

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Titan Energy Ltd

ABN

53 109 213 470

Quarter ended ("current quarter")

30 June 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	229	1,701
1.2	Payments for (a) exploration & evaluation	(479)	(2,986)
	(b) development	(291)	(827)
	(c) production	(42)	(270)
	(d) administration	(362)	(797)
1.3	Dividends received	—	—
1.4	Interest and other items of a similar nature received	—	3
1.5	Interest and other costs of finance paid	(27)	(109)
1.6	Income taxes paid	—	—
1.7	Other – Oil revenue held in suspense pending resolution of entitlements	(14)	(326)
1.7	Other – Other income	—	30
<b>Net Operating Cash Flows</b>		<b>(986)</b>	<b>(3,581)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	(322)	(1,007)
	(b) equity investments	—	—
	(c) other fixed assets	—	(9)
1.9	Proceeds from sale of: (a) prospects	246	246
	(b) equity investments	—	—
	(c) other fixed assets	—	40
1.10	Loans to other entities	—	—
1.11	Loans repaid by other entities	—	100
1.12	Other (provide details if material)	—	—
<b>Net investing cash flows</b>		<b>(76)</b>	<b>(630)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,062)</b>	<b>(4,211)</b>

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1.13	Total operating and investing cash flows (brought forward)	(1,062)	(4,211)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	12	760
1.14	Proceeds from issues of convertible notes	1,100	3,380
1.15	Proceeds from sale of forfeited shares	—	—
1.16	Proceeds from borrowings	10	175
1.17	Repayment of borrowings	(10)	(80)
1.18	Dividends paid	—	—
1.19	Other (capital raising costs)	(25)	(153)
	<b>Net financing cash flows</b>	<b>1,087</b>	<b>4,082</b>
	<b>Net increase (decrease) in cash held</b>	<b>25</b>	<b>(129)</b>
1.20	Cash at beginning of quarter/year to date	903	1,052
1.21	Exchange rate adjustments to item 1.20	(19)	(14)
1.22	<b>Cash at end of quarter</b>	<b>909</b>	<b>909</b>

Subsequent to the end of the quarter, the Company issued a further 720,000 convertible notes of \$1.00 each and receives continuing oil sales.

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	240
1.24	Aggregate amount of loans to the parties included in item 1.10	—
1.25	Explanation necessary for an understanding of the transactions	
	Fees for directors for varying periods.	

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Issue of 54,913,083 ordinary shares pursuant to the conversion of 842,000 Convertible Notes.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

AWE Limited have informed Titan Energy Ltd that their expenditure for the quarter on EP455 was US\$2,565,966.

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### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	75	45
3.2 Credit standby arrangements		

### **Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	725
4.2 Development	—
4.3 Production	50
4.4 Administration	350
<b>Total</b>	<b>1,125</b>

Subsequent to the end of the quarter, the Company issued a further 720,000 convertible notes of \$1.00 each and receives continuing oil sales.

### **Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	893	860
5.2 Deposits at call	—	—
5.3 Bank overdraft	—	—
5.4 Other (provide details)	16	43
<b>Total: cash at end of quarter (item 1.22)</b>	<b>909</b>	<b>903</b>

### **Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements and petroleum tenements acquired or increased				

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#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	320,253,202	320,253,202		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	11,162,025 1,944,769 7,839,354 5,627,422 28,339,513	11,162,025 1,944,769 7,839,354 5,627,422 28,339,513	1.7022c 2.0568c 1.6583c 1.3683c 1.4291c	1.7022c 2.0568c 1.6583c 1.3683c 1.4291c
7.5 <b>+Convertible debt securities</b> (description)	930,000 445,000 see Note 1 below	Nil Nil	\$1.00 each \$1.00 each	\$1.00 each \$1.00 each
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	67,563,193 1,200,000 6,679,509 7,500,000	67,563,193 Nil Nil Nil	Exercise price 4 cents 20 cents 30 cents 3 cents	Expiry date 31-May-2015 31-Jul-2014 31-Oct-2015 15-Oct-2014
7.8 Issued during quarter	22,420,407 7,500,000	22,420,407 Nil	4 cents 3 cents	31-May-2015 15-Oct-2014
7.9 Exercised during quarter				

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7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

Note 1: 930,000 Fixed Price Convertible Notes issued for \$1.00 each for a term expiring on 21 May 2015 with interest payable on a 9.25% per annum basis. Each Convertible Note may be converted to fully paid ordinary shares in Titan Energy Ltd prior to maturity at an issue price of \$0.018 per Share at the election of either the noteholder or Titan Energy Ltd. On conversion the Company will issue the Noteholder one free option exercisable at \$0.04 each and expiring on 31 May 2015 for every two Shares issued pursuant to the conversion of these Convertible Notes. Convertible Notes that are not converted are repayable at maturity.

445,000 Variable Price Convertible Notes are issued for \$1.00 each for a term expiring on 20 May 2015 with interest payable on a 9.25% per annum basis. Each Convertible Note may be converted to fully paid ordinary shares in Titan Energy Ltd prior to maturity at an issue price of \$0.05 per Share or 80% of the 5 day VWAP, whichever is lower at the election of the noteholder. On conversion the Company will issue the Noteholder one free option exercisable at \$0.04 each and expiring on 31 May 2015 for every two Shares issued pursuant to the conversion of these Convertible Notes. Convertible Notes that are not converted are repayable at maturity.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Jack Toby  
(~~Director~~/Company secretary)

Date: 18 July 2014

Print name: Jack Toby

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture

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agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3      **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4      The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5      **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6      During the quarter, the Company has reclassified costs incurred to better reflect that nature of costs dedicated to exploration activities. Consequently, direct and indirect costs incurred for the purposes of exploration activities have been accounted for accordingly. Some of these costs were previously treated as administration expenses.

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