

A MESSAGE FROM YOUR CEO

ASX Announcement | 29 September 2015



Dear Fellow Shareholders,

This is the one year anniversary of my joining the Company. It has seemed like five years with the intensity of the times. It has been an interesting year. The oil price fluctuations have been extreme, and mostly to the downside. The markets have dealt with the usual sentiment roller coaster rides on a day-to-day basis. Meanwhile, we keep drilling and building our Company in the face of any and all serious headwinds and challenges. We are currently enduring the lowest oil prices in over six years on top of tropical storms, record floods and of course record heat all in this year. We have dealt with challenging drilling conditions which have been more difficult than any I have faced in over two decades. Yet we have prevailed. Yes, it has been an interesting year.

As shareholders in one of the smallest producers on the boards, you want straight talk and you deserve it. Let's get down to the facts and details of the times:

- A year ago WTI oil price was close to \$US100 per barrel and recently dropped below US\$40 per barrel. Quite a headwind to have faced throughout this year. For those of our peers with unconventional projects, heavy debt and declining production it has been a bloodbath that continues.
- We have nevertheless kept our focus and conducted nine months of continuous drilling and recompletion operations when most companies are electing to "sit and wait".
- When I joined the Company a year ago the share price was approximately half its current price.
- When I joined the Company a year ago the market cap was less than half its current value.

Savour these metrics fellow shareholders, as we are one of the few that can make these claims. And while I would love to take credit for this, I cannot. The new name of our Company says it all, **Total Team Effort**.

- We made the commitment to rapidly assemble a top-flight team of savvy field, drilling, and operations personnel to rival any Company in the patch. We met and exceeded that goal. Many are taking (at their election) TTE shares in lieu of a portion of their pay in order to capitalize on future growth of our Company. If anybody knows the real value of our Company, it is them.
- We conducted a "fast track" intensive analysis of our property holdings and liquidated non-core projects while oil prices were still high.
- We doubled our holdings in Allen Dome based upon the findings of a team of experts brought in to augment our technical expertise. That team unlocked significant potential in our assets that caught outside attention from an institutional partner to jointly exploit these projects.
- Because of our rapid actions we successfully forged an excellent relationship with Gulf South Holdings, who initially committed to a three year US\$50 Million joint development plan.
- Based upon market demand that commitment was subsequently raised to US\$75 Million over the next three years.
- We have just completed a successful Gulf South 2014 drilling program and are now commencing the joint 2015 developmental drilling program.
- We have made huge strides on the acquisition front in the past year. In addition to doubling our holdings in Allen Dome we have added significant holdings in two more proven oil fields.
- We have seen the decision in the past year by our Australian partner in the Perth Basin to decommission the Drover-1 well. I can assure you that the future of our Company does not rest in any way on this project or this basin.

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Our production is only now starting to build and we are assembling a powerhouse drilling program for the coming months. We are in the business of exploiting the remaining untapped reserves in under developed oil fields. Our focus is Texas Gulf Coast salt domes where the new recruits of TTE have decades of experience.

We have seen field costs to acquire quality projects, drill, and complete oil wells drop dramatically along with the oil price. We have to watch our pennies and dollars on this front, as we are not nearly as well capitalized as most of our peers. However, we are making good decisions and sharpening our pencils. We endeavour to build our daily production at a much higher rate of growth by wisely using our dollars in the right places.

We have a fantastic and aggressive board. Note that every board member has their own "skin in the game" and have continued to increase their holdings throughout the past year. As a group, we hold approximately a 25% equity stake in TTE.

People, Projects, Persistence and Production. These are the keys to our future. Is this an easy task ahead? Not a chance! When evaluating our activities against our peers I can tell you that while some believe it is easier to do nothing, we are not of that philosophy.

I personally have been waiting for many years for just the situation that is now unfolding – the doom and despair period of sentiment when projects and drilling costs seem to be in a death spiral. I have seen this only a few rare times of this magnitude in my 35 years in this business. These are the times when fortunes are made in cyclical industries such as ours. Buy low for a change - this is the "war cry" of these times.

There is an old Chinese proverb that says "The highest kite flies against the wind". We intend to defy market sentiment (and perhaps good sense) by drilling ahead with efforts to not only become the best performer in our sector but a quality Company that builds the reputation of excellence and the highest standards of operations.

In this time of uncertainty about energy investments, go back to basics.

- Are the management, board and personnel committed with skin in the game?
- Does the business model work?
- Does the team have the ability to deliver the goods?

YES, is the answer to all three. Together we will continue to build this Company, each well and each barrel of oil at a time. If we do this, the share price will always take care of itself.

Fasten your seat belts for the coming year. The actions of our management team in the next three to six months will impact our Company for many years to come. We will not sit complacently through this difficult time. However large or small your TTE investment - know that you matter to us. After all, you are also a part of those three letters that make up our name and you are a critical member of that Total Team Effort!

I invite you to join me and the rest of the TTE team on October 28th 2015 in Melbourne for a shareholder reception and presentation. In addition, we have just released a fantastic TTE operations video: *Building Our Company One Well At A Time*. Please see our website for further details.

All the best,

A handwritten signature in black ink, appearing to read "Brad Simmons".

Brad Simmons
Chief Executive Officer
TTE Petroleum Ltd.