

ACTIVITY HIGHLIGHTS FOR THE SEPTEMBER 2016 QUARTER

During the Quarter we saw oil prices stabilise around US\$44 per barrel. Gross oil production on the Allen Dome lease was 1798 barrels at an average price of US\$43.64 per barrel. Production costs remain at \$7 per barrel for the quarter due to the internal cost cuts implemented in the previous quarters.

Key Outcomes for the Quarter were:

On 4 August, 2016, TTE Petroleum LLC (TTE) signed a Purchase and Sale Agreement effective 1 August, 2016 with Viceroy Petroleum LP (**Viceroy**) an independent oil & gas production and operating company based in Central TX.

As part of the alliance, Viceroy assumed operatorship and acquired a 70% Working Interest (W.I) in the Allen Dome field (which included the acquisition of the 50% W.I owned by Gulf South Energy Partners LP and Gulf South Holding Inc). TTE retained a 30% W.I in Allen Dome.

Viceroy also purchased 100% of the Boling Dome and Markham Dome interests from TTE.

TTE retained an overriding royalty interest (ORRI) in both Boling Dome and Markham Dome.

The transaction enabled TTE to continue to be involved in the development of the Allen Dome field in a cost effective manner whilst also generating cash to supplement working capital. Viceroy commenced an immediate workover program on Allen Dome, focusing on the uphole recompletion of the existing wellbores drilled by TTE during the 2015 drilling program. Additionally, further investigation of the gas sales potential for Allen Dome is continuing.

ABOUT VICEROY

Viceroy Petroleum LP has been in the Oil and Gas business in Texas for more than 25 years, with assets in Central, Gulf Coast, and South Texas. Will Ferguson started with a few wells and has built the company to over a hundred wells and over \$50 million valuation. He and his son are directing the company through a time of phenomenal growth, while remaining very hands-on.

Viceroy has a reputation of taking heritage assets and increasing production through streamline operations, aggressive optimization and completion technology. They are highly sought-after operation partners and continue to grow through business partnerships.

Key personnel are: Will Ferguson, Founder and Director. Matt Ferguson, President and Petroleum Engineer. Joe Strmiska, Vice President of Business Development.

WORKOVER PROGRAM

The TTE & Viceroy joint venture commenced an immediate workover program to address recompletion of the JT Reese and Rosalee wellbores at Allen Dome. A number of the wells were overdue for recompletion and are still producing from the first zone in the well, with numerous unproduced cored-oil pays stacked above. Recompletion of untested zones in these new wellbores is both low risk and low cost (less than 10% of drilling a new well).

The program involves the JT Reese 14, 17, 23 and the Rosalee 5150 and has the potential to significantly increase production levels.

Preliminary budgets indicate the program will cost approximately US\$250,000 of which TTE's share would be US\$75,000. It is estimated that this work will take approximately 3 months to complete.

The joint venture believes that now is the ideal time to focus on increasing the revenue stream at Allen Dome. TTE will be working alongside Viceroy as the new operator to capitalize on the reduced completion rig and downhole services rates.

GAS SALES POTENTIAL

Subsequent to TTE's announcement on 19 April 2016, the Company has conducted additional gas analysis as part of a proposal to secure a connection to the Houston Pipe Line with two companies operating fields nearby that currently have gas wells



temporarily shut-in. A joint collaboration with these parties will greatly enhance the economics for sales of the Company's gas production.

EP455 TTE 18.5% WI / AWE 81.5% WI and Operator

The Drover-1 well site decommissioning work has been completed. As part of the new 5-year work program commitment, reprocessing of data licensed from Searcher Seismic is underway. Interpretation of the new data will be presented during a Technical Committee Meeting between TTE and the operator, AWE Limited.

SUMMARY OF TTE INTERESTS

Following completion of the transaction, the Company will own:

- **Allen Dome:** a 30% Working Interest in the joint venture with Viceroy Petroleum, plus a 3% Overriding Royalty Interest on gross revenue across new and existing leases.
- **Boling Dome:** a 1% Overriding Royalty Interest on gross revenue across existing leases and 2% Overriding Royalty Interest on gross revenue in new leases within a specified area (Area of Mutual Interest).
- **Markham Dome:** a 1.5% Overriding Royalty Interest on gross revenue across existing leases.
- **Blue Ridge Dome:** 361 Net Acres that has 40 development and 10 exploration drill sites and infrastructure in place for immediate development. The Company's acreage, known as the Occidental Fee lease, represents a significant portion of the south-western corner of the Blue Ridge field in Fort Bend County, approximately 20 miles south of Houston.
- **Exploration Permit 455:** an 18.5% Working Interest in EP455 in joint venture with AWE Limited.

The Company continues to investigate acquisition opportunities to maximise the returns of the existing shareholder and encourage the participation of new shareholders.

WORKING INTEREST LEASEHOLDING SUMMARY AS OF 30 SEPTEMBER 2016:

Asset name	Working Interest at end of Quarter	Percentage Change during quarter	Area Net Acres
Texas			
Allen Dome	30%	-70%*	325
Blue Ridge	100%		361
Markham Dome	Nil	-100%	
Boling Dome	Nil	-100%	
<i>Western Australia</i>			
EP455	18.5%		20,700

Note: Allen Dome working interest was reduced during the quarter from 100% to 30%, however the Company's interest in production from the Allen Dome wells was reduced during the quarter from 50% to 30%.

EVENTS SUBSEQUENT TO THE END OF QUARTER

On the 12 October 2016 the Company announced that it had entered in to a Letter of Intent (**LOI**) with Viceroy Petroleum LP (**Viceroy**) an independent oil & gas production and operating company based in Central Texas.

Viceroy will assume operatorship and acquire a 75% Working Interest (W.I) in the Blue Ridge field located in Fort Bend County, Texas. TTE will retain a 25% Working Interest as well as an Overriding Royalty Interest.

TTE and Viceroy will negotiate a mutually-acceptable, comprehensive Purchase and Sale agreement (**Definitive Agreement**) that is consistent with the LOI.

The terms of the Purchase and Sale Agreement will see Viceroy pay the sum of Two Hundred Thousand Dollars (US\$200,000.00) for the assignment at closing of Seventy-Five percent (75.0%) of the leasehold Working Interest (WI) and Fifty-Three and One Quarter percent (53.25%) Net Revenue Interest (NRI) in the Blue Ridge oil and gas leasehold interests.

TTE shall retain Twenty-Five percent (25%) Working Interest with associated NRI.

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