**Inside**

Reporting on Australian Activities

- DR 11 (100%)
- EP 455 (18.5%)

Reporting on USA Activities

- **Texas**
  - Sargent Ranch
  - Allen Dome
  - Perry Ranch

- **Colorado**
  - Sodbuster

- **Louisiana**
  - Great House
  - Krotz Springs

- **Illinois**
  - Kinmundy

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**HIGHLIGHTS FOR THE QUARTER**

- 10,000 + barrels of oil produced from five wells in Texas
- US$1 million in gross oil revenue
- Several quality land acquisitions in US states
- Drilling in Texas
- Drilling on DR11 in Western Australia
- Titan – AWE. JV moving forward
- Titan invited to bid for Permits in Myanmar

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**Mission Statement**

The Boards’ goal is to increase the net value of Titan Energy Ltd by acquiring quality oil and gas assets, then generating revenue from those assets.
Titan Energy has directed its Western Australian focus towards its 100% owned and operated Drilling Reservation in the North Perth Basin.

After many months in the application process Titan was finally granted drilling approval on 6th March 2013 for the Warradarge #1 well. Due to detailed planning the company was able to spud the well on 27 March 2013.

The DR 11 permit area is host to multiple gas bearing formations and sits in close proximity to known producing fields.

Although highly prospective, historically the area has seen little exploration.

The Warradarge #1 petroleum exploration well was drilled to a total depth of 1560m and plugged and abandoned on 25th April. The well was unsuccessful in encountering hydrocarbons as the shallow target zones proved thermally immature.

The decision to drill to 1500 metres was partially based on correlated data from wells on neighboring permits.

Despite this set back the Company retains optimism in this asset, with the prospective value of DR 11 now considered to lie in the deeper strata.

Titan plans to target the deeper thermally mature zones of the Permian, and importantly the Triassic Kockatea formation.

An application for an 18-month tenure extension has been lodged with the WA Department of Mines and Petroleum. Its approval will allow the Company to aggressively investigate the proven Kockatea and Caringinya formations.

A suitable area has been identified for a deep well, discussion has commenced with Fugro Services to design a flyover Gravity Gradiometry survey to further define a drilling location.
EXPLORATION PERMIT 455

KEY POINTS

- DMP has granted a 12-month suspension and extension of terms on the Permit.
- AWE has completed all land access negotiations to commence the Drover #1 well.
- AWE has completed initial project and budget planning for Drover #1.

On the 11th June Titan's Joint Venture partner AWE was granted a 12 month suspension of the year 5 work program and a 12 month extension of terms pertaining to the EP 455 permit.

As Operator, AWE is planning to drill its Drover #1 well in the first quarter 2014.

AWE has recently completed negotiations with the landowner and reached a satisfactory agreement. It has also commenced negotiations with several drilling companies with capable rigs and other service providers to drill Drover #1.

As Operator, AWE has completed its preliminary work up plan for the Drover #1 well. This includes casing design, coring program, logging ambitions, a hydraulic stimulation program and well testing.

An EPA referral will now be submitted for review and once the Flora and Fauna survey has been completed an Environmental Plan will be submitted to DMP for assessment.

Planned for early 2014, Drover #1 will target the shales within the Carynginia Formation and Irwin River Coal Measures, and tight gas objectives within the High Cliff Sandstone, Kockatea Shale and Beekeeper formations.

A stimulation program is then planned to test four zones; the Kockatea, Carynginia, Irwin River Coal Measures and the High Cliff Sandstone.

An appealing feature of this location is the close proximity of the Dampier to Perth gas pipeline. If we are successful in finding gas it will be relatively easy to get it to the Perth market.
In keeping with stated objectives, Titan Energy continues to acquire interests in the burgeoning American onshore oil sector. The company acquired 337 gross acres in the proven Sargent Ranch oil and gas field where it holds a 100% Working Interest.

The Sargent Ranch asset was acquired for a one-off cash payment of $98,366.00. This low cost acquisition had previously produced good results for industry peers Esenjay Petroleum and Santos Ltd.

The project area is located approximately three miles (4.8 km) west of Titan Energy's Allen Dome oil field and offers significant synergies for the Company.

Titan Energy's US exploration team is currently designing a workover campaign for one of the wells, Pool #3, which was drilled by Essenjay and Santos in 2003.

The Poole #3 well was declared a discovery well by the Texas Railroad Commission and granted a gas well classification.

Petroleum Engineers, Fesco Ltd had reported a gas rate of 4412 Mscf/d, and a stock tank oil rate of 227.96 Bbl/d from the Catherine formation at 12800' being the wells best production.

In 2007 the gas rate reduced to 3636 Mcf/d, but the oil/condensate rate increased to 460.8 Bbl/d. The well is currently shut in due to mechanical problems.
ALLEN DOME, TEXAS

The Allen Dome acreage is proving to be Titan Energy’s key production asset, providing important cash flow and great potential for further exploration.

Over a ninety-day period to 30 June 2013, the Company produced 10,543 barrels of high quality oil earning over US$1 million in revenue.

The Company will continue to carefully manage production at a sustainable rate.

Titan Energy Limited has spent two years developing this project and building its acreage portfolio over the Allen Dome, Salt Dome.

With an additional 302-acre “Perry Ranch” lease acquired this quarter, Titan has become the dominant landholder over this prolific oil-producing field.

The “Perry Ranch” lease sits on the eastern flank of the Allen Salt Dome. The Company has also acquired existing 3D seismic data over the lease which will assist in developing a 3D model of the oil field and provide vital information for planning future exploration.

Titan Energy now holds 903 gross acres of tenure over the most prospective areas on the Allen Salt Dome.

Exploration

Titan Energy reported it expected to spud the Poole C-1 “cap-rock” well in July 2013, on the southern portion of the Allen Dome (TTE approximately 85% WI).

Poole #C-1 is to be the first of two proposed wells, which have approved pre-drill programs, these will be drilled to a Total Depth (TD) of 850 feet at a turnkey price “authority for expenditure” (AFE) of US$95,000 per well.

If successful, each well has the potential to add a further 20 barrels of oil per day (bopd) to Titan Energy’s Allen Dome production.
Titan Energy is pleased to report it has contracted a suitable drilling rig to drill its first well at the Sodbuster II Project in Colorado.

Negotiations to access the site of the proposed Hettinger #1-15 exploration well are being finalised.

The Hettinger #1-15 will be drilled to an approximate Total Depth of 5000 feet. The primary target is the "J" sands at that depth however we will also test for the Niobrara shale formation at this location.

The Niobrara shale is a well-known oil and gas producing shale prolific in the area.

This well is planned as the first of what could become a multi-well program in the Sodbuster II project area, which is considered to have the capacity to contain between 1.2 million and 1.5 million barrels of oil equivalent (boe) in place.

Titan Energy is negotiating the final lease and will hold a 100% Working Interest (WI) in Sodbuster II.

The pre-drill cost estimate for Hettinger #1-15 is approximately US$350,000.
GREATHOUSE LOUISIANA

During the quarter, Titan Energy was pleased to report that it had increased its landholding at the Greathouse prospect in Louisiana.

Titan Energy now holds a 50% Working Interest in over 252 gross acres under lease (previously 129 acres), with a further 92 acres under option. The Company has been holding discussions with a possible JV partner in the permit, the results of this negotiation will be announced at the appropriate time.

The Greathouse prospect is located approximately 3.2 km east of the Lake Charles Airport in the South Lake Charles oil field in Louisiana.

The proposed project is to re-drill the Jordan Schultz #1 well, first drilled in 2007 but failed to reach and test the key zones due to technical issues. The primary objective in the new well is the "Hayes Sand" which was not properly evaluated in the Jordan Schultz well.

The failed Jordan Schultz #1 well encountered a 30 foot drilling break in this interval with 1650 units of gas. Electric logs indicated the presence of hydrocarbons. The South Lake Charles oil field is reported to have produced 21.3 bcf of gas and 1.7 million barrels of oil from just two wells.

The area is considered to hold great potential as indicated by a recent announcement from South African energy giant Sasol that it is to proceed with its front-end engineering and design (FEED) phase for a 96,000bbl/d gas-to-liquids (GTL) facility and a world-scale ethane cracker, at its Lake Charles site in southwest Louisiana.

The development has an estimated price tag of US$11 billion to US$14 billion.

KROTZ SPRINGS, LOUISIANA

On June 25 Titan announced it was farming in for a 50% interest in 595 acres of production rights in the historic Krotz Springs oil and gas field in Louisiana. On completion of the farmin, the Company’s wholly-owned subsidiary Sunset Energy LLC will become operator. Local drilling company, HTK Drilling Management L.C. will manage the project.

Planning is currently underway to re-enter the Joy Lawler #1 well for a work-over. This would involve drilling to a Total Depth of 9,700 feet, setting a packer at a depth of 9,600 feet and perforating a targeted section between 9,610 feet and 9,696 feet.

The cost estimate of drilling the well is US$265,000.

Based on pre-drill estimates, a successful work-over of this section could produce 3 to 4 million standard cubic feet of gas per day (mmcf/d) and between 150 and 200 barrels of condensate per day. Estimated ultimate recovery for the prospect is 600,000 barrels of condensate and 12 billion cubic feet of gas (bcf).
USA

KINMUNDY, ILLINOIS

Titan Energy continues to develop plans to drill exploration wells in the Kinmundy project in Marion County, Illinois in 2013 or early 2014.

Both the Ritter #1 and Carpa Sands #1 exploration wells are proposed to be drilled to a depth of 3,650 feet, to intersect and test the Carpa Sand at their respective locations.

The two low-cost wells have been estimated to have the potential to achieve production of up to 50 barrels of oil per day.

If these wells are successful it is expected they will be followed up with a multi-well development program.

By the end of the quarter, Titan Energy was still in negotiations to increase its land holdings at Kinmundy from 441 acres to 594.5 gross acres.

MYANMAR

The Government of Myanmar (formerly Burma) invited Titan Energy to bid for Permits in the central region of the country already known for oil and gas production.

Local farmers in the region have been collecting oil from shallow hand dug wells using manually operated pumps for years.

Some of these wells have been producing 30 to 40 barrels of oil per day, with small amounts of gas being flared off. Other wells are selling gas into the local market.

Oil exploration was conducted by the British from the 1930’s and the Chinese in the 1990’s.

In the north of Myanmar, Chinese interests are producing large quantities of oil and gas and piping it across the border into China, in accord with arrangements made under the previous Government.

The new Government of Myanmar is encouraging economic development of oil and gas resources in a responsible manner.

The Government intends issuing permits in June 2014.

If Titan is successful with its bid, the company could be granted up to three Permit Areas. Exploration would commence immediately on granting and Titan could be drilling in Myanmar by mid-year 2015.
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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 John McKnight, US Chairman of Titan Energy Inc, who has consented to the inclusion of that information in the form and context in which it appears.

Mr McKnight has over 20 years’ experience in the petroleum industry in oil and gas exploration and production, as either an employee or consultant to oil companies operating in the petroleum industry. Mr McKnight reviews the Company’s operations with the help of various professional consultants, appropriately qualified and experienced in their respective fields within the petroleum industry. He is also a Professional Member of the Society of Petroleum Engineers.