



DIVIDEND REINVESTMENT PLAN

Titan Energy Services Limited

Adopted by a resolution of the Board on 21 August 2012

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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this document the following definitions apply:

Application means a Shareholder's application to participate in the DRP and **Application Form** means the form of Application approved by the Board from time to time.

ASX means ASX Limited (ACN 008 624 691) or the stock market operated by ASX Limited (as the case may be).

Board means the Board of Directors of the Company from time to time.

Business Day means a day other than a Saturday, Sunday or public holiday on which banks are open for business in Brisbane.

Company means Titan Energy Services Limited ACN 150 110 017.

Constitution means the constitution of the Company as amended from time to time.

DRP means the dividend reinvestment plan of the Company conducted on these Terms.

Discount means the discount, if any, as determined in accordance with clause 6.5.

Dividend means a dividend or interim dividend of the Company.

Full Participant means a Participant who participates in the DRP in respect of all the Shares held by that Participant, including:

- (a) Shares currently held;
- (b) Shares issued under the DRP;
- (c) bonus Shares (if any) subsequently issued; and
- (d) any other Shares acquired subsequently.

Listing Rules means the official listing rules of ASX.

Marketable Parcel has the same meaning as in the Listing Rules from time to time.

Non-Participating Shares means, in relation to a Partial Participant, any Shares registered in the name of the Partial Participant that are not subject to the DRP.

Partial Participant means a Participant who participates in the DRP in respect of some, but not all Shares held by that Participant.

Participant means a Shareholder participating in the DRP.

Participating Shares means the number of Shares subject to the DRP as determined in accordance with these Terms.

Price means the price at which a Share is issued or transferred under this DRP as determined in accordance with clause 6.5.

Pricing Period means in respect of a particular Dividend, such period as the Board may determine, being a period of not less than five Trading Days commencing on such date as the Board may determine. The Pricing Period determined by the Board in respect of Dividend payable on a particular Dividend payment date may differ from the Pricing Period determined by the Board in respect of Dividends payable on any other particular Dividend payment date.

Record Date means the record date for determining entitlements to Dividends for the purposes of the Listing Rules.

Register means the register of members maintained or caused to be maintained by the Company, including both the principal register and any branch registers or sub-registers.

Shareholder means a person registered in the Register of the Company as a holder of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Terms means these terms and conditions of the DRP as modified from time to time in accordance with clause 9.

Total Price means for the purpose of determining an amount to be debited to a Participant's DRP account under clause 6.3(e), an amount equal to the number of Shares acquired multiplied by the Price, in respect of the relevant Dividend.

Trading Day means a full day on which the Shares are quoted, and not suspended from quotation or made subject to a trading halt, on ASX, provided that a day on which ASX is closed or on which trading on ASX is halted is not a Trading Day.

Variation Form means a form (as approved by the Board) by which a Participant applies to vary the level of, or withdraw from, participation in the DRP.

Withholdings means withholding tax and any other amounts (including without limitation, amounts withheld as a result of a failure to provide a tax file number and any Dividend which the Company is entitled to retain as a result of a charge in favour of the Company in accordance with law) which the Company is required or permitted to withhold from a Dividend payable on Participating Shares.

1.2 Interpretations

In this document, unless the context otherwise requires:

- (a) a reference to any law or legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;
- (b) a reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time;
- (c) a reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this document unless otherwise stated;

- (d) an expression importing a natural person includes any company, trust, partnership, joint venture, association, corporation, body corporate or governmental agency;
- (e) the day on which any act, matter or thing is to be done under this document is not a Business Day, that act, matter or thing may be done on the next Business Day;
- (f) a covenant or agreement on the part of two or more persons binds them jointly and severally;
- (g) a reference to an amount of money is a reference to the amount in the lawful currency of the Commonwealth of Australia; and
- (h) the schedules and attachments form part of this document.

2. THE PLAN

- 2.1 This plan is to be known as the **Titan Energy Services Dividend Reinvestment Plan**.
- 2.2 Under the DRP, Shareholders may elect to increase their shareholding in the Company by reinvesting all or part of their Dividends in additional Shares.
- 2.3 The DRP will commence on a date determined by the Board and notified to the Shareholders.

3. ELIGIBILITY

- 3.1 Subject to clause 3.2, any Shareholder is eligible to participate in the DRP.
- 3.2 The Board may in its absolute discretion determine that the right to participate in the DRP is not available to a Shareholder:
 - (a) who has a registered address or is a resident in a country or place other than Australia and, subject to paragraph (d), New Zealand, where in the absence of a disclosure document, registration statement or other prerequisite, the offer of a right of election or participation would or might be unlawful;
 - (b) whose participation in the DRP might lead to a foreign person acquiring an interest in the Company in breach of the *Foreign Acquisitions and Takeovers Act 1975* (Cth), the *Corporations Act 2001* (Cth) or any other Australian statute or the common law;
 - (c) if their holding as at the Application date is less than a Marketable Parcel; or
 - (d) whose participation in the DRP would, in the opinion of the Board, be unlawful, impractical, impossible or would have an adverse effect on the regulatory approvals or licences which the Company holds or for which it intends to apply or otherwise would not be in the best interests of the Company.
- 3.3 In the case of joint holders of Shares, if one or more of the joint holders is not eligible to participate in the DRP, none of the joint holders are eligible to participate in the DRP in respect of the jointly held Shares.

- 3.4 A Shareholder is solely responsible for obtaining any government or regulatory approvals and consents necessary for the Shareholder to be eligible to participate in the DRP.

4. PARTICIPATION

- 4.1 Participation in the DRP is optional and is subject to the Terms, all applicable law, the Listing Rules and the Constitution.
- 4.2 The Board may at any time with written notice to Shareholders limit participation in the DRP by limiting the amount of Dividend which may be reinvested under the DRP.
- 4.3 If a Shareholder wishes to participate in the DRP or vary the Shareholder's participation in ways permitted by these Terms, the Shareholder must complete an Application Form or Variation Form. An Application or Variation Form must be completed for each holding of Shares.
- 4.4 The Board may in its absolute discretion, refuse or accept an Application or Variation and suspend or withdraw Shares from participation.
- 4.5 If the Board decides to reject an Application or Variation, they must inform the relevant Shareholder of their decision in writing within a reasonable time of receipt of the Application or Variation.
- 4.6 Upon receipt and acceptance by the Company of a duly completed and executed Application Form, participation will commence from the next Record Date.
- 4.7 By providing an Application to the Company, the Shareholder:
- (a) warrants to the Company that it is eligible to participate in the DRP;
 - (b) authorises the Company or its officers or agents to correct any error in or omission from any Application or Variation;
 - (c) acknowledges that the Company may:
 - (i) determine that any Application or Variation is valid, in accordance with these Terms;
 - (ii) reject any Application or Variation; or
 - (iii) arrange for the DRP to be fully or partially underwritten in respect of any one or more Dividends;
 - (d) acknowledges that the Company has not provided the Shareholder with investment advice or financial product advice concerning its decision to apply to participate in the DRP and that the Company has no obligation to provide this advice; and
 - (e) unconditionally agrees to be bound by these Terms and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP,

in each case, at all times until termination of the DRP or of the Participant's participation in the DRP.

5. LEVEL OF PARTICIPATION

5.1 Full or partial

- (a) A Shareholder may specify in an Application Form or Variation Form that they elect either:
 - (i) full participation; or
 - (ii) partial participation and specify the number of Shares which the Shareholder wishes to participate in the DRP.
- (b) An Application Form or Variation Form will be deemed to specify full participation if:
 - (i) It does not specify the number of Shares which the Shareholder wishes to participate in the DRP; or
 - (ii) the number of Shares specified is greater than the number of Shares held by the Shareholder.

5.2 Full participation

Under full participation, all Shares registered in the Participant's name from time to time, including Shares issued or acquired pursuant to the DRP, will be subject to the DRP.

5.3 Partial participation

Under partial participation, subject to clause 5.2, only those Shares which the Shareholder properly specifies as participating in the DRP will be subject to the DRP and all Shares subsequently acquired by the Shareholder, whether under the DRP or otherwise, will only participate in the DRP to the extent that the Shareholder alters the number of Participating Shares in accordance with clause 8.

6. OPERATION OF THE DRP

6.1 General

Subject to this clause 6, each Dividend (less Withholdings, if any) available for payment to a Participant in respect of Participating Shares will be applied by the Company on the Participant's behalf to subscribe for or acquire additional Shares at the Price.

6.2 Issue or transfer of Shares

- (a) The Board in its absolute discretion may, in respect of any given Dividend, either issue new Shares or cause a broker to arrange for the purchase and transfer of existing Shares to a Participant or to apply a combination of both options, to satisfy the obligations of the Company under these Terms.
- (b) If the Board determines to cause the purchase and transfer of Shares to Participants, the Shares may be acquired through a broker in the market in such manner as the Board considers appropriate.

6.3 **DRP account**

The Company will establish and maintain a DRP account for each shareholding account of each Participant. In respect of each Dividend payable to a Participant, the Company will:

- (a) determine the amount of the Dividend payable in respect of that Participant's Participating Shares which may be reinvested under the DRP (before any deduction referred to in clause 6.3(b));
- (b) determine (where applicable) any Withholdings deductible by the Company in respect of the Dividend, and any other sum the Company is entitled to retain in respect of the Participating Shares;
- (c) credit the amount in clause 6.3(a) and debit any amount in clause 6.3(b) to the Participant's DRP account. Such payment into that account constitutes payment of the Dividend on those Participating Shares;
- (d) determine the maximum number of additional Shares which may be acquired under the DRP at the Price, by using the amount in the participant's DRP account;
- (e) acquire or subscribe for Shares in the name of the Participant and debit the Total Price against the balance in the Participant's DRP account; and
- (f) carry forward any residual positive balance or donate it in accordance with clause 6.4(b) .

6.4 **Residual balance of Dividend**

- (a) If the number of Shares acquired by a Participant under the DRP is the nearest whole number below the number determined in accordance with clause 6.3, then the difference between the positive balance of the Participant's DRP account (prior to the allocation of Shares) and the Total Price for those Shares will be recorded as a residual positive balance in the Participant's DRP account and will be carried forward, on behalf of the Participant, to the next Dividend. No interest will accrue in respect of residual balances of Dividends.
- (b) If a Participant has ceased to participate in the DRP, after the last Dividend to be paid in that financial year, the Participant will be taken to have directed the Company to donate the amount of any residual positive balance on its DRP account on behalf of the Participant to one or more registered charities, as nominated by the Board from time to time. Participants will not be issued with a receipt in connection with such a donation.

6.5 Price

- (a) The price at which each Share is issued or transferred under the Plan in respect of a Dividend is:

Price = Market Price - Discount

where:

Market Price means the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) (**VWAP**) of all Shares sold on the ASX automated trading system during the Pricing Period excluding sale of Shares which:

- (i) are sold otherwise than in the ordinary course of trading (which include but are not limited to transactions defined in the ASX Operating Rules as special crossings, crossing prior to the commencement of the open session state, portfolio special crossings, combinations, crossings during overnight trading, overseas trades or trades pursuant to the exercise of options over Shares); and
- (ii) the Board determines should be excluded on the basis that they are not genuinely reflective of genuine supply and demand.

If no Shares are sold on a Trading Day, the average daily VWAP on that day will be deemed to be the last price at which Shares are sold on the ASX automated trading system.

Discount means the discount, if any, expressed in cents per Share, to the Market Price as determined by the Directors, to be applied in determining the Price in respect of the DRP for Dividends payable on a particular Dividend payment date.

- (b) The Market Price will be calculated by the Board or another suitable person nominated by the Board, by reference to information the Board approves for the purpose from time to time. The determination by the Board or its nominee of the Market Price will be binding on all Participants.

6.6 Costs

Brokerage, commission and other transaction costs (including stamp duty) are not payable by the Participants in respect of any Shares issued or transferred under the DRP.

6.7 Non-operation

The DRP will not operate in relation to a Dividend to the extent that the allotment or issue of Shares under the DRP would result in the breach any applicable law, the Listing Rules or the Constitution. If and to the extent that the DRP does not operate, the relevant Dividend on Participating Shares must instead be distributed (less Withholdings, if any) in cash to Participants in the same way as to Shareholders not participating in the DRP.

6.8 Issue of shares

Shares issued under the DRP will from the date of issue rank equally with existing Shares and must be issued in accordance with the Listing Rules.

7. PLAN STATEMENT

As soon as practicable after each Dividend payment date, the Company will send to each Participant a statement detailing:

- (a) the number of the Participant's Participating Shares at the relevant Record Date;
- (b) the total amount of the Dividend paid on the Participating Shares and applied to acquiring Shares under this DRP;
- (c) if applicable, the amount of the Withholdings on the Participating Shares;
- (d) the number of Shares issued or transferred to the Participant under the DRP and the Price and date of issue or transfer of those Shares;
- (e) the franked amount (if any) of the Dividend and the franking credit (if any) attaching to the Dividend;
- (f) subject to any share transactions in the intervening period, the total number of Participating Shares of the Participant after the application of the Dividend;
- (g) the amount of the Participant's residual positive balance, if any; and
- (h) any other information as determined by the Board from time to time.

8. CHANGES TO PARTICIPATION

8.1 Variation Form

- (a) A Participant may at any time, give a Variation Form to the Company:
 - (i) terminating the Participant's participation in the DRP; or
 - (ii) subject to these Terms, increasing or decreasing the number of the Participant's Participating Shares.
- (b) A Variation Form received by the Company to vary the level of participation or to terminate participation in the DRP takes effect from the first Record Date to occur following receipt of the Variation Form by the Company.

8.2 Termination of Participation

- (a) A Participant is taken to have terminated participation in the DRP:
 - (i) on receipt by the Company of a Variation Form terminating participation in the DRP in accordance with clause 8.1;
 - (ii) on registration of one or more transfers of all the Participant's Participating Shares;

- (iii) on termination of the DRP by the Board in accordance with clause 9.1;
 - (iv) on receipt by the Company of the notice of death, bankruptcy or liquidation of the Participant; or
 - (v) on the Participant ceasing to be eligible for participation in the DRP.
- (b) For the purposes of clause 8.2(a) the death, bankruptcy or liquidation of any one or more joint Shareholders does not automatically terminate the participation of the remaining Shareholder or joint Shareholders in the DRP.
- (c) A Share which has ceased to be a Participating Share is not precluded from subsequently again becoming subject to the DRP.

8.3 Effect of disposal of Shares

- (a) If a Participant with full participation disposes of part of the Participant's Shares, then, the remaining Shares held by the Participants will continue to participate in the DRP.
- (b) If a Participant with partial participation disposes of some of the Participant's Shares then, unless the Company receives a Variation Form, the disposal will be deemed to include:
- (i) first, all the Participant's Shares not participating in the DRP; and
 - (ii) secondly, some or all of the Participant's Participating Shares (if any).

8.4 Effect of acquisition of Shares

- (a) All Shares issued to a Participant under the DRP will be added to the number of Participating Shares unless a Variation Form advising the Company to the contrary has been delivered to the Company.
- (b) If, by the issue, purchase or transfer of Shares otherwise than under the DRP, the number of Shares held by a Partial Participant increases to a number greater than the original nominated number of Participating Shares, the excess of Shares over the number of Participating Shares are taken to be Non-Participating Shares.
- (c) Any further Shares acquired (by whatever means) by a Full Participant automatically become Participating Shares on being registered in the Full Participant's name.

9. MODIFICATION, SUSPENSION AND TERMINATION

9.1 Power

- (a) The Board may, in its absolute discretion, modify the Terms, or terminate or suspend the DRP.
- (b) Any variation, suspension or termination made in accordance with this clause:
- (i) is effective from the date of the resolution or a later date as determined by the Board; and

- (ii) does not give rise to any liability on the part of the Company or right of action by a Participant against the Company or the Board.

9.2 Notice

- (a) The Board may give written notice of any such variation, suspension or termination as it considers appropriate.
- (b) The accidental omission to give notice of modification, suspension or termination to a Shareholder or the non-receipt of any notice by any Participant will not invalidate the modification, suspension or termination of the DRP or give rise to any liability on the part of the Company or right of action by a Shareholder against the Company or the Board.

9.3 Effect of modification or suspension

Neither variation of the Terms nor temporary suspension of the DRP affects a Participant's participation under the DRP (as varied or re-implemented as the case may be) unless the Company is notified by a Participant to the contrary by a Variation Form.

10. APPLICATIONS AND NOTICES

- 10.1 Applications and notices by a Shareholder to the Company must be in writing, addressed to the Company or as otherwise directed by the Company and in the form prescribed (if any) for that purpose by the Board.
- 10.2 Applications and notices will be effective upon receipt by the Company subject to these Terms and, in the case of Applications only, acceptance by the Company.
- 10.3 Applications and notices must be received by 5.00pm (Brisbane time) on the relevant Record Date. Any Applications or notices received after that time will not be effective in respect of the Dividend payment but will be effective from the next relevant Record Date.
- 10.4 Applications and Variations must be signed by a Shareholder (or Participant, as the case may be) or, if two or more persons hold Shares jointly, by each joint holder of the Shares.
- 10.5 If a Shareholder or Participant is a body corporate, an Application or Variation must be executed in accordance with section 127 of the Corporations Act 2001 (Cth) or by an authorised officer, attorney or representative.
- 10.6 If an Application or notice of completed by an individual or a body corporate under a power of attorney, the power of attorney under which it is signed or a certified copy of that power must accompany the Application or Variation.

11. GENERAL

11.1 ASX Listing

The Company will apply for quotation on the ASX of all Shares issued under the DRP.

11.2 Disclaimer

None of the Company, nor the Board, its officers, employees, representatives or agents:

- (a) represent or warrant that a Participant will gain any taxation advantage, or will not incur a taxation liability or disadvantage, as a result of participation in the DRP; or
- (b) take any responsibility or assume any liability for, or as a consequence of:
 - (i) the taxation liabilities of Participants; or
 - (ii) the establishment or operation of the DRP or a Shareholder's participation in the DRP.

11.3 Disputes

Any difficulty, anomaly, disputes or disagreements arising under or in relation to the DRP or the Terms may be settled by the Board in any way the Board think appropriate and any determination made by the Board will be final and binding.

11.4 Waiver

The Company reserves the right to waive strict compliance with any of the provisions of these Terms.

11.5 Governing Law

The DRP and its operation and the terms and conditions will be governed by the laws of the State of Queensland and each Shareholder submits to the jurisdiction of the Courts of that State.

11.6 Delegation

The Board may delegate their powers and obligations under these Terms to an authorised committee.

11.7 Set Off

A Participant may not participate in the DRP where, in accordance with the Constitution or any law, the Board are entitled to retain all or part of a Dividend payable in respect of that Participant's Participating Shares or the Company is entitled to a charge over such Participating Shares or over any Dividend payable in respect of such Participating Shares, unless the Board otherwise determine in its absolute discretion.