

Titanium Sands Limited
ACN 009 131 533

Notice of Annual General Meeting

**Annual General Meeting to be held at
Level 11, 216 St Georges Terrace
Perth, Western Australia on 30 November 2020
commencing at 11.00 am (WST).**

Important

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an annual general meeting of the shareholders of Titanium Sands Limited ACN 009 131 533 (**Company**) will be held at Level 11, 216 St Georges Terrace, Perth Western Australia on 30 November 2020, commencing at 11.00am (WST).

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

Ordinary Business

Item 1 - Annual Report

To receive and consider the Annual Report of the Company for the year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

Resolution 1 – Approval of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

To consider and, if thought fit, pass the following **advisory only resolution**:

“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2020 be adopted.”

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution:

- (a) if the voter is proxy or attorney for the person entitled to vote on the Resolution in accordance with the directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) if the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel;
- (c) if the voter is holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 – Re-election of Mr Lee Christensen

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, in accordance with the Company's Constitution and for all other purposes, Mr Lee Christensen, who retires by rotation under Rule 9.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

Resolution 3 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of

the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) a person who is expected to participate in, or who will obtain a material benefit as a result of an issue of Equity Securities under the 10% Placement Facility (except a benefit solely by treason of being a holder of ordinary securities in the Company); or (b) an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Ratification of Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 50,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) a person who participated in the issue; or (b) an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 – Ratification of Issue of Placement Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 25,000,000 Placement Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) a person who participated in the issue; or (b) an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Issue of Shares Under the Share Purchase Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 22,727,272 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) a person who participated in the issue; or (b) an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7 – Issue of SPP Options Under the Share Purchase Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 11,363,636 SPP Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) a person who participated in the issue; or (b) an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8 – Issue of Broker Options to CPS Capital Group Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 40,000,000 Broker Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) CPS Capital Group Pty Ltd; or (b) an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9 – Approval to Issue Options to Mr Lee Christensen

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 195(4) and 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 8,250,000 Options to Mr Lee Christensen (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) Lee Christensen (and his nominees); or any associates of Lee Christensen (or his nominees). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee,

trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 10 – Approval to Issue Options to Mr Jason Ferris

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 195(4) and 2028 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,875,000 Options to Mr Jason Ferris (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) Jason Ferris (and his nominees); or any associates of Jason Ferris (or his nominees). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 11 – Approval to Issue Options to Mr James Searle

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of sections 195(4) and 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,875,000 Options to Mr James Searle (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of: (a) James Searle (and his nominees); or any associates of James Searle (or his nominees). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Other Business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Annual General Meeting.

By Order of the Board of Directors



James Searle
Managing Director
Titanium Sands Limited

27 October 2020

EXPLANATORY STATEMENT

Important information

This Explanatory Statement has been prepared for the information of the shareholders of Titanium Sands Limited ACN 009 131 533 (**Company**) in connection with the Resolutions to be considered at the Annual General Meeting to be held at Level 11, 216 St Georges Terrace, Perth Western Australia on 30 November 2020, commencing at 11.00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms in Section 8.

References to “\$” and “in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

Voting exclusion statements

Certain voting restrictions apply to the Resolutions as detailed beneath the Resolutions in the Notice.

Proxies

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Members of Key Management Personnel and their Closely Related Parties will not be able to vote as proxy on Resolution 1 unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of Key

Management Personnel or their Closely Related Parties (other than the Chair) as its proxy, the Shareholder should ensure that it directs the proxy how to vote on Resolution 1.

If a Shareholder intends to appoint the Chair as its proxy on Resolution 1, the Shareholder can direct the Chair how to vote by marking one of the boxes for the Resolutions (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If a Shareholder does not direct the Chair how to vote, the Shareholder can expressly authorise the Chair to vote as the Chair thinks fit on Resolution 1 by marking the appropriate box on the Proxy Form even though the Resolution is connected to the remuneration of members of Key Management Personnel and even if the Chair has an interest in the outcome of the Resolution.

To vote by proxy, please complete and sign the enclosed Proxy Form and send by:

- post to the Company's share registry Computershare Investor Services Pty Limited at GPO Box 242, Melbourne VIC 3001;
- facsimile to the Company's share registry Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- email to the Company's share registry at TSL@miningcorporate.com.au,

so that it is received by no later than 10.00 am (WST) on 28 November 2020. Proxy Forms received later than this time will be invalid.

Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 11.00am (WST) on 28 November 2019. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

1. ITEM 1 – ANNUAL REPORT

The Annual Report, comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report for the year ended 30 June 2020, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve these Reports. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about these Reports and the management of the Company. Shareholders will also be given an opportunity to ask the auditor questions about the:

- (a) conduct of the audits;
- (b) preparation and content of the Auditor's Report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) independence of the auditor in relation to the conduct of the audits.

In addition to taking questions at the Annual General Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about the content of the Auditor's Report or the conduct of the audit, may be submitted no later than 5 business days before the date of the Annual General Meeting to the Company Secretary at davidm@miningcorporate.com.au.

The Company's Annual Report is available on the Company's website at www.titaniumsands.com.au.

2. RESOLUTION 1 – APPROVAL OF REMUNERATION REPORT

The Remuneration Report of the Company for the financial year ended 30 June 2020 is included in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report adopted be put to the vote. Resolution 1 seeks this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is "advisory only" resolutions which does not bind the Directors. Under section 250SA of the Corporations Act, the Chair will provide a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting.

If at least 25% of the votes on Resolution 1 are voted against the adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2020 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting (**Spill Meeting**) to consider the appointment of the Directors (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the Company's 2020 annual general meeting. All of the Directors who are in office when the Company's 2020 Directors' Report is approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

3. RESOLUTION 2 – RE-ELECTION OF MR LEE CHRISTENSEN

Rule 9.3 of the Company's Constitution requires that one third of the Company's directors must retire at each annual general meeting. Accordingly, Mr Christensen retires by rotation and, being eligible, offers himself for re-election.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote.

Mr Christensen is a senior lawyer in Perth, specialising in dispute resolution, insolvency and restructures. He has many years of commercial litigation and insolvency law experience having acted in major insolvencies in Western Australia. His in-depth understanding and proven application of Insolvency issues sees him regularly advising external administrators, trustees, creditors and bankrupts on all of its ramifications.

The Directors (excluding Mr Christensen) recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities totaling up to 10% of its issued share capital through placements over a 12 month period after the entity's annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1 such that if Resolution 3 is passed the Company's total annual placement capacity will be 25% of its issued capital.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company currently has a market capitalisation of \$52,338,278 based on a share price of \$0.042, being the closing price of Shares on the ASX on 5 October 2020.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. As Resolution 3 is a special resolution, at least 75% of the votes cast must be cast in favour of the Resolution in order for it to be passed.

If Shareholders approve Resolution 3, the exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

If Shareholders do not approve Resolution 3, the Company will not be able to access the 10% Placement Facility and will remain subject to its existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

The Board believes that Resolution 3 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

4.2 Description of Listing Rule 7.1A

Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Annual General Meeting, the only quoted Equity Securities that the Company has on issue are fully paid ordinary shares.

Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months. 10

Note that "A" has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to "Formula for calculating 10% Placement Facility" Section above).

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

4.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable A in Listing Rule 7.1A.2	Dilution		
		\$0.021 50% decrease in Market Price	\$0.042 Current Market Price

Current Variable A 1,246,149,471	10% Voting Dilution	124,614,947 Shares	124,614,947 Shares	124,614,947 Shares
	Funds raised	\$2,616,914	\$5,233,828	\$7,850,742
50% increase in current Variable A 1,869,224,207	10% Voting Dilution	186,922,421 Shares	186,922,421 Shares	186,922,421 Shares
	Funds raised	\$3,925,371	\$7,850,742	\$11,776,113
100% increase in current Variable A 2,492,298,942	10% Voting Dilution	249,229,894 Shares	249,229,894 Shares	249,229,894 Shares
	Funds raised	\$5,233,828	\$10,467,656	\$15,701,483

The table has been prepared on the following assumptions:

- 1 The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- 2 The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 3 The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- 4 The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- 5 The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- 6 The issue price is \$0.042, being the closing price of Shares on the ASX on 5 October 2020.

- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company may use the funds raised towards its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisitions) and general working capital. The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the persons to whom the Equity Securities will be issued will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
 - (ii) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the financial situation and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).

The persons who will be issued securities under the 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but are likely to be investors which are sophisticated and/or professional investors for the purposes of section 708 of the Corporations Act. No Equity Securities will be issued under Listing Rule 7.1A to related parties of the Company.

- (f) The Company last obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 26 November 2019.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.
- (h) During the 12 months preceding the date of the Annual General Meeting the Company has or will have issued a total of 50,000,000 Equity Securities under ASX Listing Rule 7.1A, representing 8% of the total number of Equity Securities on issue at the commencement of that 12 month period. Each such issue of Equity Securities is below:

Date of issue	30 September 2020
Number issued	50,000,000
Class of Equity Security	Ordinary shares
Person who received Equity Securities	Issued to sophisticated investors and clients of CPS Capital Group. No Equity Securities were issued to a related party of the Company, member of key management personnel of the Company, substantial holder in the Company or associate of any of such persons and no Equity Securities were issued to an advisor to the Company (or an associate of an advisor to the Company) in excess of 1% of the Company's issued capital at the time of issue.
Issue price of Equity Securities	\$0.044
Discount to Market	17% discount to 5 day VWAP as at 22 September 2020
Non-cash consideration	N/a
Current value of non-cash consideration	N/a
Total cash consideration	\$2,200,000 Funds spent to date: Nil The remaining funds will be used to undertake a further drilling program at the Company's Mannar Island Project.

Note: These are the Shares issued under the Placement as described in Section 5.1 (and are the subject of Resolution 4 – See Section 6)

5. RESOLUTIONS 4-8 – BACKGROUND

5.1 Background to Capital Raising

On 22 September 2020, the Company announced a capital raising to raise \$2,200,000 (before costs) through a placement to sophisticated and professional investors of 50,000,000 Shares (**Placement**

Shares) at an issue price of \$0.044 per Placement Share together with one free attaching Placement Option for every 2 Placement Shares subscribed for and issued (**Placement Options**) (**Placement**).

The Company issued the Placement Shares without prior Shareholder approval out of its additional 10% placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the annual general meeting held on 26 November 2020. Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Shares.

The Company has offered the Placement Options to participants in the Placement (**Placees**) under a prospectus dated 21 October 2020. The Company anticipates issuing the Placement Options to Placees on or about 17 November 2020. The Company will issue the Placement Options without prior Shareholder approval out of its 15% placement capacity under ASX Listing Rule 7.1. Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Options.

5.2 Share Purchase Plan.

In conjunction with the Placement, the Company is providing an opportunity for eligible Shareholders to participate in raising up to a further \$500,000 (with an ability for the Company to accept oversubscriptions to raise an additional \$500,000) through a share purchase plan (**Share Purchase Plan**). Under the Share Purchase Plan, eligible Shareholders may each apply for up to \$30,000 of new Shares at an issue price of \$0.044 per new Share together with one free attaching SPP Option for every 2 new Shares subscribed for and issued (**SPP Options**), consistent with the Placement (**SPP Offer**).

The Company has made the SPP Offer to eligible Shareholders under a prospectus dated 21 October 2020. The Company anticipates issuing the new Shares and SPP Options under the Share Purchase Plan to eligible Shareholders on or about 17 November 2020. The Company will issue the new Shares and SPP Options without prior Shareholder approval out of its 15% placement capacity under ASX Listing Rule 7.1. Resolutions 6 and 7 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the new Shares and SPP Options (respectively) under the Share Purchase Plan.

5.3 Use of funds

Funds raised from the Placement and Share Purchase Plan will 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.

5.4 Broker Options

The Company engaged CPS Capital Group Pty Ltd (**CPS Capital**) to act as Manager to the Placement and Share Purchase Plan. The Company agreed to issue CPS Capital with 40,000,000 Broker Options (**Broker Options**) as part of their fee for services provided to the Company as Manager of the Placement and Share Purchase Plan.

The Company has offered the Broker Options to CPS Capital under a prospectus dated 21 October 2020. The Company anticipates issuing the Broker Options to CPS Capital on or about 17 November 2020. The Company will issue the Broker Options without prior Shareholder approval out of its 15% placement capacity under ASX Listing Rule 7.1. Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Options.

5.5 Consequences of Shareholders not approving Resolutions 4-8

If Shareholders do not approve Resolutions 4-8, the Company will not be able to access, for 12 months (unless subsequently ratified with the approval of Shareholders) such of the 10% annual placement capacity under ASX Listing Rule 7.1A and 15% annual placement capacity under ASX Listing Rule 7.1 as is used by the Company to issue the Placement Shares, Placement Options, new Shares issued under the Share Purchase Plan, SPP Options and Broker Options .

6. RESOLUTIONS 4 AND 5 – RATIFICATION OF ISSUE OF PLACEMENT SHARES AND PLACEMENT OPTIONS

6.1 General

Resolutions 4 and 5 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares and Placement Options (respectively) under the Placement

6.2 ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying these issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 4 and 5:

- (a) the Company has issued 50,000,000 Shares and has agreed to issue 25,000,000 Placement Options;
- (b) the issue price for the Shares was \$0.044 per Share and the Placement Options will be issued for nil cash consideration as they are being issued as free attaching options to the Shares;
- (c) the Shares were issued on 30 September 2020 and the Placement Options are anticipated to be issued on or about 17 November 2020 (and, in any event, will be issued no later than 3 months after the date of the Meeting or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules);
- (d) the Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and the Placement Options will be issued on the terms and conditions set out in Schedule 1. The Company intends to apply for official quotation on ASX of the Placement Options;
- (e) the Shares were issued, and the Placement Options will be issued, to professional and sophisticated investors identified by the Company and the Lead Manager of the Placement, CPS Capital Pty Ltd. None of these subscribers are a related party of the Company, a member of the Company's key management personnel, a substantial holder of the Company or an associate of any such persons and no subscriber who was an advisor to the Company was issued Shares or will be issued Placement Options in excess of 1% of the Company issued capital at the time of issue;
- (f) the funds raised from the issue of the Shares and Placement Options will be used to fund the Company's exploration activities and working capital as further described in Section 5.3 above; and
- (g) a voting exclusion statement in respect of each of Resolution 4 and Resolution 5 is included in the Notice.

7. RESOLUTIONS 6 AND 7 – RATIFICATION OF ISSUE OF SHARES AND SPP OPTIONS UNDER THE SHARE PURCHASE PLAN

7.1 General

Resolutions 6 and 7 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the new Shares and SPP Options (respectively) under the Share Purchase Plan

7.2 ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying these issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 6 and 7:

- (a) the Company is proposing to issue up to 22,727,272 new Shares and 11,363,636 SPP Options;
- (b) the issue price for the Shares will be \$0.044 per Share and the SPP Options will be issued for nil cash consideration as they are being issued as free attaching options to the Shares;
- (c) the new Shares and SPP Options are anticipated to be issued on or about 17 November 2020 (and, in any event, will be issued no later than 3 months after the date of the Meeting or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules);
- (d) the new Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and the SPP Options will be issued on the terms and conditions set out in Schedule 1. The Company intends to apply for official quotation on ASX of the SPP Options;
- (e) the new Shares and SPP Options will be issued to participants in the Share Purchase Plan. None of these participants will be a related party of the Company or a substantial holder (10%) of the Company or an associate of any such persons nor will any member of the Company's key management personnel, an advisor to the Company or an associate of any such persons be issued new Shares or SPP Options in excess of 1% of the Company's issued capital at the time of issue;
- (f) the funds raised from the issue of the new Shares and SPP Options will be used to fund the Company's exploration activities and working capital as further described in Section 5.3 above; and
- (g) a voting exclusion statement in respect of each of Resolution 6 and Resolution 7 is included in the Notice.

8. RESOLUTION 8 – RATIFICATION OF ISSUE OF BROKER OPTIONS

8.1 General

By a mandate agreement between the Company and CPS Capital (**Mandate Agreement**), the Company appointed CPS Capital as Manager of the Placement and the Share Purchase Plan. Under the Mandate Agreement, the Company agreed to pay CPS Capital:

- (a) a 2% Management Fee and a Placement Fee of 4% of all funds raised under the Placement;
- (b) 40,000,000 Broker Options (being the Broker Options the subject of Resolution 8);
- (c) a 6% Management Fee of all funds raised under the SPP Offer; and
- (d) an Options Exercise Fee of 6% of amounts paid to the Company upon the exercise of any Placement Options or Broker Options.

CPS Capital was also appointed to provide corporate advisory services for 12 months at \$10,000 per month pursuant to the Mandate Agreement.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Broker Options to CPS Capital.

8.2 ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 8:

- (a) the Company is proposing to issue 40,000,000 Broker Options;
- (b) the issue price for the Broker Options will be \$0.00001 per Broker Option to raise \$4,000;
- (c) the Broker Options are anticipated to be issued on or about 17 November 2020 (and, in any event, will be issued no later than 3 months after the date of the Meeting or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules);
- (d) the Broker Options will be issued on the terms and conditions set out in Schedule 1. The Company intends to apply for official quotation on ASX of the Broker Options;
- (e) the Broker Options will be issued to CPS Capital Pty Ltd who is an advisor of the Company pursuant to the Mandate Agreement (the material terms of which are summarised in Section 7.1) but which is not a related party of the Company, a member of the Company's key

management personnel, a substantial holder of the Company or an associate of any such persons;

- (f) the funds raised from the issue of the Broker Options will be used to fund the Company's exploration activities and working capital as further described in Section 5.3 above; and
- (g) a voting exclusion statement is included in the Notice.

9. RESOLUTIONS 9-11 – ISSUE OF OPTIONS TO LEE CHRISTENSEN, JASON FERRIS AND JAMES SEARLE

9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 30,000,000 Options (**Related Party Options**) to Lee Christensen, Jason Ferris and James Searle (**Related Parties**) on the terms and conditions set out below and as set out in Schedule 2.

Director	Number of Related Party Options	Exercise Price	Expiry Date
Lee Christensen	8,250,000	35% premium to the 5 day VWAP as at the date of the AGM	29 November 2022
Jason Ferris	10,875,000	35% premium to the 5 day VWAP as at the date of the AGM	29 November 2022
James Searle	10,875,000	35% premium to the 5 day VWAP as at the date of the AGM	29 November 2022

9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Options to the Related Parties constitutes giving a financial benefit and Messrs Lee Christensen, Jason Ferris and James Searle are related parties of the Company by virtue of being directors of the Company.

As the Related Party Options are proposed to be issued to all the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in section 210 to 216 of the Corporations act applies to the issue of the Related Party Options to the Related Parties and accordingly the approval of Shareholders is sought in accordance with Chapter 2E of the Corporations Act.

9.3 Section 195 of the Corporations Act

Section 195 of the Corporations Act provides that a director of a public company must not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

The Director Lee Christensen has a material personal interest in the outcome of Resolution 9. The Director Jason Ferris has a material personal interest in the outcome of Resolution 10. The Director James Searle has a material personal interest in the outcome of Resolution 11.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the proposed issue to Messrs Lee Christensen, Jason Ferris and James Searle of Related Party Options to Shareholders to resolve upon.

9.4 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 requires shareholder approval (unless one of the exceptions in ASX Listing Rule 10.12 applies) to be obtained where an entity issues, or agrees to issue, securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11.

Resolutions 9-11 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of section 195 and Chapter 2E and of the Corporations Act and ASX Listing Rule 10.11.

9.5 Technical information required by ASX Listing Rule 14.1A

If Resolutions 9-11 are passed, the Company will be able to proceed with the issue of the Related Party Options to each of the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 9-11 are not passed, the Company will not be able to proceed with the issue of the Related Party Options.

9.6 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Related Party Options:

- (b) the Related Party Options will be issued to the following persons:
 - (i) Lee Christensen (or his nominee) pursuant to Resolution 9;
 - (ii) Jason Ferris (or his nominee) pursuant to Resolution 10;
 - (iii) James Searle (or his nominee) pursuant to Resolution 11;each of whom falls within the category set out in ASX Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is 30,000,000 Related Party Options comprising of:
 - (i) 8,250,000 Related Party Options to Lee Christensen;
 - (ii) 10,875,000 Related Party Options to Jason Ferris; and
 - (iii) 10,875,000 Related Party Options to James Searle;
- (c) the Related Party Options will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options);
- (e) the terms and conditions of the Related Party Options are set out in Schedule 2;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (g) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (h) the Related Party Options are unquoted Options. The Company has agreed to issue the Related Party Options to the Related Parties for the following reasons:
 - (i) the Related Party Options are unquoted and therefore, the issue of the Related Party Options has no immediate dilutionary impact on Shareholders;
 - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed;
- (i) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party options upon the terms proposed.

- (j) the relevant interests of the Related Parties in securities of the Company as at 30 June 2020 and 30 June 2019 are set out below:

Director	Shares (2020)	Options (2020)	Shares (2019)	Options (2019)
Lee Christensen	3,719,999	8,250,000	3,719,999	8,250,000
James Searle	500,000	10,875,000	500,000	10,875,000
Jason Ferris	333,333	10,875,000	333,333	10,875,000

- (k) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Director	Proposed 2021 ¹	2020 ²
Lee Christensen	90,000	117,500
James Searle	175,200	203,600
Jason Ferris	197,100	270,276

Notes:

1. 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).
2. The figures noted above for the 2020 financial year include salary, directors fees, out of scope fees, superannuation and share-based payments.

- (l) if the Related Party Options granted to the Related Parties are exercised, the Company would issue a total of 30,000,000 Shares following receipt of cash totalling \$1,680,000 (based on an assumed exercise price of \$0.056) in relation to the exercise. This will increase the number of Shares on issue from 1,246,149,471 to 1,276,149,471 (assuming that no other Options are exercised or Performance Rights converted and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.4%, comprising 0.66% by Lee Christensen, 0.87% by Jason Ferris and 0.87% by James Searle.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;

- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.083	11 June 2020
Lowest	\$0.016	1 November 2019
Last	\$0.043	22 October 2020

- (n) The Directors acknowledge that the issue of the Related Party Options to the non-executive Directors of the Company, Lee Christensen and James Searle (**Non-Executive Directors**), is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Directors considers the issue of Related Party Options to the Non-Executive Directors to be reasonable in the circumstances for the reasons set out in Sections 9.6(g), (h) and (i);
- (o) each Director has a material personal interest in the outcome of Resolutions 9-11 on the basis that the Directors (or their nominees) are to be issued Related Party Options on the same terms and conditions should Resolutions 9-11 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 9-11 of this Notice;
- (p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 9-11; and
- (q) a voting exclusion statement is included in Resolutions 9-11 of the Notice.

10. OTHER INFORMATION

10.1 Scope of disclosure

The law requires that this Explanatory Statement sets out all other information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Shareholders by the Company by notification to the ASX.

10.2 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of all Resolutions, other than to the extent that a Director abstains from expressing an opinion or making a recommendation due to having a material personal interest in the relevant Resolution, as disclosed in this Notice.

10.3 Voting intentions of the Chair

The Chair intends to vote all available proxies in favour of all Resolutions.

11. DEFINITIONS

10% Placement Facility is defined in Section 4.1.

10% Placement Period is defined in Section 4.1.

Annual General Meeting, AGM or Meeting means the annual general meeting convened by this Notice of Annual General Meeting.

Annual Report means the Company's annual report for the year ended 30 June 2020 comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's report.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

Board means the board of Directors.

Broker Options is defined in Section 5.4.

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.

Chair means the chairperson of the Meeting.

Closely Related Party means a closely related party to Key Management Personnel as defined in Section 9 of the Corporations Act.

Company means Titanium Sands Limited ACN 009 131 533.

Constitution means the constitution of the Company.

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

CPS Capital is defined in Section 5.4.

Director means a director of the Company.

Equity Security has the meaning given that term in the Listing Rules.

Explanatory Statement means this explanatory statement including any schedules or annexures to the explanatory statement.

Key Management Personnel means the key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the official listing rules of the ASX.

Notice of Annual General Meeting or Notice of Meeting means the notice of annual general meeting attached to this Explanatory Statement.

Placees is defined in Section 5.1.

Placement is defined in Section 5.1.

Placement Options is defined in Section 5.1.

Placement Shares is defined in Section 5.1.

Proxy Form means the proxy form annexed to this Explanatory Statement and the Notice of Annual General Meeting.

Related Parties is defined in Section 9.1.

Related Party Options is defined in Section 9.1.

Remuneration Report means the section of the Director's Report in the Annual Report of the Company entitled "Remuneration Report".

Resolution means a resolution to be put to the Shareholders as set out in the Notice.

Restricted Securities has the meaning given that term in the Listing Rules.

Section means a Section of this Notice.

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

Shareholder means a holder of one or more Shares.

Share Purchase Plan is defined in Section 5.2.

SPP Offer is defined in Section 5.2.

SPP Options is defined in Section 5.2.

WST means Western Standard Time in Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS, SPP OPTIONS AND BROKER OPTIONS

The SPP Options, Placement Options and Broker Options have the same terms and conditions (and in this Schedule 1 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 Schedule 1, **Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) on 17 November 2023 (in this Schedule 1, **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 Schedule 1, **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 Schedule 1, **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 Schedule 1, **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.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY 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 a 35% premium to the VWAP for the 5 trading days prior to the date of the Meeting (in this Schedule 2, **Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) on 29 November 2022 (in this Schedule 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 Schedule 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 Schedule 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 Schedule 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 not transferable.

SCHEDULE 3 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 9-11 have been valued by internal management. Using a Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	6 October 2020
Market price of Shares (5 day VWAP)	\$0.043
Exercise price	\$0.058 (35% premium)
Related Party Option Expiry date (length of time from issue)	2 years from date of issue
Risk free interest rate	1.5%
Volatility	100%
Indicative value per Related Party Option	\$0.0436
Total Value of Related Party Options	\$587,172
Resolution 9 – Lee Christensen	\$161,472
Resolution 10 – Jason Ferris	\$212,850
Resolution 11 – James Searle	\$212,850



titaniumsands
LTD

TITANIUM SANDS LIMITED
ABN 65 009 131 533

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 AM (AWST) Saturday, 28 November 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

By Email:

TSL@Computershare.com.au

Custodians:

For Intermediary Online subscribers only visit
www.intermediaryonline.com



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Titanium Sands Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Titanium Sands Limited to be held at Level 11, 216 St Georges Terrace, Perth, Western Australia on Monday, 30 November 2020 at 11:00 AM (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 9, 10 and 11 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 9, 10 and 11 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 9, 10 and 11 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
1	Approval of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Approval to Issue Options to Mr Jason Ferris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr Lee Christensen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	Approval to Issue Options to Mr James Searle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
4	Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
5	Ratification of Issue of Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Issue of Shares Under the Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	Issue of SPP Options Under the Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
8	Issue of Broker Options to CPS Capital Group Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
9	Approval to Issue Options to Mr Lee Christensen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

