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TITAN ENERGY LTD JUNE 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

- Agreement signed to acquire additional 276 acres on Northern Flank of Allen Salt Dome in Texas
- Negotiating with drilling contract for maiden Allen Dome well in Q3, 2012
- Doubled working interest to 80% and negotiating for drilling of Q3 well at Sodbuster Prospect in Colorado
- Application for approval to drill a well lodged for DR11 drilling program in North Perth Basin
- Approval received to lift interest in the North Perth Basin permit EP455 to 18.5%
- Relinquished WA coal tenements to focus on petroleum assets
- Review acquisition of Matagorda County oil prospect in process
- \$1.5m Placement approved
- US managing Partner appointed

Titan Energy Limited (ASX: TTE) ("Titan" or "the Company") is pleased to provide this report on its operations during the three month period ending 31 June 2012.

ACTIVITY REVIEW AUSTRALIA

DR11 North Perth Basin (TTE: 100%)

An application to drill two wells in Titan's DR11 permit in the North Perth Basin was lodged with the Western Australian Department of Mines and Petroleum (DMP) on 13 April 2012.

Following review of the Environmental Management Plan it was recommended by the DMP that, previous to application approval, the Company should undertake a botanist survey of the two sites. The Company's environmental consultants have completed the first phase of the survey, and to date the results indicate no botanical reason exists for impeding the Warradarge Drilling Program. The second phase of the botanist survey is scheduled for late July 2012.

The two wells: Warradarge #1 and Warradarge #2, are aimed at penetrating the Cadda Formation and Cattamarra coal measures of the Jurassic sediments. Harrington Drilling Company will be undertaking the drilling which is planned to take place in Q3 2012.

EP455 North Perth Basin (TTE: 18.5%)

Titan received the necessary approvals to increase its interests in EP455 to 18.5%.

The Company announced on April 26 2012 that it had reached agreement with the EP455 Joint Venture Operator and Joint Venture partner, AWE Limited ("AWE"), to jointly apply to the DMP for approval to vary the work obligations on the EP455 permit, by combining year 5 (year ended 21 June 2012) and year 6 (year ended 21 June 2013) to the intent that the relevant exploration well and the fracing of it are to be completed by 21 June 2013 ("Variation").

In consideration for Titan agreeing to the variation, Titan's interest in EP455 will be increased from 10% to 18.5%, and will be subject to the carry provisions outlined in the Sale and Purchase Agreement ("SPA") dated 25 February 2010 up to a maximum of A\$7.5 million. Once the carry provisions of the SPA are discharged, Titan's 18.5% interest will become a contributing interest.

ACTIVITY REVIEW USA

TEXAS

Allen Salt Dome

Titan announced on 2 May 2012 it had taken up a 30 day option from Seacoast Oil & Gas Inc. ("Seacoast") to acquire 100% interest in 276 acres of productive acreage on the northern flank of the Allen Salt Dome in Brazoria County, Texas. This option was extended to allow the Company to fully complete due diligence on the acquisition.

Titan has agreed to pay Seacoast an initial consideration of US\$20,000 and a further US\$350,000 payment on completion of the acquisition. Several of the leases have a high royalty burden. In the event the royalty burden is reduced, Seacoast will have a 12.5% working interest after payout in production from new wells on the acreage, if any.

Titan is currently 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.

Historically the Northern flank of the Dome has produced an estimated 760 MBO from sands above 5,000 feet and the area of Titan's interests is considered to be very prospective for further development via the use of modern technology.

The acquisition will increase Titan's net acreage over the Allen Salt Dome to 620 acres.

Interpretation of recently re-processed 3D seismic data has produced encouraging results. The data over the Allen Dome project has now been time and depth migrated. A clear interpretation of the faults in this area is required before a well location is chosen. Further work on the reservoir characteristics of the producing horizons is underway.

The Allen Dome 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.

COLORADO

Sodbuster Prospect

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

The Company initially announced on 19 March 2012 that it was farming in for a 40% working interest 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 was also required to pay 50% of the cost to drill and complete an initial well within the Prospect area to earn the 40% working interest.

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% working interest 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 will only earn its interest in an 80 acre area around the well. However, if Titan elects to pay the lease fees within 120 days

of plugging and abandoning the well, before 1 May 2013, it will earn its full 80% working interest in the full 1360 acres.

Titan 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.

ILLINOIS

Carper Sand Prospect

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 is confident of completing this acquisition in the near future. The Company is also in early stage discussions for obtaining a larger exploration area within the Basin.

Franklin Project

Titan 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

Lake Charles prospect

Titan 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 sub-surface well control.

CORPORATE ACTIVITIES

Capital Raising

At the EGM shareholders approved a capital raising of \$1.5m. The placement was managed by Pursuit Capital Pty Ltd and Pendulum Capital Pty Limited for a total of 80 million fully paid ordinary shares at an issue price of \$0.0125. The issue of these shares was subject to shareholder approval at which time the Company also sought shareholder approval for two directors of the Company, Mr Paul Garner and Mr Darren Levy, to each subscribe for 20,000,000 fully paid ordinary shares in Titan Energy at an issue price of \$0.0125 each. The issue of these shares is on the same

terms and conditions as the placement referred to above. These shares will rank equally with the existing shares on issue. The shares will be issued on a date to be determined.

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.

MANAGEMENT OUTLOOK

Titan's directors intend to continue to actively and aggressively grow the Company's oil and gas exploration portfolio and are investigating opportunities for potential project acquisitions.

The Company is working hard to be in a position to drill a well into the much sought-after Allen Dome salt dome field with a history of oil production in Texas, another into the large Sodbuster Prospect in Colorado, as well as the two wells planned for the North Perth Basin - all within a few weeks of each other.

This is a very exciting time for Titan Energy and its shareholders. The Company is pleased to be increasing its exposure in the market.

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.