

TITANIUM SANDS LIMITED

ACN 009 131 533

PROSPECTUS

For an offer of 11,363,636 Shares to Eligible Shareholders at an issue price of \$0.044 per Share to raise up to \$500,000 (with the ability to accept oversubscriptions of up to an additional \$500,000) together with one (1) free attaching SPP Option for every two (2) Shares subscribed for and issued (**SPP Offer**). Full terms of the SPP Options are set out in Section 5.2.

This prospectus also includes an offer of 25,000,000 Placement Options (**Placement Offer**) to Eligible Placement Option Applicants who participated in the Placement which raised \$2,200,000. Full terms of the Placement Options are set out in Section 5.2. No funds will be raised as a result of the Placement Offer .

This Prospectus also includes an offer for 40,000,000 Broker Options (**Broker Offer**) to CPS Capital Group Pty Ltd. Full terms of the Broker Options are set out in Section 5.2. \$400 will be raised from the Broker Offer.

Collectively the SPP Offer, Placement Offer and Broker Offer are called the **Offers**.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY**Directors**

Lee Christensen
Chairman

James Searle
Managing Director

Jason Ferris
Non-Executive Director

Registered Office

Level 11, 216 St Georges Terrace
PERTH WA 6000

Telephone: + 61 8 9481 0389

Facsimile: + 61 8 9463 6103

Email: davidm@miningcorporate.com.au

Website: www.titaniumsands.com.au

Joint Company Secretaries

David McEntaggart

Alan Armstrong

Share Registry*

Computershare Investor Services
Level 11, 172 St Georges Terrace
PERTH WA 6000

Telephone: 1300 850 505 (within Australia)
or + 61 3 9415 4000

Solicitors

Poplar Legal Pty Ltd
1202 Hay Street
WEST PERTH WA 6005

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Telephone: + 61 8 6382 4600

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. IMPORTANT NOTES

This Prospectus is dated 21 October 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares or SPP Options, Placement Options or Broker Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Each Offer is only open to those who are personally invited to accept that Offer. Applications for SPP Share and SPP Options, Placement Options and Broker Options pursuant to this Prospectus can only be submitted on, or pursuant to, the relevant original Application Form in respect of the relevant Offer that accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that applicants read this Prospectus in its entirety and seek professional advice where necessary. The Shares, SPP Options, Placement Options and Broker Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known:

- (a) in respect of the SPP Offer, to Eligible Shareholders;
- (b) in respect of the Placement Offer, to Eligible Placement Option Applicants and professional advisers whom Eligible Placement Option Applicants may consult; and
- (c) in respect of the Broker Offer, to the Broker.

2.1 ASIC Instrument on Share Purchase Plans

In certain circumstances, a listed company may undertake a share purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plan) Instrument 2019/547. In general terms, this ASIC Instrument allows, subject to various conditions, a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12 month period. The Company is unable to rely on this ASIC Instrument because the SPP Options to be issued under the SPP Offer are a new class of securities not quoted on the ASX. Accordingly, the Company is undertaking the SPP Offer under this Prospectus.

2.2 Risk factors

Applicants should be aware that subscribing for Shares, SPP Options, Placement Options and Broker Options in the Company involves a number of risks. The key risk factors of which applicants should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares, SPP Options, Placement Options and Broker Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Applicants should consider consulting their professional advisers before deciding whether to apply for Shares and Broker Options, Placement Options or Broker Options (as applicable) pursuant to this Prospectus.

2.3 Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, Directors and management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

3. DETAILS OF THE OFFERS

3.1 The SPP Offer

As announced on 22 September 2020, the Company is undertaking an offer of Shares and SPP Options to Eligible Shareholders pursuant to a share purchase plan.

By this Prospectus, the Company invites Eligible Shareholders to apply for a total of 11,363,636 Shares at an issue price of \$0.044 per Share, together with one (1) free SPP Options for every two (2) Shares subscribed for and issued, in order to raise up to \$500,000 (before costs) (**SPP Offer**).

Eligible Shareholders are entitled to apply for a maximum of \$30,000 worth of Shares (representing 681,818 Shares at an issue price of \$0.044 per Share), together with one (1) free SPP Option for every two (2) Shares subscribed for and issued. This is a 17% discount to the VWAP for Shares calculated over the last five (5) days on which sales of the Shares were recorded before the date of announcement of the Share Purchase Plan.

Eligible Shareholders who are Custodians holding Shares on behalf of Eligible Beneficiaries are also invited to participate on the terms and conditions set out in this Prospectus.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares.

Each SPP Option is exercisable at \$0.10 on or before 17 November 2023.

If all SPP Options are exercised, the Company will receive approximately \$568,182. The exercise of the SPP Options is entirely at the discretion of the holder.

The terms and conditions of the Placement Options are set out in Section 5.1 of this Prospectus.

Any Shares to be issued upon the exercise of the SPP Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the SPP Offer are set out in Sections 4.1 and 4.2 of this Prospectus.

3.2 Placement Offer

The Placement Offer is for the issue of 25,000,000 Placement Options (defined below) to applicants who participated in the Placement.

The Placement was for the issue on 30 September 2020 of 50,000,000 Shares at an issue price of \$0.044 per Share (**Placement**).

The Placement raised a total of \$2,200,000, before costs, to be used primarily to undertake a further drilling program with the aim of converting part of the already identified inferred resource at its Mannar island Project to a greater category indicated resource as well as further exploration on its Mannar Island Project, as detailed in Section 4.1.

Based on the number of Shares issued to Eligible Placement Option Applicants who participated in the Placement, a maximum of 25,000,000 Placement Options will be issued pursuant to the Placement Offer. Each Placement Option is exercisable at \$0.10 on or before 17 November 2023.

If all Placement Options are exercised, the Company will receive approximately \$2,500,000. The exercise of the Placement Options is entirely at the discretion of the holder.

The terms and conditions of the Placement Options are set out in Section 5.2 of this Prospectus.

Any Shares to be issued upon the exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Placement Offer are set out in Sections 4.1 and 4.2 of this Prospectus.

3.3 The Broker Offer

Pursuant to the Broker Mandate (defined in Section 3.13) entered into between the Company and CPS Capital Group Pty Ltd ACN 088 055 636 (**Broker**), the Company has agreed to issue, subject to the approval of Shareholders, 40,000,000 Broker Options to the Broker (or its nominee) in consideration for services provided to the Company in relation to the Placement. Each Broker Option is exercisable at \$0.10 on or before 17 November 2023. The Broker Options will be issued at a price of \$0.0001 per Broker Option.

If all Broker Options are exercised, the Company will receive approximately \$4,000,000. Exercise of the Broker Options is entirely at the discretion of the holder.

The terms and conditions of the Broker Options are set out in Section 5.2 of this Prospectus.

Any Shares to be issued upon the exercise of the Broker Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Broker Offer are set out in Sections 4.1 and 4.2 of this Prospectus.

3.4 Indicative timetable

Record Date for SPP Offer	21 September 2020
Lodgement of Prospectus with the ASIC and ASX	21 October 2020
Opening Date of all Offers	22 October 2020
Closing Date of all Offers	10 November 2020
Issue of Shares, SPP Options, Placement Options and Broker Options	17 November 2020
Trading commences for Shares, SPP Options, Placement Options and Broker Options	20 November 2020

This timetable is indicative only and may change. The Company reserves the right to vary any of the above dates (except the Record Date for SPP Offer) any time without prior notice.

3.5 Eligibility

SPP Offer

Only Eligible Shareholders may participate in the SPP Offer.

‘Eligible Shareholders’ for the purpose of the SPP Offer are Shareholders:

- (a) who were registered holders of Shares on the Record Date for SPP Offer; and
- (b) whose registered address was in Australia or New Zealand.

If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may only apply for one parcel of Shares with a value of up to \$30,000 (unless you are a Custodian holding Shares on behalf of Eligible Beneficiaries in which case are also invited to participate on the terms and conditions set out in this Prospectus). The Company reserves the right to reject any application for Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

As set out above, Eligible Shareholders who are Custodians holding Shares on behalf of Eligible Beneficiaries are also invited to participate on the terms and conditions set out in this Prospectus. See Section 3.6 for further details.

Participation in the SPP Offer is optional and is subject to the terms and conditions set out in this Prospectus.

Placement Offer

The Placement Offer will only be extended to Eligible Placement Option Applicants. Placement Offer Application Forms will be provided by the Company to these parties.

Participation in the Placement Offer is optional and is subject to the terms and conditions set out in this Prospectus.

Broker Offer

The Broker Offer will only be extended to the Broker. A Broker Offer Application Form will be provided by the Company to the Broker.

Participation in the Broker Offer is optional and is subject to the terms and conditions set out in this Prospectus.

3.6 Joint Holders and Custodians

If two or more persons are registered on the share register as jointly holding Shares, they are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder, and a certification given by any of them is taken to be a certification given by all of them.

Subject to these terms and conditions, Eligible Shareholders who are Custodians may participate in the SPP Offer on behalf of each Eligible Beneficiary on whose behalf they hold Shares.

An Eligible Beneficiary is a person:

- (a) on whose behalf a Custodian holds Shares as at the Record Date; and

(b) who has a registered address in either Australia or New Zealand.

The SPP Offer is being made to Custodians as the registered Eligible Shareholder. Custodians are not required to participate on behalf of Eligible Beneficiaries. Custodians may choose whether or not to extend the SPP Offer to their Eligible Beneficiaries.

If you wish to apply as a Custodian under the SPP Offer to receive New Shares for one or more Eligible Beneficiaries, you must complete and submit an additional “Custodian Certificate” that contains further certifications and details before your application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected. By applying as a Custodian on behalf of Eligible Beneficiaries to purchase New Shares, you certify (amongst other things) that each Eligible Beneficiary has not exceeded the A\$30,000 limit under the SPP Offer.

To request a Custodian Certificate or for further information about the custodian application process, please contact the Company’s share registry on +61 8 9323 2000 or the Company on +61 8 9481 0389.

3.7 Applications for the SPP Offer

An application for the SPP Offer must be made on, or pursuant to, the SPP Offer Application Form accompanying this Prospectus. Pursuant to the SPP Offer, Eligible Shareholders may apply for a maximum of \$30,000 worth of Shares. Eligible Shareholders may participate by selecting one of the following options (**SPP Application Amount**) to purchase Shares under the SPP Offer:

	SPP Application Amount	Number of Shares which may be purchased	Number of free SPP Options
Offer A	\$2,000	45,454	22,727
Offer B	\$5,000	113,636	56,818
Offer C	\$10,000	227,272	113,636
Offer D	\$15,000	340,909	170,454
Offer E	\$20,000	454,545	227,272
Offer F	\$25,000	568,181	284,090
Offer G	\$30,000	681,818	340,909

Where the amount applied for results in a fraction of a Security the number of such Security issued will be rounded down to the nearest whole Security.

Any application monies received for more than an Applicant’s final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded.

Eligible Shareholders may apply under the SPP Offer by completing the SPP Offer Application Form accompanying this Prospectus in accordance with the instructions outlined on the SPP Offer Application Form.

If a Custodian wishes to subscribe for Shares under the SPP Offer as a Custodian for one or more Eligible Beneficiaries, you must also complete and submit a Custodian Certificate before

the application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected.

If you require assistance in connection with a SPP Offer Application Form or require a Custodian Certificate, please contact the Company's share registry on +61 8 9323 2000 or the Company on +61 8 9481 0389.

3.8 Applications for the Placement Offer or Broker Offer

This Prospectus will be sent to participants in the Placement (**Eligible Placement Option Applicants**) and to the Broker.

Applications for Placement Options can only be made by Eligible Placement Option Applicants and must be made using a Placement Offer Application Form accompanying this Prospectus. Applications for Broker Options can only be made by the Broker and must be made using a Broker Offer Application Form accompanying this Prospectus

Eligible Placement Option Applicants are not required to make any payment for the Placement Options. The Placement Options are free attaching options issued to Eligible Placement Option Applicants pursuant to the terms of the Placement.

Broker Options are being offered to the Broker pursuant to the Broker Mandate (defined in Section 3.13 below). The Broker will be required to make a payment of \$0.00001 for each Broker Option.

Completed Placement Offer Application Forms and the completed Broker Offer Application Form must be emailed to info@titaniumsands.com.au or delivered to the Company at

GPO Box 2517
Perth WA 6831
Australia

by no later than 5.00pm (WST) on the Closing Date.

3.9 Implications on acceptance

Returning a completed Application Form (or being deemed to have done so) will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety;
- (b) you acknowledge that once the Application Form is returned the Application may not be varied or withdrawn by you except as required by law;
- (c) you may be offered New Shares pursuant to the SPP in accordance with all applicable laws, and any acceptance by you on your own behalf or in respect of any person for which you are acting complies with all applicable law;
- (d) you agree to be bound by the provisions of the Constitution (as amended and as it may be amended from time to time in the future).

By returning a completed SPP Offer Application Form (or being deemed to have done so) you:

- (a) are deemed to have accepted the SPP Offer and you irrevocably and unconditionally agree to the terms and conditions of the SPP Offer and the terms and conditions of the SPP Offer Application Form;

- (b) if you are applying for Shares under the SPP Offer on your own behalf (and not as Custodian), the total of the application price for the following does not exceed \$30,000 even though you may have received more than one offer under the SPP Offer or received offers in more than one capacity under the SPP Offer:
- (i) the Shares the subject of the application;
 - (ii) any other Shares issued to you under the SPP Offer or any similar arrangement in the 12 months before the application;
 - (iii) any other Shares which you have instructed a Custodian to acquire on your behalf under the SPP Offer; and
 - (iv) any other Shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the SPP Offer
- (c) if you are a Custodian and are applying on behalf of an Eligible Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
- (i) you are a Custodian;
 - (ii) either or both of the following apply (as applicable):
 - (A) that on the Record Date you held Shares on behalf of one or more other persons (each a Beneficiary) that are not Custodians;
 - (B) that on the Record Date another Custodian (**Downstream Custodian**) held beneficial interests in Shares on behalf of one or more other persons (each a Beneficiary), and you hold the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian;
 - (iii) each Beneficiary has subsequently instructed either you or the Downstream Custodian (as applicable) to apply for Shares on their behalf under the SPP Offer;
 - (iv) details of the number of Beneficiaries instructing you to participate, the name and address of each Beneficiary and in respect of each such Beneficiary:
 - (A) the number of Shares that you hold on behalf of that Beneficiary; and
 - (B) the dollar amount of New Shares that the Beneficiary, or its agent, has instructed you to accept on behalf of the Beneficiary, as set out in the Application Form or the Custodian Certificate, is true and correct;
 - (v) there are no Beneficiaries in respect of whom the total of the application value for: (a) the New Shares applied for by you under the SPP Offer on their behalf; and (b) any Shares issued to you in the previous 12 months as a result of an instruction given by the Beneficiary to you or a Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the SPP Offer, exceeds \$30,000; and
 - (vi) a copy of these Terms and Conditions were given to each Beneficiary;

3.10 Scale back and oversubscriptions under the SPP Offer

The Company reserves an absolute discretion to accept oversubscriptions under the SPP Offer of up to \$500,000 or to scale back Applications under the SPP Offer if more than \$500,000 (or such amount determined by the Company up to \$1,000,000 if oversubscriptions are accepted) in Applications are received under the SPP Offer.

In determining the amount (if any) by which to scale back an Applicant's Application under the SPP Offer, the Company may take into account, among other factors, the size of an Applicant's shareholding. If there is a scale back, an Applicant under the SPP Offer may not receive the full parcel of Shares and SPP Options applied for and the number of Shares and SPP Options issued will be rounded down to the nearest whole number of Shares and SPP Options.

Applications under the SPP Offer will be allocated at the discretion of the Board. The Board will not allocate any unmarketable parcels of Shares.

If the Company scales-back an Application, or purported Application, under the SPP Offer, the Company will promptly return to the Shareholder the relevant Application monies, without interest.

3.11 Payment

By cheque/bank draft (Broker Offer only)

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Titanium Sands Limited" and crossed "Not Negotiable".

Your completed Broker Offer Application Form and cheque must reach the Company's share registry at

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

no later than 5:00pm (WST) on the Closing Date.

By BPAY® or EFT (SPP Offer only)

For payment by BPAY® or EFT, please follow the instructions on the SPP Offer Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions or via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by BPAY® or EFT:

- (a) you do not need to submit the SPP Offer Application Form but are deemed to have completed and returned the SPP Application Form and made the declarations on that SPP Offer Application Form and in this Prospectus; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® or EFT payment is received by the share registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares and SPP Options (only where

the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

3.12 Minimum subscription to SPP Offers

The minimum subscription to the SPP Offers is \$2,000.

3.13 Broker Mandate

The Broker was appointed by the Company to act as manager to the Placement pursuant to a mandate agreement (**Broker Mandate**).

Pursuant to the Broker Mandate, the Broker will receive a 2% Management Fee and a Placement Fee of 4% of all funds raised under the Placement. The Broker will also receive 40,000,000 Broker Options.

Pursuant to the Broker Mandate, the SPP Offer will also be managed by the Broker. The Broker will receive a 6% Management Fee of all funds raised under the SPP Offer.

Additionally, the Broker will be paid an Options Exercise Fee of 6% of amounts paid to the Company upon the exercise of any Placement Options or Broker Options.

By the Broker Mandate, the Broker is also appointed to provide corporate advisory services for 12 months at \$10,000 per month.

3.14 Underwritten

The Offers are not underwritten.

3.15 ASX Listing

The Company will apply for Official Quotation of the Shares and SPP Options, Placement Options and Broker Options offered under this Prospectus within 7 days after the date of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to the SPP Offer before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC) the Company will not issue any Shares or SPP Options under the SPP Offer and will repay all application monies received under the SPP Offer within the time prescribed under the Corporations Act, without interest.

In the event that the Company does not receive sufficient Applications to meet the requirements for quotation of a second class of securities (being the SPP Options, Placement Options and Broker Options) under the ASX Listing Rules or ASX does not grant Official Quotation of the SPP Options, Placement Options and Broker Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC) the Company will not issue any SPP Options, Placement Options or Broker Options and will repay all application monies for the SPP Options (which will be \$nil as they are free attaching options), the Placement Options (which will be \$nil as they are free attaching options) and the Broker Options (which will be \$400) within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares, SPP Options, Placement Options and Broker Options is not to be taken in any way as an indication of the merits of the Company or the Shares, SPP Options, Placement Options or Broker Options now offered.

3.16 Issue

Shares, SPP Options, Placement Options and Broker Options issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules.

Holding statements for Shares, SPP Options, Placement Options and Broker Options issued under this Prospectus will be mailed in accordance with the ASX Listing Rules as soon as practicable after their issue.

3.17 Overseas shareholders

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The Broker Offer is being made to the Broker which has a registered address in Australia.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number and value of SPP Shares and SPP Options that Eligible Shareholders would be offered and the number and value of Placement Options that Eligible Placement Option Applicants would be offered and, in each case, the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the SPP Offer is not being extended, and the Shares and SPP Options will not be issued, to Shareholders with a registered address outside Australia or New Zealand. Similarly, the Placement Offer is not being extended, and the Placement Options will not be issued, to Eligible Placement Option Applicants with a registered address which is outside Australia, Germany, India, Monaco or the United Kingdom.

This document may not be distributed to any person, and the Securities may not be offered or sold, in the United States or any country outside Australia except to the extent permitted below.

Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Placement Options be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Placement Options in Germany is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

India

This document does not constitute an offer of equity securities to the public in India nor a prospectus under the Companies Act, 2013 (India), as amended, or an advertisement, and should not be circulated to any person other than to whom the offer is made. This document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India. This document may not be issued, circulated or distributed, directly or indirectly, to the public in India. Further, Placement Options may not be offered, directly or indirectly, in India, to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is being made strictly on a private and

confidential basis and is not an offer to the public in India. This document is not intended to be circulated to more than 200 persons in India on an aggregate basis who are not qualified institutional buyers. It does not constitute, and shall not be deemed to constitute, an offer or an invitation to subscribe to the securities to the public in general.

This document has been prepared solely to provide general information about the offer to existing shareholders of the Company. This document does not purport to contain all the information that any eligible investor may require.

Apart from this document, no other offer document has been prepared in connection with the Offer nor is such offer document or prospectus required to be registered under applicable laws. Accordingly, this document has neither been delivered for registration nor is it intended to be registered with any authority in India.

Monaco

The Placement Options may only be offered and sold in Monaco to existing shareholders of the Company and may not be offered or sold, directly or indirectly, to the public in Monaco.

The recipients of this document in Monaco are perfectly fluent in English and expressly waive the possibility of a French translation of this document. (*Les destinataires du présent document reconnaissent être à même d'en prendre connaissance en langue anglaise et renoncent expressément à une traduction française.*)

New Zealand

The Shares and SPP Options are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of the Shares and SPP Options is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Placement Options.

The Placement Options may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Placement Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial

Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3.18 Determinations in respect of the Offers

The Company may make determinations in any manner it thinks fit, in relation to any difficulties which may arise in connection with the Offers whether generally or in relation to any participant or application. Any determination by the Company will be conclusive and binding on all Shareholders and participants and other persons to whom the determination relates.

The Company reserves the right to waive strict compliance with any provision of the terms and conditions of the Offers, to amend or vary those terms and conditions of the Offers, or to suspend or terminate the Offers at any time. Any such amendment, suspension or termination will be binding on all participants and Shareholders even where the Company does not notify you of that event.

3.19 Enquiries

Any questions concerning the Offers should be directed to David McEntaggart, Company Secretary, on +61 8 9481 0389.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offers

The purpose of the Offers is to:

- (a) offer Eligible Shareholders a maximum of \$30,000 worth of Shares (representing 681,818 Shares at an issue price of \$0.044 per Share), together with one (1) free SPP Option for every two (2) Shares subscribed for and issued to raise up to \$500,000 (with an ability for the Company to accept oversubscriptions for an additional \$500,000). No funds will be raised through the issue of the SPP Options pursuant to this Prospectus as the SPP Options are free attaching to the Shares subscribed for and issued under the SPP. However, if all of the SPP Options are exercised (assuming \$500,000 is raised under the SPP), the Company will receive approximately \$568,182;
- (b) offer Eligible Placement Option Applicants who participated in the Placement, one (1) Placement Option for every two (2) Shares subscribed for and issued under the Placement (**Placement Shares**) (being, a total of 25,000,000 Placement Options). No funds will be raised through the issue of the Placement Options pursuant to this Prospectus as the Placement Options are free attaching to the Shares subscribed for and issued under the Placement. However, if all of the Placement Options are exercised, the Company will receive approximately \$2,500,000; and
- (c) offer the Broker (or its nominee), 40,000,000 Broker Options at an issue price of \$0.00001 per Broker Option pursuant to the terms of the Broker Mandate. \$400 will be raised through the issue of the Broker Options pursuant to this Prospectus as the Broker Options are being issued at an issue price of \$0.00001 each. If all of the Broker Options are exercised, the Company will receive approximately a further \$4,000,000.

The funds raised from the Placement and the SPP Offer (showing the position if \$500,000 is raised under the SPP Offer ie. no oversubscriptions are accepted and also showing the position if an additional \$500,000 of oversubscriptions are accepted), together with the Broker Offer, are planned to be used in accordance with the table set out below:

Item	Funds allocation (\$) (\$500,000 raised under SPP Offer; no over subscriptions)	%	Funds allocation (\$) (\$1,000,000 raised under SPP Offer; \$500,000 over subscriptions accepted)	%
Drilling programs with the aim of increasing and converting additional resources from the inferred resource at the Company's Mannar Island Project to a greater category indicated resource	1,162,000	43%	1,376,000	43%

Feasibility studies, environmental and social/economic impact studies, mining lease applications	704,458	26%	800,458	25%
Expenses of the Offers (1)	233,942	9%	265,702	8%
Working capital (2)	600,000	22%	758,240	24%
Total	2,700,400	100%	3,200,400	100%

Notes:

1. Refer to Section 7.7 for further details relating to expenses of the Offers
2. Working capital relates to general and administrative expenditure related to managing the Company's assets

4.2 Effect of the Offers

The principal effect of the Offers, assuming \$500,000 is raised under the SPP (ie. no oversubscriptions are accepted) and assuming all Placement Options and Broker Options offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves of the Company by \$500,000 (and by \$1,000,000 if \$500,000 oversubscriptions are accepted under the SPP) (before deducting the estimated expenses of the Offers) ;
- (b) increase the number of Shares on issue from 1,246,149,471 as at the date of this Prospectus to 1,257,513,108 Shares (and to 1,268,876,743 if \$500,000 oversubscriptions are accepted under the SPP);
- (c) increase the number of options in the Company on issue from 253,035,714 options as at the date of this Prospectus to 323,717,532 options (and to 329,399,350 if \$500,000 oversubscriptions are accepted under the SPP);

4.3 Effect on capital structure

The effect of the Offers on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue	1,246,149,471
Shares offered pursuant to the SPP Offer	11,363,636
Total Shares on issue after completion of the Offers	1,257,513,107

Notes:

Assumes \$500,000 is raised under the SPP Offer (ie. no oversubscriptions are accepted). If \$1,000,000 is raised under the SPP (ie. an additional \$500,000 of oversubscriptions are accepted), the total Shares on issue after completion of the Offers will be 1,268,876,743.

Options

	Number
Options currently on issue:	
Options exercisable at \$0.05 on or before 18 January 2021	30,000,000

Options exercisable at \$0.021 on or before 25 January 2021	14,285,714
Options exercisable at \$0.05 on or before 10 March 2023	208,750,000
Sub-Total	253,035,714
SPP Options offered pursuant to the SPP Offer	5,681,818
Placement Options offered pursuant to the Placement Offer	25,000,000
Broker Options offered pursuant to the Broker Offer	40,000,000
Total Options on issue after completion of the Offers	323,717,532

Notes:

Assumes \$500,000 is raised under the SPP Offer (ie. no oversubscriptions are accepted) and assumes all Placement Options and Broker Options offered under the Prospectus are issued. If \$1,000,000 is raised under the SPP (ie. an additional \$500,000 of oversubscriptions are accepted), the total Options on issue after completion of the Offers (assuming all Placement Options and Broker Options offered under the Prospectus are issued) will be 329,399,350.

Other securities

	Number
Other securities currently on issue:	
Class B Performance Shares (converting on a 1:1 basis)	33,333,333
Other securities offered pursuant to the Offers	Nil
Total other securities on issue after completion of the Offers	33,333,333

4.4 Details of substantial holders

Based on Company's share register as at 19 October 2020, those persons which (together with their associates to the extent known by the Company) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Robert Nelson (held through various entities)	520,910,261	41.8%
Gary Johnson Super Management Pty Ltd	105,000,000	8.43%
Redaso Pty Ltd	110,000,000	8.83%

Although substantial shareholder notices have not been lodged by Gary Johnson Super Management Pty Ltd or Redaso Pty Ltd, the Company understands that they are associates.

Assuming \$500,000 is raised under the SPP (ie. no oversubscriptions are accepted) and assuming all Placement Options and Broker Options offered under the Prospectus are issued, the resulting effect on the holdings, as shown above, of the substantial shareholders will be as follows:

Shareholder	Shares	%
Robert Nelson	520,910,261	41.42% (41.05% if \$1,000,000 is raised under the SPP Offers ie \$500,000 oversubscriptions are accepted)

Shareholder	Shares	%
Gary Johnson Super Management Pty Ltd	105,000,000	8.35% (8.28% if \$1,000,000 is raised under the SPP Offers ie \$500,000 oversubscriptions are accepted)
Redaso Pty Ltd	110,000,000	8.75% (8.67% if \$1,000,000 is raised under the SPP Offers ie \$500,000 oversubscriptions are accepted)

Robert Nelson and his associates do not intend to participate in the Offers. Gary Johnson Super Management Pty Ltd and its associates do not intend to participate in the Offers. Redaso and its associates do not intend to participate in the Offers

4.5 Pro-forma balance sheet

The audited balance sheet as at 30 June 2020 and the unaudited pro-forma balance sheet as at 30 June 2020 shown below have been prepared on the basis of the accounting policies adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming \$500,000 is raised under the SPP Offer (ie. no oversubscriptions are accepted) and assuming all Placement Options and Broker Options offered under the Prospectus are issued (and no SPP Options, Placement Options or Broker Options are exercised).

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Pro-Forma Statement of Financial Position as at 30 June 2020

	Titanium Sands Limited Consolidated Group	Pro forma balance sheet (Consolidated)
	(Audited)	(Unaudited)
	30 June 2020	30 June 2020
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents ¹	1,039,857	3,506,315
Trade and other receivables	59,374	59,374
TOTAL CURRENT ASSETS	1,099,231	3,565,689
NON-CURRENT ASSETS		
Property, Plant & Equipment	129,728	129,728
Exploration and evaluation expenditure	30,595,978	30,595,978
TOTAL NON-CURRENT ASSETS	30,725,706	30,725,706
TOTAL ASSETS	31,824,937	34,291,395
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	261,554	261,554
TOTAL CURRENT LIABILITIES	261,554	261,554
TOTAL LIABILITIES	261,554	261,554
NET ASSETS	31,563,383	34,029,841
EQUITY		
Issued capital ¹	33,729,831	36,195,889
Reserves ¹	4,362,767	4,363,367
Accumulated losses	(6,529,415)	(6,529,415)
TOTAL EQUITY	31,563,383	34,029,841

Notes:

1. Includes net proceeds of the Offers (being \$2,700,400) less estimated costs of \$233,942.
2. In the event the Company accepts \$500,000 in oversubscriptions from the SPP (\$1,000,000 total before costs), this will have the effect of further increasing the Proforma Cash & Cash Equivalents by a further \$468,240 to \$3,974,555 and increase Issued Capital to 36,664,129

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Fully paid ordinary shares

The following is a summary of the more significant rights and liabilities attaching to Shares:

- (a) that will be issued under the SPP Offer; and
- (b) that will be issued if the SPP Options, Placement Options or Broker Options are exercised; and

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends (whether an interim or final dividend) as the Directors resolve but only out of profits of the Company.

Subject to any rights or restrictions attached to a class of shares, any dividends that may be declared by the company are payable on all Shares in proportion to the amount paid up.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders the whole or any part of the property of the Company, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Subject to Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

The rights attaching to the Shares may only be varied by the consent in writing of the holders of 75% of the Shares, or with the sanction of a special resolution passed at a general meeting.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 SPP Options, Placement Options and Broker Options

The SPP Options, Placement Options and Broker Options have the same terms and conditions (and in this Section 5.2 are referred to as **Options**)

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i) the amount payable upon exercise of each Option will be \$0.10 (in this Section 5.2, **Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) on 17 November 2023 (in this Section 5.2, **Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (in this Section 5.2, **Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (in this Section 5.2, **Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (in this Section 5.2, **Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 5.2(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the

Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6. RISK FACTORS

6.1 Introduction

The securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section 6, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Specific Risks

(a) Potential for dilution

Upon completion of the Offers and assuming:

- (i) \$500,000 is raised under the SPP Offer (ie. no oversubscriptions are accepted) and assuming all Placement Options and Broker Options offered under the Prospectus are issued; and
- (ii) all SPP Options, Placement Options and Broker Options are exercised (but assuming no other existing options are exercised, existing performance rights converted into Shares or any other securities are issued)

the number of Shares on issue in the Company will increase from 1,246,149,471 currently on issue to 1,328,194,925 (and to 1,345,240,379 if \$500,000 oversubscriptions are accepted under the SPP and the Placement Options issued under the accepted oversubscriptions are exercised).

This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the date of this Prospectus (being, 20 October 2020) of \$0.043 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

(b) Exploration and development

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves (amongst other things):

- (i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- (ii) access to adequate capital throughout the acquisition/discovery and project development phases;

- (iii) securing and maintaining title to mineral exploration projects;
- (iv) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- (v) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration of the Mannar Island Project or any other exploration properties that may be acquired in the future will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The exploration activities of the Company may be adversely affected by a range of factors including geological conditions, operational risks and changing government laws and regulations. Further, whether positive income flows result from projects on which the Company will expend exploration and development capital is dependent on many factors including successful exploration, establishment of production facilities, cost control, commodity price movements, successful contract negotiations for production and stability in the local political environment.

In addition, significant expenditure may be required to establish necessary metallurgical and mining processes to develop and exploit any mineral reserves identified on the Mannar Island Project. There is no assurance that the Company will have sufficient working capital or resources available to do this.

In the event that exploration programmes prove to be unsuccessful, the Mannar Island Project may diminish in value, there will be a reduction in the cash reserves of the Company and relinquishment of part or all of the Mannar Island Project may occur.

(c) **Future profitability**

The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(d) **Sri Lankan Country risk**

The Mannar Island Project is located in Sri Lanka and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

Sri Lanka had been subject to a 26 year civil war which concluded in May 2009. Since the end of this conflict the government has enacted an ambitious program of economic development projects. In addition to efforts to reconstruct the economy, the government has resettled more than 95% of those civilians displaced during the final phase of the conflict and released the vast majority of the Liberation Tigers of Tamil Eelam combatants captured by the Government Security Forces.

More general risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or

government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Sri Lanka may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Sri Lanka.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(e) **Exploration, development, mining and processing risks**

The right of the holder of an exploration license to enter onto the license to explore for minerals is subject to the consent of the occupier of the land and, where the land is proximate to certain specified locations, the ministry responsible for the protection of such locations.

Under Sri Lankan legislation, the Company may be required to enter into an agreement with the relevant landowner or occupier for the purpose of securing this consent prior to commencing any exploration activities on the affected areas within the Mannar Island Project.

(f) **Restricted areas within the Mannar island Project**

Under the conditions of the Mannar Island Project, the holder is not permitted to conduct exploration activities within forest boundaries (for certain licenses), nor any area specifically designated as ancient or protected monuments, archaeological reserves, national heritage wilderness areas, strict natural reserves, national parks, nature reserves, jungle corridors or botanical gardens.

Whilst the Company is not aware of the existence of any such restricted areas within the Mannar Island Project, there is a risk that the Company's proposed exploration activities on the Mannar Island Project may be affected if any areas within them fall within the above restricted categories.

(g) **Tenure risk**

The Mannar Island Project tenements are granted under and governed by the laws of Sri Lanka and are granted subject to conditions, including minimum annual expenditure commitments and reporting commitments. Similar conditions may be applied to future mining permits acquired by the Company or its subsidiaries. Failure to comply with these conditions may result in forfeiture of the Mannar Island Project.

Further, the Mannar Island Project (and any additional future mining permits held by the Company) are subject to periodic renewal. Whilst there is no reason to believe that such renewals will not be granted, the Company cannot guarantee that this will occur. New conditions may also be imposed on the Mannar Island Project (and any additional future mining permits held by the Company) under the renewal process which may adversely affect the Company.

(h) **Government and regulatory risk**

Operations by the Company may require approvals, consents or permits from government or regulatory authorities, including renewals of existing mining permits or title transfer to newly acquired mining permits, which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company.

Whilst there is no reason to believe that necessary government and regulatory approvals will not be forthcoming (other than as outlined above in respect of the Company's Sri Lankan operations), the Company cannot guarantee that those required approvals will be obtained. Failure to obtain any such approvals could mean the ability of the Company to prove-up, develop or operate any project or to acquire any project, may be inhibited or negated.

(i) **Global Credit and Investment Markets**

Global credit, commodity and investment markets often exhibit a high degree of uncertainty and volatility. The factors which contribute to these situations are outside the control of the Company and may occur from time to time resulting in uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives.

(j) **Operational risks**

The operations of the Company may be affected by various factors, including:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure, such as power, water and transport;
- (v) political or civil unrest, including outbreaks of violence or other hostilities;
- (vi) difficulties in commissioning and operating plant and equipment;
- (vii) mechanical failure or plant breakdown;
- (viii) unanticipated metallurgical problems which may affect extraction costs;
- (ix) adverse weather conditions;
- (x) industrial and environmental accidents;
- (xi) industrial disputes; and
- (xii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

In particular, Sri Lanka does not have well developed and reliable infrastructure and services. This may impede and delay the Company's operations which are likely to result in increased costs of exploration and development of the Mannar Island Project. This increase in cost may have an adverse effect on the Company's operations.

(k) **Limited operating history**

The Mannar Island Project has a very limited operating history. Although the Company's Directors have between them significant operational experience, the Company's ability to meet its objectives will be largely reliant upon the Company's ability to implement its current operational plans and take appropriate action to amend those plans in respect of any unforeseen circumstances that may arise.

Since the Company intends to continue investing in its exploration and development programme, the Directors anticipate making further losses in the foreseeable future. There can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(l) **Taxation and government regulations**

Changes in taxation and government legislation in a range of areas (for example, Corporations Act, accounting standards, and taxation law, or similar legislation in overseas jurisdictions) can have a significant influence on the outlook for all companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cashflows of the Company.

(m) **Commodity price and currency exchange risk**

As the Company's potential earnings will be largely derived from the sale of heavy mineral sands, the Company's future revenues and cash flows will be impacted by changes in the prices and available market of this commodity. Any substantial decline in the price of heavy mineral sands or in transport or distribution costs may have a material adverse effect on the Company and the value of its Shares.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major mineral producing centres as well as macroeconomic conditions such as inflation and interest rates.

Furthermore, the international prices of most commodities are denominated in United States dollars while the Company cost base will be in Australian dollars. Consequently, changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.

(n) **Resource and Reserve estimates**

Even though a JORC Code compliant mineral resource has been discovered at the Mannar Island Project, estimates in respect of that resource are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally made may change appreciably when further information becomes available. Such resource estimates are by nature imprecise, depending on interpretations which may, with further exploration, prove to be inaccurate. Moreover, should the Company encounter ore bodies or formations which differ from those suggested by past sampling and analysis, resource estimates may have to be adjusted and any production plans altered accordingly which may adversely impact the Company's plans.

(o) **Results of studies**

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect to the Mannar Island Project. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Mannar Island Project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Mannar Island Project or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Mannar Island Project, there can be no guarantee that the Mannar Island Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(p) **Agents and contractors**

The Directors are unable to predict the risk of financial failure or default or the insolvency of any of the contractors which will be used by the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activity. Any default or insolvency is outside the Company's control and may have an adverse effect on the Company's operations.

(q) **Environmental risks**

The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Sri Lanka. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

In addition, environmental approvals may be required from relevant government or regulatory authorities before activities may be undertaken which are likely to impact the environment. Failure or delay in obtaining such approvals will prevent the Company from undertaking its planned activities. Further, the Company is unable to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(r) **Rehabilitation of tenements**

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

(s) **Climate change regulation**

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increase regulation and government policy designed to

mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

(t) **Contract risk**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party;
- (ii) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or
- (iii) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such contract risks.

(u) **Future funding needs**

Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed undertake further exploration activities, or acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Company's existing Share price or may involve restrictive covenants that limit the Company's operations be business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

(v) **International operations**

The Company initially intends to operate in Sri Lanka. The Company may also consider expanding into other markets internationally in the future. Therefore, the Company will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- (i) changes in the regulatory environment;
- (ii) trade barriers or the imposition of taxes;
- (iii) difficulties with staffing or managing any foreign operations;

- (iv) issues or restrictions on the free transfer of funds;
- (v) technology export or import restrictions; and
- (vi) delays in dealing across borders caused by customers or regulatory authorities.

6.3 General Risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Acquisitions

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

(c) Safety

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

(d) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) Litigation

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(f) Insurance coverage

The Company intends to take insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, the Company may not be insured against all risks either because appropriate cover is not available or because the

Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(g) **Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. The Company may be detrimentally affected if one or more of the key management or other personnel cease their engagement with the Company.

(h) **Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments and financial obligations as and when they fall due. It is the Company's aim in managing its liquidity to ensure that there are sufficient funds to meet its liabilities as and when they fall due. The Company manages liquidity risk by continuously monitoring its actual cash flows and forecast cash flows.

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(i) **Credit risk**

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation, resulting in the Company incurring a financial loss. Credit risk arises from cash and cash equivalents (e.g. deposits and investments held with banks and financial institutions), favourable derivative contracts (derivative assets), loans and receivables, guarantees given on behalf of others and loans and commitments granted but not drawn down at the end of the reporting period.

(j) **Commercial risk**

The mining industry is competitive and there is no assurance that, even if commercial quantities are discovered by the Company, a profitable market will exist for sales of such commodities. There can be no assurance that the quality of the commodity will be such that the properties in which the Company holds an interest can be mined at a profit.

(k) **Competition risks**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(l) **Changes to legislation or regulations**

The Company may be affected by changes to laws and regulations (in Australia, Sri Lanka and other countries in which the Company may operate) concerning property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

(m) **Investment risk**

The Shares, SPP Options, Placement Options and Broker Options to be issued under the Offers should be considered highly speculative. There is no guarantee as to the payment of dividends, return of capital or the market value of the Shares from time to time. The price at which an investor is able to trade the Shares may be above or below the price paid for Shares under the SPP Offer. Investors must make their own assessment of the risks and determine whether an investment in the Company is appropriate in their own circumstances.

(n) **Share market**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Shares may be subject to fluctuation and may be affected by many factors including but not limited to the following:

- (i) the general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism and other hostilities; and
- (vii) other factors beyond the control of the Company.

(o) **Force majeure risk**

Events may occur within or outside the markets in which the Company operates that could impact upon the global, Australian and Sri Lankan economies and the operations of the Company. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

(p) **Taxation**

The acquisition and disposal of Shares may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

6.4 Speculative investment

The above list of risk factors ought not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Offers under this Prospectus.

Therefore, the Shares, SPP Options, Placement Options and Broker Options being issued pursuant to this Prospectus (or Shares to be issued upon exercise of the SPP Options,

Placement Options or Broker Options) carry no guarantee with respect to the payment of dividends, returns of capital or their respective market value.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders, Eligible Placement Option Applicants and the Broker should therefore have regard to the other publicly available information in relation to the Company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
16 October 2020	Appointment of Joint Company Secretary
30 September 2020	Appendix 4G and Corporate Governance Statement
30 September 2020	Annual report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

Announcements are also available through the Company's website www.titaniumsands.com.au.

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.064	7 August 2020
Lowest	\$0.04	2, 5 and 8 October 2020
Last	\$0.043	20 October 2020

7.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Lee Christensen	3,719,999	8,250,000
James Searle	500,000	10,875,000
Jason Ferris	333,333	10,875,000

No Directors or any other related parties of the Company or any associates of such parties intend to participate in the Offers

Remuneration

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide. The total maximum remuneration of non-executive Directors is determined by the Company in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount payable in aggregate to all non-executive directors has been set at an amount not to exceed \$480,000 per annum.

A Director may be paid fees as the other Directors determine where a Director performs extra services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed 2021¹	2020²	2019³
Lee Christensen	90,000	117,500	106,975
James Searle	175,200	203,600	160,910
Jason Ferris	197,100	270,276	165,122

Notes:

- The figures noted above for the 2021 financial year include salary, fees and superannuation. The figures above do not include an estimation of out of scope services of which Mr Ferris and Mr Searle are paid \$1,200 per day (ex GST).
- The figures noted above for the 2020 financial year include salary, directors fees, out of scope fees, superannuation and share-based payments.

3. The figures noted above for the 2019 financial year include salary, fees, superannuation and share-based payments.

7.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

CPS Capital Group Pty Ltd has acted as lead manager to the Placement and SPP Offer. CPS Capital Group Pty Ltd will be paid a 2% Management Fee and Placement Fee of 4% of all funds raised under the Placement (being, \$132,000 excluding GST). CPS Capital Group will also be paid a 6% Management Fee of all funds raised under the SPP (being, assuming \$500,000 is raised under the SPP, \$30,000 excluding GST). Additionally, CPS will be paid an Options Exercise Fee of 6% of amounts paid to the Company upon the exercise of any Placement Options or Broker Options (being, if all Placement Options and Broker Options are exercised, \$390,000 excluding GST). The Broker Mandate also provides for the issue of 40,000,000 options in the Company (being, the 40,000,000 Broker Options) to be issued to the Broker. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital Group Pty Ltd has been paid fees totalling \$272,066 (excluding GST) by the Company.

Poplar Legal has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Poplar Legal \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Poplar Legal has been paid fees totalling \$60,100 (excluding GST and disbursements) for legal services provided to the Company.

7.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as

Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 7.6:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers and does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section 7.6; and
- (c) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 7.6.

Poplar Legal has given its written consent to being named as the solicitors to the Company in this Prospectus. Poplar Legal has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CPS Capital Group Pty Ltd, who have not been involved in the preparation of any part of this Prospectus, has given its written consent to being named as Lead Manager to the Company in this Prospectus. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor to the Company in this Prospectus and to the inclusion of the audited financial information of the Company for the financial year ended 30 June 2020 in this Prospectus to the Company. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.7 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$71,918 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	28,712
Legal fees	20,000
Postage	15,000
Miscellaneous	5,000
Total	<u>71,918</u>

Notes:

1. The Company also notes the fees payable under the Broker Mandate in consideration for services provided in relation to the Placement. Refer to Section 3.13 for further detail.
2. The estimated expenses will be paid out of the Company's existing working capital.

7.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please telephone the Company on +61 8 9481 0389 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application under an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

7.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option or share certificates. The securities will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates for the Placement Options to be issued to Eligible Placement Option Applicants or for the Broker Options to be issued to the Broker or for the CPS's to be issued to Optimal. Instead, applicants will be provided with a statement (similar to a bank account statement) that sets out the number of securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy Act

If you complete an application for SPP Shares and SPP Options, Placement Options or Broker Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and

certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for SPP Shares and SPP Options, Placement Options or Broker Options, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



James Searle
Managing Director
For and on behalf of
Titanium Sands Limited

9. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means an application form attached to or accompanying this Prospectus with respect to either the SPP Offer (**SPP Offer Application Form**), Placement Offer (**Placement Offer Application Form**) or Broker Offer (**Broker Offer Application Form**) (as applicable).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Broker means CPS Capital Group Pty Ltd.

Broker Mandate has the meaning described in Section 3.13.

Broker Offer means the offer of Broker Options described in Section 3.3.

Broker Option means an option to acquire a Share on the terms and conditions set out in Section 5.2.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out in Section 3.4 (unless extended).

Company means Titanium Sands Limited (ACN 009 131 533).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Custodian means a custodian within the definition of paragraph 4 of ASIC Corporations (Share and Interest Purchase Plan) Instrument 2019/547.

Custodian Certificate has the meaning described in Section 3.6.

Directors means the directors of the Company as at the date of this Prospectus.

EFT means an electronic funds transfer made to the Company's bank account as notified to an Eligible Shareholder pursuant to an SPP Application Form.

Eligible Beneficiary has the meaning described in Section 3.6.

Eligible Placement Option Applicant has the meaning described in Section 3.8.

Eligible Shareholders means Shareholders:

- (a) who were registered holders of Shares on the Record Date for SPP Offer; and

(b) whose registered address was in Australia or New Zealand.

Mannar Island Project means the Company's Mannar Island Project in Sri Lanka.

Offers means the SPP Offer, Placement Offer and Broker Offer.

Opening Date means the opening date for receipt of an Application Form under this Prospectus as set out in Section 3.4 (unless varied).

Option means a SPP Option, Placement Option or Broker Option.

Optionholder means a holder of an Option.

Placement means the placement of 50,000,000 Shares to sophisticated and professional investors at an issue price of \$0.044 per Share together with one free Placement Option for every two (2) Shares subscribed for and issued to raise approximately \$2,200,000, before costs.

Placement Offer means the offer of Placement Options described in Section 3.2.

Placement Option means an option to acquire a Share on the terms and conditions set out in Section 2 of this Prospectus.

Prospectus means this prospectus.

Record Date for SPP Offer means the date specified in the timetable set out Section 3.4.

Securities means a Share, SPP Option, Placement Option or Broker Option offered pursuant to this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

SPP Offer means the offer of Shares and SPP Options described in Section 3.1.

SPP Option means an option to acquire a Share on the terms and conditions set out in Section 5.2 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.