

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

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 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**).

Details of the Entitlement Offer

The Entitlement Offer will raise up to approximately \$7 million (before the payment of costs associated with the Entitlement Offer).

The issue price of \$0.95 per New Share represents a discount of approximately 18% to the theoretical ex-rights price (**TERP**)¹.

Eligible Shareholders

The Entitlement Offer will be offered to all shareholders of the Company with a registered address in Australia, New Zealand and Singapore at Record Date (**Eligible Shareholders**).

The Company regrets that, having considered the number of shareholders with registered addresses outside Australia, New Zealand and Singapore (**Ineligible Shareholders**), the number and value of the shareholdings held by Ineligible Shareholders, and the costs of complying with the laws and any requirements of any regulatory authority in each applicable jurisdiction, it will not offer the Entitlement Offer to Ineligible Shareholders.

Entitlements

Entitlements in respect of New Shares will be rounded to the nearest whole number and holdings on different registers or sub-registers will not be aggregated to calculate entitlements.

The Entitlement Offer is non-renounceable, and Entitlements cannot be traded on the ASX.

¹ 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 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 \$1.25 on 30 January 2013.

Company's capital structure pro-forma

The Company currently has 29,456,168 shares, 1,192,447 unlisted options and 696,125 unlisted performance rights on issue.

The table below provides a pro-forma capital structure of the Company after completion of the Capital Raising (assuming no other shares are issued by the Company and no options or performance rights are exercised). The actual outcome of the Capital Raising may differ.

Share Capital	Shares
Shares on issue on announcement of the Capital Raising	29,456,168
Shares to be issued under the Share Placement	Approximately 10,480,000
New Shares to be issued under the Entitlement Offer	Approximately 7,364,042
Potential shares on issue after the Capital Raising	Approximately 47,300,210

Further information

Further details of the Entitlement Offer, including details on the use of proceeds, the fees associated with conducting the Entitlement Offer and the key risks associated with the Entitlement Offer, are included in the investor presentation and Entitlement Offer Booklet released to ASX.

The Entitlement Offer will be made under section 708AA of the Corporations Act. Accordingly, the Company will not prepare a prospectus or other disclosure document. The Company will despatch a copy of the offer booklet and entitlement and acceptance form to all Eligible Shareholders on Monday, 18 February 2013.

Important dates

Event	Date
Announcement of Entitlement Offer	4 February 2013
Existing shares quoted on an 'ex-entitlement' basis	Wednesday 6 February 2013
Record Date	7.00pm (Sydney time) Tuesday 12 February 2013
Entitlement Offer opens	Monday 18 February 2013
Entitlement Offer booklet and acceptance forms despatched to Eligible Shareholders	
Entitlement Offer closes	5.00pm (Sydney time) Monday 4 March 2013
Announcement of shortfall (if any) under the Entitlement Offer	Wednesday 6 March 2013
Allotment date of new shares issued under the Entitlement Offer	Tuesday 12 March 2013
Despatch of holding statements for New Shares issued under the Entitlement Offer.	Tuesday 12 March 2013

The timetable is subject to change and Titan reserves the right to withdraw or vary the timetable for the offer without notice. In particular, Titan reserves the right to extend the closing date for the Entitlement Offer, to accept late applications wither generally or in particular cases or to withdraw the Entitlement Offer without prior notice.

The Directors thank you for your ongoing support of the Company.

Yours sincerely,

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

Shaun Scott
Chairman