANCIAL STATEMENTS 2014 \$	AGGREGATE NET FAIR VALUE 2014 \$
<i>Financial Assets</i>				
Cash assets	148,537	148,537	1,350,694	1,350,694
Receivables	359,248	359,248	1,640,364	1,640,364
<i>Financial Liabilities</i>				
Payables and borrowings	3,352,219	3,352,219	1,396,078	1,396,078

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Cash assets and financial assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value. The Group does not carry financial instruments at fair value at 30 June 2016.

Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk, oil price risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

INTEREST RATE SENSITIVITY ANALYSIS

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2016	2015
	\$	\$
CHANGE IN PROFIT DUE TO:		
Increase in interest rate by 2%	(19,613)	7,166
Decrease in interest rate by 2%	34,222	15,055
CHANGE IN EQUITY DUE TO:		
Increase in interest rate by 2%	(19,613)	7,166
Decrease in interest rate by 2%	34,222	15,055

OIL PRICE SENSITIVITY ANALYSIS

At 30 June 2016, the effect on profit and equity as a result of changes in the oil price, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2016	2015
	\$	\$
CHANGE IN PROFIT DUE TO:		
Increase in oil price by 5%	25,365	31,928
Decrease in oil price by 5%	(25,365)	(31,928)
CHANGE IN EQUITY DUE TO:		
Increase in oil price by 5%	25,365	31,928
Decrease in oil price by 5%	(25,365)	(31,928)

FOREIGN CURRENCY RISK SENSITIVITY ANALYSIS

At 30 June 2016, the effect on profit and equity as a result of changes in the foreign currency exchange rate, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2016	2015
	\$	\$
CHANGE IN PROFIT DUE TO:		
Improvement in AUD to USD by 5%	1,194,979	1,004,582
Decline in AUD to USD by 5%	(1,081,173)	(908,904)
CHANGE IN EQUITY DUE TO:		
Improvement in AUD to USD by 5%	174,301	249,932
Decline in AUD to USD by 5%	(157,699)	(226,131)

NOTE 26. RELATED PARTY TRANSACTIONS

The Company is not controlled by any other entity.

Marven Pty Ltd received benefits from the Company for services performed by Mr Darren Levy, while he was a director of the Company. This remuneration received by Marven Pty Ltd for the services of Mr Darren Levy as a director of the Company is included in the remuneration of Mr Darren Levy in the Remuneration Report which is within the Directors' Report.

Ohio Holdings Pty Ltd received benefits from the Company for services performed by Mr Paul Garner, while he was a director of the Company. This remuneration received by Ohio Holdings Pty Ltd for the services of Mr Paul Garner as a director of the Company is included in the remuneration of Mr Paul Garner in the Remuneration Report which is within the Directors' Report.

Amanterra Management LLC received benefits from the Company for services performed by Mr Bradley Simmons, while he was a director of the Company. This remuneration received by Amanterra Management LLC for the services of Mr Bradley Simmons as a director of the Company is included in the remuneration of Mr Bradley Simmons in the Remuneration Report which is within the Directors' Report.

During the financial year the company borrowed varying amounts to a maximum of \$55,000 from entities associated with Mr Darren Levy who is a director of the Company. The loans were unsecured and attracted interest of 9.75% per year.

At 30 June 2016, Borrowings includes an amount of \$73,569 owing for unpaid director's remuneration to Ohio Holdings Pty Ltd, a company associated with Mr Paul Garner who is a director of the Company. At 30 June 2016, Borrowings also includes an amount of \$35,000 owing for unpaid director's remuneration to Marven Pty Ltd, a company associated with Mr Darren Levy who is a director of the Company. At 30 June 2016, Other debtors and prepayments includes an amount of US\$57,351 advance directors fees which the Company had paid Mr Simmons in respect of future periods.

During the financial year, the Company sold a 1% Overriding Royalty Interest ("ORRI") in various leases in Allen Dome, Boling Dome and Blue Ridge Dome to Joanne Simmons, the spouse of Bradley J Simmons (a director of the Company) for US\$40,000. The Board considered that this transaction was on normal commercial terms for a transaction of this nature.

Subsequent to the end of the financial year, the Company repurchased a 1% Overriding Royalty Interest ("ORRI") in various leases in Allen Dome from Joanne Simmons, the spouse of Bradley J Simmons (a director of the Company). Consideration for the acquisition is US\$40,000 in total plus a 1% ORRI, subject to proportionate reduction, out of any ORRI that the Company may become entitled to from the acquisition by Viceroy Petroleum LP ("Viceroy") of interests in Boling Dome Areas of Mutual Interest that the Company does not currently have an interest in and pursuant to the agreement between the Company and Viceroy. The repurchased ORRI is required by the Company to fulfil the Company's obligations to Viceroy. The Board considered that this transaction was on normal commercial terms for a transaction of this nature.

At 30 June 2016, directors and their related entities held directly, indirectly or beneficially 137,609,817 ordinary shares in the Company, 20,000,000 options over ordinary shares in the Company and 200,000 convertible notes of \$1.00 each.

On 23 December 2015, the Company issued 2,500,000 Class A Performance Rights valued at \$53,275, 4,000,000 Class B Performance Rights valued at \$67,770 and 6,000,000 Class C Performance Rights valued at \$104,460 to nominees of director Bradley Simmons. Class A Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share, Class B Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.075 per share and Class C Performance Rights vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.10 per share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A and Class B Performance Rights lapse on 23 December 2017. The Class C Performance Rights lapse on 23 December 2018. The issue of these Performance Rights was approved at the Annual General Meeting of shareholders held on 25 November 2015. The Performance Rights were valued using a Monte-Carlo pricing model that simulates the share price of the Company's shares over the period until expiration. The Australian Government 2-year bond rate of 2% was used as the risk free interest rate.

The Company cancelled 2,500,000 Class A Performance Rights, 4,000,000 Class B Performance Rights, 6,000,000 Class C Performance Rights and 20,000,000 Options exercisable at \$0.05 each and expiring on 30 November 2016 held by nominees of director Bradley Simmons pursuant to an agreement on 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

At 30 June 2015, directors and their related entities held directly, indirectly or beneficially 145,078,926 ordinary shares in the Company and 40,000,000 options over ordinary shares in the Company.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 27. DIVIDENDS

No dividends have been paid or proposed during the year.

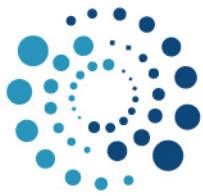
NOTE 28. EVENTS SUBSEQUENT TO BALANCE DATE

On 29 July 2016, the Company issued 102,060,903 ordinary shares for AU\$0.003 each. These shares were issued on the basis that subscribers will be entitled to free Options, subject to approval by TTE shareholders, on the basis of one free Option for every three (3) Shares issued. Each Option will entitle the holder to acquire one ordinary share of the Company for \$0.005 per share and expire on 31 May 2020. The Options will be issued after shareholder approval.

On 5 August 2016, the Company announced Agreement with Viceroy Petroleum LP (Viceroy) whereby Viceroy will assume operatorship and acquire a 70% Working Interest (W.I) in the Allen Dome field (which includes the acquisition of the 50% W.I currently owned by Gulf South Energy Partners LP and Gulf South Holding Inc). TTE will retain a 30% W.I in this field. In addition, Viceroy will purchase the Boling Dome and Markham Dome Assets from the Company. TTE will retain Overriding Royalty Interests across all three fields.

There have been no other conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



Independent Auditor's Report To the members of TTE Petroleum Ltd

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of TTE Petroleum Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

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

OPINION

In our opinion:

- a) the financial report of TTE Petroleum Ltd is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of TTE Petroleum Ltd for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

22 September 2016
Perth



Auditor's Independence Declaration

To those charged with governance of TTE Petroleum Ltd

As auditor for the audit of TTE Petroleum Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

Perth
22 September 2016

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

ANALYSIS OF HOLDINGS OF SHARES, OPTIONS AND CONVERTIBLE NOTES IN THE COMPANY

	Listed Ordinary Shares	Convertible Notes expiring 31 Oct 2017	Class A Performance Rights expiring 23 Dec 2017
1 — 1,000	104	0	0
1,001 — 5,000	87	0	0
5,001 — 10,000	65	6	0
10,001 — 100,000	547	25	0
100,001 — and over	528	1	1
Total number of holders	1,331	32	1
Holdings of less than a marketable parcel	897		

REGISTERED OFFICE OF THE COMPANY

Suite 3, 28 Outram St
West Perth
Western Australia 6005

Tel: +61 (8) 9322 6955
Fax: +61 (8) 6267-8155

STOCK EXCHANGE LISTING

Quotation has been granted for all ordinary shares on the Australian Securities Exchange. The State Office of Australian Securities Exchange in Perth, Western Australia has been designated the Home Branch of TTE Petroleum Ltd.

There are no current on-market buy-back arrangements for the Company.

VOTING RIGHTS

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

Computershare Registry Services Pty Ltd
Level 11
172 St Georges Terrace
Perth, Western Australia 6000

Tel: +61 1300 787 272
Fax: +61 (8) 9323 2033

COMPANY SECRETARY

The name of the Company Secretary is Jack Hugh Toby.

TAXATION STATUS

TTE Petroleum Ltd is taxed as a public company.

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	Percentage of Total
Marven Pty Ltd	25,209,817	3.18%
Mocter Pty Ltd <Noel Carter Family A/C>	23,666,666	2.98%
Ohio Holdings Pty Ltd	22,000,000	2.77%
Mr Don D Henrich + Ms Georgia A Henrich	20,000,000	2.52%
Ohio Enterprises Pty Ltd <Ohio Super Fund A/C>	20,000,000	2.52%
Bdrl Super Pty Ltd <Bruce & Rhonda Levy S/F A/C>	15,936,837	2.01%
Amanterra Ltd	15,000,000	1.89%
Spring Ridge Pty Ltd <Spring Ridge Super Fund A/C>	15,000,000	1.89%
Mrs Kathryn Valerie Van Der Zwan <Harleston Family A/C>	14,971,939	1.89%
Mr Simon Peter Wardman <Unwin Investment A/C>	14,000,000	1.77%
Worldwide Energy Co Ltd	12,865,510	1.62%
Mr Paul Charles Garner	12,500,000	1.58%
Ravikan Garner	12,500,000	1.58%
Northgold Pty Ltd <Northgold Super Fund A/C>	12,462,274	1.57%
Mr Andrew Trott Hopkins + Mrs Adrienne Janet Hopkins	12,000,000	1.51%
Andwendrod Services Proprietary Limited	11,740,666	1.48%
Mrs Silvija Palmer	10,627,340	1.34%
Callisto Maritime Pty Ltd <Callisto Maritime S/Fund A/C>	10,000,000	1.26%
Mr David John Mcdermott	10,000,000	1.26%
Mr Bradley Simmons	10,000,000	1.26%
	300,481,049	37.88%

TWENTY LARGEST HOLDERS OF CONVERTIBLE NOTES EXPIRING ON 31 OCTOBER 2017

	Number of Options	Percentage of Total
Mocter Pty Ltd <Gunns Plains Superannuation Fund>	600,000	30.05%
Callisto Maritime Pty Ltd <Callisto Maritime Super Fund A/C>	100,000	5.01%
Northgold Pty Ltd <Northgold Super Fund A/C>	100,000	5.01%
Mocter Pty Ltd <Noel Carter Family A/C>	100,000	5.01%
Jennifer Anne Carter	100,000	5.01%
Worldwide Energy Co Ltd	75,000	3.76%
Michael Nissen	75,000	3.76%
Simon Peter Wardman <Unwin Investment A/C>	75,000	3.76%
Ohio Enterprises Pty Ltd <Ohio Super Fund A/C>	75,000	3.76%
Ohio Holdings Pty Ltd	75,000	3.76%
Spring Ridge Pty Ltd ATF Spring Ridge Superannuation Fund	50,000	2.50%
Michael Stephen Pty Ltd <Michael Stephen Superannuation Fund>	50,000	2.50%
Daltura Investments Pty Ltd	50,000	2.50%
Andrew Peterfreund	50,000	2.50%
Marksar Pty Ltd <Charlton Superannuation Fund>	50,000	2.50%
John Fisher and Janette Fisher <Zenith Superannuation Fund>	50,000	2.50%
Kembla No 20 Pty Ltd	40,000	2.00%
Mr Atta Tadthiemrom	30,000	1.50%
BDRL Super Pty Ltd <Bruce & Rhonda Levy S/F A/C>	30,000	1.50%
Claredale Nominees Pty Ltd <DL Investment Trust>	25,000	1.25%
	1,800,000	90.14%

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

The convertible notes have an expiry date of 31 October 2017 with interest payable on a 9.75% per annum basis. Each convertible note may be converted at the election of the Noteholder to fully paid ordinary shares in TTE Petroleum Ltd prior to maturity at an issue price of \$0.03 per Share or 80% of the 10 day VWAP, whichever is lower. On conversion, the Company will issue the Noteholder one free Option exercisable at \$0.02 each and expiring on 31 May 2020 for every two Shares issued pursuant to the conversion of these convertible notes. Convertible notes that are not converted are repayable at maturity.

TWENTY LARGEST HOLDERS OF CLASS A PERFORMANCE RIGHTS EXPIRING 23 DEC 2017

	Number of Options	Percentage of Total
Colin Scotts	1,000,000	100.00%
	1,000,000	100.00%

Class A Performance Rights will vest when the Company's share price is equal to or greater than a 15 day VWAP of \$0.05 per Share. Upon vesting, the Performance Rights will be automatically exercised and the holder will be issued 1 Share for each Performance Right that has vested. The Class A Performance Rights will lapse if not exercised on 23 December 2017.

INTERESTS IN PETROLEUM TENEMENTS

<u>LEASE</u>	<u>WORKING INTEREST</u>
<i>AUSTRALIA</i>	
EP 455	18.50%
<i>USA</i>	
Allen Dome	30.00%
Sargent Ranch	37.50%
Blue Ridge Dome	25.00%
Boling Dome	1% Overriding Royalty
Markham Dome	1.5% Overriding Royalty

SUBSTANTIAL SHAREHOLDERS

Date Announced	Name	Number of Shares
16/08/2016	Paul Charles Garner and Ohio Holdings Pty Ltd and Ohio Enterprises Pty Ltd and Ravikan Garner and Scarlet Investments (WA) Pty Ltd	81,000,000

PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND RECOMMENDATIONS

INTRODUCTION

The directors are focussed on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the Company does not strictly comply.

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

The following section addresses the Company's practices in complying with the principles.

BOARD CHARTER

The Board has adopted the following Board Charter:

The business of the Company is managed under the direction of the Board of Directors. The Board is accountable to shareholders of the Company for the performance of the Company.

Each Director of the Company will act in good faith in the best interests of the Company and collectively oversee and appraise the strategies, major policies, processes and performance of the company using care and diligence to ensure that Company's long term sustainability is assured.

Directors will not misuse their position on the Board to advance personal interests nor to represent particular constituencies. Directors will not use information available to them as Board members to advance personal interests or agendas.

Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors must absent themselves from discussion or decisions on those matters.

The Company's Constitution and Australian corporations law specifies the minimum and maximum number of directors of the Company.

The Directors must elect one of their number as Chairman.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and Responsibilities of the Board

The Company has established the functions reserved to the Board. The Board has primary responsibility to shareholders for the sustainability and relevance of the Company by guiding and monitoring its business and affairs. The Board is responsible for:

- providing leadership and setting the strategic objectives;
- appointing a Chairman;
- overseeing the Company, including its control and accountability systems;
- appointing and removing the chief executive officer, managing director, or equivalent;
- ratifying the appointment and the removal of senior executives;
- providing input into and final approval of management's development of corporate strategy;
- reviewing, ratifying and monitoring risk management, internal control, codes of conduct and legal compliance;
- monitoring senior executives performance and implementation of strategy;
- ensuring appropriate resources are available to senior executives;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

Role and Responsibilities of Senior Executives

The Company has established the functions reserved to senior executives. Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be senior executives. The functions delegated to senior executives are:

- managing and administer the day-to-day operations of the Company;
- making recommendations to the Board on corporate strategy, risk management, internal control, codes of conduct and legal compliance;
- supervising other staff and represent them to the Board; and
- exercising such specific and express powers as are delegated to them by the Board from time to time.

Background checks on persons proposed for election as a director

The Board undertakes appropriate background checks of biographical details, qualifications, experience and details of other material directorships currently held for persons proposed for election as a director. Material information in the Company's possession on the background of proposed directors is included in the relevant notice of shareholder meeting.

Written agreement with each director and senior executive

The Board determines those circumstances where a written agreement with a director or senior executive is warranted. At present written agreements have not been executed with all directors and senior executives as the Board considers that the roles and responsibilities of all board members and senior executives are clearly defined and understood without a written agreement.

Company Secretary

The Company Secretary is accountable directly to the Board through the Chairman on all matters to do with the proper functioning of the Board. Each director is able to communicate directly with the Company Secretary and vice versa. Any decision to appoint or remove a Company Secretary is made by the Board.

Gender Diversity

The Group does not discriminate on the basis of gender and has no measurable objectives for achieving gender diversity.

There are no women on the Board. There are no women in senior executive positions in the Group. The proportion of women employees in the whole organisation is nil.

Evaluation of the performance of Directors and Senior Executives

A formal evaluation of the performance of directors and senior executives was not carried out in the financial year as the Board monitors the performance of directors and senior executives on an on-going basis and conducts an evaluation of the performance of directors and senior executives as and when the Board considers appropriate. The performance of the Chairman of the Board is assessed on an on-going basis by the Board as a whole.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The names of the directors of the Company and their skills, comprising their qualifications and experience are set out in the section headed Directors' Report in the Annual Report for the year ended 30 June 2016.

The mix of skills and diversity for which the Board of directors is looking to achieve in membership of the Board is that required so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to represent shareholders and fulfil the business objectives of the Company.

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

The recommendations are that a majority of the directors and in particular the chairperson should be independent. An independent director is one who:

- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- has not within the last 3 years been employed in an executive capacity by the Company or another Group member or been a director after ceasing to hold such employment;
- has not within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with such a service provided;
- is not a material supplier or customer of the Company or another Group member, or an officer of, or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or any other Group member other than as a director of the Company;
- has no close family ties with any person who contravenes any of the categories above; and
- is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Mr Andrew Van Der Zwan was the only Board members to meet these criteria until his resignation on 30 April 2016. Consequently, the Board does not have a majority of independent directors. Mr Darren Levy is the chairman of the Board. The Chairman is not an independent director.

Mr Darren Levy was appointed a director on 8 July 2011, Mr Paul Garner was appointed a director on 19 July 2011 and Mr Bradley Simmons was appointed a director on 30 August 2014.

Mr Paul Garner, Managing Director is the Chief Executive Officer of the Company.

The Board has agreed on the following guidelines for assessing the materiality of matters:

Balance sheet items are material if they have a value of more than 7% of pro-forma net asset. Profit and loss items are material if they will have an impact on the current year operating result of 7% or more. Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Nomination of Other Board Members

The Board has adopted the following Policy and Procedure for the Selection and (Re) Appointment of Directors.

In determining candidates for the Board, the Board follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Board considers the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if appropriate, are offered appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

Membership of the Board of directors, including whether the skills, knowledge and familiarity with the Company and its operating environment of each director is sufficient to fulfil their role on the board effectively, is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not believe that at this point in the Company's development it is necessary to appoint additional directors. Consequently, the Board has not established a nomination committee. The Board has not adopted a Nomination Committee Charter.

Independent Advice

Each of the directors is entitled to seek independent advice at the Company's expense to assist them to carry out their responsibilities however prior approval of the Chairman is required which is not unreasonably withheld.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Company has established a code of conduct as to the:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account their legal obligations and the expectations of their stakeholders;
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The terms of the code of conduct are:

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Each director and senior executive is required to advise the Chairman of the Board of any reports of unethical practices by any director, executive or employee of the Company. The Chairman of the Board will investigate the matter and report back to the Board as a whole.

Directors are required to make disclosure of any trading in securities of the Company.

The Company has a policy for trading in the securities of the Company. The policy is:

POLICY FOR TRADING IN THE SECURITIES OF THE COMPANY

DEFINITIONS

Insider Trading:

'Insider trading' includes the trading of securities or some wider set of financial products (including derivatives and financial products able to be traded on a financial market) while in possession of information that is not generally available and would be likely to have a material effect on their price or value if it were generally available. The prohibition against insider trading extends to applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or dispose of relevant financial products, or procuring another person to so trade, or communicating that information where trading in the relevant financial products is likely to take place.

The insider trading provisions are found in Part 7.10, Division 3 of the *Corporations Act 2001* ("Corporations Act"). Section 677 of the Corporations Act defines material effect on price or value. A reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the first mentioned securities.

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

Company Securities:

Company Securities means shares, options or performance rights over those shares and other securities convertible into shares, and any financial products of the Company traded on ASX.

Closed Periods:

Closed Periods means the following periods of time:

- a) From 7 January of each year until the next announcement to the ASX of financial results either in the form of a cashflow report or in the form of profit results; and
- b) From 7 July of each year until the next announcement to the ASX of financial results either in the form of a cashflow report or in the form of profit results; and

Key Management Personnel:

Key Management Personnel are defined in the ASX Listing Rules.

Declaration:

A declaration may be validly issued in either written or electronic form. Electronic declarations may take the form of an email, fax or any other electronic recordable communication.

Excluded Trading:

Excluded trading means trading consistent with any of the following categories:

Transfers of Company's Securities already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;

An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;

Where a restricted person is a trustee, trading in the Company's Securities of the entity by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the restricted person;

Undertakings to accept, or the acceptance of, a takeover offer;

Trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;

A disposal of the Company's Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement, provided that the restricted person obtained the consent of the Chairman or Chief Executive Officer of the Company to enter into agreements that provide lenders with rights over their interests in the entity's securities;

Acquisition of the Company's Securities through an issue of securities by the Company;

The exercise (but not the sale of securities following exercise) of an option or a right, or the conversion of a convertible security; or

Trading under a non-discretionary trading plan for which prior clearance by the Chairman or Chief Executive Officer of the Company has been provided and where:

- a) the restricted person did not enter into the plan or amend the plan during a closed period;

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

- b) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
- c) there was no cancellation of the trading plan during a closed period other than in exceptional circumstances.

Trading in Exceptional Circumstances:

Trading in Exceptional Circumstances means trading consistent with any of the following categories:

Trading in accordance with a declaration by the Chairman or Chief Executive Officer of permitted trading. In exceptional circumstances, a member of the Key Management Personnel may apply, together with a description of the circumstances, to the Chairman or Chief Executive Officer for a declaration to permit trading as Trading in Exceptional Circumstances which may be given in circumstances that the Chairman considers appropriate such as severe financial hardship, or a person is required by a court order, or there are court enforceable undertakings or there is some other legal or regulatory requirement to do so. The declaration will specify the duration of permitted trading.

TRADING RESTRICTIONS

All Key Management Personnel and all employees of the Company are required to comply with the prohibition against Insider Trading at all times with respect to the Company's Securities. Contravention of the insider trading prohibition may result in significant penalties.

With the introduction of the continuous disclosure regime, public listed companies and other disclosing entities are now required to disclose Price Sensitive Information on an on-going basis (subject to limited exceptions) so that at all times in the year the market can be fully informed and trading can be lawful. As a result the Company has decided not to specify safe periods but rather to designate periods when Trading by Key Management Personnel should not occur.

All Key Management Personnel are required to refrain from trading in the Company's Securities on the ASX during a Closed Period except for Excluded Trading or Trading in Exceptional Circumstances.

All directors of the Company are required to comply with the Corporations Act and the ASX Listing Rules with regard to disclosure of their interests in the Company's Securities on their appointment as a director, on any change in their interests in the Company's Securities and on resignation as a director.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

No audit committee has been established. The Board has not adopted an Audit Committee Charter. Executive directors play an active role in monitoring the daily affairs of the Company. As a result of the scale of operations it has not been considered necessary to form sub-committees.

Each Board member has access to the external auditors and the auditor has access to each Board member.

In the event of the resignation of external auditors, the Board will appoint a new external auditor which is subsequently ratified by shareholders in General Meeting. In all other cases an external auditor is nominated by a shareholder of the Company and is appointed by shareholders in General Meeting. An external auditor can be removed by shareholders in General Meeting. The Board does not have a policy for the rotation of external audit engagement partners.

Before the Board approves the Company's financial statements for a financial period, the Chief Executive Officer and the Chief Finance Officer each declare that the financial records of the Company for the financial year have been properly maintained, the financial statements and notes for the financial year comply with the appropriate accounting standards, give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The external auditor of the Company attends each Annual General Meeting of shareholders.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has established a policy to ensure compliance with ASX Listing Rule disclosure and accountability at senior executive level for that compliance. The terms of the policy are:

ADDITIONAL INFORMATION AS AT 12 SEPTEMBER 2016

All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the listing rules.

The Company Secretary is the person responsible for overseeing and co-ordinating disclosure of information to ASX as well as communicating with the ASX.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company has a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at its Annual General Meetings. The terms of the communications policy are:

The Board seeks to inform security holders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports and announcing these reports to the ASX;
- preparing quarterly reports in accordance with the listing rules and announcing these reports to the ASX;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- maintaining the Company's website and hosting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Company's investor relations program is based on actively engaging with security holders at the Annual General Meeting, meeting with them upon request and responding to security holder enquiries from time to time. The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the Company who is invited to the Annual General Meeting. The Annual General Meeting is held each year at a convenient time and place and all security holders are encouraged to attend and participate.

The Company's website provides facilities for security holders to subscribe to email updates and thereby receive communications from the Company by email.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board is conscious of the need to continually maintain systems of risk management and controls to manage all of the assets and affairs of the Company. The Company has established a policy for the oversight of material business risks and the management of material business risks. Risk management is a process of continuous improvement that is integrated into existing practices or business processes. The terms of these risk management policies are:

- liaise with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole;
- define the basic parameters within which risks must be managed and set the scope for the rest of the risk management process;
- identify the risks to be managed;
- identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis should consider the range of potential consequences and how these could occur;
- compare estimated levels of risk against pre-established criteria (see risk matrix in Risk Management Guide) and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities;

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- develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs. Allocate responsibilities to those best placed to address the risk and agree on target date for action;
- the Chairman and Chief Executive Officer are responsible for the implementation and maintenance of sound risk management. In carrying out this responsibility, senior managers review the adequacy of internal controls to ensure that they are operating effectively and are appropriate for achieving corporate goals and objectives;
- the Board is responsible for oversight and for providing corporate assurance on the adequacy of risk management procedures; and
- managers at all levels are to create an environment where managing risk forms the basis of all activities.

The risk management includes asset risk, operational risk, personnel health and safety risk, currency fluctuation risk, amongst others. The Company identifies and manages those risks on a case by case and overall corporate basis.

The Company does not have an internal audit function. The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and has required management to report to it on whether those risks are being managed effectively. The Chief Executive has reported to the board as to effectiveness of the Company's management of its material business risks.

A formal risk management evaluation was not carried out in the financial year as the Board monitors risk on an on-going basis.

The Company has regulatory responsibility for the environmental consequences of its activities. The Company engages qualified employees or consultants to manage its environmental responsibilities and complies with these obligations.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

There is no formal remuneration committee. The Board has not adopted a Remuneration Committee Charter. The functions that would have been carried out by a remuneration committee are performed as follows:

- The remuneration of executive directors is determined by the Board as a whole. The remuneration of non-director senior executives is determined by the managing director or chief executive officer.
- A maximum amount of remuneration for non-executive directors is fixed by shareholders in general meeting and can be varied in that same manner. The Board as a whole determines the remuneration of each non-executive director. In determining the allocation of remuneration to each non-executive director, the Board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.
- When the Board as a whole considers the remuneration of a particular director, that director will take no part in the decision making process or discussions.
- Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a director of the Company. One third of the directors retires annually in accordance with the Constitution and is free to seek re-election by shareholders.

There are no schemes for retirement benefits other than superannuation for non-executive directors. There is no policy on prohibiting transactions in associated products which limit the economic risk to directors and executives of participating in unvested entitlements under an equity based remuneration scheme, other than the Company's policy for trading in the securities of the Company. The Company does not currently have an unvested equity based remuneration scheme.

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TABLE OF DEPARTURES AND EXPLANATIONS (FROM THE RECOMMENDATIONS OF THE ASX CORPORATE GOVERNANCE COUNCIL)

"Recommendation" Ref (“Principle No” Ref followed by Recommendation Ref)	Departure	Explanation
1.3	Written agreements have not been executed with all directors and senior executives.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that the roles and responsibilities of all directors and senior executives are clearly defined and understood and that written agreements for all directors and senior executives are not warranted as yet.
1.5	No formal diversity policy has been established.	The Company does not discriminate on the basis of gender. While gender imbalances may occur from time to time, all applicants for positions with the Group are assessed on their merits irrespective of their gender. Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that the current composition of the Board does not disadvantage the Company and a diversity policy is not necessary to provide a competitive advantage at this time.
1.6 and 1.7	No formal process for periodically evaluating the performance of Directors and Senior Executives.	There is no formal process for periodically evaluating the performance of Directors and Senior Executives as the Board monitors the performance of directors and senior executives on an on-going basis and conducts an evaluation of the performance of directors and senior executives as and when the Board considers appropriate.
2.1	A Nomination Committee has not been formed.	The Board comprises four members each of who have valuable contributions to make in fulfilling the role of a nomination committee member. A director will excuse himself where there is a personal interest or conflict.
2.4 and 2.5	The Board does not have a majority of independent directors. The Chairman is not an independent director.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that active director oversight with executive involvement is required in multiple jurisdictions and disciplines, thereby limiting the number of directors who can be independent. Given the nature and depth of their experience, each of the directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.

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"Recommendation" Ref (“Principle No” Ref followed by Recommendation Ref)	Departure	Explanation
4.1	No formal audit committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary that a formal audit committee be established or a charter be drawn.
7.1	No formal risk management committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a risk management committee or a charter be drawn.
7.2	No formal review of the Company’s risk management framework has been carried out.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to conduct a formal review of the Company’s risk management framework as the Company’s risk profile is monitored by the Board on an on-going basis.
8.1	No formal remuneration committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a remuneration committee or a charter be drawn.