

Fellow shareholders,

As we enter the New Year it is always a good time to take a look at where we have come from this past year – and look ahead to the new one. We have experienced some major changes in the past year in a number of areas. Let's take a look at some of these:

- **OIL PRICE.** WTI started 2014 in the mid \$90's. It starts 2015 in the mid \$50's.
- **PROJECTS.** In 2014 we started with eight US projects and one Australian project, going into 2015 we have refined our efforts and focus onto the Allen Dome due to significant additional information and analysis that has been obtained. In summary, all non-Allen Dome projects have either been relinquished sold off or in the process of being sold. There were some successes and some failures, but the strategy was timely considering how recent values have been affected with oil prices cut in half.
- **PERTH BASIN.** We had high hopes for the Drover-1 test well in the Perth Basin which was drilled mid-year. This well has been a success in identifying hydrocarbons (wet gas and dry gas) with the possibility of commercial potential in the distant future. The operator has indicated a "mini frac" will be conducted in early 2015 to assess frac potential. The operator's decisions will naturally be driven by a number of factors including resource economics and how these results have affected technical potential of the entire block.
- **PERRY RANCH.** We reached an agreement on a farmout of the Perry Ranch with very attractive terms on the 302 acres of the eastern flank of Allen Dome, whereby we will participate as a non-operator owner in a 5,200 ft. test well expected to begin drilling soon after the first of the year. We have a 40% Working Interest in this well with an excellent partner / operator and are very excited about the prospects of this test. Perry Ranch is located on the northeast shelf or rim of the Dome where very little drilling has been conducted.
- **OIL RESERVES.** In April we disclosed that we had Net 1P oil reserves independently estimated at 336,000 barrels and Net 2P oil reserves independently estimated at 479,000 barrels. All other resources were evaluated as contingent or prospective and neither proven nor probable. No further new reserve estimates have since been provided.
- **SHAREHOLDERS.** At the end of 2014 we had approximately 1,400 shareholders. Many of these are "die hard" shareholders who have supported the company over the stormy years of the past. As a new CEO entering the company this year, I have greatly appreciated considerable input from you fellow shareholders regarding your views as to how to make Titan a better company.
- **BOARD AND MANAGEMENT.** Early in the year saw Andrew Van Der Zwan join the Board. Later, in September I joined the Board, becoming CEO in October. We end 2014 with four Board Members and 7 employees. In addition, we have upwards of 10-12 contract technical and administrative personnel and approximately 7 field contract personnel working for Titan on various projects. With the intensity I described at the AGM, there are now personnel focused on Titan projects and improvements 24 hours a day in some capacity. Virtually all of those are also Titan shareholders as well.
- **OUT WITH THE OLD.** We have had a couple of rough years in the past and I am determined that the period of drastic losses is behind us and we are diligently working on avenues of how to best capitalise on the assets we own to generate positive cash flow and positive earnings in the future. As we have discussed in recent reports since I have joined the company we are focused on "here and now" revenues and results rather than long-term resource holdings with little or no revenues

and income. The share price has clearly been affected by this performance, as it would be expected to, along with external factors such as oil price and general economic and market conditions.

IN WITH THE NEW - 2015 AND BEYOND

We are now a new company with a new vision! As I have laid out to you in previous recent messages, there are a number of new factors and new principles being implemented. Taking all of my past experience along with that of my fellow Board members we are looking ahead at 2015 as a landmark year for the turnaround of Titan on a number of fronts which are metrics for you to follow in the year ahead. Let's visit some of these goals for 2015 as specifically as possible. Understand these are GOALS – NOT GUARANTEES:

#1 INCREASE OIL PRODUCTION

For the past few months all of our Allen Dome properties combined had been producing approximately 30 BOPD and 300 BWPD. We have six existing wellbores with potential to recomplete in new untested zones or enhance the existing ones. We have begun the process of reactivating these wellbores with “boots on the ground” right now, even through the holidays, to move our production into the triple digits and the goal to hit four digits by this time next year. With the recent successes of the Reese S2 (initial flowing test of 149 BOPD) and Reese 2A (Swab test of 87 BOPD) wells we are getting there rapidly! We intend to continue the workover project through mid-January and will keep you closely apprised of our progress. Most of these are old wellbores from 30-50 years ago so we are happy with both the production results and the mechanical integrity of the old casing thus far.

#2 INCREASE 1P AND 2P NET OIL RESERVES

While contingent and prospective resources are still a valid component of a company's holdings, 2015 is going to be all about 1P and 2P reserves. Increasing our 2P from 479,000 barrels is a primary goal ahead. With oil pricing affecting any new valuations this will be especially challenging – but we are up to the task. By the end of 2015 we have set a goal of a dramatic increase of 2P oil reserves into the millions of barrels – and fellow shareholders will have a front row seat to watch this process unfold.

#3 EXPAND OUR HOLDINGS ON ALLEN DOME

We have land professionals on the ground regularly working on leasing additional property around the dome where we do not have all of the target acreage we want. Our extensive database and focus gives us an edge on any potential competitors. While it may seem humorous to think of competitors since Titan is the first activity on this field in over 20 years – success brings competitors. We have begun the successes which will cast a new view on the potential of this old forgotten field.

#4 EXPAND TITAN HOLDINGS BEYOND ALLEN DOME TO OTHER FIELDS

The technical team we have built in the past 3 months has considerable expertise in the Texas Gulf Coast area. Expect to see this year the possible expansion to other proven oil fields in the region where opportunities may appear where we can capitalize on the recent downturns in oil pricing and the associated perceptions of this time period. New oil & gas leases, even in proven fields, may soon be “cheaper” to acquire now than in the past year.

#5 BRING NEW SHAREHOLDERS TO OUR REGISTER

One of the real benchmarks of approval of our performance and interest in our company is the number of shareholders on our ledger. We are setting a goal of tripling our shareholders by the end of 2015. Spreading the message of our company and this new vision is not just a responsibility of management – fellow shareholders can and should play a role in this. Ultimately if we achieve our other goals this one should become a self-fulfilling.

#6 INCREASE COMMUNICATION BETWEEN MANAGEMENT & SHAREHOLDERS

There are many elements of company internal strategies, negotiations, and projects, which cannot be shared by management with its shareholders until they become bona fide transactions (such as joint

development projects) or verified performance metrics (such as specific well production tests until adequate time of tests occur). That does not stop a lot of you from calling or emailing to ask the questions. Some that call cannot understand why we cannot disclose results – even if we might have a good idea of what is ahead. The oilfield term for keeping quiet regardless of inquiries is called being under “tite hole” conditions. If you receive that term regarding your questions you can now understand what they are telling you. Nevertheless, our goal in 2015 is to continue to share the news, good or bad, as soon as possible.

#7 BECOME A PROFITABLE COMPANY

In this initial year of turnaround it would be significant to move to profitability after absorbing the challenges of the past. However, we are working to turn around the results as rapidly as possible. Some of these will be “baby steps”, especially in the face of declining oil prices and volatile public opinion and market opinions regarding the energy sector.

#8 EXPAND DRILLING CAPITAL SOURCES TO SUPPLEMENT OUR EXISTING CASH

There are a number of ways to accomplish this goal. We have an immense amount of potential drilling ahead of us and limited capital to use for this process. Where we drill is also crucial, as we have developmental drillsites with the risk of some drainage from previous wells and we have wildcats with geological risk but potentially dramatic returns if successful. Welcome to the oil business and the associated risk management process. We are aggressively exploring innovative avenues for ramping up drilling while many of our peers are sweating out their past performances and Capex anxiety. If we succeed, we gain serious mileage on the rest of the field.

#9 MAINTAIN TIGHT OVERHEADS AND VIGILANT COST CONTROLS

The US costing environment for services and supplies is dramatically different than Australia. Wells which cost multi-millions in Australia can cost less than \$1 Million in the US. Eliminating the focus on Australia is a likely evolution ahead, which will enhance our efficiencies dramatically. Recent oil price collapse reflects in reduced pricings and heavy competitive bidding with a “hang time” delay of only months in the US oil patch. We are already starting to see softening of prices in our operations although the larger independent oil companies are only starting to announce Capex cuts of 50% or more. The costs of drilling and producing new wells in the current environment are assured of reductions from past drilling efforts. Nevertheless, we must maintain a close watch on these costs and continue to “shop” for the very best prices & services. Our Managing Director, CFO & accounting personnel are on the ball on these matters.

#10 RESTORE INTEREST AND EXCITEMENT IN TITAN’S FUTURE AND VALUE

If we reach our goals previously discussed, this one will become a foregone conclusion. However, let’s make it clear that management and Board of Titan are keenly aware of the storms of the past, have learned from them, have brought in new personnel with a new energy and excitement, and none of us have any intention of reliving old history.

This is a new Titan in many ways – and this is the company you now hold shares in alongside virtually every Titan employee, contractor, and service company providing the field work. Everyone here are all “pulling on the same wagon” as fellow shareholders and have invested their own hard earned money in this company. Let there be no doubt that we all have “skin in the game” in our beliefs that Titan will become a successful producer in the years to come. From a personal perspective as your CEO, I must admit I haven’t had this much fun or worked this hard in several years. This is the beginning of a very exciting journey for our company, and we hope you take part in it with your support, your input, and your excitement and enthusiasm as we do. This goal is no less important than the others, but of all of those goals that have been listed this is the one which I feel confident, in my own personal opinion, is the most inevitable. As you watch the year ahead unfold, I feel you will tend to agree. There is plenty of well-earned skepticism out there right now – and that makes the challenge to overcome it that much more exciting, especially watching the building blocks come into place here on the “front lines”. That shift in opinion and interest and excitement can happen in a heartbeat, and it makes victory that much sweeter for all of us that have ridden through the storm together.



From all of us out here, who are **making these goals our priority** and **Company success our mission**, we extend to you our best wishes for a prosperous and healthy 2015. Thank you for your continued support and input, and expect to see significant changes in Titan regardless of how the rest of the energy industry around us fares. We stand apart from the rank and file companies in our peer group in many ways – and this so called “crisis period” at the moment merely gives us the perfect platform to prove it.

Happy New Year and Best Wishes

Brad Simmons
Chief Executive Officer

Management

Darren Levy
Executive Chairman
Brad Simmons
Executive Director & CEO
Paul Garner
Managing Director
Andrew Van Der Zwan
Non-Executive Director
Jack Toby
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