

# Titanium Sands Limited

(ACN 009 131 533)

## Prospectus

For a pro-rata non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per Share, together with one (1) New Option for every one (1) Share applied for and issued, to raise up to \$1,406,397.85 (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

This Prospectus also contains an offer of 10,000 Shares at an issue price of \$0.005 per Share to raise up to \$50 (**Cleansing Offer**).

### IMPORTANT NOTICE

This is an important document that should be read in its entirety. Please read the instructions in this document and on the Entitlement and Acceptance Form regarding acceptance of the Entitlement Offer carefully. If you do not understand this document or you have any questions about the Securities being offered under this Prospectus you should consult your professional adviser without delay.

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

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# IMPORTANT INFORMATION

## General

The Prospectus is dated 13 July 2023 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX do not take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

No Securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

Applications for Securities under the Entitlement Offer will only be accepted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company to Eligible Shareholders. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

The Cleansing Offer is only available to those who are personally invited to apply by the Company.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

## Electronic Prospectus

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website at [www.titaniumsands.com.au](http://www.titaniumsands.com.au). Applications cannot be made online. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

## Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

## Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, Directors and management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

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

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Shares or the Company.

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

## Offer restrictions

The Offers does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand, unless otherwise determined by the Company. Please refer to Section 2.9 for further details on overseas shareholders.

## Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Securities issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website [www.titaniumsands.com.au](http://www.titaniumsands.com.au). By making an application under the Offers, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

## Interpretation

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in Section 8.

All references in this Prospectus to \$, AUD or dollars are references to Australian currency, unless otherwise stated.

All references to time in this Prospectus relate to the time in Perth, Western Australia.

# CORPORATE DIRECTORY

## Directors

Mr Lee Christensen – Non-Executive Chairman  
Mr James Searle – Managing Director  
Mr Jason Ferris – Non-Executive Director

## Company Secretary

Mr Alan Armstrong

## Registered Office

Level 8, 216 St Georges Terrace  
Perth WA 6000

Telephone: + 61 8 9481 0389  
Facsimile: + 61 8 9463 6103

Email: [james.searle@titaniumsands.com.au](mailto:james.searle@titaniumsands.com.au)

## Website

[www.titaniumsands.com.au](http://www.titaniumsands.com.au)

## ASX Code

TSL

## Share Registry\*

Computershare Investor Services Pty Limited  
Level 2  
45 St Georges Terrace  
Perth WA 6000

Telephone: (08) 6188 0800

## Auditor\*

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
Perth WA 6000

Telephone: + 61 8 6382 4600

## Legal Adviser

Larri Legal Pty Ltd  
Suite 6 / 152 High Street  
Fremantle WA 6160

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

# 1. KEY OFFER INFORMATION

## 1.1. Timetable

The timetable for the Offers is as follows:

Event	Date
Announcement of Entitlement Offer Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B with ASX Opening date of the Cleansing Offer	Thursday, 13 July 2023
Ex date	Monday, 17 July 2023
Record Date for the Entitlement Offer	Tuesday, 18 July 2023 at 5:00pm AWST
Settlement of Tranche 1 of the Placement	Tuesday, 18 July 2023
Closing date for the Cleansing Offer <sup>1</sup>	Wednesday, 19 July 2023
Prospectus despatched to Shareholders Company announces the despatch has been completed Opening date of the Entitlement Offer	Friday, 21 July 2023
Last day to extend the Closing Date for the Entitlement Offer	Thursday, 27 July 2023
Closing date for the Entitlement Offer <sup>2</sup>	Tuesday, 1 August 2023 at 5:00pm AWST
Shares under the Entitlement Offer quoted on a deferred settlement basis	Wednesday, 2 August 2023
Announcement of the results of the Entitlement Offer	Friday, 4 August 2023
Issue date of lodgement of Appendix 2A with ASX applying for quotation of Shares issued under the Entitlement Offer	Tuesday, 8 August 2023
Last date for Shortfall Offer close <sup>4</sup>	No later than 3 months after the Entitlement Offer Closing Date
<b>Notes:</b> 1. The Directors reserve the right to extend or reduce the closing date of the Cleansing Offer at any time without notice. 2. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Shares are expected to commence trading on ASX may vary. 3. The Directors may vary the closing date of the Shortfall Offer without notice.	

## 1.2. Summary of the Placement and the Entitlement Offer

As announced on 13 July 2023, the Company is conducting a placement and non-renounceable entitlement issue in order to raise up to approximately \$2,506,397.85 (before costs).

### Placement

The Company will conduct a placement to sophisticated and professional investors to raise \$1,100,000 (before costs) through the issue of 220,000,000 Shares (**Placement Shares**) at an issue price of \$0.005 (**Placement**). The terms of the Placement include one free attaching New Option for each Share issued under the Placement (**Placement Options**).

The Placement Shares will be issued in two tranches. It is anticipated that the first tranche of the Placement Shares (comprising 210,959,676 Shares) will be issued on 18 July 2023 pursuant to the Company's available placement capacity under Listing Rule 7.1. The balance of the Placement Shares (9,040,324 Shares) will be issued subject to Shareholder approval, which the Company intends to seek at its next general meeting. The issue of the Placement

Options is subject to Shareholder approval. The Company will seek Shareholder approval for the issue of the Placement Options at its next general meeting.

As announced on 26 April 2023, the Company entered into a convertible facility with two major Shareholders (Willis Holdings Ltd and G.J Johnson & Co. Pty Ltd, entities related to Garry Johnson and Robert Nelson) which provided up to \$700,000 in funding available for draw-down by the Company for the Company's working capital purposes (**Convertible Facilities**). Refer to the Company's ASX announcement dated 26 April 2023 and titled "*TSL Secures Funding Facility*" for the key terms of the Convertible Facilities.

The Company has drawn down a total of \$300,000 under the Convertible Facilities to date and will draw down a further \$100,000 prior to completion of the Placement. The Company has agreed with the lenders that \$400,000 under the Convertible Facilities will be converted on the same terms as the Placement, subject to shareholder approval. Accordingly, it is proposed that an additional 80,000,000 Shares and 80,000,000 New Options will be issued to the lenders at the same time as completion of tranche 2 of the Placement. The lenders are also entitled to a further 20,000,000 New Options as part of the fees payable for providing the facilities, subject to Shareholder approval.

#### Entitlement Offer

The Entitlement Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.005 per Share, together with one (1) New Option for every Share subscribed for and issued under the Entitlement Offer, to raise up to \$1,406,397.85 (before costs). Fractional entitlements will be rounded up to the nearest whole number.

Full details in respect of the Entitlement Offer are set out in Section 2.1.

### **1.3. Update on the Company's Activities**

#### Mannar Island Project Activities

A number of significant updates have recently been announced by the Company in relation to activities at its Mannar Island Project, including:

- completion of the required regulatory presentations on the Project to the Geological Survey and Mines Bureau (GSMB), with no objections raised as to technical compliance and the status of the Project, and the Company proceeding with the formal mining licence application process in Sri Lanka (see ASX announcement dated 23 January 2023 and titled "*Titanium Sands Limited to Formally Proceed with Mining Licence Application Process*");
- publication of an updated Mineral Resource Estimate of 318Mt @ 4.17% THM, which includes a high-grade zone of 145Mt @ 4.48% THM (see ASX announcement dated 15 March 2023 and titled "*Updated Mineral Resource Estimate – Mannar Heavy Mineral Project*");
- publication of an initial Scoping Study for the Mannar Island Project highlighting an economically robust dredge mining project on 8km by 1km high grade zone (see ASX Announcement dated 12 May 2023 and titled "*Scoping Study Mannar Heavy Mineral Project*"); and
- GSMB approval for the retention of EL370 granted for a further 1-year term expiring May 2024, which forms part of the high grade zone outlined in the Company's Scoping Study (see ASX announcement 23 May 2023 and titled "*GSMB Approve Retention of Major Project License*").

A further stage of the mining licence application process in respect of the Mannar Island Project will be the commencement of the Environmental Impact Assessment (EIA) report,

which will address environmental and community processes relating to the Project. This will commence on receipt from the GSMB of an in-principle approval letter containing the terms of reference for the EIA. As part of these activities, the Company has appointed local engineering and environmental consultants to undertake the EIA (see the Company's Quarterly Report for the quarter ending 31<sup>st</sup> March 2023 published on 28 April 2023 for further details).

#### Acquisition of James Global (Pvt) Ltd

The Company also announced the entry into a binding term sheet to acquire James Global (Pvt) Ltd, which holds heavy mineral sand exploration tenure on the NE Coast of Sri Lanka, and the appointment of JAT Holdings PLC as its in-country partner to assist with the Company's Sri Lankan activities (see ASX release dated 2 May 2023 and titled "*Acquisition of James Global and Partnership with JAT Holdings*"). The acquisition of James Global (Pvt) Ltd is expected to settle shortly following completion of the first tranche of the Placement. The Company is required to pay USD300,000 in cash on settlement for the acquisition. Up to a further USD900,000 in cash and up to 140,000,000 Shares is payable by the Company subject to deferred milestones being achieved relating to successful drilling on the ground held by James Global (Pvt) Ltd and the publication of a maiden JORC (2012) compliant TMH resource meeting size and grade criteria on the ground held by James Global (Pvt) Ltd. As part of the proposed acquisition of James Global (Pvt) Ltd, Aelian Gunawardene, will also be appointed to the board of TSL as a Non-Executive Director from settlement. Refer to the Company's ASX release dated 2 May 2023 and titled "*Acquisition of James Global and Partnership with JAT Holdings*" for further details.

#### Appointment of Land Access Consultant

The Company is required to obtain land access agreements and approvals over the high-grade zone at the Mannar Island Project to facilitate completion of the EIA process. The Company has appointed Global Projects Connect (Private) Limited as an in-country consultant to assist with securing the requisite approvals and land access agreements from affected landowners. Global Projects Connect (Private) Limited is experienced in consulting for major projects in Sri Lanka, has good knowledge of the requirements and processes to conduct successful EIA studies in the Mannar District and has strong connections within the GSMB and the Mannar District community. The Company has agreed to pay Global Projects Connect (Private) Limited success fees totalling USD1,000,000 on delivery of certain key deliverables relating to the Company's EIA study and securing the required land access arrangements from affected landowners. Refer to the Company's ASX release dated 13 July 2023 and titled "*Placement and Rights Issue*" for further details.

#### Next Phase Activities

Given recent progress of the Company's activities at its Mannar Island Project and the acquisition of James Global (Pvt) Ltd, the Company's next phase of activities will be focused on:

- obtaining formal confirmation from the GSMB of satisfactory completion of the Company's exploration program on the high-grade zone at the Mannar Island Project;
- submission of the formal Board of Investment Application following the initial presentations to the GSMB on the Mannar Island Project;
- completion of the EIA by already engaged environmental experts in Sri Lanka to allow submission of the industrial mining licence (IML) application the Mannar Island Project;
- obtaining land access agreements and approvals over the high-grade zone at the Mannar Island Project to facilitate completion of the EIA process;
- progressing the IML application process and submission to seek formal grant of the IML; and

- commencing an infill drilling program on the ground held by James Global (Pvt) Ltd following settlement of the acquisition.

#### 1.4. Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 5 of the Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

#### 1.5. Directors interest in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Share Entitlement	New Option Entitlement	\$
Lee Christensen <sup>1</sup>	15,919,999	-	3,184,000	3,184,000	\$15,920
James Searle <sup>2</sup>	500,000	-	100,000	100,000	\$500
Jason Ferris <sup>3</sup>	1,983,333	-	396,667	396,667	\$1,983
<b>Notes:</b>					
1. Indirectly held by Pooky Corporation Pty Ltd <Garfield Family A/C> and Pooky Corporation Pty Ltd <KL Christensen Super A/C>.					
2. Indirectly held by Earthsciences Pty Ltd <The Searle Super Fund>. Indirectly held by J2J Investments Pty Ltd and Marathon Assets Pty Ltd <Marathon Super Fund A/C>.					

Each Director intends to take up their Entitlements under the Entitlement Offer in full.

#### 1.6. Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, the following persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue:

Shareholder Name	Number of Shares	Percentage
Robert Nelson (Vuna Nominees LLC, Willis Holdings Ltd, King George V Nominees Ltd & Cuprum Holdings Limited)	432,710,261	30.76%
Garry Johnson Super Management Pty Ltd <Gary Johnson S/F No 2 A/C> and Redaso Pty Ltd <Redason Family A/C>	215,000,000	15.29%

In the event that all Entitlements are accepted, there will be no change to the substantial holders on completion of the Entitlement Offer. However, the above substantial holders will be diluted by the Placement, along with all other existing Shareholders, who are not participating in the Placement.

As set out in Section 1.2, a total of 80,000,000 Shares and 80,000,000 New Options will be issued to the above substantial shareholders in connection with the Placement pursuant to the conversion of \$400,000 owing under the Convertible Facilities, subject to shareholder approval. Accordingly, the above substantial shareholders will not be diluted by the full amount of the Placement.

## 1.7. Lead manager

CPS Capital has been appointed as lead manager to the Entitlement Offer and the Placement. The terms of the appointment of the Lead Manager are summarised in Section 6.2 of this Prospectus.

## 1.8. Effect on Control

Based on current shareholder and Entitlements of Shareholders, as at the date of this Prospectus, regardless of the amount raised under the Entitlement Offer and the Placement, no Shareholder will increase their holding to an amount in excess of 19.9% through applying for their Entitlements.

Further as set out in Section 2.6, on the basis of the allocation policy, no person will acquire, through participation in the Shortfall Offer a holding of Shares of, or increase their holding to, an amount in excess of 19.9% of all the Shares on issue on completion of the Entitlement Offer.

Further there will be no change to any Shareholder's voting power as a result of the issue of the New Options on completion of the Entitlement Offer and the Placement. Where Shares are issued on exercise of New Options held by an existing Shareholder, the voting power of the Shareholder would increase. The likelihood of New Options being exercised is dependent on the price of Shares from time to time until the New Options expire.

## 1.9. Potential dilution of non-participating Shareholders

Shareholders should note that if they do not participate in the Entitlement Offer (assuming that the Entitlement Offer and the Placement are fully subscribed), their holdings are likely to be diluted by approximately 41.33% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

No immediate dilution will occur as a result of the issue of New Options under the Entitlement Offer and the Placement. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered under the Entitlement Offer and the Placement are issued and exercised, Shareholders who do not participate in the Entitlement Offer are likely to be diluted by an aggregate of approximately 91.55% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

For illustrative purposes, examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Entitlement Offer	Holdings if Entitlement Offer not taken up	% post Entitlement Offer
Shareholder 1	480,000,000	34.13%	96,000,000	480,000,000	24.15%
Shareholder 2	240,000,000	17.06%	48,000,000	240,000,000	12.07%
Shareholder 3	120,000,000	8.53%	24,000,000	120,000,000	6.04%
Shareholder 4	60,000,000	4.27%	12,000,000	60,000,000	3.02%
Shareholder 5	15,000,000	1.07%	3,000,000	15,000,000	0.75%

**Notes:**

1. Based on a share capital of 1,406,397,846 Shares as at the date of this Prospectus and assuming no convertible securities currently on issue are converted.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that the Placement is fully subscribed and that any Entitlements not accepted are placed under the Shortfall Offer. In the event that all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

## **2. DETAILS OF THE OFFERS**

### **2.1. The Entitlement Offer**

The Entitlement Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.005 per Share together with one (1) New Option for every Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 281,279,569 Shares and 281,279,569 New Options may be issued under Entitlement Offer to raise \$1,406,397.85 (before costs). No funds will be raised from the issue of the New Options (other than any funds received on exercise of the New Options).

As at the date of this Prospectus, the Company has 381,625,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Entitlement Offer. Please refer to Section 3.3 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares.

The New Options will be exercisable at \$0.023 on or before 16 February 2026 and otherwise on the terms and conditions set out in Section 4.2.

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 3.1.

### **2.2. The Cleansing Offer**

The Cleansing Offer is an offer of 10,000 Shares at an issue price of \$0.005 per Share, to raise up to \$50 (before costs). The Cleansing Offer will only be extended to parties invited to apply by the Directors. Application Forms will only be provided by the Company to these parties.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to Shares.

The primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the closing date of the Cleansing Offer (including prior to the date of this Prospectus). In particular, the Cleansing Offer is intended to remove any on-sale restrictions that may affect the Placement Shares which are intended to be issued prior to the closing date of the Cleansing Offer.

Section 708A(11) of the Corporations Act requires that this Prospectus include an offer of securities in the same class as the Shares. Relevantly, section 708A(11) provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities of the company that are already quoted on the ASX;
- (b) a prospectus is lodged with ASIC either:

- (i) on or after the day on which the relevant securities were issued (section 708A(11)(b)(i)); or
- (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued (section 708A(b)(ii)); and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The Company is seeking to raise only a nominal amount of \$50 under the Offer as the purpose of the Offer is not to raise capital.

### 2.3. What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled to apply for under the Entitlement Offer is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<ul style="list-style-type: none"> <li>• Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</li> <li>• Payment can be made by the methods set out in Section 2.5. As set out in Section 2.5, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form.</li> <li>• Payment by EFT are only available to non-Australian resident Eligible Shareholders. Details of which are set out in Section 2.5.</li> </ul>	Section 2.4 and 2.5
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> <li>• If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Securities you wish to take up and making payment using the methods set out in Section 2.5 below. As set out in Section 2.5, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form.</li> <li>• Payment by EFT is only available to non-Australian resident Eligible Shareholders. Details of which are set out in Section 2.5.</li> </ul>	Section 2.4, 2.5 and 2.6
Allow all of your Entitlement to lapse	<ul style="list-style-type: none"> <li>• If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse.</li> </ul>	Section 2.6

### 2.4. Implications of an acceptance

The payment of any Application Monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is completed, or a BPAY® payment or an EFT payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

## 2.5. Payment Options

Shareholders are requested not to forward cash as cash payment will not be accepted. Receipts for payment will not be provided. Neither the Company nor the Share Registry accepts any responsibility if you lodge your Application Form and payment at any other address or by any means other than those detailed in this Prospectus and in the Application Form.

### Payment by BPAY®

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

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

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.

### Guidance where you have more than one BPay Reference Number (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the BPay Reference Number specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same BPay Reference Number for more than one of your Shareholdings. This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

### By cheque

Payment by cheque or case will not be accepted.

### By EFT

Payment by Electronic Funds Transfer (EFT) is only available to non-Australian resident Eligible Shareholders who do not have an Australian bank account. If you wish to arrange for payment by EFT and are an Eligible Shareholder without an Australian bank account, please contact the Company for payment instructions

## 2.6. Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date of the Entitlement Offer. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005, being the price at which Shares have been offered under the Entitlement Offer. One New Option will be issued for every Share issued under the Shortfall Offer.

The Lead Manager has been appointed as lead manager to the Entitlement Offer. The Company has appointed the Lead Manager to place any shortfall of Securities offered to Shareholders under the Entitlement Offer and the Lead Manager has first rights to place Shortfall Securities. The fees payable to the Lead Manager, including in relation to the placement of any Shortfall Securities, are set out in Section 6.2. No Shares will be issued to a party under the Shortfall Offer if the effect would be to increase that party's voting power in the Company to an amount greater than 19.99%. All decisions made regarding the allocation of Shortfall Securities will be made by the Lead Manager in consultation with the Company and will be final and binding on all applicants under the Shortfall Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Entitlement Offer.

## **2.7. Not underwritten**

Neither the Entitlement Offer nor the Prospectus are underwritten.

## **2.8. Issue**

### Issue of Securities pursuant to the Entitlement Offer and the Shortfall Offer

Securities issued pursuant to the Entitlement Offer will be issued in accordance with the Listing Rules and timetable set out at Section 1.1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

### Issue of Shares under the Cleansing Offer

As noted in Section 2.2, the primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the closing date of the Cleansing Offer (including prior to the date of this Prospectus).

If the Directors decide to issue Shares under the Cleansing Offer, the issue of Shares will take place as soon as practicable after the closing date of the Cleansing Offer. The Directors do not expect to issue any Shares under the Cleansing Offer.

## **2.9. Overseas shareholders**

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number

and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand, unless otherwise determined by the Company.

### ***New Zealand***

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand). This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **2.10. CHES and issuer sponsorship**

The Company operates an electronic CHES sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHES (for security holders who elect to hold Shares on the CHES sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Securities allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHES sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

## **2.11. ASX quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus for the Official Quotation of the Shares under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Shares and will repay any application monies for Shares received within the time prescribed under the Corporations Act (without interest).

The Company intends to apply for Official Quotation of the New Options offered under the Entitlement Offer and the Placement after all New Options are issued (being following Shareholder approval to be sought at the Company's next general meeting for the issue of the Placement Options). There is no guarantee that the ASX will grant Official Quotation of the New Options.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered.

## **2.12. Electronic Prospectus**

This Prospectus is available in electronic format via the ASX website, [www.asx.com.au](http://www.asx.com.au) and via the Company's website at [www.titaniumsands.com.au](http://www.titaniumsands.com.au). Persons having received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus free of charge by contacting the Company.

Applications for new Securities may only be made on the personalised Application Form which will be provided to invitees, and which will be accompanied by the complete and unaltered electronic version of this Prospectus.

The Corporations Act prohibits any person from passing on to another person a personalised Application Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **2.13. Privacy**

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions.

Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

## **2.14. Taxation**

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

## **2.15. Commissions payable**

The Company reserves the right to pay a commission that is consistent with industry standard fees for services provided by licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

## **2.16. Enquiries**

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay. Questions relating to the Offers can be directed to the Company on +61 9481 0389.

### 3. PURPOSE AND EFFECT OF THE OFFERS

#### 3.1. Purpose of the Entitlement Offer and the Placement

The purpose of the Entitlement Offer is to raise up to \$1,406,397.85 (before costs). The purpose of the Placement is to raise up to \$1,500,000 (before costs).

The funds raised from the Entitlement Offer and the Placement are intended to be used to fund repayment of the Convertible Facilities in part, completion of the acquisition of James Global (Pvt) Ltd, exploration drilling on the ground held by James Global (Pvt) Ltd, progression of the IML application on the Mannar Island Project and associated activities (including GSMB approvals, completion of the EIA and obtaining initial land access agreements and approvals) and for working capital purposes. An indicative use of funds is set out in the table below:

Item	Proceeds of the Entitlement Offer and the Placement	Full Subscription (\$)	%
<b>Funds available</b>			
A.	Existing cash reserves	\$28,000	1.1%
B.	Placement <sup>1,2</sup>	\$1,100,000	43.4%
C.	Entitlement Offer	\$1,406,398	55.5%
	<b>Total</b>	<b>\$2,534,398</b>	<b>100%</b>
<b>Allocation of funds</b>			
1.	Settlement payment and exploration drilling on James Global (Pvt) Ltd ground <sup>3</sup>	\$400,000	15.8%
2.	Mannar Island Project EIA process, including initial land access	\$1,600,000	63.1%
3.	Mannar Island Project mining licence expenditure	\$175,000	6.9%
4.	Expenses of the Entitlement Offer and the Placement <sup>4</sup>	\$134,877	5.3%
5.	Working capital	\$224,521	8.9%
	<b>Total</b>	<b>\$2,534,398</b>	<b>100%</b>
<b>Notes:</b>			
1. Excluding conversion of \$400,000 pursuant to conversion of the Convertible Facilities on the same terms as the Placement (refer to Section 1.2 for further details).			
2. Assumes tranche 2 of the Placement and conversion of \$400,000 under the Convertible Facilities is approved by shareholders (totalling 89,040,324 Shares).			
3. Refer to Section 1.2 for further details.			
4. Refer to Section 6.7 of this Prospectus for further details relating to the estimated expenses of the Entitlement Offer and the Placement.			

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

In the event the Entitlement Offer or the Placement are not fully subscribed, the funds will first be applied to items 4 and 1 and then equally towards items 2, 3 and 5 above will be scaled back pro-rata to the amounts allocated to these items at full subscription, based on the actual amount raised under the Entitlement Offer and the Placement.

On completion of the Entitlement Offer and the Placement, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Entitlement Offer or the Placement are not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans. In addition, it should be noted that the Company's budgets and forecasts will be subject to

modification on an ongoing basis depending on the results achieved from its business activities and operations.

### 3.2. Effect of the Entitlement Offer and the Placement

The principal effect of the Entitlement Offer and the Placement, inclusive of the proposed conversion of the Convertible Facilities, assuming all Entitlements are accepted and the Placement is fully subscribed, and no convertible securities are converted prior to the Record Date and the Placement is fully subscribed, will be to:

- (a) increase the cash reserves by \$2,371,521 (after deducting the estimated expenses of the Entitlement Offer and the Placement) immediately after completion of the Entitlement Offer; and
- (b) increase the number of Shares on issue from 1,406,397,846 as at the date of this Prospectus to 1,987,677,415 Shares; and
- (c) increase the number of Options on issue from 381,625,000 as at the date of this Prospectus to 1,087,904,569 Options.

### 3.3. Effect on capital structure

The effect of the Entitlement Offer and the Placement on the capital structure of the Company, assuming all Entitlements are accepted, the Placement is fully subscribed and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

#### Shares

	<b>Number</b>
Shares currently on issue	1,406,397,846
Shares to be issued under the Entitlement Offer <sup>1</sup>	281,279,569
Shares to be issued under the Placement <sup>2,3</sup>	220,000,000
Shares to be issued to the lenders of the Convertible Facilities <sup>4</sup>	80,000,000
<b>Total Shares on issue after completion of the Entitlement Offer and the Placement<sup>5</sup></b>	<b>1,987,677,415</b>
<b>Notes:</b>	
1. Assumes that all Entitlements are accepted, no Convertible Securities are converted and no other Shares are issued prior to the Record Date.	
2. Assumes that the Placement is fully subscribed.	
3. As set out in Section 1.2, the Placement Shares will be issued in two tranches, with the first tranche comprising 210,959,676 Shares) expected to be issued prior to the closing date of the Cleansing Offer and the balance of the Placement Shares (comprising 9,040,324 Shares) to be issued subject to Shareholder approval to be sought at the Company's next general meeting.	
4. Refer to Section 1.2 for further details on the Convertible Facilities.	
5. Assumes no Shares are issued under the Cleansing Offer.	

#### Options

	<b>Number</b>
Options currently on issue <sup>1</sup>	381,625,000
New Options to be issued under the Entitlement Offer	281,279,569
New Options to be issued under the Placement	220,000,000
New Options to be issued to the lenders of the Convertible Facilities <sup>2</sup>	100,000,000
New Options to be issued to the Lead Manager <sup>3</sup>	105,000,000

<b>Total Options on issue after completion of the Entitlement Offer and the Placement</b>	<b>1,087,904,569</b>
<b>Notes:</b>	
1. Includes 66,897,716 listed Options exercisable at \$0.10 expiring 17 November 2023 and 314,727,284 unlisted Options exercisable at \$0.023 expiring 16 February 2026.	
2. Refer to Section 1.2 for further details on the Convertible Facilities.	
3. Assumes Shortfall Securities are placed by the Lead Manager under the Shortfall Offer (refer to Section 6.2 for further details in relation to the fees payable to the Lead Manager).	

### Performance Shares

	<b>Number</b>
Performance shares currently on issue <sup>1</sup>	33,333,333
Performance shares to be issued under the Entitlement Offer and Placement	0
<b>Total Performance Shares on issue after completion of the Entitlement Offer and the Placement</b>	<b>33,333,333</b>
<b>Notes:</b>	
1. Class B unlisted performance shares which convert into Shares on a 1:1 basis subject to the applicable performance milestone being achieved by the expiry date.	

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,821,356,179 Shares and on completion of the Entitlement Offer (assuming all Entitlements under the Entitlement Offer are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date) and the Placement (assuming tranche 2 of the Placement and the proposed conversion of the Convertible Facilities is approved by Shareholders) would be 3,108,915,317 Shares.

### 3.4. Pro-forma Balance Sheet

The unaudited balance sheet as at 31 December 2022 and the unaudited pro-forma balance sheet as at 31 December 2022 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and the Placement is completed in full, no convertible securities are converted prior to the Record Date and including expenses of the Entitlement Offer and the Placement.

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

	31 Dec 2022 Audited	Notes	Pro-Forma Unaudited
	\$		\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	559,527	(1) (2)	2,931,048
Trade and other receivables	49,661		49,661
<b>Total Current Assets</b>	<b>609,188</b>		<b>2,980,709</b>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	16,639,437		16,639,437
Property, plant and equipment	25,073		25,073
<b>Total Non-Current Assets</b>	<b>16,664,510</b>		<b>16,664,510</b>
<b>Total Assets</b>	<b>17,273,698</b>		<b>19,645,219</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	115,360		115,360
<b>Total Current Liabilities</b>	<b>115,360</b>		<b>115,360</b>
<b>Non-Current Liabilities</b>			
<b>Total Non-Current Liabilities</b>	<b>115,360</b>		<b>115,360</b>
<b>Total Liabilities</b>	<b>115,360</b>		<b>115,360</b>
<b>Net Assets</b>	<b>17,158,338</b>		<b>19,529,859</b>
<b>EQUITY</b>			
Issued capital	37,011,951	(1)	39,428,349
Reserves	(10,012,383)		(10,012,383)
Accumulated losses	(9,841,230)	(2)	(9,886,107)
<b>Total Equity</b>	<b>17,158,338</b>		<b>19,529,859</b>

The above pro forma of unaudited Consolidated Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Group between 31 December 2022 and the completion of the Offer other than:

- 1 completion of the Placement and Entitlement Offer and proposed conversion of the Convertible Facilities, by way of full subscription and issue of 581,279,569 New Shares at an issue price of \$0.005 per New Share to raise up to \$2,506,398 (before costs) less fees payable to the Lead Manager (refer to Sections 6.2 and 6.7 for further details on fees payable to the Lead Manager); and
- 2 expenses of the Offer set out in Section 6.7 (excluding fees payable to the Lead Manager and assuming all Entitlements are accepted and the Placement is completed in full) have been offset against proceeds of the Offer.

## **4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **4.1. Rights and liabilities attaching to Shares**

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, Listing Rules and the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

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

#### **(b) Voting rights**

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

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

#### **(c) Dividend rights**

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

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

#### **(d) Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

(i) **Alteration of constitution**

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

#### 4.2. **Terms and Conditions of New Options**

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one fully paid ordinary Share in the Company upon exercise of the New Option.

(b) **Exercise Price**

Subject to Section (i), the amount payable upon exercise of each New Option will be \$0.023 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 16 February 2026 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New 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 New Option being exercised in cleared funds (**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 New 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 (i) 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 issue on exercise**

Shares issued on exercise of the New 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 a New Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

## **5. RISK FACTORS**

### **5.1. Introduction**

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

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

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

### **5.2. Specific Risks**

#### **(a) Potential for dilution**

Upon implementation of the Entitlement Offer and the Placement (assuming all Entitlements are accepted, the Placement is completed in full together with the proposed conversion of the Convertible Facilities, no Convertible Securities are converted and no other Shares are issued prior to the Record Date) the number of Shares in the Company will increase from 1,406,397,846 Shares currently on issue to 1,987,677,415 Shares.

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

No immediate dilution will occur because of the issue of New Options under this Prospectus pursuant to the Entitlement Offer and under the Placement. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus under the Entitlement Offer and under the Placement are issued and exercised into Shares, Shareholders who do not participate in the Entitlement Offer or the Placement, are likely to be diluted by an aggregate of approximately 91.55% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

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

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.007 is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer and completion of the Placement.

#### **(b) Exploration and development**

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

- (i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;

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

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

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

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

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

(c) **Future profitability**

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

(d) **Sri Lankan Country risk**

The Mannar Island Project is located in Sri Lanka and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. Sri Lanka had previously been subject to a 26 year civil war which concluded in May 2009. Since the end of this conflict the government has enacted an ambitious program of economic development projects. In addition to efforts to reconstruct the economy, the government has resettled more than 95% of those civilians displaced during the final phase of the conflict and released the vast majority of the Liberation Tigers of Tamil Eelam combatants captured by the Government Security Forces.

Company operations have already been interrupted several times by issues related to political related protests that have resulted in the entire Sri Lankan Ministry recently resigning and being replaced. Further, the state of emergency previously declared in Sri Lanka in an attempt to contain widespread protesting, including at the Presidential

Palace, and the resignation of the Sri Lankan Prime Minister, evidences the continuing political unrest in the country. There is a risk that ongoing political unrest in Sri Lanka will continue to interrupt the Company's operations.

More general risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, inability to secure the required land access agreements or approvals, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Outcomes in courts in Sri Lanka may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Sri Lanka. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

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

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

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

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

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

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

(g) **Tenure risk**

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

Further, the Mannar Island Project (and any additional future mining permits held by the Company) are subject to periodic renewal. Whilst there is no reason to believe that such renewals will not be granted, the Company cannot guarantee that this will occur.

New conditions may also be imposed on the Mannar Island Project (and any additional future mining permits held by the Company) under the renewal process which may adversely affect the Company.

(h) **Government and regulatory risk**

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

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

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

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

(j) **Operational risks**

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

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

In particular, Sri Lanka does not have well developed and reliable infrastructure and services. This may impede and delay the Company's operations which are likely to

result in increased costs of exploration and development of the Mannar Island Project. This increase in cost may have an adverse effect on the Company's operations.

(k) **Limited operating history**

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

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

(l) **Taxation and government regulations**

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

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

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

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

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

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

(n) **Resource and Reserve estimates**

Even though a JORC Code compliant mineral resource has been discovered at the Mannar Island Project, estimates in respect of that resource are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally made may change appreciably when further information becomes available. Such resource estimates are by nature imprecise, depending on interpretations which may, with further exploration, prove to be inaccurate. Moreover,

should the Company encounter ore bodies or formations which differ from those suggested by past sampling and analysis, resource estimates may have to be adjusted and any production plans altered accordingly which may adversely impact the Company's plans.

(o) **Results of studies**

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

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

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

(p) **Agents and contractors**

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

(q) **Environmental risks**

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

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

(r) **Rehabilitation of tenements**

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

(s) **Climate change regulation**

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increase regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

(t) **Contract risk**

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

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

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

(u) **Future funding needs**

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

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

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

(v) **International operations**

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

- (i) changes in the regulatory environment;

- (ii) trade barriers or the imposition of taxes;
- (iii) difficulties with staffing or managing any foreign operations;
- (iv) issues or restrictions on the free transfer of funds;
- (v) technology export or import restrictions; and
- (vi) delays in dealing across borders caused by customers or regulatory authorities.

(w) **Mine development**

Possible future development of a mining operation at the Company's Mannar Island Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects.

### 5.3. General Risks

(a) **Economic**

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

(b) **Acquisitions**

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

(c) **Safety**

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

(d) **Dividends**

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

(e) **Litigation**

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

(f) **Insurance coverage**

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

(g) **Key Management**

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

(h) **Liquidity risk**

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

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

(i) **Credit risk**

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

(j) **Commercial risk**

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

be such that the properties in which the Company holds and interest can be mined at a profit.

(k) **Competition risks**

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

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

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

(m) **Share market**

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

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

(n) **Force majeure risk**

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

The outbreak of the coronavirus disease (COVID-19) impacted global economic markets. Company activities in Sri Lanka were significantly curtailed due to COVID-19 with Sri Lankan Government imposed restrictions on movement and working and the need to maintain a safe working environment for Company field teams and other local

employees. An additional consequence of COVID-19 related regulatory restrictions in Sri Lanka has been the substantial disruption to the normal operations of government departments including the Geological Survey and Mines Bureau resulting in significantly disrupted routine regulatory functions including exploration licence renewals and the issuance of new exploration licences.

The Company's Share price may continue to be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any further governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. Future outbreaks of COVID-19 or other impacts of COVID-19 have the ability to negatively affect the Company's business, operations and financial performance.

(o) **Taxation**

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

**5.4. Speculative investment**

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

Therefore, the Shares being issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or their respective market value. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

## 6. ADDITIONAL INFORMATION

### 6.1. Continuous disclosure obligations

As the Company is admitted to the official list of ASX, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer. ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2022;
  - (ii) any half-year financial report of the Company lodged with ASIC after the lodgment of the annual financial report referred to in paragraph (i) above and before the lodgment of this Prospectus with ASIC; and
  - (iii) all continuous disclosure notices given by the Company after the lodgment of the annual financial report referred to in paragraph (i) above and before the lodgment of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus.

(b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offers. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with the ASX in respect of the Company since the lodgement of the annual financial report for the year ended 30 June 2022:

<b>Date Lodged</b>	<b>Description of Announcement</b>
28 September 2022	Appendix 4G and Corporate Governance Statement
17 October 2022	Notice of Annual General Meeting/Proxy Form
17 October 2022	AGM Letter to Shareholders
19 October 2022	Consistent Results from Infill and Extension Drilling
28 October 2022	Quarterly Activities Report and Appendix 5B
17 November 2022	Results of Meeting
2 December 2022	Change of Director's Interest Notice – Expiry of Options
2 December 2022	Notification of cessation of securities – TSL
17 January 2023	Final Results from 2022 Resource Infill & Extension Drilling
23 January 2023	TSL Proceeding to Formal Mining Licence Application Process
25 January 2023	Quarterly Activity Report and Appendix 5B
10 February 2023	Consultants Engaged for EIA on Sri Lankan Asset
16 February 2023	Notification regarding unquoted securities
9 March 2023	Trading Halt
9 March 2023	Half Year Accounts
13 March 2023	Suspension from Official Quotation
13 March 2023	Notification of cessation of securities – TSL
15 March 2023	Updated Resource Estimate – Mannar Heavy Mineral Project
15 March 2023	Reinstatement to Official Quotation
24 April 2023	Trading Halt
26 April 2023	TSL secures Funding Facility
26 April 2023	Proposed issue of securities – TSL
27 April 2023	Suspension from Quotation
28 April 2023	Quarterly Activities Report and Appendix 5B
1 May 2023	Extension of Voluntary Suspension
2 May 2023	Acquisition of James Global, Partnership with JAT Holdings
2 May 2023	Proposed issue of securities – TSL
2 May 2023	Reinstatement to Quotation
12 May 2023	Scoping Study – Mannar Heavy Mineral Project
19 May 2023	Trading Halt
23 May 2023	GSMB approve retention of major Project Licence
25 May 2023	Investor Presentation
7 July 2023	Trading Halt
11 July 2023	Suspension from Quotation

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

The announcements are also available through the Company's website [www.titaniumsands.com.au](http://www.titaniumsands.com.au).

## 6.2. Lead Manager Mandate

The Company engaged CPS Capital to act as lead manager and broker in respect of the Placement and the Entitlement Offer (together the **Capital Raising**) pursuant to a lead manager, broker and corporate adviser mandate (**Lead Manager Mandate**):

### (a) Capital Raising Fees

The Company has agreed to pay the Lead Manager the following fees in respect of its services as lead manager and broker to the Capital Raising:

- (i) a management fee of 2% (plus GST) of the total amount raised under the Placement (being a fee of up to \$30,000);
- (ii) a placement fee of 4% (plus GST) of the total amount raised under the Placement (being a fee of up to \$60,000); and
- (iii) a placement fee of 6% (plus GST) for any shortfall placed by the Lead Manager from the Entitlement Offer and for any shortfall taken up by Lead Manager customers;
- (iv) 65,000,000 New Options issued at \$0.00001 per New Option; and
- (v) 40,000,000 New Options issued at \$0.00001 per New Option should the Lead Manager place any shortfall from the Entitlement Offer.

All selling fees to third parties will be paid by the Lead Manager from the fees set out above.

In addition to the above fees, Lead Manager is entitled to be reimbursed for all out-of-pocket expenses incurred during its engagement in connection with the services provided. CPS Capital Group will obtain the Company's approval in advance for any expense item above \$1,000.

### (b) Term

The terms of the mandate will remain in place for 12 months from the date of engagement, unless terminated earlier.

### (c) Right of First Refusal

The Lead Manager has the right of first refusal for any future capital raise contemplated by the Company.

The mandate otherwise contains terms and conditions typical for a mandate of its nature, including confidentiality, intellectual property protection and indemnities.

CPS Capital is also engaged as the corporate advisor of the Company for a period of 12 months commencing from the date of the lead manager mandate. Fees payable in respect of this role are \$6,000 per month (plus GST).

## 6.3. Market Prices

The highest and lowest market sale prices of the Company's Shares during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.013 per Share on 13 April 2023.

Lowest: \$0.006 per Share on 29 June 2023.

The last available market sale price of Shares on ASX prior to the date of this Prospectus was \$0.007 per Share on 6 July 2023.

#### **6.4. Interests of Directors**

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

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

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

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

#### **Security Holdings**

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set out in Section 1.5.

#### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (ie non-cash performance incentives, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

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

Director	30 June 2021	30 June 2022
Lee Christensen <sup>1</sup>	\$196,813	\$90,000
James Searle <sup>2</sup>	\$308,699	\$151,200
Jason Ferris <sup>3</sup>	\$264,888	\$314,055
<b>Notes:</b>		
1. Lee Christensen's director fees are paid to Pooky Corporation Pty Ltd, of which Mr Christensen is a Director.		
2. James Searle's director fees are paid to Earthsciences Pty Ltd, of which Dr Searle is a Director. Due to operational delays, minimum work commitments were not required to fulfil technical consulting and operational management requirements and as such Dr Searle was paid a reduced rate.		
3. Jason Ferris' director and consulting fees of \$180,000 (excluding superannuation) are paid as a salary. Out of scope fees of \$116,056 are paid to J2J Investments Pty Ltd, of which Mr Ferris is a director.		

Remuneration payable from 1 July 2023 is as follows:

- (a) Lee Christensen will be paid a fee of \$90,000 per annum for his services as Non-Executive Chairman;
- (b) James Searle will be paid a fee of \$60,000 per annum for his services as Non-Executive Director plus \$1,200 per day for a minimum of 8 days per month (totalling a minimum of \$115,200 per annum) for his services as Managing Director; and
- (c) Jason Ferris will be paid a fee of \$60,000 per annum for his services as Non-Executive Director plus a salary of \$120,000 per year for a minimum of 10 days per month for his services as Chief Operating Officer.

The Directors will also be paid \$1,200 per day for out of scope consulting services provided to the Company.

All of the above fees for services are exclusive of superannuation.

## 6.5. Interests of experts and advisers

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

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

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

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

- (ii) the Offers; or
- (f) the Offers,

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

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

Larri Legal has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Larri Legal \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Larri Legal has been paid fees totally \$39,047 (excluding GST and disbursements) for legal services provided to the Company.

CPS Capital will be paid a management fee of 2% of the total amount raised under the Placement (being a fee of up to \$30,000 plus GST) and a placement fee of 4% of the total amount raised under the Placement (being a fee of up to \$60,000 plus GST). CPS Capital will also be issued up to 105,000,000 New Options pursuant to the Lead Manager Mandate. Further details of the fees payable to the Lead Manager are set out in Section 6.2. During the 24 months preceding lodgement of this Prospectus with ASIC, the Lead Manager has been paid fees totalling \$130,660 (excluding GST and disbursements) and have been issued 40,000,000 New Options by the Company (valued at \$297,757 at the time shareholder approval for the issue of the New Options was sought).

## **6.6. Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

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

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

The Lead Manager has given its written consent to being named as lead manager to the Company in this Prospectus. The Lead Manager has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 6.7. Expenses of the Offers

In the event that all Entitlements are accepted and the Placement is fully subscribed, the total expenses of the Entitlement Offer and the Placement are estimated to be approximately \$ (excluding GST) and are expected to be applied towards the items set out in the table below:

<b>Expense</b>	<b>Amount</b>
ASIC fees	\$3,206
ASX fees	\$11,671
Lead Manager fees <sup>1</sup>	\$90,000
Legal fees	\$20,000
Printing and distribution	\$10,000
<b>Total</b>	<b>\$134,877</b>
<b>Notes:</b>	
1. Further details of the fees payable to the Lead Manager are set out in Section 6.2.	

## 6.8. Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company with the exception of potential action in relation to ASIC's investigations.

## 7. DIRECTORS' AUTHORISATION

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



**Lee Christensen**  
Executive Chairman  
For and on behalf of  
Titanium Sands Limited

## 8. DEFINITIONS

Defined terms used in this Prospectus have the following meaning:

**Application Monies** means the amount of money in dollars and cents payable for Shares at \$0.005 per Share pursuant to the Entitlement Offer.

**ASIC** means the Australian Securities and Investments Commission.

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

**Board** means the board of Directors of the Company from time to time.

**BPay Reference Number** means Customer Reference Number in relation to BPAY®.

**Business Day** means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

**Capital Raising** has the meaning given to that term in Section 6.2.

**CHESS** means ASX Clearing House Electronic Sub-register System.

**Cleansing Offer** means the offer of 10,000 Shares at an issue price of \$0.005 pursuant to this Prospectus to raise \$50 (before costs).

**Closing Date** means the date specified in the timetable set out at Section 1.1 (unless extended).

**Convertible Facilities** has the meaning given to that term in Section 1.2.

**CPS Capital** or **Lead Manager** means CPS Capital Group Pty Ltd (ACN 088 055 636).

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

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Eligible Shareholder** means a Shareholder as at the Record Date who is eligible to participate in the Entitlement Offer.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Entitlement Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand, or as otherwise determined by the Company.

**Lead Manager Mandate** has the meaning given in Section 6.2.

**Listing Rules** means the official listing rules of the ASX from time to time.

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

**New Option** means an Option issued on the terms and conditions set out in Section 4.2.

**Official List** means the official list of the ASX.

**Official Quotation** means quotation of Shares on the Official List.

**Option** means an option to acquire a Share.

**Placement** has the meaning given to that term in Section 1.2.

**Placement Option** has the meaning given to that term in Section 1.2.

**Placement Share** has the meaning given to that term in Section 1.2.

**Prospectus** means this prospectus dated 13 July 2023.

**Section** means a section of this Prospectus.

**Securities** means Shares, Options and/or performance shares in the Company, as the context requires.

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

**Shareholder** means a holder of Shares.

**Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Shortfall** means the Securities not applied for under the Entitlement Offer (if any).

**Shortfall Offer** means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.6.

**Shortfall Securities** means those Securities not applied for under the Entitlement Offer (if any) and offered pursuant to the Shortfall Offer.

**WST** means Western Standard Time in Australia.