

JOINT VENTURE PARTNER FOR ALLEN SALT DOME

ASX Announcement | 5 August 2016



Australian oil and gas Company TTE Petroleum Ltd (ASX: TTE) (**TTE** or the **Company**) is pleased to announce, on 4 August, 2016 (US Central Time), it has 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 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.

The sale of these fields will result in TTE net approximately US\$824,000 (AUD\$1,086,000).

This transaction will enable 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 is expected to commence an immediate workover program on Allen Dome, focused on the uphole recompletion of the existing wellbores drilling by TTE during the 2015 drilling program. Additionally, further investigation of the gas sales potential for Allen Dome is underway.

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.

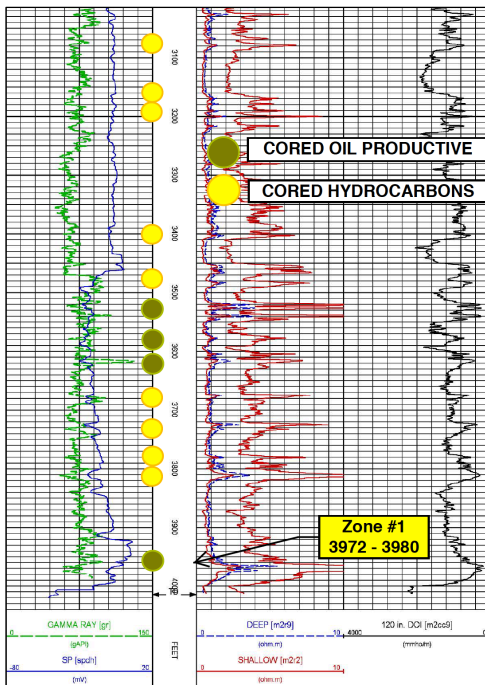
WORKOVER PROGRAM

The TTE & Viceroy joint venture will commence an immediate workover program to address recompletion of the JT Reese and Rosalee wellbores at Allen Dome. A number of the wells are 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). Recompletions are considered routine maintenance on salt domes in order to exploit the number of overlying undeveloped reservoirs seen in the wells.

The program will involve the JT Reese 14, 15, 17, 23 and the Rosalee 5150 and has the potential to significantly increase production levels.

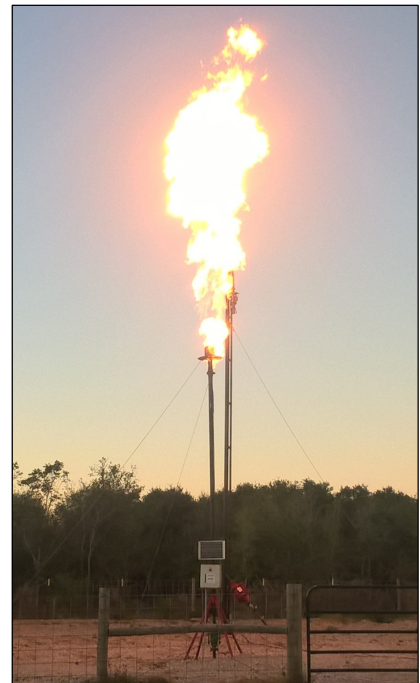
Preliminary budgets indicate the program will cost approximately US\$250,000 of which TTE's share would be US\$75,000. It is estimated that this work will take approximately 3 months to complete.

Notwithstanding the volatility of oil prices, 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.



Left: Open Hole Log - The JT Reese #23 has produced approximately 10,000 barrels from the first zone at 3,972 to 3,980 feet. 12 additional zones have been identified through sidewall core analysis as hydrocarbon bearing.

Right: Flare burning natural gas produced from the JT Reese #14, #17 and #23. Production tests have shown the JT Reese lease is capable of producing natural gas for prolonged periods at rates in excess of 1.5 MMCFD from only a few wells which were completed for oil production.



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.

Initial estimates indicate a net cost of approximately US\$80,000 for TTE's share of the pipeline and necessary upgrades to existing tank battery infrastructure.

EP455

TTE 18.5 % W.I | AWE 81.5% 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 in late September 2016.

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.

BOARD RESTRUCTURING

In conjunction with the new joint venture with Viceroy, a Board restructuring will see Darren Levy as Non-Executive Chairman (previously Executive Chairman) and Brad Simmons as a Non-Executive Director, relinquishing the role of Chief Executive Officer.

Brad Simmons stated "Paul Garner and I have shared the CEO role for some time, and unfortunately I must step down to deal with some personal health matters. I thank all of our shareholders for your support and input over the past two years. The Company is in great hands with Paul, the largest shareholder of our company who is committed to our Company's success. I also remain a major TTE shareholder and an active TTE advisor with continued optimism and support regarding our Company's future."

Mr. Simmons continued by saying "I am ecstatic with the Viceroy relationship and their expertise. In our new role as a non-operator there is no further need for us to incur ongoing internal daily operational costs. Our 30% share in an actively developing field has a much greater value than a larger interest in it's current under-developed state. I am confident the Viceroy team will take Allen Dome to the next level of success and that TTE will benefit significantly from this alliance.

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