

**MEDIA/ASX Release**

[www.titanenergyservices.com.au](http://www.titanenergyservices.com.au)

29 April 2015

ASX ticker: TTN

## **Atlas Drilling secures new drilling contract**

Titan's drilling services subsidiary Atlas Drilling announces today it has secured a contract for an initial three well program located in the Canning Basin, drilling exploration wells with Buru Energy Limited. Rig 2 is expected to mobilise in May 2015 with drilling to commence in June 2015 and the initial wells to be completed by September 2015. The contract includes an option for a further well and should the optional well be exercised the contract will extend until approximately the middle of October 2015.

Atlas Rig 3 recently drilled and completed two exploration wells in the Arckaringa Basin, South Australia. This contract commenced in late October 2014 and while it was expected to be completed in February 2015 the contract extended to the end of March 2015.

Titan's Acting Chief Executive Officer Christine Hayward commented, "We are pleased to secure this contract in Western Australia and forge a strong relationship with a new client.

We expect the deployment of Rig 2 to this region for the first time will create opportunities for Titan to secure other potential clients in the region who can take advantage of Rig 2's versatile capability to progress their oil and gas drilling programs once it has completed its current drilling program".

Tender activity for Atlas drilling rigs has increased during the quarter, with Rigs 1, 3 and 4 being actively marketed for new drilling programs likely to commence during the latter part of 2015 and early 2016.

### **Operational Review**

Hofco Oilfield Services continues to perform well despite difficult industry wide trading conditions. It's diverse customer base, ongoing maintenance services and rental equipment supply for new clients in Papua New Guinea has provided the business with a consistent, stable revenue stream.

The majority of existing Resources Camp Hire (RCH) temporary accommodation camp contracts recently completed with one 10-man camp on hire at present. The RCH room capacity of 557 rooms has not achieved any meaningful revenue since December 2014. That combined with the high fixed lease costs associated with the accommodation units is a challenge for RCH cashflows.

The Nektar contracts to manage and provide catering services for three permanent camps in the Surat Basin will be completed in April 2015. There are no other contracts in place at this time.

Base Transport and Logistics currently unutilised capacity is available to provide support to camp operations as part of the company's remote camp turnkey solution.

Due to low revenue in the Accommodation Services business (RCH, Nektar and Base), it has continued to consolidate operations and rationalise costs, with a strong focus on business development in sectors outside of the traditional Queensland CSG-LNG projects. While there have not been any significant contracts awarded in recent months, the activity level for tender requests have increased during this period and decisions for several significant bids are expected during the second half of the calendar year.

## **Outlook**

Since the company's market update in January 2015, global factors influencing oil, coal and commodity prices have not improved. While there are a significant dollar value of large infrastructure, coal and CSG related projects that Titan businesses are tendering to, these remain subject to various government and corporate approvals which are expected to be granted in the near term. The combination of these challenges, continue to create difficult market conditions for Titan and many of our customers and suppliers.

Titan has implemented further organisational changes as staffing levels are reduced in line with current trading conditions with a team of committed, capable and experienced people having sufficient capacity to deliver efficient and effective services to current and future clients.

The Company continues to focus on its safety program with no lost time injuries this financial year and a continuing focus on reducing the group's Total Reportable Injury Frequency Rate (TRIFR).

Titan's long-term strategy to provide a suite of diversified services to the energy and infrastructure markets remains sound, underpinned by 20 year+ Queensland CSG-LNG project commitments as well as pipeline, infrastructure, rail, road and mining opportunities in Queensland and throughout Australia.

The challenges faced in terms of sales volume, pricing and consequently cash flow funding, has resulted in the company instituting further measures since our last update to preserve cash and secure additional finance given the material uncertainties over future trading results and cash flows.

The Directors have commenced a number of processes including options to refinance the business, potential business combinations and/or disposal of businesses and/or assets to reduce debt and to provide additional working capital in the event that the current challenging conditions continue. The Company has engaged external advisors to assist and while there can be no certainty that any of these options will proceed, there is a reasonable expectation that one will proceed successfully.

Further market updates will be provided when projects become certain. Given the aforementioned ongoing uncertainty, FY15 guidance is not able to be provided at this time.

## **ENDS**

For Investor or media inquiries:

Christine Hayward  
Acting CEO  
Tel: 07 3013 0269

Rowan Greene  
Acting CFO  
Tel: 07 3013 0266

## **About Titan**

Titan Energy Services Limited (ASX:TTN) provides diversified energy and infrastructure services to the oil and gas, mining, pipeline, rail, road and infrastructure sectors. Titan provides expertise in oil and gas drilling, drilling equipment hire, temporary camp accommodation and management, catering services and water and waste services.

### **Oil Field Services:**

Atlas Drilling – specialist provider of drilling services to coal seam gas and oil exploration, production and well work overs;

Hofco Oilfield Services – rental and supply of downhole drilling tools.

### **Accommodation Services:**

Resources Camp Hire – RCH, Nektar Remote Hospitality and BASE Transport & Logistics – providing remote camp solutions including accommodation, catering, camp management including water and waste services.