

12 December 2018

Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

## COMPLETION OF ACQUISITION

Titanium Sands Limited ("**Company**") is pleased to announce that it has completed its acquisition of Srinel Holdings Limited ("**Srinel**") pursuant to the Option Agreement with Cuprum Holdings Limited ("**Vendor**"). Srinel holds exploration licences that constitute the Mannar Island Heavy Mineral Sands Project in Sri Lanka.

In accordance with the Company's prospectus dated 29 March 2018 as varied by the supplementary prospectus dated 21 June 2018 and second supplementary prospectus dated 19 September 2018 ("**Prospectus**") the following securities have been issued:

- (a) Public Offer – 300,000,000 Shares at \$0.02 per share having raised \$6 million under the Prospectus;
- (b) Vendor Offer – 58,095,239 Shares and 233,333,333 Performance Shares to the Vendors (escrowed for 24 months);
- (c) Cash Reimbursement Shares – 13,371,450 Shares to Vendor in lieu of cash consideration (escrowed for 24 months);
- (d) Creditor Offer – 4,600,000 Shares to the Creditors for amounts owing under loans advanced by the Creditors;
- (e) Facilitation Offer – 20,000,000 Shares under the Facilitation Offer (escrowed for 24 months); and
- (f) Director Options – 30,000,000 Director Options (exercisable at \$0.05; expiring 18 January 2021) (escrowed for 24 months).

An Appendix 3B for the issue of these securities is attached.

The Company is currently finalising all outstanding ASX conditions for reinstatement and will update the market once a reinstatement date has been confirmed.

Yours faithfully



**Nicki Farley**  
**Company Secretary**

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# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

TITANIUM SANDS LIMITED

ABN

65 009 131 533

We (the entity) give ASX the following information.

### Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Fully paid ordinary shares<br>Performance Shares<br>Unlisted Options   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Public Offer – 300,000,000 Shares<br><br>Vendor Shares – 58,095,239 Shares<br><br>Vendor Cash Reimbursement – 13,371,450 Shares<br><br>Creditor Offer – 4,600,000 Shares<br><br>Performance Shares – 66,666,667 Class A, 33,333,333 Class B and 133,333,333 Class C Performance Shares<br><br>Director Options – 30,000,000 Options<br><br>Facilitation Shares – 20,000,000 Shares |

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3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Public Offer – 300,000,000 Shares
Vendor Offer – 58,095,239 Shares
Vendor Cash Reimbursement – 13,371,450 Shares
Creditor Offer – 4,600,000 Shares
Facilitation Shares – 20,000,000 Shares
Director Options – 30,000,000 Options (\$0.05; expiring 18 January 2021)
Performance Shares – 66,666,667 Class A, 33,333,333 Class B and 133,333,333 Class C Performance Shares (converting on a 1:1 basis on the satisfaction of milestone)

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Public Offer Shares - Yes
Vendor Offer Shares - Yes
Vendor Cash Reimbursement Shares - Yes
Creditor Offer Shares – Yes
Facilitation Shares – Yes
Director Options – No, will convert into ordinary shares on conversion
Performance Shares – No, will convert on a 1:1 conversion basis on the satisfaction of milestones

5 Issue price or consideration

Public Offer Shares - \$0.02 per Share.

Vendor Shares and Performance Shares issued for the acquisition of 100% of Srinel Holdings Limited.

Vendor Cash Reimbursement Shares issued in lieu of cash reimbursement (conversion price of \$0.02 per Share).

Creditor Shares issued to convert outstanding loans (conversion price of \$0.02 per Share).

Facilitation Shares issued in consideration for services provided in relation to the acquisition of Srinel Holdings Limited.

Director Options issued to incentive the performance of directors.

6 Purpose of the issue  
(If issued as consideration for the acquisition of assets, clearly identify those assets)

Funds raised under the Public Offer will be used as set out in the Company's Prospectus dated 29 March 2018 including exploration of the Sri Lankan Project, scoping study on the Sri Lankan Project, working capital and expenses of the Offers.

Vendor Shares, Cash Reimbursement Shares and Performance Shares to be issued in consideration for the acquisition of 100% of Srinel Holdings Limited.

Creditor Shares issued to convert outstanding loans.

Facilitation Shares issued in consideration for services provided in relation to the acquisition of Srinel Holdings Limited.

Director Options issued to incentive the performance of directors.

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6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	12 December 2018

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	Number	+Class
8	477,182,782	Fully paid ordinary shares

	Number	+Class
9	91,466,689	Fully paid ordinary shares – escrowed for 24 months from reinstatement
	66,666,667	Class A Performance Shares (converting on a 1:1 basis) escrowed for 24 months from reinstatement
	33,333,333	Class B Performance Shares (converting on a 1:1 basis) escrowed for 24 months from reinstatement
	133,333,333	Class C Performance Shares (converting on a 1:1 basis) escrowed for 24 months from reinstatement
	30,000,000	Director Options (exercisable at \$0.05; expiring 18 January 2021) escrowed for 24 months from reinstatement
	14,285,714	Unlisted Options (exercisable at \$0.021; expiring 25 January 2021)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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## Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue

- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(*tick one*)

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+ See chapter 19 for defined terms.



(a)  Securities described in Part 1. Fully paid ordinary shares only

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

### Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

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- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:   
(Company Secretary)

Date: 12 December 2018

Print name: Nicki Farley

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	-
<b>“A”</b>	

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<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
“C”	-
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15  <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract</b> “C”  <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.15] – “C”	  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	

+ See chapter 19 for defined terms.

<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<b>"A" x 0.10</b>  <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract "E"</b>  <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> ["A" x 0.10] – "E"	  <i>Note: this is the remaining placement capacity under rule 7.1A</i>