

17 April 2018

TITAN MINERALS EXECUTES BINDING HEADS OF AGREEMENT TO ACQUIRE PRODUCING PROCESSING PLANT IN NORTHERN PERU

Highlights

- Titan has entered into a binding heads of agreement to acquire the producing Mirador Copper and Gold processing plant, strategically located 450km north of Lima and only 500 metres from the Pan-American Highway along with six (6) wholly owned mineral concessions located in a prospective area.
- The fully permitted Mirador Plant is operational, currently operating its copper circuit processing over 4000 tonnes per month and has a backlog of flotation feed material delivered and ready for processing.
- Capacity permitted 340TPD (10,000 tons per month), the license allows carbon in pulp and flotation up to 340TPD.
- Subject to completion of the acquisition, Titan will target major cost savings, as the Mirador Plant location is closer to much higher grade copper and gold mines resulting in higher grade feedstock.
- Experienced personal from the Kairos' operational team will remain operating the Mirador Plant for a minimum of one year from purchase date along with Titan's experienced in country management team.

Titan Minerals Limited (ASX: TTM) ("Titan") is pleased to announce it has executed a binding heads of agreement to acquire Peruvian companies Kairos Capital Peru S.A.C ("Kairos") and M&S Transportes y Servicios Generales S.R.L ("Mirador"), subject to, among other things, completion of due diligence enquiries to the satisfaction of Titan ("Acquisition").

The major assets held by Kairos and Mirador include the 100% owned Mirador processing plant located in Chimbote, Peru ("Mirador Plant") and six (6) 100% owned mineral concessions. The Mirador Plant is fully operational and has feedstock stockpiled and ready for processing through its flotation circuit. The plant also features a carbon in pulp (CIP) gold circuit which is currently on standby. Subject to the results of Titan's due diligence and completion of the Acquisition, Titan plans to upgrade the carbon in leach (CIL) circuit. The Mirador Plant is strategically located 450km north of Lima in Chimbote whereas the majority of the toll mill processing facilities are focused in the south of the country in the Chala and Nazca districts.

The heads of agreement provides that the Kairos operational team will remain operating the Mirador Plant for a minimum of one year from the purchase date with flexibility to stay on longer term.

Executive Chairman, Matthew Carr commented *"The acquisition of Kairos and its Mirador Plant would be a significant strategic acquisition for Titan Minerals. Upon completion of the Acquisition, along with the takeover of Andina Resources, Titan will have secured two fully operational assets in both the southern and northern parts of Peru. The Northern area of Peru has little competition to secure supply of high grade material which is currently being trucked over 1,200 km South for processing in Chala or Nazca. Titan will seek to leverage its major network in Peru to access higher grade feedstock in the North of Peru, with grades stockpiled in the area reaching 16-20 grams per tonne. Completion of the Acquisition and the takeover of Andina Resources would assist Titan to further enhance its presence as a significant producer of high quality product across multiple locations in Peru and as the owner of the Torrecillas Gold mine and multiple highly prospective mineral claims. With this fully integrated process, Titan is seeking to undertake positive cash flow operations from which it can build for future growth"*



Mirador Processing Plant

About the Mirador Processing Plant

The Mirador Plant is a hybrid conventional style processing facility comprising of a sulphide flotation circuit with current capacity at 150 tpd and a 50 tpd Carbon in Pulp (“CIP”) gold circuit configured to treat gold oxide ore. The Mirador Plant is well laid out for this type of circuit and is currently undergoing ‘stage 1’ expansion to double capacity of both the sulphide flotation and CIP circuits to 300tpd and 100tpd respectively. This will allow flexibility to be able to ensure the ‘dual train’ facility can produce up to the permitted capacity with various tonnage configurations on both streams.

As part of an overall engineering review, several potential improvements have already been noted to increase plant efficiency and recoveries within the circuits. These will also coincide with the stage 1 works currently underway.

The ‘stage 2’ expansion plans due to be completed during CY 2019 will render the capacity of the CIP circuit at 200 tpd, which after application and granting of an upgraded permitting approval will enable both circuits to be operated at full throughput capacity.

Acquisition Terms:

Pursuant to the heads of agreement:

- Titan proposes to acquire 100% of Kairos and Mirador from Kairos Capital Holding Limited, Mr Wong Sang Moon and Mr Gyo Hee Kim (“**Vendors**”), subject to completion of satisfactory due diligence and the satisfaction (or waiver) of agreed conditions precedent (refer below);
- Titan has paid a non-refundable deposit of US\$100,000 in connection with the Acquisition;
- Kairos, Mirador, the Vendors have agreed to not, and to ensure that their respective related bodies corporate and representatives do not, solicit, encourage or otherwise engage in discussions in respect of a competing proposal with any third party;
- completion of the Acquisition is expected to occur on or before July 1, 2018, conditional on the satisfaction (or waiver by Titan) of, among other things:
 - completing its due diligence enquiries in respect of Kairos, Mirador and the Mirador Plant and being satisfied, in its sole and absolute discretion, with the results of the due diligence;
 - Titan undertaking an equity capital raising to raise a minimum of US\$3,000,000;
 - Titan obtaining all requisite regulatory and shareholder approvals, waivers and confirmations (including a waiver of ASX Listing Rule 7.3.2 to permit the issue of the share consideration over a period of more than

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- three months, if required); and
- no material adverse change occurring in respect of Kairos or Mirador; and
- in the event that Titan proceeds to complete the Acquisition, the Vendors will receive, in aggregate:
 - US\$2,000,000 cash;
 - 131,768,112 ordinary Titan shares to be issued in the three tranches:
 - 43,992,704 to be issued on completion of a maximum machine capacity flotation of 300 tons per day and CIP 50 tons per day;
 - 43,992,704 to be issued on completion of maximum machine capacity of CIP 100 tons per day or 30 June 2019; and
 - 43,992,704 to be issued on the earlier of completion of maximum machine capacity of CIP of 200 tons per day or 31 December 2019.

Titan will keep shareholders informed on the progress of the Acquisition over the coming weeks.

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About Titan Minerals Ltd

Titan Minerals is the owner and operator of a copper and gold business in a well-established mining region of Southern Peru. A centralised processing plant with three separate circuits produces copper concentrate and copper cement in addition to loaded carbon from the CIP gold circuit, with feed sourced from third party operators as well as from Titan's 100% owned mines.

The copper assets of Titan are contained within 7,800Ha of under explored concessions that surround the San Santiago processing plant and are currently being mined for copper, with an attractive gold and silver credit.

Titan's gold assets include its small-scale mines at the Torrecillas project. At Torrecillas, a number of high-grade narrow gold veins have been developed and mined by Titan Minerals. This gold project, located just 180km from the processing plant, are part of 16,000Ha concession package that also contain two large tonnage, low-grade disseminated targets containing known gold and copper with silver and molybdenum mineralization.