



6 October 2020

ASX RELEASE

## TAO TO PROCEED WITH ACQUISITION OF LARGE-SCALE U.S. TITANIUM & ZIRCON MINERAL SANDS PROJECT

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- Due Diligence completed to the satisfaction of TAO, and the Company has exercised the option to acquire 100% of Hyperion Metals Pty Ltd
- TAO will advance Hyperion USD\$125,000 to fund upcoming exploration activities and continue with an aggressive land consolidation program in Tennessee, U.S.
- As announced by TAO on 24 September 2020, Hyperion's Titan project ("Project") is located in an area which saw significant historic exploration from 1960 – 1990 by DuPont, BHP and others, and included:
  - Over 200 drill holes and a bulk sample mining operation
  - Definition of a high-grade deposit of 3.6% HMS with a highly valuable mineral assemblage of 15% zircon, 5% rutile and 60% high TiO<sub>2</sub> ilmenite
- The Project founders include Mr. Ian Middlemas and Mr. Anastasios Arima (to be appointed Executive Director), highly experienced company executives from the Apollo Group, an investment and management group with more than 20 years of success in the natural resources sector.
- TAO will provide shareholders with a detailed update on the planned upcoming exploration activities and additional key personnel being onboarded by Hyperion in the coming weeks

Tao Commodities Limited ("TAO" or "the Company") (ASX: TAO) is pleased to announce that it has completed its due diligence into Hyperion Metals Pty Ltd ("Hyperion") and has exercised the option to proceed with the acquisition of Hyperion. Hyperion holds a 100% interest over the Titan Project, which is comprised of ~2,100 acres of options to lease or purchase private surface and mineral rights ("Option Agreements") that are highly prospective for titanium and zircon mineral sands proximal to the town of Camden in Benton, Henry and Carroll counties in Tennessee, USA.

TAO will advance to Hyperion a loan of USD\$125,000 (interest free) to be applied towards exploration work on the Project (**Loan**). If the Acquisition does not complete then the Loan is fully refundable within 7 days of notice from TAO.

The Acquisition remains conditional on the satisfaction or waiver of the remaining conditions precedent, including TAO obtaining all necessary shareholder and regulatory approvals.

TAO Managing Director Patrick Glovac, commented, *"The decision to proceed with the acquisition of Hyperion provides TAO shareholders exposure to a very exciting large-scale U.S*

*titanium and zircon mineral sands project. Importantly, with the exercise of the option and both parties now moving forward with confidence towards completion, Hyperion will shortly be commencing exploration activities at the Titan Project, providing TAO shareholders significant upside from early exploration success.”.*

It is anticipated that Hyperion will commence exploration activities shortly, with a detailed update to be provided to TAO shareholders once finalised. In addition, further key personnel are currently being onboarded by Hyperion to assist with the planning and execution of planned exploration activities.

### **Consideration and Key Conditions Precedent to the Transaction**

The Consideration for the Acquisition shall be comprised of the following ordinary shares, unlisted options, performance shares, and performance options, to be issued by the Company at Settlement to the vendors of Hyperion:

- 26,500,000 fully paid ordinary TAO shares at a deemed issue price of \$0.08 (8 cents) (“Consideration Shares”);
- 5,000,000 unlisted options with an exercise price of \$0.20 and expiry of 5 years from their date of issue (“Consideration Options”);
- 18,000,000 unlisted Class A performance shares (“Class A Performance Shares”) that convert into an equal number of ordinary shares upon completion of a positive pre-feasibility study (prepared in accordance with the JORC Code and independently verified by a Competent Person) for HMS mining and processing on any of the Project area which demonstrates a net present value of at least A\$200,000,000, within 4 years from the date of execution of the Term Sheet (“Class A Milestone”);
- 18,000,000 unlisted Class B performance shares (“Class B Performance Shares”) that convert into an equal number of ordinary shares upon commencement of commercial production from the Project area, within 5 years from the date of execution of the Term Sheet (“Class B Milestone”);
- 4,000,000 Class A performance options (“Class A Performance Options”) on the same terms and conditions as the Consideration Options that vest upon satisfaction of the Class A Milestone; and
- 4,000,000 Class B performance options (“Class B Performance Options”) on the same terms and conditions as the Consideration Options that vest upon satisfaction of the Class B Milestone.

All consideration securities will be subject to a 12-month voluntary escrow from the Settlement Date.



The Acquisition is subject to condition precedents including:

- TAO exercising its Option to acquire Hyperion (**Satisfied**);
- TAO and Hyperion completing due diligence to their satisfaction;
- TAO completing a capital raising of \$2,000,000 at an issue price of \$0.08;
- TAO maintaining a cash balance of at least \$1,100,000;
- TAO obtaining the necessary shareholder and regulatory approvals required (including but not limited to approvals required by ASX under the Listing Rules and shareholder approval for the Acquisition and the issue of the Consideration Shares, Consideration Options, Performance Shares and Performance Options);
- Each remaining minority vendor (representing 31% of Hyperion) providing TAO with a duly executed share transfer form for the transfer of their Hyperion Shares to TAO; and
- TAO and the Majority Vendors obtaining all necessary third party consents and governmental/ministerial approvals.

The Agreement includes pre-completion obligations on both parties and standard representations and warranties.

Subject to all necessary shareholder and regulatory approvals, and subject to completion of the Acquisition, GTT Ventures Pty Ltd will be paid the following consideration for GTT's services in facilitating the Acquisition:

- 2,650,000 fully paid ordinary shares;
- 1,800,000 unlisted Class A performance shares that convert into an equal number of ordinary shares upon completion of the Class A Milestone; and
- 1,800,000 unlisted Class B performance shares that convert into an equal number of ordinary shares upon completion of the Class B Milestone.

TAO director Patrick Glovac is also a director and shareholder of GTT Ventures Pty Ltd.

**END**

Authorised by the board of TAO Commodities Limited



For further information, please contact

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