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ASX: TTE

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## TITAN ENERGY USA PROJECT UPDATE

### HIGHLIGHTS:

- **Agreement reached on doubling of working interest to 80% at Sodbuster Prospect**
- **Negotiations underway for drilling of initial Sodbuster well in Q3, 2012**
- **Drilling contractor signed for maiden Allen Dome well in Q3, 2012**
- **Negotiations underway to significantly increase Company's interests in the Illinois Basin**
- **Acquisition of Louisiana oil prospect in process**

**Titan Energy Ltd (ASX: TTE)** (Titan Energy or the Company) is pleased to provide an update on its activities in the highly prospective Sodbuster, Allen Dome and Illinois Basin projects in the USA.

### **Sodbuster Prospect, Colorado**

Titan Energy has reached an agreement to double its interests in the Sodbuster Prospect in Logan County, Colorado to 80%.

Titan Energy initially announced on 19 March, 2012 that it was farming in for a 40% Working Interest (WI) in the 1360 acre (1326 net mineral acre) Sodbuster Prospect for an initial payment of US\$75,000 to cover 50% of lease costs.

Under that agreement Titan Energy was also required to pay 50% of the cost to drill and complete an initial well within the Prospect area to earn the 40% WI.

The Company has now renegotiated that agreement, and in exchange for the Company paying 100% of the exploration costs on an initial well, it will now earn an 80% WI in the Sodbuster Prospect.

The requirement for an upfront lease payment has also been removed, with 100% of the lease fees of US\$150,000 to be paid to the vendor of the project out of 33% of net production revenue from a commercially successful well.

In the case of a dry hole, Titan Energy will only earn its interest in an 80 acre area around the well. However, if Titan Energy elects to pay the lease fees within 120 days

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of plugging and abandoning the well, before 1 May, 2013, it shall earn its full 80% Working Interest.

Titan Energy is currently negotiating with a project management consultant for the drilling of an initial well in the prospect area in Quarter 3, 2012, to test the J Sandstone Formation and the Niobrara sand. The target zone is forecast to be located at a Total Vertical Depth (TVD) of 5000 feet (approximately 1524m). The “dry hole” cost for the well is estimated at US\$237,000.

### **Allen Dome, Texas**

Titan is pleased to report that it is in discussions with a Texas-based Engineering Services company to design and drill the Company’s first well into the Allen Dome salt dome area in Brazoria County, Texas. The Company is still on target to drill the well (subject to rig availability) in mid Quarter 3, 2012.

“This is a very exciting time for Titan Energy and its shareholders,” Titan Energy’s Managing Director, Steve Thomas, said.

“We are working hard to be in a position to be drilling a well into a much sought after salt dome field with a history of oil production in Texas and another into the large Sodbuster Prospect in Colorado – all within a few weeks of each other.

“Drilling success at either could be company changing events for Titan Energy.” he said.

“Interestingly, our well into the south side of the Allen Dome salt dome will be the first drilled with modern equipment as the last wells were spudded there in the 1980s.”

The Allen Dome well will test a number of target zones known to be proven producers in the Allen Dome field area.

Titan Energy also reports that an option agreement to acquire a 100% interest in a further 276 acres of productive acreage on the northern flank of the Allen Dome, as announced on 2 May, 2012, has been extended to June 30, 2012 to allow the Company to fully complete due diligence on the acquisition.

### **Illinois Basin**

The Company is also pleased to report it is currently in negotiations for an additional 450 acre exploration permit area in the Illinois Basin. Titan Energy is confident of completing this acquisition in the near future. The Company is also in early stage discussions for obtaining a significantly larger exploration area within the Basin.

### **Franklin Prospect**

Titan Energy also reports that it has received a refund of approximately US\$121,000 from the drilling of the Midyett#8-1 exploration well in April this year.

As part of its agreement to drill the well, Titan paid an upfront testing and completion fee. As the well was found to be dry, no testing was undertaken and a portion of that fee has now been returned to the Company.

Consequently, the net cost of the well was US\$120,760.

### **Louisiana Project**

Titan Energy is in the process of finalising an acquisition of 365 acres in Lake Charles, Louisiana for an initial leasing cost of US\$55,000. The prospect is supported by 3D seismic data as well as subsurface well control.

### **New US Managing Partner**

Titan Energy is also pleased to report that John McKnight has agreed to take up a full time position with the Company as its US Managing Partner.

John McKnight was previously an Executive Consultant to Titan and his vast US experience and contacts will be an important asset as the Company explores its prospective US assets and continues to grow its US interests.

## **ABOUT TITAN ENERGY**

Western Australian-based Titan Energy Ltd (ASX: TTE) is a global oil and gas explorer with growing interests in Australia and the United States.

The Company is actively searching for oil and gas in the highly prospective onshore Perth Basin in Western Australia and in proven international hydrocarbon producing areas.

Titan Energy's Warradarge Seismic Survey in North Perth Basin permit DR11 has been used to define the location of two wells proposed for drilling by the Company in 2012.

Titan Energy is also participating in a Joint Venture with AWE which has farmed in for an 81.5 per cent equity share in an area known as Eneabba South (EP455) in the North Perth Basin.

The Company has also built up a significant onshore presence in the USA with agreements to:

- Acquire an 87.5% interest in 344 gross acres on the southern side of the Allen Dome;

- Negotiate an option to acquire a 100% interest in a further 276 acres of productive acreage on the northern flank of the Allen Salt Dome in Brazoria County, Texas.
- Acquire an 81% interest in the Franklin Prospect area of the Midyett South Development Project in the Illinois Basin;
- Farm-in for a 80% Working Interest (WI) in the 1360 acre Sodbuster Prospect in Logan County, Colorado; and
- Acquired approximately 17,000 acres of prospective shale properties in the US state of Nevada.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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