



ASX RELEASE

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Operations & Earnings Update

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Highlights

- Confirmation of earnings guidance – Proforma EBITDA¹ target of \$8.0m for 2012 financial year maintained with EBITDA target of \$5.2m for the half year to 30 June 2012.
- Atlas Drilling (Atlas) utilisation – Increase in Atlas's rig utilisation to 83% YTD May 2012, up from 73% YTD December 2011.
- Resources Camp Hire (RCH) capacity and utilisation – Available rooms have increased to 174 at YTD May 2012 from 110 at the start of the financial year. Additional rooms being added in the coming months. Room utilisation to YTD May 2012 has remained strong at 88%, compared to YTD December 2011 of 90%.
- Camp Catering – Organic start-up business Nektar Remote Hospitality (Nektar) established, with first contract win in June 2012.

Operational Summary

Titan continues to report strong growth despite recent adverse weather.

Atlas's rig utilisation has improved to 95% in the five months to May 2012. RCH also experienced strong demand for its camps in the second half of the financial year with utilisation of 88% for the five months to May 2012.

In line with Titan's objective of expanding its range of services, a catering company, Nektar, was formed in April 2012. The Nektar business is an organic development within the Titan group and successfully started its first contract on 12 June 2012, well ahead of expectation.

Titan continues to investigate opportunities to grow and diversify the business through both organic start-up and acquisition opportunities.

Note 1: Proforma EBITDA is arrived at after adding back transaction costs associated with the RCH acquisition and certain share based expenses associated with the Company's IPO.

Atlas – contracts delivering strong utilisation

Atlas operates three drilling rigs. These are currently contracted to three Coal Seam Gas (CSG) developers in the Surat, Bowen and Galilee Basins of Queensland.

Rig 1 is operating in the Surat Basin. It has been relatively unaffected by weather. Rig 1 has been under contract with a major CSG company since January 2012 and discussions are underway regarding extension of this contract beyond expected completion in August 2012.

Rig 2 has been impacted by adverse weather in the Bowen Basin since the start of 2012, with intermittent periods when the rig was placed on standby rates. The rig returned to full operating rates in late April, however further rain has continued to impact operations. “The impact is a timing issue, as the drilling program has been delayed but not curtailed.” Mr Sturgess said.

Rig 3 which is operated by Atlas under an Operating and Maintenance (O&M) Agreement spent several months on a standby rate whilst general maintenance and upgrades were undertaken. The rig was then mobilised in late May to the Galilee Basin for a seven well program for the rig owner. This program is expected to run through to October 2012.

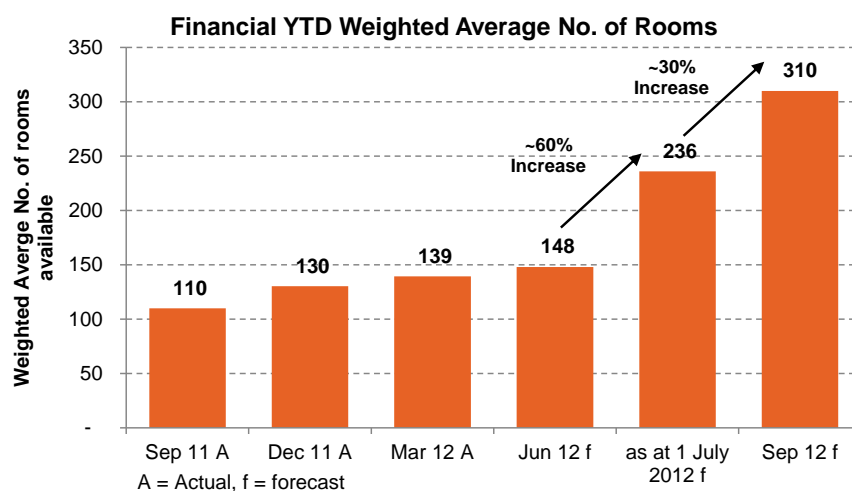
Despite the impacts of wet weather, utilisation of Atlas’s rigs for the 11 months to May 2012 was 83%. Full year utilisation is expected to improve marginally to 84% due to all rigs operating at full capacity through June 2012.

“It is a pleasing result for Atlas to be achieving higher utilisation this year. Atlas has received good feedback from its customers in terms of customer service, flexibility and well development which is leading to interest in extending our current contracts” Jim Sturgess said.

Resources Camp Hire (RCH) – continuing growth in capacity

RCH has performed well with strong utilisation of the camps and increasing room capacity. For the five months to May 2012, room utilisation of 88% continues the strong utilisation achieved in the first half.

RCH has also increased the number of rooms. Room capacity has increased from 110 rooms at 30 June 2011 to 174 rooms at 31 May 2012. From 1 July 2012, RCH is expecting to have 236 rooms available for rent, significantly increasing the company’s capacity for Financial Year 2013.



“It’s great that we will start the new financial year with almost 60% additional capacity for RCH”. Mr Sturgess said.

Three ensuited camps are expected to be delivered by the end of July 2012, increasing RCH's total capacity to 336 rooms in early FY13 and expected weighted average number of rooms of 310 for the September quarter. These new camps will meet continued demand from CSG and infrastructure-related service providers in civil engineering, pipeline and road construction sectors. The infrastructure-related contracts are typically longer than CSG contracts. One of these camps will be purchased by RCH with the remaining two leased from the manufacturer.

Nektar – new business development

In line with Titan's strategy to expand its range of services, a remote catering company, Nektar was formed in April 2012. The General Manager appointed to develop this business has been immediately successful with the first contract signed within six weeks and the first meal served on 12 June 2012.

Nektar is a natural fit for Titan, pitching jointly for accommodation and catering contracts with RCH. RCH has submitted a number of quotes for camp hire which now include catering services. Nektar will also contract directly with third parties.

Safety

Titan is committed to a strong safety culture. "We continue to introduce changes to improve our safety performance and culture. During the first five months of the year we implemented a new safety and training database that complements our competency-based training programs to deliver a certified training package to all operational staff." Managing Director, Jim Sturgess said.

These programs aim to improve the safety culture and align Titan's health, safety and environment standards across all divisions.

Financial Outlook

Titan continues to target proforma EBITDA¹ of \$8.0 million for the year ending 30 June 2012 with \$5.2m EBITDA for the half year to 30 June 2012. The final full year proforma EBITDA¹ result is expected to fall within a range of \$7.8 – 8.2 million, depending on any weather impacts over the next two weeks.

Full Year Results

Titan is expecting to release its full year audited results on 31 August 2012.

Shares on issue

As at 20 June 2012 of 28,456,745 shares were on issue.

ENDS

For investor or media inquiries:

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About Titan

Titan Energy Services Limited (ASX: TTN) is a diversified oil and gas services business with a focus on the rapidly growing CSG-LNG industry in eastern Australia.

Titan was established in 2007, through its wholly owned subsidiary Atlas Drilling. In September 2011, Titan acquired the Resources Camp Hire (RCH) business, a provider of flexible, innovative temporary accommodation solutions to the oil and gas sector, and the remote infrastructure construction sector. It recently commenced its own catering company, Nektar Remote Hospitality.

Titan currently manages 174 remote accommodation rooms, operates three drilling rigs, owns and hires equipment (including pumps and ancillary drilling tools) and owns and deploys transport assets including trucks, trailers and loaders.