

9 March 2020

ASX Limited
Level 40, Central Park
152 – 158 St George's Terrace
Perth WA 600
By email: ListingsCompliancePerth@asx.com.au

Attention: Sean Maloney, Adviser, Listings Compliance (Perth)

Dear Mr Maloney

Titanium Sands Limited ('TSL'): Aware Query

We refer to your letter dated 6 March 2020 and as requested, we set out below the Company's response to your queries.

1. Does TSL consider the information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

No, TSL considers that in isolation the Announcement of 6 March 2020 does not contain information considered to have a material effect on the price or value of the Company's securities as the Announcement contains the final 76 of 473 RC drill results. The results from these holes are consistent with the previous 397 RC results reported and do not materially alter the outlook for the Mannar Island Project. However, this Announcement was marked as price sensitive as it complements and reinforces the previous RC drilling results released on 19 February 2020 and 5 February 2020, which were also marked as price sensitive.

In addition, the market has been kept well informed of the timing and process of the release of the assay results as completed, as noted by the following announcement structure:

The Announcement 28 January 2020 noted that visual logging of heavy minerals in the 473 hole RC drilling program completed in December 2019 indicates there is substantial potential for depth extensions. Further noting that samples from this drilling are currently being analysed from these RC aircore holes and those that have tested deeper sediment sequences and results will become available over the next 6 weeks.

The Announcement of 5 February 2020 also outlines that the results are from the first RC aircore drill holes completed in mid-December 2019 and that further RC aircore assay results would be released to the market as received over the coming weeks and that an upgraded resource report will be finalised once all assay results have been compiled. This announcement also reported that further results from the remaining RC aircore holes being analysed will be reported as they are received over the next few weeks.

The Announcement of 19 February 2020 confirmed the assay results from a further 243 RC aircore drill holes demonstrate heavy mineral down to at least 10 to 11m in an area of 18km² under the Mannar Island Domain 2 shallow resource. This is in addition to deeper

mineralisation results previously reported results from the RC aircore drilling completed in December 2019. This announcement further noted that the results from the remaining RC aircore holes were being analysed and will be reported as they are received over the next few weeks.

The Announcement of 6 March 2020 confirms receipt of all assay results from the 473 hole program and that an upgraded mineral resource statement will be finalised once the mineralogical studies currently underway have been completed.

Furthermore, the Company does not believe that the contents of this Announcement (6 March 2020) are sufficient to explain the change in price of TSL's securities from a low of \$0.035 on 3 March 2020 to an opening price of \$0.059 on 6 March 2020. The Company notes that it has been active in recent months, significantly upgrading its Indicated Resource (refer ASX release 28 January 2020) and is in the final stages of completing the acquisition of Bright Angel Limited, having received shareholder approval for the acquisition on 21 February 2020.

Two other factors worth considering are the growth phase of the TSL project compared to other current market conditions. TSL has been providing a positive growth strategy amongst difficult market environment. TSL was reinstated in December 2018 with an inferred resource of 10.3Mt with a market cap of \$11.56m @ \$0.02. Given that on completion of the Bright Angel Limited acquisition the project has 90.2Mt (68.7% in the Indicated Category) with potential upside pending from the assay result resource being finalised (as above), this may explain an uplift in the market capitalisation.

Secondly, the TSL register is extremely tightly held with the Top 20 holding 74%+. As the TSL story is building, the Directors believe that investors are positioning themselves as best they can into a very tightly held stock.

2. If the answer to question 1 is "no", please advise the basis for that view.

Refer to explanation provided in the answer to Question 1.

3. When did TSL first become aware of the information?

Initial RC assay results for the final 76 RC drill results were received by the Managing Director on 18 February 2020 at 11:54pm, however these results were incomplete, preliminary and insufficiently definite to warrant disclosure as the final ASX release to complete the reporting of results from the RC aircore drilling program.

Final data pertaining to the results were received by the Managing Director at 2:14PM AWST on 5 March 2020. An initial draft of the Announcement was sent to the TSL Directors and Company Secretary at 2:44PM AWST on 5 March 2020. Following comments from the TSL Directors and Company Secretary the Announcement was approved for release at 10:14PM on 5 March 2020.

4. If the answer to question 1 is "yes" and TSL first became aware of the information before the relevant date, did TSL make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TSL was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TSL took to ensure that the information was released promptly and without delay.

Not applicable.

5. Please confirm that TSL is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company is in compliance with the Listing Rules, in particular Listing Rule 3.1.

6. Please confirm that TSL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TSL with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that the responses have been approved by the Board of Directors of TSL.

Yours faithfully

David McEntaggart
Company Secretary



6 March 2020

Reference: 15190

Mr David McEntaggart
Company Secretary
Titanium Sands Limited

By email: davidm@miningcorporate.com.au

Dear Mr McEntaggart

Titanium Sands Limited ('TSL'): Aware Query

ASX refers to the following:

- A. TSL's announcement entitled "Complete RC Assays Results Confirm Extensive Depth Resource Potential" lodged on the ASX Market Announcements Platform and released at 6:12 AM (AWST) today, 6 March 2020 (the 'Announcement'), disclosing the following, amongst other things:
- (i) assay results from all 473 RC aircore drill holes drilled in late 2019 have now been received;
 - (ii) 419 drill holes (89%) returned intercepts of between 2 and 11% Total Heavy Minerals ("THM");
 - (iii) of the mineralised drill holes 273 have returned intercepts of between 5 and 12m (average 8.7m);
 - (iv) the RC aircore results indicate that the current shallow (1-3m) of 90.2Mt at 6.60% THM previously reported mineral resource is underlain by large areas of deeper mineralisation; and
 - (v) an upgraded mineral resource estimate will be finalised once the mineralogical studies currently underway have been completed.
- (together, 'Information').
- B. The change in the price of TSL's securities following the release of the Announcement, from an opening price of \$0.059 to an intra-day high of \$0.063 today, 6 March 2020.
- C. The change in the price of TSL's securities from a low of \$0.035 on 3 March 2020 to an opening price of \$0.059 today, 6 March 2020.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks TSL to respond separately to each of the following questions and requests for information:

1. Does TSL consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did TSL first become aware of the Information?
4. If the answer to question 1 is “yes” and TSL first became aware of the Information before the relevant date, did TSL make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TSL was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TSL took to ensure that the information was released promptly and without delay.
5. Please confirm that TSL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that TSL’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TSL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST Tuesday, 10 March 2020**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TSL’s obligation

is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require TSL to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to TSL’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that TSL’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in TSL’s securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Sean Maloney
Adviser, Listings Compliance (Perth)