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TITAN ENERGY LTD TO ACQUIRE INTEREST IN PROVEN TEXAN SALT DOME OIL PROSPECT

HIGHLIGHTS:

- **Titan Energy to earn an initial 87.5% working interest in a proven 344 acre oil producing salt dome area in Texas.**
- **Area considered to have significant potential and similar geologically to nearby Maverick Drilling & Exploration Blue Ridge Dome Field.**
- **Current target of 1 million barrels of recoverable oil.**
- **Initial three well development drilling program planned.**
- **Re-processing of 3D seismic to assist with selection of drill targets.**
- **Modern technology tipped to bring new lease of life to historic producing area.**
- **Experienced US consultant joins Titan Energy team**

Australian oil and gas company **Titan Energy Ltd** (ASX: **TTE**) (Titan Energy or the Company) is pleased to announce it has signed a Participation Agreement (PA) for an option to farm-in for an 87.5% working interest (WI) in the historic, oil producing Allen Dome area in Texas.

Under the agreement Titan Energy, through its wholly owned US subsidiary, will pay an initial sum of US\$100,000 for an exclusive option to farm-in to leasehold interests covering 344 gross acres (316 net mineral acres) on the southern side of the Allen Dome salt dome in Brazoria County, Texas.

Other conditions under the PA include:

- Titan can exercise the option by tendering a further sum of US\$140,000 to finalise the full payment of US\$240,000
- Subject to certain conditions, Titan Energy has committed to drilling three initial test wells on leases within the Prospect Area or lands pooled therewith. The first test well will be within six months of the receipt of additional prospect data by Seacoast Oil and Gas, Inc (SOG).

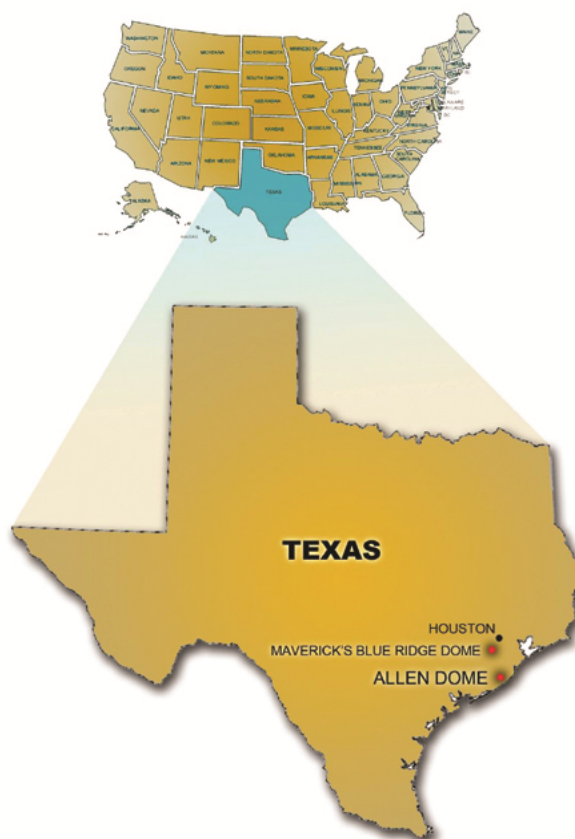
- Each well shall be drilled to a depth at which Titan Energy elects to complete a productive zone or a depth sufficient to test the base of the Miocene formation.
- The vendor, SOG is to be carried on each of the first three wells for a 12.5% Working Interest (WI) to a maximum aggregate Test Well cost of US\$1.8 million. Revenue will be shared proportionately on a well-by-well basis. Beyond the first three wells, Titan and SOG will be responsible for their proportionate share of costs for their 87.5% and 12.5% WI respectively.
- Titan Energy has also entered into an Area of Mutual Interest (AMI) Agreement covering the Allen Dome area wherein any leases/farmouts acquired within the AMI by Titan or SOG will be subject to SOG earning an Overriding Royalty (ORR) delivering an expected 75% Net Revenue Interest (NRI) to Titan. SOG will then be entitled to participate for a 12.5% WI.
- Titan Energy will issue 25 million fully paid ordinary shares and 35 million options to Cities Energy LLC as facilitators of the acquisition upon successful completion of the Participation Agreement. Options will be exercisable at 1 cent each (\$0.01) and expire on 31 March 2013. Cities Energy LLC is not a related party to Titan Energy.

Allen Dome

Although only relatively sparsely drilled, the Allen Dome piercement salt dome has generated production from the north flank of over 760 million barrels of oil (mmbo) from sands above 5,000 feet from 7 wells.

Titan Energy believes there is similar prospectivity within its southern farm-in area, and its consultants believe the southern-flank of Allen Dome can produce similar rates as the northern side.

While the 1926 discovery well for Allen Dome, Roxana-Allen Bernard, is located on the south-east flank of the dome, the area is considered to



be significantly underexplored compared to similar salt domes in south-east Texas, with the last serious exploration and development activities undertaken there in the 1980s.

Salt Dome fields are the most prolific producers in south-east Texas, with more than 2.5 billion barrels of oil produced since their discovery in the early 1920s.

These Salt Dome areas have seen a significant increase in exploration activity in recent years, with the application of modern exploration and production technology resulting in commercialisation of previously unrecovered oil pools.

Titan Energy Managing Director, Stephen Thomas, said the acquisition of the Allen Dome project has the potential to be a “company making” opportunity.

“South eastern Texas salt domes are key to the modern oil and gas industry and continue to be major producers, evidenced by the success Maverick Drilling & Exploration Limited is having nearby at Blue Ridge,” Mr Thomas said.

Allen Dome is considered to be similar geologically to the Blue Ridge Dome Field, located approximately 55 km to the north, operated by Maverick Drilling & Exploration Limited (ASX: MAD).

Significant Database

At Allen Dome, Titan Energy’s partner, SOG has compiled a large database of historic drilling and production activity in the southern sector and its initial assessment indicates a target of 1 million barrels of oil to be recovered above 6,000 feet, with the potential to increase that significantly if more under-drilled or undrilled flanks are proven to be productive around the dome.

It has also used that information to identify a number of potential drilling targets, which are being optimised from planned re-processing of 3D seismic data.

NEW APPOINTMENT

Titan Energy is also pleased to announce the appointment of experienced US oil and gas decision maker John McKnight as an Executive Consultant.

Mr McKnight, who was involved in the review of the Allen Dome project, spent 13 years with Seneca Resources Corporation (a subsidiary of National Fuel Gas Corp) where he held the positions of Vice President Business Development, Vice President Land/Legal and Vice President - Corporate.

At Seneca Resources Corporation Mr McKnight was involved with exploration, operations, land, legal and business development relating to Seneca's properties located offshore Gulf of Mexico, onshore USA and Canada.

During that time he managed the activities of an offshore prospect generating group and developed an offshore program with over US\$5 billion in revenues for the period.

Mr McKnight is the founder of Cities Energy, LLC which has participated in an innovative offshore exploration program that combined both low and high potential projects.

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.

Titan Energy is actively searching for oil and gas in the highly prospective onshore Perth Basin in Western Australia and internationally.

Titan Energy recently completed the 25km Warradarge Seismic Survey in Perth Basin permit, DR11. Analysis of the processed seismic data will be used to help 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 Limited (AWE) which has farmed in for a 90 per cent equity share in an area known as Eneabba South (EP455) in the North Perth Basin.

Internationally, Titan Energy has acquired, through its wholly-owned subsidiary Titan Energy Inc, approximately 17,000 acres of prospective shale properties in the US state of Nevada. The areas of interest are located in the Cretaceous Sevier thrust belt, which holds some of North America's most productive oil and gas fields.

Titan Energy's directors are actively and aggressively targeting further international opportunities and are investigating new potential acquisitions.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Competent Person's Statement:

Information in this report that relates to Hydrocarbon Reserves and or Resources is based on information compiled by Mr Stephen Thomas, Director of Titan Energy Ltd who has consented to the inclusion of that information in the form and context in which it appears.

Mr Thomas has over 30 years experience in petroleum geology and in oil and gas exploration and production, both in Australia and internationally, as either an employee or consultant to oil companies operating in the upstream petroleum industry. Mr Thomas reviews the Company's operations with the help of various professional consultants, appropriately qualified and experienced in their respective fields within the upstream petroleum industry. He is also a member of AusIMM, a fellow of the Royal Geological Society of London and has a BSc (Hons) in geology from the University of South Wales.