



## QUARTERLY REPORT

### FOR THE QUARTER ENDED 31 DECEMBER 2014

During the quarter ending December 2014, Titan commenced a fresh program of conventional oil exploration activity focused in Texas, USA.

Titan has achieved initial success from its work-overs at Allen Dome following a detailed assessment of all assets lead by new CEO Mr. Brad Simmons who in doing so has identified attractive new targets on Allen Dome.

Titan has also continued streamlining its assets, and in light of current poor market conditions, is appropriately focused on low cost, high return, low risk prospects. A unique position given the industry obsession with costly un-conventional oil projects.

#### Management

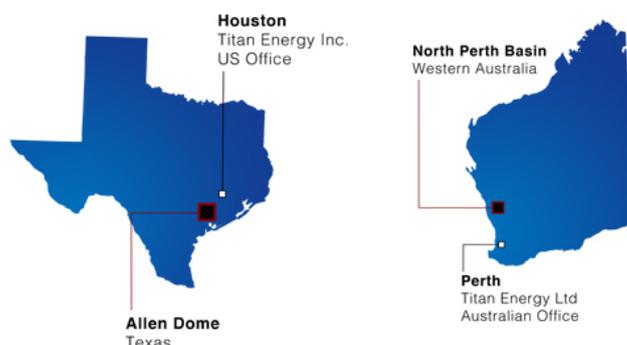
**Darren Levy**  
Executive Chairman  
**Brad Simmons**  
Executive Director & CEO  
**Paul Garner**  
Managing Director  
**Andrew Van Der Zwan**  
Non-Executive Director  
**Jack Toby**  
Company Secretary & CFO

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## HIGHLIGHTS

### EXPLORATION & APPRAISAL

- Exploration success at Titan's Allen Dome oilfield
- Successful sale of the Holcomb Ranch prospect
- Drilling Contractor Mobilised to site in preparation to drill the Perry-1 test well
- Appointment of Bradley Simmons as Chief Executive Officer
- Successful raising of approximately AU\$1.32 Million
- Successful Sale of Unmarketable Parcels of Titan Shares

### Continued Progress | Allen Dome

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During the quarter, Titan continued planning for a minimum five well in-field campaign at Allen Dome due to commence in Q1 2015.

The drilling locations will evaluate many untested Miocene zones identified as oil productive in offset wells which, based upon new data recently found by the company have never been tested. Discussions with major drilling partners are ongoing after recognising the expanded drill site profile surrounding the untested overhang of Allen Dome.

The Company has also continued an aggressive acquisition of acreage across the Allen Dome oilfield, much of which is pending completion.



## EP 455 | North Perth Basin

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On 22 December 2014 Joint Venture partner AWE Limited announced:

“The Drover-1 exploration well was drilled in July 2014 and successfully intersected all target formations before reaching its planned total measured depth of 2,356 meters. AWE collected logs and a range of well data in addition to approximately 21.5 meters of core taken from the Kockatea Shale and sidewall cores from the Carynginia Shale, the Irwin River Coal Measures and the High Cliff Sandstone.

While final core analysis results from Drover-1 are not expected until the end of December 2014, initial results from the studies conducted to date have indicated that:

A 700-meter interval in the Kockatea Shale lies within the optimum wet gas generation window consistent with the elevated gas shows observed when drilling; and a 250 meter section of the Beekeeper Limestone and Carynginia Shale is mature for dry gas generation.

The initial interpretation indicates that the Kockatea Shale at this location has good source potential, including condensate, but has high clay content and consequently low rock strength. As a result, the majority of the Kockatea section in Drover-1 is unlikely to have sufficient natural fracturing or propensity for hydraulic fracturing to achieve a commercial flow rate.

However, three Kockatea intervals have been identified to contain lower clay content and these could constitute targets for future exploration or appraisal within the permit. AWE proposes to undertake a Diagnostic Fracture Injection Test (DFIT) over one of these intervals in early 2015 to assess reservoir pressure, permeability, natural fracturing and potential for hydraulic stimulation.”

Diagnostic Fracture Injection Test is currently scheduled for mid February 2015.

## Allen Dome North | Texas (Work-over Programme)

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During the quarter, production from Allen Dome North totaled 1,509 barrels of oil.

On the 20<sup>th</sup> November 2014 Titan Energy commenced a systematic workover programme of three wells in the northern acreage of Titan’s Allen Salt Dome oilfield.

Subsequently on the 9<sup>th</sup> December 2014 the Company announced it had increased production at Allen Dome through a successful workover on the JT Reese #S2 well.

The JT Reese #S2 was drilled by Titan in 2013. Well logs identified a significant 69ft pay interval from 3045 to 3114ft. Previous to the workover #S2 was producing 16 BOPD and 120 BWPD from the lower 17ft of pay. During the procedure an 8-foot interval from 3046 to 3054ft was perforated. The well achieved an initial free flowing rate of ~149 BOPD with no water, on a

10/64 choke, at 410 psi. This was the preliminary “initial” flush rate. The #S2 was subsequently screened, gravel packed and placed on pump.

Following the success at #S2, the next well scheduled for workover was the JT Reese #2A which was drilled in 1977. Prior to the workover the well was producing 6 BOPD and 145 BWPD.

On the 22<sup>nd</sup> December 2014 Titan announced that the #2A had been successfully recompleted and swab tested at a rate of 87 BOPD and 8 BWPD over a 10-hour test interval.

During the procedure existing perforations in the #2A were isolated and cement squeezed. A new 12ft interval from 2558 to 2570ft was then perforated. This previously untested zone is located between two oil sand units. A review of the wireline logs indicated the upper sand unit to be highly prospective.



Figure 1. Flowing Success @ Reese #2A

## **Perry Ranch | Texas**

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On 18<sup>th</sup> August 2014, Titan announced that it had finalised terms of the Participation Agreement and Joint Operating Agreement. Under the terms of the agreement the joint venture partner agreed to pay Titan a prospect fee of \$150,000 and drill the Perry-1 well, carrying Titan for a 25% Working Interest through to the tanks. Subsequently Titan elected to participate for an additional 15%, and now holds a 40% W.I in Perry Ranch.

The Perry-1 well was spudded at 5:45 pm on January 1st, 2015.

The test was expected to take less than two weeks to drill, subject to downhole conditions and weather.

## **Holcomb Ranch | Texas**

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Titan is pleased to announce it has sold its working interest in the Holcomb Ranch in Texas for approximately US\$522,000. Funds raised from the divestiture of the project will supplement costs for the ongoing workover programme at Allen Dome and the planned 2015 developmental drilling programme.

## **Sargent Ranch | Texas**

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During the quarter Titan commenced discussions for the sale of its interest in the Sargent Ranch project area. Although a successful project, the production revenue was considered insufficient to allow for desired growth of the Company. Funds from the sale of the Sargent Ranch property will be allocated to the development of the Allen Dome oilfield which promises far greater upside.

## **Railroad Valley & Lake Valley | Nevada**

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During the quarter Titan elected not to renew the leases on its Nevada acreage. The Nevada acreage was considered a distraction from our core activities and leases were left to expire.

## **Appointment of Bradley Simmons**

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Director Bradley Simmons was appointed the position of CEO and Executive Director on the 21st October 2014. Paul Garner has assumed the role of Managing Director as of 21st October 2014 and will jointly share the role of overseeing the future of the company.

# QUARTERLY ACTIVITY REPORT



## Corporate activity

Titan announced on the 11<sup>th</sup> December 2014 the successful completion of an oversubscribed placement to sophisticated and strategic investors. The placement was predominantly made to a combination of energy industry companies and professionals.

Proceeds from the placement will be primarily used for the expansion and major developmental drilling programme at the company's Allen Dome project in Texas in early 2015 as well as acquisitions of additional properties in the Gulf Coast Basin, Texas.

## Sale of Unmarketable Parcels

On the 14<sup>th</sup> November the Company announced an unmarketable parcel sale facility for holders of unmarketable parcels of shares. The ASX Listing Rules define an unmarketable parcel shares to be a parcel of shares with a market value of less than AU\$500.

## ASSET TABLE

Asset	WI %	Quarterly change in holding %	Acreage	Explanation / Date
<i>Texas</i>				
Allen Dome North	94	-	276	
Allen Dome South	85	-	344	
Perry Ranch	100	-	302	
Sargent Ranch	37.5	-	337	
Holcomb Ranch	7.33	-7.33	4,350	Sold 31/10/2014
<i>Louisiana</i>				
Greathouse	50	-	39	Leases expired during Q
<i>Nevada</i>				
Railroad Valley	100	-100	9,808	Relinquished 01/11/2014
Lake Valley	100	-100	7,660	Relinquished 01/11/2014
<i>Western Australia</i>				
EP 455	18.5	-	112,400	

Table 1. Titan Energy Assets

# QUARTERLY ACTIVITY REPORT

## AUSTRALIAN PROSPECTIVE RESOURCE TABLE | GROSS

Gross Prospective Resources		(AWE Limited 81.5%   Titan Energy Ltd 18.5%)
Asset	Unit	GROSS PROSPECTIVE RESOURCES
		Best Estimate
<i>Australia</i>		
EP 455 (Perth EP455)	Billion Standard Cubic Feet (BCF)	2,393

^ Source: AWE ASX Announcement, Perth Basin independent resource estimate, February 6 2014

## USA RESERVES & RESOURCES TABLE | NET TO TITAN<sup>1</sup>

Net Reserves							
Asset	Interest	Unit	NET RESERVES			Evaluator (Evaluation Date)	Estimation Method
			1P	2P	3P		
<i>Texas</i>							
Allen Dome North	94%	MMbbl	0.336	0.479	0.479	ERC LLC (March 2014)	Deterministic
Net Prospective Resources							
Asset	Interest	Unit	NET PROSPECTIVE RESOURCES			Evaluator (Evaluation Date)	Estimation Method
			Low Estimate	Best Estimate	High Estimate		
<i>Texas</i>							
Perry Ranch	40%	MMbbl	0.441	0.490	0.539	ERC LLC (October 2013)	Probabilistic

MMbbl = million barrels of oil  
MMboe = million barrels of oil equivalent

100 mcf = 17.2 BOE  
1 bcf = 172,455 BOE  
\*5.81 mcf = 1 BOE

The estimated quantities of Prospective Resources that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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**Qualified Petroleum Reserves and Resources Evaluators**

Information in this announcement pertaining to North Perth Basin prospect EP 455 Petroleum Reserves, and Resource Evaluations has been disclosed in announcements previously released by: AWE Limited on the 6 February 2014, titled "Perth Basin independent resource estimate", Titan announcement on the 25 February 2014, titled "Allen Dome North Reserves Evaluation", and on the 23 February 2014, titled "TTE US Reserves and Resources update". The Company is not aware of any new information or data that materially affects the information included in previous announcements, and that all the material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

Technical information, including information in relation to other petroleum reserves, & resources, provided in this announcement, is based on, and fairly represents information and supporting documentation and/or compiled by the Company's technical advisor, Richard W. Pomrenke, Owner - Manager of Energy Recovery Concepts (ERC).

Mr Pomrenke holds a Bachelor of Science in Petroleum Engineering with a minor in Geology, he is a member of the Society of Petroleum Engineers, and has more than 40 years of experience as Petroleum Engineer involved with all aspects of oil and gas operations and analyses, Domestic US and International.

Mr Pomrenke has reviewed the results, procedures and data contained in this announcement and consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.