

Titan Energy Services Limited

Unit 1/ 170 Montague Road
South Brisbane QLD 4101

ACN 150 110 017
ABN 79 150 110 017



4 February 2013

Dear Shareholder

Notification to Ineligible Shareholders

Titan Energy Services Limited today announced that it was acquiring Hofco Oil Field Services Pty Ltd (**Hofco**).

Hofco is a market leading directional drilling equipment and down hole tool rental provider, currently focused on the Coal Seam Gas (**CSG**) sector in Queensland. For further details regarding the Hofco acquisition, please see the announcement made on the ASX today.

The Hofco acquisition will be funded by an equity capital raising (**Capital Raising**) comprising:

- a non-renounceable pro-rata entitlement offer to eligible shareholders of 1 new share in the Company (**New Shares**) for every 4 existing shares held as at 7.00pm on Tuesday, 12 February 2013 (**Record Date**) at an issue price of \$0.95 per New Share to raise approximately \$7 million (**Entitlement Offer**); and
- a placement of approximately 10,480,000 shares at an issue price of \$1.05 to sophisticated, professional and other investors to whom no disclosure is required under the Corporations Act, in two tranches, to raise approximately \$11 million (**Share Placement**).

This letter is to inform you that, unfortunately you are not eligible to participate in the Entitlement Offer. You are not required to do anything in response to this letter.

Why am I not eligible to participate in the Entitlement Offer?

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those persons who:

- (a) are registered as a holder of ordinary Titan shares as at 7.00pm (Sydney time) on Tuesday 12 February 2013 (**Record Date**);
- (b) have a registered address in the Titan register of members in Australia, New Zealand and Singapore;
- (c) are not in the United States and are not a U.S. Person and are not acting for the account or benefit of a US Person; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Titan has determined, pursuant to section 9A(3)(a) of the *Corporations Act 2001* (Cth) and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in countries outside in Australia, New Zealand and Singapore in connection with the Entitlement Offer.

The securities laws of many countries require the use of offer documents specific to that country or compliance with local laws for the Entitlement Offer to be made in those countries. Having regard to the number of shareholders in particular countries, the number and value of Titan ordinary shares to which those shareholders would otherwise be entitled and the potential cost of compliance with local laws to make the Entitlement Offer in those countries, Titan has limited the countries in which the Entitlement Offer will be made.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Titan wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for new shares under the Entitlement Offer.

As an ineligible shareholder you are not required to do anything in response to this letter.

On behalf of the directors and management of Titan, we regret that you are not eligible to participate in the Entitlement Offer 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