



## Titan Energy Services Limited

ACN 150 110 017

### Prospectus

In relation to

**A partially underwritten pro-rata non-renounceable entitlement offer of 3 New Shares for every 5 Shares held at an issue price of \$0.15 per New Share**

The Entitlement Offer closes at 5pm (Sydney time) on Wednesday, 28 January 2015

An investment in the Company should be considered speculative

**This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. If you are an Eligible Shareholder, this is an important document and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. You should have regard to all publicly available information concerning the Company.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS**

**BIZZELL CAPITAL PARTNERS**



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## IMPORTANT INFORMATION

You should read this entire Prospectus carefully before deciding whether to invest in New Shares. In particular, you should consider the key risks that could affect the performance of the Company or the value of an investment in the Company, details of which are outlined in section 4 of this Prospectus.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merit or risks involved. If, after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, solicitor, banker, financial adviser, accountant or other professional adviser.

### Regulatory information

This Prospectus is dated 9 January 2015 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give any information or make any representation in connection with this Entitlement Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors or the Underwriters.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may be reasonably expected to be known to investors and professional advisers whom potential investors may consult.

**Disclaimer**

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus. An investment in New Shares offered by this Prospectus should be considered speculative.

The Company has prepared this document based on information available to it at the time of preparation.

**Forward-looking statements**

This Prospectus contains forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions many of which are outside the control of the Company and that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus (details of which are outlined in section 4 of this Prospectus).

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This Prospectus has been prepared for publication only in Australia and New Zealand and may not be released elsewhere.

Capitalised terms have the meaning given to them in section 7.

## MESSAGE FROM THE CHAIRMAN

9 January 2015

Dear Shareholder,

On behalf of your Directors, I am pleased to invite you to participate in this Entitlement Offer providing you with the opportunity to subscribe for 3 New Shares for every 5 Shares held at 7pm (Sydney time) on Wednesday, 14 January 2015 at an issue price of \$0.15 per New Share to raise approximately \$5.1 million if fully subscribed. The Issue Price represents a discount of approximately 23.8% to the theoretical ex-rights price (**TERP**)<sup>1</sup>.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Entitlement Offer is part of a wider capital raising being undertaken by the Company (**Capital Raising**) comprising:

- A placement of approximately 5,500,000 new shares to Ausdrill International Pty Ltd, a wholly owned subsidiary of Ausdrill Limited, to raise \$990,000. Further details of the Placement are set out in section 5.7 of this Prospectus; and
- An Entitlement Offer to raise approximately \$5.1 million if fully subscribed (before offer costs).

The Entitlement Offer is being partially underwritten by Bizzell Capital Partners Pty Ltd and Wilson HTM Corporate Finance Limited (**Underwriters**) up to an amount of \$3.26 million (**Underwritten Amount**).

This Prospectus contains details about the Retail Entitlement Offer, instructions on how to participate in the Entitlement Offer, the effect of the Entitlement Offer on the Company and risk factors relevant to an investment in Titan.

### Entitlement Offer

This Prospectus relates to the retail component of the Entitlement Offer (**Retail Entitlement Offer**) which offers Eligible Retail Shareholders the same opportunity offered to those investors who participated in the Institutional Entitlement Offer.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement, although any application for Additional New Shares may be scaled back at the Company's discretion.

### Use of funds

The net proceeds of the Entitlement Offer will be used to fund the Company's working capital requirements and the payment of employee retention payments entered into at the time of the Hofco acquisition – see section 1.16.

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<sup>1</sup> TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price. TERP is calculated by reference to the closing price of Titan's shares on ASX of \$0.23 on 17 December 2014.

### **Actions required to take up your Entitlement**

The Retail Entitlement Offer closes at **5pm (Sydney time) on Wednesday, 28 January 2015**. To participate, you need to ensure that either your completed Entitlement and Acceptance Form and Application Money or your Application Money submitted by BPAY<sup>®</sup> are received by the Company's Share Registry before this time in accordance with the instructions set out on the form and in section 3 of this booklet.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

It is important that you carefully read this Prospectus and the other publicly available information about the Company on our website ([www.titanenergyservices.com.au](http://www.titanenergyservices.com.au)) and consider in particular the risk factors set out in section 4 before making any investment decision. With this Prospectus you will also find your Entitlement and Acceptance Form which details your Entitlement and provides instructions on how to participate in the Retail Entitlement Offer.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shaun Scott', with a stylized flourish at the end.

**Shaun Scott**  
Chairman

## KEY FEATURES OF THE RETAIL ENTITLEMENT OFFER

### Summary of Offer

Issue Price	\$0.15 per New Share
Discount	23.8% to the theoretical ex-rights price ( <b>TERP</b> ) 34.8% to Titan's closing price of \$0.23 on 17 December 2014
Entitlement	3 New Shares for every 5 Shares held on the Record Date (14 January 2015)
Additional New Shares available	Eligible Retail Shareholders may apply for New Shares in excess of their Entitlement  The Company may scale back applications for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. If the Company scales back applications for Additional New Shares, excess funds will be returned to applicants without interest in accordance with section 3.4
Approximate number of Shares that will be on issue if the Entitlement Offer is fully subscribed	90,708,322
Amount to be raised (before offer costs) if the Entitlement Offer is fully subscribed	Approximately \$5.1 million

### Key dates

Lodgement of Prospectus with ASIC and ASX	9 January 2015
Institutional Entitlement Offer opens	Friday, 9 January 2015
Institutional Entitlement Offer closes	Monday, 12 January 2015
Institutional Shortfall bookbuild	Monday, 12 January 2015
Record Date to determine Entitlements	7pm (Sydney time) on Wednesday, 14 January 2015
Dispatch of Prospectus and Entitlement and Acceptance Forms	Friday, 16 January 2015
Opening date of the Retail Entitlement Offer	Friday, 16 January 2015
Settlement of Institutional Entitlement Offer and Institutional Shortfall bookbuild	Tuesday, 20 January 2015
Closing Date — last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money	5pm (Sydney time) on Wednesday, 28 January 2015
Issue and allotment of New Shares	Wednesday, 4 February 2015
Transaction confirmation statements for New Shares expected to be despatched	Thursday, 5 February 2015
Normal trading of New Shares expected to commence on ASX	Thursday, 5 February 2015

Eligible Retail Shareholders that wish to participate in the Retail Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Retail Entitlement Offer opens. The Company in consultation with the Joint Lead Managers reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Retail Entitlement Offer (including extending the Retail Entitlement Offer or accepting late applications) without notice.

## FREQUENTLY ASKED QUESTIONS (FAQS)

<b>What is the Entitlement Offer?</b>	<p>The Entitlement Offer is a pro-rata accelerated non-renounceable entitlement to Eligible Shareholders to apply to purchase 3 New Shares for every 5 existing shares held as at the Record Date.</p> <p>The Entitlement Offer comprises four parts:</p> <ul style="list-style-type: none"> <li>• Institutional Entitlement Offer;</li> <li>• Institutional Bookbuild;</li> <li>• Retail Entitlement Offer; and</li> <li>• Retail Shortfall Facility.</li> </ul>	Section 1.1
<b>What is my Entitlement?</b>	Each Eligible Shareholder is entitled to subscribe for 3 New Shares for every 5 existing shares held at Record Date.	Section 1.1
<b>What is the Issue Price?</b>	\$0.15 per New Share	Section 1.1
<b>Am I an Eligible Retail Shareholder?</b>	<p>Eligible Retail Shareholders are those holders of Shares who:</p> <ul style="list-style-type: none"> <li>• are registered as a holder of Shares on the Record Date;</li> <li>• have a registered address in Australia or New Zealand;</li> <li>• are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person;</li> <li>• are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer;</li> <li>• are not an Ineligible Institutional Shareholder; and</li> <li>• are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.</li> </ul>	Section 1.3
<b>What happens if I am a Shareholder on the Record Date but not an Eligible Retail Shareholder?</b>	You will not be entitled to subscribe for New Shares under the Retail Entitlement Offer. Ineligible Retail Shareholders will have their percentage holding in the Company (held at the Record Date) diluted as a result of the Entitlement Offer.	
<b>How much will be raised from the Entitlement Offer?</b>	The Entitlement Offer will raise approximately \$5.1 million if fully subscribed (before costs)	Section 1.1
<b>What is the purpose of the Entitlement Offer and how will the funds raised be used?</b>	The funds raised under the Entitlement Offer, net of expenses of the Entitlement Offer will be used to fund the Company's working capital requirements and settle the Hofco retention payment.	Section 1.16
<b>Is the Entitlement Offer underwritten?</b>	Yes, the Retail Entitlement Offer is partially underwritten to \$3.26 million by the Underwriters.	Sections 1.15 and 5.5

<b>What are the tax implications of participating in the Entitlement Offer?</b>	Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular tax treatment that will apply to them.	Section 5.17
<b>Are there any risks?</b>	<p>There are risks associated with an investment in the Company. These include risks relating to the Company's business, risks relating to the Entitlement Offer and risks associated with financial investments generally. These risks are set out in more detail in section 4 of this Prospectus.</p> <p>In particular, key risks associated with an investment in the Company include:</p> <ul style="list-style-type: none"> <li>• Financial and going concern risk;</li> <li>• Debt classification risk;</li> <li>• A risk that one of the camp lease restructuring agreements does not take effect due to failure to agree definitive legal agreements;</li> <li>• Asset impairment risk; and</li> <li>• Customer demand and outlook risk.</li> </ul>	Sections 4 and 5.21
<b>What effect will the issue of the New Shares have on the Company?</b>	The potential effect that the issue of New Shares will have on the capital structure and financial position of the Company are set out in sections 2.2, 2.3 and 2.5.	Sections 2.2, 2.3 and 2.5.
<b>What effect will the issue of the New Shares have on the control of the Company?</b>	<p>The potential effect that the issue of New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.</p> <p>Further details on the effect on control are set out in section 2.4.</p>	Section 2.4
<b>Where can I find more information about the Company?</b>	For more information on the Company please see the Company's website ( <a href="http://www.titanenergyservices.com.au">www.titanenergyservices.com.au</a> ) and the Company's ASX announcements (also available on the Company's website and the ASX's website ( <a href="http://www.asx.com.au">www.asx.com.au</a> )).	



## 1 Details of the Retail Entitlement Offer

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### 1.1 Overview of the Entitlement Offer

Titan proposes to raise approximately \$5.1 million under the Entitlement Offer through the issue of approximately 34 million New Shares. Under the Entitlement Offer, Titan is offering Eligible Shareholders the opportunity to subscribe for 3 New Shares for every 5 existing Shares held at the Record Date, at the Issue Price of \$0.15 per New Share.

Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Share.

The Entitlement Offer comprises four parts:

- (a) **(Institutional Entitlement Offer)** Under which Eligible Institutional Shareholders were invited to take up all or part of their Entitlement.
- (b) **(Institutional bookbuild)** Under which New Shares attributable to the Entitlements not taken up by Eligible Institutional Shareholders, together with New Shares attributable to the Entitlements that would have been offered to Ineligible Institutional Shareholders if they had been entitled to participate in the Institutional Entitlement Offer, were offered under a bookbuild to certain Institutional Investors.
- (c) **(Retail Entitlement Offer)** under which Eligible Retail Shareholders are being sent this Prospectus, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- (d) **(Retail Shortfall Facility)** Under which New Shares attributable to Entitlements:
  - (i) not taken up by Eligible Retail Shareholders; and
  - (ii) that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer,

will be offered under a Retail Shortfall Facility to Eligible Retail Shareholders that have exercised their full Entitlement. Please see section 1.4 for further details.

### 1.2 The Retail Entitlement Offer

Eligible Retail Shareholders are invited to participate in a pro-rata non-renounceable Retail Entitlement Offer. The Retail Entitlement Offer will be conducted on the basis of 3 New Shares for every 5 Shares held on the Record Date, at an Issue Price of \$0.15 per New Share, which is payable in full on application.

The Issue Price represents:

- a discount of approximately 23.8% to the TERP; and
- a discount of approximately 34.8% to Titan's closing price on 17 December 2014.

You should also consider publicly available information about Titan available at [www.asx.com.au](http://www.asx.com.au) and [www.titanenergyservices.com.au](http://www.titanenergyservices.com.au).

### 1.3 Eligible Retail Shareholders

This Prospectus contains an offer of New Shares to Eligible Retail Shareholders. Eligible Retail Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person;

- (d) are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer;
- (e) are not an Ineligible Institutional Shareholder; and
- (f) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders that are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

The Entitlements of Eligible Retail Shareholders who also hold options to subscribe for Shares will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any options which have not been exercised before that time.

#### 1.4 **Retail Shortfall Facility**

A Retail Shortfall Facility will allow Eligible Retail Shareholders that have fully subscribed for their Entitlements under the Retail Entitlement Offer to subscribe for Additional New Shares. Eligible Retail Shareholders can subscribe for Additional New Shares by completing the relevant part of the Entitlement and Acceptance Form, or through BPAY<sup>®</sup>, please refer to section 3.3.

The Company reserves the right to allot Additional New Shares to the extent that the Company determines in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer.

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer.

There is no guarantee that those Eligible Retail Shareholders will receive the number of Additional New Shares applied for, or any. The Company's decision on the number of New Shares and Additional New Shares to be allocated to you will be final.

The Company may scale back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. However, if the Retail Entitlement Offer is oversubscribed, it is the Company's current intention to scale back all applications for Additional New Shares in the same proportions.

In the event of a scale back, the difference between the Application Monies received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

#### 1.5 **Ranking of New Shares**

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares.

#### 1.6 **Withdrawal of Entitlement Offer**

The Board reserves the right to withdraw all or part of the Retail Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

#### 1.7 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

### 1.8 **No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up.

### 1.9 **Discretion to deal with shortfall**

To the extent there is any shortfall in subscriptions for New Shares and Additional New Shares under the Retail Entitlement Offer, the Directors reserve the right to allocate top up Shares or place any shortfall at their discretion within three months of the close of the Retail Entitlement Offer.

### 1.10 **Minimum subscription**

There is no minimum subscription for the Retail Entitlement Offer.

### 1.11 **Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

### 1.12 **Opening and Closing Date for applications**

The Retail Entitlement Offer opens for acceptances on Friday, 16 January 2015 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5pm (Sydney time) on Wednesday, 28 January 2015, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules. The Directors reserve the right in their absolute discretion to accept late applications or payments.

### 1.13 **Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares issued under the Retail Entitlement Offer will be allotted no later than Wednesday, 4 February 2015. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

Application for official quotation by ASX of the New Shares will be made as soon as possible and in any event within 7 days after the date of this Prospectus.

If approval is not obtained from ASX before expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all Application Money for the New Shares within the time prescribed by under the Corporations Act, without interest.

The anticipated date of commencement of official quotation of the New Shares issued in accordance with the Prospectus is Thursday, 5 February 2015, subject to ASX's discretion and compliance with the Listing Rules. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

### 1.14 **Joint Lead Managers**

Wilson HTM Corporate Finance Ltd and Bizzell Capital Partners Pty Ltd have been appointed as joint lead managers to the Entitlement Offer and Placement on normal commercial terms.

### 1.15 Underwriting

The Entitlement Offer is partially underwritten up to \$3.26 million by Wilson HTM Corporate Finance Ltd and Bizzell Capital Partners Pty Ltd who will be paid an underwriting and management fee.

The Underwriting Agreement is in a standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Underwriter of its underwriting obligations – a summary of the Underwriting Agreement is set out in Section 5.5.

### 1.16 Purpose of Entitlement Offer and intended use of funds

The Entitlement Offer is proposed to raise up to \$5.1 million and the Placement proposes to raise \$990,000. The funds raised, net of expenses, will be used as follows.

Sources	\$m	Uses	\$m
Entitlement Offer (if fully subscribed)	5.1	Hofco retention payment	1.9
Placement	1.0	Cash to balance sheet for working capital	3.7
		Equity raise and transaction costs	0.5
<b>Total sources</b>	<b>6.1</b>	<b>Total uses</b>	<b>6.1</b>

This is a statement of present intention only. In the event that circumstances change, business opportunities vary from expected or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds.

There is no minimum subscription under the Entitlement Offer and no guarantee that the Entitlement Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives.

If only the Underwritten Amount is raised under the Entitlement Offer the funds raised, net of expenses, will be used as follows.

Sources	\$m	Uses	\$m
Entitlement Offer (if only subscribed to the extent of partial underwriting)	3.3	Hofco retention payment	1.9
Placement	1.0	Cash to balance sheet for working capital	1.9
		Equity raise and transaction costs	0.5
<b>Total sources</b>	<b>4.3</b>	<b>Total uses</b>	<b>4.3</b>

### 1.17 CHES

The Company participates in the Clearing House Electronic Subregister System (**CHES**). ASX Settlement, a wholly-owned subsidiary of ASX, operates CHES in accordance with the ASX listing rules and ASX settlement operating rules.

Under CHES, applicants will not receive a certificate but will receive a statement of their holding of New Shares. If your shareholding is held on a broker sponsored sub-register, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of New Shares issued to you under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor.

If your shareholding is held on the CHESSE company-sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or Company statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

## 2 Effect of the Entitlement Offer and Placement on the Company

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### 2.1 Purpose of the Capital Raising

The intended use of funds raised under the Capital Raising is detailed in section 1.16.

### 2.2 Effect of the Capital Raising

The principal effect of the Capital Raising assuming the Entitlement Offer is fully subscribed will be to:

- (a) Increase cash reserves by approximately \$6.1 million immediately after completion of the Capital Raising, before deducting the estimated expenses of the Capital Raising; and
- (b) Increase the total number of Shares on issue from 51,192,701 as at the date of this Prospectus to approximately 90,708,322 following completion of the Capital Raising.

### 2.3 Effect on the Company's capital structure

#### (a) Share capital

The principal effect of the Capital Raising on Titan's capital structure will be to increase the total number of issued Shares. The capital structure of Titan following the issue of the New Shares in connection with the Capital Raising if the Entitlement Offer is fully subscribed will be as follows:

<b>Shares</b>	
Shares on issue as at the date of this Prospectus	51,192,701
Shares to be issued under the Placement	5,500,000
Shares to be issued under the Entitlement Offer	Approximately 34,015,621
Shares on issue after the Capital Raising	Approximately 90,708,322

The final number of New Shares to be issued under the Entitlement Offer is subject to reconciliation. The Company's actual position on completion of the Entitlement Offer may differ from the position illustrated in the pro-forma structure table above if the Entitlement Offer is not fully subscribed.

(b) **Other securities**

As at the date of this Prospectus, the Company had on issue 841,728 options (excluding the Placement Options) and 353,000 performance rights.

<b>Options</b>	
Options granted as at the date of this Prospectus	841,728
Options to be granted under Capital Raising	2,100,000
Total options on issue after completion of the Capital Raising	2,941,728
<b>Performance Rights</b>	
Performance Rights granted as at the date of this Prospectus	353,000
Performance rights to be granted under Capital Raising	Nil
Total performance rights on issue after completion of the Capital Raising	353,000

The exercise price of all options (including the Placement Options) and performance rights and the number of underlying shares to which the options and performance rights relate will be readjusted in accordance with their terms and the Listing Rules following the Entitlement Offer. The options and performance rights do not carry an entitlement to participate in the Retail Entitlement Offer.

2.4 **Effect on control**

It is not expected that the Entitlement Offer will have any material consequences on the control of the Company as at the date of this document.

The potential effect that the issue of New Shares under the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

The maximum number of New Shares to be issued under the Entitlement Offer is 34,015,621 Shares, subject to rounding of Entitlements. If each Eligible Shareholder elects to subscribe for all of the New Shares offered to them the issued capital of the Company will be 90,708,322 Shares, subject to the rounding of Entitlements.

The Entitlement Offer is partially underwritten by the Underwriters to \$3.26 million. The Underwriters' underwriting commitment is not expected to have any effect on the control of the Company. Further information regarding the underwriting arrangements is set out in section 5.5.

The level of control of all Eligible Shareholders that do not subscribe for their full Entitlement will decrease.

Immediately following the Placement but before the issue of any New Shares under the Entitlement Offer, it is expected that Ausdrill International Pty Ltd (**Ausdrill**) will have a percentage shareholding in the Company of approximately 9.7% (not including any Placement Options which are exercised into Shares). Ausdrill has agreed to subscribe for such number of New Shares under the Retail Entitlement Offer which will enable it to maintain its percentage shareholding of 9.7%.

## 2.5 **Effect on the Company's financial position**

This section provides relevant financial information for Shareholders to consider when assessing whether to participate in the Entitlement Offer, including details of the potential impact of the Entitlement Offer on the Company's financial position.

The pro-forma financial information should be read in conjunction with the limitations set out in the 'Important Information' section of this Prospectus.

### **Pro-forma Statement of Financial Position**

The pro-forma statement of financial position comprises the audited Statement of Financial Position for the Company as at 30 June 2014, adjusted for the following:

- (a) the Company's trading for the 5 months to 30 November 2014 based on unaudited management accounts;
- (b) the impact of the camp lease restructure arrangements referred to in slide 8 of the Investor Presentation assuming that they all take effect; and
- (c) the net proceeds of the Entitlement Offer and Placement, assuming that the Capital Raising is successfully completed.

The pro-forma Statement of Financial Position has been prepared on the basis of accounting policies normally adopted by the Company. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

The pro-forma is prepared on the basis that the GE liability is a non-current liability, but that classification is subject to review in the half year accounts - see the debt classification risk in section 4.2(b).

The pro-forma Statement of Financial Position illustrates the effect of the abovementioned pro forma adjustments and in particular the effect of the Capital Raising on the assets and liabilities of the Company as if it had been successfully completed as at 30 November 2014. It is not intended to represent the actual financial position of the Company upon completion of the Capital Raising and is provided only as an illustration of the effect of the Capital Raising and the other pro-forma adjustments. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company.



	Actual audited 30 June 2014	Trading to 30 November 2014	Pro-forma unaudited 30 November 2014	Effect of camp lease restructure	Effect of Capital Raising	Pro-forma unaudited post Capital Raising
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	4,258	(3,318)	940	-	5,492	6,432
Trade and other receivables	16,078	(4,337)	11,741	-	-	11,741
Inventories	3,069	297	3,366	-	-	3,366
<b>Total current assets</b>	<b>23,405</b>	<b>(7,358)</b>	<b>16,047</b>	<b>-</b>	<b>5,492</b>	<b>21,539</b>
<b>Non-current assets</b>						
Property, plant and equipment	48,268	(436)	47,832	-	-	47,832
Deferred tax assets	446	586	1,032	-	-	1,032
Intangible assets	20,412	0	20,412	-	-	20,412
<b>Total non-current assets</b>	<b>69,126</b>	<b>150</b>	<b>69,276</b>	<b>-</b>	<b>-</b>	<b>69,276</b>
<b>TOTAL ASSETS</b>	<b>92,531</b>	<b>(7,208)</b>	<b>85,323</b>	<b>-</b>	<b>5,492</b>	<b>90,815</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	7,020	(285)	6,735	(1,875)	-	4,860
Borrowings	4,304	1,317	5,620	1,875	-	7,495
Current tax liabilities	797	(1,581)	(784)	-	-	(784)
Provisions	802	391	1,192	-	-	1,192
Other current liabilities	5,172	(3,133)	2,039	-	-	2,039
<b>Total current liabilities</b>	<b>18,095</b>	<b>(3,293)</b>	<b>14,802</b>	<b>-</b>	<b>-</b>	<b>14,802</b>
<b>Non-current liabilities</b>						
Borrowings	8,611	(1,396)	7,215	-	-	7,215
Provisions	216	595	811	-	-	811
<b>Total non-current liabilities</b>	<b>8,827</b>	<b>(801)</b>	<b>8,026</b>	<b>-</b>	<b>-</b>	<b>8,026</b>
<b>TOTAL LIABILITIES</b>	<b>26,922</b>	<b>(4,093)</b>	<b>22,828</b>	<b>-</b>	<b>-</b>	<b>22,828</b>
<b>NET ASSETS</b>	<b>65,609</b>	<b>(3,115)</b>	<b>62,495</b>	<b>-</b>	<b>5,492</b>	<b>67,987</b>
<b>EQUITY</b>						
Issued capital	45,761	1,195	46,956	-	5,492	52,448
Reserves	856	(759)	97	-	-	97
Retained earnings	18,992	(3,550)	15,442	-	-	15,442
<b>TOTAL EQUITY</b>	<b>65,609</b>	<b>(3,114)</b>	<b>62,495</b>	<b>-</b>	<b>5,492</b>	<b>67,987</b>

**Notes:**

- 1 Proceeds received from the Capital Raising are presented in the pro-forma statement of financial position net of estimated transaction costs.

- 2 Future camp lease commitments are not presented in this pro-forma statement of financial position, please refer to the Investor Presentation for details on future camp lease commitments.
- 3 Lease charges deferred will be secured with a second ranking charge.
- 4 The carrying values of assets have not been adjusted for any potential impairment charges.

2.6 **Effect on secondary trading of Placement Shares**

The issue of this Prospectus may allow Ausdrill to rely on the exemption in section 708A(11) of the Corporations Act from the secondary trading provisions in section 707 of the Corporations Act in respect of the Placement Shares – see section 5.3.

### 3 How to participate

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#### 3.1 What you may do — choices available

Before taking any action you should carefully read this Prospectus and the other publicly available information about the Company on our website ([www.titanenergyservices.com.au](http://www.titanenergyservices.com.au)) and consider the risk factors set out in section 4.

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Retail Shareholder you may:

<b>Alternatives</b>	<b>See section</b>
• Take up your Entitlement in full or in part	3.2
• Take up your Entitlement in full and apply for Additional New Shares	3.2 and 3.3
• Allow your Entitlement to lapse	3.7

#### 3.2 If you wish to accept your Entitlement in full or in part

Either:

##### **Payment by cheque or bank draft**

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return the Entitlement and Acceptance form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares for which you are applying by no later than **5pm (Sydney time) on Wednesday, 28 January 2015**.

Your cheque, bank cheque or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to 'Titan Energy Services Limited' and crossed 'Not Negotiable'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. We will not re-present any dishonoured cheques.

or:

##### **Pay by BPAY<sup>®</sup>**

If you are paying for your New Shares by BPAY<sup>®</sup>, please refer to your personalised instructions on your Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY<sup>®</sup>:

- you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional Shares as your Excess Amount will pay for in full.
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

When completing your BPAY<sup>®</sup> payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the reference number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY<sup>®</sup> are received by **5pm (Sydney time) on Wednesday, 28 January 2015**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares or Additional New Shares multiplied by the Issue Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Retail Shareholders on any Application Money received or refunded.

### 3.3 **Applying for Additional New Shares**

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that Additional New Shares will only be allocated to Eligible Retail Shareholders if and to the extent that the Company determines to do so, in its absolute discretion having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any Additional New Shares will be limited to the extent there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Retail Entitlement Offer.

### 3.4 **Scale back**

The Company may scale back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. However, if the Retail Entitlement Offer is oversubscribed, it is the Company's current intention to scale back all applications for Additional New Shares in the same proportions.

In the event of a scale back, the difference between the Application Money received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

### 3.5 **Acceptance of the Retail Entitlement Offer**

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you:

- (a) agree to be bound by the terms of this Prospectus and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY<sup>®</sup>, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price of \$0.15 per New Share;

- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at the Record Date (Wednesday, 14 January 2015) of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs, and that the Prospectus is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (j) represent and warrant (for the benefit of Titan, the Joint Lead Managers or their affiliates and respective bodies corporate) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Institutional Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (k) acknowledge the statement of risks in section 4, and that investments in the Company are subject to risks;
- (l) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Prospectus or making an application for New Shares; and
- (m) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form.

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are not in the United States and are not a US Person (see section 5.15 below), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (c) agree that if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares you will only do so in regular transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a U.S. Person;
- (d) agree to provide (and direct your nominee and custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date; and

- (e) have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

### 3.6 **Address details and enquiries**

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded in the enclosed reply paid envelope to the Company's Share Registry by mail to the following address:

#### **Mailing address**

Titan Energy Services Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

#### **Hand delivery**

Titan Energy Services Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

If you would like further information you can:

- Contact your stockbroker, accountant or other professional adviser; or
- Call the Titan Retail Entitlement Offer Information Line on +61 1300 970 086 at any time from 8:30 am to 5:30 pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer period.

### 3.7 **If you do not wish to accept all or any part of your Entitlement**

To the extent you do not accept all or any part of your Entitlement, it will lapse.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

## 4 Risk factors

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### 4.1 Introduction

An investment in the New Shares being offered under this Prospectus is not risk free. The provision of services to the oil and gas industry may be considered a high-risk activity.

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Board and the Company.

Prior to making any decision to accept the Offer, investors should carefully consider the following risk factors applicable to the Company. The Directors have set out below a series of risks considered to be relevant to the Company and the Retail Entitlement Offer as follows:

- Section 4.2 sets out the key risks which are specific to the Company; and
- Section 4.3 sets out other material risks relating to the Company.

Careful consideration should be given to the following risk factors, as well as the other information contained in this Prospectus and the Shareholder's own knowledge and enquiries, before an investment decision is made.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of Titan and not capable of mitigation. There are also general risks associated with any investment in Shares.

The risks described below are not to be taken as exhaustive. The specific risks considered and others not specifically referred to may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

### 4.2 Key risks specific to an investment in the Company

In addition to the other material risks in section 4.3, Shareholders should be aware of the risks specific to an investment in the Company. The major risks are described below.

#### (a) Financial risk and going concern risk

Titan has debt facilities with GE Commercial Corporation (Australia) Pty Ltd (**GE**). These facilities contain a variety of material financial and non-financial covenants which Titan and each of its subsidiaries must comply with.

The Company reached a verbal agreement with GE to vary the facility agreement as at 31 December 2014. The agreement was recorded in a letter dated 5 January 2015 (**GE Letter**). The amendments to the facility agreement include a requirement that the Company successfully completes a A\$4 million equity capital raising on or before 6 February 2015. See the Investor Presentation for further details.

If the Company does not comply with its covenants under the GE debt facilities, GE may call a default and require a reduction or repayment of the debt facilities. In such circumstances, Titan may be required to raise additional capital or sell assets. There can be no assurance that additional funds may be available, or assets sales can be executed on acceptable terms or at all and in these circumstances, it is likely that Titan would become insolvent and unable to continue as a going concern.

**(b) Debt classification risk**

The Company believes that there is a reasonable basis to classify GE's debt as a non-current liability as at 31 December 2014 either because:

- (a) the Company has complied with its covenants as at 31 December 2014; or
- (b) GE had agreed to amend the facility agreement such that the covenants were met as at 31 December 2014.

The Company notes that this position is subject to the half-year review of the accounts and there is a risk that the Company's auditor may not accept the Company's position and instead form the view that the GE debt as at 31 December 2014 was a current liability.

If the auditors were to take this view, the Directors do not believe that a 'current' debt classification as at 31 December 2014 would have a material adverse effect on the Company if the Capital Raising is completed successfully.

**(c) Satisfaction of conditions precedent in relation to a camp lease restructuring agreement**

As detailed in the Investor Presentation, one of the key supplier agreements comprising the camp lease restructuring is subject to the following conditions precedent:

- (i) the company completing an equity capital raising of at least A\$3,000,000 by 6 February 2015; and
- (ii) satisfactory documentation and security arrangements.

Failure to satisfy these conditions may result in termination of that particular restructure agreement and the immediate obligation to repay monies owing to that supplier of approximately \$2.2 million.

**(d) Asset impairment**

There is a risk that the current carrying value of the Company's assets in its accounts may need to be treated as impaired, in accordance with the relevant accounting standards, if the carrying values do not reflect the current valuations of those assets. If the carrying value of the assets is assessed to be impaired, this may have an adverse effect on the Company's financial performance.

**(e) Capital Raising risk**

The Entitlement Offer is partially underwritten and there is no minimum subscription for the Retail Entitlement Offer. Accordingly, there is no guarantee that the Entitlement Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives.

**(f) Customer demand and outlook**

The Company's business depends on, amongst other things, the level of activity in the Oil and Gas industry and Coal Seam Gas (**CSG**) in particular.

Levels of activity depend on a number of factors outside the control of the Company, including, but not limited to, continued global economic growth, continued international demand and infrastructure constraints experienced by the Company's clients. Any prolonged decline in the demand for energy may result in a corresponding decline in the use for the Company's services, which will have an adverse effect on the financial performance and/or financial position of the Company.

Commodity prices are volatile. Industry experience indicates that when commodities prices fall below certain levels, mining expenditure and activity is adversely affected.



There is a risk that a significant fall in commodities prices (or increase in costs) could substantially reduce activity and accordingly demand for the services offered by Titan.

(g) **Contractual risks**

Titan's financial performance is reliant on the revenue produced from the utilisation and productivity of its key assets. To ensure that the productivity of the Company's assets is maximised, where possible the Company engages in contracts with its customers and certain suppliers. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contracts is dependent upon the relevant third party complying with its contractual obligations.

The Company's contracts are generally able to be terminated by the customer with a short period of notice. Any early termination of existing or future material contracts relating to the Company's assets may adversely affect the financial performance and/or financial position of the Company.

To the extent that third parties default in their obligations or become insolvent, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

The Company has also entered into contracts with third party product and service providers, who the Company may be reliant upon to efficiently conduct its operations. Any non-compliance by these third parties may have adverse consequences on the financial position of the Company.

Disputes may arise with these third parties to the extent that there is uncertainty over the terms that govern the relationship. These disputes may require legal action which, as noted above, may prove costly with the ultimate outcome being uncertain.

(h) **Asset utilisation and productivity**

Titan's financial performance is reliant on the utilisation and productivity of its key assets. Central to the Company achieving its objectives is ensuring that its temporary accommodation camps, drill rigs and other assets achieve forecast utilisation. Any unscheduled downtime or periods where assets are uncontracted or unable to be utilised may have a material adverse affect on the financial performance of the Company.

(i) **Sustainability of growth and margins**

The sustainability of growth and the level of profit margins are dependent on the Company's ability to secure new customers and contracts. Failure to secure contracts may have a material adverse affect on the Company.

(j) **Reversal in outsourcing trends**

Titan is dependent on customers continuing to outsource drilling, field accommodation and other mining services.

Should customers undertake these works then the need for externally provided services may negatively affect the growth prospects and financial performance of the Company.

(k) **Operational risks**

The Company will be exposed to operational risks present in the current business including risks arising from business operations and staff skills and performance. Operational risks have the potential to have a material adverse effect on the Company's financial performance and position as well as reputation. The Company will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however certain residual risk will remain with the Company. These risks are set out below:

**(i) Adverse weather conditions and natural disasters**

Titan's operations are conducted in regions which are vulnerable to severe weather conditions and natural disasters. These events may amongst other things reduce the Company's ability to complete service contracts resulting in performance delays, increased costs and loss of revenue, which may adversely affect Titan's financial performance.

**(ii) Key operational personnel and labour shortages**

The Company's operations may be vulnerable to the loss of key operational personnel and an inability to recruit suitably trained and experienced replacements in the regional areas where the Company usually operates.

**(iii) Industrial accidents**

The Company's financial performance is based upon its subsidiaries fulfilling the requirements of their various operating contracts. In the performance of the operations, industrial accidents may occur, resulting in injury to the Company's employees and contractors, as well as damage to the Company's or a third party's property, and environmental contamination. Occupational health and safety and environmental performance is very important to our clients and as such, industrial incidents may impact the ability of Titan to complete contracts or obtain new contracts in the future. While Titan has a commitment to achieving safety performance on its sites to all clients, due to the labour intensive nature of our services there are inherent risks to people and equipment, including major safety incidents, general operational hazards, failure to comply with policies, terrorism and general health and safety. These outcomes could have adverse financial impacts on Titan.

In order to mitigate the risks of industrial accidents, Titan has implemented detailed training and occupational workplace and safety regimes.

**(l) Competitors**

The service industry in which Titan operates is competitive, and accordingly increased competition from existing competitors or the entry of new competitors in the market could result in reduced operating margins, loss of market share, increased labour cost, and loss of key staff to competitors.

Such occurrences could adversely affect the Company's operating and financial performance. The competitive nature of the sectors means that there is no assurance that Titan will continue to compete successfully.

**(m) CSG specific regulatory and environmental risks**

Due to significant current public debate surrounding the environmental impacts of CSG, the industry is subject to substantial public and regulatory scrutiny, and is subject to rigorous environmental approval and monitoring processes by the government. The implementation of future regulations or approval processes in the CSG industry may lead to a decreased demand for the services of the Company, and as a result have an adverse affect on the financial performance of the Company.

**(n) Reliance on key personnel**

The loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's activities develop may significantly affect the ability of the Company to meet its objectives. In order to mitigate this risk, Titan has ensured that all Management are on contracts.

#### 4.3 Other material risks

Other material risks are set out below.

(a) **Equipment constraints**

In order to conduct its business, the Company relies on purpose-built drilling rigs, temporary accommodation camps and other assets. Titan may have difficulty in gaining access to this equipment at appropriate prices and in a timely manner or the quality of the available equipment may not be acceptable or suitable for its intended use. Titan may also not be able to make the necessary capital investment to maintain or expand its assets at critical times. Any of these factors may constrain the Company's ability to provide services and may ultimately have an adverse effect on its growth and/or financial performance.

(b) **Environmental risk**

The Company's operations are subject to State and Federal laws and regulations regarding environmental hazards. These laws and regulations set various standards and provide for penalties and other liabilities for the violation of such standards. The main environmental risk identified by the Company is the possibility of a diesel spill or leak. The Company minimises this risk by storing diesel fuel in double skinned tanks, and conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and, where possible, by carrying appropriate insurance coverage.

(c) **Insurance arrangements**

The Company is exposed to a risk of liability from defective products and services, including indirect or consequential losses suffered by third parties.

The exposure to this risk is mitigated by the Company limiting its liability contractually, as well as ensuring that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, there is a risk that the Company's insurance coverage will be insufficient to meet a very large claim or a number of large claims, or that Titan is unable to secure insurance to satisfactorily cover all anticipated risks or that the cost of insurance will increase beyond anticipated levels. Accordingly, Titan could be adversely impacted by increases in the cost of insurance premiums or an inability to access insurance coverage arising from circumstances that might or might not be related to the business of the Company.

(d) **Share market risk**

The market price of Shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resource services sector in particular.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

(e) **General economic conditions**

Changes in the general economic climate in which Titan operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, gas prices, inflation and other economic factors.

(f) **Legislative change**

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company. Titan is not aware of any current or proposed material changes in relevant regulations or policy.

(g) **Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the financial performance of the Company may be adversely affected.

## 5 Important information for Shareholders

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### 5.1 Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Retail Entitlement Offer period on the Company's website at [www.titanenergyservices.com.au](http://www.titanenergyservices.com.au) or by contacting the Share Registry by phone on +61 1300 970 086 during the Retail Entitlement Offer period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Entitlement and Acceptance Form. You will only be entitled to accept the Entitlement Offer by completing and returning your personalised Entitlement and Acceptance Form, which accompanies this Prospectus, or by making payment via BPAY<sup>®</sup> using the information provided on your personalised Entitlement and Acceptance Form (refer to section 3 of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

### 5.2 Continuous disclosure and inspection of documents

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, accordingly, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or value of the securities in the Company.

This Prospectus is a 'transaction specific prospectus'. In general terms, a 'transaction specific prospectus' is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information, and in particular the Investor Presentation, in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made all enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete. The Company, as a disclosing entity under the Corporations Act states that:

- (a) It is subject to regular reporting and disclosure obligations;
- (b) Copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC;
- (c) It will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) The annual financial report most recently lodged by the Company with ASIC;

- (ii) Any continuous disclosure documents given by the Company to ASX in accordance with Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC. These include the following announcements:

<b>Date lodged</b>	<b>Announcement</b>
9/01/2015	Investor presentation
9/01/2015	Appendix 3B
9/01/2015	Market update announcement
31/12/2014	Final Director's Interest Notice
31/12/2014	Appendix 3B
29/12/2014	Director resignation/ CEO appointment
22/12/2014	Suspension from Official Quotation
18/12/2014	Trading halt
25/11/2014	2014 AGM – Results of meeting
25/11/2014	2014 AGM – Investor presentation
25/11/2014	2014 AGM – Managing Director Address to Shareholders
25/11/2014	2014 AGM – Chairman's address to Shareholders
31/10/2014	Change of Director's Interest Notice
29/10/2014	Final Director's Interest Notice
24/10/2014	Director Appointment/Resignation
24/10/2014	Notice of Annual General Meeting/ Proxy Form
24/10/2014	Annual report to shareholders
14/10/2014	Change of Director's interest notice
7/10/2014	Ceasing to be a substantial holder
03/10/2014	Ceasing to be a substantial holder from AMP
02/10/2014	Updates contract position and profit guidance
23/09/2014	Change of Director's interest notice
23/09/2014	Change of Director's interest notice
19/09/2014	Appendix 3B
15/09/2014	New drilling contract and existing contract extension
08/09/2014	Change of Director's interest notice (amended)
05/09/2014	Change of Director's interest notice
05/09/2014	Change of Director's interest notice
05/09/2014	Final Director's Interest
04/09/2014	CFO Appointment
02/09/2014	Dividend Re-investment Plan – Allocation Price
15/08/2014	Non-Executive Director Resignation
15/08/2014	Response to ASX Query
15/08/2014	Appendix 3B

07/08/2014	FY14 Full Year Results Presentation
07/08/2014	FY14 Full Year ASX Release

### 5.3 Secondary trading of Placement Shares

Under the Placement, the Company has agreed to issue 5,500,000 Shares and to grant 2,100,000 options to Ausdrill.

If securities are issued without a disclosure document then the on-sale of those securities is generally restricted pursuant to the Corporations Act, unless an exemption applies (such as those under section 708A of the Corporations Act).

These on-sale provisions are an anti-avoidance mechanism that are designed to minimise the opportunity for an issuer of securities to avoid giving disclosure to retail investors by first issuing the securities to an investor for whom disclosure is not required and then having that investor on sell the securities to a retail investor.

The on-sale provisions seek to ensure that regardless of whether the securities are issued directly or indirectly to retail investors, the retail investors received adequate disclosure for what is indirectly an issue of securities and the issuer remains liable to retail investors for the efficacy of that disclosure.

Section 708A operates as an exemption from the on-sale provisions. If the Company does not fall within one of these exemptions, any securities issued to an exempt investor (pursuant to section 708A of the Corporations Act) may be restricted from on-sale for the first 12 months from the date of issue unless the investor (to whom the securities may be on-sold) also falls within one of the exemptions.

However, section 708A(11) provides that a sale offer of securities would not need disclosure (and therefore would be exempt from the on-sale provisions) if the securities are in a class of securities that are quoted securities and Shares are issued after the lodgement of the Prospectus at a time when offers under the Prospectus are still open for acceptance.

The Company notes that Ausdrill may seek to rely on section 708A(11) of the Corporations Act to dispose of all or some of its Placement Shares at any time after their issue.

### 5.4 Rights of the New Shares

The following is a summary of the more significant rights attaching to New Shares being offered under this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered address.

#### (a) Share capital

Subject to the constitution:

- (i) all matters relating to the issue of shares shall be under the control of the Directors who may issue, allot or otherwise dispose of the same to such person or persons on such terms and conditions and with such rights and privileges attached and at such times as the Directors may think fit; and

- (ii) any resolution passed in accordance with the constitution for the alteration of capital, the Directors may issue new shares with or without any special conditions, preferences or priority either as to dividends or capital or both with any other special rights or advantages. In the absence of any special conditions or rights, such new shares when issued shall be held upon the same conditions as if they had been ordinary shares in the original capital, and shall be subject to the provisions of the constitution that relate to ordinary shares in the Company.

(b) **Voting rights**

Subject to the constitution and to any rights or restrictions attached to any class or classes of Shares, at a general meeting:

- (i) each Shareholder entitled to vote may vote in person or by proxy, representative or attorney;
- (ii) on a show of hands, every Shareholder present has one vote; and
- (iii) on a poll, every Shareholder present has one vote for each share held by the Shareholder entitling the Shareholder to vote, except for partly paid shares, each of which confers on a poll only the fraction of one vote which the amount paid (not credited) bears to the total amounts paid or payable (excluding amounts credited) on the share. An amount paid in advance of a call is disregarded for this purpose.

(c) **General meetings**

Shareholders are entitled to receive written notice of and attend and vote at general meetings of the Company. Annual general meetings of the Company are held in accordance with the Corporations Act.

(d) **Dividend rights**

Subject to the Corporations Act, the Company's profits which the Directors determine to distribute by way of dividends are divisible amongst the holders of Shares in proportion to the amounts paid (excluding any amount paid or credited as paid in advance of a call) on the Shares at the date of declaration of the dividend.

(e) **Transfer of Shares**

Generally, all Shares are freely transferable subject to the procedural requirements of the constitution and to the provisions of the Corporations Act, Listing Rules and ASX Settlement and Transfer Corporation Pty Limited (**ASTC**) Settlement Rules. If, when permitted to do so, the Directors refuse to register a transfer of shares, the Company must give notice of the refusal and the precise reasons for such action within 5 business days after the date on which the transfer was lodged by the Company.

(f) **Winding-up**

Subject to the rights of holders of Shares issued on special terms and conditions, on a winding up of the Company, the liquidator, with the sanction of a special resolution of the Company, may:

- (i) divide in specie among the contributories of the Company any part of the surplus assets (being those assets of the Company which, upon the winding up of the Company, remain after payment of debts and liabilities of the Company and the costs of winding up); and
- (ii) may vest any part of the surplus assets in trustees on such trusts for the benefit of the contributories or any of them as the liquidator shall think fit.



**(g) Variation of rights**

At present, the Company only has ordinary Shares on issue and has no current plans to create further classes of Shares. The rights and restrictions attaching to a class of the Company's Shares shall not at any time, be varied without:

- (i) the consent in writing of the holders of 75% of the issued shares of that class; or
- (ii) the sanction of a special resolution passed at a separate meeting of holders of the shares of that class.

**(h) Number of Directors**

The constitution provides that the Company may from time to time by resolution at a meeting increase or reduce the number of Directors. Currently, the number of Directors must not be less than 3 or more than 9.

**5.5 Underwriting arrangements**

On 9 January 2015, Titan entered into the Underwriting Agreement under which the Underwriters have agreed to manage and partially underwrite the Entitlement Offer up to \$3.26 million. The following is a summary of the principal provisions of the Underwriting Agreement.

**(a) Company's representations, warranties and undertakings**

Under the Underwriting Agreement the Company makes various customary representations and warranties in relation to this Prospectus, the Entitlement Offer and Placement, its compliance with applicable laws and the information provided by the Company to the Underwriters. The Company also provides various customary undertakings to the Underwriters.

**(b) Termination events**

Each Underwriter may terminate any of its obligations under the Underwriting Agreement (which have not been performed) if any of a number of specified events occur. These specified events are:

- (i) **(Prospectus)** The Prospectus is withdrawn by the Company.
- (ii) **(Supplementary prospectus)**
  - (A) The Underwriters form the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such a form and content and within such a time as the Underwriters may reasonably require; or
  - (B) The Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriters (unless the Company has a statutory obligation to issue a supplementary or replacement prospectus and the Underwriters do not consent within a reasonable time following request by the Company).
- (iii) **(Non-compliance with disclosure requirements)** It transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act.

- (iv) **(Misleading Prospectus)** It transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive.
- (v) **(Quotation approval)** Approval for quotation is refused or not granted, other than subject to standard conditions customarily imposed, or any other conditions accepted in writing by the Underwriters by the quotation approval date or if approval is granted, such approval is subsequently withdrawn qualified or withheld before Completion.
- (vi) **(S&P/ASX 200 Index fall)** If the S & P/ASX 200 Index is for one business day after the date of the Underwriting Agreement, prior to the allotment date more than 10% below the level of that index at the close of ASX trading on the date of the Underwriting Agreement.
- (vii) **(adverse change)** Any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the group (insofar as the position in relation to an entity in the group affects the overall position of the Company) from those respectively disclosed in the accounts, offer materials or the public information, including:
  - (A) any material adverse change in the reported earnings or future prospects of the Company or an entity in the group; or
  - (B) any material adverse change in the nature of the business conducted by the Company or an entity in the group; or
  - (C) the insolvency or voluntary winding up of the Company or an entity in the group or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
  - (D) any material adverse change to the rights and benefits attaching to Shares; or
  - (E) any change that may have a material adverse effect.
- (viii) **(Withdrawal)** The Company terminates the Entitlement Offer and the Placement.
- (ix) **(Repayment)** Any circumstance arises after lodgement of the offer materials that results in the Company either repaying the money received from applicants (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their Application Money.
- (x) **(No certificate)** A certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required.
- (xi) **(Judgment)** A judgment in an amount exceeding \$100,000 is obtained against the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days.
- (xii) **(Process)** Any distress, attachment, execution or other process of a governmental agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days.
- (xiii) **(Financial assistance)** The Company or a related body corporate passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriters.

- (xiv) **(Suspends payment)** The Company or a related body corporate of the Company suspends payment of its debts generally without the prior consent of the Underwriters.
- (xv) **(Insolvency)** The Company or a related body corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act.
- (xvi) **(Arrangements)** The Company or a related body corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them.
- (xvii) **(Ceasing business)** Other than as contemplated by the offer materials, the Company or a related body corporate of the Company ceases or threatens to cease to carry on business.
- (xviii) **(Charge)** Other than as disclosed in the offer documents or by the Company to the Underwriter in writing prior to the date of the Underwriting Agreement, the Company or a member of the group charges or agrees to charge, the whole, or a substantial part of the business or property of the Company or the group.
- (xix) **(Listing)** The Company ceases to be admitted to the official list of the ASX or the Shares are suspended from trading on, or cease to be quoted on, ASX (which, for the avoidance of doubt, does not include a trading halt requested for the purposes of the Entitlement Offer and Placement and the suspension as at the date of the Underwriting Agreement entered into with the prior approval of the Underwriter).
- (xx) **(ASIC inquiry into Entitlement Offer and Placement)** ASIC issues proceedings in relation to the Entitlement Offer and the Placement.
- (xxi) **\*(market conditions)** Any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, China, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Entitlement Offer and Placement or to enforce contracts to issue, allot or transfer the New Shares or that the success of the Entitlement Offer and Placement is likely to be adversely affected.
- (xxii) **\*(material contracts)** Termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company or a group company in both cases which have a Material Adverse Effect on the Company.
- (xxiii) **\*(ASX quotation)** If reasonable grounds exist for the Underwriters to believe that any ASX conditions affecting the ASX in giving final approval to quotation of the underwritten shares will not be completed, fulfilled or waived by ASX so as to result in the underwritten shares being not granted official quotation by the quotation date specified.

- (xxiv) **\*(Hostilities)** Hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.
- (xxv) **\*(General trading suspensions)** trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX.
- (xxvi) **\*(Change in management)** Other than as contemplated in the offer materials, a change in the board of Directors of the Company occurs without the written consent of the Underwriter.
- (xxvii) **\*(Legal proceedings and offence by Directors)** Any of the following occurs:
  - (A) material legal proceedings are commenced against the Company; or
  - (B) any Director is disqualified from managing a corporation under section 206A Corporations Act.
- (xxviii) **\*(Change to constitution)** Other than as contemplated by the offer materials, prior to the allotment date, a change to the constitution of the Company or the Company's capital structure occurs without the prior written consent of the Underwriters.
- (xxix) **\*(Compliance with regulatory requirements)** A contravention by the Company or any entity in the group of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation.
- (xxx) **\*(Breach)** The Company breaches any of their obligations under this Agreement.
- (xxxi) **\*(Representations and warranties)** Any representation or warranty contained in the Underwriting Agreement on the part of the Company is breached or becomes false, misleading or incorrect.
- (xxxii) **\*(Prescribed occurrence)** Except as contemplated by the offer materials, an event specified in section 652C(1) or section 652C(2) Corporations Act, but replacing 'target' with 'Company'.
- (xxxiii) **\*(Timetable)** An event specified in the timetable set out in the Underwriting Agreement is delayed for more than 3 business days other than as the result of actions taken by the Underwriters or due to requirements of ASX (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriters prior consent).
- (xxxiv) **\*(Change in laws)** Any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Entitlement Offer and Placement or materially reduce the likely level of valid applications or materially affects the financial position of the Company or has a material adverse effect of the success of the offer:
  - (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
  - (B) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or

- (C) the adoption by ASX or their respective delegates of any regulations or policy.
- (xxxv) **\*(Failure to comply)** The Company or any related body corporate of the Company fails to comply with any of the following:
- (A) a provision of its constitution;
  - (B) any statute;
  - (C) the Listing Rules;
  - (D) a requirement, order or request made by or on behalf of the ASIC, the ASX or any governmental agency; or
  - (E) the Underwriting Agreement entered into by it.
- (xxxvi) **\*(Due diligence)** There is a material omission from the results of the due diligence investigation performed in respect of the Company or the results of the due diligence investigation are false or misleading.

No event marked above with an asterisk (\*) entitled an Underwriter to exercise its rights to terminate obligations under the Underwriting Agreement unless it reasonably believes that the event:

- (i) has or is likely to have a material adverse effect on the outcome of the Entitlement Offer; or
- (ii) could give rise to liability for the Underwriter under any law or regulation and that the Underwriter has afforded the Company a reasonable time to remedy the event if the event is capable of remedy.

(c) **Fees, costs and expenses**

The Underwriters will receive:

- (i) an underwriting fee of 3% of the underwritten amount (excluding GST);
- (ii) a management fee of 2% of the value of all new shares issued by Titan under the Capital Raising (excluding GST); and
- (iii) a placement fee of 3% of the gross proceeds raised by the Company under the Placement (excluding GST).

The Underwriters may also be reimbursed for reasonable costs of, and incidental to, the Entitlement Offer and Placement.

(d) **Indemnity**

The Company has, subject to certain limitations, agreed to indemnify the Underwriters and each of their officers, agents and employees (**Indemnified Party**) against any claims and losses directly or indirectly suffered or incurred by an Indemnified Party in respect of the Entitlement Offer and the Placement.

(e) **Other**

Bizzell Capital Partners Pty Ltd is a related party of Titan in that it is an entity associated with Stephen Bizzell, a Titan director.

The Underwriters have not authorised or caused the issue of this Prospectus and take no responsibility for any information in this Prospectus or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters exclude and disclaim all liability, for any expense, losses, damages, or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Prospectus being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

5.6 **Sub-underwriting arrangements**

The Underwriter has entered into sub-underwriting agreements with various parties, including the Directors of Titan and their associated entities (**Director Sub-Underwriters**). The number of New Shares that each Director Sub-Underwriter has agreed to take up under those arrangements if there is a shortfall in the Retail Entitlement Offer is set out in the following table:

<b>Director Sub-Underwriter</b>	<b>Associated Director</b>	<b>Number of shortfall New Shares agreed to subscribe for as Director Sub-Underwriter</b>	<b>Total shortfall amount underwritten by Director Sub-Underwriter</b>
Shaun Scott or nominee	Shaun Scott	2,111,134	\$316,670
Stephen Bizzell or nominee	Stephen Bizzell	1,458,473	\$218,771
Mark Snape	Mark Snape	333,334	\$50,000

The Underwriters have entered into a sub-underwriting agreement with each of the Director Sub-Underwriters (**Director Sub-Underwriting Agreement**). The terms and conditions of the Director Sub-Underwriting Agreement are materially the same as other sub-underwriting agreements that the Underwriter has entered into with Sub-Underwriters, other than the number of New Shares each Director Sub-Underwriter has agreed to subscribe for, if there is a shortfall.

The terms and conditions of the Director Sub-Underwriting Agreement are customary in nature and offer each Director Sub-Underwriter a general sub-underwriting position in the Retail Entitlement Offer up to the maximum of their respective shortfall amounts set out in the table above.

A sub-underwriting fee is payable by the Underwriters to the Sub-Underwriters. The amount of that fee is 1.5% for firm-in-relief sub-underwriting (inclusive of any GST payable) and 2% for general sub-underwriting.

New Shares issued to Sub-Underwriters (as with all New Shares issued under the Entitlement Offer) will upon issue, rank pari passu with all existing Shares.

Under the terms of the Director Sub-Underwriting Agreements, the Director Sub-Underwriters have no rights of termination, however if the Entitlement Offer does not proceed or the Underwriting Agreement is terminated, the Director Sub-Underwriting Agreements will also terminate without any obligation on the Director Sub-Underwriters.

## 5.7 Placement

On 6 January 2015, the Company entered into a binding agreement with Ausdrill International Pty Ltd (**Ausdrill**), a wholly owned subsidiary of Ausdrill Limited, for a placement of Shares and options. Under the placement, 5,500,000 Shares will be issued to Ausdrill at an issue price of \$0.18 per Share (**Placement Shares**) and 2,100,000 options to acquire Shares at an exercise price of \$0.28 expiring on 31 December 2016 will be granted to Ausdrill. The Placement Shares will raise \$990,000 before costs and, subject to completion of the placement by the Record Date, will entitle Ausdrill to participate in the Entitlement Offer.

Under the terms of the Placement, Ausdrill will be granted the right to nominate a director for appointment to the Board.

## 5.8 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner:

- (a) has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:
  - (i) the formation or promotion of the Company; or
  - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
  - (iii) the Offer under this Prospectus, or
- (b) has been paid or has agreed to be paid or has received or has agreed to receive any benefits:
  - (i) to induce them to become or to qualify as a Director; or
  - (ii) for services rendered by them in connection with the formation or promotion of the Company or the Offer under this Prospectus.

The relevant interests of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	# options and performance rights	# of Shares	%	Entitlements	\$
Mr Shaun Scott	Options - Nil Performance rights - Nil	664,671	1.3	398,803	59,820
Mr Stephen Bizzell	Options – 280,576 Performance rights – Nil	1,087,767	2.1	652,661	97,899
Mr Mark Snape	Options – Nil Performance rights – Nil	Nil	Nil	Nil	Nil

As at the date of this Prospectus, the Directors intend to take up all of their Entitlements.

Options granted to Stephen Bizzell were issued for nil consideration and are capable of exercise into Shares at \$1.20 per option. Terms and conditions of those options can be found in section 10.3 of the Company's Prospectus dated 7 November 2011.

Joint underwriter, Bizzell Capital Partners Pty Ltd is controlled by Stephen Bizzell, and will be entitled to receive the fees and benefits for being a joint underwriter as set out in section 5.5(c) of this Prospectus. The Directors consider that these financial benefits are provided to Bizzell

Capital Partners Pty Ltd on reasonable arm's length commercial terms

## 5.9 Directors' fees

Directors are entitled to Directors' fees and other payments, which are disclosed in the Company's annual financial reports. The Directors' current annual remuneration is as follows:

Director	Salary and fees		Other		Total	
	2014	2013	2014	2013	2014	2013
Mr Shaun Scott	75,650	59,633	6,998	36,095	82,648	95,728
Mr Stephen Bizzell	50,000	40,000	-	24,583	50,000	64,583
Mr Mark Snape	48,140	25,876	4,453	2,329	52,593	28,205

The constitution of the Company provides that Directors are entitled to receive remuneration for their services as determined by the Company in general meeting. Shareholders have resolved that the maximum aggregate amount of Directors' fees (which does not include the remuneration of executive Directors and other non-director services provided by Directors) is \$500,000 per annum, inclusive of superannuation entitlements. The Directors may divide that remuneration among the non-executive Directors as they decide.

Directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the Company. A Director may also be remunerated as determined by the Directors if that Director performs additional or special duties for the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

## 5.10 Related party disclosure

From time to time the Company may be party to transactions with related parties including:

- (a) Employment and service arrangements;
- (b) Issue of securities to Directors or entities associated with Directors; and
- (c) Payment of Director's fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure made in this Prospectus does not intend to make any further disclosure of such transactions, which will either proceed on an 'arm's length basis' reasonable remuneration or be approved by Shareholders in general meeting.

## 5.11 Interests of experts and advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest, or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer of the New Shares; or
- (b) has been paid, or has agreed to be paid, any amount and has received or has agreed to receive any benefit that has been given, or agreed to be given, in connection with the services provided by the person in connection with the formation or promotion of the Company, or the Offer of the New Shares.

Thomson Geer have acted as legal adviser to the Entitlement Offer and have generally advised in relation to due diligence enquiries and are entitled to receive \$80,000 plus outlays and GST in respect of these services. Further amounts may be paid to Thomson Geer in accordance with their usual time-based charge-out rates.



The Underwriters and Joint Lead Manager are entitled to receive the fees and expenses set out in section 5.24 of this Prospectus.

#### 5.12 Consents to be named

The following persons have given and have not, prior to the lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named.

- (a) Thomson Geer has consented in writing to be named in this Prospectus as solicitors for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.
- (b) Wilson HTM Corporate Finance Limited has consented in writing to be named in this Prospectus as Joint Lead Manager and Underwriter and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.
- (c) Bizzell Capital Partners Pty Ltd has consented in writing to be named in this Prospectus as Joint Lead Manager and Underwriter and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.
- (d) Link Market Services Limited has consented in writing to be named in this Prospectus as the share registry for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.
- (e) PKF Hacketts Audit has consented in writing to be named in this Prospectus as the auditor for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.

#### 5.13 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX. The highest, lowest and last market sale prices of the Shares on ASX during the three calendar months immediately preceding the date of issue of this Prospectus is set out below:

	Date	Price
<b>3 month high</b>	8 October 2014	\$0.51
<b>3 month low</b>	10 December 2014	\$0.22
<b>Last market sale price</b>	17 December 2014	\$0.23

#### 5.14 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus, the Investor Presentation or other ASX disclosures which is likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company.

#### 5.15 Shareholders outside Australia and New Zealand

##### (a) General restrictions

This Prospectus and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares, or to otherwise permit an offering of New Shares, outside Australia and New Zealand. The New Shares may not be offered in a jurisdiction outside Australia and New Zealand where such an offer is not made in accordance with the laws of that place.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia and New Zealand.

(b) **New Zealand securities law requirements**

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Prospectus contains an offer to eligible shareholders of continuously quoted securities and has been prepared in accordance with section 713 of the Australian Corporations Act. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

(c) **United States**

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Prospectus is neither an offer to sell nor a solicitation of an offer to buy securities as those terms are defined under the US Securities Act. The Entitlement Offer is not being made to US persons or persons in the United States.

(d) **Ineligible Retail Shareholders**

The Company is not extending the Retail Entitlement Offer to Ineligible Retail Shareholders having regard to the cost of complying with legal and regulatory requirements outside Australia and New Zealand, the number of Ineligible Retail Shareholders and the number and value of New Shares which could be offered to Ineligible Retail Shareholders.

Where this Prospectus has been dispatched to Ineligible Retail Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Retail Shareholders certain Shareholders who would otherwise be Ineligible Retail Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

### 5.16 **Notice to nominees and custodians**

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Titan. Nominees and custodians should consider carefully the contents of the letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Institutional Shareholders that were ineligible to participate in the Institutional Entitlement Offer.

Titan is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any US Person with a holding through a nominee may not participate in the Retail Entitlement Offer. Nominees and custodians may not distribute any part of this Prospectus in the United States or in any other country outside of Australia and New Zealand.

### 5.17 **Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

### 5.18 **Privacy**

If you complete an Entitlement and Acceptance Form and apply for New Shares (and Additional New Shares), you will be providing personal information to Titan, its agents, contractors and third party service providers. Titan, its agents, contractors and third party service providers will collect, hold and use that information to assess your acceptance, carry out administration of your shareholding, service your needs as a Shareholder and facilitate corporate communications.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, print service providers, mail houses and the Share Registry.

Failure to provide the required personal information may mean that your acceptance is not able to be processed efficiently, if at all.

You may request access to your personal information held by (or on behalf of) Titan and by the Share Registry. You can request access to, or the updating of, your personal information by telephoning or writing to Titan or the Share Registry using the details shown in the Corporate Directory.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) and the Corporations Act.

### 5.19 **Future performance and forward looking statements**

This document contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of Titan. These forward looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. Titan gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

Forward looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Retail Entitlement Offer.

## 5.20 Past performance

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Prospectus is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Prospectus is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

## 5.21 Risks

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer.

Section 4 details important factors and risks that could affect the financial and operating performance of Titan. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

## 5.22 Disclaimer of representations

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer, which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Titan in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required:

- (a) none of Titan, or any person, warrants or guarantees the future performance of Titan or any return on any investment made pursuant to the information contained in this Prospectus; and
- (b) Titan, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Prospectus being inaccurate or incomplete in any respect.

## 5.23 ASX waivers and ASIC relief

The Company has confirmed that no waivers from the ASX listing rules are required in relation to the Entitlement Offer. The Company is not relying on any specific ASIC relief in order to conduct the Entitlement Offer.

## 5.24 Expenses of the Entitlement Offer

In the event that all Entitlements are accepted, the total expenses of the Entitlement Offer are estimated to be approximately \$469,290 (excluding GST) and are expected to be applied as follows:

<b>Expense</b>	
ASIC fees	\$2,290
ASX fees	\$35,000
Legal fees	\$80,000
Offer management and underwriting fee	\$310,000
Share registry fee (including printing and despatch)	\$22,000
Miscellaneous	\$20,000
<b>TOTAL</b>	<b>\$469,290</b>

**5.25 Authorisation and disclaimers**

This Prospectus is issued by, and is the sole responsibility of Titan Energy Services Limited.

None of the parties referred to in the Corporate Directory of the Prospectus (other than Titan), has:

- (a) authorised or caused the issue of this Prospectus; or
- (b) made or authorised the making of any statement that is included in this Prospectus or any statement on which a statement in this Prospectus is based.

To the maximum extent permitted by law, each of the parties referred to in the Corporate Directory of this Prospectus (other than Titan) expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

**5.26 Governing law**

This Prospectus, the Retail Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Queensland, Australia.

**5.27 Interpretation**

Some capitalised words and expressions used in this Prospectus have meanings which are explained in section 7.

A reference to time in this Entitlement Offer Booklet is to the local time in Brisbane, Australia, unless otherwise stated. All financial amounts in this Prospectus are expressed in Australian dollars, unless otherwise stated.

**5.28 No handling fees**

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Retail Shareholders.

## 6 Directors' authorisation

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This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated: 9 January 2015

A handwritten signature in black ink, appearing to read "Shaun Scott". The signature is written in a cursive style with a long horizontal stroke extending to the right.

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Shaun Scott

For and on behalf of  
**Titan Energy Services Limited**

## 7 Definitions

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<b>Additional New Shares</b>	New Shares which Eligible Retail Shareholders apply for in excess of their Entitlement
<b>Application Money</b>	Money received in respect of an application for New Shares and Additional New Shares (if applicable)
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
<b>Board</b>	The board of Directors
<b>Capital Raising</b>	The Entitlement Offer and Placement
<b>Closing Date</b>	The last day for payment of Application Money and return of Entitlement and Acceptance Forms being, 5pm (Sydney time) on Wednesday, 28 January 2015 (unless extended)
<b>Company or Titan</b>	Titan Energy Services Limited ACN 150 110 017
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of the Company
<b>Eligible Institutional Shareholder</b>	An institutional shareholder to whom Listing Rule 7.7.1(a) does not apply and who received an offer under the Institutional Entitlement Offer
<b>Eligible Retail Shareholder</b>	A Shareholder as described in section 1.3 of this Prospectus
<b>Eligible Shareholder</b>	An Eligible Institutional Shareholder or an Eligible Retail Shareholder.
<b>Entitlement</b>	The entitlement to 3 New Shares for every 5 Shares held on the Record Date. The entitlement of each Eligible Retail Shareholder is shown on the personalised Entitlement and Acceptance Form
<b>Entitlement Offer</b>	The pro-rata accelerated non-renounceable entitlement offer to subscribe for New Shares on the basis of 3 New Shares for every 5 Shares held by Shareholders as at Record Date.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Entitlement Offer Booklet
<b>Ineligible Institutional Shareholders</b>	An Institutional Shareholder: <ul style="list-style-type: none"> <li>• who has a registered address outside Australia and New Zealand and any other jurisdictions as Titan and the Underwriters agree;</li> <li>• to whom Listing Rule 7.7.1(a) applies; and</li> <li>• who in the absence of Listing Rule 7.7.1(a) would have been an Eligible Institutional Shareholder</li> </ul>

<b>Ineligible Retail Shareholder</b>	A retail shareholder who is not an Eligible Retail Shareholder
<b>Institutional Entitlement Offer</b>	The offer of New Shares to Eligible Institutional Shareholders as part of the Entitlement Offer
<b>Institutional Investor</b>	A person: <ul style="list-style-type: none"> <li>• in Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an 'exempt investor' as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Class Order 08/35); or</li> <li>• in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Titan, at its absolute discretion, is willing to comply with such requirements)</li> </ul>
<b>Institutional Shareholder</b>	A Shareholder on the Record Date who is an Institutional Investor
<b>Investor Presentation</b>	Means the investor presentation announced to the ASX on 9 January 2015
<b>Issue Price</b>	\$0.15 per New Share
<b>Joint Lead Managers</b>	Wilson's HTM Corporate Finance Limited and Bizzell Capital Partners Pty Ltd
<b>Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time
<b>Management</b>	Means the senior management team of the Company
<b>New Shares</b>	Shares offered under the Entitlement Offer
<b>Placement</b>	The placement to Ausdrill International Pty Ltd, announced to ASX on 9 January 2015 and described in section 5.7.
<b>Placement Options</b>	Means 2,100,000 options granted to Ausdrill International Pty Ltd under the Placement.
<b>Placement Shares</b>	Means the 5,500,000 shares issued to Ausdrill International Pty Ltd under the Placement.
<b>Prospectus</b>	This booklet
<b>Record Date</b>	7pm (Sydney time) on Wednesday, 14 January 2015
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act
<b>Retail Entitlement Offer</b>	The offer of New Shares made in this Prospectus
<b>Retail Shortfall Facility</b>	The offer of Additional New Shares to Eligible Retail Investors that have fully subscribed to the Entitlement Offer as described in section 1.4.
<b>Share</b>	A fully paid ordinary share in the Company
<b>Share Registry</b>	Link Market Services Limited



<b>Shareholder</b>	A holder of Shares
<b>Sub-Underwriters</b>	Persons that enter into a sub-underwriting agreement with the Underwriter
<b>TERP</b>	The theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.
<b>Underwriters</b>	Wilson's HTM Corporate Finance Limited and Bizzell Capital Partners Pty Ltd
<b>Underwriting Agreement</b>	the underwriting agreement between Titan and the Underwriters dated 9 January 2015
<b>Underwritten Amount</b>	\$3.26 million
<b>US or United States</b>	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US Person</b>	The meaning given in Regulation S under the US Securities Act
<b>US Security Act</b>	The <i>United States Securities Act of 1933</i> , as amended

## **CORPORATE DIRECTORY**

### **Directors and senior management**

Mr Shaun Scott – Non Executive Chairman  
Mr Stephen Bizzell – Non Executive Director  
Mr Mark Snape – Non Executive Director

Ms Christine Hayward – Acting Chief  
Executive Officer and Company Secretary

Mr Rowan Greene – Acting Chief Financial  
Officer

### **Registered office**

Level 5, 189 Grey Street  
South Brisbane QLD 4101  
Telephone: +61 7 3871 0162  
Facsimile: +61 7 3871 0195

### **Share Registry**

Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane QLD 4000  
Australia

### **Website**

<http://www.titanenergyservices.com.au>

### **Auditor**

PKF Hacketts Audit  
549 Queen Street  
Brisbane, QLD 4000

### **Legal advisors**

Thomson Geer  
Level 16, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia

### **Joint Lead Managers and Underwriters**

Wilson HTM Corporate Finance Limited  
Level 38, Riparian Plaza  
Brisbane QLD 4000  
Australia

Bizzell Capital Partners Pty Ltd  
Level 9, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia

## ENTITLEMENT AND ACCEPTANCE FORM

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as  
at the Record Date, 7:00pm (AEDT)  
on 14 January 2015:

Entitlement to New Shares  
(on a 3 New Shares for 5 basis):

Amount payable on full acceptance  
at A\$0.15 per Share:

<b>Offer Closes 5:00pm (AEDT):</b>	<b>28 January 2015</b>
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## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 3 New Shares for every 5 existing Shares that you hold on the Record Date, at an Issue price of A\$0.15 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Issue price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under the Prospectus dated 9 January 2015. The Prospectus contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

If you do not have a paper copy of the Prospectus, you can obtain a paper copy at no charge, by calling the Titan Energy Services Limited Offer Information Line on 1300 970 086 (within Australia) or +61 1300 970 086 (from outside Australia).

### PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEDT) on 28 January 2015. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Share Registry before 5:00pm (AEDT) on 28 January 2015.



Billers Code: 444471

Ref:

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.**



Please detach and enclose with payment



SRN/HIN:

Entitlement Number:

**A** Number of New Shares accepted (being not more than your Entitlement shown above)

**B** Number of additional New Shares

**C** Total number of New Shares accepted (add Boxes A and B)

**D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Titan Energy Services Limited” and crossed “Not Negotiable”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque





A\$

**E CONTACT DETAILS** – Telephone Number

Telephone Number – After Hours

Contact Name

# TITAN ENERGY SERVICES LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Share Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations contained in the prospectus;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Titan Energy Services Limited.

## HOW TO APPLY FOR NEW SHARES

### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.15.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Titan Energy Services Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

#### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

#### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Titan Energy Services Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Titan Energy Services Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

#### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

## 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry by the close of the offer.

### Mailing Address

Titan Energy Services Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

### Hand Delivery

Titan Energy Services Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEDT) on 28 January 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Titan Energy Services Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Titan Energy Services Limited Offer Information Line on 1300 970 086 (within Australia) or +61 1300 970 086 (from outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday.**